

**5.1 Prosperity in the 1920's**

During the Great War, Canada's industries were focused on wartime goods which drove up the cost of everyday goods. Returning soldiers found that prices were doubled what they had known and their wages did not keep pace with prices. This forced lower sales which further hurt the Canadian economy. Unemployment increased and many war vets could not find work.

The 1920's were a period of rapid economic growth for central Canada, the prairies and BC.

- Items like wheat were in great demand and worldwide demand for minerals after WW2 created a period of growth in places like B.C.
- US manufacturers such as Ford and GM built **Branch Plants** in Canada. These were factories built in Canada to avoid taxes on imported goods.
- Cities in Central Canada also benefited from increased manufacturing.
- Value of goods increased 700%

Changing technologies was a spur to economic growth.

- 1920's – electricity was in widespread use in urban areas only.
- The Assembly Line ( a row of workers & machines along which work is passed until the final product is made) greatly increased good production.
- As the 1920's came to a close, employment increased, and more workers could afford to buy the new products and technology.

The economic boom of the 1920's did not reach the Maritimes.

- Shipbuilding had declined over the last 20 years and ports such as Halifax and Saint John couldn't modernize fast enough to compete with Montreal.
- The Canadian gov't also increased freight rates which cost maritime companies more to ship their goods to the marketplace. This forced them to raise prices and lost them customers.
- By 1926, 42% of manufacturing jobs were cut causing many to leave the region.

- Hydroelectric power was slower to develop meaning industries could not take advantages of new technologies.
- The Maritimes also lost customers in the Primary Industry sector as well. Primary industries were the main sources of jobs in this region.
- The US raised taxes on these goods. This caused increase prices. Furthermore, competition from Central Canada also meant more lost customers for the Maritimes.

NL's economy experienced similar problems as the Maritimes.

- The high debt from WW1 and the costs of the railway was a major problem.
- Economic growth was hampered because major industrial investors here were from other places and did not reinvest in NL

## 5.2 Lifestyle and Technology

The 1920's were known as the Roaring Twenties because of the good times and social freedoms of the decade.

Economic prosperity led to new ideas such as the **installment plan** which allowed customers to “buy now, pay later”. This was for those without money or the patience to wait.

- This led to large numbers of people using credit believing the good times were here to stay and never worried about being in debt.

### Technology Advanced

- Telephones and cars became very popular items.
  - 1920 = 1 / 4 families had a telephone
  - 1929 = 3 / 4 families had one
- Newly developed electrical appliances were in great demand and persuasive ads attracted consumers to these purchases
- The invention of radio and motion pictures enhanced leisure activities.
- 1925 – 1<sup>st</sup> electric radio invented

## Not all Canadians benefitted from the roaring twenties

- The working poor in rural areas, for example, would trade food with storekeepers for basic supplies.
- Many working poor in the cities struggled to survive, many without electricity or the means to buy new products.
- Many women lost their jobs once WW1 ended and the soldiers returned home. Most girls left school by grade 8 to become wives and mothers
- Some women who were educated were able to keep jobs as teachers, nurses, etc...
- Women university graduates had greater access to jobs but were not paid the same wages as men who did the same job.
- Child labor laws improved conditions for children in the work force.
- By 1929, children under 14 not allowed to work in mines & factories.

## 1<sup>st</sup> Nations

- placed on reserves with few economic resources and saw little benefit from the Roaring Twenties.
- The federal gov't tried to assimilate the aboriginals. **Assimilate** means to give up your own culture and adopt the mainstream culture.
- Aboriginals were expected to adopt British customs and culture and abandon their own.
- Education was the tool by which aboriginals would be assimilated.
- Education compulsory for 7 – 15 year olds. Residential schools were built
- Children were uprooted from their homes and forbidden to speak their own language, wear traditional clothing and practice their cultural celebrations
- WW1 vet Fred Loft did challenge this gov't policy.
- In 1927, the Indian Act made it illegal for aboriginals to organize politically or hire lawyers to represent them in any claims against the gov't. This remained in effect until 1951.

## Canada's Golden Age of Sports.

- Racing, rowing, swimming were popular sports.
- Hockey was most popular across Canada. Hockey Night in Canada on Saturday night became a cultural icon
- 1928 women competed in Olympics in track and field. Canadian women's relay team won gold in 400m relay.
- Edmonton Grads won basketball championship 17 years in a row. Women's rules were different from the men

### 5.3 Causes of the Great Depression

- On Tuesday, Oct 29<sup>th</sup>, 1929, New York's stock market crashed. This was called **Black Tuesday**
- This was the beginning of the **Great Depression**.
- A **stock** is a share in the ownership of a company.
  
- Companies sold stocks to expand or develop new products. In return a person received a **dividend** or share in the company's profit.
- During WW1 Canadians had bought **victory bonds** paid people back plus interest after they were cashed in. This experience caused many people to invest.
- On Oct 24, 1929, share prices dropped dramatically at the New York Stock Exchange . This was the main exchange in North America
- By next Tuesday, Oct 29<sup>th</sup>, shares continued to drop, investors panicked and tried frantically to sell their shares .
- No one wanted to buy them. Consequently, the Stock Market crashed.

#### The Roots of the Depression

1. Spending and buying habits of the 1920's
  - easy credit led to mass buying by Canadians
2. Credit card system
  - led to demand on goods that manufacturers could not meet which forced them to sell shares and stocks for expensive new equipment to produce more goods faster
3. Manufacturing practices
  - They mass produced more goods then customers wanted and stockpiled them in warehouses
4. Canada's close economic ties with the U.S.
  - U.S. investors pulled out of Canada leaving thousands without work
5. Canada's reliance on exports
  - By 1932 50% of international trade dropped. Hundreds of thousands of people lost their jobs.
  - Countries raised tariffs on imports.
6. Economic problems
  - Massive lay-offs by companies
  - Unemployed could not pay off their credit

## 5.4 Effects of the Great Depression

### 1. Failing Economic Policies

- In 1929 the Liberal leader, William Mackenzie King, was the Prime Minister of Canada.
- The gov't thought that the Depression was only a temporary situation that would end quickly – IT DID NOT.
- In 1930, the Conservatives took power under R.B. Bennett. He gave provinces \$20 million to the provinces.
- The Provinces used the money for Welfare and Public Works projects such as road repairs to get people back to work
- Bennett could not negotiate better tariff rates with the U.S. He believed a **balanced budget** was the answer but conditions worsened.

### 2. Social Conditions

- A. There was no work to be found and certain minority groups (women, aboriginals, etc...) experienced discrimination when applying for jobs.
- B. Luxuries vanished except for the rich
- C. People were homeless and hungry
- D. Malnutrition and diet-related diseases like scurvy was common
- E. “Hand-me-down” clothing was the norm
- F. No gov't programs  
Ex. EI, Medicare, Child Tax Credits

### 3. Hard Times

- People all across Canada faced hard times during the Great Depression.
- When all other options ran out, the unemployed asked for public relief known as “**the dole**” or “**pogey**”.
- This was humiliating and requirements to collect the dole included giving up driver's license or giving up alcohol.
- Relief camps were set up for men to do labour.
- Others became hobos and “rode the rails” looking for work across Canada.

#### 4. Escape From Hard Times

Radio provided a cheap way to forget your troubles.

Movies were another way to escape the harsh realities of life for those who could afford it

#### 5. Political Changes

Canadians felt that the current political parties were not effective.

Consequently, new parties were formed.

A. Communist Party

B. Co-operative Commonwealth Foundation

C. Social Credit Party

D. Union Nationale Party of Quebec

##### Communist Party

- belief that all people should share in society's prosperity
- Protested against social injustice
- Supported gov't assistance for relief & housing

##### Co-operative Commonwealth Federation

- believed in public (not private) ownership of utilities & transportation
- Gov't funded pensions & children's allowances
- Believed in health & welfare insurance
- Worker's compensation and EI

##### Social Credit Party

- Believed gov't should give all people \$25 credit to buy things. This would revive the business cycle and end the Depression

##### Union Nationale Party of Quebec

- Believed in reforms to end unemployment and the hardships of the Depression

Politics didn't end the Depression. Economic conditions gradually improved, international trade increased and the drought in the Prairies ended.

Unemployment stats :

1929	3 %
1933	30%
1938	12-13%

It would take a war to change this stat.