

## CHAPTER EIGHTEEN

Ever since the beginning of the second year of the Aberhart administration, the government had been able to carry on a policy of "pay-as-you-go" while at the same time reducing taxation. After the new oil discoveries, commencing in February of 1947, even though the government often budgeted for a deficit, we ended the year with a huge surplus, sometimes to the point of embarrassment. Grants to municipalities and school boards were increased year by year far beyond what was being done in other provinces.

The Federal election of 1957 saw the Conservative party, under the leadership of the Right Honourable John Diefenbaker, elected with a minority government. In Alberta, however, the Social Credit followers were unshaken and on the evening of the election Premier Manning stated: "No matter what they do, it seems they cannot stampede our people." This was certainly the way it seemed at that moment, but when the Prime Minister went to the country only one year later, in March, 1958, the Social Credit members of Alberta and British Columbia, nineteen in all, were entirely wiped out by the Diefenbaker landslide. Never since have they recovered from this loss, Alberta electing only two, Robert Thompson and Bud Olsen in 1962, 1963 and 1965, and British Columbia only three.

At the time of this writing, the Social Credit forces are represented in Parliament in Ottawa by Mr. Réal Caouette and twelve followers, all from the Province of Quebec. Robert Thompson, the previous leader, having joined the Conservative party, sits as an M.P. for the Red Deer constituency, while Mr. H. A. (Bud) Olsen, ex-Social Credit member from Medicine Hat, joined the Liberal party, now being Minister of Agriculture in the Trudeau administration.

In 1957 and 1958, the Social Credit government saw fit to pay dividends of twenty dollars and seventeen-fifty, respectively, to each adult citizen, refunding to the public by this means approximately twenty million dollars. In order to secure the dividend, each individual was obliged to sign the application form shown, but despite the fact that signing more than one was a criminal offence, many cases were found where individuals had received a dividend from several different financial institutions.

People throughout Alberta, regardless of party, had suggested that the money paid out in cash dividends could be put to better use and with this in mind the government developed in 1958 what was referred to as a five-year antirecession development program. It was introduced to the public by Premier Manning in a television broadcast August 14, 1958. It read as follows:

"Ladies and Gentlemen:

"I bring you tonight a most important announcement. At a meeting of Government members of the Legislature just concluded, final decisions were reached on a series of major projects on which your Government has worked for many months. I am taking this earliest opportunity to advise you of these decisions.

"Commencing this fall the first steps will be taken to launch in this Province a gigantic five-year anti-recession development program that will be the boldest, most aggressive and far-reaching program of its kind ever attempted by any provincial government in Canada.

"This is no hasty or ill-considered decision. It has long been realized by the enlightened people of Alberta and emphasized by your Social Credit government, that under the present outmoded orthodox financial system, recurring cycles of economic recession are inevitable. Knowing this to be true, we purposely have worked for many years to strengthen the economy of this Province in order to assure our people a strong position when the inevitable consequences of the debt and taxation policies of the old line political parties once more become manifest on a national scale. Ladies and gentlemen, that time now has come.

"The Canadian people today are confronted with the highest level of unemployment for this time of year since before the war. At the same time, they are faced with the highest living costs, the highest level of consumer debt, the biggest peacetime national budget deficit, the highest debt service charges and the largest annual increase in our national debt in Canada's peacetime history. On top of this they are saddled for the next four years with a Tory government whose declared policy is to accelerate these current trends on the false assumption that this nation can borrow and tax itself back into prosperity.

"In this Province, as I said a moment ago, we have over the years carefully strengthened our position

against this day. We have encouraged and directed the development of our natural resources for the public benefit and through the buoyancy this has given our provincial economy and public revenues, we have not only been able to establish high standards of provincial social services and aid in unprecedented municipal growth and development, but at the same time, as insurance against the evil effects of recession, we have built up provincial financial reserves which now amount to 330 million dollars.

"We now propose to draw on these reserves to the extent of one hundred to two hundred million dollars if necessary over the next five years to finance the gigantic anti-recession development program I will outline to you tonight.

"It was for this very purpose that these reserves were built up. Let it be understood even by our political opponents that it is due to the policies your Social Credit government has followed down the years that Alberta today is the one province in Canada in a position to undertake such a program and finance it without recourse to the borrowing of vast sums of new money.

"Our provincial reserves have not been lying idle in the bank vault. They already are hard at work providing facilities for our people, having been invested in municipal, school and hospital debentures maturing over the next twenty years. To finance our new program we will arrange temporary borrowings as necessary but against such borrowings, we will hypothecate an equal amount of the debentures which make up our provincial reserves. As these mature they will pay off the temporary borrowing. Under this arrangement our net provincial debt will remain nil. Now let me outline some of the highlights.

"For each major department of government, a comprehensive program embodying many new projects and improved features is being projected for the next five years. I will outline some of these projects in a few moments.

"Next year the Municipal Finance Corporation will be revised and enlarged to provide essential capital borrowings for municipalities, schools, hospitals and other approved categories of projects.

"The public service will be reorganized in co-operation with the Civil Service Association to ensure maximum efficiency and the best possible standard of public service with uniformity of treatment and opportunity throughout the service. "In each of the five years from 1959 to 1963, the program will feature one or more special projects which, when all completed, will put Alberta far ahead of any other province in Canada.

"In 1959 the first project to be launched will be a program to erect fifty modern homes for aged citizens, each with accommodation for fifty people. These homes will be strategically located in fifty zones to serve the entire province. In each of the cities of Edmonton and Calgary two special units will be erected to accommodate a total of three hundred aged citizens in each city.

"The total cost of building and furnishing these fifty homes and four special units will be borne by the province and will amount to approximately sixteen million dollars. They will provide comfortable, modern accommodation for 4,100 senior citizens, many of whom are the pioneers who first opened the doors to the development of this province. These homes and units, built, furnished and paid for by the provincial government, will be handed over to the municipalities in the zones they serve.

"For 1960, the special project will be a ten million dollar program for local community improvements, including street paving in some two hundred major towns, villages and hamlets and the provision in strategic centres of local recreation facilities such as parks, swimming pools, picnic and campsites, youth projects, etc. The object is to improve living standards and provide recreational facilities readily accessible to and within the financial reach of all our people. We do not believe such facilities should be available only to those with wealth.

"In 1961 the special project will be a Provincial Hospital, diagnostic and treatment centre to be located in Calgary patterned after the Mayo Clinic in Rochester.

"Its operation, combined and co-ordinated with the facilities of the Provincial University Hospital in Edmonton, will give Alberta the most advanced facilities of this kind in Canada.

"In 1962 two further major projects are proposed. One will be an institution for the care of emotionally disturbed children.

"The second will be a provincial school for the training of cerebral palsy and other physically-handicapped children. The growing need for such institutions is well recognized and their provision will be a big step forward in preventive health services and in equipping for useful citizenship many whose future otherwise holds for them little or no hope.

"Finally, in 1963, it is proposed to erect a provincial archives and museum. While Alberta is still a young province she now is old enough that we should make this necessary provision to preserve the records and milestones of the past for the enrichment of our future.

"The combined costs of these special projects over the five-year period will be close to fifty million dollars or an average of approximately ten million dollars a year.

"Naturally you are asking where the money will come from to finance these special projects. During the last two years your government has distributed over ten million dollars a year in oil royalties' dividends as a direct owners' participation in the development of the oil resources owned by the citizens of Alberta collectively. Most people recognize the soundness in principle of this tangible recognition of ownership and the benefit to the over-all provincial economy resulting from this practical method of directly increasing consumer buying power.

"At the same time many feel that desirable as direct citizens' participation in the development of their resources may be, there is as yet an even more pressing need for the government to provide facilities of province-wide benefit of the type I have outlined.

"Your government agrees that both considerations have merit and that each should be accorded its proper place in the intelligent planning and efficient administration of the province's economy.

"After completing the distribution of this year's citizens' dividends, the government proposes to suspend temporarily this method of distribution and each year during the five-year program, will divert the dividend fund, amounting to ten million dollars a year, to finance the special projects designated for that particular year.

"The Oil and Gas Royalties Dividend Act will remain on the statute books so that the payment of citizens' dividends can be resumed after the special projects are completed, if circumstances then indicate that such would best serve the public interest.

"Let me now give you a few of the highlights of the projected programs for the major departments of the government:

"1. A three hundred and fifty million dollar program for education including a scholarship fund large enough to ensure that no deserving student in Alberta will through lack of money be deprived of an opportunity to obtain a university education.

"2. A technical and apprenticeship training centre to serve northern Alberta at Edmonton.

"3. Effective immediately the abolition of gasoline tax on all gasoline used in farm trucks.

"4. A program of government-guaranteed farm home improvement loans through the Provincial Treasury Branches.

"5. Commencing January 1, the provincial government will assume the capital costs involved in the new dominion-provincial hospital program.

"6. The progressive introduction of nursing home care into the program and the provision of outpatient services.

"7. At the next session of the Legislature a separate Department of Labour will be established under its own minister. Fair wage clauses will be inserted in all provincial contracts.

"8. A junior forest ranger organization will be established.

"9. Leadership training in cultural and recreational fields, together with special youth projects and programs recognizing women's interests.

"10. The integration of domestic and export gas requirements and the protection of Alberta's interests in the development and marketing of oil and gas resources.

"11. A permanent co-operation and advisory board to resolve problems in the field of provincial-municipal relations.

"12. A projected highway and bridge program geared to the anticipated needs of each community in the province as a whole. Public Works projects will be similarly projected and the entire program geared to the seasonal fluctuations in employment to provide the maximum measure of employment and help stabilize the income of the largest possible number of workmen.

"We are going ahead immediately with the preliminary steps and by the next session of the Legislature will have everything in shape to get the first full year of the program under way. We will keep you fully advised as we go along and we earnestly ask for the benefit of your views and recommendations as the program unfolds.

"This is the biggest thing we have ever undertaken as a province. The potential benefits to all our people stagger the imagination. I am sure you will agree it is a program for all Alberta citizens and far above any narrow partisan interests and considerations.

"I am aware the current crop of political speculations by those whose minds are centred on their political party fortunes rather than on the progress of this province and the welfare of its people. Let me set these speculators at rest by saying emphatically that I have no intention of plunging this province into a premature election ahead of the normal time when the electors properly expect an opportunity to give a renewed mandate to the government of their choice.

"This is the province of tomorrow and the program for tomorrow. Putting aside all things that divide us let us go forward unitedly as intelligent, progressive people to claim our heritage and to fulfil our destiny.

"Thank you ladies and gentlemen."

In the 1959 fiscal year, total revenues approximated three hundred and twenty-five millions of dollars, of which municipal grants of one hundred and twenty-one million, three hundred and sixty-five thousand dollars were made. Revenues were rising so sharply that this municipal grant was greater by six millions of dollars than the entire provincial budget was only seven years previously.

Comparing this grant on a per capita basis with similar grants in other provinces, the Dominion Bureau of Statistics records show Alberta's grants amounted to \$20.47, to Ontario's \$18.62 and British Columbia's \$14.38. All other provinces were far behind, with Quebec being low at \$1.57, while Manitoba reached \$9.65.

The Social Credit movement in every province pointed to these examples in Alberta, using them to show what a Social Credit government could do, wherever located. The Federal Social Credit movement, spearheaded for so many years by the Alberta Social Credit League and later joined by the British Columbia League, referred to the success of the two western provinces as examples of what could be done by a Social Credit government in Ottawa.

The Diefenbaker years were marked by a tremendous increase in Federal spending, the government following a policy of deficit financing. Interest on the national debt grew by leaps and bounds and we, as Social Crediters, took advantage of every opportunity to condemn these policies. Likewise, when the Prime Minister found it necessary to devalue the Canadian dollar, with the result that the prices of farm machinery in Alberta greatly increased, Social Credit speakers were armed with another good argument against the financial policies of the old line parties.

Figures were released by the Federal government which again gave us as Social Credit members an opportunity to argue that Alberta was being called upon by the Conservative government to contribute in taxation millions of dollars for the benefit of other provinces. For the fiscal year which ended March 31, 1961, the Conservative government collected in Alberta from all sources, according to their own figures, a total of \$335,815,199, while at the same time returning to Albertans for all purposes only \$90,794,632. Mr. Manning, as Premier, was quick to point out that this situation amounted to every man, woman and child in Alberta making a cash donation of one hundred and fifty-three dollars to Federal coffers, to be spent elsewhere in Canada.

There is no doubt that Premier Manning, with the adroitness of a chess champion, saw that despite our five-year program, the Social Credit forces of Alberta, which returned his provincial government with such overwhelming majorities, were now voting in large numbers for Conservative candidates federally. To dedicated Social Crediters this trend signified to them the tremendous need for a return to Social Credit education of the populace and more determined efforts to elect Social Credit candidates for Ottawa. Events have proven, however, that Premier Manning came to other conclusions, which I shall discuss later.

Many times during the Manning regime it had been our policy to introduce in the Legislature resolutions calling upon the Federal government to reform Canada's monetary policies in keeping with Social Credit ideas. Such resolutions gave Social Credit members an opportunity of informing the Legislature and, thus, the public, as to what the monetary proposals of Social Credit really are and likewise gave the opposition the same opportunity for advancing contrary arguments. The last such resolution was introduced into the Legislature in February of 1960, being moved by the Reverend Ernest Hansell, who had been a Federal member from 1935 until his defeat in the Diefenbaker sweep of 1958 and who had been elected provincially in the general election of 1959. It was seconded by Mr. John Landeryou, also a former Member of Parliament, but a long-time member of the Legislative Assembly for the constituency of Lethbridge.

Premier Manning took an active part in debating this resolution and on February 26, the *Edmonton Journal*, reporting upon this debate, under the headline: "Socreds in Ottawa would control all money—Manning," stated in part, as follows:

"Premier Manning told the Legislature Thursday that a Social Credit government in Ottawa would exercise complete control of money and credit and gradually reduce the credit-making powers of the chartered banks. The Premier enunciated the crux of Social Credit monetary theory—that in the present economic system there is not sufficient purchasing power to buy all the goods produced. Mr. Manning said the Federal government cannot escape responsibility for action of the Bank of Canada. He said the bank was created by Federal legislation and 'the creation should never control its creator'. The Premier said that initially all money in circulation is created by the Bank of Canada even though chartered banks have limited authority to create money. To objections that the arbitrary creation of credit by the Bank would lead to inflation in Canada, the Premier replied that this could be off-set by restrictions on the amount of credit which chartered banks would be permitted to extend. Premier Manning said that business men consciously or otherwise agree with the Social Credit theory that there is insufficient purchasing power to buy all the available goods. He said 'Their awareness of this has given rise to the vast modern advertising business'. Premier Manning said: 'The Social Credit policy of regulating money supply and credit is the only alternative to surpluses in one part of the world and scarcity elsewhere'. He claimed that by a few simple monetary reforms these contradictions could be eliminated."

However, despite Premier Manning's success as an administrator, and his outstanding ability as a leader, he was in no way a crusader of the Aberhart type. Dr. Robert Thompson had been chosen as federal leader at a Social Credit leadership convention in Ottawa in July of 1961, at a time when the movement was making great strides in the east under the dynamic leadership of Mr. Réal Caouette. At this time it required the strongest possible leadership to appeal to the voters throughout the rest of Canada. The British Columbia forces at this convention favored Mr. Caouette as federal leader, while the rest of English-speaking Canada, apparently, though recognizing the obvious leadership qualities of Mr. Caouette, believed that a leader from outside the Province of Quebec would gain followers in the rest of Canada more easily than would anyone of French-Canadian origin. This, despite the fact that Canadians of all ethnic backgrounds recognized the sterling qualities of such French-Canadians as Prime Ministers Sir Wilfred Laurier and the Right Honourable Louis St. Laurent (affectionately known from coast to coast as "Uncle Louis") and our late beloved Governor General, his Excellency the Right Honourable George Vanier.

This seemed to be an opportunity tailored to measure for a recognized leader such as was Mr. Manning. Dr. Robert Thompson at this time was not widely known throughout Canada, as he had spent many years of his life with the government of Ethiopia in an educational and missionary capacity. Shortly after his return, he accepted the Presidency of the Canadian Social Credit forces and travelled throughout the country endeavoring to find what support existed for the Social Credit movement federally. I am firmly of the opinion that had he been able to report to Premier Manning that a Social Credit victory federally was in sight, Mr. Manning would have been prepared to accept the federal leadership. Dr. Thompson's survey, however, was not all that encouraging, with the result that Dr. Thompson was urged by the Alberta Social Credit League to seek the leadership and was guaranteed the support of Mr. Manning. Dr. Thompson agreed to become the National leader. Knowing, however, that the Province of Quebec was in the ascendancy, and that it was absolutely necessary to have unity among the Social Credit forces from coast to coast, it was decided that a Deputy Leader should also be chosen and it was obvious to all that such a position would go to no other than Mr. Réal Caouette. Personally, I was satisfied with this arrangement, although I realized that Dr. Thompson,

having been away from Canada for so many years, would need a great deal of assistance from more experienced leaders if he were to succeed in the tremendous task he undertook. In conversations since that time with the long-time President of the Alberta Social Credit League, Mr. Orvis Kennedy, I learned that an arrangement had been made with Dr. Thompson whereby had he succeeded in electing a majority of Social Crediters to Ottawa, he would call upon Premier Manning to become Prime Minister, on account of his long and successful experience as a provincial Premier and would be prepared himself to take second place. This, however, was not quite in keeping with a public statement made later by Dr. Thompson when he said that if he succeeded in leading Social Credit forces to victory, the first man he would invite into his Cabinet would be Mr. Manning, Premier of Alberta. It seemed to me, however, at the time, as it still does, that had Dr. Thompson and Mr. Caouette, working together as leader and deputy leader, succeeded in electing a majority of Social Crediters to Parliament, Dr. Thompson had every right to be recognized as Prime Minister of Canada. On the other hand, had he made such a promise to Mr. Manning, he no doubt should have followed through.

In the Federal election of 1962, Dr. Thompson was elected as a Social Credit member for the constituency of Red Deer while Bud Olsen was returned as the Social Credit member for the constituency of Medicine Hat, all other Social Credit members in Alberta being defeated. British Columbia, likewise returned only two Social Credit members, while Mr. Caouette was returned to Parliament himself and took twenty-five Social Crediters from Quebec with him. The poor showing of Social Credit candidates in the west, especially in Alberta, was not only a disappointment but a surprise because at that time Mr. Manning campaigned actively, as did all Cabinet Ministers and members throughout Alberta. By an open letter Mr. Manning urged all Albertans to support their Social Credit candidates. The letter read as follows:

"Edmonton, Alberta.

Dear Fellow Albertan:

It is of the utmost importance that on June 18 we send to Ottawa a strong contingent of Social Credit members of Parliament.

This is vital if we are to ensure the interests of our own province and bring to Canada as a whole the sound and progressive reforms which have brought Alberta to the enviable position we now enjoy. The old line parties and the Socialists have been weighed and found wanting. The time has come to give Social Credit a chance on a national scale.

I earnestly appeal to you to give your wholehearted support to your Social Credit candidate and to urge your friends and acquaintances to do likewise.

Very sincerely yours,

Ernest Manning,  
Premier"

Despite the tremendous swing to the Conservative party federally, the people continued to return the Manning government to power with overwhelming majorities, the election in 1963 giving the Social Credit forces sixty seats out of a total of sixty-three. The popularity of Premier Manning was at its highest point and there is no doubt whatever, that had he chosen to lead the Federal Social Credit movement he would have been by far the strongest and most popular Federal leader at the time and no doubt would have been Prime Minister of Canada.

At the same time the Diefenbaker glamor had come to an end and despite the greatest victory ever accorded a Canadian leader, by the overwhelming victory in 1958, he led only a minority government following the election in 1962. A general election followed the next year in which the Diefenbaker forces were defeated and the Right Honourable Lester Pearson led the Liberal forces to victory, also with a minority government. At this time, however, the Social Credit forces were reduced to a total membership of twenty-four, with two each from Alberta and British Columbia, while the remainder were elected in Quebec under Réal Caouette.

Prime Minister Pearson appealed to the country on November 8, 1965 and the results of the election reduced the number of Conservatives to ninety-seven, while the Liberals elected a minority government of one hundred and thirty-one. Social Credit forces in Alberta were able to elect only two, as they had done twice before, Dr. Thompson in Red Deer and Bud Olsen in Medicine Hat. During this election Mr.

Manning campaigned actively on behalf of a full slate of Social Credit candidates, one such candidate being his son, Preston Manning, who ran for election in the Constituency of East Edmonton. The Conservative candidate secured 13,596 votes to Mr. Manning's: 6,762. Having spoken on young Mr. Preston Manning's behalf myself, I found the overwhelming vote against him hard to believe. I was one of those many who looked forward to hearing the voice of young Preston Manning on behalf of the Social Credit movement in the House of Commons.

However, in only a matter of months the politics in Alberta took a strange turn, with the result that people even today are confused with the trend of events.