



*A* **All that stands between the people of Alberta and economic democracy . . .  
is an outworn, faulty and vicious financial system . . . which yields us poverty,  
debt tyranny, restriction and economic degeneration."**

*Solon Low, Provincial Treasurer 1937 to 1944*



# *Providing* hope

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# 1938-1945

**Dust storms blackened the skies in the 1930s, and crops withered in the field. Then hail pummelled the earth, and grasshoppers gobbled up the young crops. Commodity prices plummeted. In the battered Canadian West, the unemployed rode the rails and banks closed branches. Homesteaders left their windblown shacks, abandoning their dreams of a life on the land.**

In hard economic numbers, the average annual income in Alberta fell from \$548 in 1929 to \$212 in 1933, a staggering 61 per cent drop.





Farmers were perhaps the hardest hit of all. Their net annual income fell from \$62 million in 1929 to \$6 million in 1933. Wheat prices dropped from over a dollar per bushel to just 32 cents, and hog prices fell 78 per cent. The prices that farmers paid for things they purchased dropped by 22 per cent. Interest payments continued to bleed the farms of cash, and both provincial and federal taxes increased. Crops were fairly good in the early 1930s but drought hit hard in 1933. Then, an early frost in August of 1935 destroyed the grain – and the hopes of many farmers.



*Dust storms ravage the Prairies in 1942 - scene near Pearce Airport, Lethbridge*

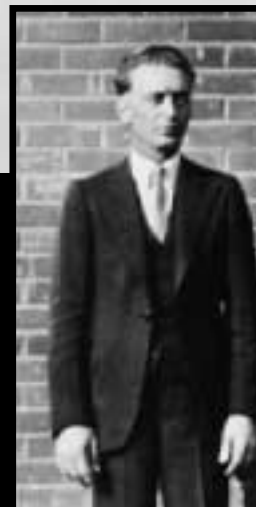
# 1938-45

Grasshopper invasion near  
Chestermere Lake, 1930s



Relief line-up for government aid, Acadia Valley, February 26, 1938

Opening of the Grande Prairie Treasury Branch, September 30, 1938,  
left to right: Art Mehus, Dr. Cross, Superintendent A.K. Olive,  
William Sharpe and Branch Manager W. L. Taylor



## AMENDMENT CREATED ATB ALTERNATIVE

An amendment to the *Treasury Department Act* in 1937 expanded the powers of the Treasury. The government used this authority to put through an Order-in-Council on August 29, 1938 that opened the first Treasury Branch.

## GOVERNMENT INVESTED JUST ONCE IN ATB

Alberta invested \$200,000 in the Treasury Branches in 1938. Although this was the only investment the government ever made in ATB, it was quite a sum at the time, considering a skilled man worked for a dollar a day. The system was self-funding, and it turned a profit of \$65,000 in 1946. A total of \$68 million was eventually remitted to the government.

*M* "My pension cheque came yesterday," said Levi Smith.

He had a five-dollar bill in his hand. "I've saved this bill, hoping I can become the first person in Alberta to open a Treasury Branch account."



Old-timer Levi Smith went down in history as the first depositor at Alberta's unique financial institution on September 29, 1938, at Rocky Mountain House, Alberta.



A.J. (Alfred) Hooke,  
Alberta MLA 1935 to 1971



The Rocky Mountain House Treasury Branch opened September 29, 1938 in the forestry building

## WHY ROCKY MOUNTAIN HOUSE FIRST?

While the government had planned to open six branches on September 30, 1938, Rocky Mountain House Branch Manager L.W. Heard decided that since all was ready on the 29th, the Rocky branch could open for business. The other branches opened the next day were in Edmonton, Andrew, Grande Prairie, Killam and St. Paul.

## OUR FRIEND MR LEVI SMITH FIRST TREASURY BRANCH CUSTOMER IN THE PROVINCE SEPTEMBER 29th 1938

For many years the forestry office had stood on the hill behind the Imperial Bank. During the month of August 1938 the government sought suitable rental property as a site for the Treasury Branch, but none was available. As a last resort the Treasury department partitioned off an area in the forestry office about 16 feet by 12, equipped it with a counter, set of shelves, a desk, a table and two or three chairs, and announced that on September 29th Alberta's first Treasury Branch would be open for business. Mr Lou Heard an erstwhile accountant with the local Imperial Bank became the manager.

When arrangements for the official opening were being made in Edmonton Premier Aberhart said to me "Alf, as the local M.L.A., and a member of the Committee which has prepared the interim Treasury Branch program, you should have the honor of cutting the ribbon, making the address, and if you wish opening the first account." I accepted with thanks.

The morning of September 29th came, made to order a beautiful autumn day for which Rocky is noted, even the Rocky Mountains sixty miles to the west displaying their beauty as though wanting to play a part in this historic event.

The crowd which assembled represented all parts of the Red Deer constituency, of which Rocky at that time was a part. Local old timers were out in force. Amongst them was a well known and highly respected gentleman Levi Smith, who lived alone on his quarter

section about three miles southwest of town. His farming days were long past but every year he planted a huge garden and in the fall invited his many friends to come and help themselves.

In those Depression days the maximum old age pension was twenty dollars per month, and paid according to a means test, the qualifying age being seventy years. I had seen money for a little or two dollars.

Before the outdoor ceremony began Levi came up to me and showed me a crisp new five dollar bill. My pension cheque came yesterday off," he said "and I've saved this bill, hoping I can become the first person in Alberta to open a Treasury Branch account." Then he added "but I hear that honor has been reserved for you as it should be!" I said "Levi, I know of no one more worthy of that honor than you, and I'll speak to the manager and make sure you get your wish." You see his well trimmed beard, restrained a falling tear, he brushed aside with the back of a toil worn hand as he gripped mine and disappeared into the crowd. The ceremony being over I made my way into the building and the stood Levi at the counter displaying his five dollar bill, patiently waiting for the manager to arrive.

Thus from these humble beginnings there has grown a financial institution unique in Canada, now serving one out of five Albertans, and holding a position of about 10th in importance in Canada.

at age 86.  
Levi lived on for many years, passing away in June 1969. We can know him through his memory and thank him for his devotion to Alberta Treasury Branches.

Alfred J. Hooke  
Rocky's M. L. A. August 1935 - August 1971



*William Aberhart,  
Premier of Alberta 1935 to 1943*

Albertans decided they needed a change from the current political party, the United Farmers of Alberta. In 1935, they voted for a radical new group with a charismatic leader, William “Bible Bill” Aberhart. The Alberta Social Credit party promised a new way to run society: a monthly dividend – or credit – for each citizen, regulated and fair prices, and protection for debtors during hard times.

Drawing on the economic theories of Scottish engineer Major C.H. Douglas, Social Credit called on democratically elected governments to take the control of the monetary system away from privately-owned, “debt-creating” banks.

To establish the new order, the Social Credit government created a system of temporary financial institutions in 1938, calling them Treasury Branches – literally branches of the Alberta Treasury, a department of the provincial government. The goal was to “provide the people with alternative facilities for gaining access to their credit resources.” Treasury Branches began serving Alberta’s communities in a time of great need.



**“There were 20 guys in the Bank of Montreal across the street, and four of us at the Treasury Branches. They used to hoot at us, ‘There’s that guy from the piggy-bank.’”**

**Early nicknames for the bank were “Sand Bank” and “Ernie’s Bank,” a reference to Premier Ernest Manning, the second leader of the Alberta Social Credit party.**

*Don Johnson, ATB employee 1952 to 1988*



Bankers scoffed at Alberta’s attempt to establish a competing economic system. They poked fun at the new financial outlets, calling them “Piggy Banks.” But Albertans rushed to deposit their meagre savings in Treasury Branches, hoping this new system might help solve their economic woes.

Provincial Treasurer Solon Low worked hard to make the new system a quick success. “During a period of six months, the People of Alberta have established 22 Treasury Branches and 270 Treasury Branch Agencies,” Low announced in the *Edmonton Bulletin* on June 2, 1939. Independent retailers were contracted as agencies in communities too remote or too small to support a full-service branch. “Co-operation among producers, marketers and consumers has made this achievement possible,” Low continued. The same full-page advertisement for Treasury Branch services promoted Alberta-made goods to create local employment, increase local purchasing power and provide wider markets for Alberta’s agricultural products.

Until 1943, the services provided by Treasury Branches were simple. There were no loans.

**CONGRATULATIONS!**

ALBERTA TREASURY BRANCH SERVICES have been established in 22 communities in Alberta. This is a great achievement for the Government of Alberta and for the people of Alberta. It is a step towards the realization of the Government's policy of co-operation among producers, marketers and consumers. It is a step towards the realization of the Government's policy of increasing the purchasing power of the people of Alberta. It is a step towards the realization of the Government's policy of providing wider markets for Alberta's agricultural products.

**Purposes . . .**

1. To provide a means of saving and investing for the people of Alberta.
2. To provide a means of increasing the purchasing power of the people of Alberta.
3. To provide a means of providing wider markets for Alberta's agricultural products.

**Services . . .**

• Savings Accounts  
• Term Deposits  
• Government Bonds  
• Insurance  
• Loans  
• Agency Services

**How to Use Treasury Branch Services**

**GOVERNMENT OF ALBERTA  
TREASURY BRANCH SERVICES**



Branches just accepted deposits into current accounts or term savings accounts that paid 1.5 per cent to three per cent in interest, depending on the term. Other services included the sale of automobile, hunting and fishing licences as well as hail and crop insurance.

**“You got a higher rate of bonus on the Alberta-made goods than on ‘Other Goods’. They couldn’t sell B.C. sugar in Alberta because it wasn’t Alberta-made. An uncle of mine travelled throughout the entire province selling GWG goods. He had no problem selling Alberta-made overalls and shirts because they qualified for the bonus.”**

*Len Simonson, ATB employee 1939 to 1975*

The Treasury Branches charged a penalty of two per cent for cash withdrawals until 1943. This was to encourage Albertans to use Non-Negotiable Transfer Vouchers to transfer credits, as an alternative to bank cheques. Civil servants were mostly paid in Transfer Vouchers and were encouraged to deal with the Treasury Branches instead of banks. These vouchers were good only at the Treasury Branch but customers got a three per cent bonus if they used them to buy products that were at least 33 per cent made in Alberta: honey, GWG jeans, flour, eggs – anything certified as home-grown. The concept was, “What Alberta Makes, Makes Alberta.”

Form No. T. B. 26  
Approved Without Change of 200 Treasury Branches  
ISSUANCE NO.

To the GOVERNMENT OF THE PROVINCE OF ALBERTA

No. \_\_\_\_\_

TREASURY BRANCH AT Vermilion, Alta.

Vermilion, ALTA. \_\_\_\_\_ 104

Amount in Words \_\_\_\_\_ (Words)

Amount in Figures \_\_\_\_\_ (Figures)

Transfer to the account of \_\_\_\_\_

\_\_\_\_\_ dollars \$ \_\_\_\_\_

in Trade Claims on the books of the Treasury Department, and charge to the account of the undersigned.

Alberta Trade-Market Goods \$ \_\_\_\_\_

Other Goods - - - - - \_\_\_\_\_

Berries, etc. - - - - - \_\_\_\_\_

Total - - - - - \$ \_\_\_\_\_

Certified correct by \_\_\_\_\_

(Merchant)

(Signature of Issuer)

This voucher does not entitle holder to legal tender or currency.



The Made in Alberta bonuses rewarded loyal customers for their faith in the program. Nearly \$500,000 was paid out before the program ended in 1945.

The Treasury Branch system was an overnight success. It grew from six branches in 1938 to more than 150 branches and agencies by the end of World War II in 1945. Deposits grew from \$763,000 in 1939 to more than \$24 million in 1946. By the mid-1940s, the temporary Treasury Branches had become an important part of Alberta's economy.

The misery and dread of the Depression in the 1930s turned into a time of hope in the 1940s as many Albertans put their faith in Social Credit and worked with the Treasury Branches to build a new future.

