

01 Mr. E. C. Manning

02 Interview #2

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05  
06 LS: Mr. Manning, when the new Government took office in 1935, what were  
07 perceived to be the main issues or areas of concern for the new Government  
08 during that early two to three year period.  
09

10 ECM: There were four major areas to which the Government had to address itself  
11 almost immediately.  
12

13 The first was the desperate financial position in which the Province was at  
14 that time. The Treasury was empty; it was necessary to make arrangements  
15 for some additional money from somewhere even to pay the civil servants and  
16 to maintain the day-to-day services of the Government. In fact, throughout  
17 that whole early period the dire financial conditions in which the Province  
18 found itself occupied a lot of the Government's time. We would like to  
19 have been addressing ourselves to other things, but that was a matter of  
20 survival and government existence from day to day.

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22 Seocndly of course was the mandate that had been obtained in the election  
23 to endeavour to implement the principles of Social Credit, the monetary  
24 reforms and economic reforms and other changes that were inherent in the  
25 proposed Social Credit program itself.  
26

27 A third area of great concern, and interrelated with these others, was the  
28 problem of the debt situation in both the private and the public sector.  
29 In the private sector we were in the depths of the Depression where  
30 mortgage foreclosures were taking place all the time. People were losing  
31 their farms, losing their homes, losing their businesses. This area  
32 obviously had to be addressed.  
33

34 In the public sector, the Province was so deeply in debt, and some of these  
35 maturities were coming due with no money to pay them; we had to address

01 ourselves to how the public debt was going to be handled.

02  
03 Then the fourth area was a little more general, but there were a number of  
04 areas in which there was obvious urgent need for change. These were areas  
05 such as education - one in which Mr. Aberhart was particularly concerned as  
06 a teacher. Our educational system was very antiquated at that time. The  
07 area of health and public welfare was of great concern, partly because  
08 there were not very many health services available to people, and they  
09 couldn't afford to buy them themselves under Depression conditions. Also  
10 the matter of welfare was tremendously important because there were  
11 literally thousands of people who had to depend on welfare for their  
12 survival.

13  
14 So those were the four great areas that we had to address ourselves to  
15 immediately.

16  
17 **LS:** I'd like to start talking about one of those, and that is the whole  
18 question of how the Government thought that it could implement Social  
19 Credit. And before looking at some of the specific legislation in that  
20 area, I'd like to talk about what Social Credit was. What was meant by  
21 Social Credit.

22  
23 **ECM:** Perhaps the simplest way to answer that would be to point out that in the  
24 broad sense Social Credit was really a philosophy of life and government.  
25 I stress that because the impression that was in the minds of a great many  
26 people and has been carried on since that time was that Social Credit was  
27 concerned only with monetary reform. The monetary reform aspect was the  
28 core of the Social Credit proposals, but by no means embraced all of the  
29 Social Credit concept.

30  
31 The philosophy of life and government underlying the Social Credit concept  
32 is that the people in a democracy are entitled to obtain the results they  
33 want from the management of their affairs, provided and assuming that there  
34 are the resources and abilities to deliver the things that they desire.

01 And that the role of government as representing the people is to obtain for  
02 these people the results they want from the management of their affairs.

04 In those days, we must keep in mind, the whole country and Western Canada  
05 particularly was in the depths of the Depression. The first and foremost  
06 thing that people wanted was some relief from the terrible economic  
07 conditions that they faced. The nature of that economic adversity was  
08 unique, in a sense, to that time - almost the reverse of what we have  
09 today.

11 We were passing through a period of very severe deflation. It's a little  
12 hard for us to grasp this in a period when inflation has become probably  
13 our number one public concern. But there was not a shortage in those days  
14 of goods and services. Warehouses were full, factories were slowing down  
15 because they couldn't sell the goods that they were producing, elevators  
16 were full of grain; there were all kinds of people who were anxious and  
17 willing to work. The crux was in the distribution system.

19 The monetary system had failed to enable society to distribute the goods  
20 and services which were there in abundance. In other words, we had a  
21 serious deflationary situation.

23 Under those circumstances, one of the obvious needs was to increase the  
24 buying power in the hands of the consuming public. This was the focal  
25 point of the Social Credit monetary proposals - to finance consumption  
26 instead of merely financing production. The general, traditional way of  
27 distributing the monetary tokens or money of a country is always to finance  
28 at the level of production. Through wages and salaries and the purchase of  
29 raw materials and so on, that money sifts down to the consumer, and that's  
30 the way the consumer gets his buying power - primary from work and wages.

32 The amount of buying power being distributed that way in the deflationary  
33 period simply wasn't adequate to enable the people to buy the production



01 that was available. There was a lot of controversial and detailed argument  
02 as to why that was the case, but the facts were obvious. You had the  
03 stores and warehouses full of goods on one hand, you had people on the  
04 other simply lacking enough money to buy the goods and services.  
05

06 Social Credit monetary proposals were aimed at financing consumption as  
07 well as production by putting buying power directly into the hands of the  
08 consumers. This was the thinking behind what became known as the famous  
09 Social Credit Consumers Dividends - a means of financing consumption.  
10

11 In respect to the task that was faced by the Provincial Government, it's  
12 necessary here to comment on a constitutional aspect of this. In Canada,  
13 under the British North America Act, the control over money, credit, bills  
14 of exchange, medium of exchange, and so on, is vested in the Parliament of  
15 Canada. Social Credit never disputed that. What we endeavoured to do was  
16 draw a distinction between currency, money, bank functions, and what we  
17 referred to as Alberta credit: a form of monetization of the real wealth of  
18 the Province that would be useable only within Alberta. Many of the legal  
19 arguments and references to the Courts behind the Disallowance of this kind  
20 of legislation revolved around the point of whether you can properly draw a  
21 distinction between a form of credit restricted in its use to a Province  
22 and controlled by the Province, as compared with currency and credit, the  
23 legal tender of the nation as a whole.  
24

25 We never proposed that what we called Alberta Credit would be legal  
26 tender. We never proposed that it would take the form of a negotiable  
27 instrument like currency, coinage or bills. It would be confined entirely  
28 to the transfer of credits on the record books of what became known later  
29 as the Provincial Treasury Branches, originally called Credit Houses, as  
30 compared with the legal tender of the country which had universal  
31 circulation within the country and was legal tender - people had to accept  
32 it. This other was a voluntary thing.  
33



That was an area of course in which there was a great deal of controversy and on which the Courts ultimately ruled that the distinction that we had tried to make between those two would not stand up in court.

**LS:** You mentioned that there was a lot of different opinion on the reasons for the problems within that particular economic situation. I think that Social Credit also addressed that in terms of what were the causes of the situation. What did you think, what did Social Credit think about what was causing this unfortunate circumstance?

**ECM:** We should bear in mind to begin with, of course, that this situation was not peculiar to Alberta or Western Canada, or even to Canada as a whole. In that period in the '30's we were in the depths of almost a world-wide depression, so it was not a local condition.

The theoretical explanation that Social Credit held as the cause of this (and I'm going back now to the writings and thinking of Major Douglas) was his famous A+B Theorem in which he held that the volume of purchasing power distributed in the production of goods in aggregate never equated the market price of the goods produced. I know the A+B Theorem has been subject to all kinds of debate. Some insist that it's valid, others insist that it isn't.

In Alberta, and in the launching of the Social Credit Movement - and incidentally I think this was one of the points which led to friction between Major Douglas and Mr. Aberhart and the parting of the ways between them - Mr. Aberhart spent very little time on the A+B Theorem, or the theoretical reasons why there was this shortage of buying power in the economic and financial system of the day. He was a realist. His position was simply, no matter what the cause - he wasn't going to spend time arguing whether or not it was the cause or the main cause or the only cause - the fact is obvious. Here is a Province with many resources, with abundance of goods and services and the capability to produce more, and yet absolutely obvious to anybody that our people today do not have sufficient

01 buying power to buy the goods that are there. Let's not spend too much of  
02 our time arguing about why this is so. Let's address ourselves to the fact  
04 and see if we can't do something to alleviate it.

05 Douglas, on the other hand, spent a great deal of time trying to establish  
06 the validity of the A+B Theorem as the cause of this discrepancy between  
07 consumer purchasing power and the prices of goods and services.

08  
09 There are few simple factors in this that I think are rather self-evident  
10 in support of the A+B Theorem concept. To take an over-simplified case:  
11 the currency and credit of a nation comes into being primarily by the  
12 monetization of goods and services at the production level. In other  
13 words, the banks lend to an industry a million dollars to produce goods.  
14 In lending that money, they lend it at interest, obviously. So the amount  
15 of money payable back to the bank is obviously more than was put into  
16 circulation.

17  
18 If you put in a million dollars at 8% interest, then you're going to have  
19 to repay \$1,080,000. But all you have put into circulation is \$1,000,000.  
21 Now there's no way you can pay back \$1,080,000 with only \$1,000,000 in  
22 circulation - assuming this was the total entity of the economy of the  
23 country. It's made up of thousands and thousands of these transactions,  
24 but it doesn't alter the principle.

25 So the repayment of the interest factor on the loan that was put out can  
26 only be recovered by either raising the price of goods to \$1,080,000 in  
27 which case there's going to be \$80,000 of goods that somebody cannot  
28 purchase unless they go out and borrow money to purchase it, which is what  
29 they do. But the cumulative effect of this is that you do have a  
30 significant cost factor in your goods for which there is not in existence  
31 an equivalent amount of currency or credit to pay for it.

32  
33 These things are obscured by the fact that this is a continual process.  
34 It's not one single transaction. If you reduce it to one single

transaction it becomes quite obvious that you can't repay \$1,080,000 when there's only \$1,000,000 put into circulation in the first place.

These are pretty realistic factors that support the argument that there is not enough buying power under our so-called orthodox financial system in existence at any one time to purchase the production of the country unless you borrow more money in order to do it. Which is one of the explanations for the progressive and continuing increase in debt.

LS: There were some other reasons that were outlined within the Social Credit manual. The manual put together by Mr. Aberhart--is that correct?

ECM: That's right, yes.

LS: Did you have any input into its content?

ECM: We discussed it. In those days I spent quite a bit of time at Mr. Aberhart's home. I lived at his home for some time as a student. We used to talk about this of course a great deal, and he talked about it to a lot of other people. By the time the manual was published, we already had quite a large number of economic study groups in operation, in which we were discussing these things. These discussions of course contributed to the input of that material.

I think in fairness I would have to say that that manual was one of the very early things that was produced, and I'm quite sure Mr. Aberhart would have drastically revised it in later years, even by the time the Government was elected. It was an initial broad outline of the general things he was talking about.

LS: It did address itself to the whole question of what was Social Credit and what was seen as the problem - was it overproduction, was it unemployment, what was the main problem? As I understand it, it talked about the lack of



purchasing power as being one of the causes of the problem. It also talks about wildcat profiteering.

**ECM:** I think what he was trying to emphasize there was that in this concept that the amount of money to be paid back in a commercial or industrial loan, wherever there is excessive interest, particularly, or even excessive profits (although they're not in the same category) the cost of the goods is increased that much more and as a result there are that many more goods that there's no money with which to purchase. The reason I say you have to draw a distinction between interest payments and profits. Profits usually are paid back into the further expansion of industry, so it's not exactly like interest which is the compensation obtained by the financial institution that puts the money out. This isn't quite in the same category of a merchant selling goods, making a profit, and using the profit to build a bigger store.

**LS:** The other area that the manual addressed was the cause of the problem, the investment of the surplus funds.

**ECM:** This again comes back to Douglas' theory. One of his arguments as for this chronic shortage of buying power in the hands of the consumers was that in each of these cycles - of credit going out, being distributed in work and wages and purchase of raw materials and so on, and ultimately getting back to repay the loan that created it in the first place - a significant part of that purchasing power is drawn off for capital investment. In other words it's taken out to build a factory. If you take out of the money distributed (all of which was needed to buy the product produced) a percentage and build a factory with it, you at least temporarily decrease the amount of purchasing power that was available for consumer goods. This tends to make the consumer goods back up on the shelves, and industries slow down because it's no good producing goods if you can't sell the ones you've already produced. I say temporarily, because actually in the building of that factory wages are involved. So there's some distribution

there. Nevertheless, there is a certain portion drawn out temporarily that is at that period not available for consumer purchasing power.

**LS:** The manual goes on to talk about Social Credit as a remedy, and says that there are four terms or four ideas that are central to understanding Social Credit as a remedy. They were: cultural heritage, basic dividends, non-negotiable certificates, and unearned increment. I'd like to go through them. What did they mean? First of all, cultural heritage.

**ECM:** The meaning attached to it in those days was rather different to what it is today, and it's tied very closely with the other one you mentioned, unearned increment. The thinking behind those expressions was that in organized society there is a value that attaches to resources and goods and services by virtue of the people being there.

I remember an illustration Mr. Aberhart used to use, for example. If you had a coal field out in the desert, that coal is exactly the same coal as you use in a cold country for fuel. But it has very little monetary value in a desert, first of all because you don't need it there, and there's nobody there to use it. If you surround that coal field with people and you create a consumer demand by virtue of the people being there, then the commodity which otherwise had very little monetary value takes on an additional value. You see this of course happening in urban centres with land and all kinds of things. The land around our cities today in one sense isn't worth any more than when it was raw prairie. It's exactly the same dirt. But it has its value by virtue of people and society and organization.

The philosophy is that the very presence of people gives a value to physical assets which otherwise do not result. That value doesn't belong to any one person. It's by virtue of society as a whole. So it's a heritage of society itself.

Applying it to this unearned increment concept, that term was used simply to define the value that attached to a product, or commodity, or resource, not because of any change in the resource but by virtue of the presence of people, and the demand for the product.

These are rather abstract things, and I want to stress again, to try and give you a clear picture of those days, while these abstract philosophical explanations of both Social Credit and the conditions of the times were talked about and debated and discussed in the economic study groups, they were not the focal point of concern and attention. The reality was too clear to spend too much time arguing about the abstract causes or reasons. I'm afraid this was lost through a lot of the media coverage, because they tended to examine and theorize about whether these concepts were factual or not. And maybe some of them weren't factual.

LS: You mean they would pick up on something like the manual and expand upon it....

ECM: Oh yes. The manual was bandied all over the place. The manual was used as far as the Social Credit Movement was concerned for a period of maybe six months in that early period, and from there on just the odd reference to it. It was no big part in the either the publicity work or anything else. It was something Mr. Aberhart got out for the study groups to stimulate interest and debate.

LS: Just before leaving the manual, two other basic things were mentioned and we'd like to put those into perspective. One was the question of basic dividends, and the other was the non-negotiable certificates.

ECM: Basic dividends come back to what I said earlier. The key focal point of the Social Credit Movement was to finance consumption by putting purchasing power directly into the hands of the consumer. This was the really significant break with the traditional means of financing society. The



01 traditional means is always to finance from the top down. Put it in as a  
02 loan to industry or to government who spend it on social services out to  
03 the public, and it simmers down through a lot of transactions into the  
04 hands of the rank and file of people, either through wages or dividends or  
05 government payments, or any one of a thousand ways. Then they use it to  
06 buy the goods and services.

07  
08 The Social Credit proposal was, that's fine, let it keep on the way it is.  
09 But let's supplement that by putting some purchasing power directly into  
10 the hands of the consumer, at least sufficient to make up the deficiency  
11 between the amount of purchasing power that is in his hands and the market  
12 price of the goods that are available in the stores and industry for him to  
13 buy.

14  
15 How are you going to put it in his hands? It seemed to be that the most  
16 direct way was to pay it directly to each individual citizen in the form  
17 of a dividend from the state.

18  
19 To comment on the non-negotiable instruments. That comes back to what I've  
20 said earlier about the endeavour to draw a clear distinction between legal  
21 tender which is obviously under the jurisdiction of the Federal Government,  
22 and something that could be used within the Province as a form of credit  
23 that would not be legal tender. And the non-negotiable certificate was  
24 called a "non-negotiable certificate" because all it did was authorize a  
25 transfer on the books of the Treasury Branch. It could not be used and  
26 circulated as currency.

27  
28 It was really a form of a cheque, but not a form of currency. And that was  
29 for a constitutional reason that the term was used - to try and emphasize  
30 that we were not quarreling or disputing that legal tender was outside the  
31 control of the Province. But that if one man gave another man a slip which  
32 said, "You take this to the Provincial Treasury Branch, and it authorizes  
33 them to put X number of dollars from my account to your account" - not in

01 legal tender but in what we called Alberta credit. That's all it does.  
02 It'll die there. It's not negotiable.

04 LS: Was this certificate to be available to everyone in the Province?

06 ECM: All citizens. The general discussion was I think, 18 to 21, not to  
07 children. But this of course didn't alter it; if you gave it to children  
08 too and reduced the amount or gave it to adults only, this didn't alter the  
09 principle. The general concept was that all adults were citizens.

11 LS: What if a citizen refused employment? Was it tied in at all with whether  
12 someone refused to work? Was it tied in in fact with whether someone  
13 supported the whole idea of Social Credit? Would they still be as eligible?

15 ECM: The latter one had no bearing on it. If it became the law of the Province  
16 it would be availble to all citizens whether they supported the concept of  
17 Social Credit or not. There was never any thought of that being a factor.

19 There was quite a lot of debate on the question of people who refused to  
20 take employment. This came about, as it still does today, with arguments  
21 about to what extent family allowances and unemployment insurance make  
22 people unwilling to work. Undoubtedly it has an impact. In the 30's the  
23 work ethic was a much more dominant factor, I'm afraid, than it is today.  
24 There was a much greater public belief in those days that if people had an  
25 opportunity to work, they had an obligation to work, not to expect the rest  
26 of the country to support them. It has become almost heresy to say that  
27 today.

29 I know Mr. Aberhart mentioned, in the manual or in other publications, when  
30 people raised the question, If because they get dividends, people refuse to  
31 work and as a result production is impaired, what are you going to do about  
32 that? His answer was, he didn't think it would happen. But if it  
33 happened, it was something that could quite easily be controlled because if

you had to, you could make the continuance of their dividend dependent on their taking work when work was available to them.

LS: Did he really think that it would not happen?

ECM: It would happen, but perhaps not to a significant extent. This is the same debate you have going on today. Many people today will argue that unemployment insurance has caused many people to refuse work. Personally, I think it has, that's my own belief. But I think the general opinion in Canada is that the percentage of people who refuse work because of unemployment insurance is probably very small.

Incidentally, I don't want to leave the wrong impression on what I call our excessive welfare state today. I think we've gone so far today that we have largely destroyed individual initiative and incentive. I think the country's the loser because of that.

We used to argue in the Depression times that with the advent of modern technology where more and more production is automated and done by machines rather than people, it wasn't vital that everybody worked from the standpoint of being able to produce all you need. In a modern factory, 100 men can produce more than 10,000 men could produce before the advent of the industrial age. And that you should recognize that in a sense those people, even if they're not working, are an asset as consumers. They are a market for the product which enables the man who wants to work to have a job.

Isn't it better to have the people work who want to work, because they're going to do a better job, they're going to be more effective in their work. If there's going to be a percentage that aren't going to work anyway, isn't it better perhaps to have the fellow that is traditionally lazy be the man who is out of work, and the man who's ambitious and wants to do something worthwhile doing the job. Provided that the amount that



the state assures to the fellow that won't work is merely what is required to look after the basic necessities, which you're going to look after anyway. He's going to end up on welfare and you're going to pay that anyway.

So why not be realistic about it, and say, if we have to have one person unemployed out of two and one's ambitious and anxious to work and the other's a lazy loafer, let's have the ambitious fellow have the job where he'll build up his income and make something of himself, and let the other fellow be content to get along with the bare necessities for clothing and shelter.

This was sort of an abstract argument, but it was used.

**LS:** You had mentioned at the beginning of the discussion that Social Credit was certainly a monetary policy, but that it was addressing itself to a lot of other things in terms of life within the Province. What did you mean by that? What other concerns did it have?

**ECM:** Speaking now in broader terms, the goal of the Social Credit philosophy of life and government was a free society in which the individual would have the maximum opportunity to develop himself in the manner in which he chose to develop. As long as you have economic conditions in which people are circumscribed by these conditions, there is no way that that theoretical freedom to develop themselves can be realized. It's nice to think you have the opportunity to build or acquire your own home, travel, and do a lot of things, but unless you have the wherewithal to do it, it's little more than an abstract right or privilege.

In the Depression years, obviously, the standard of living and the manner of life of a very large percentage, the majority of the people, was circumscribed, not by their willingness to work, not by their ambition, not by their skills, but purely by the economic conditions under which they

lived. They simply didn't have the money to do the things that they had the ambition and the skill and the willingness to do.

So Social Credit said, "It's no good talking in vague terms about individual terms to develop yourself culturally or any other way you want to do, as long as people are enslaved by economic conditions so that they cannot realize that freedom." The first thing you have to do is improve their economic conditions so that they have a chance of realizing these abstract rights and desires that you say they should have.

**LS:** At the same time, even while you are addressing yourself to what was obviously the priority - economic conditions - there must have been some thinking about what were some of the other things in order to enrich that person's life. Or at that time, was it strictly an economic concern?

**ECM:** The dominant concern in those days was economic. That didn't mean that there weren't a lot of people concerned about the cultural aspects of life. Certainly the educational field was one the Government was very concerned about. But I believe it would be factual to say that the attention and time devoted to the cultural realm was very limited, primarily because of the desperate economic conditions.

It's like a man that's drowning. Your first concern is to get him out of the water and get the water out of his lungs before you start telling him, "You can improve yourself culturally if you do the right things." He's interested in that, but first of all he wants to be saved from the water. This was about the condition the people were in.

**LS:** I'd like now to start looking at some of the specific legislation that the new Government passed, in trying to reach the objective of addressing itself to the economic conditions of the Province. I think the very first one to look at would be the Social Credit Measures Act of 1936. How did it attempt to implement the idea of Social Credit? What were its provisions?

01       **ECM:** Again, as a background we must keep in mind that when the Social Credit  
02       Government was elected what it has was an idea, a concept that something  
03       could be done in the way of monetary reform by monetizing within the  
04       Province the goods and resources of the Province, and financing consumption  
05       with that monetization in a way that would improve the economic  
06       conditions. All it had was that concept.

07  
08       Mr. Aberhart's hope (and he said this throughout the election campaign and  
09       followed it up immediately he was elected) had been that hopefully Major  
10       Douglas himself would come as a professional expert on developing the  
11       program of implementation of Social Credit. In fact, the night of the  
12       election he wired Major Douglas, "Victorious. When can you come?" The  
13       whole idea was to draw men like him, who purported to be technical experts  
14       in developing programs.

15  
16       The Social Credit Government didn't have a detailed step-by-step program  
17       for implementing Social Credit. It had, as I say, the broad concept, some  
18       pretty firm ideas of what it thought should be done, but subject to the  
19       advice particularly of Douglas.

20  
21       So the initial Social Credit legislation, and this was particularly true of  
22       the act that was passed in 1936, was very broad enabling legislation. It  
23       didn't spell out any detail. It simply authorized the Government to do  
24       such things as it deemed necessary to implement a program of Social Credit,  
25       and spelling out some of the goals such as the financing of consumption,  
26       the payment of dividends, and things of this kind. But it was not a  
27       statute that set out a program. It was what is called commonly in  
28       legislation, "enabling legislation".

29  
30       **LS:** There were a number of acts at that period of time, and I'm going to list  
31       two or three of them, that may have been more specific. Or you may say  
32       that they were indeed also enabling kinds of legislation. I'm thinking  
33       about the acts refunding the bonded indebtedness of the Province, of the  
34       Act to provide the people of Alberta with additional credit, the Act



respecting the interest payable on the securities of municipalities. Some of these sound like they're trying to be more specific. Were they? Were there any attempts, do you recall? Or were they also generally enabling legislation?

**ECM:** A number of those statutes you mention were only indirectly related to what would be referred to as the Social Credit program of the Province. They were designed more to try and come to grips with the immediate problems that were faced by municipalities. I don't recall off-hand the detail of those Acts, but they would be more along the line of providing probably bank guarantees, or orderly retirement of debt.

The whole area of debt legislation in both the public and private sector quite quickly reached the place where it became very specific in that you could go all the way to imposing a moratorium, which was done on some private debts and on public debt. When it was obvious that many people and even the municipalities and the Provincial Government itself would not be able to retire their indebtedness, unless they could keep on borrowing (which we could no longer do once the Social Credit Government was elected because it dried up the willingness of the financial institutions to lend money any more), then you had to face the problem of default, or temporary deferment of payments (which is a temporary form of default), and try to develop a program for the orderly retirement of these debts over an extended period of time.

I would stress that it was never the philosophy of the Social Credit Government to repudiate debt. I know they were accused of repudiating debt because they went into default and they cut the interest in half. But the very simple explanation of it was that you can't get blood out of a stone, and the money wasn't there. We could either pretend that we weren't going to do anything about it. When the day of redemption of the bond came due there was no money in the bank to pay it, so what did you do? You were forced into default anyway.

We tried to move a little ahead of that, and the cutting of interest rates was one endeavour to avoid default on principal. I don't know whether I mentioned to you before, but in the first Budget of the Province when the Social Credit Government was elected (the Budget for 1936) the total revenue of the Province was less than \$19 million, and approximately 50% or more was required for debt service charges. Which left the Government with maybe about \$9 million to finance all the services of Alberta at a time when a very high percentage of the people were on welfare and dependent upon government relief to get their food, clothing and shelter.

We'd have liked to have the interest reduction to be voluntary; we'd have liked to exchange high-interest bonds for low-interest bonds, but this proved impossible. So we cut it arbitrarily. Even in that case, in the end we corrected a great deal of that. We couldn't correct it for every individual because the bonds had changed hands. But in the ultimate refunding there was a very substantial adjustment made to pick up that deferred interest.

**LS:** I believe the Act that did that was the Provincial Securities Interest Act, reducing by approximately 1/2 the interest rates. That particular Act was allowed? What happened to it? Was it at any point disallowed?

**ECM:** I believe that Act was declared unconstitutional, if I recall correctly.

**LS:** I'm interested in how one would administer it. You mentioned that at some time later there was an attempt to correct the situation, not just paying 1/2 of the interest rate. This seems to involve a lot of administrative follow-through. Was all that machinery set up?

**ECM:** That's what I mean when I say that in the correction was made on the defaulted interest, when the entire Provincial debt was refunded (and that wasn't until 1944 or -45) there was no way of going back and ascertaining the original bond holders at the time of the reduction of interest rates. The adjustment was made on the holders of bonds at the date of the

01           refunding. And there was some criticism on that because undoubtedly some  
02           people had sold their bonds. But that was impossible. The default took  
03           place in 1937, and the refunding took place in 1944 or -45 so it was seven  
04           or eight years after. There was no way of knowing what transactions had  
05           taken place between people.

06  
07       **LS:** So even though the Act was declared unconstitutional at some point, the  
08           Government went ahead and paid only half-interest.

09  
10       **ECM:** Again it had no choice. The effect of the Act, legally, was to say that  
11           the Province didn't owe it. The result of the legislation being declared  
12           ultra vires was to say we did owe it. The Province said we didn't owe it,  
13           the Courts said we did owe it. We didn't quarrel with the Courts; we just  
14           said, "We haven't the money to pay it. We can't pay it." The net result  
15           to the bond-holder was exactly the same.

16  
17       **LS:** Another Act at that time was the Reduction and Settlement of Debts Act.  
18           That Act, I believe, talked about old and new debts. What was meant by  
19           that?

20  
21       **ECM:** Primarily this was mortgage indebtedness. It drew a distinction between  
22           debts incurred prior to a certain date, and ones incurred from the time of  
23           the legislation on. So that if people made loans in the light of what the  
24           legislative position was from that time on, that was one thing. The one  
25           part dealt with loans that had been made prior to the legislation in the  
26           earlier time.

27  
28           There were a number of pieces of legislation on that same subject. They  
29           ranged all the way from an outright moratorium on mortgage collections to  
30           what was called later the Orderly Payment of Debts Act, in conjunction with  
31           which we set up what was known as the Debt Adjustment Board. The Debt  
32           Adjustment Board would get the debtor and creditor together and try to work  
33           out a new basis of repayment acceptable to both. What this usually meant



01 was that the payment of the debt was spread out over a longer period of  
02 time, probably at a lower rate of interest.

04 There were a great many debts settled that way, voluntarily, because the  
05 creditor often took the position, "I'm not going to be able to collect from  
06 that man anyway. All I can do is foreclose." If he foreclosed, he  
07 wouldn't get his money. He could take possession of the property, but the  
08 possibility of selling the property under conditions as they were in those  
09 days for sufficient to recoup his loan was very doubtful.

11 So a great many accepted a voluntary settlement, and this quite involved a  
12 cancellation of quite a bit of unpaid interest because a majority of these  
13 debts would be in default on interest before they'd be in default on  
14 principle; perhaps a reduction in the interest rate; and an extension of  
15 the retirement period over a longer period of time with the intention of  
16 trying to get something that the debtor could live with and pay on regular  
17 installment payments. In that case, it was advantageous both to the debtor  
18 and the creditor.

20 **LS:** You mentioned that there was a Board set up to administer this?  
21

22 **ECM:** It was known as the Debt Adjustment Board, which was in operation for quite  
23 a number of years. The Board acted primarily as an arbitrator. It brought  
24 the two sides together; got the facts from the debtor - what was his  
25 income, what were his financial circumstances; and then endeavoured to work  
26 out a program for the retirement of that particular debt that they felt the  
27 debtor should be able to live with.

28  
29 Speaking from memory, I couldn't be specific on this, but it did enable the  
30 Board to bring quite strong pressure on debtors. It wasn't a thing for  
31 debtors that could pay to take advantage of to get out of paying their  
32 debt. The Board had certain discretionary of waiving the debt moratoriums  
33 of the day, if the person could pay and it was just a case of trying to  
34 take advantage of the situation.

01 LS: Do you recall when the Board was set up?

02  
03 ECM: I think it was about 1937 or '38.

04  
05 LS: How were appointments made to the Board?

06  
07 ECM: By the Lieutenant-Governor in Council. It was only a small Board, there  
08 was a Chairman and I think a couple of members, and the staff. The members  
09 were civil servants.

10  
11 LS: In the Special Session in '36 there was another Act, the Alberta Credit  
12 House Act. I'm interested in the provisions there. You've alluded to that  
13 earlier. Also something that was part of that legislation: the citizens  
14 were presented with covenants to sign - the people of the Province.

15  
16 ECM: The Credit House Act was an endeavour to implement what had been widely  
17 discussed in the election campaign: establishing what we called Alberta  
18 Credit Houses which later became Alberta Treasury Branches, at which the  
19 records would be kept. In other words, a person would have an account at  
20 the Credit House in Alberta Credit. He could obtain that either by making  
21 a deposit of currency and converting it into Alberta Credit, or hopefully  
22 it would accrue from his dividends as and when they were paid.

23  
24 Then in the settlement of accounts that he had, if he bought something he  
25 could give the merchant a non-negotiable certificate that authorized the  
26 Credit House to transfer from his account to the merchant's account. In  
27 other words, they were a form of bank, as far as a chequing service was  
28 concerned. They had no proposed powers beyond that.

29  
30 All this piece of legislation did was to authorize the Government to  
31 establish these Credit Houses. It again was a very broad enabling piece of  
32 legislation. It was done in preparation, in the hope of getting the whole  
33 Social Credit program into effect and having the Alberta Credit in  
34 operation.

01 LS: What were these covenants?

02  
03 ECM: The covenant was really an agreement, what you would call in the banking  
04 system a "depositor's agreement", under which the person using the Alberta  
05 credit undertook to accept it in payment for his debts up to -- there were  
06 some limitations on this. We recognized that this form of credit would be  
07 more limited in its use than legal tender or bank credit. But it was a  
08 covenant under which he undertook to accept this, he undertook not to  
09 convert it into currency except under certain conditions for certain  
10 purposes. In other words, to keep it as an internal medium of exchange  
11 within the Province.  
12

13 LS: Under what circumstances could he have converted it from credit to  
14 currency.  
15

16 ECM: Well, for example, a merchant who had to buy goods that came in from  
17 outside the Province. He obviously would have to pay for them in Canadian  
18 currency. There was provision made for that kind of thing. If a citizen  
19 of Alberta wanted to travel outside of the Province, he would need currency  
20 of the country. There was quite broad latitude for purposes of that kind.  
21 The whole idea was to get a voluntary system that would be strongly  
22 supported by reason of the advantages that we felt could accrue to the  
23 economy of the Province. But at the same time didn't impose unreasonable  
24 hardships on people by virtue of the fact that they'd cooperated to  
25 stimulate the economy this way, that they'd thereby put themselves in the  
26 position, if they wanted to go outside the Province, that they hadn't  
27 anything that could be used as currency outside of Alberta.  
28

29 LS: So the people putting together the legislation were trying to allow for  
30 that flexibility.  
31

32 ECM: Yes, it was quite flexible. As far as the merchants were concerned, of  
33 course, it was understood that there was no way merchants could accept  
34 Alberta credit for the sale of goods unless some provision was made for



01           them to pay for the goods imported into the Province. The importers  
02           certainly weren't going to take Alberta credit. In fact the credit was of  
03           no value outside the Province. It was purely a provincial mechanism for  
04           exchange.

05  
06       **LS:** Some of the other legislation at the time that ties in with this was of  
07           great interest. One of these is the Prosperity Certificates Act. It was  
08           passed in 1936. I'm interested to know what was the intention there.

09  
10       **ECM:** With the passage of time, and I guess even at that time, the Prosperity  
11           Certificate Program (which was a very limited program) has been regarded as  
12           almost an integral part of the Social Credit program. It really wasn't.  
13           It was a supplementary thing altogether.

14  
15           The Prosperity Certificates were stamped scrip. There was nothing new  
16           about stamped scrip. This had been used in various places in the States,  
17           in Canada, and elsewhere. All stamped scrip is, is a certificate with  
18           squares on the back to which stamps are attached. You sell these stamps  
19           separately, and a stamp has to be attached once a week, or once a month, to  
20           keep the Certificate valid. So you acquire a Certificate, perhaps as part  
21           payment for wages, and it's a blank Certificate, with blank squares on the  
22           back, each square dated. To be valid as an instrument of exchange, that  
23           square had to be stamped. If the date when you went to pass this on to  
24           somebody else was after the last square that had a stamp on it, it was  
25           invalid. So to transfer it, you put one of the stamps on it.

26  
27           To take a simple example, suppose the Certificate was for \$1.00 and it had  
28           room for fifty stamps, each stamp was 2¢. You bought the stamps, and each  
29           person put on a stamp when they made a transaction, assuming it was past  
30           the date when the stamp had to be attached. So at the end of a period,  
31           suppose it was a year, or 52 squares and one stamp had to be put on per  
32           week, at the end of the year there were 52 stamps on the back of the  
33           Certificate. And the people who'd bought those stamps had paid a dollar or

01 better for them, maybe with 52 stamps, \$1.04. The Certificate was only  
02 worth a dollar, so it was a self-liquidating scrip.

04 This was entirely a different thing than the concept of Social Credit which  
05 was the monetization of resources and then distributing that monetized  
06 credit. The reason for the Prosperity Certificates primarily was that we  
07 felt we could use them for some public works such as road building and  
08 things of this kind which were wholly within the Province. If they could  
09 be accepted in the local communities by merchants, really the people were  
10 paying for them in the form of tax because the stamps were the equivalent  
11 of a tax. They had a limited life and a limited use. There were quite a  
12 few miles of road built in Alberta with the old Prosperity Certificates.  
13 Of course in those days roads were built in the rural areas with farmers  
14 with their horses and scrapers, it was before the days of machinery ....

16 LS: So it was actually instituted and tried for a while.

18 ECM: That's right.

20 LS: The Edmonton Journal at that time reported that within a four-month period  
21 scrip with a face value of around \$248,000 had been issued. It also  
22 reported that Cabinet Ministers had been asked to accept scrip but they did  
23 not. Was that true?

25 ECM: I think we took some scrip; I think we used some scrip -- I'm not certain  
26 whether it was scrip. When the Alberta Credit came in, there was a  
27 percentage of salaries paid in it, to Ministers and civil servants. I  
28 don't remember on the scrip. I thought we did, but I could be wrong. Its  
29 use primarily was in the rural areas in things like building roads and  
30 public works.

32 LS: What happened to the program?

ECM: It was discontinued because it was a rather cumbersome thing. The certificates were awkward, having to put a stamp on them each week; by the time the year was half over, half the stamps had started to fall off; the little practical things. I don't remember the total volume issued, I doubt if it was more than a few hundred thousand dollars. The Province didn't lose any money on it. One of the interesting things was that quite a large number of these things were picked up by souvenir hunters, and they bought the Certificates and never turned them in for redemption.

LS: Were they generally accepted, or was there a hesitancy?

ECM: There was a hesitancy. For one thing, they weren't legal tender, so they were a second-best kind of money to have in your pocket. Number two, they were a nuisance because you had to stick these stamps on them. Number three, you had to buy stamps. It's true, if the person had kept the thing for a week he had a dollar Certificate with which he could buy a dollar of goods and it cost him maybe 2¢. It had some advantage to it, but they were kind of a cumbersome thing to have. They never had wide acceptance.

LS: Was the legislation in any way questioned?

ECM: No, I don't think anybody ever questioned the legality of it. This was not a new thing. Stamp scrip goes back for many, many years.

LS: Who was the Minister primarily responsible for it?

ECM: Mr. Maynard. He was a Minister Without Portfolio at that time, and this was one of the things Mr. Aberhart asked him to look after.

LS: So the idea would have come from Mr. Aberhart, not Mr. Maynard?

ECM: No, I believe - and I'm speaking from memory - that Mr. Maynard was one who recommended trying this experiment with stamp scrip. It wasn't a new idea, and you could get information on how it had worked elsewhere. He



01 recommended it. He was a lawyer, and later became Attorney General in my  
02 Government.

04 LS: Another act passed at the same time was a Retail Sales Tax Act. What were  
05 its provisions?

06  
07 ECM: It was a straight 2% sales tax on most consumer goods. There were some  
08 exceptions. It was one of the factors that led to what was known as the  
09 "Insurgency". We had not had a sales tax before, there weren't many sales  
10 taxes in those days.

11  
12 LS: How did it tie in with Social Credit?

13  
14 ECM: Oh, it had nothing to do with Social Credit. It again was part of this  
15 desperate financial situation. We didn't have enough money to pay the  
16 civil servants and provide the services; we had to get more revenue. There  
17 were increases made in corporation taxes, increases made in personal income  
18 taxes, and the 2% sales tax was imposed. It was all part of raising  
19 general revenue.

20  
21 LS: Was it in force for very long?

22  
23 ECM: No, it wasn't. It was one of the statutes that went into effect in early  
24 1937. Then in the later Session, when what was known as the Insurgency  
25 developed when the Budget was brought in, there was violent objection to  
26 this by both Members and the public. Then when the Social Credit Board was  
27 set up and the Board got Mr. Byrne and Mr. Powell as Douglas'  
28 representatives, they strongly recommended its repeal. In that Session  
29 when a lot of this legislation that came about from their recommendations  
30 was passed, it was repealed.

31  
32 LS: So it had a short life of maybe a year or something like that?

33  
34 ECM: Yes, not over a year I would think.

01  
02 **LS:** During that year though, was it in force? Was there a 2% sales tax in  
03 Alberta?  
04

05 **ECM:** Oh yes.  
06

07 **LS:** One final act that is of interest during this period of time was an Act  
08 providing for the recall of Members of the Legislative Assembly, which was  
09 passed in April of 1936. Why was that considered necessary?  
10

11 **ECM:** It again was the fulfillment of a promise that Mr. Aberhart had made in the  
12 election. This comes back to this concept of Social Credit's idea of  
13 government that I mentioned earlier, that government is responsible to give  
14 the people the results that they want from the management of their  
15 affairs. He had made a point in his educational work and in the election  
16 campaign that unfortunately, once governments were elected, if they didn't  
17 give the people the results they wanted there was nothing the people could  
18 do but wait for another election four or five years down the road. This  
19 was not the best situation; there should be some way of acting more  
20 quickly. And one way of doing that would be to have recall legislation.  
21 The people of a constituency (I think it required 2/3 of the registered  
22 voters, by petition) could recall their Member if they felt he was not  
23 giving the results they wanted from the management of their affairs.  
24

25 So this was implemented in keeping with that promise. It had an unhappy  
26 ending. In the bitter political situation that prevailed in those days,  
27 they organized a crusade to recall Mr. Aberhart himself.  
28

29 I don't know whether there's any purpose in recording this because the  
30 public would never accept it: The Act was repealed. It's true in the  
31 minds of many of the Members and certainly the public who got very  
32 exercised about it--the last thing they wanted was to see Mr. Aberhart  
33 recalled--so that undoubtedly influenced the judgment. But to be fair,  
34 that was only one of several reasons. One thing which had not been

01 anticipated, and I guess should have been anticipated when that kind of  
02 legislation was contemplated, was that the recall proceedings were an  
03 obvious organized campaign. Not the local people saying, "This is  
04 something we want to do" but the strong political opposition in the  
05 Province zeroed in on this riding where the Premier was the Member. This  
06 was an organized campaign -- we knew it, they knew it -- which was not the  
07 intent of the legislation. It was a nice theory that the local people  
08 would decide if they wanted to recall their Member, but we frankly hadn't  
09 contemplated an organized attack by Province-wide political opponents  
10 zeroing in on a particular riding. That was one thing.

11  
12 But perhaps even more serious than that (I know it bothered us a great deal  
13 at the time and it was, I think, the deciding factor in going ahead with  
14 the repeal) was the situation in which the repeal proceedings put a lot of  
15 the local people, particular merchants. What they did to get this petition  
16 was they would go around to a merchant and say, "We want to leave this  
17 petition in your store, so that everybody who comes in here we hope you  
18 will get to sign it." If the merchant was favourable to the Government and  
19 didn't want to do this, he was put in a very awkward position because they  
20 it was circulated around. He had to declare himself politically. And we  
21 had a lot of very unhappy situations. We had all kinds of letters from  
22 down in that countries. The merchants were dammed if they did, and dammed  
23 if they didn't, because on the other hand, if they took the petition and  
24 agreed to have it displayed in their store, then a fellow would come in who  
25 as a strong supporter of the Government and say, "You, letting that thing  
26 be in your store?" And if the fellow said yes, "Well, goodbye. You'll  
27 never see me in your store again." This was in our view most unfair to the  
28 merchants who were the innocent victims of the legislation.

29  
30 So it was a combination of all of those things.

31  
32 LS: That led to its repeal. You had mentioned that there was a lot of  
33 bitterness during this time. I think that it coincides with the statement  
34 that Mr. Aberhart had made earlier on where he asked for, or said that it



would take 18 months, to establish Social Credit within the Province. So that by February of 1937 his time was soon up. The new Budget that was introduced in the House at that time did not, apparently, address itself to the establishment of Social Credit. I think there were beginning to be some unhappy people.

It was interesting that apparently Mr. Aberhart announced that he was unable to redeem his election pledge to establish Social Credit within the 18-month period, on one of his Sunday broadcasts originally. Do you recall that?

**ECM:** Yes. It's rather vague, but I know that he did make that announcement or statement to the public.

**LS:** Why did he choose to make it during a broadcast as opposed to within the House, because the House was sitting at that time I believe, or to the Caucus. Was there any particular thought given to this, to announcing it out to the constituencies, rather than to the House first of all?

**ECM:** I think there are two factors that bear on that. In the first place, Mr. Aberhart's success in the whole election campaign stemmed from his close, direct contact with the public. He was close to the people themselves. This had come about largely through his radio ministry which of course antedated this thing for years. It started in 1925. They knew him. He talked to them for two hours every Sunday and talked about applied Christianity as well as purely the spiritual, religious aspect. So he discussed the conditions of the times, even before the Social Credit concept started at all. He had that direct personal contact with them.

Prior to the election, he and I had toured the Province for three years, each summer. He had established a very close contact that way. Within the year before the election he had had at least one, and much of the time two, half-hour weekly broadcasts direct to the people. This was tied in with their local study groups. He was very strong on that idea of direct contact.

01 In the Legislature, Mr. Aberhart spoke very, very little. And while people  
02 can argue against that, that there are responsibilities of leaders of  
03 Governments to do everything in the House, I think his feeling was that no  
04 matter what you said in the House, it was treated in the context of the  
05 strictly political partisan realm. Anybody who's been in the Legislature  
06 or Parliament, whatever you say, it doesn't matter, the Opposition says  
07 "Wrong" anyway. That's it. You go through that procedure, but you don't  
08 change any minds in the House. And his inclination was always to go  
09 directly to the people rather than talk in the Legislature.

10  
11 He could be faulted for that by those who feel that there's a certain  
12 requirement of doing everything in the House, but I think that was one of  
13 the reasons why he did this. Secondly, in his weekly Sunday talks, this  
14 wasn't any single instance. Almost every week he would have something to  
15 say about how things were going along and what he was trying to do on  
16 something. And this was not made as any profound pronouncement by itself.  
17 It was made in that context of keeping the people posted on how he was  
18 getting along, and simply saying, "I haven't been able to...."

19  
20 **LS:** Some writers have suggested that it was an attempt to subvert the  
21 Legislature. You're saying that you don't think so.

22  
23 **ECM:** No, I'm sure that wasn't his intention. I would have to concede that Mr.  
24 Aberhart's method of operation did not give the Legislature high priority  
25 as the place where you initiated all announcements on public affairs. He  
26 was more of the type that liked the idea of dealing directly with the  
27 people. He felt that in the House the Social Credit Members were  
28 supporters anyway, primarily. When they got into the Insurgency there were  
29 exceptions, of course, to this. And as far as the Opposition was concerned  
30 you weren't going to change a single mind anyway, so his attitude was, "Why  
31 bother?"

32  
33 **LS:** Did he discuss the fact that he was going to make this announcement or

01 include it in his radio broadcast, with you? Did discussions take place  
02 between the two of you?

04 **ECM:** Oh no, I don't think so. This for him was just the routine type of thing  
05 he did every week. It wasn't anything very new. Incidentally, when this  
06 18 months was announced, it was one of the mistakes, I feel, and I think he  
07 would have felt so later, probably a mistake that comes through  
08 inexperience, made by most people when they first start in the political  
09 realm. Date-fixing is a very, very questionable and I think rather unwise  
10 thing. You remember the famous Mike Pearson 100 Days. It illustrates how  
11 easy it is. What seems at the time to be quite a reasonable, logical  
12 thing, in the light of circumstances that develop turns out to be  
13 completely unrealistic.

14  
15 But, none of us had ever been in the House before, including Mr. Aberhart.  
16 He said, "In 18 months we should be able to do this." But once that period  
17 passed (and this bore on the recall), people said, "Well, the man himself  
18 said, 'If I can't put this in in 18 months you can recall me', so now let's  
19 take him at his word and do it." This was the campaign.

21 **LS:** Did you share Mr. Aberhart's views on the relationship with the  
22 Legislature?

24 **ECM:** Let's put it this way. I understood them. I knew why he felt as he did  
25 because I felt the same way myself.

27 **LS:** Why was that?

29 **ECM:** Well, I would like to attribute it to realism. But I tried, and of course  
30 conditions were evolving, and public interest and attitude towards  
31 Legislatures has undergone quite a change. I was more careful to keep the  
32 House informed ahead of time of things that I intended to do outside. I  
33 felt they were entitled to it, and I never questioned that. I was never  
34 impressed by the practical effect of it. There's a lot of truth (and you



can't use this in the Legislature because it can work against, and probably even erode, our whole Parliamentary system which is the last thing any of us should ever want to do) and common sense in the philosophy of the old fellow who said, "Never explain. Your friends don't need it and your enemies won't believe you anyway." In the House, your own Members don't need it, and the Opposition isn't going to believe what you say anyway. So if you look at it from that narrow viewpoint, a great deal of what you do in the House is of little practical value.

As against that, and this was the thing that weighed with me, the preservation of the rights of Parliament and Legislatures I think is important. I see this all the time in Ottawa. Members will get up and scream that the Prime Minister said something in a press conference he hadn't said in the House. And he's left open to criticism when he does that. On the other hand, to be fair, had he said it in the House it wouldn't have made one iota of difference; they'd have said exactly the same thing about it - it was no good anyway.

**LS:** I want to talk about that Insurgency of 1937. Were you, Mr. Aberhart, and other people in the Cabinet aware of a possible revolt prior to Mr. Blue's announcement in the middle of March 1937 that he wouldn't support a vote of money for the Government to carry on until the Government introduced Social Credit? Did you have any prior sense that there was going to be an "insurgency"?

**ECM:** We didn't know the extent or the exact form it would take. We knew that the dissatisfaction and unrest were there because this type of thing was debated vehemently in the Caucus long before it ever arose in the House. It wasn't any surprise in the House. We didn't know when some Member would want to make a public issue of it in the House, but we knew the concern and the feeling of the Members.

**LS:** Did you feel at any point that the Government was in danger of falling during the Insurgency?

ECM: There were some situations where that possibility was recognized. I think, in fairness to the Insurgents, it could be said that I don't think they wanted to defeat the Government.

LS: What did they want?

ECM: I really think the crux of the problem was that they had all gone through the Movement and the election with great enthusiasm that here was the Answer. Now we've got a Government that's going to bring about radical, fundamental changes in the monetary system. They carried that enthusiasm right on past the election, naturally. So did the Government. Except that the Government had to deal with the day to day obstacles in the way of doing the things that we wanted to do. It would be completely unfair to say that Mr. Aberhart or any of the rest of us in the Government were any less anxious to do what we had said we wanted to do, or were any less committed and dedicated to it. But we had to face the day to day practical realities of doing it.

The private Member was not in that position. While you could tell him of the obstacles, it's a very different thing than being responsible for finding the answers and doing the things. As a result you had three groups develop:

One was the Government, still as firmly committed as ever to what it was elected to do, but realizing more every day that the practical obstacles in the way of achieving it were tremendous and seemed to be increasing rather than diminishing. Everything we did, either the legislation was disallowed or you ran out of money, there was just problem after problem. That was the Government.

You had another group that had a deep and genuine understanding of that, among the Private Members. Disappointed, but they could see the problems.

01 Then you had the third group which became what was known as the Insurgency  
02 group, who couldn't see it. At least, if they could, they couldn't see it  
03 clearly enough and they felt that the Government still should be doing  
04 something more than what it was doing.

05  
06 In a sense, I suppose it was rather a natural development when you consider  
07 that this whole group was so strongly committed to a certain course of  
08 action. There were a few, I'm sure, among the insurgents, who felt that  
09 Mr. Aberhart and the men around him were not really doing all they could  
10 do. Some of them would even go as far, probably, as saying, "I think  
11 they've deserted the principles they were elected for." Some undoubtedly  
12 felt that, but very few. There were a few among them that had personal  
13 ambitions. I don't think that could be denied. They would have been happy  
14 to see Mr. Aberhart out, and themselves have control of the Government.  
15 They didn't want the Government defeated; they just wanted him and the  
16 Cabinet out. I think there would be very few who wanted to see the  
17 Government defeated. A number wouldn't have been unhappy to see the  
18 Premier and a number if not all of the Cabinet replaced by others, but they  
19 wouldn't go as far as forcing a defeat of the Government in the House,  
20 which would mean an election.

21  
22 LS: Who were the Insurgents? Do you recall who some of them were?

23  
24 ECM: Yes, but quite honestly, I'd rather leave their names out of it. I think  
25 it's a principle, many of them are still living. Some of them were  
26 completely misguided; some of them were caught up in the cause when one or  
27 two rather radical ones raised the issue in the House.

28  
29 LS: After, say, a year passed, did most of them continue to believe in Social  
30 Credit and work with the Government?

31  
32 ECM: Most of them did, yes. Long after all the Insurgency had died down, many  
33 of them were still Members and supporters of the Government. There were a  
34 number that went out. There were two or three that were read out of the



Caucus and sat as Independents. Most of those were either defeated or dropped out later on.

LS: What was the effect on the Cabinet?

ECM: It was a very, very difficult time. It was particularly hard on Mr. Aberhart for several reasons. Mr. Aberhart was a man of very deep convictions, and he believed in what he was proposing very, very deeply. He wasn't a man who showed his hurt outside, but I knew him well enough to know how he felt inside, and probably there wasn't anything that hurt him more (and I think this shortened his life, quite frankly) than the idea that people he had worked with and for, and placed confidence in, and urged in many cases to become Members, and worked to get them elected as Members, would turn around and say that he was selling out the people, that he didn't intend to do what he's said he would do. This, I think, was the cruelest thing of all from the standpoint of what he would feel.

LS: Did he try to talk to them at all? Or would that not have been his style?

ECM: He would try in the Caucuses. I don't know whether he talked to individuals or not. He tried hard to explain to the Members the problems the Government was up against. But Mr. Aberhart was a very strong personality, and while he had a great sense of fairness - he wouldn't accuse somebody or be critical or somebody unless he was sure that they'd been told what the score was and weren't acting under a misapprehension - beyond that point he would dig his heels in and say, "Alright, if you want to fight, we'll do it that way."

LS: Do you think the people in that Insurgency group understood the hurt that they had created?

ECM: I think some of them undoubtedly must have sensed it. But I doubt if a lot of them understood it. It was done in heat and passion and that's when you usually hurt people, under conditions of that kind.

01 LS: What about the rest of the Cabinet? What about yourself?

02  
03 ECM: I felt it very, very deeply for two reasons. One, that I knew the efforts  
04 we were making, I knew our attitude as a group, and I knew the attitude of  
05 those who felt that we weren't doing our best was wrong. And I felt for  
06 Mr. Aberhart, because I was pretty close to him. I did miss a part of the  
07 brunt of it because I took ill at the time and was away when quite a bit of  
08 this developed - the early period of the Insurgency.

09  
10 LS: How did other members of the Cabinet react?

11  
12 ECM: Of course, the Cabinet was divided, not necessarily over the Insurgency.  
13 Of the original Cabinet of six, Mr. Ross dropped out quite early (he was  
14 Minister of Mines and Minerals) over other disagreements altogether,  
15 nothing to do with the Insurgency. Mr. Chant, the Minister of Agriculture,  
16 was asked to resign over disagreements that had very little to do with what  
17 the Insurgents were interested in. Mr. Aberhart had asked Mr. Cockcroft  
18 for his resignation at the Treasury, and that again was before the  
19 Insurgency actually got going. Mr. Low was Treasurer at the time it was  
20 going. Mr. Hugill went out about the same time as Attorney General, over  
21 disagreement over whether legislation was or wasn't constitutional. So  
22 four of the six had gone. There were new men that had replaced them, and  
23 Mr. Aberhart and I were the only two of the original six left by that time.

24  
25 LS: So they didn't carry along with them that earlier experience.

26  
27 ECM: No. Oh, there was another who came in at the beginning and was still  
28 there, Mr. Fallow. Mr. Tanner had come in quite early, when Mr. Ross  
29 left. He'd been Speaker up to that time.

30  
31 The Cabinet at the time of the Insurgency was quite united.  
32

LS: You mentioned there were some times when there was some thought that perhaps the Government would fall, or be forced to resign. What were those times?

ECM: Well, for example, the Budget which was deferred for 90 days. Had the Government pushed a vote on that Budget, I think it's probable that they would have defeated the motion. The crisis didn't arise because this other procedure was worked out - the legislation setting up the Board - and the Budget was deferred. But had the Government not done that, and insisted on a vote on the Budget, I don't know, but it would have been quite a probability that we would have been defeated.

LS: In April of '37 the Alberta Social Credit Act established the Social Credit Board. What was the Board intended to do?

ECM: In a sense, the Act assigned to the Board the major responsibility for developing a program of Social Credit for implementation by the Government.

LS: Was it strictly in reaction to the Insurgency movement?

ECM: I'd rather put it this way. I don't think that legislation would have been enacted, in fact I'm sure it wouldn't have been enacted had it not been for the Insurgency movement. On the other hand, it wasn't just a retaliation.

Coming back to what we discussed earlier. Our belief in the Cabinet was that a number of the private Members who were active in the Insurgency didn't understand the practical problems of implementation that we were faced with as a Cabinet. And this was one way of giving them a firsthand opportunity to experience this for themselves. Really the Board became a sort of miniature Cabinet to deal exclusively with the developing of legislation and programs strictly in the implementation of the Social Credit end. We'd carry on all the operation of the Province and other affairs, but it was limited to that. And that's where the problem was.



The hassles in the Insurgency had nothing to do with the general administration of the Province, other than things like the sales tax and the tax increases which were needed for the other, and which were related to the Social Credit thing in that their position was, "If you bring in a Social Credit Government and create this Alberta Credit that you're talking about and use it to pay your bills, you wouldn't need to raise taxes." So there was a connection.

The legislation was really a very practical piece of legislation under the circumstances. It set up a new group from among the private Members. It was made up largely of those who had been very active Insurgents.

LS: Whose decision was that?

ECM: I think the Government recommended members. It was discussed with the Caucus, and concurred in by the Caucus. They were men who were leaders of the Insurgency. So the rank and file of the insurgents said, "Alright, you fellows have been saying the Government isn't going fast enough or doing what it could do. You must know how to do it yourself, or you couldn't say that, so you're the men to be on the Board." It wasn't said in that way, but that's what it added up to. And it was a very practical step under the circumstances.

The Chairman of the Board was a man by the name of Mr. MacLachlan, and there were several members who had been active insurgents and one or two who hadn't. There were about five or six members.

LS: I'd like to continue and discuss some of the early working of the Board, but I think we should end here.