The Great Depression

1929-1939
A Contrast in Decades

The Roaring Twenties

The Dirty Thirties
Nobody could tell exactly when it began and nobody could predict when it would end. At the outset, they didn’t even call it a depression. At worst it was a recession, a brief slump, a “correction” in the market, a glitch in the rising curve of prosperity. Only when the full import of those heartbreaking years sank in did it become the Great Depression.

- Pierre Berton, writer and historian, in The Great Depression: 1929-1939
Causes and Effects of the Great Depression

Over-production and Over-expansion

- During the decade of the Roaring Twenties many industries expanded their production beyond demands.
- Much money was spent adding factories and building new ones.
- There was an over-production of goods that remained unsold in warehouses over Canada.
- Overproduction lead to stockpiling and lay-offs.
- Wages were low, and people could not buy all the goods produced by the factories.
Dependence on primary goods...

- Canada's economy depended on a few primary or basic products, called staples. The staples on which Canada depended were wheat, fish, minerals, and pulp and paper and these made up the bulk of the country's exports.

- Decrease in demand for Canadian products in other parts of the world. The Maritimes, dependent on fish, and the Prairies, dependent on wheat were most badly hit by the Depression.

- There was also a decrease in wheat prices on the world market due to increased competition from other countries. As well, Western farmers faced terrible droughts during the summers of 1929, 1931, and 1933 – 1937

- Railways and flour mills lost business due to the lack of the wheat production

- People were laid off and farmers went bankrupt
Canada’s dependence on the United States...

- Canada depended heavily on the United States for its export and import of goods. Sixty-five percent (65%) of Canada’s imports and 40% of its exports were from the United States.
- The US was Canada’s biggest trading partner: the largest buyer of Canadian products and most important supplier of investment funds.
- When the US became affected by the Depression Canada also suffered. America no longer brought Canadian lumber, paper, wheat or minerals. In the end Canada suffered, as industries collapsed.
High Tariffs

- Canadian government tried to protect Canadian businesses by raising tariffs
- Problem is that Canada is an export economy
- Relies on other countries to import goods
Too much credit buying...

- By 1929, credit buying was a well-established custom in Canada. (The slogan goods that they couldn’t afford before.
- Many families got in debt with credit buying. With credit buying, many goods ended up costing much more than they were worth.
- Many people lost their possessions because they couldn’t make the payments.
- Government borrowed to pay for war
- Farmers borrow to pay for land and machinery
- Businesses borrow to expand
- Consumers borrow to purchase material goods (cars, electrical appliances)
- Banks were generous and lent money
The Great Crash: “Black Tuesday”

- The day the stock market crashed, October 29, 1929 became known as “Black Tuesday.” During the 1920s many people dreamed of getting rich, so they invested heavily in the stock market. They bought plenty of stocks when the price was low and planned to sell those stocks when their price was high.
- By 1929, stocks began losing their value
  - On October 24, 1929, thousands of stocks that were bought on margin were dumped on to the stock market
  - Investors panicked, and within days, these stocks were worthless
“Black Tuesday” continued...

- On Tuesday October 29th, 1929, the stock market crashed.
- At first, no one realized how serious this problem would be. Even PM Mackenzie King thought that the economy would naturally correct itself.
- On “Black Tuesday” many people who had invested in the stock market lost everything in the crash. The Stock Market crash was perhaps the single most dramatic event that signalled the beginning of the Depression.
Economic Cycles

Prosperity Cycle 1920s

- Market demand, increased investment, expansion of production, demands for goods and services increase, demand for labour increases, wages increased

Depression Cycle 1930s

- Market demand declines, investment declines, production decrease, lay-offs, unemployment, labour surplus, wages decrease, buying power lessened
Economic Cycle

**Prosperity**
Money, Employment
Expansion of businesses and manufacturing
Technology and new products

**Recovery**
Job Increase, Money to Spend
Production increased
Business expands

**Recession**
Cutbacks in production
Wages cut and layoffs

**Depression**
Low demand for goods and services
High unemployment
Factories shut down and businesses close
Drought and Dust Bowl

- Hit in 1929 and lasted 10 years
- Dried the land, wind created dust storms
- Locust infestation
- On the prairies, farmers were unable to grow their crops
Effects of the Great Depression

Massive Unemployment

- By 1933, unemployment rate was at 27%
- By 1933, 1 in 5 Canadians relied on government support

Relief a provincial matter

- Family of 5 in Calgary received $60/mo.
- Family of 5 in Halifax received $19/mo.
## Decrease in Income: 1928-1933

<table>
<thead>
<tr>
<th>Province</th>
<th>Average Annual Salary ($) per Person in 1928</th>
<th>Average Annual Salary ($) per Person in 1933</th>
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<tbody>
<tr>
<td>Alberta</td>
<td>548</td>
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<td>British Columbia</td>
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<tr>
<td>Canada</td>
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</table>
- Low production. Industrial activity was 57% of the average it had been between 1925-1929
- Low Business Profits
- Low Prices in 1928 wheat costs
  $1.20/bushel → 1932 32 cents
- Low Demand for goods in 1933 exports were half of what they were in 1929 (primary resources hit hard)
Looking for Work
Looking for Help
Lost Everything
Nowhere Else to Go