

August 14, 1945

Japan surrenders; World War II ends

July 1, 1935

On-to-Ottawa trekkers present their grievances to Ottawa

November 24, 1944

The conscription crisis take a new turn

June 29, 1937

Joseph-Armand Bombardier of Québec patents the snowmobile



September 9, 1939

Canada declares war

June 27, 1941

The federal government allows woman to enlist in the army



March 26, 1940

William Lyon Mackenzie King's Liberals win an even larger majority government than their previous victory in 1935

Election Results	
Conservative	39
Liberal	178
CCF	8
Social Credit	10
Other	10
TOTAL	245

THINKING AHEAD

As you read this unit, try to answer the following questions:

- How have changing economic conditions and patterns affected Canadians?
- What contributions have new political movements made to Canada?
- How have outside forces and events shaped Canada's policies?
- What was Canada's participation in World War II?

Government and the Great Depression



THINKING AHEAD

As you read this chapter, consider the following questions:

- How did the economic conditions of the 1920s compare with those of the 1930s?
- What role did the government play in the lives of Canadians in the 1930s?
- Why were political parties such as the Co-operative Commonwealth Federation, Communist Party of Canada, Social Credit, and Union Nationale created?

The Great Depression lasted for ten terrible years (1929–1939). It was the worst economic disaster that the modern world had ever experienced, and it brought terrible suffering to millions of people. Situations occurred that made the bad economic times worse. The living conditions of many Canadians deteriorated. In 1929 the stock market collapsed, businesses went bankrupt, workers lost their jobs, and trade between provinces and countries collapsed. As well, prairie farmers in western Canada experienced a terrible drought, which destroyed their farms and livelihoods. This combination of events was made worse by politicians who did not know how to handle this economic disaster. They were unwilling and unable to try new solutions to solve Canada's economic problems.

UNDERLYING CAUSES OF THE GREAT DEPRESSION

Canada was especially hard hit by the Depression because its economy had developed very quickly between 1900 and 1929. Canada had certain weaknesses that made it vulnerable to any sudden downturn in the world economy. Dependence on the sale of exports of natural resources, too much optimism about the future, a growing dependence on credit, high tariffs, and the low incomes of some Canadians were essential underlying causes of the Great Depression.

In the 1920s Canada's economy depended on the sale of exports to other countries, especially the United States. **Natural resources** made up most of these exports. The sale of wheat, fish, paper, minerals, coal, and wood to other countries, especially in war-torn Europe, made Canada prosperous. But the good times were dependent on the continued sales of these products.

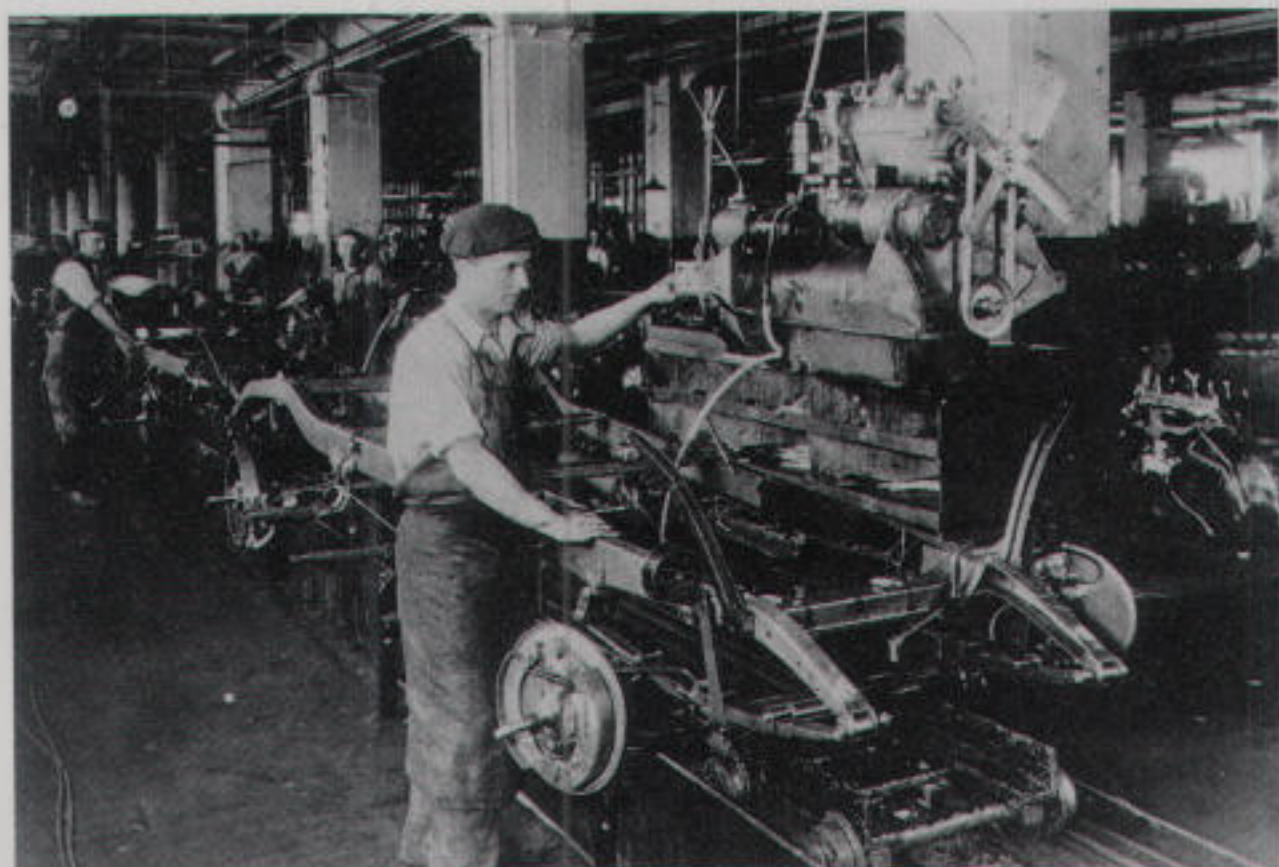


Figure 7.1 There were plenty of jobs in the 1920s, like work on car assembly lines.

Most Canadians and Canadian businesses in the 1920s were overly optimistic about the future. They believed the good times would last forever and that their quality of life would continue to improve. Farmers borrowed money from financial institutions to purchase more land. Businesses expanded by going into debt. They bought more factories and machines and hired extra workers based on the general belief that demand for their goods and services would steadily increase. Banks also felt confident about the future and generously lent money to increase their profits.

Most Canadians had jobs in the 1920s and they spent their wages to buy homes, cars, and appliances, and on entertainment. Buying on credit became popular for many Canadians who went into debt to buy when they did not have cash. As long as people had jobs they could afford to make their monthly payments to creditors. Some people even bought shares of company stock on credit, called buying on margin. A share is one unit of ownership in a company that can be purchased or sold in a place called a stock market. Buying on margin required investors to put down only 10 percent of the cost of the shares. The remainder was borrowed which required the payment of interest. These investors also had to put up some collateral to back up the loan in case the price of the shares went down. Investors who were buying on margin often put up their homes, businesses, cars, and

other assets as collateral to get the loans to buy their shares. This was risky but there was belief that shares would steadily increase in value and that they would be cashed in later at much higher prices. Buying on margin created an artificial heavy demand for shares in the 1920s and company shares rose steadily in price. The price of a share is determined by what people are willing to pay for it; it does not necessarily represent the value of what the company is worth.

Types of Economic Activity

Balloon = economy

Air in balloon = money, jobs,
business in economy

PROSPERITY



RECESSION



DEPRESSION



Figure 7.2

1. By examining the illustration above, write two sentences describing each type of economic activity.
2. When a balloon is inflated what happens? What is the meaning of inflation? What can happen to the value of a dollar during inflation? Why?
3. When a balloon is deflated what happens? What is the meaning of deflation? What can happen to the value of a dollar during deflation? Why?
4. Why were people willing to pay higher and higher prices for stocks?



Figure 7.3 Why do you think this lumber mill has an excess of lumber in the Depression?

There were signs that the economy was not healthy in the late 1920s. Many businesses found they had overproduced and began to stockpile their goods in warehouses. There was not enough demand for their products. Other countries like the United States were undergoing similar experiences. Suddenly there was less demand for Canadian natural resources because factories in other countries using those resources had huge stockpiles of goods and started producing less. To protect Canadian businesses and their workers, the government raised tariffs on foreign imported goods. These taxes on imports increased their prices, making them more expensive than goods made in Canada. But other countries also raised their tariffs on imports and this resulted in less trade and fewer sales. The demand for Canadian resources and goods began to fall after 1928, and Canadian workers were laid off. Attempts to protect the economies of countries by raising tariffs and

prices on imports reduced trade between countries during the Great Depression and further damaged their economies.

The boom and prosperity of the 1920s was not shared by all Canadians. Some workers remained in poor paying jobs and their **standard of living** remained low. They could not afford to buy as many goods and services as other Canadians. Wheat farmers received high prices for their grain up to 1928, but those who produced other crops were not as fortunate. Most Maritimers in eastern Canada did not share in the economic boom of the 1920s either. There were not as many factory jobs in the Maritimes as there were in central Canada, and wages were often low. Those Canadians who did not share in the prosperity of the 1920s could not buy as many goods and their lack of purchasing power further weakened the Canadian economy. Economic clouds were gathering in the late 1920s but few people noticed.

CHECKPOINT

Summarize what was wrong with the Canadian economy in the 1920s under the following headings:

- natural resources
- buying on credit
- overproduction of goods
- raising tariffs
- a low standard of living

IMMEDIATE CAUSES OF THE GREAT DEPRESSION

To make economic matters worse a terrible drought hit the prairies in 1929. In addition to the lack of rain, over farming, high temperatures, and plagues of locusts turned sections of the Canadian West into dust bowls. Without rain the dry land blew away and the harvesting of crops became impossible. The drought lasted for ten insufferable years.



Figure 7.4 Soil drifting had devastating effects on the prairies. Can you explain how the term "dust bowl" came into being?

Farmers could no longer afford to buy factory goods from Ontario and Québec; this affected the economies of those provinces. While prairie farmers were struggling to survive Australia, Russia, and Argentina had huge harvests of wheat. This forced the price of wheat down from \$1.29 a bushel [0.036 m³] in 1928 to 34 cents in 1932. Some prairie farmers, who were fortunate enough to escape the drought, often burned their crop because it would cost more to harvest it than it would bring on the market. While this was happening, other Canadians were starving. Between 1931–1941, 250 000 farmers abandoned their farms in the West and joined the ranks of the unemployed in Canadian cities. This caused the Depression to worsen.



Freeze FRAME

Average incomes for farmers in Saskatchewan fell from \$1644 a year in 1928 to \$66 in 1933.

Decreases in Income 1928-1933

Province	Average Salary \$ per person per year 1928	Average Salary \$ per person per year 1933	Average Salary % of decrease
Alberta	548	212	61
British Columbia	594	314	47
Manitoba	466	240	48
New Brunswick	292	180	38
Nova Scotia	322	207	36
Ontario	549	310	44
Prince Edward Island	278	154	45
Québec	391	220	44
Saskatchewan	478	135	72
Canada	471	247	48

Figure 7.5 Which province had the greatest percentage decrease? The least? Why do you think this was so?

The Collapse of the Stock Market

The start of the Great Depression was triggered by the stock market crash on October 29, 1929. This day was called "Black Tuesday" because prices for shares collapsed in the United States and Canada. Investors suddenly realized that their shares were overpriced and they tried to sell them all at once. On this day in New York City 16 419 030 shares



Figure 7.6 The New York Stock Exchange after the stock market crash. Investors panicked and many lost all of their money. What thoughts might be in their minds at this time?

traded and lost half their value (\$9 billion). The Montréal and Toronto stock exchanges also plunged downward; 16 companies alone lost \$300 million of their value. Many investors lost all their savings and went bankrupt. Millionaires became destitute overnight; some even committed suicide.

The Values of Shares in Companies

Company	1929 Price of each share	1932 Price of each share
Abitibi	\$ 57.75	\$ 1.00
Bell Telephone	183.00	78.00
B.C. Power "A"	60.00	15.50
Canada Cement	36.00	2.25
CPR	67.50	8.50
Consumers' Gas	196.00	142.00
Dominion Glass	220.00	40.00
Dominion Stores	55.00	16.62
Imperial Oil	41.25	9.12
International Nickel	72.50	5.12
Massey Harris	99.50	2.50
Noranda	69.00	12.50
Québec Power	99.00	9.25

Figure 7.7 Which company shares fell the most from 1929–1932? The least? Why might this be?

A Downward Spiral

Much of the prosperity of the 1920s was based on a false sense of optimism, which led to irresponsible lending and borrowing. With the collapse of the stock market in 1929 companies that had overspent and overproduced misjudged their markets and went bankrupt. This resulted in mass unemployment, less money in the economy, and less purchasing power. Workers who lost their jobs could not meet their credit payments. They lost their houses, cars, and appliances. Those businesses that managed to survive had to lower prices, lay off workers, and reduce wages. There was far less money to spend and the economy continued its downward spiral in the early 1930s. The Depression worsened and hopes and dreams disappeared.

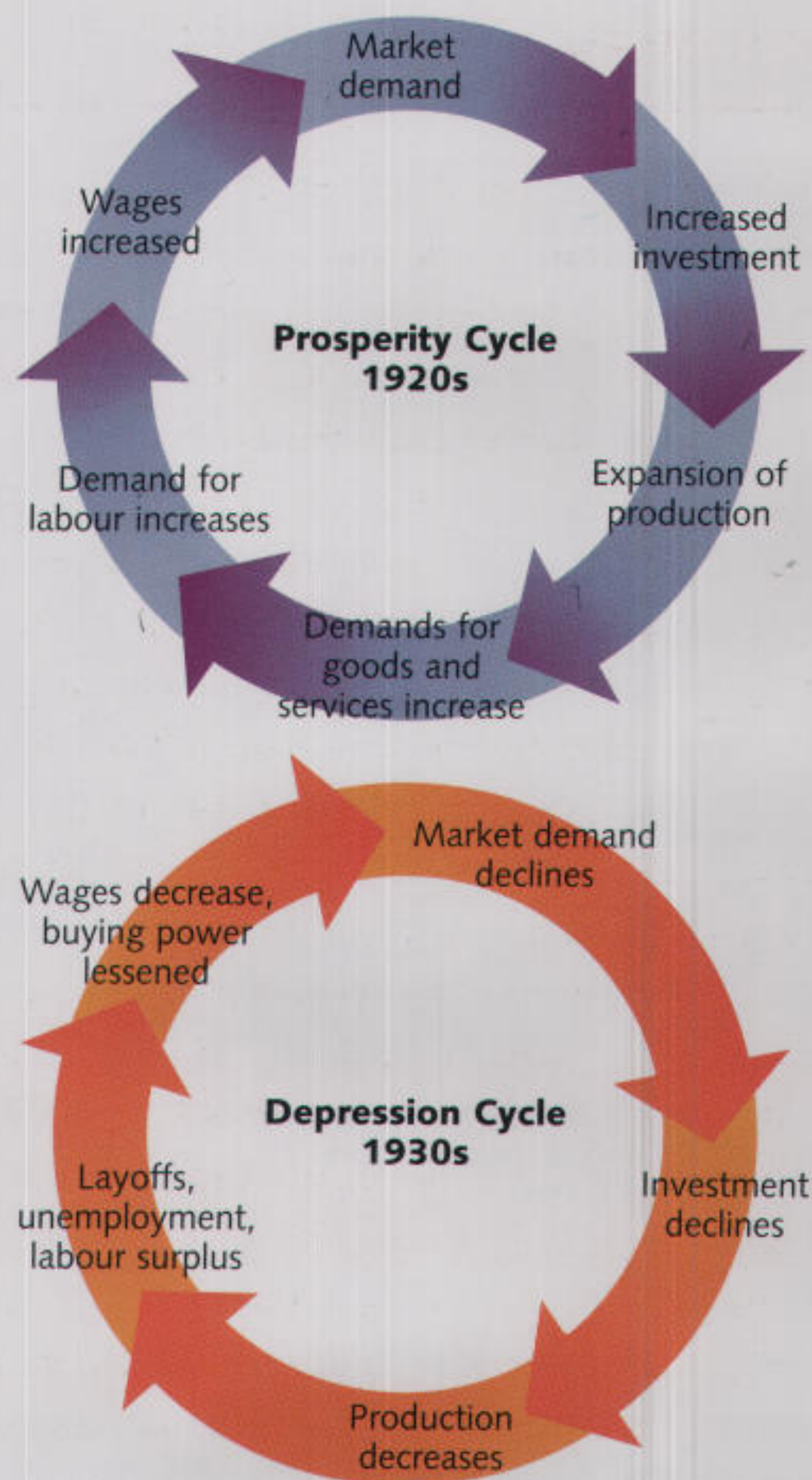


Figure 7.8 Write a paragraph to explain in your own words the different stages of a "prosperity cycle." Then write another paragraph explaining a "depression cycle."

CHECKPOINT

1. How did the drought in the West make the Great Depression worse?
2. Why did some farmers burn their crops? Do you think the government should have stopped them? Explain your answer.
3. Why did the stock market collapse on October 29, 1929?
4. Do you think there could be another stock market collapse? Explain. Support your view with current news items.

GOVERNMENT REACTIONS

Very few people saw the Great Depression coming. Certainly not politicians. They had been caught up in the long run of prosperity in the 1920s. Prime Minister King thought that the stock market crash in October 1929 would be only a temporary setback for the Canadian economy. The sharp fall in wheat prices on world markets and the Winnipeg Grain Exchange at the same time was more troubling for the country. The production, shipping, and export of grain was an important part of the east-west Canadian economy. But price swings were part of the business cycle and did not shock Canada's leaders in 1929. Rising numbers of unemployed workers could also be explained as part of the business cycle during poor economic times. Many factories, mines, and lumbering firms slowed their production over the winter months. Companies often laid off workers for one, two, or even three months every winter and rehired them in the spring. Mackenzie King remained confident that the economy would correct itself and planned for the next election in 1930.

Prime Minister King faced a new opponent in the leader of the Conservative Party, a millionaire lawyer from Calgary, Alberta, Richard B. Bennett. Both men were wealthy bachelors whose investments had not been destroyed by the stock market crash. Bennett had been elected leader of the Conservative Party in 1927 and was ready to pour \$600 000 of his own money into the election campaign to defeat King and the Liberals. He was already campaigning in favour of a higher tariff to protect Canadian goods from unfair competition by other countries, especially the United States.

Prime Minister King believed that he could win the election for these reasons: he had lowered taxes, achieved a balanced budget, and increased trade with Britain. He thought that his government had done a good job since 1926 and the country had prospered. He proposed to offer lower tariffs to Britain and other countries in the British Empire that imported more goods from Canada than they exported to Canada. In his pre-election budget in

May 1930, he cut the sales tax at home. Prime Minister King also believed that he had luck and good fortune on his side. In February 1930 he consulted his fortuneteller, Mrs. Bleaney from Kingston, Ontario, who had correctly predicted the results of his last two elections. She assured him that the signs were strong that he would win an election in either 1930 or 1931, but that 1930 was the better year.



Figure 7.9 R. B. Bennett has been described as a tall, powerful, loud man who was filled with confidence. How would you describe him from this photograph and from what you have read?

The economy had not recovered in the spring of 1930. Prices for grain and minerals remained very low. Companies had not rehired all their workers. Unemployment remained high in many cities, and in the West low wheat prices and the drought reduced job opportunities and income for many people. King would not increase taxes or borrow money to help the poor in 1930.

Richard Bennett presented a different image to Canadian voters in 1930. He campaigned across the country giving many speeches in which he promised to take action. He spoke on radio and his booming voice sounded confident. He promised to increase tariffs against any country that raised tariffs against Canadian products. He promised millions of dollars to the provinces for building projects and

for relief of the unemployed and their families. Bennett's forceful words, high energy level, and personal wealth suggested that he was a knowledgeable leader who could get things done. Compare the following election quotations from each man.

With respect to giving moneys...to any Tory (provincial) government for...unemployment purposes...I would not give them a five-cent piece.

—Prime Minister W. L. M. King in the House of Commons, 1930

I promise you action. King promises (discussion) of the problem of unemployment; I promise to end unemployment. Which plan do you like best?

—R. B. Bennett, election campaign 1930

I will use tariffs to blast a way into the markets (of the world)

—R. B. Bennett, election campaign 1930

Let me ask you frankly, did you ever hear of anyone blasting a way to trade? Did you ever secure an order [for goods] by force?...Is it not an elementary principle of business that trade is not secured by ill-will but by goodwill.

—Prime Minister W. L. M. King, 1930

Based on the above quotations, which person would you vote for in the election of 1930? Why?

The election was held on July 28, 1930. Voters rejected Mackenzie King's cautious approach and turned to Bennett. The Conservatives won seats in all parts of the country, including more seats in Québec than they had won since 1891.

Bennett moved quickly to keep his promises. He called Parliament and passed laws to grant \$20 million in emergency aid to the provinces for relief and public works. Parliament also passed new laws to raise tariffs on imports to their highest levels in Canadian



Figure 7.10 This protest by the Mothers Council of Vancouver was just one of many protests during the Depression. What kinds of protests have you heard of taking place recently? Do you think protests like this have any effect?

history. Bennett assured people that he would lower tariffs on countries that cut their tariffs on Canadian products. The new Prime Minister hoped that this would allow him to bargain with other countries to win concessions in the trade war that would allow goods to move again. This strategy sounded solid during an election campaign, but it ignored the reality of Canada's relations with its much larger trading partners, the United States and Britain. Canadian trade was a small part of the American economy and US politicians in the Republican Party were in no mood to negotiate with any of their trading partners. Britain had been committed to a free trade policy for many years and did not want to place tariffs on goods from other colonies and dominions.

History on the **Web**

Go to the following web site:

www.canadianprimeministers.com/rbbpfb.html

This site has a biography of R. B. Bennett, including an overview of his career. How would the positions Bennett held during his political career help him in his role as Prime Minister?

Bennett had little power in these meetings. Only several years of falling world trade and the election of new governments in these countries would produce changes in tariff policies.

As the Depression deepened, both the people and the government became impatient. Farmers and unemployed workers demanded relief from the crushing burdens of low prices, high debts, falling wages, and unemployment. Bennett's next step was to create a Royal Commission of experts to study the situation. When it became clear that drought was going to hit a large part of the southern prairies again in 1931, Bennett passed laws to **subsidize**, or provide funds, to help pay freight rates, to help farmers transport their grain, and to lower income taxes. He extended unemployment relief payments to the provinces for another year. But Bennett, like King, did not believe in the ideas of the British economist John M. Keynes, who suggested that governments should go deeply into debt in a crisis like a depression to put more money into the economy. According to Keynes this government money would provide the jobs, business, and purchasing power needed to end a depression. The government deficit or debt could be repaid during good economic times when people were earning more money and paying more taxes. But Bennett believed in trying to keep a balanced budget and opposed going into debt — it was like buying something on credit, which he opposed.

Prime Minister Bennett's attempts to solve the problems created by the Great depression were not enough and did little to help unemployed workers, especially the single unemployed. These men and women did not qualify for relief in many cities and towns and were forced to move back into their parents' homes or to leave their homes to look for work. Confidence to spend had to somehow be restored.

Leaders from British Empire countries met in Ottawa at the Imperial Economic Conference in 1932. Britain finally agreed to some imperial preferences on trade goods. However, the economic impact of these trade deals was small and could not reverse the downward trend in the world economy.

Governments would not take any other direct economic action. Families were evicted to the streets because they could not pay their rent, and unemployed single people everywhere were becoming desperate and discouraged. There did not seem to be any solutions to the economic crisis and no end was in sight.

CHECKPOINT

1. Why did Prime Minister King believe that the stock market crash of 1929 was not a serious problem?
2. Why did Prime Minister King think he could win the election of 1930?
3. List three of R. B. Bennett's election promises.

ALTERNATE SOLUTIONS

Prime Minister Bennett had moved quickly after the 1930 election to raise tariffs and to provide relief money to the provinces for unemployed workers. Then he sat back and waited. Farmers, fishers, workers, and small business owners waited too. But prices continued to fall, crops failed on the prairies, exports kept shrinking, and jobs disappeared. People reacted in different ways; some were shocked, others frightened, and some were angry. Unemployed workers rejected claims that their problems in the Great Depression were caused by their own failure to work hard. Some people lost patience with the old political parties. They believed that there was something wrong with the system and began to search for new and radical ideas that would significantly change the way that the society and economy operated for Canadians.

The Communist Party of Canada

The smallest and most radical group was the Communist Party of Canada. The party was

founded in 1921 in Guelph, Ontario. Members tried to keep their organization secret because they were committed to a workers' revolution to overthrow democratic governments based on the **capitalist system**, the private ownership of wealth. They believed individuals and companies that owned businesses, land, and company shares were driven by greed and the desire for personal profits. **Communists** thought that these people did not care about their fellow human beings and were prepared to exploit workers and labourers to make more money for themselves and their families. Communists wanted to eliminate private ownership of business and property. This, they believed, would create a perfect society with no poverty and where all people would be equal.

Some workers during the Winnipeg General Strike of 1919 had been sympathetic to the claims of the new Soviet government in Russia and admired the leader, Vladimir Lenin. A few recent European immigrants who spoke in support of Lenin were deported from Canada after the strike. However, as prosperity and jobs returned to Canada in the 1920s interest in and support for the Communist Party of Canada remained very low.



Figure 7.11 If you had been unemployed during the Great Depression do you think you would have joined the Communist Party?

The new leader of the Soviet Union, Joseph Stalin, because of his dictatorial cruelty, made it very difficult for Communist parties in different countries to support the foreign policy of the Soviet Union and did not allow them to develop their own policies democratically. This dictatorship by the Communist Party leader drove away many people who valued their personal rights and freedoms.

The collapse of the stock markets in 1929 and the rapid rise in unemployment suddenly gave Canadian Communists a chance to recruit new supporters. Tim Buck and other Communists worked very hard to organize the unemployed workers in the cities. They blamed big business, the banks, and capitalism for the Great Depression. They claimed that the Depression proved the theories of Karl Marx (on which Communism is based) and that capitalism could be defeated and be replaced by a government and economy run for and by the workers as in the Soviet Union. Some Canadians listened to their ideas with interest.

Communist activities were monitored closely by the government. Prime Minister Bennett despised Communism. On August 11, 1931, he ordered the RCMP to arrest Tim Buck and seven other Canadian Communist leaders. They were charged under section 98 of the Criminal Code with belonging to an organization that was plotting to overthrow the government by illegal and violent means. They were convicted and sent to Kingston Penitentiary as a warning to others who might support Communist ideas.

The Co-operative Commonwealth Federation

In 1932 a number of independent members of Parliament joined a few university professors and the leaders of a few farmers' organizations and unions to plan a new political party called the Co-operative Commonwealth Federation (CCF). At their founding convention in Regina in 1933, the CCF adopted a platform called the Regina Manifesto. It attacked the negatives of capitalism



Figure 7.12 A good number of women are present at the CCF National Convention, 1933. What do you think might have drawn them to this particular political party at this time in history?

and promised a policy of democratic socialism, a system in which the means of production and distribution are owned, managed, or controlled by a central, democratically elected authority. The CCF believed that the elected government should be involved in the economy to get rid of the unfairness of the free market economy and to treat people equally based on their needs. Businesses should be owned by the government to make sure that prices were fair and that any profits were returned to the ordinary people

Unlike the Communist Party, which believed in revolution, the CCF believed in democracy and free elections to achieve its goals. The new party was modelled on the British Labour Party in Britain. The CCF also blamed the Great Depression on big business, the banks, and the greed of capitalism.



Figure 7.13 Agnes Macphail was Canada's first female member of Parliament. She was the only woman to sit in the House of Commons until 1935. Describe how you think that situation would have felt for her.

The CCF described itself as "a democratic movement, a federation of farmer, labour... financed by its own members and seeking to achieve its ends solely by constitutional methods." However, they rejected a revolution as a way of changing the systems. Instead they were dedicated to education, organizing a democratic political party, and winning power through election. They believed in democracy but wanted more government control.

James S. Woodsworth was elected as the first leader of the CCF. He had been a leader of the Winnipeg General Strike and the workers of north Winnipeg had elected him to Parliament in every election since 1921. He was a former Methodist minister, school teacher, longshoreman, and social worker. In the 1920s Woodsworth had co-operated with a small group of labour and farm members of Parliament, such as Agnes Macphail, to fight for social reform, including old age pensions and better working conditions. The tragedy of the Great Depression made Woodsworth and his followers support a more radical solution to the country's problems. Would Canadians be prepared to adopt socialism in the next federal election?

Despite the high unemployment rate and the many problems created by the Depression most Canadians continued to support the two traditional

parties in Canada; they were not attracted to the CCF Party. In the federal election of 1935 only seven CCF candidates were elected to the House of Commons; all of them came from the West. At the provincial level the CCF had more success. To the shock of many Canadians the CCF was elected in 1944 as the provincial government of Saskatchewan and Tommy Douglas, a Baptist minister, became Premier. The Douglas government introduced the first provincial human rights laws and used the government to bring hydro-electricity to rural communities.

In the 1960s the CCF also introduced health insurance after a fierce fight with Saskatchewan doctors. In 1961 the federal CCF joined with Canadian labour unions in the Canadian Labour Congress to found the New Democratic Party (NDP) of Canada. This new political party promised to try to bring democratic socialism to the rest of the country. The NDP did succeed in electing provincial governments in Manitoba, British Columbia, and Saskatchewan in the 1960s and 1970s but had to wait until the 1990s to win in Ontario. At the federal level the NDP has remained only a small party with between 2 percent and 12 percent of the seats in the House of Commons. The NDP continues to defend the interests of workers, the aged, and disadvantaged against the interests of big business and the wealthy in Canada. Many of the party's ideas have been adopted by the traditional parties and are a part of Canadian lives today. Two examples are unemployment insurance and universal health insurance for all Canadians.

The Social Credit Party

Alberta turned to a different political movement in the search for a solution to the Depression. The province's economy depended heavily on agriculture for its success and prosperity. Albertans relied on the railways to ship their grain to market and the banks to finance their farms and businesses. The head offices of the railways and the banks were in the cities of eastern Canada and this was resented by many westerners. As prices for grain

and livestock remained low, farmers could not make their payments on their bank loans. Farm debt was crushing farm families and they looked for new solutions to these problems.



Figure 7.14 William Aberhart was a high school principal and radio evangelist in Calgary. He used his Sunday radio broadcasts to teach the doctrines of social credit.

William Aberhart and the supporters of social credit maintained that the solution to their economic problems was to put money into distribution and change the credit system in Canada. They advocated putting the money that was sitting idle in banks and trust companies into the hands of consumers who would spend it. The best way to start the economy working again was for the government to use its credit to print more money and give a monthly cheque of \$25 to every adult. The dream of money flowing again and removing the threat of relief from so many families was a popular quick fix in 1934 and 1935.

Aberhart approached the other political parties and asked them to adopt the theories of social credit. Both the Conservatives and Liberals rejected the idea, claiming that if the government printed more money, the money would simply lose its value and become worthless.

Then Aberhart approached the provincial government of Alberta, which was led by the United Farmers of Alberta. The UFA had formed the

provincial government since 1921 and nine of their members of Parliament had joined the CCF when it was founded in 1933. The UFA had provided good government, but the Depression, the drought, high debts, low wheat prices, and bank foreclosures and takeovers of farms had taken its toll on their popularity with the voters. Many supporters of the UFA liked the ideas of social credit. However, the leaders of the UFA recognized that only the federal government could print money in Canada under the Constitution. They rejected the ideas of social credit doctrine as being impractical.

However, Aberhart and the supporters of social credit would not take “no” for an answer. When the Premier, John Brownlee, was forced to resign in 1933 because of a scandal, the UFA was further weakened. Albertans were looking for a new leader to solve their problems. As the 1935 election approached, Aberhart and his supporters organized a new political party, the Social Credit Party of Alberta. Aberhart was an excellent campaigner. More than half the electors voted for the Social Credit Party. With this sweep to victory William Aberhart became the Premier of Alberta.

Once in power Aberhart moved cautiously. It took his government two years to pass laws favouring Social Credit practices. The federal government vetoed, or rejected, a number of these laws because they were federal responsibilities. The courts agreed and ruled that these laws were outside the power of the provincial governments. Whenever

the Social Credit government failed to live up to their promises, Premier Aberhart placed all blame on the federal government.

The Social Credit Party governed the province of Alberta from 1935–1971. The Social Credit Party spread to British Columbia in the 1950s where it became the dominant party for 40 years. In the 1960s the ideas of the Social Credit Party became popular in parts of rural Québec. However at the federal level the Social Credit Party had less success. They had some candidates from Alberta, British Columbia, and Québec elected over the years but never enough to form the Official Opposition, let alone the Government of Canada. The Social Credit Party is no longer a force in Canadian politics.

In the 1990s the Reform Party was founded by Preston Manning, the son of Ernest Manning, a former Social Credit Premier of Alberta. The Reform Party has carried some of the cautious, conservative ideas of western Canada to Parliament with the election of Reform candidates from the West.

The Union Nationale

In rural Québec the farmers had been hurt by the low prices; in the towns and cities, unemployment was high for factory workers and labourers. Many of the businesses in Québec were run by English-speaking Canadians. These businesses and the American companies that operated in the province had close ties with the provincial Liberal

SKILL CHECK

... The immense number of propertyless wage earners on the one hand, and the superabundant riches of the fortunate few on the other, is an unanswerable argument that the earthly goods so abundantly produced in this age of industrialism are far from rightly distributed and equitably shared among the various classes of men.

—Pope Pius XI, *Quadragesimo Anno*, 1931

1. What viewpoint or bias does Pope Pius XI have on this period of history? For more information on bias, see page 407 of the Skills Appendix.
2. Summarize the above statement of Pope Pius XI in your own words. Do you agree with his ideas? Explain.
3. Think about the developing countries today. Could today's Pope make a similar statement to Pope Pius XI's?

government. The Liberals had been in power many years and the Québec Conservative Party was very weak. The Great Depression changed this situation.

The Liberal government of Premier Taschereau had continued to govern as it had in the past. The party, which was well organized and had financial support, was confident of another victory. However, the hardships of the Depression troubled a number of Roman Catholic thinkers and French-Canadian nationalists. Paul Gouin, the son and the grandson of former Québec premiers, organized a group of young Liberals to try to reform the Québec Liberal Party. They wanted to persuade the Liberal Party to adopt new policies to help the people of Québec against the powers of the large companies. Gouin had strong support from French-Canadian nationalists in the province who were concerned about the future of French Canadians in an economy dominated by English-speaking businesses. Premier Taschereau refused to listen to Gouin's ideas and Gouin and his supporters left the Québec Liberal Party.

In the early 1930s the Roman Catholic Church was also becoming concerned by the failures of the

capitalist system. In harsh economic times, the church was afraid that people would be driven to support radical groups like the Socialists and the Communists. The church rejected both socialism and free enterprise capitalism. It did recognize the right of governments to redistribute wealth in a fair way through such methods as higher taxes for the rich. The bishops in Québec saw the hardships experienced by the people and supported some change in policy. The election of a new American President, Franklin D. Roosevelt, on a platform of saving capitalism from itself through government action, also impressed religious and nationalist leaders in Québec.

In 1933 Maurice Duplessis had been elected leader of the Québec Conservative Party. His party was weak and needed new ideas and supporters. When Paul Gouin suggested an alliance between his supporters and the Conservative Party to fight the Liberals in the provincial election of 1935, Duplessis agreed. The alliance was called the Union Nationale Duplessis-Gouin. They fought the election on a platform of reform and change. If elected the Union Nationale promised to bring in

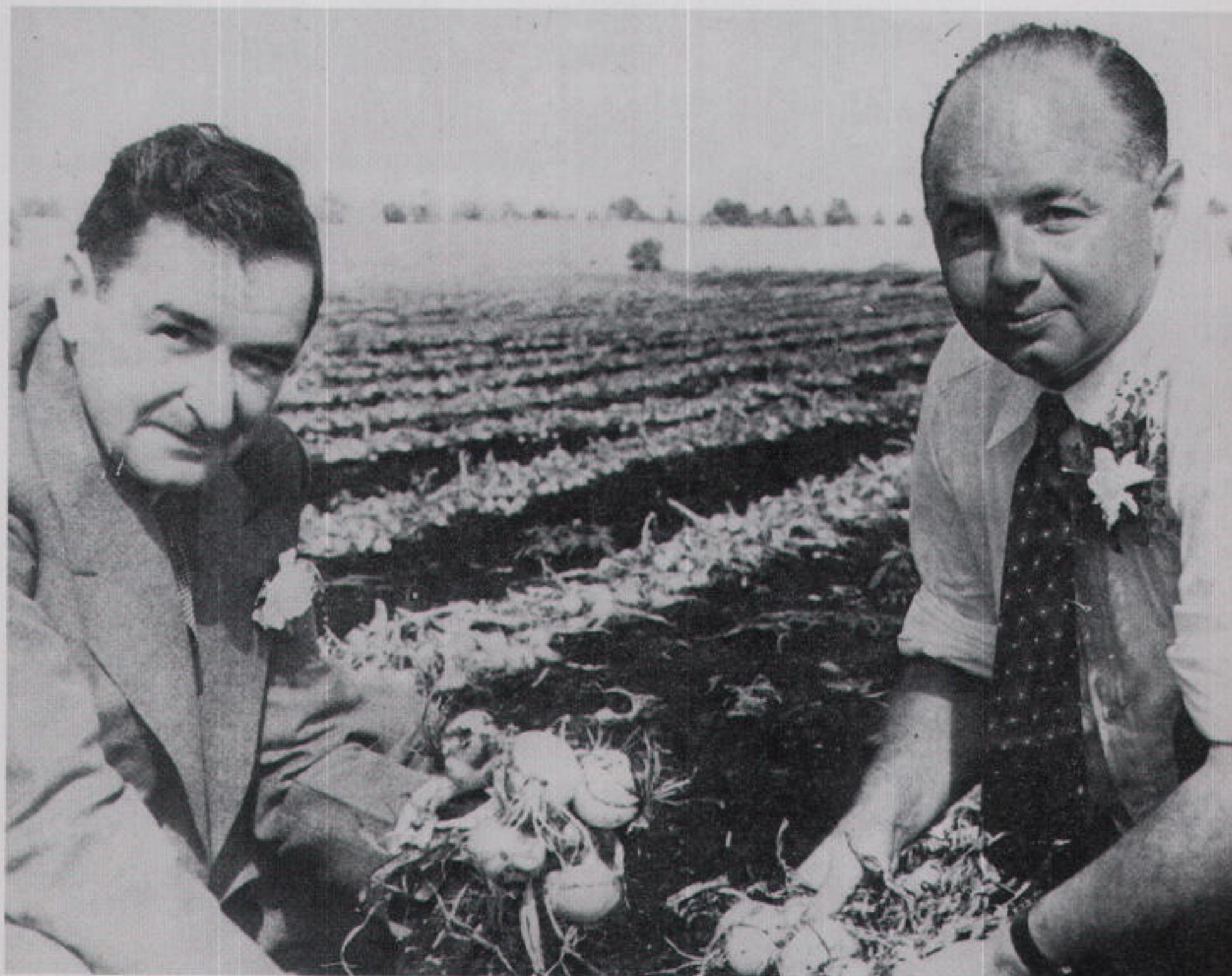


Figure 7.15
Maurice Duplessis (left) won every provincial election he ran in, except one, until he died in office in 1959. What message might Duplessis be trying to send to farmers with this photograph? Pictured on the right is Mitch Hepburn, Premier of Ontario.

higher minimum wages, workers' compensation, and to create a provincial government-owned hydro-electricity system like the one in Ontario. It was a close election and Duplessis narrowly lost.

Another election was held in 1936 and the Union Nationale won with a large majority of seats, and Duplessis became Premier of Québec. But like Aberhart in Alberta, Duplessis did not bring in the reforms he had promised. Instead he allowed the English Protestants to continue to dominate and control business in Québec because the Roman Catholic Church opposed Catholics making excessive amounts of money from other Catholics. Duplessis continued to allow the Roman Catholic Church to control social services like schools, hospitals, and religion. Government action was taken against unions and their leaders, when roughnecks were sent to intimidate strikers and break up picket lines to end a strike.

Contrary to Duplessis' promise, no electricity companies were **nationalized** (taken over by the government) to provide cheap energy. His government was corrupt and members of his party accepted bribes from companies that were awarded government contracts. Voters who elected Liberals often found that they had no paved roads or bridges and not enough schools and hospitals in their ridings. They would only get these services if they elected Union Nationale members to the National Assembly.

Today Duplessis is remembered as a Québec nationalist who prevented Québec and its people from adapting to a changing world around them. Everything was kept the same in an attempt to preserve their traditions and way of life in a sea of English-speaking people. He often challenged the federal government to protect the interests of his French Canadians; most notable was his challenge regarding involvement in World War II. His memory has the respect of many nationalists and separatists in Québec today. After Duplessis' death change would come suddenly to Québec, destroying much of what he had tried to preserve. You will learn more about this in future chapters.

CHECKPOINT

1. Why did some Canadians lose confidence in the Liberal and Conservative parties during the Great Depression?
2. Explain the difference between Communism and Socialism.
3. Why is James S. Woodsworth remembered in Canadian history?
4. Why do you think the CCF (NDP) has never formed a government at the federal level?
5. How did the Social Credit Party hope to solve the problems of the Depression?
6. Why did the Roman Catholic Church support Duplessis and the Union Nationale?
7. What argument would support the idea that the Union Nationale was bad for Québec?

BACK TO MR. BENNETT

In 1933 Bennett was not prepared to adopt more active measures to improve the economy. He rejected the new socialist ideas proposed by James Woodsworth and the CCF. He refused to raise taxes on the wealthy few and give more money to Canada's needy. Bennett still hoped that the economy would correct itself through the natural fluctuations of the business cycle without government help. Bennett was not prepared to change his approach to the careful management of a balanced budget in 1934. He would not go into debt to help solve the Depression; he would wait and see.



Freeze FRAME

R. B. Bennett created the Canadian Radio Broadcasting Commission and set the stage for a government-owned broadcasting system, the CBC.

1870 – 1947

Richard Bedford Bennett was born in 1870 in New Brunswick, the eldest child in a middle-class family. As a teen he was tall and skinny, with a quick temper. His classmates considered him to be arrogant and conceited. These early labels were to be applied to him for the rest of his life. Throughout his lifetime he never drank alcohol, smoked, played cards, or danced. He became a talented lawyer and was known as a shrewd businessman. At the age of 27 he moved to Calgary, Alberta, and set up his own law practice. Through smart investing and a sizeable inheritance he soon became a millionaire.

His lifetime ambition was to become Prime Minister of Canada. As a young man he felt he was too thin to make an impression on people and began to eat five and six meals a day to gain weight. He never broke this eating habit and turned into a big, heavy man.

In 1927 he was elected leader of the federal Conservative Party. In the election campaign of 1930 Bennett emphasized the traditional policy of former Prime Minister John A. Macdonald who had insisted on raising tariffs on imported goods to protect Canadian businesses and jobs. He did not believe in providing hand-outs or relief (the dole) for the unemployed. Instead, he promised to end unemployment "... and provide work and wages for all who wanted it..."

In 1930 voters liked what they heard and elected Bennett as Prime Minister of Canada. To Bennett's credit, his government passed a

Bennett was at his desk at 8:30 every morning and worked to well past midnight.

Relief Act in 1930, which provided \$20 million to those out of work. Also he did not turn a deaf ear to thousands of destitute Canadians who wrote to him begging for help. Out of his own pocket he sent sums between \$2 and \$10 to many of those Canadians who had written to him. This amounted to many thousands of dollars. But government help and Bennett's personal donations were not enough to ease the misery and suffering of the unemployed. Bennett and other politicians did not understand how to deal with and correct this enormous problem.

Bennett worked hard to try to solve Canada's problems. He was at his desk at 8:30 every morning and worked to well past midnight. His only day off was Sunday. His failure to end the Depression, however, weakened his self-confidence. Many Canadians felt that this self-made millionaire did not care about their problems and that he had a cold heart.

Sometimes Bennett lashed out at his critics and called them "communists" and "reds." Toward the end of his five-year term he was desperate for solutions. He tried to copy the New Deal of US President F. D. Roosevelt, who was the first major leader to adopt the ideas of John M. Keynes. Roosevelt passed laws to spend government money and go into debt to reduce unemployment and pump money



into the US economy. This had taken courage and daring. When Bennett tried to copy him in 1935 by passing laws to provide unemployment insurance, workers' compensation, and other reforms for workers, he confused Canadians. Many thought he was insincere and simply wanted to win re-election; it was too little, too late. Bennett and the Conservatives lost the election of 1935 to King and his Liberals. After his defeat Bennett retired from politics and moved to England. In 1941, he was knighted by King George VI. Sir R. B. Bennett died in 1947 at the age of 77.

1. What do you like and dislike about Bennett as a person? Explain your answer.
2. If you had been a voter in 1930 would you have voted for Bennett? In 1935? Explain your reasons.

Government and the Great Depression



CHAPTER 7 HIGHLIGHTS

This chapter addressed the following ideas. For more information about them, refer to the pages indicated.

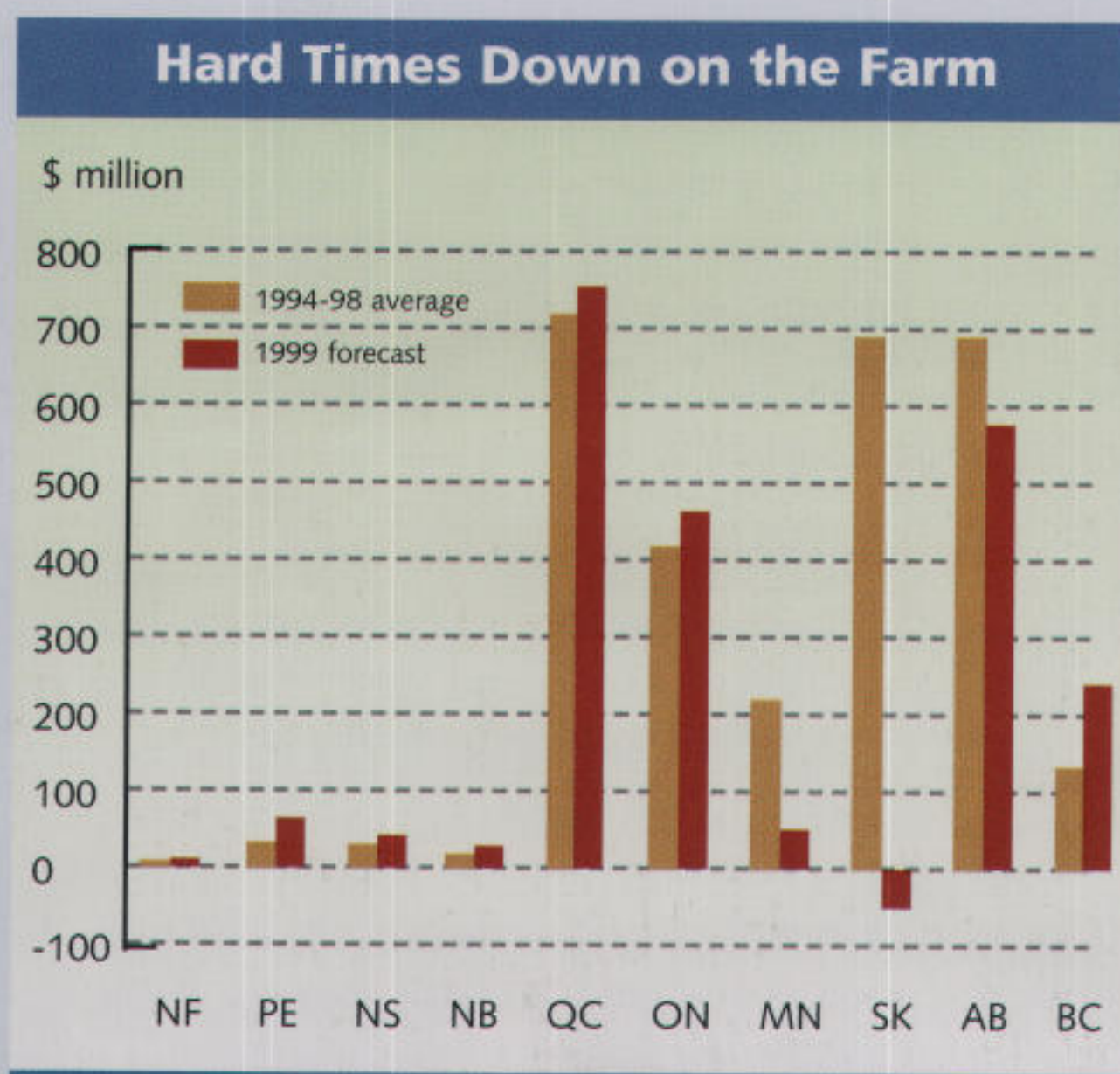
- The 1920s was a period of prosperity for many Canadians; there were jobs, money and good times (page 100)
- Some people went into debt to pay for things they could not afford; as long as they had their jobs they could make their credit payments (page 101)
- By the late 1920s some companies were producing too many goods and were too optimistic about the future (page 101)
- Canada's prosperity relied heavily on the exports of fish, wood, minerals, and wheat; when other countries cut back on buying these natural resources, Canada's economy was badly affected (page 102)
- In 1929 a major drought hit the West and many prairie farmers watched helplessly as their farms turned into dust (page 102)
- The Great Depression began in 1929 with the collapse of the stock markets in North America (page 103)
- Many businesses went bankrupt and their workers lost their jobs (page 104)
- Many of these unemployed workers could not meet their credit payments and lost their possessions (page 104)
- Mackenzie King, the Prime Minister in power in 1929, viewed the poor economic times as temporary and something that would pass without any help from his government (page 105)
- Prime Minister King was defeated in 1930 by R. B. Bennett when angry and disappointed voters blamed King for doing nothing to correct the bad times (page 106)
- Prime Minister Bennett raised tariffs on imported goods to make them more expensive than Canadian-made goods (page 106)
- Liberal and Conservative politicians had never experienced such bad economic times and they did not know what to do (page 107)
- Politicians were unwilling to try new methods to attack the Great Depression (page 107)
- A small number of Canadians created new political parties with new ideas and approaches; these included the Communist Party of Canada (page 107), the Co-operative Commonwealth Federation (CCF) (page 108), the Social Credit Party (page 110), and the Union Nationale (page 111)

INVESTIGATE

1. Locate people you know who invest in the stock market. Ask them their reasons for doing so. Do they fear another stock market crash?
2. Does the Canadian economy still rely heavily on the sale and export of natural resources? Conduct research to determine your answer. Compare the results with Canada's export situation in the 1930s. You may want to begin your research with a Canadian or global almanac.
3. Work in four groups, one to represent each of the following political parties: the Communist Party of Canada, the Co-operative Commonwealth Federation, the Social Credit Party, and the Union Nationale. Make a list of the policies of your chosen party. Conduct a group discussion to identify policies you support and those you reject. Present your findings to the rest of the class.

ANALYZE AND EVALUATE

4. Canadian farmers still experience drought, low wheat prices, and poor economic times.



- a. Which province in 1999 had the highest farm income? The least?
- b. Which province experienced the biggest drop in farm income between 1998–1999? Why do you think this occurred?
- c. Prairie farmers in the 1990s experienced the same kinds of problems that they had in the 1930s. What

are they?

- d. Does any of the information on this graph surprise you? Why? Why not?
 - e. In 1999 the Alberta government announced that it was providing a \$100 million disaster relief package to prevent many Alberta farmers from going bankrupt. If this type of help had been offered to farmers in the 1930s could the Great Depression have been avoided? Explain.
 - f. Since farming is a type of business should governments prevent farmers from going bankrupt by giving them loans or grants? Explain your answer.
5. On October 19, 1987, the New York Stock Exchange suffered its greatest loss ever — the value of stocks fell by \$500 trillion on that one day alone. As in 1929 stock markets all over the world were affected and experienced similar losses. Research the 1987 New York Stock Exchange crash and answer the following questions:
 - a. The reasons behind the stock market crash on October 19, 1987, are similar in some ways to that of 1929. What are they?
 - b. Why do you think the New York Stock Exchange has such a powerful effect on stock markets around the world?
 - c. Why did the world not experience a Great Depression after the stock markets crashed on October 19, 1987?
 - d. Some people believe that buying and selling shares on the stock market is a form of gambling. Do you agree? Would you invest your money in the stock market? Why or why not?

APPLY

6. Some people believe that a Great Depression could never happen again because governments have learned important lessons from the one that lasted from 1929–1939. Write a position paper either agreeing or disagreeing with this statement.
7. Debate the following topic:
 - Tariffs and subsidies that are used to protect a country's economy should be abolished in all countries. Businesses that cannot compete with less expensive foreign goods should be allowed to go bankrupt.
 For more information on debating, see page 416 of the Skills Appendix.