

The Fiscal History of Canada.

PART II.

During the Reciprocity period the Maritime fisheries proved exceedingly valuable to the Americans. In 1850 there were 2,414 U. S. vessels, and in 1862, 3,815 employed in the British fisheries; receiving a return in the latter year of over \$14,000,000. Our foreign trade, as already pointed out, was largely diverted from the St. Lawrence to American ports; we hardly obtained a dollar's worth of fish from the U.S. coasts in return for the great quantity taken from the British fisheries; and the Americans enjoyed the free use of the Welland and St. Lawrence Canals as an outlet for the commerce of the North Western States. Well might E. H. Derby, Commissioner of the United States Treasury say, in commenting regretfully upon the repeal of the treaty, "It quintupled our trade with the Provinces, gave an impulse to public improvement and utilized the new canals, railways and other avenues of commerce." But some "sop to Cerberus" was required; some means of striking at Great Britain and Canada, after the close of the war, had to be found, and the abrogation of this treaty was evidently the nearest instrument at hand, besides being likely, in the opinion of a large school of Yankee politicians, to force the Provinces into the Union. "Treat with the Provincials or annex the Provinces," as one of them said, with a decidedly expressed preference for the latter.

Aside, however, from the real reason for this abrogation, it must be admitted that there was some apparent ground for the ostensible reasons put forward by the United States opponents of the Treaty. For many years, it will be remembered, the duties imposed by the Provinces upon manufactured articles had averaged about 10 per cent. But after 1854 those imposed by Upper and Lower Canada began to rise, and although increased nominally for revenue purposes and applied to Great Britain as well as the United States, they naturally gave room for American criticism, and in time formed a very comfortable basis for the treaty abrogation. The following table will give an idea of the

position of Canadian duties upon leading articles in the respective years:

	1855.	1856.	1857.	1859.
Molasses	16	11	11	30
Sugar (refined).....	32	28	25	40
Sugar (other).....	27½	20	17½	30
Boots and Shoes.....	12½	14½	20	25
Harness.....	12½	17	20	25
Cotton Goods.....	12½	13½	15	20
Iron Goods.....	12½	18½	15	20
Silk Goods.....	12½	13½	15	20
Wool Goods.....	12½	14	15	20

In a document prepared for Mr. Howell Cobb, Secretary of the Treasury, by Hon. R. Hatch, a Special Commissioner appointed to examine into the Treaty, it was reported—March 28th, 1860—that the Canadian Government had set itself deliberately to promote trade transportation of products within the Provinces and upon Canadian waters, besides trying to increase commerce at American expense. Mr. Hatch, curiously enough, also tried to prove in the most elaborate and lengthy manner, that the Grand Trunk Railway of Canada was the great commercial and political power of the Provinces; a great British monopoly, designed by the Government to divert the carrying trade from the Western States, and to build up British interests at the expense of American. It reads very much like a present-day diatribe against the C. P. R.

And there can be no doubt that the increased duties of these years were designed to protect Canadian interests. Probably the influx of British goods into the United States under its low tariff was also effecting Provincial industries injuriously. At any rate Hon. Isaac Buchanan, of Hamilton, had for some time carried on a vigorous protectionist campaign, and in 1858 Mr. Wm. Cayley as Inspector-General, or Finance Minister, as we would now term it, raised the duties considerably. But it was left to Hon. A. T. Galt, who held that position in the succeeding year, to inaugurate a consistent policy of protection. Public meetings were held and numerous signed petitions presented dealing with the state of the country, the collapse of mercantile credit and the paralysis of industry following upon the crisis in the United States, and as a consequence of the low duties prevalent in the Provinces as well as in the Republic. The