

FAIR USE CLAIMED FOR NON-COMMERCIAL EDUCATIONAL PURPOSES ONLY

***The Alberta Experiment: An Interim Survey***

by C. H. Douglas

(With introduction by Eric D. Butler  
and background notes by L. D. Byrne)

1984

Veritas Publishing Company Pty. Ltd.

Western Australia

Copyright C. M. Douglas (Don and Jane Martin)

First published in 1937

Second edition, 1984 with introduction by Eric D. Butler and background notes by L. D. Byrne.

PREFACE

In the years which have succeeded the European war of 1914-18, the world has witnessed at least three developments in those associations which we choose to call the "State." I refer, of course, to the Soviet Republics of Russia, the Fascist Corporatist State of Italy, and the National Socialist State of Germany. To what extent these developments are administrative and have to do with Law and the means of enforcing Law, and to what extent they are economic and financial, is not easy to determine. What is clear about them is that they do not openly and consciously challenge the international credit and financial monopoly which inter-permeates and, in many cases, transcends them.

While it might at first sight appear that anything which could take place in a single Province of Canada must be of less importance than movements involving great world powers, I venture to suggest that history will not endorse such a conclusion. Whatever the mistakes which have been, are being, and, no doubt, will be made, in the adventure to which Western Canada is moving, the forces which are being challenged and the political results of that challenge are greater than anything which is involved in either Russia or Italy or Germany, every one of which, whatever its virtues, is an attack upon individual liberty. If this were the only reason, and there are others equally pregnant with human fate, I feel that it would provide ample justification for the most unbiased record which circumstances and human nature will permit.

C. H. Douglas

*Temple, 1937*

## INTRODUCTION

By Eric D. Butler

I feel privileged to have been asked to write an Introduction to a republication of C. H. Douglas's book, *The Alberta Experiment*, a basic sourcebook for all students of modern politics. Published first in 1937, only two years after the first Social Credit government in the world had been elected, *The Alberta Experiment* provided striking confirmation of the genius of Douglas in grasping clearly the basic feature of the struggle in which mankind is involved.

Writing in *The Social Creditor* of September 11, 1948, Douglas said, "To the extent that 'Social Credit has failed in Alberta', i.e. has not been tried, the root cause has always been evident – a persistent determination not to recognize that when Mr. Aberhart won his first electoral victory, all he did was to recruit an army for a war. That war has not been fought..." However, as revealed by the man who was to become Aberhart's closest adviser and confidant, Douglas's representative, Mr. L. D. Byrne, in his background notes on the Alberta drama, passed to me when Byrne died in 1982, Aberhart was preparing to fight that war when he died in the middle of his second term in office. Canadian and world history might well have been different if Aberhart had lived and not been succeeded by Mr. Ernest Manning who, for whatever reasons, soon made it clear that he was not prepared to lead the Alberta Social Credit army into a fight. Douglas commented that "Perhaps reasonably, he prefers to ride at its head in ceremonial parades."

Manning not only deserted the Social Credit cause but upon his retirement accepted directorships from the very financial institutions he had previously criticized. In a series of articles, "Social Credit in Alberta (1948)", published in *The Social Creditor*, Douglas analyzed the Alberta situation, observing that "The first point on which to be quite clear is that the Social Credit Government, now headed by Mr. E. C. Manning, is where it is because some of the most powerful Forces in the world have failed in previous attempts to put it out. In other words, the Social Credit **idea** can not only win elections, but it can go on winning elections against tremendous opposition, **so long as it is clear to the electorate that the opposition is being fought**. That is to say, there is definitely a Social Credit electorate in Alberta."

But Douglas wrote this in 1948. Even then, there was a change coming. Douglas said,

"Now it is quite clear that the opposition met by the first three Social Credit administrations, both during their elections and their term of office, was quite different in character to that now existing. And it is also clear that the change results from a recognition of the fact that the Alberta electorate is Social Credit, but the Administration is not. Anyone who has followed with reasonable attention the strategy which unites

such apparently divergent interests as Zionism, Communism, Socialism, and International Cartelism, will have no difficulty in recognizing that these labels, taken in reverse order, represent the military theory of the Limited Objective, and the major **tactic** for their attainment is infiltration...

“The Manning administration is no more a Social Credit administration than the British Government is Labor.

“It is fairly obvious that the opposition to Social Credit which comprises all of these interests does not care much what the Alberta electorate thinks; it is what the Alberta Legislature **does** which interests them.”

Douglas went on to observe that it was “grimly amusing” to have the Leader of the Socialist Party of only two in the Alberta Legislature accusing Mr. Manning of appropriating Socialist policies and calling them Social Credit. Douglas said, “Much of the Legislation of the Third Social Credit Administration, and the program for the new legislature, the Fourth... is State Socialism and Collectivism and contravenes every principle... of Social Credit.”

In the same article, Douglas said, “The most casual perusal of the Alberta Press is sufficient to make it evident that it was solidly behind Mr. Manning and entirely assured that he and his Cabinet are indifferent to any of the ideas which brought Mr. Aberhart to power. The Dark Forces, quite rightly, have taken Alberta seriously. They know far better than Mr. Manning that Power centralized in an Administration is power taken from the individual, and that far more effective pressure can be exercised, under present arrangements, by them than by the Alberta Electorate.”

Douglas went on to predict that “When, in the course of time – not too much time – the electorate becomes dissatisfied, it will be a matter of the smallest consequence. It will merely be ‘Social Credit which failed in Alberta’ and a fresh company of Office seekers will not be difficult to find.” This is exactly what happened.

Those who will not learn from the mistakes of history are doomed to repeat those mistakes.

1984 is the fiftieth anniversary of the historic Douglas tour of the Crown Commonwealth nations of Australia, New Zealand and Canada. There was tremendous enthusiasm everywhere, as people grasped the vision of how without violence and bloodshed, without following the path of dictatorship taken by the Italians under Mussolini and the Germans under Hitler, it was possible to usher in an age of security and freedom for all. There was no need to take from some to give to others. Every section would benefit under Social Credit.

The republication of *The Alberta Experiment* is a most suitable way to commemorate the Douglas tour of fifty years ago. It was during this tour that Douglas met with Mr.

William Aberhart on the eve of the historic election result of 1935. Douglas argued strenuously with Aberhart during his 1934 visit. Aberhart was able to popularize Social Credit without being sound on technical aspects. Douglas realized that it was one thing for an organizing genius like Aberhart to win a political campaign, but it was another matter for a group of political amateurs, led by middle-aged High School Principal with no experience of Government administration, to move successfully against powerful international groups with centuries of experience behind them.

As shown in *The Alberta Experiment*, Douglas knew the grave risks of rushing to Alberta before there had been a careful preparation of the groundwork necessary for successful attack on centralized financial power. Events confirmed Douglas's views. While Douglas was aware of the serious deficiencies of understanding of Aberhart and his colleagues, he also understood that politics is the art of the possible, and he did nothing which could be used to undermine Aberhart.

When Aberhart died, Douglas paid him the following tribute,

“The character of the man, and the nature of his historic and successful fight against the massed forces of Finance and corrupt politics are not so well known and have, of course, been misrepresented to meet the convenience of his... reporters and critics....

“Exceptional as the new Premier (in 1935) was in electioneering ability, I do not believe that either he or his supporters have the slightest conception of the distance which separated them from a knowledge which was indispensable to even a fighting chance against an enemy with the experience of ages to help him. The miraculous fact is that they escaped disaster, if even only by a hair's breadth. They could not fail to make mistakes, but they learned by them.

“It is not easy for a man of 57, the greater part of whose life had been spent in teaching, to learn. It was here that one of Aberhart's outstanding qualities shone so clearly. He was, beyond all question, a man of complete integrity, more concerned to fulfill his pledges than to force his own ideas, once he was convinced that they were wrong or inexpedient. In the short space of five years, while drastically remodeling and purifying the day-to-day administration of the Province, he uncovered his enemies' hand by a series of bills which forced Mr. Mackenzie King, returned to power at Ottawa on a speech demanding ‘Hands off Alberta’, to forswear himself by disallowing them.”

It has been said that more people throughout the world have heard of Communism and Karl Marx than they have heard about any other political movement. Whether this is true or not, it is certain that only a small minority has heard about Social Credit and its author, C. H. Douglas. And when Social Credit is mentioned, it is invariably described as “that funny money system which was tried in Alberta many years ago, and failed”. As Douglas said, if Social Credit financial policies were absurd and worthless as an answer to the depression conditions of the Thirties, why did they not permit the government of

Alberta to go ahead with the legislation proposed? But the credit monopolists and their allies feared that even a partial application of Social Credit would prove successful, and that it was essential to make every effort to prevent this taking place.

But in longer sweep of history, the Alberta drama will provide lessons essential for the regeneration of Civilization. That is why the republication of *The Alberta Experiment* is a major event in the history of Social Credit.

Writing in *The Big Idea*, which first appeared serially in *The Social Crediter*, between January and May, 1942, Douglas said, "If the Social Credit Government of Alberta had done nothing -- and it has done many things -- to justify its existence, the demonstration afforded by its enemies of one fundamental factor in the world situation would still have made it a landmark in human history.

"That factor, completely demonstrated by the actions of the Canadian Federal Government in disallowing every Act of the Provincial Legislature directed to the inauguration of Social Credit, is that the Secret Government is determined to keep the world in turmoil until its own rule is supreme, so that one uninformed mob may be mobilized against another, should either become dangerous. I do not think that anyone who will take the trouble to consider the actions of the Canadian Federal Government, can fail to apprehend exactly like centralization, Federal Union, and other 'Bigger and Better' Governments are the most deadly menace with which humanity is faced today."

The menace mentioned by Douglas is much greater today than when he made the above comment. A careful study of *The Alberta Experiment*, and the background notes provided by Mr. L. D. Byrne, will prove invaluable for those determined to do battle with that menace.

Eric D. Butler  
Melbourne, April, 1984

## A BACKGROUND PICTURE by L. D. Byrne

1. When and if the history of Canada during this century is written faithfully and objectively, William Aberhart of Alberta will loom large in the importance of his contribution to the molding of the future of this country since that historic election in 1935 which brought to office in Alberta the first Social Credit Government. It was an election in which a new party, literally only a few months old, not one single candidate of which had sat previously in the Provincial Legislature, swept out of office the well-entrenched United Farmers of Alberta Government to take 56 of 63 seats. It was that election which brought me to Canada.

2. It is necessary to digress in order to present what I have to say in perspective. Shortly after the First World War a Scottish engineer with a brilliant career in that field, Clifford Hugh Douglas, attracted the attention of some thinking persons by an article in *The English Review*, followed by publication of his first book, *Economic Democracy*, giving his economic ideas which became known as Social Credit. Within a matter of a few years, from a handful of individual students in England, Social Credit found support throughout the British Isles, in the U.S.A., Canada, Australia, New Zealand, the Scandinavian countries – and later even further afield – in short, a worldwide movement formed around the body of Douglas's ideas known as Social Credit.
3. Inevitably many students of Social Credit wrote their interpretations based on their understanding of the subject. Some were accurate. Some were reasonably so, but many either represented only one aspect of the subject, usually made basically unsound by attempts to simplify it, or sometimes were entirely inaccurate and unsound.
4. In Canada during the late Twenties and early Thirties Social Credit found support in Alberta more than elsewhere in the country – possibly because of the influence of the American monetary reform ideas which had penetrated from South of the Border. The spearhead of the Alberta adherents were the “Ginger Group” of the United Farmers Members of Parliament. And in Ottawa they had the support of *The Ottawa Citizen* while in the West *The Western Producer* provided increasing support for the Douglas idea.
5. Douglas had predicted the economic depression of the ‘Thirties which plunged North America into conditions of deprivation not previously experienced. Aberhart was at that time headmaster of Crescent Heights High School in Calgary – having the reputation of an outstanding teacher. Both his religious conviction and his deeply ingrained sense of justice were offended by the spectacle of his students leaving school educationally equipped to take their place in the world, yet having to join the ranks of the unemployed in the bread lines, one of his best students committing suicide in despair. His reason boggled at a state of affairs in which idle men and machines existed side-by-side with poverty and want. A colleague of his lent him an interpretation of Social Credit economics by the English actor-playwright Maurice Colbourne – a popular and reasonably accurate outline of the subject.
6. The effect on William Aberhart was spectacular. Single-handed he began to mobilize support for his newfound economic doctrine. Unfortunately, in an effort to simplify Douglas and (as he hoped he was doing) apply his ideas to Alberta conditions, he distorted them both technically and in broad policies.
7. However, he set about systematically to spread “the good news” through his Sunday religious broadcasts, which enjoyed a wide audience, and later by speeches and

holding meetings throughout the Province. Under the influence of the United Farmers Association local study groups had already a smattering of Social Credit knowledge and most of them had interested themselves in monetary reform. The results of Aberhart's crusade were crowned with success. In a very few months he had enthusiastic and wide support throughout Alberta.

8. At first he had no intention of entering the political field. With evidence of the support he had mobilized, he first approached the United Farmers' Government. Unable to get any assurances from them that they would take action to introduce Social Credit, he approached both opposition parties. Getting equally evasive answers from these, he took off his gloves to do political battle. In subsequent broadcasts he told his supporters to get ready to enter the political field and enter their own candidates in the forthcoming election. He began organizing in earnest.
9. The United Farmers Government, deeply concerned by reports of the spectacularly large and enthusiastic meetings Aberhart was getting throughout Alberta, hurriedly invited Douglas – who was then in New Zealand – to visit Alberta on his way back to England. No doubt the United Farmers' Cabinet hoped to discredit Aberhart by bringing Douglas to give evidence before the Legislative Assembly because by this time the divergences in Aberhart's and Douglas's views had become general knowledge. The effect of Douglas's visit was to give an impetus to Social Credit support in Alberta – and within a matter of weeks it became all too evident that the U.F.A. Government was in trouble.
10. Douglas was in Norway at the invitation of the King and the Government when the U.F.A. Cabinet, in a last attempt to stave off political disaster, invited him back to Alberta as their economic advisor. He accepted and during his stay studiously avoided getting involved in Albertan politics. He presented an interim report to the Government, leaving the Province the same day. In the election which followed, not a single U.F.A. member was elected and the party disappeared from the Albertan political scene.
11. Aberhart and his inexperienced Cabinet took office to find the Treasury emptied, the bond interest overdue, civil service salaries unpaid and a totally inadequate revenue to meet Provincial commitments. Douglas had offered to come to Alberta with the assistants he would require. Aberhart was too concerned with extricating his government from the critical financial plight which they had inherited, and put him off with a request that he should send Aberhart "his plan", meantime concentrating on bailing the Province out of the threat of financial bankruptcy.
12. A further diversion is necessary at this point: Aberhart had a smattering of knowledge of the financial analysis and remedial proposals of Social Credit. What he did not understand was that Social Credit is not a plan or scheme of monetary reform, but "the policy of a philosophy" of which the financial proposals are but one

means to an end. The result was that in subsequent correspondence with Douglas -- a full record of which is to be found in Douglas's book *The Alberta Experiment* -- Aberhart found himself at loggerheads with him; they were just not getting through to each other.

13. To proceed, in his anxiety to get financial aid, Aberhart went to Ottawa to seek their assistance in obtaining a desperately needed loan. In consideration of the loan he sought he agreed to appoint Mr. Robert Magor, darling of the Eastern financial interests, as financial and economic advisor to the Government on the recommendation of the Governor of the Bank of Canada. Mr. Magor's sponsors could have but one objective, to discredit Social Credit and bring down the government committed to initiate that policy – on which we on the Social Credit Secretariat in London had been given inside information. After warning Aberhart of this, Douglas resigned as Economic Advisor to the Alberta Government.
14. The measures adopted at the instigation of Mr. Magor – dismissal of civil servants, a steep increase in income tax, the suspension of bond interest – brought the Government into such odium with the general public, both within and outside Alberta, that it led to a revolt by those members of the Legislative Assembly who realized the Government was pursuing a policy diametrically opposed to Social Credit and that this repudiation of Douglas had led to his resignation. The upshot was that the Cabinet was faced with an impasse within the Government caucus – the pro-Douglas members refusing to vote the money supply to enable the government to carry on. This was referred to as “the insurgency” and led to both sides agreeing to an arrangement under which a board of caucus members acceptable to all was set up to advise the Government on matters of Social Credit policy. Its first act, on which the Caucus insisted, was to send the Chairman to England to invite Douglas to Alberta.
15. Douglas's response to this invitation was that, over the previous two years, the Alberta Government had done just about everything to discredit itself and Social Credit. Before he could agree to get involved again, he would want a first-hand report of the facts. He therefore recommended that the Government invite him, or his nominees, to visit the Province for a preliminary study of the situation. This was accepted by Mr. G. F. Powell, a business efficiency expert from London, and Mr. A. L. Gibson, a Chartered Accountant from Sheffield, were nominated by Douglas for the mission. At the last minute Arthur Gibson was subpoenaed to give evidence in a Crown income tax prosecution. This led to me obtaining five weeks' leave of absence from my work to take his place.
16. Powell preceded me to Alberta. By the time I arrived I found he had succeeded in bringing the two opposing Government factions – the Cabinet supporters and the insurgents – together on the understanding that there would be speedy action to further Social Credit policy. In the economic field the issue was centered in the



control of the real credit of the Province – that is, in its ability to produce the wanted goods and services which would lift its people out of the conditions of poverty which prevailed. This real credit was, in turn, controlled by the monetary system – which was constitutionally the responsibility of the Federal Government because of its jurisdiction over banks and banking. Therefore any action to bring the real credit of the Province – involving fundamental property and civil rights under the exclusive constitutional jurisdiction of the Provinces – under the Provincial control required of the banks to conform to the policy laid down by the Provincial Government. As the policy being pursued by the banks under the Bank of Canada was diametrically opposed to Social Credit policy and was inherent in the system, such action was bound to bring the Alberta Government into conflict with the banks, and financial institutions, and, through them, the Federal Government.

17. Having explained this to the Cabinet and, at their request, to the Caucus, I recommended, with the concurrence of my colleague Powell and the approval of Douglas, that a special session be called immediately to pass legislation requiring the banks to implement the measures required by the Government. No sooner had the session been called than press representatives, officials of the Bankers' Association and others poured into Edmonton. The legislation which was introduced – specifically "The Credit of Alberta Regulation Act" – was the object of violent attack by the financial powers-that-be in Canada, England, the USA and several other countries. It was promptly disallowed by the Federal Government – notwithstanding the fact that the then Minister of Justice had stated shortly before that he doubted that the Federal Government had the constitutional right to disallow Provincial legislation.
18. I went back to England with a pressing request by the Alberta Government to take up employment as their economic advisor. In my absence my colleague Powell was arrested on what I am satisfied was a trumped-up charge of defamatory libel. I returned to Alberta to take up my appointment with the Government and shortly afterwards, following a farcical trial before judge without jury, Powell was sentenced to six months' imprisonment and ordered to be deported. After serving three months, he was released. He died shortly after returning to England from the effects of his experience.
19. When I first came out, Mr. Aberhart was inclined to treat me with natural suspicion. However, I gradually gained his confidence and we became firm friends. I found him to be a man of complete integrity with deep and sincere religious convictions. He had a boyish, mischievous sense of humor which he combined with an utter fearlessness in clashing head-on with his opponents. From early 1938 until his death in May 1943. I worked closely with Aberhart as advisor and confidant, so I got to know him intimately. One of the strongest aspects of his character was his passionate loyalty to the Crown – the full implications of which he understood and cherished dearly. Probably the most cruel and malicious attack on Aberhart by his

political enemies was the suggestion that because of his German forebears, his sympathies were with Germany and Hitler during the (Second World) war. This was the only kind of attack I knew to hurt him – and to hurt him deeply.

20. In 1939 when their Majesties King George and Queen Elizabeth visited Canada, it was due mostly to the devoted and meticulous way in which Aberhart personally organized all the details of the Alberta visit that it was such an outstanding success. When war broke out, Aberhart invited the Social Credit Members of Parliament to Edmonton before proceeding to Ottawa. He impressed upon them the grave implications of the war, the peril of Britain's position faced with the mighty war machine in Nazi Germany and the imperative necessity for Canada to join Britain in the conflict as soon as possible. Ever since the disallowance of Alberta legislation and the hostile attitude of the Mackenzie King Government, the Alberta Government had been in constant conflict with Ottawa. Aberhart told the M.P.'s that once Canada entered the war a total war effort was all that mattered – that differences would have to be put aside and all Provincial Governments, including Alberta, must support the national war effort. It is a matter of record that it was pressure from the Social Credit M.P.s which helped to hasten Canada entering into the war.
21. When it became apparent that the tide of war was turning in favour of the Western Allies and Russia, Aberhart devoted himself to preparing for the coming Post-War Reconstruction. He remembered vividly the appalling conditions of the depression years: he remembered the aftermath of the 1914-1918 World War when those who had risked their lives for their country came back to anything but the kind of world for which they had fought. He was determined that it should not happen again and he planned, as soon as the war was over, to travel across Canada from coast to coast telling those who came back from the war the kind of Canada that could be built – the kind of Canada in which mounting debt, increasing taxation, mounting inflation, and continual job insecurity would be things of the past. In preparing for this he made a series of provincial broadcasts designed to set the pattern for wider action.
22. However, this was not to be and in May 1943, William Aberhart died in Vancouver while taking a holiday with one of his daughters. There was no question who was to succeed him. Ernest Manning had worked with Aberhart in the Prophetic Bible Institute in Calgary during the latter's pre-Social Credit days – he campaigned with him during the pre-1935 Social Credit landslide election victory – he had been a member of all Aberhart's Cabinets from the time the Party had assumed office – and he was recognized as being his obvious successor. On assuming office Manning, in a broadcast to the people of Alberta, vowed that as long as he and his colleagues had anything to do with the Government of Alberta, they would continue to strive for the furtherance of those policies and objectives associated with Social Credit for which they had fought so vigorously under Aberhart. However in the following year a subtle change of Government policy became apparent. In 1945 I was asked to

organize the Department of Economic Affairs and became its first Deputy Minister. The purpose of the Department was supposedly to initiate and recommend to the Cabinet through the Minister policies for their consideration and to coordinate the implementation of these by the respective Departments responsible.

23. However, for some time the Government had been pursuing policies in conflict with those of Social Credit and this led to a growing deterioration in the attitude of some Cabinet Members toward me – hardly calculated to inspire the degree of mutual confidence desirable in the responsibilities I had to assume. This culminated in the submission by me of a report drawing the Government’s attention to their departure from the policy to which they were committed and in the furtherance of which I was supposed to submit recommendations through to my Minister. The upshot was a demand for my resignation. The Minister of education, who supported my report, was dismissed by the Premier. This action was accompanied by the liquidation of the Social Credit Board. Over the years which followed, the pursuit of Social Credit policy was abandoned. However, with buoyant revenues from oil leases and royalties, the Government concentrated on providing “good government” within the limitations of the established financial and political systems and for all practical purposes was indistinguishable from an orthodox conservative party tinged with socialism. It was bound to be only a question of time before this was generally recognized by the Alberta electorate, and if an acceptable alternative was offered to them, they would reject the Social Credit Government as that Government had rejected Social Credit.
24. This occurred in the election of September, 1971 – after a nominal Social Credit Government had been in office continuously for 34 years, for over 20 years of which they had studiously avoided furthering Social Credit policy.
25. Within the Alberta Archives should be kept the following publications relevant to this period of the Province’s history – and which, if our disintegrating Civilization survives, will be relevant to its future:

By C. H. Douglas:

*Economic Democracy*  
*The Monopoly of Credit*  
*Social Credit*