

# Alberta Fought Depression With Stamps, Certificates

By Lawrence B. Hall  
Calgary, Alberta

The year 1936 was a momentous year both for Alberta and for the world at large. The Civil War in Spain, the abdication of King Edward VIII and the Olympics in Germany held the world's attention, while in Alberta people complained about the drought, the lack of work and money, and argued out the merits of the new Prosperity Certificates.

The full story of Prosperity Certificates and the reasons for their issue can, perhaps, be better understood if we first take a few minutes to go back and review the economic conditions of the early '30s and the latter part of the previous decade.

The stock market crash of 1929 left the economic structure of the world in shambles. Alberta, with its economy based on agriculture, bore the brunt of the depression. Wheat sold for less than 20 cents a bushel and pigs were two cents per pound. In some instances freight charges on beef shipped to market equalled the final sale

price.

Even so, the farmer still fared better than people in the cities, where there were no jobs and no wages for many. The farmer at least had work to do, even if he received no pay for it. People in the city soon ran out of money to pay rent and grocery bills. There were many cases of malnutrition, especially in the Edmonton area. Young people tramped the streets and rode the rails looking for work.

Others applied for relief and were herded away to relief camps.

The existing economic wholesaler and retailer had ample supplies on hand. In fact there were many reported cases of food dumping because of lack of sales. The main problem was a lack of purchasing power. These were the "hungry thirties."

During the early years of the  
(Continued on page 70)



The government of Alberta's Prosperity Certificates represented a bold attempt to overcome the commercial stagnation which the great depression had cast on the province through the cooperation of all segments of society.



# Alberta Officials Sought Support For Certificates

(Author Hall continues to unfold the story of Alberta's attempt to "round the corner" to prosperity during the great depression through the issuance of Prosperity Certificates. The first part of this account appeared in the November 22 issue of Coin World. — Editor.)

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Calgary, Alberta

The government realized that some changes to the plan had to be made and agreed to allow redemption of surplus certificates by wholesalers and retailers once each month. The dates set for redemption were the Thursday, Friday and Saturday following the second Wednesday of each month. These dates were chosen to allow wholesalers, who had accumulated certificates as payment on invoices which were usually due for payment 10 days after the end of the month, to cash them in immediately rather than having to hold them for a period of time and place the necessary stamps on them in the meantime.

A meeting of 1,300 business representatives and government officials was held on June 18th in Western Canada High School in Calgary with the express purpose of presenting the government's position and to answer any questions put forward. The meeting was chaired by Mayor Andrew Davidson. Premier Aberhart and the honorable Lu-

cien Maynard spoke for the Government.

Maynard suggested that employees be encouraged to accept a portion of their salaries in surplus certificates, and he indicated that members of the provincial cabinet intended to do likewise. The meeting was quite heated and much opposition was expressed to the plan.

In spite of this opposition, plans for their issuance proceeded. Without any prior consultation with the Federal government or with the banks, a contract was awarded to Western Printing and Lithographing Co. Ltd. of Calgary to print 500,000 certificates in the denomination of \$1 and 10,000,000 one cent stamps.

The Prosperity Certificates were printed on bank note paper in four colors. The background was green, the lettering was black, the serial number and date of issue was in red, while the signature of the deputy provincial treasurer was in blue.

Printed on the certificate was the agreement: "The Provincial Treasurer will pay to the bearer the sum of one Dollar on the expiration of two years from date of issue hereof upon presentation hereof provided there are then attached to the back hereof one hundred and four one-cent certificate stamps." The certificates carried the signatures of William Aberhart, premier, Charles Cockroft, provincial treasurer and the countersignature of the deputy provincial treasurer, J. F. Percival.

The design was prepared by Western Lithographing and the certificates lithographed from stone engravings. One of these stone engravings is known to exist and weighs in the neighborhood of 40 pounds. Proof copies of the certificates were made, but were burnt after examination by the King's printer.

The half-million certificates were numbered numerically, with an "A" prefix starting at 1001.

The stamps, measuring 1/2 by 3/4 inches were printed in book form, each book containing 1,000 stamps. They were also available in sheets of 100. The sale of these stamps was handled by 606 vendors throughout the province, who received a commission of two percent on all sales. The agent in charge of distribution in Calgary was Ernie King of 231A 8th Avenue S.W. Of the 30 vendors in the city of Calgary, most were small groceries and confectioneries. Each vendor was initially supplied with approximately \$20 worth of stamps. At the end of the first month that the plan was in operation they had been reimbursed by the government to a total of 195,897 stamps.

The first issue of \$250,000 was throughout the entire province on the basis of \$5,000 per consti-

tution. Certificate No. 1001 was purchased by the Honorable W. A. Fallow, minister of public works. The next few certificates were sold to newspaper men at the opening ceremonies at \$1 each. It would appear that the first 13 certificates, Nos. 1001 to 1014 were sold in this manner.

The certificates were mailed to foremen of the various work crews, to be distributed to the workmen, the majority of whom worked an eight-hour day, 22 days a month. The pay for laborers was 40 cents per hour. The maximum amount of scrip issued to each man was \$40 and any monthly earnings over this amount were paid the following month. Workers in the Calgary constituency were employed on road construction in Forest Lawn and at Bowness.

The first certificates to reach Calgary stores were brought in on August 10 by workmen on road projects at Cochrane. They were initially treated as a novelty and a curiosity and premiums of from \$1.25 to \$5 were reported to have been paid by collectors and souvenir seekers. One woman who had undoubtedly obtained her husband's entire allotment stated that this was the first real buying splurge she had enjoyed in five years. Nagler on Second street East accepted 275 certificates the afternoon of the first day and had so many requests for them that they had none left by 10 a.m. the next day.

A butcher displayed his first certificate in his window and refused to part with it for less than \$5. He said that he could have got rid of 150 of them if he had had them. The Calgary Herald had opposed the scheme from the beginning and had forecasted its non-acceptance. It therefore was most annoying to one reporter that he could not obtain a specimen for the paper without having to pay a premium for it.

Not all downtown businesses accepted the certificates. The firm which perhaps benefited most by the increase in business was Nagler's Grocery and Hardware. This general merchandizing store attracted a large number of out-of-town shoppers and accepted all certificates presented. Other businesses in the downtown area which accepted certificates included George McLeod Ltd., Reid's Cooperative, City Hall Market, York Barber Shop, Kresges, and numerous other smaller establishments.

Included in those firms which refused to accept the scrip were banks, most bread and milk companies, law firms and the larger department stores.

The novelty soon wore off however. Although the businesses which accepted them prospered through added sales, the public was reluctant to accept the scrip as change at the stores. The retailers were then forced to turn in their surplus certificates on the day allocated for redemption.

Of the 232,779 certificates issued during August, 144,280 were present for redemption the following month. Of these, 30,963 were reissued. In October, 70,031 were redeemed and only 7,061 issued.

(To be continued.)

# Merchant, Public Resistance Doom Alberta Prosperity Certificates

By Lawrence B. Hall  
Calgary, Alberta

(The story of Alberta's Prosperity Certificates — not quite a success, but not a total failure either — concludes in this issue. — Editor.)

It was soon clear that the required cooperation of the merchants and general public to keep the certificates in circulation was not being received. By the end of the year, only 41,022 certificates were in circulation, and this was reduced even further in January, 1937, when double the number of certificates issued that month were redeemed.

Other problems soon developed. As certificates passed through a number of hands, it was found that when the bills became crinkled the stamps did not adhere to them. In some instances, it was necessary to staple the stamps on to the back of the certificate.

In addition, many merchants, although willing to accept certificates as part or full payment on larger items, were reluctant to accept them for items costing less than \$1 and give out the difference in legal coins. Some solved this problem by issuing credit coupons or tokens. Coupons are known to have been issued in Lethbridge in denominations of 25 cents and 50 cents for this purpose, while tokens were issued at St. Paul and in Calgary.

In an effort to ensure greater participation in the program, the government put forth a proposal to the cities of Calgary and Edmonton. The federal government

Month	Year	Issued	Redeemed	Outstanding
August	1936	\$ 232,779	\$ -	\$ 232,779
September	"	30,963	144,280	119,462
October	"	7,061	70,031	56,492
November	"	21,037	29,605	47,924
Décember	"	21,565	28,467	41,022
January	1937	12,336	23,505	29,853
February	"	17,977	15,998	31,832
March	"	14,059	15,833	30,058
April	"	1,737	10,077	21,718
May	"	247	1,251	20,714
June	"	10	884	19,840
July	"	5	163	19,682
August 1937 to Jan. 1955		363	406	19,639
		<u>\$ 360,139</u>	<u>\$ 340,500</u>	<u>\$ 19,639</u>

Chart depicts the issuance, redemption and quantities outstanding of Alberta's ill-fated Prosperity Certificates during the depression. As can be noted, the plan failed to survive a full year successfully. Certificates were actively in force from August 5, 1936, to April 15, 1937. (Courtesy Provincial Treasury Department of Alberta).

allocated relief allowances to the province for distribution. The provincial government proposed to increase the allocated amount to Calgary and Edmonton if these cities would accept payment in Prosperity Certificates. Calgary City Council turned the proposal down, but the city of Edmonton accepted the scheme under which it would receive \$85,000 in Prosperity Certificates in lieu of a \$55,000 cash grant for unemployment relief.

A court case soon arose to test the validity of the Prosperity Certificates. R. H. Watson, an Edmonton mining engineer, began a suit against the province and the city of Edmonton. The province contended that the certificates were not intended as mediums of exchange or legal tender under the Bank Act. Nevertheless, Watson obtained a court injunction restraining Edmonton from accepting the scrip.

In a last desperate effort to keep the plan alive and to instill confidence in the scheme, civil servants were "invited" to purchase small quantities of scrip every payday. They apparently responded, as in November \$15,000 in certificates were issued for this purpose.

The concession to the wholesalers and retailers, allowing redemption of surplus certificates for legal tender each month and the general reluctance of the public to accept certificates as change, doomed the plan to failure. Even the cabinet members failed to keep their part of the bargain which they had made earlier. On April 7, 1937, the Government announced that it was abandoning the Prosperity Certificate plan. The plan could only work on a compulsory acceptance basis and this was impossible to accomplish because of restrictions imposed by the Federal Banking Act.

The government continued to hold the certificates in its vaults for many years thereafter. In 1947, it was chided about the funny money lying around and decided to have the certificates destroyed. On June 3rd of that year, 230,361 redeemed certificates and the 250,000 unused certificates were destroyed. In

addition, 9,724,040 of the originally printed 10,000,000 certificate stamps were destroyed.

The province first, however, set aside 250 certificates for sale at face value as collectors' items. The last of these certificates was sold in January, 1955.

Still outstanding are 19,639 Prosperity Certificates. Many are undoubtedly lost and others are in the hands of collectors. These certificates are still redeemable at face value, less the number of stamps short of the 36 which should have been affixed during the period August 12, 1936 to April 14, 1937. In other words, a certificate with no stamps affixed can be redeemed for 64 cents (\$1, less 36 cents). The collector's value to the present time far exceeds this amount, and, as might be expected, no certificates have been redeemed by the government since 1955.

What was the ultimate contribution of the Prosperity Certificate to the unemployment problem of the day? This can only be estimated, as many records of the period are now lost. As stated previously, the total value of the certificates issued was \$360,000. Ignoring the small percentage of certificates that were accepted by civil servants as salaries, all the scrip was issued as wages to laborers on new public work projects that would not have been started if the certificates had not been available.

Based on the average wage of 40 cents per hour, approximately 900,000 man-hours of work were created as a result of this program.

The certificates today are valued as mementoes of that period in Alberta's history when unemployment and poverty were at their worst, and optimists expressed the belief that "prosperity was just around the corner."