CAUSES OF THE GREAT DEPRESSION

• Over-Production and Over-Expansion
  o Agriculture and industry reached high levels of production during 20s and therefore were expanding
    ▪ Many profits spent adding to factories + building new ones
  o Even with prosperity, Canadians could not afford to buy everything
    ▪ Overproduced items began to pile up in warehouses
    ▪ Factory owners panicked and slowed down production + laid off workers and these workers + their families had even less $$$ so sales slowed down even more
  o Industrialists did not produce only as many items as they could sell

• Canada’s Dependence on a Few Primary Products
  o Staples [Canada's most important exports]: wheat, fish, minerals, pulp + paper
    ▪ Canada would prosper as long as world demand for these products were strong
  o Depression hit countries around the world and demand for Canada’s products fell
    ▪ Maritimes depended heavily on fish; West geared toward wheat production and the more these two provinces were hit really hard
  o Late 20s Argentina and Australia became competition for Canada because of wheat
    ▪ Price of wheat began to fall with a surplus on the world market
  o Western farmers faced with droughts in summer of 1929, '31, and '33-'37
  o Secondary industries (ex. flour mills) which process primary products suffered from lowdown in production due to primary products not being reduced
    ▪ Farmers' problems caused a chain reaction

• Canada’s Dependence on the United States