

Mr. E. C. Manning

Interview #14

Page 1

July 4, 1980

LS: Before going into the material about the 1941 period, I'd like to refer back to one piece of legislation in the 1940 Session, and that was for the Relief of Persons Serving in the War.

ECM: That legislation provided tax exemption - from municipal taxes, drainage rates, irrigation rates - for people who were in the Armed Forces, as long as they remained in the Forces. There was a limitation on what was defined as "home property". In the case of a farm, it couldn't exceed a half-section of land. In the case of urban property, it couldn't exceed four lots. But that home property owned by a soldier while away at War, under the legislation was not to be either assessed or taxed by municipal authorities.

LS: How did that compare to legislation in the rest of the country?

ECM: There was legislation in a number of the Provinces designed to give various forms of relief from taxation, debts, and so on, to people in the Armed Forces. I'm not familiar with precisely what the legislation did in the other Provinces. I think this one probably went a little further than most of them did, in that it gave a total exemption from municipal taxation, not just partial relief.

LS: And it fit in with the philosophy that the Government was working under?

ECM: In a sense it was related to the same philosophy that was behind the various pieces of legislation to protect people from dispossession, and things of that kind. You also have to keep in mind that in a substantial number of cases, the men enlisting and going off to war probably had mortgage indebtedness and financial burdens of this kind as well, some, or many, of which would be taken care of under other legislation.

But this was intended to give a further measure of financial relief, so that they wouldn't have to be worried about taxes piling up on their home property while they were overseas. By themselves, those taxes perhaps would not have been too serious, but under the conditions of those times when we were just coming out of the Great Depression, where landowners probably had a lot of other debts in addition to taxes, every factor that added to their debt burden was a worry to them.

LS: I'd like now to pass on the 1941 period. We've talked in the past about the Rowell-Sirois Commission. But there are two things that I'd like to clarify, just to finish off.

One was that apparently the Legislature had to approve the Alberta delegation's recommendations and actions during the meeting on the Rowell-Sirois Commission in January. Is that normal practice? And why would that have to happen?

ECM: It wasn't required as far as anything to do with the Commission was concerned, or the conference on the Rowell-Sirois Report. Alberta had taken a unique position with regard to the Rowell-Sirois Commission in that we had said from the outset that we felt that the terms of reference of the Commission, and even the personnel of the Commission, were such that we could not anticipate any progressive, worthwhile new approach coming to the financial problems that were faced by the Province and the country as a whole. For these reasons, Alberta decided not even to recognize the Commission, and not to make any representations to it.

Instead, Alberta published its own report - a detailed survey of the economic conditions of the Province, together with recommendations for their relief. The reason for this debate in the House is that the Premier, prior to going to the Federal-Provincial Conference at which the subject matter of the Rowell-Sirois Commission would be discussed, wanted the endorsement of the Legislature for the position that the Government had taken. He asked for that in the House, it was debated, and of course approved. It was naturally vehemently opposed by the Opposition, but we had an overwhelming majority in the House, and the position was endorsed.

LS: The one other item that was covered by the press at the time, and I believe Mr. Duggan, an Independent raised the whole issue - there had been some correspondence between Premier Hepburn of Ontario and Premier Aberhart. Mr. Duggan apparently asked for copies of all that correspondence. Mr. Aberhart replied by saying that the correspondence concerned matters which were private and confidential. Do you know about that correspondence? What was it all about?

ECM: I don't know the details of what was in the correspondence, but the background is this. Mr. Hepburn was Premier of Ontario at the time - a sort of renegade Liberal, at war with the Federal Liberal party which was the Government in Ottawa. And in British Columbia, Premier Putello also took strong exception to the Rowell-Sirois Commission's report. I think they made a submission to the Commission when it was sitting, but disagreed very, very strongly with many of the recommendations of the Rowell-Sirois Report.

Both of those men had made public statements on their assessment of the Report and their concerns about some of the things that were being proposed. Mr. Aberhart of course had opposed the thing from the first, and we hadn't even appeared before the Commission, so we weren't surprised. It was more a matter of, "This was what we expected."

As I recall, it was statements of concern expressed by Premier Hepburn that led Mr. Aberhart to write to him and point out that he, too, concurred in those concerns, and also that we had some other concerns. And there was some correspondence of that nature that passed back and forth between them. I don't know the details of the letters, but it was a discussion by correspondence between the two Premiers of the concerns that they felt about the recommendations of the Rowell-Sirois Report. And there may also have been correspondence with Premier Puttelo, I don't recall.

When it was asked to be tabled in the House, I think Mr. Aberhart took that position that this was not in the category of official Government business. It was a matter of concerns being expressed between two Premiers who would have to represent their Provinces at a Federal-Provincial

conference and were sharing viewpoints and ideas.

I don't recall whether any of the correspondence was actually marked "Confidential" which is a common practice in that kind of correspondence if a government feels it's such that it would not be appropriate to make it public. If correspondence is marked "Confidential" at the time that it's exchanged, then it's privileged correspondence and goes into the Premier's personal correspondence rather than into the official government files.

The request for it was quite a common type of request, and the refusal was quite common too.

LS: That raises just one more point, about the confidentiality. You say it goes into the Premier's personal files. What happens to those?

ECM: They're disposed of by the Premier when he retires from office. That's the type of documents that are often given to archives and museums, and so forth. In the States, of course, this is a very big issue at the Presidential level, where the President retains what he regards as his private presidential papers. He usually writes a few books on them and sets up a library in his own name and then donates all of these papers to them to perpetuate his memory. We don't go quite that far in Canada, and certainly not at the provincial level. But that's the type of thing.

LS: Moving on to another occurrence of 1941. The newspapers at the time give a little bit of press to a discussion of debates that occurred between Mr. Aberhart and Mr. J. Percy Page. I wondered whether you would comment on what these often involved; and did Mr. Aberhart and Mr. Page really enjoy these discussions? What was the background?

ECM: As I recall, they were very few and far between. Both of them were men who very seldom spoke in the Legislature. Mr. Aberhart was criticized, in fact, by the Opposition, because they said he didn't speak often enough and didn't report to the House on Government policy. He rarely took part in a Debate in the House unless it was on legislation that he was putting through the house for his own Department of Education. As I recall it, in

the eight years he was there, I don't believe he spoke on the Throne debate and Budget debate more than three or four times in the whole period. Mr. Page was much the same; he was a quiet type of man, a mild man in many respects. While he would take part in the Throne debate and Budget debate (because there were so few in the Opposition that they all had to take part or there wouldn't be any debate) he was not a man who was aggressive in his speeches in the House.

While he and Mr. Aberhart may have disagreed on some of the things in their few speeches, it was a very minor thing because they so seldom spoke.

LS: Mr. Page served in the House for a long time?

ECM: Yes, he was there for quite a number of years. He served for one or two terms as Leader of the Conservative Party, after the unity party broke up, and the Liberals split off on their own.

LS: There wasn't any particular animosity between the two men?

ECM: Oh, no. He and Mr. Aberhart were friends. They were both teachers and they had a great deal in common.

LS: Next I want to move on to the debate which carried on past 1941 - the whole question of re-funding the public debt. The newspapers of 1941 refer to the debate regarding the re-funding of the public debt, and they also refer to certain individuals, one in particular - Mr. J. J. Sousa, and some question of a syndicate that he was involved in, to build an Alaska highway. These are just points throughout the debate as reported in the newspapers.

The important thing is, what was the issue in the debate about re-funding the public debt?

ECM: Once the Province went into default on both interest and principal, it was a matter of very deep concern to the Government of Alberta and of course to the holders of Alberta bonds. In the case of the bondholders, there was a

bondholders' protective association organized in the United States - American citizens who held Alberta bonds. And that association had as its president a man by the name of J. Reuben Clark. There was also a Canadian bondholders' protective association, and in addition to that there was a joint bondholders' committee consisting of three men. One was Mr. Tatlock of an insurance company in New York, who was representing the American bondholders' interests; one was Mr. Ernie Gill, who at that time was President or a senior officer in the Canada Life Insurance Company; and Mr. B. J. Smith, who was President of Confederation Life, and chairman of the joint bondholders' committee.

should be V.R. L.L.

Because of the seriousness of the default, both to the Province which wanted to get the matter cleared away, and to the bondholders who had taken a financial loss, there were quite a number of interest groups (particularly in the financial world) that came up with various proposals and suggestions for a re-funding of the defaulted debt.

The Government of Alberta had made it clear that we wanted a complete re-funding of the debt that was in default, and also of the whole remaining debt of the Province. At that time it was something over \$160 million, which in those days was an awful lot of money. These people knew that the Government of Alberta was anxious to see a complete re-funding operation effected.

There were quite a number of proposals put forward, by people who were more or less "promoters" in that field - and I use that word in a good sense. And one of those was Mr. Sousa, whom you speak of. I don't recall ever meeting him personally, but he represented a syndicate of American financial interests. They were interested at that particular time, among other things, in the building of the Alaska Highway. That was a moot issue in those days, and the highway was built, but the financing of it was a big thing. And this syndicate was involved, or very anxious to be involved, in that.

So they had some knowledge of things in Alberta and in Canada because of the Alaska Highway activity. I don't recall the terms of their proposal,

01 but this syndicate came up with a proposal which was made to the Provincial
02 Government, I believe through the Provincial Treasurer (who was Mr. Low at
03 that time), offering to undertake the task of doing a re-funding of the
04 Alberta debt under certain terms and conditions.

05
06 As I recall it, the Province was given a certain length of time to decide
07 whether to take up this option or not. The Province did pay some
08 travelling expenses for Sousa and his people in putting this thing
09 together, because the Province was very anxious to explore any possibility
10 that might lead to a successful re-funding of the debt.

11
12 In the case of that syndicate, as with several others, nothing came of it.
13 It wasn't possible to implement.

14
15 **LS:** I have a question on that. What would be the nature of the proposal that a
16 syndicate like that would put forward? Not necessarily this one, but what
17 would be the proposals?

18
19 **ECM:** Basically, there were two major issues involved. An overall re-funding
20 would involve the bondholders who at that time held Alberta bonds
21 voluntarily turning in their bonds in exchange for a new bond. And whether
22 that would be acceptable to them, of course, depended on the interest rate
23 on the new bonds, and all the terms. The second condition, and a more
24 difficult one, was that any proposal for re-funding had to include a
25 provision for taking care of the millions of dollars of bonds that were in
26 default, and also the issue of the unpaid portion of the interest on all of
27 them. The Province had only been paying 50% of the contractual interest
28 rate on the bonds from 1936 on.

29
30 So you had the deferred interest, the bonds in default, and the overall
31 exchange of old bonds for new bonds. So their proposal would come up with
32 different propositions for different categories of bonds, different
33 interest rates. Some of them, as I recall, suggested taking the total
34 amount of the unpaid interest and issuing new bonds to take care of that.

35

There were a great many variations, but that was the general thrust to all the proposals.

I might mention in this connection that I recall one other group that was quite active for a while. That was the Cohen-Lowe banking group of New York. I believe they became interested as a result of discussions by the American bondholders' protective association with them, because they were prominent American and international bankers. I recall both Mr. Lowell, *I believe this should be Solomon Low* the Treasurer, and Mr. Aberhart, going to New York on at least one or maybe two occasions, to discuss a proposal that had been discussed by the Cohen-Lowe group for re-funding. But that again did not materialize. *Ed*

The reasons these things didn't come to fruition were twofold. It was a very complicated thing at best, because of the default factor and the interest having been cut. Also there were the complications of people who had sold their bonds at a loss. Some of them said, "If this thing is straightened out, we should be participants" even though they had sold the bond. Their argument was that they had sold them at a loss because of the arbitrary default.

The other factor that probably was even more responsible for the efforts not being successful at the time was that we were in the War. Everything was diverted to the prosecution of the War effort, both in the United States and Canada, and anywhere else, for that matter. And with the tremendous financial demands for the prosecution of the War, to be able to go out into the marketplace and get \$160 million to re-fund a Provincial debt was extremely difficult, probably not even realistic to think it could have been done.

However, we tried it, with several of these proposals, but none of them worked out.

LS: There was a Canadian group also, a bondholders' protective group. What about the Canadian bankers and financial people. Were they involved?

ECM: A great deal of discussion went on between the bondholders' representatives and the government and the banks, financial institutions, brokerage houses. Everybody recognized that if there was going to be a re-funding of \$160 million of debt with these complications attached to it, it was going to involve the participation of pretty well all of the major banking groups in Canada, at least.

In Canada, a little later on (but it's on the same subject), the brokerage house which became the leading entity in the whole matter of working out a re-funding proposal was the firm of Wood-Gundy. Mr. Gundy, Sr., who at that time was head of the firm, was very anxious to see something done to get this thing straightened out. He did a tremendous lot of very good work.

Finally in 1945, after the War, when we did succeed in the total re-funding of the debt, Wood-Gundy headed the Canadian syndicate, and the First Boston Corporation of New York headed the American syndicate. We had to do the re-funding on both sides of the line because of the American bondholders. Those were the two prime financial houses involved in the ultimate re-funding.

LS: I'd like to move on now to discuss the Budget debate. You made a speech in that area. I'm interested in the main thrust of that speech, and your concerns of that time. You were responsible for two Departments, and I believe that there was a great deal of emphasis put on the development of secondary industry, which I think is an ongoing subject of interest to Albertans.

ECM: The Department of Trade and Industry was one of my Departments in those days, and we were anxious to do everything we could to stimulate industrial development in Alberta. It's interesting that this has always remained one of Alberta's key objectives, and still is today. But in those days there was relatively little industrialization of any kind in Alberta. Primarily, we were an agricultural province. We differed from, say, Saskatchewan, in that Alberta was a mixed-farming agricultural industry, as against a primarily wheat-farming industry in Saskatchewan.

01 But our industries other than farming, in those days, consisted of
02 processing plants such as packing plants. There was relatively little in
03 the way of actual industrial development, apart from that type of business.
04

05 We were anxious to stimulate and encourage industrial development in the
06 Province. I pointed out (and this is one of the things I mentioned in the
07 talk you refer to) that there were two major problems confronting
08 industrialists in Alberta, and those who were interested in getting into
09 the industrial field. One was getting the necessary capital - and again,
10 under War conditions it was difficult in the best of circumstances. And to
11 get capital to start new industries in an area of the country that had
12 little industrial background of course was doubly difficult. When
13 everything was concentrated on the efficiency of War industry, the tendency
14 was to expand the well-established large industries which had the
15 capabilities of large production.
16

17 So it was very hard to get capital. And the other thing we were very
18 anxious about at that time was the obtaining of War contracts, which would
19 have been a great stimulus to industry in any part of the country.
20

21 During the War there were two major Federal Departments involved in this.
22 There was the Department of Supply - I think they called it Munitions and
23 Supply - which was headed by the late C. D. Howe, an extremely capable man,
24 a doer, and an ideal man for that kind of work. His responsibility was to
25 convert Canadian industry to a wartime basis wherever it was feasible.
26 Canadian industries that had been manufacturing all kinds of equipment
27 before the War were converted over to manufacturing munitions and equipment
28 for the prosecution of the War.
29

30 The other major Federal Department was the Wartime Prices Control Board.
31 In those days of course prices were controlled, wages were controlled,
32 gasoline was rationed, and all of this was under the Wartime Prices Control
33 Board. It was headed by Donald Gordon, a man who later became the
34 President of Canadian National Railway after the War, another very capable
35 man.
36

Between these two - particularly the Munitions and Supply Department - they were in charge of the allocation of contracts for War production across Canada. What I was referring to in this talk that you mentioned was that we were very anxious about the problem that the smaller industries in the West were having in obtaining contracts from the Department of Munitions and Supply.

To be fair to them, it was understandable that they were reluctant to break these contracts down into small contracts, which they'd have to do if they were going to allot very much to the smaller industries that were just getting started, say, in Western Canada. They were looking for volume and speed - get the stuff produced, and get a lot of it produced as fast as you can produce it. The freighters were waiting to haul it overseas as fast as it came off the production lines.

So there was a great reluctance on their part to even look at breaking the contracts down into small component contracts which could have been handled by industrie outside Ontario and Quebec, where the bulk of Canadian industry was. In a sense, this is the same old battle that's raging today, except that we were more or less starting from scratch in those days because we had so little industrial base to begin with.

We did get some wartime contracts, to be fair, but not anything significant. And again, to be fair to the people doing the allocation, while we didn't agree with it we could see it was understandable why they were reluctant to break the bigger contracts down to give the smaller industries a chance.

The point I made in the talk you referred to was that if we were going to see progress in developing secondary industry in Western Canada, and particularly Alberta, then there would have to be capital made available to industrialists to get the plants into operation. And secondly, there would have to be the allocation of some of the wartime contracts, which were pretty well the only contracts available in those days.

I might just mention (as an illustration of the frustrations we ran into

01 in the West in those days, which are not new even today), Canada in those
02 days obtained the bulk of its sugar from Cuba. This was brought in by
03 freighter, and when the German U-Boat war reached its peak of course any
04 freighter venturing on the Atlantic, unless it had an escort, was taking a
05 big chance of being torpedoed. And they did lose a number of these cargo
06 ships hauling sugar up from Cuba (plus other products of course).
07

08 We had a very aggressive irrigation program in Southern Alberta, and sugar
09 beets were one of the main products. Sugar beets do extremely well in
10 irrigated land, and Southern Alberta is one of the most ideal places in
11 Canada for raising sugar beets. To have a high sugar content, they require
12 a great deal of sunlight, and Southern Alberta had the sunlight and they
13 had the water.
14

15 We had a couple of sugar factories in Southern Alberta, but our thought was
16 that if we could get two or three more major sugar factories, there was
17 plenty of scope to enlarge the irrigation projects and the sugar beet
18 industry to supply them with the raw product, and we could produce in
19 Alberta enough sugar from the sugar beets to take care of all of Canada's
20 sugar requirements.
21

22 It seemed to us that this made very good sense, rather than paying out
23 foreign exchange to buy sugar in Cuba, plus the fact that they had to have
24 freighters to haul it to the Eastern Seaboard, and we were losing
25 freighters to the U-Boat war.
26

27 I recall going to Ottawa, as Minister of Trade and Industry, and having a
28 session with Donald Gordon, the Head of the Wartime Prices and Trade
29 Board. Our proposal was that the Federal Government should give some
30 financial help in building these sugar beet factories. I remember the
31 argument I used, that for every freighter they lost in the Atlantic, if
32 they'd taken that money and spent it on building a sugar factory it
33 wouldn't have cost them any more money and they'd have had something
34 permanent in Canada. And we would have saved the foreign exchange of
35 buying our sugar offshore.
36

01 But again it was the old, old story. They were just not amenable to that
02 kind of recklessness out in Western Canada, and we never did get any help
03 for it.

04
05 I look back on that with some interest because that was my first contact
06 with Mr. Donald Gordon. We later became very close friends; he went with
07 CNR, and his other activities. He was a very, very capable man. But at
08 that time he was certainly oriented to the old philosophy that no good
09 thing could come out of Alberta.

10
11 **LS:** Did you have any contact with Mr. Howe?

12
13 **ECM:** Oh yes. We had contacts with Mr. Howe in quite a number of things, more in
14 connection with the petroleum industry.

15
16 Oh, I should have mentioned in connection with these men who had great
17 control over these facets of the economy, there was a third man, Mr.
18 Cotterell, the National Fuel Controller. He was the man in charge of
19 production and marketing of petroleum products for Canada during the War.
20 The gasoline rationing scheme was under his control. We had a lot of
21 dealings with him, and with Mr. Howe who as very closely allied to him.

22
23 I may have mentioned this in our earlier conversations, but they wanted the
24 oil wells of Alberta produced at maximum capacity because of the desperate
25 need for petroleum products. We recognized the need. But our program of
26 producing wells in Alberta was geared to the maximum ultimate recovery, and
27 this necessitated producing a well at a certain rate of recovery. If you
28 produce it at full capacity, your ultimate recovery is less than if you
29 produce it at a more modest rate.

30
31 I remember advising Mr. Howe and Mr. Cotterell that if they wanted these
32 wells produced at beyond that rate, then we wanted a directive from them
33 requiring that it be done. They could do this, under the War Measures
34 Act. We told them we wouldn't oppose it, but we could not justify pulling
35 these wells at a rate which meant that ultimately we were going to leave
36 more oil in the ground than otherwise we would have. Of course they gave

the direction, and the wells were pulled for that period.

LS: I'd like to move on to another body of legislation and another area of activity of the Government, and that was the whole question of insurance legislation. Rather than talking about any specific piece of legislation, (there were two or three pieces of legislation put forth in 1939 and a couple in 1941 about insurance - fire, life, car), my interest here is the background for the Government involvement in this area. Was that not unusual for the time? How did the legislation compare to the rest of Canada? And how successful was it? What was the reason for it?

ECM: The two major ones that we went ahead with were fire insurance and life insurance. There were two reasons for doing it. (1) There was, rightly or wrongly, a considerable amount of criticism among homeowners and individuals that rates for fire insurance were excessive. Even some of the same complaints about life insurance. (2) Secondly, and the one we were more concerned about: there was a lot of debate at that time on where the money that was collected in insurance premiums was being invested. Insurance companies are big investors. And the view was (and I think there's some justification) that insufficient of that money was being invested in Western Canada, in Alberta in our case, by the national life insurance and fire insurance companies.

Here again, the tendency was to invest in Central Canada. And we felt and argued that if our people were paying this capital in as premiums, the Province was entitled to have a substantial amount of that capital invested in the Province where the premiums originated.

The insurance companies of course would vehemently argue that they were quite equitable in their distribution, that it was other factors that they couldn't control that were responsible. But that was the feeling, quite strongly.

It was for those reasons that we introduced legislation which set up a Government fire insurance department which actually issued fire insurance policies. And then later a life insurance department - and that department

01 has continued on to this day, Alberta Insurance. I believe it has now been
02 sold, but it still operates the old policies that were issued by the
03 Alberta Insurance office.

04
05 The policy of those insurance offices was to invest their premium income in
06 the development of Alberta.

07
08 LS: There was also a move into car insurance, was there not?

09
10 ECM: As I recall, I don't think Alberta ever went into the actual car
11 insurance. It was talked about a great deal, but I don't think Alberta
12 ever issued actual car insurance. They had certain provisions for payments
13 under certain contingency conditions, but not general car insurance. I
14 know one of the big cries of the socialists in those days (Saskatchewan of
15 course with an NDP government went full-blaze into car insurance) used to
16 argue that Saskatchewan people were getting their car insurance much
17 cheaper than Alberta. We were never convinced on that, and we avoided that
18 field.

19
20 LS: It was not unusual for a Provincial Government to become involved in this
21 kind of insurance scheme?

22
23 ECM: It was unusual in the field of fire insurance and life insurance. I don't
24 know what other governments might have been in that field, if any. Quite a
25 number of them had their own car insurance program.

26
27 LS: I'd like to look now at some specific pieces of legislation of 1941. Three
28 or four pieces regarding oil and gas. If you could just go through them,
29 I'm interested in the provisions of each of them. Why they were introduced
30 - the background.

31
32 The first one is the Oil and Gas Fields Public Service Utilities Act. And
33 also the Public Utilities Commission. Was that part of that Act, or was it
34 part of something else?

35
36 ECM: The Oil and Gas Fields Public Service Utilities Act was legislation that

01 authorized the Government to approve exclusive franchises to utility
 02 companies. The difference between an exclusive franchise and the normal
 03 competitive field is that if you don't have an exclusive franchise, then
 04 any company can build a pipeline, another one can come along and build
 05 another right beside it, and they can compete for the product that they're
 06 going to move through the line.

07
 08 Under this legislation, the Province had power to grant a franchise to an
 09 individual company. That was an exclusive franchise; nobody else could
 10 build a line for that particular product. This of course is not an unusual
 11 thing in utilities, and it's done largely because of the tremendous cost of
 12 duplicating pipelines and power lines when one can carry it. It doesn't
 13 make sense to build two pipelines within a mile of each other to carry gas
 14 to the same community, if one line a little larger can carry the whole
 15 thing. The saving is tremendous. From the standpoint of the interests of
 16 the ultimate consumer, this is the justification for this kind of thing.

17
 18 There's quite a lot of detail in the legislation, but it was largely to do
 19 with the procedures for deciding on who would get the franchise. A number
 20 of companies could make applications for a franchise, there would be
 21 hearings, and then ultimately a decision would be made and a franchise
 22 granted to one or another of them.

23
 24 **LS:** Was it the Public Utilities Commission that made those decisions?

25
 26 **ECM:** I don't recall whether these hearings were heard before the Public
 27 Utilities Commission. I believe they were, but some of them also might
 28 have been before the Conservation Board. Those were the two regulatory
 29 bodies that dealt in that field.

30
 31 But the principle, the heart, of the Bill was that it did authorize the
 32 issuing of exclusive franchises to power companies, gas companies, and
 33 utility companies of that kind.

34
 35 **LS:** In the newspaper discussion of this piece of legislation there was an issue
 36 raised about restoring the gas to the original structure. That's very

confusing. What does that mean? What were people concerned about?

ECM: I assume that that's a reference to repressuring. Gas fields can be repressured, and gas can be stored back in fields from which gas has been extracted. This is done sometimes; if you have surplus gas, you can store it back in a field from which gas has been taken out. And you don't lose much by doing it. You take it out again when you need it. It's probably one of the cheapest ways of storing gas that there is. You can't store gas in tanks - there's too much of it.

LS: Although it didn't refer to this piece of legislation, this was an ongoing concern for conservation? Or was it a big issue?

ECM: It's part of the whole oil and gas development program. In the production of oil, oil is produced primarily by the gas pressure bring the oil out of the porous rock in which it's located. Once that pressure drops, you do not get the oil out. So you can repressure a field, not for the sake of gas but to get more oil out of the field. Gas is used for repressuring oilfields.

The other thing that's used is water, and water pressuring is quite common - water flooding, they call it, where you flood a field and bring up the pressure. Anything that gets a pressure that'll push the oil out.

LS: To return to oil and gas legislation, another piece of legislation was the Unit Operations of Mineral Resources Act. What was the provision there?

ECM: This provided legislation under which a development where there might be several owners of the mineral rights involved could go together and form a unit for development purposes. It also provided that the Government could come in on it. Under the method that was used for exploration and development of oil and gas in Alberta, after the geophysical work was done by a company interested in development, they were permitted to take under actual development lease a certain portion of the land that they'd explored. The remainder was retained by the Government and later was put up for development by auction. If the Government wanted to develop that

01 (because it might be in a block that was surrounded by mineral rights owned
02 by private companies) under this unit arrangement the Government could go
03 in and include oil and gas under Crown land in this unit for development
04 purposes.

05
06 The unit idea largely was a matter of economics. If it was a relatively
07 small area and there were two or three owners, rather than developing these
08 separately it was more economical for them to form a unit. They'd each
09 have "x" percent of the total production, because they'd each owned "x"
10 percent of the mineral rights to begin with. And it was a more economic
11 way to develop.

12
13 There was also another reason for this kind of thing. When you're dealing
14 with oil and gas, the question of spacing of the oil wells becomes very
15 important, and that's controlled by law, by the Conservation Board. By
16 spacing I mean that they're permitted to drill one oil well in the space of
17 maybe 10 acres, or 40 acres, or 160 acres, or even 640 acres. The size of
18 the spacing unit depends on the nature of the structure. If it's a porous
19 structure where there's a movement of distance by the oil or gas
20 underground, then the units are made larger. Otherwise, if you drill the
21 wells on every 10-acre block, a well on the one block can drain all the oil
22 and gas out from the adjacent block. So the spacing becomes important.

23
24 That's something that you get around by the unit development. If the whole
25 area is put under one unit, and all developed as one operation with each
26 owner getting his percentage of the equity he has in the total thing, it
27 doesn't matter if the gas comes up one well or another well. It's all
28 going into a common pool and being divided on an equitable basis among the
29 owners. That was the type of thing behind that legislation.

30
31 LS: Where would the idea for that kind of legislation come from? Was it
32 innovative?

33
34 ECM: Well, no. This was not an uncommon thing in the oil industry in the
35 States.

36

01 LS: Another piece of legislation was the Fuel Oil Tax Act.

02
03 ECM: This was in the consumer field. Really what this did was consolidate
04 legislation which had been on the books for quite a number of years. It
05 was the Act under which the Province collected the gasoline sales tax and
06 the significant additional provision in that legislation was that in the
07 case of gasoline and fuel oil products used in agriculture it could be
08 coloured with a special dye, and no tax was charged on it. It was useable
09 only in tractors and farm vehicles.
10

11 It was against the law to have coloured gas in the tank of an automobile,
12 and highway inspectors and police from time to time, when they had occasion
13 to stop a car for a routine check, would take a sample of gasoline. The
14 dye was quite remarkable stuff; even a very small amount of coloured
15 gasoline put in a full tank of uncoloured gasoline, was easily detectable.
16 If they found dyed gas in the tank, the fellow was charged with violation
17 of the Fuel Oil Tax Act - he was burning gas on which no gasoline tax had
18 been paid.
19

20 The advantage of this system of colouring gasoline for the farmers was
21 quite significant. Prior to this, the farmer had paid the full tax on the
22 gasoline and then made an application for a rebate, based on the number of
23 gallons that he used. This involved a lot of paper work. He had to file a
24 claim for gas tax rebate on so many gallons of fuel. He had to keep track
25 of how much fuel he used. And on top of that, he had to wait for his
26 money, because he had to pay for the gasoline including the tax when he
27 bought it, and then wait maybe three months before he got his cheque back
28 for the rebate. So it was a very unsatisfactory thing.
29

30 Under this coloured gas system, the farmer never paid any tax on it. He
31 bought coloured gas and there was no tax on it.
32

33 LS: Is that legislation still applicable?
34

35 ECM: Oh yes, this has been used since that time.
36

01 LS: Is that what "purple gas" is?

02
03 ECM: Yes, they call it "purple gas".

04
05 LS: How was it distributed?

06
07 ECM: The dye is put in at the refineries where the gas is distributed. And the
08 distributors that are supplying the farm trade have supply tanks for purple
09 gas. That's all they put in them.

10
11 LS: One of the things you mentioned in the early part of this legislation was
12 the revenue out of the gasoline tax. Also (not in this piece of
13 legislation) there was revenue out of licences. The Alberta Motor
14 Association at the time was apparently critical of the Government on the
15 whole issue of what it was receiving from gasoline and licences and in fact
16 what the Province was doing with the roads. Do you remember that issue?

17
18 ECM: Oh yes. That issue has gone on for 50 years - the revenue the Province
19 collects in gasoline tax from car users and from car licences, and how it's
20 used. The motorists' organizations such as the Motor Association quite
21 frequently argued that the Province was not spending enough on roads in
22 view of the amount they were collecting.

23
24 It's a very, very difficult thing to know exactly where the line is drawn
25 on these things. One year you may have a main highway construction where
26 the single project will cost you far more than the total amount of gas tax
27 and licences that you collect in the whole year. Another year there may
28 not be a big highway program. But in balance, in Alberta at least, I think
29 we probably spent on roads roughly the equivalent of what was collected.

30
31 But these arguments come down to much more than that. The city driver
32 says, "Why should I pay gasoline tax to build roads out in the country?"
33 And the municipal government says, "Why shouldn't we get a share of this
34 tax? We have to keep up the streets in the city and that's the same as
35 keeping up roads in the country." And the country people say, "Yes, but
36 the cities get all the advantage of our business. When we drive into town,

that's where we spend all our money, so they're getting the advantage that way. Why should they want our gas tax too?" There's no answer to those kinds of arguments. They go on and on indefinitely.

LS: The amount of the tax that the farmers saved under the Fuel Oil Tax Act was how much?

ECM: The gasoline tax was 7¢ a gallon at the time of this legislation. That gradually increased till it finally got up to 10¢, and I think probably at the top Alberta was 12¢. We were always the lowest, or comparable to the next lowest in Canada, among the Provinces. In Newfoundland at one time the gas tax was up to 22¢ a gallon.

Today of course Alberta has no gas tax. They wiped it out altogether.

LS: One other piece of legislation that I think is of interest is an amendment to an Act about Federal-Provincial relationships, granting Alberta control of petroleum and natural gas leases. What is the proper name of that Act, and what were its provisions?

ECM: That Act was called the Act to Ratify Certain Agreements Between the Government of the Dominion of Canada and the Government of the Province of Alberta. The particular Act passed in 1941 ratified two agreements that had been made between Alberta and the Federal Government relating to the provisions of the Natural Resources Transfer Agreement which had gone through in 1930 as an amendment to the BNA Act.

You will recall from our previous talks, when Alberta became a Province in 1905 (and the same is true of Saskatchewan) the Federal Government retained the ownership and control over the administration of the natural resources of those provinces. Then in 1930, after a long series of negotiations, there was a Natural Resources Transfer Agreement approved by the two levels of Government, under which the Federal Government transferred to the Provinces the ownership, control, and administration of their natural resources.

This was an amendment to the BNA Act, and had been ratified by the British Parliament as well as Ottawa and the Provinces in 1930, and was known as the Natural Resources Transfer Agreement. This Bill in 1941 made two amendments as far as Alberta was concerned, to the Natural Resources Transfer Agreement.

The first one had to do with development in the National Parks. Under the Natural Resources Transfer Agreement, which included the National Parks because they were natural resources, there was a provision that those Parks would be kept in perpetuity for specific recreational purposes, and that industrial development would not be permitted in the Parks.

The particular issue that arose prior to 1941 was that during the War the great demand for increased power supplies (electric energy) necessitated the enlargement of the Calgary Power hydro generation facilities. Their plant was in the national park on Lake Minnewonka. And in order to enlarge this thing they had to change the level of the lake, build some dams, and enlarge the facilities, which they were prohibited from doing under the original terms of the Natural Resources Transfer Agreement.

What this first amendment did was authorize the Calgary Power company to do the necessary works to increase the storage on Lake Minnewonka in the Banff National Park, and also to construct an additional power plant in the Park to meet the wartime demand for energy. That agreement was entered into between the company, the Province of Alberta, and the Government of Canada, and then was ratified by this agreement, federal and provincially, in 1941.

The second agreement which was ratified by the same legislation had to do with another provision of the Natural Resources Transfer Agreement. Under the Transfer Agreement with respect to oil and gas rights, mineral rights, the Province was required as one of the terms of the Natural Resources Transfer Agreement not to alter the terms of any of the existing agreements that were there at the time the administration of resources were transferred from the Federal Government to the Province. In other words, they couldn't go back and change the agreements which Ottawa had made with developers prior to the transfer.

There was one general provision that was an exception to that. That was, if the Province made a change, it had to apply right across the board to the entire resource. You couldn't make a change with respect to one well, or one region. You could make a general change that applied to the industry as a whole.

In practice, we found this created some difficulties. There were some agreements which had been entered into prior to the transfer, which obviously shouldn't be interfered with. And even these general changes which the Province was permitted to make applying to the whole industry, would have the effect of changing those agreements also.

So what this thing did was exempt those particular agreements which had been made prior to the 1930 Transfer Agreement from any of these general changes that were made, which were authorized by the Natural Resources Transfer Agreement.

LS: There's one other Act in this area, an Act Respecting Regulations of Geophysical Operations and Geological Explorations.

ECM: This was brought in because of the increase in seismic work which was coming along at that time. There was an upsurge of interest in oil exploration in the Province. There was a lot of geophysical work being done, and there was practically no legislation governing that type of thing. An oil company could go out and pretty well make their own rules for where they could do geophysical exploration, drill wells for seismic tests.

What this legislation did was require that all that come under Government control. Companies doing geophysical work were licenced, and the places there they could do the work and the conditions under which they could do it - restoration of land (if they went and drilled a bunch of holes across a farmer's field) was controlled under this. It had to do with the control of geophysical work which before had been pretty well wide open.

LS: So if a company had moved in and not been careful about restoration of land

for the farmer...?

ECM: That type of thing. One of the great concerns the farmers have always had with this seismic work - and again it's one of the indefinite things that you can't pin down - was the effect of the explosions which are set off in seismic test wells on water supplies. I remember in the Government we used to get a lot of complaints of wells going dry, or water supply not being as adequate as it was before. And it would be blamed on the fact that there had been some geophysical work done within half-a-mile or so of the well. The underground concussion, they claimed, had diverted the water somewhere else.

That's a very difficult thing to prove, but it just illustrates how important it is to control this geophysical work. Water is the life-blood of agriculture. If a farmer's water supply is impaired by somebody setting off a seismic explosion 100 yards away from his water well, it really causes trouble.

LS: Is there any blanket comment you could make on this general area? In 1941 we've looked at five or six pieces of legislation that are significant in certain moves the Province was making in the field of oil and gas.

ECM: What the number of pieces of legislation underscores is the increasing importance of oil exploration and development in the province. I mentioned in earlier talks on this, that the first crude oil wells in the Province came in in 1939, just two years before the period we're talking about. And with the pressure to get more oil to meet the War demands, there was a lot of geophysical work being done all over the Province - hunting for oil.

It didn't come to fruition until 1947, when the Leduc oilfield came in. There were some discoveries before that, but nothing of any earthshaking importance. But the work was being done, millions of dollars being spent in geophysical work. And the upsurge of that activity was behind this increasing amount of legislation, all of which had to do with the regulation of exploration and development for oil and natural gas.

01 LS: Did people like Mr. Aberhart and Mr. Tanner and yourself have any idea of
02 where this resource development would lead?

04 ECM: No, we certainly had no clear ideas. But there was a very strong
05 conviction on the part of men who'd spent years in the oil industry in
06 Western Canada that this region had tremendous potential for oil
07 development. We shared that. Maybe we shared it because we wanted to
08 think it was true - we weren't engineers, we weren't geologists. We took a
09 great interest in all the data that was available from geologists, men
10 who'd spent years in the search for oil in the States and were doing the
11 same work up here in Canada. Their conviction was that the geological
12 structures were such that we could reasonably anticipate significant
13 discoveries of oil in Western Canada, particularly in Alberta.

15 That became a very strong hope, based on some significant substance from
16 people who were acquainted with structures and who felt the same way. The
17 next problem was, Where was it? And they spent millions and millions of
18 dollars in the search before a great deal was discovered. Of course,
19 ultimately it paid off.

21 Mr. Aberhart had no personal association with the petroleum industry, other
22 than his interest of course, as leader of the Government. But he was
23 firmly convinced that this Province would ultimately be a major
24 energy-producing province. I suppose in those days none of us would have
25 defined energy quantities in the terms we talk about today. But when we
26 didn't even have enough oil to meet our own requirements in Alberta, even a
27 little bit of oil looked good - every well looked good.

29 LS: One other occurrence around this time was the establishment of the Chair of
30 Petroleum Engineering at the University of Alberta. I believe you
31 introduced the idea, or were responsible for encouraging the idea, and that
32 the money for the Chair was to come from companies which conveyed crude oil
33 from Turner Valley to Calgary. Apparently at this time there was only one
34 company - the Royalite Company - that was doing this. And there was some
35 discussion in the House, especially by Mr. Mahafee, regarding the
36 establishment of the Chair, but more importantly, where the money was to

come from. What was the thinking in that situation?

ECM: The establishment of the Chair at the University again illustrates very clearly the growing overall interest in petroleum development in this region of Canada. As I recall the background of it, I think the pressure (if you can use that term) for a Chair came largely from the petroleum industry. They needed geologists, petroleum engineers. The industry was growing, they were looking for people, and they felt that this development in Western Canada, particularly in Alberta, had reached the stage where it would be a very logical and appropriate thing to have a Chair of Petroleum Engineering in the University of Alberta.

Universities, naturally, are usually favourable to things of that kind because it expands their operation and gives them an additional field of service. But the question always arises: It's fine, everybody's for it, but who's going to pay for it?

As I recall this financing, I think the Government may have put up some initial financing to get the thing started. The petroleum industry put up most of the money, as I recall. As to this matter of the Royalite situation in Calgary: you've got to remember, the only crude oil in Alberta was in Turner Valley. It wasn't a matter of picking out Turner Valley and exempting the crude oil production somewhere else. The crude oil wells in Alberta in those days were on the north flank of Turner Valley. Royalite and Home Oil, which were tied up together, were the ones producing oil and moving it into Calgary. And I think there was a program worked out for some levy on this oil, which was used for the initial financing for the Chair at the University.

Mr. Mahafee that you referred to was a Member from Calgary, a lawyer, and a very capable man. He did a lot of legal work in the petroleum industry. And I think his criticism, if it was intended as criticism, was that maybe this was singling out one segment of the overall petroleum industry to pay the bill. But the petroleum industry, as far as actual development in those days, consisted of the naphtha wells of Turner Valley and the crude oil wells on the flank of Turner Valley, and not much outside of that.

01 There were a few wells scattered around, and natural gas. So at least at
02 that stage it didn't seem unreasonable that the petroleum in the only area
03 where they had production should finance the Chair at the University.

04
05 **LS:** And it was actually established?

06
07 **ECM:** Yes.

08
09 **LS:** Now moving into some other areas of legislation. One was an Act referring
10 to the Emergency Disposition of Crops. What necessitated that? And what
11 were the provisions and results of it?

12
13 **ECM:** To the best of my recollection, I don't believe this legislation ever had
14 much actual use. The thing that stimulated it again was the War
15 conditions. Everything was disrupted during the War. You couldn't move
16 grain, because priority had to be given to moving War supplies. Grain
17 movement was important only as it related to the War effort.

18
19 The whole normal marketing structure was upset by virtue of the priority
20 that had to be given in production, distribution, shipping, demands for
21 rolling stock on the railways, for the War effort. There was some concern
22 expressed that this could put some farmers in a very difficult situation if
23 they were not able to market their products because of these various
24 disruptions.

25
26 This was "insurance" legislation against that type of thing. To the best
27 of my knowledge, it had very limited use if any.

28
29 **LS:** In fact what could the Government of Alberta do in terms of marketing
30 wheat beyond its borders?

31
32 **ECM:** It couldn't do very much. This legislation dealt more with the interim
33 financing of people who couldn't sell their crops. It wasn't an attempt to
34 go into the marketing end, in the international market, because there
35 wasn't anything the Province could do in that.

You have to remember again, as we said earlier, that Alberta's agriculture was very largely mixed farming. Cattle, livestock, and feed was involved, apart altogether from the sale of wheat.

LS: Another piece of legislation at this time, in an area that continues to be of interest to Albertans, is the whole question of the licencing of amusements, in short, the Amusements Act. What were the provisions of it in 1941?

ECM: In 1941 an Act was passed that consolidated the existing legislation in that field and repealed the previous legislation. The Acts repealed were the Amusement Tax Act, which had been put into effect back in 1922; the Travelling Shows Act, also put into effect in 1922; and the Theatres Act which had been passed in 1927.

Those were the three Acts which provided for whatever degree of regulation there was over amusements, travelling shows, licencing of theatres (including the Censor Board arrangement under the Theatrest Act), and tax on admission to theatres and other entertainments (under the Amusement Tax Act). That was all in place; the 1941 Act consolidated all that under the Act Respecting the Licencing of Amusement, Places of Amusement, Film Exchanges and Motion Picture Operators, and the Imposition of Amusement Tax and the Censorship of Films. It was all put into one Act.

There was no significant change to the Amusement Tax. The Amusement Tax in those days was based on the amount of the admission charge. There was a schedule attached to that Act. It's rather amusing. If the admission was 10¢, the Amusement Tax was 1¢! And it went on up, averaging roughly 10-12 1/2%. That was the Tax end of it.

The registration of places of amusement took in theatres, entertainment halls, cabarets, anything of that kind. They were registered, in an application of the regular business licences to places of amusement, because of the circumstances relating to places of amusement which are different from a store, for example. It was felt better to put them all in this one Act.

The other one, and the one that's always been controversial, was the Censor Board. This wasn't the beginning of film censorship. Films were censored in the Alberta under the Theatres Act, back in 1927. As I recall, the provision for censorship under the old 1927 Act was a one-man Censor. The man I remember who was Censor at the time our Government was elected was a Mr. Pearson, quite an outstanding man in his field.

LS: He was Rev. Pearson?

ECM: Yes, I think at one time he had been a minister, although he hadn't been in the ministry for a long time. He was some distant relative to Walt Disney, as I recall - that was one of his claims to fame! A very, very fine gentleman.

Under the new legislation, there was provision for a Censorship Board of three, a Chairman and two other individuals. There were no basic changes in the structure of censorship, just put the three-man Board in place of the single Censor. It provided an appeal to some Court of Appeal, and that Court of Appeal that was used (not too often, but occasionally) was an Appeal Board drawn from people outside the Government. Usually one sociologist, or minister, or somebody like that.

The interesting thing about that legislation was that it was legislation that raises the whole question and problem - and it's a real problem - of government involvement in the areas of morality. As you know, it's an area where there are widely differing opinions, often very vehemently held opinions. You have the one school of thought which says that things such as censorship of any kind are just no business of any government. It's up to each individual if he wants to go and see something.

The other concept is that morality is not only a personal responsibility. There is such a thing as a collective responsibility for morality. Personally, I believe that it correct. I don't depreciate one bit the prime responsibility of the individual; he has to assume responsibility for his own morality standards. But I think the State has a legitimate and (I

think you can almost say) an inescapable responsibility in the field of morality, in other words, collective morality.

There are many respects in which a nation or a state has characteristics, the same as an individual only in the total entity. It's made up of a lot of individuals. A nation may develop a character that characteristic of that nation, where they either attach no importance, little importance, or much importance to their moral standards. That's the national, collective reflection of their position in that field.

Remember that our whole system of jurisprudence, or laws, have their foundation - particularly the importance laws such as criminal justice - in the Mosaic Law. After all, why do we have laws saying, "Thou shalt not kill" in the Criminal Code? It's taken directly out of the Ten Commandments. It all goes back to the Mosaic Law and the divine standards of morality.

That's the foundation of so much of our statutory law, particularly in the British Parliamentary system. It's interesting that the Israelite nation, to whom that law was given, was held morally responsible as a nation for so many things. There was certainly no question there. The Mosaic writings and the divine revelation through Moses was over and over again, "Thus saith the Lord to Israel", not to the individual Israelite but to Israel. And he held them responsible as a nation.

My own conviction is that you cannot properly separate that one facet of the Mosaic Law - the collective responsibility for morality - from the other facets which we've accepted as the basis for our law.

The other thing that was very interesting to me, and it's a matter that gave me a lot of concern many times (not in connection with censorship particularly) - is that the whole question of morality is such a difficult one for government. What should you do in a democratic society? On the one hand you say, "Democracy gives you the freedom of choice. You decide what you do, and our responsibility is to carry things out for you."

But again I come back to the Mosaic and Old Testament scriptures on which so much of our system of jurisprudence is based.

One of the most interesting examples in the Old Testament of this question of democracy versus government edicts and morality was in the initial case of the ancient nation of Israel, when they wanted a king. They chose a King. The commandment given to them was that they should not have a king. It was very explicit - they were to be different from the nations round about them. God would be their king; that was the whole basis of the laws given at Sinai was that they were God's laws. They didn't have a king to pass laws.

But of course, the more they mingled with the surrounding nations and the further they got away from their spiritual background, the Old Testament repeatedly talks about them clamouring for a king. "Give us a king so that we can be like the Ammorites" and all the other -ites that were around. All these nations had kings. They wanted a king.

Samuel was the spiritual leader in Israel at the time this clamour developed, and the Old Testament record tells how he was terribly upset by their demand for a king. This was heresy, it was sacrilege. They were going completely contrary to the thing that was to make them different from other nations. They weren't going to follow the pattern of others nations.

The Old Testament speaks of Samuel's intercession with the Lord on their behalf, and his complain that "this people that you have given your name to is demanding a king", almost saying, "Let's destroy them."

The Lord's answer to him, I always thought, was most interesting. He said, "Hearken unto the people in all that they say unto you. They have not rejected you, they have rejected me." Samuel took this as an insult to him as the spiritual leader. But the Lord said, "It isn't you they're rejecting; it's me they're rejecting. I was the one that was to be their king. They're not putting it that way, but I'm the one they don't want. They want a humanistic society now."

01 But then he went on to say, "Do what they say, but before you do it, tell
02 them (and he stressed this repeatedly) what the consequences will be." I
03 think the expression is, "vehemently protest unto them" what will be the
04 consequences of choosing this materialistic society of the nations round
05 about them, versus their society which had the powerful spiritual
06 background of their close personal relationship with Deity.

07
08 It always seemed to me there's a great lesson there for governments and
09 leaders in a democracy. You can't refuse, and in a democratic society you
10 shouldn't refuse, the ultimate will of the people. That's what a democracy
11 is all about. But you do have a responsibility to say, "Look, before we do
12 this, stop and realize this is doing to be the ultimate consequence."

13
14 This is precisely what Samuel did. He went out and told them, "Your king
15 ultimately will take away your freedom; he'll take your sons and send them
16 off to battle..." and he listed the whole thing. "Why do you want to do
17 it? You've got everything to lose! You're in a unique position." But of
18 course they chose it, because the trend was materialism.

19
20 I've always found a lot of satisfaction in that in my years in government.
21 There are many things that you are required to do in your obligation to a
22 democracy. But I think leadership, in a democratic structure particularly,
23 imposes on leaders the responsibility to say, "Look. Some of these things
24 you want, you can have. You're the last word. But before you do it, stop
25 a minute and think, there is a moral aspect to this. If you don't
26 recognize it, down the road you're the ones who are going to suffer. It's
27 going to be disastrous to you."

28
29 Coming back to the question of morality - and censorship has to do with
30 morality - I think we have to acknowledge in society that wide-open
31 immorality in films (and they're the vehicle that lends itself so readily
32 to that) can be the most impressive kind of pornography there is, much more
33 so than the printed stuff that people get so exercised about it. I think
34 government, and certainly leaders in government, have a responsibility to
35 say, "Before we expose our children particularly, in their impressionable
36 years, to this kind of thing, let's put a few brakes on and give you time

01 to think." And it's interesting, when the chips are down, the public gets
02 what it wants in the end. The Censor Board would say, "This is filth; it's
03 not something that's going to do anything constructive for society. So
04 let's ban it." Ultimately they scream and scream and they get it; or the
05 attitudes change. And today films that are passed without a single cut,
06 back forty years ago when this legislation went through, 50% of them would
07 have been cut.

08
09 But there is that element of drawing attention to the fact that there is a
10 moral aspect to it.

11
12 Let me give you one other illustration - maybe I'm getting into this too
13 deeply - of what I mean by this collective moral responsibility. It's my
14 firm conviction that one of the reasons we're into so many of the serious
15 social problems we're in today, and even national and international
16 problems, is that we do not accept a collective responsibility. Under our
17 complicated structure, we always have the "out" for everything that
18 happens, that we can blame somebody else.

19
20 I remember hearing a very interesting talk on this one time, in connection
21 with the dropping of the atomic bombs on Hiroshima and Nagasaki. Who was
22 responsible? Let's forget for the moment whether it was a good thing to do
23 militarily - it was probably the smartest thing, it saved a lot of lives,
24 and on that ground there are all kinds of justifications. But just for the
25 sake of philosophizing, take the position that it was a terrible thing to
26 destroy 200,000 people in a flash. Many of them with sufferings worse than
27 death. Who was responsible? Was it the guy up in the airplane that flew
28 it, brought it over the exact spot at the exact time? He didn't release
29 the bomb. Was it the fellow sitting in the back seat, with his finger on
30 the bomb trip that released it? Was he to blame? Was it the men in the
31 factory that built it? Was it the scientists that conceived it in the
32 first place that made it possible? Was it Harry Truman, the President who
33 gave his consent to doing it?

34
35 You see, if you asked these people, each one would tell you it was the
36 other guy. The fellow that tripped the bomb release said, "I had nothing

to do with it. I was just doing my job as a soldier. I had my orders. Truman is the Supreme Commander, and it was his order." But Truman could say, "Well, I could never have released it if it hadn't been for the brilliant scientists that devised the thing. It wasn't my fault; they made it." So, who?

This is what happens when you don't accept collective responsibility. If there is a moral issue involved, my argument is, Sure there's individual responsibility. But there is an inescapable collective responsibility.

And I'll close this dissertation with what is the great classic example of all - the Crucifixion of Christ. Who was to blame? Pilate? He was the one that passed the sentence. The soldiers that nailed him on the cross? Were they the ones who were guilty? Was it the members of the Sanhedrin who said, "We want him crucified"? Was it Judas who betrayed him with a kiss? We put our finger on each one, and we ignore the collective responsibility. We were all responsible.

This is maybe quite a long way away from censorship. But I mention these things only because the whole question of censorship raises the problem of morality in government. How far, and in what way, should governments attempt to deal with moral issues in legislation? My point is that the justification for it is that you cannot ignore that there is a collective responsibility in those fields as well as an individual responsibility.

It's simple to say, "If you don't like it, don't go." But the fact is there are thousands who, intentionally or unintentionally, are brought under the influence of these things and society reaps the consequences.

LS: To bring that again right up to today, I don't know what schools or parents are doing for children or young people - value systems or lack of them. It's an ongoing issue. If you teach young people at all, you see that they find difficulty in finding something that they make their decisions based on.

ECM: In my view - and again it may be off the matters we're discussing, but

all these things bear on the health of society - the cruelest thing that society did to children was to destroy the acceptance of moral absolutes.

Once we adopted the philosophy that truth is not absolute, it's relative, and each one of us makes our own standards (if I think a thing's wrong, then to me it's wrong; if you think it's right, then for you it's right) - once you take away the fundamental basis of morality which is some immutable moral code....This takes you back again to what I was talking about a few moments ago.

The whole Mosaic Law was a divine moral code. It was given for that purpose, so that they had an absolute standard. "Thou shalt not...." Today the "shalt not's" are taboo. You shouldn't tell anybody that they "shall not". And then we wonder why our young people are totally confused, just as you've mentioned. They come up against a thing that requires a moral judgment, and how are they going to measure whether this is right or wrong? One says it's right, another says it's wrong. But eternal verities, eternal absolutes, don't change. And this is the thing that gives stability.

This was the tragedy, going back to the illustration of Israel. They had the moral code, carved in stone. But they said, "We want to be like the other folks. We don't want this." So away they went. And where did they end up? Scattered all over the earth; lost their nation; gone. There are lots of illustrations in history to prove the stupidity of what we're doing today!

LS: To finish off then, two other pieces of legislation of this period of time. One is the Act to Amend Limitations of Actions, and another is to Provide for Orderly Payment of Mortgages and Agreements for Sale. What were the provisions?

ECM: The Limitations of Actions Act was an Act under which there was a time limit within which you have to take an action to collect on a defaulted debt. Under the old Act it was ten years. If you didn't take action in ten years, you lost your right to take action. What this 1941 legislation

01 did was to shorten that period from 10 years to 6 years. That was the sole
02 effect.

04 The Act to Provide for Orderly Payment of Mortgages and Agreements for the
05 Sale of Land was really part of the overall program of those days in
06 connection with debt adjustment. It applied to both farmers and urban
07 debtors. What it provided was that they could not foreclose on or
08 dispossess a debtor who was in default on a mortgage, if he paid some, even
09 token, payment on his account. The amount of that token payment was set by
10 a judge.

12 In other words, if he, because of the Depression, War conditions, etc., was
13 unable to pay, he could go to a judge and say, "I owe \$1000 on this debt.
14 Here's my financial position. I'm able to pay \$200." If the judge
15 approved it, as long as he made that payment, then the time was extended.
16 It didn't cancel out the debt, but they could not take action to foreclose
17 on the terms of the mortgage. If it was \$1000 he owed that year, and for
18 these reasons and with the judge's approval he could only pay \$200, they
19 couldn't take action to collect the other \$200. It remained as a debt.

21 LS: Good. Thank you.