

Alberta Prosperity Certificates - Author Unknown

When William Aberhart led his victorious Social Credit League to electoral victory on August 22nd, 1935, the world was wracked by the pains of the Great Depression. In Alberta, a land of potential plenty, lack of money, or purchasing power, had almost crippled the economy.

During the previous years when Aberhart, in his radio broadcasts and at public meetings, had examined the workings of the economic and financial system, he created a vast public awareness as to the meaning and purpose of money and credit.

His words fell on fertile ground, for many of the early Homesteaders had been students of money and taxes. They included considerable numbers of Americans who had supported William Jennings Bryan and also the teachings of Henry George. As early as 1990, there was in fact in Alberta a number of groups, including members of the Provincial United Farmers of Alberta (UFA) Government, and the same party's "Ginger Group" in Federal Parliament.

These groups were quite well versed in the workings of money, and in the teachings of writers such as Silvio Gesell and Major C.H. Douglas. Gesell advocated a type of depreciating currency. Douglas formulated the systems of economics and finance known as Social Credit.

The important lessons learned by Aberhart's followers were, that money is not wealth, but is rather a commodity which can be and is created in the form of bank credit by those authorized to issue it. They learned also that currency – coins, notes, and bills – is merely the small change of society and represents a mere 2 or 3 percent of the amount of money in circulation.

Albertans accepted the teaching that history bears out – that money can be made of anything – leather tokens, wooden tokens, cowrie shells, circular stones lying on the seabed, paper bills, metal coins -- all of these have been used as money. The important definition of money is that it must be acceptable as a medium of exchange. It can then perform its real function, which is to facilitate the distribution of *real* wealth.

The Gesell school relied mainly on the velocity of circulation theory, hence their depreciating money. This form of currency must have stamps affixed at regular intervals in order to maintain its full purchasing power. Thus, the bearer would be stimulated to spend, rather than to save. Spending means the exchange and consumption of goods and services. In other words, distribution results and makes way for further production.

Several experiments were made in those years to demonstrate the effectiveness of substitutes for orthodox currency. In one town of

Austria, local scrip of a depreciating nature was issued, and was claimed successful in stimulating the local economy.

One of the Social Credit supporters, William A. Fallow, was mayor of the town of Vermilion, Alberta. He revived the local economy by the issue and exchange of *post-dated Cheques*, payable one year hence. Through them local employment was provided, local purchases were effected and good effects were claimed.

The Aberhart administration had received a mandate to explore the possibilities of Provincially-issued purchasing power as a stimulous to the economy, so it was perhaps inevitable that, pending the establishment of a Social Credit program which would include "basic dividends", some form of temporary purchasing power would be under consideration.

On June 11, 1936, an Order in Council was passed, authorizing the issue of Prosperity Certificates in \$1.00 and \$5.00 denominations. The program called for the payment of these certificates to those who had agreed beforehand to accept them. They could be issued for relief, for road work, and other government expenditures. The Order aimed at the issue of \$2,000,000 in such stamp scrip.

Stamps with a gummed backing, to the value of 1% of the face value of the Prosperity Certificates were to be affixed each week to a back square for that week, and the redemption date of the certificates was set at any time within two years. A later Order In Council made provision for payment from the General Revenue Fund on any certificates presented on the Thursday, Friday, and Saturday following the second Wednesday of each month, commencing in September, 1936.

Stamps numbering 102 in all, would fill up the Certificate, hence would give the government 2% profit, which apparently was designed to look after administration costs.

First issue was made in August in a deal which included employment for jobless persons and farmers on road work. It was announced that for July work, \$175,000 would be paid out and for August work, a further \$75,000. Some 10,000 worker actually became employed as a result of the scrip experiment in Alberta, receiving small payments for work accomplished.

The scrip reached the retail level about the second week in August, and among the unemployed, many petitioned the government or individual members of it to extend the program further, till everyone had a chance to do some work.

Bitter opposition to the scrip issue was shown by various interests, but the fact is that many small town merchants were happy to get it and some twenty small local clearing houses were said to be in operation to handle scrip balances for retailers.

The entire experiment was legalized in September at a Special Session of the Legislature, by Act of the Legislature. Between September 10 and 12 the first redemption was made and while road work was dropped for that year, Provincial employees began to receive salaries partly in scrip, at the rate of \$10.000 to \$11.000 monthly.

The program was dropped on April 7th, 1937 and it was stated that a total of 250,000 certificates of \$1.00 face value had been authorized, but no higher denominations had been issued.

When the end of the program was announced, there were still some \$19,000 in scrip in the hands of the public. It has been estimated that the experiment not only got work done and gave purchasing power to workers in limited amounts, but also cost the government nothing, since the sale of stamps, plus the retention of certificates by collectors, netted the administration an estimated \$32,300.

A semi-official statement said, "Certificates had the effect of reviving trade between primary producers and dealers in articles of a secondary nature. Although it was not a creation of new financial credit, they were education and demonstrated that *when regular money is scarce, a substitute can be made to work*, even though it carries a measure of taxation.

It is unlikely that any single individual can be pinpointed as the original sponsor of the certificates, since all kinds of substitute money were being talked about in the Alberta Cabinet, in Caucus, and in just about every household in the country.

Obviously, the format and the wording were likewise created jointly by the Cabinet. Design was by the lithographer's artist.

So far as it is recorded in public sources, no pressure from J.L. McKenzie King, the Bank of Canada, or the Federal Government led to the abandonment of the scrip program.

Too many intangibles are involved in trying to assess the part Prosperity Certificates played in raising Alberta's standing. Certainly, as mentioned earlier, they proved that as long as a thing is acceptable as a medium of exchange, *it can do the job of money*. This undoubtedly prepared the ground for the introduction of the Interim Program, Alberta Treasury Branches, the Consumer Bonus, and the return of economic solvency in Alberta.

Chartered Banks refused to co-operate in the program, which is perhaps natural, since their own monopoly was being threatened. Wholesalers, depending on the Banks for overdrafts and credit extensions, were under a tacit understanding that it would not be good business to accept the scrip.

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Mr. Anders O. Aalborg

August 24, 1914, to February 13, 2000

Mr. Aalborg was first elected to the Alberta Legislature on August 17, 1948, and served until August 30, 1971. He represented the constituency of Alexandra for the Social Credit Party. Mr. Aalborg served as Minister of Education from September 9, 1952, to July 30, 1964; Provincial Treasurer from July 29, 1964, to September 9, 1971; and Minister of Railways and Telephones from July 13, 1967, to December 11, 1968. He also served on the select standing committees on Agriculture, Colonization, Immigration and Education; Municipal Law; Private Bills; Railways, Telephones and Irrigation; Public Accounts; Public Affairs; and Privileges and Elections, Standing Orders and Printing. He also served on the special committees reviewing workers' compensation and sessional paper 55.

See Anders Letter to the People of Alberta seven years before his passing. He talks about the debt history of Alberta and the Depression Script context within which the Prosperity Certificates were launched.

TO THE PEOPLE OF ALBERTA



" Our minds are continuously assailed by the fact that tens of thousands of our people live in dire need and hundreds of thousands of them are tax-ridden and debt haunted."

- Premier William Aberhart to Prime Minister William Lyon MacKenzie King. August 26, 1937.

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Canada is the largest country on earth with an area of 3,849,000 square miles. Our population of 27,000,000 is one half of one percent of the total around the world.

Nevertheless, Canadians are debt beats burdened with a monstrous National Debt of \$460 billions growing at the rate of \$70,000 per minute.

WHY? The facts are clearly visible for all to see.

Since 1940 Liberal and Progressive Conservative Governments of Canada have rapidly increased the National Public Debt and have levied more and ever higher taxes. So have all Provincial Governments. Total Provincial Public Debt is \$150 billions.

Since 1970 the P.M.s and the M.L.A.s responsible for increasing the National and Provincial Public Debts, and rates of taxation, have helped themselves to ever greater remuneration and benefits from the revenues they collect from the taxpayers.

The vainglorious and spendthrift Progressive Conservative Government of Alberta is a notorious example. This Government has squandered billions and increased the Provincial Public Debt while indulging in grossly increased pay and benefits for M.L.A.s. The Public Debt of Alberta soared by 1100% from \$1.3 billion in 1971 to \$14.3 billions in 1991. The total of remuneration and benefits zoomed by 1300% from \$848,240 in 1971 to \$11,047,746 in 1991. A lengthy brochure prepared by a Members' Services Committee behind closed doors explains all details.

The Roaring Twenties was a decade of deflation. Canadians enjoyed some good times which ended abruptly on October 28, 1929, with the collapse of the Stock Exchange in New York.

The Dirty Thirties was the decade of the Great Depression. By 1934 when their Province was nearly bankrupt the people of Alberta had lost all confidence in Liberal M.P.s and Conservative M.P.s and their U.F.A. Government to solve their problems of grinding poverty in the midst of plenty.

At the close of a whirlwind campaign during the summer of 1935 Alberta voters flocked to the polls in record numbers. They elected the William Aberhart Social Credit Government with 56 M.L.A.s in the 63 seat Legislative Assembly. This startling political upheaval aroused much attention worldwide.

The plank in the 1935 Social Credit Platform which had the most influence with Alberta voters was: "The Distribution of Purchasing Power to bona fide citizens by means of Basic Dividends sufficient to secure the bare necessities of food, clothing and shelter." During discussions about the Basic Dividends the amount was \$25 per month.

During the 1936 and 1937 Sessions some highly controversial legislation was enacted in efforts to begin payment of basic dividends. These measures included the Prosperity Certificate. This was scrip money which was issued very extensively during the economic chaos of the Great Depression. In those times many communities were deprived of normal monetary supplies and functions. Scrip was used in all States of the U.S.A., most Provinces in Canada and in most States of Mexico. Today scrip money bills and tokens are collectors' items. In the first edition of a 318 page catalog published in 1984 thousands of items are listed. The Alberta Prosperity Certificate appears on the cover and on page 290.

Liberal, Conservative and U.F.A. M.P.s and M.L.A.s were shocked by the momentous victory of the William Aberhart Social Credit party. These politicians ganged up in Alberta and across Canada in their opposition to the Distribution of Basic Dividends; a program endorsed by a big majority of Alberta voters in a democratic Provincial General Election. They did their utmost to discredit and ridicule "Bible Bill" and his "funny money" scheme.

In 1937 the Federal Government decided to disallow Acts passed by the Alberta Legislature to begin payment of Basic Dividends. On August 26th, 1937, Premier Aberhart wrote a long and scathing letter to Prime Minister MacKenzie King about this decision. His letter included a statement which is just as timely today as it was 56 years ago:

War,-price structures,-trade disturbances,- and world depressions are all manifestations of frustration,which arise from separating PEOPLE from freedom to realize the results derived from.....the hard-won rights and liberties of individual citizens.

The Federal Government quashed the payment of Basic Dividends in Alberta. But the Social Credit Government survived to manage the affairs of the Province with programs which retained the confidence of the people for eight General Elections until 1971. Some of the main programs were: balanced budgets - retirement of public debt - large and growing revenues from massive development of oil and gas resources - greatly improved health, education and social services - a network of several thousand miles of paved Highways - Treasury Branches in 78 communities - the Alberta Resources Railway - modest scales of remuneration and benefits for M.L.A.s.

Today's Alberta Social Credit Party is a modern organization. The Party has great energy and high quality Leadership. It inherits the rich legacy of 36 years of Social Credit Government.

IN 1971 ALBERTA WAS WIDELY REGARDED AS THE MOST PROSPEROUS PROVINCE. This will happen again in the future -- but only with a Social Credit Government under the Dome of the Legislature Building in Edmonton.

In 1976 the people of Alaska created the Alaska Permanent Fund which belongs to all the people of the State. The principal of the Fund is invested in perpetuity for present and future generations of Alaskans. Since 1982 every man, woman and child in the State has been paid nearly \$8,000 in annual dividends from the earnings of the Fund. Will Albertans ever enjoy such Dividends? Yes, but only when there is once again a Social Credit Government under the Dome of the Legislature Building in Edmonton !

MONEY SETS ALL THE WORLD IN MOTION
Publilius Syrus
Circa 42 B.C.

Anders O. Aalborg
M.L.A. Lloydminster
1948 to 1971