



THE UTOPIAN STATE: THE RISE OF THE SOCIAL CREDIT PARTY

Author(s): William E. Segall

Source: *Journal of Thought*, JULY, 1971, Vol. 6, No. 3 (JULY, 1971), pp. 176-186

Published by: Caddo Gap Press

Stable URL: <https://www.jstor.org/stable/42588255>

JSTOR is a not-for-profit service that helps scholars, researchers, and students discover, use, and build upon a wide range of content in a trusted digital archive. We use information technology and tools to increase productivity and facilitate new forms of scholarship. For more information about JSTOR, please contact support@jstor.org.

Your use of the JSTOR archive indicates your acceptance of the Terms & Conditions of Use, available at <https://about.jstor.org/terms>



Caddo Gap Press is collaborating with JSTOR to digitize, preserve and extend access to *Journal of Thought*

JSTOR

(such as U. S. history) so that long term visitors will not lose credits on their return to their own country. The teaching of French at this school is fantastically successful, and when students are judged ready to merge, they are eager and happy to enter into the work of the different classes. They have not suffered the frustrations to which we subject many of our non-English speaking students, and subsequent success is more prevalent than with our somewhat hit-or-miss approach. This is a service which perhaps ought to be studied, especially where there are a number of students who are deficient in the knowledge of English.

Although it is impossible to sum up all the strengths and weaknesses of a school system as complex as that of France, it is interesting to observe similarities to and differences from our own system. It was traumatic for them to discover in May 1968 that they were not so strong as they had believed, but they are now trying to rectify the serious inequalities from which many have suffered. The system remains highly competitive which is not undesirable, but teachers are in general harsh and uncaring, which helps no one. Against this background our own system shows up clearly with its many good points and some bad ones which may not be so difficult to alter as seems to be thought by some critics. The comparisons and contrasts offered in this paper clearly demonstrate a justified confidence in what we do here, with the hope that where we can learn from others we will do so.

THE UTOPIAN STATE: THE RISE OF THE SOCIAL CREDIT PARTY

William E. Segall

From time to time, educators, philosophers, historians and others have reminisced about the possibility of creating society anew. From the despair of attempting to understand the confusion of national and international events within a particular perspective, the question arises: what special event should take place for a

William Segall was brought to Oklahoma State University to build their program in comparative education. In addition, he teaches history of education. His doctorate is from the University of Arkansas.

people to understand that their future must be re-defined in a more noble manner? With this loss of hope, Alberta served notice on the rest of Canada in August, 1935, that it would take steps necessary to end the depression and terminate the quasi-colonial economy supposedly controlled by St. James Street. The Depression of the thirties had had an extraordinary effect on the economy and people of Western Canada. Debts increased the problems of the drought-ridden farmers, so that Alberta, like Saskatchewan and Manitoba, looked for answers in its political and economic structure. Poverty in the midst of plenty created a desperate attempt on the part of the Albertans to reject the nationally controlled parties of the East in favor of a politicalized economic theory called Social Credit.

THE DEPRESSION

A. Agriculture: The depression of the 1930's was no dream of the Albertan as a review of some pertinent reports of the Dominion Bureau of Statistics indicates. The depression caused many farmers to move to the urban centers. For example, in 1936, the farm area and conditions of occupied farmland dropped to 3,010,868 acres from 3,615,373 in 1931 in the Hanna Division 5 of the province.¹ Total land area was 4,915,840 acres. In the same division in 1941, 3,491,776 occupied acres existed, with the total farm acreage remaining the same. Value of farm products decreased in 1930 to \$4,710,552, but rose to \$5,642,981 in 1935 in Division 5. (Compared to a total value of farm products in 1925 of \$17,708,076.) In 1940, the increase continued; total farm products were worth \$7,785,704.

Medicine Hat fared equally as poorly.² In 1928, production value per acre was \$20. In 1930 it dropped to \$4.90 per acre, and in 1935 that low production value per acre increased to \$8.54. Correspondingly, annual precipitation recorded in that area in 1928 was 7.6 inches and in 1931 was 9.9 inches. In 1935, 13.6 inches of precipitation was recorded. Yield of wheat varied as well. In 1928, 25 bushels to the acre was recorded; in 1931, 5 bushels per acre; and in 1935, 14 bushels.

A comparison of wheat production in 1935 with that in 1928 shows the total harvest was forty-four per cent less than in the base year. The value of the production per acre decreased by fifty-seven and three-tenths per cent. Although precipitation increased approximately seventy-eight per cent in 1935, the statistics indicate variation in price as well as in the number of persons on the land.

The Bureau statistics appear to indicate that there were fewer farmers on the land during the depression than before or after, and that production was smaller during the "dirty thirties." Further, the statistics appear to indicate that the production value of the land was reduced because of the drought and price fluctuations beyond the immediate control of the farmer. It must be stated, however, that factors such as industrialization, oil exploration and entry into the Second World War in September, 1939, would explain, in part, some of the variation in prices.

B. Education: To further indicate the extent of the depression, it should be noted that the educational structure in the West was on the verge of collapse. Schools closed throughout Alberta. The sparse population, coupled with the movement to the larger cities of the province, created pockets within Alberta which were without schools or educational facilities. Macpherson stated the problem realistically:

Many who left were able people, whose departure was a great loss to the rural communities. Although in the early bad years it was the people unsuited for settlement, the "crack-pots" and the unstable, who moved, in the late twenties and the thirties, it was the young people, especially the single men and the married couples with growing families. . . . Parents encouraged their children to leave, because they were discontented with dry-belt life and aware that to pass on a drought-affected farm to a son was not to provide him with the means for earning a good living, or because they felt that farming was "no life for a woman." Whereas in an earlier day the most active young people migrated to the frontier, now they went from the Prairie West to the cities or to other rural regions.³

Teachers were in the main without positions, or if employed, without adequate salaries. It was not unusual for employed teachers to act as janitors, as well as to assume full teacher loads for a multi-graded rural school. It was not the exception for many of them to receive script, promissory notes, or just plain promises in payment for their duties. In many cases, teachers lived in dilapidated shacks known as "teacherages." Board for many meant moving from house to house, or farm to farm, eating with whoever offered. Macpherson reports in her study of Hanna, Alberta, that the people lost a great deal of interest in the education of their

youth. In this case, the people were so concerned about the problems of living that the education of their children was simply a too far-away goal. The mood of the people is strikingly noted.

It may even be that as in rural municipal government, the innovations in educational organizations have increased the apathy. One thoughtful farmer argued that the large division took school management farther away from the people, so that they were inclined to take it for granted. "People have to be made to do their own thinking," he said. "They won't consider a problem their own if it isn't dumped on their doorstep."⁴

Salaries and conditions were simply not adequate to keep a good teacher.⁵ Many teachers were on the most part without university degrees and did not display the required leadership that would improve education.⁶ Macpherson describes the type of teacher in the town of Hanna, Alberta.

The typical rural school teacher since the depression has been a young girl recently out of Normal School. Possibly she came from a farm, possibly from a city high school; in either case her range of experience is not wide. She moves frequently, with matrimony or a town school as her goal. She is often isolated, living in a teacherage because no farmhouse is near enough or large enough to give her a room. Less usual are the young men using teaching as a stepping-stone to the university, housewives who formerly taught and resume the occupation so that a local school need not be closed, and elderly men with English University degrees. Some teachers do take a leading part in the community, organizing plays and dances, picnics, and Red Cross groups. Others are active, but in a manner not to the liking of the "respectable" part of the community.⁷

The teacher in the cities, particularly Calgary and Edmonton, fared no better. For example, during the academic year 1933-34, the Calgary board of trustees reduced salaries across the board by thirty per cent. Investigation tends to support that teachers were joining other groups which promised them a better standard of living. A Calgary trustee remarked that the thirty per cent decrease in teacher salaries would "put the fear of God into those Reds."⁸

THE ADVENT OF THE SOCIAL CREDIT PARTY

Social credit in Alberta was known prior to Aberhart's politicalization of the term to mean an economic philosophy. The concept of equalizing economic consumer control of production goods was originally an English idea created by a Major C. H. Douglas. Douglas, an engineer in the war plants of England during the First World War, discovered that the total cost of producing goods, plus the profit arrived at from the sale of goods, was continually greater than the total wages earned by the employees. Now, theorized Douglas, if this is the normal situation in England, it would appear that it would be impossible for a worker to buy the goods he makes at the wages he earns. Taken to its logical conclusion, he said, this meant that the worker in England would continue to have less purchasing power than the total amount of goods he produced. In short, stated Douglas, English workers could not, in the long run, afford the goods they produced; therefore, the government should, on their behalf, create extra "money" or credit so that they could, in fact, have those goods produced.

A. Social Credit Philosophy: To note the attraction to and the acceptance of the Social Credit philosophy by the Albertan, it is necessary to investigate Douglas' prime theorem. In the final analysis, the farmer and his urban-laborer compatriots in Alberta looked upon Social Credit simply from the standpoint of government sponsored money. It was an idea that appealed to them, and, although not understanding it, they felt that it could work.⁹

This is the heart of Social Credit; the depression was a result of high prices versus low wages. However, if wages in general were increased, it would appear that the cost of the produced material in the retail market would simply rise. The effect would be useless, theorized Douglas. What was really needed in a democratic society was a dividend or an "extra" form of money established by the government that could be given to the people in such a manner so as not to affect the price of retail goods. Here is Douglas' defense for his theory of money:

Although it seems difficult to obtain general understanding of it, fundamentally a financial system is a matter of pure arithmetic, and the results which will be obtained depend entirely upon the arithmetical factors which are employed and only to a very temporary extent on the particular brand of black magic which is superimposed. Whatever may be the

case in other matters, compromise in arithmetic seems singularly out of place, and it is much better that the present defective system should be allowed to discredit its upholders, and so render genuine reconstruction possible, than that an alternative, of which the effects are not sufficiently beneficial as to place it at once in an impregnable position, should be substituted for it.¹⁰

In short, Douglas frames his philosophy in the form of an argument.

How is it possible for a world which is suffering from overproduction to be in economic distress? Where does money come from? Why should we economize when we are making too many goods? How can an unemployment problem, together with a manufacturing and agricultural organization which cannot obtain orders, exist side by side with a poverty problem? Must we balance our budget? Why should we be asked to have confidence in our money system, if it works properly.¹¹

The method Douglas had in mind to solve these questions was to have a government sponsored and controlled form of credit called a "dividend" that would be given to each citizen. Now, each citizen would receive a certain amount of money or bank credit each month to apply to his cost of living. The cost of living, under these circumstances would decrease, and the citizen would be able to buy more.

The question of creating more money was certainly no problem for Douglas. The government as the servant of the people had the power to enact a new financial system. And the problem of directing, distributing and keeping the records of the many transactions would be a simple technicality. The dividend would be the difference between the amount a person received in wages and the amount it cost to buy those goods he himself could produce.

To correct the inequality of prices versus wages and to allow the consumer to continue purchasing goods, Douglas stated that the system based on banks could be strengthened. The flow of money could be bolstered by using the people's resources. He said:

. . . the consumer cannot possibly obtain the advantage of improved process in the form of correspondingly lower prices, nor can he expect stable prices under stationary

processes of production, or can he obtain any control over the programme of production, unless he is provided with a supply of purchasing-power which is not included in the price of the goods produced. If the producer or distributor sells at a loss, this loss forms such a supply of purchasing-power to the consumer; but if the producer and distributor are not to sell at a loss, this supply of purchasing-power must be derived from some other source. There is only one source from which it can be derived, and that is the same source which enables a bank to lend more money than it originally received. That is to say, the general credit.¹²

The term "general credit" or the people's resources explains Douglas' philosophy of creating more money. The money need not be printed, he felt, just legislated. No distribution of actual currency need be used--just simple bookkeeping and arithmetic.

Social Credit as an economic theory was never put into practice on a national level in England or any other country.¹³ As an economic theory, its supporters included Douglas in England, E. S. Holter in the United States,¹⁴ and William Aberhart in Canada.

B. Social Credit in Alberta: The success of Douglas' Social Credit ideas in depression-stricken Alberta appears to stem from two causes. The thought of extra money seemed to appeal to most persons in the province. The lowered standard of living, and the apparent continuance of production goods that could not be purchased was a paradox to the Westerner. The lack of money to buy high-priced goods had to be settled in Alberta as well as in other areas of the Dominion. The necessity for the farmer to receive more money for his wheat crop and for the worker to receive more money for his labor was not unlike the necessity for the teacher to receive more money for his services. The scarcity of money simply had to be explained. Douglas' theory of a dividend based on the people's resources seemed to explain the paradox for many. Further, they considered it fair and just. What was needed now was that it be given a trial. Investigation indicated that this was one of the real appeals Social Credit had for the Albertans. It was not only that the theory seemed to make sense to them, it was the hesitation of the existing government and old parties to give it a fair try.¹⁵ Too, it was for this reason that Alberta, against orthodox Social Credit philosophy, organized a political party on the provincial level.¹⁶

The second cause for the success of Social Credit in Alberta can be attributed to William Aberhart. Principal of the new Calgary Crescent Heights High School, Aberhart became a Social Creditor in July, 1932, while an examiner at the University of Alberta. He was influenced by a Mr. Scarborough, a teacher at the Victoria School, Edmonton.

It appears that Aberhart became interested in politics for several reasons. First, he became aware in 1931 that even the best of his graduates from Crescent Heights could not find jobs. This disturbed him, for he felt that scholarship should not be un-rewarded. Perhaps this caused him to actually become aware of the impact of the depression in Calgary. The depression was forcefully revealed in a more cruel sense when in the 1931-32 academic term a graduate from his school committed suicide over his inability to bear the financial burdens of his family. To a lesser extent the Calgary teacher salary decrease affected him.¹⁷ Last, the Turner Valley Oil collapse allowed him to see poverty and its effects first-hand.

It is interesting to note that, as a teacher, Aberhart was not a member of the potent Alberta Teachers' Association. He, it seems, did not feel that the Association had the power to attack teacher problems.¹⁸ The economic problems of the depression were more fundamental for him.

Briefly, Aberhart's tactics can be described as being purely Albertan. Further, his tactics might easily be described as being one of the chief factors in creating provincial interest in Social Credit. As Dean of the Calgary Prophetic Bible Institute and as a Sunday radio preacher over CFCN Calgary, Aberhart was well known throughout southern Alberta and Saskatchewan. After his acceptance of the Social Credit philosophy, he wove into his sermons its principles so that they were indistinguishable from his Christian message. In due time, his sermons took on the appearance of lectures in economics. His radio audience during the summer of the election of 1935 has been estimated at approximately a quarter million.

Using his Institute and radio programs as a base, Aberhart and others under his direction conducted "educational" tours. The theory became a people's movement by election time. In the formation of a party, Aberhart invited the persons who, he felt, had the proper personal and philosophic qualifications necessary to represent each constituency in the provincial legislature. Approximately one-third of the members of the legislature were teachers. And, in their first session Aberhart controlled fifty-six of the sixty-three

seats. In the election, the United Farmers of Alberta party failed to return any members.

CONCLUSION

In perspective, Social Credit offered more to the people of Alberta than merely a new type of money system and government. It explained to the Albertan that his inability to correct his economic conditions was not of his own doing. Further, it allowed him to take an active interest in defining the reasons for the depression and to discuss the types of methods that should be used to correct his strife. Terms such as "Just Price," "Basic Dividend," "Monetization of Natural Resources," "Cultural Heritage," and, most important, "The Fifty Big Shots," gave the Albertan a feeling that even if he did not understand the theory entirely, it certainly must be correct.¹⁹ Too, Social Credit in Alberta meant that the people were interested in re-forming their relationship with the East. They were not interested in revolution so much as they wanted to understand their institutions.

This interpretation of the movement suggests that the Albertan wanted to flatter his own self-regard by personally participating in the affairs of the present. Certainly, Aberhart allowed the Albertan to re-orient his life, and, in some instances, fostered an extraordinary amount of leadership at the municipal level. Finally, the Social Credit experiment allowed each to be moved by the novel notion that a new era was about to begin.

REFERENCES

¹Jean Burnet, *NEXT-YEAR COUNTRY*, 1951, pp. 161-173.

²*IBID.*, pp. 164-165.

³C. B. Macpherson, *DEMOCRACY IN ALBERTA*, 2nd Ed., 1962, p. 129.

⁴*IBID.*, p. 143.

⁵The United Farmers of Alberta government introduced during the depression the consolidated school district. The larger school unit, as it was referred to, was instigated by the government to reduce administrative costs of schools. In many cases, such as in Hanna, public interest was so low that boards of trustees did not function. In these cases, the government inspector became "de facto" superintendent.

⁶This argument still rages in Alberta. As recently as 1970 a discussion of teacher impact and provincial examinations indicates that Alberta may continue for some time without a total degreed teacher force. William E. Segall, "Departmental Examinations Are Obsolete," THE A.T.A. MAGAZINE, pp. 24-25.

⁷C. B. Macpherson, DEMOCRACY IN ALBERTA, 2nd Ed., 1962, p. 143.

⁸John A. Irving, THE SOCIAL CREDIT MOVEMENT IN ALBERTA, 1959, p. 46. Apparently teachers in Alberta, like others, had become interested in the Canadian Labor Party (Communist Party in Canada).

⁹It may be seriously questioned if the leaders of the Social Credit movement in Alberta understood Douglas' theories. Major Douglas himself insisted that Aberhart and his co-workers did not. Aberhart, however, felt that Social Credit in Alberta could be stated in different terms in order to solve the specific problems of a one-crop economy. The Supreme Court of Canada settled the question by outlawing "dividends" or extra money. In their judgment the Province of Alberta had not the power to control the distribution of money. That right belonged solely to the Dominion. Apparently, Aberhart's dividend was against the national interest as defined in the British North America Act.

¹⁰C. H. Douglas, THE MONOPOLY OF CREDIT, 1931, pp. 87-88.

¹¹IBID., Foreward.

¹²C. H. Douglas, SOCIAL CREDIT, 1933, p. 99. The quotation was italicized by Douglas to stress its importance.

¹³The Dominion House of Commons has had almost continuous representation. The Province of British Columbia's government is Social Credit. New Zealand's House of Commons sat one Social Credit member in their 1966 national elections.

¹⁴Dr. Townsend of California proposed that the Roosevelt administration in 1934 give a sum of two hundred dollars per month to all Americans over the age of sixty on the condition that they spend that amount in one month. Irving states that Townsend was impressed with Aberhart.

¹⁵Douglas appeared as a witness before an agricultural committee chaired by Premier Brownlee to explain Social Credit. Aberhart appealed to the United Farmers of Alberta convention in 1935 to investigate the Social Credit philosophy. In both cases the United Farmers of Alberta opposed the idea. The Dominion government of


Prime Minister Bennet also investigated the theories of Douglas and rejected them.

¹⁶Douglas wanted Social Credit to remain a general theory of economics. But he finally accepted the politicalization of the philosophy after Aberhart became premier.

¹⁷See footnote 7.

¹⁸Another view of Aberhart's refusal to join the Alberta Teachers' Association was given by an old teacher under Aberhart: "We realized, of course, that the fee of twelve dollars per annum, together with his inability to dominate the organization, would naturally keep Aberhart from joining our association." J. A. Irvin, *THE SOCIAL CREDIT MOVEMENT IN ALBERTA*, 1959, p. 19.

¹⁹These terms vocalized the problem of a one-crop economy in relation to the financial interest of Toronto and Montreal. The Albertan was still concerned with living under the economic influence of people he did not know. Generally, it was a call by the Albertan to receive what he felt was a fair deal in the Dominion's economic structure.



THE PHILOSOPHER'S INDEX
An International Quarterly Index
To Philosophical Periodicals

The Philosopher's Index is an up-to-date quarterly index of articles from more than one hundred and fifty major philosophy journals and related interdisciplinary publications. Articles are indexed by subject and author. Abstracts of the articles are published in each issue and are written by the authors of the articles. In addition, the Index contains a Book Review Index.

The Quarterly, Paperback, \$20 (Individuals: \$10)
Annual Cumulative Edition, Hardbound, \$25 (Individuals: \$15)

U.S. and Canada:

THE PHILOSOPHER'S INDEX
BOWLING GREEN UNIVERSITY
BOWLING GREEN, OHIO 43403 USA

Outside the U.S. and Canada:
D. REIDEL PUBLISHING COMPANY/DORDRECHT, HOLLAND