

depression had followed in the wake of the war and the total consuming capacity of the British market was not growing. By 1820, depression becoming severe, agitation against the weight of taxation had begun. The huge colonial timber preferences came under fire, and for the next generation a battle, second only to that about the contemporaneous Corn Laws, was waged around them. In 1821, they were slightly reduced, but notwithstanding frequent vigorous attempts at revision on the part of free-traders and those interested in the Baltic timber business, they defied all attacks until 1842, when Sir Robert Peel, yielding to the current of economic reform, cut them almost in half. Further reductions were made in succeeding years, notably 1846, and by 1850 there remained only a nominal preference. This was abolished entirely in 1860. Since the middle of the century, the Canadian lumber trade has thus stood on its own feet, quite unsupported by tariff favours. The effect of the abolition of the "differential duties" forms an interesting study for those who are interested in tariffs. Each successive reduction seems to have told on Canadian exports in about the same way. The season immediately succeeding the reduction would witness a great falling-off in trade, a depression in prices in Canada and much genuine hardship among lumbermen. After one or two years, however, trade would brighten up and new totals for exports would be reached. The Baltic producer would be in a position to exact a little more for his product, but, owing to the reduction in duty, the British consumer would get his wood for a lower price. For example, the reduction of 1842 brought down the duty on Baltic timber from 55 shillings a load to 30 shillings (approximately from \$26 per thousand feet to \$14). In 1840, Canadian exports of squared timber to Great Britain were some 375,000,000 feet. In 1842, they were about 225,000,000, but by 1845 they had mounted to nearly 500,000,000 feet. During these years the price of red pine timber at Quebec had varied from about \$15 in 1840 to \$14 in 1843 and 1844 and \$16 in 1845. The price in England had fallen from about \$40 in 1841 to about \$30 in 1843, and had risen to about \$37 in 1845. Baltic prices showed a steady upward trend in Baltic ports and a decided reduction in Great Britain. It is evident that the natural expansion of trade and population in Great Britain, together with improvements in methods of production and transportation in British North America, offset the loss of the preference.

During the decade from 1820 to 1830, the supply of wood in the eastern part of the United States became more or less exhausted. Previous to 1825, timber had come from Vermont down the Richelieu to Quebec; after that date, timber began to go from Canada to the United States. This was the beginning of the second great aspect of our wood trade—the export trade to the United States. This trade gradually increased, and as settlement proceeded farther and farther west, so did lumber tend to flow over the Canadian border in its wake. Thus by the thirties, lumber was going from lake Ontario to Oswego and a little later from Niagara and lake Erie to American ports. Much of this trade was due to the development of the eastern market, especially New York, and to the increased facility with which it could call on western, including Canadian, supplies, owing to the construction, in the twenties, of the Erie and Champlain canals and, later on, of railroads.

Lumber shared in the vicissitudes which the country in general experienced after Great Britain adopted free trade in 1846, and there was a severe depression in 1847 and 1848, due, however, as much to other factors as to the tariff change.