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**THE POLITICS OF LIQUOR
IN
BRITISH COLUMBIA:
1920 - 1928**

by

RUTH PRICE

B.G.S., Simon Fraser University, 1979

A THESIS SUBMITTED IN PARTIAL FULFILLMENT OF
THE REQUIREMENTS FOR THE DEGREE OF
MASTER OF ARTS
in the Department
of
Political Science

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SIMON FRASER UNIVERSITY

November 1991

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ISBN 0-315-78232-3

Canada

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ABSTRACT

This study focuses on the politics of liquor in British Columbia, 1920-1928. It begins by sketching the historical background of liquor administration in the province, including Prohibition, and then proceeds to examine the establishment of a system of government control. The case of the Liberal government of Premier John Oliver (1918-1927) is used to illustrate how the extensive use of patronage in appointing personnel to administer its liquor policies contributed to politicizing liquor, making it a focus for critical and often scandalous attention.

This thesis will also argue that single-issue pressure groups such as the 'Prohibitionists' (mainly comprised of the Women's Christian Temperance Union and some Protestant churches), who were against beer halls and liquor in general, and the 'Moderationists' (mainly comprised of veterans and brewers), who were in favour of beer halls and liquor in general, were, at various times, able to exert considerable pressure on the government. In doing so, these groups played a decisive role in determining public policy regarding liquor; in the case of the Moderationists, the results were of immense economic benefit to the brewers.

The study concludes that despite the innovative nature of government control, abuse of the patronage system coupled with a general inability on the part of government to resist the cohesive efforts of single-issue pressure groups laid the foundation for a wide-spread feeling of distrust on the part of the electorate and contributed to the government's eventual downfall.

To
N. E. B.

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- CHAPTER ONE -

INTRODUCTION

1. The Problem of Liquor--Pre-Prohibition and Beyond

This thesis focuses on the politics of liquor in the province of British Columbia during the province's first-ever Liberal government. Taking power from the Conservatives in 1916, this new government was led initially by the reform-minded Premier Harlan C. Brewster (1916-1918), who had been instrumental in the Liberal party's adoption of the popular issues of women's suffrage and prohibition. He had also advocated a non-partisan civil service and the abolition of the patronage system.¹ Upon the death of Premier Brewster, John Oliver became premier (1918-1927); Oliver faced the two-fold tasks of continuing the restriction placed on the sale of liquor during the Prohibition era (1917-1921), and then administering its sale under the government monopoly system which came into effect in 1921.

Once liquor was thrust into the political limelight during Prohibition, it seemed impossible to remove it, and the Oliver government experienced serious difficulties as a result. Elected by a comfortable majority in 1916, the Liberals were first charged with implementing Prohibition, which had been approved by a plebiscite, also in 1916.² In their attempt to enforce Prohibition, the government became identified with a number of scandals, resulting in a reassessment of its liquor policy. A second plebiscite, held in 1920, ultimately gave control of the retail sale of liquor to a government-administered board. In

¹ Martin Robin, The Rush for Spoils (Toronto: McClelland and Stewart, 1972), pp. 155, 157, 163.

² Ibid., p. 164.

administering the new system, Oliver used the power of patronage, freely appointing Liberal friends and supporters to positions connected with government liquor sales and administration. When patronage and liquor were combined, however, the potential for a politically-explosive situation increased considerably. Oliver and his government eventually faced a myriad of charges ranging from favouritism to graft and corruption in connection with its liquor policies.

Government decisions about liquor policy were subjected to intensive lobbying from single-issue pressure groups, the most noteworthy and influential of which were the Moderation League and the Prohibitionists. The Moderationists were comprised mainly of the province's brewery interests and veterans of the first World War. Opposing the Moderationists were the followers of the Prohibition movement who were, for the most part either members of the Methodist church or members of the Women's Christian Temperance Union (W.C.T.U.), or both. Government indulgence of one inevitably brought hostile charges from the other, and the proliferation of liquor scandals contributed handsomely to the eventual repudiation of the Liberals at the polls in 1928.

The purpose of this thesis is to examine the administration of liquor by the Oliver Liberals, particularly with regard to patronage and single-issue pressure groups. In doing so, the thesis will hopefully further the understanding of the public policy-making process as it existed in B.C. during the 1920's. Specifically, it will illustrate the negative effects of the patronage system used extensively by the government to appoint its political, but not necessarily qualified friends to important positions within the area of liquor administration. This thesis will describe some problems which surfaced during its indiscriminate use by the Oliver Liberals in connection with liquor administration policy.

It should be mentioned herewith that all patronage need not necessarily be regarded as detrimental, for it has served as a useful means of constructing electoral alliances, and rewarding loyal party workers for their efforts. It has also received some recognition as a legitimate and essential ingredient of responsible government.³ If members of the legislature could not have the final word in appointments and contracts, how could they be held responsible for anything?⁴ Political parties historically have not been so much held together by traditional principles but by "generous concessions on points of principle, compromises, with loyalty and patronage as the glue to make it all stick."⁵ Patronage has, nevertheless, existed as a persistent problem in Canadian history. Although not synonymous with corruption, the power to make appointments can be subject to extensive abuse. By using the patronage system to fill appointments, the Liberals had, by 1928, succeeded in creating a legacy of incompetence, inefficiency and corruption in the area of liquor administration.

In addition to illustrating and analyzing the system and effects of patronage, this thesis will also discuss how powerful single-issue pressure groups, while not directly participating in the formal political process of nominating and electing candidates who would represent their specific aims, were able to influence the nature and content of public policy to their own economic or social advantage. These pressure groups were policy advocates

³ Joseph Wearing, Strained Relations: Canada's Parties and Voters (Toronto: McClelland and Stewart, 1988) p. 123.

⁴ Norman Ward, "Patronage: Gentle Reflection", in Journal of Canadian Studies, Vol. 22, No. 2, Summer 1987, p. 177.

⁵ Peter Waite, Canada 1874-1896 Arduous Destiny (Toronto: McClelland and Stewart Limited, 1971), p. 89.

who approached the government as lobbyists. They were aware of the policy-making process, able to acquire information about specific policies which affected them, and able to mobilize support for their proposals while keeping member cohesion intact.⁶ The degree to which these "representative, well-resourced, autonomous and policy-capable"⁷ single-issue pressure groups articulated their interests often determined a policy decision. While effectively lobbying political parties, the single-issue pressure groups presented in this thesis also used political contributions to their strategic advantage. By marshalling public opinion via public relations campaigns which stressed the public interest, they were, furthermore, able to cloak their own more narrow and pecuniary self-interests.⁸

The problem of liquor administration in the province of British Columbia requires consideration within a federal context, for the government of Canada has long given recognition to trade in alcohol as both a legitimate and necessary means of raising revenue. Upon the formation of the Dominion of Canada in 1867, a certain amount of jurisdictional confusion was generated regarding the constitutional right to control and tax the sale of liquor. Responding to a "vociferous minority, sufficiently small to be able to elect only a handful of members, but sufficiently large to persuade a government that they might hold power over a large number of constituencies", the Liberal government of Prime Minister Alexander Mackenzie (1873-1878) enacted the

⁶ William D. Coleman and Grace Skogstad, eds., Policy Communities and Public Policy in Canada: A Structural Approach (Mississauga: Copp Clark Pitman Ltd., 1990) p. 20.

⁷ Ibid., p. 313.

⁸ W.T. Stanbury, Business-Government Relations in Canada (Toronto: Methuen, 1986), p. 397.

Canada Temperance Act (Scott Act) in 1878.⁹ The Act provided for prohibition in federal electoral divisions by local option, i.e., if 25 per cent of the eligible voters petitioned for prohibition, then it would become law for three years, whereupon another vote would be taken.¹⁰ The Temperance Act was directly challenged in 1882 by Mr. Charles Russell of New Brunswick, who was convicted of illegally selling (bootlegging) liquor. In appealing his conviction, Mr. Russell set in motion "what has undoubtedly been the classic issue in the Canadian division of powers--the contest between the Dominion's "peace, order and good government" power and the provinces' power in relation to "property and civil rights" and "all matters of a merely local or private nature in the province."¹¹ The Judicial Committee of the Privy Council ruled that the subject matter of Mr. Russell's crime could not be categorized under the aforementioned provincial jurisdictions, and therefore it must fall under Parliament's residuary power.¹² While admitting the Canada Temperance Act affected property and civil rights in the provinces, it did so incidentally, and the "promotion of public order and safety throughout the nation" was a more important consideration in determining the characterization of the legislation.¹³

The Conservative government of John A. Macdonald followed the Scott Act with the McCarthy Act (1883) by which the federal government assumed

⁹ Waite, *op. cit.*, p. 89

¹⁰ Albert John Hiebert, Prohibition in British Columbia, Unpublished M.A. Thesis, Department of History, Simon Fraser University, April 1969, p. 41.

¹¹ Peter H. Russell, ed., Leading Constitutional Decisions (Toronto: McClelland and Stewart, 1968), p. 1.

¹² *Ibid.*

¹³ *Ibid.*, p. 2.

responsibility for granting liquor licenses across Canada.¹⁴ This attempt to encroach on what was regarded as provincial jurisdiction did not go unnoticed. Premier Mowat of Ontario objected to his province's loss of local licensing privileges, and all the patronage which accompanied them. He undertook a series of successful challenges which considerably reduced the federal government's license-granting power. The Judicial Committee of the Privy Council ruled that liquor licensing was indeed a local concern; the provinces were given complete control of the retail trade in liquor within their provincial boundaries, while the Dominion retained control of its manufacture and importation interprovincially.¹⁵

In British Columbia, liquor licenses were required by saloon keepers in order to maintain their businesses. These licenses were controlled by a patronage-appointed provincial licensing board. The Conservative governments of Richard McBride (1903-1915) and William Bowser (1916) were grim evidence that licenses were granted principally to those who were already or who had become Conservative Party members. While holding the office of Attorney General, Bowser even went so far as to remove the licensing power for saloons in areas outside municipal limits from local boards, placing them instead in

the hands of the police, who were directly responsible to the Attorney-General's Department. Local constables were employed as political watchmen who ensured that the saloon-keepers made their proper contribution to the party fund and exercised their considerable local influence to elect the local party candidate.¹⁶

¹⁴ Hiebert, *op. cit.*, p. 42.

¹⁵ *Ibid.*

¹⁶ Robin, *op. cit.*, p. 127.

The liquor trade in the cities of Vancouver and Victoria, meanwhile, were each regulated by a powerful Police Commission, which was tightly controlled by the Attorney-General's Department. These Police Commissions were composed of a provincial representative (who received his appointment through patronage), the mayor (whose election was critical to the proper function of the urban wing of the Conservative party) and an alderman selected by the mayor.¹⁷

The patronage system of partiality in appointing persons to government positions was a particularly prevalent one at both the federal and provincial levels of government at the turn of the century. In British Columbia, this was largely due to the way in which political parties evolved. Prior to 1903, British Columbia had experienced a number of rather short-lived governments, none of whom espoused any specific party line. However, beginning in 1901, first the Liberal party and then the Conservative party established themselves in the province; after McBride was elected premier in 1903, patronage was used extensively to provide jobs for the party faithful.¹⁸

Fortunately for the Tories, the ethically-charged commodity of liquor played a very minor role in politics during their tenure in office. Liquor did not begin to play a prominent role in B.C. politics until after 1914, when the popular movement known as Prohibition began to gain a substantial following. Diametrically opposed to the use of liquor in any form, the Prohibitionists regarded the saloon as particularly troublesome. They blamed the saloon for many of the social problems which had arisen from the mass migration of mostly non-Protestant Europeans to North America. These immigrants settled into an established society which viewed liquor as a demoralizing influence and a

¹⁷ Ibid., p. 128.

¹⁸ Ibid., pp. 82-83.

contributor to the immigrant's poverty and discontent.¹⁹ The saloon, where many of the immigrants gathered (for lack of any other suitable gathering place), was held responsible for contributing to such misery. In reality, however, the crusade against the saloon was rooted in more than just a desire to improve the lot of the immigrant masses. The disaffection of the middle class, said the Prohibitionists, stemmed from a concern that if industrialization was to be successful, it would require a politically-docile proletariat. Upon close investigation of the saloons, however, it was discovered that free and full expression of political opinion was occurring, and that the revolutionist writings of Karl Marx and Frederick Engels were a frequent subject of discussion.²⁰ It was this potential for social and political upheaval which the Prohibitionists feared, and they sought to eliminate this perceived threat to business prosperity and economic opportunity.

The battle waged by the Prohibitionists against the saloon could not succeed, however, until they came to grips with the liquor industry itself. In both Canada and the U. S., the power of the liquor and brewing industries extended to government. No other enterprise paid higher taxes; their ability to influence public policy when economically threatened was substantial. The breweries of British Columbia were no exception. Until the advent of Prohibition in late 1917, the province's population was able to support a number of small breweries. Once Prohibition became law, however, brewers were not permitted to sell beer within the province which contained more than 2 1/2 per cent alcohol. Since it

¹⁹ James H. Timberlake, Prohibition and the Progressive Movement 1900-1920 (Cambridge: Harvard University Press, 1963), p. 117.

²⁰ John J. Rumbarger, Profits, Power and Prohibition (Albany: State University of New York Press, 1989), p. 117. Rumbarger's discussion is particularly concerned with the United States, but a similar argument may be made for the Canadian situation.

was impossible to brew ale of less than 2 1/2 per cent, a number of breweries were forced to close, leaving a large portion of B.C.'s British-born population, accustomed to ale and stout, with little choice but to consume German-brewed lager.²¹ The largest lager brewery in the province, Vancouver Breweries Ltd., was owned and operated by a man of German origin, Henry Reifel.²² His brewery was now in a position to assume greater importance both as a prime producer of lager beer and as a major player in the single-issue pressure group, the Moderation League, who wanted an end to Prohibition, government control of liquor and the open sale of beer in bars and restaurants.²³

Despite the favourable decisions by the Judicial Committee of the Privy Council which gave provinces the right to control retail trade in liquor and liquor licensing within their respective provincial boundaries, provincial governments were still unable to affect interprovincial trade, which remained the responsibility of the federal government. The federal government had also retained control over the licensing process through which liquor could be manufactured within a province for markets outside its immediate provincial boundaries.²⁴ This situation was to prove itself problematical when the provinces, caught up in the Prohibition sentiment which swept the country during World War I (1914-1918), opted for some form of Prohibition.²⁵ By the

²¹ Silver Spring Breweries and Esquimalt Breweries did not survive as ale breweries. See Victoria Daily Colonist, 11 March 1921, p. 4.

²² William F. Rannie, Canadian Whisky: The Product and the Industry, W.F. Rannie, Lincoln, Ontario, 1976, p. 130.

²³ Victoria Daily Times, 18 March 1920, p. 2.

²⁴ John Archer, Saskatchewan: A History (Saskatoon: Western Producer Prairie Books, 1980), p. 177.

²⁵ Ibid.

end of the war, full-strength beer and light wines were available for purchase in only in the province of Quebec, where a successful lobby by the brewers had resulted in the exclusion of beer and wine from the prohibition law.²⁶ With the remaining provinces all passing 'dry' legislation, however, the federal government was left to deal with its federally-licensed 'export' houses, who continued to sell, manufacture, and transport liquor interprovincially. An order-in-council passed by the federal government in February of 1918 finally gave federal support to provincial legislation by establishing nation-wide prohibition for the duration of the war and for 12 months thereafter; manufacture of alcohol and transportation of liquor became illegal.²⁷

The federal order-in-council, however, was only a temporary measure. When the House of Commons subsequently passed a bill to validate the order for the remainder of the war and one year after, except when a province decided by vote to permit the sale of alcohol--whereupon manufacture and transportation would again be permitted--Senate

pounced upon the bill with a savage ferocity unbecoming their years; they took from it all strength and savour in temperance eyes by an amendment, which limited the operation of the federal prohibition measures to the duration of the war--not a day longer.²⁸

The motive behind this spirit of uncooperativeness was attributed to the some very successful behind-the-scenes lobbying in Ottawa by representatives of the

²⁶ Frank Roseman, The Canadian Brewing Industry: The Effects of Mergers and Provincial Regulation on Economic Conduct and Performance, Ph.D. Thesis, Northwestern University, 1971, p. 5.

²⁷ James H. Gray, The Roar of the Twenties (Toronto: Macmillan of Canada, 1975), p. 135.

²⁸ J.A. Stevenson, Before the Bar (Toronto: J. M. Dent & Sons, 1919), p. 104.

federally-licensed liquor export houses. Effectively blocked by the order-in-council, the export liquor interests lobbied Senate knowing that senators were capable of exerting considerable influence on legislation, particularly when the interests of Canada's economic elite were at stake.²⁹ While this process "usually does not necessitate the Senate's passing amendments of bills against the wishes of government,"³⁰ Senate clearly exercised its prerogative in this case to amend legislation which would have been detrimental to the liquor export houses. Senate leader Sir James Lougheed defended the amendment, stating that if Senate stood for anything, it stood "for the rights of vested interests against the caprice and clamour of the mob".³¹ Temperance orators meanwhile accused the senators of being "ringboned and spavined derelicts of politics [who suffered from] ailments and diseases for which they believe good liquor is the only reliable cure."³² The result was Bill 26, a compromise bill which provided for the re-establishment of interprovincial trade on the expiry date of the order-in-council which had banned such transactions--November 11, 1919. More importantly, this state of affairs would remain in effect until each province reaffirmed its adherence to Prohibition via a plebiscite, a process which would take up to a year to complete.³³

²⁹ Colin Campbell, The Canadian Senate: A Lobby from Within (Toronto: Macmillan of Canada, 1978), p. 154.

³⁰ Ibid.

³¹ Ibid.

³² Ibid.

³³ James H. Gray, Bacchanalia Revisited (Saskatoon: Western Producer Prairie Books, 1982), p. 2.

Action such as that exhibited by the single-issue pressure group which lobbied Senate on behalf of the liquor export warehouses, coupled with Senate's ability to impede legislation which it felt would harm such special interests, provoked the hostility of the Prohibitionists; at same time it encouraged their further participation in the policy-making process. Prohibitionists were a zealous and persistent lot. In the U.S., they had founded the Anti-Saloon League (1885); this group soon became so highly organized that no voting record of any political official in the country escaped its notice, and it "maintained cohorts of lobbyists in all legislative centres of the country."³⁴ Prohibitionists in Canada were also well organized; by 1915, Prohibition had become the primary social and political concern in the province of British Columbia. Prohibitionists took their lobby directly to government, where they succeeded in having the issue of Prohibition put before and approved by the voters of B.C. in 1916.³⁵

2. The Transformation - From Prohibition to Monopoly

The sentiment behind Prohibition was, however, not effective enough when it came to co-operating with the full force of the law. Federally, with the passing of Bill 26 in November of 1919, it was left up to the individual provinces to decide, by plebiscite, whether they wished to continue with Prohibition. In the mean time, the export warehouses had free reign to import or manufacture liquor; they could also blend it, trade it interprovincially or export it internationally. And with Prohibition due to come into full effect in the United States in January of 1920, the possibilities for making fortunes were

³⁴ Stephenson, *op. cit.*, pp. 142-143.

³⁵ Robin, *op. cit.*, p. 164.

enormous.³⁶ Soon bootleggers were reaping millions and violent crime statistics escalated as prohibition provinces found it impossible to cope with the magnitude of 'leaks' from the many warehouses which suddenly appeared along the American border. Meanwhile, in the province of B.C., it soon became apparent that the B.C. Prohibition Act, which came into effect on October 1, 1917,³⁷ contained a number of loopholes through which liquor could be obtained by those who desired it. Until February of 1918, and again after November 11, 1919, liquor manufactured outside the province (for example, in Alberta or Saskatchewan) by federally-licensed export houses could be imported into the province for local consumption. In addition, liquor could be purchased for 'medicinal' purposes, and obtaining it via a doctor's prescription soon became extremely popular. The phenomenal number of prescriptions for liquor arriving at the government dispensaries eventually forced B. C.'s attorney-general, J. Wallace deBeque Farris, to limit by legislation the number of prescriptions issued for liquor by the doctors of the province.³⁸ Disgusted with the ineffectiveness of the Prohibition Act, the attorney-general, while addressing the Nelson chapter of the W.C.T.U. in November of 1919, threatened that if new liquor legislation was not enacted soon, he would

³⁶ The man who went on to become the owner of the Seagrams Distillery, Harry Bronfman, got his start at this time. During the fifteen months between the expiration of the federal ban on interprovincial shipments and February 1, 1921, the date when importation of liquor into Saskatchewan became illegal again, his warehouse stocked up on supplies and made connections with American rum runners, establishing markets which survived long after the interprovincial flow was halted. See James H. Gray, The Roar of the Twenties, (Toronto: Macmillan of Canada, 1975), p. 136.

³⁷ Hiebert, op cit., p. 78.

³⁸ Victoria Daily Times, 26 March 1919, p. 13.

resign.³⁹ In February of 1920, a group of disgruntled Moderationists paid a visit to the attorney-general. Not only were war veterans unhappy about the lack of beer, but brewers were complaining about economic deprivation under Prohibition. They urged him to adopt a system like that in operation in Quebec, where the government permitted the sale of light wines and beer in bars and restaurants. Farris, however, could do little more than assure them that a liquor referendum was "under advisement."⁴⁰

But the most popularly-considered alternative to Prohibition, namely government control, remained undefined in the minds of many. What exactly did it encompass? Did it mean control of the manufacture of liquor itself, or control of the sales of liquor—or both? To complicate matters, no working model of the government monopoly system existed. Only two other pre-war attempts to control liquor through government regulation had been made in North America. The state government of South Carolina had operated a 'dispensary' system, ostensibly to confine liquor and those selling it within set bounds. Unfortunately, instead of confining liquor, new markets developed; still worse, the liquor traffic inundated the political system, corrupting state and local government.⁴¹ The attempt at the dispensary system in South Carolina was reviewed by a Royal Commission from the Saskatchewan government of Premier Scott when they visited the state in 1915. The commissioners were disappointed to find the system used as a political machine, and that its operations were accompanied by graft and political corruption. Administered by

³⁹ Ibid., 24 November 1919, p. 1.

⁴⁰ Victoria Daily Times, 16 February 1920, p. 1.

⁴¹ Ruth E. Spence, Prohibition in Canada (Toronto: Ontario Branch of the Dominion Alliance, 1919), p. 439.

too many poorly paid officials, the courts and public officials failed to give it sufficient support.⁴² There was one positive note -- a marked decrease in drunkenness had occurred. This piece of detail encouraged the commissioners to recommend the system to the Saskatchewan government, and a government-controlled liquor monopoly was subsequently placed in effect on July 1, 1915.⁴³ Despite Premier Scott's carefully-laid and largely successful plans to keep liquor out of the political system, government control became a victim of the prohibition movement. Although it appeared to function well, the Saskatchewan government's liquor monopoly was voted out and replaced by Prohibition in December of 1916.⁴⁴

The method of a government-controlled monopoly for selling liquor, then, aside from the brief experiment in Saskatchewan, had yet to prove itself as a useful and viable means of selling alcohol. When Farris introduced the bill for a Temperance Plebiscite in the B.C. Legislature on April 10, 1920, it was received with an understandable amount of apprehension.⁴⁵ Arguments ranged between those sympathetic to the Moderationists who wanted liquor to be made more freely available than was provided for in the bill, and those with Prohibitionist sympathies who thought the bill overstepped its bounds. The matter of liquor profits was questioned by J.H. Hawthornthwaite, Labour member of the Legislature, who cautioned that the only way to eliminate intemperance was proper "government control" with no profits permitted to

⁴² Ibid.

⁴³ Ibid., p. 440.

⁴⁴ Ibid., pp. 439, 440.

⁴⁵ Victoria Daily Times, 14 April 1920, p. 8.

accrue.⁴⁶ Again pressuring the government were the Moderationists, who immediately sent 60 women to Victoria as representatives of various women's organizations in Vancouver and Victoria. They urged Premier Oliver to consider "whether the electorate would be in favour of light wine and beer table licenses with Government control in respect of strong and spirituous liquors."⁴⁷

Meanwhile, appealing to women's groups and church organizations in favour of Prohibition versus government control was Mrs. Farris, wife of B.C.'s Attorney-General. Mrs. Farris concluded her remarks to a gathering at the Emmanuel Baptist Church in Victoria by asking her audience to "support prohibition as the logical method of protecting the young life of the Province from misery and evil."⁴⁸ To over 100 women in Nelson, Mrs. Farris said of government control ". . . it sounded well, but in a democracy, government control meant that those would control the liquor who wanted it."⁴⁹ Others maintained that government control had never been defined, and it was not possible to make a judgement on the matter until it had been so defined.⁵⁰

As much as Mrs. Farris and others tried to portray Prohibition as the lily-white alternative, however, the people of the province had seen their share of problems concerning the administration of prohibition law, the most scandalous case being that of Prohibition Commissioner Mr. Walter C. Findlay. Appointed Commissioner in September 1917, Mr. Findlay was jailed for contempt of court

⁴⁶ Ibid., 14 April 1920, p. 8.

⁴⁷ Ibid., p. 7.

⁴⁸ Ibid., p. 6.

⁴⁹ Ibid., 13 October 1920, p. 6.

⁵⁰ Reverend Craig, Prohibitionist, to a large audience at the Dominion Theatre, Victoria, in Ibid., 18 October 1920, p. 4.

in December of 1918 for refusing to testify at an inquiry into the alleged importation (i.e., smuggling) of liquor into the province.⁵¹ He was eventually sent to Oakalla Prison Farm for two years, convicted of stealing 74 cases of whisky (valued at \$1,590) while employed as Prohibition Commissioner.⁵² Mr. Findlay had, ironically enough, been secretary to the People's Prohibition Party when he had received his appointment as Commissioner.⁵³ In addition, the province's long coastline and many ports of call made the job of smuggling liquor a relatively easy one. Bootlegging was rampant in Vancouver, and liquor flowed with ease in the downtown clubs.⁵⁴

Throughout 1919 and 1920, Moderationist-funded petitions and delegations arrived in the Premier's office with steady regularity. Even when the government called for a plebiscite on the matter, the League did not give up its fight, for inextricably bound up in their platform for government sale and control of liquor was the plank calling for the 'Quebec system' of sale of beer and light wine in bars and restaurants.⁵⁵ To the government, however, such a suggestion smacked of the open bars and saloons of pre-Prohibition days. The issue therefore was to be decided between two alternatives only: Was Prohibition to continue (and if so, bone-dry legislation would follow), or would the government become a willing participant in the liquor trade?⁵⁶

⁵¹ Daily Colonist, Victoria, 28 December 1918, p. 2.

⁵² Victoria Daily Times, 10 June 1919, p. 2.

⁵³ Robin, op. cit., p. 180.

⁵⁴ James H. Gray, Booze (Toronto: Macmillan of Canada, 1972), pp. 193, 194.

⁵⁵ Victoria Daily Times, 14 April 1920, p. 7.

⁵⁶ Ibid., 10 April 1920, p. 14.

It was, however, difficult to ascertain just what the government had in mind by the word 'control.' Opinions of large numbers of people were held and expressed in the virtual absence of information, and this lack of information served to merely buttress pre-existing opinions. The vagueness of the few explanations offered was demonstrated when, on the very eve of the plebiscite, the voters of the province were still asking such questions as: How will the liquor business be controlled? How many stores will there be? How much liquor will each person be allowed to purchase at one time, and how often? What penalties will there be? And for what offenses?⁵⁷ The Prohibitionists had already concluded that if government control was approved, the office of the Premier would quickly degenerate into nothing more than an agency for whisky manufacturers, and that government liquor control meant liquor control of the government.⁵⁸ Certainly there was no masking the enormous profits earned by the government through the sale of prescription liquor at its dispensaries. In March of 1920, Farris reported to the House that liquor transactions for the year 1919 had amounted to \$1,579,473, over \$500,000 of which was pure profit.⁵⁹ Such profits, of course, made a large and important contribution to government treasuries. Would government control of sales reduce or encourage such profit-taking? Or would the public remain the victims of such obvious exorbitant pricing?

The politically-astute Premier John Oliver (who had taken office upon the death of Premier Brewster in 1918), while personally favouring Prohibition, maintained that the issue of liquor control was not a party question. He

⁵⁷ Ibid., 19 October 1920, p. 12.

⁵⁸ Ibid., 18 October 1920, p. 28.

⁵⁹ Daily Colonist, Victoria, 30 March 1920, p. 4.

encouraged all Legislative members to vote each as their conscience permitted, thus neatly side-stepping, at least for the time being, the issue of whether the Liberal party could indeed be labelled the favourite of the liquor interests. Encouraged by their leader's non-partisan approach to the subject, Liberal members fanned out throughout the province, preaching either the gospel of government control or prohibition. Among the many Liberals who condemned the Prohibition Act with a vehemence was Dr. W.H. Sutherland, Liberal member for Revelstoke. He was particularly incensed by the prescription system whereby a patient could obtain alcohol, calling the scheme a farce from beginning to end—and if doctors were making money out of it, he did not blame them one bit. What really bothered the good doctor, however, was the hypocrisy of those who, having voted for Prohibition, then came around "to get prescriptions for brandy for the pudding sauce."⁶⁰

All arguments taken into consideration, the men, and for the first time, the women of the province went to the polls in October of 1920 and declared themselves absolutely opposed to the Prohibition Act and in favour of government sale of liquor by a majority of 35,437. Vancouver recorded a majority of 10,176, while in Victoria, with over 75 per cent of those eligible to vote turning out at the polls, the majority was over 4,000.⁶¹ The voters of Saanich did not seem to be the least bit bothered by the fact they had to cast their ballots at the Temperance Hall—they gave their full endorsement to government control.⁶² One reader of the Daily Colonist, Victoria, wrote:

⁶⁰ The Vancouver Sun, 3 February 1920, p. 1.

⁶¹ Ibid., 21 October 1920, p. 1. Final figures were:
 In favour of Prohibition: 55,448
 In favour of Government Control: 90,885.
 See Ibid., 10 February 1921, p. 7.

⁶² Ibid., 21 October 1920, p. 1.

May I express my great pleasure and satisfaction derived from the decisive blow dealt the forces of bigotry and intolerance, under the guise of morality and religion, by clear, level-headed thinking and sound common sense as evinced by the the glorious majority of yesterday.⁶³

The Presbyterian Reverend Inkster of Victoria immediately delivered a sermon on the shortcomings of Prohibition and the possibilities for good under government control of liquor. Along with a number of well-known political figures seated in the pews was the Premier himself who listened intently while the Reverend described the Prohibition Act of 1916 as "a piece of radical temperance legislation"⁶⁴ With Prohibition in full force in the United States since January of 1920, however, the news about their northern neighbour's decision was greeted with considerably less enthusiasm by the Americans. The Seattle Times refused to believe that the people of British Columbia could possibly know what they were doing, dryly noting that the province "is experimenting and is passing through an interesting stage in its progress toward "bone-dry" Prohibition."⁶⁵

Having chosen the path of moderation, and having chosen it by a substantial vote, the people of British Columbia had become the first among the English-speaking peoples of North America to reject prohibitory liquor measures. Until the Legislature could meet and repeal it, however, Prohibition would continue. And until an Act was placed on the statute books dealing with the government sale of liquor, there would be no sale of liquor to private

⁶³ Victoria Daily Times, 22 October 1920, p. 4.

⁶⁴ Ibid.

⁶⁵ Seattle Times, as cited in The Daily Colonist, Victoria, 23 October 1920, p. 4.

citizens. Hoping to capitalize on its plebiscite 'victory', however, the Oliver government quickly called an election for December 2, 1920.⁶⁶ It was expected that the government, while fervently campaigning for the privilege to remain in office, might explain its intentions regarding government control. The editor of the Colonist suggested the government might enlighten both its potential and confirmed supporters by

stating the methods of sale to be adopted, the restrictions that will be imposed, the limitations that will be set on profits, the efforts that will be made to keep the cost of the administration of the law as low as possible, and what it is proposed to do with the new revenue that will be secured.⁶⁷

This state of affairs, however, was not to be. Municipal delegations petitioning the Premier for a piece of the increased governmental revenue from liquor sales were turned uncompromisingly away.⁶⁸ By refusing to discuss the character of the admittedly controversial proposed liquor legislation, or the system of administration, the campaign, at least as far as liquor was concerned, was a very dull and uninteresting one. The strategy to keep liquor as low-key as possible succeeded in returning the Liberals to power, but only with a bare majority, dropping from 36 seats to 24 seats in the 47 seat house.⁶⁹

During the period 1900-1920, then, the retail sale of liquor in British Columbia evolved from the days of open bars and saloons at the turn of the century, to Prohibition which had commenced during the latter part of the First World War, and finally to government control. It was now the task of the

⁶⁶ Ibid., 2 November 1920, p. 4 (editorial)

⁶⁷ Ibid., 3 November 1920, p. 3.

⁶⁸ Ibid., 16 November 1920, p. 1.

⁶⁹ Ibid., 2 December, 1920, p. 1.

government to determine the structure of its monopoly, to establish prices, to appoint staff, and to begin selling liquor. A number of logistic problems were to arise, including the locating of suitably secure warehouses large enough in which to store liquor, and the challenge of dealing with the federal government and its export warehouses. The patronage and corruption involved with government control of liquor to be discussed in Chapters Two, Three and Four will demonstrate how little the government was in control of its own operation--indeed, that the situation was in many ways entirely out of control.

- CHAPTER TWO -

SPOILS OF POWER--THE LIQUOR CONTROL BOARD

With the Liberals returned to office in 1920, speculation about the new liquor act was rampant. The desire of many British Columbians for good quality and freely available liquor at a reasonable price was voiced by Mr. Bert Kergin, Liberal M.L.A. for Atlin, whose impatience with the considerable amount of time being taken to remove prohibitory measures from liquor sales was expressed in the House:

My constituents did not send me down here to attend a temperance convention. I can say on their behalf that they desire to secure liquor as freely as water, of good quality, and in good measure.¹

In late February of 1921, the Liquor Control Act was at last revealed. The Act specified how liquor would be sold, and the offenses to be levied for disobeying such regulations. Regarding the former, all spirituous and malt liquors would be sold only by the government, and only to those purchasers holding a permit.² In essence, in order to obtain liquor, it was necessary for the buyer to obtain a permit (available at a government liquor store), present this permit each and every time he made a liquor purchase, write out his order and sign it, stating on the order his permit number and the nature and quantity of the liquor purchased. Permit fees ranged from 50 cents to \$5.00, depending on how much liquor was bought, and whether or not the purchaser was a resident of the province. Liquor bought from a government store was to be sealed with a

¹ Daily Colonist, Victoria, 12 February 1921, p. 7.

² Ibid., 24 February 1921, p. 1.

government seal, which could not be broken on the premises. Restrictions were placed on store hours, whereby no store was permitted to remain open longer than eight hours per day, and no store was to stay open after 8 p.m. Permits could be cancelled if excessive drinking, or injury to health occurred, or if the peace and happiness of a family was endangered. Persons convicted of illegally selling liquor would be subject to a fine ranging up to \$100 (or serve one month in jail) for the first offense. Penalties for second and third offenses escalated accordingly.³

The Act was to be administered by the Liquor Control Board (L.C.B.), which was to be headed by a three-man commission appointed by the government. The three commissioners had power over the establishment and regulation of all liquor stores, could determine the duties of all employees of the Board, were responsible for the purchase and distribution of liquor to government stores, the prescribing of hours of business, the distribution of price lists, and "a multitude of duties pertaining to the examination of liquor stocks, and regulation of warehouses and the control of permits."⁴ The L.C.B. would provide inspectors who could enter a premises without setting out grounds for suspicion; the power of seizure provided the inspectors with the right to search and confiscate in trains, boats, cars, etc. All persons prosecuted for intoxication were required to state where they purchased their liquor.⁵

By the end of April, over 3,000 persons had expressed an interest in the 200 positions on or under the Board of Control.⁶ With the memory of Harlan

³ Ibid.

⁴ Ibid.

⁵ Ibid., p. 11.

⁶ Ibid., 30 April 1921, p. 1.

Brewster's promises to eliminate patronage long forgotten, countless friends and supporters of the Liberal party appeared at the government's door, all expecting to be rewarded for their loyalty with a patronage appointment to the liquor board. The three commissioner positions on the L. C. B. almost immediately became the subject of several bouts of political in-fighting between the government and a group of politically powerful Liberals known as the Vancouver 'machine', controlled by Attorney-General Farris. While the government was attempting to decide to whom the three top patronage 'plums' were to be given, a major battle occurred within the Vancouver machine between the past President of the Vancouver Liberals, Mr. James H. Falconer, and party bagman Mr. W. R. McArthur, as to who should get the position of Vancouver representative on the Board. Farris finally announced that Deputy Attorney-General A. M. Johnson would be Chairman, Mr. Falconer would be the second commissioner, and Col. W.N. Winsby, Victoria school inspector, Liberal, former principal, and a veteran, would become third commissioner.⁷

William Bowser, the Conservative leader now in Opposition, criticized the "partisan, supine Commission, [which was] controlled by the Government--and everyone knows the Government is controlled by the Attorney-General, the wicked partner of the Premier . . ."; he accused the government of setting up a special area for favouritism and corruption in the Act by giving the Commission the power to decide who would get special liquor permits.⁸ In addition, the Commission was responsible only to the Attorney-General, and, as a result, was unaccountable to the Legislature for its actions. Not only was the Attorney-General's Department assuming the business of enforcing liquor laws and

⁷ *Ibid.*, 14 April 1921, p. 4.

⁸ *Ibid.*, 1 March 1921, pp. 1, 15.

administering the Liquor Act, but it also assumed responsibility for the buying and selling of liquor. This action had the effect of placing liquor squarely in the political arena.

In May of 1921, Commissioner Falconer was dispatched to the interior of the province to establish the number of outlets, and to decide who would work in the stores and the appropriate pay scale for services rendered.⁹ "It is the proposition," said Mr. Falconer, "that there shall be one store at least in every electoral riding. But should the people of any riding show that they do not desire a store, the board will not force one upon it. To that extent there will exist a system of local option."¹⁰ The liquor board was busy with other matters of no less importance as well. On June 28 The Vancouver Sun reported that a "gigantic secret service corps, under the direction of the L.C.B., [had] been let loose upon the Province of British Columbia."¹¹ Described by insiders as "pussy-foot sleuths" or "booze-hounds", this group was known in the official vernacular as Board Inspectors. Named as Chief Inspector was Mr. George

⁹ Ibid., 19 May 1921, p. 1.

¹⁰ Ibid., 19 May 1921, p. 1. The question of where and when to open liquor stores in the province was sometimes a problem. On one occasion, Commissioner Falconer appealed directly to the residents of Steveston to incorporate a store so that bootlegging and international rum running could be stopped. But for the most part, liquor stores were opened up in a community without any expressed knowledge to most residents. The opening of the Mallairdville liquor store was a case in point. A petition had been circulated and 100 names (not one belonged to a woman) were obtained in favour of opening a store. When news of the store opening was announced, however, objections were heard from far and wide. Arguments were heard to the effect that the liquor stores already in Coquitlam, New Westminster, and Fraser Mills were close enough to serve the community--why another was needed in such close proximity was indeed questionable. How it came about that the Board granted the request of just 100 ratepayers when thousands were not consulted on the matter was not known. See The Vancouver Sun, 30 November 1922, p. 2.

¹¹ The Vancouver Sun, 28 June 1921, p. 1.

Miller, a former head waiter at the Strand, a Vancouver hotel which had been raided during Prohibition.¹² The raid had been prompted by a visit to the hotel by the mayor of the city (who subsequently became the star witness at a later hearing), the mayor's suspicions "having been aroused by observing the distribution of sundry tea cups from which no steam was arising."¹³ Mr. Miller had also been a member of the staff of W.C. Findlay, Prohibition Commissioner, whose tenure had ended in scandal. Assisting Chief Inspector Miller was Chief Detective David Scott, who had a record even more dubious than Miller's. Scott, a former Inspector of Detectives for the Vancouver Police, had been relieved of his duties by the Chief of Police, and after a subsequent investigation by the police commission concerning charges 'of a serious nature', the dismissal had been made permanent.¹⁴

The announcement of the appointments of these rather unsavoury characters naturally generated a considerable amount of excitement. A flood of protests from women's groups arrived at the Sun's editorial desk the following day. "It is said," wrote the secretary of one group, "that the law gives Scott the right to enter my home in Vancouver without a warrant. It is the unanimous belief of the women that such a man should not be permitted to enter decent homes in the course of his duty."¹⁵ While the government chose to remain silent on the issue of such appointments, the pro-Liberal Vancouver Sun,

¹² Ibid.

¹³ Ibid.

¹⁴ Ibid. The nature of the charges involved were 'immoral'--Scott had been named as the co-respondent in a divorce suit, a suit in which Scott had offered no defense. Scott later sued the Sun for libel, but lost. At one point during the trial, he was in fact forced to admit " ... that he is the scoundrel the paper alleges him to be." See The Vancouver Sun, 2 September 1921, p. 1.

¹⁵ Ibid., 5 July 1921, p. 1.

absolved the Liberal party of all blame, arguing that the 'party' was not being consulted, and that many individuals who were receiving appointments had not been previously associated with the government, "except, possibly, as personal henchmen of the Attorney-General."¹⁶ The paper also reported that dismissals were also taking place without party consultation; five loyal members of the party had recently been terminated from the Pender Street liquor store, and that a well-known Conservative had replaced one of the discharged members of the 'faithful.'¹⁷ Farris, however, while refusing to acknowledge the Sun's charges, also refused to supply lists of L.C.B. appointments to war veteran's groups, who had protested to him that only a small number of returned men were obtaining positions with the liquor board. And he continued to at least meet if not exceed the Sun's stories regarding his party favouritism by appointing three new liquor vendors, each of whom had played a part in Liberal party politics.¹⁸

The government of British Columbia officially entered the retail liquor business on June 15, 1921. Of the over 100,000 permits printed, however, only 300 had been sold prior to June 15;¹⁹ to meet the wants of these 300 potential customers the L.C.B. had on hand some 35,000 cases of Scotch whisky, with smaller quantities of rye, brandy, and wines ready for sale. In short, the government had well over \$1,000,000 worth of liquor in stock.²⁰ But if British

¹⁶ Ibid., 30 June 1921, p. 1.

¹⁷ Ibid.

¹⁸ Appointed liquor vendor in Courtenay was H. Stewart, defeated Liberal candidate; appointed vendor in Kelowna was M.B. Calder, brother of the Hon. J.A. Calder, and Fred Hume, a former cabinet minister, was appointed in Nelson. See Vancouver Sun, 5 July, 1921, p. 3.

¹⁹ The Vancouver Sun, 15 June 1921, p. 1. It would appear that bootleggers were taking good care of most of B.C.'s liquor needs.

²⁰ Ibid.

Columbians initially lacked interest in sales of government liquor, their neighbours south of the border did not. With Prohibition in the U.S. now in full effect, the province's liquor stores looked very inviting to Americans. Flocking across the border on the Fourth of July holiday, they gave liquor stores \$20,000 worth of business—this in addition to the permit charge. At the Pacific Highway crossing, over 600 cars were cleared in 12 hours, with traffic surpassing daily totals for any previous holiday dates at the border crossing at Blaine. "Where do we get the booze?" was the first question asked by most.²¹ The actual retail process of selling liquor, however, had its share of problems. Obvious overtones of graft were evident when, in late August, it was announced that a \$5,000 discrepancy between stock and entries had been discovered in the Hastings Street liquor store, and that the entire staff of 15 men had been dismissed after a two-month investigation. The figure was later downgraded to \$2,500, with the dismissed employees claiming they were being blamed for mismanagement when the real blame should have been put upon the L.C.B.²² In an effort to appease veteran's groups, who were constantly leveling criticisms at the government for its failure to employ returned men to Board positions, eight men employed in the Beatty Street liquor store were transferred elsewhere so that, said Commissioner Falconer, veterans could be appointed to the store.²³

By November, 1921, it had become apparent that Chairman Johnson and Commissioner Falconer were not getting along. Mr. Johnson had become alarmed at the wide swath Mr. Falconer was cutting on the mainland, and, it

²¹ *Ibid.*, 5 July 1921, p. 1.

²² *Ibid.*, 30 August 1921, p. 1; 31 August 1921, p. 12.

²³ *Ibid.*, 6 November 1921, p. 1.

seemed, forgetting just who was the official chairman of the liquor board.²⁴ A new attorney-general, the former Speaker of the House and Omineca M. L. A. Alexander M. Manson, had been appointed in February of 1922, after Farris resigned his position of Attorney-General in December of 1921; Manson immediately commissioned Lieutenant-Colonel Ross Napier to prepare for him an exhaustive report on the activities of the liquor board in the Vancouver area. Manson demanded a thorough investigation before he would assume active management of the L.C.B. All employees in the Beatty Street liquor store were interviewed by Napier, some for as long as four or five hours, after it was discovered that a serious shortage in stock had occurred in this, one of the most widely patronized stores in the city.²⁵ Napier's report sharply criticized the L.C.B., particularly Commissioner Falconer. Napier accused Falconer of failing to consult with his colleagues in Victoria, of making private transactions with the brewers of the province, and of forging documents to cover these transactions.²⁶ Falconer's close connections with Farris and the Vancouver 'machine' however, were enough to convince Manson that any thought about relieving Falconer of his duties as Commission would have to be abandoned, at least for the present.

²⁴ Ibid., 9 November 1921, p. 1. Falconer's influence over the Commission was brought to light during the Public Accounts Committee "Liquor Investigation" of 1922. When a number of prominent Liberals (including Falconer's brother) became involved in a False Creek wine company, Falconer issued a circular to government liquor vendors that they were to requisition products from the wine company because "the Government was desirous of patronizing local institutions when possible." See Public Accounts Committee, "Liquor Investigation", 1922, p. 10. B.C. Legislative Library, Victoria, B.C.

²⁵ The Vancouver Sun, 17 March 1922, p. 1.

²⁶ Robert A. Campbell, "Liquor and Liberals: Patronage and Government Control in British Columbia, 1920-1928", in B.C. Studies, No. 77, Spring 1988, pp. 38-39.

Meanwhile, complaints about the quality of liquor being sold in government stores began to surface. R.H. Pooley, member of the Conservative Opposition, spoke in the House about a prominent Victoria colonel who had bought a \$6.00 bottle of brandy from a government liquor store but was unsuccessful in obtaining a flame from it, "even after wasting half the bottle while pouring it on top of a plum pudding."²⁷ Even more serious accusations followed. The L.C.B. was suspected of doctoring rum with ether when a man died after drinking 35 overproof rum, and several others had been reported sick after drinking a small quantity.²⁸ And in May of 1922, a resident of Trail wrote to Attorney-General Manson about a friend who purchased ". . . two bottles of Ussher's [sic] Black Label at the Pender Street Store for which he paid \$10.00 and his Hospital bill caused by it amounted to over \$200.00, though he drank very little of it" ²⁹

Not only was the quality of liquor sold criticized, but complaints about the quantity were also heard. In an effort to quell access to beer by bootleggers through L.C.B. stores, the L.C.B. had put a limit on the amount of beer sold to a customer in any one day at two dozen bottles; whisky, however, could be purchased in any amount. The L.C.B. soon saw the error of its ways. The government passed an order-in-council recinding the limit, and reassured the public that bootleggers would be dealt with by "other means."³⁰ Inspectors

²⁷ Victoria Daily Times, 23 November 1921, p. 16.

²⁸ The Vancouver Sun, 13 January 1922, p. 1.

²⁹ Schofield to Manson, 18 May 1922, Attorney-General's Department, Letters Inward, 1921-1924, PABC.

³⁰ Victoria Daily Times, 7 January 1922, p. 1. Hiram Walker and Sons nevertheless complained that the L.C.B. was not doing enough advertising of Canadian whisky, and that its market in B.C., was still far below the pre-Prohibition era. See Vancouver Sun, 2 February 1922, p. 10.

were hired instead to keep a day and night watch on breweries and liquor warehouses, for it was at these locations where bootleggers were obtaining most of their illicit liquor.³¹ In an effort to track bootleggers in the interior of the province, Manson and an entire railway car full of detectives departed in August for the Okanagan and Kootenay areas. Armed with 120 search and/or arrest warrants, L.C.B. inspectors staged raids on private residences in Penticton (one cellar alone yielded 40 barrels of beer and 271 bottles of hard liquor), and on bootlegging stations south of Nelson and Cranbrook, where many hundreds of gallons of liquor regularly crossed the border into the 'dry' U.S.A. from the federally-licensed export warehouses. Included in the arrest warrants were the names of two government vendors, suspected of selling liquor on the side to their friends.³² A few days later, on Manson's instructions, more arrests were made in the Fraser Valley, arrests which were again designed to eliminate much of the illegal trade carried on with the Americans.³³ Following directly upon the heels of these raids was the successful conviction of one of the export houses, The Dominion Liquor Company of Creston, B.C., for illegally selling liquor. Dominion was levied the maximum fine of \$1,000 for selling liquor inside the provincial boundary, and its entire stock of \$25,000 worth of liquor was seized -- this despite the fact that the defending attorney for the Dominion

³¹ Victoria Daily Times, 5 August 1922, p. 2. When Manson had ordered the removal of inspectors from breweries earlier in the year, sales of beer in government stores had decreased by some \$8,830.20 in just two months. See Miller to Falconer, 3 April 1922, Attorney-General's Department. Letters Inward, 1921-1924, PABC.

³² Victoria Daily Times, 9 August 1922, p. 1. 250 bottles of seized rye, maraschino, rum, and other concoctions unfit for human consumption were seized; all would be poured down the sewers of Vancouver.

³³ The Vancouver Sun, 19 August 1922, p. 10.

was none other than M.L.A. and the former Attorney-General, J. W. deB. Farris, now engaged in private law practice in Vancouver.³⁴

By the spring of 1922, enough evidence had surfaced to indicate Manson's policies and the L.C.B.'s practices were clearly at odds. Manson's mission statement in May of 1922 that as long as he was attorney-general, he would never permit the Liquor Act to be carried out for revenue only and that he intended to administer the Act from the standpoint of good morals of the people,³⁵ did not mask the fact that he had been forced to work with staff appointed by others, and administer an act which was not of his own making. The L.C.B. was literally 'honey-combed' with employees who had ". . . no desire to assist the successor to the man who appointed them, former Attorney-General Farris, in making a success of the job which their benefactor had come to grief."³⁶ Manson had succeeded in gaining Oliver's approval in early March of 1922 to curtail some of the administrative costs incurred by the L.C.B. Several stores were closed and staff reductions were made. Belmont House, the comfortable Victoria offices occupied by the L.C.B., was partially closed, and some of its offices moved into warehouses at a saving of several thousands of dollars.³⁷

Nevertheless, the L.C.B. continued to succeed in making a mockery of Manson's pledge to administer the Act from a moral standpoint. A shipment of

³⁴ Ibid., 11 September 1922, p. 1. One month later, the L.C.B. gave permission to the Dominion Liquor Company to move both its Vancouver and Creston warehouses to Greenwood, a small community situated close to the international boundary. See Victoria Daily Times, 9 October 1922, p. 7.

³⁵ Ibid., 8 May 1922, p. 1. Manson, it should be noted, was a deeply religious man.

³⁶ Ibid., 15 October 1922, p. 1.

³⁷ Victoria Daily Times, 10 March 1922, p. 13.

Russian vodka containing 90 per cent alcohol was brought in and placed on L.C.B. store shelves for sale; for those who did not care to have their vodka quite so strong, the L.C.B. brought in a smaller shipment which contained only 80 per cent alcohol.³⁸ The L.C.B. then announced it would be opening a second liquor store in Victoria, conveniently located--for the expected large influx of thirsty American tourists now feeling the full effects of Prohibition--near the docks, Victoria's centre for all steamship, railway, and other transport offices in the city. The L.C.B., knowing Manson would never approve such a location, had gone right over the attorney-general's head and brought in the premier himself to make a personal inspection of the property.³⁹ After securing Oliver's approval, subsequent arrangements were made to purchase the premises. When Manson learned what had happened, however, his reaction was swift. He announced there would be no new store in Victoria, repeated his pledge that the liquor business in B.C. would be administered for moral rather than financial profit, and that the government liquor act was a control measure, not a measure for stimulating the consumption of liquors.⁴⁰ Although this attempt to increase sales failed, the L.C.B. remained undeterred; in late May of 1922 it announced that sales of liquor in 'hip-pocket' flasks would soon begin. An obvious revenue producer, there was not much doubt that such bottles would inevitably appear at dining room tables of public restaurants in direct conflict with the Liquor Act, which forbade the use of liquor in any public place.⁴¹ In addition, the L.C.B. announced in August of 1922 that its stores would no longer

³⁸ *Ibid.*, 11 April 1923, p. 2.

³⁹ *Ibid.*, 1 May 1922, p. 2.

⁴⁰ *Ibid.*, 2 May 1922, p. 2.

⁴¹ *Victoria Daily Times*, 27 May 1922, p. 4.

close on Wednesday afternoons. By remaining open six days a week, the extended hours would, reasoned the L.C.B., no longer prove an "inconvenience to tourist traffic."⁴² But both Manson and the L.C.B. were worried about more than just losing the Wednesday afternoon tourist traffic. Bootleggers were reaping a harvest while liquor stores were closed--longer hours meant not only more business for the government (who had recently initiated a series of price cuts to encourage sales), but also the reduction in hours of sales for those who chose to peddle liquor illegally.⁴³

By the close of 1922, liquor profits were topping the one million dollar mark annually.⁴⁴ The profit margin did not, however, impress the Opposition. The \$34,000 posted in the loss account for burglary and theft over the six-month period ending September 30, 1922 was termed "scandalous" by R.H. Pooley, who pointed out this money would have brought 1,000 cases of whisky. Noting that vermouth costing the government \$1.60 a bottle was being sold for \$4.25 in government liquor stores, Pooley directly accused the government of graft, remarking, ". . . of course, we understand that they have to get these prices to keep the gang going, they have got so many political mouths to feed."⁴⁵

The years of 1921 and 1922, then, saw the Liquor Control Act put into effect and the Liquor Control Board established. Appointments to positions within the L. C. B. were almost entirely filled through the patronage system, despite former premier Brewster's intentions for a public service system based on merit, i.e., technical qualifications, rather than political connections. Indeed,

⁴² Ibid., 2 August 1922, p. 2.

⁴³ Ibid., 5 August 1922, p. 2.

⁴⁴ Prime Profit Statement, Liquor Control Board, 1 October 1921 - March 31, 1922, Attorney-General's Department, Letters Inward, 1921-1924, PABC.

⁴⁵ Victoria Daily Times, 31 October 1922, p. 1.

Brewster had followed Prime Minister Robert Borden's Union government example by creating a civil service commission in 1917 with the hope that a merit system could be established which would objectively screen and examine candidates for government positions.⁴⁶ It soon became evident, however, the Brewster's ideas for civil service reform did not have party support; starved of government patronage for 13 long years while the Tories had held office, the Oliver Liberals were not about to deny themselves or their political friends. The Attorney-General's department in particular regard to the L.C.B. appeared to have free reign to make appointments based on the 'spoils' systems where government supporters were given preference for employment.⁴⁷ Oliver's apparent complete disregard for the civil service commission was made clear when, in 1922, he attacked the commissioner outright for obstructing patronage appointments.⁴⁸ Unfortunately many of the individuals who were hired as a result were not qualified to perform the duties for which they were hired. And, to complicate matters, the demand always exceeded the supply; it seemed as if there was no placating the sheer numbers of hungry party workers.

The government's blatant use of patronage was brought to the attention of the public almost daily by a press which was growing increasingly critical of the Oliver administration. This was especially the case with the Vancouver Sun newspaper, the support of which was more important to the Liberals than any other Vancouver newspaper, not only because of its high circulation but

⁴⁶ Jeffrey Simpson, Spoils of Power, (Toronto: Collins, 1988), p. 288.

⁴⁷ The spoils system has been generally identified with U.S. President Andrew Jackson following the 1828 election, not because he was the first to use it, but because he was the first to advertise he was doing so and to make a virtue out of it. See Fred A. Kramer, Dynamics of Public Bureaucracy (2nd edition), (Cambridge, MA: Winthrop Publishers, 1981), pp. 153, 154.

⁴⁸ Simpson, op. cit., p. 289.

because it was originally purchased to give a voice to pro-Liberal sympathies. During the course of the McBride administration, the great majority of the province's small-town newspapers had been financially influenced by the Conservatives, and were, by 1916, a well-established cog in the Conservative machine. As for the two largest cities in the province, the 'Tory press' consisted of the Vancouver Daily Province (financially supported by Hewitt Bostock, who later became a senator, and edited by W. C. Nichol, who resigned to become B. C.'s Lieutenant-Governor in 1920),⁴⁹ while Victoria was home to the ultra-Tory Daily Colonist. Only a smattering of Liberal papers existed, including Victoria's Daily Times, but this situation was soon to change with the purchase of the Vancouver Sun in 1917 by Robert Cromie. Cromie, financially backed by Foley, Welch and Stewart, contractors for the P.G.E. (Cromie had been employed as General Stewart's private secretary, and Stewart was active in Liberal politics), had purchased the Sun with the intention of publishing it in opposition to the Conservative press.⁵⁰ As the Sun's support of the government waned, however, this influential paper began assuming a highly critical role. It regularly printed information which the government would preferred to have kept secret. This type of behaviour enabled Sun to assume a new position of power--that of exposure--a position which became a thorn in the side of the Liberals throughout the remainder of their administration.

⁴⁹ Bessie Lamb, Origin and Development of Newspapers in Vancouver, Unpublished M.A. Thesis, University of British Columbia, 1942, pp. 49, 52, 57.

⁵⁰ Lamb, op cit., pp. 67, 70.

- CHAPTER THREE -

THE WAREHOUSES

While bootlegged liquor from federally-licensed export warehouses plagued the government and played havoc with its profit margin, one of its own warehouses was to be a source of trouble for the government. The L.C.B. needed warehouses for temporarily storing liquor before it was distributed to its retail stores. The government, however, could not resist involving itself in still more favouritism toward fellow Liberals by yet another act of political patronage. First it leased, then purchased at a grossly inflated price, a Vancouver warehouse from a Liberal organizer and fund raiser as a reward for his campaign activities. When the money from this purchase was used by the former owner to acquire a Vancouver newspaper which promised to give unswerving loyalty to the Liberal government (something the supposedly Liberal Vancouver Sun had failed to provide), the result was an explosion of the press, hostile enquiries by the Opposition, and criminal charges. The government never quite recovered. The scenario was a superb example of how patronage politics can interfere with a government-administered monopoly to produce detrimental results to the political organization.

1. *The Campbell Warehouse Deal*

Using government control to reward the party faithful led to immediate public embarrassment for the Liberals. After naming the city of Vancouver as the prime distribution centre for liquor imported into the province for government sale in the spring of 1921, a suitable warehouse for holding stocks of liquor was required. During Prohibition, the government had previously leased 10,000

square feet on Beatty Street from the Campbell Storage Company Limited when storage facilities were needed for liquor controlled by the Prohibition Commissioner.¹ But with liquor sales and distribution now a significantly larger undertaking, more space was needed. A subsequent agreement between the government and Charles Campbell, President of the Campbell Storage Company (and Secretary for the Provincial Liberal Organization Committee), established a five-year leasing plan for the entire six-storey brick and concrete building (approximately 48,000 square feet) at a monthly rate of \$1400. This agreement, which was signed by then B.C. Attorney General Farris on behalf of the government, also included an option to purchase the entire building for \$150,000 cash at any time.² After some quick arithmetic by then Deputy Attorney-General Johnson, however, he advised Farris that the government would be considerably richer if it purchased the warehouse outright for \$150,000 rather than pay out \$84,000 over five years. Since there would be no question that in five years this building, with C.P.R. trackage at the rear, would be worth more than the amount required to purchase it at the present time, Johnson recommended the government purchase the warehouse as soon as possible.³ The Minister of Finance was subsequently notified of the recommendation, the purchase price of \$150,000 was delivered to Mr. Campbell, and the government took possession on May 1, 1921.⁴

¹ Memorandum to the Honourable Premier from the Deputy Attorney-General, 14 June 1921, in Attorney-General's Department. Letters Inward 1921-1924, PABC.

² "Memorandum for His Honour the Lieutenant-Governor", 21 June 1921, p. 1, Pattullo Papers (Oliver Correspondence), PABC

³ Memorandum for the Honourable the Attorney-General from the Deputy Attorney-General, 3 March 1931 [sic], in Attorney-General's Department. Letters Inward. 1921-1924, PABC.

⁴ The Vancouver Sun, 26 May 1921, p. 1.

In the eyes of Robert J. Cromie, publisher of the Vancouver Sun newspaper, however, the matter was not all that simple. Campbell, in addition to his position as Secretary to the B. C. Liberal party, had been a shareholder in the Sun since 1912 and later had become one of its directors. The son of ex-alderman J. B. Campbell, Charles E. Campbell had quarrelled with Cromie in the early part of 1921,⁵ and they were still at loggerheads when the government officially announced the purchase of Mr. Campbell's warehouse in May. Cromie decided to investigate the matter further, and upon approaching the Vancouver Real Estate Exchange for the 'actual competitive market value' of the Campbell property, was told the building and land were valued at total of only \$82,500.⁶ Cromie concluded that an overpayment of \$67,500 had been made, and accused the Oliver government of rewarding Campbell for his 'campaign activities' in the 1920 election by purchasing his warehouse at nearly double its market value.⁷ To add insult to injury, it was revealed at this time that Mr. Campbell had been attempting to sell his Beatty Street property for some time, and had listed it in several real estate offices at just \$75,000, exactly half the price paid by the government.⁸

Cromie, however, may not have been nearly so upset about the transaction had Campbell not used the \$150,000 given him by the government

⁵ Lamb, op. cit., pp. 43, 107.

⁶ The Vancouver Sun, 7 June 1921, p. 1.

⁷ Campbell denied this in a letter to Oliver, writing, "The property was carried on the books of the Campbell Storage Co. for years at \$125,000, but I certainly would not have tied the property up under option for a term of five years for less than the price asked, nor was it ever listed with any real estate firm, broker, or anyone else, for less than \$150,000.00." See Campbell to Oliver, 22 June 1921, Pattullo Papers (Oliver Correspondence), PABC.

⁸ The Vancouver Sun, 7 June 1921, p. 1.

to purchase the Sun's arch rival, the Vancouver Daily World newspaper.

Cromie went on a veritable rampage, using the front page of his daily paper to pour out his vengeance. He first published a lengthy statement entitled "Policy of the Vancouver Sun" in which he stated he had approached Oliver some three months ago concerning information that he (Cromie) had regarding "several transactions, which in the interests of good government, should be stopped."⁹ Although Cromie did not elaborate, he complained that inefficiency, influence peddling, and graft were playing too large a part in Liberal party policy in the province. Oliver's reply to these accusations, said Cromie, had come through one of the Sun's directors, specifically Mr. Charles Campbell, who informed Cromie that the cabinet had met and had decided the Sun had to be put out of business. Cromie, however, informed Campbell that the Sun was not for sale, and that unless Oliver did some cabinet housecleaning, the Sun would do it for him. Campbell returned to Cromie's office several days later with a proposition. The Liberal party, said Campbell, was prepared to offer \$150,000 cash for the Sun; Cromie was urged to take it or face the possibility of being put out of business.¹⁰ Again Cromie told Campbell the Sun was not for sale. That same afternoon, Campbell's purchase of the World was announced; it was to be run as an 'independent Liberal newspaper.' Cromie was livid, writing, "A score of World newspapers . . . will not suppress the indignation of a robbed and outraged public who are being bled white. The policy of the Sun will continue to be controlled by a feeling of obligation to our subscribers."¹¹

⁹ Ibid.

¹⁰ Ibid.

¹¹ Ibid.

Oliver's reply appeared in the World the following day. Cromie, wrote Oliver, had engaged himself in a dispute with the Powell River Paper Company concerning a price increase charged for newsprint. After no success with the paper company, Cromie approached Oliver in late 1920 with his problem in the hope the Premier would use his influence on Cromie's behalf. Oliver, however, twice told Cromie the dispute was one for the courts to settle. This did not satisfy Cromie, and by March of 1921, he and his pro-Liberal newspaper suddenly assumed a threatening attitude toward the government. Oliver went on to deny he had authorized Campbell to speak for him or for the Government, and that he had furthermore regarded Cromie as a 'dangerous man' for the past two years. Oliver concluded:

I know nothing whatever as to the business relations or negotiations between Mr. Cromie and Mr. Campbell, and when Mr. Cromie writes that 'the premier and his cabinet met and decided that the Sun must be put out of business,' he states what is absolutely false. In my opinion, Mr. Cromie will put the Sun out of business quicker and more effectively than the government could do it.¹²

Campbell proceeded to initiate a libel suit, and subsequently applied for and received an injunction against the Sun and its publisher to prevent the paper from publishing any articles pertaining to the subject of his libel suit against the Sun and Mr. Cromie. Cromie's lawyer labelled the injunction as ". . . an attempt to prevent an attack on the Oliver government by the press when it was the duty of the press to do so."¹³ A further attempt by Campbell to have Cromie locked up for contempt of court failed, as did the Sun's application for trial in view of the

¹² The Vancouver Daily World, 8 June 1921, p. 1.

¹³ The Vancouver Sun, 16 July 1921, p. 15.

restraining order which was effectively 'keeping the lid on' the Campbell warehouse purchase.¹⁴

When the trial finally got underway in mid-October of 1921, Campbell testified that Cromie had asked him to use his influence with the government over a disagreement Cromie had with the Powell River Paper Company.¹⁵ When no government assistance was forthcoming, Cromie blamed Campbell, and promised him he would make things difficult for the government. Campbell, seeing an embittered man and a potentially dangerous situation, offered to buy out Cromie, but the price of \$500,000 which Mr. Cromie countered Mr. Campbell's offer of \$150,000 was, in Campbell's opinion, prohibitive. It was this break between Cromie and Campbell which was the real cause of the libel suit, said Campbell.¹⁶ But Mr. Campbell was not the only influential person Cromie approached in his battle with the Powell River Paper Company. When Premier Oliver took the stand, he testified that Mr. F.R. Anderson,¹⁷ also a director of the Sun, had requested the government intercede on behalf of Mr. Cromie regarding his dispute. Oliver said that Cromie "had been forced under duress to sign a new contract with the paper company at a higher price although he had a

¹⁴ Campbell wrote Oliver in July that Cromie was "feeling very seriously the financial effects of the World's opposition, and that it was only a question of months until he will have to sell the paper or go into liquidation . . ." See Campbell to Oliver, 16 July 1921, Pattullo Papers (Oliver Correspondence), PABC.

¹⁵ The Vancouver Sun, 15 October 1921, p. 1.

¹⁶ The Vancouver Daily World, 15 October 1921, p. 1.

¹⁷ Mr. Anderson was arrested in San Francisco in November of 1924 and charged with smuggling liquor into the U.S. The District Attorney said of Anderson ". . . he is a confessed smuggler and violator of the laws of this country." See Victoria Daily Times, 18 November 1924, p. 1.

valid contract in existence."¹⁸ Since the new contract meant increased costs of between \$75,000 and \$80,000, Oliver advised Anderson

. . . that the proposal seemed to me to be one of coercion, of coercing the Powell River Paper Company into recognizing a claim which could not be supported in the courts. I expressed my surprise to Mr. Anderson that a reputable solicitor would lend himself to use influence with the government for the purpose of using their position by means of coercion upon any corporation, of forcing them to recognize a claim which was in dispute. I told him that the proposal savored of blackmail.¹⁹

As to the price paid by the government for the warehouse itself, Mr. Douglas Reeve, a real estate agent in the city for some seventeen years, testified that the price for which Mr. Campbell had sold his warehouse to the British Columbia Liquor Board had been high by some fifty per cent.²⁰

After two days of such testimony, Campbell's libel suit was dismissed. Freeing the case from the courts, however, provided little solace for either Campbell or the government; the entire matter was again subject to the same sensational contentions which had existed before the restraining order was issued. The affair came up almost immediately in the Legislature.²¹ While Attorney General Farris questioned the findings of the judge and jury, Tory Opposition Leader Bowser took the government to task, charging it with the illegal purchase of the Campbell warehouse based on the evidence that Campbell was one of the government's closest political supporters and an admitted "go-between for people who had business to do with the government

¹⁸ The Vancouver Sun, 15 October 1921, p. 1.

¹⁹ Ibid., 17 October 1921, p. 9.

²⁰ Ibid., 18 October 1921, p. 10.

²¹ Ibid., 28 October 1921, p. 11.

and [had] extorted campaign funds from them for doing so."²² Farris, while he had indicated at first he felt no obligation to answer to the public about the Campbell warehouse deal, quickly changed his mind upon hearing Bowser's accusations. Devoting almost an entire speech to his own defense, he passed the entire responsibility of the transaction onto former Deputy Attorney-General Johnson. Johnson had, during the course of the two-day trial, already taken full responsibility for the purchase of the Campbell warehouse, but he also testified he had laid the proposition before cabinet and gained governmental approval for the purchase.²³

But Bowser was concerned with more than just the warehouse deal. He unleashed charges of incompetency, favouritism, scandal, maladministration, illegal liquor purchases, poor business judgement, and unjustifiable expenditure against the government. Bowser claimed he had gained access to information which had convinced him that certain influential individuals had been dealing and indeed selling liquor to the government. Named were Wendell B. Farris, brother of the attorney-general, Charles Campbell, president of the World, J.P. Dougherty, defeated Liberal candidate in the 1920 provincial election and now, through patronage, a civil servant, W.R. McArthur, the attorney-general's appointee as police commissioner for Vancouver on two occasions; Gordon S. Wismer, campaign manager for Farris; H. J. McLatchy, Liberal party organizer, James Conley, president of the Vancouver Liberal Association and the Farris nominee for the federal Burrard riding, and C.C. Delbridge, president of Ward 'A' Liberal Association in Vancouver. Bowser

²² Ibid.

²³ Ibid. Johnson had, in a September letter to Oliver, called Cromie, "a deliberate and unqualified liar" See Johnson to Oliver, 14 September 1921, Pattullo Papers (Oliver Correspondence), PABC.

furthermore said he had evidence which would show that approvals for the establishment of export warehouses were being given by the attorney-general's department "after an exchange of monetary consideration."²⁴

The usually suave Farris was outraged. Pounding his desk with his fist, he declared there was not a single truth in anything the Opposition Leader had said, and insisted on certain charges being investigated. He also intimated that he would ask the House to "emasculate the opposition leader's resolution in which his charges are explicitly set forth in detail."²⁵ In a plea for sympathy he accused Bowser of taking "this group of men, some of them my friends, some my political associates, including even my own brother and throw[ing] a ring of mud around them. That is the sort of thing that makes one wonder if the game is worth playing" ²⁶ Matters were made worse by dissension within the Liberal party, which was so rampant that Tom Uphill, Labour member for Fernie, was inclined to say he felt sorry for the Premier because of the trouble he was having with his own supporters and that as a result he felt disposed to be lenient with his own criticism.²⁷

²⁴ The Vancouver Sun, 28 October 1921, p. 1. The only connection ever proved was between the McConnell Distillery and C. C. Delbridge. Delbridge acted as their B. C. agent. See Victoria Daily Times, 4 November 1921, p. 22.

²⁵ The Vancouver Sun, 28 October 1921, p. 1. Bowser's charges were never formally laid. It may have been he did not have the evidence, for when the opportunity came for the opposition leader to put forward a formal resolution, the wording used made it possible for the government to manoeuvre around it. Perhaps Bowser did not want to be reminded of the "amount nearly equal to the purchase price" of the Campbell warehouse which he had given while he had been in office to the editor of a Vancouver newspaper for using his influence to have some Indians removed from the Kitsilano Reserve. See Delbridge to Farris, 23 October 1921, Attorney-General's Department, Letters Inward, 1921-1924, PABC.

²⁶ The Vancouver Sun, 29 October 1921, p. 14.

²⁷ Ibid.

As for Mr. Campbell, it soon became obvious he was a marked man. In February of 1922, Campbell was instructed by Oliver not to organize or collect any more money in the name of the Liberal party.²⁸ But Mr. Campbell was not the only man to fall victim. Farris found himself facing a torrent of criticism both within and without the Liberal party. He had, as attorney-general, faced more than his fair share of it with respect to the liquor act. At one point he had complained about the demands made upon him in his efforts to draft liquor legislation:

I personally wish that it were far away and that I would never see it again. There has been no more bothersome and perplexing problem presented to any government than this. . . .²⁹

But his friendship with Oliver and his powerful position within the government had served to keep him politically secure. Moreover, his association with the Vancouver wing of the Liberal party had been a long and influential one. Dictating his wishes concerning party candidates and campaign funds, he literally ran the Vancouver 'machine.' For example, in September, 1921, orders went out from Farris headquarters to kill off politically Liberal M.L.A.'s Mr. M.A. Macdonald and Mrs. Mary Ellen Smith. Both Macdonald and Smith wanted to run in the upcoming federal election, but Farris wanted to run his friend, Vancouver Mayor Gale as the federal candidate. Liberal candidate meetings were dominated by the 'Farris crowd', many of whom were employees of

²⁸ The Vancouver Daily World, 19 February 1922, pp. 1, 2. Two years later, in March of 1924, the Sun purchased the World from Mr. Campbell for \$475,000.00. Mr. Campbell went on the purchase both the Edmonton Bulletin and the Calgary Albertan, and to launch the Regina Star newspapers. See World, 12 March 1924, p. 1, Daily Colonist, 12 July 1927, p. 6, and Vancouver News-Herald, 12 December 1947, p. 1.

²⁹ Daily Colonist, Victoria, 2 March 1921, p. 5.

government liquor stores. During one such meeting it was charged that the campaign to force the candidature of Gale in Vancouver Centre "was being pressed from the back rooms of liquor stores under the direction of the Farris ring."³⁰ This evidently caused some concern in Victoria, for the L.C.B.

immediately issued a dictum that no government liquor warehouse was to be used as headquarters for ward workers and supporters of Farris.³¹ The matter also came up in the House when Conservative member R.H. Pooley accused Gale of being Farris' friend and of ignoring bootlegging activities in the city, despite the fact Gale was a police commissioner.³²

It had not always been this easy for Farris to have his way with the Vancouver machine, however. At one point during the 1920 campaign, it had been openly acknowledged that Farris was to be 'knifed' for the stand his department had taken regarding the defeat of the Prohibition Act. Not only had the Prohibitionists anger been aroused, but the moderation vote had been jeopardized as well, it was said, by Mrs. Farris' public pleas for the prohibitionist cause during the plebiscite campaign. The voting day results, which ultimately saw him easily elected, was said to have surprised all parties and provided an interesting comment on the difficulty of judging public opinion.³³ There had been more problems in April of 1921 when the composition of the potentially powerful L.C.B. was being decided upon. Farris favoured Deputy Attorney-

³⁰ The Vancouver Sun, 20 September 1921, p. 1.

³¹ Ibid., 24 September, 1921, p. 1.

³² Victoria Daily Times, 23 November 1921, p. 14.

³³ The Daily Province, Vancouver, 2 December 1920, p. 32. The Sun attributed Mr. Farris' election to the fact that out of the \$240,000.00 spent on campaign funds, "three-quarters of the campaign efforts were directed to elect Mr. Farris." See The Vancouver Sun, 30 October 1921, p. 1.

General Johnson for chairman, but there were those who preferred to see J.H. Falconer, Liberal campaign fund raiser, chair the Board. The strife which rent the Vancouver ranks became so bitter at one point that Farris was called to the Terminal City in order to try to appease the two wings.³⁴

But by October of 1921, with the Campbell warehouse deal fully exposed by the courts and in the Legislature, upcountry Liberal members like H. G. Perry of Fort George were demanding Farris' resignation.³⁵ Oliver, however, never deviated in his support for Farris. In a reply to a letter from a Liberal supporter who appealed to him to dispose of Farris, Oliver promised a searching investigation into the attorney-general's administration, but in the meantime would "stand by my colleagues in government until it is shown that they have either committed some wrongful act or have been remiss in the duties of their office."³⁶ Farris, meanwhile, was determined to disprove as many of Bowser's accusations as he could, outlining to the Legislature a lengthy list of liquor purchases (made on behalf of the government by Mr. Paterson, purchasing agent), 90 per cent of which Farris alleged were purchased through liquor agents with no political connections. He then challenged the Leader of the Opposition to name any single instance of wrong-doing against himself or any member of the House. "The situation of Mr. Bowser", said Farris, "was that there was something rotten about the department of the attorney-general."³⁷

Certainly there was much to suggest that something was very rotten in the attorney-general's department. By December 9, the Sun was predicting the

³⁴ Daily Colonist, Victoria, 12 April 1921, p. 1.

³⁵ The Vancouver Sun, 25 October 1921, p. 1.

³⁶ Oliver to McAdam, 20 October 1921, in Pattullo Papers (Oliver Correspondence), PABC.

³⁷ The Vancouver Daily World, 28 October 1921, p. 12.

resignation of both Farris and Oliver; on December 22, 1921, Farris indeed resigned. Oliver, somewhat dismayed at the turn in events, urged Farris to reconsider, in view that, coupled with the resignation of Vancouver M.L.A. Mrs. Mary Ellen Smith just one month earlier, Vancouver city was left virtually without representation in the provincial cabinet. But Farris was determined not to stay on, and a saddened Oliver wept uncontrollably during the farewell tribute held along with a lavish banquet at the Hotel Vancouver.³⁸ The wily Farris, interestingly enough, spent his last days in office in Vancouver organizing the 'steam roller' that was to prevent anything very serious happening to his friend, Oliver, at the upcoming convention of Lower Mainland Liberals. He made sure "that there would be a large attendance of the machine workers in order to combat any effort to introduce the subject of replacing Mr. Oliver as leader of the Liberal party in B.C."³⁹

2. *The Export Warehouses*

The government of the province, while within its constitutional rights in claiming a monopoly regarding the retail trade of liquor via the Liquor Control Act, was unable to exercise much in the way of control over the private importation process. Individuals and licensed export warehouses were still able to import liquor, although it was within the power of the L.C.B. to collect a profit tax of \$2.50 a quart on such imports. This tax constituted the difference between what a wholesale merchant could buy liquor for and what the government could sell it for. Private individuals who had obtained their stocks of liquor prior to the Act becoming law were to notify the L.C.B. of the situation

³⁸ The Vancouver Sun, 6 January 1922, p. 1.

³⁹ Ibid., 20 January 1922, p. 3.

so that government seals could be placed on the bottles by inspectors, and the differences remitted.⁴⁰

The B.C. government, nevertheless, viewed the private importation process as potentially troublesome. When the Conservative senators from B.C. instigated a motion which deleted legislation designed to prohibit the “importation of intoxicating liquor into the province except by the Provincial Government . . . ,”⁴¹ the Oliver administration launched a series of appeals that ended in only minimal success.⁴² Senate officially argued that it could not be a party to what it deemed as a monopoly in restraint of trade, and that the private right to import acted as a safeguard against the government charging too high a price for or selling inferior liquor.

In reality, the Oliver government saw little wrong with the few individuals who imported a case or two of French wines for their own use. But the big

⁴⁰ One Mission resident had taken the trouble to notify the L. C. B. that he had in his private possession,

a small stock of liquors, including some French wines of rare old vintage, which he had purchased some years ago. He state[d] that he would be glad if the Board would send along its inspector to have the liquor approved and sealed. A day or two later he got a communication from the Board stating that the trip would take the greater part of the day for the inspector and what the expenses would be. If the owner of the liquor would remit the amount of the inspector's expenses in making the trip, one would be sent out right away. As may be inferred the inspector has not yet placed the seal on the wines of rare vintage, for the owner has declined to send expense money and had heard nothing more about the incident.

See The Vancouver Sun, 15 July 1921, p. 7.

⁴¹ Canada, Debates of the Senate, Session 1923, p. 715.

⁴² Daily Colonist, Victoria, 7 May, 1921, p. 1.

warehouses were an entirely different matter. By December of 1922, it was estimated that 80 to 90 per cent of the illicit business conducted both with prohibition provinces and the U.S. was the direct result of the private importation of liquor by warehouses.⁴³ Manson's appeal to Ottawa within three weeks of becoming attorney-general resulted in legislation which would have given the province control over the licensing of export houses in B.C.⁴⁴ Bill 132 passed through the Liberal-dominated House of Commons and was forwarded to the Tory-dominated Senate, where it passed first and second readings and the committee stage without substantial comment. The third and final reading (which was considered a mere formality, as any fight would have been put up on second reading), however, occurred just prior to the proroguing of the House for summer. With 33 of the 96 senators absent, the section of Bill 132 which would have given the B.C. government complete control was struck down.⁴⁵

Although Manson was dismayed at the outcome, he believed if quick action were taken, he could get the good senators to reconsider, since the small margin of defeat (5 votes) still appeared to leave some room to negotiate.⁴⁶ Meanwhile, he decided to take the matter of the export houses into his own hands. In late July, 1922, he asked for and obtained an order-in-council to compel the export warehouses to keep special books to record details of all liquor brought into the warehouses, i.e., quantity, kind, size of bottle, day and hour received, and names of persons connected with the shipment. In addition,

⁴³ The Vancouver Sun, 2 December 1922, p. 11.

⁴⁴ Ibid., 3 May 1923, p. 1.

⁴⁵ Victoria Daily Times, 27 June 1922, p 2

⁴⁶ Victoria Daily Times, 11 July 1922, p. 2. The section was defeated 34-29. See Canada, Debates of the Senate, Session 1922, pp. 712-713.

these books were to show all shipments out, including the number of cars or trucks and the person in charge of the shipment. A weekly inventory would also be required, and L.C.B. inspectors and the police were to have admittance to the warehouses at any time and to have access to all books.⁴⁷ By early August, five liquor shipments bound for the U.S. had been seized and there was some evidence, albeit sparse, that bootlegging activities were being slowed. Of some 60,000 cases of liquor received from England at one Vancouver export warehouse, only 5,000 went to the L.C.B., while the remainder, it was reported, sat in the warehouse. The easing of bootlegging activities could only marginally be connected with the actions taken by the attorney-general, however; a more realistic explanation was that the best bootleggers were probably either travelling or resting and holidaying at summer resorts, enjoying their profits earned earlier in the year.⁴⁸ To make matters worse, the liquor seized by the L.C.B. from the Davison Export Liquor Company, one of the federally-licensed warehouses in the province which had been recently raided on suspicion of selling liquor to the U.S., was ordered returned to the warehouse. The liquor company, said the judge, was not in violation of the Liquor Act, whether the liquor was held for export to the U.S. or to any other country. Since Mr. Davison had indeed complied with all the provisions of the Act with respect to licensing and held the necessary documentary records of transactions, the L.C.B. had no right to seize its liquor.⁴⁹

Raids carried out on the export warehouse in Fernie, however, provided for some interesting observations. When the L.C.B. seized the stock of the

⁴⁷ *ibid.*, 31 July 1922, p. 1.

⁴⁸ *ibid.*, 3 August 1922, p. 2.

⁴⁹ *ibid.*, 29 September 1922, p. 2.

export house in that town, sales of liquor in the government stores both at Fernie and Michel increased over 100 per cent. The dramatic rise in sales merely confirmed L.C.B. suspicions that the export companies were selling to bootleggers, and people would buy from government stores only when they could not purchase their liquor at a cheaper rate from illicit vendors.⁵⁰ Further raids at hotels and stores in the area turned up a considerable quantity of unsealed liquor. Tom Uphill, Fernie M.L.A., complained bitterly that while the people of Prince Rupert had been publicly notified that the L.C.B. was coming to obtain evidence against liquor sellers, no such notice was given to Fernie when Chief Inspector Miller sent his corps of inspectors there.⁵¹ Such favouritism to bootleggers was inexcusable!

In December of 1922, Manson received a visit from several U.S. prohibition officers, who discussed with him the seriousness of international rum running. Although no request for international co-operation was formally made, the attorney-general immediately sent off an application to Ottawa asking for the re-introduction of the bill to prohibit the private importation of liquor into the province.⁵² Once again it passed through the Commons, although not without W.G. McQuarrie, Conservative, New Westminster, alluding to 'impartial' prosecutions for breaches of liquor laws, and characterizing the administration of the liquor law in B.C. as "rotten."⁵³ The following day, third and final reading was given to the bill on export houses, which now had been amended to read that liquor could be imported into B.C. only by provincial authorities or by

⁵⁰ ibid., 2 September 1922, p. 2. This also accounts for some liquor price reductions by Manson.

⁵¹ ibid., 20 October, 1922, p. 2; 24 November 1922, p. 7.

⁵² The Vancouver Sun, 25 January 1923, p. 1.

⁵³ Daily Colonist, Victoria, 17 November 1923, p. 1.

manufacturers and distillers (in order to blend or flavour their products). George Black, Conservative, Yukon, declared during the course of the final debate that the fight against bootlegging in B.C. was a "sham" and that the L.C.B. was, furthermore doing nothing to encourage temperance; its boosting of the sale of liquor, said Black, "would lead one to think there was a Victory bond sale on."⁵⁴ Warming to the issue, Mr. Black said that B.C. liquor firms were compelled to appoint ward officers of Liberal associations as agents in order to sell their liquor, and he alleged that loganberry juice was being sold as port, cheap whisky was being "treated with prune juice and a high voltage electric device," then rebottled and sold at \$3.50 a quart. These, he argued were examples of the L.C.B.'s operation; those who could do so therefore had a right to import their own liquor.⁵⁵

Despite these protestations on behalf of the Conservatives, Bill 43 passed and was sent on to Senate. There, however, the bill was held up during second reading, when Liberal Senator Dandurand (Quebec), who was responsible for piloting the bill through Senate, read aloud a letter Manson had written to the solicitor-general in January about his fears that the bill again would not pass Senate. Manson wrote:

I cannot find language strong enough to emphasize the necessity for the legislation asked for. It will be conceded by any sane person that the liquor traffic [sic] is . . . extremely dangerous and difficult to handle, and where it is handled by a Government, regardless of its political complexion, it is jeopardized.⁵⁶

⁵⁴ ibid., p. 14.

⁵⁵ ibid. Mr. Black quoted from the report of the Public Accounts Committee. See "Liquor Investigation", Public Accounts Committee, 1922, B.C. Legislative Library, Victoria, B. C.

⁵⁶ Canada, Debates of the Senate, Session 1923, p. 715.

Manson's letter went on to refute some of the arguments put forth by various senators to the effect that the province, not the federal government, was responsible for the existence of export houses. But it was the accusation that a

tremendous lobby will be carried on against this legislation. That lobby will be this year, as it was last, in the hands of Liberals, probably of conspicuous Federal Liberals. Very liberal sums of money will be made available for the debauching of members of both sides of the House. Very substantial contributions will be offered to the campaign funds of all parties⁵⁷

which really upset the senators, including Dandurand. Tory Senator Lougheed called Manson's letter "a falsification of facts almost from beginning to end

"⁵⁸ While some of the senators questioned the confidentiality of such a letter, Dandurand assured them that he had obtained Manson's permission to read the letter to Senate.⁵⁹ Dandurand went on to read Manson's concluding remarks:

You need a Liberal British Columbia, and you need it

⁵⁷ Ibid., p. 717. Manson wrote the editor of the Ottawa Citizen on the subject:

If there are any persons foolish enough to believe that the liquor interests today would not give a very substantial amount in cash to defeat the "Canada Temperance Act" those persons should have wings and pass to ethereal mansions--they are quite too unsophisticated for this world. To prove, however, that money is actually given, or to charge that it is actually given is another matter. One may believe it, but the evidence in proof on one's behalf is extremely difficult to obtain.

See A. M. Manson to C. Bowman, 9 May 1923, Attorney-General's Department, Letters Inward, 1921-1924, PABC.

⁵⁸ Canada, Debates of the Senate, Session 1923, p. 717.

⁵⁹ Ibid., p. 718. See also A. M. Manson to W. L. Mackenzie King, 16 January 1923, Attorney-General's Department, Letters Inward, 1921-1924, PABC.

very badly. If the Liberal Government in British Columbia is to be maintained in office it must maintain its good name. Its good name is vulnerable at no point as it is in connection with the liquor traffic Nothing would suit [Bowser] better than to see our Provincial Liberal Government wrecked upon the reef of liquor administration.⁶⁰

Dandurand then proceeded to discuss the Bill. It was his understanding, he said, that export houses were a federal matter, since they came under the right of people to trade, but that they nevertheless could be regulated by the province. Dandurand's patient explanations, however, did little to impress the Tory senators. Victoria's Senator Barnard, in particular, precipitated a lengthy discussion concerning the likely virtues of the attorney-general of British Columbia. Why, he asked, had Manson given his approval for the establishment of not less than five export warehouses since his appointment as attorney-general?⁶¹

One of these warehouses had been licensed to operate in Greenwood, a small town with a population of about 350 people, while another had been licensed in Grand Forks, another comparatively small town of about 1500; both towns were within ten miles of each other.⁶² But more importantly, each town was located directly on the Kettle Valley Railway, a line which ran along the international boundary, and crossing it a half dozen times within a very few miles. Whether bootlegging or smuggling, the lucrative American market held a great attraction for these export houses. In addition, by encouraging the export houses to locate in these remote towns, the L.C.B. eliminated a sizeable amount of its competition from the larger cities and towns in the province. In any

⁶⁰ Ibid.

⁶¹ Ibid., p. 733.

⁶² Ibid.

event, this suited the warehouses, who, for the most part, preferred to keep a low profile while carrying on their illegal trade with the Americans.

B.C. Tory Senator Green also spoke to the issue. Manson, he said, was not really interested in abolishing export houses, only in having the power to determine who should have them. Green accused Manson of being "in the same boat with his predecessor [Farris], they having been quite ready to allow their friends, certain firms of solicitors, to secure from the public certain moneys for the purpose of getting licenses"63 He completed his statement by denigrating Manson for

. . . saying things about members of this House and members of the other Chamber that he has no right to say; saying things that this House should resent; and I ask honourable gentlemen if we are going to sit here to-night and allow propaganda of that kind. Are we going to sit here to-night and allow that gentleman to dragoon us into passing this Bill as he has done up to its present stage?64

Despite Manson's hastily-drafted letter of apology explaining that the January letter was intended as a "personal communication," the bill passed through Senate only after being amended to read that it should be effective only after a plebiscite was held in the province.⁶⁵ The idea of a plebiscite, however, was not welcomed by Manson. He insisted there was no need for it because the people of the province had already said they wanted government control, and therefore it was evident that the private process was held in high disfavour throughout the province. Oliver expressed his disappointment with the

⁶³ *Ibid.*, p. 738.

⁶⁴ *Ibid.*, p. 739.

⁶⁵ The Vancouver Sun, 21 June 1923, p. 5.

decision, adding that the cost of a plebiscite would range between \$75,000 and \$100,000.⁶⁶

It was not long before another brief exchange of hostilities occurred between Ottawa and Victoria. Upon rejection by the House of Commons of the Senate amendment, George Black (B.C.) accused Manson of co-operating with the Prime Minister Mackenzie King to kill the amended bill.⁶⁷ Manson, in turn, charged Senate with obstructing the provincial government in its bid to expel the practice of bootlegging, and called the senators "fossils of the red chamber."⁶⁸ The senators, in turn, heaped scorn upon Manson. Upon his return to Vancouver, Tory Senator Crowe stated that the attorney-general's letter suggesting sinister influences were at work among the senators was the direct cause of the defeat of the anti-import bill. Senator Barnard, who accompanied Senator Crowe, added that it was not necessary to prohibit individuals from importing in order to abolish the export warehouses--the Customs Department granted licenses for warehouses only after the provincial authorities had given their consent.⁶⁹ When Oliver challenged both senators to prove that the province had the legal right to cancel the licenses of liquor export houses, they insisted Manson's friends in the Federal Government could help, that no 'wet' lobby existed, and that the Customs Department could no longer take the B.C. government seriously.⁷⁰

⁶⁶ Ibid., 21 June 1923, p. 5.

⁶⁷ Ibid., 14 July 1923, p. 13.

⁶⁸ Ibid., 19 July 1923, p. 14.

⁶⁹ Daily Colonist, Victoria, 14 July 1923, p. 5.

⁷⁰ Ibid., 7 July 1923, p. 1; 8 July 1923, p. 1. Indeed, the federal department of Customs and Excise may have had some difficulty in taking the government of B.C. seriously, for it was well aware of the inordinate amounts of money pouring into the country via the province. Returns on liquor smuggled

Given the limited capacity of the B.C. government regarding the activities of the export warehouses in the province, the privilege retained by the federal government in determining both the number of the distribution of export warehouse licenses was an enviable one. Manson was well aware of the favouritism involved in the granting of these licenses, and the opportunity to gain provincial control of this procedure for patronage purposes was an irresistible temptation. Evidence to this effect was produced in the Senate by Senator Green, who read aloud three letters from British Columbia M.L.A. Ian Mackenzie which indicated that Capt. Mackenzie had received a large sum of money for using his influence to secure an export warehouse license for some friends.⁷¹ This revelation, coupled with the embarrassment of having his private letter to the solicitor-general read in the Senate (a letter which Manson had neglected to mark "Confidential"), left the attorney-general with little in the way of alternatives. Beating a hasty retreat, it was some time before Manson again pressed for federal legislation concerning the export houses.⁷²

into the U.S.A. from B.C. generated as estimated \$500,000 per month (see The Vancouver Sun, 24 April 1923, p. 1), and given the difficulties in securing accurate statistics from even the most reputable of smugglers, it may well have been considerably greater.

⁷¹ Canada, Debates of the Senate, Session 1923, pp. 737, 738.

⁷² It took, in fact, until June of 1928 before Bill 192, an Act to Prevent Private Importation, received royal assent. Bill 192 gave exporting warehouses a full two years to dispose of their stocks, did nothing to stop the transport of liquor through the province and allowed licensed distillers and brewers to continue to import liquor for 'blending purposes'. (See Victoria Daily Times, 27 June 1928, p. 5). Tom Uphill, outspoken member for Fernie, home of one of the province's large export warehouses, condemned the entire charade, calling Canadians, "a bunch of dubs" for helping the United States enforce Prohibition for the sake of what he called "a few fanatics". Canada was "sacrificing good revenue and employment for many people in the export liquor business by shutting down this industry." (See The Vancouver Sun, 12 March 1930, p. 22).

As 1923 came to a close, then, the Oliver government was faced with losses on two major fronts. Firstly, the embittered editor of the Vancouver Sun, Robert Cromie, had turned his pro-Liberal newspaper into a formidable adversary and, secondly, the Tory-dominated Senate had proved itself reluctant to give up federally-instituted licensing powers. The 'character assassination' suffered by Charles Campbell at the hands of Cromie, and the ensuing libel case, was an exhibition of the raw power of the press. The exposition of allegations such as those revealed in the Campbell warehouse deal, whether true in whole or in part, severely damaged the government's reputation and morale, and made a graphic contribution toward changing the Liberal party image from that of a group of reform-minded individuals intent on abandoning patronage to a corrupt, graft-ridden group of men intent on rewarding themselves and the party faithful. Through its ability to influence public opinion, the Vancouver Sun, by its decisions about what to print and what not to print, was able to exert political power over the government. As far as the vengeful Cromie was concerned, the greater the government's embarrassment, the better. Favouritism like that exemplified in the Campbell deal would henceforth be subject to 'the full treatment.'

The Canadian Senate, on the other hand, performed its own character assassination on Manson. While the federal Liberals in the House of Commons seemed complacent enough in recinding their power to license, the Tory-dominated Senate was another matter entirely. As originally conceived by the Fathers of Confederation, Senate was to have three overriding responsibilities: to protect the interests of property; to act as a conservative restraint on the young, impressionable and impulsive House of Commons; and to represent the

various regions of Canada.⁷³ Senate has, however, "never consistently met any of these responsibilities, largely because its place atop the hierarchy of political patronage in Canada fatally compromised its credibility."⁷⁴ It has not, however, been remiss in responding to lobbies made on behalf of the nation's business interests, an area where senators have worked very effectively. Pleas from the lobby representing the liquor export warehouses that their businesses could be severely threatened if control of their licenses were transferred to provincial authorities, along with Senate's desire to retain federal control of patronage, convinced the senators to defeat the legislation.

⁷³ Richard Van Loon and Michael S. Whittington, The Canadian Political System (2nd edition), (Toronto: McGraw-Hill Ryerson Limited, 1976), p. 447. See also Simpson, op cit., p. 311.

⁷⁴ Simpson, op cit., p. 312.

- CHAPTER FOUR -

LUBRICATING THE MACHINE

While nowadays it is comparatively rare to encounter a donor who expects a direct return for his contribution to a political party, this has not always been so. Prior to legislative reforms in 1974 (Election Expenses Act)¹ the two major parties were almost totally dependent on contributions from large corporations in order to fight election campaigns and to maintain their political organizations between elections. Campaign contributions have sometimes been identified with a cause (for example, middle-class support of Prohibition), and given in response to legislation or expected legislation. Because liquor has often operated near the boundary between legality and illegality (particularly during the 1920's), the industry has found it necessary to rely on pecuniary leverage with government. Once a contribution has been given, however, a political party can no longer regard the group, company or corporation in the same manner as one which did not make a contribution.

Political campaign contributions help purchase security; in the case of liquor, contributions gave "protection" in order to "assure" the existence, profitability, and increased influence of the industry. Sometimes, however, specific overriding obligations can be created with a relatively large contribution to a political party. Large contributions have usually been associated with single-issue pressure groups interested in legislation of great monetary value. The Royal Commission reports discussed in this chapter are ample evidence that large campaign contributions clearly have occurred, and that government

¹ Stanbury, op. cit., p. 406.

decisions regarding public policy have been favourably disposed toward the contributors.

1. *The Case of Beer*

Included in the Liquor Control Act of 1921 was a clause which prohibited the public consumption of liquor; this clause made the sale of any alcoholic beverage, including beer, over a bar or in a public lounge, illegal. There was, however, a sizeable minority which stood to gain financially from the removal of this clause. Called the Moderation League, it was in reality the brewer's lobby consisting of hotelmen, veteran's clubs, and of course, the brewers. The Liquor Control Act had in fact no sooner been declared law when the Great War Veteran's Association (G.V.W.A.) of British Columbia announced it would hold a referendum in all its branches to determine the views of its members regarding the sale of beer in veteran's clubs.² What the government not unexpectedly heard was an emphatic 'yes' to the sale of beer. But the expressed views of the veterans went for naught. The proposal to include a beer clause in the Act was defeated in the Legislature by a vote of 32 to 12, effectively limiting by law the sale of malt liquor solely to government stores.³

By June 15, 1921, however, the date the government opened its first liquor stores in the province, veteran's clubs across the province were unabashedly selling beer to their patrons in full defiance of the law. Raids by the police began almost immediately; swooping down on the G.W.V.A. club in Fernie on June 20, police seized two half-kegs of beer; one week later, another raid was staged, and more beer seized. And in Vancouver, the Scotia Athletic

² Daily Colonist, Victoria, 1 March 1921, p. 4.

³ Ibid., 24 March 1921, p. 1.

Club was raided, the bartender arrested and charged with selling liquor.⁴ But the government received little in the way of public support for its actions. The general feeling was that returned soldiers, and working men in general, should not be denied a glass of beer.⁵ While Prohibitionists had often argued that access to beer (via the saloon) could be blamed for generating revolutionary ideas, Moderationists were convinced otherwise:

There is not the least doubt that a great deal of the unrest, the radicalism, the tendency to Bolshevism and strife today is because the worker feels that his liberties and privileges have been interfered with, and it is as true today as ever, that interfere with the workingman's rights to their beer and you make a revolutionist out of him.⁶

The decision not to include the sale of beer by the glass in the Act had not been an easy one, nor it seems, was it a final one. Beginning in early March of 1921, deputations of brewers from Victoria, Vancouver, and New Westminster had presented themselves to Premier Oliver, alarmed by prospects that there was little chance of a 'beer clause' being included in the Act.⁷ Defeat of the proposed clause, however, did little to daunt the brewers and hotelmen. Having contributed somewhere between \$85,000 and \$100,000 to the 1920 election campaign (most of which went to the Liberal Party), and with every bartender

⁴ The Vancouver Sun, 20 June 1921, p. 1; 27 June 1921, p. 1.

⁵ ibid., 10 August 1921, p. 7.

⁶ Daily Colonist, Victoria, 5 March 1921 (letter to editor). This view was also expressed by Mr. Samuel Gompers, U. S. labour leader, who had voiced his concern that the extreme measures of prohibition would have a detrimental effect on the labouring people of America, and those who prevented factory workers or others under great mental and physical strain from securing some stimulant would some day have to pay for their extreme views on the question. See Canada, Debates of the Senate, 1919, p. 424.

⁷ Daily Colonist, Victoria, 10 March 1921, p. 7.

and bootlegger in Vancouver boasting that he voted the straight six Liberals on the understanding that a beer clause would be included in the Act, the Moderationists began pressuring individual members of the Legislature. By early June, it was obvious that another attempt at a beer clause was being planned for the fall session of the House, and that a number of members who had previously voted against such a clause were now implying they would vote in favour of beer-by-the-glass when a similar bill appeared again.⁸

It was in such an atmosphere of contradictions, then, that the returned soldier's clubs continued to sell beer throughout the summer of 1921.⁹ But generally, public sympathy was with the returned soldiers. Having risked life and limb in the trenches of France, they had the respect of everyone touched by the Great War; there were few families who had not contributed a son, father, or husband in the defeat of Germany. For the government to deny such heroes their beer and comradeship (which many soldiers had learned to appreciate in London pubs while on leave), was almost unthinkable.

The 1921 fall session of the Legislature indeed saw the government outline beer legislation. It provided for the retail sale of beer in any city or municipality under a system of local option--that is, if the residents of a specific area decided in favour, the sale of beer by the glass would be permitted for that area only. Each electoral riding would be considered strictly on its own merits.

⁸ The Vancouver Sun, 5 June 1921, p. 1.

⁹ Circumventing the law by admitting club members only and then selling tickets for beer so that no money was handed across the bar, the police work of securing evidence became increasingly difficult. The government had one brief moment of respite when Sir Charles Tupper's attack on the validity of the Liquor Act was dismissed by the Supreme Court. Acting on behalf of the Army and Navy Veteran's Club of Victoria regarding their right to sell beer, Tupper's challenge was the first, albeit unsuccessful, attempt upon the constitutionality of the Liquor Act. See ibid., 3 August p. 1; 10 August 1921, pp. 1, 7.

Debate was limited by Oliver who appealed to all parties to eliminate unnecessary bickering and unite on the question to be submitted to the people. This tactic, however, infuriated the Opposition, who accused Oliver of limiting debate so as to protect his attorney-general from questions about campaign funds for the last election, including the sources from which they were derived, and pledges given.¹⁰ The Mackenzie beer motion¹¹ passed first and second reading with little comment, but when it came to the all important final vote, Speaker Manson (later Attorney-General Manson), to the utter disbelief of the government, ruled the entire motion out of order, citing an obscure ruling which said a private member could not introduce a motion calling for the expenditure of public money.¹² Since the holding of a province-wide plebsicite would indeed call for a vast expenditure of public funds, the motion came to a sudden and dramatic halt. There would be no beer sold by the glass with the government's blessing for some time yet.

Meanwhile, nothing changed. Veteran's clubs kept on selling beer, and police kept on raiding them. While Liberal clubs were generally exempt from such raids, this was not always the case. When the 'dry squad' raided the Campaigner's Club on East Seventh in Vancouver, seizing more than 800

¹⁰ Ibid., 21 November 1921, p. 1.

¹¹ So named for Capt. Ian Mackenzie, Liberal member of the Legislature for Vancouver, who had gone on record as backing the plea by ex-service organizations regarding the sale of beer by the glass in soldier's clubs. See Daily Colonist, Victoria, 3 March 1921, p. 1.

¹² It is, of course, mere speculation why Manson proceeded as he did. He afterwards insisted he acted solely on his own, although it was evident Oliver was not supportive of any legislation which would have seen beer sold by the glass. Since Manson was soon to be named by Oliver to the post of attorney-general of the province only a few short weeks after his ruling, it is conceivable that Manson acted on Oliver's behalf.

bottles of beer, and arresting the bartender, considerable surprise was expressed when it was noted that the club had "included some of the strongest supporters of the Oliver-Farris Government in the last elections No organization worked harder for the Government. Members of veteran's organizations who dug up the \$3,000 bail to get Conway [the bartender] out of jail last night openly stated that the raid was the thanks the Government had given for the support of the soldiers in the elections."¹³

The man who had been instrumental in stopping the motion which could have made the public sale of beer legal in 1921, had, by 1922, assumed the office of attorney-general, and, in that capacity Manson was faced with the problem of dealing with the beer clubs. On at least this one occasion the L. C. B. co-operated with Manson, a rarity given the differences between the two. New regulations were announced by the L.C.B. which prohibited beer from being distributed direct from breweries to purchasers at government liquor stores, and all beer ordered at government stores was to be delivered from the government's own warehouse. This was to be an improvement over the old system which permitted quantity purchases of beer by government liquor stores to be delivered from the breweries, but left leeway for brewery trucks to transport more beer than actually ordered. It was in this way, it was argued, that the suspected clubs were obtaining some of their supplies.¹⁴

By late 1922, the government once again was preparing to consider a plebiscite on the matter of beer by the glass.¹⁵ Petitions appeared on the

¹³ The Vancouver Sun, 13 July 1921, p. 7.

¹⁴ Ibid., 19 September 1922, p. 1.

¹⁵ Ibid., 1 October 1922, p. 1. In the Fall of 1922, with little prospect of beer being sold by the glass in the foreseeable future, the Sun decided to run its own poll amongst its 43,000 readers as to whether they preferred:

1. Total prohibition

Premier's desk from the Vancouver Hotels' Association,¹⁶ and representatives from the Moderation League intensified their efforts. The bill provided for a stormy session, nevertheless, with Speaker Jackson threatening to evict members on three different occasions. When the matter finally came to a vote, however, it was defeated 24 to 17.¹⁷

Still, the Moderationists continued their pressure tactics. By fall, 1923, the policy makers of the Liberal Party of B.C. had concluded that it was now politically expedient to add the open sale of beer as a plank to the Liberal platform, and that those Liberals previously opposed could now be counted on to vote with the party, particularly since another election was in the offing.¹⁸ Even with 'dry squads' roaming the streets, beer was being consumed in larger and larger quantities, although it was strictly illegal for anyone other than

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2. Sale of beer and wine in hotels and restaurants
 3. The present Act.

To assist its readers, the paper published a cross-section of views expressed by some aldermen and businessmen of the city. Alderman Pettipiece, a prohibitionist and opposed to government control, accused the government of building up a gigantic political machine throughout the province by means of the administration of the liquor act, and that the present system "makes the premier the bartender-in-chief and is destructive of public morale." Alderman Crone, meanwhile, recommended the sale of beer and wines through a permit system, while the president of the Vancouver Hotelman's Association, naturally, came out in favour of beer by the glass. One week later, the results were published. Out of 5,838 votes cast, an overwhelming 4,428 were in favour of the sale of wine and beer in hotels and restaurants. Total prohibition was favoured by 1,087, while a paltry 323 favoured the liquor act as it then stood. See The Vancouver Sun, 1 October 1922, p. 1, and 8 October 1922, p. 1.

¹⁶ J. A. Weldon to Oliver, 18 November 1922. Attorney-General's Department, Letters Inward, 1921-1924, PABC.

¹⁷ The Vancouver Sun, 13 December 1922, p. 13. The government literally split itself down the middle on the vote. Four cabinet ministers voted in favour, four voted against; 11 Liberals, including Oliver, voted against, 11 Liberals, including Manson and Farris, voted in favour.

¹⁸ Ibid., 8 September, 1923, p. 1.

government stores to sell it. Such chaos led many to conclude that beer sales might as well be legalized rather than be allowed to continue under such conditions.

Interestingly enough, the attorney-general was, at this time, involved in a series of secret meetings with none other than the brewers themselves. In his attempts to cut off the underground supply to clubs and other places where liquor was sold illegally, Manson threatened to put all the province's breweries under the control of the L.C.B. and, in addition, manufacture L.C.B. beer for the government stores in one or two of the larger breweries. The brewers objected that such an arrangement interfered with their right to compete; they proposed instead that the breweries form a combine (it became known as the Amalgamated Brewers Agency of British Columbia), produce one product, and sell that product to the L.C.B.¹⁹ Manson agreed, but insisted that the central trustee board (on which each brewery was to have a representative), must keep proper records of all manufacture and output, and that these records were to be subject to inspection by the attorney-general's department.²⁰

With the House nearly in session, it was again time to publicly speculate on the possibility of beer legislation. One pro-Moderationist Vancouver reader of the Daily Colonist, Victoria, called the system whereby it was impossible to obtain a glass of beer "class legislation, favoring the man with \$5.00 and

¹⁹ ibid., 30 September 1923, p. 1.

²⁰ See "Agreement between Victoria Phoenix Brewing Company Limited, Silver Spring Brewery Limited, Vancouver Breweries Limited, Westminster Breweries Limited, Ranier Brewing Company of Canada Limited, and Amalgamated Brewers Agency of British Columbia Limited", October 22, 1923, in Attorney-General's Department. Letters Inward. 1921-1924, PABC. Several small breweries were closed down as a result. See also "Report on Proposed Establishment of the B. C. Brewery Products Board Ltd.", Attorney-General's Department. Letters Inward. 1921-1924, PABC.

making a law-breaker of the man with five cents." The reader went on to speak in favour of the Quebec system, where beer was sold by the glass and where there was "less drunkenness, less poverty, less waste of substance, less crime."²¹

The matter again came up for discussion almost as soon as the Fall 1923 session of the Legislature began. Former attorney-general J.W. Farris, M.L.A., now firmly in the Moderationist camp, supported the sale of wine and beer by the glass in the public rooms of hotels; Oliver, however, remained in the way of attempts to force a plebiscite on the subject.²² But even Oliver's powerful influence in the Liberal caucus was not enough to prevent the 'Plebiscite Bill' from obtaining the support of the caucus members. While Bowser charged that the brewery influence in the Liberal caucus was responsible for its change in heart, and that it was Manson's incompetency which had resulted in the unenforceability of the Act, the Bill passed through the House. However, its glaring vagueness was probably more responsible for its relatively easy passage than anything else. The Bill provided that any polling place or group of polling places which voted more than 50 per cent for beer "may have beer licenses of a type and under conditions to be arranged by the government at a later date."²³ Furthermore, the total vote throughout the province was to have little effect on the situation in local districts, as a system of local option was to be employed if an overall two-fifths provincial majority was obtained. The ballot

²¹ Daily Colonist, Victoria, 13 October 1923, p. 4 (letter to editor).

²² The Vancouver Sun, 12 November 1923, p. 1.

²³ Ibid., 20 December 1923, p. 3.

would simply ask, "Do you approve of the sale of beer by the glass in licensed premises without a bar, under government control and regulation?"²⁴

Contrary to Manson's announcement that the plebiscite would not coincide with a provincial election (he cited the 1920 election as a case in point, when liquor interests issued questionnaires to candidates asking them where they stood on the issue of government control), both an election and a plebiscite were called for June 20, 1924. The result was a marvellous confusion of liquor interests and politicians, both trying to capture the political spotlight. While the beer barons ran full-page ads under their Moderation League guise, urging voters to vote 'YES' to the proposed 10-cent glass of beer, hastily conceived Prohibitionist organizations such as "The League to Prevent the Sale of Beer by the Glass" urged the opposite.²⁵ Maintaining that the plebiscite was unwanted and was being foisted upon the people of the province, Dr. Ernest Hall, Victoria's Prohibitionist Police Commissioner, predicted it would be only a matter of time before beer licenses would be "issued to party hacks and the situation controlled by party bosses who would necessarily contribute to the party slush fund."²⁶

Right in the middle of the campaign, on May 14, Manson signed an agreement with the eleven brewers of the province, giving them an increase of \$1.50 per barrel of beer retroactive to March 1. Although Manson maintained that the increase given the brewers was granted so that bootlegging operations could be diminished, the timing was suspicious, and there were accusations that the Attorney-General had sold out to the breweries in view of the impending

²⁴ Daily Colonist, Victoria, 16 December 1923, p. 1.

²⁵ *Ibid.*, 30 May 1924, p. 3.

²⁶ *Ibid.*, 19 June 1924, p. 3.

election. Manson's reply offered little in the way of a defense; he referred to the criticisms as "sinister rumours" and excused his actions by stating that the increase was necessary because the brewing industry was carrying on under "impossible conditions."²⁷

The results of the June plebiscite were interesting, to say the least. The province's major cities (Vancouver and Victoria) plus most of the smaller towns rejected beer-by-the-glass sales, although in some cases the margin of defeat was extremely narrow. While the Fraser Valley and the Okanagan generally went against beer, the Kootenays were more equally divided. The northern part of the province, however, came out solidly for beer.²⁸ Stung by their set-back at the polls from the big population centers at the polls, the brewery interests quickly re-aligned themselves for battle. The Moderationists demanded recounts, put pressure on Manson, and on 'influential citizens' in each city or municipality which had refused beer. In Vancouver, a recount was assented to. When it was completed, the situation had changed dramatically; the city was declared in favour of the sale of beer by a small majority.²⁹ After several weeks, the final results were announced: 23 electoral districts across the province stood in favour of beer, 17 were against.³⁰

Because no decisive majority existed, it was left to the Legislature whether the results of the plebiscite should constitute an amendment to the

²⁷ Ibid., 14 May 1924, pp. 3, 16. See Also Congdon, Campbell and Meredith to Manson, 28 February 1924, Attorney-General's Department. Letters Inward. 1921-1924, PABC.

²⁸ Daily Colonist, Victoria, 21 June 1924, p. 1.

²⁹ The Vancouver Sun, 22 July 1924, p. 1.

³⁰ Ibid. The final figures: 72,929 for beer, 74,129 against.

Liquor Control Act. Since there remained a number of prominent Liberals absolutely opposed to opening 'beer bars' anywhere, the 1924 session promised to be no different from the previous three when the chief topic for discussion had been beer. However, the Liberals had not fared well in the coinciding 1924 election; their majority had again been reduced, leaving them barely clinging to power. Both Oliver and Farris suffered personal defeat (Oliver was later returned through a by-election), and the old warhorse Bowser also failed in his bid for re-election. Seats were distributed as follows: Liberals, 24; Conservatives, 17; Provincials, 3; Labour, 3.³¹ A session-long debate was fully expected, particularly since the government had no clear mandate. With one Liberal member sitting as Speaker, the House was split evenly between Government members and those opposing it; would it dare risk defeat on an issue as controversial as beer? Members were not obligated to vote in the House in the manner in which their constituencies had voted. When a vote in the House was finally called, however, 60 per cent of the members followed the voting patterns of their constituents.³² Passed 28 to 15, parties were split beyond recognition as each member voted as his conscience dictated as to whether or not the law as it stood could be enforced. Manson, for his part, launched a vitriolic attack on the brewers, telling the House he had no sympathy for them, and that there had "never been a day when the brewers have not spent every minute doing their utmost to contravene the will of the people, to defy the government and to tear down the law of the land."³³ He said he was

³¹ Daily Colonist, 21 June 1924, p. 1. Promising the public disclosure of the sources of campaign funds and an end to patronage, the short-lived Provincial Party attracted a number of disaffected Liberals and a few anti-Bowser Tories to its cause.

³² Daily Province, Vancouver, 17 December 1924, p. 1.

³³ Ibid., 18 December 1924, p. 3.

quite prepared to confiscate all the breweries if the House would just give him the authority. Furthermore, the entire issue of beer by the glass was not an issue raised by the people but by the breweries. He added that if the government controlled the breweries, beer agitation would never have arisen. He concluded his remarks by stating the brewers had broken all their undertakings with him, and that to most of them, the word 'honour' was unknown. Manson's speech was followed by a resolution which asked the House to approve a government dispensary to sell beer by the glass rather than leaving the entire matter up to private interests. Needless to say, it failed.³⁴

At long last, on March 21, 1925, "beer parlours" opened their doors in 13 Vancouver hotels and began selling beer at 10 cents a glass.³⁵ But while Vancouver had beer, South Vancouver, North Vancouver, Burnaby, and New Westminster had none. And while Esquimalt and Saanich had beer, Victoria had none. Residents of New Westminster, for instance, had to travel to Vancouver if they wanted a glass of beer. This situation forced the government into the unenviable position of holding still more plebiscites. It was decided that if 40 per cent of the population of a community registered their desires to hold another plebiscite, one would be held.³⁶ Revelstoke and New Westminster, both of whom voted against beer in the plebiscite of 1924, were the first communities to vote by local option on whether to reverse their decisions.³⁷ A petition sent to

³⁴ Victoria Daily Times, 17 December 1924, pp. 3.

³⁵ Daily Province, Vancouver, 21 March 1925, p. 1.

³⁶ Daily Colonist, Victoria, 22 August 1925, p. 4 (editorial).

³⁷ Victoria Daily Times, 18 May 1926, p. 1. Both communities later rejected beer-by-the-glass sales. See ibid., 21 August 1926, p. 4.

Victoria signed by 40 per cent of the registered voters in Revelstoke, however, contained signatures which appeared fraudulent. And in Victoria, the local branch of the W.C.T.U. protested that the petitions being circulated in that city were being done so by the 'friends' of the brewers, who were supposedly paid for every signature they secured. Up to 20 canvassers were employed, and were apparently using every conceivable argument to induce people to sign in order that the required 40 per cent might be obtained.³⁸ The entire situation was fast becoming another nightmare for the government. Empowered to grant municipalities 'beer bars' through an order-in-council, this method soon saw some use. Port Coquitlam and Port Moody had voted for beer, but the electoral riding of Dewdney, which included both communities, had voted as a whole to stay dry. An order-in-council gave both communities beer-by-the-glass.³⁹ Cranbrook, although in a riding which had voted dry, had also voted for beer, and got it not through a plebiscite, but by an order-in-council. One confused Sun reader asked:

What shall we get and whom shall we ask, as this government apparently passes the buck? What is the law at this date? Does anyone really know? . . . it appears the brewers have many friends in Victoria and if possible dry places will be given a chance to get wet. . . if 40 per cent of the voters sign a petition, a new vote will be taken. . . what a grand idea . . . may 40 per cent of the voters demand a vote in a wet district? Alas, I have my doubts--once wet, always wet! . . . we should be allowed to petition 40 per cent and get a new government--or at least vote on it.⁴⁰

³⁸ Ibid., 22 June 1926, p. 4.

³⁹ Victoria Daily Times, 18 May 1926, p. 1.

⁴⁰ The Vancouver Sun, 6 June 1926, p. 8 (mag. sec.)

The editor of the Sun, Mr. Cromie commented,

the wets allege that the Drys will never be happy until a dreadful drought comes to blight the whole country, and the Drys tell us that if we don't watch out, the wicked brewers will drown the country in beer . . . it seems that the price paid for the principle of local option in beer-by-the-glass may be considerably more than the thing is worth.⁴¹

Sales of beer by the glass meant the government was faced with a whole new set of problems--beer licenses. Just who would get them and on what basis became the jurisdiction of the L.C.B., but there was little doubt that another exercise in political patronage was about to begin. By December of 1925, evidence that licenses were indeed being issued only to party favourites made headlines when H.J. McSorley, a Conservative, was denied a beer license for the Palace Hotel, Vancouver, after he spent between \$8,000 and \$10,000 in repairs on the hotel on the understanding he was to get a license. When McSorley complained to W.T. McArthur, Liberal 'king-pin' in Vancouver about his predicament, and threatened to take his case to Manson, McArthur replied, "I don't give a ---- for all the Cabinet Ministers in Victoria; I'm running Vancouver and will see who gets licenses."⁴² The case took on still another strange twist when it became known that the license denied McSorley was given instead to another Vancouver hotel, the Astoria, who had engaged J.W. Farris on their behalf. The attorney-general, perhaps wisely, refused to get involved, preferring instead to let the L. C. B. deal with the powerful Vancouver machine. Throwing his hands up in disgust, Manson commented, "I'm in

⁴¹ Ibid., 27 August 1926, p. 4. (editorial).

⁴² Daily Colonist, Victoria, 11 December 1925, p. 1.

enough trouble in Vancouver (in connection with the Janet Smith case), and I'm going to let that bunch in Vancouver run things in that city."⁴³

Such was the battle for beer. By 1924, it was evident that single-issue pressure groups such as the Moderationists were able to exercise considerable influence over the Oliver government. The subsequent implementation of sales of beer-by-the-glass despite the results of the June plebiscite was clearly a show of the power of such pressure groups in this regard. The relatively poor showing of the Liberals at the polls could be explained by a number of factors, not the least of which was the divisive effects of liquor patronage on the party. The defeat was also a minor revolt, of the masses against machine politics and the spoils system; it was a harsh reminder to the Liberals that there was indeed a limit to the amount of public tolerance of misconduct in office. In addition, the reform impulse, which had steadily weakened since the victorious days of 1916, contributed to the loss of their support base. British Columbia Liberalism had, by 1924, fallen on "bad, stagnant days" with the party standing "revealed as a political machine mired in the patronage slough."⁴⁴

2. Bootlegging and Rum Running

In December of 1922, Manson had instigated a series of changes to the Liquor Act, including imposing a mandatory jail sentence of one to three months for the first conviction for illegally selling liquor, reducing of the annual permit fee from \$5.00 to \$2.00, prohibiting brewers and importers from giving away

⁴³ *Ibid.* The "Janet Smith case" refers to the mysterious murder of a young Scottish housemaid and the subsequent abduction of her accused murderer by men dressed as Klu Klux Klan members. Manson became involved when the government was accused of knowing more than it cared to admit about the case.

⁴⁴ Robin, *op. cit.*, p. 210.

beer, prohibiting agents from soliciting orders in the province, and requiring liquor advertisements to state they were not published by the government or the L.C.B.⁴⁵ Manson also went on another cost-cutting binge, slashing wages and reducing the staff of inspectors which had been watching the breweries night and day. But such changes were scornfully referred to as a policy of alcoholizing people for profit rather than control. "Does it not appear to the average observer," asked Dr. Hall, Victoria's Police Commissioner and Prohibitionist sympathizer, "that the welfare and morality of the people are being sacrificed to political expediency and the consumption of alcohol encouraged for the purpose of swelling provincial coffers?"⁴⁶ Following close on the heels of Dr. Hall's statement was the announcement that liquor stores in B.C. had recorded sales of \$1,000,000 or more per month in the first six months of 1923, a total unsurpassed in the history of the government liquor business in the province.⁴⁷ The ministers and laymen of the Vancouver West District of the Methodist Church of Canada published a statement which condemned the government sale of liquor for its lack of control, blaming it for contributing to the spread of lawlessness and immorality, and urging the government to appoint a non-partisan commission to report on present conditions and on the question of law enforcement.⁴⁸

The ministers' grounds for their accusations were the bootlegging and rum running activities to the U.S. By early 1923, these activities were becoming

⁴⁵ The Vancouver Sun, 14 December 1922, p. 1.

⁴⁶ Ibid., 8 September 1923, p. 1.

⁴⁷ Ibid., 28 September 1923, p. 3.

⁴⁸ O. M. Sanford to Manson, 6 September 1923, p. 2. Attorney-General's Department. Letters Inward. 1921-1924, PABC.

so well organized that it was public knowledge that those involved were making huge fortunes. The cost of whisky in Vancouver was \$3.00 a gallon; it could be bootlegged in the U.S. for \$12.00 a gallon. Back in August of 1921, when Prohibition had been in effect in the U.S. for only a matter of months, several thousand dollars worth of whisky had been seized near the mouth of the Fraser River when police arrested a number of men who had delivered two truck-loads of liquor destined to be loaded onto a scow docked at the riverside.⁴⁹ But the huge extent to which rum running had grown by 1923 was exemplified in a series of articles run by the Los Angeles Times newspaper. Written by a 'special investigator,' the articles themselves were colourful, exciting, and quite amazing. Reprinted in the Sun, subscribers read:

Whisky, being an outlaw in America, must keep under cover But here in Vancouver whisky is no outlaw . . . liquor and the liquor traffic is trenchant in this city . . . , it is blatant, it laughs at the American law. Down in Coal Harbour you will find it--the 'whiskito fleet'--halibut boats that have forsaken an honest calling--pleasure craft now used exclusively as law violators--fast, trim boats that can sail circles about the ancient obsolete American patrol boats. In the big office buildings--in dingy warehouses down-town, and along the water front you find, the other element of liquor and the liquor interests--the keepers of the export houses, the firms whose only reason for existence is the fact that America is dry. The writer had no difficulty whatever in making the arrangements for the purchase of a ship load of liquor . . . no formalities necessary--money on the counter was the only introduction needed. The liquor deal was struck in a club on Granville Street with the bartender who introduced him to the manager of an export warehouse, a large building practically filled with whisky, wine, and champagne, 90 per cent of which will ultimately be delivered unlawfully into the United States.⁵⁰

⁴⁹ The Vancouver Sun, 19 August 1921, p. 1.

⁵⁰ Ibid., 10 April 1923, pp. 1, 20.

The next in the series was reprinted the following day. Vancouverites were treated to details concerning two large shipments of Bourbon whisky which had recently arrived in the city from Kentucky. One shipment contained 300,000 gallons, while the other 42,000 cases. Both had been released from bond within a few weeks of each other for "medicinal purposes." Commented the writer:

Imagine British Columbia using these vast quantities of Bourbon whisky for medicinal purposes. As a matter of fact, the United States is the only market of any consequence in the world for Bourbon whisky, and it is obvious to anybody that these shipments were purchased here for the sole purpose of reshipping them back to the United States by the underground route.⁵¹

By April 24, the 'liquor export business', otherwise known as rum running, was at a temporary standstill in Vancouver. Evidently the publicity aroused by the Sun articles had created such a stir that the Canadian Customs Department had launched an 'investigation' into the actual destination of some 22,000 cases of liquor which had been loaded for export to Mexico.⁵² The fact that many similar shipments of liquor had never reached the Mexican border but had instead been dropped off at some convenient location along the Washington, Oregon, or California coastline was a practice with which Canadian customs officials were well acquainted. The officials, however, preferred to ignore such violations of the law, particularly when it was estimated that some \$500,000 came into the country via Vancouver monthly through the

⁵¹ Ibid., 11 April 1923, p. 1.

⁵² Ibid., 24 April 1923, p. 1.

liquor export business, and this income would be threatened if the export base were removed.⁵³

The demise of Prohibition in the province had far from eliminated the Prohibitionists as an organization, and their activities regularly received newspaper coverage. In May of 1922, a prohibition conference in Vancouver had heard the keynote speaker admonish those attending by stating how disappointed he was with the calibre of the conference. He went on:

I don't wonder that the temperance people are defeated. I don't wonder that the liquor interests are wiping the earth with us. While the liquor interests are debauching every feature of the complex life of British Columbia we are sitting here dumb as oysters.⁵⁴

Another speaker outlined the conditions existing in the city of Vancouver:

The mayor told me the other day that conditions in Vancouver are worse than he had ever known them to be. Alderman Pettipiece says it is worse than in the days of prohibition. The jailer says that they could have thousands in jail, but there is not room for them and the city can't afford to keep them.⁵⁵

In October, at the Methodist Conference in Toronto, the Rev. George Bell of Victoria had commented that despite government control, the amount of bootlegging that existed was appalling, and the evils spread by it "had already broken the heart of one attorney-general and was disheartening another."⁵⁶ Also attending the Conference was the president of the B.C. Prohibition Association, Rev. A. E. Cooke. Rev. Cooke was a particularly outspoken man, and he was not at all happy with the government's liquor policies. Launching a

⁵³ ibid.

⁵⁴ ibid., 3 May 1922, p. 1. The speaker was J. S. Henderson.

⁵⁵ ibid., p. 3.

⁵⁶ ibid., 17 December 1922, p. 1.

scathing attack, he called B.C., "the moral sinkhole of the Dominion," and Vancouver harbour

the haven of an organized fleet of whisky boats that carry liquor and crime and even murder down the coast and make the name of Canada a by-word and a thing of contempt with decent Americans everywhere . . . Vancouver [has become] the city of refuge for all the whisky-soaks and booze artists of the whole hemisphere . . . , and B.C. the land of the corkscrew, where you can get soused without any trouble, for the government stands behind the bar to supply the booze.⁵⁷

When the good reverend hired a private detective to ascertain the number of clubs dispensing liquor, he had returned with a list of 290 such 'dives.'

Regarding the 64 government liquor stores then in existence, Rev. Cooke took those moderationists to task who insisted 'the only cure for drink was more drink' by sarcastically remarking:

Sixty-four government stores are not enough to hand it out. Double the number, quadruple it, make every hotel and restaurant a barroom again, and drunkenness will flee away; the bootlegger will cease from troubling and the blind pig will be at rest.⁵⁸

Similarly, at the Prohibition convention held in 1923, Rev. Craig explained to his audience that the club situation in Vancouver had been allowed to exist because of political pressure from club proprietors who claimed they controlled 5,000 votes. He declared that the sale of illegal liquor was so

⁵⁷ Ibid. When Cooke appeared before Vancouver City Council to defend his statements, Alderman Crone produced a copy of the Ottawa Citizen, in which alongside an article on B. C.'s famous apple, "The Delicious", was a report on Cooke's speech, featuring the now-infamous statement that B. C. was the country of the corkscrew and the land of whisky. Concluded Crone: "This sort of advertising will not do Vancouver any good." See Vancouver Sun, 22 December 1922, p. 3.

⁵⁸ Ibid., 17 December 1922, p. 1.

wide-spread that he could shut his eyes and throw a stone into a bootlegger's joint from any angle of his east end church. Rev. Cooke, in his now-familiar harangue, described Vancouver as "the plague spot of the Pacific coast."⁵⁹ Just what, if anything, more Rev. Cooke had to say was not reported. However, the Daily Colonist editor responded, calling Cooke "a propagandist of tremendous energy and zeal and not of a little faith," but that he should be operating in the U.S. rather than in Canada. In a satirical mix of truth and humour, the editorial went on concerning rum running to the United States:

After all, the opportunities for Canadians to do business with the United States are very limited. We cannot get anything of value across the border with the exception of liquor, raw material, and a certain number of potentially valuable citizens. The two latter classes may enter through wide-open doors; the former class of goods must seek entrance through subterranean avenues. Men learned in the science of economics tell us that in some manner the balance of trade must be adjusted. The demand is there, and it must be supplied.⁶⁰

Whatever effort the B.C. authorities were making towards the stoppage of liquor smuggling to the U.S., it was not nearly enough. Samuel F. Rutter, U.S. Prohibition Director, stated that although B.C. had prohibited ships under 200 tons from carrying liquor, shipments were now being transferred on the high seas from smaller ships to larger ships presumably bound for Mexico. Their destinations, of course, were Seattle, San Francisco, and other large coastal cities.⁶¹

⁵⁹ Ibid., 16 November 1923, p. 10.

⁶⁰ Daily Colonist, Victoria, 17 November 1923, p. 4 (editorial).

⁶¹ Ibid., p. 1.

All of this illegal activity received extensive coverage in the press; the wave of public outrage which resulted finally culminated in a 1926 federal royal commission to investigate the Customs and Excise Department. The three-man commission travelled extensively across Canada in 1926, unearthing an incredible series of revelations concerning the manufacture and sale of illegal liquor. Although the Commissioners did not arrive in B.C. until December of 1926, they began securing evidence long before this date. A Special Committee to investigate the administrative end of the Department of Customs had in fact filed their final report in June of 1926. The Committee, appointed in February of 1926, held 115 sittings and heard 224 witnesses with respect to "alleged serious losses because of the inefficiency or corruption on the part of officers of the Department"62 Evidence submitted to the Committee led them to conclude that the Department in question "had been slowly degenerating in efficiency and that the process was greatly accelerated in the last few years"63 The Committee found it was common practice for the Department "to grant clearances to vessels wholly or partly laden with liquor for the United States, or allegedly bound for a foreign port, but admittedly sailing to "rum rows" and that false landing certificates have been produced"64

With the arrival of the Commission in Vancouver, a thorough investigation of the local scene was contemplated. Among those called before

62 Canada, Customs Inquiry, "Report of Special Committee--Findings and Recommendations", in Canada, Debates of the House of Commons, Session 1926, Vol. V., p. 4695.

63 Ibid. Jacques Bureau, former Minister of Customs, was charged as a result with failing to properly discharge his duties and responsibilities, and with a general lack of control.

64 Ibid., pp. 4695, 4696.

the Commission was Mr. George C. Reifel (son of Henry Reifel), of Vancouver Breweries and the Joseph P. Kennedy Exporting Company. With Farris acting as his legal counsel, Reifel admitted to paying out \$99,480 for 'campaign purposes' from his "Protection and Assurance" account since August of 1925. An examination of the company's books revealed that over \$40,000 in cheques had been issued during a period of two years for which no vouchers existed. Such cheques had been issued directly to liquor stores, leading to suspicions that outright bribery of liquor vendors had been undertaken. The scenario was clearly either blackmail of liquor interests by the political parties, or corruption of government by the liquor interests, or both. The Commission Chairman, Chief Justice Brown, called the 'Protection and Assurance' account "shocking" and the editor of the Vancouver Province newspaper condemned the brewing trade, calling it a trade which could make more money out of "chemically-pure, campaign-funded, unpalatable insipid swipes" than it could out of an "honest brew, protected and assured only by an honest trade."⁶⁵ Mr. Reifel was meanwhile complaining, "I wish the commission would recommend a law against paying campaign funds. You never get any returns on your money."⁶⁶ The Hon. Newton Wesley Rowell, K.C., chief counsel of enquiry, however, agreed with Brown, calling Reifel's divulences "a public scandal of the first magnitude" and that the information disclosed before the Commission had "been literally wrung from the lips of reluctant witnesses [and was] only a partial confirmation of that sorry story of corruption of public affairs by the liquor interests" ⁶⁷ Rowell suggested that despite Reifel's complaint that he had

⁶⁵ Daily Province, Vancouver, 21 January 1927, p. 4 (ed).

⁶⁶ Ibid., 16 December 1926, p. 1.

⁶⁷ Ibid., 17 December 1926, p. 6.

received no returns on his money, there indeed was 'protection' in the form of bribery and corruption. As for the government of B.C., Rowell accused it of being far from in control of liquor, even its own liquor stores, and that "strings were being pulled" by B.C. brewers and rum runners.⁶⁸

Although the Commission provided only a glimpse of what was occurring, shock waves rippled through the province. The retroactive increase in the price of beer given the brewers prior to the 1924 election now had a logical explanation--it had clearly been a \$250,000 'gift' provided to the brewers by the government in return for their campaign fund contributions. The \$100,000 paid out by Vancouver Breweries was, wrote one editor, indeed 'protection and assurance' for the brewers, leaving them free to sell poor beer at outrageous prices, corrupt employees of the government liquor board, and make the administration of the government Liquor Act a scandal and a by-word in Canada.⁶⁹ He went on:

It is on record that Premier Oliver wept scalding tears in the Provincial House as he recorded his vote in favour of implementing the plebiscite on beer-by-the-glass. It is on record that Attorney-General Manson denounced the brewers as lawbreakers. What becomes of their protestations in the light of . . . their party dealings with the brewers, in light of this recent testimony about what the party got for what the government gave?⁷⁰

When the government failed to react, another tirade was unleashed:

We know now what we only suspected before; we have proof where we had only conjecture. We know that the corruption of good government in British Columbia by the liquor interests has not so much been the corruption of government departments and

⁶⁸ ibid.

⁶⁹ ibid., 20 December 1926, p. 6. (editorial).

⁷⁰ ibid., 20 December 1926, p. 6 (editorial).

government officials as it has been a general corruption--what other name will you give it?--of the very Legislature itself.⁷¹

If they achieved nothing else, the Customs Commission investigations brought out the magnitude of the powerful liquor interests and their attempts to control government policy-making. When Russell Whitelaw, director of one of the federally-licensed export houses in the province, the Consolidated Exporters' Corporation, appeared before the Commission, he gave a breezy recital of the details of further contributions to political campaign funds, donations, and in particular, loans made to a newspaper proprietor by the name of Charles E. Campbell. Whitelaw said he had given Campbell money for no particular reason, except that he had asked for it. Campbell had, said Mr. Whitelaw, received a total of \$17,500 "at regular intervals" until the World went out of business.⁷² Manson also appeared before the Commission, bitterly recalling that the brewers "would have given a good deal at one time to get me out of the Government."⁷³ Manson's statement nevertheless did not exclude the fact it was he who had consented to the retroactive increase in the price paid for beer in 1924, resulting in extra profits to the breweries.⁷⁴

Under pressure to respond, the government appointed one of its own supporters, Victor W. Odlum, to head a campaign fund committee investigation. The committee's report, filed in February of 1927, could have been partial--it was not. A devastating condemnation of the methods employed by liquor interests and government with regard to political campaign funds, the report

⁷¹ Ibid., 12 January 1927, p. 6 (editorial)

⁷² Ibid., 25 January 1927, p. 1.

⁷³ Victoria Daily Times, 25 January 1927, p. 1.

⁷⁴ Ibid., 22 March 1927, p. 5.

recommended that this "grave problem" in the public life of British Columbia should be investigated, specifically,

1. the 1924 increase in the price paid by the government for beer;
2. the decision of the legislature to establish the sale of beer by the glass;
3. the excess prices, if any, paid by the government for British liquor;
4. whether or not any "Assurance and Protection" funds were in fact actually contracted and delivered by any political party or parties, person or persons.

The report acknowledged that large contributions had been made by liquor interests to the Liberals, that evidence given by the officials and employees of both the Vancouver Breweries and the Kennedy Company at the inquiry into the Customs Department was very unsatisfactory, and that these officials "showed marvelous lapses of memory as well as professed ignorance of their books of account." The end result was that it was not possible to ascertain actual amounts contributed by liquor interests to political campaign funds, although the committee was satisfied that they were indeed large.⁷⁵

Four days later, the appointment of the first royal commission was announced. Authorized to investigate campaign funds were a former Deputy Attorney-General under Farris, now B.C. Supreme Court Justice Aulay Morrison, prominent Conservative businessman W.J. Malkin, and Rev. J.S. Henderson, retired clergyman and prohibitionist. If this was not enough, however, H. Despard Twigg, Conservative M.L.A., took the opportunity to inform the House of how he had been approached by a Mr. Frank Carlow, former Liberal organizer for Victoria, concerning his (Carlow's) alleged ill-treatment over liquor orders by the government. This disclosure forced the government to

⁷⁵ Daily Province, Vancouver, 4 February 1931, p. 6.

appoint a second royal commission, also to be headed by Mr. Justice Morrison, in order to investigate the Carlow charges.⁷⁶

Upon clearing the government of Carlow's charges, however, Mr. Justice Morrison was immediately commissioned to begin another inquiry. A number of allegations against the government concerning liquor had been made by a gentleman by the name of Mr. John Gauthier. Gauthier's story of wrong-doing inflicted on him by the Oliver government differed little from Carlow's; Gauthier had, however, more in the way of interesting information to offer the commission.⁷⁷ There was indeed a 'Farris ring', said Gauthier. It consisted of the Farris brothers, Gordon Wismer, and former Vancouver Mayor Gale, among others. This ring had contracts with distillers in England and Scotland and bought, at outrageous prices, "the rottenest liquor that ever came into the

⁷⁶ Carlow subsequently told the Commission how he had been given an agency to sell Scotch whisky to the government on the understanding that a portion of the funds generated from that agency were to be used for organization work for the Victoria Liberals. Carlow also agreed to use his influence with the Minister of Lands to obtain a foreshore lease for a Vancouver resident. For this piece of graft he was to receive \$3,000, all of which was to go toward party organization work in Victoria. In addition, Carlow was to be paid \$400 per month for his work for the party. When, however, neither the \$3,000 or his monthly wage appeared after several months, Carlow ran out of patience. Twigg offered to help Carlow, but only if he would publicly charge the Oliver government, for which Twigg would pay Carlow \$1,000. (Victoria Daily Times, 22 April 1927, p. 1). Carlow, a former Liberal candidate who had opposed R. H. Pooley in 1924 in Esquimalt and a well-known Victoria businessman, balked at the suggestion. Armed with Twigg's bribery offer, he again tried to obtain the money owed him by the party, this time offering to forget the \$6,000 owed him in back wages if the government would instead give him liquor orders. When no action was forthcoming, Carlow himself proceeded to publicly charge the government. While Premier Oliver called the extortion scheme "the worst piece of political graft he had ever heard of", Manson dismissed Carlow as "just one of the barnacles that fasten themselves to a party." (Daily Colonist, 23 April 1927, p. 1.).

⁷⁷ Ibid., 30 April 1927, p.

Government liquor vendors' stores."⁷⁸ Mr. Justice Morrison, however, did not care to hear his fellow Liberals described in such disparaging terms, calling Gauthier's allegations a "myth." The government was exonerated once again. In his interim report, Morrison recommended that the attorney-general's department in future safeguard itself against "the chances of its being made the vicarious victim of the machinations and overtures of enterprising and ruthless quasi-friends of the administration . . ." ⁷⁹ But the Daily Colonist editor had other choice words for the Gauthier case, calling what had been uncovered "a definite and sustained system of graft."⁸⁰

Having disposed of the Carlow and Gauthier matters, Mr. Justice Morrison began his royal commission inquiry into political campaign funds. Mr. Paterson, government purchasing agent, was called to account for his liquor purchasing policies. A year earlier, the British Columbia Liquor Inquiry Commission had reported "that the British Columbia Distillery Company Limited, [owned by Reifel], the Joseph Kennedy Company Limited [controlled by Reifel] and the Vancouver Breweries Limited [also owned by Reifel] had authorized the payment of money to British Columbia vendors for the purpose of influencing the sales of their products in Government liquor stores."⁸¹ Mr. Paterson, however, insisted that "no contribution from brewers had ever influenced his conduct in purchasing liquors for the government, and that he had never received personally any contributions, present or gift from the

⁷⁸ Ibid., 30 April 1927, p. 1.

⁷⁹ Victoria Daily Times, 7 June 1927, p. 1.

⁸⁰ Daily Colonist, Victoria, 7 May 1927, p. 1.

⁸¹ Daily Province, Vancouver, 14 March 1928, p. 1.

brewers."⁸² W.T. McArthur, Liberal party bagman, was considerably less informative. He told the commission that no records had been kept of campaign contributions made to the B.C. Liberal party, and that furthermore it was impossible for him to recall how much was contributed to the Liberal party in 1923 or 1924 by the brewers of the province.⁸³

While the party faithful desperately tried to hold back the tide, the news generated from the numerous royal commissions kept the province's newspapers busy daily presently a delightful plate of graft and corruption. "The Oliver government," wrote one editor, "is convicted of having dealt with the provincial liquor laws for political and partisan purposes The charge now is not only the old charge of campaign funds for the "protection and assurance" of the liquor business, but the charge is now that the government liquor business . . . has been for the "protection and assurance" of the party workers and the party funds of the government party."⁸⁴

Late 1927 saw the fifth and final royal commission of the year get underway. Mr. Justice Murphy, sole Commissioner, was appointed to investigate charges that payment had been made by liquor interests to

⁸² Daily Colonist, Victoria, 22 March 1927, p. 1. Manson had been cautioned about Paterson's purchasing policies as early as May of 1922 by J. B. Clearihue, M. L. A. In a letter to the attorney-general he warned that "some good friends of the government who are also agents for liquor firms are exerting a good deal of influence upon the purchasing agent to unload upon him quantities of liquor which is not needed or asked for by the board." See Clearihue to Manson, May 15, 1922, Attorney-General's Department, Letters Inward, 1921, 1924, PABC.

⁸³ Daily Colonist, Victoria, 23 March 1927, p. 1. Additional witnesses for the inquiry into campaign funds were kept incommunicado. No evidence about contributions to campaign funds in order to secure beer licenses was ever obtained. See Victoria Daily Times, 19 March 1931, p. 20.

⁸⁴ Daily Province, Vancouver 4, May 1927, p. 6 (editorial).

employees of the L.C.B. and government liquor stores in Vancouver. Some testimony to this effect had been given earlier at the Customs investigation, but Justice Murphy's commission had been unable to convene due to the absence of Mr. Henry Reifel, owner of Vancouver Breweries, who had departed the country to avoid giving evidence. Mr. Reifel, now back in the province and counselled by the clever T.D. Pattullo, Minister of Lands in the Oliver government, had little in the way of information for the Commissioner. Mr. Reifel could not remember transactions, or explain vouchers; Reifel in fact flatly denied all the charges levelled against him.⁸⁵ Mr. Wilcox, an employee of Mr. Reifel's, was also subpoenaed but failed to appear before the Commission, Mr. Reifel having taken care to spirit him away to Japan, safely out of the Commission's reach. The reasons for Mr. Wilcox's sudden departure were later revealed in a letter to Manson:

It was very fortunate, indeed, that Wilcox was not here to give evidence, because his testimony would have shown the grossest kind of fraud in the Government liquor stores. With a big roll of permits--from one to two hundred--in his pocket with which to absorb the big sales to the big bootleggers . . . , Wilcox's business was to see that the big dealers got their supplies.⁸⁶

⁸⁵ Victoria Daily Times, 14 December 1927, p. 2.

⁸⁶ The author of this letter, Mr. Andrew Blygh had a long association with the government during the twenties. Working as an agent out of Vancouver, his regular reports to Manson kept the attorney-general informed regarding illegal activities involving Liberal workers and government appointees in the city. One such report, dated August 15th, 1923, speaks of concern over the public disclosure that Commissioner Falconer had been given "a large sun of corruption money"--\$15,000--by British Columbia Distillers in 1922 as a reward for securing the sale of 12,000 cases of whisky to the government. Blygh went to to call Jim Falconer "the most bitterly hated among the Liberals in Vancouver of any man in the North American continent." However, the local liquor and beer interests wanted Falconer to remain where he was, because, as Blygh wrote, they were afraid they might get someone that would not be "so pliable and so obedient to orders" Blygh concluded: "There might be serious danger of even having the Liquor Act enforced in case of Jim's removal which

Murphy's report, which was published in early 1928, found no evidence of graft, and "no satisfactory evidence was given which would implicate anyone of wrong-doing."⁸⁷

The Odlum Commission investigating campaign funds had recommended that the government take over the control of the manufacture of liquor and the distilleries, a recommendation which had received the full concurrence of Manson, who, in the Legislature, expressed his regrets "that liquor, breweries, and distillers could not be transported out to sea and dumped in the Pacific Ocean."⁸⁸ The royal commission investigating the Customs Department had, by February of 1927, published its final report. In its report, the commission found that there was due by breweries and distilleries in the province of British Columbia approximately \$256,644.70 for sales and gallonage tax. In the case of one liquor exporting company (Consolidated), the commission found almost \$1,000,000 worth of unvouchered expenditures, "and it was impossible to find any official of the company who could or would give a satisfactory explanation of these items."⁸⁹ The report recommended that the licenses or bonds of a number of exporting houses, including the Joseph Kennedy Company Limited, B.C. Distilleries, and B.C. Breweries Ltd. not be renewed, and that the evidence as to the violation of the Criminal Code by

would be a calamity." See Blygh to Manson, August 15, 1923, J. W. deB. Farris Papers, U. B. C. Manuscript Collection.

⁸⁷ Victoria Daily Times, 27 January 1928, p. 20.

⁸⁸ Ibid., 5 February 1927, p. 1.

⁸⁹ Canada, "Interim Report No. 3", Canadian Federal Royal Commission on Customs and Excise, 1927, p. 9. The spokesman for Consolidated maintained that the money covered "Mexican duties"; Rowell thought otherwise, strongly suggesting the money was commission payments for securing customers in the U.S. See Daily Province, 21 January 1927, p. 2.

these companies and their officials "be forwarded to the attorney-general for British Columbia and to the minister of justice for appropriate action." The Commission also recommended that the two big export houses (Consolidated and Kennedy), B.C. Breweries, Henry Reifel, and his sons, Harry and George Reifel, all be investigated for income tax evasion of approximately \$250,000.⁹⁰

If the Liberals expected a miracle in the provincial election called for July 18, 1928, it failed to materialize. Suffering a crushing defeat, only 12 Liberals were returned, while a total of 35 seats were captured by the Conservatives.⁹¹ Oliver's ill health had forced him to resign from office during the early part of 1927, and the Liberal party lay weakened as a result. His death from cancer just a few months later stunned and shocked the party. Oliver's successor as premier, John D. McLean, possessed none of Oliver's political charisma. Dr. Simon Fraser Tolmie became the new Conservative premier-elect, his party sweeping all six Vancouver seats.⁹² There was no doubt in many minds that liquor, and the problems associated with administering it, had played a significant role in the resounding defeat of the government. Just one week before the election, a reader of the Daily Colonist had written, "If the present government goes down to defeat on July 18, it will . . . be because of its flirting with [liquor] interests that are detrimental to the well-being of any people."⁹³ After witnessing months of customs inquiries and royal commissions, of accusation upon accusation of bribery and corruption, and finally, concrete evidence to support these accusations, the electorate was in no mood for more

⁹⁰ Daily Province, Vancouver, 25 February, 1927, pp. 1, 26.

⁹¹ Ibid., 19 July 1928, pp. 1, 2; 22 July 1928, p. 1..

⁹² Ibid., 19 July 1928, p. 1.

⁹³ Ibid., 13 July 1928, p. 10 (letter to editor).

of the same. Although neither party offered anything close to an exciting, innovative platform, the Conservatives were at least free of the taint of government-controlled liquor patronage.

- CHAPTER FIVE -

CONCLUSION

Canadians suffer all kinds of restrictions on their drinking, imposed by a government which seems to be anxious to stamp out the practice if only the revenue weren't so great.¹

The post-Prohibition era in British Columbia brought the power of the liquor and brewing industries into direct contact with the political system over the extent of their re-establishment and their influence over policy decisions. While Prohibition sentiments had been too strong and well organized for the breweries and liquor interests to overcome prior to the end of World War I, a government-controlled liquor monopoly provided the means by which the industry could legally maintain itself. The art of lobbying to pressure government into making policy decisions favourable to liquor, of wielding campaign contributions, and of manipulating public opinion--vulnerable where liquor was concerned--gave the liquor industry new options through which it could preserve its existence.

Since it is the main goal of any political party to get its candidates elected, preferably enough of them to form a government, it follows that a party would want to pursue whatever means possible to stay in power. For the Liberal government of John Oliver, this meant exercising the power of patronage. Patronage--not competency, honesty or educational qualifications--dictated appointments to the liquor board, leaving the government open to charges of favouritism and inefficiency. As the electorate gradually expanded

¹ William E. Masse, Wines and Spirits, McGraw-Hill Book Company, 1961, as cited in Rannie, op. cit., p. 99.

throughout the 1920's, however, near-universal adult suffrage was achieved. Patronage politics, although not abandoned by any means, began to be regarded as a less than satisfactory means of public representation. By the eve of the Second World War, new reform-minded movements originating with an educated middle-class were determined to re-orient politics around a politically neutral, professional, efficient and meritorious bureaucratic state rather than around machine-allocated patronage.²

Faced with the ever-growing demands by society on government for new services, the old patronage system took on less importance. Patronage has, however, continued to survive, despite the many promises made throughout the province's political history to eliminate it. It exists at the insistence of government, for without it, control over the appointment processes which implement policy would be lost. Parties are politically accountable to their constituents; it remains in their best interests to implement useful, popular policies, and to call on their political friends to assist them.

While the Oliver administration used the L.C.B. monopoly to fulfill its patronage obligations, the resulting inefficiencies caused by such appointments were covered through increased prices. The Oliver government virtually abandoned the moral issues regarding liquor, and opted instead to increase government revenues. And profits made on the sale of liquor were substantial. After earning \$1 million dollars in just one year's operation, profits quickly rose to \$1.5 million by 1924, and reached nearly \$2 million by 1927.³ Profits

² Gerald E. Caiden, The Dynamics of Public Administration: Guidelines to Current Transformations in Theory and Practice (Toronto: Holt, Rinehart and Winston, Inc., 1971), p. 33.

³ See Daily Colonist, Victoria, 10 June 1924, p. 1; Victoria Daily Times, 23 August 1927, p. 1.

continued to remain close to \$2 million until 1930, when the Great Depression caused profits to decline. While massive unemployment and severe economic decline in the early 1930's replaced liquor problems on a political level, provincial governments were faced with a new challenge--how to maintain the flow of liquor profits into provincial treasuries despite the rapid fall in retail sales. For the Conservative Tolmie government, it became increasingly clear that any notion it may have had about the control factor taking precedent over the revenue factor would have to be discarded. With license fees from export houses lost by 1930, and with liquor revenue down by some 40 per cent by 1932, liquor prices were lowered; the \$2.00 permit fee was reduced to 25 cents, then abolished altogether.⁴ Liquor profits eventually swung upward as the curve in the Depression became less severe, but it took World War II to send liquor sales soaring and profits back to \$2 million.⁵ By 1952, the province was depending on liquor profits for almost one-fifth of its budget; revenue from the combined departments of fisheries, mines, and lands fell short of liquor revenues by some \$7 million. Liquor was now 'merchandised' rather than 'controlled', a reflection of the government's new approach toward liquor sales. In fact, the old

. . . public-be-damned attitude that was the characteristic stance of early liquor board operations was gone. In its place were bebies of hovering sales assistants forever eager to help customers locate their favorite libation. The profits flooding into provincial government coffers became vital source of revenue from which modest trickles were allowed to flow out to the welfare agencies that had been established to succor the human flotsam and jetsam of the liquor traffic.⁶

⁴ Victoria Daily Times, 18 April 1933, p. 1.

⁵ Ibid., 19 November 1940, p. 11.

⁶ Daily Colonist, Victoria, 1 October 1953, p. 1.

The dynamics of the liquor monopoly system show a market controlled not by competition, but by politics. Beginning in 1921, selling liquor for distillers was no longer a matter of sending salesmen on the road. The art of selling became an exercise in political salesmanship, for it was around provincial cabinet and liquor commission tables that decisions to 'list' a product were made. This left the L.C.B., and ultimately the government, open to the corrupting practices of the liquor interests, for it was they who could use their vast sums of money to influence government purchasing agents and elected officials alike.

On the other hand, no government has seriously considered involving itself in either a government-owned brewery or distillery, although it is within the power of the Act for it do so. In principle, it could be advantageous for the state to own, operate, and maintain the manufacture of beer and liquor. But in practice, where the political system has been based to a large extent on political patronage, the "most terrible enemy of large-scale enterprises by the State,"⁷

. . . it [patronage] frustrates the efforts of administrators, upsets them, and brings everything to nought because of the variety of interests which it brings to play. With political customs like ours, the success of public ownership becomes highly problematic, if not impossible.⁸

The lack of a government-owned brewery in the province, in particular, has aided brewers in creating their own monopoly position, and as a direct result, the means to pursue enormous private profits. It was scarcely ever necessary for the brewers to play their true role--that of champions of profits and defenders

⁷ Ralph Heintzman, "Politics and Corruption in Quebec", in Kenneth Gibbons and Donald C. Rowat, eds., Political Corruption in Canada: Cases, Causes and Cures (Toronto: McClelland and Stewart, 1976), p. 221.

⁸ Ibid.

of a great capitalist interest. They were able instead to safely pose as champions of beer itself, for it was only they who stood between the workers and those who would deprive them of their beer. Brewers, by amazing irony, were able to cut across lines which divide classes and parties and present themselves to the working class as champions of availability.

The liquor licensing system has been but one glaring example of the Board's inability to override the powerful and influential liquor interests. Such interests have had the ability to consistently influence L.C.B. policy, affect licensing, and thus distribution and profits, to both government and themselves. Beginning in 1925, selling beer at 10 cents per glass put many local hotels deeply in debt. High license fees, wages for waiters and tapmen, and the maintenance of hotels to commission standards took most of the profit. The brewers undertook the financing of the debts of the hotels; in return, beer parlours were to dispense only their creditor's brand of beer. When the British Columbia Liquor Inquiry Commission (1952) discovered such methods of financing were still permitted by the L.C.B., they were shocked. The Board, however, excused itself on the basis that since the problem could not be eliminated, the most that could be done was to keep it at an unobtrusive minimum.⁹

In abandoning Prohibition, it was never the intention of government to abandon control of the liquor traffic. Rather, it was to preserve the authority of the state to continue to exercise control. In doing so, government has faced a variety of problems--problems which sometimes defied even the most diligent of political pundits. In facing the challenge of administering its liquor monopoly,

⁹ British Columbia, Report of the Liquor Inquiry Commission, 1952, p. 116.

the Oliver government could be awarded a mediocre grade at best. Its major failing came from its inability to keep its monopoly separate from politics; its public image soon became tarnished by too numerous and too frequent liquor scandals. Diminished majorities at the polls reflected a general mistrust of the government, and intolerance to the waste of public resources through misconduct in office.

Throughout this thesis, attention has been given to the massive benefits demanded and received by single-issue pressure groups. Prohibitionists deserve recognition for their abilities to manipulate public opinion and persuade legislators; the press, to a lesser extent, but nevertheless powerful in its own right, also served to speak for the Conservative or Liberal interests who backed it. But it was the wealthy liquor lobby and brewing interests who were, without a doubt, the big winners in a policy-making game where the market was regulated through government intervention on their behalf. The negative connotations associated with private interests--pecuniary, narrow, self-interested, benefiting only a few--were cleverly disguised by the appropriate rhetoric designed to appeal to the public interest. The rich and powerful may evoke little overt public sympathy, but there has been "no dearth of hired hands anxious to make a case on their behalf."¹⁰ Government has been no exception.

¹⁰ Stanbury, *op. cit.*, p. 405.

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