

# The Great Depression

Social Studies 30-1

**Chapter Issue:**  
To what extent do contemporary economic policies and practices reflect the principles of liberalism?

**Question for Inquiry #1:**  
*In what ways did economies in the first half of the 20th century reflect the principles of liberalism?*

**Question for Inquiry #2:**  
*In what ways have economies reflected the principles of liberalism since the Second World War?*

The Roaring Twenties



The Stock Market Crash



The Great Depression

**Chapter Issue:**  
To what extent do contemporary economic policies and practices reflect the principles of liberalism?

**Question for Inquiry #1:**  
*In what ways did economies in the first half of the 20th century reflect the principles of liberalism?*

**Question for Inquiry #2:**  
*In what ways have economies reflected the principles of liberalism since the Second World War?*

The Roaring Twenties



The Stock Market Crash



The Great Depression



# Black Tuesday

- October 29, 1929, (also known as Black Tuesday)
- Wall Street investors traded some 16 million shares on the New York Stock Exchange in a single day. Billions of dollars were lost, wiping out thousands of investors.
- In the aftermath of Black Tuesday, The United States of America and the rest of the industrialized world spiraled downward into the Great Depression (1929-39), the deepest and longest-lasting economic downturn in the history of the Western industrialized world up to that time.

# What Caused the 1929 Stock Market Crash?

During the 1920s, the U.S. stock market underwent rapid expansion, reaching its peak in August 1929 after a period of wild speculation during the Roaring 20s.

By then, production had already declined and unemployment had risen, leaving stocks in great excess of their real value. Among the other causes of the stock market crash of 1929 were:

- low wages
- the proliferation of debt
- a struggling agricultural sector
- an excess of large bank loans that could not be liquidated.
- By this time, many ordinary working-class citizens had become interested in stock investments, and some purchased stocks “on margin,” meaning they paid only a small percentage of the value and borrowed the rest from a bank or broker.

# What Caused the 1929 Stock Market Crash?

Essentially, there was no *single* cause for the turmoil. Most economists agree that several, compounding factors led to the stock market crash of 1929:

- The stock market peak occurred before the crash.
- The market – and the public – were overconfident.
- People bought stocks with easy credit.
- The government raised interest rates.
- After the crash, panic made a bad situation worse.

A soaring, overheated economy that was destined to one day fall likely played a large role. Equally relevant issues, such as overpriced shares, public panic, rising bank loans, an agriculture crisis, higher interest rates and a cynical press added to the disarray.

# What Caused the Great Depression?

1. Rise of consumerism led to the overproduction of manufactured goods
  - Radios, cars, kitchen appliances were made in mass quantities on the assembly line
2. Overproduction of wheat – led to problems for Canadian farmers who bought new equipment with credit
  - Wheat prices peaked in 1924
  - Over-cultivation of fields depleted nutrients in soil which worsened the effects of the “Dust Bowl” when drought began in the early 1930’s
3. Protective tariffs (taxes) made domestic prices cheaper than imported goods from foreign countries.
  - Led to the decline in world trade, and turned the Depression from a crisis in the USA into a global problem
4. Speculation (gambling) on the stock market by buying stocks “on the margin” led to the crash on “10/29”.
  - This was the triggering event of the Great Depression

# The Great Depression

The Great Depression was a severe worldwide economic depression that took place mostly during the 1930s, beginning in the United States. The timing of the Great Depression varied across the world; in most countries, it started in 1929 and lasted until the late 1930s.

It was made worse by the **1930s Dust Bowl**. In the United States, President Franklin D. Roosevelt responded to the economic calamity with programs known as the **New Deal**.



# The Dust Bowl

The Dust Bowl was a period of severe dust storms that greatly damaged the ecology and agriculture of the American and Canadian prairies during the 1930s; severe drought and a failure to apply dryland farming methods to prevent the aeolian processes caused the phenomenon.

<https://www.youtube.com/watch?v=guTek7ipD4U>



During the Great Depression, when many families were suffering through very bleak times, people once again began to wonder whether the values of classical liberalism were valid. Some of these people believed that their government should take a more active role in managing the economy and helping them cope with the effects of the Depression.

Many historians and economists, regardless of their political orientation—conservative, liberal, or socialist—share the opinion that the stock market crash of 1929 and the Depression were the result of an unregulated economy. During the 1920s, investors had bought stocks and built companies thinking that the economy had no limits and could continue only in an upward and prosperous direction. **But they learned that what goes up may also come down...**

Recall what you know about the hardships that many people suffered during the early years of industrialization: poor working conditions, low wages, and unsanitary slums. Consequently, the prospect of a more equal and fair society was appealing to many people.

Throughout many places in the world, socialism and increased government intervention were spreading as part of a political and economic ideology.

*Consider This...* ... how do the experiences of people reflect their ideology? Or a change in their ideology?

# What's Going on in Canada?

During the Depression, many Canadian industries and businesses came to a standstill, and there was mass unemployment. Some Canadians went through their life savings trying to survive, and others had nothing to live on, nowhere to live, and little to feed their families. More and more Canadians began to believe that their government needed to do something to support them.



A crowd in Vancouver protests Canadian relief policies in 1937 during the Great Depression. Many people began to demand that the government step in and give more help to Canadians who were suffering economic hardships.

# What's Going on in Canada?

The Prime Minister at the time was Mackenzie King.

- Liberal politician
- He thought it was the responsibility of the provinces to aid their own citizens.
- He wasn't prepared for the Depression (not many political leaders were) so he didn't take an interventionist approach to the Economy. Essentially ignored the problem. He believed it would solve itself.
- Believed this was a *"temporary slump"* and the economy would fix itself if left alone
- He was openly criticized for his conversational comment that he wouldn't give *"a five cent piece"* of relief money to any province that had a Conservative government. He eventually lost the 1930 election – many think due to this controversial speech.





# R.B Bennett

- He comes into power with the new Conservative government
- Nicked named “Bonfire Bennett” because of his loud speaking style
- Self-made millionaire as a corporate lawyer and business man in Calgary
  - Given his “rags to riches” humble beginnings, he believed in capitalism and the free-enterprise system (i.e. leave the government out of the economy and everything will work out in the end) however he knew something had to be done



# R.B Bennett

- Puts \$20 million towards emergency relief through the Unemployment Relief Act which was administered by provinces and municipalities. In order to balance the budget though, he cut services.
- He raised the tariffs on imports to 50% in order to protect Canada's industries from foreign competition and end the trade deficit.
- He sanctioned the creation of a system of unemployment relief camps, where in exchange for room-and-board, single men did physically demanding labour. The government was criticized for establishing the camps rather than addressing the need for reasonable work and wages.



# Work Camps

Men voluntarily entered the camps through the Employment Service of Canada; they were free to leave at any time. In return for bunkhouse residence, three daily meals, work clothes, medical care and 20 cents a day, the "Royal Twenty Centers," as the occupants were called, laboured at 44-hour work weeks clearing bush, building roads, planting trees and constructing public buildings.

The camps were controversial. Critics attacked the federal government for choosing to establish the camps instead of creating a program of reasonable work and wages. The most dramatic demonstration of this resentment occurred in April 1935, when 1,500 men from various British Columbia camps went on strike, demanding improved living conditions in the camps as a temporary measure. After two months' of public protest and agitation in Vancouver, the strikers then set forth on the On To Ottawa Trek, to bring their demands to Parliament .



Relief Projects No. 62: Road construction at Kimberly-Wasa, British Columbia.



Interior of Main Sleeping Hut - Relief Project No. 27  
March 6<sup>th</sup>, 1933 - Ottawa, Ontario, Canada

# On To Ottawa Trek

- The protesters reached Regina, Saskatchewan where Bennett ordered the trains to stop and invited the leaders to Ottawa, hoping to calm things
- In Ottawa, talks lasted one hour, and the frustrated men returned to Regina where they gathered to make a new strategy
- Bennett ordered the arrest of the men, and a riot broke out, one officer police died, and several citizens were injured



# Regina Riots



Many Canadians expressed their frustration with the continuing hard times by naming their make-do measures after R.B. Bennett:

- Bennett Buggies: Cars with no engines pulled by horses
- Bennett Blankets: Newspapers used as blankets
- Bennett Barnyards: Abandoned Prairie farms



Bennett realizes his government must intervene and introduced millions of dollars in relief payments through a social reform platform on the radio including:

- Unemployment insurance
- Health insurance
- Improved old age pensions
- Introducing and raising minimum wage
- Promising laws to control big business
- An increase income and business taxes
- Reduce farm debits
- *“The capitalist system has failed”*
- Basically, his own version of the New Deal borrowed from the United States

Critics accused him of not being genuine and just doing this to try to win the next election...

# The Return of King

In the 1935 election, the Canadian people have had enough of Bennett. Although he introduced these new reforms, people did not believe he was being genuine and blamed him for prolonging the Depression.

Running under the slogan, “King or Chaos”, King wins the election and is voted back into power





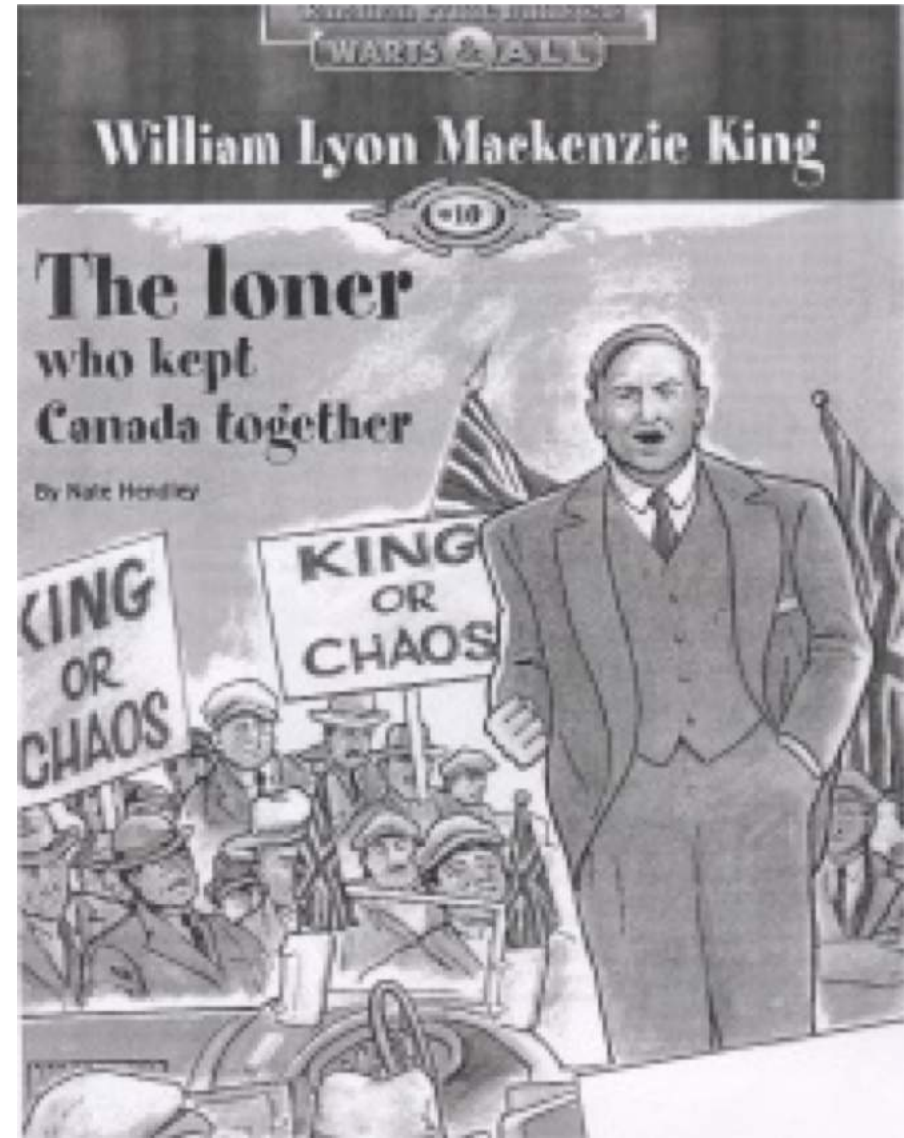
# Federal Election Results 1935

Party	Seats Won
Liberal	173 (45% if popular vote)
Conservative	40
<i>Social Credit</i>	17 (new parties are 26% of PV)
<i>CCF</i>	1
Reconstruction	1
Other	7

New national political parties appeared as a result of the Great Depression and would have great impacts on the future of politics in Canada



"King of Canada" True Comics #12 May 1942



Nate Hendley. Illustrated by Jordan Klapman 2006

# Formation of the Co-operative Commonwealth Federation (CCF)

The CCF was founded in Calgary in 1932 during the Depression.

The effects of the Depression were particularly harsh on people living in the prairies. Here, the economy depended on ranching, farming, and mining, which were hit hard during the Great Depression, particularly due to drought that hit the Prairies. Some people did not have enough money to pay their bills. They had to abandon their farms, businesses, and homes to find what work they could elsewhere.

In 1933, CCF members met in Regina and elected their first president and wrote the **Regina Manifesto**, which set out the party's goals and its plans for achieving them.





This picture appeared in a CCF election leaflet in Saskatchewan in 1938. What effect do you think the artist intended the images and words to have on the voters of that time?

# CCF – Regina Manifesto

The manifesto included goals such as the following:

- shelters for the jobless and homeless
- job creation programs
- pensions for those people who had worked for their lifetimes but could not be cared for by their impoverished children
- health services that would be subsidized by the government so that
- people could get medical help for a fraction of the normal cost

*Consider This...* How did CCF democratic socialist programs challenge the values of classical liberalism?

# CCF → NDP

The power of the CCF peaked in 1944 when **Tommy Douglas** was elected premier of Saskatchewan by an overwhelming margin. Douglas and the CCF formed North America's first democratic socialist government and began a social welfare movement that influenced the entire country.

The CCF itself eventually became the New Democratic Party (NDP). Although the CCF had little success in federal elections, the policies it proposed, such as social programs, job creation programs, and union support, are reflected in many Canadian government policies today.



# The Social Credit Party

The Social Credit Party was a grassroots conservative party that believed strongly that the government should reimburse citizens with small payments when possible.

The Alberta Social Credit Party was a provincial political party in Alberta that was founded on social credit monetary policies and on conservative Christian social values. It started a movement that then formed a Canadian social credit movement.

Founded by William Aberhart, or “Bible Bill”

# William Aberhart

William Aberhart a Baptist preacher in Calgary, was attracted to social credit theory while Alberta (and much of the western world) was in the depths of the Great Depression. He soon began promoting it through his radio program, adding a heavy dose of fundamentalist Christianity to the Social Credit theories.

The basic premise of social credit is that all citizens should be paid a dividend as capital and technology replace labour in production; this was especially attractive to farmers sinking under the weight of the Depression.



# Did you know...

Nicknamed "Bible Bill"

First he was a teacher, then principle in CBE schools

- Taught English and Math
- Mount Royal School (now Mount Royal University – He moved here from Ontario for the job, but the school wasn't complete when he arrived and he ended up going to another school)
- Crescent Heights School in 1915 (yup – the one you're thinking of!)
- Described as an "authoritarian in manner and a strict disciplinarian"

He Promised that every citizen would receive \$25 if they voted for him, he did not fulfill his promise, however he was Premier of Alberta for over a decade.

He served as his own Minister of Education while in office as Premier





COMPARE ALBERTA WITH THE REST OF CANADA THEN

# Vote-Social Credit



ERNEST MANNING



C. E. BAYART

## Let's Carry On Together!

From the verge of bankruptcy to her present enviable position... Alberta's record of progress under the SOCIAL CREDIT Government stands unequalled in Canada...

*Here are the highlights of what Your Social Credit Government HAS Done, IS Doing and WILL Do in the*



ERNEST C. MANNING

*(Replaced Aberhart when he died)*

## Summary

Serious concerns about classical liberalism and its values were raised worldwide during the **Great Depression** of the 1930s, resulting in the development of modern liberal and more socialist responses to laissez-faire capitalism, such as that of democratic socialism and the political movement of the Co-operative Commonwealth Federation and its contribution to the popularization of socialist values in Canada. In Québec during the 1960s and 1970s, democratic socialist values were also embraced by many and were reflected in the policies of the provincial government, as well as in the platform of the Parti Québécois. Today, the New Democratic Party and some other political parties in Canada continue to embrace some democratic socialist values.

## *Consider This...*

Is it reasonable to expect a government to pay for social programs such as health care, family allowances, or child care?

If so, how should the government fund these services?

What historical and contemporary considerations should we take into account?