Challenging capitalism

Chapter 2

How did the stock market crash and the Great Depression change Canadians' perception of the economy and the role of the state?

Would you challenge capitalism if you were alive during this time?

What do you think the solution is?

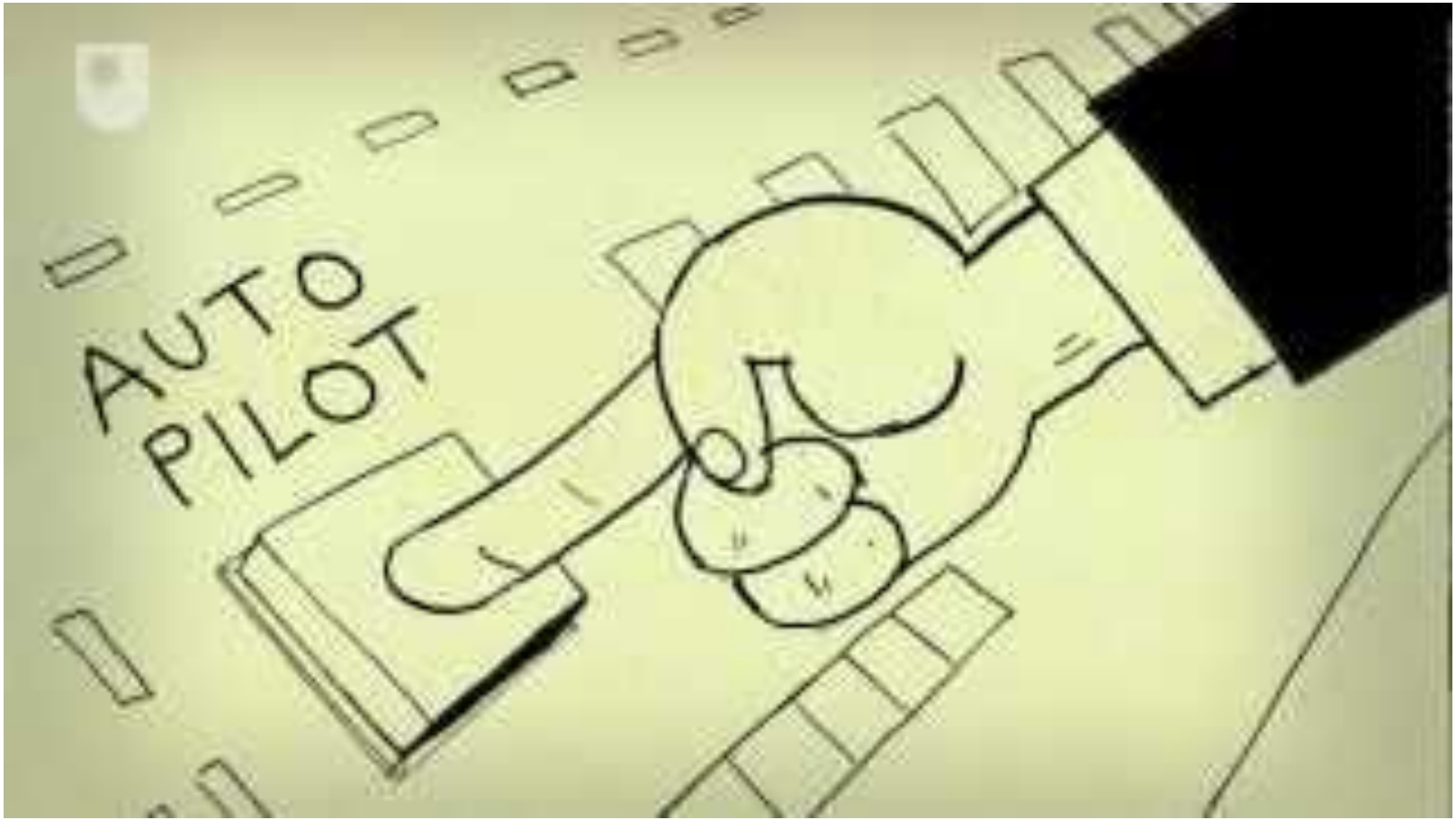
Before the Depression

Before the Great Depression, most economists supported a liberal model that gave room for the market to **self regulate**

- If **demand were to decrease**, **production and employment** would also **decrease** temporarily
- This decrease would cause **lower salaries** and **prices** which would **eventually lead to full employment again**

The Great Depression and the slow economic recovery led to many **questioning the limits of capitalism** and looking to explore alternatives




AUTO
PILOT

Keynesian economics

John Keynes developed another model to respond to the economic crisis of the 1930s

- WIth this model, when the private sector was not able to ensure full employment, the state should **lower taxes and invest in job creation (The state should be more involved)**
- They could even produce a **deficit** to revive the economy

This was called **fiscal multiplier**

- It assumed that the state investing in the economy would **increase consumption and increase production and revenue**



2.57 Economist John Maynard Keynes (1883-1946) had advocated for the large-scale public works programs that inspired US President Franklin D. Roosevelt's 1933 New Deal. In 1936, Keynes published his book, *The General Theory of Employment, Interest and Money*, which provided the intellectual justification for his theory.

Keynesian economics

Over time, Keynesian economics made their way into policy

In 1935, under Mackenzie King's federal Liberal Party, the Minister of Labour launched the **National Employment Commission**

- The objectives were to **improve assistance for the unemployed and create jobs**

The 1939 Canadian federal budget made Canada one of the first to adopt a Keynesian budget, leading to the federal government **redistributing money** to the less fortunate provinces

DID YOU KNOW

Mabel Timlin (1891-1976) was the first woman specializing in social sciences to be elected to the Royal Society of Canada. Timlin, an economist, received this honour mainly for her book *Keynesian Economics*, written in 1942, which became a seminal work in the teaching of economics in Canada.

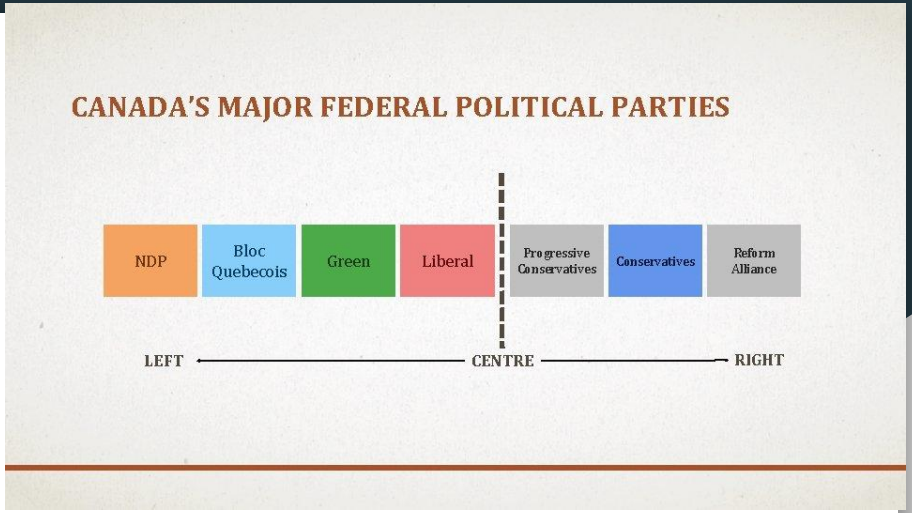


Socio-political ideologies

During the 1930s crisis, social tensions led to many people looking for political **alternatives to liberalism and conservatism.**

- Political parties that had been less popular were getting new attention and new parties were forming

The two main political movements to gain momentum emerged from the **political left and called for increased state intervention**





The extreme left such as communism advocates for social equality above all, fascism on the far right defend traditional values and individual freedoms



Communism

The main aims of the communist movement were

- The creation of a society **without class division**, such as between workers and employers
- The replacement of the centralized state with a **self managed and leaderless society**
- **Equal distribution of resources** among all people according to their needs




Philadelphia Cops Beat Up
Phone Strikers; 11 Arrested
Daily Worker

Communism

In 1921, the **Communist Party of Canada** was founded in Ontario

- It became an advocate for **workers' rights** and helped organize several protests
- Some party members became **influential figures within trade unions**
- In 1931, nine of the party's main leaders were arrested because the **party was deemed illegal under the Criminal Code of Canada.**
- In 1936, the Communist Party was granted legal status



Socialism

The socialist doctrine advocated for

- **Increased state intervention** in the economy
- Replacement of **private property with the collective ownership**
- **Fewer inequalities between social classes**

The socialist movement tended to promote **peaceful, gradual change**. Several parties joined the socialist movement including the **Cooperative Commonwealth Federation created in 1932** later became the New Democratic Party (NDP)



Fascism

This **far-right** doctrine advocated for

- **Aggressive form of patriotism** that encouraged territorial conquest
- Strong nationalist ideology which could turn into hostility toward foreigners
- **Militarized** political regime led by an **idolized leader**



Fascism

During the interwar period, **fascist** parties became popular in **Germany and in Italy**

The fascist move existed in Canada and gained popularity with Adrien Arcand leading with fascist and anti-Semitic demonstrations held in Montreal

The Christian National Socialist Party(was not socialist!) became the **National Unity Party in 1938** advocated **anti-communism, anti semitism, loyalty to the British Empire and a centralized Canadian nationalism**; many Canadians supported this, especially with WWII coming. Some also **feared the rise of communism**

During WWII, the party was deemed illegal and the **fascist movement disappeared with the prosperity of the post-war period.**



2.58 In 1934, Adrien Arcand (1899-1967) formed the fascist *Parti National Social Chrétien* (Christian National Socialist Party) in Québec. In 1938, the party became the National Unity Party—a pan-Canadian, Anglocentric party that advocated anti-communism, anti-Semitism, a centralized Canadian nationalism and loyalty to the British Empire.

91 New federal political parties

Year	Party	Ideology and program
1921	**Communist** Party of Canada	This party advocated the abolition of the capitalist system. It was opposed to the involvement of the church in the affairs of state.
1933	Cooperative Commonwealth Federation	This socialist party sought a major reform of the political and economic system. For example, it advocated free health services. It wanted to give government a greater role in managing public services (transportation, communications, etc.).
1934	*Parti national social chrétien* (National Social Christian Party)	This **fascist** party, founded by Adrien Arcand, was inspired in part by Adolf Hitler's party.
1935	Social Credit	This **populist** party proposed distributing a monthly allowance to citizens in order to increase their purchasing power.

Maurice Duplessis

- **Maurice Duplessis was the premier of Quebec from 1936-1939 and 1944-1959**
- **He was the leader of *Union Nationale*.** This party supported economic liberalism, social conservatism, provincial autonomy and a more traditional life.
- When he won the election in 1936, it ended 39 years of liberal rule



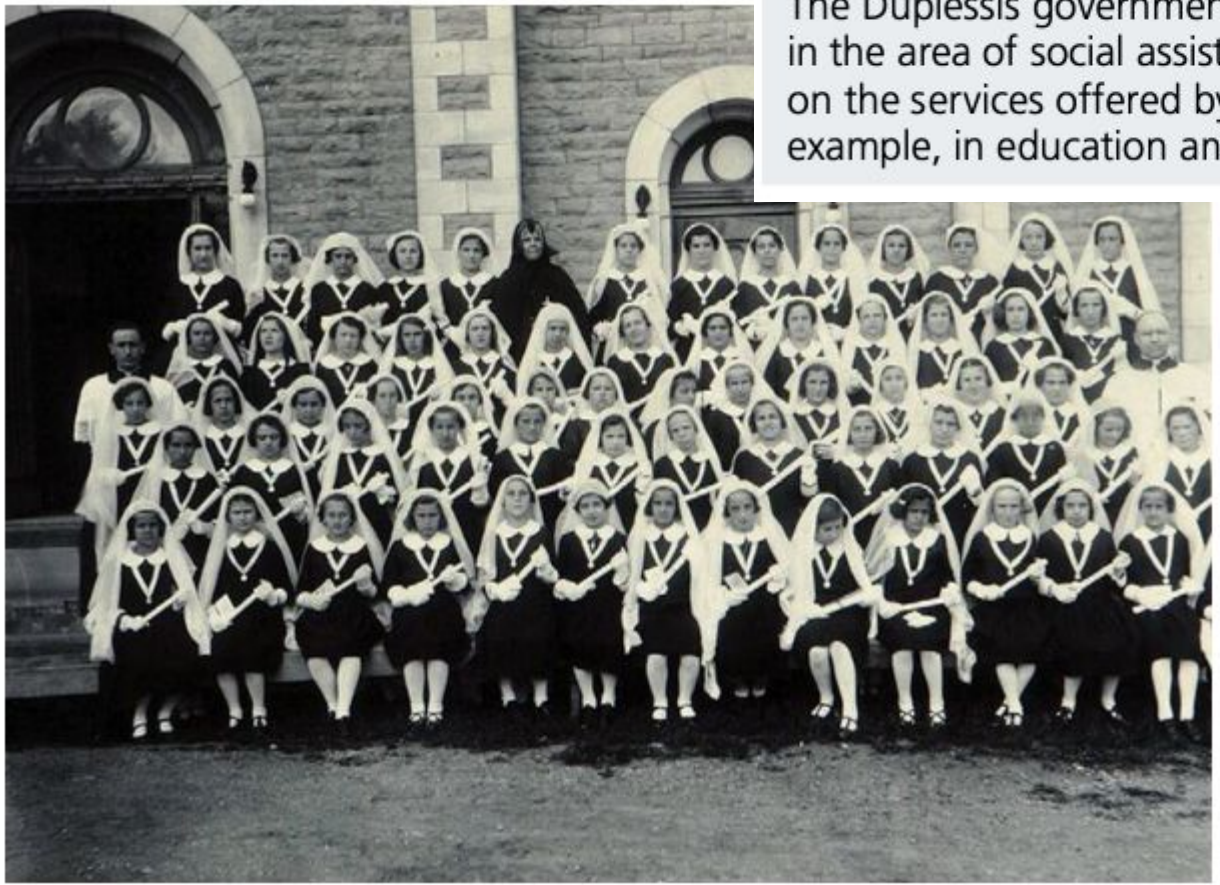
3.9 Maurice Le Noblet Duplessis (1890-1959): lawyer, populist politician and leader of the *Union nationale*, the Conservative Party at the time.

92 The *Padlock Act*



In 1937, the Duplessis government adopted the *Act to Protect the Province Against Communistic Propaganda*, referred to as the *Padlock Act*. This act gave authorities the power to close (by padlocking the door) an establishment suspected of harbouring communists. In this photograph, three men are scrutinizing publications, including the newspaper *Clarté*, seized on January 22, 1938.

93 **Students with a nun and two priests, circa 1939**



The Duplessis government limited its interventions in the area of social assistance. It preferred to rely on the services offered by the Catholic Church, for example, in education and health care.

Clerico nationalism

Clerico nationalism emerged from **French- Canadian nationalism**, but evolved into something different.

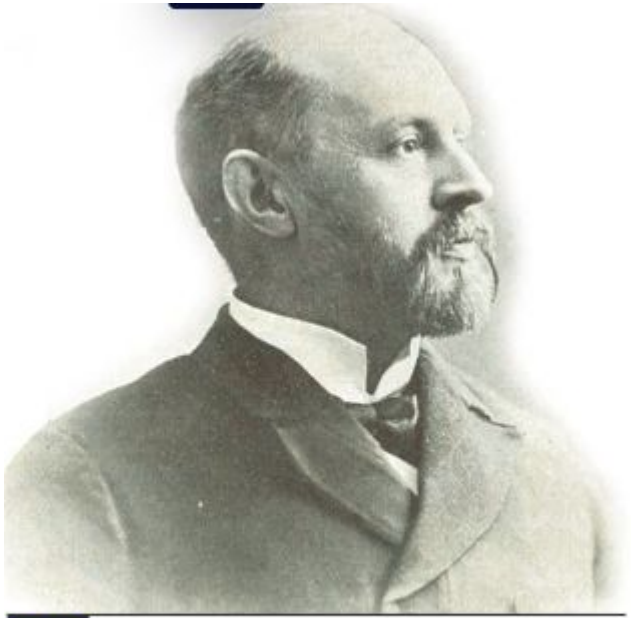
- It was directed by the **Catholic Church** and guided French Canadians toward the church's values and away from communist ideologies
- It **promoted a nationalism that was free of economics and politics** and based on aspects of **culture** such as language, religion, law and survival

What is clerico-nationalism?
It is focused on the past and pushed a conservative view defending the "French canadian race". It defended traditional family values, Catholicism, agriculture and a rural way of life.

Clerico nationalism

The clergy were mostly **Francophone elite** who founded newspapers and associations that provided ways for **French Canadians to unite and resist English Canada**

Many French Canadians were upset that the federal government did not respect commitments about recognizing French Canadian rights. In response, **they became concerned with preserving the French language and opposed any decision that threatened its survival**



2.7 Jules-Paul Tardivel (1851-1905) supported French-Canadian nationalism, founded *La Vérité* newspaper and was the first to propose the separation of Québec from Canada.

Programme de restauration sociale

The Church sought to **extend its influence** into the working world

- They created ***Ecole sociale populaire*** in 1911: a research and documentation centre that aimed to i**mprove conditions for the working class** and steer them away from communist values and towards Catholic associations
- The Church wanted to influence working-class morals and labor norms. This became the foundation of **Catholic trade unions which were adapted to all aspects of French Canadian society**



Action francaise

- **Action francaise** was a Quebec magazine first published in 1917 that promoted the **survival of French culture and language** in North America
- One of its co-founders and contributors was **Lionel Groulx**, a clerico nationalist priest who promoted agriculture as a defence against the dangers of the city and as the best way to achieve economic independence for French Canadians
- The content promote a **francophone nationalism** but did not advocate for the separation of Quebec from Canada



2.9 Lionel Groulx (1878-1967), whose brand of nationalism was influenced by Bourassa, but focused mainly on the preservation of French Canadian culture.


ARCHIVES

97 The position of Esdras Minville

Esdras Minville was an economist and writer. An advocate of the cooperative movement, he believed that French Canadians needed to regain control of their economy. He felt that cooperatism was the best means to achieve that goal.

> "Let's return . . . to an old but misunderstood idea, which until now . . . has had only ambiguous results, but that . . . would seem to represent the solution to most of our difficulties. What we're talking about here is professional associations, cooperation in all its forms."

Excerpt from: Esdras Minville, "L'ennemi dans la place: le capital étranger" ["The Enemy Among Us: Foreign Capital"], in *L'Action française*, June 1924 [translation].

98 The position of Joseph Versailles

Joseph Versailles was a Montréal businessman. He argued that the survival of French Canadians as a nation depended on their control of their economy.

> "We cannot be truly free if we do not have our share in the area of the economy and finance. And believe me, we will not have it if we do not take it. Did you know, for example, that it is almost impossible for a French Canadian to become a member of the Montréal Stock Exchange? . . . Encourage those among us who have wealth and who, in the world of business, offer guarantees of security. Do not be too scared to give French Canadians the desire to become wealthy. . . ."

Excerpt from: Joseph Versailles, *Le problème industriel au Canada français* [The Industrial Problem of French Canada], 1922 [translation].