**Post WWII Economic Identity**

The 50s-60s: Prosperity in the Postwar Era

* Laws to ensure veterans get jobs back that they lost
	+ Years of service would add to years of seniority
* Equalization payments from federal gov’t
* CD Howe gives tax breaks to encourage private business
* Unions fight for improved living standards
	+ Average wage raised from $0.67/hr (1945) to $0.95.hr (1948)
	+ 5 day, 40hr work week
* Beginnings of Alberta’s oil industry
	+ Most of the investment comes from American companies
* Megaprojects
	+ Trans-Canada Highway (1950-62)
	+ Kemano – Kenney Dam (1952)
	+ Alcan Smelter
	+ Trans-Canada Pipeline (1958)
	+ St Lawrence Seaway (1954-58)
		- Access Lake Superior from Atlantic

The 70s: Inflation

* 1973 oil embargo by OPEC (Organization of Petroleum Exporting Countries)
	+ Yom Kippur War 1973 (Egypt & Syria vs Israel)
	+ Canada supported Israel therefore Arab nations refused to sell oil to its enemies
* Oil prices rose, therefore price of all other goods rose (transportation costs)
	+ Prices rose to $3.65/ barrel (to $40 by the 80s)
	+ Price at the pump rose about 1.5 times
* Workers demanded higher wages but that didn’t fix the inflation because companies just raised their prices again to pay for higher wages
* Dual income families become more common

The 70s: Regionalism

* **Regional disparity** = gap between poor and prosperous provinces
* Natural resource industries suffered in the 70s
* Ontario wasn’t dependent on resource industries so they remained ok
* Western Canada felt these problems and a sense of **western alienation** grew
* In response to the oil crisis, Canadian produced oil prices were frozen
	+ To control inflation
* A petroleum tax was put on exported oil to subsidize imported oil
	+ To keep supplies in domestically
* Angers Alberta because they couldn’t sell their oil for market prices and couldn’t sell it internationally because they were taxed on it
* Petro-Canada to nationalize oil (1975-1991)
* To combat regional disparity, Trudeau increased funding to western provinces to equalize social services
	+ GDA General Development Agreement (1972-82)
	+ About 80-90% of the project would be funded by Federal Government
* NEP – National Energy Program (1980)
* To reduce the consumption of oil
* Protect Canadians from rising oil prices
	+ Less consumption = more supply = lower prices
* Goal is to make Canada self-sufficient on oil
* Provided funding for drilling in the Arctic and off the coast of Newfoundland
* NEP angers Alberta because NFLD will compete
* World oil prices fall in 1982 and therefore the NEP became useless and with Mulroney in 1984, the program is done away with

The 80s: Debt Crisis

* All the new social services were costing the federal government more
	+ Began operating in a **deficit**
* fewer business and fewer workers = the government gets less money through taxes but finds itself spending more on healthcare and unemployment insurance
* Canada borrows money to pay for social programs
	+ Debt in 1984 = $160 billion
	+ Debt [Today](http://www.debtclock.ca/)
	+ About 38cents per dollar collected from taxes go to paying off the interest of our loans

The 80s: Everything on credit

* Begins an era of purchasing beyond our means with credit

The 80s: Brian Mulroney - Conservative

* Inherits Canada’s debt (Liberal social services)
* Followed suit of Britain and US to let private companies reinvest more in the economy
	+ Tax breaks to big companies so they have more money to spend – “trickle down effect”
* Trimmed funding to social programs to save money
* Encouraged Free Trade to help fix the economy and debt (FTA and NAFTA)

1990 recession

* Businesses failed and jobs lost
* Fewer taxes paid, more money needed from the government

The 90s: Jean Chretien - Liberal

* Tries to fix the debt
	+ Faced with a $459 billion debt
* Spent money on public works to repair roads and bridges ($6 billion)
* 43% of revenues used to pay off interest from debts
* Paul Martin (finance minister) finds that the only solution to the debt is to cut social services
	+ Cut 40,000 government jobs
* Health care, welfare, transfer payments to post secondary institutions cut
* Subsidies to businesses removed
* Cut transfer payments to provinces (no more equalization payments)
* Martin’s cuts worked for the debt
	+ But rising poverty (homelessness, food banks)
	+ People couldn’t get health care, tuition rising
* 1997 Canada is finally able to pull out of a deficit and pay back its loans…