

became fewer and more valuable, gross national income dropped 45% in the three years between 1929 and 1932. Wheat and other primary exports became unsalable. Canada's dependence upon exports of wheat, lumber, pulp and paper made it especially vulnerable to deteriorating overseas markets. By 1933 one quarter of Canada's labour force was out of work; those who still had work clung precariously to their jobs, even if wages were cut.

The world price of wheat dropped to 60 cents a bushel from a 1929 high of \$1.60; this paid only slightly more than the cost of threshing and gave the farmer a net return of 25 cents a bushel. Even with that low price the farmer might have mortgaged his equipment and squeezed by for a year or two, if there had been good crops, but what devastated the west was not just the low price of wheat — they could not grow it. A series of terrible droughts in the summers of 1931 to 1934 ruined thousands of western farmers and turned their farms into desolations of wind and dust. Provincial governments everywhere struggled with relief programs but those in the west were overwhelmed. Municipalities were, however, the hardest hit.

What the national economy needed was massive doses of money but no federal government of those days dreamed of bold monetary and fiscal measures. They thought in terms of balanced budgets and careful housekeeping, much as individuals themselves do at such times. What was needed was the opposite. Keynesian economics was applied successfully by the Nazis in Germany who had hardly heard of Keynes, and it was also tried tentatively by President Franklin D. Roosevelt in the United States, with much backing and filling and amid a great deal of public criticism. Broadly speaking, it can be said that World War II cured the Great Depression in Canada by bringing about the application of what amounted to Keynesian techniques.



Oil and grain, the two products of the mid-west which enabled Canada to build a strong national economy from coast-to-coast. (*Imperial Oil Limited*)