

Mr. E. C. Manning

Interview #32

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LS: I'd like to deal with two issues out of 1959 to finish off. The first was: That was the year that the Cameron Report on Education was completed, I believe, and I'm interested in the background recommendations and the implementation of some of those recommendations. One of the things that I seem to have picked up in reading about it was that there was a suggestion that there was a reluctance on the part of your Government to implement many of the recommendations of the Cameron Report. Now, I'd like to get to that as well, but what was the background there?

ECM: It was one of those continuing studies into the educational system that is almost an ongoing thing with most governments because education is not a static thing and there so many divergent views as to how it can be improved and the areas where it especially should be improved, and on several occasions over the years of our Government we did have commissions appointed that took a look at the whole educational picture and came up with their updated assessments of the system and what should be or could be done to improve it.

I do not recall at this date any single major issues that led to the Commission being put up. To the best of my recollection, it was an accumulation of a number of pretty important concerns that accumulated to the place where we thought, Well, the best thing is to have some qualified person take a hard look at it. And that's why the Commission was established.

LS: Dr. Cameron was involved--I'm not sure whether at this point or later--with the Banff School, was he not?

ECM: Yes, he was involved with that for many, many years. In fact, really, the Banff School of Fine Arts was--you could really credit Don Cameron with being the guiding force behind it from its inception. He did a tremendous

job in the Banff School of Fine Arts. That had priority with him over everything else. He did an excellent job.

LS: From what I can understand, the report was in fact an umbrella kind of report and dealt with various aspects of education in the Province. But was there any reluctance on the part of your Government to deal with some of those recommendations, do you recall?

ECM: In that type of report, that covers a wide range of subject within the broad field of education, the number of recommendations were quite numerous. I don't recall how many, but there were a lot of recommendations. And many of these are matters of judgment. I mean, one group would say, 'We think it ought to be done this way, or the emphasis should be here.' Another group would say something else.

The Commission's task was to assess these relative positions and come up with what in their judgment was the best thing to do. But by the very nature of those things, you could not get agreement on a lot of them, either in the Cabinet or in the Legislature, any more than you'd get agreement in the public. And so while it is true that a lot of the recommendations were not implemented, I wouldn't say that it was any particularly resistance on the part of the Government to making change, but rather we faced at Government level the same thing that the Commissioner faced in his hearings--conflict of opinion. But he was in the position of saying, "Well, in my judgment this is the thing to do." And that was the end of it as far as he was concerned. With the Government that is not the end of it. The Government, if it says "alright, we'll do that", then it has to live with the repercussions that that creates among those who did not favour that particular change or alteration.

So it's not uncommon (and I don't think this report was unique at all in that respect) in that kind of situation that governments do not, in fact in some cases I guess you could truthfully say are not able to, implement a lot of the recommendations even though they probably agree. And I am sure we would agree in the case of the Cameron Commission that there was very valid argument for what he was proposing. But we also as a government had

to face the fact that there were very valid arguments for not doing some of them or for doing it a different way. So the number that could be implemented was relatively small.

LS: I don't know if we've touched on this before, but it raises the question of the whole way of governing and using these things called Royal Commissions. What's their use and what is their weakness?

ECM: That's a highly debatable question. The big advantage of a Royal Commission is, number one, if you get good Commissioners or a Commissioner, and they do a good, objective job, they can consolidate the conflicting viewpoints on an issue of public importance and make a judgment as to alternates that are proposed during their hearings. And because it's done by a Commission that is not a part of the Government, that's outside the political arena, it carries a considerable amount of weight and confidence with the public as a rule.

The public is always skeptical in a lot of these things, that decisions are being made primarily for political purposes. You get away from that if you get an independent Commission. Now that's the positive side.

The drawback or the weakness of Royal Commission studies is that quite frequently the recommendation that the Commission comes up with is merely one of the public positions which they have decided is perhaps the best position. It doesn't do anything to deal with the fact that there are counter-positions, contrary viewpoints which are perhaps very firmly held and are quite significant in the various communities.

The Commission doesn't have to worry about that. All they have to say is, "We feel, weighing all things, that this is the best thing to do." That's, as I said earlier, the fundamental difference between the Commissions's position and the Government's position. The Government does have to give attention to the interests even of minority groups who feel that they're grieved by virtue of a consensus on some issue that the Commission may say, "Well, that's a valid consensus". But that doesn't lessen the feelings of

the minority groups who feel that something different ought to be done. And governments have to give attention to that.

Secondly, because Commissions do not have to deal with the political realities of implementing their recommendations, I think it's without question true that a lot of recommendations made by Commissions are simply unrealistic having regard to the political possibilities. It's find to say, "This is the logical thing to do" but if you know perfectly well your Legislature will not endorse it, you can't do it. Theoretically it looks fine.

This to my mind is the great weakness of Royal Commissions. If you take the care that you usually want to take in a Royal Commission to get commissioners that are completely divorced from the political sphere in order that the public will perceive their work as objective and not influenced by politics, you are more and more likely as a result of that to get people who will not give attention to the political realities. If you put somebody on the Commission that's familiar with political realities, then the public will say, "Well, that's just a white-wash cover-up. The Government simply wants a Commission to say something that they want it to say."

Really when you look across this country over the years, it's pretty disturbing the millions and millions of dollars that have been spent on Royal Commissions on every conceivable issue, and I guess it would be fair to say that at least 90% of those reports are just gathering dust on the shelf. They have never been seriously implemented, other than the odd recommendation.

The ideal Royal Commission--and it's not easy to obtain--is a Commission that is objective on the one hand and not influenced by partisan interests and things of that kind, but which at the same time is aware of an sensitive to the political realities of the country or the province in which its recommendations will have to be implemented.

This is digressing a little bit, but in the work of the Senate, one of things I have felt for a long time and have argued for is that much of the work done in Canada by Royal Commissions could be done as well and in many cases I think better, if they used Senators in that role. In the first place, you could always get from the reservoir of expertise in the Senate two or three people that would be qualified on most issues. Secondly, they are removed both in fact and in the public mind from the active partisan political arena, and yet most of them--not all, but most--are men and women that have had long years of experience in the political arena, and they are sensitive to the political realities. I have always felt that that reservoir of people, if we drew on them to do studies which are normally referred to Royal Commissions, you would get around the lack of attention to the political realities which is characteristic of outside commissioners. You would save the public a lot of money because you wouldn't need to pay these people to do it; it would be part of their work. And I think it could be very much more effective. But it has not been done.

LS: Is there any chance of that?

ECM: I don't know. I see no chance of it today. I think the general attitude of Governments is that they like to appoint somebody outside the political arena altogether, and while the Senate is not political in the sense that they are not looking for re-election or something of this kind, they are people with political backgrounds, and I suppose that influences governments.

My own belief, as I've indicated, is that members of the Senate should do this kind of work, not only for the national Government, but I see no reason why they shouldn't do that kind of work for every Legislature in the country. It's all Canadian business, paid for by the Canadian people. But I wouldn't hold my breath waiting for it to happen.

LS: There's...I guess it's called a Royal Commission right now in Alberta ... one of them ... is the Brennan Royal Commission, in terms of the Loughheed Government and the various connections with the Annexation question. I

guess the question that's in the mind of people sometimes is, when you say it's not a political appointment in terms of looking for people outside of say, the Senate, there's a great deal of cynicism in saying in fact that those are political appointments.

ECM: Well, that depends to a large extent on whom you appoint. We mentioned in one of our earlier talks, for example, the Mahafee (sp?) Commission which we set up. Mr. Mahafee had a political background, but he had been a member of the Opposition in the House. People are not usually cynical about a Government appointing an Opposition member to head a Commission. If you appoint an ex-member of your own party, you obviously invite public cynicism and criticism. That's why governments have to be extremely careful about whom they select.

One of the common practices, and a good practice in serious Royal Commissions, is to appoint a judge, so that you do get somebody first of all that's removed from the political arena, and secondly that has the experience and the training to weigh evidence and this type of thing. Judicial Royal Commissions are very common in this country.

LS: Who appoints judges?

ECM: Well, they are appointed either by the Provincial or Federal Government. Ultimately, that's true, their appointment was by the Province. But there again, if the Government wants to, they can avoid criticism because if a government of one political stripe appoints a Federal judge appointed by a Federal government of another political stripe, they can hardly accuse the Province of being political in it.

From a government standpoint, all I can say ... we didn't have all that many Royal Commissions but we had a few ... and our philosophy on it was that the Government's interests as well as the public interests were best served by getting a Commissioner that beyond any question would be accepted by the public as being not connected with the Government and impartial and outside the field of political influence.

In the case of the Cameron Commission, Mr. Cameron--or Senator Cameron as he is now--was a well-known educationist. He had been with the University Extension Department and then the Banff School of Fine Arts for years. He had an international reputation by his work there. He had never been connected with the Government. His political leanings, to whatever extent he had political leanings, was Liberal. He sits in the Senate today as an independent Liberal. So he had no connection whatever with our Government, and was not perceived by anybody as having Government connections.

LS: Just a final thing on that. I think there is a feeling among the populace that Royal Commissions are ineffectual. I'm trying to get at the tie between once the recommendations have been made. Alright, there's the reality of what's politically feasible. But is there any way of breaking down that kind of cynicism?

ECM: There's no easy way to do it. I can quite understand the Government perceiving them as ineffectual. I have the same feeling myself. But they're ineffectual because of the set of circumstances over which the Commission has little or no control. And to be fair, governments probably have little or no control. The Commission is charged with weighing evidence and coming up with what they feel is the most sensible recommendation in the light of that evidence. But that does not cover that vague area of whether the recommendations are politically possible or feasible. Governments, on the other hand, have to take that into account.

So where you bog down is the impasse between those two positions. So nothing's done. Now some people blame the Commission, say "Well, the recommendations were not realistic." Others blame the Government, say, "The recommendations were good but the Government wouldn't act on them." The net result of the whole thing is that the public whoever was to blame, the thing was ineffectual--nothing came of it. That's generalizing perhaps a little too far because certainly there have been over the years--not only in Alberta but across the country as a whole--some very good results come out of recommendations of Royal Commissions. But you know, if a Commission makes 40 recommendations, and the government implements, say, ten of them, and those ten happen to be all beneficial to the public, you'll never hear

of those ten. You'll hear of the 30 they didn't implement. That's the political reality of public life.

LS: I'd like to move on to the election of 1959. It was an interesting change of majority for sure. You had in 1955 37 seats out of 61. In 1959 you gained many seats, to 61 seats out of 65. Interestingly, the Liberals had 15 in 1955 and 1 in 1959. That's an enormous endorsement for your Government at that time. What accounted for that increase, in your opinion, and what were the issues in that election?

ECM: Well, I suppose we could attribute it to the good judgment of the people of Alberta! That would be the simplest way to put it.

There were, of course, a number of factors, as is always the case in elections. I do think that one of the things as far as the Liberals were concerned--and they were practically wiped out in that election--we have referred in earlier talks to the leadership of Harper Prowse which is prior to this time and came up to this period. Under his leadership, he developed a very vitriolic type of attack on the Government. His attacks were often vicious, often unwarranted, and I am confident (and I'm sure Liberals would not accept this) that there was a public reaction against that type of thing. It was apparent to them that while Oppositions are expected to criticize and attack the Government--that's what they're there for--they are expected to do it on the basis of fairness, and not with personal attacks and things of this kind. Mr. Prowse's leadership leaned in that direction--vicious attacks on members of the Government including myself and gross distortions of the Government's position in attacking them.

I think the Government did have a very wide measure of support, and I think we had the confidence of a lot of people. Many people who earlier had given the Liberals a substantial group in the House as an Opposition ... I don't think they ever wanted them as a Government but the argument that it's better to have a fairly good-sized effective Opposition goes over with the public generally ... but when that Opposition under that leadership became entirely negative and I think unfair in many cases, there was a

reaction, a resentment, against it. So the first chance they got, they cleaned them out, lock, stock and barrel. I think that was one of the factors.

I think the programs the Government was implementing and working out at that time had the wide support of the public, and I think they wanted them continued. They had seen in the period prior to that election that the Opposition, rather than just performing the normal role of keeping the Government alert and pointing out the weakness and what's a better way of doing things, was really almost an obstructionist Opposition to those things which a majority of people were in favour of. So they expressed it rather clearly in the election.

If I recall correctly, following that election--I think there were 4 members in the Opposition--do you have the breakdown of those?

LS: Now I don't. I know there were four. You had 61 out of 65 seats.

ECM: Yes. I was thinking--there was one election that they had only 3 in the Opposition, one from each party. I always remember it was a rather humorous thing because they couldn't agree on who was going to be the official Leader of the Opposition because no one had a majority.

LS: That's this time. Preston covered it at this time.

ECM: Well then there must have been an Independent perhaps. Maybe that was the situation. It was a situation where there was no Party represented in the Opposition that had more than one member. So the question arose--Who was the Official Opposition in the House? We took the position as a Government, and I'll admit we did this with almost a little touch of humour thrown in because it wasn't important to us one way or the other, that it wasn't for us to say who the Official Opposition was. They could get together and decide among themselves.

The reason this becomes important is that the Leader of the Opposition is the one that leads off in the major debates like the Throne Speech and the

Budget debate. Also there's the special indemnity for the Leader of the Opposition so there were some dollars involved in it.

So we said, "Well, you get together. You're the Opposition. You tell us who's going to be your leader in the House. It's fine with us--any one of you." But of course they couldn't agree among themselves. We ended up treating them all exactly the same. We split the indemnity between their members, and they took turns at leading off on Budget debates and Throne Speech debates.

LS: I think Mike Ficanyo(sp?) was the Liberal at that point in time.

ECM: Yes, I believe he had taken over the leadership at that time.

LS: Just in looking at that situation--because it is an interesting one where your Government has 61 of the 65 seats--I know there were some other interesting things that happened at that time. For instance, I believe you suggested at one time that Social Credit Members would second motions coming from the Opposition side. But I think, in a more serious vein, how does one govern with the concerns of keeping the debate lively and relevant, and the whole concern of that kind of overwhelming majority?

ECM: Well, really it makes no difference to your ability to govern. It imposes two or three additional responsibilities on the Government. Number one, you have to start, in my view, with recognizing what is the purpose of an Official Opposition. It's to be a watchdog on the Government's conduct, and to present alternatives to the proposals that governments make, and so on. When you don't have an Opposition to do that, that responsibility falls back on the Government themselves. The Government has to be doubly careful, when you have a huge majority, that they watch their own conduct. In other words, they do the things which normally would be done by the Opposition. Or to put it another way around, they can no longer count on the Opposition doing that kind of thing so they have to be doubly vigilant so that you do not permit things to happen which normally would be prevented, or the possibility lessened, by virtue of the fact that there

was a vigilant Opposition watching all the time. That's the biggest difference.

It has nothing to do with government, but it has to do with your vigilance and how you conduct yourself as a Government, and your attention to being certain that everything is done so that if there was an Opposition they wouldn't have anything valid to criticize.

Secondly, and this is more a partisan thing, human nature being what it is, if you have a group of Members who are relatively vigorous in the political arena (and after all, if people go into the political arena, they have some interest in these things) they want to debate issues. That's an integral part of it. If there isn't an Opposition to debate with, the tendency is to argue among themselves. In other words, a government has much greater risk of internal disagreements with a very weak Opposition than with a strong Opposition.

If you have a situation where the defections of two or three Government Members can mean the difference between a majority and a minority, well then they don't defect very casually. It's a most serious thing. If you have practically no Opposition, a dozen of your Members can defect and take a position completely in opposition to Government policy, knowing that it doesn't make one iota of difference as far as the public is concerned to the policy being carried out. They can have in a sense the best of both worlds. They can go on record as being opposed to something that they personally do not like, knowing that it's not going to stop the program being implemented, which they probably know is what the public wants. So it creates a different situation that way.

Now, I can say in this period that you're talking about, that we had no difficulties of that kind. But it's a problem that you are aware of and have to be alert to. But I know the general public attitude is that the best kind of government is where you have a pretty evenly balanced House with the Government having a comfortable working majority but a good Opposition. And there's a lot to be said for that.

I can only say from my own experience, I think that that is more theoretical than real in many respects. Not detracting one iota from the vital role of an Opposition in a Parliament or Legislature.

There is the other side to it--and I'm afraid it's getting more this way as time goes on--the tendency of Oppositions to be obstructionist rather than constructive criticism is more and more pronounced. And to that extent they delay implementation.

And you see this particularly today at the Federal level where Oppositions are so frequently nothing more than obstructionists. They may have very valid reasons to argue as they argue. But you see, the old concept of a democratic government was that the Government presented a resolution to the House--it may be a bill, a resolution or whatever it was, it proposed to do something. Then the purpose of the debate is that both sides of the argument can be fully and clearly presented. The Opposition is supposed to present one side, the Government is supposed to present the other. But the whole idea is to get before the legislature two sides to an argument, or may three sides. And having presented the alternate sides and debated the pro's and con's of the different proposals, the philosophy behind democratic government is that you then take a vote. And the majority vote carries, and then you go on to do something else.

But it doesn't work this way any more. You do this today on the Second Reading of a bill, for example, where the principle is approved. And it's approved by a majority. You then go into a Committee of the Whole, where you're supposed to deal with the details of the clauses of the bill. You're not supposed to be debating principle. But today, nine times out of ten, those who have opposed it in principle on the Second Reading continue the opposition in the Committee. In other words, they do not accept the judgment of the majority that this is what we have decided to do. Instead of concentrating on "This is what we've decided to do; how can we make it the best possible piece of legislation we can make it?" that is not the attitude of oppositions today. And it wasn't even in our day because it never has been fully, but it was much more than it is now.

There is this refusal--even though it may be almost an unconscious refusal--to accept the decision of the majority in a democratic parliament. So you do it all over again in Committee. They argue and debate, and it goes on in the Commons in Ottawa. It goes on for months sometimes, before you can get a bill through Committee. They're re-hashing all the principle which they debated in Second Reading.

So then that's finally forced through by the majority. Then they come back to the House for Third Reading, and then they do it all over again. The point I'm getting at is, I do think the conduct of public business is suffering from the loss of the traditional concept of how a democratic parliament works. It isn't a matter of arguing for a restriction on debate. But it's simply saying, "Look, you shouldn't thrash the same straw half a dozen times. Let's have debate unrestricted but when we come to a decision, then let's accept the decision. That's what a parliament is for." But that's not the case any more.

To that extent, Oppositions can become terribly obstructionist. As I say, we certainly see this demonstrated much more definitely in the Federal arena in recent years than you do in the Provinces.

LS: It's interesting why there's that breakdown in the traditional understanding of the parliamentary process. What do you attribute that to?

ECM: Well, again I don't think you can put your finger on any single thing. So many of these things are interrelated. And yet if you pick on one and use it even as an illustration it's so easy to give the impression you're saying that's the cause or the answer to it. I don't mean it that way, but let me take an example.

In the last 20 years particularly, the emphasis on rights has become a dominant debating point all over the free world. Well, this affects parliaments. You see, this individual says, "I have a right to be heard." Well you say, "You have a right, and you exercised it, and the majority decided thus and so." "I still have a right to continue to reject that

conclusion of the majority!" And technically, he has a point. But all I'm pointing out is that that is the attitude that leads to the slowdown of the parliamentary process which in turn creates a lot of cynicism on the part of the public. They think, "Why don't these people get down to doing something instead of debate, debate, debate?"

And as you know, Federally in recent times the Government has resorted to Closure. Closure should be the absolute last resort in a democratic structure, but to be completely fair you can't blame governments for using closure under some of the circumstances that exist today. If they didn't you'd never get the business done. It goes on indefinitely.

You saw an example of how easy it is, if members want to thwart the rules of parliament, in the stalemate that developed in Ottawa in the constitutional debate. For a week the Opposition held up all the business of Parliament. Now they did it, not by debating in that case, the merits or lack of merits of the proposal before the House. They did it entirely by raising artificial points of order and points of privilege. If I remember the figures, it was something like 80 points of privilege and order raised. There wasn't one of them found by the Speaker to be either a point of privilege or a point of order, but under the rules, each Member can speak for 20 minutes on the point that's raised. So if you want to and you have a hundred members, you can go on for three days with a debate on a point of order. Then at the end of that time, the Speaker gives a ruling, says, "I find there is no point of order", so you start on the next item.

But in the meantime, three days have gone. So it is possible to thwart the whole process of democracy by what I call abusing the rules of the House. And today there's a willingness to do that.

You see, one of the wonderful things about democracy--maybe I'm digressing too far here--but one of the marvelous, almost fearful things about democratic society, is that it has the inherent power to destroy itself. Freedom is unique that way. The very freedom that parliamentarians can claim to debate, if they want to abuse it, can be used to destroy the very process that gives them that freedom in the first place. Regretably, there are more and more people prepared to abuse it.

LS: Do you think it's a conscious kind of thing?

ECM: No, I don't think it's done in many cases deliberately. There are cases such as this one I mentioned in Ottawa, where that was the strategy and it was done for a specific purpose. But I think it would be fair to say that the average member of a legislature of parliament getting up and abusing the rules of the House, hasn't sat up the night before scheming that that's what I'm going to do, I'm going to abuse the rules. He simply is not imbued with that concept of what is vital to a working democracy that makes democracy so effective.

If you read the records of the old debates, particularly in the British "mother of parliaments", goodness knows, from the standpoint of vehemence they were vicious. They would just tear each other to pieces. But always running through it--I shouldn't say always, but with very few exceptions--running through it was this profound respect for the rules of Parliament. And the abuses were very, very few. The debate would be vicious, but when the decision was made it was accepted. And that is the area where I think we've lost out today.

LS: I wonder if I could try to pull some of the things together here. First of all, I think for instance, many Members coming to the House of Commons may not understand this very fundamental thing--that Second Reading is for this, and then you go into Committee, and then Third Reading--what the process actually represents. I think there's that kind of thing. Then if we can go back to yesterday's talk about the whole question of leadership and Party principles, and put that all within a context of understanding democracy and understanding how this country is supposed to work, what we've touched on here is that a lot of this is falling away. There's no commitment to it, there's no understanding of its importance. Is that a general feeling, do you think?

ECM: I'm afraid it is. The first point you touched on I find very interesting--the fact that many members of legislatures and parliaments really have a very limited knowledge of the historic processes, why they're there, the importance of them. They're not there for the purpose of

imposing unnecessary restrictions. They're there because these are the things that are vital to making democracy work.

And one of the reasons, I think, why we have that situation, perhaps more today than before, is that there seems to be on the part of political parties today a total disinterest in training Members of Parliament. You know, if a person wants to go into business, if they want to go into a profession, there's all the training that's required, not just because somebody arbitrarily says you've got to have it but because society has learned over the years that without this they're not proficient. You don't let doctors carve out people's appendix until they've had a little practice on somebody that isn't living.

We recognize the necessity of training in all these areas. We don't let somebody go into court and say, "I'm a lawyer; I'm going to argue somebody's case." The training is there.

But when it comes to governing the country, which is the biggest business we have and it touches the lives of more people than any of these others, anybody can walk in and say, "Look, I'm going to be a Member of Parliament." Fine, now you don't want to stop that. That's democracy. But surely we should put more emphasis on ... if you're going to offer yourself as a Member of Parliament or a Legislature, you need to undergo a form of training that you understand the processes, that you understand why the processes are there, and your responsibility to those processes.

But regrettably, I don't know a political party in Canada today that does anything to train their members in those things.

Secondly, what I find more saddening, I don't know a party that's even interested. I have talked to people and I know others that have been concerned about the same thing, that have talked to political people and said, "Wouldn't it be worthwhile to put together a seminar or a short course which anybody interested in the parliamentary processes could sit down and spend a few days just going over it." (it doesn't have to be a long thing to start off) and found almost no interest whatever.

What they are interested in, if somebody will sit down and tell them how you can scheme to get elected, they'll sit up all night for that. But to sit down and study the processes of democracy, how you can be a good Member if elected, they yawn and walk off somewhere else. There isn't and interest in it. And that's why our process is in the mess it's in today.

LS: Do you see that as a party responsibility?

ECM: I think it's a party responsibility, yes. I think every party should do that kind of thing.

LS: Let's leave that for now. I'd like to go back into 1960 and move on.

There are some general things, before hitting the specific pieces of legislation. There were two pieces of legislation that never were passed in 1960, and they're interesting because they seem to come up over the next couple of years. One is a tax proposal that would have allowed the government to assess and tax certain industries and then distribute it to municipalities. Another bill would have permitted rural municipalities to level property taxes on pipelines and power lines. I'm wondering, when your Government introduced this legislation, what was the background and the objectives that you were trying to attain there. And secondly, why weren't they passed at this point in time?

ECM: These pieces of legislation grew out of a lot of discussions between the Province and municipal people on the matter of equalizing revenue from taxation between municipalities. It's the old, old story that goes on still today and I guess will continue to go on. Particularly around the larger urban centres such as the cities of Edmonton and Calgary in Alberta, you have the rural municipalities, you have industries ... Edmonton's a classic example of this--so-called Refinery Row which is not in the municipality of Edmonton, it's in a rural municipality and yet the people working there, a large percentage of them, live in the City of Edmonton and the City of Edmonton therefore is responsible to provide the school facilities, the hospital facilities, the social services and all these things. And from the municipal standpoint this has always been a sore

point. They say, "Well, if we're going to have to provide the services for the people who benefit from these industries being there, then surely we're entitled to some tax revenue from those industries. It isn't fair for the rural municipality to get all the taxes and we get none of the taxes and provide most of the services." And they have a pretty powerful, valid argument.

Now that can be multiplied a thousand times all over the Province because it happens even by little towns and so on. So there has been a continuing debate between the Provincial Governments and the municipalities on how can you iron out these discrepancies, at least some form of reasonable degree of equalization.

Now there are a lot of different methods have been proposed, and in this period that you refer to these were very moot questions that were being debated far and wide.

One of the proposals as far as industrial taxation was concerned was that the municipalities perhaps should not tax industry at all but let the Province tax the industries on a uniform basis throughout the whole Province so it didn't matter where the industry was located, they would come under the same provincial tax. And then the Province distribute the revenue from that tax to the municipalities, and try to get a formula that would recognize these factors that were concerning them. In other words, if a municipality was providing the social services for the employees of an industry, then that would be a factor to be taken into account in allocating revenue.

Now, theoretically that's an ideal solution. I think it's probably the most ideal that there is. It's another classic example of what we were talking about earlier--it's not politically realistic. And the reason that it is not is first of all, I can see no way that you would ever get a formula for distributing that revenue that would be accepted. It would be accepted by some but vehemently opposed by the others.

Number two, the municipalities which when they can tax directly have all the revenues from the industries, of course are going to fight anything of that kind because to them it means a decrease in revenue.

There is a third factor. I don't think this would be resisted as strongly, but I think it's pretty important. And you will notice when you come to the legislation in this period, this is one of the problems we are trying to address. There is a tendency on the part of municipalities to vie for industries--try and get industries to locate in their municipality because of the tax advantages and employment advantages, and so on. And often to get industries they will offer various kinds of inducements. That inducement may take the form of some tax concession in the start-up years of the industry, and so on. And those are pretty potent inducements. If you have a uniform provincial tax and take that taxing power away from the municipalities of course you have eliminated that mechanism that the municipalities can use as an inducement to attract industries to their locality.

Now, to my mind, that form of inducement, which has been rather commonly used, is not a good thing. In the long run, I doubt if anybody benefits from it, because it often leads municipalities to offer concessions to get an industry which looks pretty good at the time but down the road can cause an awful lot of trouble to those municipalities. We had some cases, I remember, in the early years, in the sugar beet factories in southern Alberta, where term agreements would be made, where they were going to be, not exempt, but on a lower tax rate than other businesses for ten years or something of this kind, if they'd come. So they came in. They were very successful. They became the biggest industry in the community. And you can imagine the reaction of other businesses in the community. Here the biggest, most prosperous industry in the whole area is getting a tax concession for maybe ten years' time, and some other little business starts up and gets no tax concession. The local small business fellow says, "Now look, this is just pandering to the big interests", and you could create all kinds of problems with that.

All of these things are wrapped up in this business. So what we had done at that time is, we did draft legislation for this uniform provincial tax and we put it in the House so it could be debated not only in the House but debated by the public. It wasn't passed. We didn't intend to pass it at the time. It's not an uncommon practice with governments to introduce legislation more or less as notice to the public that this is what we're considering, and then let it sit for a year so that they can have public debate on it and then you can reassess it in the light of the debate. So these things were not passed, and most of them died because there just obviously wasn't agreement.

LS: So that's a conscious effort, for instance an example of a conscious efforts by your Government to in fact open up the debate.

ECM: Oh yes. That's not uncommon with governments. It's done from time to time. I notice the present Government of Alberta will occasionally introduce a bill and let it die on the Order Paper. That's really giving notice to the public that we're thinking about doing it this way. And if there's a lot of protest they can just forget it and not introduce it again.

LS: I'd like to look now at some specific legislation of 1960. The first piece is Chapter 48 on the Industrial Tax. What were the provisions there.

ECM: Well, that's right along the line of what we've been talking about and the purpose of that bill is stated in its third section which says, "The purpose of this Act is to provide authority for the assessment of plants, pipelines and works and transmission lines and to obtain thereby all necessary information bearing upon the mode or method or desirability of uniform assessment of plants, pipelines and works and transmission lines as the basis for future taxation at a uniform rate by or on behalf of municipalities."

Really what this was doing was providing the mechanism. It went beyond the uniform provincial tax. This bill had as its objective moving towards uniform taxation on industries, either by the municipalities themselves or

on their behalf by the Province. It was that broad. Really the objective behind the whole thing--and the municipalities were sympathetic to this type of thing--if they could get a uniform system of municipal taxation, while it didn't resolve these other problems of the industry being in somebody else's municipality and the services being in a different one, at least it got away from this war of one municipality vying against another with tax concessions to get an industry to go to that location.

Now the rest of this ... (end of side)

...there was a period, I think it was in around this time, where arrangements were made that the Province would provide the assessors for municipalities instead of each municipality having its own assessors. The reason for that was ... where you have each municipality appointing its own assessors they didn't all use the same ground rules in assessing. And you got this great discrepancy in assessment. What we hoped to accomplish by providing assessors from a provincial pool of trained men that worked all on the same ground rules and guidelines, was that even though the assessment was being done in different municipalities and done for that municipality, the guidelines they were using for arriving at the assessment figures were uniform throughout the Province. And that was done.

LS: Another piece of legislation was an amendment to the Alberta Insurance Act. In fact, Chapter 49 and 50 deal with that. What were the provisions there, and what kind of insurance is this dealing with?

ECM: This was an amendment to the Alberta Insurance Act which dealt with life insurance primarily, and it broadened the Act to permit the office to offer accident insurance and disability insurance. Those were the two main additions. It wasn't a new thing. It was enlarging the scope of the office. Prior to that, they were confined strictly to life insurance.

LS: I wonder if I could digress for a moment. In this period of time in Alberta there's the whole issue of car insurance and pink slips and that. I know it's not this piece of legislation, but what was that all about?

ECM: Well, they went through a long period here and I guess they did in some other places on the issue of compulsory automobile insurance. Originally there was no compulsory insurance. It was entirely up to the driver whether he wanted to carry insurance on his automobile or not. The pressures for compulsory automobile insurance of course built up with the increased number of cases where people were involved in accidents and were not insured. It wasn't only they that suffered but the people that they ran into; other parties involved could not collect because the party didn't have insurance.

In Alberta it would be fair to say, under our Government, we resisted compulsory insurance for a long time. We resisted it as a basic principle that we felt that it was a personal responsibility. But we couldn't ignore the very valid argument that while that was fine as far as the owner of that particular car was concerned, there was the responsibility to the innocent party. If a car driver ran into a pedestrian and killed him, and the car driver was not insured, the parents or relatives of the one injured could take action against him but there was probably no money to collect. There you had the innocent party suffering by virtue of the one not being insured. That's the big argument for compulsory insurance.

Ultimately, we moved to compulsory insurance. It went through a period where it was not compulsory but every driver contributed (I think it was attached to the driver's licence) into a fund and that fund was used to compensate the victims where the driver was not insured. It was a sort of secondary kind of insurance to which everybody contributed. But ultimately we moved, as did all the other jurisdictions in Canada, to requiring insurance as a condition of driving a car because with the increased traffic and the increased number of accidents there really wasn't any other way to protect the innocent victims.

LS: So though there was something that you on a philosophical basis...

ECM: Yes, we didn't like it on a philosophical basis. It's the same argument, in a sense, I suppose, that's raging on today right here in our own Province and other provinces in Canada about compulsory seatbelts.

Personally I don't think the two are in the same bracket because in the case of the insurance there you were requiring it to protect the other person. It sounds cold-blooded to say it, but if you could have a situation, as far as we were concerned in government, where the only person taking the risk was the driver of the car, we would never have brought in compulsory insurance. We'd have said, "Well, you're foolish not to have insurance, but if you want to be foolish, you have a God-given right to be foolish. Go ahead." But there were other people involved.

When it comes to the seatbelt issue, that's more in that category, because whether the fellow has a seatbelt on or not isn't going to hurt anybody else. It's entirely up to him and it's not in the same bracket as hurting some other people.

LS: Another piece of legislation is your Public Inquiries Act. What were the particular provisions of that?

ECM: Well, if you glance at that Act you'll notice that the main part of the Act is a Schedule of Amendments. There are about 27 of them in the Schedule. These are not part of the Act; they are provisions in other statutes that were affected by this. What it was trying to do was establish uniformity as between various existing statutory provisions in the matter of public inquiries. What happens over a period of time is there'll be a section stuck into an Act that they are required to produce certain information and so on, or you can do certain things. Another Act, without referring back to this one, in another Department, is a different formula again.

When it comes to a public inquiry, we were trying to get a basis of uniformity as between the provisions of that kind in different statutes. This Schedule amended a whole bunch of these provisions--Agricultural Societies Act, Buildings Association Act, a whole lot of things.

LS: What about the whole area of public inquiries. What is a public inquiry?

ECM: A public inquiry is when the Government sets up a Royal Commission to study a public issue. A public inquiry differs from a committee hearing or

something, unless it's a legislative committee. A public inquiry can compel people to give evidence under oath and the rules of evidence apply, and things of that nature.

LS: And that's common practice across the country.

ECM: Oh yes.

LS: The fourth piece of legislation was Chapter 107 which was an amendment to the Town and Rural Planning Act. There was an interesting comment in one of the press sources. It talked about this piece of legislation and said that it was an attempt to plug a loophole in which government laws recently led to a court case or a court order quashing a decision of the Province's Planning Advisory Board. I'm interested in the provisions of that particular piece of legislation and also what's being referred to there. That's Chapter 107.

ECM: I don't know what court case they're referring to or what loopholes are being plugged. It was an update of the old Town Planning Act, and undoubtedly the media reference there was to some action under the Act where the Act had been found wanting, that was being corrected.

Basically the major differences in that Act as I recall them, it provided for setting up technical planning boards and a Planning Advisory Commission. Again it was tied in with this idea of greater uniformity. These commissions and advisory groups or boards were advisory--they didn't have binding powers. But again, it was trying to get some uniformity in the criteria used in developing plans for municipal development, town development, and so on.

Undoubtedly at the same time, if there were loopholes as a result of court cases, they were probably plugged. But I don't recall what that would be.

LS: It's interesting, I think, if you consider all the things that we've talked about in terms of legislation where initially you're setting up new things for the Province...now we're looking at a number of pieces of legislation

where the overall thrust or attempt is to do something different. Do you have any comments on that or some of the historical developments?

ECM: Well, I think that happens with any government that is a long time in office. You start out with some objectives, and usually emphasize the areas where there is an obvious lack in provisions, whether it's social services, municipal government, taxation, whatever it is. We certainly went into office with some very strong feelings on a lot of things that we felt needed to be done that hadn't been done.

Over a period of years, you accomplish a lot of those things. You may not accomplish them in their entirety, but you introduce legislation and you move in that direction. Ultimately, you cover the major things which were concerning you as a Government or as a Party. During that interval of time there are of course new things added. It's never a matter of having a list and when we get to number 43 we're finished and there's nothing more to do. By that time ten more have been added on at the end.

But the longer a government is there, if it's aggressive in its legislation, the more it gets to the place where all it's doing then is refining what has already been done. It isn't a new thing anymore. It's an improvement on what it has implemented, which was a new thing maybe five years before or ten years before. And that was certainly true in our case.

I don't want to give any great weight to this, but I just make this observation in passing, that one of the factors that influenced me in timing when I would retire from the Government did relate to this. Certainly we had some major new things in the last few years that I was there, which I would very much like to have been associated with. If I'd been 20 years younger, I would have been most enthusiastic to go to work on them. But I was conscious of the fact that a great deal of the legislative work that I was guiding was simply improving what we'd already done. In other words, it wasn't new. And there's not the same challenge to repainting the car as to building it in the first place.

That was a factor, certainly in my case. I felt that I could go on another five years and I would still be smartening up legislation that we'd passed 20 years before, but that's not new. I emphasize again, you never get to the place where your list is completed. You're taking on other new ones. But timewise, from a standpoint of physical capacity to do things, my own reaction at least was, I was conscious of the fact that my physical energy and capacity to attack new things with the same vigour that I had attacked them 25 years before was not going to increase. It was moving in the other direction. Even if it hadn't gone too far, it was moving.

So for that reason, there isn't the same attitude towards attacking the new things, and sort of the feeling, "Look, here's a new thing. I'd love to attack this, but this is going to be a five or ten year process to put this into the shape you want it. I'm not going to be around, probably, that time anyway. Better to let somebody else pick it up from the start and do that." This, together with the fact we were repeating in the refinement process, a lot of what had been done before, certainly was a factor in my time decision as to when to drop out.

LS: Did you have those kinds of thoughts as early on as this period of time?

ECM: Well, this was during the sixties. No, they would be very vague at that time. I didn't start thinking about retirement until about three years before I retired.

LS: That's interesting, because a lot of this legislation is, to use your word, "refinement".

There's one final piece of legislation of that year, and that's Chapter 37 on gas utilities. What were the provision there, and again the powers given to the Board of Public Utility Commissioners? There seemed to be some discussion of that at that time. Also, one final thing. You were quoted as saying that "A utility is by nature a monopoly." I wonder how that came about.

ECM: I guess that was just a statement of a pretty obvious fact. The reason why you have a public utility is that it would not be feasible to have two or three companies all running power lines through one community and vying with each other for customers. The economics are such, and the products that utilities deal in, that it has to be a monopoly within the territory in which that utility operates, whether it's an electric utility, gas utility, or whatever it is.

LS: Was there criticism of this at this time?

ECM: I wouldn't say there wasn't any criticism. Whenever the public become annoyed at the rates of electricity or gas, one of the common expressions you'll hear is, "Yes, they can charge us that because they have a monopoly. We can't go to somebody else. If we don't like what our gas company charges for gas, there isn't another gas company across the street where we can go over and make a better deal with them."

That invites public criticism which is quite vocal at times. But it's unavoidable. What you have to weigh in setting up a utility is whether the nature of the business is such that it does not lend itself without very adverse effects to the public in the way of costs and things of this kind, to competition. You could have a situation where you have no utilities. Anybody who wanted to start up a power company and sell electricity could run lines and try to get you to buy their electricity.

But the financial cost of running lines, duplication, would make the whole thing impossible, because the transmission costs are the big costs with so many of those things.

LS: Just before going into the provisions of this Act, the whole thing is interesting vis-a-vis the Social Credit philosophy, is it not? Is there not a conflict there?

ECM: Well, the Social Credit philosophy position never excluded things like utilities and things of that kind. You have two premises really, and in a sense they theoretically conflict. The maximum freedom of opportunity to

individuals, or a group of individuals who form a company. That was a basic tenet of Social Credit. On the other hand, Social Credit put a lot of emphasis on the concern for the individual, the wellbeing of the individual, the standard of living (this is why we were heavy in the medical services and hospital services), and all of these things. There are bound to be cases where those two things were in conflict with each other.

And this one we're talking about is a good example. We could take the extreme line on the one side and say, "Because we believe in maximum freedom we're not going to have any utilities." But to do that means you sacrifice the wellbeing of your citizens who are going to have to pay for all this duplication.

So it was our position as a Social Credit Government to try to strike an appropriate balance between those two things, where you allowing a maximum freedom in the business community, but without sacrificing the wellbeing of your citizens by imposing on them unnecessary costs which were unavoidable if you just had the thing wide open.

It's rather interesting. Even in the business community themselves, over the years there's always been a recognition of the value of eliminating duplication if you can do it without interfering ... I recall some very heated debates in the old days among the dairy product distributors, the creameries or milk plants. There were four or five of them in the city, for example, that produced fluid milk and sold it. Of course in those days they delivered from house to house, and that was a classic example of a lot of duplication. In the old days they used to use horses and wagons, you know, and then they got trucks. But you'd have three dairies all selling on the same street. So, three trucks chasing each other down the street, this one stops at this door, the next one at the other, because they had customers in the street.

That was freedom. Everybody had choice of about three delivery services. But what the public became more and more conscious of was that they were paying for three trucks and three drivers when one was adequate, by virtue

of having all this equipment necessary to give that kind of service. And that's one of the reasons why more and more they got out of that type stuff altogether. Now you go down to the store and buy your milk. And the difference was quite significant.

I remember we were provided with all those figures in the old days. The bakeries used to do the same thing. They used to deliver bread to the doors, so you'd have three bakery trucks chasing each other down the street, one from each bakery. One would have a customer in one house, and the next house was a customer of a different bakery. Now, you don't need two trucks to carry two loaves of bread to each house. This is a pretty costly way of delivering bread. This is an example of how this freedom on the one hand does result in pretty heavy penalties on the public on the other.

In those cases, they were eliminated by the business community themselves because they could see that it just didn't make any sense.

LS: What were the provisions of this particular piece of legislation?

ECM: Well, this was a new Act. In other words, it was another of those cases where the Utility Act as it applied to gas utilities and other utilities had become a bit obsolete and was revamped. The application of the Act is stated in Section 4. It applied to all gas utilities owned or operated or under the control of a company or corporation that's subject to the legislative authority of the Province, or that by virtue of an agreement with a municipality submitted to the jurisdiction and control of the Board.

What that means is there were some cases where companies had franchises with municipalities, and one of the terms of the franchise was that they would be subject to the Public Utilities Board with respect to rates and things of this kind. The Act does not apply to gas utilities owned or operated by a municipality, unless that particular utility was brought under the Act by a by-law of the municipality. In other words, we didn't want to interfere with the municipal-owned structures. But if for any reason the municipality said "We would like our municipality to come under

the Utility Board for rate fixing purposes", then they could pass a by-law that brought their utility under the utility board.

LS: Did that happen?

ECM: I really don't know to what extent. I'm sure it happened in some cases, probably more likely in the smaller places than in the larger ones. All this meant was that if somebody had a grievance with respect to rates then there could be an application to the utility board for a hearing on the rate base of that utility, and the utility board had the authority to set rates. Those were the main provisions.

LS: I'd like to go on to a final issue that was raised and because it was quoted in 1960, but it certainly doesn't pertain only to that year. There was a major article run in the Journal on February 26 of that year, on Social Credit monetary theory. We've discussed it in great detail, so I don't want to go back to the issue of sufficient purchasing power to buy goods produced, but I want to read you a quote and would like your comment on this particular part of that article.

The quote is as follows: "The Premier said, 'It is ridiculous, it borders on the criminal, that a sovereign nation is forced to go to a foreign company to get capital for expansion. It's absurd, ridiculous, and unnecessary.'" I'm interested in that particular part about foreign capitalization. What are your comments on that?

ECM: I imagine that arose from a situation that probably prevailed at that time, where they couldn't obtain enough investment capital in Canada for municipal purposes or government purposes, and were borrowing on the outside money market, usually the New York market. My criticism of that was, when you borrow capital on a foreign market, all the earnings (all the interest charges) on that money go out of the country as well as the return of the principal, so it's ultimately a drain on the financial resources of the Province.

We argued quite strongly in those days, and I still think this had a lot of merit--I know my financial friends think this is terrible heresy, but I still think it has a lot of validity--that an appropriate distinction could and I think should be made between what I could call social capital and industrial capital.

Let me take the latter one first. By industrial capital I mean the capital that is required for industrial growth and expansion, the commercial business area.

By social capital I mean the capital that is required for essential public facilities such as hospitals and schools and things which are for the public general use and not owned by companies.

I wouldn't suggest for a moment that capital for industrial purposes be raised other than in the normal marketplace. But when you have governments going into the same money marketplace to raise capital for huge social capital expenditures, then you have the social capital requirements competing with the industrial capital requirements. And this is one of things, if capital is in any kind of short supply, that pushes your interest rates up. So your social capital costs are increased by virtue of the fact that the total capital available in the open money markets is not adequate to meet all the demands of government borrowing and all the demands of commercial and industrial borrowing.

I would like to see that situation eliminated by having a different source altogether of capital for social purposes rather than the open money market. I wouldn't preclude it, but I think there should be an alternate source. We always argued that this should properly be one of the functions of the Bank of Canada--to provide what I've called social capital at moderate rates. If you divide the two so that you don't have to pay the high interest rate to attract capital on the money market, then a differential in rates doesn't matter. The reason you can't have a differential in rates today is, nobody will lend you money at 8% if they can get 15% for it. As long as you're buying in the money market, both

groups, then of course that's going to be the score and both groups are going to have to pay the same.

Now the argument that's raised is, "Oh, this would be terribly inflationary." My answer to that is, let's take a concrete case. Here's a government that has some social expenditures required. They go to the New York money market and they borrow a million dollars. That money's converted into Canadian currency and comes into Canada. We have increased the money supply by \$1 million, by bringing it in from outside. This is new capital altogether; it wasn't in Canada before at all; it came in from New York. If that's inflationary, yes, okay. But my argument is, if the Bank of Canada expanded the national credit by \$1 million and loaned it to the province for that social purpose, you have still only increased the money supply by \$1 million. It's exactly the same effect as if you borrowed it from outside. It's not right to say that if the Bank of Canada provides that million dollars it's inflationary but if you borrow it in New York and bring it into the country it isn't inflationary. The effect is exactly the same.

In both cases, the money's repayable. In the New York money when the loan is repaid the money goes back to New York and your money supply drops by a million dollars. In the other case, when you pay it back to the Bank of Canada your money supply drops by a million dollars. So there's absolutely no difference.

But there is this other fundamental difference. If you provided social capital in that way it could be provided at a special interest rate for social purposes because it would not be competing with the available money on the money markets. That would not only be an advantage to the public in getting their social facilities provided cheaper. It would also be an advantage to industry because you've eliminated from the money market the competition of governments. So the availability of money on the money market now is not divided between public and corporate borrowing. It's all available for corporate borrowing. And I think it's reasonable to assume the tendency would be to lower the rate of money even to the corporate sector, because you aren't trying to divide up a pie that isn't big enough to cover both the government demands and the corporate demands.

Those are two big advantages. The third one is that when you borrowed the money from the Bank of Canada the interest charges go to the Bank of Canada and stay in Canada. With the other one, all your interest in addition to repaying the principal, goes out of the country altogether and creates a balance of payments deficit in your monetary area.

To me, that's always made sense. What I was arguing in that statement you referred to -- I used then a pretty strong term, that it was almost criminal for a sovereign nation which has control over its own money supply to be saying "We can't provide it. You have to go to New York and borrow it," when the net result as far as the impact on the money supply is no different whether you borrow it from the Bank of Canada or from the money market in New York.

LS: In that proposal, then, I don't understand why -- the government is trying not to borrow foreign capital is it not? -- then why is there not more attention paid to something along those lines? Where is the resistance from?

ECM: I wish I knew. That's what we've argued for forty years. The traditional money markets and monetary system is deeply entrenched. "This is the way you do it," you see, that's what they always tell you. "You don't do it that way. You do it this way." And of course the people involved in the money markets would scream to high heaven at this kind of thing. But to me it always made sense, and it still makes sense. And in all my association with financial people and business people, I've never run into anything that changed my mind on that one iota.

LS: I'd like to move on now and talk about some of the issues of 1961. In that year, apparently, your Government had a deficit budget, or at least there was an announcement made that there would be a deficit budget in 1961. The figure that was quoted in the press was about \$13 million. Can you recall what that was all about in that period of time?

ECM: It's rather vague, but in general we were in a period where government expenditures had increased very substantially. We had enlarged our

educational program, our grants to universities, educational grants, agriculture had been expanded, and our level of expenditures had gone up certainly much more rapidly than our revenues were going up. If I recall correctly, that was a period of time too, when there was a certain slowing down in oil exploration and developments. I think markets were pretty tight. It was in that period when we couldn't sell. I think that's a time we talked about before, when our oil wells were producing at less than 50% of capacity, and things of this kind.

So our forecast revenues were down, and our expenditures were up. And we became a bit concerned about it because we had been on a "pay-as-you-go" basis ever since '35. So we had a good reserve. When we spoke of a deficit that was a budget deficit for that year. It didn't mean that we didn't have a good substantial reserve from which to cover that deficit. We wouldn't have to go on the market to borrow to cover the deficit.

But we did become concerned that the expenditures were running ahead of the revenues, and you can't let that situation continue without ultimately--whether it's one year or five years--sooner or later you have to go and borrow money. I believe in that year we raised the gasoline tax, among other things. That was to increase our revenues. We started tightening down a bit on our expenditures. Again, it's vague now, but if I recall correctly, I think we ended up that year without a deficit. I think we had underestimated our revenues from the petroleum industry particularly, which came in at higher levels than what were anticipated when the budget was made up. I don't believe we had an actual deficit. We may have had a small one--it wasn't that much, I'm sure.

LS: I find it interesting, because in the development through the fifties and now into the early sixties, this is an unusual situation. I wonder, was there any other reason for declaring the possibility of a budget deficit, behind the scenes?

ECM: I guess you could say, if we erred at all, we erred on the cautious side in our budgeting and our forecasts, because one concern I always had in government (and Alberta has reason in later years to be even more concerned

about this) is that you always have to remember that if the public impression is that there is a bottomless pit from which inexhaustible amounts of public revenues are available, the demand for public services is insatiable. And I don't say that critically. That's understandable, human nature being what it is.

But what governments have to watch in these things is that it's so easy to say "yes" to some program which you know is going to cost you \$10 million the year you introduce it. But if you sit down and look at it, ten years down the road that identical program is going to be costing you at least \$25 million. And my concept of government responsibility is not to worry about the \$10 million. You're quite able to say in the light of your known financial position whether you can or can't afford that. But can you say with confidence you can afford \$25 million ten years down the road. That's the thing you have to worry about.

And we were getting in that situation. We had this five-year program we spoke about. We'd enlarged a lot of facilities. We'd built all these senior citizens' homes. We'd revamped a lot of our social programs. The medical and hospital things had become national which cost far more than the ones we had which were self-insured things with government subsidies. And we could see a trend in which, unless we curbed the rate of expansion of expenditures, or found new revenue, it wouldn't be far down the road that we were going to have actual deficits where the pot of reserve would be gone and then we would be out on the market borrowing money. We didn't want that, and were determined to avoid it.

LS: Was there something also in your thinking in terms of the possible expansion or non-expansion of revenues from oil and gas?

ECM: Well, the oil revenues had a certain degree of uncertainty, because there were no markets. I mentioned previously, the U.S. had an embargo on the amount of Canadian oil that could go there. We couldn't get our oil into Central Canada beyond the Ottawa River because that would have meant a higher price to the people in Central Canada which the Federal Government

wouldn't agree to, or the Provinces there wouldn't agree to. So we did have concern that unless we could get markets ...

I don't know whether I mentioned this before and maybe it's running ahead of time to mention it here, but it does in a sense relate to this -- one of the last official subjects that I took up with Ottawa, just within a matter of two or three weeks before I retired from the Government, I went down to Ottawa and talked to Prime Minister Trudeau.

At that time the Prudheau(sp?) Bay discovery had come in up in Alaska (it hadn't been developed yet but the discovery wells were there and they were all projecting what was going to happen) and we had heard even at that time because we kept pretty close tab on things that happened in the oil industry on the continent, that the most likely intention in Alaska would be to build a pipeline across to Valdez which was done later, and take the oil down the West Coast by tanker.

My representation to the Prime Minister was to urge him to immediately take up with Washington the possibility of working out a mutually advantageous agreement between Canada and the United States whereby that oil could come by pipeline down through Canada instead of going out to the Pacific Coast, with a line capacity at the southern end big enough to carry Canadian oil to the United States. And particularly we wanted it as a means of tapping the oil from the tar sands.

It seemed to us to make very good sense that if you're going to build a line to carry U.S. oil down, it shouldn't be just a line running through Canada for the advantage of the U.S. What I asked the Prime Minister to explore was the possibility of first of all encouraging the line to come through Canada, and saying it was acceptable to Canada, which was the first thing the Americans would want to know. Secondly, that there would be conditions attached to giving a right-of-way through Canada and one of those conditions would be that there would be an adequate capacity in the southern end of the line to carry X barrels of Canadian oil to the American market. And that capacity would be reserved for Canadian oil.

I thought it made good sense, and it was partly because of this very thing we're talking about. I was desperately hunting for ways of getting an expansion of markets for Canadian oil, for Alberta oil. The Prime Minister had no interest in it, and he never did anything about it. But I still think if they had moved at that time it's quite probable we could have had an oil line through Canada. Certainly with what's happened since, it would have been a fantastic thing. You could have built the whole line then for probably \$1.5 billion as compared with \$30 billion now, and we'd have had an outlet for tar sand oil.

My thought at the time was that we were restricted in the amount of tar sand oil we'd permit to be developed, because every increased barrel of tar sand oil just meant a barrel less from the conventional wells. But if we could have gotten that oil into an American pipeline that was distributing oil in the States in regions that we were not supplying, then it wouldn't have interfered with our conventional oil established market at all. We'd have had quite an advantage from it. But as usual, it was totally out of Trudeau's field of interest and he did nothing about it.

LS: An interesting thing that comes out of this whole this is that the person on the street in Alberta thinks that we have this resource that everybody in the world is going to need at some time, and that in fact we are in some way immune to concerns about new markets, etc. We're talking 20 years ago in 1961, and you were obviously aware of those things at that point in time.

ECM: That's true. We were aware in the Government, and of course the industry was aware, but the rank and file of people have no reason to give a lot of thought to these things, and it's so simple to assume, "We're living near an oilfield. What difference if you can't sell it? It'll be here for us for a thousand years. So, so be it. That's wonderful."

But what they don't recognize is that knowing there's some oil down under the ground is one thing. But the development, the exploration, that has to go on continuously if you're going to keep your reserves--and what's happened since, of course, our known reserves today are a lot less than

they were in those days--you only can retain the exploration and development if the people doing the exploration and development can sell their product. They're not going to drill oil wells at a cost of a million dollars or more apiece and screw a cap on the top of them and say, "Well, that's wonderful. Let it sit there for a hundred years and people in those days will be happy that we drilled it."

They're not going to do that. It's just that simple. So you have always to bear in mind that if you're going to maintain exploration and development--which is far more important to the people from the standpoint of adequate supply in the long run--than capping the wells and keeping that little bit that's been discovered as their only source--then you've got to have markets.

LS: That's interesting because there's the whole question of the role of government in terms of whether you just follow through what the majority of the people say you should be concerned about, or whether in fact you have a "watchdog" or futuristic kind of concern.

ECM: I think that's one of the differences between governments and the public generally. In a sense, all citizens should be concerned about the next generation. But to be realistic, they're not. Parents have a certain concern for their children, yes. But they're not sitting up nights wondering what the score is going to be 100 years from now. Governments, to my mind, have to be concerned with ten to twenty years ahead or they're not doing their job. That's what they're there for. People elect them to manage their affairs, and that's part of the management. If the man on the street could do this on his own, he didn't need a government to do it. That's the responsibility that goes with government.

As a result, governments often have to do things which are done for the sake of the future, which are not popular today. Take this oil situation today, since the OPEC conditions arose. The average citizen is concerned with one thing: What does he pay at the pump when he fills up his car. Whether what he pays bears any relationship to what he's going to pay five years from now--he's not thinking about that. And yet, if you look back

three or five years, there were certainly a lot of people, a lot of us that were associated with the industry for a long time and knew what was involved, this price of gasoline today was easily predictable. Anybody could know that's what was going to happen. It was inevitable. But you'd waste your breath to tell the man in the street that in Alberta we were going to pay \$1.40 a gallon for gasoline, five years ago when he was filling up his tank for 36¢ a gallon.

LS: That was my next question, whether in fact government can educate to that level?

ECM: I think they can do a lot more than they do. It's not an easy thing because you're talking about masses of people. You're talking about people who have no specific reason for taking a lot of interest in it. Take the average family. They've got the grocery bill to pay, the kids to send to school and dress, and what they pay for gas is only one little facet of a thousand things that occupy their minds every day. You can't expect them to do it. You can help them understand it, sure, but that's what you have governments for.

LS: One final question about this period: There was again continued discussion about Federal-Provincial tax proposals. Apparently in 1961 there was a new formula where for the first time it included 50% of revenue from natural resources. What was that all about?

ECM: Well, that was a long-drawn-out hassle. The equalization formula that Ottawa has used for a long time is fairly complicated. It takes the revenue that accrues from a list of tax sources (income tax, corporation tax, quite a list of them), the average per capita revenue from those sources, and in those Provinces where their revenue falls below the national average, those are the one that become eligible for equalization payments. Which in effect adds up to the fact that the ones whose income is above the average provide the revenue for the ones that fall below. It's an equalization factor.

There has always been a lot of argument as to what revenue should be included in the categories, and initially we were successful in arguing that the revenue from depleting resources, particularly the payments for the cash bonuses on acquiring of leases, should not be treated as ordinary current revenue because this was really the sale of an asset, and a depleting asset. When it was all gone there was no revenue. You were drawing a distinction between renewable resources or sources of revenue which were permanent versus types of revenue which would cease when a resource was gone.

For this reason, those were excluded. The pressure of course was to include all these sources of revenue. Including them, of course, is what made Alberta a "have" province instead of a "have-not" province. We no longer qualified for equalization payments. We'd become a province that contributed along with B.C. and Ontario to subsidizing the rest.

LS: So that in fact happened. It was not just discussed. It was put into effect?

ECM: Yes. The other factor involved--and this is a little complicated to explain--was that when you include another source of revenue like that in the cluster of revenues that go into working out this national average, you raise the figure for the whole average because your total revenue now is including a factor which makes the total number of dollars bigger, divided by the total population, so that goes up. So it doesn't only affect the producer provinces, it affects all provinces, some adversely, some beneficially.

LS: That takes us to the end of our time.