



## The Great Depression in Canada

To understand how the Depression set upon Canada, its course and consequences, it is important to examine the context of the 1920s. There was significant political fragmentation as a result of the conscription crisis of 1917 that had threatened to tear Canada apart. It pitted English-speaking Canada against French-speaking Canada once again. To this national division was added a rift in traditional party politics. Laurier's Liberals, a party that had largely transcended the linguistic-political divide that had plagued Canada since before confederation, were torn into pro- and anti-conscriptionist factions. Based as it was on a single issue, Borden's Union government could not be expected to outlast the war. With Laurier's death in 1919, and Borden's retirement a year later, it was clear that the political landscape was going to change. Few foresaw just how significant this change would be.

Before they could tackle any of the issues that accompanied the end of the war, the two mainstream national parties had to find new leaders. This was especially delicate for the Liberals. Not only would the new leader have to replace an icon of Canadian politics that had dominated his party since 1887. The more pressing problem was that the new leader had to stitch the party back together. He had to appeal to both the English- and French-speaking elements in the party and the country. The Liberals chose William Lyon MacKenzie King, a previous Minister of Labour, for this role and he, like his predecessor, would dominate both his party and country for 25 years. The Conservatives chose Arthur Meighen to pilot their party in the postwar years. As Borden's Solicitor General, Meighen had been instrumental in developing the War Measures Act, the Military Service Act and the Wartime Elections Act. Meighen had been at the forefront of the most difficult legislation of the war years.

The political situation may have settled down into established prewar patterns had these two parties remained, with nationalists from Quebec, the only political choices for voters. The early 1920s, however, saw

Prime minister	Years
Arthur Meighen	1920–21
William Lyon Mackenzie King	1921–26
Arthur Meighen	1926
William Lyon Mackenzie King	1926–30
R. B. Bennett	1930–35
William Lyon Mackenzie King	1935–48

### William Lyon Mackenzie King (1874–1950)

William Mackenzie King, grandson of Upper Canada Rebellion leader William Lyon Mackenzie, studied economics in Chicago and Harvard and took a job as Deputy Minister of Labour in 1900. Eight years later he entered the House of Commons as an elected member and was appointed Wilfred Laurier's Minister of Labour. After a period of time out of elected office, he succeeded Laurier as the leader of the Liberal Party in 1919 and as such became Prime Minister of Canada in 1921, an office he would hold until 1926. After the briefest of time out of office, he served again in 1926–30 and 1935–48.

In foreign policy King's years were marked by the attempt to solidify the independence won on the battlefields of Europe. This was evidenced in his approach to the Chanak Affair in 1921 and the King-Byng Affair of 1926. In domestic policies he took a cautious approach. He was fond of appointing commissions to study problems before taking any precipitous action. This provoked the ire of those who thought the Depression and other issues such as the Maritime Rights Movement required drastic and immediate action. He charted a cautious foreign policy course in the years leading up to and during the Second World War. His approach to the second conscription crisis was emblematically captured by the masterfully ambiguous slogan "Conscription if necessary, but not necessarily conscription."



a remarkable surge in the popularity of non-traditional parties. Thomas Crerar, a former Minister of Agriculture from Manitoba harnessed a growing sense of western prairie alienation and formed the National Progressive Party with other disaffected western members of parliament in 1919. They would form the official opposition after the federal election of 1921, although they declined the title. This same sense of rural discontent was the chief force that propelled the new United Farmers of Ontario into government in 1919. A similar story played out in Alberta, in 1921, when the United Farmers of Alberta formed the government after the provincial election.

Throughout the 1920s, the Progressives were divided. Moderate Progressives advocated cooperation with the established parties while the more radical members of the party were not so inclined and favored a radical change to the system of Canadian politics. In the mid-1920s a Progressive member of parliament from Winnipeg named J. S. Woodsworth rose to the fore of the Progressives preaching tax reform that shifted the tax burden to business and the wealthy, the development of federal unemployment insurance and old-age pensions.

Regional discontent spread to the Atlantic coast as well. The Maritimes rights movement developed in the early 1920s, arguing for greater subsidies to the Maritime provinces and tariffs to protect their coal and steel industries. When their Liberal members of parliament could not deliver on these demands Maritime voters turned to the Conservatives in the 1925 federal election. Mackenzie King, and his Liberals nevertheless won the election on the strength of their support in the rest of the country. Although this fractured political landscape was short-lived, neutered in large part by the piecemeal compromises of Prime Minister King, it introduced a number of elements into the federal political discussion—the regulation of industry, financial support for farmers, social security, new political parties, federal vs. provincial relations—ideas that would resurface during the difficult years of the 1930s.

### Economic fragility

The roots of the Depression, in Canada and the rest of the world, can be traced to the economic changes that followed the armistice of 1918. The war had beggared most of the major industrial economies of the world. Only the United States would emerge from the First World War in a position of relative economic strength. As such, much of the world owed money to the US. This position of strength spread US economic influence throughout the world to an even greater extent.

In many ways Canada was no different. The economic boom that was gathering pace in the United States throughout the early 1920s



Prairie drought and relief project for a landing-field in Alberta during the Great Depression.



On what other types of projects did people on relief work? Besides giving immediate monetary relief, how did increased incomes help the economic problems of the Depression?

### Discussion point

To what extent do you think the United States had an obligation to help rebuild the economies of Europe in the early 1920s? What were the practical advantages in doing so?



What were the dangers of depending on the US economy for worldwide economic stability?

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eventually dragged the Canadian economy out of its postwar slump. The surging demand for consumer goods such as automobiles and electronics, in turn, created a demand for minerals such as zinc and copper, a demand supplied by the Canadian mining industry. Exploration opened new areas of the Canadian Shield to mining interests, many controlled by US investors.

Pulp and paper also became a vital new export. US-demand for newsprint was skyrocketing and it became economical for US paper companies to establish **branch plants** across Canada to feed the appetite of the US newspaper industry. Between 1920 and 1929 Canada had tripled her production of newsprint.

The emblematic consumer product of the 1920s was the automobile and its production was an important stimulus to the Canadian economy. By the middle of the decade, the major US carmakers had plants in Canada able to produce half a million automobiles a year. The growing car culture sparked the construction of some 57,000 km of paved roads in the last five years of the 1920s. This, despite the fact that only a quarter of the Canadian population was financially able to purchase a car at the time.

By the last years of the decade agriculture was also recovering from a postwar slump. Prices had recovered and in 1928 Canadian farmers took off a bumper crop of record proportions (close to 600 million bushels). While on the surface, this seemed like good news, it concealed a troubling development. Canada's agricultural sector was not the only one that was recovering in the mid 1920s. Global competition in wheat production from South America and Australia was accelerating and world purchasers could now choose between a number of non-North American grain producers. Such dramatically increased supply could not sustain high prices for long.

A similar story was beginning to play out in other economic sectors. Pulp, paper and mining production were beginning to outstrip demand by 1928. Tertiary industries such as railroads also began to feel the effect of declining trade volume. As economic activity slowed and world prices dropped, the short boom of the 1920s seemed to be coming to an end. Why did the boom end in Canada?

- Increased tariffs across the world meant a decline in trade
- Supply of commodities and manufactured products exceeded demand leading to a decline in world prices for commodities
- Over-dependence on staple products
- Over-dependence on the economy of the United States
- Heavy debt-burden carried by governments and individuals.

### The crash of 1929

The previous list points to an important element in the discussion of the causes of the Great Depression. The economic developments that would bring about the Depression were well underway before

**Branch plants** are factories operating in Canada, but owned by foreign companies.

1929. There were structural problems in the economic boom that made it inherently unstable, both in Canada and in the United States. The problem was compounded by the world's reliance on the health of the US economy. US capital permeated nearly all aspects of the Canadian economy making Canada vulnerable to instability in the US. This growing instability was dramatically accelerated by the stock market crash of October 1929. Although the Toronto Stock Exchange did not suffer a calamity the scale of that which befell its New York counterpart, the vast amount of US capital invested in the Canadian economy meant that the effects of the New York crash were soon felt north of the 49th parallel, just as they were around the world.

### Discussion point

Why was there no panic at the Toronto Stock Exchange of the same scale as that which hit the New York Stock Exchange? Were there comparable panics in other stock exchanges around the world? Why or why not?

## The economic impact of the Depression

The Depression of the 1930s was not the first economic slump to hit Canada. In 1873, the global economic stagnation had hurt Canada. Just prior to and immediately after the First World War, Canada experienced short, sharp economic downturns. What would set the Great Depression apart from the other slumps was its severity, scope, and length. The fact that it was coupled with one of the most severe droughts in Canadian history only served to spread the misery and make recovery more difficult. In the years between 1929 and 1933:

- Imports fell by 25%
- Exports fell by 55%
- Wheat prices fell by 75%
- Unemployment reached 27%
- 20% of Canadians were on some form of relief.

The Depression manifested itself in different ways across the country. In rural Canada, collapsing prices were not matched by falling production costs. Agricultural and fishing products flowing out of the Maritimes faced slashed commodity prices. Agricultural and manufacturing products from central Canada were met by restricted trade policies. The economic disaster was exacerbated by misguided economic policies around the world. Many countries, like the United States and Canada, had already started building ever-higher tariff walls before 1929. This movement spread around the globe after the stock market crash. Italy, Germany, and France all increased tariffs in an effort to protect their own industries, blocking potential markets for Canadian agricultural and manufacturing products.

The prairie provinces were hit doubly hard in the 1930s as the economic disaster of the Depression was compounded by ecological disaster, as in the United States. The devastating drought that gripped the prairies from 1930 to 1937 turned the fertile land into a Dust Bowl. Scores of farms were simply abandoned, the families that owned them leaving to become part of the growing legions of unemployed in the cities. Those that did remain faced the same depressed commodity prices as all farmers. In Saskatchewan, the

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total provincial income fell by close to 90% and two thirds of the population was on social welfare.

The picture painted by the Depression in urban Canada was more complex. Factory workers were laid off in droves and those who kept their jobs saw their wages slashed in the absence of any minimum wage legislation to protect them. Wage rates varied across the country, but the growing labor pool meant that they were all headed in one direction—down. But the middle class and those in the professions who managed to maintain a stable source of income during the Depression saw their living standards improve on the back of a falling cost of living. This was, however, not the case for the majority of Canadians.

### The social impact of the Depression

While on the surface the Depression was an economic crisis, the reality is that it struck deep into every aspect of life in 1930s Canada. That it was coupled with the worst drought in memory meant that the family farm, often a source of relief during industrial downturns, suffered along with the rest of the economy. In a country that was built largely on the promise of land ownership, losing family farms to foreclosure called into question the identity and character of western Canada. Newfoundland, although not a part of the Canadian Dominion until 1949 and an independent British Dominion at the outset of the Depression, suffered so acutely from the decline of its fisheries that unemployment reached 50%. The instability and ensuing political scandals dissolved its legislature and it was forced to revert to its former colonial status during the Depression.

Accustomed to self-reliance, long-term unemployment struck at workers' sense of self-worth. Marriages were postponed and birth rates declined. Once-prosperous prairie towns ceased to exist. Migration changed the demographics of the country significantly as people moved in search of employment or precipitation. Immigration was sharply curtailed and people lashed out at new Canadians in eruptions of xenophobia. Such divisions bit into the labor movement, pitting English-speaking workers against recent arrivals from eastern and northern Europe in the Maritimes and other parts of the country.

### The government's response

The Depression set upon Canada during Mackenzie King's second term in office. King, not unlike his counterpart in the White House, was initially at a loss at what to do about the stagnating economy. Other economic slumps had occurred in King's lifetime, but they had proven temporary. King therefore approached the early stages of the Depression as he approached politics in general—cautiously. When he was pressed for government action to alleviate the growing misery, he hid behind the **British North America Act**. King claimed that the type of action required was constitutionally the responsibility of the provinces. But he then refused to increase subsidies to provincial

### Discussion point

While protectionism was a common response to the Depression, how might lowering protective tariffs and encouraging free trade have helped the crisis? What would have been the drawbacks of such an approach?

**The British North America Act** was the Act of the British Parliament that established the Dominion of Canada. Although an Act of the British Parliament it functioned as the written portion of Canada's constitution until the Constitution Act of 1982.

governments—all but two of which were Conservative. He believed that this fiscally vigilant approach was what prudent Canadians expected of him, and he took this faith to the polls in 1930. King miscalculated. The Conservatives, under the leadership of R. B. Bennett, won a majority government on promises of action and relief.

### Richard Bedford (R. B.) Bennett (1870–1947)

Born in New Brunswick, Bennett moved to Calgary after getting his law degree from Dalhousie University. He won election to the provincial legislature in 1909 and was elected to the House of Commons during the 1911 federal election. After serving briefly as the minister of justice in 1921, and even more briefly as minister of finance in 1926, he was elected Conservative leader in 1927.

Bennett campaigned on a platform of aggressively attacking the growing economic crisis in the 1930 federal election and this argument carried the day against the more cautious Mackenzie King. Unable to do much in the face of the economic dislocation of the Depression, however, Bennett became for many suffering Canadians the target of their misery and scorn. Cars hitched to horses because the owners could not afford the gas were dubbed "Bennett Buggies" and the shantytowns that grew up outside

Canadian cities were called "Bennett's Boroughs". During this period he received hundreds of letters from destitute Canadians, many of which he answered by hand and returned with a token five dollar bill from his own pocket. While Bennett may have not been callous, for the most part he believed in the free market system and that it would eventually correct itself. Despite this essential conviction, he proposed a far more interventionist economic policy, Bennett's New Deal, as the 1935 federal election loomed. It was not enough to undo what many voters saw as five years of failure and he and his Conservatives were swept from office in 1935. Bennett finished his days in the United Kingdom where he sat in the House of Lords.



### Bennett's response to the Depression

Once in office, Bennett succumbed to conventional wisdom and his campaign promises. He increased tariffs by 50% and allocated \$20 million for relief programs. All at once he pushed prices higher with the tariff and gave people money to cope with the higher prices—in broad terms a zero net gain.

The relief "system" that developed in the early 1930s consisted of a patchwork of municipal, provincial, federal and private efforts. Single unemployed men, for instance, were directed to work camps operated by the Department of National Defence and located in the wilderness, far from urban centres. While they toiled in these camps they earned 20 cents a day and the nickname the Royal Twenty Centers. The system of relief, such as it was, consisted of federal and provincial funds making their way into municipal coffers from where they would be redistributed to those in the most need. Initially, most were "work for relief" schemes of public works, but this eventually gave way to direct relief. Nevertheless, federal and provincial funds were rarely enough to sustain the growing numbers of people in need. The economic downturn shrank the tax base in cities across the country drastically at the same time that their costs were ballooning. Cities like Montreal tried to meet the need by raising taxes, but to no avail. The city slid into bankruptcy in 1940. As the Depression deepened, it became evident that its economic costs were to be borne disproportionately by local governments.

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At the federal level, Prime Minister Bennett established a number of other measures to fight if not the causes then the symptoms of the Depression:

##### The Canadian Wheat Board

A marketing board designed to rationalize the marketing of grain on the world market and provide a measure of shelter for prairie farmers.

##### The Farmer's Creditors Arrangement Act

A law to help debt-ridden farmers restructure their loans.

##### The Prairie Farm Rehabilitation Act

An act that set up an organization to seek solutions to the devastating ecological conditions of the Dust Bowl

##### The Bank of Canada

Canada's first central bank. It was designed to coordinate the government's monetary policy.

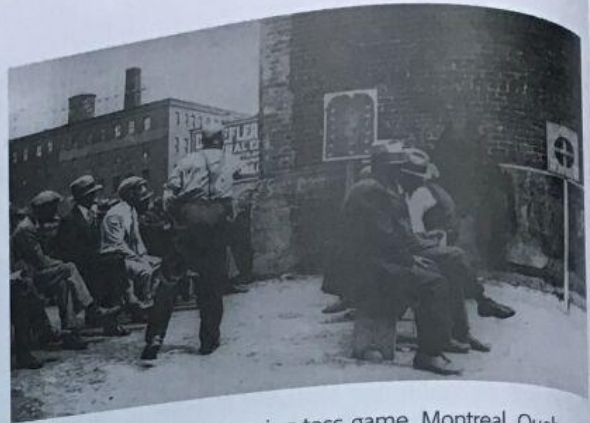
##### The Canadian Radio Broadcasting Commission

A body designed to foster the growth of the Canadian Broadcasting industry

In all, despite his personal responses to the letters he received regularly asking for aid and his halting intervention into the economy, Bennett's approach to the economic crisis was largely consistent with his belief in the free enterprise system and that people, not the government, are ultimately responsible for their own wellbeing. As the Canadian economy limped into the fifth year of the Depression, Bennett shocked many in the country and his own party by advocating a more comprehensive and aggressive approach to the crisis. Taking a cue from Roosevelt's plan, this package became known as Bennett's New Deal.

### King's response to the Depression

The federal election campaign of 1935 pitted King's Liberals, out of office during the worst years of the Depression, against Bennett and his New Deal, as well as the Cooperative Commonwealth Federation, The Social Credit Party, the remnants of the Progressives and a number of smaller parties. King's Liberals won a huge majority on the slogan "King or Chaos." But now the problem of the Depression was his.



Unemployed men playing ring toss game, Montreal, Quebec, about 1935.



How would unemployment have affected leisure activities? What activities remained popular during the Depression? Why?

### Activity

#### Bennett's "Deathbed conversion"

Bennett's New Deal came at the end of his tenure as prime minister. His New Deal included the laws to govern the following areas:

- Wages
- Hours of work
- Farm credit
- Natural resource marketing
- Unemployment insurance

Research each of these measures. To what degree do you think Bennett saw them as a repudiation of the free market system or rather temporary measures to correct a defect in the system?

To what extent do you think Bennett genuinely supported these measures or was he rather trying to appease the voting public in the face of the 1935 election?

#### Sources you can use for your research:

- Waite, Peter B. 1992. *Loner: Personal Life & Ideas R.B Bennett*. University of Toronto Press.
- Gray, H. James, 1991. *R.B. Bennett: The Calgary Years*. University of Toronto Press.
- Boyko, John. 2010. *Bennett: The Rebel Who Challenged and Changed a Nation*. Toronto: Key Porter Books.



The reality is that King had no more of a plan to fight the Depression in 1935 than he had had in 1930. He was not, however, willing to see if Bennett's New Deal would work. He had attacked the New Deal in the election as extravagantly expensive at a time that called for prudence. Not wanting to be the politician to cut this direct aid and risk incurring the wrath of the unemployed, he referred the measures to the Supreme Court, which duly found that most of the New Deal treaded on provincial jurisdiction and thus contradicted the British North America Act. To compound the delay caused by the court challenge, King then struck his own commission to study the extent to which the Act could be altered to accommodate the type of measures pioneered by Bennett.

It was during this period of study that another of King's commissions reported that what the Canadian economy needed was an infusion of government spending and tax cuts. Just as Bennett's relatively radical reforms had split the Conservative Party in 1935, the unity of the Liberal Party was threatened by this revolutionary departure from accepted economic theory during the budget discussion of 1938. A compromise allowed the Liberal Party to remain intact as the Canadian economy stumbled toward the recovery that the Second World War would bring.

### Political responses to the Depression

Just as the profound economic dislocation brought on by the Depression led to a radical rejection of liberal democracy in parts of Europe, it brought out ideas for a radical reordering of the political

#### Discussion point

Politicians seeking election during periods of hard economic conditions often advocate tariffs as a solution. Why?

#### Discussion point

The British-North America Act, which functioned as the written portion of Canada's constitution from 1867 until 1982, was originally drafted in 1867 to bring New Brunswick, Nova Scotia, Ontario, and Quebec into a Canadian confederation.

As an Act of the British Parliament it could be changed by a majority vote in London.



To what extent should constitutions be easy to change?

### Activity

#### Keynesian economics

John Maynard Keynes was a British economist who studied the problems of the Great Depression. He formed the opinion that the ultimate issue in the Depression was a lack of overall demand. Although this business cycle of booms and recessions was common, his worry was that the Depression had lasted so long that there was not enough purchasing power left in traditional sources of demand to bring the economy back to close to full employment. He feared that the business cycle might find equilibrium at a lower level of employment. Keynes believed that the only institution with enough purchasing power to boost demand out of the Depression were national governments.

He therefore advocated that governments should spend money on public works and anything that put money in the pockets of potential consumers during periods of economic decline. During times of economic expansion, governments should take in money in the form of increased taxation. Booms would not be as high but nor would recessions be as deep.

Research the economic history of five countries in North, Central, and South America in the decades after the Great Depression, 1936–2000. What evidence is there of Keynesian economics? What are the results of these policies? Are there any patterns to the adoption and or rejection of these policies in the region?

Country	Years	Keynesian policies	Results

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economy in North America as well. In Canada, this was expressed in the creation of some new and innovative political parties. In many ways these new parties were a continuation of the populist politics that appeared in Canada during the 1920s.

#### The Cooperative Commonwealth Federation:

The Cooperative Commonwealth Federation (CCF) was born out of a meeting between labor and farm activists in Calgary in 1932. Within a year there was another meeting in Regina during which the CCF adopted its platform as expressed in the Regina Manifesto. In many ways what separated the CCF and its manifesto from other ideas about how to fight the Depression was its underlying assumption that the system could not or should not be fixed, but rather replaced. It represented a rejection of the basic tenets of the free market system and as such was branded as dangerous socialism or even communism.

The CCF would run as a democratic socialist party in the established Canadian political system—it sought reform not revolution. It chose J. S. Woodsworth, Progressive member of parliament, as its leader and managed to elect five candidates in the 1935 federal election. The CCF ran candidates successfully in provincial and municipal elections as well. This provincial and local success makes sense in that, as King's court challenge to the New Deal would prove, matters of direct relief, unemployment insurance and similar measures were the purview of provincial governments and it was in these areas that the CCF and its policies were most appealing to the voting public. By 1944, the CCF would form the provincial government in Saskatchewan under the leadership of Tommy Douglas, a former Baptist minister. This was the first socialist government elected in North America. The CCF, which merged with organized labor to form the New Democratic Party (NDP) in 1961, governed Saskatchewan for 40 years during the 20th century.

#### Activity

#### The Regina Manifesto vs. the Social Credit League of Alberta 10 Plank Platform (1935)

#### Source A

The Social Credit League of Alberta 10 Plank Platform (1935)

The following excerpt is from a document that was issued by the Social Credit League of Alberta in 1935 as a summary of its platform.

- 1 Finance and the Distribution of Goods
  - c The establishment of a Just Price for all goods and services, and the regulation of the price spread [price mark up] on all goods sold or transferred within the bounds of the Province [Alberta].

This Just Price is to be just and fair:

- 1 To the producers and to the distributors. They should not be required to sell goods for less than the cost of production or of import.
- 2 To the consumers. They should not be exploited or unduly deprived of fair returns for their purchasing power.
- 2 The Present Problem of Debt
  - a Private, or Mortgage and Tax Indebtedness
    - 1 The Distribution of Basic Dividends [Social Dividends] and the Establishment of a Just Price will at once begin to give our citizens the ability to cope with Mortgage Indebtedness at present against their farms and their Homes

### Source B

The following is an excerpt from the Regina Manifesto, a founding document of the Cooperative Commonwealth Federation (CCF).

#### 2 Socialization Of Finance

Socialization of all financial machinery—banking currency, credit, and insurance, to make possible the effective control of currency, credit and prices, and the supplying of new productive equipment for socially desirable purposes.

Planning by itself will be of little use if the public authority has not the power to carry its plans into effect. Such power will require the control of finance and of all those vital industries and services, which, if they remain in private hands, can be used to thwart or corrupt the will of the public authority. Control of finance is the first step in the control of the whole economy. The chartered banks must be socialized and removed from the control of private profit-seeking interests; and the national banking system thus established must have at its head a Central Bank to control the flow of credit and the general price level, and to regulate foreign exchange operations. A National Investment Board must also be set up, working in co-operation with the socialized banking system to mobilize and direct the unused surpluses of production for socially desired purposes as determined by the Planning Commission.

Insurance Companies, which provide one of the main channels for the investment of individual savings and which, under their present competitive organization, charge needlessly high premiums for the social services that they render, must also be socialized.

**Source:** Zakuta, Leo. 1964. *A Protest Movement Becalmed: A Study of Change in the CCF*. Toronto: University of Toronto Press. [http://economics.uwaterloo.ca/needhdata/Regina\\_Manifesto.html](http://economics.uwaterloo.ca/needhdata/Regina_Manifesto.html).

### Questions

- 1 Explain the following references:
  - a "Basic Dividends" [Source A]
  - b "Socialization of all financial machinery" [Source B]
  - c "socially desired purposes" [Source B]
- 2 How do "Insurance Companies . . . provide one of the main channels for the investment of individual savings"? [Source B]
- 3 How do the two documents differ in their approach to debt?
  - a What evidence is there of collectivism in each of the sources?
  - b What evidence is there of individualism in each of the sources?
- 5 With reference to their origin and purpose, what are the values and limitations of each source for historians studying political responses to the Depression in Canada?
- 6 What are the strengths and weaknesses of the arguments presented in these two sources?
- 7 Research the subsequent political history of Saskatchewan and Alberta. How do these sources help explain that history?

### Social Credit

While supporters of the CCF looked to collectivism as the solution to the misery of the Depression, others looked to improving the spending power of the individual as the magic bullet. William Aberhart was another Baptist minister who was moved to enter politics by the suffering heaped on the people of the west by the Depression. Aberhart, or "Bible Bill" as he was known, found a solution in the complicated doctrine of Social Credit and brought it to Alberta in 1932, publicizing it on his popular radio program. In short, Social Credit sought to increase consumer spending by issuing credits worth \$25 a month to citizens. Not wishing to encourage idleness, these dividends could be suspended if people refused available employment. While Aberhart did denounce the greed of the banking system, Social Credit was designed to operate within the market economy.

It is not hard to understand why Social Credit struck a chord with the impoverished farmers of Alberta. Aberhart seemed to be promising \$25 a month to all Albertans and this promise carried them to massive electoral victory in the 1935 Alberta election. The financial mechanics of such a payment, however, delayed its implementation. The Socreds did bring some debt relief to farmers and a reformed farm insurance scheme. When he tried to regulate the banking industry and bring in the \$25 social dividends, the laws were struck down as unconstitutional in that monetary policy and banking were federal powers. Nevertheless, with a modified, practical, and largely conservative platform the Social Credit Party would govern Alberta for 36 years until 1971.

### Union Nationale

While on the prairies the impulse was to look to either new collectivist models (the CCF) or to modifications on traditional individualist themes (Social Credit), in Quebec the desperation created by the Depression found expression in renewed nationalism. Profiting from an ideological split in Quebec's Liberal Party and the growing popularity of French Catholic social action groups such as *Ecole Sociale Populaire*, Quebec's Conservative Party leader Maurice Duplessis brought these groups together in a new party called the Union Nationale, which formed the Quebec government after the 1936 election. Strictly provincial and populist, the Union Nationale established a conservative regime that championed Quebec francophone interests against the federal government in Ottawa and a nebulous traditional Quebec Catholic rural ethic. Duplessis ruled Quebec and the Union Nationale as a demagogue, taking aim at political opponents and anyone suspected of socialist or communist sympathies. This hard-line approach to left-wing opponents was best illustrated in the controversial Act Respecting Communist Propaganda, known as the "padlock law," passed by Duplessis's government in 1937. This law empowered the government to shut down any organization deemed by the government to be promoting "communism." The wording was vague enough for Duplessis to use it against any number of moderately left-wing groups.

### The Communist Party of Canada

As in other parts of the world, economic crisis bred extremist politics and Canada in the 1930s was no exception. The Communist Party of Canada, founded in 1921, approached the Depression from two angles. It ran, and in some cases elected, members to public office at the provincial and municipal levels, and in the 1940s elected Fred Rose to the federal parliament. The party was also an important force in organized labour and was instrumental in the Workers Unity League and the On To Ottawa Trek. The centralized control of all communist parties imposed by Stalin through the **Comintern**, however, meant that the Communist Party of Canada could not fashion a platform that responded to the Canadian context and its popularity suffered as a consequence. Government repression also bit deep into its popularity. Duplessis used the padlock law liberally against the Communist Party in Quebec. In 1931, the national party's headquarters was raided and its leader, Tim Buck, was arrested and sentenced to five years in prison.

### Ontario Liberals

The crisis of the Depression put strains on the relationship between traditional provincial parties and the federal government. In Ontario, Mitchell Hepburn, the Liberal premier clashed regularly with Prime Minister King, a fellow Liberal. Although elected on a moderate reform platform, championing higher wages and business regulation to combat what he described as the privilege of the élite, Hepburn had little time for unionism and governed the province from a fairly traditional centre-right perspective. This perspective was well illustrated in 1937 when he created an army of strike-breakers, "Hepburn's Hussars," to smash a large strike at the Oshawa General Motors plant when Prime Minister King refused to use the Royal Canadian Mounted Police (RCMP) to break the strike.

### Unionism

The principles of supply and demand in the labor market generally dictate that unionism is at its weakest during periods of recession and depression and the 1930s more or less bore this out in Canada. There were, however, some important innovations developed by working people to cope with the hardships of the Depression.

Canada's traditional labor organizations, groups like the Trades and Labour Congress (TLC), responded to the Depression by retrenching and turning their attention to what remained of their employed membership. In fact, union membership in Canada only declined by 15% during the 1930s. Much of the militant industrial action that erupted during this period was guided by a new broad-based labor organization led by committed communists.

The Workers Unity League (WUL) was instituted in Canada in 1929 at the behest of the Comintern. Its goal was to organize disparate unions into a larger association and to use this as a weapon for large-scale industrial action. The WUL and its energetic and active organizers led a number of strikes across the country between 1930 and 1940 in both primary industries, such as mining, and secondary

**Comintern** is short for Communist International, this was an organization developed by the Soviet Union in 1919 to coordinate the activities of national communist parties around the world. From 1928, Stalin was the chairman and used the organization as a tool of Soviet foreign policy.

### Discussion point

The Comintern sought to control and coordinate the activities of Communist Parties around the globe. What are the advantages of this approach? What are the disadvantages? Where was the control evident in other parts of the world?

industries such as manufacturing. But the WUL was a tool of international communism and despite its successes in championing the rights of working Canadians, it was denounced and broken up by those in government and rival labor organizations who saw it as a threat to the essential principles of society.

### Activity

#### Industrial action in the 1930s

Industrial action in the 1930s in Canada		
Location	Union	Year
Bienfait, Saskatchewan	Mine Workers Union of Canada	1931
Stratford, Ontario	Chesterfield and Furniture Workers' Industrial Union	1933
Rouyn, Quebec	Mine Workers Union of Canada	1934
Montreal, Quebec	Industrial Union of Needle Trades Workers	1934
Oshawa, Ontario	Committee for Industrial Organization	1935
Vancouver, BC	Vancouver and District Waterfront Workers' Association	1935
Quebec (Province-wide textile industry strike)	Catholic Confederation of Labour	1937

Research the outcome of the strikes listed.



What generalizations can you make about the effectiveness of industrial action during the 1930s in Canada?

### The On To Ottawa Trek

From 1930 to 1935 Bennett's government clung stubbornly to its contention that relief was the business of provinces, municipalities and private charities. For their part, provinces and municipalities preferred to spend their limited resources on the welfare of family breadwinners. The end result of this haphazard and paltry relief system was that as the Depression deepened the legions of single unemployed men swelled to huge proportions. In an effort to find work, these masses of resentful and desperate men took to the rails, hopping on freight cars and traveling across the country in search of what limited employment opportunities might exist elsewhere. Shantytowns grew up outside Canadian cities just as they did outside US cities. While in the United States they were called Hoovervilles, they were the Bennett Boroughs in Canada. These growing encampments and the prospect of throngs of rootless men inundating communities led the Federal government to establish a system of "relief" camps deep in the wilds of Canada, far from urban centres and "respectable" citizens. The work camps were administered by the Department of National Defence with military discipline. The discipline, work



A soup kitchen in Montreal in 1931. With limited government relief, many people had to rely on private charities for food.



What are the advantages and drawbacks of relying on private relief?

conditions, low wages and sense of hopelessness that permeated the camps made them a natural environment for the growth of radicalism.

The communist WUL recognized this potential to organize and radicalize the unemployed in the relief camps. WUL members soon infiltrated the camps and began to organize and direct the seething discontent in the camps, forming the Relief Camp Workers Union. By the beginning of 1935, men began to leave the camps in British Columbia to descend upon Vancouver. They lived in the streets and supported themselves with handouts, clashing with police regularly. Following their leader Arthur "Slim" Evans, 1,000 of these Royal Twenty Centers climbed aboard trains to take their complaints to the seat of the federal government in Ottawa. As the On to Ottawa Trek passed through the towns and cities of British Columbia and Alberta the number of Trekkers swelled to 2,000.

The threat of thousands, perhaps tens of thousands, of unemployed men invading the capital scared Bennett into negotiating with Evans and other leaders of the Trek. In reality, Bennett was simply buying time while the Trek moved out of his home riding of Calgary. He had already decided that the Trek would be stopped before it reached Winnipeg, the scene of the Winnipeg General Strike of 1919 and hotbed of union activity. Conveniently, the Royal Canadian Mounted Police Training Depot was located between Calgary and Winnipeg in Regina, the next stop on the Trek. On July 1, 1935, police and Trekkers clashed in what became known as the Regina Riot. After a day of bitter fighting, over 100 Trekkers were arrested and the rest dispersed.



Riding the rails. Thousands of Canadian men took to the rails in search of work during the Depression.



How did local authorities respond to men riding the rails? Why were communities concerned about this practice?

## Activity

### Canada's Indian Act

The Canadian government passed the Indian Act in 1876. It was designed to identify those First Nations people who were subject to the terms of the various treaties signed by the government and First Nation bands across the country—"status Indians"—and to regulate the relationship between the government and these people. In practice the Indian Act became the chief tool by which the government of Canada sought to assimilate the First Nations people. The Indian Act was amended numerous times between 1884 and 1938 and in the years following the Depression. The Indian Act still exists although not in the form it did throughout the 19th and 20th centuries.

The Act and subsequent amendments to 1938 established the following:

- "Indian Agents" had the power of magistrates and administered Indian affairs in their respective districts
- "Status Indians" could only sell agricultural produce including livestock with the permission of the Indian Agent
- Ceremonial dances and celebrations such as the potlatch were banned
- First Nations people could be removed, without recourse, from reserve land that was close to centers with a population over 8,000 people

- First Nations bands would be compensated up to only 50% for the sale of reserve lands
- Western First Nations people could not appear in ceremonial dress without permission from the Indian Agent
- "Status Indians" people were banned from pool halls
- "Status Indians" were not permitted to vote (They would not be allowed to vote until 1961).

### Questions and further research

- 1 How did the Indian Act try to assimilate First Nations people?
- 2 In establishing its relationship with the First Nations of what would become Canada, the Canadian government signed a series of treaties with groups of First Nations peoples at the end of the 19th and beginning of the 20th centuries. Use the following website to analyze these treaties and the extent to which the Indian Act reflects or contradicts the provisions of the treaties: <http://www.ainc-inac.gc.ca/al/hts/tgu/index-eng.asp>.
- 3 Compare and contrast the treatment of Canada's First Nations people in the 1920s and 1930s with the treatment of African Americans and Native Americans in the United States during this same period.

## The role of religion in the Depression

In times of crisis people often turn to traditional sources of comfort. Victims of the Depression looked to established as well as new religious movements for succor. The crisis also politicized religious movements during the Depression. While some saw in the ecological and economic catastrophe divine retribution for the material sins of humans and preached repentance, men like "Bible Bill" Aberhart used their religious pulpits to preach not patience, but rather reform. The Depression gave new life to the Social Gospel movement that had flourished at the end of the previous century. The Social Gospel of the 1930s was the belief that Christian principles such as charity and compassion should be the centre of government action, rather than a fortunate byproduct of a noninterventionist government. This conviction was essential to many of those who helped found the CCF such as J. S. Woodsworth and T. C. Douglas. Tommy Douglas, a Baptist minister, however, did not advocate reckless spending. Instead, they believed that the economy could be actively managed for the equal benefit of all while observing the equally Christian principles of prudence and restraint. The Fellowship of a Christian Social Order brought together Christianity and socialism for members of the United Church. The Catholic Church, especially in Quebec, sought to give its congregation support in the form of charity while at



the same time railing against the evils of communism. It saw the Depression as a call to moral rebirth and championed a back-to-the-land movement as a remedy for the wanton consumerism bred by unbridled capitalism.

### Activity

#### Responses across parties

Compare and contrast the policies of Canadian political parties during the Great Depression. To what extent do these policies represent continuity with past policies? To what extent did they represent a break with traditional policy? Use the following chart to help.

	Liberals	Conservatives	CCF	Socreds	Communists
Government ownership					
Relief/welfare					
Monetary policy					
Fiscal policy					
Tariffs					

### Depression era culture in Canada

Then, as since, the same forces that formed Canada's economy—colonial heritage, geography and proximity to the United States—have dominated Canada's cultural landscape. In this sense, the Depression represents a good deal of cultural continuity with earlier periods. There was also a continuity with the First World War period in which Canadian nationalism germinated. The growing importance of the radio as a cultural disseminator meant that Canadians were exposed to those elements of US culture that could be broadcast, most notably music. Jazz and country made their way into Canada during the 1920s and this continued throughout the Depression years. Musicians crossed the border in both directions, including popular Canadian Big Bands such as Guy Lombardo and his Royal Canadians. US musical responses to the Depression such as the songs of Woody Guthrie also found an audience in Canada expressing as they did many of the same struggles facing Canadians during this period.

In the years prior to the First World War, a group of Canadian visual artists shared a vision of what could become a particularly Canadian approach to aesthetic representation: The artists Frederick Varley, Franklin Carmichael, and J. E. H. MacDonald came together with Arthur Lismer, Lawren Harris, A. Y. Jackson, and Franz Johnston in the early 1920s to demonstrate their distinctly Canadian sensibility, drawing on an expression of the nationalism that grew out of the participation in the First World War. Known as the Group of Seven, these artists, with a somewhat changing membership, exhibited together into the early 1930s. Although the Group of Seven itself did not exist beyond 1931, its influence and nationalist sentiments had

an important and lasting impact on those artists grappling with the bitter reality of the 1930s.

The economics of the Depression had a stifling impact on Canadian art during this period. Money for all luxuries dried up and art was certainly no exception. Nevertheless, the Depression was an important context for painters such as Illingsworth Kerr and Carl Schaefer. While, on the one hand, the Depression was an important context for painters such as Illingsworth Kerr and Carl Schaefer. While, on the one hand, the nationalism of the Group of Seven had an important impact on Canadian painters of the 1930s, the regional character of the Depression also helped foster distinctly local approaches to painting style and subject matter. Much of Kerr's work is rooted in the Saskatchewan prairies and Emily Carr's paintings have become almost iconic of the Pacific coast.

In terms of literature, there were significant Canadian works developed during the Depression. Writers such as Morley Callaghan and Emily Carr (who worked across both art forms) produced period pieces. One of the lasting impacts of the Depression on Canadian literature, however, is its enduring influence on those writers who grew up in this period and later reflected on it: writers such as W. O. Mitchell and Max Braithwaite. Mitchell's *Who Has Seen the Wind?* (1947) offers a deep insight into a boy's coming of age during the years of the Depression in the Canadian prairies and the lives of ordinary Canadians as they responded to the reality of the drought and hardships of rural life told in a distinctively western Canadian voice.

### TOK Link

What role can works of fiction serve in understanding history? What are the limitations of using historical fiction to discover historical knowledge?

## Sporting culture: the emergence of hockey as a national pastime in the Depression

The national passion that hockey would become in Canada during the course of the 20th century was becoming evident early in the century. Like so many other aspects of Canadian society, sports in general and hockey in particular were fundamentally altered by the upheaval of the First World War. Professional hockey, however, as it emerged in the postwar era boomed in much the same way as the broader economy did, both in Canada and in the United States. Hockey franchises appreciated in value dramatically during the 1920s, in some cases by a factor of three. Easy credit, high employment and stable income levels left Canadians with money to spend on entertainment and in many centers this meant the local hockey team. As part of the growing consumer culture, hockey also benefited from the growth of mass media and advertising, which in turn was becoming increasingly national in nature. As such, hockey, which until the 1920s had still largely been dominated by local and regional teams and leagues, became followed on a national scale. By the end of the 1920s, the NHL was the dominant professional hockey league and consisted of ten teams.

The NHL was and is a business and as such was not immune to the economic disaster of the Depression. The NHL expanded, as did many businesses in the 1920s, on easy credit and as this dried up the league would contract into a smaller, but very successful six teams. Cities like New York and Montreal found that they could only financially

support one team, each losing their second franchise during the 1930s. Other teams found ways to remain and even expand. When Con Smythe tried to build Maple Leaf Gardens in 1930 he garnered some of the building costs by offering shares to the construction trades as partial payment. Tickets sales were but one way a professional hockey franchise made money and when national radio broadcasts began, it opened a number of other revenue streams such as endorsements and advertising that allowed the teams to remain profitable in the Depression.

When Canada slid into economic depression in 1929, and family farms and in some cases whole communities were swept away, Canadians across the country took refuge in what was fast becoming the national pastime—hockey. While comparatively few could afford or even had geographic access to one of the major professional hockey teams, the beginning of national radio broadcasts in 1933 brought the game into the homes of people across Canada and within a year these broadcasts had an audience of over a million. As Richard Gruneau and David Whitson have pointed out, this mass marketing of the game and its incredible popularity in Canada kept hockey a distinctive part of Canadian culture despite the fact that many of the teams were from the United States—albeit with mostly Canadian players. Imbedded within the NHL were two dominant sides of the national culture. The Montreal Canadiens became emblematic of French Canada and later the Toronto Maple Leafs would, to a lesser degree, represent English Canada in ritualized competition on Saturday nights for the whole country to hear. The escapism of *Hockey Night in Canada*, as the national broadcasts were known, allowed Canadians to forget the economic gloom of the 1930s, if only for a couple of hours a week, in the same way that Hollywood musicals did. It did so in a manner that was culturally unifying—the Toronto Maple Leafs, New York Rangers and Detroit Red Wings had fans in Saskatoon, Edmonton, Prince Albert and countless small prairie towns as well as in Toronto, New York and Detroit. In doing this, hockey established itself in the 1930s as an enduring national cultural factor.

## Latin American responses to the Great Depression

The conditions that brought the Great Depression to Latin America had their roots in the economic policies of late-19th century political leaders. The first 50 years after independence had seen the creation of largely self-sufficient agriculturally-based units that mirrored the *latifundias* of Spain; here plantations produced the food needed for the immediate surroundings and handicrafts were produced by local artisans, mirroring the feudal systems that existed in Europe. However, with the onset of industrialization in the United States and Europe, Latin American commodities became more valuable. Industrialized countries focused on production and the concentration of labor in factories meant that many of these countries became dependent upon exports to feed the growing urban citizenry in their states.