The Great Depression

Chapter 2


"I DID"
"BUT WHY DIDN'T YOU SAVE SOME MONEY FOR THE FUTURE, WHEN TIMES WERE GOOD?"
VICTIM OF BANK FAILURE
McCUTCHEON

How did the Great Depression impact Canada and Quebec?

The Roaring Twenties

Following World War I, the Canadian economy was in full swing. The arrival of immigrants created a flourishing domestic market

Optimism of the future led people to consume more than ever, and production increased to respond to the growing demand. Unemployment was on the decline and remained below 5%



Signs of trouble

The industry was producing more than the market could absorb which created a state of **overproduction**

Credit was more readily available enabling people to **consume more than they could afford and getting into debt**

- Some people used borrowed money for stock market speculation, in the hope that increasing stock prices would be a quick way to earn a lot of money to pay back their loans
- The economic landscape was full of **speculative bubbles** and blind faith in the capitalist system



Stock market crash of 1929 : Black Thursday

In mid-October 1929, US industries saw a **decline in their prices and production.**

- This led to i**nvestors selling their shares** in order to get a good price before their value dropped. People continued to sell and on **Thursday October 24, trading went crazy at the New York Stock Exchange on Wall street**
- By noon, sales were so high that **panicked investors**, fearing they would not be able to get rid of their stocks, **began selling them for lower than the buying price**
- Losses were estimated at **3 Billion dollars on "Black Thursday"**

DID YOU KNOW

On October 29, 1929, there was a second crash on the New York Stock Exchange. This time, rampant selling resulted in losses of $10 billion—double the amount of cash in the United States at the time.

Stock market crash 1929

American banks were **not able to keep up** with the intense demand for cash and **called for the repayment of foreign loans** and brought back their investments. This led to an **international financial crisis**

- The global economy depended on the United States
- When the United States stopped issuing loans in 1929, the **global** economy was paralyzed



2.53 A panicked crowd gathers around the New York Stock Exchange on Wall Street during the crash of 1929.



BROOKLYN DAILY EAGLE

And Complete Long Island News

WALL ST. IN PANIC AS STOCKS CRASH

Attempt Made to Kill Italy's Crown Prince

Hollywood Fire Destroys Films Worth Millions

High Duty Group Gave $700,000 to Coolidge Drive





WALL STREET CRASH!

Black Thursday in America

Stocks Plunge and Eleven Commit Suicide



Stock Market crash 1929

The crisis put a **halt to consumer activity in** the United States leading to a d**rop in US imports**

- This had an impact for countries like Canada who depended heavily on the US market

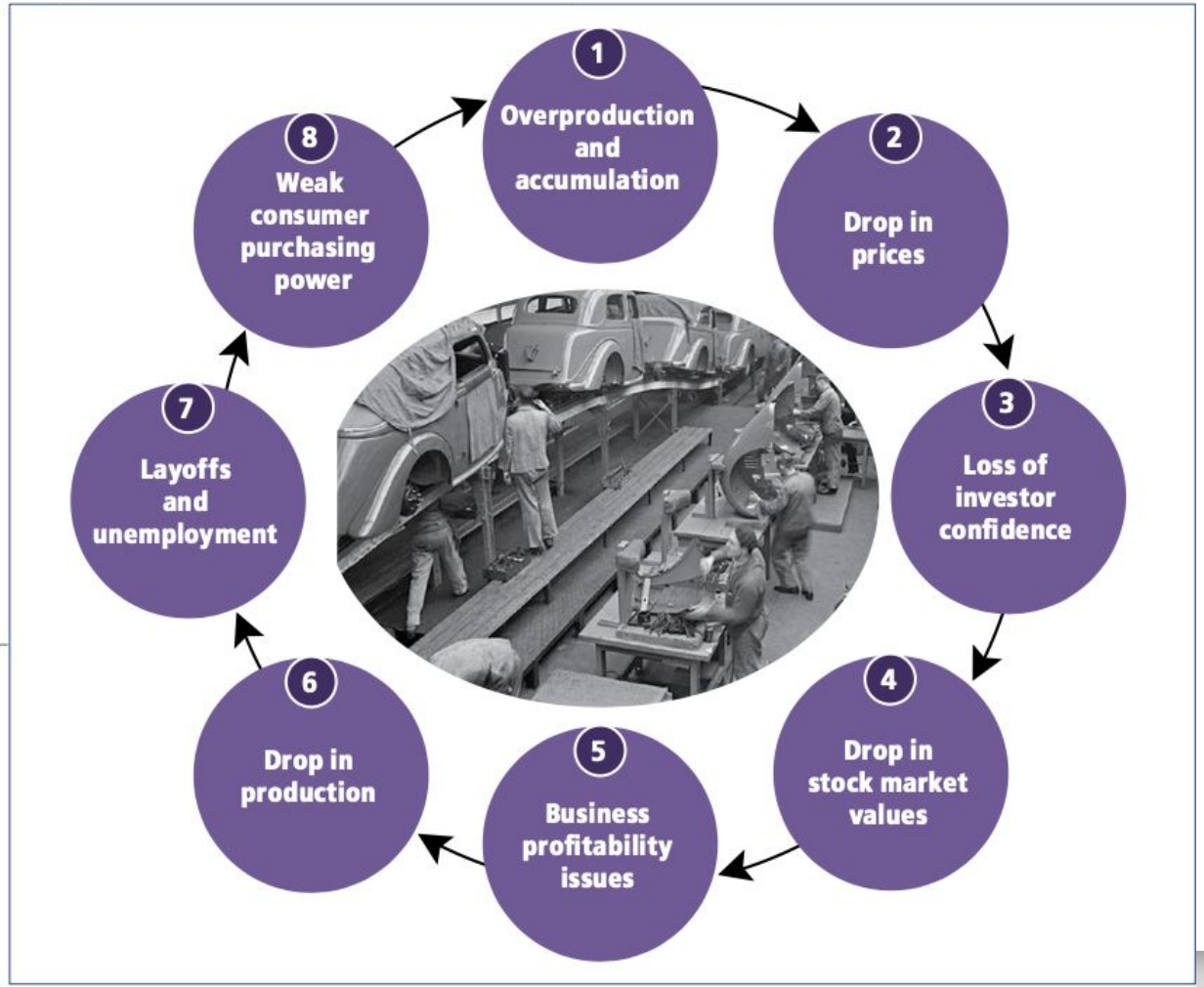
Between 1929 and 1933, manufacturing output plummeted which led to a decline in demand for raw materials

- In Quebec, the gross value of production went from 1.1 billion to 604 million




CLOSED

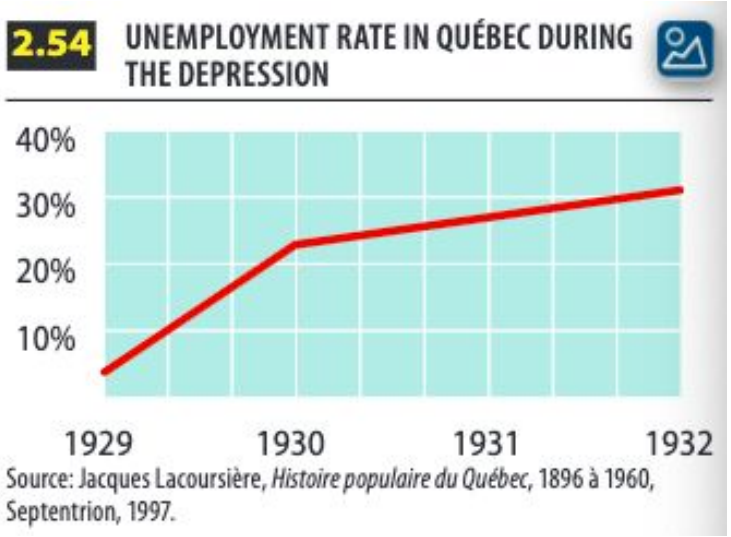
82 The mechanisms of the Great Depression



Socio-economic problems

The stock market crash caused many Canadian **companies to go bankrupt lea**ving many workers without a job

- Unemployment reached an **all time high of 30%**
- Those who kept their jobs saw their salary drop, in the beginning of the 1930s the average income dropped by 40%



Socio-economic problems

- Jobs became scarce
- People cut back on expenses as much as possible, including the cost of education
- Many **schools closed** because they could not pay teachers
- Many **tenants who could not pay rent ended up on the streets**
- Diseases spread due to **malnutrition**

DID YOU KNOW

Incomes during the Great Depression were so low that bartering and payment in kind became widespread. For example, rural doctors were sometimes paid in chickens, ducks, geese, turkeys, potatoes and wood.



Socio economic problems

Assistance for the poor was provided mainly by **charitable organizations**

- They quickly became overwhelmed and unable to help the people in need

The **number of immigrants dropped** from 169,000 in 1929 to less than 12,000 in 1935

Many **immigrants were sent back** to their countries of origin because they were unemployed or sick

Canada's birth rate dropped during this time



2.55 The unemployed line up in front of the Meurling shelter in Montréal in the 1930s.

Federal and provincial government measures

To assist those in need

- **Quebec government** established the first social assistance benefits which were **relief vouchers to be used for food, coal and clothes**
- The federal government set up programs including collaborating to create **public works projects to generate jobs**
  - Workers were paid to work on parks, bridges and roads
- From 1932-36, the federal government operated **relief camps** for single men to work in exchange for a small amount of money, lodging and meals
- Due to these measures, the government **raised taxes to pay off debt**



2.56 Relief voucher.

Federal and provincial government measures

The federal government attempted to revive the economy

- In **1935, the Bank of Canada- the country's first central bank- was created** to regulate the nation's monetary policy and financial system
- The federal government reduced customs to boost imports and exports



The federal government began to recognize that it would need to **take more control over areas that were run by the Church**

- This marked the beginning of the **welfare state (Gov getting involved to help those in need especially in terms of money(hospital insurance, etc.)**

Colonization

One of the solutions put forward by governments to battle the effects of the Great Depression was the **“return to the land”**

In Quebec, programs were put in place to **encourage the poor to colonize specific regions that were selected by the government**

- In 1935, Taschereau provincial government adopted the Vautrin Plan which put money and land towards colonizers and subsidized for infrastructure for new settlements.
- This led to the creation of **27 new parishes concentrated in Bas-Saint-Laurent, Abitibi, and Gaspesie**
- Colonizers were poorly prepared and given land unsuitable for farming and far from markets leading **many to return to the city**



If you were in charge, how would you attempt to end the Great Depression? Do you think the measures put in place were successful?

Despite the various measures put in place by the government during the 1930s, it was the Second World War that ended the Great Depression