

Mr. E. C. Manning

Interview #5

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LS: Mr. Manning, one of the major issues that faced the new Government when it was first elected was the urgent need for change in certain social areas of the Province. For example, the whole educational situation. Can you give us a little background about the situation, and the approach that the new Government took to rectifying some of the problems?

ECM: Mr. Aberhart, in addition to being Premier, was of course Minister of Education. Having been in the field of education all his life, he had a particular concern for the educational system of the Province and the quality of education, and also for those involved in the teaching profession. At that time, teachers were not even recognized as a profession in Alberta. The Teachers Profession Act was brought in at a later date.

In addition to that, the economic conditions were such that teachers were having an extremely difficult time. From the standpoint of salary, there was a minimum teachers' salary of \$600 a year, and even with that low salary, there were thousands of dollars of teachers' salaries in arrears when the new Government came into office.

Another practice that had become rather common was for School Boards, feeling they couldn't afford even to pay \$600 for a teacher, to require teachers to do work such as janitor work and tasks of that kind, included in the \$600. In other words, they'd say, "We can't afford to pay \$600 to you as a teacher, but if you'll do the janitor work too, we can perhaps meet the \$600 for both jobs."

LS: That was \$600 a year?

ECM: \$600 a year.

LS: When you talked about arrears, how far in arrears? If I were a teacher, how long would I not have been paid for? How desperate was the situation?

ECM: I don't recall the longest period of time that salaries were in arrears. I know that the aggregate was several hundreds of thousands of dollars of unpaid salaries, which indicates quite a lapse of time when you remember that salaries were as low as \$600. That doesn't mean that everybody was at the \$600 level, there were many getting much more.

But as far as I recall, there were salaries in arrears probably as much as 2 years. And that matter was corrected later on. I believe the public Treasury put up some money to repay the arrears of teachers' salaries. There was a period of time over which that was gradually paid off, with the assistance of the Province.

One of the things that happened in the first Session of 1937 was an Act brought in, called An Act Respecting the Conditions Under Which Teachers Are Employed and Paid. It did three things. It prohibited Boards from requiring teachers to do work other than teaching as part of their contract. This was to get around this practice of having them act as janitors as well as teachers.

It also had a provision under which the teachers' contracts with school boards did not automatically terminate at the end of the year. Unless there was termination by action of either side, the contract continued on from year to year. That was a rather significant change; prior to that all contracts had been yearly contracts and were renegotiated at the first of the year. The idea behind that was to give the teachers - assuming that their work was satisfactory - a greater degree of security. Their contract didn't automatically terminate at the end of the year. If their work was satisfactory, it just went on. A number of these contracts went on for quite a number of years without termination.

The other rather significant provision of that legislation was that it enabled the Minister of Education, by Order-in-Council, to terminate a teacher's contract. At that time there was very little mechanism for

dealing with termination of contracts where a teacher, say, was hopelessly inefficient, or for some reason obviously shouldn't be teaching. This enabled the Minister of Education, if he was satisfied after investigation that the person was not eligible as a teacher, to recommend to the Cabinet an Order-in-Council terminating a teacher's contract. In a sense, it was rather a drastic provision, because there was no appeal from that termination. But it was a method of weeding out the relatively small number who obviously shouldn't have been teaching.

Those were the main provisions of that legislation in the first Session of 1937.

The only other thing I could add on that was that because of Mr. Aberhart's personal interest in education, and desire to upgrade the quality of education in the Province, and also to enhance the status of teachers as a profession (he spent a great deal of time and had a great deal of personal interest in this), over a period of years there were a significant number of changes made, which we'll come to later on in the sequence of events. And which led ultimately, not only to the teachers being a profession by statute, but the elimination of the old normal schools, and the training of teachers being transferred to the Faculty of Education at the University.

LS: Was this a period when the one-room schoolhouse was the dominant format of education within the Province?

ECM: Yes. Outside the larger towns and cities, the rural schools were practical all one-room or maybe two-room, but mostly one-room schools. One of the other major transformations that took place quite a number of years later was the amalgamation into large school districts of many of these little school districts that operated just one school.

That was a long, and quite a painful, transition period. While there were a lot of complaints about the disadvantages of the one-room school, they were the centre of the community, not only for education but for a great many other things. And there was very strong resistance to giving up the little local school, and also the local autonomy over that school, which

was in a sense diluted when large school districts came into being and boards represented a large area instead of just the local community.

LS: Did Mr. Aberhart attempt to keep in close touch with the education community? Was he able, after being Premier, to continue to follow this very special interest of his?

ECM: He was not able to do as much as I'm sure he would have liked to have done, in the way of personal contact. Being Premier also, in a very hectic time, the demands on his time were such that he obviously couldn't give the time that he would have liked to have given to travel around the various areas. But as I've said, because of his personal interest, he maintained a very active contact with members of the teaching profession and with the conditions of education throughout the Province.

LS: I'd like to move on to another area. The first Session of 1937 saw the passage of several Bills regarding debt and indebtedness of the Province. I wonder if we could spend some time looking at some of the more significant ones of those.

ECM: In the first Session of 1937, one of the major Acts was known as An Act to Amend and Consolidate the Debt Adjustment Act of 1936. It's hard in our present day to envisage what the debt situation was like in those Depression years. The income of people had fallen off so drastically that literally thousands of them who had incurred debts previously (and which at the time had not seemed excessive, had not given them great concern since they felt that they were well within their ability to pay), with the tremendous increase in unemployment, the cutting in wages and salaries, found themselves in the financial position where there was just no way they could keep up the debt payments that they were obligated to.

It was particularly bad in the rural areas because farm prices had completely collapsed. Farmers were not obtaining the cost of production, let alone having anything left over to pay debts. And in the cases where farmers had heavy mortgage indebtedness with mortgage payments to be met regularly, they found themselves in a particularly difficult situation.

01 So the Debt Adjustment Act that was passed in that first session of 1937
02 had a number of important provisions. It provided for the establishment of
03 a Debt Adjustment Board. This Board had the authority to review cases that
04 were referred to it by debtors or creditors, and ascertain whether the
05 person had the financial ability to keep up his debt payments in whole or
06 in part. It prohibited creditors from taking action to collect debts,
07 either by foreclosure or garnishee or any action, without a permit from the
08 Debt Adjustment Board.

09
10 There were some exceptions to that, for example payments to the Irrigation
11 District for water rates were exempt. Taxes were not covered. Another
12 category that was excluded was debts owing to hospitals for services.
13 These were the major exemptions. But apart from that, if a creditor found
14 that he couldn't meet his debt obligations, he could then apply to this
15 Debt Adjustment Board for the protection of the Board. And the creditor
16 could not then take any action to collect that debt, in whole or in part,
17 without a permit from the Debt Adjustment Board.

18
19 When the debtor made the application, the Board would do an examination of
20 his financial circumstances, and then had latitude to either authorize a
21 partial payment, or no payment, or deferment of payment, whatever the Board
22 felt the circumstances warranted.

23
24 One rather interesting little provision in that legislation was that any
25 period of time during which debts were not collectible by virtue of the
26 Board refusing a permit, that time was not counted under the limitations of
27 actions legislation. Under that Act, the collectibility of a debt runs out
28 at the end of a certain period of time, but it was felt that since this was
29 an arbitrary restriction on the collection of a debt, the time in which the
30 debt was in that category should not be included in the limitations of
31 action provisions.

32
33 The Act made special provisions for farmers. For example, chattel
34 mortgages given by a farmer after May of 1934 were not enforceable unless
35 approved by the Board. The reason for this was, if a farmer gave a
36 mortgage on his chattels, quite often the only way he could carry on his

01 farm operation was to sell some of those chattels to get a little bit of
02 cash. But if they were all tied up by encumbrances, he was in an
03 impossible position. So the farmer was authorized under this legislation
04 to sell goods mortgaged to the extent that it was required to enable him to
05 continue his farm operations.
06

07 The Board orders under that Debt Adjustment legislation were not subject to
08 Court review or alterations, and of course this gave rise to a considerable
09 amount of criticism, particularly on the part of creditors. And it was a
10 matter of very deep concern to the Government. We realized that once this
11 kind of legislation went into effect, while it would provide protection for
12 those who were being dispossessed by virtue of inability to pay mortgages,
13 it would mean that there would be very little probability or possibility of
14 anybody being able to borrow money in the Province as long as that
15 legislation prevailed.
16

17 We had to weigh those two things, one against the other: Did the damage it
18 would do, by making it difficult if not impossible for people to borrow,
19 outweigh the advantages of protecting people from losing their homes and
20 farms by virtue of foreclosures and other actions to collect debts?
21

22 But the economic conditions by that time were so bad that it was the
23 unanimous opinion of the Government that of the two, we had to provide a
24 period of protection for debtors. So we went ahead with the legislation.
25

26 At the time, because of the general economic conditions throughout the
27 country (and particularly in Western Canada, where because of its
28 agricultural base it was very hard hit), the Federal Government was talking
29 about doing various things in the debt adjustment field, because of their
30 jurisdiction over interest, money, and credit. So this Provincial
31 legislation that I refer to in 1937 had a provision under which the
32 Provincial Government by Order-in-Council could suspend the operation of
33 the Act in whole or in part, if the Federal Government legislated in their
34 field to take care of some of the problems that were arising.
35

Those were the main provisions of the Debt Adjustment Act. And hand in hand with that was a second piece of legislation passed at the same Session called the Postponement of Debt Act. It was legislation which authorized the Government to impose a blanket moratorium on certain categories of debts. It replaced what had been the Debt Adjustment Act of 1936, and it was really a piece of blanket legislation under which the Government could, by Order-in-Council, say, "There is a moratorium on 'X' category of debts for a certain period of time," or a "partial moratorium". It was quite flexible in that regard.

LS: The piece of legislation that dealt with moratorium - can you give some examples of how it was applied?

ECM: I don't recall the specific categories. I recall the Act quite clearly. It enabled the Government to declare that all debts of 'X' category are uncollectible. But as to individual categories, I'd have to review that to be certain.

LS: They would have put a time line on it, to the next year, or whatever?

ECM: That's right. And the moratorium could be lifted by Order-in-Council at any time that the Government decided.

LS: In February of 1937, we reach a point in history where Mr. Aberhart had asked initially for 18 months to institute certain Social Credit measures. By February of 1937, those 18 months are up, and he makes an announcement around that time, I believe, to say that he was unable to redeem his election pledge to establish Social Credit within the 18-month period.

I'd like to talk about that for a while. What in your opinion were the reasons for this situation coming to be, 18 months into the new Government?

ECM: The 18 months was a time period drawn out of the air. It wasn't geared to any particular thing. It was one of those unwise time-frames that governments sometimes bring on themselves. (You remember in later years, Prime Minister Pearson having his famous "100 Days", which gave him a lot of trouble.)

01 Mr. Aberhart recognized at the time of the election that what the new
02 Government was proposing to do was a drastic change from anything that had
03 been done. We had no precedents to go by. It was breaking new ground from
04 scratch; it was a whole new concept of fiscal and monetary policy. And we
05 recognized that it would take a reasonable period of time to get things put
06 in shape where you could hope to proceed with actually implementing what
07 had been proposed. And Mr. Aberhart took the figure 18 months, as I say,
08 out of the air.

09
10 When the Government was elected, we found two things which had a direct
11 bearing on this.

12
13 (1) The economic conditions were so drastic that a great deal of the
14 Government's time was taken up in dealing with the day-to-day and
15 week-to-week problems of relief, welfare, debt, foreclosures, and all the
16 drastic situation that arose out of the Depression.

17
18 (2) The task of trying to develop a new financial system within the
19 Province, with all the ramifications of constitutional limitations, was
20 very time-consuming. The further into this we went, the more difficult it
21 looked. There were definite problems of constitutional powers.

22
23 We had drawn, in the election campaign, what we thought was quite a clear
24 line of demarcation between currency and credit as it obviously came under
25 the jurisdiction of the Federal, and Alberta Credit as something distinct
26 and separate (not legal tender, not something that was in the jurisdiction
27 of the national government). But when it came to developing a program to
28 use this Alberta Credit within the Province, the biggest practical problem
29 was the fact that so many accounts had to be settled in legal tender, both
30 for legal reasons and by virtue of the fact that they were settling debts
31 incurred outside the Province. It was a matter of imports of merchandise
32 and goods that had to be paid in the currency of the nation.

33
34 So while it was not too difficult to develop programs for the use of this
35 Alberta Credit within the Province, the crucial point was the conversion of
36 the Alberta Credit back into currency to provide the currency needful to
37 take care of debts that could not be settled with Alberta Credit.

I would say this was by far the most difficult part of the whole thing, and one of the aspects on which it ultimately was abandoned.

All of this type of work was going on during the 18 months, but by the end of 18 months there was still nothing firm in place. There were a lot of ideas, and we'd already passed two or three pieces of Social Credit legislation, but they were very broad enabling bills. They didn't deal specifically with the thing, they simply empowered the Government or empowered a board, to do things in this field. That wasn't where the problem was.

The problem was getting down to the specifics of How do you monetize the unused production of the Province and have that represented by the creation of a fund of Alberta Credit? How do you distribute that credit? And, having distributed it, How do you provide assurance to the people into whose hands it comes, or who you hope will accept it, that if they need Dominion legal tender to settle debts that can only be settled with legal tender, they can get it? Unless you could give them that assurance, they were not going to accept what they would regard as a substitute money. Alberta Credit not being legal tender, you couldn't force its acceptance. All was predicated on a voluntary program.

The time went by in trying to put those things together.

LS: In March of that year, 1937, there gathered together a group of people who were later referred to as "Insurgents". Mr. Blue made a statement in the House on March 16th, 1937, that he would not support a vote of money for the Government to carry on, unless it introduced Social Credit. Were you aware, was Mr. Aberhart aware, of this possible "revolt" among the Social Credit people? What was happening in their thinking? And how were you made aware, and how did you react, to what occurred next?

ECM: You must remember that the Government went into office with a great deal of expectation on the part of the people of Alberta that had given it an overwhelming endorsement. It had elected 56 out of 63 Members. And the MLA's all shared those expectations, and so did those of us who became

01 members of the Government. So we started off, all of us, with great
02 expectations and a determination to implement what we'd been elected to
03 implement, and a great confidence that it could be done, not that it was
04 going to be easy, but that it could be done.

05
06 With the passage of time and the obstacles we encountered in trying to
07 develop a workable program, it was only natural that on the part of the
08 electorate a degree of impatience would develop. When are we going to see
09 the results of all this that you said you could do, and which we support?
10 That impatience naturally was reflected in the Members of the Legislature.

11
12 Initially, I wouldn't refer to this frankly as a "revolt" although in the
13 latter stages there may have been times when it had those characteristics.
14 It was an anxiety and eagerness to "do the thing we were elected to do".
15 And this was shared by the members of the Government; there was no
16 difference in feeling about that. But as time went on, the frustration
17 became more obvious, the impatience on the part of the people. Some of
18 them were beginning to say, "What goes on here? It's been a year, a year
19 and a half. Where are the indications that you're going to be able to do
20 this?"

21
22 This was the type of pressure under which the Members were placed every
23 time they went around their constituencies. And of course, they would come
24 back to the Legislature, the Caucus, and say, "People are impatient, and
25 we're getting impatient. What's the hold-up? Why can't we do this?"

26
27 When you get under pressures like that, in our Parliamentary and Cabinet
28 system of government, the difference that develops between those in the
29 administrative arm of government (the Executive Council) and the public and
30 the private members, is that the ones in the administrative end are the
31 ones that are wrestling with the endeavours to do these things day after
32 day after day, and who therefore are the ones that are deeply conscious of
33 the practical problems they are encountering. While you can explain these
34 thing to the public in a general way, there's no way you can convey to them
35 an understanding the same as it grows on you when you live with it and try
36 to find answers to the problems.

01 And initially, when this was discussed in Caucus, it was a matter of mutual
02 concern by the members and the Cabinet. "This thing's proving very
03 difficult. We're having real problems working out something that we feel
04 would be acceptable and practical and workable. But we're doing everything
05 we can." The Members would say, "We quite understand that." And there was
06 no criticism. But with the lapse of time, and the pressures from the
07 public, they began to say, "Surely something more can be done than is being
08 done. We're just not making progress fast enough."

09
10 That's the stage where by-and-by they started voicing this, first in Caucus
11 and finally in the House.

12
13 The other thing which had a very definite bearing on the Members' attitude
14 was that they had anticipated that by at least the second Budget of the new
15 Government there would be a provision for a block of this Alberta Credit to
16 do certain things, as part of the financial structure of the Province. We
17 were not able to develop a program in which we felt we could do that. To
18 simply say, "We're including in the Budget \$1 million of Alberta Credit
19 which represents the amortization of the unused production in the Province,
20 and we're going to distribute this for this-and-this purpose." To say that
21 before we were certain that it would be accepted voluntarily to an extent
22 sufficient to make it viable and accomplish something, would have been
23 irresponsible.

24
25 So we did not include in the Budget anything of this kind at all. Our
26 Budget was a standard, orthodox Budget, the same as all governments'. On
27 top of that, because of the rapidly rising relief costs, we had to increase
28 taxes, which was the very opposite to what the people had anticipated,
29 including the Members. The most controversial ones were the increase in
30 the income tax which was accepted as a temporary necessity, and also the
31 imposition of a retail sales tax. That, more than any other single thing,
32 brought the Members' concern to a head. They said, "Wait a minute. Not
33 only are we staying with the traditional, orthodox kind of budget, but on
34 top of that we're introducing a new tax altogether." We'd never had a
35 sales tax in Alberta. And that's when the feeling started coming out into
36 the open.

01 This created a very, very difficult situation. Once the criticism, the
02 frustrations, were voiced publicly, then they quickly moved on to the stage
03 of criticism of the Government. It wasn't moving fast enough; it wasn't
04 doing all it could be doing. This is where it took on the stages which in
05 some respects became open controversy and confrontation.

06
07 This was a very, very distressing time for Mr. Aberhart, and for all of us
08 who had been with him from the inception of the Social Credit Movement.
09 Certainly he and those of us with him were intensely anxious to do what we
10 had been elected to do. It wasn't a matter of any change of view on our
11 part. But we were not able to get past the types of problems that we
12 encountered in trying to develop a program that would be acceptable if we
13 went ahead with it.

14
15 But that wasn't acceptable to the public once their frustrations reached
16 certain stages. Within the Caucus, of course, as in any group, you'd find
17 some who were critical, but constructively critical. They would say,
18 "This is serious; something's got to be done about this; but let's put our
19 heads together. If we can help, we want to help." Then you had others who
20 said, "That's your responsibility. You're the Cabinet, you're the
21 administrative arm. You ought to be doing this. We're not experts to tell
22 you how to do it." So you had the different attitudes which always arise
23 in situations of that kind.

24
25 I know it took a great toll on Mr. Aberhart. For one thing, he was such a
26 sincere, conscientious person himself that to be accused of not doing his
27 best to accomplish what he'd promised to do, hurt him very badly.
28 Secondly, while he was a man who was an individualist in so many respects,
29 he was hurt by having people he worked with become critical of him. He
30 didn't care about people outside, but he was very deeply hurt by the
31 attitude taken by a number of the Members when the thing reached the stage
32 of controversy and argument.

33
34 **LS:** Did Mr. Aberhart feel, and did you believe, that it was still possible
35 (during this period of the Insurgency) to institute Social Credit
36 measures? That over, say, the next two years, it was still possible to
37 institute Social Credit?

01 **ECM:** Very definitely, yes. The feeling of the Government and of Mr. Aberhart at
02 that stage was that to develop and implement the kind of program we'd
03 envisaged was going to be infinitely more difficult than we'd anticipated.
04 But certainly we still didn't think it was impossible. It was a matter of
05 trying this, trying that, developing new programs and analyzing to see
06 "will this one work?" If there's a weakness here, can we plug that hole by
07 doing something differently?

08
09 And then you remember, on top of all this we were face to face with the
10 constitutional problems. Our legislation was being disallowed. Our
11 legislation was being challenged in the Courts. So we not only had the
12 practical problem of a program which would be voluntarily accepted by
13 people, but could you do it legally? Because there was always somebody to
14 challenge everything you did and take it into Court. And probably the
15 Court ruling would be "You can't do that". All that Government could say
16 under those circumstances was, "Well, if we can't do it that way, maybe
17 there's another way we could do it."

18
19 In our view, we were nowhere near the end of all the exploratory work that
20 we felt would lead ultimately to something that would be accepted, when the
21 Insurgency came to a head.

22
23 **LS:** Just to give an idea of the magnitude of the number of people involved in
24 this serious questioning, was there any point at which you felt there was a
25 danger that the Government would fall?

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27 **ECM:** Yes, it did reach the stage where it would have been well within the realm
28 of possibility for the Government to be defeated. Frankly I don't like
29 the name "insurgents". They were over-anxious Members. I would say
30 without any reservation that the great majority (there may have been the
31 odd individual differently) were motivated only by the greatest of
32 sincerity to do what they'd been elected to do.

33
34 Under those circumstances, the feeling of the Members as they expressed it
35 was understandable. What we were not successful in getting over to them
36 was that we felt just as keenly about it as they did, but that these

01 problems that we were outlining to them were real. Many of them took the
02 view, "Why don't we just go ahead and do it anyway, and see what happens?"
03 But our view as administrators was that, if you did something that was not
04 carefully thought through, and it collapsed by virtue of a weakness in it,
05 then you'd practically eliminated any possibility of starting over again.
06 We had to feel our way, and be sure that what we were proposing at least
07 was workable.

08
09 But coming back to your question about whether the Government might be
10 defeated. Certainly the great majority of the Members didn't want the
11 Government to be defeated. They wanted Social Credit implemented.
12 Period. And they wanted the Government to implement it. But the reason I
13 say that at times the Government was faced with the possibility of defeat
14 is that, when you get a situation like that and feelings and emotions start
15 running high, if a thing comes to a vote there's a tendency (perhaps in the
16 heat of debate) to say, "I'm not going to support that" or "I'm going to
17 support it" and the emotions of the hour could override their more quiet
18 judgement. While they were annoyed and frustrated and angry, they didn't
19 want the defeat of the Government.

20
21 If they defeated the Government, it was the end of the whole Social Credit
22 movement anyway. So they would not accomplish the end of introducing
23 Social Credit by defeating the Government. That was obvious. It did get to
24 the place where some of the so-called "insurgents" contemplated among
25 themselves that maybe they should defeat the Government and choose somebody
26 else as a leader - one of their own who would do more. And names were
27 bandied around. So it was a pretty precarious position.

28
29 **LS:** How did it resolve it? We see it developing, we see it become a very
30 anxious time. How was it resolved?

31
32 **ECM:** Its resolution extended over a period of time. Probably the first major
33 step was the one that took place at this first Session in 1937 when the
34 Alberta Social Credit Act was passed. This repealed and replaced the
35 Social Credit Measures Act of 1936 of the first Session, and the Alberta
36 Credit House Act of 1936. It was quite a comprehensive Bill. It started

01 out by attempting to define a number of the important terms that were
02 involved in the whole Social Credit concept, and which would have to be
03 used in any program that was implemented. For example, it tried to define
04 Alberta Credit, compensated price, Credit Houses, retail discount rates,
05 credit vouchers, discount vouchers, Provincial Credit account, treasury
06 credit certificates, and treasury credit certificate accounts. All of
07 these were spelled out with a definition, in hopes that people would
08 understand better what we were talking about when we used these terms.
09

10 One of the main provisions, however, that bore on the insurgency problem,
11 was that this Bill provided for the establishment of a Social Credit Board
12 of five members. These five members were named in the Bill, and they were
13 all Private Members of the Legislature - no Cabinet Ministers on it at
14 all. Some of the ones on the Board had been quite actively involved with
15 the so-called "Insurgency". Some were those who had argued against the
16 position of the "Insurgents" and for the Government.
17

18 The Board was given very broad powers. Among other things, it was
19 authorized to engage experts. Mr. Aberhart and the Government had not been
20 successful in getting Major Douglas to come over. This was one of the
21 things that brought criticism from some of the Members. "We should have
22 got Douglas here." That was essential. So under this Act they had power
23 to get experts, and they did. Later the Chairman went all the way over the
24 Scotland to talk to Major Douglas and try and get him to come.
25

26 It provided for the setting up of a commission called a Provincial Credit
27 Commission, to be appointed by the Board. It was to handle the
28 determination of the amounts of the Alberta Credit that would be created,
29 when it would be expanded, when it would be contracted.
30

31 It was empowered to determine the monetary value of unused production of
32 industries and producers in the Province and then to create Alberta Credit
33 to monetize that unused production of the Province.
34

35 It had authority to authorize loans of Alberta Credit to producers and
36 manufacturers, and to determine retail discount rates and compensated

01 discounts. I should perhaps explain that: The overall concept was no
02 different from what we had been working with all along. There was
03 production and productive capacity in the Province that was not being used
04 for the simple reason that people did not have enough purchasing power.
05

06
07 The idea was that a monetary value should be attached to this
08 unpurchaseable production that was on the shelves, plus the unused
09 productive capacity - and "x" number of dollars of Alberta Credit should be
10 created to represent the monetary value of these goods and productive
11 capacity. And that that credit would then be distributed to the people of
12 the Province in two ways. One, by the direct payment of a consumers'
13 dividend - the famous Social Credit dividend. And second, by discounting
14 the prices of certain types of goods which you wanted to move, or which
15 were not moving, and making up the difference to the retailer by a
16 compensated price to him. In other words, if he discounted the price of a
17 line of goods 10%, then the 10% would be made up to him from this fund of
18 Alberta Credit. This was another way of enhancing the buying power of the
19 people. If you made the goods 10% cheaper, it was the same thing as giving
20 them 10% buying power.

21
22 This Board was authorized to arrange the amounts of this credit and the
23 amounts of discounts, and so on. It authorized the issue of Alberta Credit
24 Certificates - simply certificates authorizing Credit Houses or any
25 institution we were dealing with to issue a certain amount of Alberta
26 Credit. It authorized the Government to accept Alberta Credit in the
27 payment of debts owing to the Province. It authorized municipalities, that
28 is municipal governments, to do the same thing voluntarily if they were
29 prepared to do it. It authorized producers to make contracts with
30 suppliers or manufacturers to deal in Alberta Credit for payment in whole
31 or in part for the things they obtained. It provided the mechanism for the
32 payment of the consumer's dividend. It provided for the Credit Houses and
33 for Credit House vouchers, which were vouchers for transferring credit on
34 the books in the Credit House. And Treasury Credit Certificates which were
35 really an instrument for the clearing house to facilitate the transactions
36 of clearing these credits between different banks.

Those were very broad provisions. But the one which had the greatest impact on the Members was that now they had a Board of their own, and this Board had broad powers to do any and all of these things, in cooperation with the Government.

Actually the provisions of this very important piece of legislation were all worked out and discussed in Caucus with the Members and with the Government's assurance that we would introduce this Bill and pass it with their concurrence, they then agreed to the passage of the regular Budget and the other things that had to be attended to to look after the routine business.

This cooled off the confrontation that had developed.

Immediately after that Session, the Chairman of the Board, Mr. MacLachlan, went to England and personally interviewed Major Douglas and tried to get him to come. Major Douglas still was not prepared to come to Canada, but he proposed as an alternative that he would send two colleagues of his, who had been associated with him in Social Credit work in England. These would be his emissaries to Alberta.

LS: Why was Major Douglas not prepared to come himself?

ECM: I can only surmise, and I don't want to be unfair to Major Douglas. He's gone and can't speak for himself.

Many of us at least had the impression that he was very anxious to preserve the integrity of his philosophy, and almost shunned an opportunity to see it tested in the rough-and-tumble of the political world. That may not have been the reason, but certainly that was the thought that occurred to a great many of us. In our view, this afforded him, as one who had been theorizing on this for years, a wonder opportunity. Here was a chance to have his theories demonstrated in actual practice. But he did seem to shy away from that.

01 The reasons he gave were that he didn't think the circumstances were proper
02 to give it a reasonable trial; he wasn't convinced that the philosophy of
03 Social Credit that Mr. Aberhart preached all over the Province in the
04 election was pure Social Credit dogma; the constitutional problems ought to
05 be resolved first. In any event, he wouldn't come.

06
07 The two men he sent were Mr. Byrne and Mr. Powell. The first thing they
08 did when they arrived was to launch a program to heal the breach that had
09 developed among the Members. This wasn't just between the "Insurgents" and
10 the Cabinet. Among the Private Members you had a significant group who
11 were strong supporters of the Government's position and who were fighting
12 against the insurgents as much or more than the Cabinet was.

13
14 The procedure that Mr. Powell and Mr. Byrne followed was to get the whole
15 group together. They laid great stress on the idea that what elected
16 representatives should do, and in fact what the public should do, was to
17 unite for results rather than arguing about how we were going to obtain the
18 results. Be united to attain a result. And then to attain the result, you
19 acquired the expertise of those who could develop the programs to give you
20 the results you wanted.

21
22 They stressed that if the Legislature was going to accomplish anything
23 toward Social Credit, they had to unite. They were satisfied that there
24 was nobody in the Cabinet or Caucus (maybe the odd individual, but nothing
25 significant) that didn't share the mutual desire to see Social Credit
26 implemented, and wasn't intensely anxious to see it implemented. On that
27 basis, their appeal was, "Can't you unite? You all feel the same thing,
28 you all want to achieve the same end. Can't you unite for the result that
29 you want? Because unless you unite, you kill yourself at that stage, and
30 it doesn't matter what theory you have or what you propose, it isn't going
31 to come to pass. The Government will be defeated; the public will be fed
32 up and throw you out, and that's the end of it."

33
34 So they drafted up a form (some people called it a pledge) but it was a
35 declaration of Unity for Results, and they asked the Members to sign it.
36 Most of them did. There were only one or two who refused to sign it - one
37 was Mr. Hugill, the Attorney General, who later resigned.

This went a long way toward dampening down the feelings which had developed over the period of time of the "Insurgency". And I think it's indicative of the motivations of the "Insurgents" and the "non-insurgents" that when it was put to them that way ("Whatever you disagree on, whether the Insurgents maybe disagree that all the Government hasn't done all it could have done, and it hasn't done it the way it should have done it, at least you agree that you all want to see a Social Credit program implemented, and on that point you're of one mind) this had a mellowing effect. They signed their little slip of paper and we started living together happily every after!

Mr. Aberhart went out of his way, trying to bridge the gaps. He called these people in, assured them there was no feeling on the part of the Cabinet, and so on. The animosity died out at that stage. There were individuals that retained a critical attitude, and some of those later were ejected from the Caucus, but that was just a handful. It wasn't significant. That really was the end of the Social Credit "Insurgency" as a threat to the Government.

LS: I'd like to return briefly to the Social Credit Board to understand its relationship to the Cabinet. Who was the Board responsible to?

ECM: The Board was responsible to the Executive Council as a whole, so their reports went to the Premier as Chairman of the Council.

LS: It has been suggested that the Board may have had certain powers that perhaps should have been retained in the Council rather than given to a Board. Was there any discussion of that at the time?

ECM: There was quite a discussion at the time as to the powers that were being given to the Board under the legislation, because normally they would be considered very broad, and certainly some of them were powers which would normally be retained by the Cabinet. But this legislation was passed to meet a particular circumstance.

The Government felt that the group of Private Members in a sense had lost confidence in the Cabinet doing all that it could do in the way it should

01 be done to implement Social Credit. We were very firmly convinced in our
 02 own minds that that was an unjustified conclusion. There wasn't any
 03 reticence. There were practical problems that we saw, but were unable to
 04 convince the ones that didn't have the responsibility we had, that they
 05 were real problems. And our thinking was, "There's one way it'll become
 06 obvious whether we're correct in our conclusion, or wrong. Let's have a
 07 new group, of those who say we're not doing what we might be doing. Let's
 08 have them try it. If they succeed, fine. We'll say, 'You did a better job
 09 than we did.'"

10
 11 To do that, we had to give them broad enough powers so that they couldn't
 12 be circumscribed by lack of powers. In addition to that, it wasn't a
 13 matter of operating independently of the Government. They could ask the
 14 Government for the cooperation and help of any Department of Government,
 15 and every effort was made to tie this Board and the Cabinet's functions
 16 together. Nevertheless, they had latitude of their own under the Act to do
 17 the kind of experimenting that they seemed to think we were not doing.

18
 19 LS: How long was the Board active?

20
 21 ECM: I don't recall the actual number of years. The Board made a number of
 22 reports, and some of these reports, particularly the latter ones, led to
 23 some problems. They made some suggestions that the Government simply
 24 couldn't agree with. And we ultimately abolished the Board.

25
 26 By that time (and this was on after Mr. Aberhart died), the experimental
 27 efforts had gone on to the point where every single thing we could conceive
 28 of that we could try, every approach to the problem, had been made, and we
 29 saw no practical purpose in the Board continuing. When it was abolished,
 30 there was very little opposition to its abolition.

31
 32 LS: The Members of the Board were appointed....

33
 34 ECM: They were named right in the Act.

35
 36 LS: But over a period of years they must have changed?

No. I don't think there were any changes in it. There was one member, I believe, that died, I think while he was still a member of the Board. There was a provision for a replacement.

LS: Mr. MacLachlan continued to be Chairman all the way through?

ECM: He was Chairman.

LS: There is one other piece of legislation that is of some interest, and that is the Act to Amend the Treasury Department Act. What was that about?

ECM: That was really a very minor amendment. All that did was authorize the Treasury to deal with and use the Credit Houses or Treasury Branches, as well as the chartered banks. In other words, they could open accounts in the Credit Houses instead of just the banks as in the old Act.

LS: During this period of time, the new Government experienced its first resignations of its people. One of the first was the Minister of Lands and Mines (going back to December of 1936), Mr. C. C. Ross. What was the situation and the history around that?

There was also a further resignation, in January of 1937, Mr. Cockcroft, responsible for the Treasury. What was the situation there?

ECM: In the case of Mr. Ross, he was a man who had never been connected with the Social Credit Movement at all. He was in the petroleum industry in Calgary, quite well known and well regarded. When the Government was elected in 1935, Mr. Aberhart recognized there were some very serious problems we had to deal with in the petroleum industry.

One thing, and perhaps the most serious, was the terrible wastage of natural gas in Turner Valley. In those days the naphtha wells in Turner Valley were producing millions and millions of cubic feet of gas which was extracted from the naphtha (which was the oil) and there was no market for this gas other than the very limited market in Calgary. So it was just run off in pipes and flared. There was enough gas burned in those years to have taken care of Canada's needs for quite a while even today.

01 This had been going on for years before the Government was elected, and
02 Mr. Aberhart and the Government were determined they were going to bring an
03 end to this wastage of resources. We didn't have in the Members elected
04 anybody that had any knowledge of the petroleum industry. So Mr. Aberhart
05 decided to go outside altogether to pick a man just for that Department,
06 and Mr. Ross agreed to take on the work, provided he was not asked or
07 expected to be involved in any political activity (he had no interest in
08 politics at all), and secondly that he could have a free hand in running
09 the department as far as the technical ends of the industry were
10 concerned. Mr. Aberhart agreed.

11
12 He was appointed, and one of our Private Members resigned and created a
13 by-election where he was elected to the House.

14
15 Mr. Ross disagreed with Mr. Aberhart over the implementation of this
16 program of gas conservaition. This I think was the main point of
17 disagreement. The two men were both quite individualistic, and probably
18 not the best type to work too closely together. Mr. Ross introduced some
19 very drastic regulations shutting in these flares, which the Government
20 agreed to. There wasn't any disagreement on that.

21
22 But as I recall it (and I wasn't involved in that Department at the time)
23 Mr. Aberhart was concerned that the rate with which this was being done and
24 the blanket regulations being imposed, were going to be pretty disastrous
25 for the small Alberta producers whose only income was perhaps the
26 production from a number of these naphtha wells. They weren't like the
27 large integrated companies who had lots of other operations. This was
28 their total operation, and it really meant shutting in their whole
29 operation.

30
31 I remember discussions in Cabinet, and the concern Mr. Aberhart expressed
32 that maybe this was moving too quickly, that perhaps it ought to be phased
33 in over time, to give these people at least time to adjust.

34
35 It was this type of thing. Mr. Ross took the position, "I came in on the
36 understanding that I would work out a program to do this, and I'd have a

free hand to do it." He just wouldn't tolerate what he considered interference. There was no flare-up between them, but that was the type of thing that developed, and Mr. Ross turned in his resignation. He was that type. "If I can't do it this way, that's fine. Get somebody else." And away he went.

LS: Mr. Cockcroft's resignation in January of 1937. What was the situation around that?

ECM: Mr. Cockcroft was Provincial Treasurer, and had one of the most difficult portfolios of course of any Minister. He was the man who had to produce a Budget to meet all these tremendous demands for expenditures, with no revenue! In fairness to him, he had a very, very difficult job to do. He was under pressure because the criticism of the Members who were becoming impatient (as we have mentioned) was primarily aimed at Mr. Aberhart and Mr. Cockcroft as Treasurer. He was the man bringing in a Budget with a sales tax in it. He was the man raising income tax. "What's going on here?"

I think for one thing, this wore Mr. Cockcroft down a bit. It was hard on his nerves, and he was under terrible pressure. There may have been some disagreement between him and Mr. Aberhart, because Mr. Aberhart was putting pressure on the other hand to get a Social Credit Budget into shape.

The

The last incident that I recall was in the preparation of the Budget in that year that he resigned, 1937. Mr. Cockcroft had consultations with a number of financial people (investment house people, bank people and so on) from outside. Mr. Aberhart felt that Mr. Cockcroft was not going to get from this type of advisor the helpful advice when what we were striving for was to get away from a traditional budget. It was primarily over this point that they finally had a disagreement, and Mr. Cockcroft (and part of this is second-hand) said, "I need to be free to get the help I want. I've got a terrible problem on my hands. If you don't like it, you can have my resignation." And Mr. Aberhart said, "Okay, send your resignation." And that's how it came about.

01 **LS:** Are there other significant or important points in this period?
02

03 **ECM:** I think this pretty well covers the 1937 period. There were three Sessions
04 in that year. There are probably one or two other things which will come
05 up later on if we keep the sequence we've followed thus far.
06

07 **LS:** Good. Thank you very much.
08