

controlled the trade between the colonial power and its colony found their occupations gone, while new traders from the conquering state arrived to take over the import and export trade, which thereafter flowed in new channels, perhaps no more artificial than those which had previously existed.

Throughout the earlier part of the French *régime* in Canada the foreign trade of the colony was in the hands of the monopolistic chartered companies, of which the Company of One Hundred Associates was the most notable. When its monopoly was cancelled in 1663, the foreign trade of Canada still remained a preserve of the merchants of Old France. Upon the conquest of the country by the British, the French merchants who had their offices in Quebec and Montreal for the most part returned to France, and the trade of the colony fell into the hands of the traders from England, Scotland and New England who had swarmed into the country at the heels of the invading armies. Some of their descendants are still among the leaders of Canadian import and export trade.

For the first half century of British rule, Canadian commerce was carried on almost exclusively with or through the United Kingdom, the merchants of New England complaining, after the American revolution, of being shut out from the Canadian trade. The geographical juxtaposition of the United States to British North America was however, a factor which could not permanently be ignored. Smuggling became more and more prevalent as the process of settlement extended westward along the international boundary. In 1822 Great Britain made considerable trading concessions to United States traders. In 1846 she abolished the preferential treatment which she had given to Canadian wheat and by 1860 all vestige of preference to colonial products had disappeared from the British tariff. As a consequence the colonies, which, like Canada, were by this time enjoying responsible government, could not any longer be refused the right to control their own commercial policy—a fact which was emphasized in an important report prepared in 1859 by the Minister of Finance, Sir A. T. Galt, and forwarded to the British Government. This report declared that the responsibility of the Canadian Government must be to the Canadian people, more especially in matters of taxation, (the greater part of the revenue being raised by customs duties), and that the Canadian Government must affirm the right of the Canadian Parliament to adjust the taxation of the people in the way it deemed best, even if this should happen to meet with the disapproval of the British Ministry. This doctrine remained unchallenged by the British Government, and coming at a time when all important parties in Great Britain had accepted free trade as a *fait accompli*, it facilitated the setting up of a protective tariff in Canada, designed to secure the establishment in Canada of manufacturing industries at a time when British opinion desired that the colonies should concentrate their attention on the production of food and raw materials, importing from Great Britain the manufactured commodities which they required.