



National Library of Canada

Cataloguing Branch
Canadian Theses Division

Ottawa, Canada
K1A 0N4

Bibliothèque nationale du Canada

Direction du catalogage
Division des thèses canadiennes

NOTICE

The quality of this microfiche is heavily dependent upon the quality of the original thesis submitted for microfilming. Every effort has been made to ensure the highest quality of reproduction possible.

If pages are missing, contact the university which granted the degree.

Some pages may have indistinct print especially if the original pages were typed with a poor typewriter ribbon or if the university sent us a poor photocopy.

Previously copyrighted materials (journal articles, published tests, etc.) are not filmed.

Reproduction in full or in part of this film is governed by the Canadian Copyright Act, R.S.C. 1970, c. C-30. Please read the authorization forms which accompany this thesis.

**THIS DISSERTATION
HAS BEEN MICROFILMED
EXACTLY AS RECEIVED**

AVIS

La qualité de cette microfiche dépend grandement de la qualité de la thèse soumise au microfilmage. Nous avons tout fait pour assurer une qualité supérieure de reproduction.

S'il manque des pages, veuillez communiquer avec l'université qui a conféré le grade.

La qualité d'impression de certaines pages peut laisser à désirer, surtout si les pages originales ont été dactylographiées à l'aide d'un ruban usé ou si l'université nous a fait parvenir une photocopie de mauvaise qualité.

Les documents qui font déjà l'objet d'un droit d'auteur (articles de revue, examens publiés, etc.) ne sont pas microfilmés.

La reproduction, même partielle, de ce microfilm est soumise à la Loi canadienne sur le droit d'auteur, SRC 1970, c. C-30. Veuillez prendre connaissance des formules d'autorisation qui accompagnent cette thèse.

**LA THÈSE A ÉTÉ
MICROFILMÉE TELLE QUE
NOUS L'AVONS REÇUE**

THE BUSINESS CAREER OF
R. B. BENNETT
1897-1927

John Kenney

A Thesis
in
The Department
of
History

• John Kenney 1977

Presented in Partial Fulfillment of the Requirements
for the Degree of Master of Arts at
Concordia University
Montreal, Quebec, Canada

April 1977

ABSTRACT

R. B. BENNETT'S BUSINESS CAREER 1897-1927

JOHN KENNEY

R. B. Bennett's professional career had three dimensions: law, business, and politics. His legal career was important as a steppingstone because it helped him establish contacts and credibility within the business community. His brilliant legal victories on behalf of the C.P.R. and the Royal Bank resulted in his receiving a directorship from those large corporations.

Bennett's major financial investments were concentrated in hydroelectric power, cement, wheat, oil, and pulp and paper. It was the dividends from these investments that played a significant role in converting Bennett, a man of limited financial resources in 1897, to a multi-millionaire in 1927.

Bennett's western political career began in 1898 and was followed by numerous political campaigns. However, it was not until 1927 that Bennett seemed prepared to devote his full energies to politics. It is significant that by 1927 R. B. Bennett had achieved complete financial independence.

ACKNOWLEDGEMENT

This is to acknowledge the invaluable assistance of Professor J. R. H. Wilbur, of Concordia University, without whose encouragement, advice and insight this paper would not have been possible.

TABLE OF CONTENTS

ABSTRACT	11
ACKNOWLEDGEMENT	111
INTRODUCTION	1
CHAPTER I: BENNETT'S FIRST CALGARY YEARS 1897-1909	6
CHAPTER II: BUSINESS AND POLITICS 1909-1914	15
CHAPTER III: WAR AND BUSINESS 1914-1919	43
CHAPTER IV: BUSINESS BEFORE POLITICS 1920-1927	51
CONCLUSIONS	65
BIBLIOGRAPHY	71
APPENDICES A - L	75

INTRODUCTION

The economic structure of Western Canadian society was built on four cornerstones: capital, railways, tariffs and agriculture.

The purchase of the western territories by the Canadian Government from the Hudson's Bay Company in 1870 did not signal an end to foreign investment; it was merely transferred to another form. Initially the bulk of investment in Western Canada went to the railways. This capital was secured by key financial figures, who resided in Eastern Canada. Inherent in this formula of railway expansion was the reality that the major decisions were not made by the local people in the West but rather influential businessmen in the East.

The railway was to serve a double function: to distribute settlers in the West and establish a firm East-West trade route. The construction of the railway per se was not enough to ensure that the western markets would be reserved for Eastern Canadian manufacturers. Merchants in the United States had to be deterred from marketing their goods in Canada. This created the need for protective tariffs.

The immigrants who arrived in Western Canada were encouraged to become farmers. The products from the land and the livestock who fed off the land would then be marketed to the world, through Eastern Canadian ports. Even geography agreed with this plan, which became known as the National Policy, because it had already been determined that the sprawling Western Prairies would be suitable for wheat and cattle.

Since the National Policy was essentially an Eastern Canadian plan, it is apparent that it would encounter some opposition in the West. The tariff structure was always a source of grievance to the farmers who felt

that it forced them to pay more for manufactured products, but never enhanced the sale of their crops or livestock. The railway, and more specifically the Canadian Pacific Railway, was never a popular Western Canadian institution. The agricultural base of Western Canada had two basic problems: it placed Western farmers at the mercy of world markets, which would continuously fluctuate; and there was never any serious effort made to encourage a manufacturing base to complement the rural farming communities.

Investment capital also presented a problem to Westerners. The head offices of all major Canadian financial institutions were located in the East and they had the only people with contacts to obtain money from abroad.

R. B. Bennett came to Western Canada in 1897. He quickly perceived the economic realities and worked within the existing structure to his best advantage. He became aligned with the C.P.R. because they were a client of the Lougheed law firm. Bennett later became a director of that company. He entered a series of successful business ventures, with the assistance of the capital of Lord Beaverbrook, the Canadian-born financial wizard, who resided in Britain for most of his life. R. B. Bennett also established working relationships with key Eastern banking firms and successfully represented the Royal Bank in an important legal case. He later served as a director of this bank.

Bennett also got involved in agriculture, not at the level of production but rather at the marketing level. He was a major shareholder in the Alberta Pacific Grain Company. This company bought and transported western wheat, via the railways, to eastern terminals.

On the controversial tariff question, Bennett remained firmly convinced of its necessity, as his stand in the 1911 and 1921 federal elections indicated. He was not a champion of western causes, but a shrewd businessman who supported the National Policy, possibly as much for personal advantage as for party loyalty.

In the 1920's when the major portion of foreign capital invested in Canada switched from Britain to the United States, Bennett again followed the trend. He engineered an oil partnership with Standard Oil of New York, through their Canadian subsidiary, Imperial Oil.

To gain a proper appreciation of the impact that the National Policy had on R.B. Bennett's business career, the history of Calgary will be briefly examined.

In 1881, Calgary was no more than an outpost, with a population "of seventy-five people."¹ In August of 1883, the first Canadian Pacific train arrived in Calgary. By 1884, Calgary was a town with a population of "four hundred twenty-eight people"² or a 570% increase in three years. The rapid increase in population caused land prices to become inflated. One of the people who profited from land speculation was James A. Lougheed - R.B. Bennett's future employer.

James Lougheed, who was Calgary's first lawyer, arrived there in 1883 from Ontario. In that same year the C.P.R. sold off some of its property in Calgary and James Lougheed "purchased thirty lots of prime downtown Calgary real estate, for between two and three hundred dollars a lot."³

¹J. Fraser, Calgary (Toronto, 1967), p.44.

²Ibid, p. 45

³G. MacEwan, Calgary Cavalcade (Saskatoon, 1975), p.79.

Calgary already had an elite and Lougheed was destined to become part of it. In 1884, he married Belle Hardisty. Her father, Richard Hardisty, was the chief factor for the Hudson's Bay Company. In 1889, when his wife's uncle, Senator William Hardisty, died, James Lougheed was appointed by Sir John A. Macdonald to take his place in the Senate.

In addition to his large real estate holdings, marrying into the "right" family and procuring a seat in the Senate, James Lougheed also had a thriving law practice. His clients included "the Bank of Montreal (the largest bank in Canada at the time), the Hudson's Bay Company (not surprising in view of his family connections), the Great West Life Assurance Company, and the Ontario Loan and Debenture Co."⁴

Calgary continued to grow. It became a "...city(in 1894 and by) ... 1897 Calgary was a place with some 4,000 people."⁵ In 1896, the Laurier government came to power. Despite their constant criticism of the National Policy while in opposition, the Liberals, once in power, decided to promote it. Under the direction of Sifton, Minister of the Interior, a major campaign was launched to attract people to settle in Western Canada. Thus the National Policy not only survived the Liberal tenure in office, but it was also encouraged by them.

For the next fourteen years (1898-1912) ... the flow of settlers grew from year to year, until in 1911, when the drive was climaxed by the entry of seven hundred thousand immigrants. During the same period, almost as many eastern Canadians took up homes in the prairies, as immigrants arrived from abroad. There was a tenfold increase in grain for processing in eastern Canada or for export.⁶

⁴Advertisement in Calgary Weekly Herald, February 4, 1897, p.1

⁵E. Watkins, R.B. Bennett (Toronto, 1963), p. 34

⁶G.R. Stevens, History of the Canadian National Railway (New York, 1964), p. 165.

Thus R. B. Bennett's arrival in Calgary coincided with the beginning of the second major phase of development in Western Canada. The National Policy had had an enormous impact on Alberta's economy. It caused agriculture to replace hunting as the mainstay of the economy; cattle filled the plains, vacated by the rapidly diminishing herds of buffalo; trains replaced ox carts as the major form of transportation; and branches of Eastern Canadian banks superseded the Hudson's Bay Company trading post as the focal point of commerce.

CHAPTER I
BENNETT'S FIRST CALGARY YEARS 1897-1909

In 1896, Senator Lougheed decided he required a junior partner. No doubt his law practice was expanding and his senatorial duties in Ottawa were probably demanding more of his time. He approached "Dr. R.C. Weldon, Dean of Dalhousie Law School."⁷ The reason why Lougheed approached Dr. Weldon from the Maritimes instead of a colleague from Toronto or Montreal is not completely clear. However, it appears Lougheed was impressed with Dalhousie Law School, since he sent his son, Edgar there two decades later.⁸ In any event, Dr. Weldon (also Conservative MLA from Albert County) recommended a former student, R.B. Bennett.

At Dalhousie Law School Bennett had been extremely proficient as "in law classes he acquitted himself admirably and with distinction."⁹ He had also worked on behalf of Dr. Weldon in his recent election campaign and had been born and raised in his riding. In 1896, Bennett was working in the law office of one of Chatham's leading lawyers, L.J. Tweedie, a minister in the Conservative Government of New Brunswick and later its premier. Senator Lougheed went to Chatham and interviewed Richard Bennett. Later a contractual arrangement was set up whereby "... Bennett would receive 20% of the net earnings ... up to \$3,750, and 30% of the excess beyond that figure. In the second year each figure was increased by 5%,"¹⁰

⁷Watkins, op. cit., p. 30.

⁸Ibid, p. 97.

⁹Lord Beaverbrook, Friends (London, 1959), p. 11.

¹⁰Watkins, op. cit., p. 30.

good wages for a twenty-seven year old lawyer who had only a few years before been admitted to the New Brunswick Bar. Bennett left Chatham for Calgary in January 1897. Ernest Watkins explains Bennett's reasons for leaving the Maritimes:

Plain economic considerations drove them (Maritimers) out in search of better or more secure living. I think that if Fred-
erickson or Chatham had offered him the same chance of realizing his ambitions as Calgary later seemed to do, he would have stayed in the province where he was born.¹¹

The significance of Chatham to R.B. Bennett's business career is very evident because it was there that he developed friendships with Max Aitken, later Lord Beaverbrook, and Jennie Shirreff, later Mrs. Eddy, heiress of the multi-million dollar E.B. Eddy Match Company. These two people would play important roles in Bennett's climb to financial affluence.

Bennett's first twelve years in Calgary were characterized by brilliant court victories and numerous political campaigns. However, he also undertook entrepreneurial efforts.

In 1899, the grounds where the Calgary exhibition was held, were rented from R.B. Bennett. In 1902, he was a promoter of the Calgary Cattle Company and was also a director of the British Empire Timber Company.¹²

The major business deals would have to wait until those two important ingredients to financial success-- capital and contacts-- could be developed. Bennett went to Calgary with limited funds and the only influential person he knew was James Lougheed, which admittedly was a good start.

Shortly after Bennett's arrival in Calgary, "Lougheed's former partner moved to Kootenay and his place was taken by young Bennett,"¹³ who

¹¹ Watkins, op. cit., p. 24.

¹² H.J. Morgan, Canadian Men and Women of Our Times (Toronto, 1912), p. 686.

¹³ J.R. Wilbur, "The Making of a Western Tory Leader," unpublished paper presented to the Canadian Historical Association, Edmonton, June 1975, p. 2.

lost no time in getting to work. In April of 1897, he "... won an injunction against the Molson's Bank on behalf of his client, the Bank of Montreal."¹⁴

Meanwhile in 1898, Max Aitken decided to go to Calgary. He purchased a local bowling alley, which infuriated Bennett. As Aitken recalled later, "Bennett had washed his hands of me altogether. He was so angry about the bowling alley that we were not even on speaking terms."¹⁵ The bowling alley offended Bennett's strong Methodist beliefs. However, Bennett's attitude towards Aitken became more conciliatory when he decided he required Aitken's assistance. Bennett decided in 1898 to run for a seat in the territorial legislature. He asked Aitken to become his campaign manager (Aitken had successfully managed Bennett's campaign to be elected to the Chatham City Council). Bennett's campaign was successful, so at the tender age of twenty-eight and a resident of Calgary for little more than a year, Bennett became a member of the territorial legislature. The significance of Aitken's contribution was recalled years later, in a letter Bennett wrote to him:

If I had you to lead the half-breed battalion (referring to the Metis) into action, I might hope for a repetition of our campaign of 1898.¹⁶

The importance of this victory to Bennett's business career is profound, since it cemented a close relationship with Max Aitken, who left Calgary a short time later.

This victory was something of an upset, as the Calgary Herald commented:

¹⁴ Calgary Weekly Herald, April 10, 1897, p.1.

¹⁵ Beaverbrook, op. cit., p. 20.

¹⁶ Ibid., p. 32.

In West Calgary, where Stuart was regarded as a strong man, owing largely to the fact that he was a Liberal running against three Conservatives... Bennett headed the polls so unmistakably that all three of his opponents came near to losing their deposits.¹⁷

Bennett immediately made his appearance known to the rest of the territorial legislature.

In 1899, despite his being the youngest member, he easily assumed a dominant role as chief opposition spokesman, at a time when in fact no opposition party was supposed to exist.¹⁸

In one of his speeches Bennett stated the problems of Westerners were "...railroads and railroad monopolies, freight discrimination and elevator monopolies."¹⁹ This speech should probably not be interpreted as a serious effort on Bennett's part to challenge the existing economic structure. He was the legal representative for the C.P.R. and won important court cases for that corporation, which was the largest railway in Western Canada at that time. These facts tend to strongly suggest that this was a purely political speech, designed to appease the public rather than project the views of the speaker. In the federal election of 1900, Bennett ran unsuccessfully against the powerful and popular Frank Oliver, editor of the Edmonton Bulletin. However, this was not a landslide victory for Oliver, who received 5,023 votes to Bennett's 4,029.²⁰ The next year, Bennett easily regained his seat in the territorial legislature and held it for the next four years.

By 1903, "Calgary had a population of 7,000 people. A Board of Trade was formed, "...Bennett (predictably was part of it) being named chairman

¹⁷ Calgary Herald, September 1898, p.1.

¹⁸ Wilbur, op. cit., p. 4; also cited in Calgary Herald, April 13, 1899, p.1.

¹⁹ Calgary Herald, April 13, 1899, p.1.

²⁰ Watkins, op. cit., p. 49.

chairman of the professional section."²¹ This association gave him the opportunity to expand his business contacts. A. E. Cross, owner of the Calgary Brewing and Malting Company, "... chaired the manufacturers' section"²² and "... Pat Burns [president of the Burns Meat and Packing Plant] chaired the agriculture and ranching section."²³ These new associations also worked to the advantage of A. E. Cross, because, despite the fact Bennett advocated prohibition, he "... encouraged Max Aitken to invest in the Calgary Brewing and Malting Company [which was owned by A. E. Cross]."²⁴ Later Bennett and Cross would be involved in the Calgary Petroleum Products Company and the Royalite Oil Company.

R. B. Bennett's business relationship with A. E. Cross is interesting since Bennett was a "devout Methodist [who] never drank or smoked,"²⁵ so his involvement with A. E. Cross in business deals demonstrates Bennett kept religion and business on separate levels. This fact was further emphasized when Bennett entertained business associates because he was prepared to serve wine and alcohol to them.

In the meantime, the Lougheed-Bennett law practice continued to grow.

Others were becoming associated with the partnership—
H. A. Allison in 1902, W. P. Taylor in 1905 and William H. McLaws in 1907.²⁶

On July 14, 1904, he wrote Max Aitken:

²¹ *Calgary Herald*, June 22, 1903, p. 3.

²² *Ibid.*

²³ *Ibid.*

²⁴ Beaverbrook, *op. cit.*, p. 45.

²⁵ Watkins, *op. cit.*, p. 73.

²⁶ *Ibid.*, p. 74. C

The court is in session here. I am very busy. Out of 24 large cases on the docket in June, we had one side or other of 20 and I only lost one that I will appeal. Have had real good fortune here.²⁷

Success in politics, like business, revolves around certain influential people. Bennett was also gaining valuable allies in the political arena, such as Prime Minister Borden, who wrote in 1903:

From Bennett, I received valuable and useful suggestions as to the policies which would appeal to the people of the province.²⁸

Bennett also had been active for the C.P.R. in court. In 1897, he successfully defended the Canadian Pacific Railway in a fatal accident case.

The crown prosecutor was none other than A. L. Sifton, future premier of Alberta and later political rival of R. B. Bennett He was also able to prevent them [C.N.R.] from building through the irrigated lands of the Canadian Pacific Railway. Shortly after this legal victory Bennett received a directorship on the Canadian Pacific Irrigation Company.²⁹

This was to be Bennett's first major directorship.

The Canadian Pacific Irrigation Company, of which Bennett was now a director, became active in building a dam in the Bassano area (eighty miles southeast of Calgary). This project was designed to irrigate this semi-arid region. When the project was completed it had irrigated "... 130,000 acres ... at a cost of \$2,000,000,"³⁰ Bennett did not overlook the opportunity for personal profit. He "... purchased a hotel in the area,"³¹ which according to his tax returns, he held until 1925.

²⁷ Beaverbrook, *op. cit.*, p. 25.

²⁸ H. Borden (ed.), *Robert Laird Borden's Memoirs* (Toronto, 1938), p. 90.

²⁹ Wilbur, *op. cit.*, p. 3.

³⁰ R. Blue (ed.), *Alberta Past and Present*, Volume I (Chicago, 1924), p. 249.

³¹ A conversation between the author and Mrs. Styles, a longtime resident of Bassano, February 3, 1977; also cited in Bassano History Club, *Bassano—Best in the West by a Damside* (Calgary, 1974), Foreword.

In July 1905, Alberta became a province. The stage was set for the inaugural provincial election, which was held in September of that year.

Bennett, despite his other interests, predictably became involved. On August 24, 1905, he was elected leader of the Alberta Conservative Party. This position, however, offered him little prospect of becoming Alberta's first premier because the federal Liberal Party had a very strong appeal in the West. The Liberal Government's plan to populate the West was apparently producing results. In 1903 "... 130,000 people had come to Western Canada and 57,000 homesteaders had taken up land."³² In November of the preceding year, the Liberal Party had scored a decisive federal victory, in which they won "... seven of the ten seats in the territories."³³ It was also the federal Liberal Government of Prime Minister Laurier whose administration created the new provinces of Alberta and Saskatchewan. Bennett either recognized the inevitable result of this election or at this stage in his career lacked the ability to lead a political party. His election campaign was characterized by a lackluster effort. Ernest Watkins in his book *R. B. Bennett* comments:

... Bennett was not dedicated to the task of becoming the Conservative Premier of Alberta as soon as the Province was formed He led the provincial party in that election, but he did not give the impression that here was a man who believed that he should and must win. In the sight of the electors, without an aura of that kind around him, he was certain to lose, and he did.³⁴

Not only did the Liberals form the first government of Alberta, but R. B. Bennett did not even win a seat in this assembly. The results of

³² J. M. Beck, *Pendulum of Power* (Scarborough, 1968), p. 97.

³³ *Ibid.*

³⁴ Watkins, *op. cit.*, p. 58.

this election forced Bennett to re-evaluate his political organization. Bob Edwards, the popular and colorful editor of the *Eye-Opener*, a Calgary newspaper, had been very critical of Bennett during the entire 1905 election campaign. Therefore Bennett undertook a planned strategy, with the assistance of Pat Nolan, a mutual friend of Edwards and Bennett, to reconcile their differences. The plan was successful and "Edwards once drawn to his [Bennett's] side never left."³⁵ Bennett had learned that political success, like business ventures, clearly required contacts. He would ultimately use the same contacts to first achieve entrepreneurial success and later political objectives.

In 1909, Bennett again led the Conservative Party in an Alberta provincial election. He appeared to be somewhat resigned to another electoral defeat.

... from the line he [Bennett] followed it is clear that he had no real belief that his party could carry the province this time. His appeal was basically a call for more opposition representation, particularly in the south.³⁶

The *Calgary Herald's* article of Wednesday, March 22, demonstrated Bennett's business endeavors had become a minor campaign issue.

Here Bennett assured his hearers that he was no capitalist and that he like themselves only had what resulted from his own labor.³⁷

In this election Bennett won a Calgary seat, but the Liberals held their provincial majority.

R. B. Bennett resigned the leadership of the provincial Conservative Party in 1909 and afterwards rarely attended the legislative sessions in

³⁵ Watkins, *op. cit.*, p. 47.

³⁶ *Ibid.*, p. 61.

³⁷ *Calgary Herald*, Wednesday, March 22, 1909, p. 1.

Edmonton. In his first twelve years in Calgary, Bennett was involved in politics, but he did not seem prepared to make the total commitment that characterized his political activities in later years. He said in 1927 ".... No man may serve you as he should if he has over his shoulders always the shadow of pecuniary obligations"³⁸ In all probability, he was preoccupied with building up the Lougheed-Bennett law firm and pursuing investment possibilities.

In 1909, Bennett would celebrate his thirty-ninth birthday. Despite his electoral statement that he was "no capitalist," he in fact owned a hotel in Bassano, the grounds where the Calgary Exhibition was held, promoted the Calgary Cattle Company and was a director of the British Empire Timber Company. He also ran a thriving law practice and was associated with influential Calgarians such as Pat Burns and A. E. Cross. His first twelve years in Calgary had been spent laying the groundwork which would allow his business ventures to achieve greater dimensions—both in terms of size and profit—in the coming decade. Bennett was a capitalist par excellence. In the next few years he would become President of the Calgary Power Company and a director of Canada Cement, the Alberta Pacific Grain Company and the Calgary Petroleum Products Ltd.

³⁸ B. Hutchison, *Mr. Prime Minister 1867-1964* (Don Mills, 1964), pp. 241-242.

CHAPTER II

BUSINESS AND POLITICS 1909-1914

A key figure in all but one of Bennett's business deals during this period was Max Aitken. The timing of their deals was significant in terms of the country's general economy. Bank Clearings dropped from 1907 to 1908 (Appendix A). Commercial Failures were up 23% in 1908, from their 1907 level (Appendix B) and "Commercial loans were down 16% in 1908 from their preceding year."³⁹ Despite the fact 1908 was a bad year for businessmen, 1909 signalled an era of prosperity. In that year, "Commercial loans increased past their 1907 level and by 1913 would be increased by 33% over the record 1909 year."⁴⁰ This year saw a decrease in commercial failures, and further decreases would occur in each of the next three years (Appendix B). "Foreign investment showed an increase in 1909, and would continue to increase until 1913, when it was one-third higher than it was in 1909."⁴¹ Bank Clearings also increased and would continue to do so until 1913 (Appendix A). Therefore 1909 was an excellent choice as the take-off year for the first of the several joint Aitken-Bennett business ventures. The decision was no doubt made by Aitken, since he supplied the bulk of the capital. Bennett probably added his support; certainly he was not the major decision-maker in their first transaction.

The initial deal involved the formation of the Calgary Power and Light Company. Prior to the inception of this company, Calgary's electricity had been supplied by two companies. The rivalry "... caused the

³⁹ *Financial Post*, June 12, 1915, p. 9.

⁴⁰ *Ibid.*

⁴¹ *Ibid.*, January 5, 1923, p. 17.

price of lights [electricity] to go down."⁴²

In 1909, Max Aitken purchased the Calgary Power and Transmission Company. In early 1910, Bennett advised Aitken that the other electrical company, the Eau Claire Bow River Lumber Company, was for sale. Aitken moved quickly, merging it with his other holding to form the Calgary Power and Light Company. This new company placed "Calgary in the position of having all its power supplied by one company."⁴³ The new owners raised capital by:

... issuing capital stock valued at one million eight hundred fifty thousand dollars and were authorized to issue stock worth up to three million dollars. They also sold bonds worth one million eight hundred forty-nine thousand, eight hundred twenty dollars, and were permitted to sell additional bonds up to three million dollars.⁴⁴

R. B. Bennett did most of the negotiating and became the lawyer for the new corporation, "... and for his work received a substantial fee which he used to purchase first mortgage bonds."⁴⁵ Bennett was then "... elected president of this company, a position which he held for the next ten years."⁴⁶

Under Bennett's direction, the Company expanded at a very rapid rate, building a plant at Horseshoe Falls in 1911, a storage plant at Lake Minnewanka in 1912, and another plant at Kananaskis Falls in 1914 (Appendix C). Thus, under Aitken-Bennett control, two small electrical companies

⁴² MacEwan, *op. cit.*, p. 187.

⁴³ *Ibid.*, p. 188.

⁴⁴ *Calgary Power File*, Box 3, File 6, 1911 Year End Report. Held at the Glenbow Museum, Calgary, Alberta.

⁴⁵ Wilbur, *op. cit.*, p. 5.

⁴⁶ *Financial Post*, March 14, 1921, p. 4.

"...grew (to) a massive utility corporation, supplying most of Alberta with power."⁴⁷

The third major investor in this venture was Sir Herbert Holt, president of the Royal Bank of Canada. Holt was later "...the principal shareholder in the Montreal Light and Power Company."⁴⁸

Earlier in his career, Bennett had been critical of the Royal Bank, and this criticism had antagonized Holt. However, Max Aitken recalled later in his book Friends that he was instrumental in bringing these two men together.

My association with Sir Herbert Holt, President of the Bank, led to lengthy negotiations between Bennett and Holt, which were conducted through me at fever pitch. It was not often that my influence made for pacification among quarrelling colleagues....Indeed I was so successful that Holt and Bennett became firm friends and in 1923 they worked together on the Board of the Royal Bank of Canada.⁴⁹

Bennett was realizing the advantages of moderating his stand. As a result, in 1909 Herbert Holt, president of the third largest bank in Canada at the time, was added to Bennett's growing list of friends and contacts in Eastern Canada.

Bennett's reasons for expanding the Calgary Power's sources of electricity appear to be based on the premise that the company could eventually be sold to the City of Calgary. He wrote Aitken on April 13, 1910:

If you and your English friends could pool one million dollars worth of stock, I think I will be able within a reasonable amount of time to have the City (of Calgary) purchase that amount of stock we could make a very fine profit out of the transaction.⁵⁰

⁴⁷ Watkins, op. cit., p. 78.

⁴⁸ Financial Post, February 15, 1924, p. 10.

⁴⁹ Beaverbrook, op. cit., p. 29.

⁵⁰ Bennett Papers, Volume 945, Bennett to Aitken, April 13, 1910.

Judging from the amount of money that the Calgary Power raised through stocks and bonds, it is evident Bennett had mastered the game of convincing outside capitalists (Aitken and his English friends) to invest in Canada. On April 13, 1910, Bennett had predicted that he could get the City of Calgary to buy the stock of the Calgary Power Company within a reasonable length of time. The reason for this confident prediction was probably based on his close association with William Pearce, "a Calgary alderman at the time."⁵¹ William Pearce was involved in three business ventures with Bennett: the Calgary Petroleum Products, the Venezuelan Ore Company and the Royalite Oil Company. In 1904, Pearce "...left the government job as Chief Inspector of Survey and accepted a position with the C.P.R. as an administrator of irrigated lands."⁵² Bennett was already a director of the Canadian Pacific Irrigation Company and very possibly used his influence to help William Pearce obtain this position. Pearce "...was a member of the Conservative Party,"⁵³ which gave them another common interest. It is therefore possible that through Pearce Bennett had gained some inside information as to the intention of the City of Calgary's future plans regarding the purchase of the stock from Calgary Power.

The City of Calgary never did purchase stock from the Calgary Power and Light Company. However, the Calgary City Council did sign a contract in 1910 which committed them to a large purchase of electricity from this company. This contract and successive ones helped ensure the financial success of the Calgary Power and Light Company.

⁵¹ Calgary Herald, November 15, 1909.

⁵² Blue (ed.), op. cit., Volume II, p. 249.

⁵³ Ibid, p. 250.

In April of 1911, Aitken was trying to purchase the *Calgary Herald*.

Profit was obviously one motive but so, too, was Aitken's dream of establishing an Imperial Preference Party. Bennett encouraged him but because of his own political activities wished his own name kept out of any negotiations.⁵⁴

If Aitken had gained control of the *Calgary Herald*, he could have used it as a vehicle to move public opinion towards the purchase of the Calgary Power Company and thus reap the "fine profit" Bennett had mentioned. However, the newspaper deal never materialized, because the Southam family who owned the *Calgary Herald* "... simply refused to sell."⁵⁵

Prior to this latest manoeuvre Aitken had asked R. F. Hayward, from his British Columbia office, to look into the entire power situation in Calgary. In his report filed on December 7, 1909 (Appendix D), Hayward stated:

.... The existing agreement between the City of Calgary and the Calgary Power and Transmission Co. ... is ambiguous in its terms ... and could never be satisfactory to the city or to the power company new proposals have been presented to the city ... and it is hoped that a good contract may ultimately be secured.⁵⁶

According to Hayward, the higher rates for electricity would be paid by the City of Calgary and its residents, while the lower rates were to be offered to the companies who also purchased their electricity from Calgary Power (Appendix D). On September 12, 1910, a contract was duly signed between the Calgary Power Company and the City of Calgary "... which guaranteed a minimum purchase of 2,000 Horse Power of electricity. In early 1913, a second contract guaranteed a minimum purchase of 5,000 Horse Power by the City of Calgary."⁵⁷

⁵⁴ Wilbur, *op. cit.*, p. 7; also cited in Beaverbrook, *op. cit.*, p. 30.

⁵⁵ C. Bruce, *News and the Southams* (Toronto, 1970), p. 114.

⁵⁶ *Calgary Power File, op. cit.*, Box 4, File 17, pp. 3-4.

⁵⁷ *Ibid.*, Box 4, File 18, p. 2.

During Bennett's tenure as president (1911-1920) the company grossed in excess of \$230,000 in every year from 1913 to 1920. Net profits exceeded \$200,000 in every year from 1915 to 1920. Hayward had predicted operating costs would amount to 25% of gross revenue but under Bennett's direction, in every year after 1912 the company's operating cost never accounted for more than 22% of gross revenue and was below 19% for every year from 1915 to 1920. In its best years this ratio dropped as low as 15.6% in 1917 and 15.7% in 1918 (Appendix E).

Over 80% of the revenue generated by the Calgary Power Company between 1912 and 1920 was converted into net profits (Appendix E). Approximately \$150,000 per year was paid to bondholders, whose investment helped finance this company's massive expansion program. The Calgary Power Company reflected the strength of a closely knit financial circle, whose members resided in London, Montreal and Calgary. In 1922, the Calgary Power Company was sold to Isaac Killam, a Maritimer by birth and former employee of Max Aitken. "... Bennett's shares were included (in the sale) and realized a large profit."⁵⁸ The sale came to emphasize the close relationship within the electricity industry in Canada at the time. Isaac Killam later succeeded Herbert Holt "... as the major influence in the power business in Quebec."⁵⁹

Reminiscing in later years, Max Aitken had high praise for Bennett's judgement.

He (Bennett) took on the direction of two of my concerns: hydro electric plant with a widespread distribution system and also a cement works. His business administration was brilliant. The

⁵⁸Beaverbrook, op. cit., p. 45.

⁵⁹"Portrait of Sir Herbert Holt," R. Bordeaux, Saturday Night, January 14, 1939, p.5.

lawyer turned executive astonished me by his grasp of details, sound judgement and swift decision.⁶⁰

The second major deal Bennett and Aitken co-operated on was the formation of the Canada Cement Company. The massive build-up of the West had caused cement to be regarded as an important commodity in this region and "prior to 1913 Canadian farmers purchased more than 50% of the cement bought in Canada."⁶¹

No doubt Aitken was very much aware of this fact because in 1909 he merged several western cement companies. The Financial Post commented on this merger by saying, "A few years ago the ready adsorption of five million dollars would have been regarded an impossibility."⁶² However, Max Aitken wanted to control an even larger cement conglomerate and Bennett fitted nicely into these plans. Naturally Max Aitken had to justify any further expansion plans to the British investors. Bennett provided this justification by letting it become public knowledge he planned to expand his cement company, the Rocky Mountain Cement Company, which would offer stronger competition to the Canada Cement Company. Aitken responded quickly through a letter written by Victor Drury (Aitken's brother-in-law), President of Royal Securities, who stated to Bennett on May 19, 1910 Aitken's underlying plan.

Mr. (Frank) Jones ... informed Mr. Aitken that he was advised it was your intention to increase the capacity output of the Rocky Mountain Cement Company and thereby interfere materially with the plants belonging to the Canada Cement Company. If this is your intention, he is ready to entertain a proposition of buying you out.⁶³

⁶⁰Beaverbrook, op. cit., p. 29.

⁶¹"A review of the cement industry," Financial Post, August 31, 1923, p.7.

⁶²Ibid., January 9, 1910, p. 1.

⁶³Bennett Papers, Volume 945, V. M. Drury to Bennett, May 19, 1910.

In August 1910, Aitken himself outlined his future plans in more definite terms to Bennett: "I fully realize that you and I must control the cement situation in the West."⁶⁴ Bennett obviously agreed because in August of 1910 he allowed the Rocky Mountain Cement Company to go into receivership, so it could be purchased by the rapidly expanding Canada Cement Company. For allowing this transaction to occur, Bennett:

... would take on large holdings of the Canada Cement common and preferred stock in the Rocky Mountain Cement Company at the present enormous discount ... the Exshaw (Cement) Company owned by Sir Sanford Flemming of Montreal (was) reorganized to protect the first mortgage bondholders and (they would) consolidate all three.⁶⁵

When all these deals were completed, Canada Cement owned:

... twelve plants, which were located in Alberta, Ontario and Quebec ... The combined property value of all twelve plants was \$14,822,500, of which \$7,001,600 was paid in cash. \$1,348,600 was paid in bonds. \$4,316,800 was paid in preferred shares and \$2,155,500 was paid in common shares.⁶⁶

Less than a year earlier, the Financial Post had expressed some surprise at the five million dollar Canada Cement merger. Now Aitken had organized a merger worth almost three times that figure.

Bennett helped to trigger this mammoth cement industry takeover by his planned expansion of the Rocky Mountain Cement Company. However, Aitken was obviously the mastermind behind the project, which had superb timing. At that point, "the cement industry in Canada was rather unsettled."⁶⁷ The major problem was the skyrocketing price of coal, necessary to heat the furnaces of the cement factories. Unfortunately,

⁶⁴ Bennett Papers, Volume 945, Aitken to Bennett, August 10, 1910.

⁶⁵ Wilbur, op. cit., p. 6.

⁶⁶ "A review of Canada Cement," Financial Post, February 24, 1913, p. 4.

⁶⁷ Ibid.

stiff competition from other firms made it difficult to raise prices. The other influencing factor was the tariff. There was an "... eight cent increase from 1897 to 1907 in the cement tariff."⁶⁸ This increased the cement tariff from "... four and a half cents to twelve and a half cents per hundred weight."⁶⁹ British cement was given an advantage, but shipping charges nullified it. The tariff primarily affected American cement producers. In 1901, 64% of all cement sold in Canada was imported. By 1909, foreign-made cement accounted for only 4% of all sales in Canada (Appendix F). The *Financial Post*, which consistently has reflected the views of the Canadian business community, printed these statistics without pointing to the price increase as an inevitable result. When these amalgamations were all completed it was estimated that this new cement complex "... controlled 75% of all the cement produced in Canada."⁷⁰ The company announced "... an increase of about thirty cents a barrel in September 1909 ... on their current price of about a dollar a barrel."⁷¹ Thus Canada Cement faced little competition from abroad, thanks to a \$0.43-3/4 tariff per barrel (a barrel was 350 pounds). In "London, England, cement sold for \$0.80 to \$0.90 a barrel."⁷² Canada Cement Company had also virtually eliminated competition at home through its merger. The effect of this price increase can be easily seen on the company's balance sheet, which saw profits increase in the following year (Appendix H).

⁶⁸E. Porritt, *Sixty Years of Protection in Canada 1846-1912*, p. 384.

⁶⁹J. Harpell, *Canadian National Economy* (Toronto, 1911), p. 24.

⁷⁰*Financial Post*, February 24, 1913, p. 4.

⁷¹*Calgary Herald*, September 10, 1909, p. 9.

⁷²Harpell, *op. cit.*, p. 24.

Canada Cement continued to expand.

In 1911 they acquired the Western Canada Cement and Coal Company of Exshaw. By 1913, they had purchased two ships and organized the Canada Cement Transport Ltd. to bring American coal to their [Canadian] plants.⁷³

One of the major customers of Calgary Power was the Canada Cement Company. This serves to underline the carefully planned interrelationships between the various Aitken-Bennett ventures.

The protective tariff structure seemed to encourage this type of corporate integration. A study, conducted by J. Harpell in 1911, demonstrated how prevalent the amalgamation process had become in some industries.

	<u>Number of Individually Owned Companies</u>			
	<u>1871</u>	<u>1881</u>	<u>1891</u>	<u>1906</u>
Flour Mills	2,295	2,407	2,550	832
Meat Packing and Slaughtering Plants	193	203	528	68
Fish Preserving Plants	34	339	5,017	465 ⁷⁴

In 1909 there were "52 large Canadian companies merged ... valued at 195 million dollars."⁷⁵ The Canada Cement merger only represented 2.5% of the total dollar value of merged companies, which further emphasizes the broad scope of the merger movement in 1909.

It appears the public objected to these mergers and subsequent price increases.

During 1908, 1909, and 1910 ... the country had witnessed a constantly rising price level for several years The large number of industrial mergers, trade association activities and the wide

⁷³ *Financial Post*, February 24, 1913, p. 4.

⁷⁴ Harpell, *op. cit.*, p. 25.

⁷⁵ *Ibid.*

publicity given to monopoly evils ... during these years was a stimulus to reform.⁷⁶

R.B. Bennett's political activities were not adversely affected, despite his part in the merger movement. His close connections with companies such as Canada Cement and the Alberta Pacific Grain Company were not widely publicized; however, neither were the activities of the other businessmen who were involved in the merger movement at the time. The public response was negative enough to prompt William Mackenzie King in 1910 (then Minister of Labour) to introduce the Anti-Combines act. Despite this fact, this Act was "... totally ineffective and only called into operation once."⁷⁷ Thus government legislation helped create the cement monopoly (and others) but no government was willing or able to enact a law to protect the small cement producers or the Canadian consumer. The Canada Cement Company was the first company Bennett was financially involved with that had a truly national market. However, he did not confine his investment activities to the geographical boundaries of Canada. The next venture he and Aitken became involved with was the Venezuelan Ore Company, which as the name implies mined for ore in Venezuela. However, the capital came primarily from Canada. The investment syndicate, which was formed in November 1911, included:

... Aitken, Bennett, H. Holt, F. P. Jones (vice-president, Canada Cement), W. D. Ross (former C.P.R. surveyor and ex-partner of H. Holt) and Wm. Pearce (Calgary alderman). They had an authorized capital of one million dollars. They issued four hundred and fifty thousand in common stock and five hundred and fifty thousand (dollars) in preferred stock.⁷⁸

⁷⁶J. Ball, Canadian Anti-Trust Legislation (Toronto, 1934), p. 17.

⁷⁷V. C. Fowke, National Policy and Wheat Economy (Toronto, 1957), p. 95.

⁷⁸Financial Post, February 15, 1913, p. 11.

When the company was formed, it was believed "they would get fifteen thousand tons of ore a month from Imatacu, Venezuela."⁷⁹ This projection proved to be too optimistic, because less than two years later the company went bankrupt. The always optimistic Aitken wired Bennett on Christmas of 1913, "Merry Christmas from my family and me and think we can pull something out of Venezuela."⁸⁰ One of the people who was concerned by the bankruptcy of the Venezuelan Ore Company was E. W. Beatty, a vice-president and general counsel of the C.P.R. In December of 1914 Beatty wrote Bennett a long letter requesting his assistance to recover \$9,500 a relative of his had lost in this venture. Bennett approached Aitken "... because Beatty is a man of much potential means and occupying a very important position, whose good will it is of course well if possible to have."⁸¹ Whether Aitken was able to recover this money is unknown, but Bennett's assessment of Beatty was astute. He was later appointed Chairman of the Board of the C.P.R. Bennett had an obvious policy of trying to keep on good terms with the right people. Edward Beatty, like Herbert Holt, was another influential Eastern contact whom Bennett was getting to know.

The fourth business endeavor that Aitken and Bennett closely co-operated on was the purchase and expansion of the Alberta Pacific Grain Company. It was their most successful business venture. The significance for Bennett went beyond monetary gains, because this company tied him to the mainstay of the Alberta economy—wheat.

⁷⁹*Financial Post*, February 15, 1913, p. 11.

⁸⁰*Bennett Papers*, Volume 945, Aitken to Bennett, December 24, 1913.

⁸¹*Ibid.*, December 16, 1914.

Bennett was aware of what was happening in the rural areas, even though prior to this investment he had no financial involvement in farming. On July 5, 1910, a full two years before the takeover of the Alberta Pacific Grain Company, Bennett wrote Aitken "South of Calgary, crop will not average five bushels to the acre."⁸² Bennett had campaigned in the rural areas, which probably gave him first-hand knowledge.

In 1906, 177,100 acres of Alberta land were seeded to wheat. By 1911, this figure had increased nearly tenfold. The cash value of the 1906 crop was \$2,549,400, but five years later the wheat crop was worth \$22,516,000 (Appendix G). Wheat had become a big business in Alberta.

Although Alberta was the last of the three prairie provinces to develop an extensive wheat growing industry, it experienced rather a remarkable expansion in that branch of agriculture.⁸³

Bennett's knowledge of the agricultural community and the related businesses brought it to his attention that the Alberta Pacific Grain Company was for sale. One of the reasons why this company was looking for a buyer appears to have been possible competition from farmer-owned co-operatives then being formed. The Alberta Pacific Grain Company had a good record of expansion.

1905	860,000 bushels handled
1906	2,400,000 bushels handled
1907	1,800,000 bushels handled
1908	3,800,000 bushels handled
1909	3,100,000 bushels handled
1910	3,900,000 bushels handled
1911	5,800,000 bushels handled ⁸⁴

Bennett told Aitken of this prospect in April of 1912.

⁸² Bennett Papers, Volume 945, Bennett to Aitken, July 5, 1910.

⁸³ L. D. Nesbitt, *The Story of Wheat* (Calgary, 1949), p. 16.

⁸⁴ Bennett Papers, Volume 945, Bennett to Aitken, July 5, 1912.

In May, Aitken's personal secretary wrote 'Sir Max would like to know to what extent the building of granaries by farmers operates against the elevators of the Alberta Pacific Grain Company.'⁸⁵

The possible competition from the farmer-owned elevators was examined and obviously felt not to be too serious; Aitken soon exercised his option. "The new company was funded through the sale of three million dollars worth of stock, which was divided equally into common and preferred."⁸⁶ When all these takeovers had been concluded the Alberta Pacific Grain Company "... was the largest in Alberta."⁸⁷ The Company controlled:

... three hundred seventy-five elevators, having a capacity of fourteen [million] seven hundred thousand bushels, and through subsidiaries it controlled a terminal at Vancouver with storage capacity for two million two hundred twenty-five thousand bushels. It also controlled Atlas Flour Mills at Vancouver capable of an output of six hundred barrels of flour a day.⁸⁸

"For his legal efforts, Bennett received a \$200,000 bond issue and became a director [of the Alberta Pacific Grain Company]."⁸⁹ The importance of this deal to Bennett in terms of profit is that the Alberta Pacific Grain Company "... would supply the bulk of his earnings over the next fifteen years."⁹⁰

Thus, in the two years from 1910 to 1912, Bennett was involved in four major business deals. These ventures in themselves would have virtually guaranteed that Bennett would become a millionaire. However,

⁸⁵ Wilbur, *op. cit.*, p. 10; also cited in *Bennett Papers*, McGillivray (secretary to Aitken) to Bennett, May 29, 1912.

⁸⁶ *Financial Post*, October 20, 1920, p. 11, "A review of the Alberta Pacific Grain Company."

⁸⁷ J. G. MacGregor, *History of Alberta* (Edmonton, 1972), p. 243.

⁸⁸ *Ibid.*, p. 244.

⁸⁹ Wilbur, *op. cit.*, p. 11.

⁹⁰ Watkins, *op. cit.*, p. 80. (Also see Appendix J.)

he would later piece together two more businesses, Calgary Petroleum Products and Royalite Oil Co., and also become the director of the E. B. Eddy Co. At this point in his career, Bennett appeared to be wedded to the cornerstones of the West. The Alberta Pacific Grain Company tied him to the agricultural base; his directorship and legal efforts linked him with the C.P.R.; the Calgary Power Company demonstrated he could and did raise foreign capital; and he was about to enter the political arena on the platform that reciprocity should be rejected in favor of tariffs.

In the midst of these million dollar deals, Prime Minister Laurier called an election on August 29, 1911. Under normal circumstances Bennett might have remained out of this election. However, this was not a normal election. Two questions were at issue: Canada's Naval Contribution and Reciprocity or Protective Tariffs. Obviously, the former had no direct effect on his business career, but the latter threatened the basic structure of the Western economy, upon which Bennett relied so heavily.

Another important question, although it never became a campaign issue, was railway expansion. "From 1911 to 1915, there would be almost as many track miles laid, as had been laid in the entire period from 1896 to 1910."⁹¹ The increasing immigration and general economy made this expansion predictable in 1911, but what was left unanswered, at least to the railway companies, was which would receive government support.

Bennett focussed his campaign for a Calgary seat on denouncing reciprocity. By using this campaign tactic he clearly avoided mentioning tariffs. At Calgary on August 16, 1911, Bennett stated, "Reciprocity will not benefit the farmer."⁹² At Stratmore on August 22, 1911, Bennett

⁹¹ Stevens, op cit., p. 188.

⁹² Calgary Herald, August 16, 1911, p. 1.

"... tells farmers why reciprocity will not increase their profits."⁹³

At Acme on August 24, 1911, Bennett said:

In 1896 Laurier's government promised free implements, but when they were returned, the first thing that happened was that Frost and Melvin Jones, heads of big implement houses were made senators ... a poor chance the farmer had of getting free implements from them.⁹⁴

At Irricana on August 25, 1911, Bennett proclaimed, "Reciprocity will kill home markets."⁹⁵ At Airdrie, on September 5, 1911, Bennett

"... demonstrates to farmers how reciprocity will be a losing game."⁹⁶

Two days before the election, Bennett's campaign got a helpful nudge from the C.P.R. A front-page story in the *Calgary Herald* read: "If reciprocity passes no carshops will be built in Alberta says a C.P.R. official."⁹⁷

September 21, 1911, was election night. Bennett won his seat, the only Conservative to win in Alberta. These results clearly reflected where Alberta stood on the reciprocity question. In Saskatchewan the Conservatives did not fare any better, winning one out of ten seats. Manitoba was the only prairie province where the Conservatives showed any strength at all, winning eight of ten seats.

It was not a decisive rejection of reciprocity, however, for the Liberals polled almost 45 per cent of the votes and lost three seats by less than one hundred votes.⁹⁸

Nevertheless, the Conservatives did much better, winning one hundred thirty-four seats, and formed the government. Bennett no doubt expected

⁹³ *Calgary Herald*, August 22, 1911, p. 1.

⁹⁴ *Ibid.*, August 24, 1911, p. 1.

⁹⁵ *Ibid.*, August 25, 1911, p. 1.

⁹⁶ *Ibid.*, September 5, 1911, p. 1.

⁹⁷ *Ibid.*, September 19, 1911, p. 1.

⁹⁸ Beck, *op. cit.*, p. 128.

a cabinet appointment since he was the lone Albertan representative in the government caucus. However, that honor escaped him, apparently being reserved for another young western lawyer, Arthur Meighen, who received the position of Solicitor-General in 1914 about three years after the election.

Shortly after this election, Bennett "publicly severed all ties with the C.P.R."⁹⁹ by writing an open letter to Mayor Mitchell of Calgary; it was published on the front page of the Calgary Herald, complete with a picture of Bennett. If and when the railway question surface in Parliament, Bennett did not wish to be accused of favoring the C.P.R.

William Mackenzie and Donald Mann, owners of the Grand Trunk Pacific as well as the Canadian Northern, went to Prime Minister Borden in 1913 and requested financial aid, which they received. In 1914, they were back again looking for more monetary support. This time Borden insisted on guarantees. The Borden Diary showed general approval from the Conservative caucus for the deal: "All ministers greatly pleased with the result and many members came to warmly congratulate me."¹⁰⁰ Bennett, however, remained strongly opposed to the party's position on this question, probably because of his close affiliation with the C.P.R.: "At one point Bennett even threatened to cross the floor of the House of Commons and sit with the Liberals."¹⁰¹ As the debate on the bill continued, Bennett intensified his attack. He began to direct it at Arthur Meighen, when he referred to him (Meighen) as "the gramophone of

⁹⁹Calgary Herald, November 10, 1911, p. 1.

¹⁰⁰Borden Diary, April 28, 1914.

¹⁰¹T. D. Regehr, Canadian Northern Railway (Toronto, 1976), p. 380.

Mackenzie and Mann."¹⁰² Bennett's behavior, not surprisingly, failed to impress Prime Minister Borden.

... Bennett behaved badly insisting on adjournment of debate so that he can make a sensational speech tomorrow. His vanity makes him quite unbalanced.¹⁰³

Bennett's position of course closely aligned the official position the C.P.R. had held for over a decade: "Sir T. Shaughnessy stated that the C.P.R. saw no reason why the Government should financially support railroads."¹⁰⁴

This meant that the C.P.R., supported by large monetary and land grants, and repeatedly receiving financial assistance from the government of Sir John A. Macdonald, was now established to the point where it no longer required any more help from Ottawa. Naturally the C.P.R. saw no reason why its competition should be afforded the same opportunities it had been given.

Even Ernest Watkins, Bennett's sympathetic biographer, concedes that Bennett's strong stand on this question was directly related to his close association with the C.P.R.

Although his formal retainer from the C.P.R. ended when he entered Parliament, he had worked with and for that company all his professional life in the west, and he naturally regarded the actions of Mackenzie and Mann with some suspicion.¹⁰⁵

Bennett's opposition to the Grand Trunk Pacific was consistent. He again raised his objection in 1916 and 1917. It is interesting that Bennett's

¹⁰² J. D. Regehr, *op. cit.*, p. 380.

¹⁰³ Borden Diary, May 14, 1914.

¹⁰⁴ Calgary Herald, February 12, 1903, p. 1.

¹⁰⁵ Watkins, *op. cit.*, p. 83.

tax returns of 1917 (Appendix J) show he had shares in the Bank of Commerce. It was common knowledge that the Bank of Commerce had heavily financed the Grand Trunk Pacific. "It was also William Mackenzie and James Ross who started the Brazilian Traction Company."¹⁰⁶ Bennett's tax returns also show a stock purchase in that company (Appendix J). Thus Bennett publicly opposed Mackenzie and Mann but privately invested in a bank and also in a company with which they were closely affiliated. While it is possible that Bennett opposed government support of railways on principle, the evidence appears to suggest he opposed it because of his business connections with the C.P.R.

In 1915, Bennett did not oppose a surtax which increased the tariffs. However, western farmers opposed it. "The wartime tariff increases were sufficient to give additional impetus to the farmers' movement."¹⁰⁷

For R.B. Bennett, Ottawa had been a political disappointment. He did not get a cabinet position nor was he successful in blocking Mackenzie and Mann's bid for financial support. He wrote despondently to Aitken on December 9, 1911: "I am sick of it here (Ottawa)."¹⁰⁸

Despite his political activities in Ottawa, and the four business ventures, all of which were million dollar deals, Bennett still found the time to come to the legal defense of the Royal Bank. The initial events leading to the court battle were very routine and carried no suggestion that one day they might cause legal action. In their first term in office, the provincial Liberal government in Alberta had sold bonds for the construction of the Alberta and Great Waterways Railroad. "By February 1910,

¹⁰⁶Stevens, op. cit., p. 175.

¹⁰⁷L. A. Woods, The Farmers Movement in Canada (Toronto, 1975), p. 346.

¹⁰⁸Beaverbrook, op. cit., p. 35.

the credits from bond sales in that bank (Royal Bank) had risen to \$6,042,083."¹⁰⁹ In November 1910, Arthur Sifton (then premier) introduced a bill that stated:

... moneys in the Provincial Treasurer's special account at the three chartered banks were part of the general Revenue Funds of the Province of Alberta¹¹⁰

This bill allowed the government to use money that had been collected by the sale of bonds (specifically for the construction of a railroad and held in trust by the banks) for whatever purpose they desired. When the bill passed,

a body of six men, including a public notary descended on the Edmonton Manager of the Royal Bank (as well as the other two banks) and presented him a cheque in the sum of \$6,042,083 ... the manager (definitely acting on instructions from head office) refused to cash it.¹¹¹

Thus the stage was set for a legal encounter between the Royal Bank and the Government of Alberta. The case became known as Rex versus the Royal Bank. Bennett represented the Royal Bank. It was a case that Bennett fought with great personal interest, because it threatened "... two of his deepest convictions, the sanctity of contract and the sanctity of private property."¹¹² The case was first heard by the Supreme Court of Alberta and later by the Appellate Division. Both courts ruled in favor of the Province of Alberta. Bennett convinced the Royal Bank to let him appeal it to the Imperial Privy Council in London. No doubt his friendship with the president of the bank, Sir Herbert Holt, greatly assisted his efforts to persuade the Royal Bank to appeal this decision to the highest court in the Empire. The Privy Council ruled in favor of the Royal Bank and

¹⁰⁹Watkins, op cit., p. 63.

¹¹⁰Ibid., p. 67.

¹¹¹Ibid.

¹¹²Ibid.

declared the bill that started the entire proceedings ultra vires. Bennett even received the following letter from Lord Macnaghten, a member of the Privy Council, in January 1913. It read:

May I take the liberty of congratulating you on your appearance before the P.C. this afternoon. I thought you argued your point extremely well--and I may add we all thought so.¹¹³

This legal victory represented the peak of Bennett's law career. But he had yet to reach the summit of his business career. That year he got involved in oil exploration through the formation of the Calgary Petroleum Products Company.

It is generally believed that John Kootenai Brown made the first commercial use of Alberta's oil.

In 1886, he discovered an oil seepage around the Waterton Lakes. He collected enough of the gooey liquid to start a small business selling his product as axle grease at one dollar a bottle.¹¹⁴

Oil might have remained a small business had it not been for Henry Ford's 1903 Model A. "By 1905, five hundred sixty-five Canadians owned cars; by 1915, sixty thousand six hundred eighty-eight were registered."¹¹⁵ Even R.B Bennett owned a car--for a short time. In response to this greatly increased public demand for gasoline,

Oil companies were ferociously building new refineries to keep pace with the demand for gasoline. Imperial (Oil Company) had one refinery in Canada in 1905, producing 900 barrels of crude oil per day. By 1920 they had five refineries with a capacity of 23,000 barrels per day.¹¹⁶

By 1910, most people equated the word "oil" with instant wealth. William Stewart Herron firmly believed in this equation as a natural

¹¹³Watkins, op cit., p. 71.

¹¹⁴Fraser, op. cit., p. 64.

¹¹⁵E.J. Hanson, Dynamic Decade (Toronto, 1958), p. 61.

¹¹⁶Ibid.

consequence of a supply-demand economy. Herron had a number of professions.

"He had been a farmer, rancher, lumberman, railway contractor, real estate speculator, prospector, and oil man."¹¹⁷ When he noticed gas seepage near

Sheep Creek in the Turner Valley, he sent samples away to be analyzed.

When the results came back positive, he "...immediately bought 700 acres

around the seepages."¹¹⁸ He tried, unsuccessfully, to convince Eugene

Coste, owner of the Western Natural Gas Company, to invest. Then he ap-

proached the City Council of Calgary, but received a negative reply. How-

ever, Herron was not easily discouraged. He approached R.B. Bennett

(possibly on the recommendation of W. Pearce, who was a member of the Cal-

gary City Council at the time). A syndicate was then formed. The group

included:

R.B. Bennett

J. Loughheed

W. Pearce

A.E. Cross

A.W. Dingman

W.H. McLaws

L.J.S. Skinner

A. Judson Sayre

O.G. Devinish

-R.B. Bennett's law partner

-Calgary alderman and second vice-president of the new company

-owner of the Calgary Brewing and Malting Co.

-foreman of production site

-partner, Loughheed-Bennett Law Firm

-first vice-president of this company

-president of the new company

-Calgary businessman¹¹⁹

These joined Herron to form the Calgary Petroleum Products Company. This

group once again demonstrates Bennett's wide number of contacts within

the business community of Calgary. Under arrangement:

The shareholders controlled 55% (Herron retained 45% interest) for which they agreed to pay Herron \$22,000 and also agreed to spend an additional \$50,000 on development of the properties.¹²⁰

¹¹⁷Hanson, op. cit., p. 58.

¹¹⁸Ibid.

¹¹⁹Factual Memorandum, Concerning History of the Incorporation and Development of Royalite Oil Company Ltd., December 13, 1938 (Toronto, 1938), p.3.

¹²⁰Ibid., p.4.

R. B. Bennett had more to offer this new company than investment capital and managerial experience. Before the company could commence its operations it had to secure leases for drilling rights for the petroleum and natural gas from the C.P.R. and the Government. Since Bennett had been a director of the C.P.R. and was a member of parliament in the governing party, it is not surprising the Calgary Petroleum Products Company got "... 7,000 acres of drilling rights from the C.P.R. and the Government."¹²¹ Drilling operations began in the Turner Valley in January 1913.

The Turner Valley had been named after John and Robert Turner, who bred horses. It was located forty miles southwest of Calgary and had been a tranquil ranching and farming community until the oil developers moved in. Once the Calgary Petroleum Products Company was formed, others followed suit. However, few of these companies ever found oil, but the Calgary Petroleum Products did—on October 9, 1913. The Oil Boom in Calgary had begun and Bennett, nor surprisingly, was part of it.

Bennett's business ventures received support from a number of different sources, one of which was the *Calgary Herald*. In addition to supporting Bennett's political career, the *Calgary Herald* also gave some support to his commercial endeavors. This is not to suggest that his relationship with the *Calgary Herald* was always harmonious; often it was anything but. Colonel Woods "the managing editor and part-owner never hid his dislike for Bennett."¹²² Undoubtedly he and Bennett had their disagreements, after which the fences went unmended. In 1908, the Southam newspaper chain purchased the *Calgary Herald*. It also owned the *Edmonton*

¹²¹ Factual Memorandum, *op. cit.*, p. 5.

¹²² Bruce, *op. cit.*, p. 123.

Journal and the *Lethbridge News*. "All three papers supported the Conservative Party."¹²³ So Woods, regardless of his personal opinion of Bennett, was obligated to give him some support. However, it is open to conjecture how much editorial and front-page coverage is necessary to constitute support. The Alberta Conservative Party did not feel Woods was meeting his obligation to their party. In 1909, after the second successive Conservative provincial defeat, a delegation of "Senator Lougheed and M. McCarty [Conservative M.P.] visited the Southam headquarters in Ottawa to complain they were not receiving enough support."¹²⁴ Bennett apparently remained out of these discussions, as he also did when Max Aitken was negotiating to buy the *Calgary Herald*. In both cases, Bennett's course of action was determined by his poor relationship with Woods, and the recognition that his presence would hinder the prospects for success.

After these discussions the *Calgary Herald* did seem to support Bennett and the Conservative Party in a more obvious fashion. On September 10, 1910, the *Calgary Herald* in a front-page story (complete with a picture of Bennett) stated that "the Calgary lawyer was considering a senior position with a newly-formed [Canada] Cement Company."¹²⁵

The *Calgary Herald* also relegated the recent price increase in cement to the third page. The following year it encouraged ratepayers to support a price increase in electrical rates by the Calgary Power Company. As noted earlier, the *Calgary Herald* carried on its front page Bennett's

¹²³ Bruce, *op. cit.*, p. 123.

¹²⁴ *Ibid.*, p. 135.

¹²⁵ *Calgary Herald*, September 10, 1910, p. 1.

resignation as a director of the C.P.R. in 1911. During the election of 1911, the *Calgary Herald* gave good coverage to Bennett's campaign and in the month preceding the election it carried almost daily front-page stories, warning that reciprocity would lead to exploitation of Canadian resources and ultimately annexation.*

However, the *Calgary Herald* seemed to be opposing the Calgary Petroleum Products Company. When Dingman's crew found oil in October of 1913, the *Calgary Herald's* leading editorial warned:

There have been previous oil showings, but not in commercial grade
.... Do not speculate in oil bonds unless you have so much money
that you are financially able to throw it out over the Bow [River].¹²⁶

This editorial was followed by even stronger front-page headlines, designed to discourage Calgarians from investing in oil stocks. The *Calgary Herald* even refused to accept advertisements from oil companies. Unquestionably there were fraudulent oil companies that never intended to drill for oil and whose only purpose was to swindle unsuspecting investors. Therefore a more selective policy in discussing the oil industry would seem to have been a fairer course of action.

This position of tarnishing all oil companies with the same brush naturally upset local oilmen. One such individual even took a front-page ad in the rival *Albertan* newspaper, which read: "Is Standard Oil paying for the front page knocks in the Herald?"¹²⁷ The *Albertan* eventually apologized for running the ad, but it did express the opinion of some local oilmen.

¹²⁶ *Calgary Herald*, September 10, 1913, p. 3.

¹²⁷ *Albertan*, November 20, 1913, p. 1.

* A review of the *Calgary Herald* from August 11 to September 21, 1911, clearly demonstrates these facts.

In the background to this editorial war, a significant event occurred on October 25, 1913.

Wm. Toole, A. W. Dingman, L. P. Strong, O. G. Devinish, L. J. Skinner, E. Taylor, W. H. McLaws and J. E. A. McLeod, were granted permission by the Alberta Legislature to incorporate the Calgary Stock Exchange.¹²⁸

Four of these eight men had financial interests in the Calgary Petroleum Products Company. This right to form the Calgary Stock Exchange would serve the best interests of the Calgary Petroleum Products Company. The Stock Exchange did not open for business immediately; instead it waited for the right moment.

Six months later, the Dingman crew found another major oil well on May 14, 1914. The *Calgary Herald* suddenly eased their hard-line opposition to oil investment. On Friday, May 15, 1914, the *Calgary Herald* showed a front-page picture of Calgarians crowding the sidewalk in front of an oil company office, waiting in line to buy shares. It has been said often—one picture is worth a thousand words. The *Calgary Herald* also removed its ban on oil advertising. "In one seven-day period the *Calgary Herald* sold ten thousand dollars' worth of advertisements to oilmen"¹²⁹ anxious to convince the public that now was the time to invest in oil stocks.

It is difficult to view this abrupt editorial policy change as anything but a planned predetermined course of action. The sequence of events from the Calgary Stock Exchange, which opened in the Herald Building shortly after the Dingman well came in, to the *Calgary Herald's* reversal in policy are so closely timed that they virtually rule out the possibility of a coincidence.

¹²⁸ Hanson, *op. cit.*, p. 116.

¹²⁹ Bruce, *op. cit.*, p. 133.

The Calgary Herald had in effect helped to dam up the enthusiasm over oil speculation and at a critical moment almost entirely reversed its stance and therefore aided and abetted the vast reservoirs of capital to be opened and flow into the hands of oil companies. Naturally the company that benefitted the most was the one that had the most recent oil discovery--the Calgary Petroleum Products Company. Their stocks jumped from "...\$10 per share"¹³⁰ in October 1913⁴ to an unbelievable "...\$86 per share"¹³¹ in June 1914.

When the Dingman crew found oil on May 14, 1914, Bennett was in Ottawa, denouncing his own government's railroad policy. However, Bennett never seemed to be too far afield from the investment activity. On June 8, 1914, he returned to Calgary and was quoted as saying:

It (oil discovery) has aroused the most intense interest in the East. You don't hear much else talked of besides the Calgary oil field.¹³²

By mid-1914 Bennett's business activities had reached amazing heights. He was the President of Calgary Power and Light Company, which had grown to be the largest utility company in Alberta; he was a director of the Canada Cement Company, the largest in that industry in Canada; he had a directorship and also was the general solicitor of the Alberta Pacific Grain Company, the largest elevator company in Alberta; and he was a director of the Calgary Petroleum Products Company, the first company to make a major oil strike in the Turner Valley. In addition to these management positions, Bennett also had sizeable stock holdings in all

¹³⁰ Alberton, October 30, 1913, p.2.

¹³¹ Ibid., June 4, 1914, p.1.

¹³² Ibid., June 8, 1914, p.1.

these companies. Perhaps the most incredible feature of these accomplishments was the fact he achieved them in just five years! Clearly this would have been impossible without the assistance of Max Aitken (now Lord Beaverbrook), Herbert Holt and William Pearce. However, Bennett skillfully developed these contacts and then utilized them to best advantage.

R. B. Bennett did not neglect his legal career. His brilliant victory in *Rex versus the Royal Bank* not only demonstrated his corporate legal abilities, but brought him closer to the Royal Bank, from whom he would receive a directorship in 1924.

He did not achieve his political objectives in this period, but in view of his entrepreneurial success he could well afford to live with unfulfilled political ambitions—at least until the next decade. These business ventures virtually assured Bennett of millionaire status. However, his desire to accumulate personal wealth was not satisfied. World War I offered more opportunities for profit and Bennett did not overlook these.

CHAPTER III

WAR AND BUSINESS 1914-1919

Just prior to World War I, Canada was experiencing a recession. The war brought relief to the Canadian business community. Many companies experienced rapid growth due to an increased demand for their products; others diversified to achieve the same effect. Of Bennett's four major business interests only one—the Calgary Power and Light Company—did not directly benefit from the wartime economy.

The wheat fields of Europe had been decimated by advancing and re-treating armies. This greatly increased the importance and value of Canadian wheat. "In 1913 Canadian farmers planted 11,015,000 acres of wheat, which had a cash value of \$156,462,000."¹³³ In the final year of the war, "Canadian farmers planted 19,125,968 acres of wheat which had a cash value of \$364,857,000."¹³⁴ Due to the supply-demand situation, the price of Canadian wheat skyrocketed. Since the Alberta Pacific Grain Company was an unlisted security, its exact profit figures were not published. However, the dividends paid on its common shares clearly indicate the war years were a boom period for grain elevator companies. Its Common Shares paid:

1913	- 2%
1914	- 5%
1915	- 5% plus additional 10%
1916	- 8% plus additional 8%
1917	- 8% plus additional 15%
1918	- 10% ¹³⁵

¹³³ *Canada Year Book* (King's Printer, 1914), p. 143.

¹³⁴ *Ibid.*, 1919, p. 171.

¹³⁵ *Financial Post*, May 6, 1919, p. 6.

The financial advantages to Bennett as a major shareholder in the Alberta Pacific Grain Company were evident in his tax returns. He received from the Alberta Pacific Grain Company \$51,250.00 in dividends in 1917, \$26,750.00 in 1918, and an additional \$33,750.00 in 1919. Bennett also received \$11,350 from the Alberta Pacific Grain Company during these three years for director's fees (Appendix J).

The reason why the Alberta Pacific Grain Company was able to post such good dividends is reflected in the consumer price list of 1913, 1914, and 1915 (Appendix I). This report shows bread and flour among the foods that experienced the highest percentage increase in retail price.

The Alberta Pacific Grain Company was not the only investment that Bennett had that directly benefitted from the war. Canada Cement experienced greater profit figures, achieved partly through government cement contracts and by diversifying to accommodate the wartime economy. As far as improving Canada Cement's position, the war could not have come at a more opportune time.

Canada Cement had recorded a net earning increase of one hundred forty thousand dollars in 1913, from its 1912 level (Appendix H). "Canadian cement companies sold 17.3% more product than they had in 1912. However, 1914 brought a decline in the cement business, as sales slumped by 17.2%."¹³⁶ Therefore most cement companies saw a rapid reduction in their profit figures, but Canada Cement was an exception. Its net earnings decreased by less than \$20,000 (Appendix H). The *Financial Post* commented:

While cement companies in Canada were experiencing a serious reduction in their profit figures, Canada Cement was able to almost stabilize their profit at the 1913 level.¹³⁷

¹³⁶ *Financial Post*, August 23, 1923, p. 7.

¹³⁷ *Ibid.*, April 17, 1915, p. 2.

This favorable review added one note of caution because of the "... large inventory of \$3,310,395.24."¹³⁸ Despite this large inventory, the President of Canada Cement, F. P. Jones (also involved in the Venezuelan Ore Company), was quoted as saying he was "... not afraid of this year [1915]."¹³⁹ Jones had good reason not to be too concerned about the large inventory. Two weeks after he made this statement, it was announced that Canada Cement had secured a large government contract to supply cement for buildings necessary for the war effort. The contract called for "... two million five hundred thousand barrels of cement It is the biggest block of cement ordered since the Panama Canal."¹⁴⁰

It does not appear that Bennett was still a director of Canada Cement, because no mention of his name is made in company reports and his 1917 tax returns show no receipt of directorial fees from Canada Cement. Nevertheless he was still a shareholder in this company and received over \$16,000 in dividends from 1917 to 1919 (Appendix J).

The government contract could not have come at a better time. Cement sales in Canada in 1915 had dropped 35% from their record 1913 level (Appendix K). Despite this nationwide decrease in sales, Canada Cement recorded a \$224,000 increase over its net earnings in 1914, its largest single increase in net earnings in its six-year history—and the best was yet to come. In 1915, Canada Cement diversified its operation and got involved in the lucrative shell producing business. In that year it got a contract to produce shells for the British Government. There are no records to prove Bennett used his influence to help secure this contract.

¹³⁸ *Financial Post*, April 17, 1915, p. 2.

¹³⁹ *Ibid.*

¹⁴⁰ *Ibid.*, May 1, 1915, p. 3.

However, in 1915 he and Prime Minister Borden did take a trip together to Britain. Additional contracts followed and in September 1917 the *Financial Post* named "the big shell making companies [in Canada] are Steel Company of Canada, Scotia Steel and Canada Cement."¹⁴¹ There was criticism of the way that shell contracts were distributed.

In Canada, the opposition accused the Shell Committee of favoritism in awarding contracts and of sanctioning higher prices for shells than it should have.¹⁴²

There certainly appears to be some substance for the complaint that shell prices were inflated. Canada Cement's combined net profits during 1916-1917-1918 were 35% higher than they had been during the preceding three years (Appendix H). The extent to which these shell contracts helped increase its net earnings takes on a greater significance because the total cement sold in Canada decreased by 35% in 1916, by 45% in 1917 and by 58% in 1918 from the record 1913 year (Appendix K). Another indication as to how profitable these shell contracts were to Canada Cement came from F. P. Jones:

It was no secret we owed between one and two million dollars. Now we have two million in cash on hand, which may rise to three million. The cost of the munitions plants and equipment, some two million dollars is now written off.¹⁴³

This report "... caused stocks to move from 58 to 59%."¹⁴⁴ This was a profitable war for Canada Cement and its shareholders, like R. B. Bennett. As the war continued, the profit picture brightened.

¹⁴¹ *Financial Post*, September 19, 1917, p. 4.

¹⁴² K. F. Stewart, *R. B. Bennett as Member of Parliament 1910-1917* (Kingston, 1971), p. 438.

¹⁴³ *Financial Post*, September 1, 1917, p. 5.

¹⁴⁴ *Ibid.*

In May 1918 it was announced that Canada Cement had signed a contract with the United States Government to produce 9.2 millimeter shells. The contract was described as "... large ... and worth several million."¹⁴⁵ The Canada Cement Company also got another government contract in July of that year. This time it was from the Canadian Government, "... for cement blocks used to construct 1,000 houses by the Halifax Relief Commission."¹⁴⁶ It was estimated this order "... will exceed 75,000 barrels [of cement]."¹⁴⁷

When the war ended, the American Government cancelled its multi-million dollar shell contract. However, Canada Cement Company saw no reason why the termination of war should deprive it of "compensation" for its efforts to make money from the war economy.

There was a fair settlement in 1919 with the United States Government in connection with buildings erected for carrying on big shell orders.¹⁴⁸

R. B. Bennett was prepared to lend his support to the price being charged by shell manufacturers. He stated in the House of Commons that he "... thought [the price was fair since it had] to help pay for machinery ... which has but scrap value after the war."¹⁴⁹

R. B. Bennett's oil investment took on greater importance because of the war. Oil was a vital commodity to the allied armies, who were rapidly replacing horses with vehicles, powered by gasoline engines. Lord Curzon said "the allied armies floated to victory on a sea of oil."¹⁵⁰

¹⁴⁵ *Financial Post*, May 18, 1918, p. 6.

¹⁴⁶ *Ibid.*, July 20, 1918, p. 6.

¹⁴⁷ *Ibid.*, July 27, 1918, p. 16.

¹⁴⁸ *Ibid.*, January 17, 1920, p. 9.

¹⁴⁹ Stewart, *op. cit.*, p. 437.

¹⁵⁰ *Financial Post*, February 4, 1919, p. 18.

During the war, the Calgary Petroleum Products Company built an absorption plant. "For some years a production of 2,500 to 3,000 gallons per day were obtained through this plant."¹⁵¹ The increased demand for gasoline brought a steady increase in prices. The Canadian Government did take some steps to try and regulate the price of gasoline, decreeing:

... that gasoline could be sold to the public at only 10% over cost and controlled the number of gallons any one garage could sell.¹⁵²

However, no attempt was made to curtail any price increases by oil development companies.

In 1919, Bennett and his fellow directors decided on a major expansion program for the Calgary Petroleum Products Company. There were several reasons for this decision. In addition to advancing prices, there was also the prevailing opinion within the oil trade that the Turner Valley was laden with oil. One expert from the Shell Oil Company of Britain reported "... that of the sixteen wells in the Turner Valley, not one is drilled where he believes the big pool of oil exists."¹⁵³ C. E. Taylor, superintendent of development for Imperial Oil, said, "I don't know who that British expert was, but I quite agree with him."¹⁵⁴ Another reason for attempting to expand the Calgary Petroleum Products was the demand for gasoline from other industries.

Since the outbreak of the war there has been a greatly increased demand for fuel oil in the industrial centres of Canada particularly where shells are being manufactured.¹⁵⁵

¹⁵¹Factual Memorandum, *op. cit.*, p. 6.

¹⁵²*Financial Post*, December 12, 1919, p. 7.

¹⁵³*Ibid.*

¹⁵⁴*Ibid.*, January 10, 1920, p. 1.

¹⁵⁵*Ibid.*, January 17, 1920, p. 6.

In view of R. B. Bennett's contacts with the Canada Cement Company, there is no doubt the market for additional oil was definitely there.

The fourth reason for an expansionary program was that public interest in oil exploration was waning. There had been no new oil discoveries since 1914, and in 1917 the Calgary Stock Exchange had suspended operations due to lack of interest. Thus R. B. Bennett and the other directors of the Calgary Petroleum Products Company no doubt reasoned that a new oil strike would serve the double objective of increasing the Company's profits and renewing public interest. In any event, it began drilling Calgary Petroleum Products Well No. 3. However, a disastrous fire occurred in the absorption plant early in 1920. The war had now ended and with it the demand for gasoline declined. The company therefore decided to suspend all its operations.

The war had greatly increased Bennett's financial status. In 1917-1918-1919, he received from the Alberta Pacific Grain Company and the Canada Cement Company (which represented only two of his investments) a total of more than one hundred thirty thousand dollars in dividends. His earnings in dividends from these two companies alone during the entire profitable war era were probably in excess of two hundred thousand dollars. Then in 1920, the Alberta Pacific Grain Company redeemed its Victory Bonds and Bennett received an additional eighty-five thousand dollars (Appendix J, 1920 return). Thus his entire profit from these two firms, was in the neighborhood of three hundred thousand dollars. Bennett clearly profited from the war. He had realized good dividends from the sale of bread and bullets to the Allied Armies. Thus World War I had transformed him into a very rich man.

In 1911, Bennett had hoped for a cabinet portfolio. However, he did not receive this position, but then his business career was not significant

enough to guarantee such an appointment. As the Canada Cement Company, the Alberta Pacific Grain Company, and the Calgary Power and Light Company grew, so did Bennett's contacts. These business successes were followed by the formation of the Royalite Oil Company and later majority control of the E. B. Eddy Company. By the next decade Bennett had become a well-known national figure in the circles of high finance. The additional contacts Bennett developed would ultimately be instrumental in allowing him to secure first the leadership of the Conservative Party and later become the Prime Minister of Canada. These achievements were impossible in this decade so Bennett left federal politics in 1917 and concentrated on being a full-time businessman, which set the stage for his return to Ottawa.

CHAPTER IV

BUSINESS BEFORE POLITICS 1920-1927

The war had brought other advantages to R. B. Bennett, which were not evident until it had ended. In 1918, F. P. Jones, president of Canada Cement, "... had been appointed to the War Board of Trade."¹⁵⁶ This move was more significant than merely to reinforce Canada Cement's active role in exporting munitions to other countries. In this new position, Jones travelled to the West Indies. As a result a new trade accord was reached between the Canadian Government and the West Indian Government. Canada Cement then sold large amounts of cement to the West Indies. Not commenting on the probable convenient connection, the *Financial Post* merely stated that "the financial position of the Canada Cement Company was strengthened by its increased export trade to the West Indies."¹⁵⁷ The year 1920 saw a large increase in exports and imports with the West Indies.

[Canadian] Imports [from the West Indies] rose from 5,254,126 pounds in 1919 to 8,376,912 pounds in 1920, and exports from 5,085,615 [pounds] to 10,313,282 pounds.¹⁵⁸

The increased trade brought increased interest on the part of Canadian banks.

The Colonial Bank, in which the Bank of Montreal has acquired a large interest, has of course a large business in that quarter [West Indies]. Both the Colonial Bank and the Royal Bank of Canada have branches in every West Indian Colony. These branches have been increased in number during the past eighteen months and during that time the Canadian Bank of Commerce has entered the West Indian Field.¹⁵⁹

¹⁵⁶ *Financial Post*, June 8, 1918, p. 6.

¹⁵⁷ *Ibid.*, February 6, 1921, p. 6.

¹⁵⁸ *Economist-Weekly* (London, England), October 22, 1921, p. 652.

¹⁵⁹ *Ibid.*

The significance of these events is that in 1919 R. B. Bennett had shares in only the Bank of Commerce. By 1921, he had shares in all three banks operating in the West Indies. In 1924 he was appointed a director of the Royal Bank.

The 1911-1917 Ottawa years did afford Bennett an opportunity to renew his acquaintance with Jennie (Shirreff) Eddy. He had met Jennie Shirreff in Chatham, when he was working for L. J. Tweedie. She had moved to Ottawa and became the private nurse to Ezra Butler Eddy. He had begun making matches "... in a rented shack in Hull, turning out ten boxes of matches a day."¹⁶⁰ The operation continued to grow until "... it became the largest in the Dominion of Canada."¹⁶¹ E. B. Eddy and Jennie Shirreff were married in June of 1894. When E. B. Eddy died in 1906, "there was no market quotation for the exact value of his shares but his estate was estimated at over two million dollars."¹⁶² When Bennett came to Ottawa as a Member of Parliament he renewed his friendship with Mrs. Eddy. He gave her financial advice. On May 17, 1916, Bennett sent Mrs. Eddy a lengthy letter, which stated "... as of 10 February last, being the date at which the estate was distributable, the trust fund consists of \$952,753.92."¹⁶³ Mrs. Eddy obviously appreciated that advice and felt Bennett's business background would be of assistance to the E. B. Eddy Match Company. She arranged for his election to the Board of Directors in 1916.

It is unlikely that it [the relationship between Bennett and Mrs. Eddy] had ever romantic overtones; Beaverbrook, who had

¹⁶⁰ *Financial Post*, August 13, 1926, p. 28.

¹⁶¹ *Ibid.*

¹⁶² *Toronto Telegram*, October 7, 1907, p. 4.

¹⁶³ *Bennett Papers*, Volume 924, Bennett to Mrs. E. B. Eddy, May 17, 1916.

known all parties concerned most of his life denied that it had Bennett was interesting as a friend and valuable as a man of business. She [Mrs. Eddy] was grateful for that.¹⁶⁴

In August 1921, Mrs. Eddy died. Her will provided:

... her brother Joseph Thompson Shirreff, 1007 shares [he already had one] of the capital stock of the E. B. Eddy Match Company, not to be transferred until five years after her death Judging from Bennett's tax returns [Appendix J] he had already received the remaining 500 shares before her death, since his first director's fees from the E. B. Eddy Company came in that year. Joseph Shirreff would also receive an annual income from the estate of \$15,000; Bennett got \$7,500 and the two were named her executors.¹⁶⁵

Bennett's legal skills were again evident when he successfully appealed the tax assessment of Mrs. Eddy's estate in 1922 "... and got a reduction of \$75,000."¹⁶⁶

In 1917 Bennett's total actual income was \$114,612.43 (Appendix J). However, by 1919 it had slipped to \$62,771.10 (Appendix J). It was a good year in 1920 because of the redemption of the Alberta Pacific Grain Company's Victory Bonds. The year 1921 brought his income below its 1919 level and it fell even lower in 1922 (Appendix J). This decrease in earnings can be directly traced to the post-war economy. Wheat prices had plummeted, adversely affecting the Alberta Pacific Grain Company's profits. Canada Cement had lost its lucrative shell contracts and the Calgary Petroleum Products had folded altogether in 1920.

However, in 1921 the pendulum of Bennett's business career began to swing back. He was successful in interesting Imperial Oil, now a subsidiary of Standard Oil of New York, in investing in the holdings of the defunct Calgary Petroleum Products Company. On March 18, 1921, the

¹⁶⁴ Watkins, *op. cit.*, p. 92.

¹⁶⁵ Wilbur, *op. cit.*, p. 17; also cited in *Bennett Papers*, Volume 924, T. P. Foran to Bennett, June 12, 1921, August 9, 1921 and Bennett's memo written in 1926 to Foran.

¹⁶⁶ *Ibid.*; also cited D. M. McIntyre, chairman of the Tax Appeals Board to Bennett, March 14, 1922.

Royalite Oil Company was formed as a subsidiary of Imperial Oil.

On January 27, 1921, the assets of the Calgary Petroleum Products Ltd. were sold to Alliance Trust [of whom Bennett had been a director]. On March 18, 1921, Alliance Trust Co. sold the holdings to Royalite Oil Company.¹⁶⁷

Among the original shareholders were Alexander Hannah (elected vice-president in 1930), Percy L. Sanford (both Sanford and Hannah were lawyers in the Loughheed-Bennett firm), William Pearce (director from 1921 to 1930), A. E. Cross (director 1921-1930), C. E. Taylor (a supervisor of Imperial Oil), Walker T. Taylor (director 1921-1922), T. J. Draper (director 1921-1928) and R. B. Bennett (president 1926-1930).

Royalite Oil Company "... had an authorized capital stock of one million dollars, divided into forty thousand shares at twenty-five dollars each."¹⁶⁸

Royalite Oil became the sixth company that R. B. Bennett was significantly involved with whose capital resources exceeded one million dollars.

In the midst of these million dollar deals, Bennett again decided to re-enter the uncertain world of federal politics. The Prime Minister, Arthur Meighen, offered Bennett a cabinet position. Meighen and Bennett had been critical of each other during the railway debates in the previous decade. However, Bennett's career had increased to the point where Meighen realized his value to the cabinet. Shortly after Bennett assumed the post of Minister of Justice, a winter election was called. The Conservatives supported retention of a high tariff; the Liberals were advocating tariff reductions. Prime Minister Meighen stated "If I can but get the people in this country to see that the issue is Protection or no Protection, the battle will be won."¹⁶⁹ Bennett rallied

¹⁶⁷ Factual Memorandum, *op. cit.*, p. 7.

¹⁶⁸ *Ibid.*

¹⁶⁹ Beck, *op. cit.*, p. 153.

around the protective tariff policy as he had ten years earlier. On November 29, 1921, he stated:

Canada is in a state of reconstruction ... (and needs) tariffs to ensure employment ... (Canada has) nine million people and the United States has one hundred eight million and against such odds Canada needs a tariff.¹⁷⁰

This was only a slight variation from his 1911 election theme. On the eve of the election day, Bennett pressed the advantages of the tariffs.

When you go to the polls tomorrow, he said, just think and ask yourself how you live. Remember one third yes and probably half of Calgary are depending on the industries of this city (which need the tariffs to survive).¹⁷¹

The official results on election night declared Bennett a slight winner over T. Shaw, his Labour opponent. However, two official recounts reversed that decision and declared Shaw as the winner. The Supreme Court of Canada rejected Bennett's legal efforts to have the verdict reversed again. These election results seem to reflect Bennett's absence from Calgary since 1911. Although he visited Calgary between 1911 and 1921, he had stayed in Ottawa during most of this period. He had no doubt allowed his grass roots organization to fall down since his departure from politics in 1917. The labor movement was also growing in Western Canada, as the Winnipeg General Strike demonstrated. These two forces appeared to be too much of a handicap for Bennett to overcome in 1921.

The farmers were not satisfied with the post-war economic conditions. In 1919 they had received \$2.21 per bushel at the elevators for their wheat, but by 1921 this price had dropped to \$0.77 per bushel. (Appendix G) Consequently farmers' debts were rising at an alarming rate.

¹⁷⁰ Calgary Herald, November 29, 1921, p. 10.

¹⁷¹ Ibid., December 6, 1921, p. 10.

"In 1914 Canadian farmers owed sixteen million dollars; by 1925 they owed fifty million dollars."¹⁷² Agitation came from the rural communities; they demanded a Wheat Board to stabilize prices. In 1923, Alberta Wheat Pool came into existence. Bennett supported the new pool, probably for political and business reasons. If he or the Alberta Pacific Grain Company had attempted to block the new wheat pool, the uproar from the farmers might have resulted in a boycott of Alberta Pacific Grain Company's elevators. It probably could have been political suicide as well for Bennett, since many farmers thought—or at least hoped—the wheat pools would be their economic savior. Despite the 1921 defeat, Bennett, now a seasoned election campaigner, was far too shrewd to dismiss the possibility of another bid for a federal parliamentary seat.

Bennett's verbal support notwithstanding, there is not much doubt that the existence of the new government-run wheat pools caused some concerns for the Alberta Pacific Grain Company. A decade earlier investors were concerned about the farmer-run co-operatives, and now they had become an economic fact.

In 1922, Spillers, a major flour company from Britain, purchased the Alberta Flour Mills in Calgary. The syndicate that sold this company to Spillers "... included A. E. Cross and Wm. Pearce."¹⁷³ In view of Bennett's association with these two men, it is not surprising that negotiations opened to sell the Alberta Pacific Grain Company to Spillers. The deal was completed and Bennett received "... \$1,350,000 for his shares."¹⁷⁴

¹⁷² L. Nesbitt, *Tides of the West* (Saskatoon, 1963), p. 16.

¹⁷³ *Financial Post*, June 19, 1922, p. 6.

¹⁷⁴ Watkins, *op. cit.*, p. 78.

Spillers paid "\$106 for preferred stock and \$320 for common shares."¹⁷⁵ Bennett made a good profit, because the *Financial Post* estimated the unlisted stocks of the Alberta Pacific Grain Company were selling for "\$90 for preferred stock and \$105 for common stock."¹⁷⁶

The sale was not unpredictable. In addition to the possible threat from the newly-formed Wheat Pool, Bennett and Aitken had their personal differences. Bennett "strongly reproached Aitken for his alleged involvement in the notorious W. Allison's shell orders."¹⁷⁷ This was a strange move on Bennett's part, especially in view of his own wartime profits, and was not well received by Aitken. This situation was further aggravated in 1920. Lord Beaverbrook was in Canada and recommended the Alberta Pacific Grain Company's account be handled by the Royal Bank. Bennett's strong temper reacted like gasoline to fire and produced the following outburst:

Did you come out to Canada at this time for the purpose of displacing the present management of the Alberta Pacific Grain Company? If so, please let Mr. [John] McFarland and myself at once know your wishes so that we may no longer remain in the company under your management.¹⁷⁸

Bennett's strong opposition to this suggestion does not seem to be based on an anti-Royal Bank sentiment. Four years later he accepted a directorship from the Royal Bank. The reaction seemed to be based on the principle that John McFarland and he had done a credible job in running the Alberta Pacific Grain Company (as the war profit statistics indicated) and therefore did not need any bankers' assistance in making

¹⁷⁵*Financial Post*, April 13, 1923, p. 5.

¹⁷⁶*Ibid.*

¹⁷⁷*Bennett Papers*, Volume 945, May 27, 1916.

¹⁷⁸Beaverbrook, *op. cit.*, pp. 45-46.

managerial decisions. Whatever Bennett's motives were, Aitken retreated. However, it is significant they never again co-operated on a business venture.

With his connection to the Alberta Pacific Grain Company now severed through its sale, Bennett concentrated on his other businesses, especially Royalite Oil and the E. B. Eddy Company. The formation of Royalite Oil Company may have precipitated the dissolution of the Lougheed-Bennett law firm. Bennett received a series of cables from Lougheed, culminating with one that reached him on July 29, 1922 ending with the words "... no other alternative now remains than dissolution of which this is notice."¹⁷⁹

E. Watkins asserts that "Bennett believed McLaws played a key role in this action."¹⁸⁰ McLaws and Lougheed were both shareholders in the Calgary Petroleum Products Company. Neither was involved in the Royalite Oil Company. When Bennett left the Lougheed firm, A. Hannah and P. Sanford also left with him to form a new partnership. In March of 1921, Hannah and Sanford both got involved as shareholders in the Royalite Oil Company. The holdings of the Calgary Petroleum Products Company were purchased by Alliance Trust, who in turn sold them to Royalite Oil. Had the original shareholders known the previous holdings of the Calgary Petroleum Products were to end up in the hands of a subsidiary of Imperial Oil, perhaps the price might well have been higher. It is difficult to believe that Lougheed, despite his age, would have not wanted to be involved in this venture. The fact that James Lougheed decided to terminate a partnership of a quarter of a century indicates he was still active in making business decisions. There is no doubt that Lougheed took a drastic step when he

¹⁷⁹ Watkins, *op. cit.*, p. 95.

¹⁸⁰ *Ibid.*

dissolved the partnership. Therefore, some major events must have precipitated it. "The repercussions that followed have remained vividly imprinted on the minds of all Calgary lawyers alive at the time."¹⁸¹ The dissolution brought about a lawsuit initiated by Bennett. The parting of the ways with Lougheed probably bruised Bennett's ego, but it did not put a dent in his pocketbook.

Bennett's Earnings from the Lougheed Partnership:

1917	- \$ 9,800.76
1918	- \$ 8,622.19
1919	- \$11,769.47
1920	- \$12,970.17
1921	- \$10,393.30
1922	- \$ 127.62

Bennett's Earnings from the Bennett-Hannah-Sanford Firm:

1923	- \$14,993.66
1924	- \$19,000.00
1925	- \$24,282.44
1926	- \$39,718.00 ¹⁸²

There does not appear to be any evidence to suggest Bennett hoped to gain monetarily from this legal action. Therefore it appears the lawsuit was designed to force Lougheed to publicly admit he had dealt unjustly with Bennett. The case was settled after Lougheed's death in 1925.

Ironically, Lougheed indirectly contributed to Royalite Oil Company's funding. In November 1921, Victor Ross of Imperial Oil requested the Minister of the Interior (then James Lougheed) to:

... apply 40% of the total monies expended by our company ... in Alberta and Saskatchewan on geological investigation, exploration work and drilling for oil—in settlement *pro tanto* of rentals due subsequent to the 1st day of July, 1921, on Crown lands other than School Lands, which we realize must be paid in cash under lease to our companies.¹⁸³

This proposal was accepted by Sir James Lougheed.

¹⁸¹ Watkins, *op. cit.*, p. 95.

¹⁸² Bennett Papers, Volume 892, Tax Returns. (Also see Appendix J.)

¹⁸³ G. de Mille, *Oil in Canada West* (Calgary, 1970), p. 159.

It permitted the application of 40% and eventually 50% of the expenditure for exploration against lease rentals. By this act the government was subsidizing the prospecting for oil ... with little regard for revenues.¹⁸⁴

Lougheed therefore knew the oil industry was to be bolstered by direct government aid. If he had known the former holdings of the Calgary Petroleum Products Company were to be tapped for oil by the Royalite Oil Company, he would have wanted to invest in such a company. However, Lougheed did not invest in Royalite Oil, thereby creating the definite possibility that Bennett did not inform Lougheed.

Encouraged and supported by the action of the government, Imperial Oil continued [and expanded] its exploration programme in Western Canada.¹⁸⁵

Royalite Oil Company was included in this exploration campaign. In 1922, they commenced drilling (which was the year that Lougheed dissolved the legal partnership). The first oil strike came in 1923, and "... real success was achieved by the newly-formed subsidiary, Royalite Oil Company, at the Turner Valley in 1924."¹⁸⁶ In 1926 this company made \$535,456.54 and in 1927 it made \$476,901.32 (Appendix L).

Royalite Oil had expanded as well in 1925 when "Dalhousie Oil Company [named after Bennett's law school] was incorporated as a subsidiary of Royalite Oil Company. It also acquired Mid West Oil, Western Pacific Oil and Northwestern Pacific Oil."¹⁸⁷ When all these deals had been completed Royalite Oil Company controlled leases for the right to develop petroleum and natural gas "... on a total of 10,190 acres. They had 4,235 acres from

¹⁸⁴ de Mille, *op. cit.*, p. 159.

¹⁸⁵ *Ibid.*

¹⁸⁶ *Ibid.*

¹⁸⁷ Factual Memorandum, *op. cit.*, p. 8.

the crown and 1,280 from the C.P.R."¹⁸⁸ Thus the C.P.R. and the Canadian Government had granted 54% of all their total drilling rights. Bennett also received a directorship on Imperial Oil. These combined directorships gave him an additional income of \$10,000 per year from 1927 to 1930.¹⁸⁹

The Canada Cement Company was also on firm financial ground. The Financial Post, in a review of its position, stated:

They (Canada Cement) had fifteen plants in Quebec, Ontario, Alberta, and Manitoba and also had securities in American Cement plants. The Company investment in 1916 was \$35,234; in 1926 was \$800,000; their Reserves in 1916 were \$750,000; in 1926 were \$4,000,000 and their founded debt in 1916 had been reduced by \$3,000,000; it was reduced by \$8,500,000 (by 1926).¹⁹⁰

Bennett apparently sold his shares in 1925, since no dividends appeared on his income tax receipts from Canada Cement after that year. However, the strong position no doubt allowed him to reap a good profit from his shares.

The E.B. Eddy Company also became an important aspect of Bennett's life in the post-1921 era. "Joseph Shirreff fell ill in 1922 and the day to day managing of the E.B. Eddy Match and Paper Company became Bennett's responsibility."¹⁹¹

This period saw "... a drastic increase in demand for Canadian newsprint by American companies."¹⁹² As a result "there was no industry other than newsprint industry that Canadian Bankers were more prepared to lend

¹⁸⁸ Factual Memorandum, op. cit., p. 8.

¹⁸⁹ Bennett Papers, Volume 892, Tax Returns.

¹⁹⁰ Financial Post, January 28, 1927, p.23.

¹⁹¹ Wilbur, op cit., p. 18.

¹⁹² "A Review," Financial Post, September 24, 1926, p.34.

funds."¹⁹³ R. B. Bennett followed this trend and so the E. B. Eddy Company "... opened a newsprint mill capable of turning out one hundred fifty tons of newsprint per day."¹⁹⁴ This new plant "... placed the E. B. Eddy Company in the top fifteen newsprint producers in Canada."¹⁹⁵ The bank loans, however, to finance this project created some problems. It resulted in:

... the shut-down of the sulphite plant, which employed 175 men. Their decision the following year to cut wages they considered, higher than elsewhere, created what manager [C. V.] Caesar later described as 'some little dissatisfaction,' including a strike at the match factory. In 1926, Bennett wanted to shut down 'B' newsprint mill because of deteriorating marketing conditions. Shirreff, Caesar and other officials disagreed, but Bennett got his way.¹⁹⁶

Bennett could be and was a taskmaster, when he felt the situation warranted strong decisive action. "In 1926, Joseph Shirreff died leaving his 1,008 shares to Bennett, providing he paid the succession duties plus \$250,000 to the Montreal Trust to establish a fund for Shirreff's widow."¹⁹⁷ Bennett followed the terms of this will and thus became the majority shareholder in the E. B. Eddy Company. The financial benefits to Bennett are evident in a review of his tax returns.

Dividends from E. B. Eddy Company

1927	- \$ 67,905.00
1928	- \$ 96,198.75
1929	- \$181,080.00
1930	- \$181,080.00
1931	- \$126,756.00
1932	- \$126,756.00

¹⁹³ *Canadian Banker's Review*, October 21, 1920, p. 325.

¹⁹⁴ *Financial Post*, September 24, 1926, p. 34, "A Review."

¹⁹⁵ *Ibid.*

¹⁹⁶ Wilbur, *op. cit.*, p. 18; also cited in *Bennett Papers*, C. V. Caesar to V. M. Drury, December 21, 1926.

¹⁹⁷ *Ibid.*

1933 - \$101,894.00
 1934 - \$135,180.00 198

In October 1927, Bennett strongly advised Caesar not to join the Canadian Newsprint Association. "Complications bound to arise through the position in which some of the other companies will find themselves within the next twelve months."¹⁹⁹ Bennett's experience as a corporate lawyer was put to good use. He convinced the federal Inspector of Taxation and federal solicitors that "the Hull company is not a personal corporation."²⁰⁰ He directed the E. B. Eddy Company in a very profitable, business efficiency oriented fashion. The benefit that the E. B. Eddy Company brought to Bennett's bank account was very evident.

E. Watkins commented on the Eddy inheritance that it "... translated Bennett from the ranks of the relatively wealthy to the very rich."²⁰¹ In less than two decades Bennett had amassed a personal multi-million dollar fortune. It had primarily come from five companies: Canada Cement, E. B. Eddy Company, Royalite Oil, Alberta Pacific Grain Company and the Calgary Power and Light Company. Each of these companies had assets exceeding one million dollars and were collectively worth in excess of twenty million dollars. His business associates resided in various cities such as Calgary, Toronto, Montreal, Halifax, London and New York. His business ventures were provincial, national and international in scope. And yet, he yearned for another world to conquer—politics. In 1925, he easily won a Calgary seat in the federal election of that year. Two years

¹⁹⁸ *Bennett Papers*, Volume 892, Tax Returns, 1927-1934.

¹⁹⁹ *Ibid.*, Volume 915, Bennett to C. V. Caesar, October 31, 1927.

²⁰⁰ *Ibid.*, Bennett to Alice E. Miller, November 28, 1927.

²⁰¹ Watkins, *op. cit.*, p. 93.

during the freewheeling days of the pre-1914 West,²⁰² was chosen as the Convention Chairman of the powerful executive committee.

The fact that McRae ... publicly declared himself in favor of Bennett before the Winnipeg proceedings began, suggests the no-contest nature of the whole affair. In retrospect one might accurately conclude Bennett won in a walk.²⁰³

At the convention itself bedlam broke out. At one point, Arthur Meighen and Howard Ferguson got involved in a heated exchange of words at the rostrum in front of all the delegates. This incident serves to underline the leadership vacuum that existed in the Conservative Party at the time. There were a number of factors that contributed to the strength of Bennett's position, not the least of which was his business career. Professor J.R.H. Wilbur commented about this convention:

This was the reality of Canadian politics in the 1920's-- an interlocking network of individuals, mostly easterners whose business and political interests and activities were inextricably related. R.B. Bennett was their man, or so they assumed.

Thus a number of factors contributed to Bennett's convention victory and at the age of fifty-seven, with numerous successes to his credit, Bennett seemed more than ready to accept yet another challenge. Three years later R.B. Bennett became "... the richest Prime Minister (Canada had ever known)"²⁰⁶ in the midst of the worst economic depression that Canada had ever experienced.

²⁰² Wilbur, op. cit., p.21.

²⁰³ Ibid., p.22.

²⁰⁴ Ibid., p.24.

²⁰⁵ G. Donaldson, Fifteen Men (Toronto, 1975), p.137.

CONCLUSIONS

R. B. Bennett's business success formula was intricately related to the economic structure of Western Canada. He campaigned for the retention of tariffs and worked for the C.P.R. Through the Alberta Pacific Grain Company he got agriculture to work for him. Naturally Bennett did not limit his business activities to Western Canada. He aligned himself with eastern and foreign investors. One investor with whom Bennett became associated was Lord Beaverbrook. Together they bought companies which had been in stiff competition, amalgamated them and then expanded these operations. This formula allowed them to control enough of the market to increase prices. Once the company was making a good profit, they sold it. Beaverbrook and Bennett used this plan on three separate occasions with Calgary Power, Canada Cement and the Alberta Pacific Grain Company, which in each case produced good dividends for them. Only once did they deviate—in the case of the Venezuelan Ore Company—and this was their only joint business venture that failed. It is significant that this was also their only financial venture where the company operations were located outside Canada. It is therefore evident that their success was a combination of excellent timing in terms of the country's economy, amalgamation to eliminate or greatly reduce competition, good local management, and influential political and business contacts.

Bennett's association with Beaverbrook proved to be in their mutual interests, but it was destined to be a relatively short-lived business partnership. In the 1920's, when the flow of foreign capital into Canada switched from Britain to the United States, Bennett followed the trend. He organized an oil partnership with Standard Oil of New York, through

their Canadian subsidiary, Imperial Oil.

Bennett was capable of good solid administration of companies' affairs. He proved this on several occasions, notably with the Calgary Power and Light Company, the Alberta Pacific Grain Company and the E.B. Eddy Company. The fact that Bennett objected to the E.B. Eddy Company joining the Canadian Newspaper Association demonstrated how astute a businessman he really was. The problems encountered later by this group clearly show he made the right decision. Bennett was decisive and, if necessary, even ruthless. He laid off workers at the E.B. Eddy Company and reduced the wages of the other employers. Yet his tax returns clearly indicate he collected over eight hundred and fifty thousand dollars in dividends from the E.B. Eddy Company between 1927 and 1934.

Personal contacts were another important ingredient of Bennett's financial prosperity. From the moment Bennett disembarked from the C.P.R. train in Calgary in January 1897, he became part of the corporate business class. His access to influential clients, through his legal partnership with James Lougheed, gave him the necessary acceptable credentials. He met executives of the Bank of Montreal - the largest in Canada at the time, the Hudson's Bay Company - the largest trading and retail outlet in the West, and the Canadian Pacific Railway - the largest railway in Canada at the time. These influential businessmen formed the nucleus of Bennett's personal contacts. This is not to suggest that he restricted his business associates to the clients of the Lougheed-Bennett Law firm. He became affiliated with the Calgary Board of Trade, through which he met A.E. Cross, Pat Burns and other influential Calgarians.

In 1909, Bennett was faced with a crucial decision. He had previously criticized the Royal Bank and now had to decide whether a more conciliatory

course of action was not more prudent, in terms of securing Herbert Holt as a business associate. Bennett's first possible million dollar deal--the Calgary Power Company--hung in the balance. Beaverbrook recalled the negotiations were conducted at "fever pitch," but in the end Bennett acquiesced and the Calgary Power Company became a reality. It also represented the first business deal that Bennett was involved in that had national and international investors. In the post-1909 period, Bennett never again got involved in the political rhetoric of advocating a "breaking of railroad or grain monopolies"; he also ceased his criticism of the Royal Bank. The business code, at the level Bennett was now involved, decreed that he confine his political career to supporting the protective tariff and oppose potential competition to the C.P.R.

Bennett's climb from a man of limited resources to that of a multimillionaire was based partially on his corporate contacts. He invested in the Bassano area, when he knew that the C.P.R. was planning a major irrigation project. This fact was further emphasized during the war, when he was a member of the governing party and also held significant financial interests in the Canada Cement Company, which had two large orders of cement from the Canadian Government and also supplied shells to the British and later American Governments. His defense in the Commons of the prices charged by shell manufacturers while he drew dividends from their huge profits, clearly indicates to whom his loyalties were committed. He obviously saw no conflict of interests, but neither did many of his political colleagues.

Bennett's political influence operated on three levels: municipal, provincial and federal. His close relationship with William Pearce and subsequent knowledge of the proposed plans of the City of Calgary towards

the Calgary Power and Light Company demonstrate his influence in local government circles.

Bennett was chosen to represent the Royal Bank when they became involved in a law suit with the provincial government. This case was as a direct result of funds collected for the construction of the Alberta and Great Waterways Railway project. It is interesting to note that when irregularities were first raised in the provincial assembly in 1902 about the Alberta and Great Waterways Railway Company, R.B. Bennett was the leader of the opposition party. It is very possible the Royal Bank recognized that in addition to Bennett's well-known legal reputation, he also had first-hand knowledge of the case.

R.B. Bennett's federal political career seems to reflect his growth within the Canadian business community. His first effort to enter the federal parliament in 1900 failed, but then Bennett was not really known at all in corporate circles outside Calgary. In 1911, he did win a Calgary seat in the national legislature, but by then he was President of the Calgary Power Company and a director of the Canada Cement Company. Tariffs were obviously a key issue in the 1911 election and in view of the Canada Cement's position on this controversial question, Bennett's decision to seek a mandate was possibly influenced to some extent by corporate interests. Railway expansion, although it was not a campaign issue, was a very important factor in the 1911 era, particularly in Western Canada. This was illustrated by Bennett's decision "to sever all ties with the C.P.R." immediately after the election. It is interesting to note that Bennett did not disassociate himself from any of his other corporate interests, despite the fact that Canada Cement received two large wartime orders for cement from the Canadian Government.

Bennett's opposition to his government's railroad policy was the only time that he seriously questioned his own party's policies in the House of Commons. His business relationship with the C.P.R. never really ended. In 1922, he again purchased stock in the C.P.R. (as indicated by his tax returns for that year). While it is impossible to determine the motivation for his actions, it would appear that he was influenced, at least to some extent, by official C.P.R. policy.

In 1921, he re-entered federal politics as the Minister of Justice. In the ten-year interval from 1911 to 1929, Bennett's business activities had expanded to include the Royalite Oil Company and the E.B. Eddy Company. Tariffs once again were a major election issue, in the first election following Bennett's decision to rejoin the Government. Federal support for Imperial Oil (and also Royalite Oil) was a non-campaign issue. Nevertheless, it was important to influential people in the hierarchy of Imperial Oil and may have also been a motivating factor in Bennett's decision to run. The results were very close, but the defeat did not mean Bennett had closed the door on his political activities. In 1925, he was elected to the House of Commons. Just two years later he was elected leader of the Conservative Party. This victory was a combination of many factors, but the most important fact to R.B. Bennett was that it set the stage for him to lead the Conservative Party in the 1930 federal election.

Bennett's business career had given him more than corporate and management experience. It made him financially independent to such a degree that even the depression of 1930 had minimal effects on his personal fortunes. His legal career, which had first brought him to the boardrooms of the corporate world, probably added credibility to his

leadership. These two careers were coupled with a political career that spanned more than thirty years, and combined to create a Prime Minister in July of 1930.

R.B. Bennett was a political strategist. However, he was also a businessman, and a very good one, because he put profits before most other matters. Bennett reflected the dynamics of the first thirty years of the twentieth century. He was a product of the business mentality of the times and consequently depended on his corporate friends and reputation to help achieve his political objectives.

However, the Canadian business structure, which had served Bennett so well and vice versa, had collapsed in 1929. He probably would have been a successful Prime Minister had he not been elected in the midst of the worst economic depression Canada had ever seen. In the final analysis, he was an excellent businessman elected to the office of Prime Minister at the wrong time. Bennett was capable of directing an economically sound administration, as the E.B. Eddy Company and his other business activities had proven. Thus, had he been elected in 1921 or even 1925, Bennett could have probably produced a good administrative record. However, he was elected in 1930, and it was the depression era that doomed him to be remembered for the "Bennett Buggies" instead of a solid, straightforward, economically sound government, which he could have produced, given better times.

PRIMARY SOURCES

Unpublished Sources

Bennett Papers, Public Archives of Canada, Ottawa, Canada.

Borden Diary, Public Archives of Canada, Ottawa, Canada.

Borden Papers, Public Archives of Canada, Ottawa, Canada.

Calgary Power File, Glenbow Museum, Calgary, Alberta.

Published Documents and Reports

Canada Year Book, 1920-1927, King's Printer, Ottawa, Canada.

Chambers, Maj. E.J. (ed.). The Canadian Parliamentary Guide, 1912.
Mortimer Co., Ottawa and Montreal, 1912.

Factual Memorandum, Concerning the History of the Incorporation and Development of Royalite Oil Company Ltd., December 13, 1938.
Imperial Oil Research Department, Toronto, Ontario, 1938.

Green, B.M. (ed.). Who's Who in Canada, 1925-1926. International Press, Toronto, 1925.

Hopkins, J.C. Canada Annual Review of Public Affairs. Toronto Annual Publishing Company, 1907.

Morgan, H.J. (ed.). The Canadian Men and Women of Our Times. William Briggs, Toronto, 1912.

Who's Who and Why, 1917-1918. International Press, Winnipeg and Montreal, 1917.

Newspapers and Magazine Articles

Bordeaux, R. "Portrait of Sir Herbert Holt," Saturday Night, January 14, 1939.

Calgary Herald, 1899-1927. Published in Calgary, Alberta. On microfilm at the Cameron Library, University of Alberta, Edmonton, Alberta.

Calgary Weekly Herald, 1897-1905. Published in Calgary, Alberta. On microfilm at the Cameron Library, University of Alberta, Edmonton, Alberta.

Canadian Bankers Review, 1917-1927. Published quarterly in Toronto, Ontario.

Edmonton Bulletin, 1904-1927. Published in Edmonton, Alberta. On microfilm at the Cameron Library, University of Alberta, Edmonton, Alberta.

Eye Opener, 1902-1922. Published in Calgary, Alberta. On microfilm at the Cameron Library, University of Alberta, Edmonton, Alberta.

The Financial Post, 1907-1927. Published in Toronto, Ontario. On microfilm at the Cameron Library, University of Alberta, Edmonton, Alberta.

The Monetary Times, 1906-1912. Published in Toronto, Ontario. On microfilm at the Cameron Library, University of Alberta, Edmonton, Alberta.

The Toronto Telegram, October 7, 1907.

Secondary Sources

Ball, J. Canadian Anti-Trust Legislation. Williams and Wilkins, Toronto, 1934.

Bassano History Club. Best in the West by a Damsite. Doubleday Book Publishers, Calgary, Alberta, 1974.

Beaverbrook, Lord and Aitken, W.M. Friends: Sixty Years of Intimate Personal Relations with Richard Bedford Bennett. Heinemann, London, 1959.

Beck, J.M. Pendulum of Power. Prentice Hall, Scarborough, Ontario, 1968.

Bensuson, S.L. (ed.). Calgary. Hodden and Stroughton, Toronto, n.d.

Blue, J. Alberta Past and Present. Historical Chicago, Illinois Pioneer Historical Publishing Co., 1924.

Borden, H. (ed.). Robert Laird Borden's Memoirs. Macmillan Co. of Canada, Toronto, 1938.

Brewis, T.M. Growth and the Canadian Economy. Carleton Library Series No. 39, McClelland and Stewart, Toronto, 1968.

Bruce, C. News and the Southams. Macmillan Co. of Canada, Toronto, 1968.

Currie, A.W. Economics of Canadian Transportation. University of Toronto Press, Toronto, 1957.

Secondary Sources (continued)

- de Mille, G. Oil in Canada West. Northwest Printers, Calgary, Alberta, 1970.
- Donaldson, G. Fifteen Men. Doubleday Canada Ltd., Toronto, 1975.
- Fowke, V.C. National Policy and Wheat Economy. Macmillan Co. of Canada Toronto, 1957.
- Fraser, J.M. Calgary. Holt Rinehart, Toronto, 1967.
- Hanson, E.J. Dynamic Decade. McClelland and Stewart, Toronto, 1964.
- Harpell, J.J. Canadian National Economy. Macmillan Co. of Canada, Toronto, 1911.
- Hutchison, B. Mr. Prime Minister, 1867-1964. Longmans, Toronto, 1964.
- Innis, H.A. A History of the Canadian Pacific Railway. University of Toronto Press, 1923 (republished in 1971).
- MacEwan, G.M. Calgary Cavalcade: From Fort to Fortune. The Institute of Applied Art, Edmonton, Alberta, 1968.
- MacEwan, G.M. Eye Opener Bob: The Story of Bob Edwards. The Institute of Applied Art, Edmonton, Alberta, 1957.
- MacEwan, G.M. Fifty Mighty Men. Saskatoon Modern Press, 1967.
- MacGibbon, J. Canadian Wheat Trade. Macmillan Co. of Canada, Toronto, 1932.
- MacGibbon, J. The Romantic History of the Canadian Pacific. Tudor Publishing Company, New York, 1937.
- MacGregor, J.G. Edmonton Trader: The Story of John A. McDougall. McClelland and Stewart, Toronto, 1963.
- MacGregor, J.G. A History of Alberta. Hurtig Publishers, Edmonton, Alberta, 1972.
- McDiarmid, O.J. Commercial Policy in the Canadian Economy. Harvard University Press, Cambridge, Massachusetts, 1946.
- McNeill, L. Tales of the Old Town. Calgary Herald, Calgary, 1967.
- Miller-Barstow, D.. Beatty of the C.P.R.. McClelland and Stewart, Toronto, 1951.
- Nesbitt, L.D. Story of Wheat, Alberta Wheat Pool, Calgary, Alberta, 1949.
- Nesbitt, L.D. Tales of the West. Saskatoon Modern Press, Saskatoon, Saskatchewan, 1962.

Secondary Sources (continued)

- Peel, B. A Bibliography of the Prairie Provinces to 1953. University of Toronto Press, Toronto, 1956.
- Regehr, T.D. The Canadian Northern Railway. Macmillan Co. of Canada, Toronto, 1976.
- Stevens, G.R. History of the Canadian National Railways. Macmillan Company, New York, N.Y., 1973.
- Stevens, P. The 1911 General Election: A Study in Canadian Political Issues. Canadian History Series, Copp Clark, Toronto, 1970.
- Stewart, K.F. R.B. Bennett as a Member of Parliament, 1910-1917. Unpublished M.A. Thesis, Queen's University, Kingston, Ontario, 1971.
- Stubbs, R. St. G. Lord Bennett, the Canadian Bar Review. June-July 1951. No. 6.
- Thompson, L.R. The Canadian Railway Problem. Macmillan Co. of Canada, Toronto, 1938.
- Watkins, E. R.B. Bennett: A Biography. Kingwood House, Toronto, 1963.
- Woods, L.A. The Farmers Movement in Canada. University of Toronto Press, Toronto, Ontario, 1975.
- Wilbur, J.R. The Making of a Western Tory Leader. Unpublished paper presented to the Canadian Historical Association in Edmonton, June 1975.

Oral History

A telephone conversation between the author and Mrs. Styles, a long-time resident of Bassano, February 3, 1977.

Bibliographical Note

The Bennett Papers contained very little information about the Canada Cement Company, the Alberta Pacific Grain Company and the Calgary Power and Light Company, despite the fact these were all million dollar deals. The Bennett Papers were in the possession of Lord Beaverbrook after R.B. Bennett's death in 1947, while Beaverbrook looked for a sympathetic biographer. It is obvious in terms of the magnitude of these deals that there must have been more correspondence between Bennett and Beaverbrook. The contents of this paper perhaps explain in part why almost all of the correspondence regarding the Beaverbrook-Bennett business deals was not retained for posterity.

APPENDIX A

STATISTICAL REVIEW OF THE BANK CLEARINGS IN CANADA FROM 1904 TO 1915*

	1904	1905	1906	1907	1908	1909
Eastern Cities						
Montreal	1,065,067,000	1,324,314,227	1,533,727,270	1,555,727,270	1,467,315,031	1,866,538,566
Toronto	842,007,066	1,047,490,701	1,219,125,359	1,228,905,317	1,166,902,136	1,437,700,407
Ottawa	106,637,598	120,891,876	135,866,734	156,487,800	154,367,750	173,181,973
Quebec	79,843,927	86,794,563	92,934,213	107,460,897	111,812,551	118,803,773
Hamilton	59,003,081	68,367,601	78,480,620	88,101,108	72,329,688	84,803,936
Halifax	90,115,784	89,251,561	91,552,219	93,587,137	90,232,245	95,278,463
St. John	51,422,858	52,836,333	60,032,818	66,150,414	66,435,636	72,404,500
London	45,552,230	50,420,505	57,868,782	65,700,478	56,875,041	62,093,337
Brantford	-	-	-	-	-	-
Peterborough	-	-	-	-	-	-
Total East	2,329,739,534	2,840,376,367	3,260,452,535	3,362,193,616	3,186,270,378	3,910,915,385
Western Cities						
Winnipeg	294,601,437	369,868,179	504,585,914	596,667,576	614,111,801	770,649,322
Vancouver	74,029,302	88,460,391	132,606,356	191,734,480	183,083,446	287,529,944
Victoria	33,070,009	36,890,464	45,615,615	55,330,588	55,356,013	70,705,879
Total	401,700,348	495,219,034	682,807,885	43,732,444	852,551,260	1,128,885,155
Calgary	-	-	41,771,924	69,798,565	64,815,227	98,754,389
Edmonton	-	-	3,936,721	45,716,791	38,596,505	50,561,012
Regina	-	-	-	-	-	14,153,244
Brandon	-	-	-	-	-	-
Lethbridge	-	-	-	-	-	-
Saskatoon	-	-	-	-	-	-
Moose Jaw	-	-	-	-	-	-
Fort William	-	-	-	-	-	-
New Westminster	-	-	-	-	-	-
Medicine Hat	-	-	-	-	-	-
Total West	401,700,348	495,219,034	728,516,530	959,247,800	955,962,992	1,292,253,800
Grand Total	2,731,439,882	3,435,595,401	3,997,969,065	4,321,441,416	4,142,233,370	3,203,269,185

Continued

* From Financial Post, January 8, 1916, p. 13.

APPENDIX A
(continued)

	1910	1911	1912	1913	1914	1915
Eastern Cities						
Montreal	2,088,491,239	2,368,491,239	2,844,368,426	2,880,029,101	2,631,354,533	2,628,123,429
Toronto	1,593,954,254	1,852,397,605	2,160,229,476	2,181,281,577	2,013,055,664	1,885,956,257
Ottawa	193,714,888	213,952,292	244,123,451	207,667,006	209,662,590	211,636,520
Quebec	123,710,055	133,319,176	158,750,585	165,654,745	165,878,241	158,325,906
Hamilton	101,226,496	125,250,982	167,712,729	186,107,853	148,934,586	151,420,251
Halifax	95,855,316	87,994,038	100,467,672	105,623,769	100,280,103	104,414,586
St. John	77,843,546	77,328,182	88,969,218	82,665,825	78,259,921	78,386,443
London	67,154,297	71,554,221	84,526,961	90,720,203	86,024,236	89,774,787
Brantford	-	-	-	-	28,669,309	26,540,253
Peterborough	-	-	-	-	11,368,806	20,970,677
Total East	4,342,019,418	4,957,494,720	5,828,865,821	5,932,447,528	5,473,453,088	5,355,648,109
Western Cities						
Winnipeg	952,415,182	1,172,762,142	1,537,817,254	1,634,977,237	1,370,960,806	1,526,751,102
Vancouver	444,988,818	543,484,354	644,118,877	606,809,710	420,951,718	281,575,949
Victoria	101,567,074	134,929,816	183,544,238	176,977,074	121,663,272	76,677,826
Total	1,498,971,074	1,851,176,312	2,365,480,639	2,418,854,021	1,913,575,746	1,855,004,977
Calgary	150,677,031	218,681,921	275,492,303	247,882,848	201,669,873	169,758,599
Edmonton	71,635,122	121,438,391	220,727,617	213,053,318	157,308,683	105,834,250
Regina	50,739,088	73,032,088	115,727,647	132,087,453	98,205,535	87,122,604
Brandon	-	24,430,274	32,877,875	32,186,498	26,397,457	27,132,123
Lethbridge	-	28,818,693	33,485,947	28,893,470	21,217,840	19,740,332
Saskatoon	-	63,557,142	115,898,467	96,034,717	59,314,941	52,146,843
Moose Jaw	-	39,872,743	65,136,326	61,370,943	45,846,371	42,636,319
Fort William	-	7,865,923	40,503,087	49,265,358	39,110,558	24,775,409
New Westminster	-	-	-	28,424,494	19,284,692	13,505,194
Medicine Hat	-	-	-	21,106,215	19,768,862	13,505,194
Total West	1,732,022,386	2,428,873,787	3,264,849,908	3,329,159,344	2,601,700,617	2,441,117,431
Grand Total	6,074,011,804	7,386,368,507	9,093,715,729	9,261,606,864	8,075,153,705	7,796,766,540

APPENDIX B

COMMERCIAL FAILURES AND BUSINESS CONFIDENCE IN CANADA 1900-1926*

YEAR	DOING BUSINESS	FAILING	PERCENTAGE	ASSETS
1900	100,618	1,337	1.32	4,246,693
1901	103,421	1,379	1.33	5,264,551
1902	106,009	1,095	1.03	3,602,542
1903	108,215	958	0.88	3,870,605
1904	110,615	1,175	1.06	4,137,418
1905	114,325	1,430	1.25	6,584,191
1906	112,362	1,239	1.10	4,305,076
1907	116,202	1,365	1.17	5,276,698
1908	118,232	1,715	1.44	7,770,207
1909	123,232	1,588	1.28	6,195,515
1910	128,881	1,469	1.14	7,075,347
1911	130,446	1,401	1.07	6,420,331
1912	142,583	1,312	0.92	5,611,675
1913	149,852	1,827	1.21	8,140,990
1914	155,849	2,886	1.85	13,507,526
1915	156,008	2,621	1.68	14,227,192
1916	156,535	1,772	1.13	6,349,078
1917	153,079	1,109	0.72	6,207,512
1918	152,974	814	0.53	5,354,727
1919	156,187	625	0.40	5,089,534
1920	164,049	966	0.59	10,478,465
1921	161,415	2,350	1.37	21,489,236
1922	173,080	3,185	1.84	23,933,136
1923	176,739	2,915	1.65	21,619,354
1924	174,386	2,287	1.31	16,553,935
1925	165,790	2,094	1.26	14,511,917
1926	169,367	2,087	1.23	11,317,025

* *Canada Year Book*, 1926, p. 867.

APPENDIX C

HIGHLIGHTS IN COMPANY'S GROWTH*

- 1886 - Eau Claire Sawmill built a log boom across the Bow River in Calgary.
- 1887 - Calgary Water Power Company Limited organized. Commenced serving part of Calgary (retail).
- 1893 - Dam built by Eau Claire to raise water level and supply some power. Dominion Government Water Power Licence #6 issued from Ottawa permitting utilization of the resultant 12 foot head. Power was used in conjunction with a steam plant built about 5 years earlier.
- 1902 - N.W.T. Certificate of Incorporation #76 was issued from Regina incorporating the Calgary Water Power Company Limited.
- 1905 - The Dominion Government surveyed the Horseshoe-Kananaskis region.
- 1909 - Calgary Power Company Limited organized.
- 1910 - Calgary Power Company Limited purchased Calgary Power and Transmission Company.
- 1911 - The Horseshoe Falls Plant completed. Capacity 20,000 hp., head 72 feet. First transmission line to Calgary completed. Calgary Power Company Limited customers consisted of the City of Calgary (wholesale) and Canada Cement Company.
 Dominion Water and Power Bureau began investigation of the Bow Basin.
- 1912 - First storage reservoir dam completed at Lake Minnewanka. Lake level raised 16 feet. Second transmission line to Calgary completed.
- 1914 - Kananaskis Falls Plant completed. Capacity 12,000 hp, head 72 feet.
- 1915 - Municipality of Cochrane served.

*Calgary Power Index, Glenbow Museum, Calgary, Alberta, p. 1.

APPENDIX D

LETTER FROM HAYWOOD TO AITKEN*

7th December 1909

CALGARY POWER DEVELOPMENT

W. M. Aitken Esq.,
Royal Securities Corporation,
179 St. James St., MONTREAL.

Dear Sir,

In accordance with your instructions I visited Calgary between October 25th and 27th and made an examination of the power sites on the Bow River.

CALGARY AS A MARKET FOR POWER

At the risk of repeating much that is well known, I will recite my reasons for believing that Calgary will, in the near future, require all the power that can be economically developed on the Bow River.

In its relation to the rest of Canada, Calgary stands similarly to Denver in the United States. Both cities are situated at the eastern base of the Rockies. Though much further north, Calgary is only 3,000 feet above sea level, while Denver is 5500. Enormous tracts of prairie are tributary to both; coal is found in great quantities in the vicinity of both; oil is found not very far from Denver and there is reasonable possibility of finding it near Calgary.

But Calgary has many points of superiority over Denver. It has better land, more water available for irrigation, more rainfall, better timber supply and better possibilities for power supply than Denver.

It has railways running east and west and north and south, and has already a population of 30,000. Its streets are well laid out, it has an excellent building stone which is not only being used in all the important buildings in the city but is being shipped to other places; it has excellent material for making brick and good brick is being sold at reasonable prices. The limestone and coal in the immediate neighborhood have led to the establishment of two very large cement works. It already has large grain elevators, a flouring mill, a packing house and a sash and door factory, and signs of many more industries to come.

* Calgary Power File, Box 4, File 17, Glenbow Museum, Calgary, Alberta.

APPENDIX D

(continued)

The C.P.R. canal will place 1,500,000 acres of land under irrigation and Calgary must become the distributing centre for a very large area of cultivated farm and ranch land.

If iron ore should be discovered within reasonable distance, Calgary might some day become the steel making centre of Western Canada. With all these natural advantages the introduction of cheap power cannot fail to further stimulate the growth of the City, from which it follows that the power is needed and can be sold.

CONTRACTS AND FRANCHISES

The two contracts which have been secured for the supply of power to the Western Canada Cement and Coal Co. at Exshaw, and the Alberta Portland Cement Co. at Calgary, appear to be good and satisfactory. Both mills are already equipped with electric motors and steam electric generating plants.

The Contract with the Western Canada Cement and Coal Co. calls for the delivery at Exshaw of 2,000 H.P. for nine months in the year and 500 H.P. for January, February and March, with the right to take an additional 1,000 H.P. for nine months per annum. The period of the contract is 15 years. The price to be paid is \$1.87.5 per electrical horse power per month and on the basis of a maximum demand of 2,000 H.P. the gross revenue from this contract will be not less than \$36,562.00 per annum.

The Contract with the Alberta Portland Cement Co. calls for the delivery at Calgary of 1,500 H.P. for nine months in the year and 200 H.P. for January, February and March, with the right to take an additional 1,500 H.P. for nine months per annum. The power is to be ready by May 1st 1911, and the period of the contract is 15 years. The price to be paid is \$2.50 per electrical horse power per month and on a basis of 1500 H.P. the gross revenue from the contract will be not less than \$35,250.00 per annum.

CALGARY CITY FRANCHISE

The City of Calgary owns its street railway and electric lighting system and has a steam generating plant from which it supplies the necessary power. The existing agreement between the City of Calgary and the Calgary Power Transmission Co. was entered into May 17th, 1907, and ceases to exist if power is not delivered on March 1st, 1910. This document is ambiguous in its terms, and either in its present or in a modified form could never be satisfactory to the city or to the power company. It is essential both in the interests of the city and the power company that a clean cut, clearly defined franchise be obtained as nearly as possible on the following general terms:-

APPENDIX D

(continued)

1. The Company to have the right to erect and maintain its poles and lines for the distribution of power throughout the city, for a period of 25 years.
2. The Company to have the right to sell power in quantities of 10 H.P. and upward.
3. The maximum charge for power to be regulated by the Canadian Railway Commission.
4. All questions regarding underground mains in the future to be decided by the Canadian Railway Commission.
5. The Company to agree to sell power to the city for its lighting and railway systems to the extent of its requirements upon the following scale of prices:-

Up to 2,000 H.P., 24 hour service, per H.P. per annum,	\$28.00
" " 3,000 " " " " " " " "	26.00
" " 4,000 " " " " " " " "	24.00

New proposals have been presented to the city along these lines and it is hoped that a good contract may be ultimately secured.

GROSS NET REVENUES

The following gross revenues might be reasonably expected within two years after the commencing of the supply of power:-

3,000 H.P. sold to W. C. Cement Co.	\$52,000.00
2,000 " " " Alta. Port. Cement Co.	46,000.00
3,000 " " " Calgary City, at \$26.00	78,000.00
4,000 " " " power consumers in Calgary,	
at \$25.00	100,000.00
12,000 H.P. at total gross revenue	\$276,000.00
Operating and maintenance expenses, at 25% of gross	69,000.00
NET REVENUE	<u>\$207,000.00</u>

THE BOW RIVER and its tributaries are fed from the melting snows of the rockies; consequently its flood stage occurs in July and its lowest water in January, February and March.

Some careful measurements have been made of the lowest flow at Kananaskis Falls, but no series of measurements extending over a long period of time has ever been made, and consequently the data as regards

APPENDIX D

(continued)

water supply is very meagre. Daily gauging should be commenced at once and carried on continuously. At the head waters of the Bow and Kananaskis Rivers there exist lakes which can probably be utilized eventually for storage to supplement the winter flow. I would advise that preliminary surveys be made of these lakes as soon as possible.

If a storage of 10,000,000,000 cubic feet can be obtained a mean flow of 2,000 cubic feet can probably be counted on for the whole year.

From the best data available, which is contained in Mr. C. H. Mitchell's report, the following figures are taken.

Minimum flow, 1,000 cubic feet per second.

Average flow, for Jan., Feb. & March, 1,500 cubic feet per second.

Flow for nine months in the year, not less than 2,000 cubic feet per second.

Maximum flood flow, 40,000 cubic feet per second.

PROPOSED HYDRAULIC DEVELOPMENT

There are three points on the Bow River between Banff and Calgary at which hydraulic development could be made, viz: at Kananaskis Falls, Horse Shoe Falls and at Radnor.

KANANASKIS. By the construction of an inexpensive concrete dam on good rock foundation, the river can be ponded up to the C.P.R. bridge, which crosses the Bow River a short distance above the Falls, and a total fall of 65 feet can be obtained. While the pond would not give much storage, it would eliminate the rapids above the falls and prevent the formation of frazil or slush ice. This is an excellent site for developing a sixty five foot head power house, but no work has yet been done.

HORSE SHOE FALLS. By the construction of a concrete dam on rock foundation the river can be ponded for one and a half miles up to the foot of the Kananaskis Falls and a total fall of 75 feet can be obtained. This pond would give a very effective peak load storage. The site is excellent for the development of a power house built for a 75 foot head as planned by Mr. C. B. Smith and the two tunnels for diverting the river during construction have been completed and the coffer dam erected.

RADNOR. There are no falls at this site, only a series of rapids, and a fall of 45 feet can be obtained by the construction of a dam 45 feet high and 600 feet long.

On the assumption that the average load will be no greater than two thirds of the maximum demand, the power available from these three

APPENDIX D
(continued)

developments at peak load will be, in round numbers, as follows:-

	Cubic ft. per secd.	Cubic ft. per secd.	Cubic ft. per secd.
For a mean flow of	<u>1000</u>	<u>1500</u>	<u>2000</u>
Kananaskis EHP	8000	12000	16000
Horse Shoe Falls	9000	14000	18000
Radnor	<u>5500</u>	<u>8000</u>	<u>11000</u>
TOTALS	<u>22500</u>	<u>34000</u>	<u>45000</u>

Just what mean flow would be available in the winter season future experience alone can determine, but considering the possibilities of storage and the fact that the cement companies' load and all brick plants will be off during the winter months, it would appear safe to lay out the Horse Shoe Falls plant for a peak load of 15,000 H.P. or 12,000 K.W.

R. F. Haywood

APPENDIX E

CALGARY POWER PROFIT AND LOSS STATEMENT*

<u>1911</u> (8 months only)	\$81,318.44 <u>20,214.35</u>	Gross Earnings Expenses
	\$61,104.09	Net Profit
<u>1912</u>	\$191,846.21 <u>40,639.02</u>	Gross Earnings Expenses
	\$151,207.19	Net Profit
<u>1913</u>	\$250,116.28 <u>52,055.59</u>	Gross Earnings Expenses
	\$188,060.69	Net Profit
<u>1914</u>	\$231,185.93 <u>50,979.14</u>	Gross Earnings Expenses
	\$180,206.79	Net Profit
<u>1915</u>	\$289,612.90 <u>52,454.15</u>	Gross Earnings Expenses
	\$237,158.75	Net Profit
<u>1916</u>	\$266,982.63 <u>49,923.88</u>	Gross Earnings Expenses
	\$217,058.75	Net Profit
<u>1917</u>	\$262,051.35 <u>40,959.37</u>	Gross Earnings Expenses
	\$221,091.98	Net Profit
<u>1918</u>	\$275,864.55 <u>43,383.21</u>	Gross Earnings Expenses
	\$232,481.34	Net Profit
<u>1919</u>	\$296,564.65 <u>54,249.42</u>	Gross Earnings Expenses
	\$236,118.73	Net Profit
<u>1920</u>	\$291,041.45 <u>54,922.72</u>	Gross Earnings Expenses
	\$236,118.73	Net Profit

*Calgary Power File, Box 3, File 6, Glenbow Museum, Calgary, Alberta.

APPENDIX E
(continued)

<u>Funds Paid to Bondholders</u>		<u>Surplus Fund (Yearly Contributions)</u>	<u>Percentage of Expenses to Gross Earnings</u>
1911	47,060.76	1911 14,043.33	1911 24.8%
1912	102,665.04	1912 62,585.48	1912 21.1%
1913	149,990.68	1913 79,026.26	1913 21.6%
1914	149,990.68	1914 24,727.78	1914 22.0%
1915	149,990.68	1915 80,192.86	1915 18.1%
1916	149,990.68	1916 65,209.52	1916 18.6%
1917	149,990.68	1917 71,211.92	1917 15.6%
1918	149,990.68	1918 82,490.66	1918 15.7%
1919	149,990.68	1919 89,729.88	1919 18.2%
1920	149,990.68	1920 58,358.83	1920 18.8%

APPENDIX F

CANADA'S CONSUMPTION AND IMPORTS OF CEMENT FROM 1900 TO 1914*

Consumption in Canada

In 1900	663,942 bbls	
Of which imports were	371,818	or 56%
In 1901	872,966	
Of which imports were	555,900	or 64%
In 1902	1,141,548	
Of which imports were	544,954	or 48%
In 1903	1,401,419	
Of which imports were	773,678	or 55%
In 1904	1,694,988	
Of which imports were	784,630	or 46%
In 1905	2,265,249	
Of which imports were	918,701	or 41%
In 1906	2,785,609	
Of which imports were	665,845	or 24%
In 1907	8,109,533	
Of which imports were	672,680	or 22%
In 1908	8,184,838	
Of which imports were	469,040	or 13%
In 1909	4,196,671	
Of which imports were	156,406	or 4%
In 1910	4,987,788	
Of which imports were	348,767	or 7%
In 1911	6,309,717	
Of which imports were	661,918	or 10.6%
In 1912	8,568,224	
Of which imports were	1,447,437	or 17%
In 1913	8,913,014	
Of which imports were	254,094	or 3%
In 1914	7,013,885	
Of which imports were	98,044	or 1%

* *Financial Post*, May 15, 1915, p. 9.

APPENDIX G

AREA, PRODUCTION AND VALUE OF WHEAT*
(ALBERTA)

Year	Area (acres)	Yield per Acre (bushels)	Total Yield (bushels)	Average Farm Price	Total Value
1906	177,100	22.4	3,966,000	0.65	2,549,400
1907	207,900	20.2	3,194,500	0.92	3,845,800
1908	271,000	25.2	6,842,000	0.67	4,617,000
1909	385,000	24.9	9,579,000	0.75	7,037,000
1910	879,756	10.3	9,060,210	0.74	6,673,318
1911	1,639,974	22.3	36,544,000	0.62	22,516,000
1912	1,590,000	21.6	34,303,000	0.54	18,549,000
1913	1,512,000	22.7	34,372,000	0.61	21,009,000
1914	1,371,100	21.1	28,859,000	0.91	26,403,000
1915	2,138,031	31.1	66,538,000	0.88	58,325,000
1916	2,604,975	25.0	65,088,000	1.33	86,600,000
1917	2,987,300	18.3	52,992,100	1.74	91,941,300
1918	3,892,439	6.0	23,752,000	1.92	45,604,000
1919	4,282,503	8.0	34,575,000	2.21	79,945,000
1920	4,074,483	20.5	83,461,000	1.52	126,861,000
1921	5,123,404	10.4	53,044,000	0.77	40,756,000
1922	5,765,595	11.3	64,976,000	0.77	50,031,000
1923	5,162,643	28.0	144,834,000	0.65	94,143,000
1924	5,573,813	11.0	61,312,000	1.20	73,575,000
1925	5,346,972	18.3	97,962,000	1.10	116,735,000
1926	6,161,383	18.5	113,986,000	1.05	119,686,000
1927	6,251,000	27.4	171,286,000	0.98	168,003,000
1928	6,707,526	25.5	171,000,000	0.75	128,511,000
1929	7,551,215	12.3	92,534,000	1.02	94,385,000
1930	7,164,000	20.5	147,000,000	0.45	66,150,000
1931	7,942,856	17.7	140,603,000	0.36	50,617,000
1932	8,201,000	20.4	167,355,000	0.32	53,554,000
1933	7,898,000	13.0	102,334,000	0.45	46,050,000
1934	7,501,000	15.0	112,500,000	0.58	65,250,000
1935	7,500,000	13.2	98,648,000	0.61	60,175,000
1936	7,537,200	8.8	66,000,000	0.92	60,720,000
1937	7,834,000	9.7	75,700,000	1.02	77,214,000
1938	7,969,000	18.6	148,200,000	0.58	85,956,000
1939	8,379,000	19.3	161,400,000	0.52	83,928,000
1940	8,667,000	20.8	180,700,000	0.55	99,385,000
1941	6,481,000	15.1	98,000,000	0.60	58,385,000
1942	6,370,000	26.8	171,000,000	0.74	126,540,000
1943	4,829,000	17.1	82,800,000	1.10	91,080,000
1944	6,738,000	14.7	99,300,000	1.23	122,139,000
1945	6,842,000	12.9	87,700,000	1.54	135,138,000
1946	6,893,000	18.2	127,000,000	1.51	191,770,000
1947	6,633,000	15.5	103,000,000	1.53	156,590,000
1948	6,259,000	18.4	115,000,000	1.53	175,950,000
43 Year Total			3,748,309,810		3,297,310,418

* L. D. Nesbitt, *The Story of Wheat*, Alberta Wheat Pool, Calgary, Alberta, 1949.

APPENDIX G

(continued)

Averages:

1906 - 48	5,146,261	18.1	87,169,995	0.94	76,658,382
1906 - 15	1,017,200	23.0	23,426,800	0.73	17,152,800
1916 - 25	4,473,500	15.2	68,199,600	1.18	80,619,100
1926 - 35	7,287,800	18.1	131,724,600	0.65	85,238,100
1936 - 45	7,162,820	16.4	117,080,000	0.88	94,090,000
1946 - 48	6,625,330	17.3	115,000,000	1.52	175,103,000

APPENDIX H
NINE YEARS IN COMPARISONS*

Net Profits		P.C. on Com.	Surp. for Yr.	Ttl. Surp.	Work Cap.
1910 ...	\$1,177,698	1.06	\$142,698	\$ 217,994
1911	1,382,039	2.06	278,809	496,808
1912	1,394,677	2.11	284,259	781,062	1,258,247
1913	1,536,482	3.03	409,217	1,190,279	1,493,826
1914	1,517,060	2.39	322,991	1,153,269	1,931,547
1915	1,742,013	4.09	551,968	2,055,233	2,580,924
1916	2,218,848	7.70	432,595	2,002,816	2,186,392
1917	2,861,247	12.6	484,181	2,576,999	2,749,145
1918	2,216,708	7.9	100,644	2,677,643	4,003,472

* *Financial Post*, March 22, 1919, p. 7.

APPENDIX I
CONSUMER PRICES*

	1913	1914	1915	1916	Percentage Increase from 1913-1916
Beef 2 lbs.	44.4	48.8	47.6	52.6	18.4%
Mutton 1 lb.	19.1	20.8	20.9	28.8	24.6%
Pork 1 lb.	19.5	20.2	19.2	22.7	16.4%
Bacon 1 lb.	24.7	25.9	25.6	29.0	17.4%
Lard 2 lbs.	38.4	37.2	35.6	29.5	-
Eggs 1 doz.	33.7	34.2	32.7	45.0	33.5%
Milk 6 qts.	51.6	52.8	52.9	66.6	29.0%
Butter 2 lbs.	58.0	57.2	61.6	78.0	34.4%
Cheese 1 lb.	19.1	19.8	21.6	22.5	17.8%
Bread 15 lbs.	61.5	64.5	70.7	128.0	108.1%
Flour 10 lbs.	32.0	35.0	39.5	45.0	40.6%
Rolled oats 3 lbs.	22.0	22.5	25.1	17.4	-
Rice 2 lbs.	11.4	12.2	11.9	9.5	-
Beans 2 lbs.	12.4	12.4	14.5	16.6	33.8%
Sugar gran. 4 lbs.	22.6	25.6	31.4	30.4	34.5%
Tea ½ lb.	8.9	9.4	9.4	8.0	-
Potatoes 2 pkgs.	36.0	41.0	33.6	50.0	38.8%

*Financial Post, October 28, 1916, p. 2.

APPENDIX J

BENNETT'S INCOME TAX RETURNS FROM 1917 TO 1927*

1917

In his 1917 tax return, Bennett successfully designated some of his income as non-taxable since he claimed it was actually 1916 income. This reduced his taxable income from \$114,612.43 (reported as \$108,062.27 in the *Bennett Papers*, but incorrectly added) to \$73,329.16. Therefore his 1917 tax return is divided into two areas: actual earnings and taxable earnings.

	Actual Earnings	Taxable Earnings
Transportation	\$ -	\$ 120.00
Commons Salary	2,500.00	2,500.00
Lougheed Partnership	9,800.76	9,138.79
Rents	1,000.00	1,000.00
Dividends	86,333.48	51,564.75
Directorships	3,490.00	1,990.00
Foreign Corporations Dividends	6,550.16	6,550.16
Mortgage Income	1,030.97	465.46
Business and Trade	3,907.06	-
	<hr/> \$114,612.43	<hr/> \$73,329.16

Dividends

a) Alberta Pacific Grain Co.	\$ 51,250.00	\$46,066.65
b) Alliance Power Company	17,000.00	-
c) Canada Cement Company	6,500.00	4,895.00
d) Canadian Bank of Commerce	1,200.00	311.65
e) Canadian Western Natural Gas	246.06	114.00
f) Colonial Loan and Insurance	4.80	4.80
g) E. B. Eddy Company	1,560.00	-
h) Merchants Bank of Canada	1,000.00	61.40
i) Royal Trust Company	160.00	-
j) Security Trust	96.00	-
k) Yukon Copper Ltd.	7,816.62	111.25
Sub-total	<hr/> \$ 86,333.48	<hr/> \$51,564.75

* *Bennett Papers*, Volume 892.

APPENDIX J

(continued)

1917

<u>Directorships</u>	Actual Earnings	Taxable Earnings
Alberta Pacific Grain Company	\$ 1,250.00	\$ 1,250.00
Alliance Trust Co. Ltd.	1,000.00	-
Calgary Power Company	500.00	-
E. B. Eddy Company	700.00	700.00
Metropolitan Life Insurance Co.	25.00	25.00
The Standard Agencies Ltd.	15.00	15.00
	<hr/>	<hr/>
	\$ 3,490.00	\$ 1,990.00

APPENDIX J
(continued)

1918

Director's Fees	\$ 2,000.00
Professional Fees	8,622.19
Rentals	1,250.00
Dividends	51,356.80
Canada Bonds	1,151.62
Interest of Mortgage Bank Deposits	838.65
Deductions	(-2,448.16)
Total	\$62,771.10

Director's Fees

Alberta Pacific Grain Co.	\$ 1,250.00
Calgary Power	500.00
E. B. Eddy Co.	175.00
Metropolitan Life	45.00
Standard Agency	30.00
Sub-total	\$ 2,000.00

Dividends

a) Alberta Pacific Grain Co.	\$26,750.00
b) Alliance Power Co. Ltd.	15,500.00
Cash \$ 4,500.00	
Bonds \$11,000.00	
c) Canada Cement	6,500.00
d) Canadian Imperial Bank of Commerce	1,200.00
e) Canadian Western Natural Gas	
Light Heat & Power	114.00
f) Colonial Loan & Investment	4.80
g) Merchants Bank of Canada	1,000.00
h) Royal Trust	160.00
i) Security Trust	88.00
j) Yukon Copper	40.00
Sub-total	\$51,356.80

APPENDIX J
(continued)

1919

Director's Fees	\$ 1,840.00	
Professional Fees	11,769.47	
Rentals	1,520.00	
Dividends	48,832.50	
Income from Interest on Mortgages, mostly bank deposits bonds, debentures	762.40	
Canada Bonds	2,557.44	
Deductions	(-5,000.00)	
Total		\$62,281.92

Director's Fees

Alberta Pacific Grain Co.	\$ 1,250.00	
Calgary Power	500.00	
Metropolitan Life	45.00	
Standard Agency	45.00	
Sub-total		\$ 1,840.00

Dividends

a) Alberta Pacific Grain	\$33,750.00	
b) Canada Cement Co.	5,800.00	
c) Canadian Bank of Commerce	1,200.00	
d) Colonial Loan & Investment Co.	4.80	
e) Merchants Bank	1,264.70	
f) Royal Trust Co.	160.00	
g) Royal Bank of Canada	1,100.00	
h) Metals Ltd.	448.00	
i) Standard Agency	100.00	
j) Western Canada College	5.00	
Sub-total		\$43,832.50

APPENDIX J
(continued)

1920

Director's Fees	\$ 4,701.33	
Professional Fees	12,970.71	
Rentals	895.00	
Dividends	154,764.38	
Mortgage	687.91	
Bonds	2,750.00	
Total		\$176,769.33

Director's Fees

Alberta Pacific Grain Co.	\$ 1,250.00	
Calgary Power	1,000.00	
Metropolitan Life	70.00	
E. B. Eddy Co.	2,040.00	
Standard Agency Ltd.	20.00	
Rotterdam Canada Mortgage	321.33	
Sub-total		\$ 4,701.33

Professional Fees

Lougheed-Bennett Law Firm	\$ 12,970.71
---------------------------	--------------

Dividends

a) Alberta Pacific Grain Co.	\$ 54,350.00	
b) Canada Cement Co.	5,100.00	
c) Canadian Imperial Bank of Commerce	1,300.00	
d) Colonial Investments & Loans	6.60	
e) Merchants Bank	1,543.16	
f) Metals Ltd.	640.00	
g) Metropolitan Life Insurance Co.	62.70	
h) Royal Trust	170.00	
i) Royal Bank	1,491.19	
j) Spanish River Pulp & Paper	211.75	
k) Spanish River Pulp & Stock	3,570.00	
l) E. B. Eddy Co.	10.00	
m) Vancouver Milling Co.	300.00	
n) Western Canada College	6.00	
o) Bennett & McFarland transaction	242.98	
p) Tuxedo, Coffee & Spice Mills	60.00	
Sub-total		\$ 69,064.38

APPENDIX J
(continued)

1920

Alberta Pacific Grain Co. Ltd. -
Stocks and Victory Bonds Dividends

\$ 85,700.00

Total Dividends and Bonds

\$154,764.38

APPENDIX J
(continued)

1921

Director's Fees	\$ 4,490.54	
Professional Fees	13,092.41	
Rentals	1,020.00	
Dividends	24,507.60	
Mortgages, etc. (interest)	488.21	
Bonds	6,913.50	
	<hr/>	
Total		\$50,512.26

Director's Fees

Alberta Pacific Grain Co.	\$ 2,000.00	
E. B. Eddy Co.	2,203.34	
Rotterdam Canada Mortgage	242.20	
Metropolitan Life	45.00	
	<hr/>	
Sub-total		\$ 4,490.54

Professional Fees

Lougheed-Bennett Law Firm	\$10,393.30	
Minister of Justice	2,697.11	
	<hr/>	
Sub-total		\$13,092.41

Dividends

a) Alberta Pacific Grain Co.	\$ 8,735.00	
b) Canada Cement	5,100.00	
c) Canadian Bank of Commerce	1,300.00	
d) Colonial Investments & Loans	0.60	
e) Merchants Bank	1,950.00	
f) Metals Ltd.	640.00	
g) Bank of Montreal	1,400.00	
h) Royal Trust	200.00	
i) Royal Bank	1,680.00	
j) Spanish River Pulp & Paper	847.00	
k) Security Trust	88.00	
l) Western Canada College	7.00	
m) Eddy Match Co.	2,560.00	
	<hr/>	
Sub-total		\$24,507.60
		<hr/>
Total		\$50,512.26

APPENDIX J
(continued)

1922

Director's Fees	\$ 5,455.03	
Professional Fees	1,989.08	
Rentals	1,195.00	
Dividends	30,944.00	
Foreign Corporations	516.00	
Income - from interest on mortgages, notes, bank deposits, bonds, debentures, debenture stock and securities	436.68	
Bonds	6,886.00	
Total		\$47,421.79

Director's Fees

Alberta Pacific Grain Company	\$ 2,500.00	
E. B. Eddy Company	2,143.33	
Metropolitan Life Insurance Company	45.00	
Rotterdam Canada Mortgage Co.	766.70	
Sub-total		\$ 5,455.03

Professional Fees

Lougheed-Bennet Law Firm	\$ 127.62	
Returns from bonds and notarial fees	1,861.96	
Sub-total		\$ 1,989.58

Dividends

a) Alberta Pacific Grain Co.	\$10,697.00	
b) Canada Cement	5,325.00	
c) Canadian Imperial Bank of Commerce	1,300.00	
d) Canadian Pacific Railway	250.00	
e) Dominion Bridge	200.00	
f) Monarch Life Assurance Co.	35.00	
g) Metals Ltd.	448.00	
h) Merchants Bank	225.00	
i) Bank of Montreal	2,200.00	
j) Royal Trust	200.00	
k) Royal Bank of Canada	1,680.00	
l) Spanish River Pulp and Paper Co.	847.00	
m) Western Canada College	7.00	
n) E. B. Eddy Ltd.	30.00	
o) Estate of late Mrs. Eddy	7,500.00	
Sub-total		\$30,944.00

APPENDIX J
(continued)

1923

Director's Fees	\$ 4,908.00	
Professional Fees	14,993.66	
Rentals	20.00	
Dividends	37,099.20	
Foreign Corporations	432.00	
Interest on Mortgage	365.12	
Bonds	6,886.00	
Total		\$64,703.98

Director's Fees

Alberta Pacific Grain Co.	\$ 2,250.00	
E. B. Eddy Company	2,143.00	
Metropolitan Life Insurance Company	45.00	
Rotterdam Canada Mortgage Co.	470.00	
Sub-total		\$ 4,908.00

Professional Fees

Bennett, Hannah & Sanford Law Firm	\$14,993.66
------------------------------------	-------------

Dividends

a) Alberta Pacific Grain Co.	\$12,052.20	
b) Canada Cement	6,000.00	
c) Coal Sellers	1,000.00	
d) Canadian Bank of Commerce	1,300.00	
e) Canadian Pacific Railway	1,000.00	
f) Dominion Bridge	800.00	
g) Foundation Corporation	350.00	
h) Monarch Ltd.	35.00	
i) Metals Ltd.	384.00	
j) Montreal Trust	225.00	
k) Bank of Montreal	2,800.00	
l) Royal Trust	200.00	
m) Royal Bank of Canada	2,527.00	
n) Securities Corporation	45.00	
o) Spanish River Pulp	847.00	
p) Western Canada College	7.00	
q) E. B. Eddy Co.	27.00	
r) Estate of late Mrs. Eddy	7,500.00	
Sub-total		\$37,099.20

APPENDIX J
(continued)

1924

Director's Fees	\$ 5,288.00	
Professional Fees	19,000.00	
Dividends	50,423.50	
Securities Corp. Gen.	180.00	
Mutual Oil	200.00	
Sinclair Oil	432.00	
Interest on Mortgage	2,413.32	
Bonds	6,886.00	
Total		\$84,822.82

Director's Fees

Alberta Pacific Grain Co.	\$ 2,750.00	
E. B. Eddy Company	2,193.00	
Royal Bank of Canada	345.00	
Sub-total		\$ 5,288.00

Professional Fees

Bennett, Hannah & Sanford Law Firm		\$19,000.00
------------------------------------	--	-------------

Dividends

a) Alberta Pacific Grain Company	\$25,008.00	
b) Brazilion Traction	1,900.00	
c) Canada Cement Company	6,000.00	
d) Coal Sellers, Company	800.00	
e) Canadian Bank of Commerce	1,300.00	
f) Canadian Pacific Railway Company	1,000.00	
g) Dominion Bridge Company Ltd.	800.00	
h) Monarch Life Assurance Co.	35.00	
i) Metals Limited	512.00	
j) Montreal Trust Company	-	
k) Bank of Montreal	2,800.00	
l) Royal Trust	200.00	
m) Royal Bank of Canada	1,680.00	
n) Spanish River Pulp and Paper Company	847.00	
o) Western Canada College	7.00	
p) E. B. Eddy Company Ltd.	34.50	
q) Estate of late Mrs. Eddy	7,500.00	
Sub-total		\$50,423.50

APPENDIX J

(continued)

1925

Director's Fees	\$ 8,713.30	
Professional Fees	24,282.44	
Dividends	57,910.50	
Foreign Corporations - dividends	6,518.00	
Income from interest on agreements and debentures	3,958.72	
Bonds	8,250.00	
	<hr/>	
Total		\$109,632.96

Director's Fees

Alberta Pacific Grain Co.	\$ 2,750.00	
E. B. Eddy Company Ltd.	2,133.30	
Royal Bank of Canada	2,540.00	
W. R. Hull & Co.	600.00	
P. Burns & Co. Ltd.	600.00	
Metropolitan Life Insurance Co.	90.00	
	<hr/>	
Sub-total		\$ 8,713.20

Professional Fees

Bennett, Hannah & Sanford Law Firm		\$ 24,282.44
------------------------------------	--	--------------

Dividends

a) Alberta Pacific Grain Co.	\$29,378.75	
b) Canada Cement	6,000.00	
c) Coal Sellers	2,000.00	
d) Canadian Bank of Commerce	1,300.00	
e) Canadian Pacific Railway	1,000.00	
f) Dominion Bridge	800.00	
g) Foundation Corporation	377.00	
h) Monarch Ltd.	35.00	
i) Metals Ltd.	576.00	
j) Montreal Trust	368.75	
k) Bank of Montreal	2,800.00	
l) Royal Trust	200.00	
m) Royal Bank of Canada	6,128.00	
n) Spanish River Pulp and Paper Co.	847.00	
o) E. B. Eddy Company	-	
p) Estate of late Mrs. Eddy	7,500.00	
	<hr/>	
Sub-total	\$59,310.50	

APPENDIX J
(continued)

1925

Sub-total (dividends), brought forward	\$59,310.50	
Tax concession	1,400.00	
	<hr/>	
Total taxable dividends		\$ 57,910.50
 <u>Foreign Corporations</u>		
Mutual Oil	\$ 50.00	
Sylvester Oil	270.00	
Securities Corporation	210.00	
Brazilian Traction Co.	5,420.00	
St. Louis Railway	600.00	
	<hr/>	
Sub-total		\$ 6,550.00
Tax concession		32.00
		<hr/>
Total taxable foreign corporation dividends		\$ 6,518.00

APPENDIX J
(continued)

1926

Director's Fees	\$ 8,973.93	
Professional Fees	39,718.00	
Dividends	58,695.77	
Foreign Corporations	13,320.78	
Interest on Mortgages	1,267.12	
Bonds	8,250.00	
Total		\$130,225.60

Director's Fees

Alberta Pacific Grain Co.	\$ 2,500.00	
P. Burns Co. Ltd.	600.00	
Canadian General Electric Co.	437.50	
E. B. Eddy Co. Ltd.	2,336.43	
W. R. Hull	1,800.00	
Royal Bank	1,255.00	
Metropolitan Life	45.00	
Sub-total		\$ 8,973.93

Professional Fees

Bennett, Hannah & Sanford Law Firm	\$ 39,718.00
------------------------------------	--------------

Dividends

a) Alberta Pacific Grain Co.	\$ 7,555.25
b) Canada Cement	6,000.00
c) Coal Sellers	2,500.00
d) Canadian Imperial Bank of Commerce	1,300.00
e) Canadian Pacific Railway	1,000.00
f) Canadian General Electric Co.	525.00
g) Dominion Bridge	800.00
h) E. B. Eddy Co.	24,158.00
i) Foundation Corporation	350.00
j) Imperial Oil	125.00
k) International Petroleum Co.	99.77
l) Monarch Life Assurance	40.00
m) Metals Ltd.	640.00
n) Montreal Trust	493.75
o) Bank of Montreal	2,800.00
p) Ottawa Traction Ltd.	50.00
q) Royalite Oil	370.00

APPENDIX J
(continued)

1926

Dividends (continued)

r) Royal Trust	\$ 200.00	
s) Royal Bank	10,242.00	
t) Spanish River Pulp and Paper Company	847.00	
	<hr/>	
Sub-total		\$ 60,095.77
Tax concession		1,400.00
		<hr/>
Total taxable dividends		\$ 58,695.77

Foreign Corporations

American Superpower Corporation	\$ 60.00	
Brazilian Traction, Light & Power Company	5,625.00	
Ferdig Oil Company	470.00	
Ford Motor Company	200.00	
International Utilities Corp.	463.76	
Securities Corporation - General	250.00	
Sylvester Oil Company	120.00	
Standard Oil Company	87.50	
St. Louis Railway	600.00	
Spillers Overseas Industries Ltd.	5,444.52	
	<hr/>	
Sub-total		\$13,320.78

APPENDIX J
(continued)

1927

Director's Fees	\$ 21,568.56
Professional Fees	13,172.56
Rentals	520.00
Mortgages Income	1,636.23
Bonds	8,250.00
Dividends	99,397.23
Foreign Corporations	7,716.84
Total	<hr/> \$152,261.42

Director's Fees.

P. Burns & Co. Ltd.	\$ 3,063.00
Canadian International Paper Company	1,432.22
Canadian General Electric Co. Ltd.	1,000.00
E. B. Eddy Co. Ltd.	2,218.34
W. R. Hull & Co.	1,800.00
Royal Bank of Canada	2,055.00
Royalite Oil and Imperial Oil	10,000.00
Sub-total	<hr/> \$ 21,568.56

Professional Fees

Bennett, Hannah & Sanford Law Firm	\$ 9,632.56
Member of Parliament Salary	3,540.00
Sub-total	<hr/> \$ 13,172.56

Dividends

a) Canada Cement Co.	\$ 6,000.00
b) Coal Sellers	4,000.00
c) Canadian Imperial Bank of Commerce	1,300.00
d) Canadian Pacific Railway	1,000.00
e) Canadian Electric Co.	700.00
f) Canadian Western Natural Gas, Light, Heat and Power Co.	419.25
g) Foundation Corporation	377.81
h) E. B. Eddy Co. Ltd.	67,905.00
i) Imperial Oil	1,500.00
j) International Petroleum Co.	650.00
k) Monarch Life Assurance Co.	40.00

APPENDIX J
(continued)

1927

Dividends (continued)

l) Metals Limited	\$ 3,500.00	
m) L. T. Newburn Co. Ltd.	210.00	
n) Montreal Trust Co.	850.00	
o) Bank of Montreal	2,800.00	
p) Ottawa Traction Co.	125.00	
q) Royalite Oil Co.	1,125.00	
r) Royal Trust Co.	200.00	
s) Royal Bank of Canada	8,095.17	
	<hr/>	
Sub-total		\$100,797.23
Tax concession		1,400.00
		<hr/>
Total taxable dividends		\$ 99,397.23

Foreign Corporations

American Superpower Corporation	\$ 40.00	
Ford Motor Co.	300.00	
International Utilities Corporation	695.74	
Securities Corporation - General	250.00	
Standard Oil Co.	342.11	
St. Louis Railway	600.00	
Spillers Overseas Industries Ltd.	5,488.99	
	<hr/>	
Sub-total		\$ 7,716.84

APPENDIX K
PRODUCTION OF CEMENT IN CANADA*

	Barrels (approximate total)
1905	100,000
1906	125,000
1907	200,000
1908	250,000
1909	270,000
1910	490,000
1911	600,000
1912	740,000
1913	800,000
1914	730,000
1915	520,000
1916	510,000
1917	490,000
1918	370,000
1919	500,000
1920	650,000
1921	520,000
1922	650,000

* *Financial Post*, August 23, 1923, p. 7.

APPENDIX L

SIXTH ANNUAL REPORT OF THE ROYALITE OIL CO. LTD.*
For the Fiscal Year Ended December 13, 1927

TO THE SHAREHOLDERS

1. Your Directors submit herewith the Sixth Annual Report of the operations of your Company for the fiscal year ended December 31, 1927.
2. The net profits for the year amounted to \$476,901.32 as compared with \$535,456.59 for the preceding year.
3. The income and disbursements and appropriations for the years ended 31st December 1926 and 1927 were as follows:

	INCOME	1927	1926
Receipts for gas sold and consumed	\$	425,884.83	\$ 307,776.55
Gasoline sales		912,988.30	896,381.18
Receipts from miscellaneous sources, including rentals, interest, transfer fees, etc.		<u>14,477.70</u>	<u>5,662.29</u>
Total		1,353,350.83	1,209,820.02

DISBURSEMENTS AND APPROPRIATIONS

Gasoline Purchased	36,168.15	12,249.16
Operating, General and Office Expenses	202,805.12	170,051.17
Geological Expenses	15,473.86	-
Lease Rentals	2,802.00	2,464.00
Taxes	2,374.69	1,825.77
Royalties	98,880.17	93,229.95
Depreciation	122,922.71	62,116.65
Fire Losses	13,976.93	-
Reserve for Alberta Gas Production Tax	12,348.30	9,242.59
Reserve for Federal Income Tax	66,685.33	68,556.74
Reserve for Depletion of Gas Wells	271,000.00	240,000.00
Reserve for Bad Debts	1,402.50	5,093.13
Sundry Expenses and Losses	<u>29,609.75</u>	<u>9,534.27</u>
Total	876,449.51	674,363.43
Balance being profit for the year	<u>476,901.32</u>	<u>535,456.59</u>
	\$1,353,350.83	\$1,209,820.02

* Held by the Imperial Oil History Library, Toronto, Ontario.