

## **Cause of the Depression**

### **The Stock Market Crash**

- Recall that during the 20s, everybody was buying on credit
- They would buy stocks using credit, the stocks would gain value, they sell for profit and they pay off their credit
- However, in September 1929, stocks started to decline in value
  - This led to panic
  - Everybody started to sell
  - As more people sold, people sold for lower prices, and the values of stocks kept on dropping even lower
- Finally on October 29, 1929, Black Tuesday, the stock market crashed
  - Most companies went bankrupt
- The stock market crash is not the only reason why the Depression started
  - There were many other factors as well, it can be viewed as a spark
  - This can be thought of as similar to the assassination of Franz Ferdinand for WWI

### **Other causes**

- **Overproduction and overexpansion**
  - When the depression hit, some companies had too many products that were left unsold
  - Companies have expanded beyond their means
  - Now they have to lay off workers
  - Which leads to less buying power
  - And the cycle continues
- **Dependence on very few Materials**
  - Our exports relied mainly on wheat, pulp and paper, fish and minerals
  - During the depression, countries were all trying to implement protective tariffs
  - When the demand for these products dropped, the economy dropped severely as well
- **Reliance on US**
  - It's interesting the note that the stock market crash actually occurred in the US
  - Canada was only hit hard because we relied VERY VERY VERY much on the US
    - 65% imports are from US
    - 40% exports are to the US
    - There were also high amounts of branch plants
      - 82% of auto industry is American
      - 68% electricity is American
- **Protective Tariffs**
  - In the Depression, all countries were worried
    - So they started getting all protective
    - Implemented tariffs on imports

- **Too much credit**
  - People were encouraged to “buy now, pay later”
  - So ppl weren’t often paying off cars and appliances every month
  - However, when people started losing their jobs cause companies were failing, they didn’t finish paying off all their credit
    - This led banks taking away ppl’s houses and possessions
- **The actual Depression**
  - Many people hoped that this was going to be a temporary issue
  - Evidently it wasn’t
    - Mass unemployment (20-30%)
    - Starvation
    - Malnutrition
    - Basically third world countries nowadays
  - It may have been very bad partially because of the lack of a social safety net
    - There was no unemployment insurance to help ppl if broke
    - No universal health care
    - Tight rope analogy
      - People were barely hanging on already
      - Once a shift is gone or their job is cut, they fall into the pit and basically die

## **Regional Effects**

### **Agriculture**

- Farmers basically got shreked by the depression in addition to the Dust Bowl
- This had a ripple effect on the manufacturing sector
- Companies who produced farming products (e.g tractor) had lower demand
- This led to more layoffs, which led to less buying power, even less demand and the cycle goes on

### **Dust Bowl**

- In the past, thick grass protected the soil from being damaged by the elements of nature
- This was because the First Nations ppl were able to have a sustainable economy
- Basically, the Europeans came and ruined it
  - They came in and created imbalance
  - Converted grassland into farmland
  - Made farmland vulnerable to nature cycle
  - Kind of similar to industrialization that leads to climate change
- What actually happened
  - Lack of rain led to no crops
  - Hot, dry windstorms
  - Grasshopper plagues
- Prairie Farm Rehabilitation Administration (PFRA)
  - Created in 1935

- Coordinated efforts that would help soil erosion
- This often included teaching farmers appropriate farming practices that kept a sustainable agriculture industry
- Still exists today

### **Resource Industries**

- Fishing, lumber, and coal industries really plummeted
- Mainly because of the lack of global demand

### **Who Benefited?**

- The very rich people were able to take advantage because everything was very cheap for them.
  - They were even able to buy things and sell them later for much higher prices
- Some large corporations were profitable by cutting wages and shifts.
- However, basically everybody suffered

### **Responding to the Depression**

#### **King**

- The issue with King is that he didn't understand the severity of the Depression
- He wasn't able to connect with the general population and thought that the Government had no relation with the economy
- 1930 election:
  - No plans to lower unemployment
  - Gave his five-cent speech
    - Basically saying that he wouldn't give money to the provincial governments to deal with the unemployment issues
    - Ending it by saying that he wouldn't even give a 5 cent piece
  - These actions contrast very differently with general population's mood which led to his downfall

#### **Bennett**

- During 1930 election
  - Promised jobs for anyone who wanted work
  - Promised protective tariffs
- After elected
  - He followed through with his plan and implemented protective tariffs
  - This was somewhat successful in the manufacturing sector
  - However, ruined the export trade which relied on global demand for primary resources
- 1935 election:
  - Basically at this point, his reputation was destroyed
    - Depression was only getting worse
    - Wasn't rllly decisive or effective

- Relief camps
- So he formed his New Deal
  - Unemployment insurance
  - Social assistance
  - Minimum wage
  - The issue is that Bennett is known for being a capitalist, and he is simply making a massive conversion on his beliefs making it seem like he's just a crowd pleaser.

## Relief and getting money

Relief: Similar to welfare nowadays

- Government gave money to ppl
- However, there were a few catches
  - You had to live in a certain area for a while -- 6 months
    - The issue here is that in the depression many ppl were moving around a lot to find a job
  - You were priviledged of a lot of privileges
    - Home phone and drivers license
  - Relief was viewed as kind of a last resort

## Riding the Rails

- As mentioned above, a lot of people moved around to find jobs
- One method was called riding the rails
  - People would jump on boxcars illegally and go west with them
  - There weren't any jobs in the general prairie area
  - So naturally, everybody went to Vancouver
- The issue emerged when the Vancouver government realised that there were 2 many people on the streets
- They called upon the Federal government to do something about the issue
- This led to the creation of **Relief Camps**
  - People were sent to remote parts of the countries to do work
  - They worked hard long laborious hours
  - In the end, they only got paid 20 cents a day
  - In addition, they had terrible living conditions
    - Poor food
    - Bunks in crowded auditoriums
    - People compared it to living in a prison
- In response, people started striking
  - In Spring 1935, a bunch of camp workers formed the Relief Camp Workers Union
  - This was led by a communist called Arthur Evans
  - Strikes were held in April and May

- There wasn't a response from the government
- So the strike leaders decided to organize the **On-to-Ottawa-Trek**
  - Planned for June 17th
  - Big party of people would ride boxcars to confront Bennet
- To make this issue low key, Bennett decided to meet with the leaders only
  - He did, but the strike leaders were unsatisfied with the outcome
- When they returned they decided to meet up on July 1 to come up with another solution
  - Bennett was worried about this meetup so he sent the RCMP to deal with the issue
  - This led to riots cause ppl don't like the po po
- Results:
  - 1 police died
  - Several strikers injured
  - People still had to return to relief camps
  - Bennett's reputation was destroyed

## **New Political Parties**

Basically, both the Liberals and Conservatives weren't successful in dealing with the Depression. People started turning toward other parties that demanded social and economic reforms

## **The Co-operative Commonwealth Federation (CCF)**

- The CCF is rooted in the West
- It is led by MP JS Woodsworth
- CCF rejected both capitalism and revolutionary communism
  - It is in favour of democratic socialism
    - Political movement that supports socialist aims
    - Nationalizing key industries
    - Government involvement in economy
    - All while under a democracy
- In Regina Manifesto
  - Blamed Depression on capitalism
  - Included socialist policies
    - Public ownership of banks, public utilities, transportation companies and major industries
    - Improved health and social services
    - Tax system used to redistribute wealth -- tax brackets
- Often challenged and accused of being communist
  - Opponents tried to take advantage of the Red Scare

- CCF continued to emphasize that their goal is social change motivated by voters' opinions.
- Eventually became Official Opposition in BC, Saskatchewan, and Alberta

## **Social Credit Party**

Social Credit Party also had its roots in Western Canada

- The party is based off the idea of giving everybody a social dividend
  - A social dividend is basically when the Government gives people money
  - Theoretically, it would allow people to have more buying power
  - This leads to an increased demand, increasing production and job opportunities
  - Ideally it would jump start the economy out of the Depression
- William Aberhart
  - He was the founder of this party
  - From Alberta
  - He hosts a popular radio show which allowed him to spread his ideas
    - Namely having the government pay each Albertan adult 25\$/month
  - This was successful and he swept the 1935 Albertan Election winning all but 7 seats
  - Once in power, he faced reality however
    - The Government couldn't simply afford to pay everybody 25\$ a month
    - Despite the failure, the party remained in power for the next 35 years

## **The Union Nationale**

Basically a Québécois French nationalist party

- Liberals have always been in power in Québec
- However, the economy was still tied to English businesses.
- They tried to avoid economic reform
- By the Depression, people were ready for change
- Enter Maurice Duplessis
  - He gathered a bunch of rebellious Liberals together and formed this party
  - During 1936 election he focused a lot on Liberal corruption
  - He also did tons in support of French Nationalism
    - Defend french language
    - Defend French religion
    - Keeping the french culture against English business interests.
  - However, once in power, he basically failed

## **Padlock Law**

- There was basically a very big red scare in Québec

- In response Duplessis created the Padlock Law
  - Gave authorities the right to enter any building to search and/or seize communist related things
  - If found, building would be padlocked until charged is sent to court
- The issue about this is that communism wasn't really defined
- So authorities had to determine what was and what wasn't
  - This allowed Duplessis to shut down political opponents and labour unions claiming they are communist
  - This allowed him to stay in Parliament for 20 years
  - If anything, this is similar to a authoritarian government.
- This did create a lot of controversy
  - He was able to defend himself by continuing to make nationalist promises
  - In addition, to maintain the autonomy, he rejected federal grants and initiatives
  - 1948 -- he created the fleur-de-lis
  - 1956 -- implemented Québec's individual income tax system

## Canadian Culture

### Radio

- Radio was very popular because it gave people a diversion from the Depression
- It was able to do so with many different genres
  - Comedies
  - Dramas
  - Sports
  - Serials
  - Variety shows
- Originally, most stations were American owned -- this was worrisome
  - 1932 Bennett created the Canadian Radio Broadcasting Commission
  - 1936 King created the Canadian Broadcasting Corporation -- the one we use today
- Many of the stations were just copying the format of American shows
  - E.g *The Happy Gang*
- However, some were strictly Canadian
  - *Hockey Night in Canada*, this has even become a Saturday night radio
  - In fact more people knew Foster Hewitt from listening to the radio than Prime Minister Bennett

### Music

- There were a lot of American performers that played in large concerts in Canada
  - E.g Jimmy Dorsey, Benny Goodman
- CBC also provided forums for artists
  - E.g Guy Lombardo and Glenn Miller
- The songs that were written at the time were pretty interesting

- They either reflected upon the sorrows of the time or they also tried to create a diversion from reality
  - “Brother, Can you Spare a Dime” and “I can’t Give you Anything but Love” are examples of ones reflecting on the time
  - “Winter Wonderland” is an example of one creating an escape from reality
- This era was also the rise of African American music into pop culture
  - They often sung soul/blues or powerful religious songs
  - E.g Billie Holiday and Ella Fitzgerald

### **Reading**

- Magazines and newspapers were very popular at the time
  - However, again, a lot of the big companies were American
  - E.g Life
- In response, Bennet introduced protective tariffs to protect industry
  - They were very successful
  - 64% rise in Canadian magazines
  - American magazines slumped by 62%
- When King returned, tariff was cut off as part of trade deal with US
- Although most newspapers were Canadian owned, most press was American
  - Most reports ended with an American bias
  - There were minimal Canadian views on International affairs

### **Dionne Quintuplets**

- Miracle birth and survival of 5 girls
- It was a distraction from the depression
  - It’s a rare, special and happy thing to occur
- They were often used in upbeat stories
  - Positive connections often had pictures of them used in ads
- Ontario government saw this as an opportunity for tourism
  - Took girls from parents care put them in a special facility
  - “Quintland” attracted over 3 million tourists
  - People looked at kids through one way screen

### **Movies**

- Similar to radio, it gave people the chance to leave their world behind
  - For just 25 cents, it was a pretty easy escape
  - Ppl went one to twice a month
- King Kong
  - First horror/adventure film
  - It was mainly known for its special effects
- Wizard of Oz
  - Ahead of its time
  - Filmed in colour
  - Musical fantasy



## Great Depression

Def: - global economic crisis in the 1930s that is characterized with unemployment and relief camps

### Significance:

- People started to have different mindsets
- People learned that government needs to be more involved, almost paramount
- Government could no longer be a mere spectator -- now government viewed as interventionists
- leads to many different parties