

1.—The Flour Milling Industry.

Since Canada is primarily an agricultural country and her chief raw material is wheat, it is natural enough that flour milling should occupy a leading position among our manufactures. It was the first manufacturing industry in gross value of product in 1919 and the second in 1920, and its products enjoy a high reputation in many overseas markets.

The French Régime.—Flour milling dates back to the very earliest days when the first permanent Canadian settlement was made in 1605 by the French at Port Royal, (Annapolis), Nova Scotia, where in the same year the first water wheel to turn a millstone for the grinding of wheat on the North American continent, north of Mexico, was erected. Other mills were constructed with the growth of settlement in New France, the number increasing from 9 in 1665 to 118 in 1734. Under seigneurial tenure the seigneur was given the right to build a mill within his domain, to which his dependants were obliged to bring their grain to be ground into flour. For the use of the mill the seigneur was entitled to a toll of one-fourteenth. This system has been regarded as a burden on the early agriculturists, but, as a matter of fact the toll retained was in many cases insufficient to pay the wages of the miller, much less provide a profit for the seigneur, though the authorities continued to insist that seigneurs should build and operate mills.

Upper Canada.—The coming of the United Empire Loyalists to Upper Canada led to the erection of mills for the grinding of grain produced in the new settlements. One of the earliest mills was built at Niagara Falls in 1786. An Order in Council passed by the Imperial Government to encourage the building of mills, provided that upon application the privilege of erecting mills on government water power sites should be granted to responsible parties for a specified time, after which the mill and water power were to revert to the government; but a revision of these conditions, which frequently resulted in the miller losing his property as it was about to become profitable, was found necessary to put the industry on a satisfactory footing. The Napoleonic wars caused a rapid increase in the price of cereals and an export business in wheat and flour grew up, the exports of flour increasing from 11,000 brls. in 1793 to 42,000 in 1808.

The Industry in 1830 and later.—The industry had now become firmly established, as in 1831-2 393 mills were operating in Lower Canada and 319 in Upper Canada. The exports of flour to Great Britain increased from 96,000 cwt. in 1831 to 479,000 in 1840. To stem the strong agitation which had arisen in Great Britain for the repeal of the Corn Laws, a special preference was established in 1843, whereby Canadian wheat and flour were admitted to British markets at the nominal rate of one shilling per quarter of 480 pounds. While this preference did not help Canadian agriculture as much as had been expected, the milling and carrying trades, with Montreal as their centre, were greatly benefited. In view of the heavy investment in establishments of a permanent character and the completion of the St. Lawrence canals for the purpose of diverting a profitable trade into Canadian channels, the repeal of the Corn Laws, in 1846 and the final loss of preference in British markets came as a severe blow to the Canadian milling and grain trade. With the British preference gone it seemed advisable to Canadian milling and transportation interests to link up with the main trade movement of the continent and to endeavour to make the St. Lawrence the joint exit for all North American grain. The revival of Canadian trade which began in 1849 was the result of three causes, the beginning of railway building on an extensive scale, the Reciprocity Treaty of 1854 and the