

Mr. E. C. Manning

Interview #11

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LS: Before getting into the main body of today's interview, Mr. Manning, I'd like to talk about a very current subject. We have just seen a referendum in Quebec on the whole question of Sovereignty-Association. I would like to get your comments, observations, about the way the Referendum was handled, and what are the impact and meaning of it in terms of the future, the next year, two years, five years, in the country?

ECM: As to the way the Referendum was handled, it think it was unfortunate that, if they are going to have a Referendum, it wasn't in more precise terms. I'm inclined to think that Mr. Levesque purposely wanted a vague Referendum. To ask the people if they would authorize the Government to negotiate for some indefinite thing such as "Sovereignty-Association" wasn't very precise to say the least. Any Premier of any Government has the right to sit down and negotiate with another government or with the rest of the country. It's only when you get down to signing on the bottom line that occasionally you might need to get some endorsation or approval. You don't need approval to negotiate. In that sense, it was a bit of a camouflage.

However, that's a superficial point. Personally, I think that referendums as a general rule (and this one was no exception) are a very, very unfortunate thing. I don't like to see referendums. Unavoidably, when you have referendums you tend to polarize people into two opposing camps. This Referendum undoubtedly polarized the people of Quebec into two opposing camps.

Some people compare referendums to elections, but they're not comparable. In an election there's a whole wide spectrum of issues involved, and people agree on some and disagree on the others. But in a referendum, you focus the attention on one specific issue; people either are for it or against it. So you divide communities, you divided families, you divided organizations into "for" or "against". In the debate that takes place,

people tend to entrench their positions, and I'm afraid it will be quite a long time before the negative result of that negative polarization will wear off in Quebec.

Coming to the more pertinent part. I was glad that the result went the way it did. Particularly glad that the percentage supporting the "no" vote was as high as it was. What I was most afraid of was that you would have a vote supporting the "no" side but by a very small majority.

Suppose, for example, this had turned out at about 52% supporting the "no"s and 48% the "yes"es. Then you would have found that a majority of the French-Canadians in Quebec had supported the "no"s and it had been tipped in the other direction only by virtue of the votes of the Anglophones. I feel that that would have been about the worst situation that could have arisen. Then the French-Canadians would have said, and certainly Levesque would have said, "There, you see, the wishes of the French Canadians are quite clear, but they are being thwarted by the contrary position of the Anglophones. That proves that they're against us." It would have been a very nasty situation.

But even with the vote as strongly in favour of the "no" position as it turned out, to my mind people who get very exuberant about this and think it's resolved anything are very, very short-sighted. I don't think it's resolved anything. It's one more step down a long, painful road. None of the problems that were there, that gave birth to the Referendum, have disappeared by virtue of the decision. They have all still to be faced.

Mr. Levesque said in his statement following the Referendum that the ball was now in the Federalist court. I think that's not wholly correct. The ball is in the Federal court only to the extent that the Prime Minister and the Federalist spokesmen said that if the people of Quebec supported the "no" position, they were prepared to sit down and seriously work towards fundamental constitutional change.

But it was Mr. Levesque that asked for the Referendum, and it was to Mr. Levesque that the Referendum was directed. He is the one to whom the

people of Quebec said, "We don't want you discussing Federal association with your federal counterparts and the other Provinces. We want you to discuss a new federalism with them." So in that sense, the Referendum leaves the ball in Mr. Levesque's court, just as much as in the Federal court. He has an obligation, if he respects the Referendum, to forget his "Sovereignty-Association" concept and to come to the bargaining table with the rest of Canada with a mandate from the people of Quebec to negotiate new Federalism, not sovereignty-association.

What frightens me in this whole thing is, having regard to the whole political climate in Canada today, and the feelings that exist in various regions of Canada of dissatisfaction with the constitutional position (for different reasons than in Quebec, but nevertheless just as real), I see grave difficulty in getting the measure of agreement needful to bring about fundamental constitutional reform in the foreseeable future.

I'm afraid that all this Referendum has done is to purchase a little bit of time, in which the French-Canadian citizens now are going to say, and Quebec as a Province is going to say, "All right, Mr. Prime Minister. You said if we voted 'no' you'd almost assure us that there would be constitutional reform and quickly, and you mean business. You're going ahead. Now we want to see that happen." And if he can't deliver, my guess would be, in three years' time you'll see either Mr. Levesque or another demagogue arise in Quebec that will exploit the failure if it was a failure. And if they have another Referendum under those circumstances, it won't be an outcome such as this one. It will be 75% or more in favour of separation. That's the great risk I see in this whole thing.

I really feel that the Prime Minister bought a lot of "no" votes in Quebec by making promises and creating expectations which it is going to be very, very difficult for him to deliver. And that's the thing that gives me great concern today. I'm very, very disturbed at the outlook as a result of what's happened.

LS: Do you think he's going to try to deliver those at, say, the expense of the rest of the country?

ECM: I think that aspect will certainly arise. You have to remember, in constitutional reform he hasn't just to satisfy what the Federal Government is prepared to accept, but he has also to satisfy to a general degree, the positions of the other Provinces. He can't bring about any really significant constitutional change without a fairly substantial agreement by the other Provinces.

One point he can start from is that almost everybody in Canada that takes any interest in this issue wants to see change. They are not satisfied with the status quo. He's got a good enough starting point right there. But what the Maritimes want, and what Alberta wants, and British Columbia and Saskatchewan want, is very different to what Quebec wants. I think getting all those people to agree is going to be extremely difficult.

I'll just add one other thing, because it's very prominent in my thinking all through this Referendum debate. Those who approach this question with the idea that constitutional reform, either by way of a new constitution or significant changes in the present constitution, is the big step that brings about a solution to the problem, I think are going about it the wrong way too.

If I read history correctly, and understand anything about human reactions to problems, I would say that is the last step. You don't write things into an agreement and carve them in stone (which is really what you're doing when you put them in a constitution) until you've got a very good meeting of minds. And you only get to that point after you've thrashed out your disagreements, and for the sake of the country you've made compromises and arrived at mutual positions. I look for this problem to be solved, if it is solved, not by early constitutional amendments, and certainly by a new constitutions (which I think is wholly unrealistic to think of today), but by governments federally and provincially addressing themselves to the major issues of contention in Canada. By agreements, political agreements, those must be resolved one by one.

I suggest it's far easier to resolve them if you're trying to do it by way of a political agreement than it is to resolve them by way of writing

01 something in a constitution. There are two reasons. First, if you try to
02 do it by political agreement, the people who agree have a far greater
03 measure of flexibility than you will ever get at a conference which intends
04 to end up with a new constitution. If they're only making a political
05 agreement, they will compromise and agree, with the understanding that it
06 isn't "carved in stone". "If it doesn't work out, we can come back in a
07 year's time and amend it or revise it." But when you talk about putting it
08 in a constitution, the revision process (and Canada has had so much
09 experience of this) is so difficult that no Premier or Prime Minister, to
10 my mind, is going to agree to put something in a constitution unless he's
11 absolutely sure that it isn't going to create a problem for him or for the
12 country a few years down the road. But he doesn't mind putting it in an
13 agreement. "If it doesn't work out, we sit down at the table and we do it
14 over again. We get it ironed out."

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16 I recall reading something about this in the days of the United States
17 Civil War, in Lincoln's time when they were hassling over their
18 constitutional problems. Some very wise fellow pointed out that as long as
19 you hear argument over the precise language used in a constitution or
20 amendments to the constitution, you haven't reached a meeting of minds
21 where there is common trust one with the other. Once you get to the place
22 where you trust each other in what you're proposing to do, the precise
23 language becomes far less important. You say, "Put this down; we all know
24 what it means. We all know the intent. We trust each other to respect
25 that intent."

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27 What that points up is that when you get to constitutional amendments, you
28 cannot avoid rigidity of positions, because of the permanency of what you
29 put in the constitution. In negotiation of agreements, you can have
30 flexibility. And if there's one thing we need in Canada today if we're
31 going to resolve our constitutional problems in the field of
32 Federal-Provincial relations and Confederation as a whole, is flexibility.
33 The biggest stumbling-block is going to be the Federal Government and the
34 Provinces which are taking such rigid positions.

35
36 They all say they want the other fellow to be flexible: "I won't be
37 flexible, but I want everybody else to be flexible." Flexibility is the

01 key to a solution, and you won't get flexibility if you're talking about
02 changes in the Constitution. But I think you can get flexibility if you
03 approach it from the standpoint of political agreements to take care of the
04 matter. Then if it works out, you can come back in two years' time and
05 write it in the constitution with relatively little difficulty. People are
06 no longer afraid of it. They've found out how it worked, and have
07 developed a confidence in each other to respect the position.
08

09 **LS:** Why is there the emphasis in the debate today, on the Constitution? Where
10 is that coming from?
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12 **ECM:** There are three groups in Canada that are interested in constitutional
13 reform. Maybe this is over-simplification but I think that it's generally
14 true.
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16 One is the politicians, or at least a lot of them. One is the academic
17 community. And one is the media. Outside of those three, for the rank and
18 file of the people constitutional reform is so far down on the list that it
19 doesn't even appear on the list of a lot of people. You go out on the
20 street and ask people, "What should the governments of Canada be addressing
21 themselves to today?" I'll venture to say you could ask 100 people on the
22 street, and you might find two or three that might put the constitution on
23 it. They'll say, "We're concerned about inflation." "We're concerned
24 about unemployment." "We're concerned about how we're going to pay the
25 rent." "We're worried about high interest." "We're worried about jobs."
26

27 They'll have a long list, but they don't attach the importance to
28 constitutional reform. That's the politicians, the academics, and the
29 media. And because they are debaters, they develop a position and then
30 they defend their intelligence by proving that they're right and everybody
31 else is wrong.
32

33 **LS:** In looking at the two main actors in the debate - Trudeau and Levesque - do
34 you have any comments or thoughts or predictions about how you see them
35 working in the next year?
36

01 **ECM:** It's very hard to predict. They obviously have a very deep animosity for
 02 each other. To be fair, they cover it with a very good measure of
 03 courtesy. The Prime Minister is very good in that respect. He doesn't
 04 leave any doubt in anybody's mind over a period of time of what he thinks
 05 of Mr. Levesque and his philosophy, but at a conference he will treat Mr.
 06 Levesque with the utmost respect and courtesy. He's self-disciplined.
 07 Mr. Levesque will do the same to a considerable degree. I think probably
 08 his fuse is a little shorter - he would "blow" a little quicker than the
 09 Prime Minister.

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 11 But I think that long-standing fundamental difference of philosophy, and
 12 what has become almost a personal dislike for the position and the way the
 13 other one handles the issue, certainly would make negotiations more
 14 difficult.

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 16 I doubt very much that Mr. Levesque will be either willing or able to carry
 17 through to finality the formation of a new federalism. I think more likely
 18 we'll see a change in Quebec. I notice Ryan of the "no" forces is already
 19 saying that since Levesque is opposed to "New Federalism" he should give
 20 the people of Quebec an opportunity to elect somebody else who endorses it,
 21 as the negotiators. I think that's something that may well happen.

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 23 **LS:** Do you think Mr. Trudeau is going to stay in for a full term because he's
 24 been encouraged by the result of the vote?

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 26 **ECM:** It would be my assumption that he would stay in until perhaps the last year
 27 of the term. I would think in fairness to whoever succeeds him, he would
 28 drop out within the last year at least before an election, to give his
 29 successor an opportunity to become established. But I certainly can't see
 30 him dropping out while this whole effort of constitutional reform is
 31 active.

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 33 **LS:** Do you think there were any "deals" between Ryan and Trudeau during the
 34 course of it?

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 36 **ECM:** I have no way of knowing, but I would doubt it very much. In fact, one

aspect of this thing which I haven't mentioned thus far, that is one of the reasons why I view the whole thing with a lot of gravity, was that Mr. Ryan's so-called "Beige Paper" on constitutional reform proposes a restructuring of Confederation that is completely at variance with Mr. Trudeau's position. Just as much at variance with it as Mr. Levesque's Sovereignty-Association was at variance with it!

Obviously they were not debating this during the Referendum. They didn't want to give the impression that they were having an argument over what the "New Federalism" would be if the people of Quebec voted "no" on Levesque's Referendum. But I fail to see how, if Mr. Ryan should become the negotiator (and as leader of the "no" voice he's a pretty prominent influence, whether he's Premier of Quebec or not), Mr. Trudeau can ever accept Mr. Ryan's paper as the basis of a new federation.

So you'll have a confrontation there, between Trudeau and Ryan, which will be just as sharp and just as pronounced as the confrontation between Mr. Trudeau and Mr. Levesque. Which is another reason why I view the whole thing with a great deal of apprehension. I just can't see a situation where we will get a meeting of minds which will make possible the fulfillment of the expectations which have been built up in the minds of the people of Quebec.

I don't think it's exaggeration to say this is probably the last opportunity that the Province and the people of Quebec are going to give to the rest of Canada, to have a meeting of minds. If they're frustrated, if the negotiations between Trudeau and Ryan do not work out (I don't think they'd be surprised if they don't work out between Trudeau and Levesque, but if they don't work out between Trudeau and Ryan) then I think we'll see a great many people in Quebec who voted "no" not because they were happy but because they wanted to be a part of Canada, that it was right and sensible to make one really concerted try to get a new federalism going, and Trudeau had said emphatically that that's what he was going to do if they voted "no" - if they're frustrated on that and see all that evaporating, I don't think they're going to say, "Let's do it all over again; try another time." I think they're going to say, "What's the use.

01 Levesque was right. You can't negotiate what we want and feel we're
02 entitled to, so the best thing for us to do is pack up our trunks and
03 separate."

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05 **LS:** One final question. Any comments on Mr. Lougheed's comment after the
06 Referendum?

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08 **ECM:** Well, I think it points up two things, at least the only comment that I've
09 heard:

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11 (1) That other Provinces, including Alberta, have very strong feelings on
12 what's needful in constitutional reform, which they hold just as strongly
13 and as rigidly as Quebec holds its viewpoints on the thing that it feels
14 are pertinent. In Mr. Lougheed's case, his prime concern is clarification
15 of the ownership and management of resources. And he gives just as much
16 weight to that as Quebec gives to the other issues.

17
18 (2) A statement such as Mr. Lougheed made shows this very rigidity that I
19 was talking about earlier. A public declaration that "this is my immutable
20 position" before you even get to the conference table. No matter how
21 justified that position may be (and I'm not arguing the pros and cons of
22 the position), when you get people coming to a conference table with rigid
23 positions - on language or culture or resources or whatever it is - you are
24 not going to get the meeting of minds that you have to have to re-write the
25 constitution.

26
27 I think even with rigid positions you can break that down to work out
28 agreements on specific issues. At least you have a much better chance of
29 doing that. But as long as that inflexibility is there on the part of
30 everybody that comes to the table, you are not going to get an amended
31 constitution.

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34 **LS:** I'd like to move back now, to the cronological historical overview of the
35 Social Credit Party in Alberta. We've covered in detail the 1935-40
36 period in terms of legislation. But now, taking that whole five-year

01 period from the election of Social Credit in 1935 through that first term,
02 I'd like your comments on the highlights and accomplishments of that
03 period, on the disappointments and failures (if you feel there were any)
04 and what perhaps should have been done differently. A general overview on
05 that period of time.
06

07 **ECM:** A great deal, of course, took place in that period, and many of the things
08 to which the Government had to address itself were made more difficult by
09 virtue of the fact that the entire membership of the Government and the
10 Legislature was completely inexperienced in the work of Government. As I
11 think we mentioned in some of our earlier interviews of the 56 Members who
12 were elected by the Social Credit Party in 1935, none one of them had been
13 in the Legislature before. This was true of the Cabinet Ministers as well
14 as the back benchers.
15

16 We came into a situation which was desperate because we were in the depths
17 of the Depression: The social problems, unemployment, financial problems
18 were tremendous. And here was a group of people that did not have a
19 background of experience in public administration or government, trying to
20 come to grips with these problems. It was a unique situation in that
21 sense.
22

23 Usually these serious economic situations develop with a government in
24 power which has at least seen them develop and tried to make adjustments as
25 they came along. But in this case, all the members of the Government who
26 had been there as they'd developed were gone. You had an entirely new
27 group in. So it was unique from that standpoint.
28

29 Quite a bit of time, therefore, had to be taken in just getting adjusted to
30 how you went about things, what you could and couldn't do, how you did it
31 and how you couldn't do it.
32

33 In a rather general sense, the work of that period can be divided into two
34 categories. One was made up of the efforts to introduce the monetary
35 concepts of Social Credit which had been the basic platform of the party in
36 the election. And this again had an added problem from the standpoint of

When it came to trying to draft legislation to establish and implement Social Credit monetary proposals, there was absolutely nothing to go by. It was breaking new ground entirely. There are some very significant practical problems that that generates. It's not just the people who are formulating the policies, who have no precedents to check their ideas against. But right down to the draftsmen of the legislation, who have to phrase in language the ideas which are totally foreign to them.

I can recall in those days legislative draftsmen who would come back and say, "Is this what you mean? Is this what you're trying to get at?" There was that vagueness which came because they didn't have a clear knowledge of the concepts on which we were trying to legislate, and they had no precedent as to how those concepts could be expressed in legislative language that would be understood and be practical.

Of course the attempts at implementing legislation specifically dealing with Social Credit programs were a big part of those early years. As we've gone over before, some of it was disallowed; some of it was challenged in the Courts and declared unconstitutional; then it was re-drafted and tried again, trying to plug the loopholes.

The other area arose from the desperate economic conditions of the times. We were faced with mass unemployment. We were faced with thousands of people being dispossessed from their homes, farmers losing their farms through mortgage foreclosures, and all that kind of thing. And that gave rise to a lot of legislation, debt adjustment legislation (legislation designed to protect debtors under these very adverse circumstances).

01 In those days Alberta did not have very much in the way of social
02 services. We were a new Province with small population. So there was a
03 concerted effort made to try and improve the standards of social services.
04 There were quite a number of new health services and social service
05 benefits of one kind or another. Programs along that line took a great
06 deal of attention.

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08 As to successes, I think the efforts of that period were certainly
09 successful in improving social conditions. Some very good social
10 legislation had its origins in that period. The field of public health was
11 probably one of the big ones. Our Minister of Health, who remained
12 Minister of Health for 25 years, Dr. W. W. Cross, I think did a tremendous
13 service to this Province. He initiated legislation in cancer care, in
14 maternity care, in mothers' allowances, and a great many of these areas
15 where there was a complete dearth of legislation before.

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17 The other area of legislation that I've already touched on, that was
18 certainly beneficial to a great many people, was the debt adjustment
19 legislation. While it was not the kind of legislation that we liked at all
20 (because it did involve interfering in contracts between lenders and
21 borrowers), but on the other hand if there had not been the protection to
22 the debtors accorded by that legislation, literally thousands more in the
23 Province would have lost their homes and their farms.

24
25 After all these years, we still meet people (old people, or their children)
26 around the Province who will tell us, "You know, that legislation
27 controlling debt back in the '30s just saved our farm. We'd have lost it
28 if it hadn't been for that. Then we got our feet back on the ground and
29 have done alright since." Things like that are rewarding when you hear
30 them after so many years.

31
32 The biggest disappointment to us, certainly, was the failure to make the
33 legislation stick, which was intended to enable us to implement the Social
34 Credit monetary proposals. Without exception, those were either disallowed
35 or declared ultra vires by the courts. It was a failure from that
36 standpoint; it certainly wasn't a failure from the standpoint of trying.

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01 LS: What is your analysis of why the Courts found so many of those important
02 pieces of legislation ultra vires?

04 ECM: I have the utmost respect for the judgments of the Courts. They are
05 learned in the law. While you can always find lawyers that will argue
06 either side of a case (that's the way the legal system works), we had, we
07 felt, good legal advice that said, "This is constitutional; this is within
08 the competence of the Province." But I think I would have to say, without
09 exception in those pieces of legislation that dealt with credit and the
10 areas of monetary proposals which Social Credit was most interested in, it
11 was a grey area. No lawyer could say, "I can guarantee that this bill will
12 stand up in court." They could say, "We believe it will; we feel we have
13 an argument that will carry the judgment of the Court." And we acted on
14 that basis, knowing there was an element of uncertainty because this was
15 not a clear-cut area.

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17 I think we mentioned in some of our earlier talks that the point on which
18 we hinged a lot of this legislation was the fact that the BNA Act gives the
19 Federal Government unquestioned jurisdiction over banking, currency, and
20 coinage. But we tried to draw a clear distinction between a system of
21 credit within the Province, and the Federal financial system which dealt
22 with legal tender, coinage, currency, and so on. We never attempted or had
23 any thought of trying to produce an alternate coinage or alternate
24 currency. We tried to develop a system whereby people could transfer on
25 the books of an agency or Credit House as we used to call it, in the
26 Province, credit which was represented by figures in the book. But that
27 didn't have a claim on legal tender, and we argued that this did not
28 infringe on the area of currency, legal tender, and coinage which was
29 unquestionably Federal.

30
31 But the decisions on that kind of legislation in the Courts usually boiled
32 down to the fact that while this was indirectly interfering, they didn't
33 accept the line that we tried to draw between what we called Alberta Credit
34 and what the BNA Act envisaged as the Federal Government having control
35 over banking, currency, and legal tender.

01 LS: Were there interest groups in the rest of the country that influenced that
02 kind of thinking, to bring down those kinds of decisions?

04 ECM: Certainly there were interest groups that had a very strong and active
05 interest in seeing the legislation defeated and thrown out. I wouldn't
06 suggest that they influenced the Courts, but they certainly raised all the
07 arguments against the legislation that could possibly be mustered. And I
08 suppose, in a sense, that great accumulation of argument against the
09 constitutionality of the legislation would not be ignored by the Courts. I
10 don't say they'd base their decision on it, but they'd certainly take a
11 hard look at it.

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13 LS: There were definitely groups that would not be eager to see that kind of
14 legislation?

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16 ECM: The financial institutions of course were vehemently opposed, and the media
17 were vehemently opposed. To them it was just their normal negative
18 attitude, but the financial interests had an axe to grind. This was
19 challenging a monopoly that they enjoyed, and they were not going to let go
20 of it lightly. The Bankers' Association had their people very active.
21 They had their representative out here lots of times.

22
23 LS: Talking to the Government directly?

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25 ECM: They talked to us mainly as a result of the financial position of the
26 Province. They wouldn't involve themselves in a specific piece of
27 legislation, other than legislation taxing the banks (they used to come to
28 see us on that quite regularly). But the Province was forced to default on
29 its bonds. We tried to get financing from the banks of course, to try to
30 avoid some of the defaults, and so that brought quite a close liaison. We
31 had to discuss the whole picture with them, and they with us.

32
33 They took a very active role, and of course they didn't leave any doubt in
34 our minds that "The trouble with this is that you fellows are doing a lot
35 of things you shouldn't be trying to do. You're injecting yourselves into
36 a field where you don't have any kind of constitutional right to be. And

your ideas are wrong anyway." In that sense, they dealt with us.

LS: With the luxury of hindsight, is there anything you think might have been done differently, in this initial five-year period?

ECM: I doubt if there ever was a piece of legislation designed, no matter what field it's in, where in the light of 20 years' experience you couldn't go back and improve it. You do find weaknesses.

Basically, I don't think we would have changed our approach to the thing very much if we'd had an opportunity to do it over again in those years. We could have improved the legislation. In fact, some of these pieces of legislation dealing with Social Credit proposals were re-drafted at least three or maybe four times as a result of Court decisions going against them. We'd sit down with our lawyers and say, "There's the point that we lost on. There's the point on which they succeeded in convincing the Court this is unconstitutional. How do we get around that? How can we do this differently to obtain the result we want, but be within our Provincial jurisdictional powers?"

We'd come up with another method of doing it, and try that one. I think probably each one was a little better than the first. We were getting it tighter all the time, but it still wasn't tight enough!

LS: I'd like to move into a second area: the national scene at this point. There were a number of important developments nationally, that would have affected Alberta. Or that perhaps Alberta directly had input into. There are four or five developments that I'd like your comments on. I'm interested in Social Credit involvement, or Government of Alberta involvement, in the discussion of these issues, and secondly, any general comments about the role of the state in some of these areas.

The first one that I'd like your comment on was the Natural Products Marketing Boards that were discussed during this period of time. The Federal Government in 1934 introduced an act to have these Boards determine minimum prices, quotas, qualities, grades, etc. In fact it was later

declared invalid by the Privy Council three years later. But I'd like your comment on that whole concept of the Natural Products Marketing Boards.

ECM: As I recall the development of that legislation, the initial interest in Marketing Boards for agricultural products especially, was in Ontario provincially, and to some extent in British Columbia. British Columbia became quite active in that field a little later.

The philosophy behind the marketing boards varied considerably. There were some who saw these boards purely as a voluntary marketing agency, and agency through which producers could market their products. Others felt that to be effective the marketing boards had to have power to control production so they could limit production if there was an over-supply of the product (in other words, quotas on production).

The other area of disagreement was that some wanted the marketing boards to have arbitrary powers to fix prices, maybe at the producer level, at the consumer level, or the intermediate level. Others felt that price was not a thing the marketing board should be trying to fix. They should simply try and sell the product at the best price they could get for it. The board would be a collective selling agency.

There were a lot of different ideas within the marketing board concepts themselves. But the Provincial boards (particularly in Ontario where they originated) did run into the difficulty that the same products were also produced in other provinces. And the effectiveness of a marketing board in one province trying to sell in an external market could be completely nullified if in another province they were prepared to sell their product directly for a lower price, or without control of volume, or timing when it went on the market.

I think that the Federal intervention in this field grew largely out of that consideration. There was pressure on the Federal Government to get some national marketing board legislation so that the lack of a provincial board in one province would not nullify what people in another province thought was the benefit of the provincial board there.

01 The Federal Government did try these national marketing boards, and it of
02 course ran into the constitutional problem. It's another one of those grey
03 areas and has arisen many many times. The Federal Government certainly had
04 jurisdiction in the field of external trade, and it had jurisdiction in the
05 field of inter-provincial trade. But when it got down to dealing with the
06 producers in the individual Provinces, then of course it was pretty obvious
07 that it was in the field of the Provincial Legislatures.

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09 The Federal legislation tried to go right back to the producer. The
10 producer said, "You can't control what I do. I'm under Provincial
11 jurisdiction."

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13 As you probably know, this went through some court hearings. Some of the
14 legislation was thrown out, and was revised. What did happen in later
15 years - and this is a good example of dissolving constitutional difficulties
16 by agreements - there were agreements made between the Federal Government
17 and the Provinces interested in this kind of thing, whereby they put
18 together joint programs that enabled them to do things which from a
19 strictly constitutional point of view, neither could have done. Ottawa
20 could do certain things, the Provinces others.

21
22 I think it's a classic example. Without trying to amend the Constitution,
23 by agreement you can accomplish a great deal if you get the two parties
24 together. The dispute is only between the two parties. If the Federal
25 Government hasn't the power to do it, the Province has. And if they pool
26 their powers there's very little they can't do. It's a matter of
27 coordination of policy and objective.

28
29 That became a trend later on. It's true in the case of the marketing
30 boards I think there were some constitutional amendments made with the
31 agreement of the Provinces on that. But it was a long period of great
32 uncertainty.

33
34 Alberta came into the marketing board picture rather late. As a
35 Government, we did not favour compulsory marketing boards. The reason was
36 that it was contrary to our belief that it wasn't right to interfere with

01 the right of the individual producer to do what he liked with his product.
02 He'd raised it. If he wanted to sell it, that was his business.

04 Alberta was late in having any agricultural marketing boards. One of the
05 earliest ones I can remember was a poultry marketing board. There was a hog
06 marketing board proposed. The farm organizations were pushing very
07 strongly for marketing boards - not all of them though. There was
08 disagreement there. Some of them didn't like them at all. But to be fair,
09 I think this broke down along these lines: the large producers didn't want
10 anything to do with marketing boards. They wanted to run their own show
11 and market as and how they wished. The small producer on the other hand
12 was the strong advocate for marketing boards.

14 We finally passed marketing board legislation in Alberta which permitted
15 the producers to set up a marketing board if they wanted to do so. They
16 developed a plan, and then the producers had to take a vote as to whether
17 it should be implemented or not. Initially, if I recall correctly, to make
18 a marketing board plan effective it required a two-thirds favourable vote
19 of the producers affected. That was the Government's position, and
20 admittedly it made it very difficult get a marketing board because the
21 producers affected meant that whether a man went out to vote or not, if he
22 was affected, he was counted.

24 The advocates of marketing boards used to argue with us that that wasn't
25 fair, that it should be a simple majority. And secondly, that it shouldn't
26 be a majority of those affected; it should be a majority of those voting.
27 We didn't agree with that because it was going to directly affect the
28 commodity of every producer, and it seemed to us that every producer
29 affected should have a voice. They would argue, "If he's affected, he
30 should go out and vote against it" and not be automatically counted as
31 against it by virtue of the fact that he didn't go out and vote.

33 Over the years, that percentage was reduced. I think it came down to a
34 majority vote, ultimately. But we stuck to the idea of the producers
35 affected, for a long, long time. I'm not familiar with what has happened
36 with the voting process for marketing boards in recent years. It might

have been changed again.

LS: During this period of the mid to late 30s, did the Government of Alberta take part in the discussions with the Federal Government on marketing boards? Or did you just simply not have anything to do with it at that point?

ECM: There would be discussions. The Federal Government moved into this field at the request of producers in some of the Provinces, and because the Federal Government quickly found that they were getting into the field of provincial jurisdiction, they would confer with the Provinces. Alberta did not take a prominent role in that because, as I say, marketing boards were not popular in this part of the country until a much later time, other than with a few producers. Albertans have always had a reputation for being rugged individualists, and the majority of farmers were pretty much of the inclination that they would just as soon run their own show as have a marketing board run it for them. That changed, over a period of years, but we were not actively involved in the late thirties because it was not a great issue as far as Alberta was concerned.

LS: Another area that's very close to this is the establishment in 1935 of the Canadian Wheat Board. R. B. Bennett was very active in its establishment. Was there any different attitude to this specific board, from the Government of Alberta? And secondly, any working relationship with Bennett at all? Alberta after all was a big wheat producer.

ECM: The Wheat Board debates and establishment of the Board took place before we took office. It was in the latter days of the Farmers' Government, and as I recall, they supported it.

There's quite a significant difference between a marketing board such as the Wheat Board and the other commodity marketing boards. In the first place, the great bulk of the Canadian wheat had to be sold on a world market, whereas many of these other products didn't have anything like the range, and were different in that respect.

01 Furthermore, wheat was not a perishable commodity. When you're dealing
02 with poultry, hogs, and others like that, you've got a whole different ball
03 game there. You can't store that stuff indefinitely in a granary until you
04 can market it!

05
06 Generally speaking, the sentiment of the producers of Western Canada
07 supported the Wheat Board. There were some that opposed it - ones that
08 liked to speculate on what was then the Winnipeg Grain Exchange. It
09 recalls an old incident they tell of a group of farmers in the West sending
10 a representative to Winnipeg to observe the operation of the Winnipeg Grain
11 Exchange. He wired back his observations and said, "Some think wheat will
12 go up, others think wheat will go down. I think so too. Whatever you do
13 will be wrong, so act at once." This was about the state of confusion of
14 many of the farmers over how the Winnipeg Grain Exchange operated!

15
16 But generally speaking, the farmers of Alberta supported the Wheat Board.
17 It was pretty general across the country.

18
19 You asked about our relations and dealings with Prime Minister Bennett. He
20 was there for only a few months when we were in office. We came in on 3rd
21 of September of 1935, and the Federal Election was in October or November,
22 just two or three months later. So he was only in office less than three
23 months after we came in. I know there were some brief dealings with him.

24
25 As we mentioned earlier, when the Social Credit Government was elected here
26 in Alberta, one of the first things we discovered was that the Provincial
27 Treasury was empty. We didn't even have enough funds to pay the civil
28 servants. So one of the first things Mr. Aberhart did was go down to
29 Ottawa to see if we could get some temporary borrowings until we got at
30 least time to assess the picture and see what we could do. And of course
31 he approached Bennett for that. I forget the figures, but I think we
32 borrowed about \$600,000, as an interim loan.

33
34 In those days, the Federal Government was having to lend money to most of
35 the Provinces, and they used to do this in the form of Treasury Bills.
36 They'd take a Treasury Bill, which was just a promise to pay by the

Province, and these Bills accumulated to pretty large volumes over the years of the Depression. The last of the ones that we owed the Federal Government were settled in the time that the final arrangements on the natural resources were taken care of.

Our dealings with Mr. Bennett were very limited because of the short time that he was there. But that was the main thing I can remember - the initial financing we did get from the Federal Government.

LS: He had no particular feeling for Alberta, as an Albertan, that you could work on?

ECM: He was from Calgary of course. He had been a very prominent Calgary lawyer. He was a distinguished citizen of Alberta. He'd been in the Alberta Legislature. He certainly had a feeling for Alberta, but as Prime Minister of a country there's only so far that that kind of consideration can go.

LS: Another development in this period of time was the debate on the Bank of Canada and the central banking system. I'm interested in how Social Credit would view the establishment of this kind of institution.

ECM: The Bank of Canada concept was expounded by the Liberals, and Mackenzie King particularly, in the election in which Mr. Bennett was defeated. King came out very strongly for this new Bank of Canada structure which he interpreted as a major movement in the field of monetary reform.

LS: Why?

ECM: I think his argument was (and there is some validity) that you now are going to have a central bank which would pretty well issue the directives to the chartered banks as to the expansion and contraction of national credit. The Prime Rate of interest, as you know, is fixed by the Bank of Canada, which automatically, for all practical purposes, adjusts the Prime Rate of private banks. It therefore exercises significant control over the policy of the chartered banks in the matter of interest rates, the amount

of credit that they could issue, the ratio on which they could expand their loans over and above the deposits that they had with the central bank.

It was a good step, I would have to say. We did not consider that it in any way went far enough to do what we were talking about, as a way of putting additional buying power directly into the hands of the consumers. It was a banks' bank, not a bank that dealt with consumers or consumer needs. While it was something that we didn't oppose, we didn't regard it as in any sense an alternate to what we were talking about in the way of using the national credit of the country to finance consumption instead of just production.

LS: I'd like to refer to a book called Business and Social Reform in the Thirties by Alvin ^{FINKEL} Fingle. In his discussion of the Bank of Canada, he has a quote regarding the Social Credit. Although it is not directly in reference to the Bank of Canada, it does talk about Social Credit and its attitude towards inflation. I'd like to read you the quote and get your reaction to it.

Page 119. "The monetary cranks of the Social Credit variety, who regarded inflation as a panacea, were not the only participants in the debate on the central bank. Support for controlled inflation, by no means unanimous in the business community, was strong in many sectors of the economy. Various components of the construction industry drew on John Maynard Keynes to justify demands for state intervention to provide 'easier credit and cheaper money'."

Do you have any comments on that, not only on the particular quote, but also Social Credit and inflation?

ECM: I think the people that he's referring to particularly are those who were advocating pretty rigid monetary controls. It gets into the whole area of price control. Social Crediters didn't advocate that form of price control. Douglas had in his proposals a factor that was called a "compensated price discount" which is a rather complicated thing. It was a mechanism which he felt was a way of more or less subsidizing the consumer

01 to offset the impact of inflation. As I say, it was very complicated, and
02 it's never been used anywhere - it was just part of the Douglas theory.

04 But the general attitude of the Social Credit towards controls was
05 negative. The emphasis was on the individual aspect. Just as I said
06 earlier on marketing boards: we didn't like them because they imposed
07 controls on the producer and said, "You have to market your product at
08 such-and-such a price, when we tell you." We were never very enthusiastic
09 about that approach to controlling the monetary issues.

10
11 I suppose his reference to the cranks in Social Credit was to some who were
12 pretty outspoken. Many of these proposals, related to the central bank for
13 example, were just window-dressing that really didn't have any noticeable
14 effect as far as the rank and file of people were concerned. They were
15 part of the entrenched monetary structure rather than something that was
16 going to provide relief to the fellow that didn't have enough money to buy
17 the groceries. This was the area that we were concerned about.

18
19 **LS:** In general, in terms of the philosophy of Social Credit, and the continuing
20 debate about whether there should be inflation, the unemployment-inflation
21 continuum, is it correct to say that Social Credit as a philosophy would
22 have supported a certain kind of inflation? Or is that just not an issue?

23
24 **ECM:** It wasn't an issue in those days. In the Depression of the Thirties things
25 were different from what we have today. Inflation wasn't a worry in those
26 days. We were in a situation of deflation. The chronic shortage of credit
27 and money was what people were worrying about. And prices were low.

28
29 You hear a lot of comparisons today, whether the recession that we're
30 moving into in the States and Canada is comparable to the Thirties. One of
31 the great differences between them is that in the Depression, prices were
32 depressed. Wages were low; prices for goods were low. A dollar would buy
33 an awful lot. There's no comparison today. Today we've got fantastic high
34 prices for everything, running parallel with unemployment, which used to be
35 considered completely contradictory. If you had unemployment you got rid
36 of inflation and prices came down. Today, prices keep on going up. It's a

different problem altogether, to what they worried about in the Thirties.

In those days, the worry was how to get enough buying power into the hands of people to buy the goods that were already there. We had a surplus of goods, but not money to buy them with. Inflation is usually associated with too much money and too few goods. Our picture in those days was exactly the reverse, which is why the Social Credit program was based on the idea financing the consumer by paying, in the form of dividends, a measure of purchasing power directly into his hands, to increase the total buying power of the country, to get the goods off the shelf and to the consumer.

While those days were grim, there is one sense in which the situation we have today is perhaps even more serious than it was then. That is, this very high price level that we have today, along with the unemployment and the other elements of recession. In a period of low price levels, if a man had \$200-\$300 of savings, he could keep his family quite a long time on that. Today, it's gone in a week. High price levels are terribly hard on the people that can least afford it. In that sense, the kind of recession, and the impacts of inflation that we're getting today, are even more serious than the ones we had in those days.

LS: A question that comes to mind, because of the economic situation and its social impact, could an alternative movement or alternative party (which Social Credit eventually developed into) take root again, for instance in Western Canada?

ECM: I think history teaches us that in times of great economic stress, where there's widespread public dissatisfaction with the economic system and conditions under which people are forced to live, provide fertile ground for the birth of new parties and leaders, people who feel they had an idea. It's very hard to say, for example, whether conditions today will produce something like that.

This is getting aside from what we're talking about, but you probably know from other things we've said, my own philosophy about the emergence of

parties is a very strong belief that our old, establish political party structure in Canada is in the process of disintegration. I can't see it recovering itself. And I think it will become less satisfactory as time goes on.

Already the lines of demarcation between the old parties are very obscure. If they didn't tell you who they are, it's pretty hard to tell Liberal from Conservative in many respects. Parties are rather meaningless as far as their policies are concerned because there's no clear, fundamental distinction between their policy positions. There may be on some individual issues, but not in general.

And that's the reason why, when a Government is elected, whether it's a Liberal or Conservative Government the sun comes up and goes down the same as it did before, and things are not changed very much. The civil service goes on running the country, and things don't change.

My own belief is that the parties have lost their meaningful positions; they no longer represent clear-cut alternative choices to the electorate. And out of that party disintegration, ultimately we will see the emergence of new political forces that will represent significantly different approaches to the problem. Then you will have choices in elections, for at least a period of time, between two different approaches to the things the people are concerned about.

One of the things that happen when the parties lose that distinction is that elections become choices of individuals rather than parties. There's a great tendency today for people to vote for the individual rather than the party. If they like the leader, if they like the local candidate, that comes ahead of his party as a general rule. They support a candidate because they like the leader of that party. And even in the leadership field, it becomes a popularity contest between leaders - which leader is the most popular? Not what he stands for, what is his ability, but does he look nice on television?

That's understandable but, to my mind at least, it in no way approaches

what we have a right to expect out of a democratic system of government. I think a democratic form of government should afford the people a choice between meaningful alternatives. They will change their position from time to time, if they don't like the way the one works out. But today the people have no meaningful choice. The process of disintegration is going on.

I would be inclined to think that as a result of that, perhaps stimulated by unsatisfactory economy conditions, the situation would give rise to new parties.

LS: One final note on that. It's a digression, but another interesting question. Historically in Canada a lot of these alternative, populist movements have come out of the West. Do you think that aspect of Canada's history might repeat itself?

ECM: You're quite right. The West was the newer part of the country, and initially at least these regions were populated very largely by pretty rugged, individualistic people. If they hadn't been that type, they would never have left the old country, or never have left the staid sophistication of Ontario to come and homestead in Western Canada. The pioneer spirit was the spirit of an individualist. He'd give up the more comfortable life of urban Toronto or London or somewhere else, and come and take a homestead and a shack out on the Prairies. You don't do that if you want the soft sophistication and all the things that go with it.

So we started out in this part of the country with that type of individual having a strong influence on the political life of the country. Those people were not afraid to try new ideas. They survived by trying new ideas in their own limited sphere. The farmer tried to carve out a living on the homestead fought nature and governments and everything else, and survived because he outdid them in his ingenuity. And that carried over into the political arena. This was fertile ground for it. We had the pioneering type of people.

I don't think, for example, that a movement like Social Credit as it was

here in Alberta, could ever have started in Central Canada. The Establishment would have pooh-poohed it from the start and the people were used to looking to the Establishment for wisdom, so they would pooh-pooh it. But out here, come along with a new idea, and somebody'll listen. And first thing you know, away it goes.

LS: Today though, is the West perhaps too comfortable?

ECM: Two things are happening in the West, and I guess this is what you call progress - I'm not so sure. One is the greater affluence. The struggle isn't there the way it was in those days. Those of us who lived through the old Depression years have a great compassion for anybody that's facing economic difficulties, but I have to remember sometimes what I knew from personal experience back in those years. What we called a wealthy person in those days was probably not as well-off as what we call an unfortunate today! These things are relative. The affluence is one thing - that and the development and all the others things that go with it. They dim and dull the vigorous pioneering spirit.

The other thing - and I don't know how to say this so that it won't be wrongly interpreted as a complaint; it isn't that, it's natural - we have had, as happens in any new part of the country when it gets developed, the great influx of people whose lifestyle and philosophy of life is fundamentally different to the pioneer. And today they are the majority in this part of the country. The pioneers are only a little nucleus that are left. The more you get of that category of citizen, the less you have of the old rugged individualism that was characteristic of the pioneers. We import so many of our people today, and they bring with them the philosophy and attitude to life of the older and altogether different societies from what the pioneers were in the West.

LS: It makes one wonder where the fertile ground for alternative new movements might be in Canada.

ECM: It's in outer space now. There's nothing left in the world!

LS: To return to one final, very large, area and issue in the 1935-40 period - the whole question of Dominion-Provincial relations. We have alluded to and discussed the attempt to establish Social Credit, the conflict over the debt adjustment legislation that Alberta was trying to put through. We haven't talked about public finance and public debt and the whole question of the Loans Council. I'd like some final comments on Dominion-Provincial relations. Perhaps some comment on the Rowell-Sirois Commission although we have discussed that in greater detail elsewhere. Perhaps the Loans Council, any comment on Mr. Dunning who was Federal Minister of Finance for this period of time, and in fact the whole Federal stance during this period.

ECM: In a sense, the attitude of Alberta - supported to some degree by a few of the other Provinces - was a reflection of what we talked about earlier. We didn't like the idea of being circumscribed in any sense by loan councils and things of this nature. This again is that strong feeling in this part of the country, of independence. And particularly as far as the Social Credit Government was concerned.

We were dealing with monetary reform, and wanted to concentrate on it and hopefully to do something. We didn't want to find ourselves circumscribed by rules and regulations prescribed by a central Loan Council or any central body that attempted to impose regulations on the borrowing powers or the financial operations of the Province.

We found ourselves in complete disagreement with the Rowell-Sirois Commission approach to the whole thing.

It was the struggle that still goes on, of centralization versus decentralization. I think it would be fair to say that the recommendations of the Rowell-Sirois Commission tended to centralized control over the fiscal and financial policies of the country by the central government. Whereas the Provinces, and certainly Alberta in those days as now, were completely opposed to that centralization of power. We wanted to have freedom to do what we felt was best in the interests of the region and the people of the Province.

01 You mentioned Mr. Dunning, who was Minister of Finance. He was in office
02 quite a long period of years. Mr. Dunning was a strong man. He was
03 regarded as quite an outstanding financial authority, and his judgments and
04 recommendations carried a great deal of weight, certainly with the central
05 government and with a lot of the other regions - and undoubtedly with
06 bodies like the Rowell-Sirois Commission.

07
08 He was a very clever man, a very capable man. But he was what we would
09 regard as a traditional, orthodox financier. He was not the kind that was
10 amenable to new ideas. What he would consider reform was something like
11 the Bank of Canada, while to Westerners, if that was reform, it was hardly
12 worth writing home about!

13
14 You couldn't find a better man to deal with, because he knew what he was
15 doing, and was precise in his judgments and decisions. But his whole
16 philosophy of management and business was significantly different to our
17 approach in the West and in the Social Credit Government.

18
19 **LS:** The struggle between the Province and the creditor interests was a long
20 struggle. It seemed to go on for at least this five-year period of time.
21 Fairly bitter - maybe that's too strong a word - but, why?

22
23 **ECM:** I think it's understandable. It went on longer than five years. It went
24 on for a long time.

25
26 In the first place, because of the financial conditions which we
27 encountered (for all practical purposes, Alberta was bankrupt - we might as
28 well admit it) we had no choice but to do some pretty drastic things. The
29 cutting of the interest rate in half on the Provincial bonds was one of
30 those drastic steps. This was not a matter of policy. Social Credit was
31 opposed to interfering with contracts, and it troubled us greatly to think
32 that by arbitrarily cutting the rate of interest we were interfering with a
33 contract between the Province and the lender. He had loaned his money on
34 the assumption that he'd get "x"% interest, and it was cut in half. But it
35 was a case of no alternative. If it came to a choice between feeding
36 people who were unemployed, and their families, and paying 8% on the bonds

01 versus 4%, our choice was to pay 4% on the bonds. And that's what we did.

02
03 Obviously, this antagonized every holder of an Alberta bond, and there were
04 a lot of them. And a lot of them were poor people. It wasn't all
05 institutions, although there were big institutions. The financial
06 institutions of course were violently indignant, and took every step they
07 could to oppose the thing.

08
09 But it wasn't just the people that held the bonds that were affected. It
10 was interpreted by everybody that here's a government and a philosophy that
11 interferes with contracts, that is death on bondholders, and so on. Their
12 antagonism was understandable. What they knew about it was what was played
13 up, and the press certainly did its best to give the impression that this
14 was our philosophy - we were people with no regard for the sanctity of
15 contracts, "if you deal with that bunch you can't trust them," "they'll
16 break a contract by a law". It generated this antagonism.

17
18 Apart from the people who were directly hurt financially by it - and a lot
19 were - it created that attitude on the part of others. That was the bond
20 end of it. The debt legislation had, to some extent though not to the same
21 extent, a comparable effect.

22
23 In this case it was mainly institutions, because most mortgages were held
24 by institutions. The institution would lend money and it had a contract.
25 We came along and said, "You can't collect." Under the contract normally,
26 if the fellow doesn't meet his payments, you move to repossess the property
27 and you sell it and recover your money. But the general tenor of the
28 legislation was, "You can't repossess." It wasn't repudiation of the debt,
29 but it prevented action being taken to recover, until such time as the
30 fellow got back on his feet.

31
32 Here again, it was a choice between leaving the normal channels for redress
33 on the part of the creditor, or protecting the debtor from losing his farm,
34 his home, and probably his means of livelihood. We opted to protect the
35 livelihood.

36

The combination of all those things did creat a lot of bitterness, and a lot of people were hurt by it. And that went on for a long time.

One of the other effects was to put the Province in a position where we couldn't have borrowed money if we'd wanted to. The credit of the Province was not acceptable. It forced us into a pay-as-you-go position, although that was the position that we endorsed anyway. We weren't distressed by being forced into that position.

It's rather interesting that from 1936 on, when the Social Credit Government came into office, we didn't try to raise any money by selling bonds or anything of that kind, because we got into this bind. In the first place, we couldn't, and secondly, we didn't want to do it anyway. The only money we tried to borrow was the Federal assistance which was being made available to all the Provinces in trouble. We felt we were entitled to that, under the Treasury Bill system that I mentioned earlier.

We went into a pay-as-you-go position, from 1935 on. Then when we finally got to a little better financial position, we started negotiating to reorganize the debt, to re-fund the Provincial debt. We were finally successful in doing that in about 1945 or 46. That was ten years after the original default. We refinanced the whole debt - about \$160 million - all the old bondholders were paid off and new bonds were issued.

It was a very, very difficult period. But again, we were faced with circumstances over which we had no control. Within the Social Credit concept there were two very dominant factors. One was humanitarian concern - that we put human needs ahead of financial claims. And the other, that we didn't agree with debt if we could possibly avoid it.

LS: One of the related areas, that is not very well understood, is Social Credit's concern with interest and interest rates. As I understand it, there was no objection to saying that principal was owed to people - that you had to pay back what you owed. But that the amount of interest or the concept of interest that was a problem for the Social Credit theory. Is that correct?

ECM: It was more the amount of interest. Interest had climbed up in that period. Most of our debt was around 8% which in those days was considered very, very high. It's rather interesting that when we re-funded the debt in 1945-46, the average interest on the new bonds was a little over 3 1/2%. And that was the going rate. The lowest was 2 1/2%, and it went to 4-something. It averaged out to about 3 1/2%.

There was no suggestion of repudiating any debt. That was completely foreign to our position. Whether it was the debt adjustment legislation or the cut of interest, nobody every questioned that the principal of the bond should be paid off. We were in default, up to about \$60 million of maturities. Once we cut the interest, then the financial institutions and the Federal people would not lend money to pay off the principal maturities. So as they came due, they went into default. They weren't repudiated. They still stood owing to the bondholder, but we had no money to pay him. They were repaid when the debt was refinanced. The principal was paid off in full. The only adjustment we made on the refinancing was the interest rates.

LS: One final question for this period of time - a small historical note. The whole question about Alberta's proposal that the land between the northern boundary of Alberta and the Arctic Ocean should be transferred to the Province as part of its geographic area. Was that in fact the case?

ECM: Yes. I don't recall how the interest first arose. The talk was of extending the boundary straight north to the Arctic Circle. There was quite a lot of public discussion about this. It wasn't a big deal. There were very, very few people in that area at that time anyway.

A resolution was brought into our Legislature proposing that the Government should approach the Federal Government and request that the boundaries of Alberta be extended to the Arctic Circle. And it passed. We approached the Federal Government, and of course they turned it down.

It wasn't any great big issue. The general thought, even in those days, was that northern development ultimately would come, and that the logical

01 trend as far as Alberta was concerned would be north from Edmonton. There
02 wasn't much up there in those days for the development to start from. It
03 would start from Edmonton and work north. So if that was going to happen,
04 why not put the whole thing into one Province and develop it as part of the
05 Province.
06

07 I do recall, after this Resolution was passed, we did get some protest from
08 a few groups up in the North saying it would have been nice if they'd been
09 consulted about this. They weren't particularly interested in becoming
10 part of any province in Canada! But anyway, it was turned down by the
11 Federal Government.
12

13 LS: But there was a sense even at that time of the potential for development.
14

15 ECM: Oh yes. There was a strong belief here in the West, going back many years,
16 that the North has great potential - northern Alberta and on beyond into
17 the Territories. And this was the idea behind getting that block into
18 Alberta.
19

20 LS: So it's not a new position.
21

22 ECM: No, it's not a new thing at all.
23

24 LS: We'll end there for the day. Thank you.
25