

THE MARITIME PROVINCES AND THE RECIPROCITY TREATY

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THE traditional belief has been that the Maritime Provinces benefited greatly from free access to the American market under the terms of the Reciprocity Treaty. So far, this belief has never been carefully examined, and it is the aim of this brief summary of much factual material to make a beginning at the elucidation of some obscurities in a problem which has long awaited investigation. The conclusions reached are, that while trade in general held up well, and exports to the United States increased considerably, the importance of the American market was most obvious during the latter years of the Civil War; that much of the increase not attributable to the Civil War is accounted for by a transfer of figures; and that for the major industries the overwhelming advantages which the American market afforded were not so apparent until some years later. The question arises why the idea persists that a fatal blow was dealt the Maritime Provinces by the abrogation of the Reciprocity Treaty, and that their losses are greater than those of any of the other North American Colonies. The answer, in very general terms, can be given briefly, and is, that a concomitance of circumstances favorable to the Maritime Provinces synchronized with the period of the Reciprocity Treaty, and that shortly afterwards the tide of events began to flow in the opposite direction. The abrogation of the Reciprocity Treaty, and the advent of Confederation, were the two political events which roughly marked the turning point, and responsibility was popularly placed on one, or the other, or both. It will be impossible to discuss here the part that Confederation may have played in accelerating the decline in the relative prosperity of the Lower Provinces, either by raising costs of production or in hampering the renewal of a reciprocal trade agreement with the United States; but other factors, more important than the Reciprocity Treaty in contributing to the prosperity of this period, were those external forces which greatly stimulated the shipbuilding industry and the carrying trade; railway construction in Nova Scotia and New Brunswick; and last, but not least, the American Civil War.

By the turn of the half century, the British North American Colonies were well on their way to attaining their majority. Re-

sponsible Government for Nova Scotia and Canada was conceded in 1848, and granted in due course to the other provinces. The Enabling Act of 1846¹ made complete fiscal freedom inevitable in the course of a few years, and, in 1849, the sweeping away of the Navigation Acts exposed the Colonies to the competition of all the world in the carrying trade. The favored position which formerly had been theirs in the British West Indies no longer existed, and colonial preference in the markets of Great Britain was rapidly disappearing, to vanish entirely in 1860. The Maritime Provinces weathered these changes without approaching too near to the disaster which was repeatedly predicted. By 1850, the population stood at about half a million. The rapidly expanding market for fish and lumber had made it possible to establish both industries on a sound foundation; and the increasing commerce of the world, demanding more and more shipping capacity, had led to the growth of the shipbuilding industry on a large scale. The General Mining Association had made extensive investments in the coal fields of Nova Scotia, and definite progress had been achieved under the able management of Richard Brown, until, in 1853, mineral products, almost exclusively coal and gypsum, constituted about one-tenth of Nova Scotia's total exports.

So far, the advent of the steamship had not affected the supremacy of the sailing vessel in the trade in bulky cargoes and to distant markets. Little more than the first sod had been turned in railway construction in British North America, and even in the United States there were only 9,021 miles in operation in 1850. Although these two important innovations of the nineteenth century, the steamship and the locomotive, had had little effect upon the economic structure of the Lower Provinces; nevertheless, the trend of population westward beyond the Alleghanies, and along the margin of the Great Lakes, was beginning to make itself felt through increased production in foodstuffs, which was virtually putting a stop to grain raising in the Maritime Provinces.

In the fishing industry, Nova Scotia was pre-eminent, with considerably over a third of her recorded exports made up of fish and fish products; Prince Edward Island came next with about one-tenth; and New Brunswick made a very poor showing with about one-twentieth. In agriculture and foodstuffs, Prince Edward Island held first place, as they constituted from two-thirds to three-quarters of her entire export trade; New Brunswick can be ignored; while in Nova Scotia they accounted for from one-sixth

1. 9-10 Victoria, Cap. 94, August 28, 1846:
"An Act to enable the Legislatures of certain British Possessions to reduce or repeal certain duties of Customs."

to one-fifth. Much of this group was made up of re-exports of commodities which were not produced either within the province itself or within the Maritime Provinces; and, except in Prince Edward Island, the imports vastly exceeded the exports. In the products of the forest, New Brunswick had no rival. From two-thirds to four-fifths of her entire export trade belonged to this category, and if the statistics pertained to domestic production alone, the proportion would be much higher. In Prince Edward Island the proportion was less than one-fifth, and on the decline; whereas in Nova Scotia the industry appears to have been fairly steady, the proportion holding around one-sixth. For Nova Scotia, the mining industry has been already mentioned, and it may be neglected for New Brunswick and Prince Edward Island.

By 1850, the United States had become a powerful and numerous nation, with a population of over twenty-three million, and a merchant marine second only to that of Great Britain. Whitney's cotton gin, and the many inventions which led to the mechanization of the textile industry in England, made possible a rapid extension of the area under cotton culture in the Southern States. Following the War of 1812-14, the slight and sporadic movement of population across the Alleghanies developed into a general migration to the valleys of the Ohio and Upper Mississippi. On the northeastern seaboard, the manufacturing industries got a start during the Napoleonic Wars, and, while there was a setback at the close of hostilities, made rapid progress under the fostering care of the protective system established in 1816. This gave rise to a three or four cornered trade of manufactured goods from the Northeastern States to the northern territory between the Alleghanies and the Mississippi River; foodstuffs and supplies from this territory to the cotton producing areas in the South; raw cotton to England and the New England States; and manufactured goods from the industrialized section of Great Britain to the New England and East Central States. This, very briefly, and very roughly, is the course of the trade which formed the basis of the industrialized area on the northeastern seaboard of the United States, especially New England. It was primarily the demand of the home market which was responsible for these manufactories; nevertheless, some of the products soon began to be marketed beyond the national boundaries, and it is the export figures which most conveniently illustrate what was taking place. Exports of domestic manufactures, of an average of \$4,689,787—for the decade 1821-1830, had increased to an average of \$10,516,215—for the ten years 1841-1850. The growth of the cotton industry is best shown by

the decline in re-exports of foreign manufactures, and an increase in exports of domestic products. Re-exports of foreign cotton manufactures fell from an average of \$2,061,161—for the decade 1821-1830, to \$635,546—for 1841-1850; and, at the same time, American manufactures of cotton rose from an average of \$1,177,082—for the years 1826-1830, to \$3,955,734—for the years 1841-1850¹. It will be no surprise, therefore, to learn that trade between the Maritime Provinces and the adjacent territory to the south greatly increased, and the trend can be accurately discerned from the following table:²

Maritime Provinces—Percentage of Total Imports and Exports from and to the United States.

YEAR	NOVA SCOTIA		NEW BRUNSWICK		P. E. ISLAND	
	IMPORTS	EXPORTS	IMPORTS	EXPORTS	IMPORTS	EXPORTS
	%	%	%	%	%	%
1831.....	20.4	9.1	12.8	4.2	.3	1.3
1841.....	24.9	12.0	19.0	3.2	.8	1.5
1851.....	25.2	20.8	33.7	10.8	12.9	30.5

In what follows, an attempt will be made to set forth the major developments under the Reciprocity Treaty,³ to ascertain the benefits derived by the Maritime Provinces, and to estimate what they lost through its abrogation by the United States in 1866. Briefly, the Treaty established reciprocal free trade in natural products between the United States and the British North American Colonies. The United States obtained the privilege of exporting its goods down the St. Lawrence River without discriminatory charges, and American fishermen were allowed to carry on their operations in the territorial waters of British North America. The Maritime Provinces were greatly disappointed not to receive the right to American registry for their vessels, and access to the lucrative coastwise trade of the United States; while permission to fish in American territorial waters north of the thirty-sixth degree N. latitude was little valued.

1. *Report of Israel D. Andrews on the Trade and Commerce of the British North American Colonies*. Sen. Ex. Document No. 112, 32nd Congress, 1st Session. Washington, 1853. Pp 843, 845.

2. The Prince Edward Island percentages, and those of Nova Scotia for the year 1831, apply to the total foreign trade. This leads to no serious error, since the foreign trade of Prince Edward Island was largely confined to the United States, which also holds true for Nova Scotia as late as 1831.

3. For the story of the negotiations which led to the Reciprocity Treaty, see the excellent work of Dr. Charles C. Tansill, *The Canadian Reciprocity Treaty of 1854*. Johns Hopkins University Studies in Historical and Political Science, Series XL, No. 2, 1922.

The trade of the period is set forth in the following table:

Maritime Provinces—Total Imports and Exports, and Imports and Exports from and to the United States.

(In thousands of pounds).

	NOVA SCOTIA				NEW BRUNSWICK				P. E. ISLAND			
	IMPORTS		EXPORTS		IMPORTS		EXPORTS		IMPORTS		EXPORTS	
	Total	U.S.	Total	U.S.	Total	U.S.	Total	U.S.	Total	U.S.	Total	U.S.
1848..	846	295	523	150	629	244	639	44	133	16	40	1
1852..	1,194	347	980	266	1,110	393	796	83	171	34	106	28
1853..	1,417	415	1,078	277	1,716	574	1,072	121	210	37	117	24
1854..	1,791	575	1,247	318	2,068	711	1,104	97	273	39	152	16
1855..	1,882	738	1,472	481	1,431	782	826	123	268	43	147	33
1856..	1,869	678	1,372	413	1,521	714	1,073	173	356	52	167	28
1857..	1,936	...	1,393	...	1,418	628	917	158	258	50	134	50
1858..	1,615	583	1,264	408	1,162	564	810	163	186	42	153	65
1859..	1,620	576	1,377	456	1,416	675	1,073	236	234	62	178	89
1860..	1,797	651	1,323	446	1,446	688	916	248	230	56	205	79
1861..	1,522	611	1,154	304	1,238	628	947	175	209	43	163	48
1862..	1,689	605	1,129	362	1,291	616	803	185	211	47	150	44
1863..	2,040	771	1,309	373	1,595	739	1,029	259	293	71	209	106
1864..	2,520	860	1,434	489	1,863	691	1,052	263	337	83	202	78
1865..	2,876	865	1,766	723	1,476	636	1,153	361	381	91	291	124
1866..	2,876	808	1,608	645	2,083	779	1,327	386	444	74	246	24

A glance at the totals in the above tables will reveal a considerable fluctuation from year to year, and a noticeable "spread" between imports and exports. For the time being, it will suffice to attribute the former to the fortunes of trade, but the latter may be accounted for by:

- (1)—The sale of ships on the British market, which were never included in the table of exports,
- (2)—The appreciable earnings of locally owned vessels,
- (3)—The tendency to under-value the exports,
- (4)—The natural spread which usually exists between imports and exports, imports being taken at a C. I. F. value, whereas exports omit the shipping costs,
- (5)—The concentration of imports at a few major ports, whereas exports from smaller centres may have often gone unrecorded.

Turning again to the fluctuations from year to year, we can easily see that the rapid recovery from the low point of 1848 culminated between the years 1854 and 1857. The depression that followed

was just beginning to lift when Civil War in the United States disturbed the normal trend of the trade cycle, depressing it at first and then accelerating its rise.

The general increase in both imports and exports with the United States is readily discernible. With the dates of ratification in mind,¹ and if we consider that the returns apply to the calendar year,² it is evident that the Treaty could not have materially affected the import figures in Nova Scotia and New Brunswick for 1854, and only to a small extent those for Prince Edward Island. Exports, on the other hand, were not affected until 1855; but, to avoid any danger whatever of overlapping, 1853 will be taken as the base year. Respecting, then, the figures of subsequent years in comparison with those of 1853, it will be found that, with only two or three minor exceptions, there was a noticeable increase in trade with the United States, and that the percentage increase was usually higher, and percentage decrease usually lower than for the corresponding total figures; but the changes which took place may be more readily appreciated if the proportions which American trade figures bore to the total imports and exports are set forth for a few sample years. In the following table, these percentages are given for the years 1853, 1860 and 1865. 1853 has been chosen for reasons already given, 1860 because it seems to represent more clearly a normal year after the Treaty had had some time to make its influence felt, and 1865 because in that year the full effects of the Civil War were being experienced.

Maritime Provinces—Percentage of Total Imports and Exports from and to the United States.

	NOVA SCOTIA		NEW BRUNSWICK		P. E. ISLAND	
	IMPORTS	EXPORTS	IMPORTS	EXPORTS	IMPORTS	EXPORTS
	%	%	%	%	%	%
1853.....	29.3	25.8	33.5	11.4	17.8	21.1
1860.....	36.2	33.7	47.6	27.1	24.7	38.8
1865.....	30.1	41.0	43.1	31.4	23.9	42.7

The above table shows quite clearly that the American market became much more important relatively for both sales and pur-

1. The Treaty was ratified on September 23, 1854, by the Province of Canada, on October 7 by Prince Edward Island, on November 3 by New Brunswick, and on December 13 by Nova Scotia. It was not finally proclaimed by the President of the United States until March 16, 1855.

2. For Nova Scotia, the returns are for the calendar year up to and including 1856. In 1857 a change was made, bringing the trading year to a close on September 30, and this date was not altered until after Confederation. For New Brunswick and Prince Edward Island the calendar year applies throughout.

chases; that the proportionate benefit was far greater to New Brunswick and Prince Edward Island than to Nova Scotia; and that the American Civil War had an unmistakable influence upon the course and volume of trade.

It will be observed that between one-quarter and one-half of the total imports came from the United States, and this trade was greatly facilitated by the natural channels of commerce. Ships returning from the West Indies frequently, if not generally, carried a cargo to American ports, where they picked up freight for the last lap of their homeward journey. These freights were often carried at distress cargo rates,¹ which offered an advantage not only to American products, but also to the entrepot trade in foreign products through American ports. Nova Scotia was the province chiefly affected in this way, but a similar situation existed in New Brunswick, where large numbers of vessels were available to transport the goods at very low rates as they moved north from American ports to load lumber from the Fundy area for the British market.² These imports were primarily agricultural products and foodstuffs. Of the £651,000 imported into Nova Scotia in 1860 from the United States, £430,000 came under this classification. In the same year, New Brunswick imported £688,000—from the United States; of which £366,000 were agricultural products and foodstuffs. The 1860 figures are not available for Prince Edward Island, but in the previous year the total imports from the United States amounted to £62,000—of which £27,000 came under the same classification.

It is impossible to learn from the provincial returns what goods were and were not the produce of the United States; however, the American returns show as exported to the "Other Provinces" foreign goods to the value of \$1,912,968—in 1853; \$2,572,383—in 1854; \$3,229,798—in 1855; and \$626,199—in 1856. Of these exports, a large proportion was made up of Wheat and Wheat Flour from the Province of Canada, for which commodities the values are: 1853, \$852,514; 1854, \$1,233,826; 1855, \$1,273,740; 1856, \$66,898³. The abrupt drop for the year 1856 brings to light another difficulty in dealing with the trade of this period. In both the United States and the British North American Provinces all imports not paying duty were considered as destined for home consumption, and no distinction was made between such domestic and foreign products in the export figures. Undoubtedly this

1. *Journals, House of Commons, Canada, 1877, Appendix No. 4, p. 38.*

2. See *Journals of the Legislative Assemblies of Nova Scotia and New Brunswick for tonnage inwards and outwards.*

3. *Statistics of the Foreign and Domestic Commerce of the United States.* Communicated by the Secretary of the Treasury in answer to a Resolution of the United States Senate, March 12 1863. Washington, 1864, pp. 79 and 83.

benefited both sides, but, at the same time, the practice exaggerated the increase in trade which took place under the Reciprocity Treaty, and the dependence upon the American market as an outlet for the products of the Maritime Provinces.

The export trade will be considered in greater detail under the four main groups, in the following order: (1) the products of the forest; (2) agriculture, and foodstuffs; (3) the mines; (4) the fisheries.

The large demand for lumber in the East Central and Southern New England States would presumably have provided the most logical outlet for the various products of the Maritime Provinces, especially since, by 1850, the most accessible stands of timber in the New England States, except in Maine, were beginning to show signs of depletion¹; but the heavily wooded area west of the Appalachians, in the region of the Great Lakes, began to be exploited about this time, and, while much of the production was utilized locally, and in the Plains region to the West, by 1860 more than ninety million feet were floated down the Erie Canal². This additional source of supply was again augmented in the "eighties" as the lumber industry moved into the yellow pine region of the South. Following the completion of the Panama Canal, large supplies began to come from the Pacific Coast, not only to the Northeastern States, but to the Maritime Provinces themselves. The opening of these new areas, and the improvements in transportation facilities, did not permit either the New England States or the Maritime Provinces to reap much in the form of monopoly profits from their proximity to a most important market³. However, as towards the end of the century supplies had to be brought from greater distances, the Maritime Provinces, particularly New Brunswick, disposed of increasing quantities of lumber in the American market, despite tariff restrictions⁴.

Under the Reciprocity Treaty, lumber shipments to the United States markets were not considerable, and much of what was sent seems to have been attracted by other than local demands. Working with the three years, 1853, 1860 and 1865, Nova Scotia was sending less at the close of the period than before the advantages of the Reciprocity Treaty were available. The figures dropped from £43,000—in 1853, to £34,000—in 1860, and to £32,000—in

1. Robinson, Chalfant, *Two Reciprocity Treaties*, New Haven, 1903. p. 36.

2. *Statistics of the Foreign and Domestic Commerce of the United States*. Op. cit. P. 146.

3. For the development of the lumber industry in the United States, see Johnson, Emory, et al, *History of the Domestic and Foreign Commerce of the United States*, Vol. 1, Pp. 232, 263, 287-290.

4. The Dominion trade returns give details of exports, by provinces, as late as 1890, and a summary of commodities shipped to various markets, by provinces, as late as 1900. The figures do not apply solely to the products of the province to which the exports are credited, but they do afford valuable information for any regional study up to that time.

1865. Although this latter figure constituted about one-fifth of the total exports of forest products, it included boards, planks, and deals to the value of only £9,249, the larger part of the exports being made up of firewood and lathwood. These figures do not give much ground for the contention that the American market for Nova Scotia lumber was very important during the period of the Reciprocity Treaty.

As Prince Edward Island was shipping very little lumber, and practically none at all to the United States, it can be disregarded; but New Brunswick was pre-eminently the lumberman's province, and followed a reverse trend to that of Nova Scotia. Her exports to the United States increased from £66,000—in 1853, to £108,000—in 1860, and to £161,000—in 1865. Whereas Nova Scotia sent a very small amount of sawn lumber, New Brunswick, in 1865, sent sawn lumber, including deals, to the value of £93,434. Many factors undoubtedly contributed to this difference between the two provinces, including the geographical distribution of the lumber industry. Large shipments of lumber to the British market left from the Bay of Fundy region of New Brunswick, and frequently cleared first for American ports to evade the difficulties that might arise under the deck-load law. For 1861, there is a specific reference to seventeen vessels having followed this practice, and their cargoes were included in the returns of exports to the United States. On the St. Croix, New Brunswick lumber was often loaded on the American side, with the same object in view¹, and it is not known how much of this was included in the exports to the United States. When the abrogation of the Reciprocity Treaty was beyond question, the various provinces united to send a delegation to the West Indies and South America to explore the possibility of new and extended markets. In the report submitted², it is declared that much of the lumber and box shooks sent to Cuba and elsewhere originated in New Brunswick or the Province of Canada, and the American Consul at Saint John gave support to this earlier contention when, in 1870, he wrote:³

“This trade—in box shooks—will very soon be monopolized by these Maritime Provinces”.

These observations go far to explain a disparity between the lumber trade of Nova Scotia and that of New Brunswick with the United States. Lumber from eastern Nova Scotia, as from the

1. Innis, H. A. and Lower, A. R. M., *Select Documents in Canadian Economic History, 1783-1885*, Toronto, 1933, p. 675.

2. *S. P. Canada*, Vol. XXVI, No. 4, 1866, Paper No. 43. See also *Journals of the Legislative Assembly of New Brunswick, 1866*.

3. Ganong, C. K.—*The Canadian Reaction to the American Tariff Policy*. Unpublished Thesis, University of Wisconsin, 1931. Pp. 175-6.

north shore of New Brunswick, went direct to the British market, and a certain amount from the Fundy portion was shipped first to New Brunswick. The large exports destined to Great Britain from the Bay of Fundy section of New Brunswick made calling at an American port to evade the deck-load law a simple matter. From the western portion of Nova Scotia much sawn lumber was sent to the West Indies, but this went direct as part of an assorted cargo, always a problem in the Caribbean and South American trade. New Brunswick had practically nothing but lumber to send to the West Indies, and therefore it was much easier to sell through the American market, and to ship through American ports. The advantages from this indirect trade must be credited to Reciprocity, for, while the trade did not entirely cease, it was seriously interfered with by the abrogation of the Treaty. Perhaps this was the greatest loss incurred until, not so many years later, supplies of timber had to be brought to the eastern seaboard from ever increasing distances, and when the geographical position of New Brunswick would have made a free market in the eastern United States most desirable and beneficial.

The opening up of vast fertile areas to the west and southwest of New England disastrously upset the hopes and aspirations of agriculturists in the northeastern portion of the continent. Prior to 1840, the agricultural production of the Ohio and Mississippi valleys went almost exclusively to the cotton producing States in the South. By 1850, the movement eastward practically equalled the movement southward, and from that time forward became increasingly more important¹. In 1849, Professor Johnson, in his famous report on the agricultural capabilities of New Brunswick, pointed out the shifting of grain production to the West²; and from 1850 to 1860 the movement of wheat eastward from Chicago increased, roughly, from two million to twenty million bushels³. The advantage did not stop with grain, for beef and pork were among the many commodities the production of which for the eastern market was rapidly increasing; then, just about the close of the period of the Reciprocity Treaty, the introduction of refrigeration methods for the meat trade robbed New England and the Maritime Provinces of advantages they would have otherwise possessed in supplying fresh meats to a growing and nearby market⁴. It was not until some years later

1. Callen¹ G. S., *Selections from the Economic History of the United States, 1765-1860*. Pp. 271-5.

2. Johnson, F. W., *Report on the Agricultural Capabilities of the Province of New Brunswick* Fredericton, 1850. Pp. 60-61.

3. Day, Clive, *A History of Commerce*, p. 570, and *A History of Commerce of the United States*, 1925. p. 163.

4. Clemen, R. A. *The American Live Stock and Meat Industry*, New York, 1923. passim

that there arose the possibility of considerable profits from potatoes, and other root crops, and from a variety of smaller items, such as eggs and poultry. Following these remarks, it will not be surprising to discover that very little was achieved in taking advantage of the large American market as an outlet for the agricultural products of the Lower Provinces.

The figures that follow cover all agricultural products and foodstuffs, and include re-exports as well as the products of the province to which they pertain.

Exports of Agricultural Products to the United States, with the percentage which they constitute of the total agricultural exports.

	NOVA SCOTIA		NEW BRUNSWICK		P. E. ISLAND	
	EXPORTS TO U. S.	% of TOTAL	EXPORTS TO U. S.	% of TOTAL	EXPORTS TO U. S.	% of TOTAL
1853.....	£ 24,278-	10.3	£ 4,002-	12.8	£ 3,423-	5.0 (1852)
1860.....	63,631-	26.6	10,006-	37.9	72,098-	52.9 (1859)
1865.....	107,141-	32.9	59,292-	76.2	77,724-	36.5

For Nova Scotia and New Brunswick, these increases were more apparent than real. Before the provinces were knit into compact units by their railway systems, it was possible for one section to have a surplus for export, while another part of the same province would be obliged to import the same commodity, and when such exchanges were with the United States they usually showed a balance in favour of that country. Large quantities of foodstuffs from the Bay of Fundy side of Nova Scotia were shipped to New Brunswick, and occasionally re-exported. Prince Edward Island sent more of her exports to the United States *via* Saint John after the completion of the railway from Saint John to Shediac. Following the outbreak of the Civil War, Nova Scotia became a more important distribution centre for West Indian products. But, with or without these considerations, a closer scrutiny of the figures for 1865, the best of the three years shown above, reveals that the Maritime Provinces made a very poor showing.

In 1865, Nova Scotia exported to the United States agricultural products and foodstuffs to the value of £107,000—or \$535,000. Of this, \$309,000 consisted of re-exports of sugar, and of all the items mentioned in the returns only two of any importance have a very favorable showing; viz., eggs to the value of \$3,278, and

vegetables to the value of \$148,734¹. Even this comparatively large figure for vegetables is modified by imports to the value of \$64,810, of which \$12,274 worth came from the United States.

The value of agricultural exports from New Brunswick to the United States, in 1865, was \$284,000—and from this will have to be deducted \$53,000—for exports of wheat flour, and \$7,910—for sugar. Only about one out of every three items shows an excess of exports over imports. Of those items in which New Brunswick had a favorable balance in her trade with the United States there were exported to that market \$137,217—worth, and to all markets, \$149,344. On the other hand, imports from the United States amounted to \$31,887—and total imports to \$304,742. Such is the very sad tale of New Brunswick's efforts to take advantage of the large market provided in the United States for agricultural products under the Reciprocity Treaty.

Prince Edward Island presents a more pleasing picture, for out of the £77,000 worth of agricultural products sent to the United States in 1865, a minimum of £74,000 had been produced within the province. The largest item was Oats, with a value of £54,624; but the advantages which she possessed in this branch of the grain trade were soon made negligible by the same forces which had already practically killed wheat production in the three provinces.

A study of the Reciprocity Treaty made by the United States Tariff Commission between 1916 and 1918 concluded that the trend of commerce was not changed by the abrogation of the treaty; that the reopening of the market in the Southern States, and the improvement in American currency after 1866, greatly mitigated the baneful influence of the tariffs which were imposed; and that the demands of the American market were such that the burden of the tariffs fell upon the importers, rather than upon the exporters. "But the Maritime Provinces", the report reads, "felt severely the loss of a free market for their fish and coal. In the case of these products no other market could be substituted for the United States, and the exports were materially reduced"².

So far as coal is concerned, Nova Scotia has not, and never did have, a very extensive market in the United States³. During the period of the Reciprocity Treaty sales increased appreciably; owing to the opening of new mines, the demand in New England for gas coal, and the fact that the railways had not then gone very far in granting commodity rates on low grade freights. The pres-

1. The total exports of vegetables amounted to \$183,242.

2. *Reciprocity and Commercial Treaties*. United States Tariff Commission. Washington 1919. P. 88.

3. See table of exports, *Annual Report on the Mines*, Province of Nova Scotia, 1931. P. 258

sure of the war years delayed the extension of American railways, and the opening of American mines, with the result that the demands of the industrial areas in New England raised the price of coal to \$8.00 per ton in Boston, about 1864¹. Thereafter, the price steadily fell, and this decline, together with a tariff of \$1.25 per ton, later reduced to 75c. per ton, was severely felt in the mining areas of Nova Scotia.

The production of coal in the United States increased from an average of:

12,513	for the years	1851 to 1860,	to
20,538	"	"	1861 to 1865, "
31,706	"	"	1866 to 1870, "
52,179	"	"	1871 to 1875

(in thousands of short tons)². In the late "sixties," the amalgamation of railways, and the struggle to increase traffic, led to a gradual introduction of very low rates for coal, especially from mines situated along the lines of the various roads. The cost of bringing coal to the surface in Nova Scotia increased rapidly with the deepening of the mines, until by the middle seventies it was fully twice as high as in the United States, and the disparity continued to grow³. This fact, together with the determination of the American railways to reserve to themselves all the traffic possible, drove the Nova Scotia product completely out of the market. During the days when Whitney controlled the Dominion Coal Company, there was a revival of shipments to the New England market; but this was due entirely to Whitney's connections in New England, and the trade proved unprofitable for both the producers in Nova Scotia and the New England Gas & Coke Company, the chief New England consumer⁴. The comparatively poor quality, and high cost, militated against the Nova Scotia product, and confined its market chiefly to the Maritime Provinces and the St. Lawrence valley. Unfortunately, from the standpoint of the mining industry, there was keen competition in this latter market from British coal carried as return cargo on the timber ships at rates sometimes less than those prevailing between Sydney or Pictou and Montreal⁵.

In summarizing the fishing industry for the purpose of this study, it will not be necessary to pay much attention to either New Brunswick or Prince Edward Island, as the trade was centred

1. *Journals of the House of Commons, Canada, 1877*. Appendix No. 4, P. 84.
2. *Statistical Abstract of the United States, Washington, 1932*, P. 711.
3. *Journals of the House of Commons, Canada, 1877*, Appendix 4, Pp. v and 31.
4. Forsey, E., *Economic and Social Aspects of the Nova Scotia Coal Industry*. Toronto, 1926. Pp. 6, 13-14.
5. MacDonald, C. O., *The Coal and Iron Industries of Nova Scotia*. P. 43.

chiefly in Nova Scotia, where much of the fish from the two other provinces was sent, as well as some from Newfoundland, to emerge in the export figures with her own production. Here, for the first time, it is possible to see what would have happened had the Reciprocity Treaty remained in effect; for, under the Washington Treaty, Canadian fish were allowed free access into the American market from July 1, 1873 to 1885.

According to the trade returns, exports of fish and fish products from Nova Scotia, in 1854, before the Reciprocity Treaty became effective, amounted to £521,000—of which 31.7% went to the United States. From 1856 to 1865, the average exports amounted to £585,000—of which 35.7% went to the United States. Since the United States was still an exporter of dried and pickled fish¹, and Boston and New York afforded incomparably greater opportunities for assorted cargoes than was possible from any of the Nova Scotian ports, there is every justification for the opinion that a fair amount of the imports from Nova Scotia was re-exported. Special support to this contention is given by the explicit provision in an Act dated March 2, 1855², for a refund of duties paid on exported fish and fish products which had been imported from British North America after September 11, 1854, the date of the promulgation of the Treaty by the President of the United States.

In 1866, when the free market in the United States was closed, fishery exports fell off noticeably for a few years; by 1873 this had recovered sufficiently to bring the average exports from 1868 to 1873 up to £566,000—slightly higher than the average of the four years, 1862-1865. This favorable showing may be due in some degree to more complete statistics, but would be also adversely affected by eliminating the trade which had existed among the provinces united in 1867 by Confederation. In 1868 a revolution broke out in Cuba, which interfered with trade for a few years, and the depreciated American currency must have also had an adverse influence.

Under the Washington Treaty there was a considerable increase in exports to the United States, the average for the period being \$1,259,875—as contrasted with the average of \$1,045,000 for the years 1856 to 1865, but the percentage dropped from 35.7 to 28.5. By this time the figures are sufficiently reliable to place any significant error out of the question, and they do serious violence

1. The United States was, on balance, an exporter of dried fish, but she imported more than she exported of pickled fish. For details see *Commerce and Navigation*, reports of the Secretary of the Treasury of the United States, and *Statistical Abstracts of the United States* for the period.

2. S. L. Vol. 10, Chap. CXLIV, March 2, 1855—"An Act to amend 'An Act to carry into effect a Treaty between the United States and Great Britain' signed on the fifth June, 1854, and approved August fifth, 1854". No drawback was permitted for duties paid on dried and pickled fish, but under the provisions of the Warehousing Act of 1846 these products could be placed in bonded warehouses and re-exported without payment of duty. See *Andrews Report*, 1853 op cit. p. 631.

to the contention that in those days Nova Scotia had no other outlet for her fish than the American market; while the American returns, showing increases in the export of domestically caught fish in 1874, and decreases in 1886, with corresponding decrease and increases in the re-export of the foreign product, confirm the opinion expressed earlier that fish from the Maritime Provinces entered into the foreign trade of the United States. Even after the abrogation of the Washington Treaty, total exports of fish continued to increase, and the average of \$5,105,000 for the period of 1891 to 1900 compares very favorably with \$4,454,000 for the years 1875-1884; while the average exports to the United States for these same periods were \$1,704,000 and \$1,197,000 respectively. It is not necessary to emphasize the absolute and relative increase, but there was beginning to emerge the one type of trade which was of vital interest to the Maritime Provinces; viz., the trade in fresh fish. The figures for this entire period show practically one hundred per cent. of the exports of fresh fish as going to the American market, and as the meat packing industry expanded, and refrigeration plants were installed, cured and chilled meats rapidly ousted dried and pickled fish from all but the southern markets. Even here, canned meats and canned fish, jerked beef and salt pork, made inroads into a market which formerly seemed to have been set aside for the cod and herring fishermen¹.

It does appear, then, that while the American market was important, the overwhelming dependence of the Maritime Provinces upon it as an outlet for the products of their fisheries during these earlier days is somewhat of a myth, and it is desired to emphasize that it has been the growth of the fresh fish industry in comparatively recent years which has made this market so essential.

It will now be necessary to call attention to those circumstances which went so far to make this period stand out as the golden age in the economic life of the Maritime Provinces. The one major internal development which must not be overlooked is the program of railway construction, begun in New Brunswick in 1853, and in Nova Scotia in 1854, which by the end of 1866 had given New Brunswick two hundred and eighteen miles of road, and Nova Scotia one hundred and forty-seven miles². During this period, Nova Scotia spent on construction work alone about seven and a half million dollars, and paid out in interest nearly two millions and a half³. The expenditure in New Brunswick

1. Grant, R. F.—*The Canadian Atlantic Fishery*. Toronto, 1934.

2. From statement prepared by the Department of Railways and Canals, Ottawa. The fifty-one miles of road from Truro to Pictou were not opened to traffic until 1867, but have been included with the above totals, as most of the expenditure had been made by 1866.

3. Maxwell, James A. Unpublished thesis: *A Financial History of Nova Scotia*.

seems never to have been calculated; but it is not likely that it was much larger than in Nova Scotia, for, while the mileage was greater, the cost of construction was less. The facilities in marketing afforded by the linking of Halifax with the Bay of Fundy shore of Nova Scotia, and of Saint John with the north shore of New Brunswick, together with the substantial outlay in both provinces, could not fail to give a fillip to trade, both internal and external.

Far more important were external developments which led to a rapid expansion of world trade, and a more than corresponding increase in the demand for carrying capacity. For bulky cargoes and distant voyages the sailing ship was still supreme, and in this branch of industry the Maritimes had exceptional advantages. New Brunswick built almost exclusively for the British market, and, although Nova Scotia was primarily interested in building up her own mercantile marine, and Prince Edward Island found an outlet for her excess tonnage chiefly in British North America, it is a conservative estimate that fully half the tonnage built was disposed of outside the Maritimes. Since the average of the years 1855 to 1865 was about 113,500 tons, and since £7 per ton may be taken as a reasonable value, it can be seen that the export of new vessels averaged, roughly, £400,000 or \$2,000,000. Of course, there were serious fluctuations, and, if the figures are examined in detail, it will be noticed that construction reached its peak in the later years of the Civil War.

The influence of the American Civil War seems rarely to have been given due consideration, but the Maritime Provinces are seen to have benefited greatly when one realizes that American ship yards were engaged in turning out war vessels, and not merchantmen; that worn out vessels and vessels sunk by southern raiders were not replaced; and that the total American mercantile marine dropped from 2,496,894 tons in 1861 to 1,387,566 tons in 1866¹. Bluenose vessels were adept at running the blockade, and many a tidy fortune was made by purchase of cotton in the South for six pence per pound and sale of it in Great Britain at seven times that figure². Likewise, Bluenose fishermen gained at the expense of their New England rivals, as the American fishing fleet of 204,197 tons in 1862 dwindled to 98,231 tons in 1866³. Added to these advantages came war-time prices, which in the United States had by 1865 more than doubled their level in 1850⁴.

1. Johnson, Emory R. and Huebner, G. G.—*Principles of Ocean Transportation*. New York, 1920. P. 452.

2. Ross, Victor, *History of the Canadian Bank of Commerce*, Pp. 105-6.

3. *Annual Report of the Commissioner of Navigation to the Secretary of Commerce and Labor*. Washington, 1908. Pp. 185, 187.

4. Taylor, K. W. and Michell, H.—*Statistical Contributions to Canadian Economic History*. Vol. II, P. 49.

From this time on, every major development seemed to be to the comparative disadvantage of the Maritime Provinces. The opening of the Suez Canal in 1869 dealt a serious blow to the sailing vessel in the far eastern trade; while every technical advance in the steam engine, and in the manufacture of iron and steel, forced the sailing and wooden vessel farther and farther into the background. The increasing capacity of vessels worked to the disadvantage of the smaller ports, and the higher cost of rail over water transportation favored such termini as had a large hinterland upon which to draw for abundant and varied cargoes. Refrigeration methods favored the meat trade to the disadvantage of cured fish, and the opening of new and fertile lands completely shattered the agricultural structure on the eastern portion of the continent. Every innovation seemed to require another radical readjustment, so it was little wonder that the period of the Reciprocity Treaty stands out as the golden age in the economic history of the Maritime Provinces.