

# Liquor and Liberals: Patronage and Government Control in British Columbia, 1920-1928\*

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Everything in the whole system of Government, in connection with patronage, is carried on upon this principle: You consult your friends when anything is to be done in a constituency, and it is the merest hypocrisy to preach or lay down any other doctrine as being practiced by any political party in this country.

—Mackenzie Bowell, 1887<sup>1</sup>

In October 1920, a few months after the Volstead Act legally dried up the United States, the voters of British Columbia opted to abandon prohibition for the regulated sale of liquor in government stores. B.C. politicians administered this new “noble experiment” in a traditional manner. Political patronage, which remained a significant force in provincial politics in the 1920s, was a prominent feature of the government’s participation in the liquor business. Rather than strengthen party loyalty, however, liquor patronage aggravated divisions among the governing Liberals and contributed to their defeat in 1928.<sup>2</sup>

## *Patronage glue*

Canadian historians now readily accept that patronage, the allocation of favours, contracts, and especially jobs to party supporters, was crucial to the evolution of political parties in the late nineteenth and early twentieth centuries. One recent text described patronage as “the grease that kept the political wheels turning; it was also, to a substantial extent, the glue of nationhood.” Government officials were not always enthusiastic about patronage; it often produced inefficiencies and inequities, and the supply

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<sup>1</sup> Bowell quoted in Peter B. Waite, *Canada 1874-1896: Arduous Destiny* (Toronto: McClelland and Stewart, 1971), 220.

<sup>2</sup> The so-called Volstead Act, which went into effect in January 1920, was the enabling legislation for the 18th amendment to the United States Constitution. The 21st amendment ended national prohibition in 1933 and returned liquor jurisdiction to the states.

of positions rarely met the demand, which always left some loyalists disgruntled. Even so, party leaders regarded patronage as essential because, according to Peter Waite, "it created and sustained party loyalty; it was the reward for the otherwise unrewardable party services."<sup>3</sup>

Both national parties used patronage to build and expand party structures from the ground up. The main criterion for appointment as postmaster, judge, or Queen's Counsel was active devotion in the riding. According to Gordon Stewart, "local party considerations took precedence over questions of qualifications." In 1878 John A. Macdonald dismissed the idea of a politically neutral civil service as the attempt to put Canada back to "the age of Adam and Eve before the apple."<sup>4</sup>

In the early 1880s, under the guise of temperance concern, Macdonald's government even tried to wrest control over retail liquor licensing from the provinces. Ontario politicians in particular resisted Macdonald's centralizing efforts, since they were fully aware of the provincial patronage opportunities that liquor licensing offered. The Judicial Committee of the Privy Council in England eventually ruled that retail licensing was primarily a provincial responsibility.<sup>5</sup>

Although Macdonald's philosophy and methods were maintained by his immediate successors, patronage politics appeared to peak during Wilfrid Laurier's tenure. Opposition pressure forced Laurier's Liberal government to create a Civil Service Commission in 1908, but even after the Conservatives came to power in 1911, the commission's authority remained largely illusory as loyal Tories demanded the rewards long denied to them. Dur-

<sup>3</sup> J. L. Granatstein, et al., *Twentieth Century Canada* 2nd ed. (Toronto: McGraw-Hill Ryerson Ltd., 1986), 6; Waite, *Arduous Destiny*, 55. Patronage is one of the lesser forms of political corruption, which also includes vote buying, bribery, and influence peddling. On the nature of political corruption see Kenneth Gibbons, "The Study of Political Corruption," in *Political Corruption in Canada: Cases, Causes and Cures*, ed. Kenneth M. Gibbons and Donald C. Rowat (Toronto: McClelland and Stewart, 1976), 8-13. On the role of the press in patronage politics see Norman Ward, "Patronage and the Press," in *ibid.*, 144-58, and Paul Rutherford, *A Victorian Authority: The Daily Press in Late Nineteenth Century Canada* (Toronto: University of Toronto Press, 1982), 212-27.

<sup>4</sup> Gordon Stewart, "Political Patronage under Macdonald and Laurier, 1878-1911," *American Review of Canadian Studies* 10 (Spring 1980): 3, 4 (quote), 8; Waite, *Arduous Destiny*, 20 (2nd quote), 55; see also Gordon Stewart, "John A. Macdonald's Greatest Triumph," *CHR* 63 (March 1982): 26-28, and his *The Origins of Canadian Politics: A Comparative Approach* (Vancouver: UBC Press, 1986), 52-53, 67-90.

<sup>5</sup> On federal-provincial liquor battles see: Waite, *Arduous Destiny*, 90; Edgar McInnis, *Canada: A Political and Social History*, 4th ed. (Toronto: Holt, Rinehart and Winston, 1982), 417; Gerald Hallowell, *Prohibition in Ontario 1919-1923* (Ottawa: Ottawa Historical Society, 1972), 35; W. E. Raney, "Another Question of Dominion Jurisdiction Emerges," *Canadian Bar Review* 3 (December 1924): 614-20.

ing the 1917 election campaign, however, Robert Borden's Union government praised a neutral civil service, and the following year the government placed some 40,000 "outside workers" under the jurisdiction of the Civil Service Commission.<sup>6</sup>

The changes in patronage politics had less to do with the personalities involved than with developments in Canadian society. As Canada became an urban, industrial nation, it offered more opportunities in the private sector to a growing, well-educated middle class that praised the business values of efficiency and expertise. At the same time, as society became more complex, so did the requirements of government. First at the municipal level and eventually at the national, middle-class reformers argued that good government required professional, usually non-partisan, expertise as its guiding principle. The granting of positions, contracts, and licences on the basis of party loyalty produced waste, inefficiency, and more corruption. Thus, patronage had no place in a modern country. According to two historians of the period, "the essential problem of government administration had been carefully identified: the ship of state was powered in the twentieth century by dilapidated machinery manufactured in the mid-nineteenth century and merely greased, patched, and tinkered with ever since."<sup>7</sup>

Although party government did not appear in British Columbia until 1903, patronage had long been a political fact of life, its most expensive form the virtual giveaway of land, mineral, and timber rights to sympathetic individuals and companies. Little changed after Richard McBride formed the first Conservative government in 1903. William Bowser, McBride's attorney-general from 1907 to 1915, constructed a powerful Tory

<sup>6</sup> Granatstein, *Twentieth Century Canada*, 96; R. C. Brown and Ramsay Cook, *Canada 1896-1921: A Nation Transformed* (Toronto: McClelland and Stewart, 1974), 193-94, 322.

<sup>7</sup> Brown and Cook, *A Nation Transformed*, 194 (quote); Stewart, "Political Patronage," 14. For good overviews of the reform movement see Brown and Cook, *A Nation Transformed*, 188-98, 294-305 and the "Introduction," in *Saving the Canadian City: The First Phase, 1880-1912*, ed. Paul Rutherford (Toronto: University of Toronto Press, 1974). John Weaver has written a number of articles on the complex motives and behaviour of civic reformers. In particular see "'Tomorrow's Metropolis' Revisited: A Critical Assessment of Urban Reform in Canada, 1890-1920," in *The Canadian City: Essays in Urban and Social History*, ed. Gilbert A. Stelter and Alan F. J. Artibise, revised ed. (Ottawa: Carleton University Press, 1984), 456-77; and Weaver, "Elitism and the Corporate Ideal: Businessmen and Boosters in Canadian Civic Reform, 1890-1920," in *The Consolidation of Capitalism, 1896-1929*, ed. Michael Cross and Gregory Kealey (Toronto: McClelland and Stewart, 1983), 143-66. Here Weaver argues that at a municipal level, at least, reform did not always eliminate waste and corruption. See p. 160.

machine in Vancouver and carefully distributed jobs, liquor licences, and police protection in ways designed to keep the party in power. By 1912 they seemed invincible, and in the election that year no Liberals were elected; two socialists formed the opposition.<sup>8</sup>

Yet, Tory fortunes began to falter in 1913 because of a severe economic downturn, the surfacing of numerous scandals, and growing disaffection inside and outside of the party over the actions of McBride and Bowser, by then nicknamed the “gold-brick twins.” According to Martin Robin, the party machine — “held together by the uncertain paste of patronage” — began to fall apart: “there was never enough [patronage] to go around and the excluded wolves began to howl loudly.” McBride resigned in 1915, and Bowser took the reins of power. In this environment appeared a revitalized Liberal party led by Harlan Brewster, a dedicated reformer who adopted the increasingly popular issues of woman suffrage and prohibition. After the Tories lost two important by-elections, Premier Bowser promised referenda on suffrage and prohibition in the next election. But the Liberal vision of progress, morality, and efficiency persuaded the voters to choose Brewster, prohibition, and woman suffrage in September 1916.<sup>9</sup>

After their victory many Liberals were shocked to learn that Brewster really intended to curb patronage, even though the party had never been in power before. The Civil Service Reform Act, drafted by the federal civil service commissioner, was passed in May 1917. The act’s provisions were hardly onerous, as the cabinet retained the power to fire every civil servant. But the commission’s mandate to hold exams and make appointment recommendations left many Liberals uneasy for, in the words of John Oliver (premier after Brewster died in March 1918), “the Liberals have not had a ‘look-in’ for fourteen years.”<sup>10</sup>

<sup>8</sup> Robert Cail, *Land, Man and the Law: The Disposal of Crown Lands in British Columbia, 1871-1913* (Vancouver: University of British Columbia Press, 1974), 155-56; Ormsby, *British Columbia: A History* (Macmillan Company of Canada Limited, 1958), 307. Martin Robin, *The Rush for Spoils: The Company Province 1871-1933* (Toronto: McClelland and Stewart, 1972), 125-35; see also Patricia Roy, “Progress, Prosperity and Politics: The Railway Policies of Richard McBride,” *BC Studies* 47 (Autumn 1980): 3-28.

<sup>9</sup> Robin, *Rush*, 152 (quote), 158-60; Ormsby, *History*, 363-65. For good summaries of the prohibition and suffrage campaigns in 1916 see Audrey M. Adams, “A Study of the Use of Plebiscites and Referendums by the Province of British Columbia” (M.A. thesis, University of British Columbia, 1958), 42-76. On suffrage specifically see Linda L. Hale, “The British Columbia Woman Suffrage Movement, 1890-1917” (M.A. thesis, University of British Columbia, 1977).

<sup>10</sup> Robin, *Rush*, 171 (quote); Edith Dobie, “Party History in British Columbia, 1903-1933,” in *Historical Essays on British Columbia*, ed. J. Friesen and H. K. Ralston (Toronto: McClelland and Stewart, 1976), 73; Ormsby, *History*, 393.

*Prohibition — briefly*

A far bigger problem for the Liberals was prohibition, which went into effect on 1 October 1917. Certainly to some extent British Columbia was affected by what Graeme Decarie has called “the largest popular movement in Canadian history.” Prohibition was a response to the social dislocation that accompanied Canada’s transformation to an urban, industrial nation. For its supporters, it was a progressive and righteous reform that would regenerate a society under severe stress. At the core of the movement was the campaign against licensed public drinking, or the evil saloon to temperance leaders. To the dries, a drunken man — particularly an immigrant — stumbling out of a saloon, his pay cheque consumed, his family neglected, symbolized all that was wrong with Canada. In B.C., which had both a tradition of saloon drinking and high rates of alcohol consumption, a majority of the voters had succumbed to the wartime rhetoric of the dries.<sup>11</sup>

On the other hand, outside of Quebec which never went completely dry, B.C. was the last province to adopt prohibition and the first to abandon it after World War I. Dry sentiment was far from unanimous in B.C., where the economy was dominated by young male wage earners in resource-based industries. Moreover, while prohibition was not primarily a religious movement, Methodists commanded the upper ranks of the People’s Prohibition Association. But the Church of England had many more members in B.C., and Anglicans advocated moderation rather than prohibition. In addition, prohibition was difficult to enforce. Decades of Privy Council decisions had left liquor authority divided in Canada; while the provinces could outlaw retail sale, they had little control over manufacturing and interprovincial trade. Breweries and distilleries continued to make their products for export and for sale across provincial boundaries, since people could order liquor legally from other provinces. Those British Columbians who refused to give up liquor, even for the war’s duration, ordered from outside the province, obtained questionable prescriptions for medicinal alcohol, or frequented hotel saloons that survived selling non-alcoholic “near beer” and anything else they could slide by the inspectors.<sup>12</sup>

<sup>11</sup> Graeme Decarie, *Prohibition in Canada*, Canada’s Visual History, vol. 29 (Ottawa: National Film Board and the National Museum of Man), 7; A. J. Hiebert, “Prohibition in British Columbia” (M.A. thesis, Simon Fraser University, 1969), 10-23. On prohibition in general in Canada see Ruth Spence, *Prohibition in Canada* (Toronto: Ontario Branch of the Dominion Alliance, 1919). On the significance of the saloon see Perry Duis, *The Saloon: Public Drinking in Chicago and Boston, 1880-1920* (Urbana and Chicago: University of Illinois Press, 1983).

<sup>12</sup> Hiebert, “Prohibition,” 69-71, 100-04; Spence, *Prohibition*, 472-74. At the heart of

By the end of the war many British Columbians were thoroughly disillusioned with reform in general and prohibition in particular. In 1919 a group of business leaders organized the Moderation League to promote the sale of liquor under strict government control, with no return of the saloon. Although consumption and crime had declined, prohibition had not created a "booze-free millennium." Most returned soldiers, being notoriously "wet," were as unhappy about the lack of beer as they were about their job prospects. Ordinary citizens resented a law that both made criminals out of otherwise respectable people and in their minds violated British notions of justice and liberty. Prohibition also seemed increasingly unenforceable. In 1918, under the authority of the War Measures Act, the federal government had banned the manufacture, sale, and interprovincial transportation of most liquor — but only until one year after the war ended. Federal prohibition expired at the end of 1919.<sup>13</sup>

Many B.C. Liberals were also disappointed with prohibition. Although personally favouring it, Delta farmer John Oliver was a pragmatic politician who had inherited a debt-ridden government (and soon a post-war recession), a caucus that could maintain no consensus on the emotional and volatile liquor issue, and a dry law made more porous with the lapse of federal restrictions on the interprovincial liquor trade. The Liberals wanted relief from the political headache caused by prohibition.

Oliver also inherited Attorney-General John W. Farris, Vancouver's most influential MLA. Farris was not a dry supporter, and he saw no point in accepting the federal government's offer to give any prohibition province the power, if approved by the voters, to ban liquor imports from other provinces. What Farris wanted was to test prohibition against the novel alternative of government control: "To my mind there is no middle course. You have to embark on a policy of exterminating alcohol . . . or [of selecting] the alternative system of sale under strict regulation." In late March 1920, after much cabinet debate, Farris announced that the voters would choose between prohibition and government control. The

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social reform in Canada was the Protestant social gospel movement; its limited success in British Columbia Shelia Mosher has characterized as "rhetoric without result." See Mosher, "The Social Gospel Movement in British Columbia: Social Reform As a Dimension of Religion, 1900-1920" (M.A. thesis, University of Victoria, 1974), 87.

<sup>13</sup> Hiebert, "Prohibition," 103-15, 123-26; John H. Thompson with Allen Seager, *Canada 1922-1939: Decades of Discord* (Toronto: McClelland and Stewart, 1985), 63 (quote)-66; Richard Allen, *The Social Passion: Religion and Social Reform in Canada, 1914-28* (Toronto: University of Toronto Press, 1973), 269-70; Spence, *Prohibition*, 487-89, 609-12.

Liberals took no position on the plebiscite, which meant they had withdrawn their official support of prohibition.<sup>14</sup>

The wets and the dries fought a spirited fall campaign with large public meetings, pamphlets, and newspaper advertising. The Moderationists claimed that

The Prohibition Act has been a great humiliation for British Columbia. . . . Government control will ensure the sale of liquor of pure quality at local centres throughout the Province in quantities consistent with moderation and temperance, and will provide proper safeguard against it's [*sic*] abuse.

The dries responded with the plea:

Vote for Prohibition and follow your conscience. If you vote for Government Sale the chances are that you are *dictating* to your conscience. Don't let your brain become clouded with argument when experience has taught you that your conscience is always right.<sup>15</sup>

The prohibitionists even brought in the respected Nellie McClung, who claimed that government control would be nearly as bad as the days of the wide-open saloons. But on 20 October 1920, the electorate, including women for the first time, approved government control, defeating prohibition 92,095 to 55,448. Only the ridings of Chilliwack and Richmond voted for prohibition. In December Oliver's government won re-election, although with a considerably reduced majority, and in February 1921 the legislature began its debate of the proposed Government Liquor Act.<sup>16</sup>

### *Drinking at the public liquor trough*

The act that received royal assent in April provided for the sale of liquor in "sealed packages" in government stores at uniform prices across the province. Most of the legislation actually dealt with enforcement. Cus-

<sup>14</sup> *Canadian Annual Review (CAR)* 1920, p. 829; *BC Legislative Assembly Clipping Book (LACB)* Reel 8: 6, 17 Feb. 1920, 29 March 1920 (quote).

<sup>15</sup> *British Columbia Federationist*, 1 Oct. 1920, p. 5 (moderation quote); *Vancouver Daily Province*, 20 Oct. 1920, p. 11 (prohibition quote).

<sup>16</sup> *The Vancouver Sun*, 11 Oct. 1920, p. 3, 21 Oct. 1920, p. 3; *BC Gazette*, 23 Dec. 1920, p. 4,399; Adams, "Plebiscites," 77-96.

The Liberals could look to some control precedents for guidance. Sweden had had a form of state control since the mid-nineteenth century. Closer to home, South Carolina experimented with government dispensaries from 1893 to 1907, and on the prairies Saskatchewan briefly tried government liquor stores before it adopted prohibition in World War I. The government also received copies of Quebec's Alcoholic Liquor Act which went into effect in May 1921. See Ellen Alexander, "The South Carolina Dispensary System" (M.A. thesis, Duke University, 1940); Donald MacLeod [*sic*], "The History of Liquor Legislation in Saskatchewan, 1870-1947" (M.A. thesis, University of Saskatchewan, 1948), 74-79; Agent General to Farris, 1 April 1921, Provincial Archives of British Columbia (*PABC*), GR1323, B2198.

tomers needed a permit to buy liquor, and any one of numerous public officials could place consumers on an interdiction list that banned them from liquor stores. In addition, the penalty for a first conviction of illegal sale, or bootlegging, was "imprisonment, with hard labour, for not less than six months . . .," with no option of a fine. To administer the act, the government appointed a three-member Liquor Control Board (LCB), which reported to the attorney-general. The board received broad jurisdiction to make regulations, and, except by cabinet, none of its decisions was open to review, even by the courts. All employees of the LCB, however, served at the pleasure of the government. The board itself bluntly warned that no employee "shall at any time or under any circumstances become intoxicated or conduct himself in an unseemly manner. Any employee committing any breach of this regulation shall be instantly dismissed."<sup>17</sup>

While the Liberals hoped that strictly regulated government sale would be an acceptable compromise to everyone and would end the divisive debate over access to alcohol, party leaders also used the opportunity to extend the patronage net. For example, the first Liquor Control Board had a distinct Liberal cast. A. M. Johnson, defeated Liberal candidate in the 1916 election and current deputy attorney-general, was appointed LCB chairman in Victoria. Vancouver businessman J. H. Falconer, honorary president of the B.C. Manufacturers' Association, was repaid for his efforts on behalf of Farris in the 1920 election by appointment as the Vancouver LCB member. Selected to sit with Johnson in the capital was W. N. Winsby, who already had a patronage position as Victoria Inspector of Schools. The board's initial problem was to sift through the 5,000 applications for the other 250 LCB positions, most of which were jobs in warehouses and liquor stores.<sup>18</sup>

The use of government control to reward the party faithful led to almost immediate embarrassment for the Liberals. In the autumn of 1921 Opposition leader William Bowser accused the government of liquor corruption. On the recommendation of J. W. Farris and A. M. Johnson, just before he became LCB chairman, the government had taken out a five-year option to purchase a liquor warehouse for \$150,000, even though the city had assessed the building at only \$58,000. The owner of the warehouse was Charles Campbell, a prominent Liberal and good friend of Farris. More serious was Bowser's charge that a "ring" of Liberals controlled all

<sup>17</sup> British Columbia, *Statutes*, 1921, c. 30 ("Government Liquor Act"), s. 8, 11, 57, 62 (1st quote), 96, 109. *First Annual Report of the Liquor Control Board of the Province of British Columbia (LCB First AR)*, D68 (2nd quote).

<sup>18</sup> *CAR*, 1921, p. 879; *Sun*, 19 Nov. 1920, p. 2; 24 Nov. 1920, p. 1; Robin, *Rush*, 188, 291, 211; *LCB First AR*, 1922, p. D13.

LCB liquor purchases. According to Bowser, in order to deal with the LCB, wholesalers had to have links with the ring, which included Campbell, hardware merchant and party bagman William McArthur, LCB member J. H. Falconer, and Wendell Farris, brother of the attorney-general. In a long speech in the legislature J. W. Farris defended the warehouse contract and bitterly denounced Bowser's other charges. The government majority easily squashed a motion to appoint a special committee to investigate the new LCB.<sup>19</sup>

Yet, within a few months Farris resigned from cabinet, supposedly to concentrate on his law practice. To replace him Oliver chose House Speaker and Omineca MLA Alex Manson, who had a dislike of the liquor industry not shared by his predecessor; Manson emphasized the "control" in government control. In a private letter to Premier Oliver he suggested that "the Government's need of revenue should [not] be mentioned in the same breath with the Liquor Act." Manson's appointment greatly pleased Rev. A. E. Cooke, a very vocal prohibitionist:

Indeed, I personally feel assured that had the country had the good fortune to have had you in your present office from 1917 onwards, we would still be under Prohibition. . . . But thanks to the utter failure of your predecessor to do his duty the Government . . . is now entangled in a situation degrading to itself and destructive to the whole community over which it presides.

In reply to Cooke, Manson said, "I am doing my utmost through our Vendors to see that the amount of liquor consumed by the individual is curtailed so that the least possible harm can come to the individual drinker and his family from the use of liquor."<sup>20</sup>

According to the *Victoria Colonist*, even before Manson would accept his new appointment, he made Oliver promise a thorough examination of the LCB. In February 1922 Oliver appointed Colonel Ross Napier, Supervisor of Assessors, to conduct the investigation. The first part of his report, ready by early March, bluntly criticized the LCB, especially J. H. Falconer. Napier claimed that Falconer had ignored his colleagues in Victoria, acted as a one-member board in Vancouver and, in defiance of the Act, made oral transactions with brewers. Throughout the province LCB vendors complained they had received and been required to store beer they

<sup>19</sup> *LACB*, Reel 9: 28, 29 Oct. 1921; Farris to Johnson, 3 March 1921, *PABC*, GR1323, B2198.

<sup>20</sup> Russell Walker, *Politicians of a Pioneering Province* (Vancouver: Mitchell Press, 1969), 22, 38; Manson to Oliver, 9 May 1922, *PABC*, GR1323, B2198 (1st quote); Cook to Manson, 12 Sept. 1922, *PABC*, GR1323, B2198 (2nd quote); Manson to Cooke, 13 Sept. 1922, *PABC*, GR1323, B2198 (3rd quote).

had never requested. Napier accused Falconer of forging vendor orders to cover his tracks and concluded:

Arrangements with regard to beer supply would appear to have had for their object more the offering of facilities to the Breweries to place their products on the local markets, rather than the establishment of control over sale or the meeting of the demands of the public.

In spite of much pressure from the opposition, and from some delegates at the Liberals' 1922 convention, the government refused to make public Napier's findings.<sup>21</sup>

After Napier's investigation, Manson leaned heavily on the LCB, especially Falconer, but nearly two years passed before the cabinet made any changes. Falconer in particular was not easy to fire as he had close connections with prominent Vancouver Liberals. For example, his brother owned shares in the California Wine Company, housed in an old pickle factory on False Creek. The ex-president of the Ward Five Liberal Association also had an interest in the company, as did party bagman William McArthur; and J. W. Farris, still an MLA, acted as unofficial lobbyist for the firm.<sup>22</sup>

According to an Oliver adviser, Manson refused to buck the party machine, and "when he tried to clean up the province, [he] left Vancouver alone." In March 1922 the board had voted to fire A. K. Lavan, vendor of the Pender Street liquor store in Vancouver, because of an accumulated shortage of \$694.45. Falconer dissented from the firing, and at the request of Manson, Lavan was reappointed vendor in May. To keep an eye on the LCB, however, Manson hired an informant who privately warned that "the incompetent and corrupt Liquor Board is not only a stench in the nostrils of decent high minded liberalism but . . . is smudging and smirching the countenance of the Government."<sup>23</sup>

In the interior, Harry Tidy, Keremeos store vendor, was not as fortunate as his Pender Street counterpart. In the spring of 1922 Tidy reported that his store had been robbed of liquor. Agents for the LCB Inspector were suspicious of Tidy's tale. One agent said the provincial police had told him that "Tidy owed considerable money and was not at the time able to pay up his debts, but has done so since the robbery." Another said that

<sup>21</sup> *Colonist*, 18 March 1922; Napier to Oliver, 3 March 1922, *PABC*, GR879, Box 4, File 2, pp. 1-5; Napier to Oliver, 2 March 1922 (quote), *ibid.*; Robin, *Rush*, 191-92.

<sup>22</sup> *LACB*, Reel 9, 30 Nov. 1922; Farris to Manson, 12 April 1922, *J. W. deB. Farris Papers*, Special Collections, University of British Columbia, Box 9, File 1.

<sup>23</sup> Douglas to Oliver, 23 Nov. 1922, *PABC*, GR1323, B2199 (1st quote); British Columbia Liquor Control Board, *Minutes of Meetings (LCB Minutes)*, vol. 1 (1922), 155, 186; Blygh to Manson, 23 Aug. 1923, *Farris Papers*, Box 5, File 6 (2nd quote).

“the talk in Town” was that the missing liquor had been “sold at Pen-tiction [*sic*] and Hedley.” He added that Tidy, who spent “most of his time at the Keremeos Bar and Pool room, where liquor [was] sold freely over the Bar,” seemed “nervous, very nervous.”<sup>24</sup>

Two police officers told the Inspector that they had spent a few hours with a local bootlegger named “Le Leivie” (one of half-a-dozen ways they spelled the name in a two-page report), who allegedly claimed that bootleggers could get “whiskey at any time at Tidy’s house, Sundays included.” Tidy was relieved of his duties and, after he was interviewed by Manson, charged with theft. Harry Tidy was acquitted, but he did not get his job back.<sup>25</sup>

The vendor for the liquor store in Hope, a little west of Keremeos, proved just as vexing for the attorney-general, but for different reasons. Manson had to contend with the voracious appetites of local party associations who besieged him with requests for liquor stores in their ridings, although technically the LCB chose store sites. In 1923 Manson found himself in the midst of a long dispute between two Liberal groups. The Hope association recommended that the LCB hire a Mr. Dent as a liquor vendor, but the nearby Laidlaw organization opposed the idea because Dent was already a Justice of the Peace. W. A. Furness of Laidlaw added his complaint that Dent was not a “returned man” — a veteran. Manson told the Hope president that he was “anxious that there should be the greatest co-ordination and unity in the riding hence my desire that Mr. Dent’s appointment be considered by the Laidlaw Association. . . .” The two groups haggled for weeks and then decided on a veteran — W. A. Furness, secretary, Laidlaw Liberal Association. In April 1924 the LCB hired him at a salary of \$175 per month.<sup>26</sup>

While the public and the opposition probably knew little of the patronage squabbles, no one could miss the fireworks caused by the explosive issue of public drinking, which continued to tear Liberal unity. Oliver and his supporters were determined that the saloon would not return to British Columbia. The new liquor act banned all drinking in public unless one had a special, temporary permit issued by the LCB. In addition, the government specifically outlawed so-called “near beer,” and even the words

<sup>24</sup> Ferris to Miller, 15 June 1922, *PABC*, GR1323, B2198; LaChance to Miller, 23 June 1922, *PABC*, GR1323, B2198.

<sup>25</sup> Rudman and Walker to Miller, 23 June 1922, *PABC*, GR1323, B2198; Tidy to Oliver, 9 Oct. 1922, *PABC*, GR1323, B2198.

<sup>26</sup> Manson to Parnaby, 11 Sept. 1923, *PABC*, GR1323, B2198 (quote); Manson to Furness, 23 Oct. 1923, *ibid.*; Parnaby to Manson, 12 Nov. 1923, *ibid.*; Furness to Manson, 10 Nov. 1923, *ibid.*; *LCB Minutes*, vol. 3 (1924), 841.

“bar,” “bar-room,” “saloon,” and “tavern” were prohibited from public view. Liquor was to be purchased at government stores and consumed only in private homes. Even there drunkenness was forbidden; a first offence could bring up to a \$100 fine or sixty days in jail.<sup>27</sup>

In the House, public drinking provoked an intense debate that crossed party lines. The main promoters of beer were new MLAs Captain Ian Mackenzie, a Liberal lawyer and veterans’ representative from Vancouver, and Tom Uphill, labour independent and champion of the coal miners of his Fernie riding. Both men wanted beer sold by the glass in hotels and private clubs, especially veterans’ clubs. Even after the liquor bill became law, beer caused so much debate in the legislature that Oliver, who could not keep his party united on the issue, had to allow free votes on it. One resolution that called for a referendum on beer actually passed, but the Speaker, still Manson, ruled it out of order. In November 1921 Uphill damned the new liquor act as “class legislation of the worst kind. The man who has the spondulix has either a cellar where he can keep his beer or an auto in which he can take it to his home fresh, but the poor man has neither.”<sup>28</sup>

Soon after the liquor act went into effect, veterans’ representatives announced their clubs would continue to sell beer to bona fide members. That began a two-and-a-half-year battle over public drinking that the provincial government ultimately lost. Early court decisions favoured the clubs, and in 1922 the cabinet had to admit that government control applied only to half the liquor sold in B.C. The rest was supplied by bootleggers and a variety of “beer clubs,” many located in former hotel saloons. New Attorney-General Manson blamed municipal governments for lack of enforcement and criticized the breweries for using “every manner of deceit and trick” to sell their beer. Yet, as much as he said he wanted to, Manson could not get rid of the breweries because they held federal manufacturing licences.<sup>29</sup>

On the other hand, the leader of the Opposition contended that the government really had little interest in getting rid of the beer clubs, with

<sup>27</sup> *Government Liquor Act, 1921*, ss. 32, 42, 45, 46, 63; Reginald Hose, *Prohibition or Control: Canada's Experience with the Liquor Problem, 1921-1927* (Longmans, Green and Co., 1928), 62-63.

<sup>28</sup> *CAR*, 1921, pp. 878, 880-81; Oliver to Lieutenant-Governor, 1 Dec. 1921, *PABC*, GR441, vol. 217, File 13; *LACB*, Reel 9, 30 Nov. 1921 (quote).

<sup>29</sup> *CAR*, 1921, p. 879, 1922, p. 857; *LCB First AR*, 1922, pp. D9-10; *LCB Second AR*, 1923, pp. B8-9; *Sun*, 28, 30 June 1921; Manson to Nickle, 19 Jan. 1926, *PABC*, GR1323, B2311 (quote). On the power of veterans’ organizations in Vancouver in the early post-war years see Elizabeth Lees, “Problems of Pacification: Veterans’ Groups in Vancouver, 1918-1922” (M.A. thesis, Simon Fraser University, 1985).

which prominent Liberals were involved. Bowser accused Ian Mackenzie of opening five clubs with "membership" dues of ten cents. In October 1921 Bowser had told the House that the beer clubs were "running wide open today" yet the attorney-general refused to suppress them. A year later he increased the tempo, asserting that it was his duty to "bring to the attention of the people the rotten administration of the Liquor Act." Bowser offered no evidence for his charges, but he made life uncomfortable for the Liberals.<sup>80</sup>

The liquor issue aggravated an already seriously divided party. Oliver had long endured the antics of mavericks such as David Whiteside of New Westminster and Harry Perry of Prince Rupert who, in one liquor debate, said, "British Columbia should not become a Monte Carlo" and Oliver a "Prince of Monaco." More important, the Vancouver party machine had never really accepted the interior-oriented Oliver, and Farris's resignation from cabinet had allowed him to work behind the Premier's back. Farris still sat on what he described to Manson as the "Patronage Committee of Vancouver." But other Vancouver Liberals blamed Oliver for the party's reduced emphasis on reform, which at least partly explained Mary Ellen Smith's 1921 resignation from cabinet. In spite of the dubious honour of being the first woman minister in the Empire, the dry Mrs. Smith, lacking either portfolio or influence, soon left the cabinet. With Farris and Smith gone the city had no members on the executive council; that condition soon frustrated a group of Young Liberals headed by G. L. Fraser. The Young Liberals demanded both cabinet representation for Vancouver and an end to Farris's "politico-brewery" party machine. Oliver satisfied neither demand.<sup>81</sup>

Although they were opposed to public drinking, Oliver and Manson knew the government could stall beer by the glass only for so long. Each session Mackenzie and Uphill introduced beer bills that the government managed to defeat on procedural grounds. But the cabinet also had to endure the efforts of the revitalized Moderation League and the newly formed B.C. Hotels Association (BCHA), a group of Vancouver hotels that organized specifically to win beer by the glass. The League and BCHA lobbied the government with visits, resolutions, and letters. But then so did the Prohibition Association for the other side. With no consensus within

<sup>80</sup> LACB, Reel 9: 28 Oct. 1921, 3 Nov. 1922.

<sup>81</sup> Robin, *Rush*, 189-90 (Perry); Farris to Manson, 1922, *Farris Papers*, Box 9, File 1; Elizabeth Norcross, "Mary Ellen Smith: The Right Woman in the Right Place at the Right Time," in *Not Just Pin Money: Selected Essays on the History of Women's Work in British Columbia*, ed. Barbara Latham and Roberta Pazdro (Victoria: Camosun College, 1984), 362; Ormsby, *History*, 414-15, 418.

party ranks, the safest course was again to toss a sensitive liquor issue to the electorate. In December 1923 the House approved a plebiscite bill that asked: "Do you approve of the sale of beer by the glass in licensed premises without a bar under Government control and regulation?" In May 1924 Manson announced that the plebiscite and an election would be held the same day, 20 June 1924.<sup>32</sup>

To promote party unity, Oliver ordered Liberals to maintain that beer was a moral issue rather than a political one and therefore not part of the campaign. Neither the Tories nor the new Provincial Party (a temporary alliance of farmers and "reform" Tories) took a stand on the plebiscite, although both railed against Liberal corruption. Like the 1920 plebiscite, the beer-by-the-glass vote was largely a battle between the Moderationists and the prohibitionists, but the results were quite different. Although one voter wrote "by the bucketfull" on the ballot, the majority cast against beer, 73,853 to 72,214.<sup>33</sup>

Even in the large cities beer had problems. Victoria defeated it by almost 2,000 votes, while Vancouver approved it by only 78 votes and Burnaby by a single ballot. Yet twenty-three of forty ridings favoured beer. The strongest support came from the interior ridings of Fernie (78 percent affirmative), Lillooet (71 percent), Mackenzie (70 percent), and Cariboo (69 percent). In contrast, Chilliwack gave only 28 percent approval to beer. Still, according to the legislation passed the previous December, technically those ridings which wanted beer were eligible for licensed public drinking. The Liberals had expected the plebiscite to receive majority voter support, but when it didn't, they hesitated to allow beer even where it had been approved.<sup>34</sup>

More confusing was the fate of the Liberals, who had won most, but not a majority, of the seats in the legislature. Bowser, Farris, and Oliver were defeated, though a by-election soon returned the Premier. To command a majority the Liberals needed the support of R. J. Burde and Tom Uphill, independents who favoured beer. When the legislature reconvened in November 1924 Uphill put the matter simply: "if Vancouver wants to drink fizz, all right, but my constituents voted four to one for beer and I want to see something done about it." In a final December vote, Manson

<sup>32</sup> Adams, "Plebiscites," 97-113; Kenneth Campbell, "A Tribute to Pioneer Members . . .," *BC Hotelman* 20 (Sept./Oct. 1958): 6; Spalding to Attorney-General, 27 Oct. 1922, *PABC*, GR1323, B2199; Ormsby, *History*, 418; British Columbia, *Statutes*, 1923, c. 39 ("Liquor-control Plebiscites Act"), s. 3.

<sup>33</sup> Adams, "Plebiscites," 109-10; *Sun*, 21 June 1924, p. 1; Robin, *Rush*, 196-202.

<sup>34</sup> "Results of Plebiscites," *PABC*, GR770, Box 5, File 199, Liquor-control Plebiscites Act, s. 3.

opposed beer, but a tearful Oliver and twenty-seven of his colleagues on both sides finally decided that British Columbians could not be denied beer by the glass.<sup>35</sup>

Although nothing in the act or regulations specified where beer parlours should be located, the government confined them to hotels at the request of the BCHA. Its executives argued that “licences [should] be granted to standard hotels only” because they had the facilities, the economic need, and the tradition of licensed public drinking. What evolved was an informal alliance between the government and the hotel industry. In return for beer licences the hotels agreed to accept strict regulations to minimize the continued debate over public drinking. When the first parlour opened in March 1925, no one could have mistaken it for an old-time saloon. No stand-up bar was allowed; patrons sat at tables and were served by waiters. Only draft beer was available — no other drinks, no food, and no entertainment of any kind. Ostensibly to prevent prostitution, the hotels at first tried to ban women from the parlours, but in the end the owners created separate sections for “Ladies and Escorts.” Perhaps most important, the beer parlours were regulated by a recast Liquor Control Board.<sup>36</sup>

On 31 October 1924, just a few days before the stormy fall session that eventually passed beer by the glass, the original three LCB members “re-tired” from the board. Manson told the House that they had resigned, but he made it clear that they would have been fired: “Dismissal is not a pleasant task, but when it has to be done it must be done.” The new board consisted of one member only, Hugh Davidson, chairman of the Gregory Tire Company in downtown Vancouver. A one-member board was not only cheaper but also easier to control as the government no longer had to contend with practically separate boards in Vancouver and Victoria; and Davidson was based in Victoria, supposedly away from the clutches of the machine in Vancouver.<sup>37</sup>

But Davidson inherited a board with even more patronage potential, for beer parlours had turned the LCB into a licensing agency. While local areas decided if they wanted parlours or not, the LCB, in concert with the government, determined who would get beer licences. Since licences were given for only one year at a time, licencees became dependent upon the LCB

<sup>35</sup> Walker, *Politicians*, 6-8, 14; *Province*, 12 Nov. 1924, p. 2 (quote), 7 Nov. 1924, p. 1, 17 Dec. 1924, p. 1; *LACB*, Reel 10: 21 Nov. 1924, 6 Dec. 1924.

<sup>36</sup> Congdon to Manson, 31 Dec. 1924, *PABC*, GR1323, B2204 (quote); Kenneth Campbell, “A Tribute to Pioneer Members . . .,” 6; Robert A. Campbell, “Sit Down, Shut Up and Drink Your Beer,” in *Working Lives: Vancouver 1886-1986*, ed. the Working Lives Collective (Vancouver: New Star Books, 1985), 137.

<sup>37</sup> *LACB*, Reel 10, 8 Nov. 1924 (quote); *LCB Fourth AR*, 1925, p. J5.

and ultimately the party in power. Before the beer plebiscite, the *Province* had been prescient when it warned, "a liquor-licensing system is the very sort of thing on which machine politics feed. . . . There would be trafficking in beer licences, campaign funds would be raised from the liquor interests, there would be petty graft for ward bosses and graft of another kind for bosses of larger calibre." If anything, the paper understated what eventually happened.<sup>38</sup>

Even before the first anniversary of beer parlours, Tory members on the public accounts committee exposed the patronage exploitation of parlour licences. New Victoria MLA H. Despard Twigg, who took over for Bowser as the Opposition's liquor firebrand, learned in December 1925 that former LCB member W. N. Winsby had received a beer licence for an Esquimalt hotel previously refused one. But potentially much more damaging was the testimony of parlour candidates who had run afoul of the Vancouver patronage machine. A disappointed applicant told the public accounts committee of his visit to Liberal bagman W. T. McArthur, whom he referred to as the "big cheese" in Vancouver:

I went to see McArthur, and he asked, 'What pull do you think you have to get a licence over me?' I replied that I had the promises of four Cabinet Ministers. McArthur replied, 'I don't give a —— for all the Cabinet Ministers in Victoria. I'm running Vancouver and will see who gets licences.'

The applicant and his partner also said other Liberals had told them that if they wanted a beer licence, they would have to give a one-third interest in their business to H. P. Jones, former president of the Liberal Progressive Association. When the applicants appealed to Manson, he allegedly said, "Of course we confide a great deal in W. T., but he's not the whole show. . . . I want Jones to be looked after. Of course the past record of Jones won't stand much investigation and he is a ward heeler, but he will have to be looked after." In front of the committee McArthur denied everything and the Tories had no hard evidence. At the end of 1925, then, the Liberals seemed safe. Actually their problems were just beginning.<sup>39</sup>

### *Bootleggers, rumrunners, and the federal government*

Authority over the liquor traffic was divided between the federal and provincial governments. This division intensified both the debate over liquor and the problems with patronage and party unity.

<sup>38</sup> *Province*, 14 June 1924, p. 6; Hose, *Prohibition or Control*, 33-34.

<sup>39</sup> *Province*, 2 Dec. 1925, p. 1; *LCB Minutes*, vol. 4 (1925), 1303-04; *LACB*, Reel 10: 11 Dec. 1925 (quotes), 18 Dec. 1925.

Bootleggers, retailers who illegally competed with the provincial government, hindered the success of government control from the beginning. On 15 June 1921, the day that liquor stores opened, "A. Non," a self-confessed bootlegger, wrote to the attorney-general that "we are already under-selling your prices." The illegal sale of liquor was made easier by the perfectly legal business of private liquor imports from outside British Columbia. For example, the Calgary Export Company had an office on Cambie Street in Vancouver where one could order an imperial quart of good rye from Alberta for \$3.25, including express charges. Similar rye in a B.C. liquor store cost \$5.00, and purchasers were also required to buy a liquor permit. By March 1922 British Columbians had imported 360,000 gallons of beer and nearly 60,000 gallons of spirits and wine. Petty bootleggers received volume discounts, and they offered B.C. consumers the convenience of home delivery.<sup>40</sup>

Bootlegging was also facilitated by federal taxation policies. With the advent of government control in B.C. and Quebec, the federal government more than tripled its customs and excise duties on liquor and imposed a 5 percent sales tax. But all liquor exported from Canada was exempt from the \$9.00 a gallon excise tax. Across the country, entrepreneurs opened export companies that sold liquor outside of Canada. These companies conducted a lucrative business in B.C., and much of it violated either Canadian or American law. From B.C. the export companies smuggled liquor into prohibition provinces that had banned private importation. The exporters were also the leading rumrunners to the dry United States. Ships laden with liquor and supposedly bound for Mexico often didn't get beyond the Puget Sound. Finally, the export warehouses provided for the big bootleggers. Much liquor consigned for export (and thus exempt from the excise tax) either never left the province or was smuggled back in to compete with the higher-taxed LCB liquor.<sup>41</sup>

Since B.C. had almost no authority over interprovincial or foreign trade, it could do little. Unlike prohibition provinces, government control provinces could not end private importation with a plebiscite. Instead, the B.C. government imposed a heavy tax on liquor brought into B.C. While the

<sup>40</sup> A. Non to Farris, 15 June 1921, *PABC*, GR1323, B2198 (quote); *LCB First AR*, 1922, p. D60; Savage to Farris, 7 Dec. 1920, *PABC*, GR1323, B2168; Fortune to Farris, 22 Aug. 1921, *PABC*, GR1323, B2198; Johnson to Manson, 22 April 1922, *PABC*, GR1323, B2201.

<sup>41</sup> Hose, *Prohibition or Control*, 74-75; Peter Newman, *Bronfman Dynasty: The Rothschilds of the New World* (Toronto: McClelland and Stewart, 1978), 93-94; Reginald Hose, "Control of the Liquor Traffic in British Columbia," *North American Review* 223 (September 1926): 420-30; Peck to Manson, 28 March 1923, *PABC*, GR1323, B2198.

government won the court battles over its right to impose the tax, collecting it was very difficult. In addition, both Oliver and Manson pressured the federal government for provincial control over importation. But each time the matter came before Parliament the Tory-dominated Senate rejected B.C.'s request. Various liquor interests and the Moderation League actively lobbied the Senate to maintain an individual's right to bring in liquor.<sup>42</sup>

Somewhat ironically, the wets were initially supported by the prohibitionists. A B.C. executive member told Manson that prohibition provinces had stopped private importation to help eliminate "evil" liquor. But he claimed that the only reasons B.C. wanted to end private importation were to strengthen government control and to reinforce "the principle that liquor is good for beverage purposes." Determined dries realized that if government control were successful and popular, prohibition would never return.<sup>43</sup>

The government also had little luck with the export houses, since the province could not revoke their federal licences. Instead, Manson raised their annual provincial licences from \$3,000 to \$10,000. While the higher fees gave the provincial government more licence revenue and reduced the number of export houses, those that remained continued to thrive.<sup>44</sup>

To curb bootlegging by the B.C. breweries, which also had federal licences, Manson adopted a novel tactic. In 1923 he proposed a brewers' cartel that would guarantee each brewery a portion of the government's business. Five lower mainland and Vancouver Island breweries agreed to the idea and formed the Amalgamated Brewers Agency (ABA) in Vancouver. The smaller interior breweries did not join the cartel, but they promised to keep their beer from the coast if the ABA reciprocated. The arrangement virtually guaranteed that no new brewery could succeed as the market was closed. While it eliminated brewery competition for the most part, the cartel also reduced bootlegging, and, with some tinkering, it lasted for decades. Similar arrangements were undertaken by other provinces once they adopted control.<sup>45</sup>

On the other hand, critics of the government claimed that some Liberals wanted to see bootlegging and rumrunning continue because they profited

<sup>42</sup> Manson to Euler, 12, 31 Jan. 1928, *PABC*, GR1323, B2199; Manson to Sweet, 29 Oct. 1926, *PABC*, GR1323, B2311.

<sup>43</sup> Savage to Manson, 26 Dec. 1922, *PABC*, GR1323, B2199 (quote).

<sup>44</sup> *LCB Second AR*, 1923, p. B10.

<sup>45</sup> Falconer to Manson, 20 March 1923, *PABC*, GR1323, B2199; Manson to BC Breweries, 24 Sept. 1923, *PABC*, GR1323, B2203; Davidson to Manson, 29 Nov. 1927, *PABC*, GR1323, B2306; Hose, *Prohibition or Control*, 49-50.

from it. By late 1925 the Tories on the public accounts committee had linked the so-called Vancouver liquor ring to Henry Reifel, B.C.'s leading brewer, distiller, bootlegger, and rumrunner to the United States. A German brewmaster, Reifel had come to B.C. in 1888. With his sons Harry and George, Reifel controlled the Joseph Kennedy Export House, B.C. Distillers, and the main partner in the brewers' cartel — Vancouver Breweries. Although not unknown, Reifel became a celebrity, and a threat to the Oliver government, when he testified before the federal Royal Commission on Customs and Excise in 1926.<sup>46</sup>

At first the federal government had ignored American complaints that Canadian liquor exports undermined U.S. prohibition. But smuggling was a two-way street. Rumrunners returned to Canada with clothing, manufactured goods, and even automobiles. Tales of bribery and corruption in the Customs bureau eventually forced the W. L. M. King government to investigate charges. From November 1926 to September 1927 the Lemieux-Brown commission held hearings from Halifax to Vancouver. With his lawyer, J. W. Farris, by his side, Henry Reifel told the commission in December 1926 that over the previous eighteen months he had made nearly \$100,000 in political contributions, including \$40,000 to Liberal bagman William McArthur in Vancouver; some of the payments were "in the nature of loans and donations to fight prohibition." Reifel considered the contributions a business expense, but he hoped "the commission would recommend a law against paying campaign funds. You never get any return on the money." Reifel also testified that one of his salesmen had made regular payments to B.C. liquor store employees.<sup>47</sup>

As a result of Reifel's testimony, the Tories and the press had a field day at the expense of the Oliver government. The *Province* badgered Attorney-General Manson to take up where the federal commission had left off:

What everybody knows is that disbursements for campaign funds are not entered for nothing under the head of "protection and assurance" by brewing companies. If money is paid out for protection there is protection; and the plain name of this protection is bribery and corruption.<sup>48</sup>

Manson attempted to block an investigation by attacking the Tories and the press, but he also faced criticism from anti-liquor Liberals in the

<sup>46</sup> *LACB*, Reel 9, 4 Dec. 1925, Reel 10, 11 Dec. 1925; Newman, *Bronfman Dynasty*, 139-40; Canada, *Royal Commission on Customs and Excise: Interim Report No. 10* (Ottawa: King's Printer, 1928), 111.

<sup>47</sup> Richard Kottman, "Volstead Violated: Prohibition as a Factor in Canadian American Relations," *CHR* 43 (1962): 108-15; Ralph Allen, *Ordeal By Fire: Canada 1910-1945* (Toronto: Doubleday Canada Limited, 1961), 261-86; *Royal Commission on Customs and Excise: Final Report*, 3-4; *Province*, 16 Dec. 1926, p. 14 (quotes).

<sup>48</sup> *Province*, 16 Dec. 1926, pp. 6 (quote), 14.

divided caucus. As a result of the 1924 election, two of Vancouver's MLAs were General Victor Odlum and department store owner Charles Woodward, both anti-liquor and anti-Farris. Soon after the election Woodward had told Oliver that "whether you are aware of it or not, the liquor element pretty well controls Vancouver." In the legislature Odlum, the only Canadian commander during World War I to deny his troops their rum ration, headed a Select Committee that probed the allegations raised at the federal Royal Commission. The Liberal-dominated committee found enough evidence to recommend that the Oliver government appoint royal commissions. During 1927 four different single-member commissions investigated alleged payments to liquor store employees, campaign fund contributions, and the accusations of individuals. Three of the commissions were chaired by Justice Aulay Morrison, a former deputy attorney-general under Farris, who in turn represented either Reifel or the government before the four commissions. In the end the government was completely exonerated.<sup>49</sup>

By 1928 government control of liquor was the standard in Canada. Only Nova Scotia and P.E.I. remained dry, and Nova Scotia opened government liquor stores in 1930. Partially in response to provincial requests, but mainly because of the findings of the Royal Commission on Customs and Excise and continued pressure from the United States, the federal government finally acted to limit bootlegging and rumrunning. Part of that process resulted in giving the provinces more jurisdiction over the liquor traffic. In June 1928 the Governor-General assented to the Importation of Intoxicating Liquors Act, which allowed the provinces to regulate all liquor entering their borders. The law effectively ended private importation. To appease the United States, Parliament also amended the Export Act to ban liquor shipments to countries with prohibition. The export houses closed and the rumrunners moved their Pacific operations to Tahiti.<sup>50</sup>

<sup>49</sup> Robin, *Rush*, 211 (quote), 222-24; *Province*, 11 Feb. 1927, p. 16; *LACB*, Reel 11, 27 Jan. 1928; "Findings," *Commission Re: Campaign Funds, 1927*, *PABC*, GR872, Box 1, File 2; "Final Report . . .," *Commission on Allegations of JA Gauthier, 1927*, *PABC*, GR874, Box 1, File 2; Morrison to Bruce, 2 June 1927, *Commission on Allegations of Frank Carlow, 1927*, *PABC*, GR873, Box 1, File 2.

<sup>50</sup> *Royal Commission on Customs and Excise: Interim Report No. 4*, 10-12; Canada, *Statutes*, 1928, c. 31 ("The Importation of Intoxicating Liquors Act"), 1930, c. 19 ("An Act to Amend the Export Act"); *Colonist*, 7 June 1930, *LCB Scrapbooks*, *PABC*, GR62, vol. 26; Newman, *Bronfman Dynasty*, 140. Dates for provincial adoption of government control: Quebec: May 1921; B.C.: June 1921; Yukon: September 1921; Manitoba: August 1923; Alberta: May 1924; Saskatchewan: April 1925; Ontario: June 1927; New Brunswick: September 1927; Nova Scotia: April 1930. While still a colony of Britain, Newfoundland adopted government control in

In B.C., in response to the charges and investigations the government made some minor changes to the liquor act. But nothing could save the Liberals by the late 1920s. John Oliver had died in 1927, to be replaced by the capable if uncharismatic J. D. Maclean. More important, the Conservatives seemed to have resolved the internal dissent that had plagued them since McBride's resignation in 1915. Their new leader, Simon Fraser Tolmie, was acceptable to all party factions. When the Liberals called an election for July 1928, the Tories had a good organization and a leader who praised business efficiency and damned corruption, while the Liberals suffered from infighting, the taint of liquor and other scandals, and a provincial railway that would continue to discredit whatever party was in power. Tolmie and the Tories won 35 of the 47 seats. Government control, the lucrative hot potato that had earned the province nearly \$22 million since its inception, fell into the lap of a new — and with the 1929 crash just around the corner — ill-fated government.<sup>51</sup>

### *Conclusion*

An analysis of the first years of government control of liquor helps reveal what shaped the British Columbia political world in the 1920s. Moreover, it underscores both the continued significance of patronage in B.C. politics after World War I and the divisive effects of liquor patronage on the Liberal party.

B.C.'s first Liberal Premier appeared determined to follow the federal example of a less political civil service. But Harlan Brewster's accomplishments were minimal because he did not live long enough to cultivate consensus for his views. His successor, John Oliver, had a more traditional attitude toward patronage. At the 1922 Liberal convention, for example, he lamented that, "in the innocence of our hearts [we] passed over to a Commissioner patronage rights which should have been exercised by the government and the representatives elected by the people."<sup>52</sup>

After the Great War, patronage remained a vital aspect of political life in British Columbia, in part because provincial governments in general

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1925. Prince Edward Island did so in 1948. See Reginald Hose, *Prohibition or Control*, 108-09; Canada, Dominion Bureau of Statistics, *The Control and Sale of Liquor in Canada* (Ottawa, 1931), 1-9; LCB *Scrapbooks*, 29 June 1948, *PABC*, GR62, vol. 26.

<sup>51</sup> Ian Parker, "Simon Fraser Tolmie: The Last Conservative Premier of British Columbia," *BC Studies* 2 (Fall 1971): 21-36; Robin, *Rush*, 226-31; Revenue figures are from *The Control and Sale of Liquor in Canada*.

<sup>52</sup> Robin, *Rush*, 192.

acquired additional means to reward the faithful. By the early 1920s the federal government had retreated from its war-induced social and economic activism. As the provinces assumed more control over resources, roads, and social services, Canada truly became a federal nation. While Ottawa cut its spending, the provinces funded more activities with new sources of money: auto licences, gasoline taxes, and liquor revenue. Ottawa had quickly abandoned federal prohibition, and the provinces filled the gap with the public sale of liquor. Government control of liquor distribution not only provided needed dollars for general revenue budgets, but, like road building, it expanded patronage opportunities for the party in power.<sup>53</sup>

Federal-provincial relations actually intensified liquor patronage and related corruption in the 1920s. While federal decentralization expanded provincial control over liquor, previous court decisions left authority over the liquor traffic divided between Ottawa and the provinces. Yet the division was unclear. Prohibition provinces could end private importation with a plebiscite, but that new privilege was not available to control provinces. As well, the licensing of brewers and distillers was a federal responsibility, but Ottawa officials claimed they would license only those manufacturers who had first received provincial approval. Even law enforcement was confusing. Dominion authorities chased (slowly, at first) international rumrunners and the illegal manufacturers, but they were supposed to leave local bootleggers to the provinces as retail sale was primarily their responsibility. For most of the decade Ottawa resisted further liquor decentralization because of its jurisdiction over the lucrative market in the dry United States. Thus, what was nominally a divided authority was often no authority at all, which greatly assisted the bootleggers, rumrunners, and, in B.C., those politicians who subverted the system they had helped to create.<sup>54</sup>

What stands out about liquor patronage in B.C. is that it did little to unify the Liberals. But then much party building remained to be done. Party politics was still a recent feature of B.C. political life. The Liberals were in their first term when they passed the Government Liquor Act. From the beginning of his tenure, John Oliver had to contend with a variety of mavericks, anti-partyites, and "loose fish" in general. On the

<sup>53</sup> Thompson with Seager, *Decades of Discord*, 129, 131-37; road construction was an important part of Oliver's interior patronage policy. The 1922 legislative session revealed that the government spent an average of \$1,427 per mile on roads in Liberal ridings, but only \$58 per mile in Tory ridings. See Robin, *Rush*, 211.

<sup>54</sup> Thompson with Seager, *Decades of Discord*, 132-33; Oliver to Meighen, 3 Jan. 1921, *PABC*, GR441, vol. 217, File 12; Manson to Euler, 31 Jan. 1928, *PABC*, GR1323, B2199; *Province*, 11 May 1925, p. 1.

contentious issue of public drinking Oliver allowed free votes because his caucus would not completely accept the rigours of party discipline. In that sense a certain immaturity still pervaded B.C. political life. Moreover, R. Jeremy Wilson has argued that until after World War II B.C. politics suffered from a "geographically based parochialism" that made local rather than provincial concerns pre-eminent and hindered the development of party organization.<sup>55</sup>

Party unity was also stymied by another form of localism. By the 1920s the Island versus Mainland battles of the nineteenth century had given way to Vancouver versus the rest of the province. In size and economic importance Vancouver was the premier city, and both parties had established their informal political machines there. Much tension existed between city Liberals and those of the outlying areas who resented the power wielded by unelected party officials such as bagman William McArthur.

But Vancouver could not run roughshod over the rest of the province, in part because it lacked formal representation. In 1921, for example, the six Vancouver members each represented nearly 20,000 people, while the four Victoria members represented about 9,700 people each. The resignations of J. W. Farris and Mary Ellen Smith left Vancouver with no cabinet ministers until after John Oliver died and was replaced as Premier by Yale member J. D. MacLean. Even then it took Charles Woodward to join with the opposition on a vote of non-confidence before MacLean acted, and the two Vancouver members he appointed to cabinet had just enough time to warm their seats before the Liberals were defeated in 1928. Vancouver's power and Liberal unity were also circumscribed by dissent among city members. The so-called politico-brewery machine was anathema to those still loyal to reform, such as Smith and later Woodward and Victor Odlum, all of whom were Methodists. Particularly for Woodward and Odlum, the moral war against liquor was more important than party unity.<sup>56</sup>

<sup>55</sup> R. Jeremy Wilson, "The Impact of Communications Developments on British Columbia Electoral Patterns, 1903-1975," *Canadian Journal of Political Science* 13 (September 1980): 512, 529-30.

<sup>56</sup> In 1921 Vancouver had 117,217 people and six members in the provincial legislature while Victoria had 38,727 people and four members. See British Columbia, *Annual Report of the Provincial Secretary 1973* (Victoria: Queen's Printer, 1974), Appendix C, p. W62, and Robert A. J. McDonald, "Victoria, Vancouver, and the Economic Development of British Columbia, 1886-1914," in *British Columbia: Historical Readings*, ed. W. Peter Ward and Robert A. J. McDonald (Vancouver: Douglas and McIntyre, 1981): 377, *passim*. In 1928 Vancouver Liberals Dugald Donaghy and Ian Mackenzie were appointed to cabinet. See *Provincial Secretary, 1973*, Appendix C, p. W65, and Robin, *Rush*, 226.

Government control offered traditional patronage opportunities, but it differed in one crucial way from other government activities. Liquor remained a serious moral and political issue as divisive as abortion is today. Even in British Columbia, where reform enthusiasm was muted, it provoked debate that crossed class and party lines. Although historians now believe that prohibition produced many benefits for society, political tranquillity was not one of them. Political leaders consciously designed government control as a compromise between wets and drys. Once the idea was approved by the voters, the Liberals even promoted their bill as the Moderation Act. What is striking is how much liquor dominated the business of the House; in the early 1920s it was *the* topic before the legislature.

But the inauspicious beginnings of control in B.C. should not belie its broader significance. While North Americans might have been inclined to dismiss the 1921 adoption of control in Quebec as reinforcement of that province's quaint distinctiveness, the same could not be said for the Pacific province. As the first province in English Canada to choose control, British Columbia stood out as a North American experiment in the post-prohibition world of alcohol regulation. By 1930 all provinces but Prince Edward Island had chosen monopoly sales; by 1936 so had fifteen states.<sup>57</sup>

Under ideal circumstances government control would have had difficulties since implicit in the act was the dilemma of generating revenue while promoting moderation. But because public drinking remained an unsolved problem and because the government did not have full authority over the liquor traffic, the Liberals were forced to make additional compromises such as the brewery cartel and the creation of hotel beer parlours to thwart the beer clubs. The very weakness of government control, however, made it tempting to subvert. For some Vancouver Liberals the real profit and power lay in undercutting it with bootlegging and rumrunning. Yet, for those Liberals who believed the government had already compromised too much with demon rum for the sake of easy money, these abuses provoked further moral outrage and widened the cracks in an already fissured party.

<sup>57</sup> Harry G. Levine, "The birth of American alcohol control: prohibition, the power elite, and the problem of lawlessness," *Contemporary Drug Problems* (Spring 1985): 110.