



Name: \_\_\_\_\_ Group: 404- \_\_\_\_\_ Date: \_\_\_\_\_

# Notes 1.2

## Chapter 1: The Formation of the Canadian Federation

### Section 2: Colonial Economy

Pages that correspond to this presentation:

The Colonial Economy: Pages \_\_\_\_\_

\_\_\_\_\_

- \_\_\_\_\_
- Protectionism = protect the colonies (economy)
- Early 1800s
- Great Britain want to ‘protect’ the exports of the BNA colonies against other countries and competition
- Great Britain \_\_\_\_\_ like timber from it’s colonies and guaranteed them PREFERENTIAL TARIFFS
- \_\_\_\_\_
- 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 \_\_\_\_\_ lasted until 1854...



- 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 \_\_\_\_\_ is called \_\_\_\_\_

- 
- In the mid 1800s Great Britain adopts a \_\_\_\_\_ →  
\_\_\_\_\_
  - England did not protect colonies anymore
  - No more protectionism & preferential tariffs for British North American (BNA) colonies
  - \_\_\_\_\_ with countries from around the world to sell their natural resources...
  - This will have a NEGATIVE EFFECT on the economy of United Canada
  - The negative consequences/results:
    - The economy of Canada East/Quebec \_\_\_\_\_ longer have a  
\_\_\_\_\_
    - \_\_\_\_\_ = 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 \_\_\_\_\_ → they will look South towards the  
\_\_\_\_\_



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- United Canada signs a trade deal with USA → \_\_\_\_\_
  - Trade between USA & Canada with minimal taxes/duties on raw materials/natural resources
  - \_\_\_\_\_ of the Reciprocity Treaty → \_\_\_\_\_ in the USA & increase trade between the two countries
  - Does it work?
  - 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
  - \_\_\_\_\_
  - Will it last...?
  - The benefits of the \_\_\_\_\_
  - The United States did not renew the treaty
  - Why?
  - \_\_\_\_\_ (1861-1865)
  - The Northern States (the Union) were in a war against the Southern States (Confederate States)
  - The Northern states were more industrial (factories in cities)

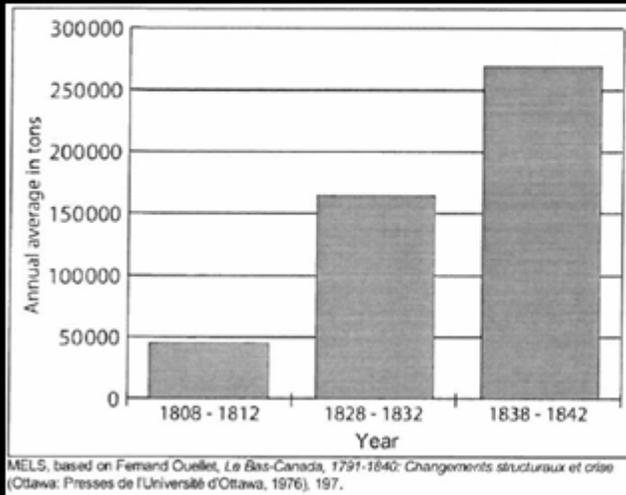


- The Southern states still depended on agriculture as an important part of the economy → this meant they need a large labour for on farms/plantations → need for slaves
- The Northern states were anti-slavery = wanted to abolish slavery
- Slavery was one of several reasons for the American Civil War
- Abolish = get rid of
- \_\_\_\_\_ claimed to be \_\_\_\_\_ during the American Civil War
- It is said that England secretly supported the Confederate States → they supplied British textile factories with cotton
- Therefore, the Union States did not renew the Reciprocity Treaty with United Canada (because it was a British colony)
- The \_\_\_\_\_ United Canada’s \_\_\_\_\_ once again



## Background

### Increase in timber exports from Lower Canada/Canada East



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

## 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

MELS, based on Louise Dechêne, *William Price 1830-1850* (Québec: Université Laval, 1964), p. 77; [http://collections.sage.ca/collection\\_histoire\\_SLS/Dechene\\_Louise/William\\_Price/William\\_Price\\_1810\\_1850.pdf](http://collections.sage.ca/collection_histoire_SLS/Dechene_Louise/William_Price/William_Price_1810_1850.pdf) (Accessed November 30, 2015) [Translator]



## 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

Source: Masters, D.C., The Reciprocity Treaty of 1854. p. 147-148



## Review Questions

1. How did Great Britain help Upper and Lower Canada’s economy from the early to mid-1800s?  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
2. Describe in your own words “Protectionism” and “Preferential Tariffs”  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
3. Which export from Lower Canada to Great Britain increased drastically because of protectionism in the first half of the 19<sup>th</sup> century?  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
4. How did Great Britain’s economic policy change after 1854? How did Great Britain’s new economic policy affect the colonies in North America?  
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5. Name a new trade deal signed by Upper and Lower Canada with a foreign nation in 1854. What consequence did this new trade deal have on the economies of Upper and Lower Canada? Why did this trade deal end in 1865?  
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