

1930s: The Liberal Party Reactions to the Great Depression

Leader: Mackenzie King

Mackenzie King became the new Liberal leader in 1919. Cautious and moderate, King was a successful civil servant and expert labour negotiator. He was skilled at using compromise to hold the nation together and put Canadian unity ahead of every other political goal. King surrounded himself with capable Cabinet ministers who reflected the interests of the country's different regions.

When the stock market crashed, King told Canadians that "business was never better, nor faith in Canada's future more justified". He was not alone in thinking that the crash was temporary. It was all part of what is sometimes called the business cycle of alternating economic upswings and downturns.

During the winter of 1929-1930, many provincial governments asked the federal government for assistance in dealing with rising unemployment. King said that his Liberal federal government would not give them "a five-cent piece" – a remark that became known as his "five-cent speech".

In the 1930 election, King's Liberals lost to the Conservatives, led by R. B. Bennett. It fell to Bennett to lead Canada through the worst years of the Depression. Canadians were still very unhappy with this new Conservative government and Mackenzie King and his Liberal party won the 1935 federal election with his "King or Chaos" campaign. Mackenzie King led Canada through the last years of the Great Depression and into World War II.

His government continued Bennett's policy of financial aid to Prairie farmers and passed the Prairie Farm Rehabilitation Act (PFRA). The PFRA gave money to develop new farming methods, seed vacant land, and relocate some families to better farming areas further north. King also introduced lower tariffs and signed a new trade agreement with the United States. But his main goal was to slash government spending and balance the federal budget. Overall, the Prime Minister was "waiting out" the Depression.

1930s: The Conservative Party Reactions to the Great Depression

Leader: R. B. Bennett

For most of his five years as Prime Minister, Bennett, a businessman, believed that he could help businesses survive and grow, they, in turn, would provide jobs for workers. The workers' wages would then allow them to buy goods, thereby stimulating more business growth and more employment. The result would be an upward spiral of employment and production to replace the terrible downward spiral that Canada was in. Bennett tried to accomplish this by raising the tariff to protect Canadian businesses from foreign competition. These businesses, assured of being able to sell to the Canada market, would begin the upward spiral.

But industries that depended on exporting their products were not helped by these high tariffs. Bennett and his advisors mistakenly believed high tariffs would force foreign countries to lower their tariffs because of their need for these basic products. By 1935, only Britain had agreed to lower their tariffs for Canadian products. International trade remained stagnant, while in Canada even the existence of lower prices for goods was not sufficient to restart the economy. Unemployed and underemployed people could not afford to buy even cheaply priced goods.

Bennett's government did spend money to help the unemployed - \$20 million in 1930 – but many Canadians began to demand a broader range of imaginative government involvement.

Bennett created relief camps for the thousands of single, homeless men who roamed the country in search of work. The camps were run on a tiny budget by the Department of National Defence. Men in the camps were given food, shelter, army-style clothing and twenty cents a day.

Prime Minister Bennett realized that if he was going to win the 1935 election, his government had to make a change. On January 3rd, 1935, he made a radio speech that shocked many Canadians: "I am for reform, and, to my mind, reform means government intervention, it means government control and regulation, it means the end of laissez-fair." He then introduced his "New Deal", which was based upon the new economic program of the U.S. President Roosevelt. Bennett's New Deal included promises and laws to regulate hours of work, to provide a minimum wage, to improve working conditions, and to provide insurance against sickness, industrial accidents and unemployment.

1930s: The Co-operative Commonwealth Federation

Reactions to the Great Depression

Leader: J.S. Woodsworth

In Saskatchewan in 1933, a regional political party was created. The founders of the CCF, the forerunner of today's New Democratic Party, believed there were ways of avoiding the "boom" and "bust" cycles that seemed to be built into the capitalist free-market system. Members of socialist farm and labour groups met in Regina to hammer out a political platform, the Regina Manifesto, which set out the aims of the CCF's program.

The Manifesto called for the public ownership of banks and major services such as transportation and electric power. It demanded improved health and social welfare services. It strongly called for more government support of agriculture and conservation. To meet the existing economic emergency, it suggested an immediate start on slum clearance and the extension of electricity services to rural areas. These projects would provide jobs and be of permanent benefit to Canadians.

The CCF was a democratic socialist party. Socialists believe that the government should own and control the means of production. The CCF stood for more government control of the economy. But the Regina Manifesto specifically rejected revolution and stated that it intended to bring about changes by free elections and the parliamentary system.

Farmers, one of the party's key founding groups, had been using cooperatives for years to pool their efforts and market their crops. Some farmers thought this approach should be used on a wider scale to benefit all citizens.

Others, including the leader of the party, believed that governments, as representatives of all citizens, should be more involved on their behalf in the economy. They wanted governments to provide at a reasonable price, such necessities as water, hydro-electricity, transportation, and banking.

Labour groups, another of the party's founding groups, wanted governments to ensure more protection for workers in difficult times. This included laws regarding minimum wages, maximum hours, unemployment insurance and workers' compensation for those injured on the job.

Although some CCF leaders did believe in getting rid of the capitalist system, they insisted that it must be done democratically by electing supporters to Parliament.

1930s: Social Credit

Reactions to the Great Depression

Leader: William Aberhart

Social Credit did not exist as a formal political party until 1934; however, in the 1935 provincial election in Alberta, it won 56 of the province's 63 seats. Social Credit's incredible victory was the result of three elements coming together at just the right time: a very popular, charismatic leader; a simple "solution" to the Depression that had tremendous appeal for ordinary Albertans; and the ongoing economic crisis that was driving many people to despair.

Aberhart vigorously attacked what he called the "Fifty Big Shots". These were leading bankers and industrialists whom Aberhart accused on ruling Canada. In part, Social Credit was a movement of regional protest – the West against Central Canada.

The theory of social credit was based on the writings of Major C. H. Douglas. According to Douglas, the basic problem of the economy was that people did not have enough money to spend on the goods that were being produced. Douglas suggested a simple solution. Every citizen should be given a "social credit" or cash payment. With this extra cash, people would spend more and the economy would improve.

Aberhart embraced the theories of Douglas and proposed that the government give out "social credits" – dividends of \$25 a month for every Albertan – so that people could afford to buy. Although most economists attacked Aberhart's ideas, his message appealed to the many Albertans frightened by poverty and debt. To farmers whose fields were blowing away and whose cattle were dying of thirst, this money seemed like a windfall.

1930s: The Union Nationale Reactions to the Great Depression

Leader: Maurice Duplessis

In Quebec, Maurice Duplessis used the widespread demand for improved working conditions, aid to farmers, and an end to corruption in government to form a new party called the Union Nationale which won power in 1936. His main goal was a defence of Quebec's national pride against the federal government's intrusion into provincial affairs. Although he was not a separatist, Duplessis pushed for more provincial self-government, or autonomy.

Duplessis' recipe for political success also included supporting Quebec farmers with cheap loans, roads and electrification programs. He also attacked those he considered to have communist connections. The Padlock Law of 1937 gave the Quebec government power to lock the doors of and close down any organization suspected of having communist ties. This move won him support from the Roman Catholic Church in Quebec.

Duplessis maintained the support of employers with his strong stand against unions and used provincial police on more than one occasion to break up strikes.

1930s: The Communist Party of Canada Reactions to the Great Depression

Leader: Tim Buck

The Communist Party of Canada was founded in 1921 at a secret meeting held in a barn in Guelph, Ontario. The party platform was based on the teachings of Vladimir Lenin and the *Communist Manifesto*.

The small but active Communist Party of Canada was busy staging rallies and organizing both workers and the unemployed. It wanted to begin a revolution that would completely change Canada's economic system. This threat of revolution, often referred to as the "red menace" was feared by the Canadian government.