

## CHAPTER XVI.—EXTERNAL TRADE.

This chapter commences with a short history of Canadian external trade, the Canadian tariff, and recent developments in external trade, followed by a brief account of the Commercial Intelligence Service. Thereafter is to be found a treatment of external trade statistics under six main headings:—historical statistics of total Canadian trade and trade with the United Kingdom and the United States (Tables 1 to 9); current trend statistics of trade with respect to commodities imported from and exported to all countries, the United Kingdom and the United States (Tables 10 to 18); current trend statistics of trade with the principal trading countries of the world, by principal commodities imported and exported (Tables 19 to 33); an analysis showing the volume as distinguished from the value of trade in recent years; a short study of the tourist trade. The chapter closes with an analysis of Canada's balance of international payments in recent years.

### Section 1.—Historical Sketch of External Trade and Tariffs.

In the early history of the American continent each of the different European nations establishing settlements in the New World endeavoured to monopolize the commerce of its colonies, prohibited the ships of other nations from resorting to them and prohibited its colonials from importing European goods from other countries, generally granting them, however, preferential treatment in its own market. In these circumstances the colonial wars in America were carried on by governments permeated by the mercantile spirit, for "ships, colonies and commerce". Owing to this fact, wars resulting in the transfer of colonies from one European power to another involved great economic as well as political changes in the community so transferred. The traders who had previously 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 in Canadian import and export trade.

For the first sixty years 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, and smuggling became more and more prevalent as the process of settlement extended westward along the international boundary. In 1822 Great Britain made considerable concessions to United States traders. In 1846 she abolished the preferential