FROM GOVERNORS TO GROCERS: HOW PROFITEERING CHANGED ENGLISH-CANADIAN PERCEPTIONS OF LIBERALISM IN THE GREAT WAR OF 1914-1918

by

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Abstract

The war against Germany was perceived by the majority of English Canadians as a necessity to defend the British Empire, democracy and justice. However, it became increasingly evident to the public that some individuals were being permitted to prosper, while others — particularly those of the working class — endured immense hardship. These individuals who prospered at a level judged excessive became known as "profiteers." Initial criticisms of profiteering were connected to graft, jobbery and patronage apparent in government military purchases. However, as public sacrifices intensified, the morally acceptable extent to which individuals and businesses could profit came to be more narrowly defined. Criticisms of profiteering expanded to challenge the mainstream liberal notions of private wealth and laissez-faire policies as being inequitable and undemocratic. The federal government's unwillingness to seriously implement measures against profiteering led to rising discontent. Consequently, working-class English Canadians aspired to form a 'new democracy' that was worth the sacrifices of the war.
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Chapter 1

Profiteering in History and Patriotism in English Canada

History teaches us that over time perceptions of society change. Notions of right and wrong, the impossible and possible, eventually become uncertain and contested. During these moments the concrete foundation of "common sense" cracks, and along the narrow crevasse sprout aspirations for a better society. Long-held yearnings for change are suddenly met with a realization of possibility — of an imagined future that becomes attainable. Such a transformation occurred between 1915 and 1920, when the robust patriotism of English Canada deteriorated into explosive discontent. During the course of the Great War, the working class awakened to the gap between their ideals and the realities of their society. As members of the working class sacrificed themselves to defend the empire, democracy and righteousness, their efforts seemed meaningless when others prospered during the war. The political and economic systems that had long been accepted as natural and inevitable, suddenly seemed — at least for many of them — corrupt and immoral. The root of these criticisms was the realization of the sharp contradiction between sacrifice and profit. This contradiction came to be called "profiteering." It constituted one of the most intense resentments between 1915 - 1919. But who really were these profiteers who were denounced so vigorously and hated so genuinely? How did profiteering challenge perceptions and instigate change? Lastly, why were working-class Canadians opposed to profiteers in particular? This thesis ventures to re-visit this period of war once more, equipped with a new curiosity to unlock the past of profiteering in English Canada.
The quest to find the profiteer in Canadian historiography begins with an article written in 1984 by historian Gregory Kealey describing the "Canadian labour revolt" in 1919.\(^1\) A discontented working class was forced to repress itself during the war. But before an armistice could be signed, its simmering discontent broke loose from fear. Workers challenged both employers and the state. Kealey came to notice something unique. He found that organized workers had expanded their demands to incorporate the broader interests of society as they never had been challenged before. Workers fought for union recognition and increased wages — but also challenged high food prices, poor housing conditions, inflationary rent, bureaucratic ineptitude and unchecked profiteering.\(^2\) And so Kealey recognized the importance of profiteers as a problem which drew together the interests of organized workers and broader social interests. However, Kealey does not tell us who the profiteers were, how they came to appear in Canada, or what was done to stop them. In short, Kealey documented the importance of profiteering in history, but told us little about it.

The next study of interest is *The Workers' Revolt in Canada, 1917-1925*.\(^3\) This insightful book contains a collection of articles discussing what Gregory Kealey described as the "Canadian labour revolt." Most chapters focus on a particular region and its working-class conflicts. Although each conflict was unique, they all shared common characteristics, indicating a sense of nation-wide struggle. The introduction written by Craig Heron and Myer Siemiatycki discusses the workers' struggle in relation to the Great

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War. Hidden within this text are brief mentions of profiteering. In Heron and Siemiatycki's introduction, the profiteer is primarily a "shadowy" figure, but there are some exceptions, such as Sir Joseph Flavelle, who controversially acquired a vast fortune by selling bacon during the war. Heron and Siemiatycki indicate that profiteering in Canada was associated not only with increasingly inflationary practices of hoarding and price gouging but also with unjust corporate profits. Government responses encompassed such reforms as the appointment of a regulatory body to monitor the cost of living, as well as official attempts to appropriate profits through measures of direct taxation. Lastly, the introduction of new taxes indicated a strong relation between public outrage and wartime profiteering. Heron and Siemiatycki thus provide an indication of how widely discussed instances of wartime profiteering emerged, but without providing an analysis focused specifically on this problem.

James Naylor's localized study of the Canadian labour revolt in Southern Ontario brings us even closer to the identity of the profiteer. The working class of Southern Ontario was concerned about and actively mobilized in response to evident corruption and profiteering within society. Among many interesting revelations, Naylor discovers that workers in Southern Ontario came to criticize the Liberal and Conservative parties as being overly protective of the right to accumulate wealth and so were indirectly safeguarding the practices of profiteering. As popular support for the Liberal and

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4Heron and Siemiatycki, "The Great War, the State, and Working-Class Canada," 21, 37.
5Ibid., 15.
6Ibid.
7Ibid.
9Ibid., 9.
10Ibid., 76.
Conservative parties plummeted during the provincial election of 1919, the once marginal parties of the United Farmers of Ontario and the Independent Labor Party came to prominence and formed a coalition government. Both these newly empowered political parties aspired to form “a new democracy” worthy of the war's sacrifices, and particularly a government that would curtail profiteering. Profiteering thus had not only partially discredited the Liberal and Conservative parties, but was considered to be the antithesis of patriotism and democracy.

The next study to be discussed in this introductory search for the profiteer is Ian McKay's *Reasoning Otherwise: Leftists and the People's Enlightenment in Canada, 1890 to 1920*. Although there only a few direct references to profiteering in *Reasoning Otherwise*, McKay frames profiteering within the hegemonic struggle of the left. Profiteering became an important conflict that disrupted the common sense of Canadians, and prompted them to *reason otherwise*, that is, to begin to perceive the contingency and political transformation of their social world. McKay argues that popular aspirations to actualize a more equitable and just society threatened the stability and legitimacy of "liberal order," and thus, ruling-class power. To elucidate, McKay portrays "Canada" not as "an essence we must defend or an empty homogenous space we must possess," but rather a historically specific project of a ruling class. To ensure the continuation of a stratified class hierarchy, such a project of rule must be perceived as a natural rather than a contestable social construct. And so profiteering became a criticism which conflicted

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12 Ibid., 6.
with the ideological foundation of liberal order by contesting mainstream liberal assumptions such as property and equality. McKay provides an important framework in which to conceive profiteering as a catalyst of ideological transformation among the masses, and further frames this transformation within a broad social struggle that threatened the very foundation of ruling-class power.

Extending our 'quest for the profiteer' outside Canadian historiography, two particularly enlightening analyses of profiteering can be found within British scholarship. The first to be explored was written by Jonathan Boswell and Bruce Johns, who examine the dynamics of profiteering in Britain during the Great War. Their study attempts to trace the fine line separating patriotic business practices from less patriotic instances of profiteering. The article concludes that a majority of businessmen unintentionally profiteered due to the imbalance of market forces. However, they also found that a minority of businessmen consciously profiteered, and another minority felt too burdened by a sense of social responsibility to do so. To help make their analysis coherent, Boswell and Johns provide four economic definitions of profiteering, all of which are determined by the precise ways in which profits were generated.

In contrast with the economic focus of Boswell and Johns, Bernard Waites approaches profiteering in Britain more as a social phenomenon. Waites examines the impact profiteering had on the "capital-labour dichotomy." He concludes that profiteering

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15 McKay, "The Liberal Order Framework 625.
17 Ibid., 444.
18 Ibid., 426. The four economic interpretations of profiteering are the following: a substantial increase in profit over a pre-war standard; profit rates exceeding some general or industrial norm; profits disproportionate to contributions of effort, organization or risk; and lastly, profits from excessive market power related to categories familiar from economic theory.
directly fused working-class solidarity, and moreover, profiteering instigated a "conflict interpretation" of capital. Profiteering, Waites remarks, marked a shift in language and class imagery which captured the predatory and immoral elements of capital. Though profiteering is not the sole focus of Waites's study, the frequency with which profiteering is mentioned provides a consistent and revealing analysis of its ideological importance within the evolution of class consciousness.

These two studies from British scholarship suggest the comparable shallowness of much of the existing discussion of this theme in Canadian historical works. Yet even these impressive investigations have their limitations. Boswell and Johns effectively examine profiteering according to economic interpretations, but admits to avoiding any analysis of labour and political struggle. In contrast, Waites explores the dynamics of profiteering as a social phenomenon, but only loosely supports his conclusions with historical evidence. Moreover, these authors examine profiteering within the context of the British experience, therefore telling us very little, except by offering suggestive comparable themes, about profiteering in Canada. Collectively, the scholarship of both Canadian and British scholars is very informative regarding the development and significance of profiteering. Other studies in both British and Canadian scholarship provide further insight into the complexities of profiteering. However, all studies commonly lack a coherently organized analysis centred on profiteering itself. Literature on profiteering also fails adequately to trace profiteering as a gradual historical

20 Waites, A Class Society at War, 61.
21 Ibid., 68.
22 Boswell and Johns, "Patriots or Profiteers," 424.
development. In light of these limitations, this present thesis will endeavour to bring long overdue clarity to the important but relatively uncharted past of profiteering in Canada.

This study must begin with an acknowledgement of its necessary limitations. First and most obvious is the limitation of length, which forcibly limits the complexity and thoroughness this thesis can attain. This study will focus specifically on how the critique of profiteering stimulated working-class consciousness. Although it is also evident in Canadian studies that agrarian movements were also radicalized by the issue of profiteering, such agrarian critiques cannot be fully addressed here. Moreover, this study will not attempt to highlight regional variations within the working class, and will be further limited to English Canada between 1914 and 1920.

What can be achieved, however, is an analysis of the specific rhetoric and historical context which accompanied profiteering. By examining the development of prevailing criticisms, greater historical insight can be provided into how long-held perceptions of liberal ideology was challenged by working-class English Canadians. Building upon McKay's approach in *Reasoning Otherwise*, this study will attempt to reveal how changing perceptions of the working class were part of a wider hegemonic struggle between the left and the ruling class. Thus, a second major component to this thesis will examine how the federal government attempted to compromise or preserve traditional ideals of liberalism in the face of radical demands to prohibit and prosecute profiteers.

To track the development of profiteering criticisms within public discourse, this research project has focused on left-wing newspapers, substantially but not exclusively from Ontario. Resolutions passed by federal organizations such as the Trades and Labor
Congress, or the Great War Veterans’ Association (which was primarily composed of working-class Canadians), are referenced when possible. In addition, some labour struggles across English Canada which condoned demands to prohibit profiteering are also discussed. To examine federal government responses this study has examined numerous government sources including the *House of Commons Debates*, reports from Royal Commissions, as well as reports from various regulatory bodies established in response to profiteering.

This thesis argues that one can best understand “profiteering” in the Great War by looking at it as a seemingly constant term that subtly changed in meaning as the War proceeded. Profiteering in a general sense can be defined as the pursuit of personal gain at the expense of public good in excess of prevailing social expectations. Interestingly, the *Online Etymology Dictionary* notes that the term "profiteer" has been part of the English vocabulary since 1797. However, this dormant verb was revitalized during the First World War and took on new life as the noun "profiteering." In a sense, of course, profiteering has long existed as a contested term in liberal capitalism. The distinction between morally defensible, generally self-earned property, and ill-gotten gains long antedated the Great War. For example, by 1914 liberal capitalist states had formally rejected the moral right of businessmen to profit from slave labour. So then why did the dormant term of the 'profiteer' emerge during the Great War to denote one of the most fundamental problems threatening democracy, rather than in an earlier period?

The answer lies within the wartime notion of "equality of sacrifice." The war effort was driven by patriotic sacrifices. These sacrifices, being particularly onerous for

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the working classes, drastically transformed the social expectations governing the acceptable level of personal wealth acquired at the expense of public good. In this sense, the liberal perception of "equality" was transformed. In contrast, *laissez-faire* rhetoric, with particular reference to that concerning property rights, remained relatively static through the period of the war. Its precepts, as we shall see, remained peculiarly resistant to change in Canada — even in comparison to such closely related countries as the United States and Great Britain. As the burdens of the war intensified and the military conflict dragged on, the "common sense" embodying such classical liberal precepts became utterly disrupted. The concept of "profiteering" became a popular concept because it was in a sense, a new term, free from past bias. Criticisms of profiteering were rooted in war-time patriotism and shared the Allies’ declared intention to protect democracy from Kaiserism. In contrast, Marxist terminology had long provided a vocabulary to criticize the immorality of liberal capitalism. However, Marxism was perceived by the majority of English Canadians as foreign and extremist. Thus, criticisms of profiteering offered a liberal means of patriotically challenging the contradictions of the existing political order, one that claimed to be fighting for democracy but that simultaneously encouraged the exploitation of public sacrifice for personal gain.

By tracing the development of profiteering throughout the Great War in English Canada, we can more concretely understand how the perceived contradiction between public sacrifice and private gain focused working-class desires for a fairer society. In the years 1915 and 1916, the “profiteer” was in essence a self-interested individual who took advantage of political patronage to promote himself and his interests at the expense of state efficiency. In the course of 1916 and 1917 the term gradually expanded to
encompass any entrepreneur or corporation earning profits during the war that were perceived to be excessive, without any necessary implication that behind-the-scenes political intrigue had been the precondition of the offence. Finally, in a third and more radical development, the term “profiteer” came to be applied over the course of 1917 and 1918 to all who exploited the free market by hoarding, speculating, orchestrating price increases, manipulating the supplies of commodities, and pursuing a host of other strategies – all with the intent of extracting morally questionable profits at a time of social hardship. Throughout the course of the war, the violation of morally acceptable profits came to be associated with the highest ranking politicians, manufacturers, wealthy citizens, farmers, wholesalers, retailers, even small and local businesses. As workers in English Canada became more cognisant of the immoral violation of equality of sacrifice, i.e., profiteering, the more they became frustrated with the levels of inequality permitted by the state. In face of increasingly radical demands to prohibit profiteering, the federal government moved hesitantly and reluctantly. During the war the federal government had demonstrated, despite its persistent laissez-faire rhetoric, a capacity to regulate economic activities essential to the war effort. By the end of the war, the working class expected more. Although criticisms of profiteering would fade along with the war, profiteering had profoundly shaken working-class confidence in Canada’s so-called "democracy" and consequently they empowered the left in Canada.
On 4 August 1914, English Canadians rejoiced on hearing the news that Britain and her colonies were at war against Germany.\textsuperscript{25} As John Hopkins remembered in 1919, the war was greeted with "impromptu parades, waving flags, decorated automobiles, cheering crowds, [and] patriotic speeches."\textsuperscript{26} The patriotic optimism that followed the initial declaration of war was unprecedented in its scope and strength. However, it would not be long before the lusty celebrations were subdued by a darkening tone of hardship, suffering and death.\textsuperscript{27}

The Great War was immediately perceived by an overwhelming majority of English Canadians as a legitimate struggle pitting civilization against barbarism, British democracy against Prussian autocracy, righteousness against immorality.\textsuperscript{28} Shortly after the outbreak of the war, the \textit{Toronto Globe} wrote, "At bottom the war now involving all Europeans and menacing the world is humanity's own life struggle, the struggle for freedom, for national integrity, for free citizenship in a free democracy of the nations."\textsuperscript{29} Prime Minister Borden would later uphold this interpretation when he described the war to the British Empire Club in December, 1914:

So, I say, we have to realise this great task we are undertaking, to realise as the world realises today, that the cause for which we are fighting is just, that it is the cause of democracy against a militarism which, if it does not meet its downfall in the next year or eighteen months, will dominate the world, and throw back the work of civilisation for the next hundred years at least.\textsuperscript{30}

\textsuperscript{25} "Great Britain and Germany Are Now At War," \textit{The Globe} (Toronto), 4 August 1914, 1.
\textsuperscript{26} John Hopkins, \textit{Canada At War: A Record of Heroism and Achievement, 1914-1918} (Toronto: Canadian Annual Review, 1919), 34.
\textsuperscript{27} \textit{Ibid.}, 34.
\textsuperscript{29} "The World's Fight For Freedom," \textit{The Globe} (Toronto), 4 August 1914, 4.
\textsuperscript{30} Robert Borden, "Empire Club of Canada: Canada and the Great War" (speech presented at the Canadian and Empire clubs, Toronto, Canada, December 5, 1914).
Borden's moral absolutism was widely shared. From the outset of the war until its very end, a substantial number of English Canadians believed that winning the Great War was an utmost necessity to safeguard the virtues of humanity.

The vilification of Germans and emergence of "Hunnishness" as the epitome of evil served to reinforce the war against Germany and her allies as a righteous struggle. Stories of German atrocities brought home to Canadians the horrors unleashed by the Kaiser upon humanity. In the early days of the war, Canadian news correspondents reported German atrocities in Belgium in disturbing detail. The front page of the Toronto Star described how civilians were being apprehended by German soldiers so that they could "beat their brains out with the butt ends of their rifles." 31 Even women, children and the elderly fell victim to what the Toronto Star correspondent in London described as a “wholesale” eruption of killing and torture. 32 From the beginning of the German invasion, the advancing German armies were portrayed as a relentless force of malevolence that had to be stopped.

After this German barbarism had claimed the lives of Canadians, perceptions of the Germans’ guilt were accepted even by those who did not sympathize with British imperialism. For example, in early 1915, Canadians heard of Germans crucifying a Canadian soldier in revenge for Canada's defiant resistance to Kaiserism. 33 The news was shocking and galvanized support from Canadian nationalists. 34 As the war dragged on, the danger of German militarism crept closer towards the Dominion. On 15 February

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32 "Toronto Star Correspondent Confirms German Atrocities," Toronto Star, 17 September 1914, 1.
1915, German aircraft were reported to have been sighted crossing the Canada-U.S. border. Military authorities reacted by extinguishing all the lights in the Parliament buildings, drawing every blind, and even posting marksmen at strategic vantage points. The alleged "phantom German air raids" did not actually occur, but such images demonstrated how many Canadians thought German militarism posed a real and present danger. Air raids were only one manifestation of German militarism in Canada. German saboteurs were believed to be active across the country and potentially responsible for the Parliament Fire in February 1916. Only a few days after the Parliament Fire, there were even reports of an impending invasion of Canada by German-Americans armed with 200,000 Mauser rifles. The only substantial attack by Germans on Canada came in the form of U-Boats along the East Coast. War-time fears of the destructive and merciless German military haunted the minds of many Canadians, and serve to intensity their belief in the urgent necessity of winning the war.

Patriotic sacrifices to support the war effort assumed many forms. There were donations to charities, payment of war taxes and forced economies in family expenditures. Many workers faced greater pressures in the workplace and reported hardship in finding money to feed their families. An even greater physical cost for many workers was represented by enlistment in the military, a sacrifice that could even mean paying the "ultimate sacrifice" of death on the battlefield. Men were pressured to enlist.

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36 Initial reports of the Parliament Fire of 1916 claimed it might be the outcome of German sabotage. See "German U.S. Ambassador Responsible for the Fire," The Globe (Toronto), 4 February 1916, 1. The Royal Commission assigned to investigate the fire could not substantiate its origins. Some evidence in it was still read as offering support to the theory of German sabotage. See Canada, Report of the Royal Commission on Parliament Buildings Fire at Ottawa, (Ottawa: King's Printer, 1916).
37 "Invasion of Canada Plotted by Germans," Toronto Globe (Toronto), 7 February 1916, 1.
For example, the "Give Us His Name" campaign in Toronto entailed the collection of names of eligible men for military service, who would then be sought out by military recruiters.\footnote{Maroney, "The Great Adventure," 77.} The emotional strain of losing a loved one in the war was the surtax that came with the physical sacrifices of enlistment. Newspapers typically kept track of local soldiers overseas when possible. Their deaths, even if quietly reported under the conditions of wartime censorship, made many members of the community mindful of the war and its toll. Patriotism exacted its price. Nevertheless, for the British empire, democracy and righteousness, this price was willingly paid.

Although sacrifices were endured for the benefit of society as a whole, wartime hardships were not distributed equally. Patriotic sacrifices weighed most heavily upon the working class. As a \textit{Labor News} article noted, "Patriotism requires personal sacrifice and the workers ever have and will be among the foremost in laying down all upon the altar of their country's needs."\footnote{What is Patriotism," \textit{Labor News}, 6 July 1917, 1.} With only meagre wages, the working class struggled to make ends meet while attempting to appease patriotic expectations of financial sacrifice. Many from the working class would number among the roughly 56,000 Canadians who died and among the 150,000 Canadians who were wounded.\footnote{Great Britain, \textit{Statistics of the Military Effort of the British Empire during the Great War, 1914-1920}, (London: H.M. Stationery Office, 1922), 237. As historians Desmond Morton and Glen Wright emphasize, what separated the First World War from other conflicts was not so much its extraordinary death toll as it was the number of soldiers who survived and returned home. Desmond Morton and Glen Wright, \textit{Winning the Second Battle: Canadian Veterans and the Return to Civilian Life 1915-1930} (Toronto: University of Toronto Press, 1987), 9.} For many workers, accompanying their patriotism was an expectation that their sacrifices had benefited society and should be acknowledged as such. However, as the four years of war unfolded, highly publicized cases of profiteering revealed that wartime sacrifices were not being
equally shared. It was upon this foundation of patriotism and sacrifice that working-class English Canadians built their critique of — and ultimately their drive to eliminate — profiteering. And thanks to the generally unresponsive and uncompromising stance of the government, which but reluctantly acknowledged the movement’s core claims, this was a form of patriotism that gradually took on the character of a much more all-encompassing analysis of the social order. The demand that profiteering be eliminated was one that, over time, gradually contributed to a challenge to the ideological foundations of liberalism itself.
Fig. 1: "Civilization Triumph Over Hunnishness." An image resembling the famous Christian painting of 'St. George Killing The Dragon.' Until the very end of the war, "Hunnishness" was perceived as an absolute evil and threat to civilization itself. *Grain Growers' Guide*, 13 November 1918, 6.
Chapter 2

Profiteering as a Criticism of Government Corruption

During the beginning of 1915, exposés in press and parliament revealed that politicians and businessmen were exploiting war contracts for personal gain, and furthermore, distributing contracts by a system of patronage rather than by merit. These revelations disturbed the public for three reasons: first and foremost, war contracts distributed on a basis of patronage were leading to defective equipment, which was endangering the lives of soldiers; secondly, the middleman presence of jobbers and "mushroom companies" ensured the squandering of public funds on unnecessary commissions, thereby wasting financial resources needed for the war; and lastly, the whole phenomenon of businessmen and politicians prospering from such contracts blatantly contradicted the ideals of a war the Allies were supposedly fighting for democracy and freedom. Led by a vigilant Liberal press, but occasionally even supported by Conservative newspapers, English Canadians began to pressure the Borden administration to implement measures to prohibit graft, jobbery and patronage, as well as prosecute identified offenders. However, Borden acted cautiously and despite his efforts, war contract scandals continued to unfold before the public eye. By early 1916, war contract scandals became interpreted as a form of "profiteering." An assertive moral consciousness was astir. Initially criticisms of profiteering would not be specifically empowering for the working class. Rather, they served as a foundation for future working-class challenges by providing an accessible and common aspiration for political transformation. The Borden administration would respond with virtually no prosecutions and only limited investigations, but it did come to accept some demands for institutional
reform. Yet such government responses were slow and failed to mitigate social agitation across English Canada.


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On 6 August 1914, only two days following Great Britain's declaration of war against Germany, the Dominion government announced the formation of Canada's First Contingent. The First Contingent would be composed of 33,000 troops, and was shortly followed by a Second Contingent, 22,000-strong, in November. By the end of 1915, Canada's military had mustered approximately 212,000 new recruits, and the Borden administration aimed to increase Canada's military to an astounding level of roughly 500,000 men. As native-born Canadians, British-born and "others" pored into recruitment offices to swear allegiance to King George V, the military would urgently require a massive supply of military equipment. To pay for the increasing wartime expenditure, the federal government expanded the volume of bank and dominion notes, as well as obtaining large loans. As the public coffers swelled with cash, the War Appropriation Act released $50,000,000 to support Canada's military initiatives for 1914 alone. The released funds would lead to a rush of war orders intended to compensate for Canada's considerably limited stockpile of military equipment. In fact, reserves had to

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41 Hopkins, Canada At War, 74.
42 Ibid.
43 Ibid, 80. At the beginning of 1914, there were approximately 1,600,000 men of military age available in Canada. By the end of the war, approximately 600,000 personnel would be recruited in the Canadian military. Ibid., 79; Morton, Winning the Second Battle, viii.
44 Hopkins, Canada At War, 80. These were the categories listed in Hopkins's statistics.
46 Canada, Canada Year Book, 1914, (Ottawa: King's Printer, 1915), 677.
provide their own underclothing, shirts and boots.\textsuperscript{48} Thus, from the very outset of hostilities, the war opened up non-traditional channels for commerce, and simultaneously, new opportunities to profit.

During the initial months of the war, there was little reason to disagree with the frequently repeated slogan, "business as usual." It was a widely held belief that the war was going to be short in duration, perhaps even shorter than a year.\textsuperscript{49} Moreover, the urgency of equipping the First Contingent meant that politicians acted hastily, often ignoring purchasing protocols and regulations. The War Appropriation Act was accompanied by an order-in-council that required all military expenditure to be subject to prior approval and adhere to specific purchasing protocols. However, the Auditor General and financial watch-dog, John S. Fraser, would admit to the Public Accounts Committee that purchasing had been governed in a way that was "loose, irregular and illegal."\textsuperscript{50} The formal and publicly reputable way to award contracts was via a system of public tendering. In such a system, contracts would be allocated after a fair competition among bidders submitting their bids independently of each other and honestly representing the real costs of the articles they were selling. Yet, as the war commenced, eager businessmen flocked to Ottawa and packed the city’s hotels, anxiously contacting political acquaintances to arrange contracts. It was widely known within the business community that the main road leading to profits from government contracts followed a quite traditional route — that is, through securing business on the basis of those whom

\textsuperscript{50}Liberal Party of Canada, \textit{War Scandals of the Borden Government as told in the House and sworn to before the Public Accounts and other Committees} (Ottawa: Central Liberal Information Office, 1917), 7.
one knew and supported within the political system. At the outbreak of the war, there was simply no reason to believe that patronage structures at least a half century old would no longer be operational.

Patronage has been a widely discussed topic in Canadian history and a brief resumé of the topic provides insight into the reasons politicians and businessmen resorted to it, even under conditions of elevated patriotism. Patronage had been a fact of Canadian political life for a very long time. As J. B. Brebner observed, patronage could even be considered a central theme of the achievement of responsible government, because the achievement of a stable party system in the 1840s, the precondition of responsible government, required the glue of patronage to solidify otherwise quite disparate interests and positions.\(^{51}\) Patronage in pre-1840s British North America had been intentionally concentrated in the hands of a small governing elite.\(^{52}\) By concentrating state patronage in the hands of small elite compacts, a somewhat hereditary elite could safeguard British practices and institutions against the overpowering democratic tendencies of North America.\(^{53}\) Patronage was a major source of power for the elites, as patronage could be used to mend social cleavages by rewarding good faith with prestigious and decently paying public offices.\(^{54}\) The concentration of patronage within small narrowly-focused

\(^{54}\)Brebner provides an excellent example of how patronage was used effectively to quell dissent. In 1861, Newfoundland was caught in turmoil from mounting tensions between Roman Catholics, Anglicans, and Methodists over poor relief and public salary payments. Due to a particularly unyielding fishing season, animosity between these social groups became heightened and eventually led to a Roman Catholic riot. However, after the riot it was realized that by proportionately distributing public offices among the three distinct social groups, the bitterness would be neutralized. Brebner, *Canada: A Modern History*, 164.
elites failed to provide adequate stability in Upper and Lower Canada.\textsuperscript{55} As the governing class came under intense pressure from below, reformers themselves came to analyze the patronage system and articulate a program whereby it would serve their own interests.\textsuperscript{56}

By the mid-nineteenth century, the political and social divisions in Upper and Lower Canada were a source of major instability within the Assembly.\textsuperscript{57} Political allegiances were loose, parties ephemeral and elections were more frequent than desired. Without any concrete incentives, party supporters often deserted, thereby creating chronic political instability.\textsuperscript{58} To stabilize Canadian politics, reformers such as Robert Baldwin and Louis Lafontaine desired the institutionalization of responsible government. As Brebner notes, responsible government had been discussed in Britain for over a century, but had never been fully implemented.\textsuperscript{59} Under such a system, the powers of political appointment would be transferred from the governing elite to an appointed cabinet supported by a majority in the Assembly.\textsuperscript{60} The British authorities were extremely reluctant to give into demands for responsible government, arguing that it would be impossible for the political system to operate with sovereignty divided between Britain and the colonial assemblies.\textsuperscript{61} Yet, as animosity deepened, both Upper and Lower Canada revolted in armed rebellions. In the decade after these conflicts, the British authorities relinquished their patronage to an appointed cabinet commanding majority support in the assembly. Colonial control over patronage and responsible government

\begin{thebibliography}{9}
\bibitem{Stewart} Stewart, \emph{The Origins of Canadian Politics}, 44.
\bibitem{Ibid.} \textit{Ibid.}, 32-33.
\bibitem{Ibid.} \textit{Ibid.}, 32.
\bibitem{Smith} Smith, "Patronage in Britain and Canada: An Historical Perspective," \textit{Journal of Canadian Studies} 22, no. 2 (Summer 1987): 42.
\bibitem{Brebner} Brebner, \emph{Canada: A Modern History}, 147.
\bibitem{Ibid.} \textit{Ibid.}
\bibitem{Ibid.} \textit{Ibid.}
\end{thebibliography}
went together – and patronage since the 1840s had served as a precondition of the Canadian party system.

The implementation of responsible government stabilized Canadian politics and enabled Canadian political parties to grow. By gaining access to patronage, Canadian political parties were able to instil a sense of loyalty and discipline in their members.\(^6^2\) The prospect of a political appointment provided considerable incentive to stay true and loyal to the party agenda.\(^6^3\) Beyond the powers of appointment, political parties came to exercise more economic influence which could be used to attract the entrepreneurial class — by offering access to government contracts, the implementation of favourable commercial legislation, and in some circumstance, direct financial support.\(^6^4\) In exchange for economic accommodation and political appointment, recipients of political patronage would pledge their loyalty and their dollars to their benefactor. Thus, as Canada's political parties stabilized and acquired a reliable support base, the so-called "party system" of Canada came to be formed.

At the beginning of the war in 1914, the Conservatives enjoyed access to the nation's patronage with a majority government of 134 seats against the 87 seats of the Liberals.\(^6^5\) Upon his electoral victory in 1911, Robert Borden, as R. Craig Brown and Ramsay Cook remark, discovered that “Conservatives from across the land were descending on the capital, anxious to assume both the responsibilities of power and a long-awaited division of the spoils of victory.”\(^6^6\) However, up to 1914, not all politicians


\(^{6^4}\) Stewart, *The Origins of Canadian Politics*, 84.

\(^{6^6}\) Brown, *A Nation Transformed*, 185.

\(^{6^6}\) *Ibid.*
formally approved of the system of patronage. The Conservative Party leader himself, Robert Borden, actually incorporated anti-patronage policies in his 1907 electoral platform (often named the ‘Halifax Platform’). It was held by some, perhaps somewhat simplistically, that in patronage one could find the prime cause of government inefficiency and corruption. For example, critics of the system noted how hard-working civil servants were routinely denied promotion because they lacked an appropriate patron. Despite the efforts by Borden and a handful of other notable figures, initiatives to curb the system of patronage constituted, in John English’s words, an “attempt at reform,” rather than initiating an “age of reform.” Up to the First World War, patronage was still the beating heart of Canadian party politics. Although politicians from both sides of the House were aware that being openly engaged in supporting patronage could lead to bad press, this was hardly enough to dissuade them. Conservatives and Liberals—or Tories or Grits—could, if confronted with evidence of their sins, merely reply that the other side had done things that were much worse. The new climate of progressivism, one in which patronage was gradually becoming more controversial, did not mean that the politicians had stopped pulling strings – it just meant that they now did so behind pulled curtains.

With the Conservative victory in 1911, all senior (and many junior) appointments would go to supporters of the Conservative Party. As the Militia Department gained

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Ibid., 14.


extensive access to the government's funds in 1914, it seemed like a simple matter of commonsense to many Conservatives that they would have access to the ‘spoils of war preparation.’ Military appointments and contracts provided desirable rewards to bolster support for political parties. Jeffrey Simpson remarks how during the 1885 North West Rebellion, Conservative officials assured their political benefactors in Winnipeg and elsewhere that they would be awarded contracts to provide the military with necessary supplies. Alan Gordon's study of patronage with specific reference to the experiences of Edmund Bristol M.P. also demonstrates the centrality of patronage within the Militia Department. Bristol, the Member of Parliament for Toronto Centre between 1905 and 1926, utilized military appointments and contracts to reward the loyalty of individuals, ranging from those already in the military to Bristol's own family members. In the early months of the war, the Militia Department carried out its functions within the existing political system by allowing Conservative patrons to dispense military largesse.

As the war dragged on, the feverish excitement and optimism that had enraptured so many Canadians was quite literally "blown to pieces." The hellishness unleashed in Western Europe cast the war in a dark and all-encompassing shadow. The financial, physical and emotional costs of the war began to accumulate. Across the British Empire, the urgent call to win the war at almost all costs resounded loudly. These unexpected developments of the war gave rise to new social expectations regarding the government's pursuit of it. Within the first few months of 1915, the war contracts made the previous autumn came to be scrutinized retrospectively as inefficient, immoral and corrupt. A

74 Simpson, Spoils of Power, 124.
76 Ibid., 12-13.
changing public consciousness, spurred particularly by the Liberal press, now considered blameworthy practices that had long been conventional. By examining particular scandals — those concerning boots, binoculars, and bandages — we can appreciate how longstanding Canadian practices came to be seen as manifestations of political immorality.

II

Among the first of the war contracts to come under intensive public scrutiny related to the acquisition of military boots. The Militia Department made their first boot purchase in August, and had bought an estimated 180,644 pairs by April 1915. About 65,000 of the newly acquired boots were brought to Valcartier and given to troops destined to Britain. After the troops crossed the Atlantic, Sir George Perley, acting High Commissioner for Canada, warned Prime Minister Borden that the boots issued to soldiers since 24 November "will not stand mud and water and heavy work." The boots were detrimental to the soldier's health. There were instances of soldiers even contracting illnesses as a direct result of boot-related injuries and requiring release from regimental duties. To the Canadian soldiers' relief, the Contingent discarded their hazardous footwear and acquired the much more reliable British boots.

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80 Ibid.
Seven parliamentarians from both the Conservative and Liberal parties were recruited to get to the bottom of the affair.\textsuperscript{82} Beginning on 7 December 1914, the newly-formed "Boot Committee" began their investigations.\textsuperscript{83} The commissioners gradually released many details to the public. Their final report was released on 8 April 1915.\textsuperscript{84} The Boot Committee found that the boots obtained by the Militia Department were actually manufactured for soldiers stationed in barracks during times of peace. The pattern of the boots was actually the design used in the South African War, and though given minor alterations, it was continued as the Canadian military standard.\textsuperscript{85} The low-quality leather used in the boots performed terribly under the conditions of the front and during strenuous training. In some cases, desperate soldiers had resorted to tying shingles to the bottom of their paper thin soles.\textsuperscript{86} As one Colonel in the Canadian army commented, "the boots supplied to the troops were about as suitable for active military service as a city man's footwear would be for hunting."\textsuperscript{87}

The Committee's investigation further released details regarding those involved in the boot contracts. While probing the Gauthier Boot Company of Quebec, it was found that a contract between the company and its business affiliate Charles Slater entitled Slater to a 50-cent commission on each pair of boots sold to the government from any contract that he was able to procure.\textsuperscript{88} Meanwhile, the company itself received a mere 25

\textsuperscript{82}Whitewashing Report of Boot Committee," \textit{The Globe} (Toronto), 13 April 1915, 5.

\textsuperscript{83}Ibid.

\textsuperscript{84}Ibid.


\textsuperscript{86}180, 644 Pairs of Boots Complained of," \textit{Toronto Star}, 12 April 1915, 5.

\textsuperscript{87}"Boots for the Soldiers," \textit{The Globe} (Toronto), 25 February 1915, 4.

\textsuperscript{88}Slater Put His Tender in the Last Few Minutes," \textit{The Globe} (Toronto), 6 April 1915, 5.
cent profit on each pair of boots.  

Distressed by such revelations, the Commission turned its attention to the Militia Department's Director of Contracts, Harry W. Brown. The commissioners asked Brown how the department had come to conduct business with Slater. Brown's reply was that Slater had previously owned his own shoe company and Slater's name was on an exclusive list of patronage within the Militia Department. Brown admitted that the patronage list still existed. It had been altered slightly since 1911, with most of the changes attributed to the Conservative Minister of Militia, Sam Hughes. A Liberal pamphlet would humorously dub Sam Hughes's list as one devoted to "the Good Boys." For many Canadians, the evident influence of patronage was anything but comical.

The Militia Department's patronage caused widespread outrage. The patronage list had led the department to do business with unreliable boot manufacturers and the consequence was not only the squandering of funds but the endangerment of soldiers and an injury to the war effort. Both Liberals and Conservatives pounced on the scandal and echoed the sentiments of many Canadians. The Toronto Globe agreed with their Conservative counterparts, citing the Toronto World's firm stance against patronage:

89 "Slater Put His Tender in the Last Few Minutes," The Globe (Toronto), 6 April 1915, 5.
90 Ibid.
91 Ibid.; "Boot Investigation Has Been Concluded," The Globe (Toronto), 8 April 1915, 5. The patronage list to which Brown referred to consisted of approximately 8,000 names in a card index.
93 Liberal Party of Canada, War Scandals of the Borden Government as Told in the House of Commons and Sworn to Before the Public Accounts and other Committee, (Ottawa: Central Liberal Information Office, 1917), 14.
The Conservative Party as a party must clear itself before the country... the System of purchases by way of a patronage list, no matter how long in use, must now be wiped out forever. There must be open competition and every contractor must be compelled to put in a declaration as to his good faith in every respect in filling any and every contract.94

Yet such seeming unanimity among Liberals and Conservatives collapsed when it came to politicians devising an appropriate solution to the problem. The Boot Committee's final report reflected the divergent opinions of its partisan members.95 The Conservative members argued that the boots had been manufactured to the appropriate military standard, but irregular weather conditions, rather than corporate malfeasance, lay behind the poor performance of the footwear.96 The Liberal delegates considered the Conservative conclusion a "whitewash" and submitted their own minority report emphasizing the government's gross mismanagement.97 Though the scandal promptly and predictably degenerated into a partisan quarrel, its overriding importance was that traditional means of business were coming to be seen as detrimental to the war effort. Such outrage could not be long ignored.

Later in the Spring of 1915, an investigation by the Public Accounts Committee into the Militia Department's purchase of binoculars led to another exposé of the patronage system at work.98 The Public Accounts Committee was directed to investigate the purchase of binoculars after Auditor General Fraser assessed the prices paid as

95"Whitewashing Report of Boot Committee," The Globe (Toronto), 13 April 1915, 5.
96Ibid. The controversy associated to the Ross Rifle in 1916 provides a comparable example to arguments of inappropriate design, rather than corporate malfeasance. The Ross Rifle was considered an excellent armament, but performed terribly due to the horrendous environmental conditions of the Western European front. Haycock, Sam Hughes, 245.
98"Big Profits Were Made on War Orders," Toronto Star, 19 March 1915, 6.
exorbitant. The investigation revealed that the binoculars had been obtained by General Hughes's longstanding friends, Philip and Matthew Ellis of the P.W. Ellis Company in Toronto. (The papers called them "the Ellis Boys.") The “Boys” were jewellers and silversmiths by trade who had never handled binoculars before the war. Nevertheless, they were awarded a contract to sell binoculars to the Militia Department and thus proceeded to purchase binoculars elsewhere to then sell to the government.

Acting on the suggestion of Lieutenant-Colonel William G. Hurdman of the Militia Department, the Ellis Company sought to purchase the binoculars from Thomas Birkett, a hardware merchant from Ottawa. Birkett in turn went to Sam Bilskey, a jeweller from Ottawa, and asked him to acquire the goods from a New York company, Bausch and Lomb. However, before Bilskey could make the purchase he needed the proper finances, so he went to Milton Harris, a New York broker. This procurement process was confusing, excessive and most of all expensive, as each party received a commission on the goods eventually sold to the government. The price of binoculars became so inflated by the chain of jobbers that pieces of optical equipment worth $15 to $17 dollars to the average consumer were sold to the state at prices ranging $48 to $52 apiece.

As had been the case with the military boots, the binoculars were poorly inspected. Articles that should have been judged to constitute inadequate equipment and

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101."Ibid.
103."Harris was said to receive a 10 percent commission; Bilskey promised Birkett a commission of $5 for each pair of binoculars he acquired; Lt-Col. Hurdman was accused of receiving $2 for every set he inspected upon delivery the department; and Birkett of course pocketed his own profit. "Two to Three Prices Paid For Field Glasses," *Toronto Star*, 29 March 1915, 1.
cast aside made their way instead to the battlefield. Colonel Hurdman, who was appointed to inspect the equipment, had originally claimed the binoculars were "entirely satisfactory." However, allegations of his receiving profits for inspecting the binoculars undermined his credibility. Moreover, the Public Accounts Committee officially deemed many of the binoculars to be of "poor quality and low range and inferior efficiency." On 2 April 1915, General Hughes suspended Hurdman. Birkett, eventually cornered by the Public Accounts Committee, refunded some of the profits he had acquired but only after months of investigation.

What was most troubling in the minds of many Canadians was that during the war, functional binoculars could constitute nothing less than the difference between a successful infantry assault and filling no man's land with a new batch of Canadian corpses. As the Toronto Globe emphasized, binoculars were the extension of an officer's eyes, and surveying the mangled landscapes of Flanders was crucial to any planned offensive. Innovative tactics were being used to conceal artillery, move troops and dig trenches. Going over the top to what seemed like a relatively weak position could instead lead to a fortified machine-gun haven. The outcry against the binoculars scandal was a form of patriotism. As many Canadian came to see it, the financial cost of the scandal was not great, but the potential loss of life and the continual exploitation of the war for personal gain constituted a moral outrage.

106 "Two to Three Prices Paid For Field Glasses," Toronto Star, 29 March 1915, 1.
The last war contract to be discussed from the wave of scandals in the early months of 1915 concerned the purchase of bandages. The origins of the contract can be traced back to W. J. Shaver, a sales representative for the Chicago firm of Bauer & Black. Shaver was interested in supplying the Dominion government with medical supplies. He contacted his business acquaintance, William Foster Garland. Garland owned his own pharmaceutical company, the Carleton Drug Company. However, Garland was also the Conservative M.P. for the Carleton constituency (near Ottawa). Using his political influence Garland arranged a meeting with, Lieutenant-Colonel G. Carleton Jones, the director of medical services. During the meeting Lt.-Col. Jones was happy to arrange a contract with Shaver, as Jones had already praised the quality of Bauer & Black's pharmaceutical goods. The First Contingent was also in dire need of additional medical supplies, since the regular British vendors were not available due to the war. However, before Jones would issue a requisition, he incorrectly told Shaver that the Canadian government would not do business directly with a company from a neutral country during a time of war; hence, he would have to sell the bandages through a local agent. Garland, just so happening to own a local pharmaceutical company, intervened and offered Shaver the services of his new apprentice drug clerk, Ernest Powell. The arrangement was much to Colonel Jones's satisfaction, and so he issued a series of requisitions to the Militia Department for the purchase of field dressings from Bauer & Black.

111 Canada, Report of the Royal Commission on Purchase of Surgical Field Dressings and Other Surgical Supplies (Ottawa: King's Printer, 1917), 3.
112 Report of the Royal Commission on Purchase of Surgical Field Dressings, 3.
113 Ibid., 4, 15.
Once the dressings reached the Militia Department in late August, Powell submitted a bill for 23 cents per dressing.\textsuperscript{114} Even before this bill reached the Auditor General, the Militia Department began to make inquiries as to why the expected price of 18 cents had been so suddenly increased to 23 cents. Powell first falsely stated that the price was being inflated by wholesalers. A suspicious Militia Department moved to investigate further, but Powell lowered his price to 21 cents. Garland intervened to reassure a still sceptical Militia Department that the price was a reasonable one, given Powell's understandable need for a five-per-cent sales commission. The Militia Department, convinced by Garland, accepted the price of 21 cents and proceeded to pay Powell.\textsuperscript{115} However, suspicion regarding the deal was revived once more by the Public Accounts Department, which later found in November that the field dressings could have been acquired for a price as low as 16 cents each.\textsuperscript{116} When attempting to find an explanation of the discrepancy, the Auditor-General was led to Garland, who thereby admitted that the price given to Powell was not 5 percent, but rather, 5 cents per dressing.\textsuperscript{117} Fraser immediately withheld the monies owed to Powell and further demanded a refund so that the actual cost would be reduced to 16 cents.\textsuperscript{118} Under mounting pressure, Powell complied, refunding $6,300 of his profits from his Union Bank account.\textsuperscript{119}

Initially Garland denied any personal interest in the Bauer & Black sales, and responded vigorously to accusations of impropriety. But even after Powell had

\textsuperscript{114}Report of the Royal Commission on Purchase of Surgical Field Dressings, 9.  
\textsuperscript{115}Ibid., 10.  
\textsuperscript{116}Ibid., 11.  
\textsuperscript{117}Ibid., 14.  
\textsuperscript{118}Ibid., 16.  
\textsuperscript{119}Ibid., 19.
reimbursed the government for the unreasonably acquired funds, questions remained about Garland's role. Months later in June, Powell cracked and confessed that Garland had been the real benefactor of his transgressions.\textsuperscript{120} Garland had been responsible for increasing the dressing prices; he had collected the monies given to Powell through indiscrimet banking transactions; and he had instructed Powell to refund the money once the government investigation intensified. Thus, Powell, the presumed agent of Bauer & Black, was portrayed as the means by which a public official had taken advantage of his position.

The public became infuriated with Garland, leaving him no choice but to resign his seat in Parliament. The bandages scandal prompted English Canadians to question the sympathies of their political representatives. But, perhaps more important, it prompted many of them to think about the moral consequences of mismanagement and individual greed. With respect to the profits Garland had obtained from his jobbery, the Conservative \textit{Ottawa Citizen} exclaimed, "For the sum of $9,000 eighteen trained nurses could have been sent from Canada, and maintained at the saving line for a whole year — perhaps till the end of the war — to wash the wounds and soothe the pain-racked bodies of Canada's injured soldiers."\textsuperscript{121} Soldiers were losing their lives in the war, while politicians mucked about prioritizing their own personal concerns over the well-being of those on the battlefield. In this sense, the war presented a new way in which English Canadians could insist upon the significance of the equality of sacrifice. Many of them began re-interpreting patronage, one of the most basic elements of their political order.

\textsuperscript{120}Ibid., 20; "Garland Admits He Got Sum of $6,300," \textit{Toronto Star}, 28 June 1915, 14.
\textsuperscript{121}Cited in "Maggot Eating Heart of Canadian Life," \textit{The Globe} (Toronto), 25 March 1915, 5.
The instances of graft, jobbery and patronage prompted these emerging sentiments to mature within public discourse.

The frequency of government purchasing controversies added to the growing critical perception of the war effort. Individual scandals, repeated so regularly and across such a wide territory, suggested a system that was systemically corrupt. The government purchases of boots, binoculars and bandages reflected but a fraction of the profiteering scandals that emerged during the early months of 1915. Investigations into other financial discrepancies would reveal that the war purchases in the Fall of 1914 had been routinely characterized by graft, jobbery and patronage. Scandals concerning government purchases of horses, Oliver equipment (infantry webbing), motor trucks, clinical thermometers, clothing, sewing equipment, small arms ammunition and even submarines — all coalesced to damage the credibility of the political system as capable of organizing a fair and rational war effort. Both Conservative and Liberal newspaper editorialists blended the imaginative rhetoric of the period with their coverage of the scandals. The Ottawa Citizen captured the pervasive sense of injustice when it wrote,

There is a maggot eating at the heart of Canadian national life. Young men, young soldiers, are voluntarily giving their all, their lives in defence of British freedom, British honour and British tradition, and the political maggot is eating into the health of the citizen army through the soles of its rotten boots... Where are the upholders of British tradition, the loyal orders, the Sons of England and the Sons of Honor in Canada? Must they remain forever silent while such damnable maggotry is being laid bare?¹²²

Such necrotic and disturbing imagery was not unique to the Ottawa Citizen. The Liberal editor of the Toronto Star followed the trend: "Patronage is the dry rot of politics. Just now large areas of the punky surface are being exposed to public view both at Ottawa and

Toronto." It became increasingly obvious that the political system that was believed to be fighting for democracy, was simultaneously permitting its own employees to feast upon the sacrifices of fallen. As the Toronto Globe wrote, "It is Canada's soul that is in real danger, because of the poisoned atmosphere of dishonesty and selfishness and graft... Its spirit, its sense of moral integrity, its very life — these are soiled and poisoned." Whether Liberal or Conservative, newspapers condemned the epidemic of graft, jobbery and patronage. English Canadians were increasingly united in seeing the transformation of the old system as a burning necessity.

As plainly stated by the Ottawa Citizen, public opinion had become "strongly aroused" by the frequent revelations of graft and patronage. The distressed public looked to their government to prevent the war from becoming a large-scale racket. Although Borden was consumed by other issues regarding the war, he could not ignore the growing outrage directed at his party, with all it portended about a more far-reaching critique of the system within which it functioned. Yet he was anything but zealous in his approach to the controversy and even attempted to downplay its importance. With respect to the bandages scandal, Borden declared that out of a war expenditure mounting to $50,000,000, there had evidently been only a total loss of $12,000, of which $6,300 had been returned by Powell. Borden's calculations of "loss" was rigid and out of touch with the sentiments regarding the scandals. It was not a matter of money; it was a matter of morality.

124 "Saving the Soul of the Nation," The Globe (Toronto), 27 March 1915, 6.
126 "Commission Here to Buy For the Allies," Toronto Star, 15 April 1915, 15.
Borden did want to be perceived as standing firmly against corruption. He declared: "If any man in Canada permits fraud... and is so concerned in connection with war contracts let him remember that the doors of the penitentiary are yawning for him."\textsuperscript{127} It was an empty threat. The Borden government sent none of the characters exposed in war contract scandals to jail. It would have actually been rather shocking if it had. Beyond the rigidity of the Criminal Code, which would have made it impossible to convict such an individual as Garland of conspiracy,\textsuperscript{128} it would have been absurd for Borden to prosecute his own supporters for following established procurement protocols at the beginning of the war. Borden's anti-fraud activism was restricted to the public denunciation of glaring offenders. Before the end of the parliamentary session in April 1915, the Prime Minister stood in the House of Commons and publicly disapproved of two Conservative M.P.s, Arthur DeWitt Foster\textsuperscript{129} and Garland.\textsuperscript{130} To Borden, Garland and Foster were just "one of the few people who would take advantage of the country at such a time to make improper profits."\textsuperscript{131}

The major response of the federal government was to launch investigations. The initial investigations during the first few months of 1915 were led by the Auditor General and the Public Accounts Committee. Such limited arms of the state were ill-equipped to handle the investigation of so systemic a problem. Special Committees, such as the Boot

\textsuperscript{127}"Commission Here to Buy For the Allies," \textit{Toronto Star}, 15 April 1915, 15.
\textsuperscript{128}Report of the Royal Commission on Purchase of Surgical Field Dressings and Other Surgical Supplies, 25.
\textsuperscript{129}Foster had been appointed to buy war horses in Nova Scotia. He had sought the help of two business acquaintances, but his trusted friends made their way to the United States with a total of 5,200 government dollars. Though Foster was not found to have personally profited from the deal, he was publicly humiliated for his incompetent financial supervision and resigned his seat. See Canada, \textit{Report of the Royal Commission on Purchase of Horses in Nova Scotia for First Canadian Contingent}, (Ottawa: King's Printer, 1917).
\textsuperscript{130}"De Witt Foster Quits Garland Hanging On," \textit{Toronto Star}, 28 April 1915, 2.
\textsuperscript{131}"Commission Here to Buy For the Allies," \textit{Toronto Star}, 15 April 1915, 15.
Committee, were constructed to undertake specific investigations into particular war contracts. The major investigatory effort launched by the Borden government was the Davidson Commission. The former Chief Justice of Quebec, Sir Charles P. Davidson, was drawn out of retirement and became a "one-man" Royal Commission to continue the Public Accounts Committee's investigations of war contracts.\textsuperscript{132} While the Davidson Commission was a step towards regaining public confidence, its resources were still ill-matched with the task of detailing the seemingly endless scandals. It would take Davidson and his aides two years to submit their final reports for scandals that occurred in 1914.\textsuperscript{133} The Davidson Commission was certainly effective in one respect. Its unending release of details regarding war contract scandals kept the controversy over procurements in the public eye.

The Borden government's third response to persistent graft and patronage debates was perhaps the most successful: the creation of the War Purchasing Commission. The War Purchasing Commission was unveiled on 27 April 1915. The commission was to be composed of experienced businessmen rather than politicians of the Militia Department to approve war purchases. Appointed to the commission were Albert E. Kemp, a Member of Parliament for East Toronto, Hormisdas Laporte of Montreal, and George Galt of Winnipeg.\textsuperscript{134} The three newly-appointed members all had a long history of involvement

\textsuperscript{132}"Commission Here to Buy For the Allies," \textit{Toronto Star}, 15 April 1915, 15.
\textsuperscript{133}"Resurrected Profiteering," \textit{The Globe} (Toronto), 10 April 1917, 6.
\textsuperscript{134}"A Military Purchasing Commission," \textit{The Globe} (Toronto), 28 April 1915, 6. Although Kemp was a Member of Parliament, he was without portfolio, and so it was argued he was less susceptible to ceding public interest to political influence. His experience as a manufacturer, president of the Canadian Manufacturers' Association (CMA), and leading figure in the Toronto Board of Trade provided sufficient grounds for his claims to probity and respectability. An interesting point is that the Canadian Manufacturers' Association had lobbied the government to appoint such a commission such as the War Purchasing Commission to revoke the Militia Department’s power to administer contracts, which clearly
in commercial organizations and each had long been well-known public figures. Borden praised the advent of the Commission as marking the end of the infamous Departmental patronage lists. As Kemp remarked to the press, "Quality being equal, the lowest price will get the order without any question of Liberal or Conservative, Labor or Independent politics. Straight business absolutely." Some initial criticism held that the War Purchasing Commission was too secretive, but such claims were ephemeral. Overall, the Purchasing Commission itself raised minimal controversy and to some extent, helped to ease rising public resentment.

III

The less contentious purchases of the War Purchasing Commission did not mean that the public's faith in the government was restored. Details concerning the war contract scandals of the early 1915 kept animosity simmering throughout the Summer and Fall. Then, in the Winter of 1915-1916, graft, jobbery and patronage were sensationalized once more with the surfacing of new scandals. Two particularly noteworthy controversies are of interest because they portended later significant developments. In the scandal involving James Fallis, the public learned of "toll-keeping." In the scandal involving Benjamin Franklin Yoakum and John Wesley Allison, Canadians became acquainted with a "rake-off." In both cases, ones that showed procurement practices were systemically flawed, Canadians were often impelled to apply a relatively novel term: profiteering.

put some manufacturers at a disadvantage if they were distributed on a basis of patronage. It is probable that Kemp was chosen as a sign of good faith to the CMA.

137 The work of the Commissioners was recognized by the government and its members were awarded with knighthoods. "Knighthood for Canadians," *Toronto Star*, 13 July 1916, 7.
During the first week of December 1915, the Davidson Commission began investigating alleged irregularities associated with horse purchases in Peel County. It devoted nearly four days hearing evidence from 25 separate witnesses. At the centre of the investigation was the Conservative M.P.P. for Peel County, James Robinson Fallis. The investigation revealed that upon the announcement of the war, Fallis, who was also a livestock dealer by trade, had himself placed on a patronage list in Ottawa to be the government horse purchaser for Peel Region. Although not settled into his official appointment until December, Fallis began purchasing horses from one of four Liberal horse dealers, E. J. Jones, who had previously supplied mounts to the Royal Canadian Dragoons. Fallis secured a government order for horses and began buying them from local traders in Peel Region. Between 26 August and 12 September, Fallis and Jones acquired 363 horses and sold them to the government for a total profit of $2,820. This profit made in 1914 would be comparable to a sum of $60,000 in 2013. The Davidson Commission would deem Fallis's profits to be the questionable fruits of jobbery.

As Fallis came to be depicted by the Liberal press as a "toll-gate" between farmers and the government, he made several arguments in self defence. Not only had Canadians been ignorant of the seriousness of the war during first weeks of August and September 1914, but as a livestock trader for 20 years Fallis felt he was entitled to a

138 "Army Horses Bought in Peel," Brampton Conservator, 2 December 1915, 1.
139 "How Fallis Financed It, Got Govt. Checks Same Day," Toronto Star, 14 February 1916, 5.
140 "Bystander Writes About Army Horses," Brampton Conservator, 16 December 1915, 1; "How Fallis Financed It, Got Govt. Checks Same Day," Toronto Star, 14 February 1916, 5.
141 "How Fallis Financed It, Got Govt. Checks Same Day," Toronto Star, 14 February 1916, 5.
142 "Paint Horse Sold to the Government," Toronto Star, 3 December 1915, 5.
144 "Profits From Army Horses," Brampton Conservator, 9 December 1915, 1.
Moreover, Fallis noted that privately acquiring horses to be re-sold to the government at a profit had been an accepted practice for public officials during the South African War. Seeking absolution, Fallis donated $1,880 of his profit money to Lieutenant-Colonel F. J. Hamilton of the Peel County Battalion. After submitting the cheque, Fallis then announced that he would resign and submit himself to the judgement of the electorate. Conservatives and Liberals were presented with a chance to air their differences and set aside an earlier peace agreement. The by-election thus set the scene for an important contest for public approval – and an airing of grievances over profiteering.

Fallis proved that he retained the confidence of the Conservative Party after being re-elected at a Conservative convention to run for the Peel County by-election. The Conservatives, who had been taking repeated hits by the Liberal press for the involvement of Conservative members in war purchasing scandals, took their stand on the conventions of Canadian patronage politics: anything they had done, the Liberals would have also done, and perhaps with less circumspection. As the Brampton Conservator put it, "In view of [the Liberal press's] toleration of rascality under Liberal governments, Mr. Fallis should be put among the angels."

As the Conservatives attempted to defend their party, the Liberals aroused and directed animosity of the war purchasing scandals against Fallis. They used a new noun

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146 "Profits From Army Horses," Brampton Conservator, 9 December 1915, 1.
147 Jas. R. Fallis Gives $1880 to 126th Peel," Brampton Conservator, 3 February 1916, 1; "Profits From Army Horses," Brampton Conservator, 9 December 1915, 1.
149 Ibid.
151 "Bystander Writes About Army Horses," Brampton Conservator, 16 December 1915, 1.
that was already being used in Britain to reference the immoral government conduct, "profiteering." In concert with other Liberal newspapers, the *Toronto Globe* and *Toronto Star* both portrayed the Peel County by-election as the public's stand against profiteering. Under the large and bold title of "War Profiteering At Bar Of Public Opinion In Peel," a *Toronto Star* editor wrote, "The eyes of Canada are upon Peel, waiting for the electors of this riding to rise above petty party prejudice and condemn profiteering and graft."\(^\text{152}\) The Liberals said that they wanted this by-election to mark a decisive new beginning – to be marked, naturally, by the return of their candidate to Ottawa.

Despite Peel County being a long-held Conservative riding, some Conservative voters took vengeance upon Fallis by electing his Liberal rival. In 1914, Fallis had won the election with a 28 percent lead. In 1916, he lost by a 12 percent margin.\(^\text{153}\) The Liberal press described their candidate victory as one for "people of all shades of political opinion." It represented a clear condemnation of profiteering.\(^\text{154}\) Fallis's election indicates how the term "profiteering" emerged as an accessible – and by no means radical – term. Its connotations were patriotic. Its first outing in practical politics came with the Liberals. Yet during the late and post-war period, profiteering as a concept and slogan would acquire a much more radical tone.

As James Fallis fell from grace, an even grander debacle was unfolding that demonstrated the full extent of profiteering in Canada. The Fuse Scandal - or as it came to be called by the Liberals, "the Million Dollar Rake-Off" - would demonstrate that Borden's earlier assurances that purchasing scandals had represented only a minor loss to

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\(^{152}\) "War Profiteering at Bar of Public Opinion in Peel," *Toronto Star*, 22 February 1916, 10.
the treasury had been misleading. It emerged that only a few mismanaged contracts could result in the squandering of millions of taxpayers’ dollars. The Fuse Scandal began with the formation of the Shell Committee on 7 September 1914. In response to Britain’s sudden demand for shells, Sam Hughes organized a small group of reputable steel manufacturers to coordinate the formation of a native Canadian shell manufacturing industry.\(^{155}\) Like the War Purchasing Commission, composed of experienced businessmen negotiating shell contracts on behalf of the British War Office, the Shell Committee was designed to be a body independent of the government.\(^{156}\)

Given that the Shell Committee was formed in the early days of the war, the organization was inevitably a creature of its time. Complaints emerged early on about the narrow distribution of shell contracts, particularly from the Canadian Manufacturers’ Association whose members felt at a disadvantage within the military’s exclusive patronage system.\(^{157}\) The British War Office sent David Thomas to investigate the matter. Before returning to England after concluding his investigation, Thomas told the Canadian newspapers that not only had he had found that the Shell Committee's recipients were acquiring greater profits than they were entitled to, but also that the entire system was ridden with profiteering.\(^{158}\) By the end of November 1915, the Shell Committee had been

\[^{156}\text{Canada, } \textit{Report of the Royal Commission on Shell Contracts} \text{ (Ottawa: King's Printer, 1916), 6.}\]
\[^{157}\text{"National Business Should Not Be Done on Lines of Political Favor - C.M.A. President,"
} \textit{Toronto Star}, 9 June 1915, 2; Haycock, \textit{Sam Hughes}, 237. Rumours began circulating about the Shell Committee members’ vigorous pursuit of their own interests. Members of the Committee were attacked for having awarded their own firms with multi-million dollar contracts. Haycock, \textit{Sam Hughes}, 237; Liberal Party of Canada, \textit{Shell and Fuse Scandals: a Million Dollar Rake-off; taken from the Government Records} \text{ (Ottawa: Central Liberal Information Office, 1916), 3.}\]
\[^{158}\text{"Thomas’ Statement Stands Unchallenged,"} \textit{The Globe} \text{ (Toronto), 2 November 1915, 5.}\]
dissolved and replaced by the Imperial Munitions Board (IMB), which institutionalized the tendering system for the distribution of war contracts.\textsuperscript{159}

The alleged misdeeds of the Shell Committee were continually alluded to in the House of Commons by mistrustful Liberals. As they followed the Shell Committee's trail of past negotiations, blatant profiteering become increasingly evident. In a long list delivered to the House of Commons on 25 January 1916, Frank B. Carvell, the Liberal representative for Victoria-Carleton, exposed the Shell Committee's past dealings with "mushroom companies."\textsuperscript{160} The so-called "mushroom companies" were perceived as a fungus in the sense that they were opportunistic and undesirable. In more concrete terms, mushroom companies were created for the sole purpose of acquiring government contracts to then sublet to the companies that actually produced the goods in question — organized with the sole intention of re-selling them to the government. Mushroom companies were in a sense just organized grafters. Carvell revealed that mushroom companies had flourished since the beginning of the war. Millions of dollars had passed through them and into them.\textsuperscript{161} The investigation of one particular mushroom company would reveal their pervasive, damaging influence.

Two months following Carvell's denunciation of mushroom companies, George Kyte, Liberal M.P. from the Nova Scotia constituency of Richmond, described how an American mushroom firm called the American Ammunition Company (AAC) had obtained a contract from the Shell Committee for 2,500,000 artillery fuses on 19 June


\textsuperscript{160}The term "mushroom companies" was not a widely used phrase in newspapers beyond the discussions of war contracts scandals and corporate profiteering. "Mushroom Firms Given Contracts," \textit{Manitoba Free Press}, 26 January 1916, 3; "Carvell Shoots Holes in the Shell Business," \textit{Toronto Star}, 26 January 1916, 9.

The AAC had already obtained an advance of $3,000,000, which in and of itself was an unprecedented departure from standard practices. Of the $3,000,000 so graciously provided to the company, one third was to be divided among the owners of the business. The most contentious revelation was that the four owners of the AAC had signed an agreement on 10 June to divide the million-dollar profit amongst themselves. In other words, before they had officially won a contract supposedly on the basis of tendering, they were already dividing up its rewards. It was a clear indication of the Shell Committee's faulty understanding of the term “competition.”

One of the owners of the AAC, Benjamin Franklin Yoakum, who had primarily made his money as a New York railway tycoon, had signed a sub-agreement to further divide the spoils among his third-party associates. The first of these was Honorary Colonel John Wesley Allison. Allison was an appointed purchasing agent for Sam Hughes and a frequent fixture in Canadian newspapers. Among Allison's most recent exploits had been his arrangement for the government purchase of 5,000 automatic Colt pistols, from which, despite his denials, he was revealed to have acquired a profit. Allison had been an active figure across Europe as well, negotiating contracts for nearly all the Allied belligerent countries. The second member of the Yoakum's contract was Eugene Lignanti. There is not too much to say about Lignanti, other than to note that preceding his engagement as a grafter, he had been an Italian violinist at the

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163Fuses were sold at a price of $4.00 and $4.50 in respect to specific fuse types. Profits were figured at 0.40 cents per fuse.
According to the owners’ agreement, any profits from the war contracts acquired by any of the three parties would be divided among them according to a pre-determined percentage. For the AAC contract with the Shell Committee, Yoakum received an astounding commission of $475,000; he gave Allison $220,000 and Lignanti $50,000, while keeping the rest for himself. Getting extravagantly rich had never been so easy.

To add insult to injury, the American Ammunition Company failed to provide the fuses on schedule. Just as Carvell had warned, one drawback of dealing with mushroom companies was often unanticipated delays. For the first nine months after being awarded the contract, the AAC failed to deliver a single fuse. Furthermore, had the Shell Committee used a system of tendering as opposed to patronage, the British government would have only needed to pay $3 per fuse rather than $4 to $4.50.

The fuse contract of the AAC was just one of the many cases of profiteering committed by this outfit since the beginning of the war. Inquiries into other government contracts associated with honorary Colonel Allison brought to light the true extent of his "munitioneering." Allison was involved in pending contracts for 500,000 artillery cartridges, 500,000 rifles, another 140,000 rifles and 2,500 tons of picric acid. Had these deals gone through it would have amounted to an exorbitant profit of $1,863,000 to be

167This figure comes to about $9,500,00 in 2013 Canadian dollars. "Inflation Calculator," *Bank of Canada*.
171The sum of $1,863,000 would have been approximately $37,500,000 in 2013 when calculating inflation. "Inflation Calculator," *Bank of Canada*. 

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split between the three businessmen.\textsuperscript{172} Both sides of the House were shocked and outraged at the horrendous squandering of public resources. Borden, who had been extremely hesitant to launch an investigation into the Shell Committee's fuse contracts, had no option but to call one.\textsuperscript{173}

The appointment of the Royal Commission took place on 3 April 1916. It finished its inquiries by 20 July.\textsuperscript{174} The commission found that Sam Hughes had ratified the fuse contract himself but exonerated him from any 'serious' wrongdoings. Colonel Carnegie, the Shell Committee member who had arranged the contract with the AAC, was blamed for his poor negotiating skills but exonerated from the any personal interest. Lastly, Allison was revealed as being instrumental in the fuse contract, as he had introduced the owners of the AAC to members of the Shell Committee.\textsuperscript{175} The repercussions of such findings were not unduly severe for those accused of these offences. Hughes resigned from his position as Minister of Militia and Defence, though this was partly influenced by political tensions between himself and Prime Minister Borden.\textsuperscript{176} Allison had his honorary title of Colonel revoked. Yet, although the Royal Commission condemned Allison for his profiteering, the Commission did not recommend he be prosecuted. The Shell Committee was actually a British institution, and should thus be dealt by the British authorities.\textsuperscript{177} Of course, such a prosecution would never occur. Later rumours would circulate that Allison was continuing to pursue further war-related commercial interests

\textsuperscript{172}“Here is Hansard on Kyte Charges, Story of Allison, Yoakum, Lignanti,” \emph{Toronto Star}, 30 March 1916, 3.
\textsuperscript{173}“Sir Robert Borden and the Shell Committee,” \emph{Manitoba Free Press}, 16 March 1916, 9.
\textsuperscript{174}Royal Commission on Shell Contracts, 3, 29.
\textsuperscript{175}Ibid., 26-27.
\textsuperscript{176}Haycock, \emph{Sam Hughes}, 304.
\textsuperscript{177}Ibid., 244.
in the United States. He stayed clear from any future deals with the Canadian government.\textsuperscript{178}

The sensational Fuse Scandal revealed the true volume of squandered public funds from graft, jobbery and patronage. One consequence of the scandal was the increasing acceptance of the "ideology of service," one that demanded public servants be selfless and efficient.\textsuperscript{179} By October 1917, the Borden government was already claiming to have phased out all patronage lists from government departments.\textsuperscript{180} The elected Union Government had even revitalized Borden's old and failed anti-patronage policies from his 1907 “Halifax Platform.”\textsuperscript{181} Efforts to purge patronage from the public administration finally came to a culmination in 1918 and 1919 with civil service reforms.\textsuperscript{182} Yet, in the heat of the war purchasing scandals, the government often reacted slowly and softly. The scandals never seemed to stop. In 1918, New Brunswick offered a vast quantity of potatoes to support the war effort, but the initiative ended in revelations of petty embezzlement by Tory potato shippers.\textsuperscript{183} The public would remain sceptical of the political structure. Borden noted in his diary that "the climate of suspicion that grew up regarding the provision of war supplies... was pervasive and enduring."\textsuperscript{184}

The permitted profiteering in the shell industry was particularly upsetting for organized labour. The federal government's management of the war prompted radical solutions. In September 1916, a keynote speaker at the 32nd annual convention of the

\textsuperscript{178}"When the Cat's Away, Etc.,” \textit{Manitoba Free Press}, 23 August 1916, 9.
\textsuperscript{179}Hodgetts et al., 122.
\textsuperscript{180}"All Patronage Lists Dropped," \textit{The Globe} (Toronto), 25 October 1917, 10.
\textsuperscript{181}Simpson, \textit{Spoils of Power}, 127.
\textsuperscript{182}For detailed information on the 1918 and 1919 reforms see Hodgetts et al., 45-55.
\textsuperscript{184}Cited in Rider, “The Imperial Munitions Board,” 50.
Trades and Labor Congress argued that Canada's ability to provide Britain with military supplies such as shells was a vastly superior contribution to the war effort than sending troops. Yet government efforts were continually undermined as profiteering contractors drove up prices for their own private spoils. The speaker called for the nationalization of all available machine shops so that they might be converted into shell manufactories and supply Britain with shells at cost. "Had this been done," the speaker declared, "the stream of money flowing from the nation into the pockets of the profiteering leeches would have been saved; which at this particular time means the saving of the very life blood itself of the nation." Such speakers, who seemingly articulated views widely shared within the working class, were overtly breaking with any respect for established conventions of *laissez-faire*. Yet they could now cite not only the British example, but developments closer to home: the Dominion government was engaged in the nationalization of a good portion of the country’s railways.

A less overt consequence of the Fuse Scandal was that more attention had been drawn to the business realm. The revelations of mushroom companies were particularly disturbing. English Canadians began to criticize the corporate recipients of state largesse, and not just the middlemen or its state distributors. Judging profits to be immoral would have been particularly difficult before the war without risking association with radicalism. The criticism of profiteering thereby provided a patriotic and widely acceptable basis to launch complaints and retain a British and democratic image.

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185“270 Delegates Present When Trades Congress Opened,” *Toronto Star*, 25 September 1916, 1, 3.
186Ibid.
In summary, by the second year of the war, the 'profiteers' had come to be defined in English Canada as individuals who exploited government war contracts, often leading to defective equipment that hurt the military effort and to extortionate prices that depleted the public treasury. Profiteering in turn was a term that implied corruption and inefficiency were deeply rooted in patronage. As this section has attempted to explain, the Great War rapidly transformed social expectations of public and private morality. Through this 'moral awakening,' one that prioritized the safety of the nation's soldiers and called out to all citizens to sacrifice themselves for their country, many Canadians came to look upon the government with new eyes. The government and its officials, still creatures of the pre-war period, relied upon their long-held business practices, ones that entitled them to claim the 'spoils of war' and distribute them accordingly. The Borden administration was caught between sympathizing with the Tory politicians supporting the government and the unprecedented demands of an aroused citizenry. Borden, although 'progressive' in many ways, was nonetheless repeatedly trapped in this contradiction. He was forever reluctant to initiate investigatory committees until 'the cat was out of the bag.' Moreover, his unwillingness to prosecute identified profiteers allowed his detractors to portray him as a sympathizer with 'evil.' Borden's institutional reforms, successful in one sense — for they did over time divert hostility away from his government — failed in another: they did not arrest the radicalization of public discourse. The first articulation of profiteering did not entail radical criticisms. But the catchphrase did capture a widespread realization that a large and widening gap had emerged between Canada's democratic image and its plutocratic social realities.
Fig. 2: "Two Kinds of Patriotism." Large profits obtained by war manufacturers for the sale of defective equipment led many English Canadians to question the moral acceptability of private gains. *Grain Growers' Guide*, 10 March 1915, 6.
Chapter 3

Profiteering as a Criticism of Wealth and Taxation

By 1916, the Great War began to have a noticeably positive impact on the Canadian economy. Profiteering became an increasingly visible sign of the unrealized notion of equality of sacrifice. As Canadians, particularly of the working class, continued to make sacrifices, the morality of profit-making at such a time became increasingly controversial. An expanded interpretation of profiteering provided an accessible and patriotic term whereby English Canadians could challenge the legitimacy of private profit and wartime accumulations of wealth without necessarily incurring the stigma of radicalism. This chapter will examine popular working-class criticisms of the Dominion tax system beginning in 1916. The demands for a more rigorous and direct system of taxation were largely a reflection of emerging class tensions. Demands for direct taxation with heavy penalties for high accumulations of wealth and profit challenged the *laissez-faire* assumptions undergirding the political order. This second articulation of profiteering as a criticism of general wealth and profits came to a climax in 1917 after the government’s drive to impose the Military Service Act became a reality. Many in the labour movement, although not the Trades and Labor Congress itself, could appreciate that defeating Germany might require conscription, but they added to this the *caveat* that any such conscription of manpower be accompanied by a conscription of wealth. The federal government was pressured to adopt not only a more stringent Business Profits War Tax, but also a form of Income Tax. Despite implementing measures of direct taxation, some English Canadians remained resentful of individuals who acquired large fortunes during the war.
The initiation of the war brought more to English Canada than a sweeping sense of patriotism. It also meant relief for a depressed Canadian economy and, eventually, abnormal prosperity and profit. During the late nineteenth and early twentieth centuries, Canada enjoyed a period of rapid economic growth, becoming one of the world's most industrialized states by the First World War. By 1913, Canada's income per capita was 84 percent that of the United States, and 90 percent that of Great Britain. However during the latter half of 1913, Canada's economy had slipped into an economic recession. One could assume that at the outset of the war Canada's industries were revitalized by prospects of greater production and demand, yet quite the opposite occurred. The beginning of war involving most of the world's military superpowers caused a panic and deepened the recession. Atlantic shipping companies dared not place their merchant fleets at risk of confronting enemy warships. With such uncertainty about the ocean's safety, shipping lanes were closed. This disconnection of Canada from world markets dealt a swift blow to Canadian agriculture and manufacturing, already experiencing financial strain. Businesses owners were pressured into reducing their workers' hours, dismissing portions of their workforce, or in some cases even closing their factories. Another shock to the Canadian economy was that during the outbreak of the war, there

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189 Lew et al., 10.
190 [Canada Year Book, 1914](http://www.trentu.ca/economics/WorkingPapers/LewMcInnis_Toronto_05.pdf), 526.
191 Ibid.
was a rush to buy gold and exchange bank and dominion notes for specie. The panic caused stock exchanges to close and chaos ensued in international markets.\textsuperscript{192}

As the early days of the war passed, it became clear that the sea-lanes were not riddled with German ships.\textsuperscript{193} Shortly after the outbreak of hostilities, the Borden administration managed to stabilize public confidence in bank and dominion notes by suspending them from the gold standard and pledging to support the securities of chartered banks.\textsuperscript{194} This act guaranteed the safety of private savings and eased tensions across the Dominion. Yet even with the restoration of trade and the stabilization of Canadian currency, it would take almost two more years until the depression decisively subsided. From 1913 to 1914, Canada's income per capita fell 9 percent and unemployment was dangerously high. The anxieties of economic hardship could hardly be contained in some cities. Edmonton and Winnipeg would even experience unemployment riots.\textsuperscript{195}

Yet the war did much to gradually ease these strains. The military began siphoning many of the disgruntled unemployed into its ranks.\textsuperscript{196} Immigration also ceased to a great extent.\textsuperscript{197} In fact, Canada's pool of the unemployed dried up so rapidly that by the middle of the war there was a high demand for labour. Agriculture fought industrialized centres to secure needed manpower. The demand for labour became so intense that by 1917, there was widespread consideration of forcefully conscripting all non-interned Germans, Austrians and other enemy aliens across the country into a labour

\textsuperscript{192}Thomas Naylor, "The Canadian State, the Accumulation of Capital and the Great War," \textit{Journal of Canadian Studies} 16, no. 3 (Autumn 1981): 29.
\textsuperscript{193} \textit{Canada Year Book, 1914}, 526.
\textsuperscript{194}Brown, \textit{Canada 1896 to 1921}, 228.
\textsuperscript{195}Naylor, "The Canadian State," 27.
\textsuperscript{196}\textit{Canada Year Book, 1914}, 526.
\textsuperscript{197}\textit{Ibid.}, 522.
Accompanying the war was also a sharp increase in demand for a number of commodities. Pulp and paper mills, textile factories, leather factories, meat packing establishments, and wood and metal working manufactures were just some of the industries to be overwhelmed with war orders. In each succeeding month in 1915, economic conditions in Canada notably improved. By the end of the year, conditions had returned to normal pre-1913 levels of prosperity and for the couple of years following, the war even bolstered Canada's economy to new heights. By 1917, income per capita had increased to 108 percent of the 1913 level. For better or for worse, the Great War had a decisive impact on the Canadian economy. Old industries were prompted to meet large orders, new markets emerged, and even farmers could not satisfy the seemingly endless demand for foodstuffs. From a capitalistic perspective, once the uncertain beginnings of the war had abated, the global conflict emerged as a promising field for the generation of profits.

As discussed in section one, a widespread suspicion of profits had began to manifest itself across English Canada. Particular rake-offs of corrupt politicians and middlemen had been generally condemned. Now, however, a quite different controversy began to emerge in relation to the general profits of war industries. The inquisitive Liberal Party's exposé of the so-called "mushroom" companies aggravated animosity towards wealth. Public resentment towards high industrial profits grew exponentially. Gradually, it encompassed not only a select band of shamed profiteers, but also all industries and persons prospering as a result of the war.

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199*Canada Year Book*, 1914, 526.
201Lew et al., 10.
Hostility towards industrial enterprise had been a growing phenomenon before 1914. From roughly the mid-nineteenth century to the outbreak of war, two views contended with respect to the virtues and vices of businessmen. The first view held that business leaders were "captains of industry," justly celebrated as being responsible for constructing the nation and bringing wealth and jobs to all.\footnote{Michael Bliss, \textit{A Living Profit: Studies in the Social History of Canadian Business, 1883-1911} (Toronto: McClelland and Stewart, 1983), 10.} For example, Anglo-Canadian trade unionists of the later nineteenth century often saw — as did their British counterparts — their employers as their partners.\footnote{Waites, \textit{A Class Society at War}, 55-56.} However, a second view held that "captains of industry" were actually oppressors rather than heroes. Even the Protestant and Catholic clergy had refrained from associating wealth with virtue and questioned the ethics of the advancing industrial age.\footnote{Bliss, \textit{A Living Profit}, 13.} It would only be in the later years of the Great War and in the years immediately following it that critical interpretations of capital and business gained widespread currency in English Canada.

The Dominion government, notwithstanding these pressures, refrained from instituting forms of direct taxation. The liberal ideological separation of the "civil" and "private" spheres also provided a justification for government policy to be minimally involved in private enterprise. Canadian governments were particularly steadfast to the precepts of classical liberalism in relying upon only indirect forms of taxation up to 1916. Before 1914, the Canadian federal government's reliance on indirect taxes to meet annual expenditures fell almost entirely upon the tariff, which constituted approximately 80 percent of its total annual revenues.\footnote{Naylor, "The Canadian State," 29.} Direct forms of taxation had been used in liberal
states. Great Britain had introduced direct taxation as early as 1799 in need to raise funds against Napoleon's armies. Yet, during the early stages of the Great War, Canada was one of the last belligerent countries to impose direct taxation and even throughout the course of the war, approximately 70 percent of the federal budget was still derived from revenues generated by the tariff.

Even with the implementation of the Customs Tariff War Revenue Act in 1915, which added an additional surtax and increased duties, the tariff fell far short of footing the bill. Canada's debt deepened into what may have seemed like a bottomless pit. On 31 March 1914, Canada's total debt was $336 million. A year later, the total debt would rapidly climb to over $449 million and by the end of the fiscal year of 1919, it amounted to an astounding $1.6 billion (an increase of 337 percent since 1914). The shortage of capital meant that Canada would have to rely on loans to meet expenses. The federal government ventured to create a domestic bond market, and, despite civil/private sphere rhetoric, intervened in the economy to market government securities and bonds sales. By the end of 1919, domestic Dominion war bond sales grew to a total of $2 billion; an additional $200 million's worth were sold abroad.

Despite continual reliance on the tariff, the federal government did impose special war taxes under the 1915 Special War Revenue Act. The special war tax encompassed a wide range of indirect taxes and duties. For example, each bank paid a tax of 0.25 per

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208*Canada Year Book, 1915*, 679.
209*Canada Year Book, 1914*, 535.
210*Canada Year Book, 1913*, 531; Canada, *Canada Year Book, 1919*, (Ottawa: King's Printer, 1920), 487.
212Ibid., 32.
cent of the amount of its notes in circulation. Trust companies paid 1 per cent of their Canadian income. However, the government's focus was not confined to the financial sector. Working-class Canadians found themselves paying duties on everything from stamps, railway tickets, medicines and perfumes, to money orders and wine.\textsuperscript{214} Such special war taxes were much less effective than the customs tariff in obtaining additional revenue for the government. In the fiscal year of 1915, the new taxes were credited for bringing in a meagre sum of $98,056.\textsuperscript{215} The special war taxes were detested by the working class, for they meant that those relying upon low incomes were placed under stress, while such taxes were virtually unnoticeable for wealthier Canadians.\textsuperscript{216} Class tensions aggravated by the burdens of war were increasing and Borden's administration acted with little haste to remedy the situation. In 1916, Borden even refused to increase special war taxes on luxuries, arguing that it would indirectly affect French luxury exports and consequentially hurt the allied war effort.\textsuperscript{217} Overall, the special war taxes were not popular with the English-Canadian public. The \textit{Manitoba Free Press} went so far as to argue that their war-time benefits were negligible.\textsuperscript{218}

Up to 1916, war taxes in Canada were not addressing the discrepancies between sacrifice and profit. Even by the latter half of 1915, the federal government was being criticized for its inadequate measures of taxation. Many English Canadians looked to Britain to legitimize claims of imposing new measures of direct taxation. The \textit{Toronto Star} described the "motherland" as a place where "everybody pays, from the poorest to

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\item\textsuperscript{214} \textit{Canada Year Book}, 1915, 679.
\item\textsuperscript{215} \textit{Canada Year Book}, 1919, 487.
\item\textsuperscript{216} "Conscription of Wealth," \textit{Grain Growers' Guide}, 8 November 1916, 5.
\item\textsuperscript{217} Naylor, "The Canadian State," 31. Thomas White also made this argument during his Budget speech. Thomas White, \textit{House of Commons Debates}, 24 April 1917, 719.
\item\textsuperscript{218} "Three Year War Will Cost Canada $450,000,000," \textit{Manitoba Free Press}, 12 November 1915, 9.
\end{itemize}
the richest man in the kingdom. On 25 December 1915, the Abbey Wood branch of the Woolwich Woman's Co-operative Guild shared a similar sentiment but stressed the inequitable sacrifices of life and property. The Labor News shared their viewpoint with the Canadian public:

Mr. Lloyd George when Chancellor of the Exchequer said that men, money and munitions were what was needed to prosecute the war to a successful issue and most important of all was money; but though the Government has shown itself quite ready to compel the sacrifice of human life, it has been very reluctant to compel the sacrifice of property.

As the Fuse Scandal was on the brink of full exposure and as Carvell was denouncing the proliferating mushroom companies, the Borden administration moved to quieten discontent before it became too loud. However, it would soon be apparent that Sir Thomas White, the Minister of Finance, had formulated what would be more or less a token measure of goodwill in the form of direct taxation.

Early March 1916, White presented the Business Profits War Taxation Act for its first reading in the House of Commons. The Business Profits War Tax was a non-graduated tax targeting unincorporated and incorporated companies with capital of more than $50,000. The tax imposed a penalty on all profits over the first 7 percent for incorporated companies. It targeted profits over 10 percent of all unincorporated companies, giving the latter greater potential for profits due to the greater liability and risk involved. All profits following the first 7 and 10 percent respectively were penalized by a government taxation of 25 percent. White held that the 7 per cent profits

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219 "How Britons At Home Have to Pay," Toronto Star, 18 October 1915, 8.
221 Thomas White, House of Commons Debates, 15 February 1916, 811.
222 Canada, Canada Year Book, 1916-17, (Ottawa: King's Printer, 1918), 674; Thomas White, House of Commons Debates, 6 April 1916, 2648.
and 10 per cent profits were to be considered "reasonable" during peace time, and thus any profits above such levels were to be attributed to the war.\textsuperscript{223} A final important aspect of the Business Profits War Tax was that it contained a special measure for the evident mushroom companies, essentially making them officially liable to the tax if their capital was under the $50,000 criterion.\textsuperscript{224}

White's scheme prompted a major debate about business and war. Liberal M.P.s argued on behalf of business interests and their entitlements. They emphasized the adverse effects taxation would have on the competitiveness of Canadian businesses and the unfair targeting of non-war-related industries.\textsuperscript{225} Others considered the measure to be a very limited one, especially when it was contrasted with direct taxation in Britain. Britain’s Business War Profits Tax took the average profits of a business for the two or three years preceding the war and appropriated \textit{all} profits made beyond that average.\textsuperscript{226} Great Britain also had a graduated income tax structure which worked harmoniously with their business profits tax.\textsuperscript{227} The excess profits tax in Great Britain alone generated $800,000,000 in revenue in a single year and constituted approximately 60 per cent of the state's income.\textsuperscript{228} Taxation in Britain substantiated arguments for those demanding a heavier tax.

Overall, the Business Profits War Tax was introduced as a limited source of revenue. It incorporated a wide interpretation of "reasonable profits." The Business

\textsuperscript{223}Thomas White, \textit{House of Commons Debates}, 16 March 1916, 1846.
\textsuperscript{224}Thomas White, \textit{House of Commons Debates}, 15 February 1916, 812.
\textsuperscript{225}Alexander Maclean, \textit{House of Commons Debates}, 6 April 1916, 2602.
\textsuperscript{227}\textit{Ibid.}, 1847. Note that the difference between the Canadian and English business profits tax was reflected in their names. The Canadians targeted profits during the war, hence the Business \textit{Profits War Tax}; the English targeted profits made specifically out of the war, hence the Business \textit{War Profits Tax}.
Profits War Tax worked retroactively. Beginning in 1915, the tax began drawing in money. When all taxes had been collected, the first yield was a mere $12.5 million.\footnote{Canada Year Book, 1920, 555.} Prevailing criticism of the Business Profits War Tax was harsh. Although the tax was seen as a step in the right direction, it was judged unsatisfactory, particularly by left critics. As pointed out by Michael Clark, Liberal M.P. for Red Deer, Alberta, Canadian exports had drastically risen to nearly $2 billion for 1916 alone.\footnote{Michael Clark, House of Commons Debates, 24 April 1917, 737.} The \textit{Toronto Star} provided a closer examination of war-time profits and the limited yields of the tax. The newspapers detailed the profits of such specific companies as the Steel Company of Canada and the Canadian Car and Foundry Company. Their profits would, in the new order of things, be left nearly untouched.\footnote{“War Tax Hits Many Banks and Industries, Too,” Toronto Star, 17 February 1916, 1.} Throughout the year, the \textit{Star} continued to point out that the Business Profits War Tax left more than enough room for profiteering on a huge scale.\footnote{“Taxing War Profits,” Toronto Star, 28 November 1916, 6.} For its part, the \textit{Grain Growers’ Guide} highlighted the ineptitude of the new taxation regime with respect to identifying and regulating excessive profits. An article in August described how the Canadian Cartridge Company of Hamilton had returned a check to the government for $758,248. That sum constituted the supposed excess profit the company had generated after all possible expenses and entitlements had been factored in.\footnote{“War Profits Returned,” Grain Growers’ Guide, 9 August 1916, 5.} This evidence demonstrated how a company could play by all the rules, yet still obtain excess funds.\footnote{Ibid.} The \textit{Guide} estimated that a possible $60 million government dollars might well have been wasted on excessive profits up to late 1916. The estimation was purely speculative. The sacrifices of Canadian families and soldiers were
all too concrete. The *Guide* called for a tax on war profits with "no mercy." It urged Canada to follow Britain's lead and to grasp the principles of democracy.

II

Tension between popular perceptions of equality and long-defended ideals of property came to a head in 1917 with the Union government's bill for conscription. Despite Borden's claim in 1914 that conscription would not be established to send troops overseas, by early 1916 he had announced to Canada that, due to declining enlistment rates, the abandonment of the voluntary system was imminent. English Canadians were widely supportive of conscription as a means to win the war. However, the contradictions of profiteering and sacrifice were too sharp to ignore and so a prevailing argument in 1916 held that the noticeable decline in recruitment was in fact caused by the widespread loss of faith in the government due to its inability to stop profiteering.

Compulsory conscription, hitherto unknown in recent Canadian history, was seen as a signal departure from conventional liberalism. As the *Labor News* put it, "Though the government has shown itself quite ready to compel the sacrifice of human life, it has been very reluctant to compel the sacrifice of property. Yet all that a man has will he give for this life." The statement of the *Labor News* is quite revealing as to how working-class English Canadians approached and challenged conscription. While popular sentiment contested the ethical limits of profit and wealth, the government was in turn challenging an even more fundamental liberal belief, namely the 'individual' as one's self-

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236 Ibid.
237 Ibid.
238 Bray, "Fighting as an Ally, 145.
possession and property. A war for democracy and civilization might have warranted such sacrifices for the public good, but as Canadians had painfully come to recognize, the war also furnished ample opportunities for greedy people to turn a profit. Criticisms of profiteering offered a language to challenge the inequity of distribution of burdens and gains during the war. Demands for the equality of sacrifice clashed with long-held property rights. The critique of profiteering thus enabled an intensified debate about the contradictions inherent in the political order. The criticisms of profiteering called into question the most sacred liberal values, but through a language that was not perceived as foreign and radical, but rather as democratic and liberal.

To highlight the contradiction of profiteering within the context of enlistment, critics only had to look as far as the soldier himself. At the beginning of the war, recruits were led to believe that their enlistment would not entail financial hardship to themselves or their families. Yet throughout the war, the standard wage for a soldier was static. As wartime inflation increased, the soldier's purchasing power gradually diminished. Most working-class soldiers would acquire the salary and benefits of an NCO, the majority being ranked as private. A private received the static wage of $1.00 a day with an additional daily field allowance of 10 cents. Soldiers were also awarded a family separation allowance of $25 per month, and financial support from the Canadian Patriotic Fund in accordance to the number of dependents (wife and children). A private with a wife and two children could expect a monthly yield of $58, and $76 given financial

242Maroney, “The Great Adventure, 68.
243Canadian Patriotic Fund bonuses were in accordance to the following figures: wife $5; wife and one child $15; wife and two children $18; wife and three children $22. Desmond Morton, Fight or Pay: Soldiers’ Families in the Great War, (Vancouver: UBC Press, 2004), 244.
support by the Canadian Patriotic Fund. However, it is important to note that separation allowances and charitable support were distributed along strict criteria. For example, if a soldier married after enlistment, his wife would not be eligible for separation allowance, or even support from the Patriotic Fund.\textsuperscript{244} Other family dependents such as siblings or parents would also be denied additional financial support, despite being dependent on their enlisted relative's income.\textsuperscript{245} As the war continued, regulations became slightly more comprehensive. By the summer of 1916, the Patriotic Fund began recognizing couples with children, despite not being eligible for separation allowance.\textsuperscript{246} In comparison to their counterparts in Great Britain and the United States, Canadian soldiers still received greater financial support, but by 1919, even Canadian NCO earnings had become pitiful in contrast to wage-earners on the home-front.\textsuperscript{247}

A government census of factory workers' wages in 1915 and 1919 reveals how the income of enlisted privates had deteriorated by the end of the war.\textsuperscript{248} In 1915, 26.4 percent of males over 16 years old earned an average weekly wage under $10. Meanwhile, 73.6 percent earned over $10 per week, of which 12.5 percent earned over $20. In contrast to the wages of factory workers in 1915, a private's income including family allowances can be considered as a competitive income.\textsuperscript{249} However by 1919, males over 16 years old earning less than $10 per week dropped to only 4.68 percent of

\begin{footnotesize}
\textsuperscript{244}Morton, \textit{Fight or Pay}, 40.
\textsuperscript{245}Ibid.
\textsuperscript{246}Ibid., 41.
\textsuperscript{247}Ibid., 244.
\textsuperscript{248}Both censuses included a substantial portion of the total workforce in the manufacturing industry. In 1915, the census accounted for a total of 85.3 percent, and in 1919 a total of 88.5 percent. The censuses distinguished workers according to three categories: workers under 16 years of age, male wage-earners over 16 years of age and lastly, female wage-earners over 16 years of age. For the purposes of this study, the findings of wage-earners over 16 years of age provides the most comparable information for those employed as soldiers. Canada, \textit{Canada Year Book, 1920} (Ottawa: King's Printer, 1921),640.
\textsuperscript{249}Canada, \textit{Canada Year Book, 1921}, (Ottawa: King's Printer, 1922), 640.
\end{footnotesize}
the total surveyed workforce. Weekly wages earning over $20 per week rose to 65 percent, and weekly wages over $30 constituted 22 percent.\(^{250}\) Thus, by the end of the war, the factory worker generally earned more than a rank-and-file soldier. In many cases, workers earned much more. As factory workers complained about increasing inflation, the families of soldiers were in an even worse situation, some families being compelled to rely on the charity of others. Such a dependency was considered degrading and undesirable.\(^{251}\) The static wages of soldiers put the defenders of humanity in a financially vulnerable position.

Claims of enlistment as a means of providing financial security became increasingly questionable by the middle of the war. By the end of the war, such a claim was overtly misleading. Nevertheless, many English Canadians still believed that defeating the Germans was essential to the defence of humanity and were willing to put their lives on the line. However, fortunes amassed by exploiting the wartime economy indicated a stark contradiction of the equality of sacrifice. In response to this contradiction, Canadians did not outright abandon supporting the war effort, but rather began to condone the 'conscription of wealth.' The conscription of wealth would effectively unite labour unions, organized farmers, churchgoers and several reformers around a single cause.\(^{252}\)

But what exactly was the "conscription of wealth"? Samuel Greerson Nesbitt, the Conservative M.P. for Northumberland East, Ontario, was convinced that the public did not understand what they were referring to when they spoke of the conscription of

\(^{250}\)Canada Year Book, 1921, 641.
\(^{251}\)Maroney, "The Great Adventure, 97.
\(^{252}\)Duncan Ross, House of Commons Debates, 5 July 1917, 3045.
wealth: "ten out of ten cannot tell me what they mean," he testified.\textsuperscript{253} As Nesbitt understood it, conscription of wealth meant that the people of Canada were demanding an income tax.\textsuperscript{254} In contrast to Nesbitt's frustrated opinion, historian David Tough offers a contemporary perspective. The conscription of wealth, Tough argues, "reflected a shared aesthetic that ran across the more obvious political and economic divisions. The rhetoric's nebulousness and lack of coherence allowed it to proliferate and resonate with widely felt resentment of war profiteering, clarifying widespread disapproval of profit-making and high incomes more generally."\textsuperscript{255} Thus the slogan's strength resided partly in its vagueness: "The rhetoric of 'conscription of wealth' was powerful precisely because it was politically promiscuous, less a watchword than a spectrum of meanings."\textsuperscript{256}

Tough provides an insightful interpretation of the conscription of wealth. Yet one might also add that "conscription of wealth" focused attention, quite specifically, on the moral contradiction at the heart of Canada's war effort and even of liberalism itself. The conscription of wealth was in essence an attempt to equalize the economic sacrifices of the wealthy and the physical sacrifices of the working class. Yet how could one identify a specific amount of wealth equal to human life, when human life is the most valuable property one can possess? Thus, from the perspective of a parliamentarian, the conscription of wealth could mean an endless appropriation of wealth. Yet the very vagueness of the term, Tough argues, allowed it attain an extraordinary public appeal. It was liable to be subjected to narrowing and trivializing treatments in the House of

\begin{footnotesize}
\begin{enumerate}
\item Edward Nesbitt, \textit{House of Commons Debates}, 22 June 1917, 2598.
\item Ibid.
\item David Tough, "The rich... should give to such an extent that it will hurt': 'Conscription of Wealth' and Political Modernism in the Parliamentary Debate on the 1917 Income War Tax," \textit{Canadian Historical Review} 98, no. 3 (September 2012): 386.
\item Ibid.
\end{enumerate}
\end{footnotesize}
Commons, but we should not imagine these debates typified those sweeping the entire country. There was implicit on the “conscription of wealth” a moral argument about the rights and wrongs of the War—one that could lead to more radical conclusions about the social and political order.

The demands for the conscription of wealth came to test the federal government's limits in terms of how far the public administration would allow demands for equality to infringe upon the extent an individual could privately accumulate wealth. The first election during the war was fast approaching, and Liberal and Conservative pro-conscriptionists united under Borden to form a Union government at the end of 1917. Recognizing the pervasiveness of demands for the conscription of wealth, the Borden administration responded to the public outcry with the implementation of the Income War Tax before the election.

In 1916, a federal income tax had been considered by the White and other members of the government, but it was quickly dismissed for a number of reasons. With the introduction of the Military Service Act to enforce national registration and subsequent conscription of men, Canada's political leaders were in essence forced to comply with some level of new taxation to appease widespread demands for the conscription of wealth. The Income War Tax received royal assent on 20 September 1917, and provided for a graduated structure of income taxation. Individual incomes

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257 White argued that the income tax would cost too much to administer in Canada due to Canada’s size and population density. White pointed out that municipal and provincial income taxes already existed and a federal income tax would impose too much of a burden on the populace. He also noted that the rich were making adequate contributions to the Patriotic Fund and other charities, and so it was not necessary to tax their income as it was being voluntarily shared with many others. Thomas White, *House of Commons Debates*, 24 April 1917, 719.

would become liable to income tax once equal to or greater than $1,500.\footnote{Canada Year Book 1918, 641.} If a man was married and had an income of $2,000 or less, then he was exempt from the tax.\footnote{Thomas White, \textit{House of Commons Debates}, 25 July 1917, 3760-3762. The tax would levy a 4 per cent charge on income exceeding this level. An additional supertax progressed as follows: 2 percent charge on incomes between $6,000 to 10,000; 5 percent between $10,000 and $20,000; 8 percent between $20,000 and $30,000; 10 percent between $30,000 and $50,000; 15 percent on $50,000 and $100,000, and $25 percent on any income above $100,000. It is interesting to note that the Income War Tax was actually implemented with a strong conviction it was to be permanent, rather than a temporary measure.}

In addition to the Income War Tax, White also introduced amendments to the Business Profits War Tax on 24 April 1917.\footnote{Thomas White, \textit{House of Commons Debates}, 24 April 1917, 719-720.} White's amendments kept in line with the principle of the legislation, namely that businesses should be entitled to their tax-free profits of 7 or 10 per cent respectively. Beyond these reasonable profits, businesses were to be taxed more substantially. In addition to the 25 per cent tax on profits exceeding 7 percent, profits between 15 to 20 per cent would have to pay 50 per cent. Finally, profits exceeding 20 per cent would be taxed 75 per cent.\footnote{\textit{Ibid}. To exemplify how graduated taxation works consider this: if a company made 25 per cent profit, the total profits would not be taxed 75 per cent, but the profits are broken down and taxed according to the appropriate bracket. Hence, the first 1 per cent in profits after 7 per cent is taxed at 25 per cent, not 75 per cent.} The amendments to the Business Profits War Tax were welcomed by the House and they were appreciated as constituting another step, albeit late, in the right direction.\footnote{"The New War Tax," \textit{Toronto Star}, 26 April 1917, 8.} Both measures of taxation were widely welcomed in Canada. They fell short of the rigorous taxation system implemented in Great Britain.

Both direct taxation measures yielded only modest revenues. In its first year, the income tax brought in a mere $9,349,720. The sum would double by 1920.\footnote{Canada Year Book 1920, 555.} If the government's records are accurate, Canada's Income War Tax and Business Profits War Tax accumulated a combined total revenue of $140 million by 1920. In contrast, the
public debt of Canada in 1920 had reached a record breaking $2,248 million.\textsuperscript{265} Canada's war taxes, both indirect and direct, constituted 24 percent of the 1920 fiscal year revenue.\textsuperscript{266} Meanwhile, British excess profits and income tax contributed over 60 percent of public revenue.\textsuperscript{267} One can conclude that Canadians had "conscripted wealth" far less energetically than their British counterpart.

Though not generating the same yields as the British war taxes, the Canadian Income War Tax and amended Business Profits War Tax did accommodate demands to contain private gains. However, scepticism with respect to 'wealth' persisted even after the imposition of direct taxation. Businesses could evade taxation by investing their ill-gotten gains in tax-exempted land and in 'patriotic' government bonds.\textsuperscript{268} As Canadian historian Thomas Naylor has argued, government war bonds were indeed a tax haven for the rich.\textsuperscript{269} Naylor calculates that approximately 80 percent of the tax exempt war loans were subscribed by "big business organizations or rich individuals," essentially allowing industrial profits and private wealth to be diverted into tax-free bonds, shifting the war's public debt on to future generations.\textsuperscript{270} In a criticism of the tax exemptions a Labor News editorial remarked, "Many of the men who voluntarily marched forth to serve their country sleep in Flanders fields. They will never return. The money lenders are assured that their dollars will return safely and increased in number. Is this fair?"\textsuperscript{271} A widespread

\textsuperscript{265}Canada Year Book 1920, 552.
\textsuperscript{266}Ibid., 551.
\textsuperscript{267}John Turriff, House of Commons Debates, 15 May 1917, 1462.
\textsuperscript{268}"We Now Have the Men, Let Us Get the Dollars," Labor News, 22 February 1918, 4.
\textsuperscript{269}Naylor, "The Canadian State," 40
\textsuperscript{270}Ibid., 41.
\textsuperscript{271}"Tax the Profiteers," Toronto Star, 27 November 1916, 8.
scepticism with regard to wealth, especially that augmented by the war, would persist even into the post-war period.272

III

This second critique of "profiteering" often lacked the sensationalistic, even scandal-mongering tone of earlier denunciations and exposés of corruption. However, in July 1917, a government report documenting the profits of Sir Joseph Wesley Flavelle, a prominent Toronto businessman, millionaire, and chairman of the Imperial Munitions Board (IMB), came to test the limits of the government's strategy of containing dissent. Flavelle came to be exposed to severe criticism and resentment even from Conservatives. He would long figure as an icon of the inequalities of war and the limitations of federal government's form of justice.

Flavelle entered public service in early December 1915, as Chairman of the IMB and even received a knighthood for his public service.273 As previously described, the IMB replaced the Shell Committee. In theory, it constituted a more reliable organization to distribute and negotiate shell contracts, incorporating as it did a system of tendering rather than one of patronage.274 Suspicions towards the IMB were carried over from the publicized misdoings of the Shell Committee. In Peter Rider's authoritative Ph.D on the Imperial Munitions Board, he acknowledges that there was some substance to the allegation that patronage and jobbery continued within the new shell organization.275

273Rider, “The Imperial Munitions Board,” 68.
274Ibid., 443.
275Ibid., 96, 446. Rider noted that similar charges launched against the members of the Shell Committee as prioritizing their self-interest were brought against the members of the IMB. Moreover, there were rumours that some manufacturers attempted to secretly pirate the contract bids from telegraph lines. Some manufacturers also attempted to combine and fix prices with competitors.
However, on a general level the IMB was successful as a dependable and consistent source of procuring munitions in Canada.\(^{276}\)

While the IMB as an organization would not become a scandalous sensation, the same could not be said for Joseph Flavelle. In addition to being the Chairman of the IMB, Flavelle was the largest shareholder of a multi-million dollar company called the William Davies Company, famous for its Canadian hog products.\(^{277}\) As Michael Bliss' biography on Flavelle describes, Flavelle was a self-made man. Starting with very little wealth he became a very affluent businessman through his own means.\(^{278}\) After obtaining some capital from various pursuits, Flavelle bought into the William Davies Company in 1892 with the purchase of 45 per cent of the stock. By 1902, Flavelle was a millionaire and he would eventually gain control of the company in 1909.\(^{279}\) By 1914, Flavelle had acquired a negative reputation among farmers, many of whom accused him of artificially inflating hog prices to the detriment of the consumer. Critics dubbed Flavelle "the bacon king."\(^{280}\)

As a result of the war, the Danish hog market in Great Britain was closed.\(^{281}\) The Davies company became Great Britain's new source of hog products.\(^{282}\) By 1917, 72.5 percent of the company's profits were derived from its exports to Great Britain.\(^{283}\) Rumours began to circulate regarding the Davies company's extraordinary wartime profits. J. T. Wardle, a Montreal employee of the William Davies Company, asserted that

\(^{276}\)Rider, “The Imperial Munitions Board,” 443.
\(^{277}\)It should be noted that Flavelle had appointed E.C. Fox to manage the William Davies Company while he occupied the chair of the IMB. Regardless of Flavelle's delegation, he was still the largest shareholder and owner of the company, and therefore he profited from the company's wartime prosperity.
\(^{279}\)Rider, “The Imperial Munitions Board,” 77.
\(^{280}\)Ibid., 334.
\(^{283}\)Ibid., 6.
the company cured its pork for an additional two weeks to add 50 pounds of salt water content to 600 pounds of pork. Meanwhile, another rumour held that pork was purposely spoiled to decrease supply and raise prices. Even more speculation held that Flavelle evaded payment of his taxes. The Toronto publication Saturday Night has been particularly recognized for aggravating animosity towards Flavelle as early as 1916. Regardless of Flavelle's association with the Conservative government, some Conservatives were themselves critical of Flavelle's apparent profiteering. During a Young Conservative Club convention, Captain D'Arcy Hinds announced his ambition to run as a Conservative candidate. To draw upon popular sentiment to aid his ambitions, Captain Hinds openly attacked Flavelle for his profiteering. Rumours of Flavelle's ostensibly immoral practices circulated as far as the trenches as early as 1915. By early 1917, Flavelle, the man popularly acclaimed for saying "To hell with profits" when he became chairman of the IMB, was increasingly regarded as a profiteer.

As hostility towards Flavelle grew, a report by the Cost of Living Commissioner William Francis O'Connor intensified the pre-existing outrage to an unprecedented extent. In his July 1917 report on the practice of cold storage and its effects on commodity prices, O'Connor indicated that there was sufficient evidence to demonstrate that two unnamed companies enjoyed a near monopoly on a specific market, in which

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284 Rider, “The Imperial Munitions Board,” 343.
285 Ibid., 337.
286 Ibid., 334, 349.
287 Bliss, A Canadian Millionaire, 344.
289 “Arouse People on Profiteering,” The Globe (Toronto), 21 September 1917, 8.
290 Rider, “The Imperial Munitions Board,” 335.
291 W. F. O'Connor was a lawyer from Halifax, supporter of the Conservative government and was also a friend of Robert Borden. O'Connor became a prominent public figure throughout the Great War. In the early days of the conflict O'Connor drafted the War Measures Act. In later stages of the war, he became a central figure in opposition to profiteering, obtaining many positions relevant to combating the high cost of living and exposing profiteers. Rider, 336; Brown, Canada 1896-1921, 213.
they were obtaining very excessive profits. After submitting his report to Borden's cabinet, O'Connor leaked his report to the press before it was officially sanctioned by the higher powers. The press unhesitatingly identified the two companies as Matthews-Blackwell Limited and the William Davies Company. O'Connor's report became an overnight sensation. A Conservative M.P. advised Borden of the potential danger of the emerging situation: "Having been engaged in recording Canadian political events for the past quarter century, I can truly say that I never before met with such wide spread rage over any other scandal." The belief in Flavelle's profiteering seemed to be validated with every passing development. Even poets could not resist the lure of Sir Flavelle's profiteering. The following poem titled "Baconian Poetry" captures some of the animosity directed against Flavelle:

We used to sing of songs of birds,
Or winter's woods forsaken.
But other times, see other rhymes--
So now we sing of bacon.
At night it's forty-five a pound,
But fifty when we waken,
Could even a king,
Have such a thing,
As toast and eggs and bacon?
Five million gone in "margins" which,
They claim Sir Joe has taken,
Yet we've forgot,
The taste of hot and juicy breakfast bacon.
Sir Joseph writes Sir Robert thus:
"Those profits are mistaken.
They're All (you bet!) Legitimate:
Not watered —like the bacon."
If patriotic knighthoods spring,
From profits from us shaken,
We'd like to know,

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292 O'Connor, 4
293 Bliss, A Canadian Millionaire, 336.
294 Ibid., 342.
What titles go,
With every pound of bacon.
R. H. J. P. 295

The Borden government, pressured once again by a spontaneous grassroots
up roar, decided to appoint a Royal Commission on 23 July 1917. It was mandated to
investigate both the Matthews-Blackwell Limited and the William Davies Companies. In
November 1917, the Royal Commission released its final report. 296 The commissioners
found that the allegations against Flavelle of exploiting his position in power to maximize
profits were groundless. 297 However, the report did acknowledge that both companies
had made exceptionally high profits, particularly in regard to their returns on invested
capital. 298 The Davies Company's profits from sales in the fiscal year ending in 31 March
1914 were $15,521. They would swell to $484,631 in 1915; $1,335,454 in 1916; and
$1,634,161 in 1917. 299 Hence, an increase in profits of 10,428 percent in only three years.
In addition to the high levels of profit, the report revealed that in 1916 the Davies
Company made up to 80 percent on its investment in packing-house plants and retail
stores. 300 These profits were attributed to the increased volume of business, specifically
that resulting from contracts with the British War Office. Although acknowledging the
substantial profits, the commissioners regarded all of Flavelle's gains as lawful since they
were subject to war taxes. 301 In short, the Royal Commission exonerated Flavelle from
any wrongdoings and profiteering.

296 Canada, Report of the Royal Commission on the Business of William Davies Co., Ltd. and Matthews-
298 Ibid.
299 Ibid., 4-5.
300 Ibid., 26.
301 Ibid.
As Rider noted, despite the Royal Commission's conclusions, the perception of Flavelle as a profiteer persisted. Many working-class English Canadians remained unconvinced by his supposed vindication.\(^{302}\) Under the heading "Flavelle Forever," the socialist newspaper *Canadian Forward* argued, "We are told the nation is fighting for its very existence and needs every cent, and every man, and must even stint on food to win this war. Then Borden gives letters of marque to some pirates to prey upon us in our extremity and asks them to hand a tip to the government out of their successful robbery."\(^{303}\) Despite his apparent exoneration following the Royal Commission, the years of questionable business ethics and allegations of profiteering had 'forever' made the Bacon Baron an iconic profiteer. The press, particularly of the left, would continue to call for his removal as chairman of the IMB, as well as for the elimination of the hereditary title that he had obtained from his public service on the IMB.\(^{304}\)

In the second articulation of profiteering, the central mechanisms of capitalism and ruling-class power, namely the accumulation of wealth and profit, were interpreted as problematic and immoral. Furthermore, the concept of profiteering provided an accessible, democratic and liberal critique that was expressive of class-based social tensions. As low-income Canadians felt the burden of the war, they gazed upon the evidence of large private fortunes being made throughout the conflict. Private prosperity that could be linked to the conditions of war, initially denoting armaments and war industries, but expanding to include general industry and wealth, was perceived as justly belonging to the public. Yearnings for a more equitable society not only prompted an

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\(^{302}\) Rider, *The Imperial Munitions Board*, 350, 353.

\(^{303}\) "Flavelle Forever," *Canadian Forward*, 24 November 1917, 5.

increasing number of English Canadians to *reason otherwise*, but simultaneously drew them together by uniting them through a shared vision and, significantly, a common and accessible image of the social problems they wished to solve.
Fig. 3: "The Little Pig Stayed At Home." By 1916 and 1917, criticisms of profiteering expanded to encompass individuals who acquired fortunes while working-class Canadians endured the immense hardships of the war. Profiteering provided a language to criticize wealth and profits, but remain patriotic and democratic. Toronto Star, 13 August 1917, 5.
Chapter 4

Profiteering as a Criticism of the Free Market and Government

Regulation

In its third and final form, in the latter years of the war, "profiteering" posed its most radical criticism of industrial capitalism. Wartime inflation became a major source of discontent for the working class. Popular working-class spokespeople maintained that forms of profiteering, namely price-fixing, hoarding, speculation and outright exploitation, were direct causes of socio-economic hardship. Most of all, the profiteer operated in the detestable commercial organizations of combines. Profiteering, it was said, subordinated the seemingly natural forces of supply and demand. Instead, the profiteer, whether an exploitative grocer or a large monopolistic combine, became a contestable and arguably controllable evil. Working-class arguments about stopping profiteering were particularly fierce in this period. The profiteer was perceived as preying directly upon the populace. Demands for government intervention in the free market to impose a ceiling on profits were particularly radical. They not only portended restrictions on property rights but implicitly called into question the liberal order and more particularly, its characteristic insistence on a rigid distinction between the public and private spheres. Brought together by their common struggle, working-class Canadians united as never before in opposition to the status quo and particularly voiced their demands for the government to end profiteering once and for all. The Union government responded with half-hearted efforts, intended to break the momentum of the civil unrest. Although profiteering criticisms would fade along with the war, they had led working-
class Canadians to realize the contradictions of liberalism and aspire to build a better society.

Initially the Great War would have only a minimal impact on prices. As the Canadian economy was pushed out of depression, some Canadians actually enjoyed an increase in living standards. However, the prosperity for the working class was short lived. Wartime inflation took hold in 1916 and low-income wages staggered behind. Debates regarding real wage increases during this period have evoked controversy among Canadian historians. However, whether Canadians' real wages were the same in 1920 as they were in 1913 as argued by Byron Lew and Matthew McInnis is largely irrelevant for this investigation. What is more significant is that wages and prices diverged and that people had strong opinions about this development.

Statistics from the *Canada Year Book* provide an insight into the growing disparity between increasing prices and wages that occurred during the war. Using 1913 as 100 for the average wholesale prices of 230 commodities, as well as average weekly wages, we reach a general indication of the diverging price and wage increases. Wholesale commodity prices increased from 109.2 in 1915 to 246.2 in 1920. In contrast, weekly wages for factory labourers increased from 100 in 1915 to 198.3 in 1920. These statistics indicate that wholesale commodity prices rose 28 percent higher than wages of factory workers. A similar contrast between wholesale commodity prices

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306 See Lew et al.
307 *Canada Year Book*, 1920, 538.
and the wages for the weekly wages of 21 classes of workers in building, metal, printing, street railway and railway trades indicates an even greater divergence of 48 percent.\footnote{Canada Year Book, 1920, 538.} As John Herd Thompson argues in \textit{Harvests of War}, the wage increases achieved between 1914 and 1916 were threatened and so Canadians considered inflation a serious problem.\footnote{Thompson, \textit{Harvests of War}, 157.}

As prices began ascending in late 1916, many Canadians argued that an abnormal evil was at work. A letter signed by "Another Housekeeper" featured in the \textit{Toronto Star} wrote of an invading monster - inflation - that preyed on the suffering of women and children in every home across the country.\footnote{"The High Prices of Food," \textit{Toronto Star}, 2 October 1916, 6.} The \textit{Toronto Star} noted the flood of similar letters it received from across the country, all voicing anxiety and anger over the high cost of living.\footnote{"The High Cost of Living," \textit{Toronto Star}, 2 October 1916, 6.} It would not be long before many English Canadians came to call this sinister and bloodthirsty beast “the food profiteer.” The "food profiteer" became a new variant of profiteering in the early months of 1917. While the "food profiteer" implies profiteering in food commodities, the phrase was the centre of discussion for general increases in the cost of living. For example, profiteering in rent was also a source of compliant. However, this section will focus on the "food profiteers" because it was considered a wider and more complex issue, but still sparked the same animosity towards the high cost of living evident in discussions of rent profiteering.

The detestation of the food profiteers was based on patriotism and a perception of equality. Late April, the \textit{Edmonton Bulletin} spelled out popular frustration as plainly as
possible in a piece called "Food Profiteers are Traitors." The author declared that the monopolists imposing unreasonable prices on the necessaries of life were as immoral and traitorous as the venomously hated munitions profiteer. Such exploitation of the Canadian public weakened national strength, and such traitors should be punished with equal severity. An article in the Toronto Star echoed these sentiments. It observed that the profiteers' avarice delayed peace and the destruction of German military despotism.

There were many contending explanations of food profiteering. Suspicions of the food profiteer extended over the full process of handling of commodities, from their production to the consumer. Farmers, manufacturers, cold storage facilities, wholesalers, transportation services and retailers were all suspected of immoral business practices yielding excessive wartime profits. The specific exploitative and unjust practices ranged from price-fixing to hoarding goods to speculation on rising prices. Even restaurants were said to be serving smaller portions for constant, and high, prices. Food profiteering was a diffuse problem, entailing everyone from high finance to the unsuspecting local grocer.

In search of the bigger picture, English Canadians could draw from different political interpretations to explain why food profiteering had become such a sudden and widespread problem. The Canadian Forward offered a radical-left perspective. In an article from 11 November 1916, one author wrote that the high cost of living could be attributed to the "all-powerful shipping combines" and numerous other businesses, which used any abnormal wartime condition as an excuse to maximize profits.

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315 Ibid.
316 "Fight the Food Profiteers," Toronto Star, 22 September 1917, 9.
317 "Restaurant Profiteering," The Globe (Toronto), 12 October 1918, 6.
of living, as *The Canadian Forward* saw it, was but "a manifestation of our economic system." Only by eliminating profit could Canadians expect to prevent fluctuations in the price of general commodities and enable labour to receive its "just reward." A similar, but slightly less radical, opinion could be found in the *Labor News*. The article was headed with a big bold headline: "The Food Profiteer." The *Labor News* contended that the food speculator was "an offspring of his age... obeying [his] predatory instincts." As the article argued, "He is no more immoral than a locomotive is immoral when it goes over a child. He is un-moral and that is where he is so dangerous to society because he is acting in his business capacity as a capitalist and is protected by capitalist laws." While the *Labor News* did not advocate the abolition of the capitalist system, it did criticize capitalism’s moral lapses and argued for the need of working-class self-protection, especially during times of war.

In contrast, Liberals and Conservatives in the House of Commons perceived the high cost of living to be an inevitable consequence of the workings of supply and demand. It was only a temporary and ephemeral problem due to the war. Moreover, the high cost of living was partially the fault of the *consumers*’ extravagant spending. As Francis N. McCrea, Liberal M.P. for Sherbrooke Quebec, argued, "The profiteers may be partly responsible... but the real cause of the present situation, the real cause of the high cost of living and the shortage of food, is that millions of people throughout the world have for four years been destroying property and consuming food instead of producing

320 Ibid.
322 Ibid.
323 Ibid.
324 Ibid.
it." McCrea believed that the only way to restore prices to pre-war levels was to practice thrift and economy. Conservative member for Toronto West Horatio C. Hocken agreed. "Increase production, practice more thrift, and the country's wealth will be largely increased, and you will remove many of the causes of complaints," he argued. Hence, English Canadians were said to be enjoying too many comforts. This line of argument was in complete contradiction to popular working-class sentiments. The Liberals tended to distinguish themselves from the Conservatives by advocating a more regulatory role for the government during the war period. But despite this difference, Liberals and Conservatives similarly attempted to portray the high cost of living as an inevitable consequence of an abnormal interplay of supply and demand.

Amidst such competing interpretations of causes and rationalities, there was an undying working-class belief that combines and trusts were at the root of food profiteering. As early as 1916 when suspicions of food profiteering became more crystallized in public discourse, allegations that combines and trusts were artificially raising prices became prominent. As James W. Curry, a Toronto Crown Attorney, observed, "These combines play a big part in keeping the cost of living up. Practically everything that goes into a man's house is affected by them." This pervasive belief among working-class English Canadians set them apart from many of their fellow citizens. Public demands for extensive government intervention to investigate and

326 *Ibid*.
regulate prices, as well as prosecute food profiteers were challenges to conventional liberal interpretations of property rights and the free market.

II

A comparison of pre- and post-war combine and trust law will help us contextualize such demands. Major combines in Canada can be identified as early as the 1880s. In 1884, a wholesale grocers’ combine formed in Montreal and expanded across Quebec and Ontario.330 In 1886, a troubled Canadian cotton industry established a combine, as did, a year later, Canadian sugar refineries.331 Such combines could serve a number of purposes, but their primary function was to stabilize prices within an unstructured market.332 In an unregulated and under-documented economy, businesses across a region, or even just within a city, could combine and agree to fix prices in order to ease the strains of open competition. If a combine could incorporate enough of the market, they could actually put those resisting their rule in a disadvantageous position. For example, the sugar refinery cartel charged wholesalers a higher price if they did not agree with their fixed price.333 Moreover, the wholesale grocers could prevent retailers from buying directly from manufacturers.334 Other methods to control prices such as limiting production were also widely used in price fixing agreements.335 Advocates of such competition-limiting devices argued that they did not necessarily raise prices.336

330Bliss, A Living Profit, 33.
332Bliss, A Living Profit, 45.
334Ibid., 8.
335Ibid., 18.
336Bliss, A Living Profit, 50.
Moreover, such measures worked to prevent monopolies.\textsuperscript{337} As historian Michael Bliss remarks, many businessmen felt such measures merely afforded them a "living profit."\textsuperscript{338}

By the latter half of the 1880s, the Canadian public began to express concern about the formation of combines.\textsuperscript{339} Concerns were particularly triggered by the widely-denounced oil combines in the United States.\textsuperscript{340} However, what really spurred public resentment and government response was the revelation of a 'coal ring' operating in Toronto. While sugar and grocer combines were well known, animosity towards the coal ring was exacerbated during Toronto's mayoral election.\textsuperscript{341} E. F. Clarke, a Conservative member of the Provincial legislature who was running for mayor, was slandered by his opponent who denounced him for his involvement in the coal combine.\textsuperscript{342} Some additional attention was paid to the issue as a means to attack the tariff, which Liberals judged encouraged the formation of combines and trusts.\textsuperscript{343}

In response to such simmering tensions, an investigatory committee was appointed in 1887.\textsuperscript{344} The committee was led by Nathaniel Clarke Wallace, a man described by historian Carman Baggaley as an "independently minded Conservative M.P. who was remembered for combine busting."\textsuperscript{345} After Wallace's investigation, he submitted a report in 1888, shedding light on price fixing agreements, but focusing most of his attention on the sugar and coal combines.\textsuperscript{346} A year later, Wallace introduced an

\textsuperscript{337} Baggaley, "Tariffs, Combines and Politics," 18.
\textsuperscript{338} Bliss, \textit{A Living Profit}, 45.
\textsuperscript{339} Baggaley, "Tariffs, Combines and Politics," 11.
\textsuperscript{340} Ibid., 9.
\textsuperscript{341} Ibid., 10.
\textsuperscript{342} Ibid.
\textsuperscript{343} Ibid., 12.
\textsuperscript{344} Baggaley, "Tariffs, Combines and Politics," 13.
\textsuperscript{345} Ibid.
\textsuperscript{346} Ibid., 14.
anti-combines bill, which to his dissatisfaction was amended by the House and Senate to include criteria so vague that the bill became useless for actually persecuting combines.347

Public demands to suppress combines were short-lived, beginning into 1887 and barely continuing in 1888.348 Moreover, beyond the initiatives of some provincial Attorney General, the government's attitude was generally one of indifference.349 Prior to the First World War, the government refrained from interfering with the free market, or according to liberal terminology, the "private sphere."350 The passing of anti-combines legislation was merely ceremonial.351 In fact, it was widely believed by Liberals and Conservatives alike that combines were a natural outcome of competition. Such a perception was drawn from the prevailing Social Darwinism of the period, which perceived combines to be an inevitable corporate response to the demands of an unforgiving free market.352

Before the public eye would focus its gaze on combines in 1916, one more piece of anti-combines legislation was passed. However, it is perhaps inaccurate to regard the legislation as “anti-combine.” Between 1909 and 1912, 275 individual firms merged into a total of 58.353 This development has been historically known as "the merger movement." The merger movement caused some concern and so, in 1910, William Lyon

347 Baggaley, "Tariffs, Combines and Politics", 22.
348 Ibid., 11
349 Bliss, A Living Profit, 53.
351 Bliss, A Living Profit, 53.
353 Bliss, A Living Profit, 40.
Mackenzie King oversaw the passage of the Combines Investigation Act.\textsuperscript{354} King's legislation would attempt to distinguish between good and bad combines. Hence, only combines that could be deemed detrimental to the public's welfare could actually justify government intervention to prohibit the formation of mergers.\textsuperscript{355} Regardless of the new legislation, prosecution were rarely pursued. Despite the efforts of a few fervent individuals and short sharp controversies, combines were generally left to their own devices. Liberal attitudes towards the free market, \textit{laissez-faire} ideology and the perception of combines being a natural consequence of competition, collectively contributed to a general acceptance of them in Canada.

Shaped by this tradition, and influenced by its numerous business supporters, the Borden government remained hesitant to intervene in the economy, despite the legal sanction afforded it by the War Measures Act. In the months leading up to the December 1917 general election, the Borden administration received intensifying criticism from the Liberal Party.\textsuperscript{356} However, even after Liberal M.P.s crossed the floor to form a Union government with the Conservatives, federal initiatives would remain very limited in terms of attempting to control prices and prosecute combines.

Before the federal government attempted to confront combines and trusts directly, there were several investigatory and regulatory initiatives, albeit ones that did not succeed in restoring public confidence by challenging profiteering. The first step taken by the federal government was the establishment of a Cost of Living Branch under the Labor

\textsuperscript{354}Cheffins, "Canadian Competition Law Reform, 1919 and 1935," 156.  
\textsuperscript{355}Ibid.  
Department in November 1916.\textsuperscript{357} William F. O'Connor was appointed as the Cost of Living Commissioner. This organization was intended to investigate price complaints launched by municipal governments and aimed to stop profiteering.\textsuperscript{358} O'Connor's investigation into Canadian cold storage documented exploitative and unjust 'hoarding.' In late January 1918, O'Connor found a storage facility loaded with eggs during a period of scarcity. O'Connor took a strong stand and informed the government and press of the "unjustifiable over-accumulation of eggs held at unjustifiable prices."\textsuperscript{359} O'Connor knew that the eggs would spoil in only a few weeks and so he demanded they be unloaded at a reasonable price.\textsuperscript{360} As discussed in the previous section, O'Connor also deemed the profits gained by such companies as Flavelle's William Davies Company to be unjust. O'Connor's investigative work substantiated public complaints of profiteering and effectively discredited the Union government's non-interventionist policy. On 5 April 1918, O'Connor would resign from his position due to a dispute regarding the appointment and payment of his staff, but his office would carry on as the less renowned Fair Prices Committee.\textsuperscript{361}

The second federal initiative in relation to the high cost of living was the appointment of the Food Controller and the Fuel Controller on 21 June 1917.\textsuperscript{362} Both controllers were popularly believed to be mandated to curb profiteering, though the Food

\textsuperscript{357}"O'Connor Didn't Get Support of Crothers," \textit{Toronto Star}, 12 April 1918, 5; The Cost of Living Branch would later become the "Fair Prices Board."


\textsuperscript{359}"No Egg Shortage, and Prices Unwarranted," \textit{Toronto Star}, 31 January 1918, 5.

\textsuperscript{360}\textit{Ibid.}

\textsuperscript{361}"O'Connor Didn't Get Support of Crothers," \textit{Toronto Star}, 12 April 1918, 5; "A Young Lady Upset A Whole Govt. Dept," \textit{Toronto Star}, 17 April 1918, 5.

\textsuperscript{362}\textit{Report of the Canada Food Board}, 3.
Controller was more widely scrutinized.\textsuperscript{363} When the controllers were appointed, the 
\textit{Grain Growers' Guide} praised the Food Controller, William J. Hanna of Toronto —
already an esteemed prison reformer — and informed the public that his responsibilities 
enshadowed the making of "regulations governing the prices, storage, distribution, and 
sale of food, also for its conservation and consumption in all public eating places or 
private homes."\textsuperscript{364} These responsibilities were widely interpreted to be means of 
controlling prices, as was being done in countries around the world. It soon became 
obvious that Hanna's own interpretation of his role was one that focused on the control 
over war resources and their delivery to Allied powers.\textsuperscript{365}

Rather than clamping down on hoarders and perceived profiteers, Hanna 
responded to rising domestic prices with a campaign to change consumers' buying habits. 
Hanna's perception of the high cost of living reflected that of the Conservative Party, 
which was loath to stray far from a doctrine of \textit{laissez-faire}. Since the wartime 
international market was in disarray, prices fluctuated radically especially before the 
Allies harmonized their purchases.\textsuperscript{366} Furthermore, with supply being allocated first to 
the European allies, Canadians often simply had to make do. Thus, Hanna urged 
Canadians to conserve, have meatless (and specifically bacon-less) days, and lastly to 
supplement their diet with less expensive foodstuffs such as fish.\textsuperscript{367} Hanna's strategy did 
not sit well with many working-class English Canadians. Countries such as Great Britain 
had increasingly adopted a more direct role in regulating prices within the domestic

\textsuperscript{363}Thompson, \textit{Harvests of War}, 158.
\textsuperscript{365}Report of the Canada Food Board, 1.
\textsuperscript{366}Ibid., 14.
\textsuperscript{367}"The Food Controller," \textit{Toronto Star}, 13 August 1917, 6.
market. Moreover, O'Connor's report on the unjust profits of cold storage facilities fostered public pressure for Hanna to adopt a more aggressive policy against profiteering. When Hanna resigned on 24 January 1918, not many outside of Conservative circles mourned his departure.

Hanna was replaced by Henry B. Thomson from Victoria. Shortly after, on 1 February 1918, the Food Controller's powers were transferred into the newly organized body called the Food Board. Its mandate remained one that was very much oriented to supplying resources to the Allied powers. The Food Board more or less carried out the same initiatives as the Food Controller, except with an expanded staff. It implemented a license system for the wholesale distribution of commodities within the domestic market including butter, cheese, eggs, meat, oleomargarine and lard. The licensing program was ineffective as a mechanism for price control, since after a given commodity's bulk distribution, its subsequent pricing went unmonitored. Once commodities exited its regulatory licensing regime, the Board placed its trust in the patriotism of dealers to follow anti-hoarding legislation. Though the Food Board was a forerunner of Canadian regulatory initiatives, it was ultimately unwilling to acknowledge profiteering to be a cause of the high cost of living, and merely sought to manage the availability of commodities in accordance with supply and demand. As the war ended in 1918, the cost of living continued to climb to new heights. Many English Canadians would no longer merely voice their critiques. They began to revolt.

368 Report of the Canada Food Board, 3-4.
369 Ibid., 16.
370 Ibid., 4.
371 Ibid., 4; "New Food Rules Eliminate Waste and Speculation," Toronto Star, 4 April 1918, 1.
Fearful of the industrial disruption strikes could cause, the Union government passed an order-in-council in October 1918 removing the right to strike, making offenders liable to imprisonment and fines.372 For the Unionists' enemies, the move exemplified their authoritarianism. For them, the militarism of the Kaiser had seeped into Canadian democracy. And so, even with the signing of the armistice on 11 November 1918, the patriotic sentiments that had legitimized popular criticisms of the government and liberalism throughout the war were not lost. Now, radicals proclaimed that they were democracy's truest champions.373

In 1918, about 657,152 working days were lost from strikes across Canada.374 Only a year later the estimated number of days lost to strikes would reach a staggering 3,401,843.375 Workers in English Canada fought the government on a number of traditional labour issues such as long hours, unsafe and unsanitary working conditions, poor housing conditions, low wages, and unemployment. Yet, they also now placed a new emphasis on union recognition and an end to profiteering.376 The issue of profiteering was one that allowed the labour movement to win support from other classes and to construct wider bases of grassroots support. With a deepening sense of class formed through common struggle and language, the postwar labour movement also began to abandon its traditional craft structures.377 Rather than narrowly organizing around specific trades, unions began to embrace industrial unionism, which sought gains for both

372-Thompson, *Harvests of War*, 162.
375-*Ibid.*, 16.
377-Craig Heron, "Labourism and the Canadian Working Class," in Canadian Working-Class History: Selected Readings, ed. by Laurel MacDowell et al., 2nd ed. (Toronto: Canadian Scholars' Press, 2006), 315.
skilled and unskilled labour. The war had taught working-class English Canadians a valuable lesson. Just as combines had done for many decades, organization was needed to combat the cruel and unforgiving free market.

Profiteering was a direct impetus for the formation of new working-class organizations. On 25 April 1917, metalworkers in St. John's, Newfoundland, – its own Dominion, yet one closely connected to and followed by Canadians – organized as the Newfoundland Industrial Workers Association (NIWA) to combat the high cost of living and campaigned against profiteering. NIWA was formed as a broadly-based industrial union and incorporated many different trades and labourers. After its first year, NIWA would acquire a total of 3,500 members. From 1917 onward, NIWA's members, combined with other labour organizations, such as the Fishermens Protective Union (FPU), argued that local merchants were taking advantage of the wartime conditions to acquire excessive profits. The merchants were considered as outright profiteers and to be the direct cause of the increasing living expenses. The NIWA and the FPU combined to demand that the government establish more effective regulatory institutions, so that they may actively prevent profiteering. Profiteering had been the catalyst for the formation of NIWA, but the union proceeded to tackle other social issues such as child labour laws, minimum wage and the eight-hour work day.

380 Ibid.
381 Ibid.
382 Ibid., 62.
383 Ibid.
The NIWA showed how widespread contempt for profiteering among the working class in northern North America could be a force of unity; it transcended and overcame traditional social cleavages of the workplace. Workers from different trades and occupations gathered to protect broad social interests and openly oppose the status quo. The arguments put forward by the NIWA were also significant because they directly aimed at specific initiatives such as food control boards along the lines of those found in the United Kingdom.384

Among the dissidents supporting labour's agenda were many returning war veterans who, like their working-class comrades at home, could no longer endure the sustained injustice of the profiteers. Theirs support helped legitimize the labour movement. The image of the soldier was the epitome of virtue. In contrast to the greedy profiteer, the soldier had put his life on the line in the name of democracy.385 Local veteran branches unanimously passed resolutions calling for broad social reforms. The Dominion Executive Committee of the Great War Veterans' Association (GWVA) sent a copy of their principles to the Department of Justice. These principles included social insurance, public housing, control over immigration, equal opportunities for the children of both rich and poor, and support for collective bargaining. The veterans even favoured proportional representation.386 Among the declared principles was also a firm demand to reduce the cost of living by limiting the role of middlemen through the establishment of

co-operatives. Such co-operatives were also to enforce more stringent laws with regard to the regulation of cold storage facilities.387

Only a month later, the Dominion Executive Committee sent another letter to the Union government. The letter reflected the GWVA’s clear disapproval of the government's measures against profiteering. The veterans' denunciation of economic injustice was vigorous: "[T]he profiteers were handling the necessaries of life and squeezing the last cent out of the dependents of those who were not only saving their country from the murderous Hun, but were protecting their lives and property," the veterans proclaimed. Meanwhile the profiteers manipulated the situation to maintain inflated food prices, “until they had bled everyone of their last cent."388 The letter resolved that the Dominion Government must tax all excessive profits retroactively, to cover a period of up to three years prior to the war. The monies collected were to go to the wives and children of the fallen. Lastly, the GWVA leaders deemed it utterly detestable either to tax the people directly in order to achieve economic stability or to create excessive public debt that the people would have to pay for in the next generation.389 The GWVA's critique of the extent to which workers were unfairly exposed to taxation suggests not only how taxation measures were still detested as late as 1919, but also how suggested tax reforms were combined with animosity towards food profiteering. Only if it followed their radical advice would the government place itself in the hearts of the "unjustly oppressed people."390

387 NAC, Great War Veterans Association - Declaration of Principles.
389 Great War Veterans Association - Premier -Resolution Passed.
390 Ibid.
The failure of the federal government to prosecute profiteers was difficult to miss. Many English Canadians used the initiatives and reactions against profiteering in foreign countries as a yardstick. The British authorities successfully carried out 677 prosecutions for food profiteering in a single week. The majority of the convicted profiteers even faced the maximum punishment.391 In Boston alone, the American government found seventeen businessmen guilty of conspiring through monopolization to raise the price of fish in times of war. Another twelve men were sentenced to six months in jail with $500 in fines.392 One man declared in the Toronto Star: "Personally, I think the merchant ‘profiteer’ and property owner ‘profiteer’ should be dealt with as they used to with the landlords in Ireland, 'SHOT'."393 A dispatch from Geneva featured with obvious approval in New Democracy informed Canadians about how "the infuriated populace in Prague erected gallows in the principal street, whither they conducted 57 food profiteers and threatened to hang them unless they took an oath they would sell their wares at reasonable prices. All the alleged profiteers took the oath."394

Working-class militancy swept employers off their feet across the country during 1919, but among the hundreds of strikes that riddled provinces coast to coast, no strike has seemed to compare to the radicalism of the Winnipeg General Strike. Beginning only with disgruntled building trades and metal shop workers, the Winnipeg Strike was transformed into a strike encompassing so many workers and families that, save for a few

394“Profiteers to Their Knees,” New Democracy, 12 June 1919, 2.
essential services, the whole city was shut down.\textsuperscript{395} From 15 May until 25 June, social groups throughout Winnipeg mixed and mingled, sharing complaints, ideas and aspirations. Men and women from all different political shades, ethnicities, religious and occupational backgrounds united behind a single cause. As the Royal Commissioner H.A. Robson wrote in his report to the House of Commons, among the wide ranging reasons for the general strike, discontent over profiteering and the high cost of living ranked high indeed.\textsuperscript{396}

An important dynamic to recognize in regard to the Winnipeg General Strike, as with militancy across the country, is that demands related to the high cost of living commonly entailed a vision of a democracy that challenged pre-war perceptions of liberalism. Long-held notions of the free market, of equality, and of the right to profit were linked to the phenomenon of rising prices through the embodiment of 'the profiteer.' The unwillingness of both Liberal and Conservative politicians to regulate business practices in the name of such ideals of freedom left them particularly vulnerable to left-wing critique. For the first time, on a mass scale, the free market and its inherent principles were interpreted not as \textit{natural} and \textit{common sense} elements of reality, but as forces that might be debated and transformed. Hence, the popular working-class demands to end profiteering during the Winnipeg General Strike suggested just how much the debate had changed since 1914. What had started out as the exposure of a few atypical corruptionists had developed into an important "experiment in radical democracy."\textsuperscript{397}

\textsuperscript{397}McKay, \textit{Reasoning Otherwise}, 482.
With the Winnipeg General Strike concluded just days before, parliamentarians in the House of Commons moved swiftly to regain public confidence in government efforts to end profiteering. On 28 June, Arthur Meighen introduced two bills, both of which had been originally proposed by O'Connor two years earlier: the Board of Commerce Act and the Combines and Fair Prices Act.\textsuperscript{398} The upshot of both bills would have been the formation of the “Board of Commerce.” Its first order of business was to ensure efficiency and protect the public from combines and monopolies.\textsuperscript{399} Considering the explosive nature of recent events as well as the danger of not passing legislation before the end of the closing session, it was considered unwise to leave Parliament without passing some bill to restore public confidence. Both Unionists and Liberals were obviously much shaken: although the legislation entailed a novel acceptance of state regulation of the economy, it was rushed through in just nine days and received Royal Assent on 7 July 1919.\textsuperscript{400}

An examination of the parliamentarians' speeches reveals how plainly the Board of Commerce's proponents saw it as a means of quelling dissent. It also suggests how steadfastly many would champion the principles of liberal political economy. Many members who spoke before the House, such as Horatio Hocken, argued that profiteering was still not a major cause of high prices. It was, however, undoubtedly a source of discontent that had to be addressed. Liberal M.P. Thomas Vien judged the Board of Commerce to be a means to "throw dust in the people's eyes and lead them to believe that

\textsuperscript{398} \textit{House of Commons Debates}, 28 June 1919, 4198.
\textsuperscript{400} Royal Assent, \textit{House of Commons Debates}, 7 July 1919, 4702.
the Government has saved the situation."\footnote{Thomas Vien, \textit{House of Commons Debates}, 3 July 1919, 4507.} Vien castigated the government for not using such measures during the war when it was appropriate rather than during a time of peace. His insightful critique found few takers. Most members of the House agreed with the principles of Hocken, passed the bills, and hoped they had done something to restore calm to Canada.

The Board of Commerce was composed of three commissioners: William F. O'Connor, the former High Cost of Living Commissioner; Hugh Robson, a judge on the Court of the King's Bench, the commissioner on the Winnipeg strike investigation, and previous member of the Manitoba Public Utility Board;\footnote{\textit{Ibid.}} and James Murdock, the vice-president of the Brotherhood of Railway Trainmen.\footnote{\textit{Ibid.}} The three commissioners began work in August 1919. They launched investigations into food prices and the sugar, footwear, and retail clothing trades.\footnote{\textit{Ibid.}, 75.}

In the course of the Board of Commerce's activities, the commissioners were challenged on every front and denounced at every step. Retail merchants vigorously opposed the Board's proposed imposition of fixed profit rates.\footnote{\textit{Ibid.}, 76-77.} A pulp and paper company challenged the legitimacy of the Board's regulatory jurisdiction, which led to a Supreme Court case during the early months of 1920, ultimately undermining the Board's capacity to limit high paper prices.\footnote{\textit{Ibid.}} The Board of Commerce was also widely criticized in the House after commencing their duties. Shortly after the Board's appointment, O'Connor brought in a regulation according to which a person profiteering in milk or
cream would be liable to a $1,000 fine or jail time. Liberal M.P. James Robb was utterly shocked. He found O'Connor's action an unacceptable threat to reasonable business practices. Robb went so far as to contend that O'Connor should be impeached.

Federal Members of Parliament were not the only ones having second thoughts about the Board. On 23 February 1920, commissioner Robson submitted his letter of resignation to the acting Prime Minister George Foster. Robson declared that he was out of sympathy with the Board's initiative. He was convinced that criminalizing profit-making would only convince businesses to leave Canada to find prosperity abroad. Furthermore, Robson contended that localized boards were better suited to the battle against profiteering. As if losing Robson was not detrimental enough for the fledgling Board, O'Connor himself also resigned on 17 June. O'Connor argued, as he had when he earlier resigned as Cost of Living Commissioner, that his efforts were constantly being stymied by the Civil Service Commission. The board's final member, James Murdock, resigned shortly after O'Connor on June 25th. In this case, Murdock's resignation was accompanied by a fifteen-point manifesto handed to the Press and another mailed to Borden. Murdock declared that the government had ensured the failure of Board of Commerce and thus left profiteering to flourish unchecked. One member of the House regarded these charges as "the most extraordinary that Parliament has ever listened to."

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408 Ibid.
409 George Foster, *House of Commons Debates*, 2 March 1920, 85. Robert Borden had fallen ill and Foster was appointed as a replacement.
410 Ibid.
412 Ibid.
Murdock's manifesto was, indeed, explosive. Its argument began by declaring that the Board of Commerce had only been established as a means to quell unrest in 1919. It was never intended as an actual experiment in combating profiteering. He raised numerous points regarding Robson and his intentions. During one of Robson's extended and numerous absences, Murdock had stumbled upon a letter sitting on Robson's desk dated 18 February 1920. The letter was written by Robson's close friend, Mr. Jabez B. Hugg, who was a representative for the Crescent Creamery Corporation Limited. The letter disclosed evidence that Hugg was going to use for the company's legal battle in the Supreme Court against the Board of Commerce. In the letter Hugg wrote, "My idea is that you, if you have time, will make such revisions [to a file concerning the company's Supreme Court case against the board] as you think fit, if you can graft revisions on to what I have done, and then you will hand your revised copy to [John R.] Osborne to hand to Greene so that you will not appear to have any connection with the revised proof."415 The reason Robson had resigned was actually because he had learned that Murdock had found this letter and wanted to avoid a public controversy.416 Murdock concluded that the Board of Commerce had been always been opposed by the government. In particular, the Civil Service Commission had consistently refused to provide technical assistance and to supply a staff sufficient to carrying out of the duties of the board.417 Following the series of resignations, new commissioners were appointed. However, the last source of support for the Board, namely the public, was lost when the Board of Commerce

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416 Ibid. Also see, NAC, William Francis O'Connor Fonds, General Correspondence (1900-1940), Robson, H.A., R2008-0-9-E, V. 3.
endeavoured to ensure a high price of sugar in October 1920. Following this incident, the Board of Commerce receded into oblivion as another failed government response to profiteering. Despite mounting grass-root pressures, fierce worker militancy and cries from dissident veterans, the Liberal and Conservative M.P.s were steadfast in their defence of property rights and the sanctity of the free market. Their liberal perceptions of the natural supremacy of supply and demand guided them in their stubborn refusal to radically and permanently extend the role of government in the private sphere.

To the government's relief, the popular criticism of profiteering had largely died with the war. It is difficult to pinpoint the exact reason why profiteering faded from public discourse. A superficial explanation might suggest that the cost of living had temporarily eased in the post-war period and thus provided no grounds to continually suspect profiteering. However, as this investigation has already indicated, profiteering had become a critique, not just of individuals, but of the entire liberal order. Hence, its fall from prominence as a topic of debate is likely to be explained in another way. The most convincing explanation of its decline is that the conceptual foundations of the concept of profiteering owed a great deal to the wartime climate of patriotism. This particular way of formulating a critique of the order lost its edge after the war began to fade into the past. It is likely the case that the critique of profiteering did not so much fade away as change in its form. As union memberships grew, so too did left-wing clubs and left-wing parties. Many English Canadians who had reasoned otherwise during the war found their way into these new organizations on the left. The vague terminology of profiteering was not concrete enough to lead to the specific policy reforms that aimed at

419Heron, "Labourism and the Canadian Working Class," 315.
creating a more meaningful democracy in a post-war world. More English Canadians
became exposed to rigorous analysis of Karl Marx or were drawn into the battles of the
labour movement. Hence, criticisms of profiteering did not disappear per se. Rather, they
became diffused into what McKay would term the emergence of a "second left
formation" which followed the Great War.420

A historical analysis of profiteering during the First World War in English Canada
reveals that the term 'profiteering' was part of a transformative discourse, beginning as a
widely accessible and patriotic criticism of war contract scandals, but later reflected more
radical and class-based criticisms which brought into question the most foundational
tenets of liberal society. Initial criticisms of profiteering during 1915 were far from being
radical. Both Liberals and Conservatives combined to denounce jobbery, graft and
corruption evident in public war contract scandals. While such contracts would have been
met with little to no opposition in previous military conflicts, the immense sacrifices and
ideological significance of winning the First World War drastically brought into question
the moral acceptability of private profit to an unprecedented level. Initial demands to end
profiteering not only addressed the government's inefficient pursuit of the war, but also
aimed to correct the apparent contradictions of liberal order. Such contradictions were
rooted in the apparent 'fact' that the ideological premise of Canadian democracy as a
equitable society, which significantly legitimizized the war against German autocracy, was
continually undermined by seemingly self-interested politicians and businessmen who

420 According to Ian McKay, a "left formation" is an analytical concept. The concept of left formations can
help guide historians to identify distinctive principles which empower peoples to reason and live otherwise.
These left formations manifest in specific "ideas, practices and institutions" and thus describe a "specific
constellation of parties people, issues and texts." Historical analyses of left formations provide a history of
the left and have been used by McKay to describe the hegemonic struggle of liberal order. McKay,
Reasoning Otherwise, 5-7. For the periodization of left formations in Canada see Ian McKay, Reds, Rebels,
Radicals: Re-thinking Canada's Left History, (Toronto: Between the Lines, 2005), 147.
profited at the expense of public sacrifice. Hence, the term 'profiteering' emerged as a new, accessible and liberally-coherent criticism, which helped English-Canadians articulate a new wartime moral code centred on the equality of sacrifice.

Although initial criticisms of profiteering did not pose a significant challenge to liberal order, the burden of the war continued to weigh heavily upon the working class and prompted many working-class English Canadians to realize the inequalities of their society. The concept of 'profiteering' provided a means to express further injustices of continually violated equality of sacrifice. Following the series of war contract scandals, demands to end profiteering developed increasingly along class interests. Demands for severe measures of direct taxation (advocated as the 'conscription of wealth'), as well as greater state intervention in the free market to directly control prices and profit levels, were amongst the most significant challenges advocated by the working class. Although similar measures had already been implemented in countries such as Great Britain, the demanded political reforms were unprecedented in Canadian public administration. However, more important was the hegemonic struggle underneath these seemingly benign reforms. As described in this study, the federal government was continually reluctant to accede fully to popular working-class demands. Government measures of taxation eventually became more severe with continual public pressure, but initiatives to regulate prices and profits were very limited. Traditional interpretations of property and the public/private sphere were still close to the hearts of many Liberals and Conservatives in the federal government. Drawing upon the 'natural' laws of supply and demand and thus interpreting profiteering to be a superficial and fleeting phenomenon, the federal
government safeguarded Canada’s central political institutions against the increasingly radical demands to end profiteering.

However, by 1919, working-class resentment towards profiteering could no longer be endured passively. Demands to end profiteering in post-war Canada were fuelled by years of continual resentment. Profiteering during the war had led working-class Canadians to name a problem and begin to conceptualize solutions for it. Over time, they began to grasp many of the contradictions of liberalism, the gap between society and a desired reality, and the inequality and the injustice of their so-called democracy. Throughout the war, many working-class English Canadians made a stand against the profiteering "evil." For the good of all mankind, they believed, the profiteers must be defeated, just as thoroughly as the forces of Kaiserism. The Kaiser and the profiteer were actually not so very different from one another. The one threatened democracy externally, the latter internally, but both were inimical to democracy. Over time, many in English Canada came to believe that the profiteer was indeed an even greater threat to their rights and their freedoms. Their "common sense" would be forever transformed and the political atmosphere of Canada after the war would never be the same. Canadians on the left began to open their minds to a new realm of possibility, hoping to honour the sacrifices and legitimize the hardships endured during the war. The military conflict was over, but the war against the profiteer continued to rage on.
Fig. 4: "Mr. Hanna's Idea of Food Control As Interpreted By The Forward Special Cartoonist." Working-class resentment towards food profiteering was compounded by inadequate government responses such as the William Hanna's measures as the Food Controller. Contempt for profiteering accumulated to empower the left in English Canada, leading to an unprecedented number of electoral victories for Labour political parties across the country during the post-war period. Canadian Forward, 10 December 1917, 5.
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