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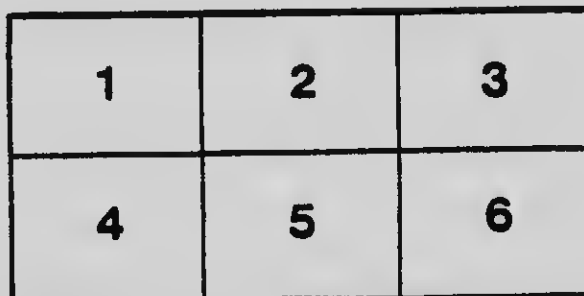
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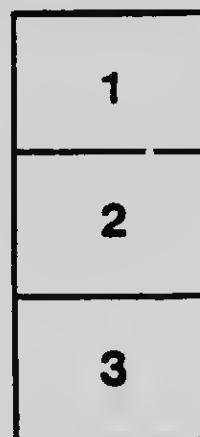
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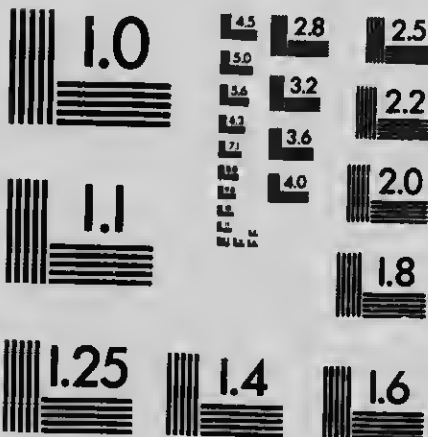
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ECONOMICS



LESSON 3



By

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ECONOMICS

LESSON III

Early Economic Development of Canada

I N the last lesson we considered first the natural resources of our country—the facilities for production which exist within its bounds. Then we dealt with the population by which these natural resources have been exploited. Thirdly, we considered the capital, whether produced within the country or without it, which has from time to time been invested in increasing the productive efficiency of the population.

Now we have to begin to trace the economic development of Canada from its first settlement to the present time. In the beginning we have the process of utilization of the country's resources, as it was begun by the early French settlers and the United Empire Loyalists who in turn were confronted with the necessity of satisfying the three elementary needs of life—food, clothes, shelter—unless they were to perish in the northern wilderness. Here the producer and the consumer were the same person—people produced for their own immediate needs to protect themselves and their families against famine and cold. Goods produced on a certain farm were consumed on the same farm, and there was no object in producing very much more than was necessary to maintain the family until the next harvest. To-day we produce surplus commodities to be exchanged in far-distant markets for articles which we desire but cannot produce at home.

The Fur Traders

The first Europeans to settle America came hither, not with the idea of performing hard manual labor, but with the object of achieving a more speedy wealth through the discovery of minerals or the exploitation of the fur trade. Some of them succeeded in their undertaking, but from the point of view of the economist as distinguished from that

of the historian, the Hudson's Bay Company or the North West Company or the French Company of One Hundred Associates, though their history may be more romantic and though they were of real service to the country in making explorations, were far less important than the hardy French and English pioneer settlers who cut down the forests and gradually won wider and wider areas for civilization. We may illustrate the comparative unimportance of the fur trade to-day by the fact that out of a total export trade of over \$300,000,000 in 1910, exports of furs were only \$3,750,000, or 1 $\frac{1}{4}$ %—one-eightieth of the whole. The fur trade was able to enrich a few individuals, or even chartered companies, but its returns were entirely inadequate to form the economic basis of a prosperous commonwealth. The first requisite for that is a large production of food. Civilization implies the aggregation of a considerable body of population such as can never exist in a country devoted to the rearing of wild animals whose furs may be sold. We may regard the fur traders, French and English alike, as comparatively insignificant factors in the economic development of Canada.

The Seigneuries

The king of France and the king of England, when they came to the problem of settling the new colonies, both adopted the same method of making large grants of land to aristocratic individuals on condition that they should agree to take out settlers from the mother country and establish them on parts of their new domain. Thus, although the progress of settlement in New France was at first very slow, settlements were finally established along the St. Lawrence, the Lower Ottawa and Richelieu Rivers. In 1712 there were 90 of these great feudal estates or seigneuries in French Canada. These became the first economic units. One seigneurie was economically almost independent of others, and consequently if we consider the economic life of one seigneurie, we shall have a very good picture of the economic life of all French Canada.

This seigneurie was an extension to this continent of the feudal institutions of Europe. The areas granted by the

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French Government to French army officers varied greatly in size with the caprice of the monarch, but they averaged about half as large as our townships. The seigneurie of Beauport was, perhaps, smaller than most, but it will do to illustrate the institution. The Company of New France granted it to Robt. Giffard in 1634. The estate extended a league along the shore of the St. Lawrence by about 1½ leagues back from the river—altogether a nice little estate 8,000 or 9,000 acres, an area which was later increased to about 25,000 acres.

The conditions upon which such grants were usually made were, (1) that the seigneur should pay specified feudal dues to the king and be ready to take part in the defence of the country; (2) that he should place settlers in his seigneurie and encourage them to clear the lands, exacting only a small fixed rental and such other payments in kind as were considered seignorial rights in France.

The seigneurie formed a practically self-sufficient economic unit. The seigneur at his manor-house was the head of the little society, farming a portion of the seigneurie, administering justice and receiving from those to whom he had granted lands the recognized feudal dues: (1) the *cens et rentes*—a few cents for each arpent—192 feet—of frontage on the river with usually some fowls and a small quantity of grain, paid annually in the autumn on St. Martin's day, Nov. 11*; (2) the *lods et ventes*—1-12 of the price whenever the tenant sold his holding; (3) when the seigneur erected a grist-mill, the habitants were required to take their grist thither to be ground and to pay 1-14 of it to the seigneur as his toll; (4) the *corvée*—each seigneur had the right to a certain number of days' labor from each of his tenants—usually from three to six per annum; (5) often there were the *droit de pêche* and *droit de chasse*, the seigneur having the right to fish out of the waters and the right to hunt with hound and falcon over the cultivated lands of the people.

The curé or priest was the other great man of the

*Prof. Wrong in his interesting book "A Canadian Manor and its Seigneurs," estimates the "*cens et rentes*" on a 100 acre farm at \$1.00 and a couple of chickens—certainly not a burdensome payment.

seigneurie, and was supported by what are called the tithes—not really a tenth but a twenty-sixth of the cereal produce of the seigneurie or parish. Special levies were made on the habitants whenever any extraordinary expense, such as the building of a new church, was incurred.

The Habitants

The inhabitants of the seigneurie (the habitants) lived along the river, which formed the chief highway of the district. Their farms were exceedingly narrow, because all wished to live on the river front. Many of them were only 2 arpents (384 ft.) in width by 40 arpents in length—a shape which, whatever its advantages, naturally retarded the cultivation of the back of the farm. The methods of cultivation were primitive; manuring was rare, and the rotation of crops almost unknown. The short summers, with the frequent religious holidays and occasional bad weather, made it impossible for the habitant to give more than 90 days per annum to the cultivation of his land; consequently he was unable to secure a large surplus crop. All the grain produced was needed for home consumption. In spite of continual wars, however, the colony progressed, and we are told that in 1749 more than 200,000 arpents of land had been cleared, supporting a population of 50,000. Wheat was the staple crop, but peas, oats, rye, and barley were also grown; cabbage, pumpkins, and melons were produced in plenty. Some of the habitants had orchards; others produced flax and hemp. The raising of horses and cattle was an important branch of husbandry, and the St. Lawrence meadows were considered to be superior to those of the English colonies. Fisheries and hunting also helped to provide food for the population. The habitant did not do badly when we consider the wars, the burdens of taxation and the seigniorial dues by which he was hindered in his efforts at improvement.

The habitant had not only to feed himself; he had also to clothe himself. This he did partly by raising sheep and spinning the wool, partly by raising flax and converting its fibres into linen. Even in 1830 there were 13,400 domestic looms in Lower Canada, producing annually nearly

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4,000,000 yards of woollen and linen cloth. The old spinning wheel which has now been relegated to our museums, was in every cottage, and the wife and unmarried daughters spent a large part of their time in making the clothes of the family. Thus the household and the seigneurie were sufficient unto themselves in the matter of clothing.

The same was the case with building. The manor-house was usually a spacious stone structure with large rooms and a specially large living-room with a great open fire-place, where the seigneur did business with his habitants. The habitants' houses were built of stone or rough-hewn timber, usually consisting of one story with low attic bedrooms. "Within were two or three large rooms, with low ceilings supported by beams—a living-room with fire place, a kitchen with a large bake-oven, and often a ground floor bed-room. Then at the rear there was a lean-to for a storeroom and at a short distance off, the barn and stables." All these were whitewashed, as is still the case in French Canada.

The habitant, then, lived a very simple life. His needs were few and these were practically all supplied from his own farm. He had little need of money except to pay the small annual rental to the seigneur and the taxes to the government. He was not oppressed. In 1798 the whole seigneurial revenue coming in to Colonel Nairne, the seigneur of Murray Bay, was not over £40—exclusive of the returns from his own farms included in the seigneurie.

The peculiarity which distinguishes the province of Quebec from the English-speaking provinces is its seigneurial tenure, which was, no doubt, on the whole a check to industry and progress. Yet we are not to suppose that no similar feudalism has ever existed in Upper Canada.

Here is a contract made by Archibald Macnab of Macnab township, a Scottish laird who emigrated to Canada in the twenties of the last century.

I bind myself to locate you on the rear half of the sixteenth lot of the 11th concession of Macnab, free of any quit rent for three years, upon your thereafter paying to me, my heirs and successors forever, one

bushel of wheat for every cleared acre upon the same land."

Here we have practically the same thing as the "cens et rentes" of the French Canadian seigneur. Somewhat similar was the case of Col. Thos. Talbot who began a settlement in Elgin County on the shores of Lake Erie.

The United Empire Loyalists

Generally, however, the spirit of feudalism was not very apparent in the settlement of the province of Ontario, except for the fact that officers in the army received larger grants than others. When that settlement began about 1784, the emigrants from the United States—the United Empire Loyalists, as we call them—found themselves united by a common loyalty and a common destitution, as nearly all their properties had been confiscated by the authorities of the States from which they came. They were so many Robinson Crusoes, castaways in a country which, except for the forts at Cataraqui and Niagara, was an unbroken wilderness. The authorities at these places gave them a little flour and pork, a few hoes and axes, and they drew lots for the most desirable lands. They eked out their scanty provisions with fish and wildfowl.*

In the following year the settlers were better able to look after themselves. Each United Empire Loyalist received from the government 200 acres, tools of various kinds, seed-corn, etc. This came to them out of the \$15,000,000 voted by the English government to compensate the United Empire Loyalists for their losses. By the winter of 1785 most of these early settlers had huts built, prepared to withstand the rigours of the climate. "The little log huts were raised

* The earliest settlers were aided only by the most necessary articles, made for them by the artificers of the regiments at Quebec and elsewhere. The later arrivals received the following tools and implements. To every six families, one cross-cut saw; to every family one hand saw, one hammer, two gimblets, ninety pounds of nails assorted, one set of door-hinges, one axe, one mattock, one spade, one scythe, one sickle, one set plough-irons, one set harrow-irons, one broad-axe, two augers, two chisels, one gouge, one drawing knife, one camp kettle.

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in the middle of the clearings, supported by immense chimneys of rough stones, which opened in the dwarf interiors fire-places nearly as large as one side of the enclosure. The chinks in the logs were stuffed with moss and clay, and the stones were cemented by nothing stronger than the soil from which they had been gathered. Night and day fires were kept roaring in the hearths; the precincts gradually widened in the snow as trees fell under the axe, and the interior of the cabins began to take on an air of rude comfort as, one by one, rough articles of furniture were knocked together by the light of the fire." *

The harvest of 1785 was gathered in with the sickle and the scythe, was threshed with flails, and winnowed, and finally the grain was crushed, usually in the hollow scooped in a hardwood stump—a rude kind of mortar. It is related that cannon-balls were frequently suspended by cords from the end of a pole which was balanced like a well-sweep and used to pound the grain into flour, for there were as yet no mills in the country.

Meanwhile the women of the family learned tanning from the Indians, spun thread from the fibres of the basswood bark, and made clothing of deerskin, trousers and smocks and petticoats such as would last for years, even amid the rough usage of their frontier life. Stockings were unknown, for there were no sheep and consequently no wool, but when it became possible to obtain leather, the men made shoes for their families. Handlooms and spinning wheels were also constructed during the winter, by means of which the women would be able to weave into cloth the prospective wool and flax which they hoped to raise. Kitchen utensils were carved out of wood—plates, bowls, spoons and forks, for "necessity is the mother of invention," and the necessity of the newly-arrived colonists was great indeed.

The First Grist Mills

As settlement took place along lakes and streams, some water-power gradually became available for the grinding of the farmers' grain, and by degrees this method of grinding

* Duncan C. Scott: *Life of Sir John Graves Simcoe*, page 62.

took the place of such clumsy processes as pounding the grain with a cannon-ball. After the little grain harvest had been gathered in and threshed, the settler carried it by boat along the lake shore or down the river until he reached the mill. There the miller ground it into flour for him, and, retaining 1-12 of the flour as his toll, sent the settler back with the remainder to his farm. The flour so milled, along with the inevitable pig, constituted the chief sustenance of the family during the long cold winter months.

The existence of a grist mill was thus a great convenience to the inhabitants of the new-made colony. The mills were often erected and operated by men who themselves owned and worked farms where water power happened to be available, and ran the mill only when customers appeared. The operation of the mill would naturally not interfere with the cultivation of their own farms, since the grain was usually not brought in until the season for continuous farm work was over. These mills, rude and defective as they often were, nevertheless were a great boon to the settlers, and mark a stage in the increasing division of labor. It was worth the farmer's while to make the often long and tedious journey to the mill in order to have his grain ground for him. If it had not been to his advantage he would not have done it. He could have gone on using a cannon-ball and a hollow stump, but it paid him better to spend his time in clearing his land and growing grain, and to leave the grinding of it to someone who had better implements and more experience than he had. That is precisely the reason for all the subsequent division of labor that we shall see going on. Whenever it is introduced, the reason for the introduction is simply that it pays.

But it takes place only when you can produce more than you want of some products and obtain the products of other men in exchange for your surplus. The troops constituted the best market for the farmer's surplus produce, especially as he had a practical monopoly of their custom. Prices accordingly were high. As early as 1793 the colonists of the Kingston district were able to produce \$53,000 worth of surplus goods, mainly food-products—which they sold to the Lower Canadians or to the Government. A con-

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siderable number of troops were kept at Niagara and York, and these could be fed more cheaply from Kingston than from Lower Canada. The farmers began to accumulate a little money, and to be ashamed of their previous poverty, especially as many of them had been wealthy before the Revolution. Accordingly we have them buying cloth and furnishing employment to peripatetic tailors, who could make better clothes from the cloth which the farmer bought than the farmer's wife and daughter could. The shoemaker was often employed for similar reasons; the rough shoemaking which the farmer had done for himself and his family on his first coming into the country was no longer necessary. Just as the providing of the clothing—at least the better sort of clothing—of the population became a specialized business, so also the business of building became specialized—was assigned to a definite class of men who spent their whole time at it. Also, as a natural result of the teaming of grain to market, a new class of men began to arise—blacksmiths on the country cross-roads, who could shoe a horse or mend a waggon. Sometimes these same blacksmiths themselves made the waggons, but that branch gradually began to develop into a full-fledged business by itself—another stage in the division of labour.

Professional services were obtained in very much the same way as those of the tailors and cobblers. The clergy of all denominations were more or less itinerant, going throughout the country holding services in kitchens or barns. The teacher, too, boarded round the section—one week at one house, two at another. Both he and the preacher received payment for their services largely in kind, for there was little money in the country. Both were on the whole ill-educated, as might be expected from their unsettled mode of life. A teacher of the higher type—brought out from Scotland—was the famous John Strachan, afterwards Bishop of Toronto.

Early Stores

But where did the farmer buy his cloth and the pedlars their wares? At quite an early period we find stores established along the Bay of Quinte and the St. Lawrence River,

which bought the farmers' surplus products, sold them off in Lower Canada or at Niagara, and paid him for them in goods. (There was very little money in the country at this time, except what the British Government sent out for paying the troops and supplying them with rations). The farmers teamed the produce which they had to sell, down the country roads or along the bay or river to the lake shore to the stores, and went home laden in exchange with new goods—clothes, hardware, kitchen utensils, crockery, etc., to delight the hearts of their families.

We may consider one of these early stores as typical. It was situated on the Prince Edward County shore of the Bay of Quinte about six miles west of Bath, and we are so fortunate as to have its bill of sales for 1797. The retail sales for the year amounted to about \$4000. Of this amount about \$1,400 represented dry goods, \$200 groceries, \$440 spirits, \$240 tobacco, \$58 crockery, \$170 hardware and nails, \$431 clothing, \$180 hats, \$110 boots and shoes, \$44 pots and pans, and \$20 books and stationery. From this list we can see that our ancestors were a severely practical people, with little desire for wasting time in book-learning. The books which the store did sell were either of a utilitarian nature such as account books, spelling books and almanacs, or religious books. A Bible was sold for about \$1.50, a Testament for 60 cents. It helps one to realize the dearth of foreign products—due, of course, to the great difficulties of transportation—when one is told that the cheapest tea in this store was 80c. a pound, and green tea ran up to nearly \$1.50. Such stores as this were a great benefit, as they took the farmer's products from him and disposed of them at a considerable distance—something which he could not well do for himself, though he would have had to do it, if the stores had not brought things in for him. This is another instance of the division of labor.

The war of 1812 naturally provided the farmer with a larger market. The number of troops in the country was greatly increased, and obviously that meant higher prices for the farmer's products. In the year 1812 the average price of grain in Montreal was about \$2.60 per bushel, and in 1813 and 1815 it was about \$2.18. This price naturally

declined when peace was proclaimed and the farmers who were out on service allowed to go back to their work and the extra troops taken away. In 1820 wheat was only about 60c. per bushel, but after a preferential treatment was accorded by Great Britain, prices greatly improved, and the average price in the three years, 1836, 1837, 1841, was \$1.18 per bushel in the market at Montreal. Farmers accordingly grew wheat in considerable quantities for export. In 1841, a banner year for Canadian trade up to that time, (Canada, of course, including only Quebec and Ontario) we have among the exports: \$600,000 worth of pot and pearl ashes, \$3,300,000 worth of wheat, and roughly \$5,000,000 worth of timber. By this time, then, our country was beginning to send abroad products of considerable value, receiving in exchange for them fine manufactured articles of various kinds, such as it could not at that time produce for itself.

Roads

Settlement at first proceeded along the lake front and the rivers; on a great bay such as the Bay of Quinte, which was naturally considered more suitable for getting about than the open lake, settlement was especially common. Farms were also taken up around Niagara, the old fort of war times, and near Fort Detroit, and it early became a problem how these so widely separated places were to be kept together. The first governor, Sir John Graves Simcoe, deemed it necessary to do this by military roads, such as Yonge Street, Dundas Street and the Niagara Road. These may be seen on an early map of Ontario made in 1798 and reproduced in the report of the Canadian Archives for 1891. The Toronto and Kingston Road was constructed soon afterwards, and still later roads were run back from the lakes, notable among them being the well-known Hurontario St. from Port Credit to Collingwood. Settlement gradually spread northward from Lake Ontario and Lake Erie along the chief roads of the various districts, which did the work of our modern colonization roads. After a settlement was once established, every autumn the farmers of these new districts teamed their surplus products to the nearest lake

shore port, from which these were shipped to the sea, for most of our exports at this time were sent to England. Conversely, most of the articles which we needed were brought to us from England.

Our population was for a long time almost purely agricultural in spite of its rapid growth. The early settlers who came from the United States or Great Britain were almost all agriculturists, and even those who were not found themselves virtually compelled to resort to agriculture once they arrived in Canada. The lot of the poorer classes in England was hard at this time, and hence a great many came to Canada. As a result we have a rapidly increasing population. The nucleus of the ten thousand United Empire Loyalists in Upper Canada in 1784, grew to 70,000 in 1806, 95,000 in 1814, 1,000,000 in 1824, 213,000 in 1830, 455,000 in 1841, 952,000 in 1851, 1,396,000 in 1861. The 600,000 acres of land cultivated in 1826 increased to 3,705,000 acres in 1851, and to 6,050,000 acres in 1861.

In 1830 there were only five towns in the province with over 1,000 population, viz.: Brockville, 1,130; Hamilton (including township) 2,013; London (including township) 2,415; Toronto, 2,860; Kingston, 3,587. These were too small to provide any "home market" of consumers who could use up the farmers' surplus products. In 1850 (according to Smith's "Canada, Past, Present and Future") the population of Brockville was 3,000; Hamilton, 10,248; London, 5,124; Toronto, 25,166; Kingston, 10,097; Brantford, 3,200. Toronto had then 2½% of the total population of Ontario; she has 15% of it to-day.

This first part of our sketch of the history of Canadian economic development may be said to close with 1850. In the sixty-five years that had elapsed since the settlement of the Province, we have seen the individual farmer at first as a sort of Robinson Crusoe thrown upon the Northern coast of the Great Lakes with the few tools and necessaries of life saved from the wreck of his fortunes. He was in the position of having to do everything for himself, both because he was so remote from anyone else and too poor to pay others to do his work for him. Then as he cleared more land and began to produce more than he needed, the

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sale of the surplus to the troops or for export gave him some opportunity of acquiring wealth and hiring people to do for him what he could do for himself only in a clumsy and inefficient way ; so we have the millers, the tailors, the cobblers, the blacksmiths and wagon-makers, masons and carpenters, pedlars and store-keepers beginning to do for the farmer what he had been in the habit of doing for himself. It paid him to let them do it and to devote himself to his farm, securing the largest and best product possible from his land. Later we find the surplus product of the farmer becoming sufficient to support, though in a poor sort of way, professional men, teachers, preachers, doctors and lawyers. This condition is somewhat similar to that existing in the French Canadian seigneurie, where the tithes collected from the habitants supported the curé.

The old life had its charms—particularly the charm of being independent, doing everything for yourself. The early farmer was not dependent on the good-will of anyone. He had no such fear as, for instance, the modern fruit farmer has, of a strike on the railway preventing his fruit from getting to market. But we must remember that this independence meant hardship, that a single man is weak against nature, that it is impossible for one individual to do all things well, and that when each man has his special line of production in which he is an expert, production becomes most efficient. So in our day we have sacrificed the independence of the individual to economic efficiency—the greatest total amount of product. The great Adam Smith, in the very first chapter of the *Wealth of Nations*, pointed out the great advantages of the division of labour, taking the manufacture of pins as an example. He said that where one man working alone and performing all the processes himself could make perhaps 20 pins in a day, ten men dividing the processes could make 48,000 in a day—4,800 each—an enormous increase in efficiency. So too, our farmer found that he could not make flour from his wheat so efficiently as the miller, nor make shoes so efficiently as the shoemaker, nor build so well as the masons and carpenters. Therefore he let these people work for him, and paid them out of the greater product which he secured through being

able to devote his whole time to his farm, and he gained by doing so. This division of labour is, as we shall see in the next lesson, still going on more and more down to the present time and greater and greater efficiency in production, shown by increased product, has been the result.

The student may supplement this account by reference to his own experience, and by inducing older people to tell him about the early settlers and the way in which they lived. Professor Wrong's "A Canadian Manor and its Seigneurs" will give him a good idea of life on a French Canadian seigneurie, and Haight's "Country Life in Canada Fifty Years Ago" or Strickland's "Twenty Seven Years in Canada West" will give him a fine picture of early life in Ontario. The student, to get full value out of the work, should apply the principle he learns to the economic development and present economic condition of his own locality.

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EXAMINATION QUESTIONS

ECONOMICS.

LESSON 3.

1. What are the chief differences between early methods of production and those in vogue to-day?
2. Describe the early French-Canadian seigneurie.
3. What dues did the seigneur receive from the habitants? What services did he render them in return?
4. Describe the habitant's method of making his living.
5. Describe the life of the early United Empire Loyalists, and their first efforts at agriculture. How did they make clothes and grind their grain?
6. Who were the first non-agricultural workers? How did they carry on their respective industries?
7. Give reasons for the rise of the little country hamlets, with their blacksmith shops, taverns and little stores. Why has the business of most of them declined?
8. Give an account of an early store. Where would such stores naturally be situated?
9. In such a store, what commodities would probably be dearer than to-day, what commodities cheaper, and why?
10. Why did prices rise in the war of 1812? Why do they usually rise in war-time?
11. Toronto had in 1851 about $2\frac{1}{2}\%$ of the population of Ontario, in 1911 it had 15%. Why such a disproportionate increase?
12. Give instances from your own locality to show the increasing division of labour in industry. Show how it makes for efficiency.

