

2633 Columbia St., Vancouver, B.C.  
July 23rd, 1936.

(PERSONAL & CONFIDENTIAL)

Prof. F.R.Scott,  
Faculty of Law,  
McGill University,  
Montreal Que.,

Dear Prof. Scott:-

Thank you for your letter of the 13th of June. Owing to pressure of work I have not been able to answer it sooner.

Much to my surprise I am still chairman of the Finance Committee of the E.P.C. As I am not in accord with the financial policy of the new platform, I shall probably be retired soon. Meanwhile I am doing what I can to put the brakes on a wild money policy. After the Finance Committee had worked from last December on various financial policies, the socialized finance idea was rammed through the Commission before our committee's report, although filed a month previously, had even been given a hearing.

As you probably have read, Plank 2 of the new B.C. C.C.F. Platform reads: "The adoption of Provincial Socialized Finance." Naturally the whole Finance Committee disagrees with this plank which will bring the Movement plenty of trouble here. Dr. Telford has learned nothing useful from Alberta. It is now up to the Provincial Executive to read something workable into this plank.

I have secured my copy of SWEDEN: THE MIDDLE WAY, and am sure I shall find it interesting. Have only read one chapter so far. My committee is preparing a plan on co-operatives of which I shall send you a copy when it is finally approved. We are finding it difficult to get a common agreement on certain features.

In my last letter I promised you a copy of Plan "A". I enclose you a copy herewith. My carbon paper for the first four pages was rather poor, but I think you will be able to make out the typing. This Plan is not entirely in accord with my own ideas; but it is what the Committee was able to agree upon.

Please note Section A 2 (I) (b) on page 5 of this enclosure. It was finally decided to word the section this way in order to prevent a successful drive on the Government depositaries by the chartered banks. Ordinarily the holding of deposits in this way would be unwarranted. In actual practice I presume the fiscal agents would be guided by their experience with chartered banks and the public.

Also please note A 2 (3) (c) at top of page 7. In respect to this section, it seems to me that, in any event, the interest charge would have to be sufficiently low to attract the amount of business from the banks that was desired. The committee's opinion as to the extent to which credit would be advanced by the fiscal agents is outlined in the introduction.

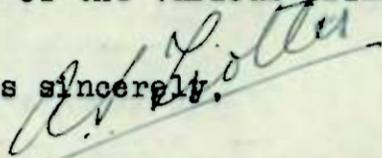
In B.2. on Page 7, a method is suggested for securing the turning in of bonds for consols. If this or some similar plan failed, it would seem it would be necessary to inform the bondholders the whole matter of Provincial Debt would have to be held over until the matters of feeding, sheltering, and clothing our B.C. populace had been satisfactorily arranged and stabilized at a decent standard of living. That should bring them to time. All this is predicated, of course, upon the fact that we do not wish any more financing from abroad or outside this province at all, saving the financial obligations of outsiders to us. Many of these would prove uncollectable; but the Federal Government would have to meet its commitments under the constitution. We should get rid of our old debts as fast as possible, and refuse to increase the hold of outsiders on our resources by refusing any further loans from them. We should be able to operate with the considerable percentage of the people's savings we shall be able to collect under Plan "A"

There is an apparent contradiction between A 2 (2) (a) and B.3.; but the treasury certificates referred to in the former paragraph are not intended for external sale. I consider that, if our propaganda is properly attended to ahead of time, we should neither have difficulty in discouraging investors from outside the province, nor in securing sufficient money from our own citizens to enable us to weather the storms of the early transition period.

You will note from the introduction that the Committee largely agrees with you; but it considers you may not have been sufficiently advised as to the urgent necessity for early, fundamental economic changes in this province. We shall, I think, have to move along faster than you anticipate. That, however, does not demand the inclusion of such a financial plank as No 2 in our new provincial platform.

Kindly favor me with your opinion of the various principles involved in the enclosed Plan "A".

Yours sincerely,

  
Chrmn. Finance Com. E.P.C. (CCF.B.C.)