

WHAT CAUSED THE GREAT DEPRESSION IN CANADA ?

OVERPRODUCTION

- good times had encouraged producers to increase production beyond what markets demanded
- stockpiling of goods
- workers laid off, have less money to spend, buy fewer goods

KINGSTON, ON - MANUFACTURING



An example of industries that shut down due to overproduction

PRIMARY PRODUCTS DEPENDENCE

- 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,
- farmers lost income & couldn't pay loans and mortgages



WWI had devastated farmland in France and elsewhere
-- this led to a short-term demand for WHEAT from
anywhere it could be grown.

CUTTING GRAIN IN ALBERTA, C. 1920



WHEAT brought so many immigrant farmers to Canada, but there was only so much that could be sold, especially as Western Europe got back on its feet.

BUYING ON CREDIT

- “buy now, pay later” motto caught up with Canadians
- new consumer goods paid for in installments
- many lost jobs and were unable to pay for credit purchases

BUYING ON MARGIN

- 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
- Oct 29, 1929 Stock market crashed - Black Tuesday

CROWDS GATHER ON WALL STREET ON BLACK TUESDAY, OCT 29/29



PROTECTIONISM

- 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

CANADIAN INTERNATIONAL PAPER COMPANY MILL AT THREE RIVERS, QUEBEC, 1930



An example of an industry that
shut down due to declining trade

DEPENDENCE ON USA

- 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

ENVIRONMENTAL ISSUES

- 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
- in Prairies (CAN) and Great Plains (US) known as The Dust Bowl



This area of fertile soil was also prone to droughts -- which meant soil could dry up and blow away



The result was huge dust storms



Some of your great-grandparents would have lived through these kinds of storms which wrecked crops, killed animals, and picked up their soil and dropped it somewhere else.

OTHER CAUSES

- 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
- population decline - war, influenza, and distractions of the Roaring 20s

WORLDWIDE DEPRESSION

- USA suffered for many similar reasons
- France and Britain relied on German reparations to pay back their own loans to the USA
- Germany was unable to pay reparations, her economy was in ruins

ECONOMIC COLLAPSE

- Stock market crash didn't cause Depression - only made it worse
- Investors who couldn't repay stock debt went bankrupt
- Canada plunged into Depression -- the Dirty 30s



THE ECONOMIC CYCLE



Stocks, jobs, wheat prices, wages, mining, etc... the economy was a roller coaster from 1900-1950

**JOBLESS MEN
KEEP GOING
WE CAN'T TAKE CARE OF OUR OWN
CHAMBER OF COMMERCE**

