

01 Mr. E. C. Manning

02 Interview #15

03 July 11, 1980

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37 to the States.

01 The Canadian interest is that this will provide an immediate market for  
02 surplus gas in Alberta. At the present time we have a very large supply of  
03 surplus gas, with hundreds of gas wells which are capped in Alberta today,  
04 not producing anything. The number of these capped wells is reaching the  
05 place now where it's impairing exploration and development. With the cost  
06 of drilling today, companies can't afford to go on drilling hundreds of  
07 wells just to put a cap on top of them when they're finished, with no  
08 returns on the investment put into drilling them.

09  
10 The National Energy Board has held hearings and decided that there is a  
11 substantial quantity of Alberta gas surplus to Canadian requirements, and  
12 they have authorized the export of this gas. The gas is there, and it  
13 can't be moved until there is a pipeline system to take it to the States.  
14 So the idea is to pre-build a part of the Alaska pipeline and use it to  
15 move this Alberta gas to the States, while the main line is being built.

16  
17 When this pre-build proposal was made, the Canadian Government in their  
18 legislation with respect to the Alaska Pipeline, set out some very rigid  
19 conditions on which they would approve the pre-build section of the line.  
20 The main one of those conditions was that the Americans had to satisfy the  
21 Canadian Government that the total project was going to be built. In other  
22 words, they would not approve the pre-build portion until they had complete  
23 assurance that the total gas pipeline from Alaska would be built.  
24 Otherwise you would end up with a pipeline that would have no purpose  
25 except to move Alberta gas to the United States market, and that isn't the  
26 purpose of the Alaska Pipeline at all. It's to move American gas to the  
27 American market.

28  
29 There has been a lot of discussion between Canada and the United States on  
30 getting these assurances that the line is going to be built. It involves  
31 two things: One, of course, the necessary government authorizations from  
32 Washington and the States that are affected. And two - and an even more  
33 serious one because of the size of it - an assurance that the capital can  
34 be raised. This things is going to cost \$23 billion, which is a lot of  
35 money.

36



As of now, I think it can correctly be said, there is still no firm commitment or guarantee with respect to the funds. The producers, the marketing companies, the gas companies, all the various entities involved in the States, have been involved in this very heavily now for a long time, and they've all said they want to build it, they need to build it, it's important and necessary that it be built, and so on. But the money isn't in the bank, and there are no signatures on the bottom line as far as the \$23 billion is concerned.

The sponsors of the Canadian section of this, Foothills, have advised the Federal Government that they must have an immediate decision or they're going to lose at least a year's construction. Not only that, if the thing is delayed another year, this will add at least another \$1 billion to this Canadian part of the project, which gets the costs up to the place where the economics become questionable.

In fairness to the Canadian Government, the delay on this thing has been in the United States. That's where they have to put together the financing program, that's where the money has to be raised, that's where the government authorizations have to be given. The Canadian people have been down to Washington two or three times in the last six weeks, and have had consultations with the people in Washington. And within the last ten days, resolutions have been passed by both Houses of Congress in Washington, committing the American Government to its full endorsement of this Alaska Pipeline Project, declaring that it's an integral part of their energy program. They are asking the Canadian Government to accept those resolutions as a firm assurance that the total project is going to be built.

Of course, it's a very strong endorsement, when you have a formal resolution of the two Houses of Congress. But again, it still doesn't put the dollars in the bank.

Ottawa want to get the pre-build under way; they're anxious to build it. They are backing away from the original position of requiring that the financing be all in place as well as the government authorizations. And



the emphasis now is being put on the fact that the government authorities in the United States, right up to resolutions in the two Houses of Congress, have endorsed and supported this. And that should be accepted as an adequate undertaking that the line is going to be build.

The Opposition Members in the House have been debating this. It has come up in Question Period every day for the last month, almost. They are charging, of course, that this is a departure from what the Canadian Government had said would be required. And they're even raising the question whether this is something that should require an amendment to the legislation, the Pipeline Act, which had this very firm provision that the financing would be in place before they would give approval for the pre-build.

Last week the Minister of State for Economic Development (who is Senator Olsen) made a couple of announcements in the Senate regarding the meeting that they had in Washington - that the resolutions had been passed, and it looked as though the thing had reached that stage where they could pretty well agree that there was adequate assurance.

During the past week, an announcement came out from Washington that the Canadian Government had given the green light to the project. When this was raised the next day in Question Period in the House of Commons, the Minister of Energy said, No, they still hadn't given the final approval. They were still asking for further assurances on the financing end of it.

My understanding in Ottawa is that the Federal Cabinet is split down the middle on this. Some of them are annoyed at the United States over problems they've had in ironing out the fishing agreements on the East Coast, and they say, "Why should we go ahead with this before we get what we feel we're entitled to on these other matters?" They're sort of mixing several things up together. Others are very anxious to see it approved.

But as of now, just this morning I heard a radio news announcement that the Minister of Energy had still said that they wanted further information, and

that he was asking the Foothills groups to extend the deadline from Tuesday of next week, to give them more time to get this firmer assurance from the United States.

So that's where the matter seems to stand at the present time. The Canadian Government is giving the impression that they feel this thing is going ahead. But their statements stop just short of saying that all of the requirements that they'd asked for before are in place. And this is particularly true of the actual dollars in the bank. The Americans, on the other hand, have made the statement that it has been approved, which would seem to be premature, in the light of the statement made by the Energy Minister.

Just to comment on the importance of this to Canada and Alberta: There are two major advantages to the pre-build and gas export as I see it. First, one of Canada's most serious problems today is the balance of payments problem. As I understand the figures that have been talked about, the total value of the gas from Alberta that would be exported through the pre-build section over the life of the agreement would be around \$17-18 billion.

That would be the generation of that amount of U.S. funds, which would go a long way toward helping to ease Canada's desperate balance of payments problem. And we have to remember, in the balance of payments problem, the indirect effects of that touch every Canadian. It has a bearing on the value of our currency. And while individual people may seem very remote from questions of balance of payments, really they are the ones that are paying the price for this very serious balance of payments problem. So it is in the national interest to get that squared away.

Secondly, as I've said before, the amount of gas shut-in in Alberta, for lack of a market, has reached the place now where it is impairing the exploration and development incentives. And this in turn has a bearing on Canada's whole hope of becoming energy self-sufficient. The exploration and development of gas is very closely interrelated with the exploration and development for oil. Often when you're drilling for oil you get gas.

The two things cannot be completely separated. So anything that slows down exploration in Western Canada is counter-productive to the stated goal of the Federal Government of oil self-sufficiency.

For those two reasons, plus the fact of the jobs created by the construction of the line, and the side-benefits such as the production of steel and the employment that that gives to firms in the east, it's a thing that affects the whole country. Those are the benefits.

On the other side, I think you would have to say at this stage, there is still not an absolute commitment that the \$23 billion are in the bank, or committed for, to insure the financing of the line. So the Federal Government is torn between those two things - wanting to get the project going on the one hand, being under strong pressure from the Foothills group that they must know immediately - and on the other hand the knowledge that they still have not got the firm assurances of the financing of the total project which they have made a condition of the pre-build.

**LS:** One question on financing. That's no public money, in the sense of Government money, is it?

**ECM:** No, this is supposed to be entirely financed in the private sector. The American Government has repeatedly said that they would not put money into it, and that they would not guarantee it. I know there have been a lot of questions asked in Ottawa in the last three weeks to know if there's any softening of the American Government position on the matter of guarantees.

I don't think anybody's suggesting they put any money into it, but the question has been raised in the States, as well as in Canada, that to get some of this money may require some form of American Government guarantees. As of now, the official position of the American Government is "no money, no guarantees". It's got to be done entirely in the private sector.

And of course, in Canada there's no public money involved.



LS: Any guesses as to what's going to happen, by Tuesday or Wednesday?

ECM: It looks to me, because of the shortage of time, that if it's going to be approved within the present deadline that's been given by Foothills (Tuesday of next week) then Ottawa has got to accept these lesser assurances as being satisfactory. I can see no possibility of the dollars issue being resolved that quickly. So the decision the Cabinet in Ottawa has to make is, Are they prepared to accept these government assurances of support for the project as satisfactory in lieu of actual proof that the money has been committed.

If they decide that they can do that, then they can give the approval and the thing can be moved ahead. They'll certainly be criticized by some for doing that, but they'll be praised by others because of the desire to see the line built.

If on the other hand they decided that they must have more firm commitments on the dollars end of it, then they're certainly not going to meet the Tuesday deadline. And whether Foothills can have this delayed any further and do anything this season, is very debatable. That's something that only they would know. If they can't, which is their position as of now, then the whole thing at least is shelved for a year, and that has the serious implications of adding at least another billion dollars to the cost.

LS: The Journal article quoted Lalonde as being very firm that he wouldn't open this up in terms of an Amendment to the Act, that it was in fact very definitely a Cabinet decision. Is that the way you see it?

ECM: The Act that they refer to gives the Cabinet certain powers, which is common in Acts of this kind. The question under debate is whether in a matter of this magnitude it should be done by an Order-in-Council or whether it should be spelled out as a condition. The Act does spell out conditions now. It's not inconsistent with the legislation, if you're going to make a change in the conditions to make a change in the Act, because the Act spelled out the conditions to start with.

I don't think Lalonde will open up the Act, in fact I'm sure he won't. Parliament's expecting to adjourn by the end of next week, and they're certainly not going to open that Act, which would invite a debate of at least six weeks.

**LS:** One related question. The Blair family has been in Alberta for a long time. Robert Blair's father was active in the same area. Did you have any dealings with that family? Do you know them?

**ECM:** Oh yes. Robert Blair's father, Syd Blair, was for years the head of Bechtel Corporation in Canada. And long before that, he did for us as a Government, years ago, the first major study of the economic viability of developing the tar sands. The Blair Report, it was known as. That was Robert Blair's father; he was a very, very capable man. He did this work for us back in the 50's, and that became the basis on which our initial program was developed for the first commercial development of the oil sands - the ground work for the regulations with respect to the Great Canadian Oil Sands plant.

**LS:** The Foothills package, as I recall the news coverage of it when it was first announced, was quite extraordinary, was it not? Or was that again just a media thing?

**ECM:** No, I don't think there was anything that extraordinary about it. It attracted quite a bit of attention.

When the interest developed in the moving of Alaska gas south of the 49th Parallel, the Canadian interest was twofold. One, if that gas was going to be moved, it was going to be moved in one of two ways. First, by taking it by pipeline across Alaska to the Pacific, converting the gas into liquid form, bringing it by tanker down the West Coast (and this was a firm proposa, with all the engineering and everything done on it), and then converting it back to gas and putting it into pipelines on the Pacific Coast and pushing it inland. Canada's major concern about that was the traffic of the tankers up the coast of B.C., because of the dangers of spills and pollution.

Canada favoured moving the gas by pipeline rather than tankers, and pushed for the line to come down through Canada. But at the same time there was a lot of interest of course in the volumes of Canadian gas that were being generated up in the Arctic Islands and the Mackenzie Valley Basin where there was a lot of exploration going on for oil. They were finding gas along with it.

So originally there were two major proposals before the National Energy Board. One was the project called the Mackenzie Valley Pipeline, which was sponsored by a group of oil companies headquartered in Toronto. And they proposed to bring the pipeline down the Mackenzie Valley. Then Mr. Blair's group proposed an alternate route altogether, with the Dempster connection - the line from Alaska and the Dempster connection. And that was the one that was approved by the National Energy Board. Then they put Foothills together for the financing of it.

Both oil and gas were involved in this thing. The Canadian line was more interested in bringing oil down the Mackenzie Valley, but if you're going to build an oil pipeline, you can build a gas pipeline along with it. So these two things are related. That's what led to the setting up of the Berger Commission, which went all over the area up there, and their recommendation was that the whole thing be frozen for ten years, on the grounds of environmental impacts and native land claims.

LS: We'll leave that for now. I'd like to refer to another thing, because it goes full circle. Back in 1942, the year we're going to talk about today, there were issues discussed in the House, by Fallow, of Federal assistance for development of northern projects. He was especially referring, I think, to road building, but he also was talking about federal assistance for work around Fort McMurray. I find the reference confusing in 1942.

The Edmonton Bulletin (February 26, 1942) says that Fallow was critical of the operation of a Federal dredge in Fort McMurray, and in general critical of Federal Government non-assistance to the Province of Alberta for developing roads, and other projects in the North. What was that all about?



**ECM:** Even in those early years, there was a lot of interest in Northern development. It was generally felt that there was a wealth of mineral resources in the Northwest Territories and the northern end of Alberta. But the country up there wasn't developed at all in those days. There was practically nothing in the way of roads, and most of the access to the North was by pontoon planes landing on the lakes. That was the common way of travel into that part of the country.

Mr. Fallow was very interested in the idea of northern development, in Alberta and of course on into the Territories. But it was really too costly for the Province to take on in those days. We didn't have money to build the roads in the southern parts, where there were people. He was anxious to get Federal aid for northern development, on the grounds that the Territories were on beyond Alberta, and this whole area had potential for Canada, apart from the Alberta end of it.

It was a hope, but it didn't generate much in the way of results. But Alberta simply wasn't in a position to put up the kind of money needed to put roads into those areas for resource development.

It was rather interesting that years later this became one of Mr. Diefenbaker's big things - Roads to Resources - the vision of the North.

**LS:** What is this reference to a Federal dredge in Fort McMurray? What would that be doing?

**ECM:** I really don't know what they would be doing up there. Whether he's talking about some work they were doing on the river? I don't recall.

**LS:** One other thing. There were some references to the Rowell-Sirois Conference back in January of 1941. Mr. Fallow is saying that the Prime Minister said to Mr. Aberhart at one point, "Yes, we're interested, and we understand that Alberta is interested in extending its northern boundaries, or that the North has to be developed." But there was some implication, at least in the newspaper coverage, that the Prime Minister said, "You people weren't too cooperative on the Commission and the recommendations of the

Commission." Mr. Fallow seemed to imply that it was because of that that they weren't getting any Federal assistance in the North. What's the issue there?

**ECM:** I think you have to regard that as the normal situation that arises where there's controversy between two levels of government. Once you get that controversy, whatever the one government does, the other one can very easily see an ulterior motive in it. Whether you could pin these things down to having any factual base is very difficult.

Certainly there had been real confrontation between Alberta and Ottawa over the Rowell-Sirois Commission. Alberta had rejected the Commission and refused to appear before it. And this was resented in Ottawa. On the other hand, Alberta and some of the other Provinces resented what they felt was the Federal motive behind the Rowell-Sirois Commission. So it didn't make for the best of relations between them.

Under those circumstances, if Ottawa wouldn't do something that the Province felt they should do, they would say, "Probably that's why they're not doing it." And Ottawa the same way. They would say, "If you didn't cooperate with us, what do you expect?"

You have to discount those statements very significantly.

**LS:** Was Ottawa assisting other Provinces with this kind of development? Was the Alberta experience unique?

**ECM:** Well, it was unique in the sense that this was a frontier area. In the more highly developed areas, for example mining in Ontario and Quebec, there was much more activity, and there was undoubtedly some Federal involvement because of the generated revenue and everything else. It was a different situation. This was a frontier area where there was practically no development, so it really wasn't comparable. Certainly they would be doing certain things in the developed areas that were not being done out here because we were not developed. Whether they should go into the undeveloped areas was in a sense a separate question, and one which they

were not prepared to respond to at that time.

LS: I'd like to move on now to a couple of issues that were mentioned in the newspaper publications of the time, and then move into some specific legislation.

The Edmonton Bulletin (February 10, 1942) refers to Opposition criticism of the Government of Alberta's War effort. Was there an issue there at that time? What was Alberta's stance vis-a-vis the War effort and the buying of bonds?

ECM: Alberta was a 100% backer of the War effort. I think the basis of that criticism - and this is only an assumption; I couldn't give it as a hard and fast statement - was that in the mobilization of manpower, industry, and everything else, Mr. Aberhart quite frequently in public statements said, "We're all for that, but we want total mobilization. We want the mobilization of wealth, money, and finance, along with the mobilization of men and resources." And that was criticized occasionally. "What do you mean by mobilization of wealth?"

His point was that he didn't feel the financial institutions, or anybody, should get rich out of a War effort where others were asked to give everything. If we're going to give it, let's give it, 100%. But let's all do it - banks, mortgage companies, everybody - not just the fellows that were offering their lives, or the little industries that were being taken over to produce war products instead of what they were set up to produce.

That was the basis of that kind of criticism. It was very unfounded and unjustified.

LS: A second point, dealing with Treasury Branches. Apparently there was criticism of the loaning policy of the Treasury Branches. I raise this because I'm confused about a comment that is attributed to you, "The Treasury Branches don't create credit in the same way that banks do." Can you clarify that?



**ECM:** Yes. The Treasury Branches were not chartered banks. A bank is required to deposit (now with the Bank of Canada since it's become the central bank) certain reserves. And on the basis of those reserves, they can expand the volume of credit that they lend out. I think the ratio at the present time is roughly 10%. In other words, if they had \$1 million on deposit, they could loan \$10 million in their commercial business. When a bank creates a loan, it doesn't go over and take somebody's money out of the vault and hand it to the other fellow. It creates a passbook entry on which the person or the company can issue cheques. The ratio is roughly 10-1 for banks.

The Treasury Branches could not do that, because they were not banks. If a Treasury Branch had \$1 million in deposits, they could loan that \$1 million, but they couldn't loan \$10 million. That was the difference between the Treasury Branch and a bank.

**LS:** Part of the criticism there, too, was the interest rates that the Treasury Branch was charging. Your reply to that was basically Yes, 6% was being charged on 22% of the funds, and then different rates at different.... What was that all about?

**ECM:** That was largely political criticism. The Opposition argued that since the Government had set up this system of Treasury Branches that was supposed to be beneficial to the people as compared with doing business with the banks, one way they could be beneficial was to lend out their money at a lower rate than the banks.

That was not the policy position of the Government or the Treasury Branches. We weren't there to under-cut the bank rates of interest in general loans. We had overhead, and we didn't have the advantages the banks had on this very point mentioned earlier. We were restricted to loaning out such portion of the deposit in the Treasury Branch as could properly be put into loans. And that could only be a portion of deposits. Whether it's a bank or a Treasury Branch, you always have to maintain sufficient liquidity to pay out cash to anybody that comes in and wants it.

If the Treasury Branch took in \$1 million, they would have to keep probably 20-25% of that in cash or some form that could be immediately liquidated, in order to meet the fluctuation of day-to-day cash requirements. So that left them probably 70-75% to loan out. We didn't feel that it was sound policy to reduce our interest rates under the normal lending rates of other institutions.

There were certain categories, and that's the last part of your question. I don't recall all of those categories now, but there were certain categories where there were rates under what was considered the standard rate. But the standard rates were approximately the same as the bank.

**LS:** One other small point that was raised in the newspapers at the time was that the Government of Alberta had opened trade offices in the East, I believe one in Toronto and one in Ottawa. That would have fallen under your Ministry, I believe. When were they established? and, Why were they established?

**ECM:** The trade office in Toronto was opened under the Farmers' Government, before we were in office. It was opened primarily in an endeavor to sell Alberta coal in eastern markets. Coal was a big business in Western Canada in those days. Before the days of gas, the big market for coal for domestic heating purposes and for industrial purposes (and of course the railways, which were great consumers of coal because the locomotives burned coal in those days) was in Ontario. Alberta had tried, going back to the Farmers' Government, to get into that market. That was the main reason they had opened this trade office in Toronto.

We closed that office, or rather moved it to Ottawa. The reason for the move was (1) that any activities we could do in the trade area we could do just as well from Ottawa as Toronto. It was Ontario, not just the Toronto region. And (2) that an office in Ottawa could deal with many matters other than trade matters. It could be a centre to deal with all Federal departments, rather than having people running down from Edmonton to Ottawa to deal with those matters. That office is still in Ottawa today.

01 LS: Is it now, or was it then, intended as a basis for lobbying for Alberta  
02 interests?

03  
04 ECM: No, I wouldn't say that. The philosophy of lobbying really was not in the  
05 picture in those days - anything like what has happened in the last 25  
06 years. This of course has reached its apex in the United States where you  
07 have professional lobbyists. We haven't had that type of thing in Canada.  
08 90% of the Ottawa office's contact with the Federal couldn't be referred to  
09 as lobbying.

10  
11 If some matter would come up in Edmonton that involved seeing or dealing  
12 with a Federal official, instead of sending somebody down, we would simply  
13 contact our Commissioner in Ottawa, and ask him to "Go over to  
14 such-and-such a department and see so-and-so, and here are the  
15 particulars. Get it worked out." You could hardly call it lobbying. It  
16 was just a matter of the normal dealings between Federal Departments and  
17 Provincial ones.

18  
19 Lobbying, particularly in the American connotation, is more lobbying of the  
20 political policy decision-makers. This had nothing to do with that. It  
21 was within the administrative end.

22  
23 LS: I'd like to look at some of the specific legislation in 1942, starting with  
24 the Bill to Amend the Alberta Marketing Act, which would have been  
25 something you would have introduced?

26  
27 ECM: Yes. This was an Amendment to the Act that went through only about a year  
28 or two before. Really there's very little in this Act except that it  
29 authorized the Government to create branches or agencies of the Provincial  
30 Marketing Board which was established under the former Act. It also  
31 authorized them to acquire, to purchase, to lease, or to sell real  
32 property. This was because they were moving into the field of handling  
33 some commodities, and they had to have outlets to deal with them.

34  
35 It also listed that they were authorized to engage in various businesses.  
36 The powers given to them were much broader than were ever used. For



example, the provision in this Act as far as the businesses into which the Marketing Board could enter if it decided to, included manufacturing, producing, processing, handling, distribution, very broad. Very few of those powers were ever used. It was an enabling act.

LS: But it is interesting - a Government agency having those vis-a-vis the private sector. Or is that not an issue there?

ECM: It is an issue. Looking back over the years, and doing it all over again, I doubt that we would have gone into that field. It was an encroachment of Government into the private sector.

You have to see all these events in the light of two things: One, we were still suffering the adverse effects of the Depression years. And, we were at War. We were in very abnormal conditions. We felt some of those conditions could be alleviated by an agency of government being in that field. I think there were valid reasons for those conclusions. The overall impact the advantages that accrued from that type of agency as compared with the disadvantages of government encroachment into what is really the private sector - that's the debatable point.

In retrospect, I doubt that we would do it over again. I've certainly come to appreciate more and more as the years go by, the disadvantages of government's becoming involved in areas that the private sector can handle, unless there's some overwhelming, compelling reason for doing it.

LS: The next pieces of legislation involved taxation. One of them is an earlier piece of legislation. I'd like to just list them, and have you talk about the provisions, and the issues around them.

One is an Act to Authorize the Levying of a Tax Upon Incomes. Another is the Tax Collection Temporary Suspension Act, which I imagine by "temporary" refers to the War only. An Act to Amend the Succession Duty Act. And an Act for Taxation of Land Held under Grazing Leases, which was an earlier one and in fact may not fit in here.

There areas, including the one that refers to the relationship between the Government of Canada and the Government of Alberta all fit in within the subject area. I wonder if you could speak to those.

**ECM:** The first two that you mentioned are very closely tied together. The Income Tax Act was an act that had been passed by the Farmers' Government in 1932, and really in substance it followed the pattern of all income tax. It simply made all the provisions for imposing tax on personal income, corporation income, and so on, and all the schedules and procedures for collection.

Its relationship and significance in this context, however, is that during the War, as the War moved on, it became increasingly clear that Canada was having a real problem in trying to order its financial affairs to meet the War demands. Ottawa felt, and the Provinces all ended up by agreeing with this, that it would be preferable if there could be just one government involved in the taxation field for the duration of the War.

**LS:** Why?

**ECM:** The overlapping - the Federal Government had to adjust its tax rate to meet War demands. If you had 9 Provinces (as it was in those days) with different rates of taxation, say, in the corporate field, and Ottawa wanted to put on a taxation to meet War purposes, the effectiveness of that tax (the ability to collect revenue by that tax) was affected by the degree to which the field was already being tapped by the Provincial Governments.

So the proposal was made by Ottawa, as an outcome of a series of Federal-Provincial conferences, requesting the Provinces to consider "renting" their tax fields to Ottawa for the balance of the War. What it really meant was that the Provinces would vacate those fields, without giving up any of their powers (just suspend their legislation in corporation tax, personal income tax, and a number of other tax fields). Ottawa would then be the sole tax collector in those fields, and they could gear their total revenue intake to the War effort plus the compensation that they would pay to the Provinces for this rental of their tax fields.

01 They could then have uniform tax rates across Canada. There wouldn't be a  
02 matter of the Federal rate plus the Provincial rate for Ontario being  
03 different from the Federal rate plus the Provincial rate in Alberta or  
04 British Columbia.

05  
06 The Provinces agreed to this, and in 1942 this Act to Authorized the  
07 Execution on Behalf of the Province of a Certain Agreement Between the  
08 Government of Canada and the Government of Alberta, and to Provide for the  
09 Implementation of the Said Agreement, was passed. That Act spells out the  
10 agreement that was entered into between Alberta and the Federal (and also  
11 between all the other Provinces and the Federal Government) under which  
12 Alberta agreed to suspend its taxation in a number of fields. The list is  
13 in the Act itself. It included suspending the operation of the Provincial  
14 Income Tax Act, the Corporate Tax Act, the Railway Taxation Act, the  
15 Pipeline Taxation Act, the Electric Power Taxation Act, the Banking  
16 Corporation Temporary Additional Taxation Act, the Corporation Temporary  
17 Additional Taxation Act, the Alberta Insurance Act, the Fuel Oil Licencing  
18 Act, and the Licencing of Trades and Businesses Act.

19  
20 Some of these were only suspended in part - only insofar as they were  
21 revenue-producing things. For example, the Licencing of Trades and  
22 Businesses. The Province still licenced businesses. But prior to this  
23 time the licences had been made a source of revenue. It wasn't just a  
24 matter of taking out a licence to have the registration of the business; it  
25 was a revenue source.

26  
27 So under this agreement, all of these were suspended for the duration of  
28 the War, leaving Ottawa the sole taxing body in Canada. And in return for  
29 this, Ottawa paid to the Provinces a fixed financial grant for the rent of  
30 those fields. In the case of Alberta, it was only something over \$4  
31 million (it's spelled out in the Act). It was worked out on the  
32 approximate value of those tax fields to the Province at that time, and of  
33 course it differed with each Province. Yes, the amount paid by Ottawa to  
34 Alberta for the rental of those fields was \$4,080,860 a year.

35  
36 That continued for the duration of the War, and at the end of the War we



never did go back into exactly the same position as before, particularly with respect to income tax. The Provinces levied their own, but Ottawa then agreed, as a result of another agreement between Federal and Provincial governments, that they would be the collecting agency.

As you know, today you file one return, but it has the Provincial Tax as a percentage of the tax collected by Ottawa. That was the second stage which developed after the War. But for the duration of the War, the provinces suspended their tax acts altogether, Ottawa was the sole tax collector, and the provinces were compensated by an annual payment. When I say "annual payment", I think it was paid in installments every three months so the provinces had a steady income just the same as they would have had if they'd collected the taxes locally.

**LS:** There were a couple of others in that same area. One was the Act to Amend the Succession Duty Act. The reasons for including this are (a) the provisions of it, and (b) the whole field about taxation in this area. Is Alberta not different from most of the other provinces in terms of this taxation?

**ECM:** The Succession Duty Act was passed by the Farmers' Government in 1934. It really had very little relationship to these others that we've talked about because it was prior to the war, and in a different field.

It had only one section, that said for the purposes of the Act, that is, for computing succession duties when settling an estate, any savings certificates would be treated at face value plus the accrued interest. (These were certificates issued by the Provincial Treasury, comparable to the Investment Certificates issued by trust companies. The Farmers' Government had taken in a lot of money with these Certificates. They were term certificates; you could buy them maturing in six months or a year, or whatever you wanted.)

This provision was because the value of a certificate before it matured was not necessarily the face value. But for estate purposes, even though the certificate had not matured - say a five-year certificate and the fellow

died half-way through it - the face value was the amount taken for succession duties.

While we're on this succession duties thing, the difference has become less in recent years, but as far as I know Alberta was the first to abolish estate taxes. We did this after a lot of study and thought. Our reason for doing it was twofold.

(1) We felt that abolishing estate taxes should attract a significant number of estates to Alberta. And when I say "estates" I mean people who had substantial amounts of money would see an advantage in being domiciled in Alberta. Our belief was that attracting large volumes of capital to the Province would result in substantial increases in taxation in other ways. For example, if somebody built a factory or a store or an industry, that comes on the municipal tax rolls, on the school tax roll. The earnings of all the people there become subject to provincial income tax. The company becomes subject to corporation tax.

At the time we made the change we were collecting an average of \$5.5 million in estate tax. We tried to monitor this for quite a number of years after the change was made, and kept it up long enough that we were satisfied (in the space of maybe 6 or 7 years) that the Province was getting more in tax revenue from these other sources by virtue of the money we'd attracted to Alberta, than we'd lost by washing out the estate tax. That was one reason. It was, I think, just good business. And I think that's borne out by the fact that most of the provinces have done the same thing since. But we were the first.

(2) The other thing that moved us to do this was the problem of farm land in the case of estates. Farm land values were increasing significantly, after the War, and in the case of many farms, the great bulk of the estate was the farm land. We were troubled by cases where the farmer would die and they would put the valuation on the land. The land might be worth a substantial amount of money, on which the estate tax would be due. And the liquid assets that the widow had were, in many cases, not sufficient to pay the tax. If it was a livestock operation, she was forced to sell cattle to

pay the tax. Or in the case of grain farms, sometimes even sell the farm.

We felt that was very, very severe, and certainly wasn't a very desirable situation at all. So by abolishing estate taxes we got rid of all that. It was a great help to those people where the bulk of the estate was in some assets that didn't generate cash unless it was sold. This alleviated that situation.

The other one you mentioned was the tax on grazing leases. This was rather a minor thing. The Act was put in place back in 1937, by our Government, before the War situation arose. This again was purely for the purpose of raising revenue because of the desperate financial position of the Province. Crown lands were leased out, particularly in the southern areas of the Province, for grazing. And in order to get more revenue, we put in this grazing lease tax which simply required the owner of the lease to pay in taxes an amount comparable to the amount he was paying in rental fees for the land. That just happened to be the yardstick used. What it really did was double his fees, only one-half was fees and one-half was taxes.

**LS:** To return to the 1942 legislation, a Bill To Amend and Consolidate Oil and Gas Wells Act. What were the provisions there?

**ECM:** This was not a very significant piece of legislation. It grew out of the fact of the increased activity in drilling for both oil and gas. Most of the provisions of the Act were by regulation, and governed such matters as how close to highways wells could be drilled, spacing of wells, and matters of that kind.

One of the other provisions that was quite important was that it provided that you could restrict the amount of production from wells. We talked about this earlier. It had to do with the program of conservation, because the amount of oil that you ultimately recover depends on the rate at which you produce it. This authorized the restriction of the volume of production for that reason to begin with. Later on, when we moved to the place where there wasn't sufficient local market to take the product from all the wells, we pro-rated the production of the wells to the available



market. And this legislation again gave authority to regulate the volume of production from a well.

In addition to that, there was one provision of that Act prescribing "the maximum price at which fuel oil produced at any well shall be sold at the well to purchasers taking delivery thereof at the well, or that such price shall be the price as fixed from time to time by the Board of Public Utility commissioners and prescribed in the terms and conditions of the sale thereof." This gave authority to control oil prices at the wellhead, which is rather interesting in the light of the current war that's going on between Ottawa and Alberta.

I must admit I often smile at some of these things that come out today. This is some great "new development", we're going to regulate prices. This was 35-40 years ago, and we had the power to do it then. That power wasn't used.

This applied to both oil and gas, and as I recall it one of the reasons for that pricing power was that small local utility companies might want to buy gas from wells in the area. This gave the Public Utility Board the authority to set the price that the producer could charge the utilities for that gas.

LS: Why was that provision not used?

ECM: It was used only in the categories that I've mentioned - like the supply of local utilities. It never became a factor as far as the overall marketing of oil was concerned. We never attempted to fix the price of oil we'd sell to Saskatchewan or Ontario in those days.

LS: I'd like to move on to a second area of legislation during 1942, and that's the area of education, specifically two acts. One was the Amendment to the School Act. I'm interested in its provisions regarding religious instruction in the schools and the reading of Scriptures in particular. And then I'd like to move on to the Amendment to the Universities Act. First of all, the School Act.

ECM: It was a housekeeping act to begin with. There were quite a number of minor things. There were two that probably are significant, and one of them is one of the ones you've already mentioned.

Section 147 of the Act says, "All schools shall be opened by the reading, without explanation or comment, of a passage of Scripture to be selected from those prescribed or approved for that purpose by the Minister, to be followed by the recitation of the Lord's Prayer." But then it had a proviso that for all practical purposes nullified that: "Provided that any Board may by resolution dispense with the Scripture reading or the recitation of the Lord's Prayer, or both."

So while it authorized this and set it out as, in the Government's view, an appropriate and desirable thing to have, it didn't make it a requirement. It was effective unless the local Board passed a resolution saying, "We want to dispense with it." If they did, then that was it.

It also had a general provision which is not uncommon in acts of this kind, "No religious instruction shall be permitted in any school from the opening of the school until one-half hour previous to the closing in the afternoon." The reason for that was that for schools that wished to have religious instruction, it was restricted to the last half-hour so that it didn't disrupt the class schedule. And then any pupil that did not wish to be present, or whose parents didn't wish it, could be excused and go home.

LS: That's a question I have on the first part of this Act. The whole issue of the individual student or individual family, perhaps agnostic or of some other faith, for instance, in the reading of the Scriptures. Would it be possible for a student to say, "I'm not going to sit here through this"? How was it actually applied? Were there cases that came about this personal issue?

ECM: Frankly, I don't recall any cases, but the reason for that I guess is obvious. If there was objection, it would go to the local Board, because they were the ones who had the power to suspend it. I know there were cases where Boards did dispense with this, whether it was due to a general

01 decision on their part, or some general feeling in the community, or as a  
 02 result of a complaint along the line you mentioned. The parents, or a  
 03 pupil, would say, "We don't like this." But it wouldn't come to the  
 04 Government; it would go to the local Board and they would decide either yes  
 05 or no.

06  
 07 But on the last part, the instruction, that was an optional provision. As  
 08 far as I know, on the first part, there was no provision for it being  
 09 optional. The school either did or didn't open with Scripture and the  
 10 Lord's Prayer. If there was a complaint, it would go to the Board, and the  
 11 Board would decide whether the complaint was sufficient valid that it was  
 12 desirable to waive it. With the instruction at the end, classes were over  
 13 for the day, and it was scheduled for the last half-hour.

14  
 15 As I recall, most of the instruction (to whatever extent it was done, and I  
 16 don't think it was very extensive) was probably by a minister or a priest,  
 17 or maybe rotating, for a half-hour, for any pupils that wanted to stay.

18  
 19 The other provision in the Act which took quite a few sections of the Act  
 20 was for School Boards to be able to charge fees on a per-pupil basis, for  
 21 pupils attending their school that were not resident in the district or  
 22 division. If the pupil attended but his people were not domiciled in that  
 23 district, then they could charge, I think it was, \$3.00 a day per pupil.  
 24 There was quite a bit of provision on that.

25  
 26 LS: Just to return, before leaving this Act, to the whole question of religion  
 27 and religious instruction in schools. At this point, Mr. Aberhart was  
 28 still Minister of Education?

29  
 30 ECM: Yes.

31  
 32 LS: Was this kind of legislation unique to Alberta?

33  
 34 ECM: No, I don't think so. In those days there was a very different attitude  
 35 to what you find so widely today. The public attitude to religious  
 36 instruction or the reciting of the Lord's Prayer was different. There



would be very little exception ever taken to it. It was regarded as just the proper thing to do. I can't recall in those years any of the hassles that you hear today, where some atheist says, "This is violating my rights." People hadn't discovered all these rights, I guess, in those days!

I don't remember any issue on it. As far as Mr. Aberhart's involvement is concerned, I don't think this was anything unique. It certainly wasn't something that he pushed from the standpoint of his own personal spiritual convictions.

**LS:** The second Act regarding education that I'd like to discuss is the Amendment to the Universities Act. A little about the background. Apparently a special Committee had been appointed to look at the operation and administration of the University.

I would like to know why that Committee was appointed, and how it was appointed. In the Edmonton Journal (March 17, 1942), the headline was "Aberhart Denies Politics in Naming Varsity Committee". Obviously somebody raised the issue of how the Committee was put together. But perhaps more importantly, Why was the Committee put together.

**ECM:** Well, I'm a little vague on this, because it's not a department that I was personally associated with in those days. But as I recall it, the University Act (prior to this one) had been in place for quite a long time. And there had been discussions within the University itself (among the faculties, deans, and administrators) that there should be an updating and revision of their legislation. I think this had been going on for quite a long time.

They had discussions, I know, with the Government, expressing their view that there should be a new University Act. Unfortunately, at this time the hassle that we talked about before came up - the University degree thing - which generated a lot of feeling on the part of the Legislature and the public. So when they got to the place of seriously considering a new University Act, it was decided by the Government that maybe we should have

a Committee that would take a look not only at the question of university legislation, but at the whole structure. Should the structure itself be reexamined or changed.

To the best of my recollection, that was the reason for the Committee. Revision of the University Act was something that took place very seldom. It's not legislation that you tamper with all the time. And it was not an uncommon thing with us, and it isn't with any legislature, to have legislative committees take a study of an issue. For example, the Workmen's Compensation Board was always amended as a result of a year's study by a Committee before the Act was opened for revision. This is true with quite a few pieces of legislation, and it was done in the same way in this case.

But I think it attracted more attention that time because there had been this unfortunate action on the part of the University Council with respect to the honorary degree.

LS: On that point, Mr. Manning, are you saying that there were people perhaps at the University as well as in the Government that caused them to look more closely at the institution and how it operated.

ECM: Well, as far as the people at the University were concerned, I'm sure their interest in revising the Act had nothing to do with the degree problem. They had been looking at this long before that, for a number of years. All the incident with respect to the Honorary Degree Committee did was to focus a lot of public attention on the University and how it was structured, and who had authority to do what and how they did it, which normally probably would never have been there. This thing was played up in the press and given a lot of publicity, and it brought the spotlight on the University in a way that was more than normal interest.

It was a natural method of assessing the legislation before changes were made, to have a Committee make an examination of the whole thing.

LS: Before looking at the legislation, I'd like to take a look at some of the Committee recommendations and perhaps get your comment on them.

01 The Committee made a recommendation that something called the College of  
02 Education be given faculty status. Do you know the background of that?  
03 Was there not a Normal School at this time? And how were they connected?  
04 Normal Schools were for teachers only, weren't they?  
05

06 **ECM:** Yes. Alberta for years had a system of normal schools. There was a normal  
07 school here in Edmonton; there was one in Camrose; and I believe there was  
08 one in the southern part of the Province somewhere. Those later were  
09 embodied into the University itself, when Education was made a faculty of  
10 the University and normal schools were abolished.  
11

12 Quite frankly, I don't recall the time sequence. I don't know whether the  
13 amalgamating of the normal schools into the University was at that time or  
14 later. But it was under consideration; it was a suggestion. Prior to that  
15 time, teachers did not have a university degree. They were graduates of a  
16 normal school.  
17

18 There had been pressure for a long time to require that a teacher have a  
19 university degree, which really meant you had a choice of two things. You  
20 could either make the normal schools into entities of a university with  
21 degree-granting powers, or build the whole thing into the university  
22 itself, which was the course decided. I know Mr. Aberhart was very  
23 favourable to that because he felt that teachers should have the  
24 opportunity of a university course and university degree.  
25

26 But I'm not familiar with the detail because, as I say, it was not an area  
27 that I was dealing with at all in those days.  
28

29 **LS:** One of the other Committee recommendations was in regard to the Research  
30 Council of Alberta. It was to be "revived as a research arm of the  
31 Government". And secondly, that some sort of small royalty be levied on  
32 natural products to raise funds for the Council.  
33

34 Overall, I'm certainly interested in the history of the Research Council of  
35 Alberta vis-a-vis the development of our natural resources. But also, what  
36 happened out of these Committee recommendations? How was the Research



01 Council funded? How autonomous was it from direction from the Government?  
02 And, did it in fact fit under the University at this point and for years to  
03 come?  
04

05 **ECM:** The Research Council originally was established by the Farmers' Government,  
06 before we were in power. It didn't carry on any major, large functions. I  
07 think most of its research work was in the field of coal. As I mentioned  
08 earlier, there was great interest in Alberta in those days in trying to  
09 expand the markets for coal, and briquetting coal, and other forms and  
10 processes that might make marketing coal more viable.  
11

12 And then it lapsed in the Depression years, and there was a period when it  
13 was dormant. Then we revived it, and this revival came out of this  
14 recommendation.  
15

16 The revived Research Council consisted of about half a dozen members.  
17 Three member of the Cabinet were members of the Research Council. That was  
18 purely a policy body. Their decisions were limited to deciding what areas  
19 of research the Council would devote its energies and resources to. They  
20 really had nothing to do with the research end of it. The research was  
21 done by professional researchers.  
22

23 It became quite an active organization after that. In size, it was small,  
24 admittedly. It wasn't directly connected with the University, other than  
25 that members of the University faculty were used primarily as the research  
26 specialists.  
27

28 One of the men who was associated with the Research Council, who became so  
29 widely known, was Dr. Clark, who was really the father of the process of  
30 extracting oil from the tar sands that's used in the commercial plants  
31 today. He was a very distinguished man in that field, and he was taken on  
32 to do that work for the Research Council.  
33

34 There were also a couple of men who did a lot of work over a long period of  
35 time on processing of coal - briquetting, gassification, and that type of  
36 thing - even to the extent to looking into the viability of moving coal in

slurry form through pipelines.

We made it into a good, active body, but not large. You asked about financing. To the best of my recollection, after the Council was revived it was financed entirely from public revenue. There was a vote for the Research Council. The only exception to that was, if the Research Council did research for an industry or a firm that wanted some process examined, then they would charge a fee for that. That wasn't a large source of revenue, but it was an additional source.

The guideline that we set out in those early years was that we would appropriate X number of dollars a year for the Research Council, and the Research Council would stay within that expenditure. That meant that they would probably zero in on one or two projects that they were going to concentrate on, and they wouldn't take on another one until they'd done what they wanted to on that one.

We wanted to stop the tendency of so many of these organizations to grow, grow, grow, to the place where ultimately the thing would be bankrupting the Province. There's no end to what you can do in research. Every time you get two researchers together, they think of a reason to have a third one, because there's a spinoff that very propably should be examined.

This met with some criticism. The Council certainly passed up things that might have been beneficial for them to get into. But we said, "No. You have X number of dollars. You can take on one, two, three projects. We'll guarantee the money will be there each year. Carry through to your conclusion, and then take on another project. You've got this money to use each year."

Later on that was enlarged, the money was increased, and finally we built the Council their own building. They got into the thing in a big way. But that's the history of it. It was started by the Farmers' Government, dormant for a number of years, and then revived.

01 LS: Its recent history is interesting too. It seems to be an agency that is  
02 continually under examination and change.

04 ECM: I have rather been out of touch with it since I left the Government, of  
05 course, but it has certainly to very large proportions, compared to what it  
06 was in those earlier years. And properly so. With the growth of the  
07 economy of the Province and the demand for that type of thing, it was  
08 appropriate that it should grow.

10 They had some excellent men there. Certainly men like Dr. Clark, who  
11 incidentally was a close friend of Mr. Blair, Sr., who prepared the  
12 engineering report on the viability of the tar sands. Those men were  
13 tremendous men. They made a great contribution to the research work of the  
14 Province.

16 LS: During the Forties, did the provision for the three Cabinet Ministers as  
17 policy guideline makers continue?

19 ECM: Yes, it seems to me that was carried on well into the Sixties. Those  
20 committees of course met perhaps quarterly or something like that. It  
21 didn't involve a great deal on the part of the supervisory Committee,  
22 because there was a Director of Research who was the full-time senior man  
23 in charge of the whole thing. He was not a Minister. He was a  
24 professional in that field.

26 LS: To move through some of the other Committee recommendations. One of the  
27 other was that the "maximum amount of political freedom be accorded to  
28 members of staff" - that's to say, at the University. Why was a statement  
29 like that necessary?

31 ECM: I don't know why those statements are ever necessary, but it's all part of  
32 the "academic freedom" area. The academic community is always scared stiff  
33 of the politicians interfering with their academic freedom, so they always  
34 like to write these things into legislation.



01 I think they're appropriate, but I don't think there was any particular  
02 reason for putting it in there.

04 **LS:** Another recommendation was, and again this is a quote, that "medical  
05 education together with Provincial Laboratory and Public Health present  
06 such a large financial problem as to warrant special consideration by the  
07 Government." Apparently the Committee just pointed this out as a problem  
08 area. What was that all about?

09  
10 **ECM:** Alberta was building up a good medical faculty, and of course the  
11 University of Alberta has become recognized as a very high calibre medical  
12 faculty. That's a costly faculty, inevitably. The Provincial Laboratory  
13 (this was really not connected with the University but was under the  
14 Provincial Department of Health) was the lab that did all the testing work  
15 on samples, in connection with the Provincial Health programs. And later  
16 on those things were much more closely integrated.

17  
18 Both of them were very costly operations. Dr. Cross, whose work we've  
19 referred to before, was very concerned about improving the general health  
20 standards of the Province. And he was very strong on enlarging these  
21 provincial health laboratories. If you could find out the cause of a  
22 disease, or where the infection is, or what this person died of, it's all  
23 part of it. And it is costly, because these are professional people, using  
24 a lot of technical equipment.

25  
26 **LS:** So that was simply pointing out that that was an area to look at.

27  
28 **ECM:** That is right. And of course there was a very close relationship. The  
29 Faculty of Medicine and the Provincial Laboratories had so much in common.  
30 I think what the Committee was getting at was that maybe they should look  
31 more closely at whether a closer relationship would make better economic  
32 sense and perhaps improve the efficiency.

33  
34 **LS:** One final recommendation I'd like to discuss regards the Senate of the  
35 University. That was that the Senate should have an important function of  
36 acting as a bridge between the University and the life and activities of

the Province. I would like your comments on how successful the Senate was in that function in those early years, and perhaps more importantly, how successful you feel it is today. Perhaps the larger question also, of the University vis-a-vis the public; gown versus town issue; or how useful the guy on the street finds the University.

**ECM:** Those points bear on a problem that all universities face. How the university is perceived by the public is a very important question. The very nature of university work doesn't lend itself in many respects to full public understanding and appreciation. Too often, they're so remote from each other. This is what gives rise to the old cliches about the "ivory tower" - the university is made up of people that live in an ivory tower and have no idea of what the fellow on the street is thinking about. And he knows less about what they are thinking about.

This is a common condition. I wouldn't attach any particular significance to those sections. In the Committee's work and in the public input to the Committee in hearings, these questions always come up when you discuss universities. Is the university making as realistic a contribution to the good of the community as a whole as it should? How can it be more closely integrated with, and become more meaningful to, the rank and file of people? This type of question is always asked in that type of discussion, and it's an important question.

Too often the public feels so remote from their universities, and feel that the only role they have is to put up the money. And that creates a nasty attitude. They say, "What am I getting in return for this?" After all, the percentage of the public that have the benefit of actually attending university is unfortunately very small.

So both from the standpoint of the people in the university (they were just as concerned about this as the Government) and the Government, we were concerned to emphasize the importance, as we saw it at least, of the fact that the university should have a much more visible presence in the community at large. The Senate was enlarged by this, if I remember rightly it spelled out the categories it should represent - labour and business and

farming, etc. The point was, is this one way in which you'd have more people having a closer contact with the university, who in turn could give the people or the groups they represented a better understanding of the university's role, its interest in their affairs, and that it wasn't just an isolationist group in the ivory tower.

LS: In your opinion, aside from this specific piece of legislation, how successful has the university been in that?

ECM: It's a very hard thing to measure. My own opinion would be that in the last 20 years especially, universities have become much more closely related to the mainstream of the public. I think that's due to two or three obvious reasons. One, I think there has been a sincere effort on the part of most universities to move in that direction themselves. Two, there are more university graduates. There are far more people attending university than used to attend university. So in the public itself you have far more people with a university connection, a university background, an interest in the university. And thirdly, universities and members of university faculties in the last 20 years have become much more actively involved, and have been called on much more to do work, in the public domain. Governments call on economists from universities; they call on scientists from universities to do all kinds of things on Commissions and studies; and this tends to establish the bridge between the university and the public.

I think we still have a long, long way to go, but I think there has been some progress.

LS: One final thing on universities. In the Sixties, education was a very high priority for many agencies, organizations, and institutions. As the Seventies came along, we became increasingly critical of the job those educational institutions had been doing - "Johnny couldn't read any more". Do you think that has an impact on the liaison between the university and the rest of the community?



01       **ECM:** It does to some extent, although I think, to be fair to the universities,  
02       most of the public criticism about "Johnny not being able to read" and so  
03       on is not levelled at the university level. This is more the general  
04       educational system. If Johnny can't read by the time he goes into  
05       university, there's something wrong long before he got to university. I  
06       don't think it's quite fair for the university to be blamed for that.

07  
08       One unfortunate thing happened in those cycles of time. We went through a  
09       period when attending a university became almost a status symbol. People  
10       went to university because it was "the thing you did". If you didn't go to  
11       university, you were out of the main stream of things. And I'm quite sure  
12       that with the peer pressures and public attitudes connected with that, a  
13       lot of people went to university that probably shouldn't have gone to  
14       university at all. And certainly a lot of people don't go to university  
15       that should!

16  
17       How you get these straightened out.... One of the things that resulted in  
18       this change of attitude that you referred to, it seems to me, is that we  
19       went through that cycle in the Sixties. Then we found out that people were  
20       coming out of universities with degrees, and well trained, and there were  
21       no jobs for them. There was a period when a university degree guaranteed a  
22       job - that was the ideal. But it didn't work out that way. There were all  
23       kinds of people with university degrees that either didn't have a job, or  
24       if they had one, it was a job that had very little to do with what they had  
25       trained themselves for. Which in a sense was a waste of their  
26       capabilities; they were not employed in something that really used their  
27       knowledge and training.

28  
29       One of the results of that was that there was a great upsurge, for example,  
30       in the technical institutes. We've seen this in Alberta very clearly. The  
31       Northern and Southern Alberta technical institutes went through a period  
32       where there was a waiting list all the time to get in. Young men were  
33       going in for automobile mechanics, radio technicians, and all kinds of  
34       things. And I think this was a good thing. For many of them, that was  
35       their interest, their niche.

36

One of the things we used to talk about in the government in this regard - and admittedly this was partly motivated by economics - was the greater development of senior colleges that would give the first year, or equivalent of the first year's training of university. One of the reasons for it was that that's the time when young people are sorting out what they want to do.

If a young person goes to university for a year, and then decides he doesn't want to go to university, what have you done? You've tied up the facilities, faculty, and highly sophisticated plant, for a year, for somebody to decide they didn't want to go to university. He could decide that just as well if he was getting the same training in a college. The college would not be equipped to go on, if he's going to go through for a profession, but it would at least bridge that first year while he's making the decision - does he want to go on? or does he want to branch off into something different altogether.

I think there's been a lot of activity in those areas in the last few years, which is all to the good. I think today the people that are going to university are more the people that have pretty well made up their minds they want to stay. There's not the number that go for a year and then say, "The heck with it; I'll do something else."

**LS:** I'd like to move on then to two or three other pieces of legislation. One, an Act with Respect to the Revised Statutes of Alberta, which was introduced by Mr. Aberhart. There was a whole series of these Revised Statutes. Rather than the specifics of that, what was the overall purpose?

**ECM:** This is a practice followed fairly uniformly in legislatures and Parliament. Usually once every ten years (some of them may do it more frequently) the Statutes of a Province or Parliament are revised. That is, all the amendments that have taken place in the statute over that period are all consolidated into one Act.

Some of the Acts are amended every year, or every second year. Over a period of time, if somebody wants to know what the law is, he has to look

at the statute, and the amendments, and it's terribly confused. The lawyers just have a heart attack over this, because they have to search half-a-dozen statutes to know what the law is on one subject.

So our practice in Alberta, every ten years, was to appoint a legal Committee, usually an in-House committee in the Attorney General's Department or Legislative Counsel's office, to bring all the amendments into one act. What you now have is the Act right up to date. This is the law, even though there may be half-a-dozen Acts which led to this. Then those are all published as the Revised Statutes of Alberta. There is no revision to the Act; it is simply putting together the amendments that the Legislature has made during the lapse of time. And this Act was authorizing that for the ten-year period.

LS: Another Act, to Amend the Constitutional Questions Act. What was that?

ECM: That was purely housekeeping. In the Act where the words "Supreme Court" were used, it said the Court means the Appellate Division of the Supreme Court. This was because of a division that was made in the Court. It's purely administrative.

LS: Finally, before discussing the last piece of legislation, I'd like to read into the record a quote from the Edmonton Bulletin (March 1942) concerning the whole question of Japanese and Hutterites in Alberta. The first quote comes from the Edmonton Bulletin (March 5, 1942) and is as follows:  
 "Premier Aberhart reads paper declaring Nippons are 'apparently loyal'".  
 Then the newspaper goes on to say, "The Royal Canadian Mounted Police reported that Japanese arriving in the Raymond district from British Columbia were well-behaved and apparently loyal, Premier Aberhart informed the Legislature Wednesday. The Premier made a report following a question regarding the influx of Coast Japanese by J. H. Walker, Independent from Warner, who said in the House Tuesday that citizens of Raymond were 'up in arms' over the arrival of unescorted Japanese in their district."

There's a second quote I'd like to read to you, from the Edmonton Bulletin of March 11th, 1942. Apparently this was based on a question, again from



Mr. Walker, which was based on a wire received from the Canadian Legion Branch in Raymond. This is the quote: "'With regard to the number coming into the community,' Mr. Walker said, 'we know that this is a wartime program. But these families will include many children, and are we to get assurance from the Dominion Government that they will assume the responsibility of educating these children, and that they will be placed in our schools at an expense to the ratepayers of our school district?'"

What I'd like to get your comment on, here, is first of all, the constitutional issue or question behind this kind of thing happening in the country, and any discussions between the Government of Alberta and the Government of Canada. The moral issue, obviously, of this kind of thing, and the implications in terms of Canadian history. And then I'd like to move on to the specific Act, the Act to Prohibit Sale of Lands to Any Enemy Aliens and Hutterites for the Duration of the War.

First of all, with respect to this whole question of Canadian, and especially Albertan, history, in regard to the Japanese.

**ECM:** It was a very serious, and in some respects unfortunate, development in Canadian history. Very briefly, the background is this.

When the Japanese attacked Pearl Harbour, the American reaction of course was shock, and a drastic reaction because of the magnitude and viciousness of the attack. There was a lot of talk (I don't know how much of it was substantiated) that the Japanese attack on Pearl Harbour had been aided and abetted by Japanese citizens resident in Hawaii, that they had served as infiltrators, and that kind of thing. How much of that was ever proven, I frankly don't know.

That created an atmosphere of jitters; the impression was given that some of the Japanese residents of Hawaii had been in cahoots with the Japanese military and had aided and abetted in the terrible attack on Pearl Harbour. I mention that only as background. That created certain Government fears and public fears.

01 As far as Canada was concerned, of course we'd been in the War for years  
02 before that happened. There was no question about the Japanese people;  
03 they were people who had been resident in British Columbia, many of them  
04 market gardeners, fishermen, many of them naturalized Canadian citizens.  
05 They wouldn't all be; members of their families undoubtedly were there who  
06 were Japanese nationals. They were good people. They had never given any  
07 trouble. People respected them; there was just no problem at all.

08  
09 Anyway, the Japanese war effort became pretty aggressive. They took a  
10 couple of islands and landed troops on the Aleutian Island, and on one  
11 occasion one of their subs even lobbed a few shells on the West Coast of  
12 Vancouver Island, which got people a little exercised. I think only about  
13 half-a-dozen shells hit the shore and some rocks, and didn't do any  
14 damage. But still the fact that they were sitting out there shooting at  
15 Canadian soil...! It was the only time during the War that any enemy  
16 missile ever fell on Canadian soil. But all of these things stirred up a  
17 bit of concern.

18  
19 In retrospect, I know there are those who say the Canadian Government  
20 over-reacted. I wouldn't be that critical of them. We were in a War and  
21 it was a desperate War. Things were serious, and you didn't take chances.

22  
23 Incidentally, the Americans had a lot of Japanese people in the San  
24 Francisco area particularly. They moved theirs inland, in fact they  
25 interned a lot of them.

26  
27 So with the Japanese aggression moving Eastward, with the Aleutian  
28 situation and their subs out in the Pacific, the Canadian Government  
29 decided that it was an act of prudence to move these people inland from the  
30 Coast. Many of them, as I say, were Canadian citizens, and certainly their  
31 citizenship rights were violated in what was done to them. But it was done  
32 under the War Measures Act, which of course overrides all these rights.  
33 And many of them were not Canadian citizens, but still Japanese.

34  
35 The question came - Where were they going to move? All of this was done  
36 quickly because the situations came up rather quickly. So Alberta was the

logical place to move them. They didn't want to move them further than necessary, and we were the first province inland from British Columbia.

At that time, in Southern Alberta, the sugar beet industry was having a problem with shortage of manpower. Boys were enlisting, and men were all engaged in the War effort, in the military or industrial effort. So they thought they'd combine two things - if they moved them to Southern Alberta they could find work for them in the beet fields. And the fact that many of them had been connected with market and truck gardening at the Coast meant this was not work they were unfamiliar with. They just picked them up, lock, stock and barrel and moved them over to Alberta.

We had to concur in this; it wouldn't have mattered whether we concurred or not. It was done under the War Measures Act, which gave the Government power to do whatever they thought was necessary. But our attitude as a Government (and this was the position the Provincial Governments took on just about everything) was, if you say that this is essential for the security of the country and the War effort, we're not going to argue about it. Go ahead.

I don't recall the exact provisions that were made for financial compensation, but those provisions were made. The Federal Government picked up the tab, certainly for the greater part of it. There may have been some additional expense locally.

The concern in the district I suppose was understandable. Here were a couple of thousand strangers coming in who had been played up in the press as possible enemy aliens. But really they were great people. They never gave any trouble. To my knowledge there was never a bit of trouble with them. They were quiet people, unemotional. They submitted to this, and it was really a pretty terrible thing to have to submit to. They were uprooted from their homes - some of them had lived there for years - and their jobs. Their property was seized; their boats were seized; their homes were seized. In many respects, in the total picture, they got a pretty raw deal. When it was all over, they were compensated, but certainly in no sense compared with what they'd lost.



01 As far as Alberta was concerned, as I say, they gave absolutely no  
02 trouble. They took the work in the beed fields; they did an excellent  
03 job. And in the long run, for many of them, it turned out to be one of the  
04 best things that ever happened to them.

05

06

07 [end of July 11/80 tape #15, but it did not seem to be the end of the interview]