

CHAPTER 2

1896-1939

*Nationalisms and
Canadian Autonomy*

PART 9

1929-1939

***The Great Depression
& Challenging capitalism***

1929-1939

The Great Depression

An illustration featuring several hands in business suits holding stacks of money. The hands are positioned at various heights, creating a sense of depth. The money includes stacks of green banknotes and a single gold coin with a dollar sign. The background is a light blue sky with white clouds. A semi-transparent white box is overlaid on the center of the image, containing the title and text.

Capitalism

- *A system of private ownership of production with free competition.*
- *Individuals such as owners and shareholders gain the profit.*



Profitability

- *The ability of a business to generate revenue (make profits – \$\$\$\$\$).*



Speculation

- *Making financial transactions, often risky, to generate a profit.*
- *For example, buying stocks on the stock market.*

JUST A NORMAL DAY AT THE NATION'S MOST IMPORTANT FINANCIAL INSTITUTION...



Stock Exchange

- *A place where stocks are bought and sold, which serves to finance companies.*



Speculative bubble

- *Increase in the value of a stock based on exaggerated expectations of future growth.*



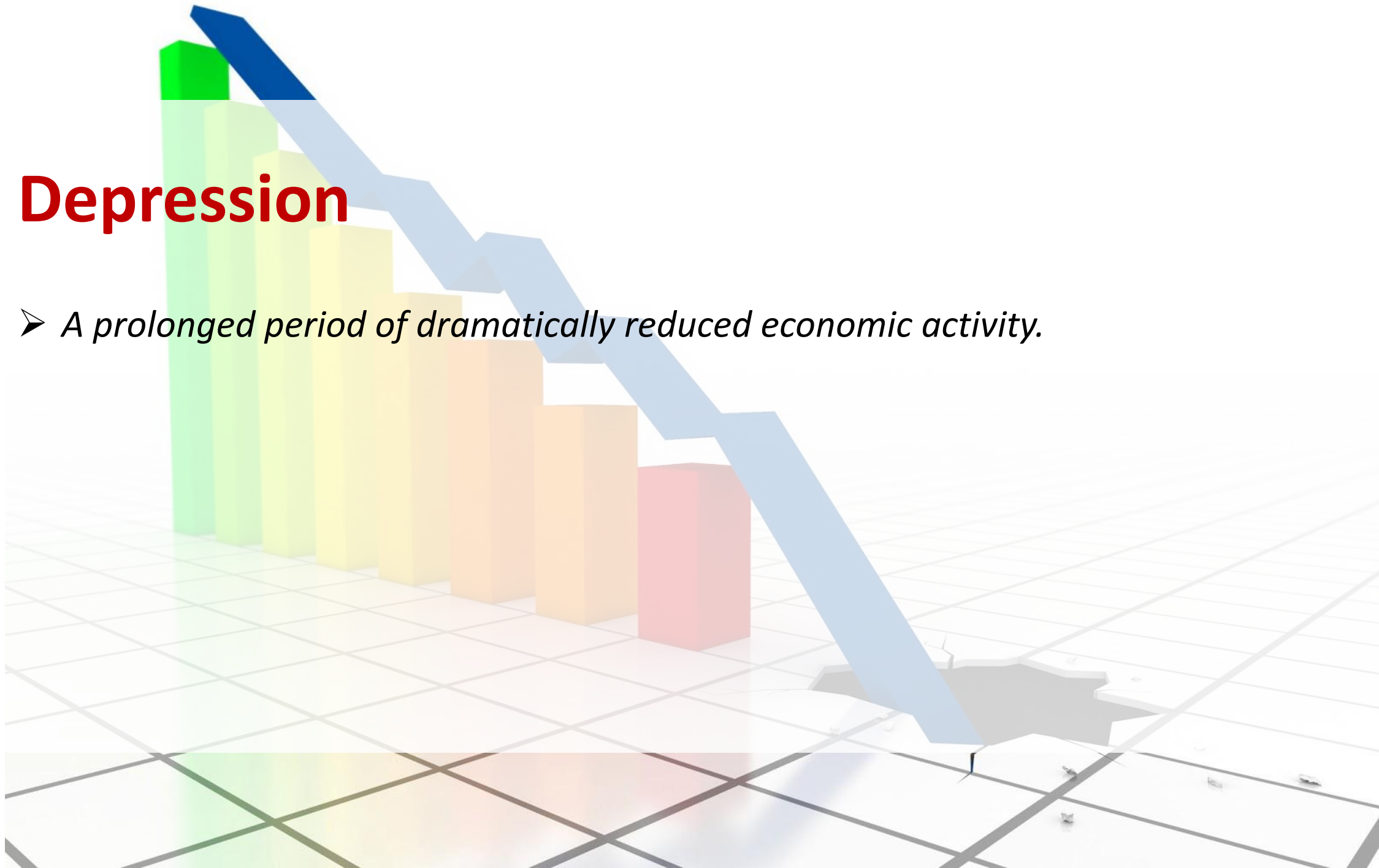


Crash

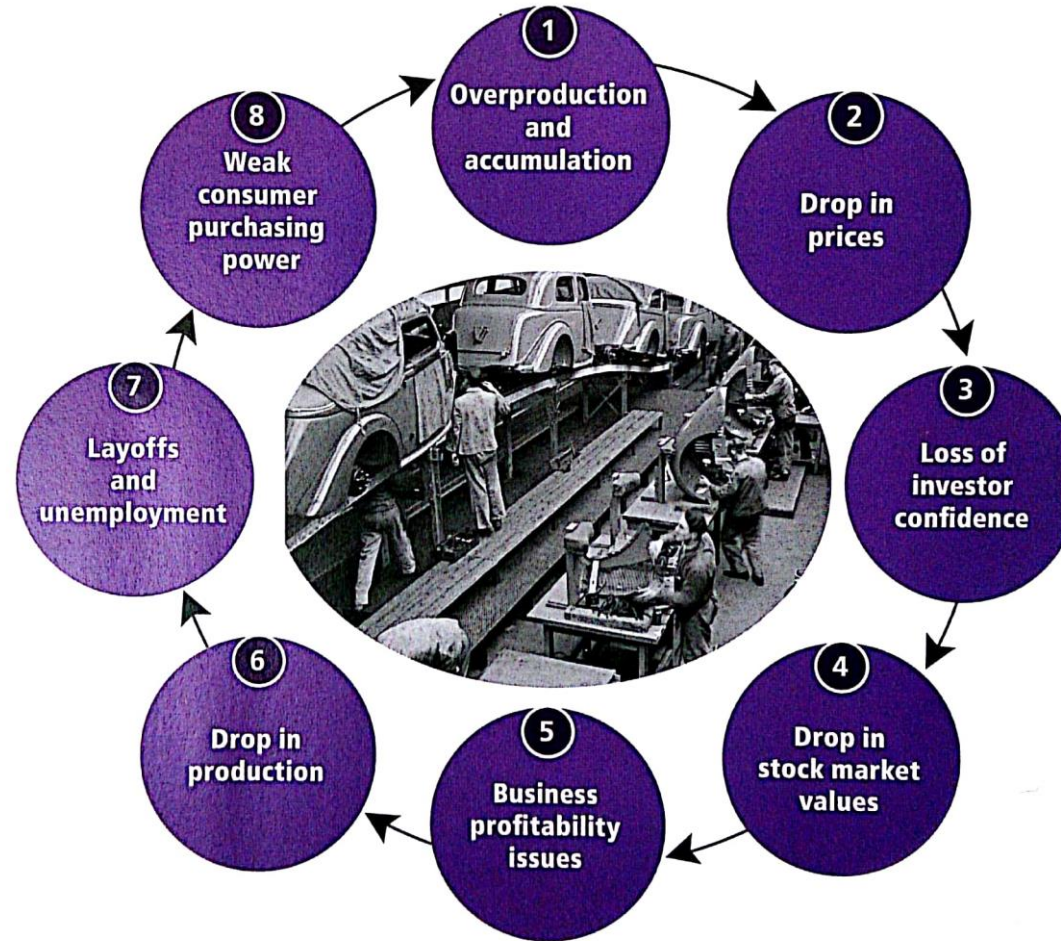
- *The collapse of the value of stocks on the stock exchange.*

Depression

- *A prolonged period of dramatically reduced economic activity.*



82 The mechanisms of the Great Depression



The mechanism of the Great Depression

Economic depression is a vicious cycle.

1. Overproduction and accumulation:

- During the Roaring 20s, industries were producing more than people were consuming (supply > demand).
- Consequently, over the years, unsold goods accumulated in warehouses. At the end of the 1920s, inventories were very high.

2. Drop in prices:

- Companies slowed their rate of production.
- Companies started laying people off.
- With supply > demand, prices dropped.

The mechanism of the Great Depression

3. Loss of investor confidence:

- Credit was more readily available, so people could consume more than they could afford, accumulating more and more debt.
- Some people used borrowed money for stock market speculation, in the hope that increasing stock prices would be a quick way to earn a lot of money to pay back their loans.
- This created lots of speculative bubbles and blind faith in the capitalist system.
- But drops in prices and production caused investors to start losing confidence.
- Investors started to doubt the profitability of many businesses.

The mechanism of the Great Depression

4. Drop in stock market values:

- The situation culminated on **Thursday, October 24, 1929, at the New York Stock Exchange** where, panicked investors tried to sell their stocks.
- Since there were very few buyers, the value of these stocks dropped dramatically. For example, the value of Chrysler shares fell from \$135 each to \$5.
- It triggered a **STOCK MARKET CRASH!!!**
- Losses were estimated at \$3 billion on that single day, referred to as “**Black Thursday**”.
- People lost confidence in the capitalist system.

WALL STREET CRASH!

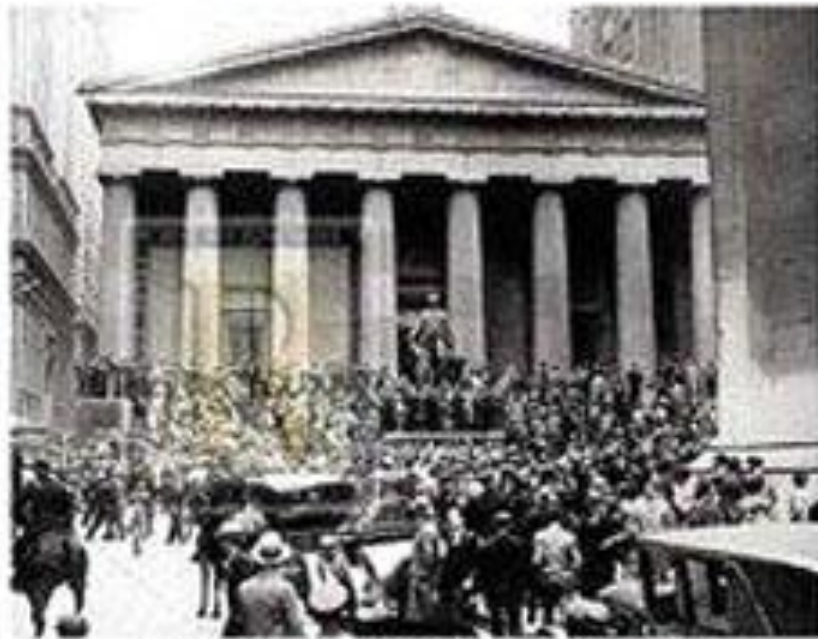
Black Thursday in America Stocks Plunge and Eleven Commit Suicide

More selling in the New York Stock Market today than ever before. Traders here report that it is the worst day in the history of the market.

Market falls in the early morning, continues to decline all day. Many investors are seen leaving the market in despair. The market is said to have fallen to its lowest point in its history.

In the afternoon, the market continues to fall. Many investors are seen leaving the market in despair. The market is said to have fallen to its lowest point in its history.

The New York Stock Market today has seen a record number of suicides. Many investors are seen leaving the market in despair. The market is said to have fallen to its lowest point in its history.



Panic-stricken investors gather around the statue of George Washington in Wall Street.

The mechanism of the Great Depression

5. Business profitability issues:

- Many companies who could not repay loans or raise funds went bankrupt. Factories closed.
- The banking system crashed which paralyzed the global economy.

6. Drop in production:

- There was a halt to consumer activity in the USA, causing a drop in US imports. This had a major impact on Canada, whose economy depended heavily on the US market.
- Businesses that managed to stay open decreased production.

The mechanism of the Great Depression

7. Layoffs and unemployment:

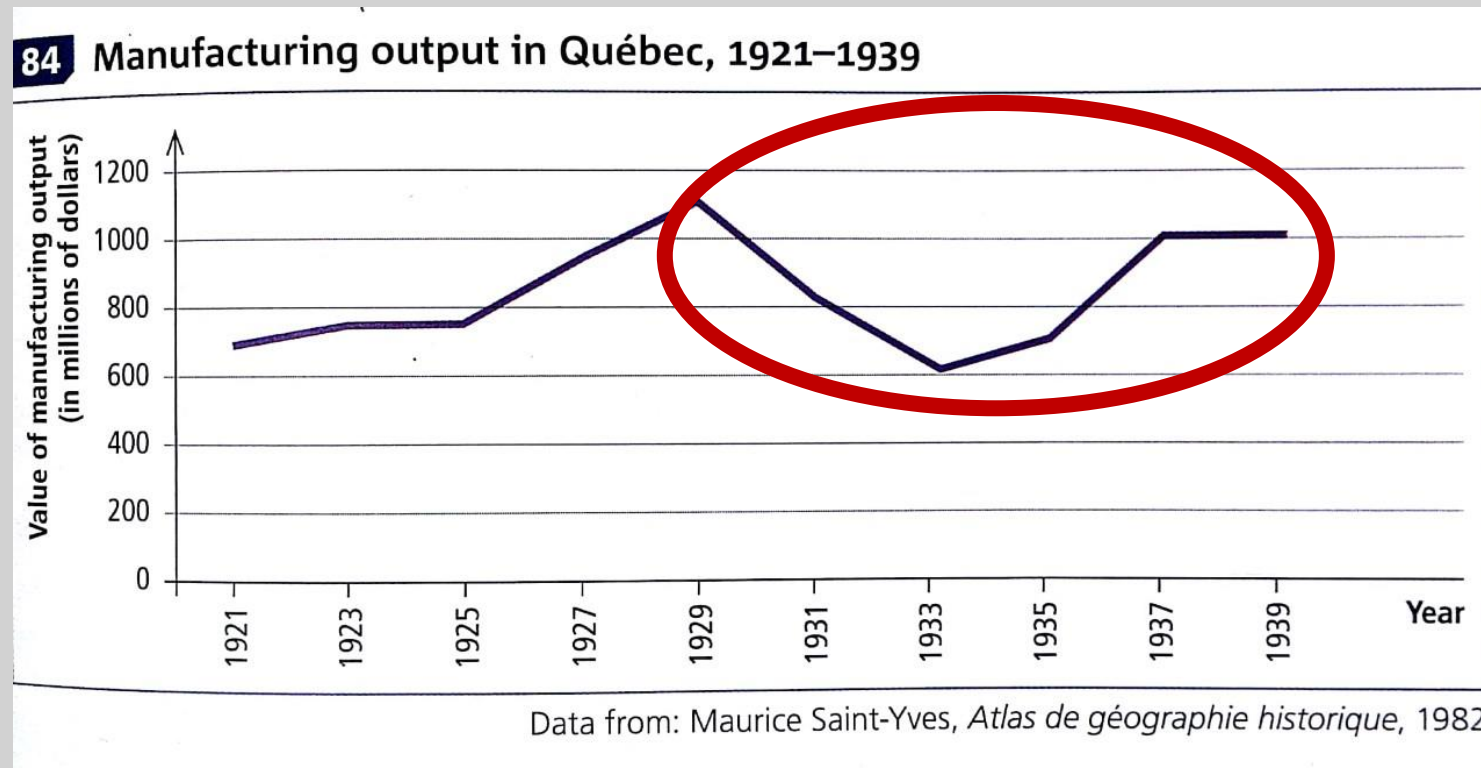
- The stock market crash caused many companies to go bankrupt, which left thousands of workers out of a job.
- Jobs became scarce. Unemployment reached an all-time high of 30% in Canada.

8. Weak consumer purchasing power:

- Those who managed to keep their jobs saw their salaries drop dramatically.
- Without sufficient income, people cut back on expenses as much as possible (rent, education, food, etc.).

The Great Depression (1930-1939)

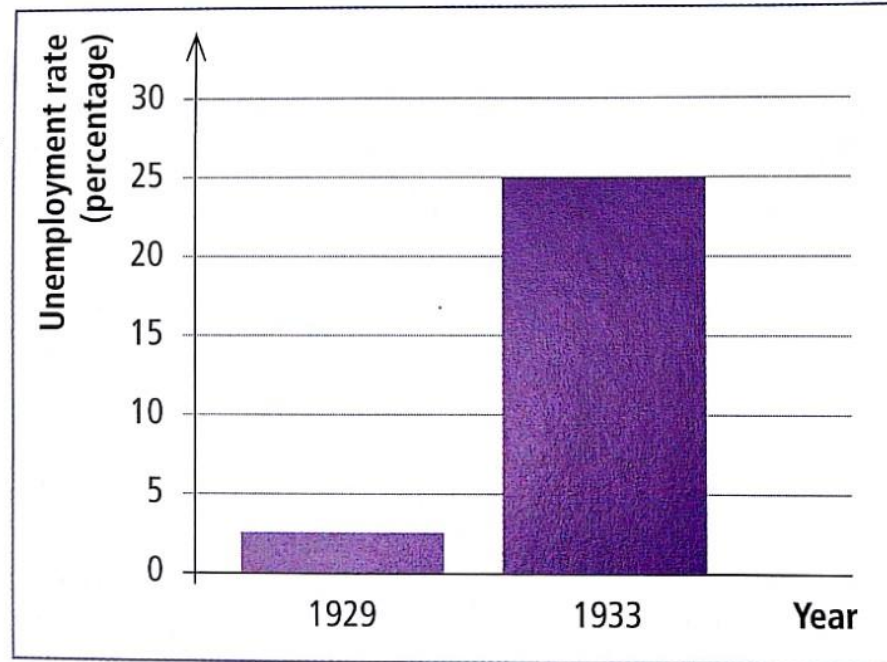
The economic boom of the 1920s was over!



Socio-economic problems

- High unemployment rate.
- Huge drops in salaries.
- Immigrants and women accused of stealing jobs from honest men.
- Unable to pay rent, many people ended up on the streets.
- Diseases spread due to malnutrition (eating garbage).
- Charities quickly became overwhelmed.
- The economic situation had a direct impact on the growth rate of the Canadian population:
 - the number of immigrants dropped (in 1929: 169,000 ; in 1935: 12,000)
 - the number of deported immigrants increased (unemployed or sick)
 - the birth rate dropped.

87 The unemployment rate in Canada, 1929 and 1933



Data from: Paul-André Linteau et al.,
Histoire du Québec contemporain, vol. 2,
Le Québec depuis 1930, 1989.



What was the consequence of the Great Depression on the labour market?

IO

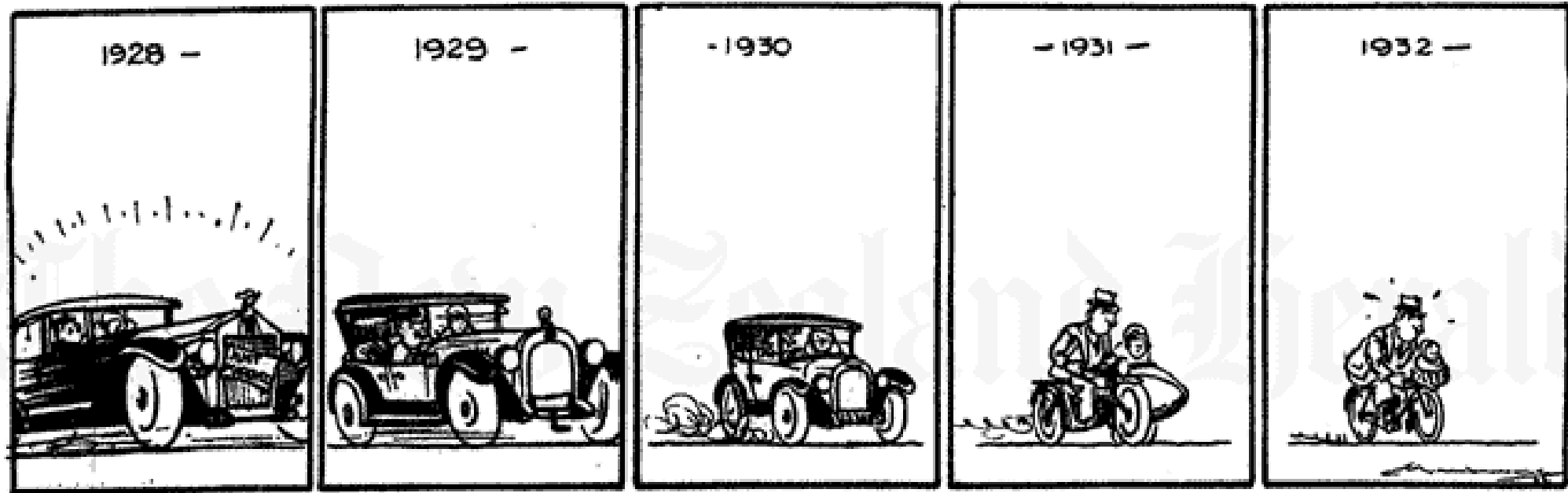
Determine causes and consequences





*Hobos
(homeless
men)*





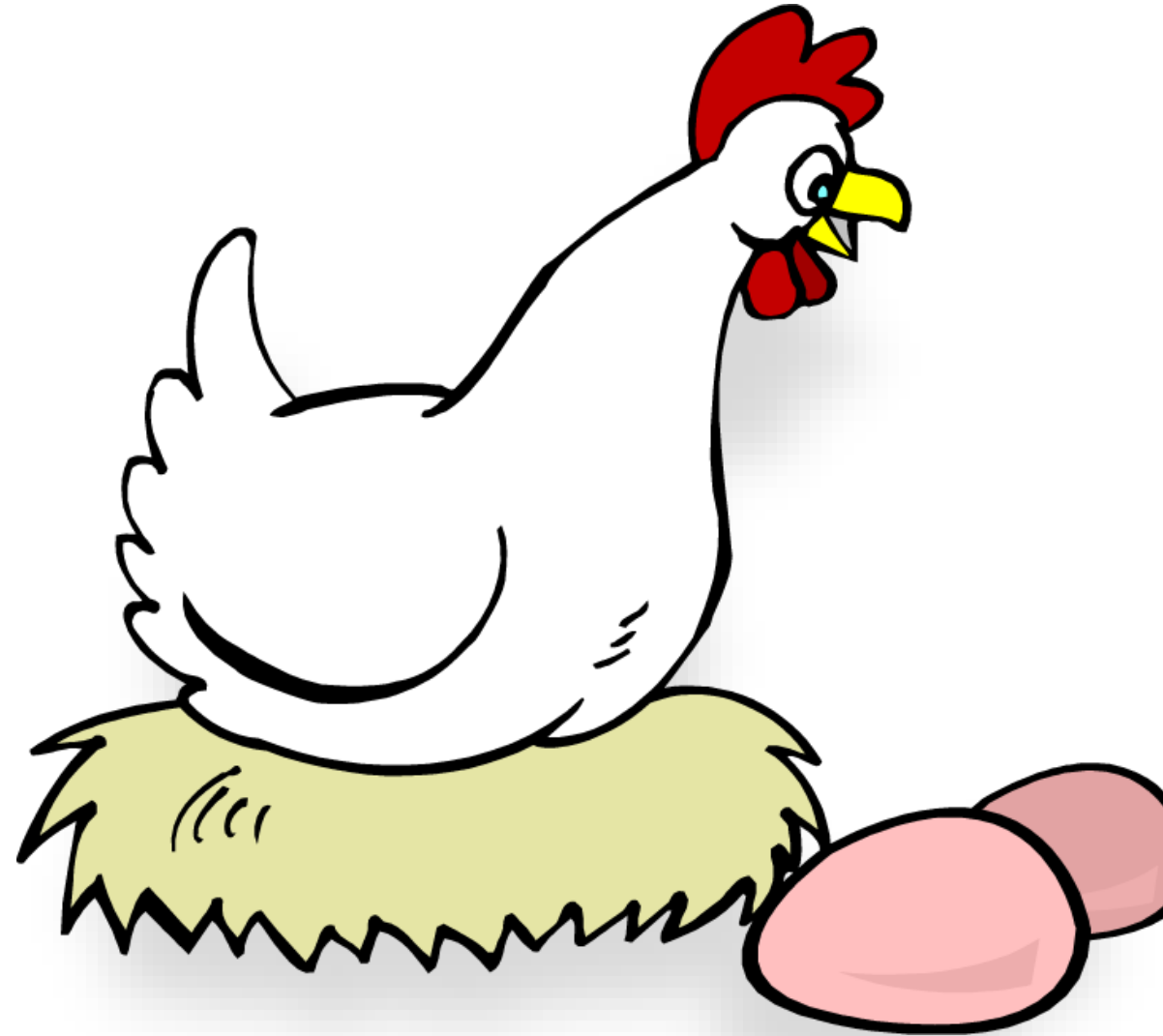
A SHORT HISTORY OF THE DEPRESSION

This cartoon by Gordon Minhinnick in July 1932 (NZ) suggests that even wealthier people who were able to afford grand cars in the 1920s were forced to save and use bicycles by 1932.

Did you know?

*Incomes during the Great Depression were so low that **bartering** and **payment in kind** became widespread.*

For example, rural doctors were sometimes paid in chickens, ducks, geese, turkeys, potatoes, and wood.



Federal and provincial government measures

1. Social assistance benefits:

- Relief vouchers (coupons) issued by the Québec government that could be exchanged for food, coal and clothing.

2. Public works projects:

- The federal, provincial and municipal governments created public works project to generate jobs.
- Workers were paid about 35 cents/hour to work on the construction of parks, bridges and roads.

Federal and provincial government measures

3. Relief camps:

- The federal government operated relief camps for single men.
- These men worked on various public works projects in exchange for 20 cents/day, lodging and meals.

4. The Bank of Canada:

- It was the Canada's first central bank.
- It was created in 1935 to regulate the nation's monetary policy and financial system.

Federal and provincial government measures

5. Reduced customs duties:

- In 1935, the federal government reduced customs to boost imports and exports.

6. The welfare state:

- The Great Depression drew attention to the government's responsibility for the well-being of its citizens.
- The federal government began to recognize that it would need to take more control over areas previously run by the Church, such as helping those in need.

Federal and provincial government measures

7. Colonization (“return to the land”):

- In Québec, the poor were encouraged to colonize certain regions (like the Bas-Saint-Laurent, Abitibi and Gaspésie).
- The provincial government:
 - allocated money and land to colonizers
 - subsidized roadworks to provide basic infrastructure for new settlements.
- In general, colonizers were poorly prepared and given land that was unsuitable for farming and far from markets.
- Many ended up returning to the city.

***Soup
kitchens***



Video



The end of the Great Depression (1939)

- In the end, it was **WW2** that revived the economy and ended the Great Depression.



Challenging capitalism

Communism

The main goals of the communist movement:

- To create of a society without division based on class (e.g. between workers and employers).
- To replace the centralized state with a society that it self-managed and without leaders.
- To have equal distribution of resources among all people, according to their needs.

Socialism

The main goals of the socialist movement:

- To increase government intervention in the economy.
- To replace private property with the collective ownership of the means of production.
- To have fewer inequalities between social classes.

Fascism

The main goals of the fascist movement:

- To promote an aggressive form of patriotism that encouraged territorial conquest.
- To promote a strong nationalist ideology, which could turn into hostility toward foreigners, especially Jews.
- To have a militarized political regime led by an idolized leader (e.g. Germany, Spain and Italy).

New political parties in Canada & Québec

**J.S. Woodsworth
(CCF)**



**William Aberhart
(Social Credit Party)**



**Maurice Duplessis
(Union nationale)**



Party initials	CCF (federal)	SC (federal)	UN (Québec)
Some of the policies it advocated	<ul style="list-style-type: none"> - <i>Free health services</i> - <i>Unemployment insurance</i> - <i>Nationalization of banks, public utilities (transportation, communication, etc.), and national resources</i> - <i>End privileges and class system</i> - <i>Challenge capitalism.</i> 	<ul style="list-style-type: none"> - <i>Control the banks and the supply of money</i> - <i>The government should give interest-free loans to help needy families.</i> 	<ul style="list-style-type: none"> - <i>Promoted a rural way of life</i> - <i>Farming should be the backbone of Québec's economy (no poverty)</i> - <i>Against unions</i> - <i>Limited interventions in the area of social assistance (Church).</i>