

## The Great Depression

A Decade of Despair

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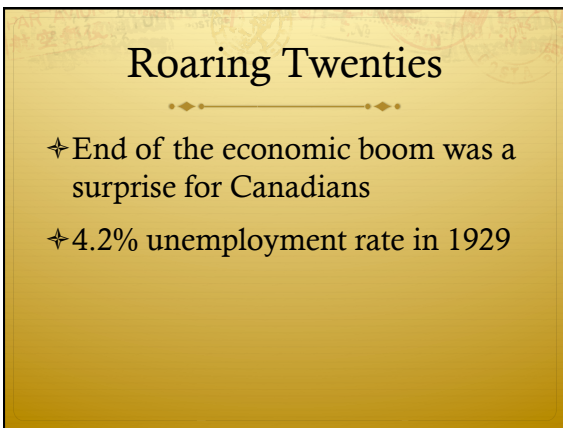
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## Roaring Twenties

- ✦ End of the economic boom was a surprise for Canadians
- ✦ 4.2% unemployment rate in 1929

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## So What Happened?

- ✦ CAUSES OF THE DEPRESSION:
  - ✦ World Wide Overproduction
  - ✦ Increased Taxation
  - ✦ Government Cutbacks
  - ✦ Interest on Debt Repayment
  - ✦ High Tariff Policies
  - ✦ Heavy Burden of Debt
- ✦ Falling Demand
- ✦ Banks Tightened Credit
- ✦ No World Bank Stabilizer
- ✦ Public Over-saving

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### Causes: World Economy Problems

- ✦ WWI Left many Countries devastated and bankrupt



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### Causes: World Economy Problems

- ✦ Remember Germany was supposed to pay reparations for the war?
- ✦ Germany = couldn't pay it back and it stunted their ability to recover
- ✦ Britain and France counted on the reparation money to help them get back on their feet (owed money to the US)

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### Causes: Overproduction

- ✦ Cost of wheat worldwide was falling
- ✦ More wheat was being produced than sold
- ✦ Canada and US depended on foreign markets but now they were producing their own wheat
- ✦ Sales decreased = income of farmers decreases = can't pay mortgages and loans

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## Causes: Overproduction

- ✦ People were buying a lot of “stuff” so industries were trying to get ahead and started making more
- ✦ But....then there were more items than were being sold = decrease in production = layoffs = less spending



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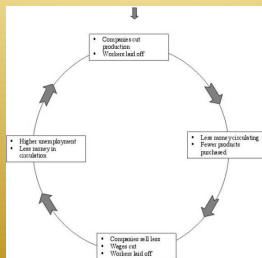
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## Cycle of Depression



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## Causes: Overuse of Credit

- ✦ As people jumped on the consumer bandwagon they began purchasing goods on credit (promising to pay for items later vs up front)
- ✦ When things went south, debtors were unable to pay up and creditors were forced to absorb millions of dollars in bad loans



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## Stock Market Crash 1929

- ✦ Speculation (gambling) on the stock market by buying stocks “on margin”
- ✦ Borrowing money – 90% from a broker to purchase stock, putting down only 10% of your own money
- ✦ Led to the crash on “29/29” = October 29, 1929 (known as Black Tuesday)
- ✦ This was the “triggering event” of the Great Depression

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## Stock Market Crash



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## Stock Market Crash

- ✦ Some big investors (big business + the rich) figured that the stock market was about to top out and they rapidly sold their shares
- ✦ The market dropped slightly but panic struck and almost everyone with shares/stocks decided to sell their stocks and fast (panic)
- ✦ Because the market was built on borrowed money (speculation/buying on the margin) and now nobody could pay back their debts

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## Present-day example of buying on the margin

- ✦ Let's say I wanted to get rich fast!!
  - ✦ I would think about investing in stocks. I wanted to buy some Nike stocks which are selling for \$4.95. If I'm a big player I would buy about 100 stocks. Obviously, I don't have \$495.00, so I would have to borrow the money from a bank and put down a small down payment (let's say \$200). If the value of the stocks increase I'm making money. Let's say the stock goes up to \$5.00 and I have a 100 stocks that means my stock is now at \$500 so I made \$5! Good times! But what would happen if my stock went down to \$1.00? That means that the value of my stocks is now \$100. I owe the bank \$295 (with growing interest) and I'm not making any extra money...
  - ✦ Bankruptcy! That's what happened to those buying stocks during the Depression

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## Stock Market Crash



The image shows a newspaper clipping from 'The Globe' dated Sunday, October 29, 1929. The main headline reads 'Stock Speculators Shaken in Wild Day of Panic'. Other headlines include 'Erratic Wheat Prices Churn Market', 'New Records Set', 'In Frenzy of Selling', and 'CANADIAN SITUATION ECONOMICALLY SOUND, SAY FINANCIAL CHIEFS'. The clipping is densely packed with text and small sub-headlines.

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## Causes: Closure of Trade & Tariffs

- ✦ "Protective" tariffs
  - ✦ Made domestic prices cheaper than imported goods from foreign countries; other countries retaliated with their own tariffs
  - ✦ Leads to the decline in world trade (imports + exports) and turned the Depression from a crisis in the US to a global problem
  - ✦ Decline in international trade severely hurt Canada (2<sup>nd</sup> worst off in the world after US) because depended on international demand for products (wheat, newsprint etc)

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## Causes: Environmental Factors

- ✦ Over farming of Canadian Prairies during WWI lead to drought in the 30s
- ✦ Farmer income dropped & had to give up farms to repay bank loans
- ✦ Over-cultivation of fields depleting nutrients in soil = worsened the effects of the "Dust Bowl" when drought began in the early 1920s



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## Dust Bowl



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## Note: Canadian Banks

- ✦ Many banks (several thousands) across the USA had to close down = they were not able to give money back to the people who banked with them as they did not have it.
- ✦ Canadian banks survived the Great Depression because they were fewer in number and were much more conservative = did not lend out money at will; held on to money in the banks.

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## The Effects

- ✦ During this time, 60% of men and 82% of women made significantly less than \$1000 a year.
- ✦ 1 in 5 Canadians (tens of thousands) became dependant on government relief (other depended on charity + food handouts) and 30% of the labour force was unemployed, whereas the unemployment rate had never dropped below 12%.

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## Income by Provinces

Table 8.4: PER CAPITA INCOME BY PROVINCE, 1928-29, 1933

Province	1928-29 Average Per Capita Income	1933 Average Per Capita Income	Decrease %
British Columbia	\$594	\$314	47
Ontario	549	310	44
Alberta	548	212	61
Saskatchewan	478	135	72
Manitoba	466	240	49
Quebec	391	220	44
Nova Scotia	322	207	36
New Brunswick	292	180	39
Prince Edward Island	278	154	45

Source: Board-Sims Report, Book I, Gazette 1868-1936, 150.

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## Canadian Unemployment




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## Women and Children



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## The Unemployed: Riding the Rails

- ✦ The men of many families chose to become transient and "Ride the Rails" or "Riding the Rods" in search for work in the west.
- ✦ They often frequented soup kitchen, bread lines, and "lived in the jungle," eventually many would work in government relief camps.

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## The Unemployed: No Immigration

- ✦ Canada's immigration policy was highly restrictive = Closed Door Policy

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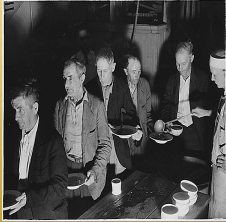
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## The Unemployed

- + Loss of job = loss of respect
- + Government relief payments given (people wait in queues, declare financial failure, receive voucher for food)
- + Private charities – Soup Kitchens
- + 1933= unemployment/ homeless/freight trains
- + Some were so desperate they committed suicide



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## Effect on Minorities

- + Women
  - + Few jobs
  - + Blamed for "taking the jobs" of men after the war
- + Aborigines
  - + On relief
  - + Got \$5/month
  - + Expected to "live off the land"
- + Immigrants
  - + Viewed with hostility when competing for scarce jobs
  - + Jewish people (anti-Semitism) not allowed to work particular jobs/barred from organization/club
  - + Deported
  - + Immigration stopped (restricted)

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## Riding the Rails



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## Wandering



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## Soup Kitchens and Bread Lines



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## R. B. Bennett

A Prime Minister's Role during  
the Great Depression

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## Social effects

- ✦ “pogey” - government relief payments given to those with no source of income (like welfare)
  - ✦ Hard to get: people waited in line for hours and then had to declare financial failure.
  - ✦ They had to swear they didn't have anything of value and prove they were being evicted from their homes.
  - ✦ They would then receive vouchers for food, which wasn't enough to cover expenses.
  - ✦ This was a humiliating process
- ✦ Private charities provided food and clothing (ex. soup kitchens)



<http://www.youtube.com/watch?v=7m2b0a0u8p4>  
<http://www.youtube.com/watch?v=7m2b0a0u8p4>

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## Blame game

- ✦ Mackenzie King was PM when the Depression hit (he thought the situation would correct itself)
- ✦ King, in a moment of stupidity, promised not to give “a five-cent piece” of relief to a provincial government
  - ✦ (provincial exam question)



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## Introducing R.B. Bennett

- ✦ In the next election, 1930, R.B. Bennett became Prime Minister
- ✦ Bennett gave the provinces \$20 million for work-creation programs, but this didn't improve the economy
- ✦ Bennett then raised tariffs
  - ✦ Other countries did the same, so we couldn't sell our goods
  - ✦ Our economy continued to suffer
- ✦ People were still jobless and homeless
- ✦ Bennett feared a revolution would start by Communists, so he banned the Communist Party

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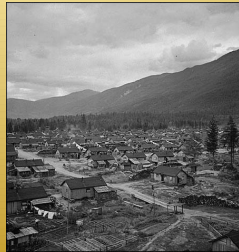
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## Introducing R.B. Bennett

✦ The federal government created work camps for unemployed and single men

- ✦ Known as relief camps
- ✦ Projects include building roads, clearing land, and digging ditches
- ✦ Paid 20 cents a day

Relief Camp in British Columbia



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## Unemployed protest: On-to-Ottawa trek

- ✦ 1935: 1000+ men left relief camps in B.C. in protest against camp conditions
- ✦ Met together under the Relief Camp Workers Union, and decided to take their complaints to Ottawa
- ✦ This began the 'On-to-Ottawa Trek'



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## Unemployed protest: On-to-Ottawa trek

- ✦ The trekkers rode on top of freight cars, picking up more supporters along the way
- ✦ Known as 'riding the rods'
- ✦ In Regina, Saskatchewan, the RCMP confined them to a stadium (only the leaders were allowed to continue on)



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## Unemployed protest: dominion day / Regina riot

- ✦ Bennett called the leaders radicals and trouble-makers
- ✦ Back in Regina, July 1, 1935, the RCMP were to clear the trekkers from the stadium
- ✦ The trekkers resisted; one man was killed, many were injured, and 130 were arrested
- ✦ Building your skills: p. 108-109



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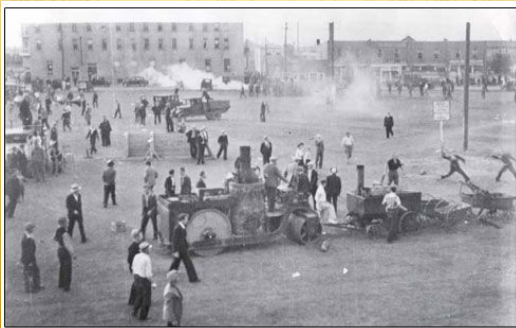
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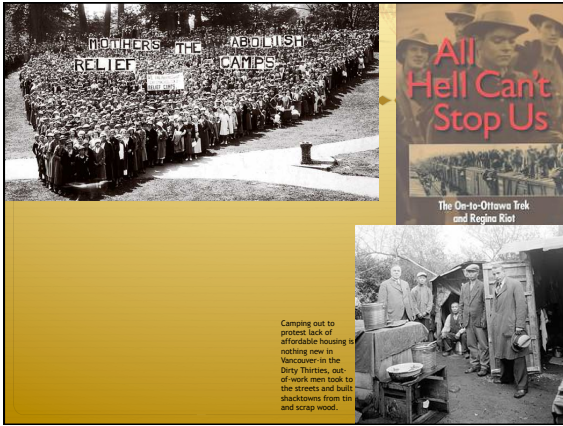
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## The other side of Bennett

- ✦ 1932: Bennett created the Canadian Radio Broadcasting Commission (predecessor to CBC)
- ✦ 1934: Bennett created the Bank of Canada to regulate currency and monetary policy



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## The 'new Deal'

- ✦ Bennett promised:
  - ✦ a more progressive taxation system (the more you make the more you pay);
  - ✦ a maximum work week
  - ✦ a minimum wage (provincial responsibility);
  - ✦ closer regulation of working conditions
  - ✦ unemployment insurance (not a federal responsibility until 1940)
  - ✦ health and accident insurance (provincial);
  - ✦ a revised old-age pension (not federal till 1951);
  - ✦ agricultural support programs Prairie Farm Rehabilitation Administration Act, 1935 helped farmers build irrigation systems and reservoirs—

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## Bennett's Infamy

Even though Mackenzie King had very little success helping Canada emerge from the Great Depression, PM Bennett has taken the greatest amount of criticism for his policies.

As a result, he has left behind a legacy of jokes such as Bennett buggies and Bennett blankets



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## The 'new Deal'

- ✦ Mackenzie King won the next election, and became PM again
- ✦ PM King expressed his dislike for Bennett's 'New Deal'
- ✦ The Supreme Court of Canada deemed the 'New Deal' unconstitutional because the issues were provincial concerns
- ✦ King did little to better the economy

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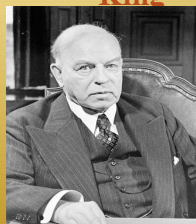
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## Depression ~ Prime Ministers

**Bennett**



**King**



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## Politics of Protest Communist Party

- ✦ The Communist Party of Canada was formed June 1921 in Guelph, Ontario.
- ✦ The Communist Party was outlawed during the depression.
- ✦ In August 1931 Tim Buck, the leader, and eight other members were imprisoned for holding the wrong ideas.
- ✦ Buck avoided assassination in prison.



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## Federal Alternative

- ✦ 1932: the Cooperative Commonwealth Federation (CCF) was a socialist party dissatisfied with the government's response to the Depression
- ✦ Leader: J.S. Woodsworth
- Political platform: Regina Manifesto
- - support for public ownership of key industries
- for social programs to assist people (the elderly, the unemployed, the homeless, the sick etc); universal healthcare



money on public works to crea

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## The Original "NDP"



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## Platform: Regina manifesto

- ✦ Support for public ownership of key industries
- ✦ Social programs to assist people in need of money: the elderly, unemployed, homeless, sick and others
- ✦ Urged government to create public works projects to create employment
- ✦ CCF was the predecessor to the New Democratic Party

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## Social credit party

- ✦ 1935: Social Credit Party (Alberta) led by William Aberhart
- ✦ Very popular party
- ✦ 'Bible Bill' Aberhart, on his radio program, publicized the party's beliefs
- ✦ Belief: capitalism was a wasteful economic system; banks hoarded money, preventing customers from buying goods



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## Social credit party

- ✦ Promise: a "basic dividend" of \$25/month to buy necessities (but the federal government would not allow provincial government to issue its own money)



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## Provincial alternatives

- + Quebec (1936)
  - + Union Nationale Party
  - + Led by Maurice Duplessis
  - + A nationalist French-Canadian party
  - + Padlock Law-Outlaws communism
  - + Blamed the English minority in Quebec for the social and economic



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## Provincial alternatives

- + British Columbia (1933)
  - + Premier Pattullo (Liberal) believed in greater provincial spending
  - + Promised voters a 'Little New Deal'
  - + Ideas:
    - + Shorten work day
    - + Increase the minimum wage
    - + Increase relief payments by 20%
  - + Attempted public works projects: a bridge over the Fraser River at New Westminster and a new city hall for Vancouver
  - + The Pattullo bridge is thus named in his honour



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Increased Tension in Federal-Provincial Relations

- King creates another Royal Commission (1937), Rowell-Siroise Commission, examined federal-provincial relations
- Cause of bad relationship between federal and provincial governments=unemployment, tax money (which government should collect tax money/spend money to assist people??)
- The Commission →Federal government should control taxation and give money to poorer provinces (=equalization payments)→be responsible for social and employment assistance (UI and Welfare)
- Commission wasn't important because economy began to turn around and WWII began to take place

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**Distractions from Despair**  
Entertainment—movies, magazines, and radio become popular  
US programs more popular→ Fed. Government responds with creation of the Canadian Broadcasting Corporation (CBC) (radio no tv) in 1936 in an effort to win over Canadian listeners  
1934-birth of the Dionne quintuplets—“miracle babies” were placed under the Ontario government’s control→ put on display and government earned millions from them  
<http://www.youtube.com/watch?v=KNleSaDseZ4>  
Grey Owl→Englishman Archie Belaney→ lived the Aboriginal way of life and took on identity→spent years on preservation of Canadian forests and the disappearing beaver-conservation

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