

# **Chapter 1- Conditions Prior to Settlement**

## **8 - Financial Factors Influencing Immigration to the Theodore Area**

When listing the reasons why people chose to emigrate to the Canadian prairies during the twenty-five years prior to World War I many writers tend to make very vague and generalized comments saying simply that some immigrants hoped to escape poverty in their own countries and that some European countries were overpopulated. While both statements are true, neither of them adequately account for the urge many people felt to leave their homes and everything they knew and travel to a far-off land to begin a new life. The fact of the matter is that during the last decades of the nineteenth century both Europe and North America experienced a severe and prolonged depression. Very often too little is said about how grim the economic situation was for many people in “the old country,” and how extensive and pervasive the hardship was for them.

### **World Wide Depression 1873 - 1896**

Beginning in 1873 the world entered a two-decade long period marked by an almost continuous economic depression. Great Britain seems to have been particularly hard hit by it, but the industrialized parts of continental Europe also suffered. This, in turn, had a negative impact on the regions of Central and Eastern Europe who depended on the rest of Europe as markets for their grain.

In May 1873 the Vienna Stock market crashed and the entire European economy was soon engulfed in a major depression. The general consensus among historians is that many European banks failed, and by 1877 some companies may have lost as much as 60% of their

value. Consequently, there was widespread unemployment in Europe at this time, and the prices of wheat and other grains fell sharply, thereby creating extreme hardship for European farmers, especially those in Central and Eastern Europe who could no longer sell their grain. According to one report unemployment in Great Britain rose from 1% in 1872 to 11.4% by 1879 and was still more than 10% in 1886.<sup>1</sup> The report goes on to say that during the twenty-five years between 1871 and 1896 the prices of both coal and textile, commodities that were essential to the British economy, fell by more than 30%.<sup>2</sup>

Historians generally assert that the United States entered the depression in September 1873 following the bankruptcy of Jay Cooke & Company, a major financial institution of the time. A series of bankruptcies followed in short order. More than one hundred railway companies failed or went bankrupt within a year.<sup>3</sup> It has been estimated that by 1879 18,000 businesses had gone into bankruptcy resulting in an unemployment rate of 8.25%.

While economic historians have identified and documented many factors that contributed to the depression of 1873 to 1896, those factors are not the primary purpose of this paper. What is important, however, is the fact that the depression had a devastating effect on the lives of thousands of people, and that world wide economic conditions became a major consideration in the decision of many people to eventually immigrate to the Canadian prairies. According to the historian Moseley, “the long depression of 1873-1879 resulted in a great deal of social unrest among farmers and workers and the decline in agricultural prices forced many farmers into bankruptcy.”<sup>4</sup>

The economic reverses of 1873 had a very negative impact on the rural areas of America. During the Civil War, many farmers had borrowed heavily in order to expand their operations and

meet the demands of the war time economy. The end of the Civil War followed by the long depression dashed their dreams. By 1890 farmers in the western and Midwestern states had endured almost two-decades of agricultural depression that only added to the debt they already owed.

In the late 1880's *The Regina Leader* carried two small items relating to immigration into the Yorkton area. The first simply stated that, "Preparations are being made for a considerable immigration expected next spring."<sup>5</sup> The second stated that:<sup>6</sup>

Business is looking up a little in our district. A number of new settlers have lately come among us and made their homes in various parts of the settlement. More are expected shortly. There is yet a large amount of vacant land in this district, which as has been proved by the record of the past five years, is equal to any in the Territories; lands especially adapted for stock raising where an abundance of rich pasturage, hay and water can be had, and land particularly favourable to mixed farming where an abundance of feed can be had for a limited amount of stock, where wood and water are within the reach of everyone and where grain raising has been fairly successful.

Although neither article mentioned the severity of the economic conditions at the time, that was about to change.

### **Economic Conditions in the United States**

On 28 January 1890 *The Winnipeg Tribune* carried the following account of conditions in South Dakota:

A special correspondent of the Tribune at Carthage, SD, telegraphs that thousands of people are suffering for want of food and clothing, and the facts are concealed by boomers and speculators. Cattle and horses are dying by thousands on account of insufficient fodder. Help has been solicited, and is being sent to Chicago and other cities. The sympathy of the people of this city has been thoroughly awakened by the reports.<sup>7</sup>

A similar story that appeared on the front page of the *Regina Leader* under the headline “Destitution in Dakota” told of settlers starving in unheated cabins because there was no wood or coal available.<sup>8</sup>

Conditions did not improve. In the spring of 1891, *The Winnipeg Tribune* carried another story about the plight of American farmers in the Dakotas. According to the newspaper, nineteen out of twenty farmers could not pay for the seed they needed that spring, and *The Manitoba Free Press* of 26 March 1891 predicted that 12,500 acres of cultivated land in just one counties would be left idle that year.<sup>9 10</sup> Furthermore, according the story in *The Tribune*, so many farmers owed so much in back taxes that local merchants were refusing to accept the relief warrants issued by the county councils.<sup>11</sup> Both newspapers predicted that many farmers from the Dakotas would be moving to the Canadian prairies.

Although the majority of American settlers do not appear to have arrived in the North West Territories until 1891, the first stories of the flight from the United States to the Canadian Prairies actually appear in 1890. In September 1890 *The Regina Leader* carried a story of the arrival in that city of a Mr. Silverthorn, his wife, and six children. Because they brought seven head of cattle with them, their journey by wagon had taken them five weeks and one day. This family, like many others, had emigrated from Ontario to South Dakota seven years earlier and had only one crop in that time.<sup>12</sup>

Many Americans had some knowledge of what to expect when they arrived on the Canadian prairies. Delegations of farmers had been sent to Canada from many area in the United States, and often reported favourably on what they had discovered. One such delegation had

arrived in Regina from South Dakota in 1890 and told *The Regina Leader* that there were well pleased with what they had seen.<sup>13</sup>

The American settlers did not all stop at Regina. Many of them continued north and settled closer to Yorkton. In 1891 the Yorkton correspondent to *The Leader* wrote, “Judging from the large number of delegates who have visited us from Dakota, immigration will boom this fall for they only have to see to be convinced that we have the finest mixed farming district in the NWT.”<sup>14</sup> Settlers from the USA continued to arrive in the Yorkton area well into December 1891, and the Yorkton correspondent to *The Leader* reported that, “Some Dakota settlers still coming in. All are in expectation of a large immigration in the spring.”<sup>15</sup>

While the examples given above are from the Dakotas similar conditions existed in many other western and Midwestern states. It has been estimated that in Kansas the crop lands were mortgaged to 45 percent of their true value, in Minnesota lands were mortgaged to 44 per cent of their values, in Montana it was 41 percent, in Colorado it was 34 percent, and similar conditions existed in other states as well.<sup>16</sup> As expected this kind of debt in a declining economy resulted in numerous foreclosures and tax sales.

The predictions made by the various newspapers that American farmers would soon be emigrating to the Canadian prairies in large numbers soon came true. A number of Canadian farmers who had moved from Ontario to the Dakotas took the opportunity to return to Canada and settled around Sheho Lake.<sup>17</sup> On 11 April 1892, *The Regina Leader* reported that a party of delegates from Michigan had arrived in Regina to inspect the land in the Yorkton, Prince Albert and Regina areas.<sup>18</sup>

Before the United States could fully recover from the depression that began in 1873 it was hit by another financial crisis and another depression that began in 1893. Again, there were many reasons for the crisis and following depression, and again the causes of the depression are less important than its effects on the lives of people. According to *The World Heritage Encyclopaedia* stock prices declined, 500 banks were closed, 15,000 businesses failed, and numerous farms ceased operation.<sup>19</sup> As a result of this depression the unemployment rate in Pennsylvania soared to 25%, in New York it reached 35%, and in Michigan unemployment was 43%. Soup kitchens were opened everywhere in order to help feed the destitute. People facing starvation chopped wood, broke rocks, and sewed in exchange for food and in some cases, women resorted to prostitution to feed their families.<sup>20</sup>

The depression that followed the financial crisis of 1893 in the United States resulted in an additional massive debt load for many farmers.<sup>21</sup> Many, if not most, farmers in some States were so deeply in debt that one newspaper, *The Scandinavian* of Chicago, the leading Norwegian language newspaper in America at the time, referred to those states as debt prisons.<sup>22</sup> In an interview granted to *The Manitoba Morning Free Press* in April 1898, Richard Seeman, who was still interested in selling the land he had purchased from the M&NWR, and who had been promoting settlement in Western Canada for several years, claimed that of the 16,000 farmers in the state of Iowa, 14,000 of them were tenants and that they were paying an annual rental of \$3 an acre.<sup>23</sup>

When writing about this period of American history, Bjork states that the economic conditions of the rural population in Minnesota, the Dakotas, and the neighbouring regions were deplorable and that farm labourers, who made up approximately one-third of the population in

those states received only a subsistence wage.<sup>24</sup> Tenant farmers who operated about half of the farms in the Red River Valley, in Iowa, Eastern South Dakota, and Nebraska were faced with the likelihood of remaining renters as long as they lived because of high rents, increasing production costs, shortage of capital, and rapidly rising land prices.<sup>25</sup> Moreover, it does not appear that those who owned their farms were much better off, as many of the farms were mortgaged and what little credit was available was often inadequate and expensive.<sup>26</sup>

Chris Hanson, a former Theodore resident, recalling stories from his family's history, stated that:

My grandfather started off as a farm labourer, then rented farms. At that time, the landlord got a share of everything produced on the farm – grain, livestock, milk, eggs, even garden products and the walnuts from the trees that grew in hedges around the farmyard. If a renter could not meet his obligations, there would be a Sheriff's sale where everything was sold to settle the account. . . . Dad used to tell stories about them. Apparently the renter's obligations were considered to be paid from the proceeds of the sale.

People got together and organized the bidding. After all, they might be next. As an example, bidding for a cow might start off at a few cents and end at say fifty cents. If the auctioneer could not get a higher bid, it was sold. When the auction was over, the goods were returned to the family. Anyone who tried to take advantage of this situation would be taken behind the barn and beaten up.

Our family never experienced this but prospect of ever owning land down there appeared more and more remote. Of course they were in communication with former neighbours from down there who had moved to Canada. I believe that is one of the reasons they chose the Theodore area but I'm not sure. I do know that dad and one or two of his brothers (not sure which ones) did a surveillance trip. They looked at land that was available on the Regina plains but they wanted land where there was wood and water available. They also looked at land up around Canora. Dad talked about staying over night on a Doukhobor colony (not sure I spelled that right) They were treated like royalty. However, they settled on Theodore among people they had known down in Minnesota.<sup>27</sup>

### **Economic Conditions in Central Europe**

Many settlers in the Theodore area came originally from Galicia and Bukovina in the Austro-Hungarian Empire, which at the end of the nineteenth century were among the poorest and most over populated regions in Europe.<sup>28</sup> According to the Taras Shevchenko Museum, one of the major reasons for Ukrainian emigration to western Canada was that their small farms, the sole means of existence, could not be subdivided any further. Moreover, farming practices in the Ukraine at that time were primitive, inefficient and extremely labour-intensive when compared to the rest of the world. Productivity was so low that the land could not support the population beyond the subsistence level,<sup>29</sup> and it was not uncommon for three generations of a family to live in a single small, two-room house.<sup>30</sup>

Poverty appears to have been widespread in Ukraine. The story of the Nykolayou family tells how as a child Mike Nykloayou worked for ten cents a day, carrying straw away when the grain was threshed in his native Ukraine.<sup>31</sup> Yet, the family was able to scrape together enough money (forty dollars for one adult) to pay for their passage to Canada.<sup>32</sup>

### **Economic Conditions in Central and Eastern Canada**

Although Canada at the end of the nineteenth century could hardly be considered an “Old Country,” many people left the Eastern and Central provinces because of the same kind of poverty and economic hardship that existed elsewhere and chose to relocate to the Northwest Territories. It is generally recognized that the depressions of the late nineteenth century were responsible for creating a high rate of unemployment in Eastern and Central Canada, and while it is difficult to estimate the extent of Canadian unemployment during those years, some economic historians



claim that it may have been as high as 25%. One example of the effect the 1873 depression had on Canadian employment can be seen in data from the pulp and paper industry. In 1873 there were thirty mills in Canada producing pulp and paper, but by 1878, ten of them had failed, seven were idle, and only thirteen were still operational.<sup>33</sup> The *Regina Leader* quoted one Ontario farmer, J. W. McIntosh, of Fernhill, as saying, “I have found that the average Ontario farmer is not in as good a position as he was ten years ago and that the most common expression with them is, ‘If I could sell our to advantage I would go west too.’”<sup>34</sup>

In spite of the hard economic conditions many Canadians faced during this period, it appears that in general the Canadian experience was not as bad as it was elsewhere. Some economic historians claim that Canada’s economy did not stagnate and that it actually grew, but at a greatly reduced rate.<sup>35</sup> And, unlike many other countries, it does not appear that there were any major bank failures in Canada.

The response of many people in eastern and central Canada to the depression that plagued the country between 1873 and 1896 was to find a new place to live. For example, many of the Canadians who settled in the Sheho lake area in the early 1890's had emigrated to the Dakotas in the hope of making a better life there returned to Canada when they found that it was impossible to make a living there.<sup>36</sup> In the same way the York Farmers Colonization Company, founded in 1882, attracted a number of Ontario farm families seeking a better life in what would later become the city of Yorkton.

By the mid 1890's most of the conditions necessary for settlement in the Theodore area were in place. First, the CPR had been completed in 1886, and the M&NWR had reached Yorkton in 1891. Second, while there were fewer homestead opportunities in the United States,

there were a great many places in the Canadian prairies, including the Theodore area, were still sparsely settled. Third, the world economy had improved to the point that many more people could afford the cost of moving to North America.<sup>37</sup> Fourth, the Canadian government was actively recruiting settlers from many parts of the world, including central Europe.

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