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# Alberta's Fight For Freedom

Part 1 A History

Part 2 Public and Private Debt

Part 3 Sovereignty and Constitution

Part 4 The Road To Reconstruction

Part 5 For Economic Democracy

This is a series of five booklets, compiled from the archives of the Alberta Social Credit League, giving a factual account of how the people of Alberta fought the money monopoly.

H. E. NICHOLS

1963

A Publication of the  
ALBERTA SOCIAL CREDIT LEAGUE

# ALBERTA'S FIGHT FOR FREEDOM

## *A History of Social Credit in Alberta* 1905 – 1947

This is the first of a series of five booklets giving  
A factual account of how the people of Alberta  
Fought the Money Monopoly, compiled from the  
Archives of the Alberta Social Credit League,

by H. E. Nichols.

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### PART 1

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The other four booklets will continue the history, which  
will be completed in five handy pocket-size editions.

To the Reader:

This factual history tells the beginning and  
growth of the Social Credit political movement  
in Alberta.

It has never before been published, but the facts  
have been compiled by those who were eye-  
witnesses and participants in the events related.

These events are the roots of a movement that is  
now due to grow, and bear flower and fruit.

The extent to which it does so, will now depend  
upon the response made to this call, by the  
people living in the other provinces of Canada.

The succeeding four parts of this history will  
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out TO ALL THE PEOPLE OF CANADA.

"Join with us and live, freely and  
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## FOREWORD

At this vital stage in the progress of Social Credit in Canada, more and more people want to know about the beginning of the movement in Alberta. The question is often asked, why was Alberta the only province to endorse it at first, and why were the people of the neighboring province of Saskatchewan not energized at the same time, or stirred as deeply as were the people of Alberta.

Both of these questions will be answered in the following pages.

It is hoped that a recital of these historic facts will impel the people in the other provinces of Canada to realize the mighty issues that are now at stake—issues that are now, not only nationwide, but worldwide—and that all the people of Canada will become imbued with the same enthusiasm that inspired the early Social Crediters in Alberta 40 years ago.

The need is greater now and the opportunities are also greater, because like the cultural heritage of Social Credit, this generation is heir to the experience and knowledge gained by the early pioneers in the Social Credit movement and they can, if they will, profit by the mistakes of their forerunners as well as by their accomplishments.

"There is a tide in the affairs of men,  
Which, taken at the flood, leads on to fortune,  
Omitted, all the voyage of their life  
Is bound in shallows and in miseries.  
On such a full sea are we now afloat  
And we must take the current when it serves  
Or lose our ventures."

Wm. Shakespeare.

The contents of this short work have been gleaned from the records of the Social Credit Board,

and those who were in touch with the very genesis of the movement even before it was known as Social Credit.

These facts—for such they are—have been compiled in this small book to acquaint people even in Alberta, of an earlier manifestation of the philosophy of Social Credit—which is really as old as the human race itself—in the hope that their recital will inspire the people in every Canadian province to emulate what was accomplished in Alberta in 1935, so that Canada may, in the near future, have a Social Credit government at Ottawa.

R. N. THOMPSON,  
National Leader.

## PREFACE

The penetrating message of Democracy in Alberta must of its very nature find recognition and response in the minds of freedom-loving people in all lands. The dynamic action of Albertans in the field of social and financial reform is the manifestation of the greatest social force known to man. It is Social Credit; the belief that, in association with his fellows, man can obtain and secure the results of that association.

As the bewildered world moves closer to the centre of a social maelstrom, the message of Social Credit is heard by growing numbers everywhere. In that message is the one human promise of hope for the future; a future in which the aspiration of man may, in the light of a Christian concept of society, elevate him to new heights of achievement and a fuller enjoyment of his heritage.

The struggle outlined in the pages that follow is a record of war between policies. But it is more than that; it is a war between philosophies. On the one hand is the growing philosophy of the jungle, manifest in stateism, centralization and a militant materialism. On the other hand is individuality, personality, a militant Christianity. The battle is joined. The message of Social Credit is more than a cry of hope; it is a challenge to all men of good will to heed the call—join with us and live under a real democracy, or continue to serve the enemy under an oppressive financial dictatorship.

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## DEMOCRACY IN ALBERTA

### PART 1

#### The Pioneers

Alberta, one of the ten provinces now comprising the Dominion of Canada, was established as a Province in September, 1905, in response to the demands of the people. At that time the population was approximately 185,000, of whom some 127,000 were farmers and ranchers.

In racial origin, the first Albertans were largely Anglo-Saxon, with a fair sprinkling of French Canadians, and with the exception of a small number of native born, were all newcomers to that part of Canada which became the Province of Alberta.

Growth of population in the four years prior to 1905 had been rapid, and by 1906 the census recorded an increase of 154% over the 1901 figures; the following five years showed a continuation of the trend, with an increase of 102% over the 1906 figures.

In common with others who migrated to the frontiers of Canada, Alberta's first citizens were imbued with a strong democratic spirit. In choosing Canada's West as their home, they sought in this new and undeveloped country the democratic freedoms and economic security denied them in the social environment they left behind. In short, they came West to create a social organization which would give them the political and economic democracy they desired.

#### Organization

The pioneering spirit of Alberta's foundation stock was reflected in various phases of endeavour.

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For instance, the establishment of a Provincial Legislature in 1905 was paralleled by the establishment of the Society of Equity and the Farmers' Association—organizations designed to protect the interests of the rural population. In 1909, these bodies amalgamated under the name of the United Farmers of Alberta.

By 1913, the organization in Alberta of a farmer-owned grain elevator system, called the Alberta Cooperative Elevator Company—a counterpart of the already established Grain Growers' Grain Company of Manitoba and Saskatchewan—had been accomplished in an attempt to remove some of the commercial hazards confronting the growing farm population in their grain marketing problems.

At the outbreak of war in 1914, the municipal franchise had already been extended to women, and shortly afterwards Albertans led the world in electing women members to the Legislature.

Climax of the first phase of Alberta's social pioneering came in 1921, when the United Farmers of Alberta became a political party, and elected a Government to replace the Liberals who had been in office since 1905.

The U.F.A. had originally been organized as a non-political group, and decision to enter the political field came only after the members were convinced that traditional party government was ineffectual to deal with the economic and financial problems of the producers. In view of later events, this move may be considered of prime importance. Their leader at that time, Henry Wise Wood, who became president in 1915, had attempted to hold them back from this decision, but each year at the Annual Convention, the determination to get into politics as an organization, became more vocal. Eventually, Mr. Wood

abandoned his opposition and acquiesced in the movement for political action.

Within the ranks of the U.F.A. was a large sprinkling of immigrants from the United States, some of whom were disciples of William Jennings Bryan. It should be noted here that a much larger proportion of United States' citizens immigrated into Alberta—among them several senators—than into the neighbouring province of Saskatchewan. These immigrants had experienced the severe depression of the nineties in their own country; and had been deeply impressed with Bryan's famous speech, "Shall Humanity be Crucified on a Cross of Gold?"

Bryan's crusade was for the Re-monetization of Silver, in the proportion of 16 to 1 of gold; and his supporters blamed the depression in the United States on its adoption of the Gold Standard.

#### **First Monetary Reform Group**

But within the body of the U.F.A. there was a similar movement, active since 1913, whose importance was to grow with the passage of time. This was initiated by a group of monetary reform students whose best informed member and leader was Mr. George Bevington, a farmer of Winterburn, Alberta, who was a member of the U.F.A. Board of Directors. This group devoted a considerable amount of hard effort to a study of financial and economic systems.

Their studies led them to re-examine some important historical events and especially the underlying causes of the real reason for the War of Independence 1776-1783. It is historically recorded that Benjamin Franklin protested against the imposition of taxation upon the American "colonists", which taxes had to be paid in Bank of England money.

The colonists had been doing their own business with "Colonial Script" issued by themselves, and there was no poverty. When Benjamin Franklin returned to England, he noted poverty on every hand—in a rich country. When the taxes payable in Bank of England money were enacted on the American Colonists, poverty speedily increased among them, even though actual production was adequate.

The analogy between these historical facts and the conditions which were prevailing in Alberta made a deep impression upon the minds of those earnest students of economics and finance in Alberta, and strengthened their conviction that finance played an important part in economic depression.

Keeping abreast of developments in this field, the group became familiar with the early writings of Major C. H. Douglas, and in the philosophy of Social Credit eventually expounded by Douglas they claimed to have found the makings of a policy of political and economic democracy such as they had long visualized.

A noteworthy feature of this new movement—which as yet was without specific organization—was that it was not confined entirely to farmers and ranchers. A small number of business and professional men, teachers and members of the clergy, made up the group which comprised the Monetary Reformers.

One event of 1921 was of marked significance to the future of Alberta. This was the election to the Dominion House of Commons of a group of farmer representatives under the "Progressive" banner. Among them were some of the ardent students of monetary reform who later became known as "The Ginger Group."

This group was instrumental in having a Parliamentary Committee established in 1923, to

study the credit structure of Canada. Mr. George Bevington appeared as a spokesman for the farmers of Alberta and gave testimony which had an impressive impact upon the prominent bankers and economists there. His testimony is recorded in the "Evidence before the Banking and Commerce Committee in 1923."

Major C. H. Douglas was invited to appear before this committee and after his appearance, interest in the Social Credit proposals grew across Canada, and became intensive in Alberta.

The year 1921 had also brought a sharp depression as a result of the decrease in the demand for wheat and other farm produce after the termination of the First World War, resulting in a drastic drop in the farmers' incomes, which inflicted incredible hardship on thousands of new as well as established settlers; and tended to focus attention on the obviously maladjusted economic system to a greater extent than ever before.

### **U.F.A. Conventions**

Every year saw a number of resolutions dealing with the injustices of the financial system brought to the U.F.A. Conventions, where they aroused intense interest and gave rise to prolonged and well-informed debates. The officials in the U.F.A., however, were becoming more "orthodox" in their outlook and viewed these discussions with disfavour; while the attitude of the U.F.A. Government itself, could almost be described as reactionary.

But the rank and file farmers in the organization were anxious to get all the information they could upon the subject. Accordingly a debate was arranged by the U.F.A. Convention at which George Bevington, a farmer and director of the U.F.A. who had previously given evidence before the Banking and Commerce Committee at Ottawa in 1923, was

to discuss finance and banking with a Mr. Brown, appointed by the Bankers' Association.

However, the debate never came off. Mr. Brown failed to appear, and it was rumoured that the bankers feared their representative would be thoroughly beaten by the remorseless logic of the veteran advocate for financial reform, farmer George Bevington.

Had that happened and the bankers' policy been discredited, they feared it would be followed by a demand from the farmers' organization for a National Bank. Forseeing this in prospect, the bankers had used "moral suasion" upon the provincial farmer government to use its influence with the officials of the U.F.A. organization to postpone the debate indefinitely.

The grapevine had it that at a "friendly" consultation between the U.F.A. provincial government and a bankers' representative, it was intimated that it might be difficult for the government to get future "financial accommodation" if the proposed debate had been pulled off as intended. Mr. Bevington was not even asked to address the convention, although he was a director of the organization.

### **Farmers in Favour**

But discussions at the U.F.A. conventions on monetary reform increased, although the U.F.A. leaders tried to give a cold shoulder to the agitation. On one memorable occasion, the President, H. W. Wood, was asked to give his views upon a resolution which advocated an enquiry into the workings of the money system.

Mr. Wood approached the chairman's desk with a clenched fist upraised: "I know nothing about money, and I don't believe anyone else does," he said. "This question has been a hardy annual; and it has

now become a noxious weed; my advice to you, is to kill it;" and he brought his fist down with a thump on the table as he finished. The motion was defeated of course; and we leave the reader to evaluate the judgment of a man on a subject about which he admitted he "knew nothing."

Henceforth, the official attitude of the U.F.A. was to support the formation of commercial co-operatives for both buying and selling; and from that time all discussion on monetary reform was officially banned within the U.F.A., and a similar attitude has been copied by the officials of every farmer movement since. They have yet to learn that the practice of commercial co-operative methods alone cannot bring much success until the factor of co-operative financing is added. In other words, the real credit generated by their co-operative methods must meet with a reciprocal action by Co-operative Finance if their members are to receive a realistic financial benefit.

However, the believers in the movement for financial reform did not give up and were constantly on the alert, looking for a man who could lead the movement along the lines of Social Credit.

Following the 1929 Stock Market crash, brought about by a restriction of financial credit to business and industry; then followed by even more stringent restrictions on agricultural credit, Albertans generally found themselves in a more hazardous economic condition than they had experienced in 1921. Destitution and acute privation became commonplace in a land blessed with vast natural resources. Unemployment and relief, bankruptcies and idle manufacturing plants, farm and home foreclosures — all the consequences of economic stagnation were evident and of everyday occurrence. This was caused entirely by the

action of the banks in calling in all existing loans whenever possible and refusing to grant new ones in spite of the need and opportunity for new development apparent on every hand.

### **The Hungry Thirties**

Through the early 1930's, this condition persisted and was aggravated. In January, 1932, No.1 Northern wheat sold for as low as 20¢ per bushel, which was the lowest price reached in 400 years; while prime hogs of 200 lbs. sold for \$5 each. Farmers with supplies of near worthless wheat, burned it in their stoves because they could not afford coal. Stockmen shot cattle that were only worth 75¢ per 100 lbs. on the hoof, to salvage the hides, which brought better returns than the meat. Cases are on record of cattle being shipped to market and their owners being billed for shipping expenses after the sale, because the returns from the cattle were insufficient to cover the freight charges. A well authenticated case tells of a farmer who shipped a number of hides to a dealer and later received a bill from the dealer for \$1.50 to pay the difference between the market value of the hides and the freight charge on the shipment. The farmer replied that he had no money, but he could send the dealer a few more hides. At the same time, miners walked the streets because there was no demand for coal, and lived on subsistence relief rations because there was no money to buy the beef and wheat which was rotting and burning on the prairies. On every side, the grim spectre of poverty stalked through a land of potential abundance.

The pioneers had built what they imagined was a new empire of freedom in a land teeming with natural resources. But, in their attempts to wrest even a bare living from the elements at hand, they

were frustrated. They wrapped their feet and legs in gunny-sacks because they had no money to buy socks and rubbers, while they dined off gophers which had got fat on the unsaleable grain lying in the fields. These people wanted to produce, and they wanted to consume the fruits of their production, but they were thwarted on all sides. They turned to their leaders in the farm movement and found them divided. On the one hand, talk of socialization was offered as a palliative. On the other hand, talk of foreign markets and restriction of production was prescribed as a remedy.

### **Lack of Buying power**

But at that time of penury and want, the people of Alberta were not so greatly concerned with the subject of foreign markets as with that of markets at home where people were suffering from semi-starvation in the midst of plenty. They questioned the wisdom of selling the major part of their produce in order to bring in the money to buy the minor part for their own consumption. An ever-recurring "why" swept the country.

The farmers looked to their own government for some forthright effort, but in vain. Instead of getting action to cope with the real problem, their ears were assailed at frequent intervals over the radio with a message from Premier Brownlee constantly repeating the idiotic phrase: "Prosperity is just around the corner." How far off the corner was, or how long it would take to get there, nobody seemed to know; least of all the government which was responsible for the parrot-like repetitions, but which seemed totally inept to DO anything.

A spirit of desperation had now seized the farmers. This was their zero hour. At their con-



ventions there was apparent a seething spirit of discontent directed towards the apparent unwillingness of their own Farmer government to do anything effective for the protection of their people from the legal but confiscatory results of the orthodox financial system.

At annual U.F.A. conventions the opinion was freely expressed that economic conditions had become so bad that any attempt at rectification through legislative or parliamentary action was now "too late"; and "secession from the East," or even open revolution was firmly advocated by serious-minded and responsible farmers who were seeing the results of thirty years of unremitting toil, incredible patience and bountiful production, going down the drain into the insatiable maw of the interest incubus, engorged to an abnormal degree by the outworking of unrestrained orthodox finance.

Many farmers, some of whom had seen service in the First World War, stood up in convention and stated with bitter determination and conviction that "things had gone too far to be cured by peaceful means," and they were ready to turn to arms again in a last desperate attempt to defend their homes and families from being rendered destitute in the land they had made habitable and productive with infinite dedication and toil.

Not many people today realize just how near Canada was to bloody revolution in those stark days of the early thirties, during the Great Depression.

### **The Heart of the Problem**

It was not because the farmers were inefficient as producers that they could not pay their debts, nor because of drought. Many of them had harvested big yields of grain, the price of which was so low that even the out-of-pocket costs of production could

not be recouped, without making any allowance for wages for the work of the farmer and his family. The records show that more wheat was produced during the five-year depression period 1931-1935, than during the prosperous five-year period 1926-1930.

It appeared to most Albertans that the system of distribution was at fault. Goods and services were available. Labour, machinery and power were available. The fields, forests, mines and fisheries were awaiting development. Only lack of money prevented access to the goods and services which spelled comfort and security. Since the money problem loomed so largely in their affairs, it was inevitable that Albertans should redirect their attention to it. Owing to the educational work that had already been done within the U.F.A., a considerable number of people were especially interested in the creation and cancellation of financial credit, and with the methods by which control of credit policy was exercised—and by WHOM?

### **William Aberhart Appears on the Scene**

In 1933, William Aberhart, prominent educationalist, sociologist and Dean of the Calgary Prophetic Bible Institute, publicly espoused the Social Credit proposals in the course of one of his regular religious radio broadcasts. He had been distressed and impressed when some of his best pupils on leaving school had told him, "Nobody wants us, we cannot get anything to do, we can't get a job of any kind, nobody has any money." One of his pupils actually committed suicide because he was unable to obtain any work, and this so affected Aberhart that he determined to do what he could to reform an economic system which caused such happenings.

A fellow teacher brought to Mr. Aberhart's

attention, Major Douglas' Social Credit proposals as outlined by Maurice Colbourne, in a book first entitled, "Economic Nationalism," and later called "The Meaning of Social Credit." Aberhart read it, then re-read it; and was convinced that it contained the solution to the pressing problem of unemployment which plagued the economy then; and has been plaguing it on and off ever since.

Aberhart did not aspire to become a politician and had no thought of becoming the leader of any political movement. He was also acquainted with the fact that within the U.F.A. movement there were many able exponents of financial reform and he referred frequently in his radio talks to the responsibility of that organization and offered freely to make available to them the results of any interest which he had aroused. In subsequent addresses, Mr. Aberhart urged the people to study Social Credit, and if they were satisfied that it provided a remedy for their economic ills, to press for its adoption by their U.F.A. Provincial Government. He promised to do what he could.

### **Alberta Social Credit League**

Aberhart conveyed a message of HOPE, and the response was overwhelming, and once again the social pioneers of Alberta began to organize for their own protection. Out of their efforts came the Alberta Social Credit League (in which the present President, Orvis A. Kennedy, and Robert N. Thompson, National Leader, were members), a body of citizens committed to the study of the philosophy and practice of Social Credit principles.

To the student of social organization, the growth of the Alberta Social Credit League offers a revealing picture of democracy in action. Here was a movement solely initiated and financed—out of

fantastically meagre incomes—by individuals and groups of ardent seekers after social justice. Until an able and dedicated leader appeared, the movement was not integrated in any form. But in William Aberhart they recognized a dynamic personality whose energy, courage and vision could weld them into a coherent whole.

Establishment of the Social Credit League provided thousands of others with a vehicle for study and expression. As a result, more than 2,000 study groups, many of them re-converted U.F.A. locals, were spontaneously organized in all parts of the province, and quickly affiliated with the Alberta Social Credit League. Pressure was exerted on the governments in Edmonton and Ottawa. The administrators gave the first indication of their submission to the will of the people. Major C. H. Douglas once again was called to Ottawa and then to Edmonton.

### **C. H. Douglas Called**

Major Douglas had appeared before the Banking and Commerce Committee of the Dominion Parliament in April 1923. In Edmonton, in 1934, he appeared before the Agricultural Committee of the Provincial House. William Aberhart also appeared at this time, as did others who held opinions both favourable and antagonistic to the Douglas proposals. An important development of this Edmonton hearing was the appointment of Major Douglas as Reconstruction Advisor to the U.F.A. Government in Edmonton, which however, was forced into this action by weight of public opinion aroused by Aberhart's campaign over the radio.

On May 23rd, 1935, Douglas submitted his first Interim Report to the Alberta Legislature. In his report, the Reconstruction Advisor stressed the distinction that should be drawn between any program

for the practical utilization of public credit, and the strategy required for acquiring the power to deal with public credit. He warned that every step taken toward the emancipation of credit from its monopoly control would be opposed.

The warning was timely. As public interest in Social Credit rose to public clamour for governmental action, the first signs of organized opposition became evident. Press and radio facilities were utilized on a grandiose scale in a well-financed and organized attempt to discredit a movement which had by this time embedded itself deep into the consciousness of the people.

It became evident that the U.F.A. administration would not take any positive action in the direction of Social Credit legislation without well defined instruction from the people. Indeed, open espousal of socialism—which Albertans considered the direct antithesis of Social Credit—was made by individual members of the provincial Farmer Government. The Social Credit League, accordingly, determined to exert full pressure on all political parties, in and out of office, with a view to their pledging support to the popular mandate. The reaction of existing political parties to this pressure was considered negative by the League. Accordingly, **it was decided to take direct political action.**

### **1935 Election in Alberta**

An election was called by the U.F.A. government for August 22nd, 1935, and the Social Credit League placed candidates in every constituency. The U.F.A. members had treated the Social Credit candidates with a certain amount of derision and foretold utter defeat for them. However, when the returns began to come in over the radio, telling of Social Credit candidates either winning or leading in practically every

constituency, one U.F.A. member was walking up and down in front of his radio, and with every report of another Social Credit victory, he reiterated, "I can't believe it ... I won't believe it."

When the returns were completed, Albertans had elected 56 Social Credit members in the 63 seat legislature. But not a single U.F.A. candidate was elected. The total representation of the U.F.A. had been thoroughly repudiated by an indignant and resurgent electorate.

Thus died a movement that had been inspired by democratic ideas of freedom at its inception; but which had become orthodox and hidebound in the short space of 20 years because it had refused to recognize and accept the key to economic freedom—i.e., financial reform along Social Credit lines.

Mr. Aberhart had not been a candidate. However, with the overwhelming success of the candidates which he had helped to select, there was an equally overwhelming demand for him to become their leader in the legislature. He complied with the demand and, accepting a vacated seat in the Okotoks constituency, he became the Premier of the first Social Credit government in the world; one which was destined to last for more than a quarter of a century without a single defeat.

### **Mackenzie King's Promises**

A Dominion election was to be held in the second month following the Provincial election; and the Right Hon. W. L. Mackenzie King, campaigning as Leader of the Liberal party, made it clear that, if elected, his government would support Alberta's bid for credit control and all that it implied.

Said Mr. King: "Canada is faced with a great battle between the money power and the power of

the people, a battle which will be waged in the new Parliament. I plead for a sweeping Liberal victory to carry out my policy of public control of currency and credit", and to . . . "guarantee the issue of public credit in terms of public need."

And; ... "Until the control of currency and credit is restored to Government, all talk of the sovereignty of Parliament and democracy is idle and futile."

Mr. King assured his audiences that . . . "If Social Credit ever gets a chance to prove itself, it will be in Alberta . . . Mr. Aberhart has the whole Province in his hands and if a Liberal Government is returned to power at Ottawa, he will be given the fullest opportunity to work out his plans;" and again . . . "Hands off Alberta. I hope with all my heart they will be successful."

These utterances by Mackenzie King led many Social Crediters into thinking that he was converted to the proposals of Social Credit; but it soon became quite apparent that he was either parroting some Social Credit phrases he had heard, in complete ignorance of their meaning; or else he did know something about it, and deliberately intended to deceive.

Mr. King and his Federal Liberal party were elected to office in October 1935. The people of Alberta, allowed 17 members of Parliament in the Federal House, elected 15 Social Credit members.

The stage was now set for one of the most unique experiments in British parliamentary history. Alberta had a Social Credit government. Canada had a Liberal Government committed to wage battle against the money power; and also to allow Alberta complete freedom to institute the financial and

economic reforms necessary to end the monopoly of financial credit in that Province.

Thus, on the day in September 1935, that William Aberhart's new Social Credit government assumed office in Alberta, the curtain rose on Canada's greatest political drama; the repercussions of which were to reverberate across Canada and around the world.

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*Public and Private Debt*

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The struggle outlined in the pages that follow is a record of war between policies. But it is more than that; it is a war between philosophies. On the one hand is the growing philosophy of the jungle, manifest in stateism, centralization and a militant materialism. On the other hand is individuality, personality, a militant Christianity. The battle is joined. The message of Social Credit is more than a cry of hope; it is a challenge to all men of good will to heed the call—join with us and live under a real democracy, or continue to serve the enemy under an oppressive financial dictatorship.

## PUBLIC AND PRIVATE DEBT

When the Province of Alberta was formed in 1905, there was not a dollar of Provincial Public Debt. In the thirty years which elapsed before the Social Credit Government assumed office, the public debt had climbed to a total of \$167,000,000. Approximately \$100,000,000 being an inheritance from the Liberal government 1905-1921, and \$67,000,000 from the U.F.A. government 1921-1935. This last amount included \*\$6,000,000 of guarantees, passed on by the U.F.A. government.

Added to this was a municipal debt of \$70,000,000, farm mortgage debt of \$162,000,000, other rural private debt of \$233,000,000, and urban private debt of \$100,000,000, according to figures compiled by the Debt Adjustment Board.

This made a private debt burden alone of \$495,000,000, on which the average interest charge was 7%, amounting to \$35,000,000 a year; and a total public and private debt structure of \$726,000,000, (not including the \*\$6,000,000 of guarantees noted above).

But this was not all. The Dominion of Canada had incurred a public debt of \$3,205,956,369, in the 68 years since confederation, and Albertans shouldered a proportionate share of this burden too. On a demonstrable basis, it was estimated that each man, woman and child in Alberta was saddled with \$300 in Dominion debt, and \$908 in Provincial and private debt; a total of \$1,208 per capita.

## Interest

The interest toll was tremendous. Because Alberta was a new territory, far away from the industrial and financial centres of the East, commercial lending agencies had demanded higher rates for their money than was customary in Eastern Canada, and virtually all transactions bordered on the usurious.

Unpaid interest accumulates with deadly rapidity when compounded at the rates commonly charged in Alberta. For example, a debt of \$1,000 on which interest is not paid for seven years (corresponding to the depression years 1930 to 1936) would amount to \$1,606 if compounded at 7%, and \$1,714 if compounded at 8%.

A debtor starting to renew payments after such an interval would find his annual interest payments, at the 7% rate, increased to \$112.12 as compared with the previous \$70.00, and the total debt to be liquidated would be greater by 60%.

Two factual examples are cited in "The Case For Alberta," to reveal the evil inherent in this type of loan. In 1910 an Edmonton resident bought a home for \$2,500 and assumed a mortgage for that amount at 10%. Up to 1936 he would have paid on account a total of \$5,275, and would still owe \$1,300. He was threatened with foreclosure in 1935. The second example is that of a farmer who bought land in 1918 from a trust company which acquired it cheaply in 1900. Up to the end of 1935 he had paid more than \$90,000, but of this amount, only \$53,000 represented principal, and he still owed \$11,000. The trust company steadfastly refused to reduce either principal or interest.

\* \* \*

Aberhart sympathized with the distress of the people in the following words:

**"For more than twenty years, the debt problem has been the curse of this country. It has been responsible for more blighted lives and shattered homes than any other single cause of our harrowing distress.**

**"Debt has hung like a nightmare over our farmers—constantly threatening them with dispossession of their farms and loss of their equities. It has become an ever-growing incubus to the industries, sucking the very lifeblood out of them. In fact, there are few homes throughout the country into which the clammy tentacles of the octopus we call debt have not found their way, draining the economic security of the family and enslaving them to the fear of losing all they possess. I ask you, is that not a subject for our consideration?"**

Alberta's citizens, faced with the loss of homes and property, found themselves both dazed and amazed at the high cost of interest. They learned that a loan at 3%, compounded over twenty-three and one-half years, exactly doubles itself, but that a loan at 8% doubles itself in only nine years.

## Finance vs. Production

Yet in terms of income, Albertans were paying even higher rates. Virtually all private debts were incurred in periods of relative prosperity, when farm prices, and in consequence all other incomes, were not low. But when prices fell and other incomes followed, the fixed charges remained.

In 1932 for instance, it took three bushels of wheat to pay the interest that one bushel paid in 1926. It was estimated that in 1926, it required 16.9% of the total wheat crop to provide \$20,000,000 in interest payments. But in 1935, it required 33.2% of the wheat crop to meet the same payments. Meantime, the payments, and consequently the percentage



of the wheat crop required to meet them, had increased.

The situation had evoked a public outcry against the creditor institutions, with a demand for governmental action to curb the evil. The new Social Credit government, faced with similar shocking conditions in the field of public indebtedness, could well understand the tragic insecurity and consequent resentment of the individual debtors.

### **Legacy of Destitution**

What William Aberhart and his new government inherited was an administrative machine in the last stages of decay. The Province of Alberta, to put it bluntly, was bankrupt. In fact, the ex-Premier, Mr. Brownlee had stated, "the credit of the Province is exhausted." The possibilities of recovery appeared to be dismal at best, and the whole situation was one calculated to bring dismay to the most optimistic of legislators.

But Mr. Aberhart refused to be cast down. "We have a wonderful province," he said. **"We have fertile farm lands and rich forests. We have coal in abundance and a virile, energetic people who are willing to produce. The Province is not bankrupt. It is as rich as ever it was in natural resources, all we lack is money."**

### **Financial Shackles**

The new government made a quick inventory of the facts and produced a grim and disheartening picture. Of a population of 775,000, more than 52,000 persons in the Province were existing on relief. Of these, 10,000 were heads of families and registered as unemployed. The number not registered was unknown.

Seizures and foreclosures were commonplace, and the great bulk of the population was rapidly

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being reduced to a proletariat as homes and property suffered legalized confiscation.

The inventory showed: Total taxation—Dominion, Provincial and Municipal—was estimated at \$48,563,276, or about 30 % of the net income of the people available as consumer purchasing power for everyday needs.

Approximately 50% of current provincial revenue was being absorbed in bond interest payments. Most of the war bonds had been sold with tax-exemption clauses.

The Provincial Savings Certificates fund was bankrupt and payments had been suspended by the U.F.A. Government.

The Provincial Treasury was empty. There were no funds available to pay the salaries of the Civil Servants.

More than \$250,000 was owing on school-teachers' salaries, and the whole school system was in a chaotic condition.

No proper Sinking Fund provisions had been made to meet maturing bond obligations.

The Provincial road system, built at great cost with borrowed money, was in a condition of complete breakdown.

The Provincial Telephone System installed and run by the U.F.A. Government, had broken down earlier.

Social Services were negligible, to the detriment of the aged, the sick and ailing; to agriculture, business and labour generally.

Thus the inventory of facts and hazards.

\* \* \*

Speaking to the people in one of his addresses, Mr. Aberhart said:

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**"You see, ladies and gentlemen, what a scientifically unsound money system we have had imposed upon us. True, it is a wonderful racket for the private money monopoly. All I can say is this. If WE want to have these distressing results, all we have to do is take no action. Let things drift along. Make no protest. Just keep our mouths shut.**

**"We need a scientific money system that will enable us to produce and distribute the wealth we have. I want you to help me do something about it. Will you do that?"**

The answer was a thunderous roar of approval.

### **A Realistic Appraisal**

Turning now to the other side of the picture, the Social Credit Government brought forth a carefully compiled inventory of Alberta's real capital assets, including that of the population as a productive entity. Put into the form of a financial statement the inventory showed:

#### **Real Capital Assets**

Farmland, developed and undeveloped . . .	\$ 448,000,000
Forests . . . . .	2,864,500,000
Minerals . . . . .	222,343,715,000
Buildings, irrigation, utilities and works . . . . .	756,347,534
Capitalized valuation of the people . . . . .	4,464,046,125
Net credit balance between Province and elsewhere . . . . .	<u>45,000,000</u>
TOTAL:	<u>\$230,921,608,659</u>

The capital resources of the Province, estimated as above, worked out at approximately \$300,000 per

person. It was assumed that if these resources were exploited at the very low rate of one-half of one per cent per annum, the existing living standard of Alberta's people could be increased eight-fold. This would yield an average income of \$1,500 per person, or \$6,000 per family of four, at the current price level.

Such an assumption was not far-fetched, in view of the tremendous natural resources, consisting of oil, gas, coal and other minerals, land, forest and water power, coupled with the known and demonstrable productive capacity of the people.

Obviously, if the people of Alberta were allowed access to their own natural resources, and a properly balanced agricultural-industrial economy were brought into being, Albertans need not lack the things they were capable of producing themselves—for themselves.

### **A positive Mandate**

The desire to produce and to enjoy the fruits of production, was embodied in the mandate given to the Government. Moreover, it had been expressly signified that the Government should assume control of public credit—which arises out of the people as a productive entity—and use it to bring about the changes necessary to banish existing conditions of poverty amid plenty, and introduce a new era of abundance for all.

This, the Social Credit government prepared to do. On the face of it, the task need not be too difficult, once the affairs of Alberta had been straightened out. At the earliest possible date the necessary legislation would be introduced and, in view of the public statements made by the new Liberal Prime Minister of Canada, Mr. Mackenzie King full co-

operation could be expected from the Dominion Government which also was committed to the abolition of "usury in control", and to "the issue of public credit in terms of public need".

### The Will of the People

But in the meantime, arrangements had to be made to stem the inroads of the debt institutions into the economic structure of the Province. Debt charges must be lowered and principal adjustments made by mutual agreement if possible. But they must be made. This, because the homes, farms and businesses of thousands of Albertans were endangered, and relief from the debt burden was an imperative need.

Alberta's government was entirely within its legal rights (the moral right is obvious), in moving to protect debtors and the public generally. Under the terms of the British North America Act, to which reference will be made later, property and civil rights fall within the sole jurisdiction of the Provincial Legislatures. Obviously, the province must act to protect the property of the people, whether owned privately or publicly.

\* \* \*

Mr. Aberhart put it up to the people in an illustrative way, in language that could not be misunderstood debt—with which I propose to deal on another occasion—we have a vast, far-flung, private debt :— **"Apart from the astronomical and rapidly pyramiding public debt—with which I propose to deal on another occasion—we have a vast, far-flung, private debt problem, which has fastened its clutches on nearly everyone of our citizens to a greater or lesser degree.**

**"First, there are the Agricultural debts—the mortgages and agreements for sale with which the greater majority of farmers are burdened. Then we**

**have the huge volume of industrial debts—mortgages, debentures and so forth, which tend to cripple and finally stifle our important industries. Finally there are the mortgage debts on the houses of the people and on the business buildings in urban centres. They are like great barnacles on the Ship of State.**

**"All these are what we call bonded debts. They involve the debtor entering into a contract with the creditor to pay a fixed rate of interest, and to repay the principal within a certain period, under the penalty of being dispossessed of the property pledged to secure the loan. And note carefully, that this contract can be enforced irrespective of any change from the conditions under which it was made.**

**"Now I want you to listen carefully for I am most anxious that you should understand just how vicious and inequitable is this type of debt. It has become established as a feature of our economic system, and on this account we are apt to take it for granted as perfectly right and proper. I assure you, that if we permit it to be continued, it will completely overthrow our economic system, or cause very great confusion and chaos. I know that is a strong statement, but it is true nevertheless.**

**"In the first place, it is necessary to bear in mind that debt is an obligation to pay money. But every dollar of money which is issued under our present system creates a debt of equal amount and is owed by the people to the banking institutions. It will be obvious then, that the people can never get out of debt to those institutions. Do you get that?**

**"In order that you should realize just what this means, I am going to ask each of you to imagine that I, alone, have the monopoly right to issue money in Canada, and I also have the full protection of the law**

in so doing. Anyone else who dares to issue money will very quickly be hustled into jail.

"Coupled with this authority, I would have the power to issue as much or as little money as I liked, and by that means I would be able to control all production, for no production can be accomplished without money. I would also be able to decide what standard of living the people would be allowed to have, for without money the people would not be able to buy food, clothing or shelter.

"You can readily see, I am sure, the tremendous power that would be mine under such a set-up. I would be absolutely master, and would be free to issue money when and where I liked for purposes which I might approve. On the other hand, I would be able to withhold money from any person or projects of which I did not approve. Do you see how powerful that would make me?

"Now suppose I said, 'I will issue money only as a loan which must be repaid to me on demand. And for the money I create and lend, I shall require rent in the form of interest. Moreover, I shall want security as well, so that if a person does not repay me with interest I can seize his property.' Do you realize what I could be doing?

"By demanding interest on the money I issued as loans, I would be requiring the people to pay back to me more money than I had issued. For example, if I issued one million dollars at 7 % interest. I would be asking the people to pay me back one million and seventy thousand dollars. Obviously, they cannot do this because I would have only issued one million dollars and nobody else has the right to issue money. The people, therefore, could not possibly pay me back more than they had received from me. So I would have to foreclose, and gradually I would begin to get control of THEIR PROPERTY.

"Next, we will assume you noticed that some people got more money than others in the general scramble, and that these accumulated a surplus. Now, suppose I established an investment corporation to invest these surplus funds for the people. And this subsidiary financial institution of mine proceeds to lend this money at six, seven or eight per cent interest, paying the investors, say, three per cent. The investment company, too, would take as security the people's property, which likewise they would seize in the case of default.

"You have but to follow this through and it will be plain to you that the people as debtors to me for all the money they possess, and to my investment company as debtors under its mortgages, cannot possibly pay me both. Either way I get the PROPERTY. The people will have to go further and further into debt and will be obliged to surrender more and more of THEIR PROPERTY.

"In short, not only would I, as the banker and the sole issuer of money, be THE EFFECTIVE GOVERNMENT of the country, but it would only be a question of time before I owned or controlled all the wealth in the nation.

"You may think I have painted a fantastic and fanciful picture. Actually the illustration I have given you, faithfully depicts the manner in which our present financial system operates. Substitute a group of banks for my place in the illustration, and another group of Trust Mortgage and Insurance Institutions for the investment company, and the parallel is perfect. Is it then any surprise that we have this huge and increasing mountain of bonded debt pressing upon agriculture, industry and our people generally? No wonder people cannot bear up under it.

"Another point I wish to bring to your attention

is that these debts have to be paid irrespective of any change in conditions.

"A person who makes a genuine investment in industry, has to take the risks of that industry. If, instead of buying goods with all his income, he invests part of it to finance a new industrial undertaking which produces something the public wants, and readily buys, he is entitled to some reward. But if he uses his money for a venture which proves to be wasteful because the people do not want its products and will not buy them, then he loses his savings.

"That seems to me a fair enough arrangement. But how different is the position with the bonded debt—for example, farm mortgages. A farmer borrows \$5,000 at 8% when his produce—say wheat—is selling for \$1.20 a bushel. Suppose it takes 500 bushels to meet his obligations, after allowing for the freight being deducted from the price he receives. Then suddenly the price slumps to 60¢ a bushel. Even though that price is below his actual production costs, he is expected to meet the same money obligation which in terms of his wheat would be increased to 1,000 bushels, or twice what it was before. Obviously he cannot pay that, and so his debt goes on accumulating at compound interest, his equity in his farm dwindles and, unless something is done to save him, he must lose everything he has built up, and be turned out on the street without even a roof over his head.

"And the same thing applies to industry in a modified form. The evil is inherent in the system of bonded debt. Bonded debt and usury go hand in hand. It will never be possible to give FARMERS SECURITY ON THEIR FARMS, WORKERS SECURITY IN THEIR JOBS, or THE PEOPLE SECURITY IN THEIR HOMES, while we have a

system that places a few creditor financial corporations in the position of demanding from their debtors usury on the money they lend, without sharing any of the debtor's economic risks.

"I want you to note that these all-powerful vultures swoop down on the helpless debtor and dispossess him of everything he has when conditions prevent him from complying with the terms of his mortgage or debenture. Such a system is not only vicious, it is diabolical, essentially unfair and thoroughly un-Christian."

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Rightfully it was contended that the basic civil right in a democracy is the exercise of sovereign right by the people through their elected representatives, in regard to the results they want from the management of their affairs. Considered in conjunction with the term, "Property Rights," it was clear that Albertans did possess the moral and constitutional right to determine the results they wanted. Proceeding from this contention, it was obvious that the PROPERTY and CIVIL RIGHTS of the Province could quite properly be exercised in the field of FINANCIAL CREDIT, which motivates 95% of all economic process, and the only basis of which is the REAL CREDIT produced by the people.

To put it another way, Albertans saw in their own ability to produce the goods and services they wanted, the basis on which their Government should instruct the credit institutions—that is, the banks—to make available by normal bookkeeping methods, sufficient financial credit to initiate production and accomplish consumption. This right they invoked, not only in the name of the British North America Act, but in the name of their CONSTITUTIONAL AND SOVEREIGN DEMOCRACY.

Despite the avalanche of misleading and wholly vicious propaganda which by this time had descended from the banks and their related institutions, it was felt that by virtue of this same peoples' sovereignty, the required legislative changes could be made without fear of successful attack.

Moreover, in view of the constructive nature of the legislation projected, it was inconceivable that any disruption of the Provincial economy could result; nor that any adverse effect would be felt by the institutions busily propagandizing the people—a hope, however, that did not materialize.

The issues being clarified, Alberta's government now made its initial moves. The Dominion Government was asked for temporary financial aid, which it gave **on condition that a sales tax be imposed**; and the bondholders were invited to confer with the Provincial Government in connection with a readjustment of their currently usurious claims.

### **First Setbacks**

The Social Credit Government was rebuffed in both of the two approaches it made. First, the bondholders refused to consider joint action with the Government. Now, the Dominion Government, after making a small temporary loan to help Alberta cover some of her most pressing commitments, made it a condition of future financial assistance to meet maturing bond obligations, that the Province accept and submit to the over-riding authority of a projected Loan Council, under the direction of an Eastern financial adviser, R. J. Magor.

Obviously, the battle against entrenched monopoly was now joined. The organized financial interests would not deal co-operatively with the Province. And the same powerful interests, through the medium of a Loan Council, sought to wield arbi-

trary power over Provincial finances as a condition of assistance from the Dominion Government. Obviously the financial monopoly power was firmly entrenched in the Dominion field.

The Government of Alberta refused to submit to the Loan Council. It had not been elected on a mandate for the alienation of the basic civil rights of the people. And, following repeated attempts to bring about an amicable agreement with the holders of Provincial bonds, the Province announced a cut of 50% in interest rates, pending a final and equitable readjustment.

The saving in interest charges would be of immediate value in helping to restore the Provincial economy to a workable condition. But income was still inadequate to meet the cost of essential services, and reluctantly the Government was obliged to continue the sales tax as a temporary measure.

### **"Pay as we go!"**

Finally, the Government announced that henceforth, Alberta would borrow no more. The custom of borrowing to meet interest charges, and further borrowing to meet maturing obligations, was ended forthwith. Progress from that date would be measured by the efficient use of actual income. A policy of "pay-as-we-go," would govern Alberta's future activities.

Having thus cut themselves adrift from the institution of debt finance, Albertans immediately found themselves and their Government the objects of unprecedented attack by press, radio and platform—**all instigated and financed by representatives of a debt system challenged for the first time in modern history.**

Throughout the next nine years the campaign was to be waged unceasingly by the financial monopoly. It was carried into the political field, where a plethora of organizations with patriotic and high-sounding names, and ample campaign funds, attempted to wrest legislative control. Without exception they were discounted, discredited and finally disbanded.

Albertans stood firm in their fight for Economic Democracy.

# ALBERTA'S FIGHT FOR FREEDOM

## *Sovereignty and Constitution*

This is the third of a series of five booklets giving a factual account of how the people of Alberta fought the Money Monopoly, compiled from the Archives of the Alberta Social Credit League,

by H. E. Nichols.

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### PART 3

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The next two booklets will continue the history, which will be completed in five handy pocket-size editions.

To the Reader:

This factual history tells the beginning and growth of the Social Credit political movement in Alberta.

It has never before been published, but the facts have been compiled by those who were eye-witnesses and participants in the events related.

These events are the roots of a movement that is now due to grow, and bear flower and fruit.

The extent to which it does so, will now depend upon the response made to this call, by the people living in the other provinces of Canada.

The succeeding four parts of this history will complete the basis for the call which now goes out TO ALL THE PEOPLE OF CANADA.

"Join with us and live, freely and democratically or

"Serve the enemy and die, a slave under a financial dictatorship."

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It is hoped at a later date to incorporate the five parts into one volume, and amplify it considerably. The effort will be made to give an historical introduction to the philosophy and policy of a movement, the mechanics of which must be developed and implemented before mankind can realize in full, the fruit of his human efforts to attain a prosperous and leisured economy—world wide—with freedom and dignity for all.



## FOREWORD

At this vital stage in the progress of Social Credit in Canada, more and more people want to know about the beginning of the movement in Alberta. The question is often asked, why was Alberta the only province to endorse it at first, and why were the people of the neighboring province of Saskatchewan not energized at the same time, or stirred as deeply as were the people of Alberta.

Both of these questions will be answered in the following pages.

It is hoped that a recital of these historic facts will impel the people in the other provinces of Canada to realize the mighty issues that are now at stake—issues that are now, not only nationwide, but worldwide—and that all the people of Canada will become imbued with the same enthusiasm that inspired the early Social Crediters in Alberta 40 years ago.

The need is greater now and the opportunities are also greater, because like the cultural heritage of Social Credit, this generation is heir to the experience and knowledge gained by the early pioneers in the Social Credit movement and they can, if they will, profit by the mistakes of their forerunners as well as by their accomplishments.

"There is a tide in the affairs of men,  
Which, taken at the flood, leads on to fortune,  
Omitted, all the voyage of their life  
Is bound in shallows and in miseries.  
On such a full sea are we now afloat  
And we must take the current when it serves  
Or lose our ventures."

Wm. Shakespeare.

The contents of this short work have been gleaned from the records of the Social Credit Board,

and those who were in touch with the very genesis of the movement even before it was known as Social Credit.

These facts—for such they are—have been compiled in this small book to acquaint people even in Alberta, of an earlier manifestation of the philosophy of Social Credit—which is really as old as the human race itself—in the hope that their recital will inspire the people in every Canadian province to emulate what was accomplished in Alberta in 1935, so that Canada may, in the near future, have a Social Credit government at Ottawa.

R. N. THOMPSON,  
National Leader.

## PREFACE

The penetrating message of Democracy in Alberta must of its very nature find recognition and response in the minds of freedom-loving people in all lands. The dynamic action of Albertans in the field of social and financial reform is the manifestation of the greatest social force known to man. It is Social Credit; the belief that, in association with his fellows, man can obtain and secure the results of that association.

As the bewildered world moves closer to the centre of a social maelstrom, the message of Social Credit is heard by growing numbers everywhere. In that message is the one human promise of hope for the future; a future in which the aspiration of man may, in the light of a Christian concept of society, elevate him to new heights of achievement and a fuller enjoyment of his heritage.

The struggle outlined in the pages that follow is a record of war between policies. But it is more than that; it is a war between philosophies. On the one hand is the growing philosophy of the jungle, manifest in stateism, centralization and a militant materialism. On the other hand is individuality, personality, a militant Christianity. The battle is joined. The message of Social Credit is more than a cry of hope; it is a challenge to all men of good will to heed the call—join with us and live under a real democracy, or continue to serve the enemy under an oppressive financial dictatorship.

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## The Christian Concept of Society

The people of Alberta gave William Aberhart and his Government a **clear and uncompromising mandate** to proceed with specific reforms, which, while having a revolutionary appearance even at that time, were really only a return to basic principles of democracy.

In definite terms the mandate called for:—

1. Such economic and financial reforms as would provide for each citizen maximum security with the maximum freedom, **limited only by the efficient use of Alberta's natural resources.**
2. The issuance of monthly dividends for all, representing each citizen's share in the increased production of which Alberta was capable, together with a lower cost of living.
3. Elimination of the Public Debt and consequent reduction of taxation.
4. Administrative reforms designed to raise the efficiency and expand the activities of various social services.
5. The assumption of effective control over **the creation and issue of financial credit** based on the REAL CREDIT of Alberta's people, - i.e., their ability to produce goods and services as, when and where required.
6. Reforms aimed at bringing the wages of investment in line with the wages of labour; and at easing the private debt burden of the individual.

Obviously, the fundamental task confronting the Government was to establish the sovereignty of the people, and thus ensure that they obtained the results

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they wanted from their social organization. It was, essentially, a task demanding the assertion of the Christian democratic concept of government, in opposition to the un-Christian, un-democratic concept of institutional rule, which had gradually been imposed through usurpation of power, by the privileged monopoly of organized finance.

Mr. Aberhart summed up the above six points in one of his speeches and dealt with them in trenchant language:—

"We must know the basic principles upon which a true democracy must be built. We must be clear in our minds just what relationship should exist between the individual citizen and the State institutions in a real democracy.

"Let us get right down to bed-rock. The kind of political and economic systems we have depends upon the way in which they are organized. If we want these systems to give the people the results they desire from their co-operation as a nation, they must be organized for that purpose. The people will not get the results otherwise.

"If the people of a country are not to be sovereign—that is to say, if their wishes can be overruled by some authority over which they have not complete control—then they cannot and do not have true democracy."

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To project a clear understanding of the issues involved, it is necessary at this point to outline the Christian, democratic concept of Society, and the function of persons and governments therein. To the people of Alberta and their Government, the following are axiomatic:—

1. The primary association of individuals is the family, and **the family is the basic unit of organized community life.**
2. The primary consideration in any organization is the objective; and the objective of community life is to further the interests of the persons and families comprising the community.
3. The faith or belief that in association, individuals can obtain results which otherwise would be unattainable, is the wellspring of social power—the power which makes possible the continuance and progress of human society.
4. This power-in-association is actually the credit of society, or Social Credit. It is the belief that in association together, mankind can gain its objectives.
5. The form of social organization in which this Social Credit can best be realized is that which has evolved in the Christian era in harmony with Christian teachings. It is democracy, the natural social order.
6. Democracy then, is that form of social organization in which the individuals making up "the people" are **the sovereign or decisive authority** in regard to the results they want from their social system.
7. In modern times, the essential feature of organized social life is specialization. Obviously, all the people cannot be specialists in all fields. Hence it is clear that community organization falls into two distinct spheres. These are a) the governmental, and (b) the economic.

8. In the governmental sphere, the people must exercise their sovereignty by determining the rules which govern their relations with others and among themselves.
9. In the economic sphere, which is organized to serve the material wants of the people, the people exercise their sovereignty by producing the goods and services required to satisfy the needs of the community.
10. The sovereignty of the group and the individual is exercised through the medium of the voting system. In the sphere of government, the **ballot vote** can be utilized to designate the results demanded of government. In the economic sphere, the consumer uses his purchasing power as a **money vote** to demand what he requires in goods and services from the productive system. If he likes the goods and buys them, that is practically a vote to continue their production; but if he refrains from buying certain goods, that is like a vote against further production of those goods.
11. Obviously, any curtailment of voting power, either in the governmental or economic sphere, is an infringement of the basic rights of a democracy, and an attack on the sovereignty of the people.
12. Three factors enter into this play of social forces:—they are Policy, Administration and Sanctions. Policy is determined by the people. Administration is carried out by selected individuals within the group, as the Civil Service; and the Law Sanctions can be applied by the administrators in the name of the group—(i.e.—by the

enforcement of law) or by the members of the group. Thus, failure to provide the results demanded in the governmental sphere may result in sanctions being applied by the people against the administrators; and at the first opportunity the people would vote for others to replace them. Or, failure to provide the desired standards or types of goods and services in the economic sphere may result in the application of sanctions by the withdrawal of money votes as defined above. In other words, refusal of consumers to buy an unsatisfactory brand of goods. This would force the offender to mend his ways, or go out of business.

13. The essence of democracy is personal responsibility. Given an administration in which the administrators are held personally responsible to produce the results desired by the people, with freedom to devise and utilize methods and techniques, the organization may be called a real democracy. But if the results are **contrary** to the wishes of the people, there is no democracy.
14. From the foregoing it follows that in a real democracy the people must be able to remove or penalize any incompetent or disobedient administrators, **whether in the governmental or the economic spheres**, when the results demanded are denied them.

\* \* \*

Mr. Aberhart made it a point to emphasize this principle of sovereignty very strongly:—

"Again, it is most essential that in a democracy the State and all its institutions should exist to serve

its individual citizens collectively. That is the intended purpose of the State, and that is the direct opposite of a dictatorial or totalitarian system, under which the State and its institutions are supreme, and the individual citizens merely exist to serve the State.

"Now, I claim that you must keep these two principles definitely in mind if you wish to avoid confusion. First, in a democracy the people must be the decisive authority; and secondly, the State and all its institutions must exist primarily to enable the people to obtain the results they desire. From these we must conclude that there should be a minimum of interference with the people by the State, by a Bureaucracy, or by any Private Monopoly. The more regimentation to which people are subjected by State bureaucracies and private institutions, the less democracy it will be possible for the people to have."

\* \* \*

## THE CONSTITUTIONAL POSITION

### **Property and Civil Rights**

The Dominion of Canada is a sovereign democracy with a Parliament and a Queen. Canada is actually a union of ten Provinces, and under the British North America Act, legislative jurisdiction is divided between the Federal Parliament and the Provincial Legislatures.

Thus, in matters within the jurisdiction of the Provincial Legislature the sovereign body is the Provincial electorate; and in matters within the jurisdiction of the Dominion Parliament the National electorate exercises sovereignty. **It is clear that one sovereign body cannot justifiably encroach on the**

**rights of another, which operates strictly within its own sphere of jurisdiction.** Such action would deny the purpose and intent of the B.N.A. Act.

Under terms of this Act, the provinces were given control of property and civil rights. **Banking and currency may** strictly be considered as **mechanical adjuncts** to the economic life of society. But property and civil rights **are the stuff and substance of society.**

The term "property rights", can only mean that the people have the right to use their own property, which must include their natural resources, and to use that right within their own boundaries as they desire. The term "civil rights," with which property rights are so aptly linked, can mean no less than the full exercise of democratic privileges and responsibilities, so long as the corresponding rights of the people in other provinces, or the Dominion, are not endangered.

It was as pointed out earlier, by the exercise of their property and civil rights that the people of Alberta determined to bring about a real political **and** economic democracy. And this, without infringing in any way on the property and civil rights of others.

As the people of Alberta regarded the existing situation, the utilization of **their real credit** by the banking institutions (which, in practice, regarded it as their own), was actually an infringement of their property and civil rights. The creation, issuance, withdrawal and cancellation of financial credit practiced by these institutions, and used by them as a weapon of control over governments and electorates, was a negation of democracy. To aggravate the situation, the institutions in control—the banks—

were virtually immune to sanctions, since, as in the governmental sphere they were not responsible to the public, and in the economic sphere they themselves controlled the issuance of the money votes, i.e. the tickets, or the tokens which are known as dollars.

Thus there were **two main courses of action open to the Alberta Government**. These were:

1. To order by law that the banks operating within the Province be subject to the demands of the electorate for the results desired of the Provincial economic system, without interference with the rights of other provinces.
2. To organize **a parallel credit structure** to that of the banks, and demonstrate that the necessary reforms could be introduced. This to be preliminary to (1) above.

The Provincial Government decided on the second course, since it was apparent that the banking monopoly was not ready to collaborate, and the erection of a parallel credit structure would remove all doubts regarding the Government's intentions. Success of the course determined upon would, of necessity, depend on the non-intervention of the banks and the Dominion Government. An invitation to cooperate was however, addressed to these institutions.

### **First Social Credit Legislation**

The first enactment aimed at the objective was "**The Alberta Credit House Act.**" Its passage was accompanied by a barrage of propaganda such as had never been unleashed in Canada before. It was obvious that not only the Canadian banks, but their

confreres, the great international banks, were working at full pitch to discredit the Alberta experiment.

Major C. H. Douglas had warned of this, pointing out that no dictatorship ever relinquished control without a struggle. The bitter campaign waged in Alberta was a clear indication of the alarm raised in the camp of the money monopolists by the challenge of democracy in Alberta.

### **Threat to Freedom**

The people, notwithstanding propaganda, were ready to co-operate with the Government in the implementation of the Act's proposals. Sensing this, the banks turned their attention to the businessmen of Alberta. An ultimatum was delivered. In effect, every businessman was threatened with bankruptcy if he collaborated with the people by conducting transactions under terms of the Credit House Act. Virtually, he was told, "**If you attempt to cooperate in this scheme to solve the economic problems of Alberta, your credit facilities will be cut off. You will no longer have access to regular banking facilities.**"

The effrontery of this threat, uttered by those who had imposed unwanted conditions on the people, was scarcely lost on the sufferers. But the challenge was real, and rather than permit the whole Province to be thrown into even greater chaos than already existed, the Government decided not to proceed with the Alberta Credit House Act at that time.

However, Premier Aberhart dealt with this threat in a broadcast made to the people:—

"You will recall that I pointed out . . . first, the fact that all our money is issued by a private monopoly composed of a few powerful banking corporations, and for every dollar they issue, one dollar

of debt is created. In other words, they **lend** all our money into circulation, and we owe them every cent in existence **plus** the interest they charge.

"Second: the total amount of money which is issued to the people as purchasing power is never sufficient to buy the total production. So there is always a lag.

"These two facts make it impossible for governments to carry on without going deeper and deeper into debt under the present system. The reason is obvious. If the people have not enough purchasing power to buy the goods produced, governments cannot obtain sufficient revenue through taxation to meet their expenditures. They are forced to borrow the difference. And as the private money monopoly holds the purse strings, we have the humiliating spectacle of democratically elected governments being obligated to cringe before the money lords and acquiesce in their haughty demands, in order to obtain the money with which to carry on.

"Thus, we see there is a controlling power behind our governments—the Hidden Iron Hand of Finance!"

\* \* \*

Meantime, there was much to be done in the ordinary fields of administration. The Provincial Government now proceeded to overhaul its whole administrative machinery, and to draft legislation designed to improve and expand the social services.

Close attention had perforce to be directed to the problem of private debt, since the people were clamoring for protection from foreclosure, to save their farms and homes; and speedy measures were necessary.

The money power had met Alberta's challenge and had turned back the first legislative bid for

democratic control. But Albertans stood firm, confident that success would reward their next efforts, and that their sovereignty would be asserted.

But the monopolists were not idle. The campaign against Social Credit was increased in volume and virulence, and powerful attempts were made to create a demand for diminution of Provincial powers, and a greater centralization of control in Ottawa. That is, the rights of the Provinces under the British North America Act were—in Alberta's case at least—to be curtailed if possible, through the Dominion Government.

Thus, the promise made by the Liberal leader, Mr. Mackenzie King of, "Hands Off Alberta—I hope with all my heart they will be successful," was not honoured. Neither were the two promises he made on behalf of his own party, previous to the Federal election that,

"Canada is faced with a great battle between the money power and the power of the people, a battle which will be waged in the new Parliament. I plead for a sweeping Liberal victory to carry out my policy of public control of currency and credit", and to . . . "guarantee the issue of public credit in terms of public need."

And . . . "Until the control of currency and credit is restored to Government, all talk of the sovereignty of Parliament and democracy is idle and futile."

It should be obvious to every elector that no party other than Social Credit, intends to put Social Credit into effect.

# ALBERTA'S FIGHT FOR FREEDOM

## *The Road to Reconstruction*

This is the fourth of a series of five booklets giving a factual account of how the people of Alberta fought the Money Monopoly, compiled from the Archives of the Alberta Social Credit League,

By H. E. Nichols.

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### PART 4

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The next booklet will continue the history, which will be complete in five handy pocket-size editions.

To the Reader:

This factual history tells the beginning and growth of the Social Credit political movement in Alberta.

It has never before been published, but the facts have been compiled by those who were eye-witnesses and participants in the events related.

These events are the roots of a movement that is now due to grow, and bear flower and fruit.

The extent to which it does so, will now depend upon the response made to this call, by the people living in the other provinces of Canada.

The succeeding part of this history will complete the basis for the call which now goes out TO ALL THE PEOPLE OF CANADA.

"Join with us and live, freely and democratically or

"Serve the enemy and die, a slave under a financial dictatorship. "

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It is hoped at a later date to incorporate the five parts into one volume, and amplify it considerably. The effort will be made to give an historical introduction to the philosophy and policy of a movement, the mechanics of which must be developed and implemented before mankind can realize in full, the fruit of his human efforts to attain a prosperous and leisured economy—world-wide—with freedom and dignity for all.



## FOREWORD

At this vital stage in the progress of Social Credit in Canada, more and more people want to know about the beginning of the movement in Alberta. The question is often asked, why was Alberta the only province to endorse it at first, and why were the people of the neighboring province of Saskatchewan not energized at the same time, or stirred as deeply as were the people of Alberta.

Both of these questions will be answered in the following pages.

It is hoped that a recital of these historic facts will impel the people in the other provinces of Canada to realize the mighty issues that are now at stake—issues that are now, not only nationwide, but world-wide—and that all the people of Canada will become imbued with the same enthusiasm that inspired the early Social Crediters in Alberta 40 years ago.

The need is greater now and the opportunities are also greater, because like the cultural heritage of Social Credit, this generation is heir to the experience and knowledge gained by the early pioneers in the Social Credit movement and they can, if they will, profit by the mistakes of their forerunners as well as by their accomplishments.

"There is a tide in the affairs of men,  
Which, taken at the flood, leads on to fortune,  
Omitted, all the voyage of their life  
Is bound in shallows and in miseries.  
On such a full sea are we now afloat  
And we must take the current when it serves  
Or lose our ventures."

Wm. Shakespeare.

The contents of this short work have been gleaned from the records of the Social Credit Board,

and those who were in touch with the very genesis of the movement even before it was known as Social Credit.

These facts—for such they are—have been compiled in this small book to acquaint people even in Alberta, of an earlier manifestation of the philosophy of Social Credit—which is really as old as the human race itself—in the hope that their recital will inspire the people in every Canadian province to emulate what was accomplished in Alberta in 1935, so that Canada may, in the near future, have a Social Credit government at Ottawa.

R. N. THOMPSON,  
National Leader.

## PREFACE

The penetrating message of Democracy in Alberta must of its very nature find recognition and response in the minds of freedom-loving people in all lands. The dynamic action of Albertans in the field of social and financial reform is the manifestation of the greatest social force known to man. It is Social Credit; the belief that, in association with his fellows, man can obtain and secure the results of that association.

As the bewildered world moves closer to the centre of a social maelstrom, the message of Social Credit is heard by growing numbers everywhere. In that message is the one human promise of hope for the future; a future in which the aspiration of man may, in the light of a Christian concept of society, elevate him to new heights of achievement and a fuller enjoyment of his heritage.

The struggle outlined in the pages that follow is a record of war between policies. But it is more than that; it is a war between philosophies. On the one hand is the growing philosophy of the jungle, manifest in stateism, centralization and a militant materialism. On the other hand is individuality, personality, a militant Christianity. The battle is joined. The message of Social Credit is more than a cry of hope; it is a challenge to all men of good will to heed the call—join with us and live under a real democracy, or continue to serve the enemy under an oppressive financial dictatorship.

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*What is related here will be a revelation to most people who are not familiar with the efforts made by the Social Credit Government of Alberta to restore democratic rights to their people.*

*The narrative recounts what was practically a revolution to recover the rights of a democracy, which rights had been gradually filched from the people under cover of process of law; or downright usurpation of authority by financial institutions.*

## THE ROAD TO RECONSTRUCTION

As early as 1936, it had been evident to the Alberta Government that two major tasks awaited accomplishment. First, there was the establishment of a Social Credit economy in accordance with the demands of the people; and secondly, the reconstruction of a broken-down administrative machine, so as to provide the social services also demanded by the people.

By virtue of such specific demands, it was plain that neither program could be shelved in favor of the other. If delay should be experienced in accomplishing the first, headway must nevertheless be made in the second. And this on the announced pay as-we-go basis, without recourse to borrowing or increasing the rate of taxation.

There was much to be done. Labour and agricultural reforms, new health and welfare services, industrial expansion and marketing enterprises, encouragement of co-operative organization and the rehabilitation of the education system were all tackled without delay.

At a special session of the Legislature in August

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1936, new debt protective legislation was introduced. The existing "Debt Adjustment Act" was amended to include all debtors, rather than a specified few, and the Debt Adjustment Board was given definite powers to aid debtors in various ways, even to the extent of rescinding specific commitments made by debtors under pressure from creditors. **An added feature was that providing for the proclamation of a moratorium in times of undue stress.**

Also introduced at this session was the "Reduction and Settlement of Debts Act", which distinguished between debts contracted before, and those contracted after, the first day of July 1932. This distinction was made because of the all-round drop in prices and values that occurred and reached rock-bottom in 1932. The Act provided for the reduction from principal sums of any payments made, and for creditors, other than mortgage companies, to share in debtor's payments; also for an interest maximum of 5 % on new debts.

Once again the forces of financial monopoly moved to attack. Pressure was brought to bear on the Dominion Government, which had by this time about-faced in its attitude to "**usury in control**", and legal action was commenced. This illustrates the unreliability of the Liberal Prime Minister who had declared, "**Mr. Aberhart has Alberta in his hands—I hope with all my heart he is successful**".

However the Social Credit Government of Alberta determined to go to the fullest extent that the law allowed, to try and do something for the people, and so it passed the "**Reduction and Settlement of Debt Act**".

#### **Why passed:**

1. Because under the present financial system debt cannot be paid without creating new and larger

debts. The people of Alberta possessed only about 20¢ for every \$1.00 of debt—this they owed to the banks, and they could get no money except as a debt to the bankers.

2. Because private debts, largely due to accumulated interest, had increased to such an extent that they were out of all proportion to value received.

3. Because many outstanding debts had been incurred during the first World War and immediate post-war years when values were high.

4. Because the original debts had already, in many cases, been paid in interest charges, while the principal remained unchanged or showed little reduction.

5. Because people could no longer continue to pay interest of 8 to 10 per cent.

6. Because financial corporations refused to recognize that the inability of people to meet their obligations was due to lack of adequate financial returns on what they produced.

7. Because no people or country can prosper and progress so long as they labour under a burden to those who deal in money as a commodity.

#### **What the Act would have done:**

1. Would have established a basis of settlement for all outstanding debts.

2. Would have reduced all debt incurred previous to July 1932, by applying all interest paid from that date to the passing of the Act, to reduction of principal.

3. Would have settled definitely any question involved in debts which had become uncollectable.

4. Would have led to a restoration of confidence and encouraged those who, through no fault of their own, were living in poverty and struggling against odds which they could not possibly overcome.

### **What happened:**

### **Declared ultra vires of the Province by the Courts.**

It was difficult to reconcile such a judgment with the B.N.A. Act provisions for Provincial jurisdiction over property and civil rights. But the judgment stood. Meanwhile, the mortgage corporations made ready to foreclose on a wholesale scale.

The Alberta Social Credit Government moved first. A 60 day moratorium was declared in order to provide a breathing spell and stave off the creditors. The moratorium was not intended to halt debt proceedings on account of transactions between private individuals—storekeepers and customers for instance. But it did prevent the debt institutions from seizing homes and farms.

Meanwhile, the Provincial Government studied the adverse judgment in connection with the "Reduction and Settlement of Debt Act", and finally reached the conclusion that there could be no legal obstacle to the cutting of principal sums. Accordingly, the "Debt Reduction Act" was brought down, providing for the halving of the principal in the event that creditors would not accept a proposal to cancel accrued interest.

The usual avalanche of propaganda from the financial interests followed. Consequently the Government renewed the moratorium. A further survey of the debt system was conducted. Eventually a consolidated "Debt Adjustment Act" was passed, **which provided that no proceedings could be taken**

**against any debtor in respect of obligations incurred prior to July 1, 1936, without a permit from the Debt Adjustment Board.**

The amended act had an immediate ameliorating effect, and the "Debt Reduction Act" was not made operative, it being left to the Debt Adjustment Board to arrange, so far as was possible, agreements between creditors and debtors.

### **The Social Credit Board**

An unabated campaign of finance-inspired misrepresentation and abuse continued through the early months of 1937. As the Government struggled to find a legislative formula for equitable debt easement, charges were made to the effect that Social Credit was dead, and that the Government had either forgotten or abandoned its mandate.

Nevertheless, headway was being steadily made in the actual work of reconstruction. Male and female minimum wage laws, improved working conditions, revised Workmen's Compensation regulation and provision for worker-management agreements had tended to stabilize industrial employment. Social services were being extended as rapidly as finances permitted. Agricultural improvement policies were showing results, and a ceaseless fight for adequate farm prices was also being waged.

Through it all, the Government **had not lost sight of its major objective, despite charges to the contrary;** and at the spring session of 1937 the "Alberta Social Credit Act" was passed. Provision was made for a Social Credit Board, with authority

to investigate and recommend such measures as would **implement the mandate of the electorate**.

Provision was also made for the establishment of a credit structure under the effective control of the people.

Following passage of this Bill, the Provincial Treasurer addressed a communication to the banks, seeking their co-operation in providing the people with the results desired.

Meanwhile, the Social Credit Board chairman journeyed to Great Britain to confer with Major C. H. Douglas, and shortly after his return he was followed by two representatives of Douglas, appointed technical advisers to the Board.

These developments had created consternation in financial circles, and the flood of propaganda was further increased as their public relations advisers set up offices in Edmonton and embarked on a new program of calumny and detraction.

The campaign rose to fever pitch when another Special Session was called. The letter addressed to the banks by the Provincial Treasurer had solicited their co-operation, but rather than express themselves in specific terms, the banks gave evasive answers.

At the Special Session, the financially inspired "Sales Tax" was abolished, and "The Credit of Alberta Regulation Act" became law. This was essentially a Provincial measure, providing for the establishment of Provincial Directorates to exercise effective control of Provincial credit policy in the name of the people.

Provision was made for a licensing system, with penalty provisions for banks which refused to follow the instructions of the electorate—with regard only

to **policy**; as transmitted to them through the Legislature and the Government, but without any interference in their technical administration.

The object of the Act was simple: to restrain banks from mis-using the public credit which they had usurped, and to assure the return of control of credit **policy** to the people. Thus the results which the people wanted from their own economy, geared to their own natural resources, could be achieved.

Again, a wide-spread storm of protest arose in financial circles. As one, the financial press and financial spokesmen demanded disallowance of the Act by the Federal Government. **Little heed was paid to the fact that the Federal Government had been given a mandate similar to that of the Provincial Government— "to battle the money power and restore to Canadians the right to control their own credit."**

What appeared to be a constitutional hazard seemed likely to block this demand. The Governor General of Canada, representative of the Crown, was absent in the North West Territories. But in point of fact, his absence did not prevent action in Ottawa. The federal Cabinet met, and on August 17th, 1937, the "Credit of Alberta Regulation Act" was disallowed. The intent and purpose of the Act was as follows:

#### **"Credit of Alberta Regulation Act"**

##### **Why passed:**

1. Because there was widespread poverty and distress throughout Alberta.
2. Because Alberta, one of the richest provinces in the Dominion could produce abundantly for her people.

3. Because the only reason why Alberta's people were living in poverty was the lack of purchasing power.

4. Because such purchasing power should be made available to the people by using their own credit, as would enable them to obtain, at all times, what they wanted, of the things they were able to produce.

5. Because this could be done by a scientific balancing between money and goods produced.

6. Because control of Credit, being, in the words of Hon. Mackenzie King, "**A public matter not of interest to bankers alone, but of direct concern to every citizen**", Credit Policy should be vested in an authority responsible to the representatives of the people.

7. Because banks, being manufacturers of financial credit and functioning as public utility concerns, supplying a service of primary and vital importance to the lives of the citizens of Alberta, should be licensed and subjected to supervision only in regard to **policy**—the results they provide—and unless the people of Alberta can use the resources of their own Province as they desire, and determine the results which shall accrue to them, they have no property and civil rights in the full sense. (Banking administration being under Federal Jurisdiction was in no matter affected by the Act).

#### **What it would have done:**

1. Would have secured the results demanded by the people—**a lower cost to live, and monthly dividends.**

2. Would have provided markets for Alberta manufacturers and traders.

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3. Would have led to tremendous industrial development in manufacturing Alberta goods by processing Alberta products.

4. Would have resulted in rapidly absorbing every unemployed person into useful employment and relieved the aged and infirm of the necessity of working for a living.

5. Would have led to increased business activity in which industrialists, wholesalers, retailers, and banks, would all have benefitted.

6. Would have enabled taxation to be reduced drastically.

7. Would have made it possible to deal with the debt problems.

\* \* \*

The Federal Government had exercised a seldom-used prerogative last used in 1924, (in behalf of the banking institutions) and in violation of the mandate given them less than two years previously.

By that act the Federal Government, assuming a power superior to that of all Provincial Legislatures, demonstrated that the domination of governments and people by the banks, was proceeding under cover of the freedoms which a democracy is designed to afford its citizens.

Addressing the people Mr. Aberhart said:

**"Today human freedom is in greater peril than ever before in the history of mankind. Steadily and stealthily, step by step, powerful forces are at work, trying to divest the great bulk of the people of their freedom and security. The security of these things depends upon our eternal vigilance and courageous action."**

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## Dominion-Provincial Relations

The next ominous development was the announcement, by the Federal Government, of the appointment of a Royal Commission on Dominion Provincial Relations. Curiously, none of the nine provinces was consulted in connection with the personnel of the Royal Commission. Nor were they consulted with regard to the terms of reference under which the Commission was established.

Obviously, those who believe that national unity can be accomplished more effectively by what is known as a "strong central government", were alarmed at the bid for Provincial Rights embodied in the Alberta movement. The obvious strategy now was to remove, through the medium of a Royal Commission, any effective powers still remaining with the Provinces and centralize them pro tem in Ottawa, from which point centralized control could be exerted without regard for sovereign Provincial rights.

Announcement of the personnel of the Royal Commission on Dominion-Provincial Relations confirmed the doubts of Alberta's citizens. Among the commissioners were the editor of a partisan newspaper bitterly hostile to the Alberta Social Credit program; an economist who had taken a leading and antagonistic part in the 1935 election and others whose impartiality must, by their backgrounds, be considered doubtful. With such men serving on the Board of Enquiry, it was evident that for all practical purposes its findings would be prejudiced.

Alberta later, was to prepare a brief on the subject of Dominion-Provincial Relations, but after careful consideration it was not presented formally to the Royal Commission. **Instead, it was presented to The Sovereign People of Canada and their repre-**

**sentative governments; and enjoyed a wide circulation under the title of "The Case for Alberta".**

In passing, it should be noted that the recommendations of this Royal Commission were of a nature calculated to centralize power in Ottawa, make drastic cuts in Provincial revenue, and remove from the Provinces many of the powers vested in them at the time of Confederation.

The Province of Quebec protested very strongly against any infringement upon constitutional provincial rights, and with Alberta, made a very effective rebuttal against the attempt to subjugate the democratic rights of the provinces.

Some of these powers were voluntarily transferred to the Federal Government a few years later during the war, as a means to assist the war effort. Later, following a Dominion-Provincial Conference the various governments in Canada reached a deadlock on this same question of centralized power. Alberta has since urged through Premier E. C. Manning, that this vital conference be reconvened in the interests of Canadian unity and a real democracy. The stumbling block to progressive debate is the Federal Government's insistence on the retention of the powers transferred to that body by the Provinces, as a war-time measure only.

## Further Legislation

Following disallowance of the "Credit of Alberta Regulation Act", the Alberta Government gave intensive study to the amending of this law, to bring it into conformity with Constitutional requirements. At the same time, legislation was drafted, for early submission to the legislature, aimed at removing some of the tax burden from individuals and placing

it on financial institutions. This, it was designed to do through the "Bank Taxation Act".

Another Special Session was called.

### **Bank Taxation Act**

#### **Why passed?**

1. Because under the present system, the Provincial Government had one source of revenue only — Taxation.
2. Because the people of Alberta were already taxed beyond their ability to pay.
3. Because banks are the only institutions claiming the legal right to monetize the credit of The People to such an extent that they create and issue monetary credits many times in excess of the legal tender money they hold.
4. Because banks can thereby create money out of nothing.
5. Because the present method of taxation of individuals is confiscatory and unnecessary.

#### **What it would have done:**

1. Would place over Two Million Dollars new money in circulation.
2. Would have permitted an equal amount, otherwise paid in taxes, to remain in the ordinary channels of industry, thus aiding employment and acting as a tremendous impetus to business generally.
3. Would have provided a hospital and medical service in districts where those were not available, or,

4. Would have set up a fund for Crop Insurance, or

5. Would have decreased School Taxes.

6. Would have provided increased purchasing power for the people of Alberta.

#### **What happened?**

Assent withheld by Lieutenant Governor. Declared Unconstitutional by Supreme Court of Canada. Appeal by Province from Supreme Court decision to Privy Council dismissed.

Meantime, the public relations officer of the banks was intensifying his activities. A flood of printed matter surged through the mails. Radio broadcasting was used to augment the printed propaganda. Extremely heavy advertizing appropriations in the newspapers, with "canned" editorial matter, were utilized in an attempt to wean press opinion from the cause of the ordinary reader to the cause of the banker.

Obviously, the free press was being procured, and while the Social Credit Government did not object to just criticism and reportorial accuracy, it was imperative that steps be taken to prevent the domination of the printed word planned by vested interests.

Accordingly, at another Special Session called for September 1937, the "Accurate News and Information Act" was passed. The purpose of this Act was to ensure the publishing of accurate information on Government policies and programs, without interfering in any way with the freedom of the Press to publish anything in the way of criticism and comment.



Actually, the Bill was intended to require publishers to print an official correction of any mis-statements on matters concerning the government. Thus would be removed the danger of the unfair and unethical practice of giving erroneous information to the public to which the banks and their hirelings resorted.

At the same Special Session, an amended "Credit of Alberta Regulation Act" was passed. The new measure removed all possibility of its being interpreted as dealing with matters beyond the powers of the Province. During this Special Session, the Legislature also challenged the right of Federal Disallowance.

At the Sessions's close, the Lieutenant-Governor refused to give Royal Assent to the three Acts. He informed Premier Aberhart that they must be referred for consideration to the Governor-General-in-Council.

All three Acts were declared unconstitutional. The Federal power to disallow was upheld by the Supreme Court of Canada.

In his broadcasts Mr. Aberhart repeatedly pointed out how essential it was for the people to control the policy of finance if they wished to keep the freedom and advantages that democracy was able to confer.

**"So you see, men and women, by the simple process of getting control over the money system, a small group of men have gained absolute power over the economic life of the country. Do you realize that startling fact?"**

**"However we may pride ourselves upon our political democracy and freedom, the stark reality is**

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**that we have an economic totalitarian dictatorship. Is it then any wonder that our political democratic system does not give the people the results they want? Surely it must be plain that we can never have a properly functioning democratic system until we deal with this private money monopoly."**

**"That is the reason why we Social Crediters stress the importance of this money question, and insist that the first essential and basic reform, must be to transfer the effective control over the issue of all money—both currency and financial credit—to the people through Parliament.**

**"And further, that the monetary system must be so managed that the people will have full access to their REAL CREDIT—that is, to their ability to produce the goods and services they want. That is a little about Social Credit—the credit of the people handled for their welfare, not the money monopolists."**

#### **Legal Battle Continues**

An event of major importance at this Special Session was the arrest of a Member of the Legislature and of one of the Social Credit Board's advisors. This occurred on the same day that Royal Assent was withheld. The arrests came about as the result of a counter-campaign against that of the banks, currently being waged in defence of democracy in Alberta. The arrested men were charged with defamatory libel, counselling to murder and similar extravagant charges.

Both received terms of imprisonment. Both appealed their sentences. Clemency resolutions came from the Legislature and from hundreds of public

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bodies. The appeals were dismissed, and the accused were imprisoned.

While these happenings were attracting nation-wide attention, the Province appealed the judgment of the Supreme Court on the three Bills refused Royal Assent. Appeal in respect of the judgment confirming the Federal cabinet's power to disallow was withdrawn, however, on the advice of Alberta's Counsel.

A curious feature of the judgment handed down by the court in respect of the three Acts was that consideration of each one was not individual; they were grouped with other Acts of the Legislature. The Court ruled that Social Credit—i.e.—the faith of people in association that they can gain the objectives of that association, was an illegal scheme.

Therefore the ruling continued, the "**Alberta Social Credit Act**" (which provided for the Social Credit Board) was ultra vires. And because the Social Credit Board Chairman was mentioned in the "Credit of Alberta Regulation Act" and the "Accurate News and Information Act", these Bills were **ultra vires** of the Legislature.

It was a novel, if not fantastic, ruling. But, to ensure that the Privy Council would not be hampered by an Act which was not included in the reference, the Legislature repealed "**The Alberta Social Credit Act**", and re-established the Social Credit Board under a new, "Social Credit of Alberta Realization Act".

The Privy council also produced a novel ruling. It was to the effect that, since the "**Alberta Social**

**Credit Act**" had now been repealed, argument could not be heard from Alberta's Counsel, and there could be no hearing.

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These acts, along with many others had been passed by the Social Credit Government in order to protect the people of Alberta from the unjust and un-economic infliction of poverty in the midst of plenty.

The people were producing plenty and were willing and anxious to produce more if necessary, but a perverse financial policy prevented them from enjoying equitable distribution of the goods already produced, and at the same time frustrated all attempts to make progress in any direction.

The Federal Liberal Government, whose Prime Minister, Mackenzie King, had promised in his pre-election platform— "**Canada is faced with a great battle between the money power and the power of the people, a battle which will be waged in the new parliament. I plead for a sweeping Liberal victory to carry out my policy**" . . . and to "**guarantee the issue of public credit in terms of public need**", had reneged on its promises, and used its over-riding influence on constitutional procedure to place obstacles in the path of the Alberta Provincial Government that was trying to do something for its people.

This showed the futility of relying on either a Liberal or a Conservative government to bring about a democratic financial policy that will reflect equitably, the economic productivity of the people. Only a Social Credit government dedicated to financial reform can be trusted to carry out a mandate from

the people to introduce financial and economic democracy.

The R. B. Bennett Conservative government of 1930-35, which had been in power before the Mackenzie King Liberal Government, had also made promises to revive the economy and increase employment, similar to those recently made and repeated by Prime Minister Diefenbaker at the last two elections.

But when the time for accomplishment came, both Conservative and Liberal Governments had as eloquently excused themselves, and bowed to the over-ruling dictates of finance; and wilted under the pressure exerted by international finance.

Throughout the ensuing years the legal battle in Alberta continued. In 1938, a "Production Tax Act", designed to assist the small individual producer by limiting his tax levies to the extent of his ability to pay, was also disallowed. The large institutions apparently saw in this measure a threat to their immense profits.

Another measure disallowed was "The Home Owners Security Act", intended to prevent the loss of homes by Albertans. Still another was the "Security Tax Act", intended to ease the tax burden on individuals and place it on hitherto protected institutions. By this disallowance, the province was deprived of an estimated new revenue of \$1,500,000—sufficient to balance the budget—the money for which would have come from profit-making institutions, which had been tax-exempt in this regard. Meanwhile the corporations and banks which held tax-free bonds and royalty-free mineral lands,

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continued to enjoy their privileges at the expense of the general tax-payer.

The monopolists again held their position and the efforts of a democratic people were nullified. The time had come for action in a different sphere.

Mr. Aberhart continued to exhort the people to never let up in their fight for democratic freedom; and he pointed out that democratic control of financial policy was the key:

"Yes Ladies and Gentlemen . . . our glorious country of Canada is blessed with a super-abundance of natural resources. It is an inheritance which should provide every Canadian with a standard of living that would be the envy of the world. Yet those resources are so hopelessly mortgaged to a few private money interests and every citizen has such a load of debt around his neck that we have been forced to scratch, day in and day out for a bare existence, while our main efforts are directed towards trying to pay off a hopeless debt burden. Instead of facing the issue courageously and changing this fantastically unjust and incredibly idiotic system, we carry on, pyramiding more debt on the already intolerable burden, stepping up taxation to pay tribute to the money lenders and mortgaging our inheritance, and with it our children's future, more and more every day.

**"We have allowed this form of organized and legalized robbery of the people's inheritance to be carried on long enough. It cannot be permitted to continue."**

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In spite of the set-backs in the legislative field, the Aberhart Government carried on with the restricted power it did have, to ameliorate conditions

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for its people; and throughout the Province, the results of the Government's Reconstruction Program were beginning to show. Employment recovery was more rapid than elsewhere in Canada. Improvement policies in agriculture were beginning to show returns in higher grade products. The school system was well on the way to re-organization and re-habilitation. And the first steps in health and social welfare were already proving beneficial to the people.

Alberta was on the road to Reconstruction, despite the set-backs encountered in the constitutional field.

# ALBERTA'S FIGHT FOR FREEDOM

*For Economic Democracy*

This is the final of a series of five booklets giving a factual account of how the people of Alberta fought the Money Monopoly, compiled from the Archives of the Alberta Social Credit League,

by H. E. Nichols.

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## PART 5

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To the Reader:

This factual history tells the beginning and growth of the Social Credit political movement in Alberta.

It has never before been published, but the facts have been compiled by those who were eye-witnesses and participants in the events related.

These events are the roots of a movement that is now due to grow, and bear flower and fruit.

The extent to which it does so, will now depend upon the response made to this call, by the people living in the other provinces of Canada.

The succeeding four parts of this history will complete the basis for the call which now goes out TO ALL THE PEOPLE OF CANADA.

"Join with us and live, freely and  
democratically or  
Serve the enemy and die, a slave  
under a financial dictatorship. "

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It is hoped at a later date to incorporate the five parts into one volume, and amplify it considerably. The effort will be made to give an historical introduction to the philosophy and policy of a movement, the mechanics of which must be developed and implemented before mankind can realize in full, the fruit of his human efforts to attain a prosperous and leisured economy—world wide—with freedom and dignity for all.

## FOREWORD

At this vital stage in the progress of Social Credit in Canada, more and more people want to know about the beginning of the movement in Alberta. The question is often asked, why was Alberta the only province to endorse it at first, and why were the people of the neighboring province of Saskatchewan not energized at the same time, or stirred as deeply as were the people of Alberta.

Both of these questions will be answered in the following pages.

It is hoped that a recital of these historic facts will impel the people in the other provinces of Canada to realize the mighty issues that are now at stake—issues that are now, not only nationwide, but worldwide—and that all the people of Canada will become imbued with the same enthusiasm that inspired the early Social Crediters in Alberta 40 years ago.

The need is greater now and the opportunities are also greater, because like the cultural heritage of Social Credit, this generation is heir to the experience and knowledge gained by the early pioneers in the Social Credit movement and they can, if they will, profit by the mistakes of their forerunners as well as by their accomplishments.

"There is a tide in the affairs of men,  
Which, taken at the flood, leads on to fortune,  
Omitted, all the voyage of their life  
Is bound in shallows and in miseries.  
On such a full sea are we now afloat  
And we must take the current when it serves  
Or lose our ventures."

Wm. Shakespeare.

The contents of this short work have been gleaned from the records of the Social Credit Board,

and those who were in touch with the very genesis of the movement even before it was known as Social Credit.

These facts—for such they are—have been compiled in this small book to acquaint people even in Alberta, of an earlier manifestation of the philosophy of Social Credit—which is really as old as the human race itself—in the hope that their recital will inspire the people in every Canadian Province to emulate what was accomplished in Alberta in 1935, so that Canada may, in the near future, have a Social Credit government at Ottawa.

R. N. THOMPSON,  
National Leader.

## PREFACE

The penetrating message of Democracy in Alberta must of its very nature find recognition and response in the minds of freedom-loving people in all lands. The dynamic action of Albertans in the field of social and financial reform is the manifestation of the greatest social force known to man. It is Social Credit; the belief that, in association with his fellows, man can obtain and secure the results of that association.

As the bewildered world moves closer to the centre of a social maelstrom, the message of Social Credit is heard by growing numbers everywhere. In that message is the one human promise of hope for the future; a future in which the aspiration of man may, in the light of a Christian concept of society, elevate him to new heights of achievement and a fuller enjoyment of his heritage.

The struggle outlined in the pages that follow is a record of war between policies. But it is more than that; it is a war between philosophies. On the one hand is the growing philosophy of the jungle, manifest in stateism, centralization and a militant materialism. On the other hand is individuality, personality, a militant Christianity. The battle is joined. The message of Social Credit is more than a cry of hope; it is a challenge to all men of good will to heed the call—join with us and live under a real democracy, or continue to serve the enemy under an oppressive financial dictatorship.

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## FOR ECONOMIC DEMOCRACY

### The People's Credit

When events had shown that Alberta would be denied her rights in the legislative field in respect of any essential measures which threatened the power of the financial institutions, it became necessary to carry on the struggle for reform by alternative methods.

The Government, despite unprecedented reverses in its attempts to pass legislative acts to loosen the grip which the financial institutions had obtained over the property and civil rights of the people of Alberta, had in reserve one strong weapon which entrenched monopoly had not yet succeeded in rendering ineffective, and the time had come to use it. This was a coherent demand of the people for a **means** to realize their Social Credit. **There was no evidence that popular backing for the 1935 mandate had waned. On the contrary, a unique "pledge plebiscite,"** conducted prior to the introduction of the 1937 Social Credit legislation—in which the people were asked if they would continue to support the Government in its fight to introduce Social Credit measures—had revealed an even stronger demand for the results specified in 1935.

Obviously, the desires of the people to realize their credit-in-association, could not be fulfilled through the mechanism of the present inviolate financial monopoly. But if an alternative credit structure should be provided, nothing could stop the voluntary participation of individuals in it, provided it was under their effective control.

The first essential step, therefore, was **to devise such an alternative credit structure.** Since a major

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function of the banking system is to provide a complicated method of bookkeeping to facilitate the transfer of goods and services between individuals and businesses, it should be possible to also provide a similar bookkeeping service, without necessarily going into the major banking business of money creation, at least in the early stages.

This was the inspiration behind the Alberta Interim Program. As the name suggests, it was not the ultimate program. It might be termed a limited objective, and a step toward the ultimate objective to restore to the people the control of their own credit, as defined in 1935,

### **A Two Part Strategy**

In framing the initial stages of the Interim Program, attention had to be given to its development along sound lines which would yield maximum results to the people in terms of increased purchasing power. (1) a monthly dividend. (2) a lower cost of living.

Administration of the Program was organized in two parts, coming under the Department of the Provincial Treasurer and the Department of Trade and Industry, respectively.

These were:

- (a) A network of Provincial Treasury Branches and Agencies.
- (b) A Provincial Marketing Board.

The objectives of the Interim Program, which, it must be emphasized, involved a progressive course of action to be developed systematically over a long period, were:

1. First, to provide the people with a Province-wide organization of Treasury Branches and Agencies

which would make available to them a means to gain increasing control of their own credit resources.

2. The encouragement of industrial development by securing an increasing consumer demand for Alberta-Made goods. Thus would be brought into play various economic factors which would progressively stimulate the development of natural resources and yield increasing purchasing power.

3. The demonstration on a modified scale of the inherent rightness of the measures advocated in the major field of economic activity, and development toward that end.

As units of the Provincial Treasury, the proposed Treasury Branches and Agencies would be available for the deposit of funds from sources outside the Province, of grain, livestock, cream or other cheques, or of credits earned by service to the Government. The credit to any person's account would represent the price value of goods and services. In the process of transacting business, a depositor would be enabled to authorize his bookkeeper, (the Provincial Treasurer) , to transfer his credit to any other person maintaining an account. This would be similar to the checking method under the present banking system.

By means of such a bookkeeping system, the general business of buying and selling goods and services could be facilitated without the use of money, as such. Signed orders—similar to bank cheques—known as "Treasury Branch Transfer Vouchers", were the instruments provided to arrange for the transfer of credit from one account to another.

### **Consumer Bonus**

A unique feature of the Treasury Branch Interim Program was the **consumer bonus**. This was,



in effect, a subsidy to encourage consumption. The orthodox subsidy, granted to manufacturers to enable them to produce goods for sale, does not necessarily increase consumption, since prices are not thereby lowered. On the other hand, the consumer bonus by increasing individual purchasing power, did in effect reduce prices. The result was that more goods were sold, production was speeded up to meet the new demand, the market for primary products broadened, and both primary producers and workers benefited; and in turn became greater consumers of goods and services. The cumulative effect within the Province was quite early evident in the statistics of employment, manufacturing and agriculture because it had given more purchasing power to the same incomes. In effect, this could be regarded as a modified form of the Just Price.

The Program was dependent entirely on the voluntary co-operation of farmers, workers, manufacturers, retailers and the consuming public. Manufacturers, co-operating in the Program, were entitled to label their products as "Alberta-made" goods, and thus benefit by the stimulated demand. Retailers who co-operated, benefitted from the increased business done in their stores. Farmers and labour benefited by that same demand.

The bonus, originally set at 3%, was payable on all purchases made through the medium of Transfer Vouchers, provided that not less than one third of the total price-value of all goods bought in anyone month were labelled "Alberta-Made". In the event of "Alberta-Made" purchases being below the one-third mark, the bonus was paid on three times the amount of "Alberta-Made" purchases made during the month.

The rate and boundaries of the bonus were

varied at later stages of the Interim Program, to suit timely conditions, but it remained the essential feature of the scheme until the Provincial economy had been rehabilitated.

### **Road-Work Program**

An important initial step in the inauguration of the scheme was the establishment of a road-work program which proved of inestimable benefit to farmers.

It has already been shown that the plight of the farming population prior to 1935 had been such as to preclude their ability to pay taxes, not to mention exorbitant interest charges.

In 1937, the Alberta Government ordered cancellation of farmland taxes amounting to \$4,510,000 of which sum \$689,000 was a joint interest with the Federal Government. There still remained another \$17,000,000 owing on account of tax-arrears, and the problem of collecting tax dollars from farmers who did not grow dollars was naturally beyond solution by orthodox methods.

By means of the Interim Program, these tax arrears were turned into assets. The Government invited farmers to "work out" their indebtedness on some 300 local and market road projects. In return for their labour, farmers were credited in the Treasury Branch on a "two-to-one" basis. That is to say, for every three day's work done, the farmer received a receipt for two days' wages applied to tax arrears, and one day's wages credited to his Treasury Branch account, which could be used for his current expenses.

The response of Alberta's farmer debtors to this invitation was most encouraging, and it demonstrated beyond all argument that the farmers were not only anxious to pay their debts when it was possible, but that they were willing to co-operate in building up the capital assets of their communities, and of the Province, in the way of better local and market roads. (It should be noted here, that many of the money lending corporations had publicly charged that farmers were dishonestly trying to evade paying their just debts.) Many local roads were built up under this arrangement at a much lower cost than the municipality could have built them for.

At January 31st, 1939, there were 13 Treasury Branches open and 66 Agencies operating in smaller centres. One year later, there were 36 branches and sub-branches, and 315 Agencies, most of which had been opened in the seven months prior to the outbreak of war, which commenced 3rd September 1939.

This expansion had not been accomplished without the usual hostility which had come to be expected from the Financial Institutions, and in view of the difficulties met and surmounted in training and placing a large staff, in carrying the organization over a wide area of the Province, and informing the public as to procedure; the results might be termed spectacular.

Total deposits, at the end of the first year's operations, amounted to \$1,705,623. The number of accounts was 31,265. The year's turnover amounted to \$43,322,553.

The table below summarizes the main features of a marked improvement in the Provincial economy during 1939.

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### **Increase in Wholesale Sales**

<b>1938</b>	<b>1939</b>	<b>Increase</b>
\$89,000,000	\$92,000,000	\$3,000,000

### **Increase in Retail Sales**

\$161,491,000	\$168,000,000	\$6,509,000
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### **Unemployment Decrease—Monthly average of persons receiving Unemployment Relief: Decrease**

55,434	44,566	10,868
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Alberta led all Canada in decreasing unemployment for the first five months of 1939.

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### **Alberta Marketing Board**

The Alberta Marketing Board played its part in the Interim Program by organizing facilities to promote the use of Alberta raw materials and primary products by Alberta manufacturers, assisting in the establishment of new industries, and finding markets for the products of all Alberta industries.

In addition, the Marketing Board helped to cut the costs of production and retailing by means of mass buying for both manufacturers and retailers. To this was added mass buying for consumers, when the Board entered into competition with the farm implement repair parts monopoly, and through a system of agencies made repair parts available at reasonable rates. The reductions brought about in prices for such parts ranged from 15% to 35%.

After only nine months' operation, percentage increases in six fields of manufacturing ranged as

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high as 137.34 % and the general economy of the Province was geared to a new level of production which, at the outbreak of war, placed Alberta in a paramount position as regards contributing to the war effort.

The people of Alberta had demonstrated that, given an opportunity to utilize their own credit resources in this extremely restricted manner, they could increase purchasing power, build up a more efficient economy, create greater vocational opportunities and generally realize, in part at least, their Social Credit. The inference was that, **if complete control of financial credit had been achieved, Albertans could have moved forward to a standard of living unparalleled in modern communities. And they could have enjoyed this in complete freedom, without interfering with the freedom of any other province, or the Dominion.**

All this had been accomplished without any increase in the rate of taxation and, at the same time, governmental borrowing had ceased. In point of fact, Alberta's public debt had been decreased by \$7,672,229 since the Social Credit Government assumed office, and the importance of this reduction is enhanced when it is recalled that prior to 1935, the public debt had been increasing at the rate of \$6,000,000 annually.

The decrease shown by the end of 1939 was an encouraging start toward the liquidation of the entire public debt, a policy to which the Social Credit Government was committed.

It is true that no amicable agreement had yet been reached with the bondholders, and the Province had been forced to default on maturing bond issues to the amount of \$12,105,000; but interest was con-

tinued at the rates ordered by the Federal Government. It is worthy of note that in this period, the Federal Government and the Bank of Canada assisted the neighbouring Province of Saskatchewan to refund \$7,502,000, while also cancelling \$26,679,996 in Treasury Bills, but assistance to Alberta was refused even though the legacy of debt left by the depression was almost as big.

It remained for the Social Credit Government to carry on alone, until in 1946, legislation ratifying the refunding negotiations carried on by Hon. E. C. Manning, now Premier, was passed and Alberta met her commitments.

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### General Progress

Up to the end of 1939, Alberta had made promising strides in all fields of activity. In 1940, the Government reported back to the people through the medium of a general election, and the mandate of 1935 was once again defined.

Believing that the Government of the Province could not be master in its own house as long as it was tied by debt to the financial organizations, the Social Credit Government made debt reduction one of its most important policies. By its refusal to borrow, by spending within its means, and by inaugurating policies for the development of industry in Alberta so as to promote a well-balanced economy, it succeeded in wiping off nearly \$20 millions of debt during its first twelve years of office. The better prices which prevailed for Alberta goods during the war years was undoubtedly a factor which enabled the Government to finance its operation and at the same time reduce its debt. This can be traced directly to the financial policy pursued by the Federal Government in all wars; i.e., financial credits are

created to purchase war requirements of both food and arms, and as this money gets into circulation a period of economic prosperity is brought about.

But note the drawbacks of this policy. First, at the end of the war, when all the physical cost, the "blood, sweat and tears" has been paid, there is left on the people an enormous burden of debt yet to pay, chiefly to the financial institutions which created the new money. Second, this war-time policy, which increases the buying power of the community before the goods come on the market, creates an unsatisfied demand for goods which sends wages and prices rising in inflation.

The Social Credit policy of increasing buying power at the same time as the goods come on the market, would successfully prevent this inflationary tendency.

**Social Crediters believe that, just as the necessary money for war can always be found by the wrong means of debt creation, so can the necessary money be found for all peace-time development and prosperity by the correct method of credit creation**

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### **Aberhart Exposes Finance**

Premier Aberhart drove these points home in a timely broadcast:—

"Now, we know from the actual evidence of the situation before the war, that the people never had enough purchasing power to buy the goods produced. Otherwise we could not have had a condition of wide-spread poverty and want, existing side by side with full stores, full warehouses and industry clam-

ouring for markets. The whole broken-down, rickety, old economic structure could only be kept going by restricting production, by gross criminal sabotaging of tons of goods, by the oppression of the people in bankruptcy, by dispossession of all their rights; and by a vicious form of poverty in the midst of abundance. And while these were doing their deadly work, debts, public and private, were piling up at an alarming rate.

"Under war conditions the same system operates with increasingly disastrous results. The people still do not get sufficient purchasing power to buy both the goods required to fight the enemy, and the goods required for their own use. So governments find it impossible to recover, by means of taxation, the cost of the goods they need for war purposes.

"However, under the stress of war conditions, production cannot be restricted because of mere financial considerations, as is done in peace time. So the extra money has to be provided to bridge the gap between the costs of the war and the money recovered by means of taxation. I think that should be plain enough to anyone who is anxious to know."

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The Premier and his colleagues entered wholeheartedly into the war effort, and the general upswing of economic conditions brought about by increased activity in all fields, made furtherance of the Interim Program unnecessary and untimely. But close attention was paid to the potential post-war situation, and while the Interim Program "marked time" in the promotional sense, Albertans generally continued to move it forward by their continued support.

Premier William Aberhart wrought great changes in Alberta, and even greater were in process of organization when his health failed in 1943, and death claimed him. His passing was marked by a nation-wide demonstration of regret at the loss of a great and courageous public servant. It has been said that future history will link his name with other great reformers of the past; especially in the financial and economic fields, with such names as Benjamin Franklin and Abraham Lincoln.

His successor as Premier was Ernest C. Manning, who had been his colleague from the beginning. In 1944, Premier Manning again reported to the people, and again the mandate of 1935 was repeated with emphasis. The banker-inspired opposition in the Legislature was virtually wiped out, and the Socialist bid for power was similarly repulsed. The final returns showed Social Credit with 51 seats out of a total of 57.

In every field of Provincial Governmental activity, the policies of Alberta's Social Credit Government had met with success and public approval. A summary of achievement resulting from these policies is contained in three booklets under the headings, "Progress in Alberta, 1935-1943;" "The Alberta Story, 1943-1952;" and the "Do You Know?" pamphlets of each succeeding year to date.

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#### **Not Social Credit**

It cannot be emphasized too strongly that, up to this time, Alberta has not had an opportunity to organize a real Social Credit economy. Every attempt to legislate to this end has been frustrated, either by the Courts or the Federal Government, and by the power of monopoly finance.

The Alberta Interim Program was an extremely restricted effort to demonstrate what could be done in a minor way, within the limitations imposed by monopoly finance. It was a pointer to the vastly greater achievement that could follow in due course the re-assumption of control over their own financial credit by the people of all Canada, as well as the Province of Alberta.

#### **Social Credit Technique Possibilities**

Although there was a marked improvement in general economic conditions, the people of Alberta were sufficiently well-informed about finance and economics to know that progress would not be continuous and lasting, unless the basic reforms of Social Credit were instituted on a national basis.

The two most important requirements of the original mandate given by the people of Alberta to their Provincial Government were (1) a monthly dividend, and (2) a reduced cost of living. This latter necessitated the Just Price in some form.

These were not unreasonable demands, because, as has been shown, Alberta was a rich province. Crops were good and people were willing to work. The basic requirements for goods and services were plentiful and could easily be provided and increased. But money was still scarce; and it was this shortage that the Social Credit "dividend" was designed to overcome.

The financial objective of Social Credit is to supplement the stream of normal purchasing power, which is distributed in the form of wages, salaries, commissions, etc., during the processes of production, with a dividend, so that total income will be sufficient to equate the selling prices of all consumer goods.

A lot of otherwise well-informed people are of the opinion that the sources of income mentioned without the dividend—are sufficient to equal the retail prices of the consumable goods so produced. But the Social Credit analysis showed otherwise. Major Douglas proved it conclusively to those who could grasp the implications of his A + B theorem; and a much larger percentage of people were convinced by the facts—and debts—of everyday life, of the correctness of his theorem. The stores were full of goods, yet people could not buy what they needed, because of insufficient incomes. Many people were out of work because their productive efforts were not needed and as a result they did not have enough spending power from their small unemployment allowances to create much of a demand for more goods. So factories laid off more employees, creating more unemployment. In addition, the steadily mounting debts of all forms of government, as well as private debts, easily convinced all thinking people that the economic system within which they were working, was not self-liquidating.

The Douglas analysis proved that the consumable goods coming upon the market carried higher total prices than the total incomes of the people producing them. In other words, the consumers did not have sufficient purchasing power to enable them to pay cash for the consumable goods produced. Major Douglas proposed—and he was the only man in the whole world who did—a direct increase in consumer purchasing power. It was, that the Government would cause to be issued, sufficient additional purchasing power as a direct dividend to consumers, so that they would then have the power to buy and pay for, all consumer goods.

Those who opposed the proposal claimed that

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the extra purchasing power so issued, would cause tremendous inflation.

### **The Just Price**

However, there was another section to the Douglas proposal, that was designed to not only prevent "higher prices", but actually to lower prices; thus effectively preventing any possibility of inflation.

This second section is known as the "Just Price"; and it is based on a Sound Philosophy, to wit:— Any section of a productive economy will increase its output as it becomes more skilled, if its incentive to produce is maintained. This ability to produce more, is again increased as machinery, power and automation are introduced.

Then there is another factor that comes into the picture which must receive consideration. The actual physical cost of production—without money being considered—can only be the materials consumed in the process of turning out the next cycle of production. So whatever increase in production takes place in the second cycle, should automatically result in each producer receiving a greater portion of the greater production. This gives the basis for the Just Price. Converted into a financial proposal, the financial cost of the first cycle of production represents the actual cost of the increased and improved **second** cycle. The final cost of which—to be just—would only be the money value of whatever is consumed to accomplish the production.

**But, when each consumer buys consumable goods today, he not only pays for the goods themselves in the retail price, but also a small fraction of the cost of the machinery that made them.** This is

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necessary so that the producer who made the goods can repair and replace his machinery as it wears. But the consumer never gets ownership or delivery of the capital machinery for which he is continually paying. Therefore in order to give justice to the consumers, they should have those capital charges lopped off the retail prices they pay, so they will pay only the actual or Just Price, for all the consumable goods they buy.

However provision must also be made to reimburse the storekeeper for his services and upkeep, which in the normal course of events are added into retail prices. Consequently, in order to give even-handed justice all around, it is necessary for the Government to order the creation of additional "money" to pay to the distributors. As this money would be paid out to reduce the selling price, it will be readily seen that inflation would be an impossibility—although producers and retailers both get paid in full for their services.

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### **Efficiency Increased**

These new and unique regulations could all be introduced within the compass of the present profit and wages industrial system without any disruption. At the same time the incentive to work efficiently and enthusiastically would be maintained because there would be inevitable and continuous progress towards increased production, greater purchasing power and lower prices. The hours of work would be lessened and the dividend increased in exact ratio with the increase in production, brought about by machinery, power and automation.

The dividend would thus steadily replace wages as the major source of income and thus release

mankind for leisure, or any other course of activity which his liberated circumstances enabled him to engage in.

**Thus the ultimate objective of Trade and Labour Unionism** would be attained: i.e., That all workers should realize the full fruits of their skill and labour.

**The objectives of management would be obtained:** i.e., of full liberty to practice all possible labour-saving devices, so as to be able to compete in the markets of the world.

**The desire of all consumers could be realized:** i.e., of having purchasing power sufficient to buy and pay cash for his or her equitable share of the total productive ability of the entire national economy.

**The desire of Governments** should be satisfied because mankind's capabilities to produce as much as is humanly possible to satisfy mankind's desires the world over—without any interference from that evil motive—the LOVE of money—would encourage the utmost efforts of mankind toward that end.

What was accomplished in Alberta up to this time by the methods adopted, was only a fraction of what was possible, because the full co-operation of a perverse financial system, ambitious for greater power, had not yet been obtained.

But what had been accomplished had all been done by the determined efforts of a democratically minded people, who had refused to be over-ridden by an institutionalized monopoly which had been trying to fool the people, by representing financial coercion and slavery as up-to-date emancipation and progress.

## ARGUMENT

How is it possible for a world which is suffering from over-production to be in economic distress?

Where does money come from?

Why should we economize when we are making too many goods?

How can an unemployment problem, together with a manufacturing and agricultural organization which cannot obtain orders, exist side by side with a poverty problem?

Must we balance our BUDGET?

Why should we be asked to have confidence in our money system, if it works improperly?  
(C. H. Douglas, Monopoly of Credit.)

## WHY INDEED

Albertans are still determined to win control of credit, and to establish a Social Credit economy. In 1945, they publicly instructed their Government to proceed with plans to implement the 1935 mandate, repeated in 1940 and 1944, to win security and freedom for all.

### **The Bill of Rights Alberta's Charter of Freedom**

Acting on these demands, the Alberta Government introduced at the 1946 Session of the Legislature, the Alberta Bill of Rights. The Bill was introduced by Premier Manning and was designed to implement the will of the people, and make available to them the control of their own credit, without infringing on the rights of banks or the Federal Government.

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Alberta has been denied access to her credit in the past, in spite of the efforts her people have made. The new Bill of Rights was framed in terms considered not at variance with existing law, or with interpretations of law or the British North America Act.

As a gesture of faith in the constitutionality of this measure, the Alberta Government withheld proclamation of the law until after a ruling as to its validity had been obtained from the courts.

The hearing was conducted in the Supreme Court of Alberta. While no adverse judgment had been anticipated, the Government had announced its intention to carry the Bill to the Privy Council if necessary, in order to implement the will of Alberta's people. In December, 1947, the Alberta Supreme Court handed down judgment. Part I of the Bill of Rights was upheld; Part II, dealing with operative measures, was declared unconstitutional.

It was taken to the Privy Council, which declared that as Part II was unconstitutional, and that Part II proposed to put into operation those principles proposed in Part I, therefore the whole Bill was unconstitutional.

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The Bill had been carried in the Legislature by an overwhelming majority, but the agents of the financial interests never ceased in their efforts to thwart the people's will. They had hoped that with Aberhart's death, the efforts to introduce Social Credit would cease.

### **Manning Confirms Objectives**

However the new Government carried on the fight. In a broadcast continued in the Aberhart tradition, Premier Manning said:—

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"Let us state the broad objectives of our social and economic systems. There is no difficulty about this. The broad objectives for which mankind is striving today are the same as those for which our forefathers struggled for centuries. They are the attainment of the maximum economic security accompanied by the greatest possible personal freedom compatible with an effective, happy and abundant social life.

"But let us be more definite. It is necessary that we express those broad objectives in terms of the results our people want in such matters as wages, prices, employment, health, provision for old age, and so forth, with the maximum of individual freedom, under a properly functioning democratic system . . . And everybody wants the maximum of personal freedom, without interfering with anybody else's right to be free, with a minimum of bureaucracy, regimentation or domination. We all want freedom from debt; and freedom from unnecessary taxation.

"Next, we have to consider our basic industries. The foundation of our economy is agriculture, and unless we have a prosperous and flourishing agriculture we cannot hope to have a stable and progressive economic structure. Generally speaking there seems to be complete agreement among our farmers regarding what they want.

"They want just prices for their products which will enable them to recover their production costs and give them a reasonable return for their services on a parity with manufacturing industries. They want a fair adjustment of the debt burdens pressing upon them which have accumulated due to conditions beyond their control and through no fault of their own. They want adequate credit facilities and

reasonably stable marketing conditions; and they want security in their homes and on their land.

"With the vast resources at our disposal, these results are all entirely possible—but **not under our present monopolistic financial system.**

"First: Every Canadian citizen should be guaranteed basic social and economic security under conditions which will give him the maximum of freedom with no unnecessary bureaucracy or regimentation.

"Second: Every Canadian should have access to all essential medical services and educational facilities. A healthy and well informed people is essential to a vigorous democracy—and, moreover, access to proper health and educational services in this modern age should be the right of a free and sovereign people.

"Third: The people should at all times have sufficient purchasing power to buy the total national production. Therefore, through Parliament they should and must have the effective control of the issue of all money—both currency and credit—so that they may thereby control the nature and the volume of production, as well as its equitable distribution. Without this effective control over the monetary system, we can never hope to have a properly functioning democracy.

"Fourth: Everybody is heartily sick of unnecessary government bureaucracy, State regimentation, harsh taxation and crushing debt—and when the need for putting up with these evils no longer exists, they should be swept into the limbo of the past as features which are incompatible with the democratic way of life . . . **Moreover it is reasonable and practical, it is not complicated and involved, and**

what is more there is nothing in it which cannot be made a reality."

\* \* \*

### For Economic Democracy

Alberta's struggle for freedom and security has been a struggle for the rights of all humanity. In pressing for the reforms embodied in what is known as Social Credit, Albertans have challenged the menace of world domination by a supra-national monetary authority.

Because Social Credit and a real democracy are integrated as one, the struggle in Alberta has been against all forms of totalitarian tyranny, whether communist, fascist, national socialist, bureaucratic or any other. Albertans have fought every attempt to centralize power, and have defended the personality of man, his dignity, his culture and his freedom.

Alberta seeks to decentralize power; to make governments and institutions the servants of the people, and not their masters. Social Credit aims to elevate man to the highest pinnacle of economic cultural, individual and social achievement. It will lead the way to personal security with a maximum of personal freedom. Social Credit aims to establish every man in his own right. No other human philosophy in the world today offers anything but ultimate slavery.

Whether or not Alberta is permitted to inaugurate a system of Social Credit government, the people are determined that, so far as is humanly possible, the debt system shall not again penetrate their public administration.

For the future, a full program of reconstruction has already been initiated, along lines recommended

by the Alberta Post-War Reconstruction Committee, a body composed of men and women of every shade of opinion. Particularly important in the report of this Committee is the section devoted to Finance, which deals in detail with the history of monetary policy in Canada, and recommends adequate measures to make right the glaring wrongs of the present day.

It is the earnest hope of Alberta's government that that all Provincial Governments throughout Canada, as well as all governments throughout the Commonwealth will study carefully the Alberta Bill of Rights, and support the demand of Alberta's people that the monopoly of finance be no longer permitted to usurp that which morally and constitutionally should be in the domain of a peoples' government—the control and creation of financial credit, based on the capacity of the people to produce and deliver goods and services as, when and where required.

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The Alberta Bill of Rights was the focal point towards which previous efforts of the Alberta Government had been directed. Its disallowance was a bitter disappointment; and the manner of that disallowance even more so.

But the Province had made great strides owing to the careful administration of a government actuated by Social Credit principles. Working in accord with the natural law of individual enterprise, tremendous progress has been accomplished since 1947.

It will require a further book to detail some of that progress and relate how Alberta became the first and only Province in Canada to become debt-

free—a remarkable accomplishment in these days of continually increasing debt.

At the date of writing, the Social Credit Government of Alberta has been in continuous office for 28 years, and the year 1964 will mark the 21st year of the Premiership of Ernest C. Manning, under whose careful guidance such epic progress has been made.

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H. E. Nichols, the compiler of this history, first homesteaded in Alberta in 1907, and has therefore had a close, personal experience of many of the events recorded herein. To supplement this knowledge, he has also made use of appropriate extracts from authoritative documents in the archives of the Alberta Social Credit League. Although retired, he is still very actively interested in Social Credit, and carries on research work for the League.

Price: Individual Booklets ..... .25

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