

# **Financing Without Benefit Of Banks**

## **The Raymond Alberta Experiment with Depression Scrip**

**Early in 1932, the town of Raymond in Southern Alberta faced financial ruin, taxpayers were broke and banks refused credit.**

**The town fathers, (probably prompted by thoughts of the town mothers and children), set in motion a plan whereby two types of scrip were issued, negotiable and non-negotiable. These pieces of paper were good only in the town of Raymond where they passed freely in stores and shops in the same manner as money, merchants accepting them because they could turn them in on taxes and utility rates as they would cash. Municipal and school employees were paid part in scrip, part in cash. After the scrip had been in circulation once and had been returned to the town, it was taken out of circulation since it had fulfilled its function. New issues were made each year.**

**To illustrate what is meant, it is recalled that an employee on street maintenance was paid \$40 in scrip. He paid rent to his landlord, who in turn settled bills with other tradesmen in town, who in turn paid bills, the paper eventually returning to the town offices. A check up of the transactions performed by this \$40 disclosed that it had actually paid debts to the amount of \$160.**

**Printed on paper bearing the signature of the mayor (William Meeks) , and the secretary-treasurer (O.H. Snow), and embellished by the corporate seal, the scrip presented a neat and attractive appearance.**

**Some business men "bucked" ` holding out for what they called "sound money," others threatening to sue the municipality claiming scrip was an infraction of the Dominion statues on banking and currency. The banks were not at all enthusiastic, since it meant a loss in business; they had to "take it on the chin" (not the scrip of course) because the legal details of the bold venture were worked out by a prominent King's Counsel.**

**The largest department store in town announced it would accept scrip as cash. Other business men had to do likewise since as far as the townsfolk were concerned it was "take it or leave it."**

**When the scheme was introduced, the indebtedness of the town and school was \$53,000. Three years later neither town or school owed the banks a dollar, with the exception of \$14,000 in debentures which will likely be paid when due.**

400.8

New file 400.8 - Script

M-2369-428

EXCERPT FROM MINUTES OF MEETING OF  
DELEGATES, NOVEMBER 26th., 1932.

- - -

"ISSUE OF SCRIPT

"HOLDER-JOHANSEN

"That the Directors look into the feasibility  
"of issuing script to be redeemable at a cer-  
"tain date in lieu of borrowing money from  
"the Banks.

CARRIED."

Alberta Wheat Pool Convention Motion Nov. 26th, 1932 □  
Glenbow Archives M-2369-428 re issuance of depression era script. □  
Following note to Committee members to followup on motion below.

Alberta Wheat Pool Followup

ROG

January 18th 1933.

Mr. R. A. Macpherson,  
DELIA, Alta.

Dear Mr. Macpherson:-

Re Issue of Script.  
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This is to remind you that you and Mr. Hutchinson have been appointed a Committee of this Board to investigate the feasibility of issuing Script to be redeemable at a certain date in lieu of borrowing money from the Banks, pursuant to the resolution passed at the last meeting of our Delegates, and to bring in a report to our Board in connection therewith in due course.

Sincerely yours,

SECRETARY.

ROG:ME.

Glenbow M1157 -140

W.N. Smith Fonds A  
Sub 3  
F140

Note that the following interview was done before the Agricultural Committee   
(Committee of the Whole ) of the United Farmers Government in Alberta, April   
8th, of 1935, just 4 months before they were routed by the Aberhart Social Credit  
League. Mr. A. H. Snow appears to be the town clerk in charge of accounting.   
Mr. Meeks is the Major at this time.

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THE AGRICULTURAL COMMITTEE

APRIL 8th, 1935.

RE: RAYMOND SCRIP.

WITNESS MR. A. H. SNOW.

Mr. Chairman and Gentlemen:

I do not know that there is very much to tell that will profit the Province of Alberta, but it may be that I can contradict some of the things that have been told to you about the use of scrip.

Perhaps I might preface my remarks by stating I had been County Commissioner in one of the counties of Utah before coming to Canada, and had taught school in the State of Nevada. There was a form used there called County Warrants or County Scrip. These papers were given by the school boards. The Treasurer of the county had his signature on a bank book or a book similar to a bank book. He would send one of these books to the school trustees in a town where they had a school teacher. The Chairman of the Board of Trustees, and the Secretary, would sign one of these pieces of paper and hand it over to the teacher for his pay. That did not call for cash at the Bank or anything of that kind. It said the county of that particular State would pay the teacher on demand the amount of that piece of paper. All the stores in the county handled that piece of paper just the same as if it was gold coin. When it got into the county treasury, the County Treasurer usually arranged with the Bank to take that scrip up and charge it against county funds. That was in general use where I came from.

Up to 1931 the Town of Raymond, and the School District, had been able to borrow all the money they wanted from the Bank. There were two banks in the town and they were willing and anxious to get the business of the town. The sugar factory at Raymond was set up and it was a thriving town and they wanted our business, and we did not worry much whether we ever paid the banks out or not. In 1931 we owed the Banks about \$39,000.00.

In 1932 they were not so anxious to loan us money. We had not paid out and they said we will have to think about this. Finally we got an advance of \$6,000 from the Bank of Montreal for the town, but the Canadian Bank of Commerce who carried the school funds said no. We carried on to May 1932 without paying the school teachers a single dollar from January of that year.

The town itself had decided that we would use scrip. We issued that for the town but the school board said they did not care to give that to the teachers, but we arranged with the stores who acted as a kind of bank for us to allow merchandise to be paid out for any scrip issued. They took a chance and instead of charging the individual they charged the town, that is, the town was behind that piece of paper "Pay to the order of John Doe the sum of \$10.00"- if that happened to be the amount, and the paper was redeemable in cash on the 15th of January following the issue. That paper was without interest. We carried along that year. We borrowed \$8,000 finally in May for the school and that is all the school teachers had out of a requisition of \$25,000 for the year 1932. The town of Raymond had issued scrip for their purposes and we had borrowed \$6,000.00 from the Bank and with the aid of \$10,000 in scrip we financed the town and got by that year.

In the beginning we owed the bank \$39,000.00. We borrowed \$6,000 for the town, \$8,000 for the school which added to the \$39,000 ran the amount we owed the Bank up to \$53,000, on the 8th of May three years ago.

One reason we got out of debt was that they would not lend us any more. We had our tax debt pledged to the Bank. If we were going to be honest at all we had to give the bank what money we had collected that year. We were honest and returned them on the loan what we collected on arrears account and current account for school and town and cut the Bank indebtedness from \$53,000 down to \$26,000 because we gave them all our money.

The next year the teachers said "We will take anything rather than be like last year with nothing to buy groceries with, with four months salary out of 10 months school, so the next year we issued \$20,000 plus, the first year \$10,000 plus and in 1933 there was not a single month that the teacher did not draw cash or scrip and was paid in full. We paid 40% in scrip and 60% in cash.

We had another change that helped us. In 1933 we taxed the Sugar Company and got \$5,000 in cash as an immediate collection. We were able always to have a little money in the treasury to pay the 60% of their wages to the teacher and town employees. Of the scrip given to teachers as wages, some of them were tax payers and turned back to us the scrip on taxes. Some they took into the stores and every store except one handled that, so the store, instead of carrying 30 to 40 individuals carried the Town of Raymond and it was held liable, and the individual was given credit as if they had paid cash to the merchant. The merchant was able to collect many times, debts these people owed them. As quick as the merchant got enough scrip to cover taxes he paid it back to us for taxes, and we would cancel it. When they got a surplus they carried that without interest. We were always prepared to take care of outstanding scrip or outstanding cheques on the due date. It was carried the same as the Bank might carry us.

A merchant possibly would have 250 to 300 pieces of scrip which he would bring in and we would add it up and check it over and issue a cheque, and he takes that in without any interest at all. It was made without interest. He carried the town without interest. If we had signed a note to the Bank that would have been carried with interest.

Now the statement has got out, I do not know just how many dollars of business we have done, but a man wrote me a letter and said "I understand you have done \$40,000 worth of business by issuing \$400.00 in scrip." Another man said, - "I understand you have made a profit of \$126,000 in the town of Raymond in the last three years by issuing scrip."

Now, gentlemen, these things are ridiculous.

We issued scrip on this basis. When we started Mayor Meeks said we have to carry this very carefully, more carefully than the use of money, otherwise it will get away and we will not have anything to redeem with. We will not issue more than 50% of the current tax levy, so we will have one dollar behind every fifty cents, and we will prepare so this must be taken up when due so we will not kill our own privilege of using it with the man who uses it, so the merchant will be willing to handle it.

The first year we went to H. S. Allen, a large merchant and asked him to handle some of that. He said "I do not know; I do not think it feasible." The next year he came and said "We can use twice as much or three times as much as last year. It holds the trade at home, the business comes to the town and we would rather have the town back of us than the school teachers who if they get the money maybe go to Lethbridge and spend it. This encourages the use of it locally and it is a benefit." 5

I do not thing \$100.00 out of the \$50,000.00 issue was spent outside the town of Raymond, but some of the Lethbridge merchants are now willing to handle it.

I was handed a clipping this morning. Somebody has come and asked me about it.

To go back, we owed the Bank \$53,000. On the 8th of May, 1932, we borrowed \$8,000 from the Bank of Commerce for the school which ran the Bank indebtedness to \$53,000. Since that time that Bank indebtedness has been reduced \$39,000 with the interest.

Last November we went to the Sugar Factory. Under the Tax Consolidation Act we were allowed to sell debentures and pledge the consolidated taxes for repayment of that debenture. We sold \$14,000 debentures to the Canadian Sugar Factories last year and cleaned up the Bank, but we would still owe \$14,000. The \$39,000 was reduced in this way. When we saw the condition we were in we said the town must spend less and the school board must spend less money. Between the Town and the School Board we reduced expenditures \$6,000 to \$7,000 a year. That helped some. We were paying at that time on the \$53,000. in the neighbourhood of \$3,000 to \$3,500 in interest to the Banks. When we issued scrip, non-interest bearing, you will naturally see we reduced interest. Even though we owed \$14,000 we reduced the interest \$1,500 a year. Reducing the interest payment helped, and reducing expenditures helped and another thing helped: We circulated something that enabled people to pay taxes.

If people did not have money they could not pay taxes but if they had a paper that would be accepted the same as a dollar bill they could come in and pay taxes. Our collections increased from \$5,000 to \$10,000 because people had something to pay with. We did not say you are working out taxes. If the man owed the town some tax money we would say "We will give you a job." He would say I have to spend \$10 or \$15 at the store. I will take one piece to the store and the other piece I will apply on taxes. Another thing is if we issued a cheque he would go to the Bank and say "I owe the Machine Company \$20.00 and have got to have cash," and he will take that money and spend it some other way than for taxes.

In 1932 we collected \$13,000 only for school taxes out of a levy of \$25,000. In 1933 when we issued \$20,000 in school credit, we collected \$25,000 in school taxes; we collected practically every dollar back to keep the school out of added scrip issue.

It has not done anything that would be magic. It has been a straight business proposition. We knew we had taxes coming in to back what scrip we issued, or thought could reasonably be issued, and be taken up by the merchants and the people of the town. We issued a limited amount, an amount we felt could be absorbed right there in our midst for the benefit of the people. It was not a fabulous thing, but done with the idea if we would handle this business ourselves we could save, and since the 8th of May, 1932, we have not borrowed a single dollar from the Bank.

- Q. MR. CONNORS: Instead of the Bank carrying your account and you paying interest to the Bank, the merchant took up this non-interest bearing scrip, so the merchant really was carrying your account instead of the Bank?
- A. Yes, largely. We were issuing a cheque payable at the town office. It had to come back to the town to be paid but the merchant largely carried it. There is this thing, with teachers that were not paid we allowed some of their scrip to stand who were content to not draw on it as long as we could not pay the money. For instance from the 1st of July when the school year ended perhaps they did not care to draw all that was coming to them on the 30th day of June. We made a statement of the amount due them that had not been issued and we allowed them to draw interest at 7% to the end of year, but I do not believe all the time it has been running that \$100.00 has been paid out in interest. When they allowed it to accumulate we gave them the same interest as we might have paid to the Bank had we been borrowing.

Q. MR. GRISDALE: What percentage of the teachers' salaries due were paid for in scrip?

A. 40%.

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Q. MR. HOADLEY: As a matter of fact interest was paid on the scrip but paid by the merchant who took it for payment on the goods the teachers or anyone else purchased?

A. He perhaps borrowed money from the Bank.

Q. Interest must be paid by somebody but you escaped payment?

A. We escaped it as far as the Town of Raymond is concerned.

Q. Did that increase prices?

A. No, the merchants were doing greater business.

Q. Supposing the merchant has not much credit and is doing a cash business with the wholesaler is he going to accept much of that credit?

A. The leading merchant owned a large farm and he paid about \$3,000 himself in taxes. He handled that \$8,000 so easy. The first year I do not think we had to redeem from him one dollar in cash in the scrip he used. When we issued \$10,000 it all came back practically from one source and another but the next year he paid his taxes. That one merchant used \$7,000 or one third of the total issue carrying \$4,000 of that in addition to what he paid in taxes. It came along gradually, not all at once, that is to say from the first of July to the end of the year he picked up \$4,000 and carried that. We began collecting taxes in November and this is what naturally happens when we get some money. I notified him one day we could give him \$1,000 and he said I am paying 7%, we will figure 7% off on this for the next three months, so in that way we nearly always bought the scrip back at a discount.

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Q. And that was the only interest paid?

A. Yes.

Q. You believe it is a good thing used locally?

A. Within bounds. It cannot run wild. It has been carefully carried.

Q. MR. RONNING: When you say 'within bounds' you do not mean geographically?

A. No. We have a tax levy of \$45,000. and we issue \$20,000, between 40 and 50% on the dollar. We figure on not exceeding 50 cents on the dollar. When I say "within bounds" I mean the amount that can be used locally and the amount that can be cared for every year so that you will not have a lot that cannot be taken care of. It would be worse than any bank if a lot of that stuff was scattered around among people who could not handle it.

Q. MR. CONNORS: Was all that scrip redeemed the first year in taxes?

A. No, about 25% in cash that first year.

Q. It had to be redeemed in taxes or cash? It had to be redeemed that year?

A. Yes it had to be redeemed.

Q. MR. MACLACHLAN: When a merchant accumulated more than the taxes amounted to, were there any instances where the merchant hypothecated to the Bank for security on a loan?

A. Never hypothecated to the Bank, they were able to carry it.

Q. If the merchant was financially unable to carry that himself he would have to go to someone else to borrow money?

A. Undoubtedly he would.

Q. MR. PAYNE: Did the Banks take enough for their taxes?

A. The Banks never saw any. Before we started the Mayor and I called on both managements. We talked about financing and using scrip and them taking some of this and carrying on. The Banks did not want to touch it at all. The year after we issued scrip one of the Banks came to me and said "I have a payment of \$25.00 from somebody on a machine and this has been sent to me from Lethbridge to have it redeemed. That is the first piece I have ever seen."

Q. There was no scalping then?

A. No.

Q. MR. FARQUHARSON: Did you consider you were contravening any section of the Bank Act?

A. I did not consider it, but the proposition we had we issued two kinds, one negotiable and the other non-negotiable to give to some fellow who owed taxes who was pretty hard to collect from. That did not leave the office, and he might as well sign his name on the back right there. The negotiable could be endorsed over to somebody else and that could travel around, but I did not see any with more than four or five endorsements. Some came back with two or three endorsements. As a rule it did not go any further than the merchant. The school teacher or others presented it to the merchant and endorsed it, the merchant endorsed it and presented it back to the town. That is about as far as 80% of it went. 9

Q. MR. FARQUHARSON: Have the Banks challenged your right to issue?

A. The Banks never have but we were served with a notice six months after we began by a lawyer in Calgary, Norman Dingle who said he was representing a real estate man, that he was going to issue a writ against us. That did not go through the Court. It was dropped partly through our promise not to use the form we were using. Now we use an ordinary promissory note, that on such and such a date we promise to pay so much, and the Mayor and Secretary sign that note.

Q. MR. BOWLEN: If you had issued \$40,000 what would have happened?

A. I think we would have gone broke and the province would have taken the town over.

Q. What interest are you paying the Banks?

A. 6½. We were paying 7.

Q. MR. PAYNE: You have taken up all outstanding scrip?

A. We have taken up every dollar I think with the exception of \$4.85, that we issued last year. Possibly some fellow has lost it, but that is all that has not been presented. I do not think we will have to issue so

much this year as we have some money left over. We closed last year with \$5,000 in cash in the Bank. We had \$2,000 of outstanding scrip we took care of, and this year instead of paying the Banks interest and the Sugar Factory interest we sold the debenture last year to the Canadian Sugar Factories with interest payable on the 31st day of March. Interest on that this year amounts to only \$365.00, just that first payment of interest we will be paying this year, but after all the Sugar Factory is taxed \$5,000 and we have money enough to carry us through without issuing so much scrip. Next year we may issue as much for the fact we have to pay \$4,000 debentures to the Sugar Company.

Q. How much did you issue last year?

A. \$20,000 plus, amounting to \$20,600.

Q. MR. MCPHERSON: Does this sum up all the benefit as far as the town is concerned: It saves part of the current interest and aids in tax collections?

A. I think perhaps that sums it up.

Q. What percentage is non-negotiable?

A. About 25%

Q. MR. ENZENAUER: What about the fact that the money is spent in Raymond?

A. That would be a benefit to the business interest but not to the town as a town.

Q. But that benefit would reflect back to the town?

A. Yes, any trade in the town naturally has some benefit.

Q. MR. HOADLEY: After assuming that is beneficial to you could that only be a limited activity because if generally adopted the possibility of absorption by everybody would be impossible?

A. I do not know but what it might. If the province was going to do anything like that they would want to do a banking business. The province might have a provincial bank and all municipalities send all taxes collected into the Provincial Bank. It would have to be province wide if you do it. Everybody would have to be in it. The province would have to be a unit and do a banking business.

- Q. MR. WALKER: Have you the amount which you were obliged to redeem in cash since the scheme was put in operation?
- A. We redeemed \$8,500.00.
- Q. Did you find all merchants willing to accept this?
- A. Not whole-heartedly, no.
- Q. Did they all take it up to the extent of their taxes?
- A. No, one or two rather kicked at the system and would not take enough to pay taxes, but that meant a loss of business to them and they have been kicking themselves ever since that they turned it down.
- Q. MR. ANDREWS: A man who could handle a lot of business would get all the business. One merchant might be involved with the wholesaler and could not use scrip?
- A. Yes, that is quite true.
- Q. MR. BROWNLEE: You could not compel a merchant to use this?
- A. I did not urge them at all.
- Q. And you could not if you wanted to?
- A. No.
- Q. What did you do with the non-negotiable?
- A. It was issued for the express purpose of collecting taxes. That was not

intended to go out of the office. We usually employ men who owe us taxes and are difficult to collect from. I had a list and sent out the works and property man to see these people. We are in an irrigated district and we have ditches to clean and culverts to fix up. He will take a list of 20 or 30 men, and about 15 will go to work. We issue non-negotiable scrip and he (the labourer) knows he cannot get any of that. He writes his name on the back and says, "Here, apply this on taxes."

Q. In other words, it is just working out the taxes?

A. Yes.

Q. Non-negotiable certificates could not be issued for groceries or any such thing?

A. No.

Q. Do you know of any way in which a non-negotiable instrument can be used?

A. No, I do not.

Q. From the fact that they are to be transferred they would have to be negotiable?

A. Yes, the intention was the non-negotiable scrip was not to leave the office. It was a way of compelling a man to pay.

Q. MR. FARQUHARSON: I am interested to know why the Banks did not proceed against you?

A. It may have been through the Banks this action was taken. I will give you a little history. When the Writ was finally issued Norman Dingle the lawyer gave no place at which to answer and we said we wanted to answer at Lethbridge. He amended the complaint and made it answerable in Lethbridge but instead of scrip he used a newspaper clipping and the Judge ruled it out and gave him three weeks in which to get a piece of scrip, but they could not find it.

Q. MR. BOWLEN: Have you much back taxes in your town now?

A. Yes, but it has been reduced considerably.

Q. MR. FARQUHARSON: If issued on a provincial scale would they find difficulty in securing a sample?

A. No.

- Q. MR. WALKER: If it had not been for the presence of a rather large concern like the Sugar Factory you could not have wiped out the indebtedness.
- A. That made a collectible sum. We reduced taxes. As an illustration, before we taxed the sugar company our levy was \$45,000, and when we taxed them \$5,000 was cut off the rest of the tax payers.

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- Q. MR. MACLACHLAN: What was the cost of printing the scrip and books?
- A. The cost on the books was small, but the work it added to my work was double.
- Q. Did the storekeepers have a certain amount of cost in taking care of it which would have been yours if running it as a normal banking business?
- A. Yes.
- Q. MR. WALKER: We will disregard any other transaction. Is it correct to say you as a school teacher in effect work out my taxes for the town of Raymond?
- A. Yes, you might use it that way because the merchants - No, I am inclined to think that is not correct, because you would have had that fellows trade anyway if I had paid him in cash. You are giving goods for these taxes.
- Q. 75% is worked out?
- A. 75% turned in on taxes but is not always worked out for the merchant paid his taxes practically 100%.
- Q. MR. MATHESON: Suppose you had no taxes to collect?
- A. We would have had \$50,000 in the Bank.
- Q. MR. SHIELDS: Suppose you decided to give a basic dividend of \$10.00?
- A. We would soon have had to take all Roger's profits from the sugar factory.
- Q. Would you get along with one dollar a year in taxes?
- A. No, I think if we had done that we would have had the province pass a law so we could tax all but 6% of the million Rogers made and give that out to the people.

Q. MR. HOADLEY: Confiscation of private property.

A. Yes.

Q. MR. PAYNE: Did you keep enough cash on hand to always look after the negotiable scrip?

A. No, we did not keep enough to last 18 months. We usually had a balance in the bank, but we always planned to reserve enough. I know to within a dollar the scrip that has not come back and we plan so that there will be sufficient before that comes due to take care of all outstanding scrip.

Q. MR. MATHESON: There must be enough cash to redeem?

A. No, there are two things will cancel. One is the tax receipt and the other is naturally payment of cash.

Q. MR. PROUDFOOT: Some of that would come in arrears of taxes?

A. At that time we were owing the Bank and they usually watched pretty close to see that we were not using their money for scrip. Now the Sugar Factory does not bother because they pay us more than enough to meet the debenture every year.

Q. Any coming in on arrears?

A. Yes, we find current money to give to the Bank.

Q. You do not have a perfect circle?

A. No, we do not have the perfect circle. At the time we began, all arrears were tied up. We did not have the blanket pledge as now. If we borrowed now we would have to blanket collateral, but under the old system we only had annual collateral. We have tied nothing up since 1932 because we have not borrowed.

Q. MR. FALCONER: I have some knowledge of County Warrants. Was it not a fact that these County Warrants, which were negotiable, very often had to be cashed at considerable discount?

A. That was true in some places. In the town I happened to be in there was a mining district, and there was always money in the treasury and none got scalped, but in another County they used to scalp them 10 to 20%.

Q. That might have happened in your County if the mines had closed down?

A. Yes, that could be done. I know the merchants did not discount it.

Q. The only way scrip is workable is because of the certainty of cash payment?

A. Yes.

- Q. MR. CONNORS: Do you think you could have worked this out successfully if it was not for the factory?
- A. No, because the pay-roll constantly provided the merchant with ready money which helped him buy goods from the wholesaler. 15
- Q. Would it work well without the factory?
- A. It would not work as smoothly.
- Q. MR. GORESKY: You stated you paid \$39,000 to the Bank. Do you think this system of scrip helped you pay that large amount to the Bank?
- A. Yes, from the fact it helped collections, helped collections to carry on the other services with.
- Q. MR. CONNORS: You said some of the merchants paid taxes with the scrip. How are they to replenish their merchandise?
- A. I am inclined to think they borrowed from the Bank. I am inclined to think that fellow borrowed the money instead of us.
- Q. MR. STRINGHAM: Did you cash in advance sometimes to help a man out?
- A. Yes. Suppose we collect cash in November. There is no need to let that money lie in the Bank when the merchant could get it and we could take our own paper back at a discount. They usually give us a little rake off to pay before due date.
- Q. MR. ENZENUER: The town of Raymond has taxes; the merchant has goods on his shelves but no customers. The town of Raymond will not accept the goods in payment of taxes but they give the school teacher a slip and that thawed the frozen assets as a result of what you have done?
- A. That is about it.

Q. Thawed the frozen asset as a result of what you did, and what the Bank refused to do.

A. There are a number of things probably that thawed the frozen assets.

Q. MR. MONTGOMERY: How do you pay the teacher?

A. If the salary is \$80 a month we furnish \$48 of that in cash and give a note for the \$32.

Q. MR. BOSSENBERRY: The merchant does not pay out any cash on scrip?

A. Very seldom now.

Q. MR. SHIELDS: Is the desire on the part of the merchants to go back to the old way?

A. I think some of them would prefer it as it is. One or two have expressed themselves that they would rather do that because the town has not failed them.

Q. MR. PROUDFOOT: Is there any desire on the part of the school teachers to go back to the old system?

A. There is a desire if there was paid actual cash and they knew they would get it, but they do not want to go back to what happened in 1932 with four months pay out of ten.

Q. MR. ANDREWS: Do you think you should encourage that scheme?

A. I would not like to go around preaching it. I have never tried to publish these things in the paper. I have been worried to death with correspondence. We tried to keep the news at home but could not do it.

Q. MR. BROWNLEE: Would not a scheme of prepayment of taxes work the same? Is that not what you have got?

A. That was really the thing; prepayment of taxes.

Q. How did you get prepayment?

A. From the fact that it put something into the hands of the people to pay with. They could not get money from the Bank and we could not.

Q. But you state that was simply working out taxes?

A. We worked out taxes in the past when we had cash but we could not apply that on taxes and we had to issue a cheque, but we made arrangements with this before they were issued so he could not carry them away in his pocket.

Q. It gave you a weapon to force payment of taxes?

A. Yes in that way, and the negotiable scrip gave something for the people to pay with.

- Q. MR. SHIELDS: You could not get money from the Bank to pay the employees and because you could not pay the employees they could not pay their bills and the storekeepers were unable to pay taxes?
- A. If they had nothing to pay with they could none of them pay. The sugar factory there always circulated a reasonable amount of money and the stores need that to buy goods, and when they also got what we owed the teachers and others it gave them that much more.
- Q. MR. PROUDFOOT: If the sugar factory was not there to circulate money and the people had scrip alone for things they wanted, and could not send out of town or somewhere else, they would be pretty badly handicapped?
- A. They could not send much to Eatons.
- Q. What is the difference between that and issuing a receipt for taxes?
- A. We could have issued receipts for taxes but it kept our books straight to do it this way, and the fellow felt different when we actually handed him something, but we did not let that out of the office. He endorsed it and handed it back.
- Q. MR. SHIELDS: You would sum up the benefits that it saved bank interest, retained the business in the town, and created a tax-paying psychology among your ratepayers?
- A. It has increased collection, probably by 30%.
- Q. MR. STRINGHAM: You have used a certain amount of scrip for paying relief and social work?
- A. We always use it for relief. When the merchant gives relief we issue the scrip to pay him.

- Q. How far do you think you could extend that? How large is your town?  
A. When the full swing of the sugar factory about 2,600 people but about 500 voters.
- Q. What if you were giving them \$25 a month or \$300 a year?  
A. We could not take care of that.
- Q. You would have to increase taxes to take care of such a scheme?  
A. We cannot get an income tax and we would have to raise the people's taxes to get the money.
- Q. MR. WALKER: In actual percentage what was the per cent. Scrip Issue to tax levy last year?  
A. Between 40 and 50%.
- Q. MR. MCKEEN: Since you have been handling scrip you are doing your city business without the facilities of the Bank?  
A. We deposit our money in the Bank as we have always done, but we have not borrowed from the Bank for three years. We simply deposit our money in the Bank for safe-keeping.
- Q. Has it been hard to borrow money?  
A. We could not. They refused at the time we began to use scrip to let us have money, but this last year they say to cut out the scrip and come back and borrow.
- Q. You have an ultimatum to that effect?  
A. Yes.
- Q. MR. SANDERS: Has the Town of Raymond debenture issue got to be met from time to time?  
A. Oh yes. We have always met debentures on due date.
- Q. MR. FARTHING: The Sugar Company virtually does your Banking?  
A. The Sugar Factory you mean. You might say they do in the way that they buy debentures. We just sold \$14,000 to them the same as you would to the Manufacturers Life or any other Bond Company.
- Q. In other words, you are paying interest just the same?  
A. Yes. They give us a little cheaper interest than the Bank, otherwise it is just the same thing.
- Q. MR. BOWLEN: Do your debentures carry any interest?  
A.  $6\frac{1}{2}\%$ . I think the best the town of Raymond ever did sell in good times was 6%.

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Mr. Payne moved that all information possible be secured from the University of Alberta in connection with Social Credit. Seconded by Mr. Proudfoot.

Some discussion arose as to whether witnesses should be called or whether the University should be asked to send a brief. The Chairman summed up the discussion as follows:

CHAIRMAN: The way the motion stands at the present time we ask the University to make a statement on Social Credit. It is rather understood they will make that in the form of papers and bring it here, and that they submit same as soon as possible. I presume the latter part of the week they would be prepared to do that. Agreed unanimously.