

Canadian Economy - Where We Have Come From

Theme: There have been three critical periods in Canada's political and economic history, each roughly three generations apart:

1867: Confederation

1930s: Great Depression

1990s: Constitutional Crises

1867:

BNA colonies face economic stagnation

Agricultural limits reached

Huge public debt from transportation expenditures

U.S. rejects reciprocity

British preferences eliminated

Population loss through emigration (pop: 3.5 million vs. about 40 million U.S.)

Response:

Confederation

Transcontinental railway

National policy

1930s:

Massive unemployment: hits 30%

Huge income losses: per capita 1933 money income 52% of 1928 level (1936 average weekly earnings were less than \$18)

Beggar-thy-neighbour world trade policies

Falling commodity prices

Prairie drought

Welfare costs soar - absorbing 33% of provincial revenues

Huge public debt, especially provinces

Response:

Federal relief aid to provinces

Re-examination of Constitutional division of revenue/expenditure powers (Rowell-Sirois Commission)

National wartime unity

Post-war social security infrastructure

1990s:

Prolonged recession

Huge public debt

Rising unemployment

Stagnant productivity

Stagnant real income growth

Single issue interest groups

Political uncertainties

Response:

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