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The Decline of Democracy

By W. H. MOORE, M.P.

PRESIDENT MESS:—I can think of a hundred and one people who envy my opportunity to introduce our guest speaker of to-day, not for the pleasure of telling you what he has accomplished in the field of legislation, letters, and economics, but just for the chance to tell you how they feel about him personally.

Many a time I have heard one of our national problems being discussed and almost inevitably someone would say: "Wouldn't Billy Moore make a great job of that!" Just as inevitably I would ask why, and always the same answer: "Because you can trust him."

I cannot tell you what I think of him, because this is our first meeting, but I can tell you that his friends think he is a citizen of proven loyalty and a friend to trust.

MR. PRESIDENT:—I have to confess my subject has taken me farther afield than I had anticipated. When one sets out to examine toppling structures, of course, one has to look at the way they were put together, and I had forgotten that phase of the business; and I had hardly realized the difficulty of another one, that nowadays people do not agree as to what Democracy is.

With 1937 just around the corner, it was a temptation to speak on Democracy because, in 1837, our grandfathers were talking grimly over pitch-forks about political freedom. The world was then in a democratic ferment and lots of people were writing good and bad poetry about the new epoch that was to come: the End of the Long Trail over which Man had worked his way from tribal serfdom, through feudalism and state-corporatism, to individualism.

And now you need but glance across the seas to observe that freedom is gone from Europe; that great nations are buying wheat and poison-gas for death-struggles over the

two forms of unfreedom that have taken the place of Democracy. Only the unobservant will say it cannot happen here.

Years ago society was warned of its doom by prophets who stood on street corners and moaned, "Woe, woe; the world is going to the dogs". Usually the prophets were stoned; invariably nobody did anything about it; and the old world, with distressing regularity, went to the dogs.

I hasten to say I am not staking a claim to the gift of prophecy, but I admire the prophets, and I want to relate a prophecy that came true in our time. Albert Schweitzer in 1923 said: "It is clear now to everyone that the suicide of civilization is in progress. What yet remains is no longer safe . . . The next landslide will very likely carry it away."

When I read those words, in 1925, they had for me the ring of prophecy, and I promptly wrote a book, on their inspiration, and more practical still, I told Canadian Clubs that we were going to the dogs; but nobody did anything about it. And five years later we had a landslide, and, we are still sliding.

Schweitzer says: People have "drifted out of the stream of civilization because there is no reflection on what civilization is". And today I plead for your reflection on the Decline of Democracy.

When François Guizot was writing the History of Civilization he described Democracy as a passion for individuality. I mention the matter to remind you that only a few weeks ago the Canadian press carried two despatches from Moscow, side by side; one that fifteen public men had been executed, for disagreeing with the leaders of their party and the other, that Russia was on its way to a democratic government.

There is no doubt about it, we need to reflect about the foundations of society. Not long ago, while addressing an intelligent audience, I chanced to ask: What is the State? and a clear strong voice rang out from the back benches: "*Mitch*". Now I have no desire to detract from the prestige of our Premier but the state really is a long line of traditions in a set of complicated institutions. However, the answer has this significance: they are human institutions, so very, very human.

For our direct purpose, at the outset, we have to recall that, before the coming of Democracy, politics and industry were inseparable. Under despotism, government fixed the prices of haircuts and threw chiselling barbers in the stocks; but I have to say government was then consistent for it attempted to fix the income of the barber's customers; it failed, of course, because that sort of thing can be done only in a very simple society.

Mediaevalism rested upon codes and marketing regulations, great statesmen contending then that without them the people would perish. "Order." That was the watchword of the times. The thing had worked with the flocks of Abraham and Jacob—no doubt it was, then, the only way of holding people together—but after Piers Plowman's day an increasing number of sturdy British villeins became vagabonds. They struck out to supply their own wants of life, as best they could; and as we shall see, with an increasing diversity of wants, the attempt at securing "order" brought about "disorder". Eventually the conflicts of class-interest led to social disintegration. Let us take a peek at life in France just before the birth of Democracy. Says the historian Duruy: "The quarrel of the gooseroasters and the poulterers lasted half a century, and went against the poulterers, who were restricted to the sale of uncooked geese; but the roasters emerged from the conflict only to meet another foe, the cooks, who were flushed with a recent triumph over the gild of 'vinegarers-custarders' (who made sauces); and after another half-century the cooks succeeded in limiting the right of the roasters to sell cooked meat. This is an example of the conflicts which all the time absorbed the energy and the resources of people who were engaged in kindred lines of retail trade and manufactures; cobblers and shoemakers; bakers and restaurant-keepers; and so on through a list that seems interminable."

The development of the economic and political freedoms varied with the conditions and the natures of the peoples. The French were more forward in theory; the British, in practice; the mass of Russians were serfs until 1861.

The Britisher has been the world's sturdiest individualist. The British were the first of the world's great people to develop modern parliamentary institutions; the first to

realize that the fence is the key to plenty; the first to break the chains which bound men in collectivist industry. The two movements went together every time the franchise was widened, a layer was taken from the restrictions of economic life. The greatest progress was made during the decade that followed 1837 when, with a series of bad crops, there set in a period of hard times known as the "Hungry Forties". The autocratic state with its economic interventions went down under Hodges' historic statement:

"I be protected but I be hungry."

With the failure of government, working by cabinets, through orders-in-council, the people pressed for still wider franchise and when they had it, they proceeded to throw off more state-intervention in business. The thing was not accomplished in a day; and it was not until 1844 that the Marketing Acts were repealed (7 & 8 Vict. Cap. 24); and the British people were allowed to buy food in open markets.

There were Jeremiahs, then, who predicted all sorts of disaster from these innovations and they insisted stubbornly on two things: first, that a people could not live without state-ordered industry and, second, that economic order could not be dispensed by counting noses at the polls. "Justice is blind", they said.

To shorten the long story, Democracy became possible only when individuals became free to choose their occupations; free to acquire and hold property; and free to risk it in search of more property.

"Ruthless Competition", you say. Well! Your grandfathers attached the adjective to monopoly. "Ruthless Monopoly", they said. But we may not profitably quarrel over the relative returns from competitive and state-directed industry. The results are set out in the census returns. European industry had been under authoritarian direction for 1,800 years A.D. when Europe had less than two hundred million people and, after a single century of fairly competitive effort, Europe had about five hundred millions and all because, when competition was substituted for combination, little children had more food and better shelter, and grew up. It is clearly written in the pages of history that governments designed for economic management failed to deliver the goods.

Can democratic institutions do better with a vastly more complicated finance and industry? Can we give up the principle of competition, and still have competent service? give up the principle of risk for profit and still have profitable service? that is half of the problem.

Can the state go back to the meticulous regulation of the exchange of the goods of life and still remain Democratic? That is the other half of the problem; and the one in which we are today directly concerned. We do not need to rest on the past for an answer, nor on the experience of modern Europe, Canadians have gone far enough in both directions to know the answers.

To begin at the beginning, our ancestors began building their political institutions under suspicion of power. Out of bitter experience they said:

Power like a desolating pestilence
Pollutes whate'er it touches.

And so when they had gained power over themselves they grudgingly yielded it up to representatives, but for short periods only, and then on precise conditions about its return on given dates and, for further security, they dispersed power by townships, counties, provinces and a federal government. The result was a wholly unworkable business structure, with expensive over-lappings; but our ancestors were not setting up an Economic State, they were designing legislatures that would make laws, leaving people free to mind their own business.

The pioneers were bent upon having an intelligent electorate so they set up schools to instruct little democrats in the ways of public life. They taught them about King John and The Great Charter, about John Hampden and ship-money; but they told them nothing at all about the theories of transportation, banking and all the other things that belong to the administration of an Economic State.

When the little democrats became twenty-one and went to political meetings, they had but scant opportunity to learn the principles of economic life. The hustings offer a poor environment for the sober discussion of business matters; in fact, a destructive environment, for confidence is essential to the conduct of business and politics have become a game

of "Destroy the Leaders". (And it is played catch-as-catch-can without rules.) I rarely agree with Mr. Stalin; but he was obviously right when, the other day, he said the Economic State could not be conducted under the dual party system.

Your representatives in Parliament are rarely experienced in business; for one reason: business direction has become largely centralized in a few constituencies. Toronto is one of the centres, and, even in this great industrial metropolis, your active business men hardly ever clamour for nominations. They haven't the time to devote to the sessions of Parliament and the relentless campaigns of politics. Besides, doctors are better mixers.

When Democracy was young, it realized its limitations and abstained largely from economic intervention; but as the years passed and great works were accomplished by its non-intervention, Democracy grew proud, and forgetful, and looking around said: "How much better things would be, if government took a hand in business!"

One is tempted to marvel at the gross inconsistency of the thing; but power invariably becomes autocratic, and for decades past we had not been reflecting upon what Democracy is. We had almost forgotten—and even denied—that Democracy is a passion for individuality.

When Democracy had forgotten its origin, it galloped downhill. The abused and misunderstood doctrine of *laissez-faire* had implied units of competitive strength; and, of course, without such units the whole theory of capitalism goes into the discard. The politicians stupidly failed to realize that simple fact and the capitalists were just as stupidly pressed for incorporations that meant monopoly. When they had them—almost for the asking—they behaved like great corporations. And the politicians, forgetting that they had themselves created the monopolies, piously folded their hands and said the thing was inevitable under modern industrialism.

In the days of its virility, Democracy passed laws against the combination of producers in restraint of trade; and again short-sighted capitalists failed to observe that, when capitalism ceases to compete, it begins to die. Whenever possible they substituted combination for competition; they

wanted what they can never have for long: profits without risk. It's a long story and I have only time to remind you that Democracy allowed its laws against industrial combines to fall into disuse; and went steadily back to the practices that had kept the world in poverty through all the previous ages; and Democracy boasted of the achievement.

The prophecies of the Jeremiahs of a century ago were fulfilled almost to the letter, for Democracy finally reintroduced the Marketing Acts that had been repealed in 1844; and enacted them for votes. Producers had already received credit from the public purse in exchange for votes; and when relative over-production came about—as it was bound to come—the state fell back upon the ancient practice of exclusive privileges for production. In this very province of Ontario there are men who have as good land as their neighbours and yet are forbidden to sell their products—because, unlike their neighbours, they have no state-licenses.

The Jeremiahs were right: Justice may be blind, but once wrapped in the robes of Democracy it has sharp ears for the requests of organized voters. The workers of Canadian towns became articulate, and were given scales of wages and hours—and you may not quarrel with the measure—but remember, the labourers on Canadian farms were unorganized and silent and got none. The census of 1931 lists 346,000 workers without pay and 82.2 per cent were farm labourers. In Australia, the United Kingdom and on the Continent of Europe farm labour is organized and has the treatment given factory labour—although the wages are generally lower and the hours longer—but in Canada the employers are politically too powerful at the polls. "The greatest good for the greatest number of voters." Such is the principle of a Democracy in economic intervention.

The wheat-growers of the prairies have been particularly vociferous and, in the name of the exchange of trade between nations, they were given cut-rates on the transportation of export grain. Naturally wheat-growers in other countries protested that the practice was in flagrant violation of the principle of relative costs, on which all exchange of goods must rest; but Canadian Democracy had its mind on votes and closed its eyes to what was bound to happen. Of course growers in importing countries asked for compen-

sating tariffs—and got them against our wheat; other exporting countries asked for corresponding transportation assistance from their governments. The matter was particularly disturbing on the prairies of the United States and an investigating commission reported to the President:—

“The advantage to the Canadian producer in the rail rate is 5.33 cents per bushel. So far as this relates to the Canadian National Railways it is in the nature of an advantage created by a foreign government.”

With the world's lowest freight rates for voting grain-growers, the state-owned Canadian railways pay about the world's highest wages for voting train-men. And while one has every sympathy for distressed wheat-growers and deserving railway employees, one cannot help recognizing the inescapable consequence.

Canada's railway problem has had our reflection; but we rarely discuss it as a phase of what happens, when Democracy turns its inapt hand to business; and probably an autocratic government would do no better. Recall please, that when Baring became Chancellor of the Exchequer, two years before the Great Reform Bill, Peel said: “I cannot conceive of a more lamentable position than that of a Chancellor of the Exchequer, seated on an empty chest by the pool of bottomless deficiencies, fishing for a budget.”

I am stressing the failures of autocracy as well as those of Democracy because I would not have anyone draw from the caption of my subject the impression that I believe we would be better off under autocracy—fascist or state socialist—no matter the form.

I discuss the matter as a live issue because, with all the disastrous state-interventions we have had, there are men, prominent in the public life of the country, who now come forward to assure us that government intervention is long over-due.

I raise an alarm because of the winsomeness of the phrases with which they call us back to the old, old barren paths of unfreedom. Our ancestors were subjected to the same barrage, but they were given to reflection about consequences, and rejected the phrases as “limed twigs”—the snares of unfreedom.

The reactionaries of our time, of all times, say they are battling against odds for “Social Justice”. But who ever advocated Social Injustice? And where was Social Justice ever had in larger measure, than in countries with competitive economy and real Democracy? Not Russia; not Germany; not Italy. Competitive industry is competent; it can afford the highest wages—and pays them; it provides the best social services.

“The Exploitation of Labour.” I wish I could dwell over that gripping phrase but I have only time to say that when Russia and Italy submit the matter to a free referendum, then—and only then—shall we know, whether unfreedom of labour contract is to be regarded as a release from exploitation.

“The Accumulation of Wealth.” And I would dwell over that phrase had I the time; however, I cannot refrain from pointing out that, if we may believe the hustings, our own government is no longer afraid of the big black wolf; it has learned how to pull its teeth by taxation, or drive it to die on the links of Bermuda.

May I, however, suggest that if Democracy were to restore the laws providing for competitive effort—and enforce them—the fortunes of individuals would automatically fall into alignment with the services they render to the material welfare of Society.

And now I come to the most important (and most obstinate) phase of our subject—the Great Storm that swept away the highways of commerce between nations and, with them, undermined the institutions of Democracy. Canada suffered severely for, in their unwisdom Canadian governments directed and cajoled and subsidized the people into the export trade of food-stuffs; in short, Canada laid the corner-stone of its economic structure in other peoples' properties.

And now, if we are to go on depending upon foreign trade for prosperity, we must adapt our political institutions to the modern methods of international trade. I ask you: Can our already strained democratic institutions take on the load of administering exchange control, marketing boards, quotas, bilateral agreements, etc., and still remain democratic? It would almost appear obvious that the great inter-

national cartels alone offer an insuperable obstacle to extensive foreign trade, and the retention of domestic freedom.

Soviet statesmen talk quite properly of "their country's trade", and Italian statesmen may almost use the phrase "their country's trade"; but it is the essence of Democracy that trade belongs to individuals and voluntary associations of individuals. The statesmen of Economic States may bargain about trade matters behind closed doors, raise and lower tariffs, quotas, etc., but Democracy positively shaped its institutions to prevent that very thing.

The essence of parliamentary government is the transaction of affairs in the open; in the face of opposition; it is an essential feature of Democracy that the citizen's welfare shall be affected only after his representative had had an opportunity of expressing his views on the floor of the House. Democracy was so very particular about that matter that it provided a long set of rules designed to safeguard the rights of representation. In the matter of tariffs, and they are the instruments of foreign trade—the country's economic boundary lines—a double safe-guard was established a few years ago with the creation of a Tariff Board before which producers, distributors and consumers might carry their petitions. But the Board was not given authority of redress; that right was reserved for the representatives of the constituencies—and then only on the carefully worked-out procedure as to introduction of bills, their discussion, in committees, and on the floor of Parliament, before a submission to a vote.

The necessities of modern trade between nations have swept away those practices. Democratic statesmen now talk of trade as if it belonged to the country and not to private individuals, and their voluntary associations; democratic governments bargain it away behind closed doors; and put arrangements into force without reference to the Tariff Board and—without the sanction of Parliament. After the arrangements have come into force, it is true, Parliament (as yet) is called upon for formal ratification; but debate over the substance of trade treaties has become a useless harangue of words.

And note the defence: we have sold our birthright, but we are told the statistics of foreign trade reveal that we had

the pottage. Well! I am unwilling to accept tables of imports and exports as the measure of a people's prosperity; I look for it in the countenances of the people, their bearing on the streets, and the side roads, the comfort of their homes and their confidence in the future.

It is quite true the times have been bettering since the Spring of 1932; within the past twelve months our primary products have gone up in demand; wheat, nickel, copper, steel, lumber, etc., and they have carried most of us with them. We are in the midst of a mining boom; and the nations are bidding high for gold; but may I point out that half of the gold produced since September, 1931, has disappeared. Your guess as to what has become of it is as good as mine.

My guess is that our fortunes have gone up largely because the world is threatening to blow up and prosperity built upon wars and rumours of wars is not good enough. We are better without it.

When it was announced I was to speak to you a candid friend called me up to say, the last time I was here I raised a lot of questions, and failed to answer them. I admit the corn. I hate to think it is any man's duty to prescribe a policy for members of a Canadian Club. The democratic movement originated in the Mug Clubs of London and Paris from which men staggered in the small hours, fired with enthusiasm for the economic and political freedoms; and although you have degenerated from a general discussion to listening to speeches, I know you are given to individual reflection on public matters.

Whatever your decision, may I say to those who are interested in my personal opinion that because Democracy is incompetent in business matters, does not mean that Canadians have to give up Democracy. Because social life involves some restrictions, does not mean that we should have "Stop" and "Go" signs almost everywhere. Canadians have one-sixteenth of the world—and not the worst sixteenth—Canadians number less than eleven millions of the world's population of more than two billions. Every intelligent industrious Canadian ought to be prosperous.

And—after twenty years of intensive state-intervention—more than a million Canadians had to go on some form of public relief.

Surely: Canada needs a new economic policy: for the sake of political freedom it should turn from trade aggression abroad and social repression at home. Nor can we ever have stability of life while we try to make livings by feeding foreign industrialists.

For one reason: trade between nations rests on the relative costs of capital and labour and the war broke up the old distribution of capital; the wage codes created different levels of labour costs. These things are to be remedied in our time. The debtor nations have to protect their industries; the governments have to protect the codes of their agricultural labourers and particularly against us, who have none.

For another reason: the industrial nations have found that—with women at work in factories and the mass living in crowded quarters—they cannot reproduce their populations. In our unreflection we have thought only of the apparent folly of dear food, we have looked upon economic nationalism as a temporary aberration; we have not stopped to consider that if the birth-rate should continue to decline in the United Kingdom, at its present rate, the population of the British Isles would be halved in less than two generations. The industrial nations are not disposed to commit race suicide without a struggle, and so protect the land—and its products—the breeding ground of nations.

If I am right in those matters, right in the conclusion as to their significance, then I cannot be wrong in saying Canada should balance its economy, readjust its tariff and the economic boundary lines of our sixteenth part of the world—enact and enforce laws providing for honest competition; and let us go to work.

With a passion for Christian individuality—and it is not a product of coercion—we may yet lead the world back to the path of peace; and on, and on to a wider, and ever wider prosperity.