

TOPICS OF THE DAY

PARTIES IN CANADA: THE NORTH AFRICAN PUZZLE: SOCIAL SECURITY PROSPECTS: THE NEW ZEALAND EXAMPLE.

Now that there is a reasonable certainty of ultimate victory for the United Nations, there is visible a marked revival of interest in the domestic politics of Canada. The popular indifference, begotten of the war, to local issues, which contributed greatly to the acquisition of a fresh mandate for the Liberal party in March, 1940, is rapidly disappearing, and a static condition in our political world is giving place to a situation of complete fluidity. Old faiths and allegiances have been destroyed or shaken by the impact of the war, and visibility about the future course of Canadian politics will remain low, until the issues which produce political alignments are clarified by the advent of peace, bringing, as it will, many urgent problems of post-war reconstruction in its train.

But the efficacy of war as a stimulator of the fortunes of Leftist parties was proved at the close of the last struggle with Germany by the formidable strength which the Liberal party in Britain and the Progressive party in Canada developed at the first post-war election, and numerous portents indicate that war has not lost its potency for such stimulation. There is accumulating evidence that the C.C.F. party has now gathered sufficient popular support to offer a serious challenge to the two historic parties of Canada: unless it suffers some extraordinary setback, it may well hold the balance of power in the House of Commons after the next general election and force a union of the Rightist forces, represented by the two older parties, under the umbrella of a Coalition Ministry, for the provision of a stable administration. In such a coalition of two parties, one usually in the course of time swallows the other, and a year ago most impartial observers of the Canadian political scene would have predicted that the Liberal tiger was destined to swallow the Conservative lady. But now most of them would incline to the view that as the result of sudden turn in the wheel of political fortunes the Liberal party's chances of survival as an effective political instrument have become seriously beclouded. If British experience is any guide, the emergence of a vigorous Leftist party tends to reduce to comparative impotence an older party which has been

trying to pursue a middle-of-the-road course, and to concentrate the opposition to its radical policies under the banner of Conservatism.

Meanwhile, however, the King Government is still entrenched at Ottawa in a strong parliamentary position, with a huge majority in the Commons and a comfortable plurality in the Senate. But, if a Gallup poll provides a reliable index of public sentiment, there has been during the past year a progressive and very definite erosion of the popular support which in 1940 gave the Liberal party for the first time since 1908 a clear popular majority over the combined votes of all the other parties. A poll taken in January last revealed that, whereas in January, 1942, the same percentage of voters, 55 per cent, as had voted Liberal in 1940 were still firm in their allegiance to Mr. King, a year later the percentage had declined to 32 per cent; the percentage favoring the Conservatives, which had been 31 per cent in 1940 and 30 per cent in January, 1942, had dropped to 27 per cent, but the latter figure was an improvement from the low point of 23 per cent recorded by a poll taken in September, 1942. The supporters of the C.C.F. party, whose percentage had been 8 per cent in 1940 and 10 per cent in January, 1941, had increased to 23 per cent in January, 1942, and the other minor parties had also made gains at the expense of the Liberals. This withdrawal of public favor from the Liberals is particularly ominous, because it has occurred while the Canadian people were enjoying a diffusion of prosperity and well-being without parallel in their history, and while they might have been expected to view their Government with tolerant eyes. So the leaders of Liberalism may well be pondering the famous question of *St. Luke*, if they can do these things in the green tree what shall be done in the dry—when the present industrial boom fades away, with the coming of peace, and during the difficult days of reconstruction a mounting tide of grievances against the government of the day begins to flow.

The causes of the growing discontent with the King Ministry and its policies are varied and reasonably clear. Its refusal to remove the existing limitations upon conscription is attributed to the continued influence of the French-Canadian *bloc* in its councils, and has therefore exasperated a large body of non-Conservative opinion in the English-speaking provinces. But concessions made for the placation of this malevolent mood had result in a serious revolt among the French-Canadian supporters of the Government. The shades of recalcitrancy vary, with

the result that immense confusion prevails in the political world of Quebec, which can no longer be counted a safe Liberal stronghold. There the last Gallup poll showed that 26 per cent of the voters queried were ready to back the *Bloc Populaire*, a new party recently organized and equipped with an isolationist creed by Mr. Maxime Raymond, the ablest of the dissentient Liberal members, and his associates. Then the general muddle about the manpower situation has annoyed business elements, and the Government's labor policies have alienated thousands of workers, while the critical temper of the farmers about agricultural policies was revealed in striking fashion last January, when the delegates attending the annual convention of the National Federation of Agriculture at Calgary solemnly observed a minute's silence by way of protest against Ottawa's neglect of agriculture. So wintry winds of displeasure are now blowing upon the Government from different quarters, and methods of calming them are not easy to devise.

Not long ago the Liberals calculated that at the next general election their most serious opposition would come from the C.C.F. party, whose popularity had acquired a great stimulus from the amazing military successes of the Russian armies. But they have now also to reckon with keen competition from another quarter, as the result of the strange developments which took place at a nation-wide convention of the Conservative party held in Winnipeg on December 6-8. This convention was the fruit of a semi-rebellious movement initiated by a group of younger Conservatives, who, taking the view that their party has still a mission to fulfil for the benefit of the Canadian people and that the time had arrived for a strenuous effort for its rehabilitation, organized last August an informal conference at Port Hope, and there evolved a tentative new programme of decidedly radical texture for their party.

The conference at Port Hope, and the favorable response which its proceedings evoked throughout the country, gave the necessary impulse for the organization of the national convention of the Conservative party, which was held at Winnipeg on Dec. 6-8, with results of a very unexpected character. Not only did the delegates, with few dissenting voices, embody the salient proposals of the Port Hope programme in a new platform which would have been regarded as wildly radical ten years ago, but they handed over the leadership of their party to Mr. John Bracken, who as a Liberal-Progressive Premier of Manitoba had spent a good deal of his energies for twenty years combating

Conservative policies, and as an earnest of the ardor of their embrace acceded to his request that the party be rechristened "Progressive-Conservative."

There is almost general agreement about Mr. Bracken's defects and merits. He is not a glamorous political figure, but neither is Mr. King: he is not endowed with any notable powers as a platform orator or radio broadcaster; he is handicapped by lack of experience in the field of national politics, and has yet to demonstrate that the qualities which made him an admirable provincial premier can be equally effective for success in a wider arena. His assets are an agreeable personality flavored with a friendly democratic *bonhomie*, a fund of shrewd common sense, a reputation for honesty, a record of success as an administrator, a capacity for getting men of divergent views to work in harmony, and an agrarian background. The last may ultimately prove to be his greatest asset, as it will be difficult to persuade our farmers not to support the first expert on agricultural problems whom any of our national parties has chosen as its leader.

There is, however, some justification for the view of certain commentators that the old Conservative party died last December at Winnipeg and that Mr. Bracken is the leader of a new party, which aims to enlist for its reformist programme the support of all the large body of voters who are heartily tired of the Liberal régime but are not yet ready to countenance the socialist programme of the C.C.F. And now the Liberals, alarmed by the new challenge offered by Mr. Bracken's emergence in the Federal field, see the necessity of moving leftward, and their ambitious programme for social security represents the first counter-move. The C.C.F. party therefore, even if it does not attain office for many years, can derive satisfaction from having in a few short years shifted with the aid of the war both the older parties far from their traditional moorings.

So the prospect is that the next general election will see three major parties, each committed to a programme of radical reforms, bidding for the favor of the voters, with minor factions like the Social Crediters and the *Bloc Populaire* angling for sectional support in different localities, and in some quarters there is much moaning about the disastrous consequences of the disappearance of the bi-party system. But the thesis that the system of parliamentary democracy cannot act efficiently unless the mass of the voters are safely herded in the camps of two nation-wide parties, of whom one or other can be relied upon to provide the country with a stable administration by mustering

a clear majority at a general election, will not bear close examination. Britain is the original spawning ground of the parliamentary system of government, and the cold truth is that the bi-party system enjoyed vogue in full flower only when two towering political figures, Gladstone and Disraeli, dominated the political scene and were engaged in a spectacular duel which ranged the nation in opposite camps.

Consider the actual record of British politics since the passage of the first Reform Bill in 1832. During the thirties there was an active Radical party led by men like Joseph Hume, which remained without both the Whig and Tory folds. Then in the forties anti-Corn Law candidates like Cobden began to be elected, and in 1846 the followers of Sir Robert Peel seceded on the issue of free trade from the main body of Conservatism and formed the Peelite party, in whose ranks were Gladstone, Sydney Herbert and other able men. The sixties and seventies witnessed the great bi-party duel between Gladstone and Disraeli, but in the early eighties the Irish Nationalist party had established its separate identity, and in 1886 the crisis over Home Rule led to the formation of the Liberal-Unionist party by Liberals who wanted to preserve the Union.

The merger of the Conservatives and Liberal-Unionists, for which the name of Unionist party was evolved, had barely been completed when Joseph Chamberlain, by forcing the issue of Tariff Reform, split the Unionist party and drove from it a group of Unionist Free Traders, among whom was a certain young man called Winston Churchill. Most of them were soon absorbed in the Liberal party, but the general election of 1906 saw the Labor party send for the first time a formidable parliamentary contingent to Westminster, and ever since the favor of the British electorate has been competed for by three parties with a nation-wide following, apart from minor groups like the Independent Labor party, the Communist and the Fascist party.

Likewise in Canada the domination of two outstanding personalities, Sir John MacDonald and Sir Wilfrid Laurier, was largely responsible for the perpetuation of the bi-party system in the half century which followed Confederation. From 1867 to 1891 the average voter was either for or against Sir John MacDonald, and from 1891 to 1919 they were either for or against Laurier. In the decades between the two wars the Liberal party has enjoyed a prolonged ascendancy by the coalescence under Mr. King's leadership of elements very divergent in out-

look, and it cannot be said that the cohorts who accepted the chieftainship of Lord Bennett had a wholly homogeneous policy, while minor parties commanded very considerable support. Inevitably all Federal administrations, in a country rent by so many sectional fissures as Canada is, must have a flavor of coalition, and so it need occasion no anxiety if the next general election does not yield a clear majority to any of the three major parties and some sort of Coalition Ministry takes charge of our destinies. But all the portents indicate that the days of complete Liberal ascendancy are numbered.

THERE SEEMS TO HAVE BEEN some clarification of the political muddle in North Africa, and the liberation of most of the anti-Fascists, who were held in concentration camps under very harsh conditions, is welcome evidence of the subsidence of Vichyite influence. But the presence of notorious Fascists like M. Peyrouton and General Nogues in key positions in the administration of the French North African colonies, and the refusal of General Giraud to restore the laws of the Republic in Algeria,¹ which is an integral part of France, leave room for grave disquietude. Grim military necessity was the excuse put forward for the unsavory deal with the late Admiral Darlan by the Government of the United States which assumed responsibility for it, and the British, who disliked it intensely, accepted it only with reluctance. Undoubtedly immediate profit accrued from it in the abandonment of French resistance to the landing of the invading army, which saved the lives of many soldiers, but it left a very bad taste in the mouth of everybody who visualises the present conflict as a genuine war of liberation.

The bargain with the Vichyites of North Africa has intensified suspicions that the State Department at Washington is dominated by reactionary conservative elements, who have no love for democracy and its processes, and are anxious to ensure the establishment of safely conservative regimes in as many European countries as possible after the war. The Department has a strange record of persistent tenderness for the Petain Ministry, and its kindness toward Franco's Government in Spain has been revealed by the recent disclosure of Carlton J. H. Hayes, U. S. Ambassador at Madrid, that his country was exporting large quantities of oil, cotton, food and other products to Spain for the purpose of promoting the restoration of her

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national economy. Then it is not the fault of the State Department that another of its protégés, the Archduke Otto of Austria, has signally failed to fill the ranks of the special Austrian unit which he was authorized to raise in the United States, and it has still a warm spot in its heart for Hungarian and other emigrés of dubiously anti-democratic antecedents. So liberals inside and outside of the United States are wondering anxiously why all this partiality is being manifested towards individuals and cliques of European origin, whose interests and inclinations lie in preventing the establishment of genuinely democratic régimes in their own homelands.

A favorite interpretation of this situation is that big business elements in the United States, where they continue to exercise more political influence than in any other country, are becoming very apprehensive lest the Russians, by reason of the immensity of their contribution to the downfall of the Axis Powers and their demonstrated military efficiency, may be left after the war the predominant power on the continent of Europe. They foresee that, as soon as peace is achieved, the majority of the smaller European countries will proceed to curry favor with Russia through the installation of Leftist governments, and they are also suspicious that the German people, when they find themselves faced with the certain prospect of overwhelming defeat, may resort to the same political strategy. Stalin has always been sedulously careful to intimate that while he is bent upon the annihilation of the Hitlerite régime, he has no quarrel with the German people as a whole, and they may reach the conclusion that, if they embraced the political ideology of the victorious Russians, the latter might be disposed to protect them from the direr forms of punishment and vengeance which are being planned for them by the other Allied Nations and the conquered peoples. Naturally the prospect of a European continent from which the capitalist system has been banished is very unpalatable to conservative forces in the United States and Britain, and strenuous efforts on their part to avert such a contingency would be quite intelligible. It may be that the Vatican shares these apprehensions, and is willing to lend a helping hand for checkmating the emergence of a rush of Leftist governments all over Europe. It may view with horror the possibility that the existing régimes in France and Spain might be swept away by a devastating tide of proletarian revolt, stimulated by Russian encouragement, and may want to see bulwarks erected in time to avert such a disaster. So here are intelligible

common motives for forming an alliance to salvage a large part of the European continent from domination by Leftist secular administrations. The North African deal is thus only one of several indications of a carefully planned programme with this objective in view, and it could scarcely fail to fan in Moscow dark suspicions, which may well account for Stalin's significant silence about the contributions of his allies to the common cause in the order of the day which he issued to the Red Army on the twenty-fifth anniversary of its foundation.

THE LATE Thorstein Veblen, perhaps the most original economic thinker that this continent has produced, in his book *The Nature of Peace and the Means of its Perpetuation*, which was published just after the end of the last war, argued that the Russian Revolution was a portentous event, comparable in importance with the French Revolution, and that it would have profound effects upon the future of mankind. He held that even if the Russian Revolution was only reasonably successful in its achievements, it would stimulate everywhere a demand on the part of what he called the common man for liberation from the economic shackles of the capitalist system and the evolution of a juster social order. He predicted that in every country the propertied classes would take alarm as the working classes became infected from Russia with a spirit of proletarian revolt, and that while in countries like Britain possessed of liberal traditions timely concessions would be made for the pacification of the workers, in countries like Germany, where liberalism had never had any serious foothold, the wealthier sections of the upper classes would resort to brutal violence before they would agree to any encroachments upon their privileges, financial and social. Now there is abundant evidence that the Nazis and Fascists were installed in power in Germany and Italy through the active cooperation of powerful reactionary interests, and that behind the facade of a fictitious program of socialism, they have faithfully served the interests of the backers who helped them to office. Veblen was a singularly accurate prophet when he foretold that the fundamental issue raised by the Russian Revolution would determine for many years ahead the political alignments in a large number of countries. Now the reactionary forces in the camp of the United Nations have been forced by the overwhelming pressure of public opinion in every free country to cooperate in compassing the downfall of Hitler and Mussolini whom not so long ago they were fawning upon and eulogizing as bulwarks of the established order against the

Bolshevist menace. About the time of the Italian assault upon Ethiopia a great London banker, who was visiting Canada, was carefully explaining to Canadian friends that, while Britain, if she so chose could easily smash Mussolini and rescue Ethiopia, she simply could not afford to take such action, because defeat would spell downfall for Mussolini and "with this Bolshevist menace so acute we need Mussolini just as we need Hitler." But the elements who "needed Mussolini and Hitler" are once more becoming very nervous about the future as the Russian armies move victoriously eastward, and it is no cause for wonder that they seem to be busy erecting fresh structures to dam back the rising tide of proletarian revolt.

Any dams that vested interests may erect in the smaller countries of Europe, now including France, will be quite useless if the German people, desperate again through defeat of their ambitions and the accompanying miseries and humiliations, decide that they want no such dams and elect to try to regain the goodwill of Russia by imitating her economic and social policies. Even if the war costs Germany five million lives, she will still remain the most solid, the most highly educated and the most efficient nation on the mainland of western Europe, and cannot be left out of any calculations about the reconstruction of the world. The Communist party had several million adherents before, in common with all other German political parties except the Nazis, it was suppressed by Hitler, and it alone has contrived to maintain some sort of underground organization. Undoubtedly it will spring to life as soon as the war ends, and if the Russians elect to extend their encouragement and protection to it, all the dams now being projected against proletarian ascendancy on the continent of Europe will be useless.

The now famous report of Sir William Beveridge on Social Insurance and Allied Services has made programmes of social security fashionable, and the popular acclaim with which it has been hailed in Canada has impelled our Federal Government to charge a special committee of the House of Commons with the duty of examining the problems involved in the provision of such a programme for Canada and reporting upon the best methods for solving them. Only very backward countries have failed to adopt some measures of social security for the benefit of their working classes, but so far only three countries in the world—Bulgaria, Poland and New Zealand—have evolved a comprehensive programme covering the three risks of sickness, unemployment and old age, the principal causes of insecurity.

and in view of the plight of the two former countries under Nazi domination, the committee will have to rely upon the experience of New Zealand as the only source of reliable data about the workings of a full blooded social security programme.

THE SOCIAL SECURITY ACT of New Zealand, which was passed by the Laborite Ministry of Mr. Savage in 1938 and came into operation in April, 1939, represents in its conception and comprehensiveness a landmark in the social history of a country which has long been a pioneer in advanced radical legislation about social and industrial problems. Before the passage of this Act, New Zealand had enjoyed for many years an elaborate, if incomplete, system of social services; they included non-contributory old-age pensions introduced in 1898, pensions for widows, blind people and miners suffering from occupational diseases, and a contributory scheme of unemployment insurance, financed by a contribution, originally fixed at three pence but raised a year later to one shilling in the pound, of 20 per cent from all wages, salaries and other income. Accordingly the Security Act of 1938 did not break much new ground, but rather enlarged the existing schemes and coordinated them into a unified system with the object, also set as the aim of the proposals of Sir William Beveridge, of providing security against all risks by means of one compulsory payment for social insurance. The Labor Ministry of New Zealand moved with considerable caution in the evolution of its programme. First of all it appointed two advisory committees to investigate possible improvements in social insurance, and after they had reached definite conclusions in their report, a parliamentary committee was appointed to make further investigations and hear the evidence of interested organizations. To the programme eventually presented by the Government the New Zealand Federation of Labor gave unqualified support, and the official Opposition, representing mainly conservative elements, accepted it in principle, but in common with the Farmers' Union raised the objection that the cost of the scheme was beyond the country's capacity to shoulder, and criticized the plan for a percentage system of contribution with the retention of a means test. It was left, however, to the New Zealand branch of the British Medical Association to provide the most resolute opposition to the scheme, but their demand that the health benefits of the programme should be free only to the lower classes of wage earners was not supported by the general public, who disliked the doctors' threat to boycott the scheme, and it was rejected

by the Government. After the parliamentary committee had recommended the entire adoption of the scheme, the Government on the eve of the general election of 1938 passed the enabling legislation, and were entitled to interpret the fresh mandate, which they secured from the voters, as an approval of their social security programme.

Its administration was entrusted to a special Department of State called the Social Security Department, and there was appointed a Commission whose duty it is to administer through the agency of local representatives all over the country the various provisions and regulations of the Act under the direction and control of the Minister. There has also been incorporated in the public accounts a special account called the Social Security Fund, and it derives its financial sustenance in the following manner. Every person over the age of 16 is required to register under the Act, and must pay a register fee which is fixed for youths in the age group 16-20 and for all females over 16 years at 5 shillings per annum and for all males over 20 at 5 shillings per quarter. In addition there is payable into the fund by all registered persons a social security contribution calculated at the rate of one shilling in the pound on all salaries, wages and other income.

A detailed account of all the benefits available under the New Zealand programme would occupy too much space. Typical of the generosity of their scale is the availability of what is called an age benefit of £1-10 (\$7), subject to residential qualifications for all men and women on attaining the age of 60, with the liberal proviso of a means test which allows recipients a modest private income.

The monetary outlays under this comprehensive programme during the fiscal year ending March 31, 1942, totalled £13,136,825, and of this sum age benefits absorbed £7,190,694 or more than half, health services £1,436,588 and widows and orphans £863,203. During the same period the aggregate income of the Security Fund amounted to £11,087,682, to which registration fees contributed £605,222, charges on salaries and wages, £6,488,691 and charges on other incomes £3,943,623. But the gap between expenditures and revenues was more than filled by an appropriation of £3,600,000 paid out of the Consolidated Fund into the Social Security Fund. So there was a considerable surplus available for the latter in 1941-42, but its existence was due to the fact that only £138,528 was paid out in unemployment benefits during the year.

The New Zealand programme and the scheme proposed by Sir William Beveridge have the common purpose of providing every member of the community security against all risk of want arising from any circumstances whatsoever; both plans seek to achieve this objective by redistributing income, and are taxes rather than insurance systems, because the contributions have no relation to specific risks. But in their financial basis there is a very important difference between the two schemes. In New Zealand the levy on incomes for the scheme is on a flat rate percentage basis of one shilling per pound, but the Beveridge plan proposes contributions both by the insured and by their employers at uniform flat rates irrespective of earnings. New Zealand also retains means tests except in certain cases, but Sir William Beveridge favors their complete abolition. By all account New Zealand's programme of social security is now working successfully, and commanding general approval, even most of the doctors having become reconciled to it, but the administrative problems connected with it will be much simpler for a country with a homogeneous population of less than two millions than they would be for Canada.

J. A. STEVENSON