

01 Mr. E. C. Manning

02 Interview #8

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03 August 20, 1979

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06 LS: The subject matter that we're going to deal with today is some of the
07 legislation that was passed in both the first and second Sessions of 1938.
08 We will look at the background of the legislation and the provisions of it.
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10 The first thing I'd like to refer to, Mr. Manning, is the Act concerning
11 Tax on Certain Securities. Why it was introduced, and what its provisions
12 were.
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14 ECM: That piece of legislation was operative, to the best of my knowledge, for
15 only that one year, 1938. What it did was impose a special tax on mortgage
16 companies primarily. The Province at that time of course was facing very
17 serious difficulties in trying to balance its budget. We were in a
18 position as a result of the default on the Provincial debt where the
19 Province couldn't have borrowed if it had wanted to borrow. And as a
20 matter of policy the Government had gone on a "pay-as-you-go" basis, so we
21 were not desirous of borrowing anyway.
22

23 This meant that it was absolutely essential to try to keep the budget in
24 balance. That particular piece of legislation imposed a special tax on
25 mortgages, on the lender (primarily it was mortgage companies). The tax
26 was at the rate of 2% of the principal of the mortgage, and was levied as a
27 special tax for that one year only.
28

29 There was a provision to cover cases where the mortgages might have been
30 advanced by individuals. If the imposition of the tax reduced their
31 taxable income below certain figures, there was an exemption or an
32 adjustment made. But primarily it was a tax on mortgage companies,
33 entirely for the purpose of trying to pull the budget at least closer into
34 balance at a time when revenue was very tight.
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36 LS: What was the reaction of the mortgage companies?
37

ECM: Well, of course they opposed it, on two grounds. One, they argued that it was a discriminatory tax against mortgage companies in that it singled out that category of security and applied only to that category. The other was that they didn't want to pay any more taxes. The same as anybody else feels in matters of that kind.

As I recall, the opposition to that particular bill wasn't very extensive because the rate of tax was not excessive. It was a 2% levy. It wasn't a tax that they could say was going to create a terrible financial problem for them. But they opposed it, naturally, on general principles.

LS: And it was in for the one year.

ECM: Yes, the Act itself stipulated that this applied for the year 1938. As I recall, it was not renewed in any future year. It was just for that one year.

LS: One of the most interesting pieces of legislation, I think, that was introduced in 1938, was an Act Respecting Savings and Credit Unions. I'm particularly interested in why it was introduced, what was the background, what was the kind of discussion that went on within the Government about such an Act, and how it was received by financial and banking institutions. Also, what the rest of the country was doing with respect to this kind of legislation.

ECM: That Act was the beginning of the credit union movement in Alberta. The credit union movement of course had been in existence for a long time. There were credit unions in Ontario. I'm not sure about the other Eastern provinces, but it's quite probable that there was provision for credit unions in some of the older provinces. The credit union movement was an old movement. And of course in the United States the credit union movement was quite well established in many of the States.

What a credit union is, of course, is a cooperative in which a group of people with usually a mutual interest - members of a certain group, labour union, all kind of categories - form a cooperative the purpose of which is

01 to pool their own credit resources and to enhance their credit rating by
02 the fact that they have pooled these resources. The credit union itself
03 has significant assets as a result. The credit union then makes loans to
04 its individual members. All profits on the loans that are made belong to
05 the credit union, which enables it to build up its assets as time goes on.
06 It's a self-help financial structure.
07

08 The whole focus of our concern, having in mind the purposes for which the
09 Government was elected, was to improve the financial position of the people
10 of the Province. We trying on the one hand to do that by the
11 implementation of Social Credit proposals for the creation and distribution
12 of what we called Alberta Credit, which was primarily to enhance the buying
13 power of individuals. So anything we could do that afforded people the
14 opportunity on their own to enhance their credit position was quite in
15 keeping with the overall philosophy and goals of the Government. Those
16 were the reasons behind the introduction of the legislation.
17

18 The credit union movement and the principles on which these cooperatives
19 operated were well-established. There was no new ground broken in that
20 respect. It was simply providing in the Province legislation to allow this
21 type of organization to come into being in Alberta.
22

23 Quite a number of credit unions sprang up after this legislation was
24 passed. It was well received by the people generally. There wasn't any
25 strong opposition to it, as I recall, from the banks and financial
26 institutions. This perhaps was due to the fact that in those days, across
27 Canada as a whole, while the credit union movement was in place, it was not
28 a big factor in the total financial picture of the country, and I think the
29 financial institutions really didn't see in it any great threat to their
30 position as the monopoly in that field.
31

32 Since those years, of course, the credit union movement has become a huge
33 operation in this country and in many places, and it has been very
34 successful. I don't know the number of credit unions in the country today,
35 but there would be very many, and there have been very few failures. On
36 the whole they have been a very successful type of financial cooperative.

01 They have had a two-fold benefit. On the one hand, they have provided
 02 credit facilities to a great many people who would not have been able to
 03 get credit facilities through the normal financial institutions. And
 04 number two, there was a side benefit that I think is not stressed as much
 05 as it should be. That is that they stimulated and encouraged people to
 06 cooperate with each other in this field of providing credit facilities for
 07 each other when they needed it. That in itself was a very beneficial
 08 thing. The whole spirit of the cooperative movement has been very
 09 beneficial to the country as a whole.

10
 11 Really, the credit unions simply do in the field of credit what the various
 12 other categories of cooperatives do in their respective fields. Some may
 13 be in merchandising, and things of that kind. But in this case, the
 14 cooperatives dealt exclusively with credit. They provided for share
 15 capital subscribed by the members, and earnings on the loans. And over a
 16 period of time some of these credit unions have developed huge assets.
 17 Today they are a very powerful factor.

18
 19 That was its origin, and it was well received. It grew steadily and with
 20 very few cases where the credit unions got into difficulty. On the whole,
 21 I think it made a very worthwhile contribution to the growth of the economy
 22 of the Province.

23
 24 **LS:** It was under your Ministry?

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 26 **ECM:** Yes. It was placed in the Department of Trade and Industry, so we had the
 27 supervision of it. And we established a Credit Union Branch with a
 28 Supervisor of Credit Unions. Primarily his function was to give guidance
 29 and encouragement to groups that wished to form a credit union and then to
 30 keep the records of their operations after they were established.

31
 32 **LS:** When a decision such as this was made - to introduce this type of
 33 legislation and put it under the Ministry of Trade and Industry - how did
 34 that work within Cabinet? How were those decisions reached?

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 36 **ECM:** The decision to go ahead with legislation of this kind was a Cabinet

01 decision. I'm not certain actually where the recommendations for this
 02 originated. It's a little vague now, but I think we had representations in
 03 the Department of Trade and Industry. We were dealing in that Department
 04 in the fields where this type of interest would logically be found. And I
 05 believe the recommendation first went to Cabinet from the Department of
 06 Trade and Industry.

07
 08 The Cabinet improved the concept in principle, and the idea of legislation
 09 for it. Whenever there's a piece of legislation of that kind passed, a
 10 decision has to be made as to which department of Government should be made
 11 responsible for its supervision. And in this case, the Department of Trade
 12 and Industry seemed the logical department. We were dealing with labour,
 13 we were dealing with businesses, and it was from these areas that the
 14 people would be drawn who would form these credit unions. It was just a
 15 matter of placing it in the department that seemed to be most logical,
 16 having regard to what the credit unions were going to do.

17
 18 **LS:** One final question on that piece of legislation: Was it ever considered
 19 incongruous that the Social Credit party Government should be interested in
 20 encouraging this?

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 22 **ECM:** No. In fact, in our view it was not only consistent with the policy of the
 23 Social Credit Government, but almost a natural outgrowth. You must
 24 remember, on the one hand, Social Credit political philosophy has always
 25 strongly emphasized individual initiative and enterprise. It doesn't and
 26 never wanted the state to do anything that people could do better, or as
 27 well, for themselves. So the idea of enhancing the credit resources of the
 28 people through their own effort was something that appealed very much to
 29 use as holders of that Social Credit philosophy. In the activities of the
 30 government in the area of credit creation, we were obviously doing things
 31 that people couldn't do for themselves. The only ones who can create
 32 credit are governments, or banking institutions who have been delegated
 33 that power by governments. So in the field of Social Credit monetary
 34 legislation, obviously the Government had to be directly involved.

35
 36 But at the same time, anything we could do to encourage people on their own

01 initiative to improve their credit resources was quite consistent and a
02 natural adjunct to the other areas of Social Credit legislation.

04 LS: Another piece of legislation that was introduced at this time was regarding
05 the organization of employees, and provision for labour conciliation.
06 Clearly a major piece of legislation. What was the background there, and
07 the provisions?

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09 ECM: Prior to that period in Alberta's history, there had been very little in
10 the way of labour legislation. This was understandable in the days of the
11 earlier governments because Alberta was a new province, it had a small
12 population, and it was not an industrialized province. In the earlier days
13 particularly Alberta's economy was based on agriculture and lumbering and
14 things of this kind. Industrial development was something which came
15 later.

16
17 But as the Province was growing, the number of businesses was increasing,
18 and small industries were getting established, it became obvious to us that
19 there was need for fairly comprehensive labour legislation, not only to
20 promote the interests of the working people but to try and establish good
21 labour-management relations and to create an atmosphere in which economic
22 industrial growth could progress.

23
24 There had been a few small pieces of labour legislation before this. There
25 was a Male Minimum Wage Act, an Hours of Work Act, a few rather limited
26 pieces of legislation. But this bill in 1938, the Industrial Conciliation
27 and Arbitration Act, was the most comprehensive piece of labour legislation
28 we had attempted to that time.

29
30 The major provision of the Act was that it provided that "it shall be
31 lawful for all employees to bargain collectively with their employers and
32 to conduct such bargaining through representatives of employees duly
33 elected by a majority vote of employees affected. Any any employer
34 refusing so to bargain shall be liable to a fine not exceeding \$500 for
35 each offense."
36

01 In other words, this established in Alberta for the first time by statute,
02 the right of employees to bargain collectively with their employers. It
03 required the employers to bargain with them. It was no longer an optional
04 matter as it had been prior to this time. Now they were required by law to
05 bargain, and bargain in good faith, and if they refused to bargain they
06 were subject to penalties.

07
08 The Act provided for the setting up of a Board of Arbitration to deal with
09 labour disputes, and it provided for the appointment of Conciliation
10 Commissioners. The process was that if the labour dispute developed, then
11 an application could be made for a conciliator to be appointed to try and
12 reconcile the differences between the two parties. If he failed, the
13 matter could be referred to the Board of Arbitration which consisted of
14 three members, one appointed by the employees, one appointed by the
15 employer, and these two mutually agreed on a third as an independent
16 chairman.

17
18 The Board then was required to hear any evidence and made such examinations
19 as were appropriate to get all the facts pertinent to the case, and to give
20 an award. These awards were not binding - it was not binding arbitration -
21 but it was an award that went to both employers and employees and they
22 voted on it, to accept or reject it. It wasn't compulsory or binding
23 arbitration, but it provided the mechanism.

24
25 The hope was (and I think to a considerable degree this was successful)
26 that not too many cases would get as far as the Board of Arbitration. In
27 the first place, the employers and employees now had the legal right to sit
28 down and bargain collectively, and in the great majority of cases that led
29 to an agreement. In which case the Government had nothing to do with it at
30 all. They simply provided the machinery and the legal right to do that.

31
32 If they failed and a labour dispute ensued, then the conciliator was
33 appointed either on the request of one of the parties (employers or
34 employees) or if they didn't request it, the Minister could name a
35 conciliator and ask him to look at the situation. The conciliator then
36 would do everything he could to bring the two sides together, and of course

in many cases that would be successful. It was only if that failed that the case went to arbitration. So the number of cases that went that far would be relatively few.

Both parties had their representatives on the Board, so there was no question but what the viewpoint of both parties was represented. When that Board made its judgment, it then rested with the employers and employees to accept or reject it. But the number who would reject it would not be many. There would be some occasionally, and then of course you had to start all over again and try and get something better.

LS: Do you recall any of the early cases that did come that far?

ECM: No specific case stands out. In that period this legislation had little application to rural areas; it didn't apply to domestic workers or farm labourers. The types that were involved were the trades primarily, in the larger urban centres (in those days Calgary, Edmonton, Lethbridge, Medicine Hat) where you had carpenters, plumbers, painters, and so on, these were trade groups which naturally were anxious to have this kind of provision where the employers were required to sit down and bargain with them. The majority of the early negotiations and agreements were in those categories.

LS: Had they lobbied earlier for this kind of legislation? How did it become initiated?

ECM: There had been representations from labour unions particularly, seeking this kind of legislation. That would be the main source of representation to the Government. We were interested in it because, again, the philosophy of the Government was to try to provide a society, an economy, where every person would be assured the maximum measure of justice and equity, and this applied to the question of labour-management relations. So it wasn't something we had to be convinced on; it was in keeping with our own philosophy that this type of legislation was desirable.

I think it's only fair to say in this legislation and I guess all labour legislation, it's one of those areas where a government can never satisfy

01 the parties involved. This is understandable because the interests of the
02 employees and the interests of management are so often in conflict. So if
03 labour legislation seems to afford labour extensive opportunity and
04 facilities to organize, to bargain, and to get certain results, you can be
05 pretty sure management is going to say, "This is slanted in favour of
06 labour; it's bad legislation." On the other hand, whenever a legislature
07 recognizes what it regards as the legitimate rights and interests of
08 management, the employer, you can be quite sure that the unions are going
09 to say, "That's catering to management; it's anti-labour legislation."

10
11 The very fact that you're trying to reconcile two positions which will
12 never be wholly reconciled points up the fact that it's impossible to get
13 labour legislation that's going to be totally acceptable to both sides.
14 What a government and legislature therefore has to do is to try and be as
15 fair and equitable as they know how, in recognizing the legitimate
16 interests and rights of both parties, and provide legislation that protects
17 those rights as far as they can do so. Knowing when they do it that
18 they'll never be given credit for having done that. They'll hear lots
19 about what they should have done further in either direction!

20
21 **LS:** What was the situation in the rest of Canada regarding this type of
22 legislation? Was Alberta in the forefront, in the back?

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24 **ECM:** In Western Canada, in Saskatchewan and Alberta, there would be very little
25 labour legislation in those days because Saskatchewan, like Alberta or even
26 more so than Alberta, was an agriculture-based economy. The number of
27 little industries was very small. And of course that's where the need for
28 this type of thing applies. This kind of legislation is not applied to
29 rural farm workers, because of the nature of the employment.

30
31 In those years, the area of Canada where there'd be the greatest amount of
32 this kind of legislation was Ontario, which of course had by far the bulk
33 of the industries in Canada in those days. And their legislation would be
34 quite advanced by that time because they'd been in this field for a long
35 time.

01 British Columbia I believe had some, because they again started out as a
02 Province a lot earlier than Alberta and Saskatchewan had started out.
03 Manitoba was sort of in between. They had some industry. In Winnipeg the
04 garment industry for example used to be quite a prominent industry. So they
05 had some labour legislation dealing with this.

06
07 But prior to that time, in Saskatchewan and Alberta, the need had not been
08 extensive. We were coming along into the field of labour legislation as
09 the economy and population developed.

10
11 **LS:** Was it modelled on any particular earlier legislation in Ontario, or
12 British legislation?

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14 **ECM:** A practice we followed in many areas of legislation where we were starting
15 out with something that was relatively new for this jurisdiction, we'd
16 obtain copies of legislation that was in effect particularly in Ontario
17 (because they had more of this than any province at that time). That
18 doesn't mean that our legislation was just a duplicate of theirs. We would
19 take the general principles embodied in their legislation and try and make
20 an application of that to the circumstances as they existed in Alberta at
21 that time.

22
23 **LS:** Were there discussions back and forth with people in Ontario? Would you
24 say, "How does this work?"

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26 **ECM:** There would be discussions, in most instances of this kind. Not formal
27 discussions, but at the departmental level. For example, a Deputy Minister
28 who was in charge of labour in Alberta would probably be in touch with his
29 counterpart in Ontario and say, "How did this work out? How do you handle
30 this?" They were rather informal discussions. There were no formal
31 conferences between the Provinces.

32
33 **LS:** One of the other other pieces of legislation was an Act to Amend the
34 Department of Trade and Industry Act. Why an amendment? This was still
35 your Ministry, is that correct?

36

01 ECM: That's correct. The amendment to the Department of Trade and Industry Act
02 in 1938 added a new division to the Department of Trade and Industry, and
03 that was a statistical branch. It authorized the Department to gather
04 statistics from businesses and firms throughout the Province, and to set up
05 and administer a Department of Statistics. The Act had quite a bit of
06 detail on that because you had to cover such matters as the confidentiality
07 of certain information, the publishing of reports that had to be done (this
08 is a standard thing in statistical departments) so that individual
09 industries could not be identified. The Act spelled out all those details.

10
11 It was a step forward in that we did not have, prior to that time, a
12 Department of Statistics for the Province. This was the birth of that
13 Department.

14
15 It also had another provision that was new, and that was authorizing the
16 Lieutenant-Governor in Council, on recommendation of the Minister of Trade
17 and Industry, to prescribe standard specifications as to the nature and
18 contents and quality of any commodity that's used in industry and which is
19 merchandised - grades and classes of material. This was something that was
20 really enabling legislation. What it aimed at was authorizing the
21 Department through Orders-in-Council to establish industrial standards.
22 You could stipulate the quality of materials that had to be used in certain
23 things.

24
25 This didn't have any big, immediate application. It was enabling
26 legislation, and from time to time standards were set for certain
27 commodities. This of course, many years ago, became a general type of
28 legislation across the country. Today all governments have powers to
29 stipulate standards in certain fields. But this was the birth of that as
30 far as Alberta was concerned.

31
32 The third thing in the Act was a provision that the Minister could set up
33 various advisory bodies. One was called the Trade and Commerce Advisory
34 Board, which was simply a Board drawn from trades and businesses to advise
35 the Minister on any matters pertaining to Trade and Industry. Also a Board
36 whose counsel he could seek in future amendments to legislation. And when

issues came up, whether they needed the attention of Government, whether they properly required legislation. It was a general advisory Board.

There was also a provision under that same enactment that the Minister could set up special Advisory Boards or Committees to advise the Minister on any specific instance. There might be a problem arise in one particular industry where you wouldn't want a continuing board but you could set up an advisory body to take a look at the problem and then advise the Department.

A rather amusing thing grew out of this in later years. We did over the years set up quite a number of advisory bodies because we found them very helpful, particularly in the preparation of legislation. You could sit down and talk with a board that was made up of representatives of the trade, labour unions, management, the people actually involved in the work that you were dealing with. And you could find out from them the practicability of legislative suggestions.

I think this is one of the errors that governments and legislatures often make. It's one thing for the departmental people, the administrators of legislation, to say, "We think we ought to amend this act," or even for the Legislature to say that. But when you come right down to it, the people who are affected by it, who have to live with it and operate under it, are the ones about whom you should be most concerned.

This was very much a part of our philosophy of government. You didn't impose laws on people that affected their livelihood and their manner of conducting business without being as sure as you could be of actually how this would affect them - not the theory, but the practical application. These advisory bodies were very helpful in that respect, so we set up quite a number of these over the years.

I recall later on, one of the popular things for the Opposition in the Legislature (and this certainly isn't peculiar to Alberta because Oppositions do this in every jurisdiction in the country) is to accuse the Government of having too many tribunals, board, commissions, committees, and so on. Very often they would fail to distinguish between tribunals,

commissions, and committees that had actual authority (that were semi-judicial or something of this kind, to which authority had been delegated by legislation to make decisions) and the advisory boards which had absolutely no power. They were a group the Minister or Deputy would sit down to have a talk with; they would make certain recommendations which were not binding on anybody. But interestingly, these were always lumped together to say, "You have 40 boards" of some kind. Maybe 20 of them were purely advisory bodies and had no powers whatever.

We used to catalogue these every once in a while. We'd say, "When you're talking about 40 boards, remember 20 of them really have no powers. They're simply advisory bodies." But this was the birth of the advisory committees and boards as far as the Government of the day was concerned.

LS: And it was a practice that continued?

ECM: Yes, from that time on. Certainly for the whole term of our government. We used advisory bodies and committees from time to time.

I might add this one thing. I think there is a danger of that being used to excess. When a Government starts appointing committees to look into almost every issue that comes along, it does two things. In the first place, much of that is the responsibility of the Members of the Legislature. You have to be careful that you're not passing on to committees the sole responsibility of coming to a decision. Then when the Government implements it, they say, "They recommended it." That isn't a good enough answer. You want their advice, but you have to be very careful of treating it as more than advice, just one input on which you then as a Government make your decision. Because you're really the ones responsible to the public.

That's one danger. And the others is that if governments go too far with advisory committees, it can be terribly time-consuming. We're seeing a lot of this in Canada today, at both Provincial and Federal levels. So many issues get referred to Task Forces or committees of one kind or another. They run all over the country and hold hearings, at terrible public expense

very often, and the days and the weeks and the months go by and the issues are not dealt with because they've been referred to some task force or committee to study. In my view, that's an abuse of the advisory board concept.

The type of advisory boards we were concerned about when this legislation was passed were not boards to which matters were going to be referred to study for a year like a Royal Commission, but sit down maybe for a couple of days to take a look at it, spend a couple of hours with the Minister, and that was it. You went on and made your decision.

I think it's fair to say today that one of the legitimate public grievances in most jurisdictions of government is the terrible delays that occur in getting decisions. And unfortunately, in quite a number of instances, it's due to what I regard as the abuse of using commissions, committees, and task forces to make examinations which are time-consuming and terribly frustrating to the public.

LS: Why do you think that has developed?

ECM: It's a buck-passing process. Particularly if it's an issue that has political implications. One of the simplest things for a government to do is say, "We set up a task force to study that problem." What that means is, we push it onto a back burner for six months and hope it will go away, or the situation will change. It's not a responsible way of governing.

LS: During this period of time there were three pieces of legislation introduced both in the first and the second Session regarding education in schools. What was the background on those?

ECM: Those pieces of legislation were primarily departmental housecleaning. But there was one new aspect that was involved in the legislation of 1938. That was the provision for moving more into the area of setting up School Divisions.

In the initial stages when Social Credit first came to power, the school system outside the cities consisted of the one- or two-room single school in a little district. There were scores and scores of these all over the Province. It was a system that had both advantages and disadvantages, and I suppose that's the reason why any change encountered a lot of opposition.

The advantage it had was that the school was very localized. It was the centre of the community. The one or two teachers were known by everybody. The district was small, it was their school, and all the kids could walk to it. The disadvantage of course was that there was no possible way for all those little schools to have the facilities - particularly things like library and laboratory facilities - because the costs would be prohibitive.

So the department, and Mr. Aberhart as Minister, was very concerned about this. Mr. Aberhart was an educator, and education was his first love. How could you get around the problem of providing schools large enough to have proper libraries, laboratories, equipment, specialized courses, and so on, and at the same time not alienate the people who had a great interest in their little local school? This was a goal that was almost impossible of attainment.

The move was made to start to form the little schools into School Divisions. Ultimately the school divisions became the thing, and as a result, with the process of time the little one-room schools began to die out and the larger centralized schools were established in the Divisions. But this legislation in 1938 started out the provision of these School Divisions. At first it was pretty much just administrative. They still had the little schools. But it laid the ground work for it.

Of course when you moved into School Divisions and ultimately the large divisional schools, you ran into the other problems such as the necessity for busing children because the school was no longer half a mile away. Now it may be 10 miles away. So that's when the busing system came in. I guess the two things that created the greatest public resistance, on the part of the parents particularly, was (1) resistance to busing (This was

just a straight matter of not liking their children to have to leave an hour before school to get to school - and their concern was quite understandable. Yet there was no other solution if you were going to have fewer schools because they were bigger schools.) and (2) resistance to the death of the little local school in their community. It was not only the school, it was the place for social gatherings, recreation, entertainment, church services, and almost anything else. It was the community centre. And understandably there was strong resistance to seeing that disappear.

Ultimately, the demands of education triumphed over these other social problems, and the large schools became the order of the day. In this Province in those days, where the population was still sparse in the rural areas, it created real problems. While you could have a little one-room school, you might have a dozen to 25 pupils in it, but a divisional school to be large enough to have a number of rooms, a number of teachers, libraries, laboratories, etc., had to draw from quite a large area. So these children would be bused 20 or 30 miles to school, otherwise the population wouldn't sustain a big rural school.

Of course that problem became less as population increased, but they were difficult years of transition.

There was a further amendment to the School Act which was really just further clarifying and enlarging on those provisions.

LS: You said Mr. Aberhart was personally interested in this as an educator. Would it be his style to actually help write the specifics of the legislation? When something such as this was of great personal interest, how did he operate?

ECM: The general order in which he'd proceed would be to have discussions with his senior departmental people - Deputy Ministers and the higher officials in the Department - on the objectives that he wanted to attain. Then, after they'd thrashed out the problems they could see if you followed this course, he would ask them to prepare a draft of legislation. This is a pretty common practice in departments. The Minister says to his

01 departmental officials, "You prepare a rough draft of a Bill that will
02 achieve these things we've discussed for the last couple of weeks."

04 They make a rough draft within the Department. Then the Minister (in this
05 case, Mr. Aberhart) would sit down with them and go over their draft. And
06 he'd probably say, "I don't think this achieves what we want to do," and
07 they'd re-write that. Or "I think this ought to be changed," and they
08 would revise it. That's the process. And this would probably go on three
09 or four times until they'd finally get a draft that he felt, and the
10 Department felt, would achieve what they wanted to achieve.

12 Then at that stage it goes to the Legislative Counsel. All legislation is
13 drafted by the one Department before it goes into the House, for the
14 purpose of getting uniformity of language and expression, and so on. Then
15 the Legislative Counsel would take the draft and he would put it in the
16 appropriate form for a Bill to go into the House. This simply means
17 dressing up the wording to conform to the language of statutes and making
18 it a little more complicated to keep the lawyers happy!

20 Then the Minister would go over that again, and probably make a number of
21 changes in that, before it was finally introduced in the House.

23 **LS:** Another piece of legislation referred to an Amendment to the Limitations of
24 Actions Act. What was that about?

26 **ECM:** That was really an extension of what in those days was commonly referred to
27 as "debt adjustment legislation" or "debt legislation". We have mentioned
28 in our previous discussions a number of pieces of legislation that were
29 passed to permit the Province to impose moratoriums on some debts, to
30 regulate the payment of mortgage indebtedness, the setting up of the Debt
31 Adjustment Board, and all of these provisions.

33 What this one in 1938 did was add a number of categories of actions to a
34 list of actions in which people could no longer take action in the Court to
35 collect debts. It was part of the debt legislation. It simply added to
36 a list which was already in the Limitations of Actions Act, a number of
37 other categories.

01 This one was probably a little extreme, and it was one of the Acts that was
02 disallowed in the following year. It was passed in the Session of 1938,
03 and it was disallowed in March of 1939. So it never became operative.
04

05 LS: There were other pieces of legislation in 1938 too, in regard to taxes
06 payable for corporations, and also some further legislation with regard to
07 Social Credit.
08

09 ECM: There was one other piece of legislation that was a straight
10 revenue-producing Bill. We've touched on the one that imposed a special
11 tax on mortgages in 1938.
12

13 At that same Session, there was an act called the Banking Corporations
14 Temporary Additional Taxation Act. As a background to this, you will
15 recall in the earlier legislation we discussed, the Province had attempted
16 to impose a very heavy tax on banks within the Province, and that
17 legislation had been disallowed. What this bill of 1938 did was simply
18 double the ordinary Provincial Corporation Tax paid by banks in the
19 Province. The Corporation Taxation Act is an old, old statute. It applies
20 to all business, and certain rates of taxation levied on their earnings.
21

22 What this one did was say, "Whatever the tax payable under the Corporation
23 Taxation Act, it would be doubled for the year 1938. That was a straight
24 revenue-producing act. It wasn't anything like as stringent or onerous as
25 the other bill, because this still was not an excessive amount, though it
26 was twice as much as they paid before. But it was a matter again of trying
27 to balance a budget at a time when it was almost impossible to balance it.
28

29 LS: Strong reactions?
30

31 ECM: Oh yes, very strong resistance to it from the banking institutions.
32

33 LS: And there was other legislation regarding Social Credit?
34

35 ECM: Yes. The March Session in 1938 was the session when the major Social
36 Credit Act, what was called the Alberta Social Credit Realization Act, was

passed. This is the Act that grew out of those matters that we discussed earlier. The dissension had developed within the rank of the Social Credit party, the so-called "insurgency" movement, the argument that the Government wasn't moving fast enough or wasn't doing all that it should do and could do to implement Social Credit monetary proposals.

This was the situation that almost led to the collapse of the Government, when the dissension became so severe. And what was finally agreed upon was that the Government would appoint a Social Credit Board and would delegate to them very broad powers, powers which prior to that time were exercised only by the Cabinet, to develop a program for the implementation of Social Credit monetary proposals in the Province.

That Act was passed in 1938. It set up a board called the Social Credit Board, made up of Members of the Legislature named right in the Bill, and gave them very broad powers. For example, it says, "The Board is authorized and empowered to devise ways and means for the valuation, conservation, enhancement, advancement and realization of the social credit of the people of the Province. Without in any way derogating from the generality of the foregoing, the Board is empowered...." to do a whole long list of things: "to consider, formulate, and adopt policies" and plans, and so on, including the powers to engage experts and advisors.

So that was passed and the Board established, and it was under that Act that the Chairman of the Board who was Mr. G. L. MacLachlan went to the old country to try and persuade Major Douglas to come to Alberta as the advisor to the Board.

LS: In 1938 still that was attempted?

ECM: That's right. What happened there is history; we've covered that before.

Really what this did was give to the Board the responsibility and the powers to go with it, to try and develop a Social Credit plan. They were expected to work in close cooperation with the Government. In fact the Bill was put under the Department of Trade and Industry. I was Minister at

01 the time, so the Board was one of our responsibilities. But they operated
02 independently. They reported to the Minister of the Department, and
03 through the Minister to the Executive Council.

04
05 At the same Session, the Act to repeal the Alberta Social Credit Act was
06 passed. That simply repealed the previous Act.

07
08 **LS:** One of the interesting things about the Social Credit Board is that some
09 people have written to point out that perhaps the Board was given powers
10 and authority that really should have remained with the Cabinet, or at some
11 level such as that. Was there any such criticism levied at that point in
12 time?

13
14 **ECM:** There was by the Opposition. It's a very difficult thing to say just to
15 what extent a Cabinet is authorized to pass its authority to tribunals.
16 It's done all the time; there are all kinds of boards. Take today: The
17 National Energy Board has powers that people could argue are Cabinet
18 powers, powers to make very fundamental decisions.

19
20 The reason, in this case, was that the Members of the Legislature, a very
21 substantial number of the Members, were criticizing the Cabinet. They said
22 the Cabinet was not exercising its powers and doing all that it could and
23 should do to implement the Social Credit monetary proposals. So to put it
24 in the simplest form, this was almost a matter of saying to them, "Well, if
25 you feel we're not doing everything we can do, why don't you try to do it?
26 You name five members of your own, of people who think we're not doing the
27 best we can do to achieve this, and let them have a try at it."

28
29 And that's precisely what was done. It wasn't that the Cabinet wanted to
30 get rid of its responsibilities, but we were not successful in convincing a
31 number of the Members that we had done, and were doing, everything we could
32 do to develop the proposals of Social Credit and implement them. So this
33 Act really said, "All right, here's a Board of those of you who feel that
34 way. Now you show us what more could have been done than what we have
35 done."

01 And of course, time proved that they couldn't produce anything that could
02 have added to what the Cabinet had already tried to do. But at least it
03 gave them the opportunity.

04
05 I believe I said a moment ago that the trip to the old country was under
06 this Bill. I think, on further recollection, that that was probably under
07 the earlier one. This was not the first establishment of the Board, and I
08 think that was in 1936-37. This one was just a continuation as far as the
09 Board was concerned. It was adding a bit to its powers.

10
11 **LS:** Just to finish understanding that. In Cabinet, when there was discussion
12 about the formation of the Board, was there a fear that "perhaps we're
13 giving over too much of our authority", or was it generally agreed?

14
15 **ECM:** No, it was generally agreed. Actually, all the Board could do was develop
16 a proposal. When it came to the actual implementation, the Government
17 would be involved anyway. So at that stage the Government would have every
18 opportunity say, "We can't do this." The Board couldn't just go out and
19 put in a Social Credit plan without the concurrence of the Cabinet. It
20 could develop the program, produce all the plans, but the Government had to
21 be involved in any implementation. So the Government didn't feel it was
22 giving up the responsibility it had to the public of the Province as a
23 Cabinet.

24
25 It was rather interesting - it can be said now - under the Bill the Board
26 was required once a year to table a report in the Legislature, which they
27 were to make to the Minister. The Minister was responsible to have it
28 tabled in the House. I well recall, the first two or three years, the time
29 would come for the report to come in, and they wouldn't have the report
30 concluded. And the Chairman used to come up and see me and say, "I can't
31 get this thing together. I don't know what to say on this point, and this
32 point, and this point." What it added up to was, they had not been
33 successful in producing anything that was any more comprehensive, or as
34 complete, as the Government had already tried. And how were they going to
35 report to the Legislature?

01 And I might as well confess, I wrote two or three of those reports myself
02 for the Chairman and send it back saying, "How would this do?"

03
04 LS: Thank you very much.
05