

LS: I'd like to start this morning by talking about 1952 and the significant legislation of that year. In each piece of legislation - the provisions and why they were significant.

The first piece is Chapter 32 in regards to Family Courts.

ECM: The decision to establish Family Courts arose because of the growth in population and the increased number of cases that were before the regular Courts. They were becoming overloaded and it was felt that if we had to make a division of the work it would be most appropriate to pick out the type of cases that related to family activities and treat those in a court by themselves. This wasn't a new concept; it's something that's been done in many cases.

In 1952, by legislation, a provision was made for establishing Family Courts in the Province, and the Act also spelled out the general categories of matters that would be tried in those Courts.

They dealt with the maintenance orders for deserted wives and families under the Domestic Relations Act. They dealt with some matters under the School Act, particularly cases of parents that failed to have their children attend school as required by the School Act. They dealt with cases that arose under the Child Welfare Act, of child neglect. They dealt with assault cases, that is assaults of husbands on wives or wives on husbands or parents on children. They were authorized to deal with cases where there were charges of neglect or refusal to supply the necessities for life by the husband, or whoever was the breadwinner of the family.

Common assaults weren't involved; only assaults arising between parents and children or husbands and wives were covered. All that type of issue. It simply moved into these new Courts any cases that arose in which that type of subject was dealt with.

LS: How were the people appointed in those Courts?

ECM: By the Lieutenant-Governor in Council. They were magistrates, really, but they were declared Judges of the Family Court.

LS: In terms of the general milieu in Alberta at that point in time, were there increased sociological problems?

ECM: I wouldn't say "increased" in the sense that it became a major problem or major concern, but two things were happening. The population of the Province was increasing, which of course always adds to the number of these cases, and secondly, the trend to urbanization was pronounced by that time, and the influx of people to the urban centres gives rise to more of that kind of problem. You do not have the same degree of many of those problems in a sparsely-settled, scattered, rural community, that you have in the urban centres.

LS: Another Act at the time was regarding Housing, and involved the Government of Canada.

ECM: That Act, as I recall it, was a piece of legislation in which the Provincial Government was little more than an intermediary between municipalities (primarily the cities, Edmonton and Calgary particularly) and the Federal Government.

The Federal Government had certain provisions, under their National Housing Program which was getting under way at that time, for assisting in the construction of low-cost homes. But they required that the Provincial Governments be involved, because they did not deal directly with municipalities.

[That is a pretty fundamental issue which is debated from time to time, but I think the weight of argument is definitely on the one side. The municipalities are creations of the Legislatures of the Provinces, and any dealings therefore, between governments, should be between the Provincial Governments and the municipalities, because the Provincial Governments or

Legislatures created them. Whereas the Federal Government of necessity deals with the Provinces, but should not be dealing with a creation of the Provincial Government.]

The Act provided for the setting up of machinery whereby the cities (this was limited, as I recall, to those under the City act; in other words, it didn't apply to the little towns or communities of that kind) could apply to the Board of Public Utility Commissioners for authorization to float debentures for housing purposes, to aid in the construction of low-cost housing, and sell these debentures. The money that they produced by that means was paid into a fund that was established by the Provincial Treasurer under this Act. It was called the "Housing Fund".

Under the Federal legislation at that time, if I recall the figures correctly, the municipalities were required to put up 25% of the cost of these low-cost houses, the balance being financed by the Federal Government. And as these deals were made for housing projects, the Provincial Treasurer then advanced the municipality's share of that cost out of the Housing Fund which had been created by the sale of municipal debentures for that purpose.

That was the general provision. The national government dealt under the National Housing Act, which came in, I think, about 1944.

LS: Did other provinces have this kind of act, providing that kind of financial arrangement?

ECM: Yes, I believe a number of them did. It probably took a different form in some of the provinces, but the general concept was accepted across the country and it arose out of the requirement by the Federal Government that the Province must create an agency with whom they would deal - because they didn't feel (and the provinces didn't feel) that it was appropriate for the Federal Government to deal directly with municipalities which were creations of the Provincial Legislatures.

LS: So it was not so much a reflection of increased revenues in this Province in particular?

ECM: No.

LS: Another Act of that year is Chapter 58, the Municipal Assistance Act.

ECM: The Municipal Assistance Act was rather unique in that it was an endeavour to assure the municipalities of a source of revenue on which they could rely from year to year. As you know, not only in Alberta but in all provinces, there has been an almost constant debate going on for years and years that the municipalities feel they do not receive an adequate share of public revenues. And to such a large degree they are dependent on changing decisions by provincial governments as to what the amount of revenue to them will be, what the grants will be, what the conditions of grants will be, and so on.

And we felt that the municipalities had at least a valid point in the argument that under that arrangement they never know from one year to the other what they could count on. Maybe next year the grant was going to go up; maybe next year it was going to go down. And this made it extremely difficult for the larger municipalities, the cities particularly, to plan ahead.

They had raised this point of inadequate municipal revenues, of course, constantly, so after discussions with them, the Province agreed that they would make available to the municipalities, in the form of several categories of grants, one-half of the net receipts to the Province from the Fuel Oil Tax Act, that is, the gasoline tax. I don't recall what the tax was in those days - it was probably around 10¢ a gallon. This would mean that whatever the net return to the Province from that tax was, 50% of that was set in a fund for municipalities. So at least the municipalities knew that that amount of dollars was available for assistance to them.

The next thing that had to be faced was, what was the most appropriate way to distribute that money among the municipalities? There were three

categories of grants decided upon. One was an equalization grant. One was a tax reduction subsidy. And the third were just ordinary unconditional municipal grants.

Now there were quite complicated formulas developed, over quite a period of time, and revised quite frequently, to arrive at the amount of money that each individual municipality would be eligible for under these three categories.

For example, the equalization grants: There were a lot of factors in that formula, but the most important ones were that the Province took into account the assessments in the municipality, the prevailing mill rates and all those things, and the equalization grant was to try to avoid wide discrepancies between municipalities on the rates of assessment and the rates of taxation. It wasn't an attempt to eliminate the differences entirely because you obviously couldn't do that between the more developed municipalities and the underdeveloped ones, but it was really an application within the Province, between the Province and the municipalities, of the same broad principle that applies in the equalization grants at the Federal level, between provinces. Where one municipality had a higher tax rate, a higher mill rate (maybe their assessment was much lower than others because they didn't have any industrial development) - these were the factors taken into account. And the amounts of the equalization grants were weighted in favour of those municipalities whose resources were much less than the average of the municipalities.

The tax reduction subsidy was, a portion of the fund was set aside for cases where municipalities could comply with certain requirements and actually reduce their tax rate; the difference could be made up in whole or in part from this tax subsidy. It was really an encouragement to the municipalities to work for the maximum efficiency in the expenditure of their municipal revenues. The subsidies were geared so that if the municipality by careful administration was able to curb its expenditures in a certain area (eliminate waste and inefficiency, or whatever the factors were), it became eligible for tax reduction subsidy. It could then reduce

its taxes to its rate payers and pick up revenue from this central fund as a subsidy.

The third category, as I mentioned, was not defined other than just "unconditional grants". That was a portion of the fund from which the Province could make a grant to any municipality if there were some circumstances which justified them in receiving some special consideration. The unconditional grants were grants with no strings attached; it was just, "Here's X number of dollars."

The important point in that legislation was first of all the creation of a fund which gave the municipalities assurance that there was a certain volume of money available to them every year, and also an increasing volume. As the number of cars increased (and if there was an increase in gasoline tax), 50% of the increase flowed to the municipalities.

And secondly, it was unique in that it was a form of tax sharing between the Provincial Government and municipalities. I don't know whether it was done anywhere else in Canada. But it was unique at that time.

LS: Do you recall any circumstances of the unconditional grants - the third category? What kind of project or what kind of circumstance would the Province have considered to be legitimate?

ECM: I can't recall any specific cases from those days, but this is the type of thing (and you see this today): suppose a municipality is hit with a flood, or some circumstance which imposes a lot of unforeseen and unavoidable expenditures on them, the Province had this fund from which they could step in and say, "Here's a grant of X number of dollars to tide you over this unusual situation."

LS: One other interesting thing that occurs to me is that if, for instance, the formula was tied to the increase on the tax on gasoline, do you think that in any way encouraged cities, for instance, to encourage roadways? I'm thinking of the current issue today about public transportation versus the private vehicle. Do you see any connection with that?

ECM: No, I don't think there was in those days. There was really not too much a city could do to increase the gas tax revenue. This was not related to where the tax revenue flowed from. It was province-wide. So it didn't make any difference whether the tax arose from traffic in or adjacent to a city, or in the far part of the Province. It was 50% of the aggregate revenue the Province collected from gas tax all over Alberta.

LS: The other piece of legislation is Chapter 67, respecting pipelines.

ECM: The Pipeline Act of 1952 was a replacement of the Pipeline Act of 1942. The Act did not introduce any radical new provisions, but in that 10-year period from 1942 to 1952 a lot of things had happened in Alberta that gave birth to a lot of new pipelines. For example, Leduc came in in 1947, Redwater in '48, and the upsurge from that time on of oil discoveries, all of which involved building pipelines. So the number of pipelines was increasing very, very rapidly.

The old Act of 1942 was deficient in provisions to deal with a lot of the circumstances that were arising at that time. At the time the old Act was passed, nobody envisaged pipelines being a major factor. There were gas lines, and a few oil lines, but from a very minor thing it became a very major thing.

The main provision of the Act was that it provided that a company or group wanting to build a pipeline made an application to the Minister for a permit. There was provision made for reference of their application to the Natural Gas Conservation Board. I think in some cases there were provisions for them to appear before the Public Utilities Board too. I'm not too certain on that point. There were public hearings then to determine whether the line was necessary, whether the route proposed was the most advantageous route and did the minimum damage to land and property and dislocation of other facilities, or inconvenience to farmers, and so on.

If a permit was finally issued, that gave the developer the right then to go on the land and lay the pipeline. That gave rise to the next question -

the acquisition of the right-of-way. And the Act provided that if the developer could not make a satisfactory personal agreement with the owner of the surface, then he could apply to, I think, the Utilities Board, or one of the provincial regulatory boards, and they would go into the situation and fix the compensation that he had to pay.

That was a very difficult part, and always has been a difficult part. I think we've mentioned this in different contexts before. Where a person has the right to go across land to build a pipeline (in other words, they have a right by virtue of a permit to take a right-of-way across that land) it's something similar to the owner of mineral rights who thereby has the legal power to go on the surface and do whatever's necessary to develop the minerals, and the surface owner cannot prevent that.

The surface owner could not prevent the pipeline being built, once the permit had been awarded by a Board. But the government therefore had to be extremely careful to ensure that the surface owners had adequate and fair compensation, not just for the value of the land, but for the inconvenience and the forced entry (in other words, taking the right-of-way without his desire or consent). All of these factors had to be taken into account in determining the compensation.

A large part of that Act was taken up with the machinery for arbitration and adjudication of the value of the rights-of-way.

LS: Are we talking about gas and oil, or only oil?

ECM: Either. This was for the construction of pipelines, period. Any pipelines.

There was another section of the Act that dealt with the operation of pipelines, and that dealt with the normal requirements. They had to be operated in a safe manner. They could be declared "common carriers", which is a pretty important point. A common carrier is a line which the Conservation Board or the Government (whichever department had the authority) has declared must carry the product of any producer of that

product that asks to have it carried. It differs therefore significantly from a line that is built to carry the product of one producer. This was particularly important in oilfields where you might have a dozen companies in one field. For the total volume of oil it would be utterly ridiculous to have separate pipelines to carry each one's production to a refinery. You'd have one or two pipelines, and one or more of them would be declared "common carriers" which meant that they could have to carry the production of all the producers in that field, if they were asked to do it.

LS: On a common carrier, then, how were they financed?

ECM: Well, the lines were financed by the charge per barrel of oil that they moved through the pipeline, or per thousand cubic feet of gas, and of course those rates were set at a level that provided for the operation of the line plus the amortization of the capital over a very reasonable period of time.

LS: There's one final piece of legislation in 1952, having to do with a tax agreement between the Government of Canada and the Government of Alberta.

ECM: Yes, that was really a continuation of what became known as the "tax rental arrangements" between the Government of Canada and the Provinces that dated back to the War years. We've mentioned this in previous talks. During the War, at the request of the Federal Government, the provinces vacated the fields of personal income tax, corporation tax, and so on. This was because of the necessity of the Federal Government being able to control those areas of taxation so that everything could be coordinated with the national war effort and you wouldn't have provinces imposing taxes that would dry up the field in which the Federal Government was operating.

Under those agreements, the general terms were that the provinces received lump-sum payments from the Federal Government to offset the revenue that they normally would have collected from those fields.

Well, after the War there was quite a strong tendency - quite strong on the part of the Federal Government, and with the concurrence of almost all of

the provinces - that it would be advantageous to continue, at least in part, the arrangements that had prevailed during the War. This was particularly true of the collection machinery.

Prior to the War, for example, this Province and I guess all the provinces, had their provincial income tax collected by provincial officials, and the Federal income tax was collected by their people. In other words, you had a dual system of taxation, including all the collection machinery, administrative machinery, and everything else.

During the "rental agreement" period of the war years, all the provincial machinery was scrapped because the Federal Government now collected all the revenue that was collected on income tax, and the same with corporation tax, and so on.

Well, after the War the provinces went back into those fields; most of them went back, I think, into all the fields they were in before. But there was still a desire to have the Federal Government collect the provincial taxes along with the Federal taxes. In other words, to have one collection agency.

This particular legislation applied in the case of Alberta to personal income tax and corporation income tax, in which we stayed out of the field. It wasn't just a tax collection agreement, this one. It actually provided that they paid the Province a lump sum annually, which was regarded as the equivalent of what we would have been collecting, had we gone back into the personal income tax and corporation tax field.

Later on, as I've said, that shaded off into a little different arrangement where the provinces actually decided the rate of provincial taxation, but the Federal Government merely remained the collection agency. And as you probably noticed in the last year or two, there's a movement (I don't know how far it's going to go, but there's certainly a trend today) to get away from that.

Alberta has already moved in this as far as corporation tax is concerned; in 1981 for the first time the Province is now imposing its own corporation income tax. As I understand the arguments for them doing that, it gives the Province greater latitude in adjusting corporation taxes. In other words, if they want to encourage a certain type of industrial development, they could have a preferred corporation rate applying to that category that might not apply to some other type.

That type of thing is almost impossible under the Federal tax collection arrangements. All they do there is that the Federal Government levies its corporation or personal income tax, and what the provinces have been doing is simply imposing a provincial tax which was "X"% of the Federal tax. Now, the percentage differs from province to province. Alberta has the lowest; it ranges from Alberta's low to, I think, the highest in the Maritimes. Quebec collects their own.

As I say, all they do in that case is, if the Federal Government is collecting X dollars of personal income tax, the province's tax is X% of the federal tax. But that does not give the province any flexibility in adjusting taxes of different categories of income. And the trend today, as I say, is back to that kind of thing.

But this particular piece of legislation provided for a five-year agreement in which the province would stay out of personal income tax and corporation tax, and in return would receive an annual lump-sum payment worked out under a rather complicated formula which anticipated annual increases because the province would anticipate such increases if they had been directly in those fields.

LS: You are quoted as saying, back in 1950 a couple of years before this legislation, that maybe you would really take a hard look at it because you weren't sure that the Province was receiving adequate payments under the agreement, when it came to renew it. This is a renewal though, at this point in time.

ECM: We decided to renew it. We had reservations, but that's understandable. As long as the Province was receiving lump sum payments, the formulas were quite complicated. And particularly under a five-year agreement you were guessing what you might have received in the fifth year had you been in the income tax field yourself, or had you been in the corporation tax field yourself. So even though the formulas provided for increases as time went by, it was just a judgment that you had to make, whether what the formula provided was really comparable to what you might get if you went into the field yourself.

On the other hand, nobody could say for certain what you would get if you went into the field yourself. That's why I say, it was purely a judgment call. You could be wrong either way.

Probably the greatest argument against the continuation of the arrangement was that once you'd gone into it you were tied for five years, and if you made a mistake you lived with it. The advantage, on the other hand, was that it avoided all this duplication of taxation and duplication of tax machinery from the public standpoint, and people much prefer to have one tax form to file rather than two. It cuts down on the bureaucracy that you have to have to administer all of this stuff. We finally came to the conclusion that, while we were not enthusiastic about the formula, weighing that against the additional costs and increased staff that you'd have to have to go back into the field, it was a good deal and we decided on it.

LS: I'd like to move into 1953. Before looking at some of the legislation, there are a couple of items that were covered in the press and other areas. Apparently at the end of the Budget Speech in 1953, Mr. Manning, you stated that North America's current prosperity was maintained (at that point in time) by the "artificial stimuli" of armament programs. I'm looking at this, not so much in terms of the specifics, but rather the economic philosophy of your government at that time, and your concerns. You apparently were very concerned about deflation, and you said that we were perhaps looking at a kind of situation that was caused after World War I when you had inflation and deflation.

I'm interested in having your comments on that, and particularly how they fit in with principles of Social Credit.

ECM: I think I could best put it this way. In the period of deflation, when Social Credit became a political force in this Province, as we've mentioned quite a number of times, there was an obvious deficiency of buying power in the hands of the consuming public. Our criticism, and the Social Credit monetary philosophy's criticism, was of the traditional way of financing an economy which is to advance loans to producers and industries and so on to finance production and then assume that the wages and salaries distributed in the process of producing the goods are going into the hands of enough people in sufficient volume that they will be able, theoretically and in aggregate (because they don't all buy the same goods; some of those goods are shipped out and others come in to take their place) they would have a supply of buying power adequate to purchase the output of industry. There you'd have a reasonably bouyant economy; the goods would be purchased and consumed as they were produced.

As a matter of fact, that does not happen in a deflationary period. In fact, it doesn't happen in any period, if you want to be sticky about the situation.

Just to give a very simple illustration of why it doesn't happen (this is an oversimplification, but its illustrative): Suppose you were starting from scratch with an industry in an economy. The industry's going to produce consumer goods. It needs \$1 million of capital to buy the raw materials, pay the wages, and do all the things that are necessary to produce those goods. It borrows \$1 million from, say, a bank, let's say for simple arithmetic, in the old days, it borrowed it for 10% interest. The annual interest charges would be \$100,000.

All right. Now, it spends the million dollars in buying raw materials and paying wages and salaries, and it produces a million dollars' worth of goods. But in producing the million dollars' worth of goods it has incurred an additional debt of \$100,000 which it has to repay. So while it has distributed \$1,000,000 of buying power in the process, it now owes the

bank \$1,100,000 - the original borrowing plus the interest. All it has distributed is \$1,000,000.

I'm isolating this one industry, because the interrelationship between thousands and thousands of industries blurs this so badly that it's very hard to see it.

How is that industry going to get back \$1,100,000 to retire its debt, when the total amount of buying power it's distributed is \$1,000,000? That's why Social Credit has always argued that the normal operation of our traditional monetary system always leads to a chronic shortage of buying power in the hands of the consumer.

The way that's been made up, generally, is that the industry says, "We're going to charge \$1,100,000 for the goods." But the consumers, in aggregate, only have \$100,000, so they go out with their credit cards or personal loans and borrow the \$100,000 and pay off the industry. What you've done is shift the \$100,000 of interest debt from the industry to the consumers.

And the whole trend for years and years was that the consumers were getting deeper, and deeper, and deeper into debt. That's the basic flaw in the traditional methods of financing industry that we were talking about particular at that time.

Now, what happens when a war comes along? If this industry was producing war materials (say it now converts over to war materials), if you take \$100,000 of the goods it produced and destroy them (in the process of the war) now there is only the \$1,000,000 of the goods left to be purchased - less in volume, but a value of \$1,000,000. So as long as you're destroying goods, you're getting rid of goods that otherwise are going to remain on the shelves because of the chronic shortage of buying power in the hands of the people. They won't remain on the shelves if the people borrow, but let's assume now that these people don't want to borrow. The alternative to the consumers borrowing to buy that extra \$100,000 of goods would be to let the \$100,000 stay on the shelf.

And to come back to our original proposition, they made \$1,000,000 worth of goods which they have to price at \$1,100,000. The people buy only \$1,000,000 worth of it, and \$100,000 worth stays on the shelf.

If that goes on long enough, the industry starts to say, "Wait a minute. There's no sense in us making more goods when we're not selling the goods that we've already made." So industrial activity slows down, and this of course tends to precipitate depression. They lay the people off; they're laid off so they've less buying power and there's less chance yet of them buying the goods.

But along comes a war. So instead of letting the \$100,000 stay on the shelf, they're making war materials which are destroyed. So in a war period, where you're destroying vast percentages of your total production, the buying power distributed in the process of producing those goods, which is available to buy consumer goods, is usually far more than the value of the consumer goods. You've cut back on the volume of consumer goods and you've shifted it to goods you're going to destroy.

It's very significant, from the depths of the Depression in the 1930's, how rapidly this country and North America moved out of that Depression when the War came along. And it moved out because now we could produce at full capacity and everything that we made was consumed, and more. Because a great part of the consumption was destruction. Every consumer had more money in his pocket than there were consumer goods left for him to buy. There was a great bouyancy; the wages and salaries which they received for producing goods which were destroyed were now available for them to buy consumer goods if they could get them. So there was such a great upsurge in demand for consumer goods that they had to be rationed during the War; there weren't enough of them to meet the demand of the consuming public.

What we were afraid of (and what I was referring to in that particular talk) was that with the termination of the War, when we stopped destroying goods, we would revert back to this old situation of before. That's what I was warning against in that talk.

LS: What could have been remedial action?

ECM: Our argument was that the most intelligent remedial action would be the business we've talked about often before. Recognize the necessity of financing consumption as well as production.

What happened in this case - take Western Canada and Alberta particularly - was that with the upsurge of resource development we had an influx of millions and millions of dollars of purchasing power and jobs created, in the creation of a product in which in the first place there was a huge time-lag.

(And the time-lag factor in this whole business we're talking about is very, very vital. One reason why we don't see these chronic shortages, or even assume they're there, is because there's a time-lag. In other words, this industrialist is not going to pay that million dollars back at the end of the first year in which he distributes it. He's only going to pay back 5% of it; he's got a debt over 20 years. But in the aggregate, when you take all interest into account, it doesn't alter the situation. It affects it as far as only one is concerned, but if this one only pays back a 20th of his, there's another one over that's got to pay more on his. You have to talk about aggregates really, when you're trying to deal with these things.)

What happens in an area where you have a huge production of natural resources, the moneys that were spent (especially in the early days of oil development) far exceeded the price value of the products that were produced. What the oil companies were spending money on was buying leases and getting reserves of oil, much of which is still in the ground.

The money they distributed in the process of buying those reserves, which was now ultimately getting into the hands of consumers because it went through all the ramifications of passing from one to the other, was very very substantial. Whereas they were not putting on the market, as an industry, a comparable value of new production. And one of the things that the oil companies repeatedly point out to these people that talk about

their great profits is (and I don't know what the figures are right at this time because I've been out of touch with it) that for many years the total amount of money that the petroleum industry had invested within Alberta was far beyond the total dollar value of all the oil products that they had sold during that period. As against that, they had millions of barrels of oil in the ground, which were valuable, but they were not on the market.

So you had the buying power in the marketplace, but the product was not yet in the marketplace. That creates bouyancy, and that's why we've had bouyancy in our economy in Western Canada. The money that theoretically would go to buy the oil resources which are still in the ground is used to buy cars and radios and televisions, and consumer goods of every conceivable kind.

But it still doesn't alter the fact that someday when that oil comes out, ultimately, there's going to be a shortage of buying power unless something else comes along and papers the cracks over for a little longer. That's the chronic deficiency of our whole economic and monetary system.

LS: What would your government have done had we not had that kind of natural resource development right after the War, and the Korean War, expenditures.

ECM: We were very fortunate in this Province because we did have the potential for resource development. And that was recognized even back into the Thirties. And certainly in our case as a Government, when we were thwarted in all efforts to try to at least do something to correct this Depression condition by adjusting the monetary system, we zeroed in on resources, for the reasons I've indicated. We knew perfectly well that if you could get resource development you were going to have more buying power coming into the consumer field, over a long period of time, than there would be prices coming into the field. It's not a permanent solution, but it's the best thing you can do under the circumstances.

One of the things which keeps our economy going is that just when these situations are coming to a crisis in one cycle, fortunately, something else may come along. In our case it was resource development which temporarily

set aside the adverse impacts of the deficiencies in the monetary field, and enabled people to continue to have a decent standard of living. Hopefully something else will come along when the resources are done.

LS: Had the resources not come along, had development not occurred, what could one provincial government with your Social Credit ideology have done?

ECM: What we could have done would have been very limited. I guess we can quite truthfully say, because we did it before there was resource development (we were in office in 1935 and the first major inflow of oil revenue was not till 1947-48), first of all we went on a pay-as-you-go basis. We said, "We've got to eliminate this interest factor" as far as the province was concerned. We couldn't eliminate it entirely because we already had a debt of \$160 million, which was a staggering lot of debt at that date. But at least we didn't make it any worse. And if I remember the figures correctly, by 1948 (when the first significant amount of revenue started coming in from oil development) we had reduced that debt by, I think, about \$22 million.

What we did was, we were mighty careful how we spent money! We cut back expenditures to the bone; we said, "We're not going to spend more than we take in." Not only that, but as our maturities came along, as far as we could (now we had to go into default, but even with that) we were still able to reduce our total provincial indebtedness by something around \$22 million - which in those days was a lot of money. Nobody thinks that \$22 million is anything today!

At least that as moving in the direction where we were whittling down this built-in increased financial burden of interest charges. The arbitrary reduction of interest by 50% had the same effect, of course, by cutting it in half, except that on paper (and in law) we still owed it. So when we refinanced the debt we recognized that. It wasn't a case of repudiation, but it did have that effect on our economy.

As I've indicated in earlier statements, our total provincial revenue in 1939 was less than \$19 million, of which 50% went for debt service

charges. But when we cut the interest in half, we saved ourselves about \$4 million, which in those days was a lot of money. That was then available to provide services, without more taxation, which otherwise would not have been possible.

LS: It's quite a different direction and philosophy, isn't it, in terms of carrying those charges, going out and borrowing....

ECM: Oh, yes. It was rather interesting (historians I suppose will be able to look back and interpret all of these things) but for years we made a big point of this pay-as-you-go policy. It had overwhelming public support. We stressed it every election, and we picked up more seats every time around! People recognized it.

I think, for one thing, it simply applies at government level what people know in their own experience. If you can live within your income, you're going to be in less trouble than if you're living a little beyond your income. That was regarded as important in those days. And the Government maintained a large measure of support because we took that position.

But when we got into the Fifties and early Sixties, we noticed a change of public attitude. Most places were borrowing, borrowing, borrowing for everything. And more and more we heard the public complaining, "Why should we stay within our income?"

You see, we were paying all our capital expenditures in cash. Our argument was, "Look, if you build a hospital for \$5 million (which you could do in those days) and you pay for it the day it's completed, as compared with financing it with the sale of debentures over 15-20 years, even at 5% interest, you'll pay \$10 million for the building instead of \$5 million. So it's advantageous for you."

But more and more we heard the criticism, "Why should we of this generation sacrifice to provide these buildings for future generations. Why don't we borrow it and let them worry about the debt?" Now, they didn't put it in those words, but that's what it added up to. And that philosophy of course

became very, very widespread. "Get all you can today, borrow all you can today, and let the future generations worry about the debt."

We didn't share that philosophy. We came into government at a time when we were the generation and the government that had to face the grim realities of what had happened because other people had talked that way in the 20 years before. The Liberal regime particularly. There was a study made by the Bank of Canada of the financial conditions of Alberta (following the default), and I remember them referring to the Liberal regime from 1905 to 1921 as being characterized by waste and extravagance (and a lot of other expressions of this kind) far beyond what was justified even with the optimistic outlook for the future of the Province.

We were the generation and the government that was caught with the consequences. And we said, "As far as we're concerned, we're not going to put a future generation in that position." But I simply mention this because as far as public support was concerned, I'm quite sure in the last 10 years of our regime, we didn't gain any public support by sticking to that kind of policy, and we probably lost quite a bit of public support.

We did move into the field of borrowing for certain things. One of the major things was when we built the Alberta Resources Railway. This was a Crown corporation, but nevertheless it carried a government guarantee, and we did that because that was obviously the kind of thing that would hopefully be used for 100 years, and we thought the public had some argument there - that particular generation should not necessarily pay for the entire railway in cash.

LS: Do you have any thoughts about why there is that kind of change in public values?

ECM: ... all the way from what you might call the moral aspect where there was a time when to owe somebody and have some doubts whether you'd be able to pay them disturbed people. You had a moral obligation to meet your debts. Many people don't feel that way today. Certainly in this present high-interest period there are just thousands and thousands of young

couples taking out mortgages they haven't the slightest intention of ever paying, first of all because they can't pay it. And they're not even worried about what's going to happen down the road. "Let somebody else worry about it." There isn't that same sense that you have a deep moral obligation for any debt you incur. I think that's one of the things that's happened.

Another thing that's happened is the propaganda that has been increasing steadily for years, encouraging people to do into debt. The whole credit card system (and certainly it has tremendous advantages for consumers - convenience and all this kind of stuff), from the psychological impact on their attitude towards borrowing, is a terrible thing. You see all the nice ads: "Fly now, pay later." "Buy now, put it on your credit card." That kind of stuff builds up a public attitude that that's the thing to do; that's what everybody's telling you to do.

One thing that's going on today, that I think is terrible (in fact, I think if I was in government I'd even be inclined to regard it as something which governments might be justified in interfering with) is the ads you hear for second mortgages. Somebody wants something - a new cottage or a boat - but he can't finance it. But somebody says, "Oh, but you have an equity in your home." "What do you mean by an equity?" "That's the difference between what you owe on your home and what you could get for it if you sold it. Now if you were smart, you'd come down and take out a loan against that equity."

They don't call it second mortgages when it's with these loan companies; it's dressed up with some fancy name - an "equity loan". So what you do is, you pledge all the equity you've built in your property, to get another loan. And these are really the same as second mortgages, so the interest rate is higher yet than the first one. What you're told in the ad is, "With this you can go out and buy a cottage or buy a boat or take a vacation, and this is a smart thing to do."

All they've really done is put the fellow into debt to the absolute limit that it's possible for him to get into debt on his property. I think

that's a terrible thing to do.

But these are the things going on all the time which encourage this borrowing psychology. Really young couples are the ones that face this, in a sense more than the older generation; and here again you've seen a very, very dramatic change in attitude.

I recall when my wife and I were married (and we were in public life at that time), while my salary was chicken feed compared with what clerks make today, it was good in those days. But we rented our first home, and we bought second-hand furniture - that's what everybody did. And over a period of 20 years we gradually moved to the place where we could afford something more, and ultimately we got the gadgets and all the other stuff too, but we paid for them as we went along.

How many young couples do that today? Today when they move into a house it's got to have the colour television, the deep freeze, the refrigerator, all the electrical appliances right there. And the only way they can do that is to borrow, because there won't be more than a handful of young couples who will ever have enough cash to lay out.

I know it can be argued (and there's some validity to it), "Well, why not have them enjoy all this while they're young. That's the time to have it." But all I'm saying is that there's a price attached to it. And in my generation you bought those things when you had the cash in the bank. I don't recall the time, but I guess in our married life, the first 20 years at least I doubt if my wife and I ever had a credit card. It wasn't till along about that period that they started to come in. When you bought something, you saved the money and you bought it.

All of this trend today is in the opposite direction from that. And I really feel that one of the most serious economic threats to the future of our present society is that not only governments but corporations and individuals in the aggregate are so deep in debt that the consequences are staggering. And people don't seem to realize that much of the price that we're paying today for commodities is due to the aggregate debt. The debt

service charges for the Federal Government today, alone, are more than the total budget of the Federal Government ten years ago. And all of that of course goes into taxes, and taxes all go into the prices of goods, so we're all paying for it as consumers.

The interest charged on credit cards alone is 18-22%. That rate means that every person that goes into a store and buys on a credit card, if they don't pay within the time limit, are adding 18-22% to the price of everything they buy. And then we wonder why prices are going up!

LS: Is it correct that the Federal Government owes more than its total...

ECM: Its annual debt service charges today - what it pays for carrying the interest on its debt.

LS: In one year, is more...

ECM: More than its total budget - I said 10 years, that might be a little short, but certainly 15 years ago.

LS: That's a very significant amount.

ECM: Oh, its staggering, absolutely staggering. Of course, it's affected by two things. It's not only that the debt is increasing at staggering proportions (this year alone the Federal Government is borrowing \$14 billion), but it's the interest rates. For years and years if the Federal Government paid 5-6% or maximum 8% for Federal bonds that was terrible. Today they're issuing bonds at 14-16%. So if you get \$14 billion, which means about \$140 million at 10% and you double that, you're talking about \$280 million just increased interest on that one borrowing, for one year! To say nothing of the aggregate.

LS: That's a staggering figure!

I'd like to return to 1953, and talk about two small items before we look at the legislation.

I think it's important to clarify this: There was a Privy Council gas decision in 1953, and the question was whether petroleum and natural gas were separate products. Apparently the Privy Council decided that in fact they were separate products, but added that anyone drilling for oil is entitled to use natural gas to produce oil. I'd like clarification of that. What was the issue there? And what was the significance of that?

ECM: Well, it's a little vague, but as I recall that, the question arose in this way. Here's a company that has an oil well which also contains natural gas. You have regulations and royalties applying to oil, and you have royalties and regulations applying to gas. The argument was advanced by some of the companies that "this is one product; everything that comes out of this well is a product. You can't say you're going to tax the royalty on the gas and on the oil and so on."

The Province took the view that, "No, these things can be separated normally and simply, and therefore there are two products being produced by that well, not one, and they're treated separately. Gas comes under one category, oil comes under another. That was challenged, and it was referred to the Judicial Committee of the Privy Council, and they held that it was.

I think the reason for that rider was that in the production of the product, if gas was required to operate the drilling rigs or whatever, this should be treated as sort of a collective thing. To drill that well you had to use certain energy to do it, and you shouldn't separate the gas from the oil as long as it was used in the actual production of the product. But once it became a marketable product, then the two were separate and they could be treated separately, for pipelines and royalties and anything else.

LS: Did that appear as a fair judgment to you?

ECM: I think so, because they are fundamentally different products. They came from the same source, but you can do a lot of things with one that you can't do with the other. They're not just two of the same kind of products. They're significantly different products.

LS: In that same year there was a quote in the Calgary Herald. Apparently there had been some discussion about Alberta Government appropriations for radio broadcasting, a figure of \$50,000 was used. And you are quoted on March 2nd of 1953 as having said, "The CBC has been primarily, as far as its free service is concerned, a propaganda arm of the government of the country."

This is several years now after early Social Credit experiences with broadcasters and the media, and I'm interested in that quote and your comments on it.

ECM: I think the issue arose, as I recall, from the fact that the government somewhere in that period (maybe a little earlier than this) took over the operation of CKUA which originally was a station operated by the University of Alberta. It was taken over by Alberta Government Telephones as part of a communications system in the Province - that was the argument - plus the fact that the Government had to finance it anyway, when the University had it. It didn't produce revenue; it was a non-commercial station.

As I recall, both the University and the telephone department had applied, I believe several times, for a commercial license for CKUA, so that it could generate some revenue, and had been refused. The federal regulatory people took the position, "Any station that's owned by a government or university cannot be in the commercial radio business." And they refused the license.

So we were faced with situation of either having to include in a grant to the University every year the operating and maintenance costs of the radio station, or else alternatively to make it a part of the provincial communications system which was the Alberta Government Telephones. And that was the decision that was made. And this appropriation, then,

appeared in the budget of the Telephone Department - the \$50,000 which prior to that would have simply been lumped in with the University grant. So this brought it to attention, and it was debated in the House.

Now my observation on the CBC was, I suppose, a judgment at the time. I don't recall the particular circumstances. But obviously, from what I said, it was my view at that time that primarily the CBC was a mouthpiece for the Federal Government.

LS: Do you feel that about it today?

ECM: To some extent. I would say today it's more a mouthpiece for anything that's socialistic or leftist or immoral or anything of that kind, whether it's government or otherwise! In those days it was a little more restricted to the Federal Government's use.

LS: Do you think, in the larger issue of government and broadcasting, and the means for broadcasting, should a government be involved in any way at all?

ECM: I think there's a justification for the government to be involved in broadcasting in certain areas. One of their arguments for the CBC is that they can provide, and are supposed to provide, radio (and perhaps to a lesser degree, television) services in the remote regions of Canada where the population factor and the cost factors are such that it would not be viable for a commercial company.

It's debatable whether that's legitimate, and whether it should be a high priority government responsibility. If you want to go and live in the Arctic, does that automatically guarantee you the right to have the rest of the taxpayers of Canada pay to send you television signals? That's debatable, and I'm not at all convinced that all these things are valid or justified. But to the extent that a government agency is involved in that kind of thing which cannot be done (or will not be done) by commercial enterprises, yes.

My own view, as far as the general operation of the CBC is concerned (and I don't want to be unfair to them; I think their radio particularly has had a lot of good stuff), I see absolutely no need, for example, in much of this stuff, for the government to be doing it at such staggering public expense. The taxpayers of Canada now are providing 85% of the total cost of the operation of the CBC - \$690 million a year. And to me, with the economic and financial state that this country's in, I would give that a very, very low priority. When you could sell the whole thing to private operators who would provide as good or better service, different service but in my view at least as good or better service, without the expenditure of one dollar of the taxpayers' money.

I certainly think that the excursions of the CBC into television production have been little short of a disgrace and a disaster. I think the quality of their stuff is so mediocre (with few exceptions) that they can't command an audience. And yet they've spent millions and millions of dollars on this kind of thing.

I know Ottawa's argument is, "Oh, but this is vital to establish a Canadian identity and safeguard Canadian culture." I've heard all these arguments. But surely to heavens, if we're going to mean anything by a free and open and democratic society, the guy that buys a television or radio has the right to listen to whatever he wants to listen to. If he prefers to listen to American programs, so what? You're not going to make him a better Canadian by saying, "You just can't listen to that. You've got to listen to ours, because this is Canadian culture." You can't do that in the cultural field. It's counter-productive.

And from the surveys that have been taken (and the CBC and the government are very well aware of this) - you give the average Canadian audience the choice between a good American television program and the CBC, it'd come out 80% on the side of the American program!

But they've got all these regulations about Canadian content, which is an attempt by legalistic means to force a brand of culture on an unwilling people. And in my view, while the objective may be highly commendable it's

utterly unrealistic and it's self-defeating. I was going to say, in some respects it's in the same category as trying to force another language on people that don't want to learn it. You can say, "You've got to. We're going to declare it official; we're going to insist that your kids have it." Sure, you can do all of that, but you can't change people's feelings and thinking that way.

I think the amount of money the CBC spends indicates a terrible inefficiency, and I simply do not think the Canadian public is getting value for the money that's being spent, in any way, shape or form. If I was in government, I'd scrap it tomorrow, except perhaps for the remote areas that should be considered. But the average citizen has a choice today in both radio and television of probably a dozen outlets. He isn't deprived of anything. And I'm quite sure if the CBC stations were taken over by good, enterprising communications people in the private sector, if you didn't tell the public there wouldn't be one in a thousand would ever know the difference - except that the quality of the programs would improve!

LS: I want to look at 1953 legislation now. Five pieces. The first is Chapter 36, An Act Regarding the Conservation of the Forests of the East Slope of the Rocky Mountains. I'm interested in the provisions of that, but I also believe that this has been a current issue recently. Or is that correct?

ECM: I don't recall the year that that agreement was first entered into. This was simply amending an agreement that had been entered into at a prior date. The original agreement was negotiated over a long period of time, to provide for the conservation and care of the east slope of the Rocky Mountains.

The reason that the preservation of that vast area is important nationally as well as provincially, and the reason therefore that the Federal Government was involved in it, is that that is the watershed that gives birth to all the rivers that flow across the Prairie Provinces. So Saskatchewan and Manitoba have a vital stake in what happens to the watershed in the Rockies, as well as Alberta. And because these cross

provincial boundaries, they come within the Federal sphere of concern.

So after a lot of negotiation, we entered into a 25-year agreement with the Federal Government for the preservation of the east slope of the Rockies. A board was set up, I believe originally it was chaired by a Federal representative. This is a long time ago, and I've forgotten the ratio, but there was a cost-sharing arrangement that went with it. The Province paid so much, and the Federal paid so much.

That board was to have control over any cutting of trees, or anything that disturbed the whole environment of the east slope of the Rockies - any development that might be considered. Now, much of it was in the National Parks anyway, Banff, Jasper and Waterton took in the great bulk of that, but not all. Their responsibility was to insure that nothing was permitted that would denude the forests of the east slope (which would be devastating as far as the preservation of the water flow and the snow and all that type of thing). It was a very sound step, I think, from both the interests of the Federal Government and of Alberta.

After that arrangement operated for some time, in 1953 this amendment was made. I don't recall the details that gave rise to it. The preliminary survey work had been done, and the ground rules had been spelled out. There was a lot of aerial survey and a great deal of data was accumulated in those early years.

Now it became a matter of pretty routine administration; in other words, you didn't have to go back and re-survey and all that type of thing. And as I recall, I think the Federal Government felt that because they had contributed to the preliminary survey work and all of the setting up of the structure, now it was a simple administrative job they shouldn't be involved, at least dollars-wise, to the same extent. And there was a change made in the composition of the Board and of the financing of it.

Under this Act, beginning in April 1955, the Board was to be three members, and two of them were to be appointed by the Province and one by the Federal Government. And one of the Provincial members would be the chairman. This

was a shift; the original agreement had a greater Federal presence and involvement than they felt (and I guess the Province agreed with them at the time) was necessary after the preliminary work was done.

So this simply revised the membership of the Board, and also it involved some adjustment in the financial arrangements.

LS: Mr. Manning, in the last five or seven years, has there not been increased public interest in this because of the current Government's interest in certain kinds of developments or mining in this area?

ECM: Yes, I think that's true. The old agreement, I suppose, has expired. It was for 25 years, and I don't recall the date that it went in. But even this amendment was made in 1955, which would mean 25 years would run out in 1980, and this was an amendment of the original one. So the old agreement has expired. So the Federal Government is no longer involved in it, other than their control of the land that's within the national parks.

LS: But the issue in terms of Alberta and Albertans is what I'm interested in. I think there's an attempt to mine within this area, is there not? What are your thoughts on that?

ECM: That's always been a controversial issue. The aspect that we faced, and the Federal people faced too, was oil exploration, particularly seismic work. The companies felt that in those areas there was great potential for oil and gas development. The Federal Government would not permit this at all within the national parks, but we have all this region around them.

For example, the Provincial Government quite a number of years ago declared a huge park area adjacent to the north part of Jasper Park called the Wilmore Wilderness Park. There was a lot of controversy over that. We set that up as a wilderness area; it was a beautiful area of the Province and we felt it was the type of area that could well be preserved. We did not have in mind that that would necessarily and completely exclude any use of the land other than just to let it sit there. The conservationists, on the other hand, had no other interpretation whatever of a wilderness area but

that it was something that you could walk into, but that was about it. There was a question whether you could even take a horse in! (That's the extreme position.) And we had a lot of pressure for mineral development in that area. The Grande Cache development is up in that region. That's a large coal-mining thing.

The position we took when I was in the Government was that we were extremely concerned and determined to preserve the ecology of those regions, but we did feel that many of the fears expressed by what I would call the extreme conservationists, that took the view that you couldn't have any kind of development without destroying the region, was unrealistic. If you had proper supervision and management and technology, you could do an appropriate amount of that type of development without impairing the region.

So there has always been controversy on that. I believe the present Government has followed much the same rules. They've permitted mining up in the areas outside the Parks. They've permitted some commercial development. But it's a problem for which there's never going to be a simple solution, because the viewpoints of people differ so widely.

I'll admit, I had difficulty, and still have difficulty, in grasping the position of some of what I would regard as extreme conservationists, where they don't there to be even provision of camping facilities, chalets, or anything of this kind. Sure, that keeps all civilization out of the region, and makes it a more pure wilderness area, but, for what purpose? If all you can do is fly over it in an airplane, there aren't too many people can do that, and look at it from the air. Or the nature-lover that's prepared to take a pack-sack and walk into it - that's lovely, but what is that? One-thousandth of one percent of the people!

We took the position (and my own view is) that you want to preserve the natural state of these areas, but don't become so fanatical about it that you ban all the people from the area, because, what are you keeping it for, except for the enjoyment of people? What you should be concentrating on

is, How can we make this available for the enjoyment of the maximum number of people, without destroying the natural habitat?

Now the extreme conservationist will tell you that's impossible; the only way you keep it is to keep the people out of it, except the nature lovers who are prepared to walk in. But that, to me, is not realistic. After all, it belongs to all the people of the Province; every citizen's an owner of it; it's public land.

I feel the same with a certain degree of mineral development. I don't see anything wrong with that development at Grande Cache. It's been very strictly supervised. It's created jobs for hundreds of people; it's created the town of Grande Cache; it's helped Canada's balance of payments with the export of thousands of tons of coal to Japan - those are the other side of the coin.

But it's an endless controversy.

LS: This is a question about the way the legislation was set: Would it have been possible to make that clearer in the original legislation?

ECM: The difficulty of trying to spell out the details in legislation is just that very thing. How do you precisely say what you can and can't do? You can say, "No mineral development." We were not prepared to go that far, because we felt there were cases where there should be or could be development without damage.

Really, if somebody owned this on a smaller scale, as an individual, it would be purely a matter of good common sense. You want to keep the beauty of the place; you want to keep the natural environment of the place. So whatever you do, you do only to the extent that it doesn't impair that. But how do you say that in legislation? You could put those words in, but they'd mean something different to everybody that read them.

As I say, the person that's oriented entirely to the idea that development is everything will say, "Oh, we could put a man on the moon, we can

certainly go in and drill an oil well in the middle of Jasper Park without hurting anything. Our technology is so advanced, we can do all of these things." That's his understanding of what it means to use common sense.

The environmentalist says, "Put a fence around it and don't let anybody in the place or you'll be marring it."

And you've got everything in between.

LS: Another piece of legislation in 1953 was an Act to Provide for the Sale under Government Control of Alcoholic Liquors within the Province. I'm interested in two things here. (1) The provisions of that particular Act. (2) But also the larger question in that alcohol I think has always been an issue in this Province - it ebbs and flows. I'm interested in your thoughts about that as well.

ECM: I was going to say mostly "flows", but....

This particular legislation was a re-write of the Liquor Control Act. The liquor control business came into Alberta years and years before our time, and this was an updating of the Act. It's the type of legislation that has only been revised over extended periods of time; it's not the kind of thing that you want to be changing every Session, because there are so many different positions and representations on a thing of that kind.

It was one of the Acts (and I've referred to these before - a number of statutes like the Workmen's Compensation legislation, University acts, and things of that kind) where there was sort of a tacit understanding with everybody that those would only be opened periodically, but not frequently.

I frankly don't recall this time what gave rise to this particular re-write in 1953, but as you say, the debate on how liquor should be dispensed and to what extent it should be controlled is a never-ending debate. Over any period of time there are a lot of representations made asking for changes in policy, changes in legislation, changes in facilities, and 1953 happened

to be the year when we put a group of people to work to draft an updated Act. I don't recall that it made any fundamental changes in the situation as it was prior to that, but it certainly streamlined it and brought it all up to date.

LS: In terms of the experience of this problem with liquor and liquor control, one wonders sometimes whether Albertans are more conservative than other people? Or do you feel that your Government in fact influenced an attitude towards liquor and liquor consumption?

I'm thinking about things like (even in this period of time), it wasn't always possible for men and women to sit together to drink in the same lounges. Certainly today, lounges are not open on Sundays. That has an underlying philosophy or approach to liquor and liquor consumption. Do you feel your Government was influential in leading in those things, aside from specific legislation?

ECM: In the first place, I don't think that's a situation that's peculiar to this Province. To the best of my knowledge, I think similar situations have prevailed across Canada. Now, the liquor laws differ considerably from region to region. In part, that's undoubtedly due to different general public attitudes.

You remember there was a time years and years ago when Prince Edward Island didn't want automobiles allowed on the Island. That's a local attitude, at that period.

I think it is true to say that people in this part of Canada (not just evidenced in this field but in many fields) are more conservative-minded than some other regions.

In part, I think that may be due to the younger nature of the country and the fact that a young region, when it's opened up, it opened up usually by more the entrepreneur type of people - the doers - who are inclined to be conservatives. It sounds in a sense inconsistent, because they're adventurers on the one hand, but at the same time they're cautious people.

As I say, it sounds inconsistent, but they're not the slap-happy type of people, "Well, let's have wide-open liquor houses and entertainment" and all that kind of stuff. That's not characteristic of the pioneers of Western Canada. And I think we've retained quite a bit of that.

As far as our government was concerned, we tried to be objective. I know I was accused repeatedly, because I didn't happen to drink myself. I've always felt this, I've said it publicly many times, I have absolutely no quarrel with people who want to drink; that's their privilege and their right. But I think on balance it's had a negative impact on society.

One of the things I know that perhaps entrenched that view, as far as I was concerned, was that I was Attorney General for ten years. And I can remember the pathetic cases that we used to read (the police reports) - the appalling number of cases where family troubles, child abuse, highway accidents, whatever you want to name, so often were liquor-related. It's hard to read that stuff day after day and then conclude, "Why don't we have more of this? This is a wonderful thing; we're not having enough of it!"

My natural reaction to it is, "This is a right people have" (I'm not a Prohibitionist or anything of that kind). But I felt then, and I still feel, that in balance it has a negative, detrimental effect on society. It exacts a terrible toll from society in return for the so apparent enjoyments that some people get out of it. It's not the kind of thing that I would want to encourage, either as a government or an individual, because I think it hurts too many people. That was my attitude to it, and I think the attitude that the Government accepted.

We had some people that said, "Your liquor laws are far too restrictive," right within our own membership. To the best of my knowledge, I can only remember three or four members who were Prohibitionists or had that type of attitude - "We want Prohibition." But the general feeling was that it was something that was exacting a very heavy toll on human welfare and happiness and it wasn't a thing to be encouraged.

It was to be provided because the people had said they wanted it, and they had a democratic right to it, but to be sure it was controlled to the extent that you didn't at least encouraged, aid and abet the dire consequences that we saw so often.

LS: Was there a referendum around this period of time asking about it?

ECM: Not a provincial referendum. What the Liquor Act provided for (and I don't know whether the present one does or not) was that a community or a zone would apply to the Liquor Control Board for a referendum within that zone as to whether or not they would have liquor outlets - beer parlours, and so on. It was interesting the number of those that were turned down.

This was nothing to do with the Government; it was just a local vote on it. It used to divide pretty much along the same lines in most cases. You'd have a local business group that would say, "We've got to have this to attract business to the town; it's going to be a great thing for us." But the rank and file of citizens in many cases voted it down. There were all kinds of these. They were called "local options", not plebiscites. And to establish a liquor outlet, if there wasn't one there, they had to apply for a local option and have a vote on it.

LS: That's what I remember reading in a lot of newspapers, the fact that there were many communities that didn't take up that option.

ECM: No, it was turned down, I would think in more cases than it was approved.

I should perhaps comment on one other point that you raised. When we went into office (and we retained it for a long time) there was a provision where in the beer parlours there were segregated men's parlours and women's parlours, in the cities. This didn't apply outside the cities.

Primarily, as I understand the original argument for this (and this was before our day in government and I'm not too well informed on it) was that in the early days it had a bearing on the law enforcement problems. I think the law enforcement people much preferred this arrangement.

Ultimately, as the population increased and public attitudes changed somewhat. It did create some unfortunate situations, which led ultimately to it being abolished.

I recall here in Edmonton a classic example of it. The little town of St. Albert in those days was out of the city, and so it was a mixed beer parlour. In Edmonton they were segregated. And it did reach the stage where it was a very serious concern to the traffic police officers, because couples would drive out to St. Albert (it was so close), sit there and drink all evening, and then bash each other up driving home half-lit on the way back into town. These things became a real concern, and that was one of the main reasons why it was abolished.

LS: Another piece of legislation in 1953 was Chapter 90, an Act Respecting the Policing of the Province of Alberta. I'm interested in the provisions of that. As well, it seems to be a recent issue again, the whole question of a provincial police department.

ECM: At one time, Alberta had their own provincial police - this again was back before our day. They had a full provincial police force. I don't know how the initial discussions were brought, but there was agreement with the federal people that they would make RCMP personnel available to do police work in the municipalities.

This didn't apply in cases like the major cities which of course always had their own police forces (Edmonton, Calgary, Lethbridge, and so on). But in the smaller towns, which had been policed by the provincial police force, it was now possible to obtain RCMP personnel to do that police work, and obtain them much cheaper than they could have a local police force.

So the former government abolished the Alberta force, and entered into these contracts with the Federal Government for RCMP police work. Under the agreement between the Provinces (all except Ontario and Quebec, which didn't go into it) and the Federal Government, the Province simply

contracted with the Federal Government for X-number of RCMP personnel, including the officers, supervisors, and support staff. They paid on a per-capita basis.

The amount they paid in the initial agreements was far less than the cost of the individual police officer to the force, and the reason why the Federal Government initially picked up a substantial part of the amount was that it was to their interest to have a good, well-established national police force. They had to have it anyway, for the national purpose, and they saw the merit in having additional men, who, though they were engaged doing police work for the Province, were nevertheless members of the national police force. And if they were ever needed, they could be requisitioned for any national purpose.

This made a lot more sense than keeping a national police force that did nothing but national policing, with a strength that much of the time would be in excess of what was needed, but which had to be there because in any emergency they had to have them to draw on.

By contracting hundreds of these men out to the provinces to do provincial police force work, but retaining in the agreement the right that if an emergency arose they could always be requisitioned for that emergency, this was a pretty ideal arrangement for a national police force. And it was on this basis that they paid a substantial amount of the cost.

These agreements came up for renewal every so often. And of course, every time they came up there was an argument because the Federal Government from the very first renewal wanted to cut back on the percentage of the cost that they were bearing. And that is the issue right now, which you referred to, in the present dispute. Ottawa now wants to cut them back to, I think, 60% borne by the Province, and 40% by the Federal. It used to be the other way around - Ottawa used to pay 60% and the Provinces 40%. So it's shifted quite a lot.

This particular Act in 1953, as I recall, was passed just as enabling legislation. We had had discussions as to whether it would be desirable to

resurrect the provincial police force which had been disbanded, or continue with these agreements with Ottawa. And one of the big factors would be whether we could get a financial arrangement that we felt was sufficiently advantageous to make it better to go that route than to reestablish the police force.

I don't recall the particular points of disagreement that probably were in the picture at the time of this Act, but this was passed to enable us, if we were not successful in renegotiating the agreement with Ottawa that was coming up for renewal on satisfactory terms, to move back into the provincial police force. Now, it was never used, because we did negotiate the agreements, and this Act died.

LS: There's another piece of legislation in 1953, Chapter 101, an Act to Provide for a Fund to Assist Rural Electrification.

ECM: Briefly, that applied to a method of provincial assistance in financing the Rural Electrification Cooperatives that had been established throughout the Province for the distribution of electricity in the rural areas. This had evolved from the early days when there was practically no electricity in the rural areas; the pressure built up as the communities developed and an increased number of people were residing closer to each other in the more highly settled rural areas. They naturally wanted electricity.

The companies which were producing electricity were primarily Calgary Power and Northwestern Utilities. But Calgary Power was the big company, and they were generators of electricity; they were not in the rural distribution business to any extent. They did put in a few rural distribution lines.

But anyway, after a lot of negotiations and discussions, the system that evolved was the formation of Rural Electrictrification Cooperatives, which would own and manage the distribution of electricity in the rural systems, and buy their power wholesale from the producers of electricity.

This I think was a very practical system in a scattered rural area. It wasn't viable for those communities to go into the generation of electricity - the cost of generation would be too high. On the other hand, by them owning and looking after the distribution of electricity in their area, they could give a local service, managed by their own people, which was preferable to having the power companies that were in the generation business create a whole new structure to build, own and administer the rural lines.

These Cooperatives sprang up quite quickly in that period of time, because rural electrification was moving ahead very fast. What this Act was provided was to set up a provincial fund which had a ceiling on it of \$10 million, from which the Provincial Treasurer could make loans to these Rural Electrification Cooperatives for financing the construction of their lines. The cost was recovered from the rates; the cost of these lines was amortized over a period of time, and that was added into the rate that was paid by the individual consumers. So they liquidated themselves over a considerable long period of time.

LS: The Social Credit government had no problem with the cooperative concept, then?

ECM: No, we fostered the cooperative concept very strongly. We brought in some of the most advanced cooperative legislation in the country in those days, including credit unions. We encouraged credit unions, and actually the credit union movement started in Alberta under our Government and legislation.

LS: The final piece of legislation in 1953 that I'd like to discuss is the Act Concerning Orderly Development of the Municipalities. I'm interested in its provisions.

ECM: This was another re-write of the planning legislation that applied to municipalities other than the cities which were under city charters and had their own planning departments.

It again, as some of the previous legislation of this kind, grew out of the trend to urbanization, which was quite pronounced by that time. People were tending to move from the rural areas to the towns, and a lot of these towns were growing. That gave rise to the need for extending their boundaries; it also meant encroaching on the land of adjacent rural municipalities. And the cities were concerned about the communities near them (and they've been concerned ever since), because of the tendency of the growth of communities around the suburbs of the cities always leads ultimately to some kind of amalgamation, or the city being responsible to provide services, and so on.

Really what this legislation did was set up the machinery for orderly planning of those communities. The Government was not involved to any great extent directly. They set up certain advisory boards; there was a Provincial Advisory Board; there was provision for Regional Advisory Boards; and local Planning Boards. The idea, as behind some previous legislation, was to enable two or three or more communities to go together in formulating an overall plan for future development, so that the one was not encroaching, down the road somewhere, on what another one considered was their territory. The key to the whole thing was the idea of orderly, rather than haphazard, development.

LS: I'd like to ask a final question, really not specific to 1953, Mr. Manning. But I've been spending some time going through the Premier's papers at the Provincial Museum. Those are very interesting, in a number of ways. At that time, I believe, Peter Elliot was your Executive Secretary (in the early fifties). Your office received many pieces of correspondence from individuals who were asking you personally to lend money to them, to support them. Do recall that?

ECM: Oh, yes. You get quite a bit of that correspondence in the Premier's office.

LS: Some of the stories were remarkable, in the letters that you got. What was your reaction to that kind of thing?

ECM: Well, you'd look at each on one its merits. I don't recall enough about the detail of them to be able to talk intelligently about them now. But sometimes there were circumstances indicated in correspondence of that kind where there was something maybe that could be done for the person. If they were in dire straits, we'd have somebody check it out and see if the circumstances were as they were represented. I guess I helped a few of them myself, but a lot of them pretty obviously were just somebody trying to lift some money off you.

LS: The issue that arises is that we've talked for many hours about the role of Government, role of the Premier, and then there's all this other "personal" area that happens. How does a public figure deal with that?

ECM: As I say, you have to just look at each one as it comes along. I think probably we generated more of that than is true of some governments and government leaders. I was always a very strong believer in the philosophy that we were working for the people of the Province. They had a right to access. Our office was very open. Anybody, it didn't matter whether it was the janitor or the president of the company, if they had something they wanted to come in and talk about, we'd try and accommodate them.

And probably as a result of that concept of our responsibility and role in public life, we were much more exposed to this kind of thing from the rank and file of people than government heads who isolate themselves and are the "king on the throne" that you only approach through the intermediaries. I don't think many people had any hesitation in making a direct approach to me by correspondence at least, or probably a phone call, if they wanted to. And I didn't discourage that.

Now, you can only give a very small amount of time to it, because otherwise you become completely absorbed in it, and I had good people. Peter Elliot was a classic example. With phone calls, Peter was courteous and patient, and he'd talk to these people. If they had something that he felt that I would want to hear and I should talk to them, he'd mention it and I'd talk to them. But certainly he screened out a great many of them.

But apart from that screening process, the ones that actually get to you, and of course correspondence (I had all correspondence come to me, whether I dealt with it or not - I'd probably just read it and pass it on to Peter or somebody with some suggestions or instructions what to do about it) - there's no hard and fast formula. It just depends what they write or ask about. If you can help them, you help them. If it sounds valid, you try and give them the benefit of the doubt. If it's obviously just somebody trying to pull your leg for some money, you just stick it in the file and forget about it!

LS: Just one final question, in trying to get at a personal style of that office when you held it, it's interesting that you say in fact all that correspondence crossed your desk?

ECM: Practically all of it, yes. What our correspondence secretaries used to do was open the mail and go through it all. Some of it obviously had to come directly to the Premier. Others, the girls opening the mail would pass on to Peter - he was my Executive Secretary.

Peter would take a look at it. It might be something he could obviously deal with, without bothering me about it. If that was the case, he'd usually mention it, "By the way, I had such and such a thing from somebody, and I took care of it." I knew of most of them - not all, I'm sure.

We'd take a session every day with correspondence, in which he'd bring in his stack of stuff and we'd skim through them. Most of them, you could say, "Well, do this. Do that. Take care of it this way." Some of them had to go to Cabinet; some of them were dealing with the Federal Government. There's a terrific variety of stuff.

But there would be very little correspondence that would come to my office that I wouldn't either see or know what it was about. As I say, if he came in with a four-page letter that would take you half-an-hour to read because it was so badly written, I wouldn't read it, but he would have skimmed through it, and would say, "This says so-and-so, this is briefly what it's

all about." And I'd say, "Well, okay, do so-and-so." And that would be it.

LS: And you met with him on a daily basis.

ECM: Oh yes, yes. We talked every morning.

LS: How long was Mr. Elliot with you?

ECM: Oh, a long time. I don't remember the years, but it was a long time. He was a very capable Executive Secretary. Going back a little bit, Mr. Aberhart's Executive Secretary was carried over from the Farmers' Government, a man by the name of Fred Stone, who later became a very prominent official with the Canadian Pacific. He was with Canadian Pacific Investments; a very fine fellow.

He left the government service not long after we were elected, to go with CPR, and he made that his life career. Then there was a man by the name of Miller, that was with Mr. Aberhart for a brief time. And then we had a period, when I came in, that there was no man in the office.

We had three major women secretaries, and another one on call. One was Miss Dorothy Hope who just retired. There was a splash in the paper when Dorothy retired - she had been with the government for years and year. She came in, I think, about 1935, and she had worked her way up to the Premier's office by the time of Mr. Aberhart's death, and she was the senior woman secretary of the office when I took over. She was my chief secretary for quite a period of time. The work was building up. The other secretary was Miss Jessie Peary, who was also there a long time. She retired quite a few years ago. And then we used to draw staff from the Executive Council office when we needed extra, because they had sort of a pool there.

Peter Elliot was with the Journal in those days, and he covered the press gallery. I knew him quite well from his press gallery work, and regarded him very highly. So I asked him if he'd be interested in taking on the

work of Executive Secretary. He was a little bit hesitant, because I think he liked his work with the paper very well. But anyway, he agreed to take it, and he was with me for years - I really don't know how long.

Then, the vacancy came up with the Liquor Control Board, with the retirement of the Chairman, and this was open. We had a practice - not an iron-clad thing, but when a position of that kind came open - of giving senior people in the service an opportunity to express an interest in it so they could be considered before you went outside altogether to get somebody.

So Peter Elliot spoke to me about it. He said he liked his work in the Premier's office very much, but of course those positions in a sense are political positions. Normally with a change of government, or even change of person, the secretaries are changed. You usually take your secretary with you, or something like that. He recognized that there was that uncertainty attached to it, and he was still quite young. And he thought he'd like to try this other job. So he put his name in for it, and he was selected.

LS: And he's just recently retired.

ECM: He just retired. He was carried past retirement age, I think the press story said two years. I think he's about 67. But he's been with the Board ever since, and did an excellent job. He was a good man for the job.

Shortly after he left, Russell Sheppard, who was also a news man (radio man) came on, and he was with me until the time that I retired.

LS: It's interesting that it was two people out of the media that came on as your Executive Secretaries.

ECM: Well, of course, their training in that field is valuable to them in the Premier's office, and they also served as our senior press liaison, which was advantageous because they knew the media people, and it helped.

LS: Good. That's it for today.