THE GREAT DEPRESSION
OF THE 1930s IN CANADA

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Cover: Strikers from unemployment relief camps en route to Eastern Canada during the "On-to-Ottawa Trek," June 1935. Courtesy of the Public Archives of Canada, C-29399.
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THE GREAT DEPRESSION OF THE 1930s IN CANADA

For Canadians, the Depression of the 1930s still ranks as the most disastrous decade of this century. To many of those who lived through it, the Second World War came as a relief. In recent years the use in the media of the phrase “the worst unemployment since the Great Depression” testifies to its continued force as a symbol of economic catastrophe.

The images of the Depression include bread lines and the dust clouds sweeping over drought-stricken Saskatchewan. Perhaps the most striking image, however, is that of the “Bennett buggy,” an automobile without engine turned into a horse-drawn carriage. Economic necessity forced a step backwards in technology. The decade witnessed many such defeats. Small wonder that Canadian authors writing about the 1930s have called them “ten lost years,” “the dirty thirties,” “the bitter thirties,” “the winter years.”

In Canada the economic downswing began in the summer of 1929 and ended in the spring of 1933. The recovery that followed was uneven (Prairie farmers, for example, scarcely shared in it), was interrupted by a severe recession in 1937-38, and was far from complete when war broke out in Europe in September 1939. The war brought economic recovery. Industrial activity increased rapidly, and agriculture also improved. On the Prairies the drought finally ended. By 1942 unemployment had given way to overemployment, women were entering the labour force in unprecedented numbers, and the Depression had become a memory. For years, however, that memory would be very potent.

International and Domestic Aspects of the Economic Slump

Of all the western countries, only the United States suffered a greater economic decline during the downswing than did Canada. From 1929 to 1933, Gross National Product in Canada fell by 42 per cent in current and 29 per cent in constant dollars. (The difference reflects the devastating deflation that took place.) National income in 1933 was a mere 51 per cent of what it had been in 1929. Industrial activity in the first quarter of 1933, the very depth of the Depression, was 57 per cent of the average figure for the years 1925-29. Imports by volume were down a huge 56.7 per cent from 1929 to 1933. The country had become much poorer.

The reasons for the seriousness of the slump in Canada were both external and domestic; it must therefore be seen in an international context. Like that of the United States, the Canadian economy had experienced several years of expansion before 1929. In Europe, on the other hand, recovery from the damage and dislocations of the Great War was slow, uneven, and incomplete at the end of the 1920s. Thus the contrast between
the Depression and the 1920s, though serious especially in Germany, Belgium, and a few other countries, was less marked in Europe than it was in North America.

The continuing weakness of the European economies contributed to the severity of the international slump. More important, however, was the inability of Great Britain after the War to resume responsibility for stabilizing the world economic system. It had done so throughout much of the nineteenth century and up to 1914 in three important ways. Britain had maintained after the 1840s a relatively open market for distress goods (goods that were in oversupply), had provided long-term counter-cyclical lending after 1874 (that is, lending abroad increased when domestic investment decreased, and vice versa), and had discounted in crisis, acting as a lender of last resort. In the 1920s a war-weakened Britain was no longer able to do these things. The one country that had the strength, the United States, was unwilling to accept the responsibility.

The United States, far from acting as a market for distress goods during the Depression, joined other countries in actively trying to reduce imports after 1930. American long-term lending was cyclical: in the early 1930s investment both at home and abroad declined. American bankers, moreover, chose not to act as discounters in crisis. Such policies intensified the shocks that hit the international economic system in the late 1920s: the overproduction of wheat and some other commodities, and the stock market crash of October 1929. The American economic historian Charles P. Kindleberger sums up: "The world economic system was unstable unless some country stabilized it.... In 1929 the British couldn't and the United States wouldn't. When every country turned to protect its private national interest, the world economic interest went down the drain, and with it the private interests of all."

The inability of Britain any longer to provide economic leadership was amply evident in 1931. The Kreditanstalt, a major Austrian bank, failed in May. This created severe difficulties for the German and then the British banking systems, and led in September to the British abandonment of the gold standard. Effectively this devalued the pound sterling. The British also abandoned their long-standing policy of free trade, seeking now to protect domestic manufacturers against competition. North American exports became less competitive in the British market and in the sterling bloc generally. As a consequence, a slight economic rally that had become noticeable in Canada and the United States early in the year came to an end.

From the Canadian point of view, one crucial development was that after 1929 world demand for many primary products dropped steeply, as did prices. Average export prices for all Canadian goods in 1933 were only
62.6 per cent of what they had been four years earlier. This represented a significant deterioration of the terms of trade for Canada, for import prices were still 71.3 per cent of what they had been in 1929.

Canada’s deteriorating export picture was partly the result of international overcapacity in several industries, most notably wheat and pulp and paper. Another important reason, however, was the economic warfare of the Depression years. The tactics in this war included high tariffs, export subsidies, the “dumping” of surpluses in foreign markets, currency devaluation, and foreign exchange manipulation. The strategic goals were to limit imports and encourage domestic producers in a pursuit of national prosperity at the expense, if need be, of every other country. The pursuit was doomed. Economic warfare created more problems than it solved.

Restrictive trade practices were bound to hurt Canada. The country was heavily dependent for prosperity on the export of raw and semi-processed goods. When these exports declined, the entire economy felt the effects.

Wheat provides a fine example. Low prices for wheat in the 1930s, as Argentina, Australia, the Soviet Union, and the United States competed with Canada in trying to market surplus crops, severely damaged the fortunes of Western farmers. Currency devaluation in Argentina and Australia, and the dumping of Russian wheat, intensified the problems for Prairie agriculture. Low prices for other grains and for beef did not help. Net money income from agriculture in the three Prairie provinces in 1932-33 was down 94 per cent of what it had been in 1928-29. Saskatchewan farmers, most heavily dependent on wheat and many of them plagued by drought and grasshoppers, fared worst. In 1933 they got on average only 1.5 per cent of what they had received in income in 1928. Total provincial income was little more than one-quarter in 1933 of what it had been five years earlier.

The lower demand for wheat reduced freight movement. That quickly hurt the railways, and when the slump persisted others suffered as well. Those firms in Ontario, Quebec, or Nova Scotia that supplied capital goods such as tractors or boxcars experienced dramatically reduced sales. They responded by lowering production and laying off workers. Declines in these industries affected the production of iron and steel, and added to the troubles of the Cape Breton coal industry. Non-residential construction fell; this in turn hurt the lumber producers. And as industries contracted, the number of the unemployed grew, with damaging consequences for retailers and the service industries generally.

One of the first and for Canada perhaps the most damaging blow in the international trade war was the American Smoot-Hawley tariff of 1930. This affected especially agricultural exports from Ontario and Quebec to
the United States. Further American duties on lumber and copper in 1932 also hurt Canadian producers. Canada, too, felt the effects of the collapse of industries like construction in the United States, and of the difficulties that the American banking system experienced. By contrast, no Canadian bank failed during the 1930s.

References to the United States or the international situation cannot fully explain the virulence of the Depression in Canada. It suited some politicians and businessmen to identify only external causes for the appalling declines in production and income, for falling profits and rising unemployment. But there were domestic causes as well. These included patterns of domestic investment, the heavy burden of bonded debt carried by both the private and public sectors, and government policies during the downswing.

As a consequence of major surges in domestic investment before the Great War and in the 1920s, opportunities for private investment in Canada had been largely exploited by 1930. In industries like railways, pulp and paper, and automobiles, they had been overexploited and excess capacity was the rule. So much industrial plant stood idle during the downswing that when recovery began in 1933 there was little or no incentive to invest in new capacity, either then or later in the 1930s. The construction and capital goods industries continued to be weak throughout the decade. The one industry in which there was considerable investment during the upswing was mining, especially gold mining. However, investment here created relatively few jobs.

The declines in current government expenditures or consumer expenditures on non-durable goods were less pronounced than other forms of spending. Consumers showed a marked reluctance to buy durable goods during most of the decade. Savings briefly became negative in the early 1930s as people dipped into their resources to try to tide themselves over hard times. There were heroic efforts by individuals, enterprises, and governments to tighten belts and spend less. Though thoroughly natural, these responses were economically perverse, for they reinforced the general decline.

The attempts to economize owed much to the structure of Canadian indebtedness. There had been much borrowing during the investment booms, and the federal government had borrowed heavily to help pay for the war effort. This had encumbered the economy with rigid costs. The debt was relatively easy to service (that is, to pay interest on), so long as growth continued. When growth ceased and reversed itself, debt service became difficult. Although the incomes of companies, farms, and governments decreased, the debt charges did not. They weighed ever more heavily.
Commercial failures increased as enterprises failed to meet interest payments on their accumulated debts. Farmers looked to governments to save them from debt foreclosure, and by 1931 a growing number of local governments were staring insolvency in the face. Not far behind them were several provincial governments, most notably that of hardest-hit Saskatchewan.

Financial, Fiscal, and Monetary Problems

The response to the Depression of Canadian governments at all three levels was, with few exceptions, unimaginative and even economically harmful. The reasons for this were several: the difficulties of public finance and debt management, the old notion that budgets should be balanced at almost any cost, and the belief that an undepreciated dollar was in Canada's best interest.

One effect of the Depression was to undermine government revenues. Income, imports, and consumption declined, and at the local level a growing number of taxpayers were in arrears with their property taxes. Governments responded by increasing taxes in the early 1930s. Total taxes averaged between 16 and 17 per cent of national income in the years 1926-30. By 1933 total taxes were 26.5 per cent of national income! However, in spite of determined and often successful efforts to cut government expenditures on goods and services, current expenditure tended to rise, and the federal and provincial governments had no choice but to operate in deficit throughout the 1930s.

The deficits did not represent a conversion to a belief in the benefits of counter-cyclical spending. The idea that governments should in their fiscal and financial policies counteract the tendencies in an economy dominated by the private sector, as enunciated by John Maynard Keynes in 1936, had little impact in Canada. A few intellectuals and senior civil servants saw its merits; no politician in power did. A balanced budget continued to be the goal. Deficits were reluctantly accepted because they seemed unavoidable. It was impossible to increase tax rates indefinitely. At the same time, certain categories of expenditure grew rapidly in the downswing and proved to be persistent even after the recovery began.

One of these was the cost of unemployment relief. There was no unemployment insurance, and private agencies were quite incapable of dealing with the effects of mass unemployment. Only government could keep hundreds of thousands of Canadians from starving or freezing to death. Relief, a negligible item in the public accounts in 1929, by 1935 cost Canadian governments a total of $173 million. Much of this was ultimately paid by Ottawa, either directly or in the form of "loans" to the provinces, which in turn had to subsidize the municipalities.
Another large and intractable expense resulted from the terms under which the federal government had formed the Canadian National Railways. Ottawa’s guarantee of the various lines’ debts proved very costly when the CNR after 1929 went into deficit. From 1930 through 1936, Ottawa annually spent even more in meeting CNR interest payments than it did on unemployment relief, even though by 1936 it spent $81 million on the latter.

By the standards of the time, that was a large sum. In 1936, for example, all Canadian governments collected a total of $1,071 million in revenue; in 1932 it had been as low as $763 million. The total deficit in the latter year was $277 million. This represented a crisis in public finance which forced many municipalities and eventually one province, Alberta, into defaulting on their debts. Manitoba, Saskatchewan, and British Columbia escaped insolvency only because of loans from Ottawa. Provincial defaults, Ottawa feared, would damage its own credit rating.

Ottawa had no difficulty borrowing, but neither the Liberal nor the Conservative governments eagerly added to the public debt. The total outstanding debt of all levels of government was $6,174 million in 1930. This was felt to be heavy, as debt charges were just over 27 per cent of current revenues. Three years later, debt charges absorbed fully two-thirds of Ottawa’s current revenue, and one-third of all provincial current revenues. (The data for municipal governments are not available.)

Total government debt increased by $1.7 billion, or 27 per cent, from 1930 to 1937. None of this money represented an investment in boldly innovative projects. Boldness, indeed, is the last word to describe the policies of the federal government, whether directed by R.B. Bennett’s Conservatives or William Lyon Mackenzie King’s Liberals. Their chief concerns were to avoid assuming new responsibilities, especially for unemployment, that might prove costly and politically unrewarding, and to maintain international confidence in Canada’s currency and credit-worthiness.

More than half of the public debt, and more than four-fifths of Canadian corporate debt, was solely or optionally payable in foreign currencies, the pound sterling or, more commonly, the U.S. dollar. This affected both principal and interest. Although Canada had in 1929 cut the Canadian exchange rate loose from its link to the world price of gold, there was a strong reluctance to let the dollar “float down” in relation to the pound and the U.S. dollar. When in 1931 the British left the gold standard, the Canadian dollar strengthened against the pound, but weakened against the U.S. dollar, at one point reaching a discount of 25 per cent. The resulting costs to many Canadian borrowers, who were obliged to pay interest in U.S. funds if requested, were considerable. They further increased the
dislike of the financial community for experimentation that might undermine the value of the dollar. The situation did not correct itself until 1933-34, when the United States devalued its dollar. Not until the latter year did Canada have a central bank which, had it existed earlier, might have been used to introduce a controlled programme of exchange depreciation or monetary expansion. In the downswing, as the economist A.E. Safarian has noted, "monetary policy as known in some other countries simply did not exist." The government held tight and hoped for the best.

Ottawa's attempts to keep the dollar sound and to balance the budget, though understandable within the context of their time, were of questionable value. The former compounded the difficulties of the export industries, increasingly less able to compete with countries that did devalue. Both reinforced the deflationary trend of the early 1930s. To many enterprises, the debt burden became crushing. What also contributed to this were persistently high interest rates. The real return on loans, the interest rate plus deflation, exceeded ten per cent per annum in the early years of the decade. It was a hard time for borrowers.

**Unemployment and Its Relief**

Unemployment was spread unevenly among regions, industries, and types of workers. Not surprisingly, the export-oriented areas and industries fared worst. Fishermen in the Atlantic provinces and on the Pacific Coast, coal miners in Cape Breton and on the British Columbia-Alberta border, forest workers in Quebec, Ontario, and British Columbia: these and others like them suffered severely. So did those who worked in construction or transportation.

The tariff-protected and "naturally sheltered" industries suffered less. There was much unemployment in manufacturing, but the barriers against foreign competition preserved some jobs. Workers in retailing, the financial sector, and service industries might see their incomes fall, but they were likely to retain their jobs. This was truest for public sector employees: civil servants, teachers, and the like. They often got paid extraordinarily badly, and in rural areas teachers might have to take some of their meagre pay in kind, but they did have work.

White collar workers fared better than blue collar workers, the skilled better than the unskilled. Unemployment among the latter was particularly high. The young also suffered grievously. Those whose families could afford it stayed in school longer than they might otherwise have done. University enrolment climbed gradually throughout the 1930s, although employment after graduation was far from certain. Young architects,
engineers, dentists, lawyers, and physicians had a particularly hard time in a world in which those who could afford to pay for their services had the pick of experienced practitioners.

Estimates of average unemployment in 1929 — fully reliable figures do not exist — range from 2.5 to 4.2 per cent. For 1933 the estimates range from 19.3 to 27 per cent of all Canadian workers. The over-all rate of unemployment for women was lower than that for men. The unemployment survey of the 1931 Census showed that 25 per cent of women recorded lost time as compared with 44 per cent of men. This was so because the service fields, in which most women were employed, had a lower rate of lost time than the fields in which most men were employed. Within the service fields, however, female unemployment was somewhat higher than male.

Fully a third of wage earners, as distinct from salary earners, were estimated to be out of work on 1 May 1933, in a confidential memorandum prepared for the Prime Minister’s Office. The date marks the approximate nadir of the Depression. At that time some 1.5 million Canadians, almost 15 per cent of the population, were dependent on direct relief for physical survival. This number included more than 200,000 farming folk in Saskatchewan, kept alive and on their dried-out farms by the federally-financed Saskatchewan Relief Commission. That body also made contributions to the expenses of doctors and dentists, and provided direct relief to many teachers.

Although the economy gradually began to improve after the first quarter of 1933, many continued to be dependent. It is estimated that 2 million Canadians received public relief at some time during 1934, and 1.9 million during 1935. In 1938 the number was still in excess of 1.1 million.

These figures represented an appalling pauperization of Canadians, and particularly of the urban working class. In the absence of unemployment insurance, the unemployed had to exhaust every possible resource — savings, help from family or friends, credit from shopkeepers — before turning to public relief as a last resort. The principle underlying relief was that of “less eligibility,” that is, it should provide less than the wage obtainable from the worst-paid employment. No one, the authorities expected, would thus be tempted to go on relief if there were any jobs at all.

There were no jobs for the unemployed, however. And thus many hundreds of thousands went “on the pogey,” although all available evidence indicates that they loathed doing so. To accept relief was an admission of defeat and failure, a humiliating stigma, whether the relief was indirect or direct. The former involved working on government-financed projects designed specifically to relieve unemployment. The latter virtually abandoned the principle that the recipient should in some sense earn his income.
Direct relief had the advantage of being cheaper than relief projects, however, and thus soon proved more attractive to hard-pressed governments. Direct relief could be paid in cash or in vouchers for goods: the latter was particularly humiliating. Some work might still be required, but it was usually menial and unnecessary. This was "boon-doggling," which reflected a widely-held belief that the indigent ought to do something, however pointless, to justify their existence.

While the hated "pogey" sometimes bred militant opposition, more commonly it led to apathy, despair, or a sullen "relief mentality." One report from Edmonton in 1932 stated: "I have seen men come into the office with tears in their eyes suffering humiliation at being forced to apply for assistance and today the very same men are demanding increases in relief and adopting the attitude that it is their inalienable right to receive relief." The "root hog or die" attitude of an earlier Canada was increasingly unacceptable to many Canadians. If relief was all the country could offer them, they wanted more.

Yet some of those who qualified for relief found ways to avoid it and the disgrace that attended it. A United Church minister in central Manitoba found in 1934 that many farm families lacked underwear, bedding, and even shoes for the children, so that these could not attend school. Of these families none had applied for the relief to which they would have been entitled.

This sort of pauperized but sturdy independence was hardly a choice open to urban Canadians. They had no opportunity to grow their own food or cut firewood. The tradition of seasonal unemployment in Canada for many workers meant they were poor to begin with: in 1929 half of Canadian wage-earners and their families lived at or below the poverty line as defined by the Department of Labour. Two incomes were for many families essential if a modest level of existence was to be maintained. Hundreds of thousands of married women had to work outside the home. The female labour force in 1931 totalled 666,000, as compared with 3,261,000 in the male labour force. Because women invariably earned less than men, they were sometimes less vulnerable when firms cut back. Against this stood the preconception that men were the primary income earners for a family. In whatever way unemployment came, however, the resulting loss of income was a hardship. The background of poverty of most of the working class meant that relief could not be avoided if all income ceased for more than a relatively short time. This became ever more true as the 1930s wore on. One bout of unemployment would exhaust any savings and other resources; the next bout would quickly force the family head to apply for relief.
Unemployment relief posed problems of cost, administration, and morale that Canadians failed to solve. First municipalities and then provincial governments pleaded to be relieved of the financial burden, but although Ottawa reluctantly made funds available it refused to accept responsibility for relief. Evidence that local and provincial administration were less than efficient did not change the federal resolve to avoid an obligation that threatened to be both costly and politically without advantage.

The Bennett government made one exception to this rule. Single young men caught its attention. Often ineligible for relief in their own right, yet unwilling or unable to stay with parents, many single men and a few single women took to the road or the rails in search of work, living in "hobo jungles." By 1931 the federal Minister of Labour wrote to the Prime Minister about the "transient menace" in the West. In the fall of the following year, the social worker Charlotte Whitton warned R.B. Bennett that there were more than 100,000 transients in the four western provinces alone, that they were beginning to make organized demands for services and were "generally becoming a menace to law, order, property and security."

Some of the provinces, notably Ontario and British Columbia, had already established relief camps for single men. Acting on the advice of Whitton and the Chief of the General Staff, General A.G.L. McNaughton, the federal government in late 1932 established its own camps. The government reasoned that only by concentrating young men in locations distant from major centres of population could their threat be contained. The government hoped, too, that single men would this way be kept from contamination by Communist agitators. From a modest beginning, the camps grew rapidly in 1933. Local authorities did their best to force the men into the camps by clamping down on assistance to transients. The camps themselves had meanwhile come under the cost-conscious administration of the Department of National Defence.

In exchange for six days work on projects that did not urgently need to be done — laying out airstrips for an as yet non-existent trans-Canadian air service was one — the men got room, board, medical care, and an allowance of twenty cents a day. With this they could buy candy, tobacco, writing paper, and other small items. There were no facilities for recreation except those that churches and charitable institutions gradually provided. Educational programmes did not exist until Frontier College moved in. The camps were places for working, sleeping, getting thoroughly bored, or sullenly resentful. One Frontier College teacher identified the major problem: the camps shared "a general atmosphere of hopelessness." They
offered no promise of personal betterment. "Therefore the man in camp
considers his time wasted and will become susceptible to any kind of
propaganda advocating change."

It did not require the Communist-led Relief Camp Workers’ Union
(RCWU) to create dissatisfaction. However, the RCWU exploited the
unhappiness among the “Royal Twenty Centers,” as the inmates of the
camps derisively called themselves. Although camp authorities expelled
union organizers as soon as they were spotted, and the RCWU never
gained formal recognition, it had considerable success in organizing men.
There were relief camp strikes in Ontario, Quebec, and especially British
Columbia in 1934 and 1935. In the spring of 1935 thousands of men left the
camps and headed for Vancouver. When neither the provincial nor the
federal government showed any willingness to negotiate with the strike
leadership — “work with wages” was the most important of six demands —
about a thousand strikers mounted CPR boxcars and went east.

The On-to-Ottawa Trek got no further than Regina, the Royal Canadian
Mounted Police having received instructions not to let the strikers proceed.
A meeting between the Cabinet and eight representatives of the Trekkers
produced no agreement: the Bennett government was not willing to replace
the camps with a programme that was bound to cost more money. The
strike leaders returned to Regina empty-handed. They were aware,
however, that they enjoyed a lot of public support.

On 1 July 1935, RCMP and Regina police officers raided a meeting of
Trek supporters in order to arrest the strike leaders. A riot ensued in which
one plain-clothes policeman was killed and a number of people were
injured. With the leadership now in jail, the Trek collapsed and the men
returned to camp. The new government of MacKenzie King closed the
unpopular camps in 1936, and a series of makeshifts followed. But these did
not solve the problems of relief for single people or transients. Indeed, the
entire problem of relief remained unsolved. By the late 1930s informed
observers, such as Charlotte Whitton and the McGill University economist
Leonard Marsh were warning that hundreds of thousands of Canadians
were becoming chronically dependent.

Canadians In and Out of Work

Even at the lowest point of the Depression close to three-quarters of
Canadians were still working. Many of them were insecure, however, and
their wage rates, seldom generous to begin with, had usually been cut and
cut again. This was less true of salary earners, whose incomes often held up
well. Wage rates in unionized enterprises also tended to be “sticky” in the
downturn. As the national income declined, wage and salary earners were

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getting a growing share of it, while the shares of farmers and small business operators fell. People who kept their jobs were not infrequently better off in 1933 than in 1929. The 23 per cent decline in the Consumer Price Index was kind to those on fixed or nearly-fixed incomes.

Approximately one-fifth of Canadian families enjoyed annual incomes of $1,500 or more even during the worst of the Depression. To varying degrees they were able to take advantage of prices that were in some cases lower than they had been for fifteen years or more, and would never be as low again. A pound of sirloin steak cost less than a quarter; a new Ford or Chevrolet cost $600. Even in Toronto a good house in a nice neighbourhood went for $6,000 or less; rents of $15 a month for a bungalow or an apartment were common. A domestic would work six days a week for room, board, and as little as $8 per month.

A movie cost a quarter or even less. The films Canadians watched were mostly made in Hollywood, the stars likewise usually American. Both amateur and professional sports had avid followings, especially baseball in the summer and hockey in the winter. Radio brought theatre, music, and sport close to many. Foster Hewitt's voice became familiar to hundreds of thousands, as he reported the play-by-play of National Hockey League games from Toronto. Of course one needed a radio, but they became steadily cheaper: less than $10 for a small set before the decade was out. Newspapers cost two cents; magazines a dime. After May 1934, they carried many a story about the world-famous Dionne quintuplets, born to a French-Canadian family in Northern Ontario, and about their physician, Dr. A.R. Dafoc.

One cheap form of entertainment was amateur drama, and it flourished. The Dominion Drama Festival was begun in 1932. The contrast with the depressed state of professional theatre was stark. Already in the 1920s the theatres that hosted the touring troupes were being converted to movie houses or torn down. The other performing arts fared little better, for Canada had no tradition of strong support for the arts.

Painters and sculptors found it almost impossible to sell their work; even established writers had trouble getting their work published. For survival other employment was a must. Yet important works did see the light. These were often responses to the Depression: the paintings of André Biéler, Miller Brittain, Charles Comfort, and Marian Scott, the poetry of A.M. Klein, Dorothy Livesay, and Frank Scott offer many examples. Morley Callaghan's _They Shall Inherit the Earth_ and Irene Baird's _Waste Heritage_ are important novels that draw heavily on the Depression experience.

Yet artists and writers worked largely in isolation from the mass of Canadians. For them sport and film mattered more than painting, poetry,
or prose. The desire was clearly for escape. Thus most of the best films of
the 1930s were comedies and musicals that featured the talents of Stan
Laurel and Oliver Hardy, Charlie Chaplin, W.C. Fields, Carole Lombard,
the Marx Brothers, Mae West, and the incomparable pair of Fred Astaire
and Ginger Rogers, among others. Preston Sturges' late-Depression
masterpiece, Sullivan's Travels, made the point superbly well: people went
to the movies to be entertained, to be taken out of themselves, to dream.
And many no doubt dreamed of having money. They sang "Brother, can
you spare a dime?" they hoped for larger sums.

For those who had money, life could be sweet. Years later John David
Eaton of the department store Eatons recalled that "you could take your
girl to a supper dance at the hotel for $10, and that included the bottle and a
room for you and your friends to drink it in." (The legal minimum weekly
wage in Ontario at the time was 25 cents per hour.) Yet enjoyment was often
tainted. Too many of those who earned an adequate income knew others
who had slid into the pit of dependency. Canadians who watched My Man
Godfrey, a comedy filmed in 1936, suspected that its star, William Powell,
was right when he said that "the only difference between a derelict and a
man is a job."

That oversimplified the matter. Many of the unemployed managed to
maintain a certain shabby decency. It was hard, however, to make do
without money for anything beyond the basic necessities. Nevertheless, "the
people all across the West discovered there was no essential relationship
between income and enjoyment of life...," the newspaperman James Gray
writes. No doubt this was also true elsewhere. Saturday night dances drew
crowds in the smallest communities, and although people drank little or
nothing they managed to forget the economy all the same. The prices of
alcoholic beverages, as Gray notes elsewhere, were relatively high in the
1930s. Alcohol was forbidden to anyone on relief; to be caught meant being
cut off relief.

Churches were important social centres as well as places of worship and
agencies of philanthropy. For years congregations in the Atlantic provinces
and Ontario sent parcels of canned food, clothing, and, in season, fresh fruit
to congregations in the drought-stricken West. People made do with the
little they had, and surprisingly often they pitched in to help others less
fortunate than themselves.

Unemployment and poverty had few charms, however. The novelist
Hugh MacLennan, who was in his twenties during the Depression, recalls:
"No matter how well tuned up you were, you stayed on the ground. Many
of us stayed on the ground, or just above it, for ten years." Marriages had to
be postponed, and family formation lagged. The birthrate also declined and
population growth slowed down. To protect the job market, the governments of the 1930s ruthlessly reduced immigration. Among those excluded, for racist as well as economic reasons, were Jewish refugees from Nazi Germany and later Austria, after its annexation by the Germans. Some Canadians left for the apparently greener pastures of the United States. Several thousand recent immigrants from Europe were deported during the early 1930s, a few because of their unacceptably radical views, most because they had become charges on the public.

The population of Canada grew more slowly during the 1930s than in any other decade since the 1880s. During the 1930s, moreover, the movement from the countryside to the towns, which had begun in the late nineteenth century, temporarily ceased. Although rural Saskatchewan lost people, the rural areas of Ontario, Quebec, and the Atlantic provinces gained. Poverty on the farm was nasty, but it was generally easier to bear than pauperism in the town.

Working class distress resulting from unemployment and falling wage scales did not find expression in a unified or coherent movement of protest. Workers in skilled trades, usually unionized, sought to maintain wage rates and working conditions. In the early 1930s, several bitter strikes arose out of efforts to prevent major wage cuts. But while unions associated with the conservative Trades and Labour Congress had some success in maintaining themselves, they made no effort to help organize the non-unionized majority. The Communist-led Workers Unity League tried in the early 1930s to do so, but its successes were rare.

The years 1936 and especially 1937 saw great turmoil in labour relations. In the period of recovery, workers had greater leverage than during the downswing. Then there was the example of the new Congress of Industrial Organizations (CIO) in the United States. Workers were organizing by industry rather than by trade: steel workers, auto workers, electrical workers, and others wanted union recognition, higher pay, and better working conditions. The strikes south of the border inspired Canadian industrial workers, and some of them invited the CIO into Canada.

Of the strikes that ensued, the most important took place against General Motors of Canada in Oshawa in 1937. The provincial government took the side of management, for Premier Mitchell Hepburn feared a CIO move into the highly profitable gold mines of northern Ontario. Nevertheless, when the strike was settled, Local 222 of the United Auto Workers had gained, in effect, the all-important principle of union recognition. Other CIO strikes were less successful, however, as the economy worsened once again late in 1937. Not until the war years would there be a major growth in union membership.
Depression Politics

The 1930s witnessed major changes in the fortunes of the political parties. A spirited discussion of new ideas took place, and several new parties got underway. Yet the practical accomplishments of politicians were not impressive. Except in theory, the problems of the Depression seemed to defy solution.

In Ottawa the Liberal government of William Lyon Mackenzie King failed in early 1930 to take the deepening slump seriously. Worried about provincial raids on the federal treasury, the cautious King refused to commit a “five cent piece” towards the cost of unemployment relief. The refusal came back to haunt him during the general election in the summer of that year, and the Liberals went down to defeat.

The Conservatives now inherited the slump. Their wealthy and energetic leader, Richard Bedford Bennett, had during the campaign promised to “blast [Canada’s way] into the markets of the world.” His government raised tariffs in 1930 and 1931, but far from leading other countries to treat Canadian goods more favorably, this reinforced a worldwide trend to protectionism. The Imperial Conference held in Ottawa in 1932 brought little effective relief for Canadian exporters and none for consumers. As farmers suffered and unemployment rose, criticism of the government mounted and found new political shape.

The first of the new parties was the Cooperative Commonwealth Federation (CCF). Founded in 1932, it consisted of groups of radicalized farmers, assorted small labour parties, and white collar social democrats organized in CCF Clubs. Their leader was J.S. Woodsworth, veteran Labour M.P. from Winnipeg North Centre. The party’s elaborate fourteen-point Regina Manifesto, adopted in 1933, was the work mainly of members of the League for Social Reconstruction. This organization of left-wing intellectuals was a major source of political and economic ideas in the 1930s and 1940s. In the federal general election of 1935 the CCF polled 8.8 per cent of the votes cast and elected seven M.P.’s, all in the West.

Besides the CCF, two other parties made a first appearance federally in 1935. Most successful in the number of seats won, seventeen in all, fifteen in Alberta and two in Saskatchewan, was Social Credit. It was fresh from its victory in the Alberta provincial election, in which it had annihilated the United Farmers of Alberta government that had been in office since 1921. Led in its early years by the high school principal and radio evangelist, William Aberhart, Social Credit was to be the dominant force in Alberta politics for more than a quarter of a century.

The Reconstruction Party was formed some months before the election by R.B. Bennett’s former Minister of Trade and Commerce, H.H. Stevens.
The party attacked large corporations and made its appeal primarily to farmers and small businessmen. Its support in Nova Scotia, New Brunswick, Quebec, and Ontario was sizable, and it polled 8.7 per cent of the total national vote. Its strength was scattered across the country, however, and though it got more than twice the votes of Social Credit, only Stevens himself gained election. The party soon disappeared.

The Communist Party of Canada (CPC) contested thirteen seats, but got few votes. In 1931 the party leader, Tim Buck, and seven other members had been convicted in Toronto of criminal sedition under Section 98 of the Criminal Code. The CPC was therefore technically illegal. Parliament repealed Section 98 in 1936, but this added little to the CPC's limited appeal. Many Canadians continued to see it as the agent of a foreign power, the Soviet Union.

The federal Conservatives incurred a crushing defeat in 1935. Party organization was weak; rural distress and urban unemployment had sapped support. Bennett's adoption early in the year of a reform-oriented "New Deal" programme that included unemployment insurance failed to gain many adherents. Most voters wanted a change. With the new parties and independent candidates polling a quarter of the ballots cast, and the Tories very weak, the Liberals did not need to take a larger share of the popular vote than in 1930 in order this time to win 173 of 245 seats.

Back in office, Mackenzie King moved just as cautiously as he had before losing it. He opposed desires within his Cabinet and his party to extend the role of the federal government. Its fiscal and financial relations with the provinces were his major concern in domestic affairs. In 1937, after the Judicial Committee of the Privy Council held much of the Bennett New Deal to be unconstitutional, and with Manitoba and Saskatchewan on the brink of default, King appointed a Royal Commission on Dominion-Provincial Relations. It soon became the focus of discussion not only of fiscal and financial problems, but also of issues of social policy. Understandably, the question of responsibility for dealing with unemployment ranked high. When the Commission reported, Canada had already entered the European war whose coming King and many other Canadians had feared so much. The recommendation that Ottawa obtain the power necessary to introduce unemployment insurance found a readier acceptance than it would have before 1939. In wartime Canada, unemployment was dropping. Ottawa during 1940 gained the provincial agreement necessary to introduce unemployment insurance, largely in the form that Bennett's government had originally proposed it.

At the provincial as at the federal level, the appearance of political change was greater than the reality. For example, Liberals replaced Conservatives in New Brunswick, Nova Scotia, Ontario, Saskatchewan,
and British Columbia. Only in the latter province, however, did this result in a significant shift in social or economic policy. But T.D. Pattullo's reformist "Little New Deal" was hamstrung by lack of money. The government abandoned a scheme of health insurance, in spite of a referendum which supported the legislation, because of the opposition of the medical profession and a loss of political will.

In Alberta, the Social Credit government's attempt in 1937 to introduce legislation regulating banking failed. For the occasion Ottawa revived its power of disallowance of provincial statutes, a power that had been allowed to fall into disuse. The federal government could not, however, permit Alberta to encroach upon the field of money and banking, one that the British North America Act unequivocally assigned to Ottawa.

Along with Social Credit in Alberta, the most studied new government of the 1930s has been that of the Union nationale (UN) in Quebec. The UN in 1936 defeated the corruption-ridden Liberals, in office for forty years. The new party was a fusion of the Conservatives, led by Maurice Duplessis, and a group of disaffected Liberals, the Action libérale nationale (ALN). Led by Paul Gouin, the son of a former premier, the ALN was nationalist and reformist. It owed its programme in considerable measure to the papal encyclical, Quadragesimo Anno (1931), which was critical of both capitalism and socialism.

Once in office, the shrewd Duplessis seized full control of the UN. Gouin and a few of his associates had already resigned in disgust as the UN became the provincial Conservative party in all but name. Only in agriculture did Duplessis pay much attention to the ALN platform, and small farmers got considerable help.

Most of the talk about change during the Depression was merely talk. Some accomplishments are worth noting, however. Public broadcasting in the eventual shape of the Canadian Broadcasting Corporation owed its existence to widespread apprehension in the early 1930s that radio was in danger of becoming fully Americanized. "The state or the United States" was the most potent slogan used by the non-partisan Canadian Radio League. The Bank of Canada was the creation of the Bennett government, although not made into a truly public institution until 1937. In the same year, Trans-Canada Airlines, the forerunner of Air Canada, made its first flight.

Agriculture drew benefit from several pieces of legislation introduced during the Bennett years. The Natural Products Marketing Act did not survive constitutional challenge, but the Farmers' Creditors Arrangement Act did. Passed in 1934, it provided for the compulsory reduction of "both principal and interest down to the productive level of the farm." The
Canadian Farm Loan Act, the Canadian Wheat Board Act, and, perhaps most important, the Prairie Farm Rehabilitation Act provide further evidence that the Bennett administration was not simply one of high hopes gone sour.

Conclusion

The Depression in Canada was a time of great suffering and of little real change. The country's economic, social, and political structures in 1939 were essentially what they had been ten years earlier. The problems of unemployment, deflation, debt, and poverty among most Canadians prompted or reinforced caution. There seemed to be, at least among those who expressed views on the subject, a desire less for change than for a return to the better times of the past. This response was far from universal, but it seems to have been dominant.

In the longer run, however, the Depression and the memory of it eased reform. Politicians and voters both feared a return of the Depression after the war. Senior public servants believed a renewed depression could be prevented if governments, especially Ottawa, intervened more in the economy and assumed greater responsibility for the health and welfare of the individual citizen. During the Second World War, the Liberal government, faced with an electoral threat from the suddenly popular CCF, took halting steps in the direction of a welfare state. Into the 1970s, moreover, the belief that large scale unemployment must not be allowed to occur was one of the bases of attempted governmental management of the economy.

The Depression left another legacy. It produced psychological as well as physical deprivations whose full effects are impossible to assess. Who can know, for example, what price in personal health the children of the Depression have paid or are paying? But the effects were real, and so were the lessons that people drew. A generation learned that the independence and security they gained from work was largely illusory. Most must have realized that their incomes were at the mercy of forces beyond their control. They also knew that loss of work and income meant loss of status and even self-respect, losses to be guarded against at almost any cost.

Too much can be made of the continuing influence of the Depression on Canada and Canadians. If, as we are often told, Canadians tend to be cautious, with a low appetite for risk taking and a high propensity to save, many explanations no doubt exist. Among them, however, the memory of the Depression surely occupies a place.
SUGGESTIONS FOR FURTHER READING


