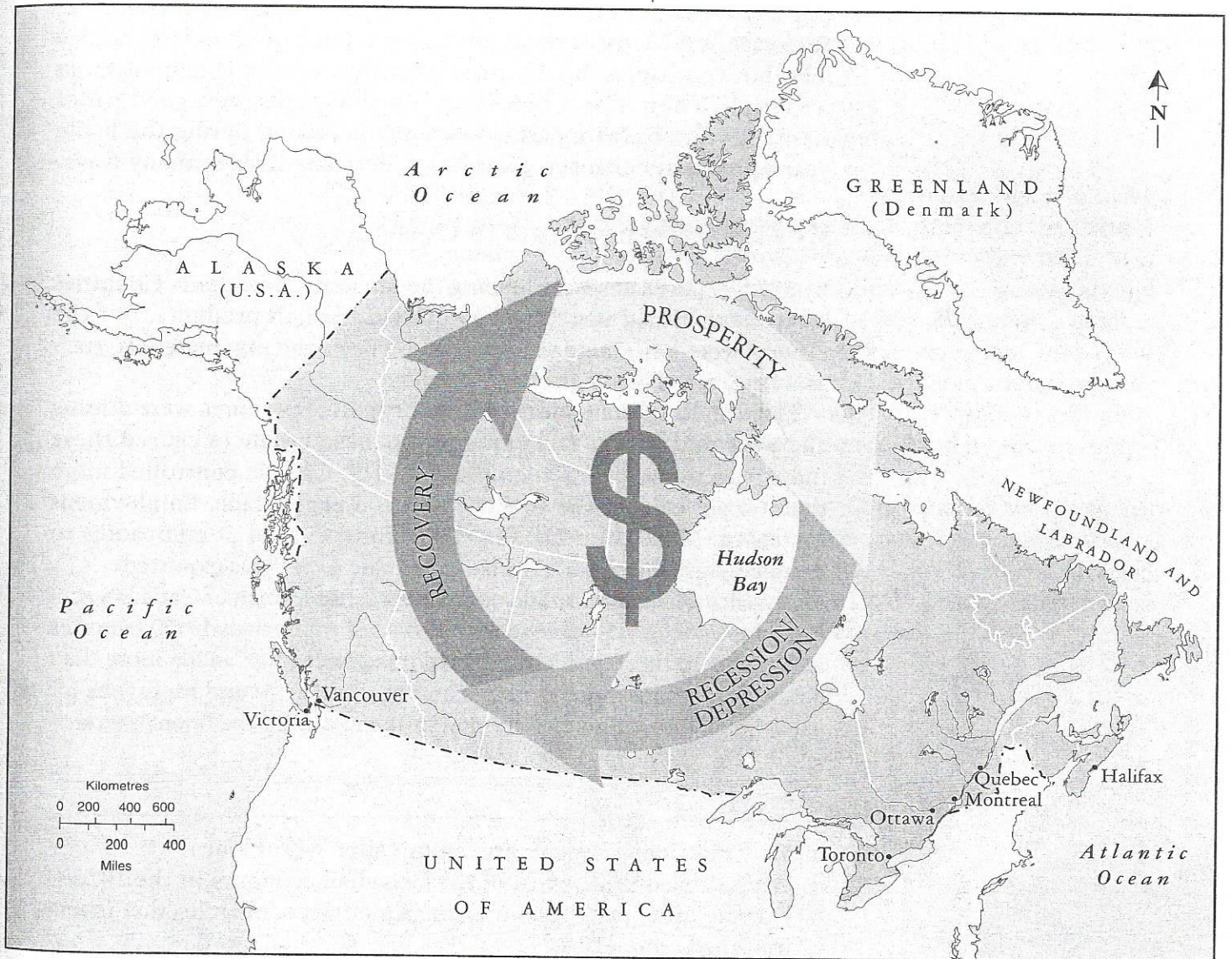


CHAPTER THREE

Good Times and Bad in the 1920s and 1930s



Between 1919 and 1930 American businesses had built or had bought 500 factories in Canada.

This chapter is about times of prosperity and times of great poverty in Canada during the 1920s and 1930s. You will learn about some of the factors that cause a country's economy to prosper or fail. You will discover how Canadian society changed as a result of the economic conditions of these times.

What happened to the Canadian economy after the war?

Canada's war effort had **stimulated** the economy. Production of goods had increased to supply the Allied powers. But for several years after the war, the economy **slumped**. There was no longer a demand for munitions or extra food. Prices for farm products fell. Factories and farms were producing less. Returning soldiers needed jobs, but companies did not need as many workers. Unemployment was high. There was a recession. By 1924, however, good times returned. There was a period of economic **boom**; during the boom years, prosperity changed Canadians' ideas and lives in many ways.

Why did prosperity return to Canada?

By 1924, export sales were helping the economy grow again. Countries around the world were buying many Canadian products. But the exports were not manufactured goods. They were **raw materials**, such as wheat, wood, and fish.

The important new industries that exported products were mining and pulp and paper. The demand for these products caused these industries to grow. For example, by 1929, Canada controlled more than 64 per cent of the world's pulp and paper trade. Employment increased. More than 210 000 Canadians worked at companies to produce pulp and paper. Almost all of this paper was exported.

American **investment** and companies caused much of Canada's economic growth. By 1930, Americans owned more than 1 000 factories in Canada. In these years, American investment in Canada more than doubled, creating more factories and businesses — and more jobs for Canadians. Canadians had money to spend during the boom years.

QUESTIONS

- a. Why did Canada's economy slump after World War I?
 - c. What caused the growth of the Canadian economy in the 1920's?
 - b. Do you know the names of some American companies that invest in Canada today?
-

Who shared in prosperity?

British Columbia, Ontario, and Quebec became the richest provinces in the 1920s. They had a lot of forests to cut for wood and paper

Only 143 000 of 10 million
Canadians made more than \$2500 a
year in the 1920s.

and plenty of natural mineral resources. The Prairie provinces suffered from low wheat prices. Farmers were unable to make very much money. The economies of the Maritime provinces did not improve either. Companies and factories in New Brunswick, Prince Edward Island, and Nova Scotia could not compete with manufacturers in other parts of Canada. High transportation costs to move their products to markets in Central Canada increased the prices of their products.

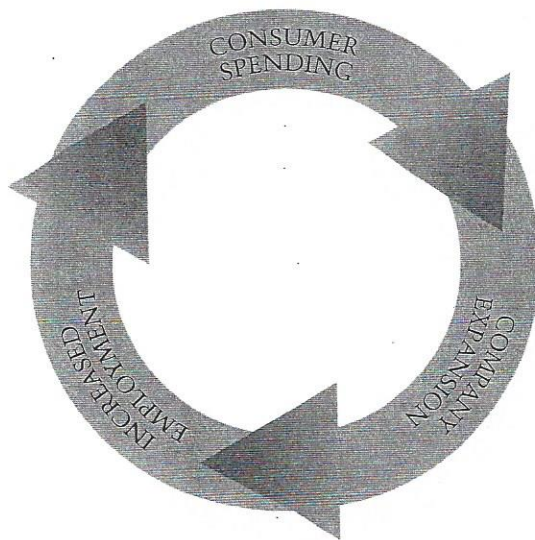
Only a few Canadians were getting wealthier. The average wage across the country was hundreds of dollars below what the government thought was necessary to support a family. Foreign investment did not bring everyone prosperity. However, some Canadians had money to spend during this boom period. How would they spend it?

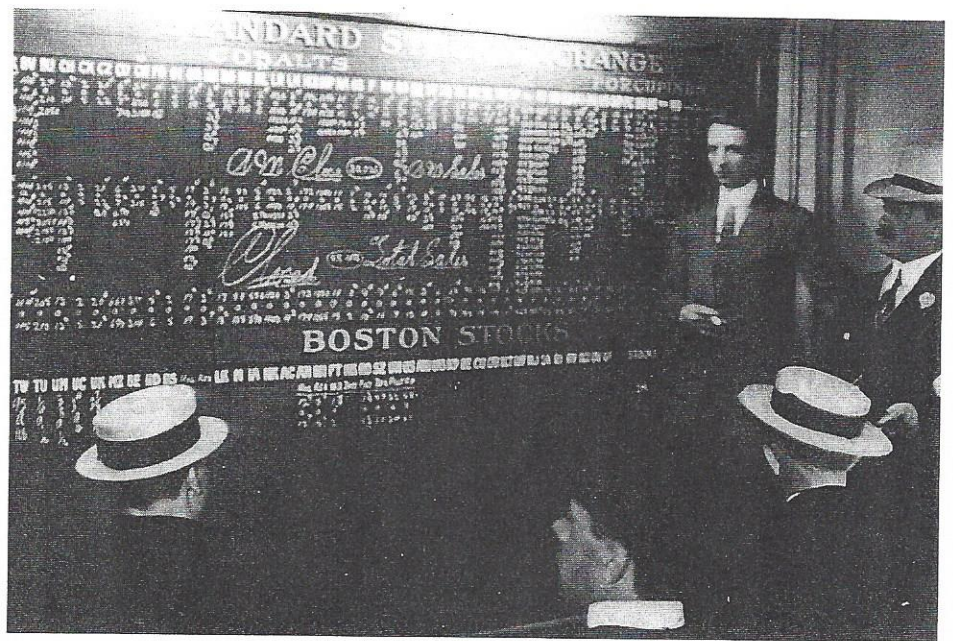
How did prosperity affect the economy?

Because some people had money to spend, companies began to make new products. When Canadians bought these products, the companies increased production. Companies expanded. They thought if consumers were ready to spend money, then the companies should make more products **available** for them to buy. To increase production, the companies had to build more factories and hire more workers. Soon, these new workers would also have enough money to buy new products. Many people thought this **cycle** of spending, increased production, increased employment, and increased spending would continue forever.

Many companies borrowed the money to expand, by selling **shares** in their companies to other people. Anyone could buy shares. Shares were bought and sold on the **stock market**. Many Canadians invested their money in the new companies in the 1920s. Stockbrokers earned money buying and selling shares for other people.

Figure 3.1 How Economies
Become Prosperous





Share prices went up when a company sold more products and made a profit. Share prices went down if sales fell and the company lost money. The price of shares went up and down. For investors, the trick to making "easy money" was to buy shares of companies when their prices were low and to sell the shares when their prices were high. "Buy low, sell high" was the favourite saying of people "playing the stock market."

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QUESTIONS

- a. What did companies do when people had money to spend?
 - b. How did this affect employment?
 - c. How did increased employment affect spending?
 - d. Do you think this cycle could continue forever?
 - e. What could stop this cycle?
-

How did prosperity affect life in Canada?

Life in Canada changed in many ways. New **inventions** became widely available. People bought many new products that saved time and made life a lot easier for them. Many of the new products made the world seem smaller: you could travel more easily and pass information more quickly. Canadian scientists Frederick Banting and Charles Best invented insulin to treat diabetes in their laboratory at the University of Toronto. This discovery saved many lives.

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What products did Canadians buy?

Canadian culture began to change as a result of the new conveniences available. For those Canadians who could afford the new

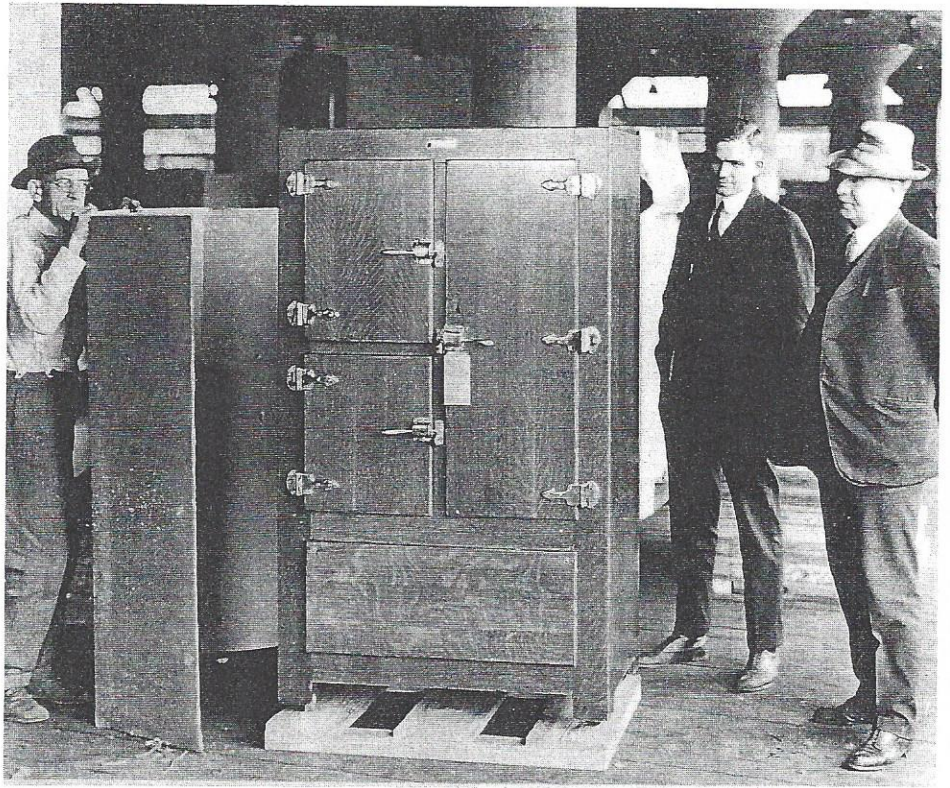
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products, life changed. If you had a refrigerator, you had to shop for food only once a week instead of every day; if you had an electric washing machine, you no longer had to wash clothes by hand; if you had an electric stove, cooking was much easier.

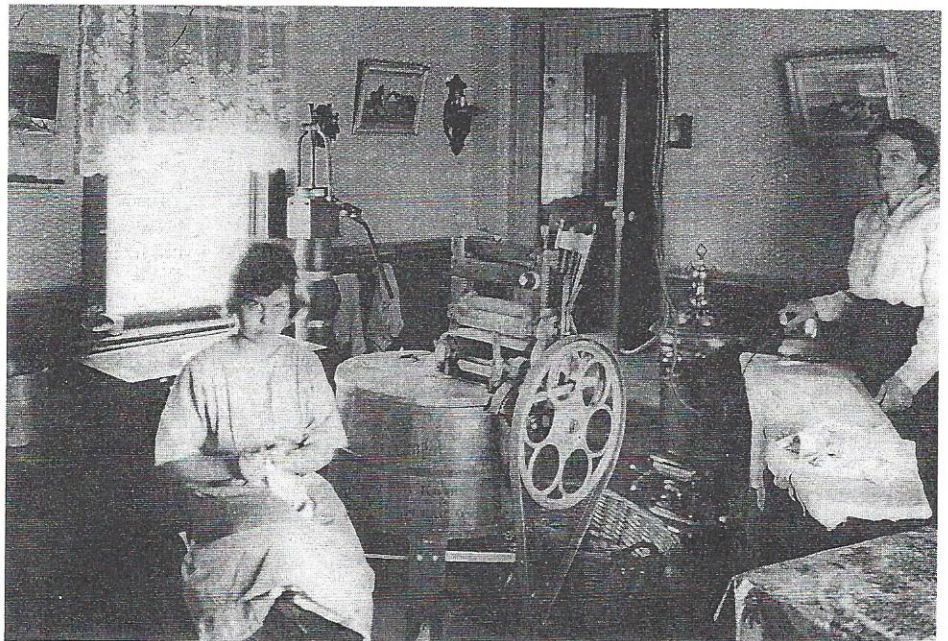
Travel and communication products made life faster and easier. Cars were very popular. Planes made it possible to travel and transport people and products to northern Canada. Telephones were convenient. If you had a phone, you could talk to people rather than

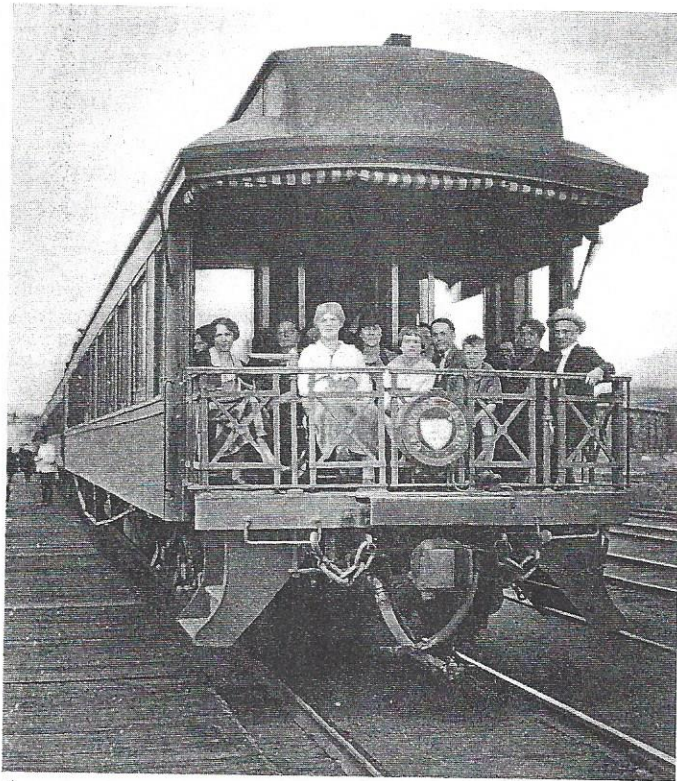
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This was one of the first refrigerators made in 1921.

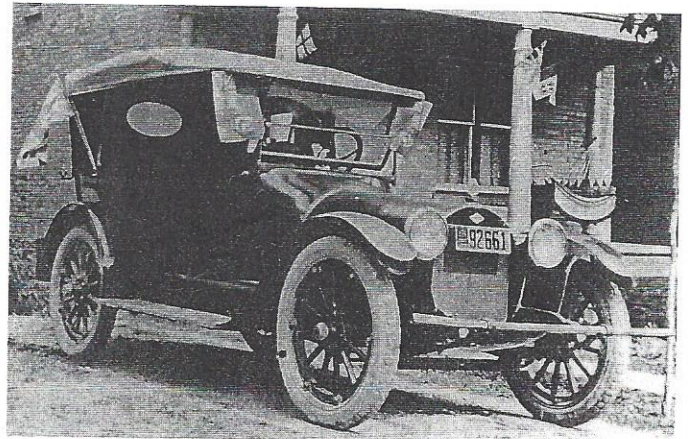


There were modern conveniences in 1921. The electric washing machine was made in Hespeler, Ontario. Notice how the electric iron is connected by a ceiling drop cord.





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- 1 People enjoyed seeing Canada from an observation car on the CPR, 1922.
- 2 This D-45 McLaughlin automobile is decorated to celebrate July 1, 1920.
- 3 Advertisements for new products appeared in magazines like *The Saturday Evening Post*.
- 4 Young couple dancing to the music of early radio in 1920.

visiting them. People wrote fewer letters. Although many homes still did not have a phone, there was always one at the local store if you needed to make a phone call. By 1926, there was one telephone for every 11 Canadians.

A new car cost around \$600, and Canadians wanted cars. If you had a car, life was easier. By 1928, 50 per cent of Canadians owned a car. In the 1920s, there were 17 Canadian-owned car companies. Cars brought jobs: people were needed to make cars, repair them, and build roads.

Another new product was the radio. People called the radio "something for nothing." If you could afford a radio, you did not need to go out for entertainment; you could stay at home, listen to popular songs, and practise all the new dance steps. You did not need

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to go to theatres for concerts. You could listen to the hockey game instead of going to the arena. You could find out what was happening in other parts of Canada or the world before the daily newspaper arrived at your door. In 1923, 10 000 homes had radios. By 1929, that number had increased to 297 000. The most popular radio show in the 1920s was "Hockey Night in Canada."

Other inventions that became available to Canadians in the 1920s were record players and movies. If you had a record player, you could dance to the latest tunes. Some of the dances that were popular in the 1920s were the tango, the Charleston, the fox-trot, and the turkey-trot. Dance clubs became more popular than ever before.

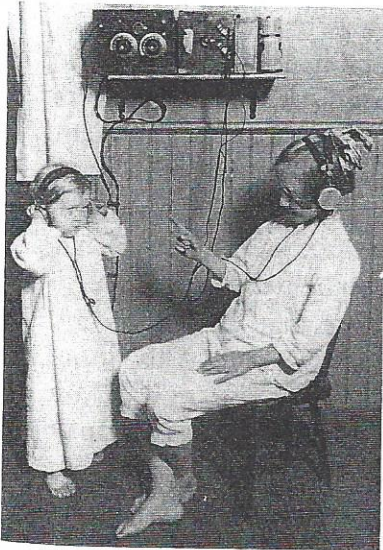
In the early 1920s, there were 451 theatres in Canada. Movies had no sound and were in black and white. But people loved them. By 1928, the number of theatres had more than doubled, and "talkies" appeared (movies in which actors spoke). These movies were even more popular.

QUESTION

- a. How did new products affect the lives of Canadians? Begin your answers like this: "If you had a ...,"
-

How did new inventions and industries affect Canadian culture?

Some of the changes had disadvantages. Some Canadians felt that Americans were **influencing** Canadians too much. When radio **broadcasts** first began, there were many Canadian radio stations across the country. But more Canadians began listening to the American radio



This is one type of radio people enjoyed listening to in 1924.

Benny Goodman was a popular American musician. This performance from the Waldorf Astoria in New York was broadcast on radio for home enjoyment.



stations. American radio station **signals** were much stronger, and Canadians thought American programs were more interesting. Canadian stations could not compete. By the end of the 1920s, 80 per cent of Canadians who had radios were tuned to U.S. stations. They listened to American music, played by American musicians.

Some Canadians wanted Canadians to read Canadian magazines, see Canadian movies and plays, and listen to Canadian radio programs. This would mean that Canadians would be writing, making movies, acting, and entertaining for other Canadians. We could all share our Canadian culture. But Canadians seemed to prefer American magazines and movies. By 1929, Canada's top 100 theatres showed almost only American-made movies. None of the American-made movies about Canada were true-to-life. But Canadians paid to watch these movies anyway, and Americans made the money.

Some Canadians worried about Canadian sports. In the 1920s, Canadians were very proud of our athletes' successes against other countries. Women athletes were especially successful. Canada had the "greatest team that ever stepped out on a basketball floor," the Edmonton Grads. Basketball was a game invented by a Canadian! Canada had Olympic gold-medal winners in running, high jump, boating, and basketball throughout the 1920s. Canadians became even more worried when Americans started to buy National Hockey League teams. They were afraid that the big-spending Americans would take away Canada's most popular sport. The American sport of baseball had already replaced **lacrosse** as Canada's most popular summer sport.

Canadian fears about American influence were well-founded. In certain parts of Canada during the 1920s, Canadians were leaving to live in the United States. Many farmers from Quebec and workers from Ontario and Nova Scotia moved there. Some Canadians thought this was a result of the increasing economic ties to the United States. They feared what would happen if the cultural ties increased, too. They didn't want Canadians to be exactly the same as Americans; but in entertainment and fashions, there seemed to be little difference.

The use of alcohol was another cultural issue that Canadians and Americans approached in different ways in the 1920s and 1930s. Some Canadians and Americans believed that alcohol was evil. They believed that alcohol tempted working people to waste their pay checks, lose their jobs, beat their spouses and children, and rob from their neighbours. They wanted governments to introduce **prohibition** to outlaw the manufacture, sale and consumption of alcoholic drinks. From the 1870s Canadians had debated this issue. They even held a national referendum on it. However, many people disagreed with this policy, especially in Quebec. During World War I all provinces except Quebec passed prohibition laws, and so did the federal government from 1917-1919 so that all the grain could be used to feed soldiers and civilians in Europe. Alcoholism, assaults and thefts did decline during prohibition, but some people ignored prohibition and went ahead and made their own wine, beer and alcoholic spirits. Some people said



The words "He shoots! He scores!" were the trademark of Foster Hewitt, who started broadcasting hockey games in 1923.

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they were using alcohol for medicinal reasons, and other people actually persuaded a few doctors to write them prescriptions. Some people tried to sell it secretly and illegally. After the war, the federal government and the other provinces gradually repealed these laws. However, in the U.S.A. prohibition stayed in effect from 1919 until 1933. Some Canadians realized that this provided an excellent export opportunity for a new industry. Brewers and distillers, like Harry and Sam Bronfman, started manufacturing alcohol for sale to people in the U.S.A. Some Canadians who lived near the U.S. border or who owned ships along the coastlines started shipping alcohol to the U.S.A. Prohibition proved very difficult to enforce in both Canada and the U.S.A. and provided opportunities for the expansion of organized crime rings, especially in the U.S.A. The U.S. finally repealed prohibition in 1933 because it simply could not be enforced. The provinces decided to regulate the manufacture and sale of alcoholic beverages to control for quality, squeeze out organized crime and increase government revenues. The control of powerful and dangerous substances is still hotly debated in Canada and the U.S.A. today.

QUESTIONS

- a. How do Americans influence Canadian culture today?
 - b. Do a class survey. Record the titles of the most recent movies and TV shows that each person has seen. What percentage was made in Canada? By Canadians? About Canada?
-

What happened when the boom ended?

The prosperity of the 1920s did not last very long. Economic conditions went downhill once again. This happened both in Canada and in the United States. This was a period of great hardship for most people. It was called "The Great Depression." 22

What were the causes of The Great Depression?

Companies had borrowed too much money in the 1920s. They had sold shares of their companies to investors, then used the money to make more products. But incomes were low, and Canadians could not afford to buy all the products made. Farmers had also borrowed money to plant more crops. But crop prices were low and farmers could not repay their loans. To make matters worse, other countries had raised their **tariffs** on imported goods. This meant that Canadians could not export as many products as they had before. Now Canada was left with more products than it could sell; **supply** was greater than **demand**! Products that cannot be sold have no value. Canadian prosperity and riches were declining. This was called a "bust!" In 1929, the economy slowed down. 23

"A Depression is when you have to tighten your belt."

T.C. Douglas

"Panic is when you don't have a belt to tighten and your pants fall down."

T.C. Douglas

Share prices in all companies fell. On October 29, 1929, many people who had purchased stock on credit, called "buying on margin," **panicked**. They tried to sell their shares at the same time to pay for the stock. People could not sell their shares, because no one was buying. Many people went **broke**. Prices on the stock market had collapsed. This was called the Stock Market Crash.

Many of the farmers and companies that had borrowed money were in trouble. They could not sell their products. They could not repay their **debts**. Companies and farmers started to go **bankrupt** in 1930.

Companies that went bankrupt had to lay off their workers. As a result, the number of unemployed people increased. Many had no money at all. Companies that did not go bankrupt sold fewer products because people had less money to spend. **Consequently**, more workers were laid off. The number of unemployed workers increased every year from 1929 to 1933. The economy was in trouble. There was less wealth for Canadian people to share.

How did the Depression affect families?

Some Canadians lost everything. The expressions "losing your shirt" and "losing the shirt off your back" came from these times when people lost everything they owned. The prosperity of the 1920s had led many people to think that good times were going to last forever. They had borrowed money to buy products, like cars, radios, houses, and especially stocks. When workers lost their jobs, they **fell into arrears** with their payments. If they stayed in arrears, the banks **repossessed** the goods. If they were in arrears with their mortgage payments, the bank could repossess the house. If they fell into arrears with their rent, the landlord could **evict** them from their home. Many families ended up on the street.

Life for unemployed workers and their families was very hard. People turned to their relatives, friends, neighbours, churches and private charities for help. Without jobs and money, evictions increased, and there were soon many homeless families. Single people and families started to live in tents. Everyone worried about basic food and shelter. To solve the problems of food and shelter, the government offered **relief**.

People were embarrassed to be on relief. To get relief, unemployed families were not allowed to own cars or radios or to have telephones. Sometimes, family members had to work on parks or roads to receive relief. Families received either vouchers or a small amount of money to buy food, fuel, and to pay the rent.

Milk and meat were expensive and few people could afford them. There was no money for new clothes. Clothes were patched and **mended**. Children wore **hand-me-downs**. Shoes and boots were a real problem, especially in the winter. Many children had to stay home from school because they did not have winter coats or boots. Many