

Name/Date:

Social Studies 10 Canada 1919-1939

1D: Causes of the Depression

Reference: Counterpoints Ch. 4, p. 90-94, Teacher slideshow/talk

FACTOR	EXPLANATION	Other/Interesting?
	<ul style="list-style-type: none">• good times had encouraged producers to increase production beyond what markets demanded• stockpiling of goods•	
	<ul style="list-style-type: none">• competition from other producers of same products reduced price on world market• vulnerable if those industries suffered a setback (e.g, farmers facing drought in 1930s)• wheat especially - lots of demand in 1920s, but then other markets increased supply, prices fell•	
	<ul style="list-style-type: none">• buy now, play later motto caught up with Canadians• new consumer goods paid for in installments•	
	<ul style="list-style-type: none">• Stock Markets very active - Toronto, NY, Montreal• 1922-1926 Canadian companies issued shares valued at \$700 million• put 10% down on stocks with the idea of paying back the rest with dividends - sometimes even the "margin" was borrowed on easily obtained credit• investors sought to cash in on high prices, but flooded market & prices crashed•	
	<ul style="list-style-type: none">• Tariffs shut Canada out of world markets• exports plummeted, with serious repercussions for the economy• Smoot Hawley Tariff Act 1930 - raised import duties, led to trade decline with Canada	

	<ul style="list-style-type: none"> • primary market, so downturn there affects us (reduced business, trade) • US Federal Reserve cut money supply by 1/3 from 1930 to 1931 - businessmen couldn't get loans or renew old ones 	
	<ul style="list-style-type: none"> • poor farming practices and drier climate led to drought • topsoil dried up and blew away in great dust storms • affected "Palliser's Triangle" in Canada • 	
	<ul style="list-style-type: none"> • economic model - government not as involved, so economy is slave to the markets (capitalism) • banking system and dropping the gold standard • unequal distribution of wealth - small middle class, wages not keeping pace with cost of living • 	
	<ul style="list-style-type: none"> • USA suffered for many similar reasons • France and Britain relied on German reparations to pay back their own loans to the USA • 	

Questions from Counterpoints Ch. 4 -- use these (especially) to clarify what you learned from the chart and teacher's presentation

1. Read the testimonial on p. 89. Use five words to describe the Depression based on what you've read.

2. Note the key terms on p. 90. Are there any you still don't know after completing the chart? If so, define them here.

3. See Figure 4-4 on p. 92. Which province do you think was hardest hit by the Depression? Why?