

SS 11: NOTES FROM COUNTERPOINTS

CH. 4: THE THIRTIES: A DECADE OF DESPAIR

Falling Off the Economic Edge

1. In 1929, the economy looked good. Many investors were buying “on margin,” that is, buying shares with only 10% down payment. It was assumed that when the prices of the stocks increased, as they had for 10 years, the remaining 90% would be paid.
 2. When some cautious investors started selling their stocks in order to cash in on high profits, other investors rushed to follow their lead. Sellers panicked as the value of stocks fell dramatically.
 3. The effects of the stock market crash was devastating. Investors who had borrowed heavily to buy shares went bankrupt in a single day.
 4. **Depression** = a period of severe economic and social hardship, massive unemployment, and terrible suffering.
 5. There were several reasons for the Depression.
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Leading Up to the Depression

1. 1927 – price of wheat on the world market fell; more wheat was being produced than was being sold. Canadian and U.S. farmers had depended on foreign markets, but many countries were producing their own wheat.
2. More goods were being produced than were being sold in Canadian and U.S. industries. At first, manufacturers continued to stockpile goods, then, they began cutting back on the goods they were producing. This led to layoffs in factories, which meant less income for families, and less spending on consumer goods.
3. The U.S. had imposed high tariffs on foreign goods to protect the U.S. domestic market by making foreign items more expensive (called **protectionism**). Other countries imposed their own tariffs, and this caused a slowdown in world trade.
4. After WW I, Germany's economy was in ruins. The enormous reparations (payments it was obligated to make to Great Britain and France to compensate for war damages) stunted its ability to recover.
5. France and Great Britain counted on German reparations to pay back their war debts owed to the U.S. Britain and France also borrowed from the U.S. after the war, and the U.S. was demanding repayment.

Canada and the Depression

1. The Depression illustrated a major weakness in the Canadian economy: its dependency on the export of primary resources – wheat from the Prairies and newsprint from B.C., Ontario, and Quebec.
 2. Canada supplied 40% of the world demand for wheat and 65% of the demand for newsprint.
 3. As international markets reduced their demand for these products, people in Canada's wheat and paper industries lost their jobs => could no longer afford to buy cars, radios, telephones => workers in factories producing these goods lost their jobs. Within a year, millions of Canadians were out of work.
 4. Canada's economy was hit particularly hard because of its close ties to the U.S. economy.
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Desperate Years

1. While some wealthy and middle-class Canadians with secure jobs noticed little change in their lifestyle, many people working in factories and businesses lost their jobs.
2. The loss of a job also meant the loss of respect:

"I never so much as stole a dime, a loaf of bread, a gallon of gas, but in those days I was treated like a criminal. By the twist in some men's minds, men in high places, it became a criminal act just to be poor, and this percolated down through the whole structure until it reached the town cop or railway "bull" and if you were without a job, on the roads, wandering, you automatically became a criminal. It was the temper of the times."
3. Thousands existed on "**pogey**" – government relief payments given to those who had no alternative source of income.
 - People had to wait in line for hours and then publicly declare their financial failure.
 - They had to swear that they did not own anything of value and prove that they were being evicted from their home.
 - If the applicant met these requirements, they received vouchers that could be used to buy food.
 - The vouchers were never enough to cover expenses, and obtaining them was always a humiliating experience.
4. Private charities and soup kitchens helped the hungry and homeless, but some people could not bear the hardships and committed suicide.
5. By the winter of 1933, more than ¼ of Canada's workforce was unemployed.

6. Many young, jobless, homeless men traveled across the country by “hopping” freight trains. Some rode on the roof or clung to the rods underneath the train (“riding the rods”).
7. They would stay a day or two in shanty towns (called “jungles”) that sprung up in and around cities.

Drought on the Prairies

1. The collapse of the wheat market had left families struggling to survive.
2. At the same time, the Prairies were hit by a disastrous drought that started in 1928 and lasted almost 8 years.
3. Constant windstorms turned the Prairies into a “dust bowl.”
4. Also, a plague of grasshoppers descended on the Prairies – stalled trains and buses, clogged car radiators, and almost choked a dental patient to death while his mouth was open.
5. 1935 – the federal government passed the Prairie Farm Rehabilitation Administration Act, which helped farmers build irrigation systems and reservoirs.

The Disadvantaged

1. Some critics believed working women actually contributed to the Depression.
2. Aboriginal families on relief got only \$5 a month. They were expected to “live off the land,” even though conditions on the reserves were so poor that they had been unable to do so for decades.
3. In Vancouver, the Chinese population suffered greatly and by 1932, many were starving.
4. Immigrants were viewed with hostility when they competed for scarce jobs.
5. Jews suffered from anti-Semitism – prejudice specifically against Jews. Many professions were closed to them, and employers often posted signs forbidding them to apply. In cities, many clubs and organizations forbade Jewish membership.
6. Almost 10 000 immigrants were deported from Canada in the first ½ of the Depression.
7. 1931 – the government put a complete stop to immigration.

RESPONDING TO THE DEPRESSION

1. Prime Minister Mackenzie King was totally unprepared to deal with a crisis on the scale of the Depression; he believed it was temporary.
2. King told desperate Canadians this was the responsibility of municipal and provincial governments.
3. When asked by the Conservative opposition why some provincial governments were not being helped by the federal government, King said he would not contribute “a five-cent piece” to a Tory provincial government.
4. King’s attitude cost him the election of 1930. He lost to R.B. Bennett, leader of the Conservatives.

Bennett’s Response

1. Prime Minister Bennett was no more in favour of government relief than Mackenzie King had been, but his government gave the provinces \$20 million for work-creation programs. The economy still did not improve.
2. Bennett had pledged to “use tariffs to blast a way” into world markets and out of the Depression. Bennett’s “blast” was to raise tariffs by 50% to protect Canadian industries. It did provide protection for some Canadian businesses, but other nations, in turn, erected trade barriers against Canada.
3. Prime Minister Bennett feared the growing number of jobless, homeless men would come under the influence of the Communist Party. 1931 – the government banned the Communist Party and arrested several of its leaders.
4. The federal government decided to create work camps for unemployed, single men.

Working for Twenty Cents a Day

1. Work camps were usually located deep in the woods, so the men were completely isolated.
2. Projects such as building roads, clearing land, and digging drainage ditches
3. Paid 20 cents a day and given room and board
4. Food was terrible; bunks were often bug-infested
5. Over 170 000 men spent some time in these camps

The On-to-Ottawa Trek

1. 1935 – over a thousand men left the camps in the interior of B.C. in protest against camp conditions and met in Vancouver.
 2. Under the leadership of their union, the **Relief Camp Workers Union**, the men decided to take their complaints to Ottawa.
 3. The trekkers rode freight cars through the Prairies, picking up more and more supporters along the way.
 4. The RCMP confined the protesters in a local stadium in Regina, allowing only the leaders to proceed to Ottawa.
 5. Prime Minister Bennett attacked the leaders as radicals and trouble-Makers.
 6. Back in Regina, the RCMP were ordered to clear all the trekkers from the stadium. The trekkers resisted, battling the RCMP and the local police for 2 hours – 1 man was killed, many were injured, and 130 men were arrested.
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How Involved Should the Government Be in the Economy During a Depression?

1. Before the Depression, North American governments kept their involvement in the economy to a minimum (known as **laissez-faire**).
2. John Maynard Keynes, a leading British economist, believed that, during a depression, the government needed to “jump start” the economy by spending money on programs that would put people back to work => people would spend money on consumer goods => increase the demand for goods => people would be hired to produce goods => more jobs => more spending, etc.
3. U.S. President Franklin Roosevelt supported this theory – introduced a “**New Deal**” that created numerous public work programs for the unemployed and for farmers.
 - Introduced the **Social Security Act** – social assistance programs such as old age pensions for workers 65 and older, unemployment insurance, and financial assistance for dependent mothers and children.
 - In a series of radio talks known as “**fireside chats**,” he built up voters’ confidence in the U.S. economy.
4. Prime Minister Mackenzie King felt that spending money on social programs during a depression did not make economic sense, that it was better to wait until the economy was strong before introducing expensive programs.

5. Prime Minister Bennett also did not support government spending during a depression. He was convinced that "...government is not here to subsidize idleness."
 6. In the 1935 election campaign, Bennett promised Canadians a fairer tax system, unemployment insurance, workplace reforms, revised old age pensions, and support for farmers.
 7. Some Canadians believe in a **welfare state** – even if the country is not experiencing a depression, it is the government's duty to provide basic services such as education, health, unemployment benefits, and other kinds of social assistance to those who need it.
 8. Other Canadians support a **competitive state** – the role of government is to create an atmosphere of healthy competition for businesses by cutting spending on social programs and reducing taxes.
 9. Most Canadians believe in a **mixed economy** – the role of government is to provide a certain level of social services, yet not be overly intrusive in planning and running the economy.
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Trouble in Vancouver

1. 1937 – when the federal government closed relief camps and the provincial government reduced relief payments, many men were left destitute.
2. In protest against the lack of government support, these men conducted "sit-ins" at various buildings until the government responded to their complaints.
3. April – 1600 protesters occupied the Vancouver Art Gallery, the main post office, and the Georgia Hotel.
4. Most were convinced to end their protest, but some were evicted with tear gas, and a 2-day battle with police caused much damage to storefronts.

POLITICS OF PROTEST

1. 1932 – Cooperative Commonwealth Federation (CCF) was formed
 - appealed to Canadians who were dissatisfied with the government's response to the Depression, including farmers, labourers, socialists, intellectuals
 - leader was J.S. Woodsworth
 - platform (the Regina Manifesto) stated its support for public ownership of key industries

- supported social programs to assist people in need of money: the elderly, the unemployed, the homeless, the sick, and other citizens unable to support themselves
 - Wordsworth also urged the government to spend money on public works in order to create employment
 - forerunner of the New Democratic Party
2. 1935 election in Alberta – the Social Credit Party, led by William Aberhart (“Bible Bill”) won a landslide victory
- based on the belief that capitalism was a wasteful economic system
 - felt that government should release money into the economy so that people could spend it
 - appealed to many people from Alberta because the Depression had devastated their economy and they resented the power and control of the banks in Central Canada
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- promised each citizen a “basic dividend” of \$25 a month to buy necessities.
 - Federal government challenged the right of a province to issue its own currency; social credit was disallowed by the Supreme Court.
 - The Social Credit Party remained in power in Alberta until 197

Provincial Solutions

1. In Ontario, the provincial Liberals came to power in 1934, the first time in 29 years.
2. In Quebec, Maurice Duplessis, a former Conservative, brought the newly formed Union Nationale party to power in 1936.
 - a nationalistic French-Canadian party that relied upon the support of the Roman Catholic Church and rural voters
 - blamed many of Quebec’s social and economic problems on the English minority in Quebec, which controlled the province’s economy
3. In B.C., Premier Dufferin Pattullo, a Liberal, was elected in 1933.
 - a strong believer in greater provincial spending power
 - introduced reforms to shorten the work day, increase the minimum wage, and increase relief payments by 20%
 - launched public works projects => bridge over the Fraser River at New Westminster, a new city hall for Vancouver

A CHANGE IN GOVERNMENT

1. By 1935, voters were fed up with Bennett’s inability to deal with the crisis of the Depression, so they returned Mackenzie King to power.

2. William Lyon Mackenzie King
 - Was well known for dull and ambiguous speeches that blurred the issues and seemed to promise everything to everyone.
 - Wanted desperately to keep Canada united – French and English, the different regions, social classes.
 - Was Canada's prime minister during World War II; his friendships with British PM Winston Churchill and U.S. President Franklin Roosevelt helped strengthen the relationship among the Allies.
 3. Richard Bedford Bennett
 - Canada's prime minister during the darkest days of the Depression
 - Was a millionaire, so poverty-stricken Canadians felt little affection for him.
 - Was hated by many for his failure to find a solution to the bad times, but proof of his compassion emerged after his death. E.g. he sent money to people who wrote him desperate letters.
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Increased Tension in Federal-Provincial Relations

1. The unemployment crisis of the Depression had caused lots of tension between the federal and provincial governments.
2. There was disagreement over which government had the right to collect tax money and which government should pay for social and employment assistance.
3. 1937 – King created the Rowell-Sirois Commission
 - recommended that the federal government have more control over taxation
 - the federal government would then give the poorer provinces grants or **equalization payments** to ensure that every province was able to offer its citizens the same level of services.
 - Also recommended that the federal government bear the responsibility of unemployment insurance and other social benefits such as pensions.
 - Recommendations were either pushed aside indefinitely or adopted many years later because the economy had started to turn around and Canada became preoccupied with WW II.

DISTRACTIONS FROM DESPAIR

1. Radio was particularly popular during the Depression
 - Initially, Canadian audiences preferred syndicated U.S. shows, such as "The Lone Ranger" and big-band entertainment programs.

- In an effort to win over Canadian listeners, the federal government created a public radio service, the Canadian Broadcasting Corporation (CBC) in 1936.
- 2. 1934 – birth of the Dionne quintuplets brought a welcome distraction from the grim realities of the Depression.
 - When their poverty-stricken parents were judged incapable of looking after the “miracle babies,” the five girls were taken into the care of the Ontario government.
 - They were put on public display and the Ontario government earned millions of dollars from this tourist attraction.
 - Later, it became clear that the quints had been denied normal lives and had seen little of the money the government had supposedly set aside for them.
- 3. At his death, it was discovered that “Apache” naturalist **Grey Owl** was actually an Englishman named Archie Belaney who took on the identity of a Canadian Aboriginal.
 - Devoted the latter part of his life to the preservation of the northern Canadian forests and the disappearing beaver.
 - His books became best-sellers, he made movies, and dined with prime ministers and royalty.

THE RISE OF DICTATORSHIPS

1. The economies of most European countries never recovered from World War I, and the Depression made matters even worse.
2. In the Soviet Union, Josef Stalin took over as leader of the Communist Party after the death of Lenin, the leader of the 1917 Revolution.
 - “the man of steel” was a ruthless and cruel leader whose agricultural and economic policies caused the death of millions of Soviet workers.
 - The Soviet Union became a **totalitarian state**, with every aspect of people’s lives controlled by the Communist Party.
3. In Italy, Benito Mussolini, or Il Duce (“the leader”) came to power in 1922.
 - He created a **fascist** government – opposed to democracy, extremely nationalistic, relies on military and police power to maintain absolute control.
 - Control all media and use propaganda to promote the ideals of the state.
4. The most powerful fascist party was the German National Socialist party, or Nazi Party, under Adolf Hitler.

GERMANY AFTER THE WAR

1. Germany bitterly resented the “war guilt” clause that required it to make reparations to other countries.
2. The German economy had been ruined by the war; in order to make reparations, the government had begun printing large amounts of money in the early 1920s – German money became worth less and less while the prices of basic goods increased rapidly.
3. When world stock markets collapsed in 1929, the weakened German economy was affected more than most countries.

Hitler Comes to Power

1. Hitler and his Nazi Party claimed they had the solutions to bring Germany out of the Depression and make it a great nation again.
2. January 1933 – Hitler became Chancellor of Germany
March 1933 – the Nazi Party won control of the German parliament.
3. The Nazi government defied the terms of the Treaty of Versailles by stopping all reparation payments and starting a massive expansion of the armed forces.
4. Hitler subsidized farmers to help rebuild their farms, and poured money into public projects such as the *Autobahn*, a network of highways.
5. Unemployment went down and the economy started to improve.
6. The Nazis abolished all other political parties in the country.
7. Trade unions were banned.
8. Hitler became known as *der Fuhrer* (“the leader”); he was a ruthless dictator who ruled his country through intimidation and fear.
9. The Nazi Party was deeply racist – members believed that the German people were a “master race” composed of Aryans, a supposedly “pure” race of northern Europeans.
 - Non-Aryans, including Jews, Roma (Gypsies), and Slavs, were considered to be inferior.
 - People with mental or physical disabilities, Communists, and homosexuals were despised and persecuted.
 - *Kristallnacht* or “Crystal Night” – Nov. 9, 1938 – Nazi mobs attacked Jewish businesses across Germany; sidewalks were covered with broken glass from windows.

ON THE ROAD TO WAR

1. 1931 – Japan invaded Manchuria.
 - The Chinese government appealed to the League of Nations to punish Japan.
 - The League condemned Japan's action and tried to negotiate, but Japan responded by withdrawing its membership from the League.
 2. 1935 – Italy attacked Abyssinia (now Ethiopia)
 - The League of Nations immediately voted to impose trade sanctions against Italy.
 - France and Great Britain were reluctant to punish Italy as they wanted Italy's support in case of a new war with Germany.
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Germany on the Offensive

1. 1936 – Hitler ordered his troops into the Rhineland, an area along Germany's western border that was demilitarized by the Treaty of Versailles.
2. 1936 – General Francisco Franco and his Falange (fascist) followers led an attack on Spain's government.
3. Civil war between the elected socialist government and the rebel forces of General Franco – with military support from Hitler and Mussolini, Franco won the war and became the ruler of Spain.
4. Canadian volunteers called the Mackenzie-Papineau Battalion (the Mac-Paps) went to Spain to join in the fight against Franco and fascism.

The Policy of Appeasement

1. Throughout the 1930s, Western democracies adopted a policy of **appeasement** in response to Germany's aggression because no one wanted to fight another war, BUT, it only made Hitler bolder.
2. March, 1938 – Hitler took over neighbouring Austria, a German-speaking country.
3. He then demanded the right to take over the Sudetenland, the German-speaking region in western Czechoslovakia.
4. Sept. 1938 – at a conference in Munich, Britain and France agreed to this demand; Hitler pledged that this would be his last territorial claim.
5. March 1939 – Hitler took over the rest of Czechoslovakia.

6. 1939 – Hitler invaded Poland.
7. Aug. 1939 – Hitler signed a non-aggression pact with Joseph Stalin, leader of the Soviet Union, and agreed to divide Poland between them.
8. Britain and France ordered Germany out of Poland by Sept. 3, 1939. When Germany ignored this deadline, Britain and France declared war on Germany.

Canada's Response to Growing Tensions

1. Throughout the 1930s Canadians, including Prime Minister Mackenzie King, remained **isolationists**, uninterested in affairs outside their borders.
2. 1937 – King went to Germany and visited the German leader. He wrote this in his diary:

(Hitler) smiled very pleasantly and indeed had a sort of appealing and affectionate look in his eyes. My sizing up of the man as I saw and talked with him was that he was the sort who truly loves his fellow man...
3. While King knew that the Nazis were persecuting Jews and other groups, he saw no need for Canada to become involved or to accept Jewish refugees.
4. 1939 - Canada's Secretary of State, Pierre Rinfret, told a meeting of his supporters that *"despite all sentiments of humanity, so long as Canada has an unemployment problem, there will be no 'open door' policy to political refugees here."*
5. After the *Kristallnacht* incident, Thomas Crerar, a Liberal cabinet member, made a recommendation that 10 000 Jews be allowed to emigrate to Canada. The Cabinet refused his suggestion. Immigration director Fred Blair was against Jews coming to Canada, maintaining that *"none is too many."*
6. 1939 – the oceanliner *St. Louis*, with over 900 Jewish refugees on board, was refused permission to dock when it appeared off the east coast of Canada. The ship was forced to return to Europe, where many of the passengers later died in concentration camps.
7. In 1938 there were 165 000 Jewish people living in Canada, the vast majority were citizens. Rallies were held in many parts of the country in support of a more humane immigration policy.