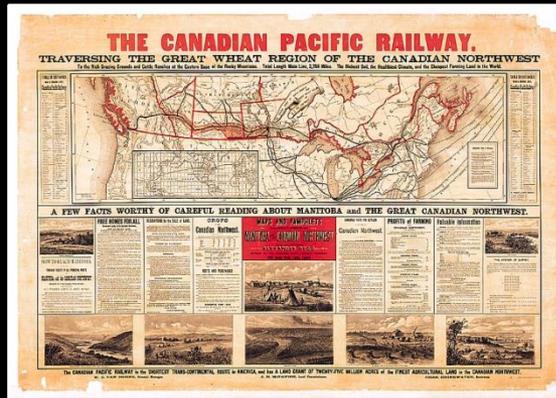
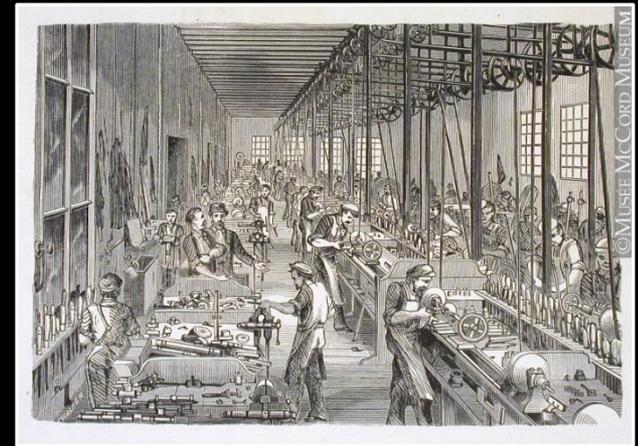
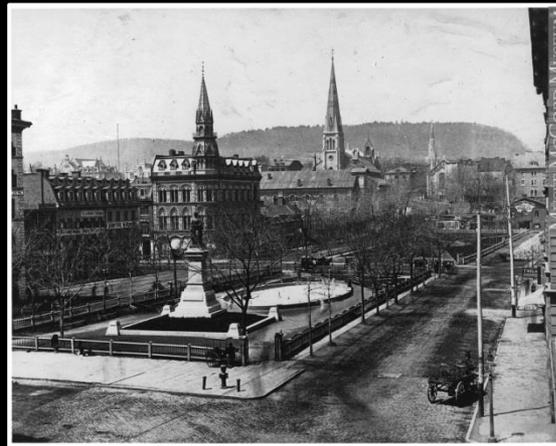
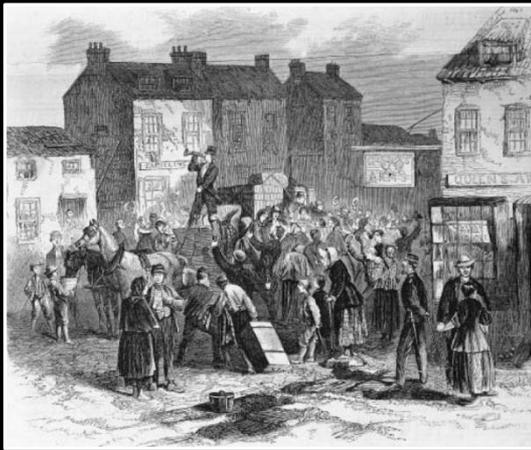


Chapter 1

1840-1896:

The Formation of the Canadian Federal System

Section 2: The Colonial Economy



Pages that correspond to this presentation

The Colonial Economy:

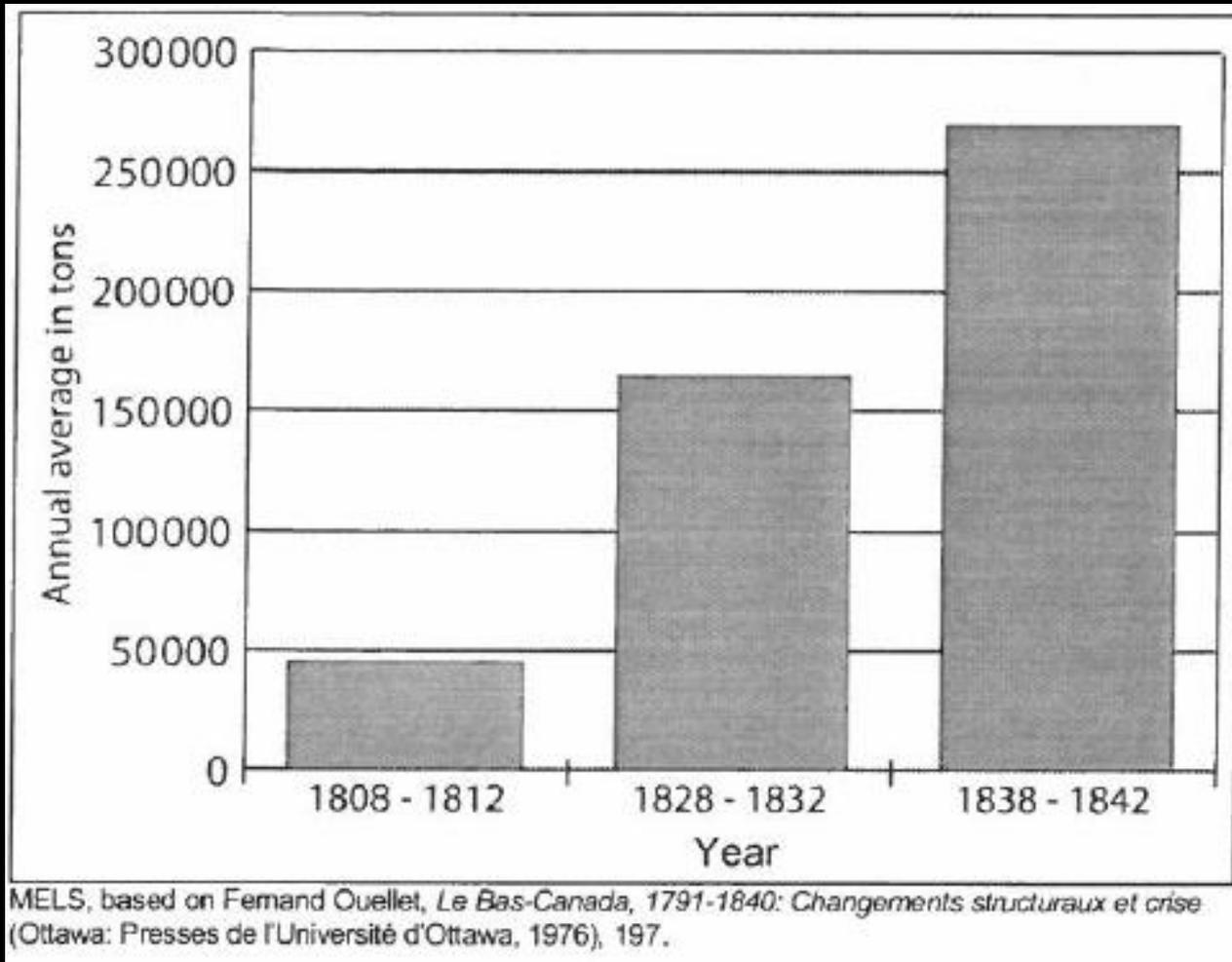
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Background

- Early 1800s until the mid 1800s
- **PROTECTIONISM & PREFERENTIAL TARIFFS**
- Protectionism = protect economy of the colonies like Upper and Lower Canada
- Great Britain wanted to 'protect' the exports of the BNA colonies against other countries and competition
- Great Britain **bought raw materials** like timber from it's colonies and guaranteed them PREFERENTIAL TARIFFS
- PREFERENTIAL TARIFFS = **paying a good price**

Background

Increase in timber exports from Lower Canada/Canada East



- Preferential Tariffs really helped timber exports from Lower Canada to Great Britain

Background

- By buying raw materials from the colonies → Great Britain 'protected' the colonies' economy
- Guaranteed business = lots of exports = local businesses do well = hire more workers = more people have money to spend = economy is strong and can grow
- Example: United Canada's timber exports increased at a fast rate in the 1820s, 1830s and 1840s
- This 'economic policy' lasted until 1854...

Background

- Many people within the British government did not like 'Protectionism'
- Why pay more \$\$\$ for natural resources (like timber and wheat) when you can pay less?
- Who cares about helping the colonies and their economies...? As long as Great Britain gets the best price possible
- This **IDEOLOGY** is called 'economic liberalism'



No more Protectionism... Viva la Free trade!

- In the mid 1800s Great Britain adopts a **new economic policy** → **FREE TRADE**
- England did not protect colonies anymore
- No more protectionism & preferential tariffs for British North American (BNA) colonies
- **British colonies in North America HAVE TO COMPETE** with countries from around the world to sell their natural resources...
- This will have a **NEGATIVE EFFECT** on the economy of United Canada

	1845	1846	1847	1848
Timber exported	484 460	484 820	380 000	340 000

MEEER, based on Louise Dechêne, *William Price 1810-1850* (Québec: Université Laval, 1964), p. 77,
http://classiques.uqac.ca/collection_histoire_SLSJ/dechene_louise/William_Price/William_Price_1810_1850.pdf (Accessed November 30, 2015). [Translation]

No more Protectionism... Viva la Free trade!

- The negative consequences/results:
 - The economy of Canada East/Quebec **no** longer have a **secure trading partner**
 - **Exports decrease** = jobs lost = less people spending money
 - ‘Corn Laws’ gone (protectionism for agricultural products like wheat)
 - Economy of the colony goes into a downturn (recession)
 - United Canada will seek new **trading partners** → they will look South towards the **USA**

The Reciprocity Treaty 1854-1865

- United Canada signs a trade deal with USA → 'Reciprocity Treaty'
- Trade between USA & Canada with minimal taxes/duties on raw materials/natural resources
- Goal of the Reciprocity Treaty → increase the sale of Canadian goods in the USA & increase trade between the two countries
- Does it work?

The Reciprocity Treaty 1854-1865

- Some of the effects of the Reciprocity Treaty:
 - Canadian fishermen can use American waters
 - The St. Lawrence River can be used by both countries to ship raw materials and goods
 - Agriculture become diversified to supply American cities
 - Timber industry expands due to American demand for lumber
- **The Reciprocity Treaty benefits the economy of United Canada greatly**
- Will it last...?

Exports from United Canada to the USA during the Reciprocity Treaty

Year	Exports in millions of dollars (approximate)
1854	8 million
1860	18 million
1866	32 million

The Reciprocity Treaty 1854-1865

- The benefits of the **Reciprocity Treaty ended in 1865**
- The United States did not renew the treaty
- Why?
- **The American Civil War (1861-1865)**
- The Northern States (the Union) were in a war against the Southern States (Confederate States)

Photographs from the Battle of Antietam in 1862



Source: The Civil War Trust.
<https://www.civilwar.org/learn/galleries/epicenter-antietam>

The Reciprocity Treaty 1854-1865

Map of Union & Confederate States during the American Civil War



Green = Union States (Northern States)

Orange = Confederate States (Southern States)

The Reciprocity Treaty 1854-1865

- The Northern states were more industrial (factories in large cities)
- The Southern states still depended on agriculture as an important part of the economy → this meant they need a large labour for on farms/plantations → 'need' for slaves
- The Northern states were anti-slavery = wanted to abolish slavery
- Slavery was one of several reasons for the American Civil War
- Abolish = get rid of

Clothing factory in New York City - 1861



Source: Smithsonian Museum.
<http://americanhistory.si.edu/blog/2013/07/150-years-ago-today-civil-war-draft-riots-threaten-a-new-york-piano-factory.html>

The Reciprocity Treaty 1854-1865

- **England and its colonies** claimed to be **neutral** during the American Civil War
- It is said that England secretly supported the Confederate States → they liked the supply of cotton going to British textile factories
- Therefore, the Union States did not renew the Reciprocity Treaty with United Canada (because it was a British colony)
- The **non-renewal of the treaty hurt** United Canada's **economy** once again

Connections the MEES 'Precisions of Learning' / Knowledge to be acquired

Colonial economy
a. Adoption of free trade by the United Kingdom
b. Reciprocity Treaty with the United States