Great Depression and Canada
Impact Across the Expanse of Canada

Canada was hit hard by the Great Depression. Unemployment soared, industrial production collapsed, and prices, especially for farm commodities fell rapidly as demand for all manner of consumer goods virtually disappeared.
Between 1929 and 1933 the country’s Gross National Expenditure [overall public and private spending] fell by 42%. By 1933, 30% of the labour force was out of work, and 1 in 5 Canadians had become dependent upon government relief for survival. The unemployment rate would remain above 12% until the start of World War II in 1939.

A third of Canada’s Gross National Income came from exports, therefore the country was hard hit by the collapse in world trade. The four western provinces (Alberta, British Columbia, Manitoba, Saskatchewan), which depended almost exclusively on primary-product exports, were the most seriously affected.

Ontario and Québec experienced heavy unemployment, they were less severely afflicted because of their more diversified industrial economies, which produced goods and services for the protected domestic market. The Maritimes (Eastern Provinces) had already entered into severe economic decline in the 1920s and had less distance to fall.

The burden of the Depression was also unequally distributed between classes. Although wages dropped throughout the 1930s, prices declined even faster. As a result, the standard of living of property owners and those with jobs increased. Farmers, young people, small businessmen and the unemployed bore the brunt of economic hardship.
Dirty Thirties Crippling the Farm Industries

The economic problems were made worse on the Prairies by years of drought, as well plagues of grasshoppers and hail storms, which caused huge crop failures.

Few countries were affected as severely as Canada during what became known as the Dirty Thirties, due to Canada’s heavy dependence on raw material and farm exports, combined with a crippling Prairies drought. Widespread losses of jobs and savings ultimately transformed the country by triggering the birth of social welfare, a variety of populist political movements, and a more activist role for government in the economy.
Saskatchewan

Saskatchewan experienced the lowest price for wheat in recorded history and saw provincial income plummet by 90% within two years, forcing 66% of the rural population onto relief.
Impact on Canadian Population

Population growth throughout the 1930s reached the lowest point since the 1880s through a combination of plummeting immigration and birthrates.

The number of immigrants accepted into Canada dropped from 169,000 in 1929 to fewer than 12,000 by 1935 and never rose above 17,000 for the remainder of the decade.

Jews fleeing Nazi Germany were denied a sanctuary in Canada because of discrimination.

The number of Canada's deportations, however, rose from fewer than 2,000 in 1929 to more than 7,600 just three years later. Almost 30,000 immigrants were forcibly returned to their countries of origin over the course of the decade, primarily because of illness or unemployment.

Canada's birth rate dropped from 13.1 live births per 1,000 in 1930 to only 9.7 by 1937, the lowest ratio until the 1960s.
During the 1930s, 50 years of urbanizing momentum were reversed as Canada's rural population (outside of Saskatchewan) grew more rapidly than its urban population. For many of the unemployed "going back to the land" was preferable to a miserable existence on urban relief.

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<th>Canada</th>
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<td>1939</td>
<td>11.3%</td>
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<td>1940</td>
<td>9.5%</td>
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<tr>
<td>1941</td>
<td>6.0%</td>
<td>4.4%</td>
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Social programs (welfare) did not exist at this time.

MacKenzie King thought it was the provinces responsibility to aid their own citizens. He wasn’t prepared for the Depression which means he did not take an interventionist approach to the economy.

Refused to borrow taxes, or borrow money to help the poor.
Here Comes “Bonfire” Bennett

R.B. Bennett was the Leader of the Conservative Party.

July 28, 1930 became Prime Minister

Believed in capitalism and the free enterprise system

Put $20 million towards emergency relief which formed the Unemployment Relief Act 1930.

Raised tariffs on imports to 50% in order to protect Canada’s industries from foreign competition and end the trade deficit. Increased trade with Britain.
BENNETT'S TWENTY MILLIONS

Unemployment is steadily increasing in Canada. The Young Workers can expect nothing for the $20,000,000 that is to be expended as a means of "solving" the unemployment problem. Some lousy soup and the mission house will be the lot of the unemployed young worker unless we organize and fight for work or full maintenance.

Young Worker, Toronto, 6 October 1930
“One Man Show”

'My Government'  R.B. Bennett and his cabinet, 1931
Arch Dale, Winnipeg Free Press

DA, DA, DA!

GETTING RID OF THE LIBERAL GOVERNMENT ADMINISTRATIVE ERRORS
Response to Bennett

Made the Depression worse from as his protectionism cut off Canadian exports. The people could not afford gas, so horses pulled their cars. The “Bennett Buggy”
Political Impact: On to Ottawa Trek

Many workers began to ride the rails to find work in other parts of Canada.

1000 relief camp workers climbed onto freight trains and headed to Ottawa to protest their working conditions.
Regina Riot

When the train reached Regina the number of protesters doubled.

Fearing the protest in Ottawa, Bennett stopped the train and tried to negotiate.

July 1, 1935 a riot broke out as RCMP (police) tried to arrest the organizers.

1 officer killed, 130 protesters arrested.
Bennett’s “New Deal”

- Announced on the radio, sweeping the social reform platform
- “The capitalist system has failed us”
- Promised laws to control big business
- Increase income and business taxes
- Reduce farm debts
- Introduce minimum wage, 8 hour days
- Unemployment insurance, health insurance
- Better old age pensions
“King or Chaos”

Running under this slogan, King was elected.

Bennett spent the rest of his days in Great Britain, the only Prime Minister to be buried outside of Canada.
Social Credit Party

Bill Aberhart

Believed that the Depression was caused by people not having enough money to buy goods and services. (contributing to the economy)

His idea was to give every citizen $25 per month (prosperity certificate) so that people could buy more and help the economy. (Buy their way out)

Tight regulatory control of banks to manage money.

The party was elected in Alberta in 1935, and stayed there until the 70’s. Never paid out the certificates.
Co-operative Commonwealth Federation (CCF)

Later named NDP in 1961

J.S. Woodsworth was a “conscientious objector” during WWI and minister in Winnipeg, helping the homeless.

Believed the free enterprise system failed during the Depression and the government needed to take a greater role.

Proposed: Unemployment insurance, free medical care, family allowances and old age pensions.
The Bank of Canada

Bennett felt like there needed to be a centralized banking system like the Bank of England.

The bank was set up in 1934. Banks were no longer allowed to issue their own banknotes and had to transfer their gold reserves.

The stable banking system prevented the Depression from worsening, and helped with economic recovery later on.
Bank Failures During The Great Depression
Canada vs. U.S.A.

9,000

0

Canada

U.S.A.
The Canadian Supreme Court

Canadians never embraced the government intervention into the economy like the U.S.

R.B. Bennett made a short lived attempt through his “New Deal” but was struck down by the Privy Council in London
Despite the Devastation

Canadians never turned in large numbers to “-isms” — communism and socialism — preferring to keep their traditional political parties. True, in 1935 the people of Alberta elected the Social Credit Party, which had unusual (one might say radical) views on monetary policy. But this was an exception.
MacKenzie King’s Foreign Policy

King favored policies of isolationism.

Canada’s strong links to Britain led to involvement in WWII.

Isolation policies were created to avoid conflicts overseas principally due to the domestic issues that were created as a result.

EX: the conscription crisis during WWI, which ultimately divided the nation.
Run up to WWII

The Depression ended in 1939 as WWII began.

King and British Prime Minister Chamberlain agreed to appease Germany, to remain neutral. Postponing war by sacrificing Czechoslovakia, King thanked and agreed with the decision.

With Nazi aggression increasing, King knew another war was bound to come, especially if Britain got involved.

After the attack on Poland, King went to Parliament to decide on declaring war. War was postponed for a week, Canada remaining neutral, then Parliament approved by supporting Britain and France.
Beeton Station, Quebec

February 9, 1934

Honourable R. B. Bennett

Ottawa

Dear Sir,

Please forgive me for asking you for help. Since I have not been able to get anything from the council after several requests I thought of contacting you, maybe you won't say no. I worked for you a few years ago and I will work again in the future. I have been sick for the past 5 years, 4 years ago, I spent 6 months in the hospital and since then I've always done what I could to give my family what they need today I can't do anything at all. I need to go back to the hospital right away, the doctor told me that I can't live much longer without care. I have 6 young children, I'm 42 years old I don't have money, we don't have any more food, no clothing all we are — think about it my dear Mr. R.B. Bennett a cold winter like we're having. The children complain because they're hungry and cold I can't give them what they ask for to tell the truth it's very sad —

I hope my letter will be considered and to receive a reply soon

Respectfully

Arsene Gaudet
Origin- letter to R. B. Bennett in Ottawa from Canadian citizen Arsene Gaudet on Feb 9, 1934. From Beeton station in Quebec.

Purpose- Arsene is seeking financial support from Bennett.

Value- This reflects on how much people looked up to him for help.

Limitation- Seems to be a fake story just to get money out of Bennett, there is no actual proof of this person or circumstance.