



HON. WILLIAM ABERHART
Premier of Alberta

EDITORIALS

From
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**DEMOCRACY'S CHALLENGE
IN ALBERTA**

Birth Pangs of a New Economic Era
By A. J. Allnutt

Director of Public Relations
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Our Neighbours in Alberta

One of our readers in Australia has sent us a copy of a farm paper published in that country—"The Official Organ of the Farmers and Settlers Association of New South Wales," the most populous state in the Commonwealth of Australia. The article marked for our special attention occupies more than half of the editorial page. The caption, in large bold letters, spread three columns across the top of the article, reads as follows:—"If Anyone Still Believes in Social Credit, He Should Read This." Then follows extracts from a pamphlet written by a Mr. D. E. McConnell, M.A., entitled "The Albertan Fiasco," which is referred to as "a sad, sad tale". The editor says,—“It deals sadly with the Province of Alberta, it deals sadly with the people of Alberta, and it deals sadly with Mr. William Aberhart. The only harsh note is struck in reference to Mr. C. H. Douglas, and he appears to have richly deserved it”. The pamphlet evidently tries to strike a vicious blow at Major Douglas through a note of pity for the poor dupes of Alberta citizens.

It is the most vicious piece of propaganda, based upon falsehood and misrepresentation, that we have ever seen or heard of. The people of Alberta are represented as of the kind that are easily tricked into placing their confidence in unsound doctrines. Here is a sample:—

“Almost half the total population are described in the pamphlet as Europeans, chiefly Germans and Ukrainians—and the remainder, excepting a few thousand Indians and Chinese, are of British extraction . . .”

"Mr. McConnell's booklet," says the editor of the Australian farm paper "may be prejudiced—if it is, I cant see it—but the fact remains that Major Douglas had a heaven-sent opportunity to put his theories to the practical test and he failed.

"He got no nearer to success than the issue of impossible and impractical directions, and he has left Mr. Aberhart to find a way out of the wilderness alone."

Another section of the artile in the Australian farm paper reads as follows:—

"There are still people in our midst (in Australia) who believe in Douglas Social Credit—the recent Federal Election is a proof of that; there are still people (in Australia) who believe that if the Social Credit theory were given a fair trial it would quickly demonstrate its superiority over our existing banking and monetary system.

"They may be right, but Alberta provided Major Douglas—as he is commonly called—with a unique opportunity to test his theories, and he refused.

"He didn't refuse in so many words—there is only one word in an honest refusal—he refused in a great many words and ultimately left Alberta to all the excesses that follow despair."

If anyone has been fooled he is the editor of this Australian farm paper, who has evidently allowed some one to persuade him to give publicity to a vicious piece of propaganda. Does he not know what is going on in Alberta? Does he not know that Major Douglas himself is advising the Alberta government, not directly, but through two able and aggressive associates, Messrs. Powell and Byrne, who are right on the spot? Does he not know that, as soon as steps were taken to implement a social credit order the Federal Government intervened?

He may question why Douglas did not begin sooner than he did to implement his social credit order; but does he not know how, after his election, Premier Aberhart was acclaimed by some

of the greatest enemies of Social Credit and on his first trip to Ottawa, was feted, interviewed, hob-nobed, and assured of immediate financial help to take care of the debts of previous Alberta governments by the Right Hon. R. B. Bennett, then Prime Minister of Canada, and was given Mr. Major of Montreal to figure these up? Now Major and Douglas could never drive together. With Major in Edmonton, employees were dismissed, taxes raised, sales tax introduced—all things calculated to discredit Social Credit were surreptitiously interjected. All this was done to delay the setting up of a Social Credit order and thereby sow discord among its supporters and students.

Social Credit has not failed in Alberta. No Social Credit system has ever been established there. The first steps towards its establishment were taken only last August. Then the Right Hon. William Lyon Mackenzie King, the present Dominion Prime Minister, stepped in and vetoed the Alberta Government's legislation. That question of the right of veto is now before the Supreme Court of Canada and Premier King's chief counsel is the man who has always defended the Rothschildites and abetted their schemes. This is a very significant fact.

The people of the Province of Alberta are among the world's most intelligent citizens. Their schools (elementary, secondary, colleges and the Provincial University) are of the finest, and have been so for two generations. In the field of producers co-operative organizations, they achieved a supreme position with their wheat pools, until these were destroyed by the Rothschildites who have complete control of Canada's money and credit. Alberta's main effort now is to take the control of credit away from private interests and give to the government of Alberta complete control over the credit created within its jurisdiction. No system of Social Credit or any other kind of system, other than the Rothschildite type that now exists, can be set up until this is done.

In this fight the people of Alberta are in good company. They are fighting the same enemy, to a man, that President Roosevelt has to contend with in his effort to set up a New Deal for the people of the United States. It is the same enemy, to a man, that Premier Hepburn of Ontario and Premier Duplessis of Quebec are

joining hands to thwart, and it is the same enemy with which every government throughout the world, including those of Australia and New South Wales, will eventually be forced to grapple before universal peace can be established in the brotherhood of man.

We hold no brief for Major Douglas, but it must be admitted by all honest observers, that he is responsible for the awakening of an interest in money and credit that was absolutely necessary to a betterment of the lot of the average citizen.

Unfortunately Social Credit is beyond the understanding of the average person. Only a well educated mind dominated by a co-operative spirit, such as the people of Alberta possess, can have a sympathetic understanding of Social Credit. A Rothschildite or a Communist, no matter how well educated, could never be expected to admit that Social Credit had any virtues. Is it not significant that so many clergymen of all denominations are among its supporters? Can these be regarded as ignorant dupes?

The Government of the Province of Alberta is fighting to take the control of credit away from a group of private individuals, who are using it for their own selfish purposes to the detriment of the people of that province, who created it.

THE ISSUE

Most people are led to believe that the Dominion Government is fighting to retain control of money and credit which the provinces desire each for itself. That is not the issue. The issue lies in the fact that the Dominion Government has given to a small group of private individuals, with headquarters in Montreal and Toronto, complete control over Canada's money and credit and is now fighting to protect that monopoly against a demand the provincial governments are making that it be given up.

The control of money and credit in Canada rests with the Banks and Life Insurance Companies, and the Dominion Government has set up an Insurance Department and a Banking Department (the Bank of Canada), both of which are designed to pro-

tect the above mentioned private monopoly of money and credit.

Repeatedly the Privy Council has handed down a verdict to the effect that the Dominion Government has no jurisdiction whatsoever in insurance matters,—good, bad, or indifferent. Yet in face of this fact the Dominion Government continues to usurp this provincial right.

The Bank of Canada is partly owned by the Dominion Government and partly by the above mentioned private money monopoly and wholly controlled by the latter.

The Dominion Government, itself, is made up of two Houses. The House of Commons is elected by the people, the Senate is appointed, mostly from and by the money monopoly and their political friends. Money is the main qualification for a seat in that chamber.

By no stretch of the imagination can this be considered a democratic set up. The provincial governments are democratic institutions, in every sense of the word, so are Canada's municipal governments. But the Canadian Federal Government is a plutocracy masquerading as a democracy.

Until the Dominion Government is remodeled along democratic lines, each province should be given control of the credit created within its jurisdiction, otherwise Confederation will go to pieces. Without the consent of the provinces there can be no Dominion of Canada.

ALBERTA'S FIGHT FOR LIBERTY

Every lover of liberty and justice, throughout the world, is interested in the heroic attempt the people of Alberta are making to free themselves from the voracious maws of a greedy money octopus, if the facts of that struggle could only be gotten to them. We are somewhat familiar with the attempt that is being made to suppress the facts and substitute lies.

The referee in this matter is public opinion; but if one side is not given a hearing, how can it hope to win, irrespective of the

righteousness of its cause. Alberta's cause is the cause of every human being—the right to live and work with the things that are his.

We are therefore glad to be able to present over the signature of one who is in a position to give the facts, a record of Premier Aberhart and his government to date. This article appears elsewhere in this issue under the caption Democracy's Challenge in Alberta.

Democracy's Challenge in Alberta

BIRTH PANGS OF A NEW ECONOMIC ERA

by A. J. Allnutt,

Director of Public Relations

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The writer who attempts to put on record in chronological order the sequence of events, which have marked the advance of the reform movement, that has been taking place in Alberta during the past five years, must of necessity preface his remarks with a description (however brief) of the man who in the face of almost insurmountable difficulties and opposition, has courageously "hewn to the line" in a fight for the economic freedom of the common people.

The Leader

To the outside world Mr. William Aberhart, B.A., one-time principal of Crescent Heights High School in Calgary, and now the Honorable William Aberhart, Premier of Alberta, may be an enigma, but to hundreds of thousands of Albertans he is the soul of honour, prompted only by a consuming desire and fixed determination to minister to suffering humanity and improve the lot of the common man.

He is a man of powerful physique, standing six feet high. Years of unrelenting toil and strenuous effort have only served to intensify his determination. Cool and collected at all times, patient of other people's views he treats everybody as equals and his ready smile and hearty handclasp can always be relied on to instil new confidence in the faltering heart.

Such in brief, as his friends see him, is Mr. Aberhart, the man beloved and respected by all those who accept his leadership, but an opponent worthy of anybody's mettle.

He was born at Seaforth, Ontario, on December 30th, 1878, and is thus 59 years of age.

The Environment

In his daily routine as Principal of one of the leading schools of the province, Wm. Aberhart, was early brought face to face with the facts of life, and the poverty which manifested itself in the pitiful plight of many of his pupils and the everlasting struggle on the part of their parents to keep them decently clothed and fed. Here was a glaring paradox, seeking the attention of men imbued with other than the purely orthodox teachings of academic institutions. On the one hand a Province of slightly more than 700,000 people, comprising an area of 255,285 square miles, which on a conservative estimate possessed riches in natural resources and farm products exceeding that of any other part of the British Empire, and on the other hand people living under the most primitive conditions and often in dire poverty, on the one hand again highly proficient Universities and other institutions of learning and on the other hand, the talented graduates of these institutions which Alberta needs being forced from their native country to make a living in a foreign land for lack of opportunity in Alberta. Can Alberta continue to educate her sons and then send them out to the United States? She can not without eventually committing hari-kari and paralyzing her commerce, industry and agriculture.

Prompted by deep religious convictions, Mr. Aberhart had for many years expounded from the Prophetic Bible Institute on the need of a more literal interpretation of the teachings of the Bible, and the practical application of the principles of the message contained in Holy Writ to everyday life. In correlating the tenets of Christian Fellowship with the philosophy of Social Credit he envisioned the solution of the outstanding economic problem of the day which had been a great aim in life, while at the same time it opened up a field in which he could offer his talents in the great cause of suffering humanity.

The Call of the People

Here let it be said, however, most emphatically, that never at any time previous to the election of 1935, did the future premier ever strive to make the application of his economic theories a political issue. That was a matter which was decided by the people and by them alone. Probably there was nothing further from his thoughts than that he should be chosen to lead the people in the fight which loomed ahead. With a full realization, however, of the great responsibilities which such a position entailed, and the tremendous obstacles before which many a stalwart heart had weakened, when the call came it found him ready.

The memorable election of August, 1935, in which the Aberhart-Government was swept into power, carrying 56 seats out of 63, is a matter of history. The first round had been won, and there could be no doubt as to the mandate on which the government had been elected. The people demanded such access to their own credit as would insure to all at least the bare necessities of life, food, clothing, and shelter. This was to be secured by the payment of a basic dividend, out of the social credit created within the Province of Alberta, by the people of that province working with its natural resources.

To those not thoroughly conversant with the true conditions in Alberta such a demand might appear fantastic, but let us consider the situation from two viewpoints.

Poverty in the Midst of Plenty

First, Alberta is a young province, a prolific primary producer, in need of new industries to process that with which Mother Nature has so richly endowed her. Yet most of the industrial projects which had been launched by local capital and effort, had been defeated, almost in infancy, because of the influence of outside money interests, who desired to force Albertans to buy from industrial plants in outside markets at prices enhanced by long rail haul, tariffs and excessive freight rates. In the record are machinery plants, cement works, furniture, sugar and biscuit factories and many others. Within the short 32 years of her existence

Alberta finds about 72% of her farms in the hands of mortgage and other financial corporations suffering under a staggering debt, the interest on which was rapidly assuming such proportions, that regardless of an unbearable taxation burden, would soon absorb her total annual internal revenue. Add to this the fact that her farmers were forced to sell their primary product, wheat, (which according to competent authority cost 75c. per bushel to produce), at 20 to 25c. per bushel; hogs at \$2.00 each; prime cattle is 1½c. per pound; eggs at 7c. per dozen and other products in proportion.

Taking an index figure of 100 at 1914, Alberta people witnessed the prices received for goods they produced dwindle to 40, while the cost of what they had to buy had increased to 120.

A careful analysis of her total assets in money and liabilities revealed the fact that on every \$1.00 debt she owed, she had only 20c. with which to pay.

Out of the agony and travail of desperation thus occasioned was born the demand of THE PEOPLE for economic freedom and a readjustment of the whole economic structure of the Province.

Alberta's Colossal Wealth

Now let us turn to the second viewpoint, the wealth both developed and undeveloped, and here is where the economic situation in Alberta begins to assume the proportions of a fantastic paradox. In no better way can a true picture be conveyed than by stating a few facts taken from such authoritative sources as the Dominion Bureau of Statistics, the Canada Year Book and the authority of leading geologists in Canada and the United States.

Alberta was made a province in 1905.

Population, in 1936,—772,000

Total Area,—255,285 square miles.

Physical resources, (developed and undeveloped),

\$225,656,215,000.

Her mineral deposits are among the largest, the most varied and most easily accessible of any part of the world, and all the

energy for converting them into the goods which people want is available in nearly every form known to man. Each source of power is so great in amount as to be almost incalculable.

Vast fields of Bituminous sands, estimated to contain over two hundred billion barrels of oil, with asphalt and almost unlimited material for road paving as by-products.

Vast and prolific oil fields, (at the present time producing approximately seven million barrels per year, taking third place in the Empire as a producer), natural gas! 75% of the total coal deposits of Canada and great untouched forests of timber.

There is plenty of every form of raw material for building houses and factories, and large numbers of employable workers ready to go to work. Based on the 1936 census, the capitalized value of population in energy units to be applied to the development of resources amounts to 4,464,046,125.

Now could any sane person imagine that THE PEOPLE of such a wealthy Province would be poor—yet most of them are, and not only poor but heavily in debt!

As at August 31st, 1935, when the Aberhart Government came into office, the provincial debt, funded and unfunded, amounted to \$153,923,027.49. This debt had been increasing over a period of fourteen years from December 31, 1921 to August 31st, 1935 at an average rate of over five million dollars per year under the previous government. During the period since 1935 there has been a total increase of \$5,056,230.94 or an average increase per year of slightly over \$2,000,000 borrowed from the Dominion Government and backed by Provincial Treasury Certificates—approximately 90% of this amount was on behalf of relief.

At this point it may be of interest to state that regardless of the criticisms which have been levelled against the Aberhart Government, there is ample evidence of confidence on the part of investors. This is reflected in the fact that since August, 1935, 39 new oil companies with authorized capital of over \$10,000,000 have been incorporated, while 36 other companies have been incorporated in various industries with authorized capital of over \$8,000,000.

It is manifestly absurd that in the midst of such wealth in natural resources of every description, a great many people should be living in abject poverty—ill-clad, unable to heat their homes in winter-time, suffering from mal-nutrition and bowed down under a burden of debt which they can never hope to pay. Confirmation of these conditions may readily be obtained by referring to the daily newspapers in Edmonton and Calgary, as well as from a survey of the makeshift hovels which many have provided themselves, to shelter them from the icy blast of our northern winter, by digging into the banks of the Saskatchewan River right in the heart of Alberta's capital city.

Initial Efforts to End Poverty

THE PEOPLE demanded that such suffering be brought to an end and their demand was based on the philosophy that the untold wealth of the Province should provide at least the bare necessities of life for each of its citizens, made available by the control of her credit policy by the government, and represented in some form of token given and accepted in exchange for goods and services within the Province. The first step was to ascertain to what extent such tokens would be accepted by all those engaged in the different trades and professions. A canvass was made of all industries, wholesale houses and retail merchants. A great deal of time and work was involved but the readiness with which most of those interviewed agreed to co-operate was encouraging and gave every indication that there would be little difficulty in circulating credit certificates or tokens, as a medium of exchange for goods and services. Tentative plans were made for opening credit houses and the issuing of dividends. About this time however, a number of the heads of industries, who had first signified their willingness to accept payment in Alberta credit, informed the government that they could not see their way clear to carry out their promises. One by one they dwindled away until few remained. Enquiries revealed the fact that in the course of their business transactions they were deeply involved with the banks operating in the Province. This brought the government face to face with a situation which became more complex the further they inquired into it. They realized there would be little use in

issuing dividends unless these could be made to circulate and form an inducement to production and facilitate the exchange for goods. No matter what avenue they attempted to explore in order to circumvent the obstacles they met in their first attempt, the same solid obstruction blocked further progress—the all-powerful influence of the banks.

The dictation of finance was apparent in almost every phase of the Governments endeavour, and its ramifications extended to industries, farms, wholesale houses and retail houses, and even the efforts of the individual.

The truth of Mayor Anslem Rothschild's statement, in 1790, in all its bitter significance when he stated: "Permit me to issue and control the money of a nation and I care not who makes its law", was realized by the Aberhart government in their very first attempt at economic reform, and their departure from the recognized methods of orthodox financing.

At as early a date as possible after taking office, and following a careful analysis of the debt structure, the government decided to approach the bondholders with a view to placing the whole situation clearly before them. On December 5th, 1935 Hon. E. C. Manning, Provincial Secretary wrote them in the following terms:

Dear Sir:

It is not considered necessary to deal here with historical and economic matters which have resulted in the accumulated debt charges of the Province of Alberta. These matters can be discussed at a more opportune time.

What seems important is that since the present Government came into office on the 22nd of August last, it has carefully reviewed the financial affairs of this Province, and has been forced to the conclusion that an adjustment in our debt charges seems unavoidable if we are to meet our necessary obligations and balance our budget.

In order to attain these results, it appears necessary not only to arrange for a reduction in these fixed charges, but it is imperative that we apply the maximum of economy and efficiency, and at the same time put forward special efforts to secure increased revenue to the maximum available, through additional taxation in directions where it can be most equitably and readily borne.

Let it be understood that neither the government nor the people of the Province have any thought of repudiating obligations, but what they would like the holders of their securities to consider is a re-arrangement which would bear less heavily in the way of service charges and compensate by an alteration

of maturities and increased assurance of security. The Government has not formulated any cut and dried plan because it desires fully to learn and consider the views of the holders of the securities.

In order that there may be something concrete for consideration, the following general outline indicates one method whereby an improved situation for all might be brought about:

The Province's total floating indebtedness is approximately one hundred and sixty million dollars. The Province might issue a perpetual security similar in effect to "British Consols" in the amount of approximately eighty million dollars. For the remaining eighty million dollars the Province might issue serial bonds with full Sinking Fund provision, which would mean that in addition to the Interest, the Principal equivalent to the Sinking Fund would be retired annually. The holder, therefore, for example, of a thousand dollars worth of present securities, would receive fifty per cent. in perpetual "Consols" and fifty percent in serial bonds. The details and machinery in connection with the latter could be worked out, and the retirement features of same, if desirable, could follow in the chronological order of our issues now in the hands of the Public.

Giving consideration to the past and present finances of the Province and endeavouring to project the future, it is felt that on both forms of securities, an Interest Rate of approximately two and three-quarters per cent. ($2\frac{3}{4}\%$)—plus the full Sinking Fund—would approximate the annual capacity of the Province to pay on debt account.

In consideration of the reduction in Interest Rates, the Government of this Province would endeavour to provide assurance of security not contemplated by the terms of the outstanding issues. As one form of such assurance the Province would be prepared to " earmark " (as a guarantee of payment of service charges) the total of the Dominion Government subsidies, which presently amount to \$1,770,000 per annum, as well as certain other sources of revenue. The reason we are writing you this letter, and sending a similar one to the other Investment Houses who have purchased our presently outstanding Issues, is because we have no adequate record of the holders of Alberta Securities. May we therefore request your co-operation, perhaps through your Investment Dealers Association of Canada, in setting up a medium through which we can, in a constructive way, get into and maintain touch with the holders of the securities of this Province in connection with this matter which obviously is both important and urgent in the interests of all who are concerned in the stability and soundness of public financing.

Yours very truly,
E. C. MANNING
Acting Premier.

This letter was ignored by the bondholders.

With a full realization that its first duty was to the people of the province and that farms and homes must be protected against foreclosures, the government declared a moratorium on private

debts, which was extended to July 1st, 1937, and later to March 1st, 1938, with the option of further extension if the situation still merited such action or until a fair adjustment of the whole debt structure had been agreed to.

Appointment of Social Credit Board

By the time the House met in session in February, 1937, it became evident that every effort to implement the will of THE PEOPLE would be strenuously opposed and if possible frustrated by the combined forces of the Financial Powers. At this session the new Social Credit Board came into existence, composed of G. L. MacLachlan, M.L.A., F. M. Baker, M.L.A., S. A. Berg, M.L.A., W. E. Hayes, M.L.A. and Dr. J. L. McPherson, M.L.A.;, the two first named being Chairman and Secretary, respectively. The duty of the Board was to draw up plans for, and administer Social Credit, and for this purpose it was given power to engage the services of Experts in any part of the world. The Board decided to consult with Major Douglas and Mr. MacLachlan journeyed to England in April, the outcome of his visit being that Major Douglas agreed to act in an advisory capacity and named Mr. G. F. Powell and Mr. L. D. Byrne as his emissaries to come to Alberta. Mr. MacLachlan and Mr. Powell arrived from England early in June, to be followed by Mr. Byrne in July.

Legislation to Implement People's Will

In view of the failure of previous attempts to obtain results, there was now no choice but to proceed along an entirely different line of action. Under the terms of the British North America Act, the Province had full control over its own Property and Civil rights, and strictly within the limits of its interpretation of the terms of the Canadian Constitution, the Government proceeded to assert its undoubted rights to control the policy of credit issue.

On August 6th, 1937, His Honour Lieutenant/Governor Bowen gave assent to three Acts passed by the Legislative Assembly, then in session.

1. An Act to Provide for the Regulation of the Credit of the Province of Alberta.

2. An Act to Provide for the Restriction of the Civil Rights of Certain Persons.

3. An Act to Amend the Judicature Act.

It cannot be too strongly emphasized that in passing these Acts, the Government felt convinced it was keeping wholly within its rights and within the legislative jurisdiction of the province. It epitomised in terms of legal enactments, the statement of the Dominion Premier, Hon. MacKenzie King, that "credit is a public matter, not of interest to bankers alone, but of direct concern to every citizen."

The legislation was designed to:

- (a) Secure the results demanded continuously by the overwhelming majority of the people, and
- (b) Compel financial tyranny to reveal itself as such, if it dared to oppose.

It deprived no-one of anything if they desired to co-operate and merely took from those who refused to co-operate, the rights which they, themselves, sought to usurp.

Flouting the Will of the People

On August 11th, 1937, the following telegram was received from the Prime Minister in the Dominion Government,

"The Honorable Wm. Aberhart,
Premier of Alberta,
Edmonton, Alberta.

"Minister of Justice is considering under provisions British North America Act certain legislation enacted at recent session Alberta Legislature.

Before submitting question for decision of Governor-in-Council would appreciate your letting me know whether your government would be willing to facilitate hearing of a reference to Supreme Court of Canada regarding validity of bills Number Five, Six and Nine and to undertake pending determination of such reference not to take any step towards enforcement of any of said measures.

The reference would be made under Section 55 of the Supreme Court Act which provides for reference by the Governor-in-Council of important questions of law or fact touching the powers of the provincial legislatures.

In view of urgency of matter would appreciate immediate reply."

The Provincial Government took the stand that recourse to the courts to test the validity of its legislation should be taken by those affected by its laws, and not by the Dominion Government, which was, in this instance, taking upon itself a responsibility that should devolve upon the banks. This attitude was expressed in terse and concise language by Premier Aberhart on August 15th, in a telegram to Mr. MacKenzie King.

Edmonton, Alberta
Aug. 16, 1937.

Rt. Hon. William Lyon MacKenzie King,
Prime Minister of Canada,
Ottawa, Ontario.

1. The Alberta government is convinced that its three acts are wholly within the legislative jurisdiction of the province. We all concur in your statement—"Credit is a public matter not of interest to bankers alone, but of direct concern to every citizen."

2. Our legislation is designed to (a) Secure the results demanded continuously by the overwhelming majority of our people here, (b) Compel financial tyranny to reveal itself as such if it dares to oppose. Our legislation deprives no one of anything if they co-operate with Albertans and merely takes from those who won't co-operate the rights which they themselves seek to usurp or assist others to usurp.

3. The suffering and hardship of our people compels prompt and determined action to achieve the results demanded by them. No sound reason could be offered to justify in implementing the clearly expressed will of the people. This necessitates their control of the policy of all connected with Alberta's credit and retention by them of their undoubted full property and civil rights within provincial borders.

4. We submit our legislation does not transgress the rights and privileges of other provinces to look after the welfare of their people nor does it interfere with the present business of banking.

5. This government unanimously and wholeheartedly upholds Confederation and would deeply regret the results if tension among a debt-ridden and poverty stricken people were increased by faintest suspicion that Federal government would side with plutocratic bankers alien to province against democratic Albertans earnestly seeking their economic freedom.

6. Widespread innuendoes that Dominion financial credit will be impaired if you do not take action constitute threats to the people of Canada who know that bankers alone possess the power to affect it.

7. All members of cabinet convinced faulty financial system causes many difficulties in Federal as well as provincial administration so most anxious that Federal government leaves system's defence to those imposing it since the issue is universally recognized as financial tyranny versus democracy.

8. We foresee and are completely ready to meet promptly and efficiently any retaliatory measures bankers may possibly endeavour to impose on our people.

9. Nevertheless if the banks contend that they have the right to monetize the credit of Alberta at their sole discretion and that their rights are supreme over the people's property and civil rights and if they wish to contest our legislation to assert publicly these claims and further if they will refrain from endeavouring to mask their opposition as heretofore by obstruction through obscure nominee appellants we will grant them fiat when formation of local directorates and the required licensing are completed.

10. Now and at all times rest assured that it is the policy of our government to grant fiats to any individual or institution genuinely and openly seeking redress for any injustices.

11. We respectfully submit that we are compelled by the mandate of our people to proceed with the enforcement of our legislation and with due deference we suggest that the responsibility of questioning its validity should be assumed by those desiring to render it abortive.

WILLIAM ABERHART
PREMIER OF ALBERTA

To this telegram, Mr. MacKenzie King replied on August 17th, in the following terms, disallowing the three acts referred to:

Hon. William Aberhart,
Premier of Alberta, Edmonton, Alta.

1. I am in receipt of your telegram of August 16th, rejecting the proposal of the Canadian Government that the Government of Alberta agree to facilitate hearing of a reference to the Supreme Court of Canada of certain legislation enacted at the recent session of the Provincial Legislature of Alberta, and not to take any steps toward enforcement of these measures pending the determination of the reference. My colleagues and I regret that the Government of Alberta have declined to co-operate in this reasonable course. We have accordingly had to consider what action is required on the part of the Government of Canada in the exercise of its powers and duties as established by law.

2. We are advised that there is no possible doubt that the measures purporting the control banking and credit by a body or bodies appointed by the Province of Alberta, and seeking to enforce that control by depriving individual citizens of their established right of appeal to the courts, are beyond the

powers of the Provincial Legislature and constitute an infringement upon the recognized powers of the Dominion. The fact that under the constitution from which both the federal and the provincial legislature derive their jurisdiction, the field of money and banking falls to the federal authority, has never been seriously questioned in the seventy years since Confederation.

3. It is not necessary at this time to enter upon any discussion of banking and monetary policy. You refer to a statement of mine that "Credit is a public matter, not of interest to Bankers alone but of direct concern to every citizen." The truth of that statement is, I think, beyond question. The system of banking and currency established by law in any country is a matter of vital concern to all the citizens of that country and to the parliament elected to carry out their will. In the case of Canada, it is the citizens of the whole Dominion who are concerned, and the federal parliament which is entrusted with the duty of regulating and controlling the system of banking and currency. In the recent amendments to the Bank of Canada Act, Parliament has accepted the principle of public control of credit. It is the function of the central bank, not the chartered banks, to control and regulate the volume of credit and currency in Canada, and the chartered banks carry out the ordinary business of banking within the framework of control and regulation established thereby and under other Dominion legislation in regard to banking.

4. We cannot accept any attempt to confuse the issue involved by references to financial tyranny or plutocratic opposition. The Government of Canada has no sympathy with any form of tyranny, whether exercised by bankers or by any other body, nor do we believe that the people of any part of Canada are prepared to accept plutocratic or any other type of dictatorship. If it is felt that changes should be made in the banking or currency laws of the dominion, it is open to any citizens of the dominion, residing in Alberta, or in any other province, to seek to have those changes made by the only body which has the due authority. The issue in the present instance is that a direct attempt is being made to infringe upon a field of jurisdiction universally recognized as falling to the Dominion, and to buttress this action by denying any questioning of the constitutionality of this action in the courts, except, I gather from your telegram, after acceptance of such illegal infringement.

5. A reference to the Supreme Court of Canada, coupled with an agreement by your Government to refrain from action pending the decision, would have met the immediate case. But agreement to suspend action not being forthcoming, a simple reference to the courts would not be enough to avoid confusion and disturbance. We have therefore upon full consideration found no alternative to exercising the responsible duty conferred upon us, by disallowing the acts in question. I am sending you a copy of the recommendation made to the Governor-General-in-Council by the Minister of Justice and duly approved today.

6. I wish in conclusion to express the entire willingness of the Government of Canada to consult with your government as to any measure which may be found practicable and effective in solving the problems which beset Canada in common with other countries. We recognize the difficulties which face the people of Alberta and of other sections of Canada as the result of the legacies

of war, changes in the price structure, the disturbance of world trade and the prolonged depression. These difficulties we have been endeavouring to take our part in solving. They can, we believe, be solved by orderly process, without violation of the free recourse to the courts, which is essential to the maintenance of our democratic institutions and the preservation of the hard-won rights and liberties of individual citizens."

This action was felt to be a direct flouting of the WILL OF THE PEOPLE, taken without any attempt to refer to the *People* of Canada the specific issue involved and without even the formality of consulting the Dominion Parliament.

On August 19th, 1937 a second telegram was sent reiterating its stand:

Edmonton, Alberta
Aug. 19, 1937

Rt. Hon. William Lyon MacKenzie King,
Prime Minister of Canada,
Ottawa, Ontario.

1. Our people insist that we are pledged to go forward in obedience to them, not to you nor to the banks. Frustrating us will not evade the final outcome and will only lead to our people demanding with ever increasing insistence that their will shall prevail.

2. Nevertheless your telegram of the 17th August shall be more fully dealt with later.

3. We do, however, challenge immediately the right of the Dominion to disallow any provincial legislation whatsoever because it has no such power today. This is the opinion of your own minister of justice who stated in parliament, March 30, 1937: "I do not think in a federation such as this the power of disallowance could be exercised by the central government! He then went on to say—"I believe the provincial legislatures would feel that they are still supreme and sovereign within the sphere of their jurisdiction."

4. We again assert with all possible emphasis that the legislation in question is within the sphere of our jurisdiction in which the clearly expressed will of our people is supreme and sovereign.

5. Further we challenge the right of the banks to monetize the sole credit of Alberta as they or the Bank of Canada deem fit and we challenge the Dominion government's right to invade a purely provincial field in delegating authority to any institution to control and restrict our people's access to their own credit within their own Province thus deliberately violating property and civil rights. This constitutes social lawlessness which you should not support.

6. By disallowance of our acts you usurped the right of the court to decide their validity in order to deprive this government of its right of appeal yet you rebuke the Alberta Government for merely circumventing repeated surreptitious sabotage of its laws by bankers obscure nominee appellants.

7. Future disclosure of the institutions so self evidently inciting you to disallow our legislation will simultaneously saddle your government with full responsibility for producing a most serious constitutional crisis.

8. Canadian people realize that no statutory obligation or public responsibility compelled you to take such action.

9. Implementing the will of the people is the only justification for having a government and the existence and welfare of our people is the first and most sacred duty of our government, whether or not of yours, and we are bound to discharge it.

WILLIAM ABERHART
Premier of Alberta.

In both of these telegrams the Province protested the right of the Dominion Government to interfere in a field in which the Provincial Government was asserting the rights of a sovereign people to control its own Property and Civil Rights, and expressing willingness that the validity of this legislation be tested in the Courts by those affected by it, but at the same time, insisting that the terms of such legislation be first complied with.

In October, 1937, a special session of the Legislative Assembly was called to consider the whole situation in the light of events here recorded, and the frustration of all its attempts to put into effect the wishes of the people. At this Session, the Government challenged the right of the Federal Parliament to disallow Provincial legislation, and various points of law on which it took its stand were clearly stated in a memorable address delivered by the Hon. Lucien Maynard, Minister of Municipal Affairs, on the floor of the House. To further consolidate its position, the Government passed three Acts:

1st—An Act Respecting the Taxation of Banks.

2nd—An act to Amend and Consolidate the Credit of Alberta Regulation Act.

3rd—An Act to Ensure the Publication of Accurate News and Information.

The first-named imposed a tax on all Banks operating within the Province of:

(a) $\frac{1}{2}$ of 1% on Paid-up Capital, and

(b) 1% of the Reserve Fund and Undivided Profits thereof.

The Act to Amend the Credit Regulation Act supplanted certain sections of the Act disallowed by the Dominion Government. It specifically eliminated all reference to "Banks" and "Banking" and substituted instead the terms "Credit Institutions" and "Credit", carefully avoiding any reference to "Banks" or "Banking" which might be construed as trespassing on certain rights given to the Dominion Government under the British North America Act. It asserted the rights of the people of the Province to monetize their own credit and control their credit policy.

The Press Act meant essentially only two things:

- 1st—That any newspaper giving wrong information in its news columns by mistake or otherwise, would grant to the Government equal space to state the true facts.
- 2nd—That any newspaper give to the Government, when requested, the origin of any item published in its columns.

To these three acts, the Lieutenant-Governor withheld his assent, and referred the matter to the Governor-General at Ottawa. At the request of the Alberta Government, the Dominion Government has agreed to submit the Acts with queries as to the right of the Cabinet to disallow bills and the right of the Lieutenant-Governor to reserve assent, to the Courts of Justice for ruling as to their validity. On the decision will depend the course of action which the Province will take in the months ahead.

Regarding the constitution, the case of the people of Alberta is very easily and clearly presented. It asserts that Governments exist to implement the Will of the People; that its vehicle is Parliament which takes its instructions from the people. It has done everything humanly possible to secure, and has secured, a clear expression of the will of the People of Alberta. The Acts under discussion are undeniably in accordance with that Will and unquestionably the unwarranted interference of the Federal Government attempted to contravene that will.

It leaves quite clear the course which the Alberta Government has to take. The vital legislation passed by the Provincial Government and the treatment it has been accorded must be put

before the representatives of the People of Alberta, so that there can be no shadow of doubt in anyone's mind that both the people and the legislature still resolutely uphold the attitude which the Government has been compelled to take. Should the Federal Government persist thereafter in the course it has adopted, the issue becomes quite clearly one which is entirely separate from any particular Acts it chooses to claim power to disallow. The issue will then be fundamental to the interests of the people of every province as it will become one for undeviating protest against the undemocratic domination of the Province by the Dominion Government and more especially by a usurping caucus. If, therefore, such interference is persisted in, the Government of Alberta must, if necessary, bring the whole matter to the attention of the appropriate authorities in every other province, and ask them to ascertain the WILL OF THE PEOPLE regarding settlement of this major issue.

The vitality of Alberta lies in the brains, the energies, the factories, the enterprise of the People throughout the Province, in the richness of their fields and their ability to produce, in the wealth which they extract from nature and originate for themselves through the inventive genius characteristic of a western people. The supreme interest of Alberta lies in the creation and maintenance of a high standard of life for all her people and this can only be assured when she has established her right to "control the policy which must decide her future destiny."
