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## The Great Merchant and Economic Development in St. John 1820-1850

One of the liveliest debates in recent Canadian business history has centred on the role of the nineteenth-century merchant in promoting or retarding the development of a locally controlled British North American industrial base. Supporters of the retardation theory usually argue that the colonial merchant was nurtured in a system based upon the export of raw and semi-finished produce and the import of fully manufactured materials. Dominating the ports and the transportation systems of British North America, he became the principal defender of the economic *status quo*, viewing any substantial re-arrangement of economic relations as a threat to his world. Thus he remained the harbinger of a form of economic colonialism which bound the destiny of British North America and of the forming Dominion of Canada in a subservient relationship to more advanced national economies, particularly those of the United Kingdom and the United States. Opponents of this theory have accepted the primacy of the merchant in the colonial economies but have argued that the gulf separating the merchant from other dynamic elements in the business community was less wide than the retardationists would have us believe. They maintain that the dramatic shift from commercial to industrial emphases and from external to internal markets in the last half of the nineteenth century occurred with the consent and participation of this dominant commercial element.<sup>1</sup>

There are several difficulties within this general argument. One of the most basic concerns the definition of "merchant". The meanest cordwainer in the mid-nineteenth century offered his shoes for sale to the general public; conversely, many important shippers and wholesalers owned, in whole or in part, the means to process the basic staple commodities of their region. Even a restricted use of the term leaves a group of businessmen involved in a variety of commercial, financial and transportation functions. In colonial Saint John, for example, "merchant" was a legal status conferred on certain men at the time of their admission to the freedom of the city. Within the hierarchy of occupations which were admissible as freemen, that of merchant was clearly the most important and this importance was reflected in the fees required of those admitted to the status. Although a merchant might also be a sawmill owner, a legal and social line was clearly drawn between merchants possessing a sawmill

1 The literature of this debate has been explored by L. R. MacDonald in "Merchants against Industry: An Idea and Its Origins", *Canadian Historical Review*, LVI (1975), pp. 263-81.

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and sawmill owners by occupation whose status was lower. Moreover, there were a number of commercial functions characteristically performed by merchants, including the importing and wholesaling of produce, the export of fish and wood products, the transport of other people's goods, the purchase of staples produce on other people's accounts, the sale and auction of other people's goods, private banking, and acting as agents or directors for chartered banks, fire, marine and life insurance companies. In village business a single merchant might have exercised most of these functions; the most successful urban merchants were those who focussed their efforts on three or four. In time, the development of competing interests sharply limited the issues on which merchants were able to speak as a class or community. Indeed, on many issues, it is doubtful whether colonial boards of trade and chambers of commerce spoke for anything more than one of several elements within the business community.

Another important question raised by the retardation debate concerns the extent to which "normal" merchant behaviour was modified by the local environment. There can be little doubt but that all merchants in British North America responded to short term opportunities and that only rarely were they willing to sacrifice these opportunities on the alter of national, colonial or civic interest.<sup>2</sup> Yet, over time, a merchant became attached to the community in which he lived, his response to opportunity conditioned by the idiosyncracies of the local economy, the nature of the relationship between the local and metropolitan economies, and the impact of the economic cycle in reducing the short-term profitability of existing relationships. Any final assessment of the merchant's role in the economic development of British North America will therefore have to await the completion of a number of case studies of individual communities and firms.<sup>3</sup> The paper which follows is an attempt to explore the role of the merchant in the economic development of colonial Saint John. The city affords an interesting case study both because of its size — in 1840 it was the third largest urban centre in British North America — and because of the central role played by the trade in timber and deals in its economic life.

Traditionally the central problem in the study of the economy of Saint John has been to explain the failure of the city to make the necessary adjustments to compensate for the dislocations occasioned by the stagnation of the wood trade following Confederation. Recently, Peter McClelland has put the date of that stagnation back to mid-century, arguing that the shipbuilding industry, the most

2 A point most recently made by Professor Gerald Tulchinsky in *The River Barons* (Toronto, 1977), p. 234.

3 Nonetheless, a good beginning has been made with Tulchinsky's examination of the Montreal business community at mid-century, and in David Sutherland's study of the business strategies of Halifax merchants in the colonial period. Tulchinsky, *op. cit.*; David Sutherland, "Halifax Merchants and the Pursuit of Development 1783-1850", *CHR*, LIX (1978), pp. 1-17.

dynamic element in the provincial economy after 1850, added little to the well-being or growth of that economy.<sup>4</sup> McClelland has highlighted the role of New Brunswick businessmen in this problem by demonstrating the tenacity with which they stood behind the wooden shipbuilding industry, investing perhaps \$8 million between 1870 and 1879 in a technology which was effectively obsolete.<sup>5</sup> These businessmen failed to make the transition to metal ships or to establish backward linkages from the shipbuilding industry — particularly those relating to the outfitting of ships and the manufacture of chains and anchors — which could develop in time into significant industries. McClelland has explained this failure in terms of “the absence of alternatives capable of giving to regional growth the sustaining force which timber was losing” after 1850.<sup>6</sup> But even if it is admitted that shipbuilding was unable to play this dynamic role — a thesis that is much more compelling in 1870 than in 1840 — McClelland offers scant evidence to prove that manufacturing and, to a lesser extent, fishing and agriculture, could not have contributed a dynamic element to the regional economy. To support his contention, he is forced to argue that they could not because they did not, an idea grounded in the assumption that by mid-century New Brunswick was backward relative to other colonial economies. To demonstrate this position McClelland offers an output analysis of New Brunswick and Ontario agriculture at the end of the nineteenth century, and points to the inability of some New Brunswick consumer goods producers to compete with central Canadian producers on the central Canadian market in the post-Confederation period. Much of this can be demonstrated for 1890, but it all presumes that what was true at that time must have been true a half-century earlier, and that the absence of a particular resource, say coal, must preclude the development of any industry which employed that resource.

The doubts raised by the ahistorical nature of this analysis are heightened by the persistence with which the provincial business community pursued and supported the wood trade and the wooden ship, even in the face of a technological obsolescence which by 1870 was obvious to all observers. This persistence suggests a commitment to a declining economic base understandable in the small resource-based village economies of much of the province, but more difficult to comprehend in the context of the complex, differentiated economy which existed in Saint John. Indeed, the continuance of these forms of activity and the failure of other kinds of development to occur may have been more the

4 Peter D. McClelland, “The New Brunswick Economy in the Nineteenth Century” (PhD thesis, Harvard University, 1966), pp. 3-4. McClelland argues that shipbuilding may have added no more than 2.6% to the gross regional product (p. 189) and that it had few significant backward or forward linkages.

5 *Ibid.*, pp. 229-30.

6 *Ibid.*, p. 4.

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result of human factors than the absence of any particular material resource. Certainly Saint John in the colonial period possessed considerable potential. In 1840 the city was one of the largest urban centres in British North America, with a population of about 27,000. Its merchants possessed a monopoly of the commerce of the Saint John River Valley and its tributaries, a market of nearly 100,000 people. They also dominated the commercial life of the Bay of Fundy counties of New Brunswick and Nova Scotia, containing another 90,000 people.<sup>7</sup> The population of the Saint John River Valley exceeded that of the Home District of Upper Canada, while the city's whole market area compared favourably with the Quebec City District of Lower Canada.<sup>8</sup> Shipbuilding had been an important feature of the city's economy for two full generations by 1840 and the Saint John industry was clearly the most significant in British North America.<sup>9</sup> In addition, a substantial and diversified manufacturing sector designed to service both the timber trade and the growing consumer market of the area had emerged over the previous two decades, a development reflected in the strong labour movement which had become an important feature of city life in the years following the War of 1812.<sup>10</sup> By 1840 Saint John was marked as a growth centre with a distinct advantage over any other community in the Atlantic region. And this is of special significance because nineteenth-century manufacturing growth tended to be cumulative: early leaders generally improved their advantage over other communities as James Gilmour has demonstrated in his study of the spatial evolution of manufacturing in Ontario.<sup>11</sup>

In many ways the 1840s was the most critical decade of the colonial period. It witnessed the collapse of the preferences for colonial timber on the British market, a disaster which Saint John businessmen were able to overcome mainly by making the transition from the export of timber to the export of deals. Nonetheless, the trade in wood products reached its largest volume in that period and thereafter stagnated; the economy of the province grew increasingly dependent in the 1850s on the still further processing of wood into ships and their sale on the British market. The abrogation of the Old Colonial System was marked by several short term economic downturns which severely mauled

7 New Brunswick, *Journal of the House of Assembly*, 1841, pp. xvii-xxx; Canada, *Census of 1871*, IV, p. 125.

8 Canada, *Census of 1871*, IV, p. 128.

9 The early development of this industry is discussed by Lewis R. Fischer in "From Barques to Barges: Shipping Industry of Saint John, N.B. 1820-1914" (unpublished paper read to the Atlantic Canada Studies Conference, Fredericton, 1978).

10 Eugene A. Forsey, *The Canadian Labour Movement 1812-1902* (Ottawa, Canadian Historical Association, 1974), pp. 3-4; J. Richard Rice, "A History of Organized Labour in Saint John, New Brunswick 1813-1890" (MA thesis, U.N.B., 1968), ch. 1.

11 James M. Gilmour, *Spatial Evolution of Manufacturing: Southern Ontario 1851-1891* (Toronto, 1972).

the wood trades and raised serious doubts about the viability of an economy based upon them. At this point in time any group which persisted in subordinating all other interests to the needs of an already failing industry, it could be argued, can be perceived as contributing to the retardation of the provincial economy at a critical juncture in its history. If, by virtue of their influence within the political framework of the colony and their control of the principal sources of capital, merchants were able to promote or to inhibit certain kinds of development, then their role in determining the economic destiny of the city and its hinterland was as important as the presence or absence of any specific resource.

The study which follows will test this hypothesis in the context of merchant behaviour in the city of Saint John between 1820 and 1850. It will do so by examining the extent and nature of merchant wealth and the role of leading merchants in promoting or opposing development strategies in the first half of the nineteenth century. A major problem is the sheer size of the city's merchant community. During the colonial period about 800 men held the legal status of merchant and a number of others illegally participated in merchant functions. There were large numbers of transients whose residency in the city was confined to a few years, and even larger numbers of minor businessmen whose sole claim to the status of merchant seems to have been their role as small-scale importers. Their impact on the commercial life of the city was marginal and any attempt to include them in a study of this nature — even if sufficient information were available — could seriously distort its purpose. At the other extreme, the council of the Chamber of Commerce provides a definite group of the influential merchants but these might represent only one faction of important merchants. To overcome both of these difficulties an effort was made to determine which merchants played important roles in the commercial and public life of the city and province over a number of years. The criteria used in the selection included ownership of significant shipping, wharfing and waterfront facilities, directorships of important financial agencies, public esteem and influence as manifested in the press and in public documents, public service and personal wealth. Although the final decision of who to include is both arbitrary and subjective, for the purpose of this study forty leading commercial figures have been identified as "great" merchants. Members of this group comprehended a variety of commercial interests, but all participated in vital shipping and financial concerns of the port and all possessed substantial personal resources. Their influence stemmed not only from this control over most of the city's financial resources, but also from their ability to create a climate of public opinion which identified their interests with the welfare of the community at large,<sup>12</sup> and from

12 For the extent to which they succeeded in this goal see the testimonials to the merchants delivered by George Fenety and Henry Chubb, the city's most respected and influential newspaper editors in the 1840s. See *The Commercial News and General Advertiser* (St. John), 10 September 1839, and *The New Brunswick Courier* (St. John), 10 February 1843.

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their access to the political institutions of the colony.<sup>13</sup> The group included 29 men who held the legal status of merchant, 4 mariners, 2 grocers, 1 fisherman, 1 clerk and 3 who were not freemen of the city.<sup>14</sup>

The great merchants were drawn from all elements within the broader community, but the most numerous were those of Loyalist or pre-Loyalist origins. Several, notably Ezekiel and Thomas Barlow, Noah Disbrow, Ralph Jarvis, John Ward, Stephen Wiggins and John M. and R.D. Wilmot, were scions of important Loyalist merchant families. Several others, such as Nehemiah Merritt, and Thomas and William Leavitt, were children of frugal Loyalist fishermen. Still a third group was the Simonds connection, the principal landed interest in the province, which included the pre-Loyalist, Charles Simonds, and the two fortunate young Loyalists who married his sisters, Thomas Millidge and Henry Gilbert. Equally as important as the natives were the British immigrants. By far the most significant were the Scots, Lauchlan Donaldson, John Duncan, James Kirk, Hugh Johnston, John Robertson and John Wishart, who greatly outnumbered the Protestant Irishmen, John Kinnear and William Parks.<sup>15</sup> All of these immigrants were the offspring of prosperous families and came to the colony as young men of substance, bringing with them at least some capital resources. From positions of comparative advantage in the early nineteenth century, these merchants rode the crest of the timber trade to wealth by the 1840s. Virtually all were involved, to some degree, in the timber trade itself. Frequently they shipped timber which their crews had harvested. More often they bought timber or deals from the producer or took them in trade. Sometimes they would ship them on consignment to the British market. Rarely was the timber merchandising a single activity. Usually it was part of a pattern of business endeavour which included the wholesaling and retailing of British and American imports, coastal shipping, and the purchase, use and sale of sailing vessels.<sup>16</sup>

13 This thesis is argued by Stewart MacNutt in his "Politics of the Timber Trade in Colonial New Brunswick 1825-40", *CHR*, XXX (1949), pp. 47-65.

14 This group includes L.H. Deveber, Thomas Barlow, Ezekiel Barlow, Jr., Issac Bedell, Robert W. Crookshank, Noah Disbrow, Jr., Lauchlan Donaldson, John Duncan, Henry Gilbert, James T. Hanford, John Hammond, David Hatfield, James Hendricks, Ralph M. Jarvis, Hugh Johnston, Sr., Hon. Hugh Johnston, Jr., John H. Kinnear, James Kirk, Thomas Leavitt, William H. Leavitt, Nehemiah Merritt, Thomas Millidge, D.L. McLaughlin, Thomas E. Millidge, William Parks, John Pollok, Robert Rankin, E.D.W. Ratchford, Hon. John Robertson, W.H. Scovil, Hon. Charles Simonds, Walker Tisdale, John V. Thurgar, John Walker, John Ward, Jr., Charles Ward, Stephen Wiggins, John M. Wilmot, R.D. Wilmot, John Wishart.

15 David Macmillan explores the early development of the St. John Scottish community in "The New Men in Action: Scottish Mercantile and Shipping Operations in the North American Colonies 1760-1825", *Canadian Business History: Selected Studies, 1497-1971* (Toronto, 1972), pp. 82-99.

16 A good description of these activities is found in Graeme Wynn, "Industry, Entrepreneurship

Central to the business activity of all leading merchants was involvement in or ownership of one or more of the three vital elements in city commerce: the banking system, the wharves of the port, and the ships. Most sat on the directorates of at least one of the three local public banks or the local advisory committee of the Bank of British North America.<sup>17</sup> Indeed, given the centrality of credit to the commercial system of the province, it was unthinkable that any substantial local firm would not have easy access to the financial stability which the banks offered, an access ultimately controlled by the bank directors whose committees met twice weekly to approve all loans. Access to the city wharves and water lots on the east side of Saint John harbour, the most valuable mercantile property in the colony, was also critical. The water lots had been leased in perpetuity by the city in return for the lessees' agreement to construct and maintain the wharves. In return for an annual rental of between £5 and £31, depending on location in the harbour, a merchant received the right to erect improvements on the wharf, to provide free wharfage for his ships and goods, and to charge the legal rates of wharfage to all ships choosing to load or unload at this landing.<sup>18</sup> Possession of this vital harbour resource provided the merchant with both the most geographically advantageous terminal for his sea and river commerce and a modest but continuous income.

The central feature of New Brunswick trade was its de-centralization. Most great merchants were not involved in the timber-harvest or the sawmilling industry. Similarly, although they bought, sold and contracted for the construction of vessels, they rarely participated directly in the shipbuilding industry. The role of most merchants was that of entrepreneur closing the links between the harbours of St. John and Liverpool. Their vehicle was the sailing vessel and by 1841 the port possessed nearly 90,000 tons of shipping, about equally divided between small coasting vessels and those designed for trans-Atlantic crossings.<sup>19</sup> There were great differences in patterns of ownership among the city's major mercantile firms. More than half of the port's tonnage was owned by its great merchants, several of whom possessed sizeable fleets. John Kirk owned 14 vessels totalling over 7,000 tons, Stephen Wiggins 10 vessels of nearly 7,000 tons and John Wishart 9 vessels of 4,500 tons. At the other extreme, a number of

and Opportunity in the New Brunswick Timber Trade" in Lewis R. Fischer and Eric W. Sager, eds., *The Enterprising Canadians: Entrepreneurs and Economic Development in Eastern Canada, 1820-1914* (St. John's, Memorial University of Newfoundland, 1979).

- 17 Reports revealing the directors and the financial state of affairs of each bank were published annually in *Journal of the House of Assembly*.
- 18 Schedule of Real Estate Belonging to St. John, Wharf Leases in Perpetuity, Records of the Executive Council, REX/PA, Miscellaneous, Provincial Archives of New Brunswick [hereafter PANB].
- 19 This description of the St. John fleet, containing information on the date of acquisition, size and ownership of each vessel, is found in "Customs House Account, Returns of Shipping, Port of Saint John, New Brunswick", *Journal of the House of Assembly*, 1842, cclvii-cclxvii.



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merchants actually owned very little shipping, apparently preferring to ship through others. The large firm of Crookshank and Walker, for example, had only a single vessel in 1841. The different ownership patterns reflected the kinds of mercantile specialization that had developed by 1840. The large ship-owners were heavily committed to the timber trade, both as merchants and as carriers; Crookshank and Walker were West Indies merchants with strong ties to the coasting trade and played the role of commission merchant and auctioneer. But whatever the area of specialized activity an individual firm might tend to follow, the collective control by the great merchants of the financial structure, harbour facilities, and shipping industry of St. John placed them in the position both to accumulate personal wealth and to play a significant role in determining the kind of economy which might emerge in the city and the colony.

Most great merchants built up sizeable fortunes at some point in their careers. And while time and fortune were not always kind to them, the great majority managed to avoid calamitous failures.<sup>20</sup> Any attempt to establish the extent of personal wealth of an individual over time is an exceedingly treacherous enterprise, but it is possible to get a glimpse of the collective resources of the merchant community and to establish with some accuracy the holdings of most merchants at one point in their lives. Something of the size of St. John merchant capital can be glimpsed in the city's fleet. Assuming an average price of £5 a ton, a conservative estimate of the value of vessels registered in St. John in 1841 would be £450,000, and the capital investment of firms such as those of James Kirk or Stephen Wiggins would have been in the order of £30-40,000.<sup>21</sup> All firms had a basic business investment in offices, stores, warehouses, and the harbour-area land or wharves on which they were located. While the size of this investment varied with the scope of the facilities, even a single store in the harbour area was worth £3,000 by mid-century and the larger facilities of many merchants plus the value of stock on hand could multiply that figure five or six times. Yet few merchants committed most of their assets to their mercantile activities. In 1826 the firm of Crookshank and Walker, one of the largest in the city, owned assets valued at more than £50,000 (\$200,000). Of this total only 20 per cent was represented by vessels (the firm owned four) and less than 10 per cent by goods on hand.<sup>22</sup> The remainder consisted of investments in property and notes. Johnston withdrew from the firm in 1826 and received the sum of £25,000 from his partner. He also retained ownership of his own firm, H. Johnston &

20 Two notable failures were the firms John M. Wilmot, in 1837 and James Hanford, Alex Yeats and J. & H. Kinnear, in 1843. *The New Brunswick Courier*, 4 March, 18, 25 November 1843; A.R.M. Lower, *Great Britain's Woodyard* (Toronto, 1973), p. 151.

21 Prices for New Brunswick-built vessels fluctuated between £5 and £12 a ton throughout the 1830s and 1840s.

22 Account Book I, pp. 5-10, Hugh Johnston Papers, New Brunswick Museum [hereafter NBM].

Co., and his total personal assets in that year amounted to over £40,000.<sup>23</sup> Similar stories of substantial capital investment outside the major mercantile operation can be constructed for other great merchants. Nehemiah Merritt died in 1843 possessed of an estate worth about £60,000 (\$240,000) exclusive of ships and business stock.<sup>24</sup> In 1864 Stephen Wiggins left more than \$700,000 to his heirs, about half of it composed of assets not connected with the firm.<sup>25</sup> And still later, in 1876, "The Lord of the North", John Robertson, passed on \$454,000 for the benefit of his children.<sup>26</sup> By 1840 there may have been a dozen merchants each with assets exceeding a quarter of a million American dollars, and a large part of this capital was available for investment beyond the primary enterprises of their holders.

Not surprisingly the most important uses to which the great merchants of St. John devoted their wealth were those designed to further the development strategies which the merchant community deemed essential to its economic well-being. While direction and emphasis of these strategies changed from time to time in response to external circumstances, the broad outline is clearly visible throughout the first half of the nineteenth century. Like their counterparts in most North American ports, Saint John merchants emphasized a combination of financial institutions, transportation links, resource exploitation and urban development to enable them to facilitate trans-Atlantic trade and to dominate a hinterland extending for 200 miles around the city. By 1840 their dominance in shipping had turned the Bay of Fundy into a St. John lake and their location had made the entire St. John Valley a satrapy of the city. Their greatest concerns were the development of transportation facilities into the interior and to the north shore of the province and the exploitation of the natural resources found within this natural zone of control. To achieve the first, the merchants pressured for a canal system to open the Grand Lake, some 60 miles from the city. After 1835 they sought to extend the city's control to the North Shore by means of a combined ship-railroad system which would involve construction of short railway lines between Grand Lake and Richibucto and between Shediac and Moncton. To exploit the natural resources of the area, they proposed to develop the sources of water power at the mouth of the St. John River and at the Grand Lake, to mine the coal resources of the Grand Lake area, and to promote the Bay of Fundy and southern whale fisheries.<sup>27</sup>

23 Schedule of Real and Personal Effects, May 1826, *ibid.*

24 Last will and testament of Nehemiah Merritt, Records of the Court of Probate, City and County of St. John, Book G, pp. 131 ff., PANB. The totals include estimates of property values.

25 Stephen Wiggins, 1864, RG 7, RS 71, PANB.

26 John Robertson, 1876, *ibid.*

27 New Brunswick, Records of the Legislative Assembly [RLE], 1834, Petitions, vol. 2, no 41; 1836, Petitions, vol. 5, nos. 70, 75, 81; 1834, Petitions, vol. 6, no. 130, PANB.

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The most important institutions necessary to the maintenance of this commercial system were financial organizations, notably banks and insurance companies. Banks facilitated the transfer of funds in trans-Atlantic trade and control of the province's major credit agencies gave the leading merchants considerable leverage in their dealings with other parts of New Brunswick society. The Council of New Brunswick had co-operated with the merchant community to charter the first bank in British North America in 1820.<sup>28</sup> But the conservative policies and limited capital resources of the Bank of New Brunswick could not keep pace with the financial needs of merchants in a rapidly expanding colony and by 1836 they had secured royal charters for two more banking institutions, the Commercial and the City banks, over the opposition of the Executive Council of the province.<sup>29</sup> By 1845 the three banks possessed a paid up capital of £250,000 (\$1,000,000), most of which was probably held within the city by the merchant community.<sup>30</sup> Through the period 1830-50 banking stock never yielded less than 8 per cent a year and was viewed not only as an excellent security but also a first class opportunity for speculation. Similar emphasis was placed on the city's two marine insurance companies, and on its fire insurance company. The £50,000 capital of the N.B. Marine Company, the largest of these firms, yielded an annual dividend of 10 to 60% in the 1840s,<sup>31</sup> and more than 80% of the stock of that company was held by city merchants in 1841.<sup>32</sup> The stock of these companies not only yielded an excellent dividend income, but provided the basis for a flourishing speculative trade in stocks.

Nonetheless, the most important single investment made by St. John merchants was in land. It is interesting to speculate on the reasons behind this phenomenon. Land was clearly acquired both incidentally, in payment for debts owed, and because of the high degree of security which it offered. As well, many merchants saw an opportunity to achieve a certain status in the possession of well-known farms and favoured city residences. The nature of the acquisitions reveals several motives on the part of the purchasers: a desire to emulate a landed gentry, to create the security of rental income, to speculate on rising land prices and, in the case of purchases outside New Brunswick, to escape the consequences of the provincial bankruptcy laws in the event of commercial

28 James Hannay, *History of New Brunswick* (St. John, 1909), II, pp. 428-9.

29 NB, RLE, 1836, Petitions, vol. 5, no. 64, PANB; Hannay, pp. 430-2.

30 These estimates are drawn from Bank of New Brunswick dividend payments, newspaper accounts of bank stock sales, and wills. There was no public statement disclosing the ownership of bank stock in colonial New Brunswick.

31 The annual reports of the N.B. Marine Insurance Company between 1830 and 1850 may be found in the appendices of the Journals of the New Brunswick House of Assembly.

32 New Brunswick, *Journal of the House of Assembly*, 1842, Appendix — Returns of Incorporated Companies, The N.B. Marine Insurance Company.

disaster. All merchants maintained one and sometimes two city residences. A large land-holder such as Noah Disbrow owned 12 city lots and 5 houses,<sup>33</sup> while John Robertson paid city taxes on real estate assessed at £25,000 (\$100,000) — which almost certainly greatly underestimated its true market value — and held long term leases, through his brother, on more than 100 city lots.<sup>34</sup> At his death in 1876 Robertson owned city real estate valued at \$250,000.<sup>35</sup> Virtually all merchants owned several city lots and most possessed long term leases on substantial tracts of city land in the harbour area.

Perhaps the most obvious case of land speculation on the part of leading merchants was the development of the suburban lands lying along the Marsh Road area directly north and west of the city. As early as 1819 most of this land had been acquired from the Hazen estate by several merchants — notably Nehemiah Merritt, Stephen Wiggins, Henry Gilbert, Hugh Johnston and Walker Tisdale — as building lots and farms.<sup>36</sup> By mid-century most of the land remained in the hands of the merchant-buyers, who were in the process of subdividing it into township building lots. The same assumptions concerning the development of the interior of the province marked the merchant's land acquisition in the St. John River Valley. Instead of buying up timber land, most merchants deliberately set about to acquire land bordering on the river. Their holdings were marked by a high proportion of *intervale* land, working farms and tenants, and comprised some of the most valuable agricultural resources in the province. The estate of Hugh Johnston alone contained nearly 12,000 acres of Valley land in 25 separate holdings scattered through Queens, Sunbury, York and Carleton counties in 1835.<sup>37</sup> A number of merchants also acquired extensive holdings in other areas, notably Nova Scotia, Maine, New York and Upper Canada. Nehemiah Merritt, for example, owned three houses at Greenwich & Amos Streets in New York City,<sup>38</sup> and he and Walker Tisdale each possessed more than 2,000 acres of land in Northumberland and Durham counties, Upper Canada.<sup>39</sup>

In addition to ownership of lands and financial institutions, the Saint John merchant sought security through the public sector of the economy. The debt of

33 Records of the Court of Probate, City and County of St. John, Book H, pp. 454 ff., PANB.

34 John Robertson to Common Council, 10 October 1849, Saint John Common Council Supporting Papers, vol. 20, Saint John Manuscripts, PANB; Saint John Schedule (etc.), 1842, REX/PA, Miscellaneous, PANB.

35 John Robertson, 1876, RG 7, RS 71, PANB.

36 Extract of Cash Received for Land Sold 1814-1821, Hon. William F. Hazen Papers, Daybook and Journal 1814-34, NBM.

37 Inventory of Estate of Hugh Johnston, 1 May 1835, Hugh Johnston Papers, Account Book I, NBM.

38 Probate Records, Book G, p. 131, PANB.

39 *Ibid.*, Book I, p. 267.

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the city and the province and the financing of public utilities within the city offered ample opportunity for investment. The city, in particular, had no agency through which it could carry long term debt contracted for the construction of essential public works and from 1819 onward the merchant came to play an important role as city creditor.<sup>40</sup> By 1842 the municipal funded debt totalled £112,000 of which 40 per cent was held directly by merchants and their families and another 20 per cent by St. John banks and insurance companies.<sup>41</sup> The city's major public utilities were promoted and financed by its merchants. The water company was formed following the cholera epidemic of 1832 and by 1844 had expended £27,000 on the system.<sup>42</sup> The Gas Light Company and Reversing Falls Bridge Company were founded in the 1840s under the inspiration of the same group.<sup>43</sup>

Of all the potential investments in New Brunswick, the one that found least favour with the merchant community was secondary industry. Most merchant investment in this sector was related to the processing of natural resources produced in the province. In the wake of the growing English demand for deals in the mid-1830s several merchants acquired or constructed sawmills in conjunction with their shipping activities. Within the city John Robertson erected a large steam sawmill powered by sawdust and offal,<sup>44</sup> while less impressive operations were conducted by Robert Rankin & Co., Stephen Wiggins, R.D. Wilmot, Thomas and Ezekiel Barlow, and Nehemiah Merritt.<sup>45</sup> Outside the city the Kinnear brothers operated the Wales Stream mill.<sup>46</sup> Several others lent their support to the Portland Mills and Tunnel Company which proposed to cut tunnels through the Reversing Falls gorge to provide water power for a sawmill complex in Portland.<sup>47</sup> The most important industrial undertaking of any merchant before 1850 was the establishment of the Phoenix Foundry by the Barlow brothers in the 1820s. During the first two decades of its existence the firm introduced a number of technical innovations into the city, including construction of the first steamship manufactured entirely in the colony.<sup>48</sup>

40 The city debt rose from £4413 in 1822 to £115,366 in 1845. Minutes of the Common Council, vol. V, 5 April 1822; vol. XVII, 10 September 1845, Common Clerk's Office, Saint John City Hall.

41 Common Council Supporting Papers, vol. VI, 7/8-12/13 September 1842, Saint John Manuscripts, PANB.

42 NB, RLE, 1844, Petitions, vol. 7, no. 181, PANB.

43 *The New Brunswick Courier*, 27 March 1843.

44 *The New Brunswick Courier*, 11 September 1852.

45 *The Morning News* (St. John), 23 April 1841.

46 *The New Brunswick Courier*, 25 November 1843.

47 NB, RLE, 1834, Petitions, vol. 2, no. 41; 1836, Petitions, vol. 5, no. 75; 1839, Petitions, vol. 2, no. 43, PANB.

48 Common Council Minutes, vol. XV, 23 December 1840, 14 January 1841, Common Clerk's Office, Saint John City Hall.

However, these examples were the exceptions rather than the rule. Most leading merchants had no financial involvement with secondary industry before 1840; those who did, with exception of Robertson and the Barlows, had a very limited investment in the undertakings. There was little investment in the city's major secondary industry — shipbuilding — and most lumber, even in the St. John area, was made in 49 sawmills owned by a different group of men.<sup>49</sup> Quite clearly, comprehensive industrial development stood low on the list of merchant priorities in the period.

In view of the rapid pace of industrial growth in the city between 1820 and 1840, the low level of merchant participation is surprising. In 1820, apart from a few shipyards, sawmills, and flour mills, Saint John's secondary industry consisted of a wide variety of traditional crafts practiced in dozens of small workshops. Over the course of the next three decades, in response to the needs of a rapidly expanding provincial society, the city and its environs was transformed into an important manufacturing centre. This development occurred along a broad front. Most obvious and most significant was the growth of the shipbuilding and sawmilling industries. But there was also a host of industries producing for provincial consumers. Apart from the enterprises of the master tailors and shoemakers, these included 24 tanneries, 16 flour mills, 4 iron foundries, 2 brass foundries, 12 furniture and 4 soap manufacturers, 8 carriage makers, 2 breweries, a paper mill, and a number of minor industries.<sup>50</sup> The capacity and resources of these firms is perhaps best illustrated in the flour industry which by 1840 represented a capital investment of over £50,000 in mills capable of annually producing more than 150,000 barrels of flour, enough to feed the entire population of the province.<sup>51</sup> The tanners — 4 of whom were capable of generating more than 60 horsepower from their steam engines — made a similar claim for their industry.<sup>52</sup> The Harris Foundry comprised a block of buildings in 1846 with a replacement value of more than £10,000.<sup>53</sup> Most of these firms were developed by local entrepreneurs using their own skills and either their own capital or that of their family or friends.

Before 1840 most merchants either held this development at arm's length or viewed it with outright hostility. Wood and fish processing and shipbuilding were regarded as important elements in the commercial system and some

49 The most important of these was probably George Bond who held the lease for the tidal-powered Carleton mills, the most significant power source in the St. John area.

50 NB, RLE, 1840, Petitions, vol. 4, no. 122; 1843, Petitions, vol. 6, no. 149; 1850, Petitions, vol. 17, no. 357; 1850, Petitions, no. 414; 1836, Petitions, vol. 5, no. 112, PANB; *The New Brunswick Courier*, 12 October 1850, 5 July 1851.

51 NB, RLE, 1840, Petitions, vol. 4, no. 122, PANB.

52 *Ibid.*, 1845, Petitions, vol. 9, no. 298.

53 *The New Brunswick Courier*, 27 June 1846.

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merchants were prepared to invest in these undertakings. When local grain and livestock production was expanding in the 1820s, several merchants indicated some support for the tanners in their efforts to exclude the cheap Canadian leather from the province, and even promoted the first steam flour mill to grind local wheat.<sup>54</sup> However, such support was rare. More common was a violent negative reaction. The special objects of the merchants' wrath were the millers and bakers. The latter had long protested because American flour entered the colony with a 5/-a barrel duty while bread entered free.<sup>55</sup> The merchants' reply was to demand the removal of provincial tariffs on both.<sup>56</sup> A clearer indication of the merchants' view of early industrial development is seen in the issues on which they took no position. These included virtually every request for assistance, support or tariff protection by every manufacturing industry and interest in the city between 1820 and 1840. Given the rapid growth of the manufacturing sector during this time, this lack of participation by the merchant community stood in sharp contrast to the support which the manufacturers were able to command in almost every other major segment of urban society.

The principal organization of the merchant community was the Chamber of Commerce and the world which the merchant sought to create and maintain before 1840 is clearly visible through its petitions to the municipal, provincial and imperial governments. The central doctrine in these petitions was the reciprocity of mercantilism and imperial economic preference in return for colonial deference and loyalty in matters economic and political. The merchant identified the prosperity of the colony with his right to buy cheaply and sell dear. To do this he must not only be able to sell colonial produce in a protected imperial market, but to purchase that produce in as free a market as possible. The latter doctrine carried a special significance for colonial producers for the merchant was prepared to use American timber and foodstuffs to keep costs as low as possible in the timber trade. Indeed, on any issue deemed vital to the prosecution of the timber trade the ranks of the great merchants never broke in nearly half a century. Thus woods resources held by the crown and after 1836 by the province must be leased at nominal fees<sup>57</sup>; severe penalties must be imposed on those stealing timber or making lumber, timber, fish and flour of inferior quality<sup>58</sup>; debtors must continue to be imprisoned lest British creditors lose

54 NB, RLE, 1834, Petitions, vol. 4, no. 91; 1828, Petitions, vol. 2, no. 43, PANB.

55 *Ibid.*, 1835, Petitions, vol. 4, no. 124; 1842, Petitions, vol. 3, no. 54.

56 *Ibid.*, 1833, Petitions, vol. 3, no. 102; 1840, Petitions, vol. 4, no. 121; 1842, Petitions, vol. 12, no. 237; 1851, Petitions, vol. 15, no. 457; *The New Brunswick Courier*, 4 February 1843.

57 W.S. MacNutt, "Politics of the Timber Trade in Colonial New Brunswick 1825-40", pp. 47-65; Graeme Wynn, "Administration in Adversity: The Deputy Surveyors and Control of the New Brunswick Crown Forests Before 1844", *Acadiensis*, VII (Autumn 1977), pp. 49-65.

58 NB, RLE, 1839, Petitions, vol. 3, no. 80; 1824, D, Petitions, no. 6, PANB.

confidence in the colony's will to protect them and cheap justice must be provided to permit the collection of debts<sup>59</sup>; no provincial duties could be imposed on timber, lumber, flour, bread, pork or manufactured tobacco; and provincial tariffs must stand at no more than 5 per cent so that the merchant might keep control of the commerce of the Annapolis Valley of Nova Scotia.<sup>60</sup> Until 1843 imperial regulations permitted the merchant to treat the entire eastern seaboard of the United States and New Brunswick as a single commercial entity for the purposes of the timber trade,<sup>61</sup> and New Brunswick timber makers found their prices set by American competition. Even more significant, in terms of its implications for the fortunes of farmers and millers, was the merchants' bitter and continued opposition to any attempts by either provincial or imperial parliaments to establish or maintain duties on flour or salted provisions, an opposition which finally led lieutenant-governor Sir John Harvey to express doubts as to what extent the St. John Chamber of Commerce "represents the real commercial interests of the province".<sup>62</sup>

By 1840 there is some evidence to suggest that a minority of merchants were prepared to dissent from the Chamber on economic issues not directly related to the timber trade. The flour trade was a case in point. While most fleet owners strongly supported free trade in wheat and flour in order to assure the cheapest provisions for their crews, a number of other great merchants came to see the commercial possibilities of a high tariff on foreign wheat and flour which would enable them to ship wheat from England for processing in St. John mills. And the rapidly expanding domestic market had persuaded a few that not only could greater returns be obtained by importing wheat, rather than flour, but that flour mills offered the best return of all.<sup>63</sup> Nonetheless, until the 1840s the vast majority of merchants still believed that low tariffs were essential.

After 1841 the assumptions upon which the merchants' system had been built were undermined by external factors. The first major jolt was the dramatic recession of 1841 occasioned by the collapse of the British timber market. As the ripples of this unusually severe crisis spread through the local economy, the layers of provincial society collapsed hierarchically, beginning with the ships labourers, passing into the minor shopkeepers and journeymen craftsmen, then

59 *Ibid.*, 1831, F. Petitions, vol. 2, no. 10.

60 *Ibid.*, 1850, Petitions, vol. 6, no. 138; *The New Brunswick Courier*, 24 February 1849.

61 *The New Brunswick Courier*, 20 January 1844.

62 Sir John Harvey to Lord Glenelg, 15 May 1838, CO 188/59, ff. 733-42, but also see Petition of St. John Merchants, 17 February 1834, CO 188/49, ff. 169-71; Sir John Harvey to Lord John Russell, 4 September 1840, CO 188/69, ff. 152-3; Sir William Colebrooke to Stanley, 29 March 1842, CO 188/75, ff. 341-5. Both Harvey and Colebrooke feared the economic and social consequences of an over-specialized staples economy.

63 NB, RLE, 1840, Petitions, vol. 4, no. 122, PANB. Among the dissenters were N. Merritt, R. Rankin, John Walker, D. Wilmot, I. Bedell, Wm. Parks.



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into the ranks of the master craftsmen, shipbuilders, traders, contractors, small merchants, and lawyers,<sup>64</sup> finally claiming its victims among even the most stalwart with the bankruptcies of leading merchants such as James Hanford, Alex Yeats and J. & H. Kinnear in 1843.<sup>65</sup> Just as the economy was recovering from the recession in 1843, the British Government began its gradual dismantlement of the mercantilist structure with the regulations prohibiting the import of Maine-produced timber into the United Kingdom under the preferential tariff.<sup>66</sup> In the short run the regulations produced no significant impact on the timber trade other than to limit the merchants' choice of producers. The long run effect of the tariff declension between 1843 and 1849 was a sharp decline in the quantity and value of timber shipped from St. John, and a corresponding increase in the export of lumber and deals.<sup>67</sup>

The rapid change and threat of change in the early 1840s produced a crisis of confidence in the mercantile assumptions which had dominated the economy of New Brunswick since Napoleonic times. The producer, whether shoemaker, farmer, sawmill owner or founder, had existed in a gray area of semi-protection since the creation of the colony. Although the combination of imperial protective tariffs and provincial revenue duties had been sufficient to keep most local produce competitive with that from the United States, British produce entered the colony burdened only by the small revenue tariff. Provincial duties on British manufactures, for example, were fixed at 2½ per cent while those levied on American were 10 per cent.<sup>68</sup> The proposed elimination of the imperial tariff threatened to visit further disaster on an already badly demoralized artisan community. Hundreds of St. John artisans and mechanics had abandoned the city during the recession of 1841-2 and the exodus continued through 1842 and 1843 as economic prospects for the colony dimmed. By 1843 the city was divided by acrimonious debate between those prepared to follow the mother country into free trade, and those who argued that the wealth of colony was being dissipated on imported produce to the detriment of the producing classes. These protectionist views were strengthened by the emergence of a significant mechanics' revolt against what was perceived as the tyranny of the merchants. Out of the thriving mechanics community which had developed in the 1830s was formed, late in 1843, the Provincial Association, which brought together representatives of every major group of producers in the province.<sup>69</sup> The

64 *The New Brunswick Courier*, 4 March, 3 June, 15 July, 7 October 1843.

65 *Ibid.*, 4 March, 18, 25, November 1843.

66 NB, RLE, 1843, Petitions, vol. 9, no. 244, PANB.

67 Between 1840 and 1849 the value of timber exports from New Brunswick declined from £271,000 to £179,000; that of deals and boards increased from £180,000 to £266,000. New Brunswick, *Journal of the House of Assembly*, 1841, 1850, Customs House Returns.

68 *Ibid.*, 1842, Appendix, p. cclxxiv.

69 *The New Brunswick Courier*, 4 January 1844.

Association advocated protection and promotion of the interests of farmers, fishers, mechanics and manufacturers, through the use of duties, bounties, model farms and mechanics fairs. Among other things it urged the imposition of a substantial tariff on cordage and canvas, coupled with the payment of a bounty to farmers to grow hemp and flax.<sup>70</sup>

By 1844 the debate between free traders and protectionist had been transferred from the meeting hall to the Legislative Assembly, where the protectionists succeeded in imposing a compromise on the merchant interests after six close divisions in the House. Provincial duties were raised to 25 per cent on clocks, 20 per cent on wooden ware and chairs, 15 per cent on furniture and agricultural implements, 10 per cent on castings, cut nails and brick, and specific duties were imposed on cattle, oxen, horses and apples. At the same time any product required for the building of ships or the provisioning of crews, including flour, was placed on the free list. The debate over the most hotly contested duties, those on footwear and clothing, ended in a tie when a 10 per cent duty was imposed on footwear (a 5 per cent proposal was narrowly defeated) and clothing was admitted under a 4 per cent tariff.<sup>71</sup>

The compromise was only a temporary truce. Led by the St. John Chamber of Commerce, the free traders counterattacked at the 1845 sitting of the Assembly. Winning the support of several farmers who had voted with the protectionists the previous year, the free traders succeeded in reducing the tariff schedule to its 1843 levels, cutting some duties by as much as 60 per cent.<sup>72</sup> In response, one outraged protectionist leader vented his spleen in the columns of *The Morning News* on the "Free Trade Chamber of Commerce" of St. John, those "few selfish individuals" who were prepared to impose "this vicious system of one-sided free trade" on the "productive classes . . . the bone and sinew of the country".<sup>73</sup> However, this setback was temporary. Much to the chagrin of leading reformers like George Fenety, protection became a basic political issue during the 1840s and 50s, one that cut across the constitutional issues so dear to the hearts of reformers.<sup>74</sup> The Revenue Bill of the province was prepared each year by a select committee of the Assembly which acted on resolutions passed at each sitting of the Legislature. In 1847 the House, by a

70 *Ibid.*, 10 February 1844.

71 New Brunswick, *Journal of the House of Assembly*, 1844, pp. 152-7.

72 *The Morning News*, 24 March 1845. The defectors included Barbarie from Restigouche, Earle from Queens, Hanington and Palmer from Westmorland. See New Brunswick, *Journal of the House of Assembly*, 1845, pp. 219-21.

73 *The Morning News*, 19 March 1845.

74 Editor and publisher of *The Morning News* and later Queens Printer under the Liberals, Fenety was unsympathetic to the views of the protectionists. G.E. Fenety, *Political Notes and Observations* (Fredericton, 1867), I, chs. V, XXI. On the other hand both Lemual Allan Wilmot and Samuel Leonard Tilley supported the protectionist position.

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21-10 majority, accepted the principle that "in enacting a Revenue Bill, the principle of protection to home industry, irrespective of revenue, should be recognized by levying duties on those productions and manufactures of foreign countries which the people of this province are capable of producing and manufacturing themselves".<sup>75</sup> The thrust of this resolution was directed against American produce and the Revenue Bill of that year introduced differential duties on British and foreign manufacturers. After 1850, however, the protectionists on the select committee were able to develop a policy of modest protection for a number of local industries. This included a 15% tariff on footwear, leather, furniture, machinery, iron castings (stoves, ranges, boilers, furnaces, grates), most agricultural implements, wagons and sleighs, veneers, cigars, hats and pianos.

The merchant community of St. John was ill-prepared to meet the threat posed by the rise of the Provincial Association. By 1843 it was still recovering from the blows dealt it by the collapse of 1841-2 and it perceived the major threat to its security among the British free traders rather than in a diverse group of local protectionists. While the Chamber of Commerce traditionally had been the principal vehicle of merchant views, by 1843 it had come to represent the great fleet owners in their struggle against the threats to the protected status of the colonial timber trade. The Chamber's initial reaction to the Provincial Association and its proposals to divert provincial resources from the timber trade into agriculture and manufacturing was negative. In strongly worded petitions to the provincial and imperial authorities it reiterated support for traditional mercantilist policies in the timber trade and for a maximum 5 per cent duty on all provincial imports.<sup>76</sup> Yet, while the majority apparently accepted the Chamber of Commerce position, a significant minority came out in support of the Provincial Association and its policies of economic diversification and protective tariffs.<sup>77</sup> Among the heretics were R.D. Wilmot, William Parks, the Jarvises, Henry Gilbert, John Walker, Noah Disbrow, Charles Ward and Walker Tisdale.<sup>78</sup> The principal spokesman for the movement in St. John in the mid-1840s was R.D. Wilmot. When the Provincial Association entered the political arena with its platform of the "new New Brunswick", Wilmot was returned to the House of Assembly where he replaced his cousin, Lemuel Allan Wilmot, as the province's leading protectionist. Meanwhile, in an effort to restore a semblance of unity to the divided merchant community, the Chamber of Commerce was re-organized in the spring of 1845 and the membership of its new directorate reflected the attempts made to provide representation from a

75 New Brunswick, *Journal of the House of Assembly*, 1847, pp. 190-1.

76 *The New Brunswick Courier*, 4 February 1844.

77 *Ibid.*, 10 February 1844.

78 NB, RLE, 1843, Petitions, vol. 6, no. 143, PANB.

wide range of merchant opinions and interests.<sup>79</sup> At the final crisis of mercantilism, in 1849, the Chamber played an important part in the organization of the New Brunswick Colonial Association which brought together the city's most distinguished citizens in an effort to define the province's role in the new economic order.<sup>80</sup> The early programme of the Association clearly represented an attempt to reconcile all viewpoints and included a proposal urging the encouragement of home industry.<sup>81</sup> These efforts muted but could not entirely conceal the tensions between merchant free traders and protectionists.

By 1850 the Colonial Association had dropped its proposal for the encouragement of home industry and offered reciprocity in trade and navigation with the United States as the sole panacea for the province's economic ills.<sup>82</sup> And in the House of Assembly the merchants and their supporters were able to impose a compromise on the protectionists the effect of which was to create two economic systems. The artisan and manufacturer were granted a moderate tariff on material not required in the prosecution of the wood trades, while virtually everything necessary to the lumber industry, the timber trade, the building of wooden ships, and the victualling of crews was admitted free to the New Brunswick market. The latter included mill engines, anchors, chain, canvas, cordage, tackle, felt, sails, spikes, cotton ways, and iron bolts, bars, plates and sheathing, as well as rigging, tin and copper plate, sheathing paper, grain, flour, meal, bread, meats, fruit and vegetables.<sup>83</sup> In effect, every backward linkage that

79 *The Morning News*, 2 April, 16 April, 6 May, 7 May 1845; 25 February 1846.

80 *The New Brunswick Courier*, 28 June, 4 August 1849.

81 *Ibid.*, 15 September 1849.

82 *Ibid.*, 8 June 1850.

83 The evolution of New Brunswick policy between 1837 and 1860 is illustrated through the following commodities:

	1837		1842		1844	1845	1848		1855	1859
	Brit.	For.	Brit.	For.			Brit.	For.		
Wagons	2.5%	10%	2.5%	10%	10%	4%	4%	30%	15%	15%
Footwear	2.5%	5%	2.5%	10%	10%	7.5%	4%	30%	15%	15%
Agricultural Implements	Free	Free	Free	Free	10%	4%	4%	15%	15%	15%
Stoves	2.5%	10%	2.5%	10%	10%	7.5%	4%	15%	15%	15%
Chain	2.5%	10%	2.5%	10%	Free	Free	Free	Free	1%	1%
Canvas	Free	Free	Free	Free	Free	Free	Free	Free	1%	1%
Cordage	Free	Free	Free	Free	Free	Free	Free	Free	1%	1%
Mill Engines	Free	10%	Free	10%	Free	Free	Free	Free	10%	12.5%
Meat	Free	Free	Free	Free	Free	Free	Free	Free	Free	Free
Bread	Free	Free	Free	Free	Free	4%	4%	10%	Free	Free
Flour										

Source: Statutes of New Brunswick, 7 William IV, c.1.; 5 Victoria, c.1.; 7 Victoria, c.1.; 8 Victoria, c.2.; 11 Victoria, c.1.; 18 Victoria, c.1.

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the rapidly growing shipbuilding and shipping industry might have provided to the provincial economy was discouraged by provincial policy. Ship builders were encouraged to import all materials required in the building process, other than wood. Merchants were rewarded both with the transportation costs of the building materials and with cheap vessels which they sold in the United Kingdom. It was a policy which permitted the application of a limited range of skills and the use of a small capital to produce a product which was competitive on the British market. Unfortunately such a policy conferred only limited benefits on the provincial economy and did not provide the flexibility or profit margins that gave the ship builder either the capital resources or the incentive to undertake any extensive technological innovation. More important it did not allow the development of substantial industries, dependent on these backward linkages, which might have promoted these changes.

Nonetheless, the activities of the Provincial Association remained an important theme in city politics into the 1850s. Of the 37 great merchants still living in St. John after 1842, 16 lent their support to at least some significant part of the protectionist programme and 12 of these consistently supported its general objective.<sup>84</sup> Not surprisingly, the merchants split on the issue of protection in terms of the emphasis which their business activities gave to the timber trade. Those with the most significant trading concerns — like John Ward, John Wishart and John Robertson — remained largely divorced from the concerns of other elements within the broader community. They were, as well, the major shipowners and their focus remained on the trans-Atlantic community. They did not, necessarily, oppose the protectionist impulse *per se*, but they did fear its emphasis on economic self-sufficiency, its inefficiencies, and, particularly, the stated goal of protectionists to transfer resources out of the timber industry and into manufacturing, agriculture and fishing.<sup>85</sup> Yet, while leading merchants opposed protectionist policies where they threatened to make the New Brunswick shipping industry uncompetitive on international runs by imposing substantial tariffs on flour, bread and pork, a number were prepared to accept the new order. Although it is difficult to generalize about them, they tended to include men whose principal activities had centred on the merchandising activities of the wholesaler and those whose interests were more concerned with New Brunswick than the trans-Atlantic community. While they were men of substance, none could match the personal fortunes amassed by the more substantial timber merchants, particularly those with heavy investments in ships. At his death in 1853, Noah Disbrow left over \$80,000 (£20,800) to be divided among his 6 daughters and 2 sons,<sup>86</sup> and three years later Munson Jarvis'

84 NB, RLE, 1850, Petitions, vol. 6, no. 416, PANB.

85 *Ibid.*, 10 February 1843, 23 February 1850.

86 Noah Disbrow, 1853, RG 7, RS 71, PANB.

brother, William, a prominent dockside merchant left \$50,000.<sup>87</sup> The next year William Parks placed a value of £17,484 (about \$70,000) on the assets of his firm.<sup>88</sup> By comparison, Stephen Wiggins' share of the firm of Stephen Wiggins & Son was valued at \$389,000 in 1863, most of which would have been in shipping.<sup>89</sup> Over the course of the 1850s, however, a minority of the great merchants did play an increasingly important role in the industrial development of the city through promotion of enterprises as diverse as woollen mills and coal oil refineries. As their industrial interests grew, their involvement in the staples' trade became less significant. Several had been or became agents for the transfer of resources from the staples to the manufacturing sector of the provincial economy in an attempt to create a more balanced economy. The Barlow brothers have been mentioned already in connection with the secondary iron industry. The hardware merchant, William Henry Scovil, established his cut nail factory in the early 1840s, while the wholesale grocer, William Parks, ended his career in the 1860s as proprietor of one of the first cotton mills in British North America.

Those who identified most closely with the community were generally most willing to commit capital to its internal development; those with strong British ties and alternatives were usually much less willing to make this commitment. The former characteristic is reflected in the relatively high proportion of merchants of Loyalist origins who supported the Provincial Association and its objectives. In essence, they viewed Saint John as the central element in a limited regional economy, in preference to its position in the larger metropolitan economy. It was merchants who had developed these more limited horizons and who saw their future in terms of local enterprise who came to the support of the manufacturers and artisans of the city, the group largely responsible for the not inconsiderable manufacturing development of the period from 1820 to 1850. The manufacturers and artisans were drawn from different origins, participated at different levels of civic society, and enjoyed a distinctly inferior status to their mercantile counterparts. Their special interests and ideas received serious consideration by the leaders of the community only during periods of economic crisis, such as the 1840s and 1870s. Even then the producers were able to achieve a position of influence only in alliance with a portion of the merchant community. When merchants closed ranks, they were able to establish the goals of the community at large and these goals were almost always designed to further the integration of the region into a larger trading complex in which the region was subordinated to the interests of a metropolitan community. So long

87 William Jarvis, 1856, *ibid.*

88 Partnership Agreements, William Parks Papers, F #3, NBM. This figure does not include Park's personal estate.

89 Stephen Wiggins, 1853, RG 7, RS 71, PANB.

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as the imperial economic system was possible, the merchants used their capital and their great influence to maintain and further that system, largely ignoring the interests of farmers, manufacturers and other producers in the province. Nowhere was this more evident than in the crucial area of credit. Not only did they use the financial institutions in the city to direct the available credit to their own commercial purposes, but they successfully thwarted every effort by producers to obtain their own banking facilities.

The great merchants certainly organized and financed the commercial and financial super-structure needed for the conduct of the timber trade in a major sea port and they played important roles in providing capital for the exploitation of the natural resources of the region and for the construction of public works and utilities within the city. A minority, distinguished by their wholesaling concerns and native origins, began to participate in some fashion in the development of a more diversified urban economy. But the majority of great merchants retained a commitment to an unmodified staples economy. In the early nineteenth century it was this group which produced the dominant economic class, the institutions and myths — particularly that of commerce as the great creator of prosperity — which formed the community of St. John. Throughout the period they were able to mould the economy to their essentially interregional export-oriented needs. In so doing, they exploited the province's natural resources of timber and stimulated the development of major sawmilling and shipbuilding industries both of which produced significant short-term benefits for the economy. Ancillary benefits were derived from the provision of shipping, credit facilities and insurance services.

The manufacturing sector of the New Brunswick economy did grow rapidly in the 1850s and 60s. Gordon Bertram has demonstrated that in 1871 the *per capita* output of the province's manufacturing industries rivalled that of Ontario and Quebec and was nearly twice that of Nova Scotia.<sup>90</sup> Nearly half of the industrial output of New Brunswick was produced in and around the city of St. John.<sup>91</sup> McClelland suggests that there was an average annual growth of one per cent in New Brunswick's deal and lumber exports during the period.<sup>92</sup> Not surprisingly, the largest components of the province's industrial output were sawmill products and wooden ships (44% for the province and 38% for the city).<sup>93</sup> Apart from these traditional staples, however, virtually every industry which had received

90 Gordon W. Bertram, "Historical Statistics on Growth and Structure in Manufacturing in Canada 1870-1957", in J. Henripen and A. Asimakopulas, eds., *Canadian Political Science Association Conference on Statistics 1962 & 1963* (Toronto, 1964), p. 122. The figures for Ontario, Quebec, New Brunswick and Nova Scotia were \$69.60, \$62.60, \$59.80, \$30.70.

91 St. John County output totalled \$8,312,627; that of the province was \$17,367, 687. Canada, *Census of 1871*, vol. III, Table LIV.

92 McClelland, p. 124.

93 *Ibid.*, Tables XXII, XXXIX.

even a modest degree of protection in the previous generation flourished. Foundry products, footwear and clothing all exceeded shipbuilding in value, while furniture and carriage making, boiler making, saw and file manufacture, and tin and sheet iron output and leather making all played significant roles in the local economy.<sup>94</sup> Some backward linkages from shipbuilding, which earlier tariff policies had done so little to encourage, were also able to develop by the late 1860s. The most obvious example was the small rope making industry functioning in the city and there can be little doubt that at least some of the foundry activity was stimulated by the market created by the ship builders.<sup>95</sup>

Yet the outlines of the earlier emphases were still visible in the city's industrial structure. There was, apparently, no industry capable of producing the chain, anchors, and canvas used in the shipbuilding industry, nor to provide the machinery employed in the province's 565 sawmills.<sup>96</sup> Although steam engines had been constructed in St. John in the 1840s, there was no engine building firm in the province by 1870.<sup>97</sup> A similar situation existed in the basic food industries. The ancient flour industry had been virtually eliminated and only a miniscule meat curing industry survived.<sup>98</sup> There were no distilleries and only four small breweries.<sup>99</sup> The debate over the virtues of the ordered pastoral life as opposed to the disordered and transient nature of the timber industry was a recurring theme in nineteenth-century New Brunswick. The debate came to be couched in such explicit moral terms that it is difficult to make any assessment from it of the economic viability of provincial agriculture in the period, or to determine the extent to which the agricultural development of the province was effected by the timber trade.<sup>100</sup> The rapidity of agricultural development between 1840 and 1870 would seem to indicate that there was some truth to the charges of the timber critics; at the very least, the combination of rewards which the trade could offer to the rural inhabitants coupled with the refusal of the provincial legislature to provide any protection for the nascent colonial agriculture, severely retarded the

94 The shipbuilding industry produced vessels to a value of \$538,042 and employed 647 men. Foundry output, including fittings, nails, and tacks, was \$786,000 (507 employees); clothing \$826,660 (1033 employees); footwear \$539,230 (565 employees). Canada, *Census of 1871*, vol. III, Tables, XXI, XXXII, XXIII, XXIV, XXXVI, XXXVI, XXXIX, XLV, LI, LII, LIII.

95 *Ibid.*, Table L.

96 The number of sawmills in the province had declined in the 1860s. There were 609 Water-powered and 80 steam-powered sawmills in 1861. Canada, *Census of 1871*, vol. IV, pp. 336-43.

97 Canada, *Census of 1871*, vol. III, Table XLVI.

98 *Ibid.*, Tables XXI, XXXVII.

99 *Ibid.*, Table XXXV.

100 Soil maps would seem to indicate that the agricultural potential of the province is limited. However, since the arable area comprises several million acres of land, this source is only useful as an indicator of the upper limits of agricultural growth. In the short run the province possessed a considerable potential as the rapid growth of mid-century reveals.



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development of a substantial agriculture in the early nineteenth century.<sup>101</sup>

This retardation was of vital importance to the health of the colonial economy. New Brunswick ran a perennial deficit in its current account and in most years the entire trade imbalance resulted from the substantial imports of foodstuffs for use within the province. The most prominent example of this phenomenon was American wheat and flour, but it was reflected, as well, in large imports of rye flour, Indian meal, pork, beef, lamb, butter, potatoes, vegetables, fruit and even oats. The proportion of agricultural products ranged from just over 20% of the province's total imports in 1840 to just under 40% in 1855.<sup>102</sup> Wheat and flour imports alone exceeded the value of timber exports by 1852 and by 1855 the 170,000 barrels of flour and 110,000 bushels of wheat, worth £334,000 in all, rivalled the £380,000 in deals shipped from the province.<sup>103</sup> New Brunswick agricultural conditions were not particularly suited to the production of wheat, although the doubling of output following the National Policy of 1879 indicates that a much larger production than occurred up to Confederation was possible.<sup>104</sup> But it is more difficult to explain the import of most other foodstuffs which could be produced domestically. Given the fact that substantial quantities of these products were grown in the province in the 1840s, that the land for producing more was readily available, and that there was a substantial local demand for these foodstuffs which could not be met by local producers, it seems probable that the incentives offered by the timber trade, and the refusal of the province to afford even nominal protection to local producers were the major factors in inhibiting the growth of a more substantial agricultural sector before 1850.

In the final analysis there is no simple answer to the question of merchant responsibility for economic growth or retardation in St. John and New Brunswick. While they agreed on the validity of the concept of economic growth, merchants rarely spoke with a single voice when the subject of a specific development strategy was raised. Most were prepared to permit, and some to

101 Acreage of cultivated land increased from 435,861 in 1840 to 1,171,157 in 1870 at a rate much more rapid than that of population growth. Consequently the number of cultivated acres *per capita* rose from 2.7 to 4.6. In the single decade of the 1860s the number of farmers in the province rose by nearly 30%; the population by 13%. Canada, *Census of 1871*, vol. III, pp. 90-1; vol. IV, pp. 129, 336-43.

102 New Brunswick, *Journal of the House of Assembly*, 1841, pp. cclxxvi-cclxxvii; 1856, pp. clxiii-clxvi.

103 Flour and wheat to the value of £169,000 was imported in 1854. This compared with exports of 134,000 tons of timber valued at £165,000. Two years later the respective values of the two commodities was £286,000 and £160,000, and in 1855 imported flour and wheat totalled £377,000, a value rivalling that of the provinces lumber output (£437,000). See New Brunswick, *Journal of the House of Assembly*, 1853, 1855, 1856, Customs House Returns.

104 Canada, *Census of 1881*, vol. III, pp. 42-3, 120-1, 158-9. New Brunswick wheat output rose from 204,911 bushels in 1871 to 521,956 in 1881.

support a strategy which included the development of certain kinds of secondary industry. These efforts were generally successful although this success was due more to the efforts of the city's artisans than to its merchants. Merchant endeavours were particularly aimed at supporting and preserving the traditional timber staple and its milling, shipping, and shipbuilding ancillaries. The manufacture of producers goods used in any of these activities, including mill engines and machinery, shipbuilding materials, and domestic foodstuffs needed for ship crews, woods workers and mill labourers, were afforded no encouragement. In effect two economic systems based upon mutually exclusive values were the result of the synthesis which emerged from the conflicts of the 1840s. The most obvious victim of that synthesis was the shipbuilding industry, potentially the most dynamic element in the provincial economy, which was locked into the more conservative timber trade economy. Thus a city containing a number of secondary iron and steel firms, which for decades had possessed the capability of manufacturing complete steamships and engines, and a labour force skilled at working in both wood and iron was unable to manufacture metal ships or even to make any substantial adjustment in the face of technological changes which were gradually eroding this vital industry. In the course of 1860s and 70s the ship builders built and the timber merchants bought and sold ships in the traditional way simply because they could not perceive the industry apart from the timber trade or from the lumber which was basic to both building and trade. While the timber merchants were not alone able to shape the provincial economy to their perceptions, they provided an effective and powerful leadership to substantial interests in the province which identified with the traditional timber trade. By 1871 the economy was becoming increasingly diversified and self-sufficient and the dynamic elements in this development were to be found in secondary industry and in agriculture, but the influence of the great merchants delayed this development by two critical decades. In this sense they contributed to the retardation of a viable industrial base in the city.