

## CHAPTER SEVEN

Before relating the story of the efforts made by the Government to carry out the Social Credit platform previously referred to, it might be appropriate at this time to outline briefly the reasons so many thousands of people had in such a short space of time become dedicated to or adherents of the Social Credit cause. This book is by no means a treatise on the subject of Social Credit, but, rather, a story of many of the things I have seen happen during my long association with the political life of Canada, and especially the Province of Alberta.

The philosophy of Social Credit had been discussed in many parts of Canada before Mr. Aberhart had commenced his study of the subject. Major Douglas was known to many members of the House of Commons, as well as to the people scattered from coast to coast who were giving serious thought to the economic ills which plagued mankind, especially since the close of World War One. It remained for Mr. Aberhart to take it out of the realm of purely intellectual discussions and reduce it to something practical whereby the rank and file could see in its proposals for monetary reform and in its sound fundamental and basic principles, a hope for its being applied by the government at a time when people were being subjected to the worst economic conditions ever to have been foisted upon mankind.

While it is true that Mr. Aberhart gave much study to Douglas Social Credit in order to acquaint himself thoroughly with Douglas' analysis and his recommendations, he endeavored, by the creation of a number of charts from which he lectured, to prove principally that the depression was caused by a shortage of purchasing power and consequently that anyone successful in solving our economic dilemma would first of all have to study in detail the present monetary system and be prepared to make the necessary adjustments in that system designed to bring into reality the fourth principle enunciated by Douglas: namely, that which is physically possible, desirable and morally right can be, should be and must be made financially possible.

It was not Major Douglas' A plus B theorem, designed to prove his contention that there is never enough money produced as purchasing power during any period of production to buy back the goods produced that caused me to become, first, a Social Credit adherent and later, a dedicated Social Crediter, but rather the prima facie evidence which existed round about us, proving to anyone who gave more than a second thought to economic conditions that Aberhart was right. Men and women today who were boys and girls just prior to the outbreak of World War Two in 1939 find it almost impossible to conceive of the appalling conditions of the 1930s.

The year 1929 ushered in the great depression and for the next ten years the entire world witnessed what has become known as the period of the "dirty thirties". The price of farm products dropped to the lowest they had been in the history of the world. No government seemed to be able to cope with the catastrophes that followed, one on the heels of another, as people lost their jobs and even their holdings.

Western Canada was a very young country and the early farmers had found it necessary to mortgage their farms in order to develop them. Most of these mortgages carried high rates of interest and by the time the depression arrived, many farmers had paid in interest an amount equal to or greater than the original principal, without, in many cases, reducing the principal at all. The depression naturally exaggerated the situation and the U.F.A. government came to the aid of the farmer by passing debt adjustment legislation. Many farmers, however, had become dispossessed of their property before this legislation was passed.

By 1932 every individual in Alberta, regardless of his occupation, was being adversely affected. People in practically all walks of life were forced to seek assistance from the Government and the Government found it necessary to enter, one way or another, into many aspects of people's lives undreamed of before.

The number of unemployed grew daily and it seemed only natural for thousands of them to make their way to our urban centres, especially Edmonton and Calgary, in search of work. It became necessary in these two major cities for the government to establish facilities whereby the unemployed could receive two meals per day at no cost to themselves. Such facilities became dubbed "soup kitchens" as more and more unemployed men and even women queued up for blocks, awaiting their turn at the wicket. It was a common sight in every town and village across Canada by this time to see freight trains loaded with young men who were travelling from one city to another searching for employment, which did not exist. "Riding the rods" became a common expression. As a train would stop at the depot in a place of any size, men would jump

from the boxcars and travel from one place of business to another, hoping against hope that a job might exist. Many of these men whom I met personally were Englishmen who had come to Canada only as recently as 1927, that being a year when the Federal Government of that day, a Liberal government under Prime Minister Mackenzie King, encouraged immigration into the country, even to the extent of heavy subsidization on the promise of Canada being a land of tremendous opportunity. Many of these men were completely disillusioned and were doing their best to return to the Old Country, believing that anything was better than what they had seen in Canada.

In 1930, the Liberal Government in Ottawa was turned out of office and a Conservative government was elected under the leadership of the Right Honourable R.B. Bennett of Calgary. Times were just right for this change, as everyone not a Liberal criticized the Mackenzie King government for not being able to cope with the depression. R.B. Bennett had caught the imagination of the public by promising to "blast his way into the markets of the world," creating a favorable balance of trade for Canada, thereby bringing back to Canada much needed money with which the goods we already possessed could be consumed.

By 1932 it was becoming more and more obvious to all thinking people that though Mr. Bennett and his emissaries toured the world looking for such markets, they were failing dismally. It seemed that every country was looking for an export market in which it could create a favorable balance of trade for itself. This, of course, was an impossible situation and the problems of the Conservative government grew worse and worse.

The same thing applied to Alberta's U.F.A. government. Surpluses of everything piled up; not that they were surplus to the needs of Canadians but that they were surplus to the purchasing power possessed by Canadians. The men who rode the rods and who lined up at soup kitchens formed the greatest real market and the only thing they lacked was the money to buy those goods which were in such great supply.

The U.F.A. ginger group was still in office in Ottawa and several of these men were giving serious study to the question of money. At the same time, men of other political parties were doing the same thing and in both the old line parties several names began to appear in print as they advocated reforms in our monetary system as being the great need for putting an end to poverty in the midst of plenty. Gerry McGeer, Mayor of Vancouver and a Liberal Member of Parliament, became a very staunch advocate of monetary reform and in almost every one of his speeches he made some reference to the problem. His views were stated on one occasion, when on a visit to Calgary, he gave a special interview to the press. The story appeared as follows in the **Edmonton Bulletin** of January 30, 1935:

### **"\$300,000,000 Money Need Cost Canadians Not One Single Cent**

McGeer points out buying of Canadian gold and issuing paper backed by yellow metal.

"CALGARY, Jan. 29. 'If there were only one bank in Canada, with its subsidiary branch banks, of course there would be no such thing as bank losses', declared Mayor G. C. McGeer, Mayor of Vancouver, as he discussed the subject nearest to his heart with a *Bulletin* reporter last evening. 'There would be no such thing as losses to that bank were loans made by it never repaid.

Furthermore, it would not cost that bank one red cent to erect a \$3,000,000 bank building in Edmonton or any other Canadian city unless the bank purchased equipment for the building outside of Canada'.

"His third remarkable statement was: 'Canada mines about \$100,000,000 worth of gold each year. The Canadian government could purchase that gold with printed paper money. The minute the transaction took place, that paper money would be backed one hundred per cent by gold.

### **"COST OF PRINTING**

The government could then issue, for the mere cost of printing, another \$300,000,000 worth of real currency, because currency only requires twenty-five per cent backing in gold to remain on the markets of the world.

That \$300,000,000 would not have cost the Canadian people one penny in interest.

Think what that could be spent for: Think how sick that would make Mr. Bennett's \$40,000,000 works program look. And it could be done every year because Canada mines that much gold every year.

If it could find nothing to build with the money, the government might buy a few mortgages on western

Canadian farm lands. That would put the money into circulation quickly enough', Mr. McGeer declared.

"Asked to explain his first statement, Mr. McGeer took an example of one man and two banks.

'Money is never lost actually from the blood stream of the nation's commerce unless it is hoarded,' he said. 'Suppose Mr. Brown borrows money from the Bank of A. and squanders it. Those to whom he gives it deposit it in the Bank of B. It is then lost to the Bank of A, which cannot recover it from Brown.

Suppose, however, the Bank of A. were the only bank in Canada and it loaned Brown \$10,000. Suppose Brown squandered it. The persons to whom Brown gave it would have to re-deposit it in the Bank of A. and the bank would have served merely as a circulating medium and in reality the only thing that would represent the supposed loss would be an entry in a ledger.'

## **"BUILDING BANK**

'As for the cost of building a bank', he continued in answer to another question. 'Suppose the bank decided to erect a bank in Edmonton. It would give its contract to a contractor who dealt with the bank.

At the end of the month the contractor would pay his salaries by cheques issued against an ink credit the bank had placed in his ledger. The workmen would deposit their cheques in the bank and possibly take out a little currency to pay their immediate bills—or they might, in turn, write cheques.

All these dealings would appear merely as debits and credits on a ledger, each of which would be balanced against each other.

The bank would buy its building stone in Nova Scotia from a bank customer, pay freight to a bank customer railway and would still have nothing more nor less than a system of cross debits and credits upon its books.

The bank could purchase its timber in British Columbia on the same basis. In fact, it could build the bank for nothing if it did not go beyond the boundaries of Canada for its material.

## **"CREDIT PAYS FOR IT**

If it bought the vault in New York it might have to send actual gold or its equivalent to New York because the balance of trade would enter into the matter.

Even under our present system, it does not always cost a banking institution the full value of the building to erect that structure,' Mr. McGeer declared. 'Nothing but bank cheques and credit pay for the most of it. Yet when the bank has been erected, the bankers can turn right around and issue currency and credit against that very building because it is shown on the books as an asset. Did you ever hear of a bank floating a bond issue to build a bank?

Now, if the banks can do things like this, the question arises "Why can't the government of Canada do them"?

## **"ANSWER IS SIMPLE**

My answer is that the government could do so easily and quite constitutionally merely by a simple change in the Bank Act and the Finance Act.

If the government of Canada can delegate such privileges to banks, surely it can reserve such privileges for itself. When the people of Canada become educated to this fact, then, and not until then, will Ottawa act. Make it a matter of votes and every vote-grabbing politician in the country will sponsor it.

If such conditions can be brought about we will be able to place money where it belongs—as a medium of exchange and nothing more. Deprive money of its money-making power and see how quickly private banks will be eager to let the government do all the handling and controlling of it,' Mr. McGeer declared".

Another M.P. of prominence was W. D. Herridge, a brother-in-law of Prime Minister Bennett. He, too, in many speeches, made it plain that the only reason for the depression we were suffering was a shortage of

money.

The Right Honourable H. H. Stevens left the Cabinet of Prime Minister Bennett and became a champion of monetary reform, going so far as to establish a new political party, known as the Party of Reconstruction, the main plank of his platform being monetary reform along the lines being advocated by Mr. Aberhart. These men, in fact, met on more than one occasion to discuss ways and means of bringing about reforms in our monetary system at both the provincial and federal levels of government.

The C.C.F. was clamoring for the public ownership of the means of production and at the same time calling for the nationalization of the Bank of Canada, which had come into being during the tenure in office of Mr. R. B. Bennett.

The Right Honourable Mackenzie King, always a political craftsman, jumped on the monetary reform band wagon and became undoubtedly the most vocal of all the Federal leaders in his advocacy of monetary reform.

In the *Edmonton Bulletin* of June 18, 1935, appeared glaring headlines quoting word for word a statement of the Right Honourable William Lyon Mackenzie King from an address delivered in Saskatoon: "Once a nation parts with the control of its currency and credit, it matters not who makes the nation's laws. Usury, once in control, will wreck any nation. Until the control of the issue of currency and credit is restored to government and recognized as its most conspicuous and sacred responsibility, all talk of the sovereignty of Parliament and of democracy is idle and futile".

The same paper on August 5th, 1935 carried a report of a meeting held in Victoria by the Right Honourable H. H. Stevens. The headline read as follows: "Stevens Charges Canadian Bankers Strangle Business." Excerpts from that speech as reported in the paper are worthy of repetition:

"Victoria, Aug. 5—Canadian banks came under sharp fire when Hon. H. H. Stevens, Reconstruction leader, faced a Pacific coast audience here Saturday night.

" 'Banks of Canada are not supposed to be safety deposits for government bonds', he protested. 'They are supposed to supply the lifeblood of Canadian Commerce.' He charged that commercial banks had strangled business by cutting down loans.

" 'In the last five years banks of Canada have contracted commercial loans by four hundred million dollars. At the same time they have increased their investments in government bonds and other securities by three hundred and seventy-five million dollars. That is to say that when the banks withdrew four hundred million dollars the effect was to strangle business. "What of unemployment? One of the first steps to be taken in Canada was a 'definite, clear-cut policy of lowered interest rates.' Based on income tax returns over the last five years, agrarians, retail merchants, wholesale merchants, manufacturers and transportation and public utilities had all suffered losses in their returns ranging from six per cent for the farmers to forty per cent for the manufacturers. Financial houses, on the other hand, showed a gain of thirty per cent.

"I will deal with Canada's housing problem by calling the bankers and those in control of capital together, and telling them what was required. I would give them two weeks, and if they did not come back with a solution, I would have the government organize a public corporation to finance a housing program".

"He dealt with the economic situation as it affects youth, and the problem of the unemployed single man. 'I don't think that every young man who flies off the handle, if you like, and treks into the cities, is a Communist,' he said. On the other hand, he believed in law observance. 'But if you expect young men to live in camps for one, two, even three years, receive five dollars a month and be happy, you are asking too much. Young men cannot be asked to suppress all their ambitions and aspirations for five dollars a month' ".

The **Edmonton Bulletin**, always a supporter of the Liberal party, wrote many editorials in support of monetary reform. While such editorials were aimed, for the most part, at the Federal government, equal support was given to Mr. W. R. Howson, Provincial Liberal leader, who was arguing strongly for his own brand of provincial monetary reform, as opposed to that of Mr. Aberhart. An editorial appeared on July 27, 1935 entitled "Young Canadians and Monetary Reform," and reads as follows: "We need to reform our treatment of young Canadians. When we arrive at a system of fair and equal opportunity for all young Canadians on a basis of action and construction, we will find that we have reformed ninety per cent of our financial troubles.

"A man who so conducted his home that his children set their hearts on getting out of that home at the earliest possible instant and never coming back to it again, would justly be considered a bad citizen.

"In Canada since 1930 every effort of government has been concentrated on giving privileged earning power to the dollar without the slightest regard to the providing of opportunity for the young. That is where the failure of Canadian government policies since 1930 has been inevitable and disastrous. Instead of having over one million young Canadians coming up through opportunity into constructive strength as a great utility for national development, we have crowded them into relief camps or left them to be a burden on their parents, while we have as a deliberate government policy concentrated the control of finance in the hands of a few old men in the financial centres, giving them, by means of tariff, privilege and banking control, the right to use national powers for private profit.

"The result has been inevitable. There has been created a public revulsion against greed and special privilege which is going to be very difficult to direct back into normal channels of thought.

"A nation-wide development of the natural resources of the Dominion, so as to provide opportunities for young Canadians, and make them sought after in the development program, is the only way to check the drift to Communism and chaos. "The only party having action and construction as the cornerstone of its program is the Liberal party. Sir Wilfred Laurier's cabinet brought under way a great development policy for all Canada. Financial alliances and special privilege intrigues made a combination which stopped the Laurier Liberal program by placing the Borden Conservative regime in power in Ottawa. The result was the throwing of Canadian youth into the discard and the favoring of the dollar factor at the expense of the human factor.

"In 1930 the electors believed the definite promises made by the Conservative leaders. Not one of those promises was carried out; and the position of Canadian youth is more desperate today than it has ever been since Confederation.

"Now we have a general election coming, and the recall of the Liberals to power means bringing back the policy of preferring life to dollars; of putting action and construction on a basis of equal and fair opportunity in the place of special privilege conferred upon and restricted to a greed-crazed class of dollar worshippers.

"The real welfare of the nation as a whole, and of opportunity for young Canadians, is what you will vote for when you vote to recall the Liberals to power. This is a promise based on actual experience during the periods of Liberal control, which stand as the only periods of real prosperity in the history of Canada."

This was in 1935 and today in 1971 the situation is exactly the same. The tentacles of orthodox finance are strangling our nation and our only hope still lies in a complete reform of our monetary system.

While all these glowing promises of monetary reform were made, the facts concerning the economic plight of people not only in Canada but all over the world were being made known in newspaper reports, publications by various organizations and government commissions. One such pamphlet, circulating in many parts of the world, did much to convince the ordinary individual that a reform of our monetary system was absolutely necessary and whether the government was made up of Liberals, Conservatives, Social Crediters or Socialists the problem it faced was one of a shortage of purchasing power in the hands of the people. The pamphlet was entitled "Waste !", published by the Social Credit Secretariat of London, England, and the message it carried is just as applicable today as it was thirty-six years ago:

"If you saw a man stagger on to Westminster Bridge carrying a large, heavy bag of the finest Brazilian coffee, heave it on to the parapet and then push it over into the river, what would you say? 'What wicked waste! A public scandal! Call a policeman.'

"And suppose your indignant comment were interrupted by yet another man, with yet another bag of excellent coffee, which he also pushed over into the water, would you not be speechless with rage?

"Well, that act of destruction would have to be performed once every minute, night and day without stopping, for over sixty years to catch up with the deliberate destruction of coffee that has been going on in Brazil during the last four years.

"Over thirty-five million one hundred and twenty-five pound bags of good Brazilian coffee have been destroyed by burning it, by throwing it in the sea, by mixing it with tar to make fuel briquets—good coffee,

enough to provide two breakfast cups of coffee a day for nearly four years to everybody in the British Isles.

"Instead, we have to pay for the wanton destruction a levy of ten shillings a bag, which goes into the price of the coffee we do drink.

"But they do not stop at destroying coffee by the million bags. They actually practise a kind of birth control of coffee by spraying young coffee trees with creosote.

"This destruction of the living plant to prevent its bearing fruit is more stealthy, less spectacular. Coffee destroyed causes indignation—coffee which never grows does not get into the scare head-lines.

"These two forms of WASTE are used simultaneously to get rid of coffee. But it is not only coffee that suffers.

"The waste of coffee by destruction or by restriction is typical of what is going on regularly, and on a vast scale (as secretly as possible, generally by restriction) with practically every living necessity required by man.

"This 'flinging of God's gifts back in His face' is an affront to the millions of people who would be so glad to enjoy the comforts of this wonderful twentieth century of skill, knowledge, and power production.

"For it is known that whilst the world is glutted with life-giving foods, millions of people are underfed; with many coal-mines shut down (rationalization) and miners on the dole, a million homes have no fuel to burn and are inadequately warmed; with building materials and plants, architects and bricklayers unemployed, we have slums still with us. In spite of the plenty that is actual and possible, millions are denied access to it, and remain poor, and children starve.

"In the U.S.A. the Department of Agriculture in the summer of 1933 announced bounties of seven to twenty dollars an acre to farmers for the destruction of the cotton crop. This was successful in securing the ploughing in or mowing down of eleven million acres out of a total of forty millions.

"'In America, under A.A.A., six million surplus pigs were slaughtered and thrown away.'—*Daily Express*, January 7, 1936.

"'This great American crop (cotton) has been cut by no less than forty per cent.'—*The Observer*.

"Sixty thousand sheep in the San Julian area of Argentina were slaughtered and burned in 1933.

"From Denmark came reports in November, 1933, that cattle were being slaughtered in the government abattoirs at the rate of five thousand a week, for the carcasses to be burned in incinerators.

"The principal copper producers of the world entered into an agreement at Brussels in December, 1931, to limit production in 1932 to 26 per cent of the capacity of their mines.

"Rubber, tin, jute, wheat, butter, sugar, fruit, meat and a host of other products, have been and continue to be, birthcontrolled or destroyed.

"'Steel production maintains its level at 47 per cent of capacity of the mills.' Message from New York in *The Times*, April 29, 1935.

"'Tea was restricted in 1933 by one hundred and twenty-one million pounds. The prices of tea in Mincing Lane are improving with every possibility of still higher levels as THE TEA RESTRICTION SCHEMES BECOME FULLY OPERATIVE . . . . It must be expected the BENEFICIAL effects will be gradual . . . . Consequently some of the tea shares are worth attention.'—*Glasgow Evening News*, July 17, 1933.

"In our own country we have not lagged behind in the devil's work of destruction and restriction. In the hot and rainless August of 1933, a shipload of good oranges was dumped into the sea off Liverpool. Such news items as these below are common:

"'Mackerel were sold at Newlyn, Cornwall, at four a penny, and boats were warned not to put out, as no profit could be made.'—*New Chronicle*, March 27, 1936.

"Owing to unusually heavy catches of young herrings during the past day or two, more than one million fish have been thrown back into the sea at Lerwick, Shetland Isles.'—*Sunday Express*, May, 1936.

"Of the fifteen and a half million acres of permanent grass land in England and Wales, not three hundred thousand are fully productive. The rest wants ploughing in and resowing.'—Professor R. G. Stapeldon, Royal Society of Arts, May 13, 1936.

"Most of the work of creating scarcity out of abundance which is practised in this country is of the less spectacular but more diabolically effective kind—under many names—in many guises.

"The breaking up of ships, great and small, before their useful life is ended—the schemes for destroying millions of so-called 'redundant' cotton spindles—the laws compelling fishermen to use wider meshed nets—all these are methods of reducing the quantity of the good things of life we all want to enjoy.

"All our so-called marketing boards are really restriction boards, soviet committees exercising power to fine, levy, licence, and limit production without any reference to law or Parliament.

"The Milk Board fines any distributor or producer selling milk for human consumption below their fixed price, but sells milk itself for manufacturing purposes at about four pence a gallon.

"The Potato Board fines any grower five pounds for seeding an extra acre, or one hundred pounds for growing an extra twenty acres.

"The Herring Board restricts fishing.

"All make extra levies (which go into consumer prices) for the purpose of destruction and debt creation.

"Rationalisation schemes are all (under guise of 'planning for efficiency') destructive and restrictive. They 'plan' all right, but it is scarcity and poverty that are being planned.

"The Bank of England has planned and carried out huge schemes of destruction, as by one of its own companies, the National Shipbuilding Security Company, formed for buying up and scrapping shipbuilding berths. The Government itself is busy on restriction; witness the Coal Mines Act passed by the last Labour Government, which succeeded in making it an offence to produce more than a given quota of coal.

"Meanwhile, the World Committee on Relief has stated that in 1934 two million, four hundred thousand people starved to death and one million two hundred thousand committed million carloads of grain; two hundred and sixty-seven thousand carloads of coffee; five hundred and sixty thousand hundredweight of sugar; fifty thousand hundredweight of rice; and fifty thousand tons of meat.

"A doctor writes to *The Times*:—

"I have personally seen cases of rickets within the constituency of the present Prime Minister much worse than I saw in post-war Vienna. Between the Tyne and the Tees there is, in spite of what Sir George Newman says in his last two reports, a substantial and progressive deterioration in public health.'—From a letter to *The Times* by G. F. Walker, M.D., Sunderland.

"In Britain there are four and one half million who can spend only four shillings a week on food, whilst nine million more can spend only six shillings, yet, according to Sir John Orr's report, to maintain an adequate safe standard ten shillings a week per head is needed.

"These two things are going on side by side:

1. Ever increasing capacity to produce food, clothing, shelter, warmth, transport, and all the necessities and most of the luxuries of civilized life.
2. Millions of people in this country, and also in other countries, living drab, penurious lives, many under-nourished and some even starving.

"There are three ways of dealing with this situation, which is aptly described as poverty in the midst of plenty.

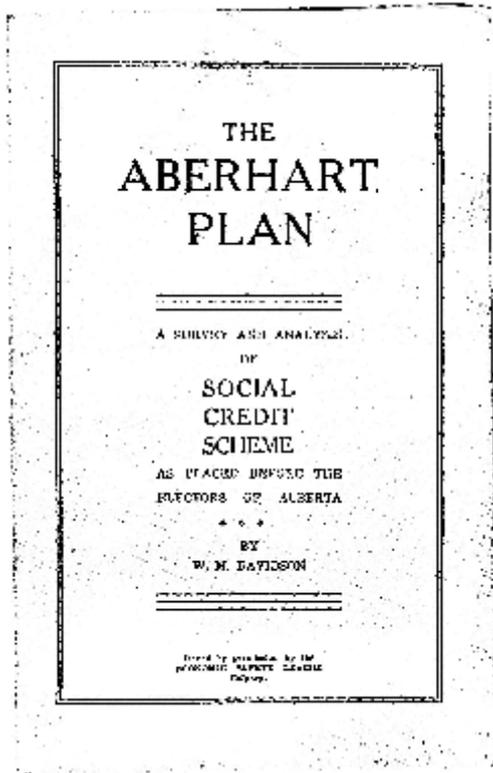
1. To cut down and restrict the plenty until we have poverty in the midst of poverty. This is what is

being done now.

2. To extend the restriction and destruction of human beings to keep pace with that of goods.
3. To distribute the foods which we now destroy and restrict so that all can enjoy them, without hurt to anyone.

"Which do you choose?"

"It is time you made your choice and realize that you will never get what you want until you demand it".



Cover of pamphlet designed to destroy Social Credit Movement

# **SOCIAL CREDIT**

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in the  
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