

DAVID SUTHERLAND

# *Halifax Merchants and the Pursuit of Development, 1783–1850*

THE IMAGE of the businessman in Canadian history is in a state of flux. Once viewed as the architect of nationhood, more recently he has tended to be portrayed as the agent of continental assimilation.<sup>1</sup> Until now, assessment of entrepreneurial performance has largely concentrated on activities within central Canada. This paper seeks to broaden the geographic scope of the inquiry by analyzing the eighteenth- and early nineteenth-century development strategy of the merchant community in Halifax, Nova Scotia. The inquiry seeks to establish the extent to which this east-coast business élite consciously attempted and in fact succeeded in building a northern regional economy distinct from that of the United States. The analysis focuses on the period between the end of the American Revolution and the coming of free trade.<sup>2</sup>

Any assessment of Halifax's function must begin with acknowledgment of its distinctive geographic characteristics. Although endowed with a large, secure, ice-free harbour and situated adjacent to the major transatlantic shipping lanes, the port suffers one crucial liability. Unlike the ports of the St Lawrence, Halifax lacks river access to the

1 For classic statements of the opposing points of view, see Donald Grant Creighton, *The Empire of the St. Lawrence* (Toronto 1956); R. Tom Naylor, *The History of Canadian Business, 1867–1914*, 2 vols. (Toronto 1975).

2 General studies dealing with Maritime regional economic development include Harold Adams Innis, *The Cod Fisheries: The History of an International Economy* (Toronto 1940); Gerald Sandford Graham, *Sea Power and British North America, 1783–1820: A Study in British Colonial Policy* (Cambridge, Mass. 1941); Andrew Hill Clark, *Acadia: The Geography of Early Nova Scotia to 1760* (Madison, Wisc. 1968); Robin F. Neill, 'National Policy and Regional Development: A Footnote to the Deutsch Report on Maritime Union,' *Journal of Canadian Studies*, ix, 1974, 12–20.

adjoining hinterland. It is trapped on the Atlantic coast, shut off from the resources of the interior by a barrier of rock, swamp, and scrub forest. Communication by sea is interrupted by storms and ice during winter. During the rest of the year, Maritime coastal waters have traditionally played host to an international fishing and commercial fleet competing all too vigorously for control of regional resources and markets. Geography and the presence of external rivals meant that, through the first quarter century after its founding in 1749, Halifax functioned as an isolated imperial military garrison, having only minimal commercial contact with the neighbouring region.<sup>3</sup>

The Revolutionary War contributed decisively to a redefinition of Halifax's identity. Loyalist merchants, crowding into the Nova Scotia capital early in the 1780s, became the focus of a lobby demanding implementation of a comprehensive regional development strategy, one that envisioned the Maritimes being transformed into a 'new' New England, playing the role of supply base and market for the British Caribbean. Those based in Halifax saw their port emerging as a second Boston, thriving on the West Indies carrying trade and functioning as chief commercial entrepôt within the Maritimes.<sup>4</sup> Implementation of this development programme demanded the elimination of competition from 'old' New England, a task colonial lobbyists believed could be accomplished through the application of mercantilist restrictions against American business enterprise. Their aspirations received at least partial support from the British government. While conceding American access to the inshore fisheries of British America under the Treaty of Paris, the London authorities did introduce imperial Orders-in-Council barring American vessels from British Caribbean ports.<sup>5</sup> Thus emboldened, Halifax entrepreneurs embarked during the 1780s on an effort to build their port into a regional commercial metropolis.

3 Ian Brookes, 'The Physical Geography of the Atlantic Provinces,' in *The Atlantic Provinces*, ed. Alan G. Macpherson (Toronto 1972), 1-45; John Warkentin, 'The Atlantic Region,' in R. Cole Harris and John Warkentin, *Canada before Confederation* (Toronto 1974), 169-231; Arthur Hill Clark, 'Contributions of its Southern Neighbours to the Underdevelopment of the Maritime Provinces Area, 1710-1867,' in *The Influence of the United States on Canadian Development: Eleven Case Studies*, ed. Richard A. Preston (Durham, NC 1972), 164-84

4 William Stewart MacNutt, *The Atlantic Provinces: The Emergence of Colonial Society, 1712-1857* (Toronto 1965), 86-111; Harold Hampden Robertson, 'The Commercial Relationship between Nova Scotia and the British West Indies, 1788-1822; The Twilight of Mercantilism in the British Empire' (unpublished MA thesis, Dalhousie University, 1975), 1-28

5 Innis, *Cod Fisheries*, 220, 227-8; Graham, *Sea Power*, 19-55; Alfred Le Roy Burt, *The United States, Great Britain and British North America from the Revolution to the Establishment of Peace after the War of 1812* (New Haven 1940), 42-70

The development programme achieved only marginal initial success. Given their small population and pioneering economy, the Maritimes could not immediately duplicate the role of New England. Supplies continually had to be imported in large quantities from the United States both for local consumption and for resale to the Caribbean. Halifax merchants found themselves essentially playing the role of middlemen, handling a two-way flow of goods between the island planters and the United States, an arrangement which yielded profits but which left the Maritimes vulnerable to external pressures.<sup>6</sup> Those pressures became manifest early in the 1790s following outbreak of war between Britain and revolutionary France. In order to reduce costs and ease supply shortages in its Caribbean possessions, the British government relaxed restrictions against the entry of American vessels into the island ports.<sup>7</sup> Resurgent American competition in the crucial West Indies carrying trade, combined with their exploitation of the northern fisheries and extensive smuggling operations throughout the Maritimes, severely curtailed commercial enterprise in Halifax. Merchants in the Nova Scotia capital built up and maintained an extensive network of trade relations with the outport communities, but they entered the nineteenth century without having established anything approaching commercial hegemony over the neighbouring region.<sup>8</sup>

The last phase of the Napoleonic wars proved remarkably fortunate for Halifax. After 1807 hostilities proved increasingly destructive to American commercial interests. At the same time, French curtailment of timber exports from the Baltic created a growing British demand for Maritime and Canadian timber. The resulting expansion of regional trade with both the British Caribbean and Great Britain greatly stimulated the level of commercial activity at Halifax.<sup>9</sup> Trade became even more brisk following the outbreak of war between the United States and Great Britain in 1812. Speculation in prize goods yielded large

6 For reference to proclamations admitting American vessels to Nova Scotian ports see George Frederic Butler, 'Commercial Relations of Nova Scotia with the United States, 1783-1830' (unpublished MA thesis, Dalhousie University, 1934), 3-8. Public Archives of Nova Scotia [PANS], RG 31, folders 31-3, Halifax light duties, 1786, indicates the following destination for vessels departing Halifax (not counting coasting and fishing voyages): Great Britain, 9; British North America, 66; British West Indies, 49; United States, 66; other, 5

7 Graham, *Sea Power*, 56-73; Robertson, 'Nova Scotia and the British West Indies,' 29-59

8 David Alexander Sutherland, 'The Merchants of Halifax, 1815-1850: A Commercial Class in Pursuit of Metropolitan Status' (unpublished PH D dissertation, University of Toronto 1975), 13-23

9 William Stewart MacNutt, *New Brunswick: A History, 1784-1867* (Toronto 1963). PANS, RG 13, vol. 40, indicates a marked quickening of commercial activity in Nova

#### 4 THE CANADIAN HISTORICAL REVIEW

incomes, while even greater profits were derived from the large-scale illicit trade with New England which persisted throughout the duration of hostilities.<sup>10</sup> Wartime conditions in Halifax were summed up by one local newspaper when it declared in 1814: 'Happy state of Nova Scotia! amongst all this tumult we have lived in peace and security; invaded only by a numerous host of American doubloons and dollars, which have swept away the contents of our stores and shops like a torrent.'<sup>11</sup>

Halifax entrepreneurs regarded this prosperity not as an ephemeral

Scotia after 1805:

<i>Date</i>	<i>Country</i>	<i>Imports</i> (tons)	<i>Exports</i> (tons)
1805	Great Britain	4651	2902
	British West Indies	4561	4853
	British North America	7610	7779
	United States	4442	4290
	Other	528	252
	Total	21,792	20,076
1811	Great Britain	17,431	16,986
	British West Indies	11,652	13,554
	British North America	17,227	11,864
	United States	1853	356
	Other	1988	654
	Total	50,151	43,414

- 10 Walter Ronald Copp, 'Nova Scotian Trade during the War of 1812,' *Canadian Historical Review*, xviii, 1937, 141-55. PANS, RG 13, vol. 40, details the extent of wartime boom in Nova Scotia:

<i>Date</i>	<i>Country</i>	<i>Imports</i> (tons)	<i>Exports</i> (tons)
1812	Great Britain	26,590	27,332
	British West Indies	9197	11,183
	British North America	8361	15,514
	United States	4105	9925
	Other	1702	335
	Total	49,955	64,289
1814	Great Britain	25,393	14,476
	British West Indies	14,356	25,867
	British North America	21,803	37,077
	United States	1011	2081
	Other	1924	346
	Total	64,487	79,847

- 11 *Acadian Recorder*, 14 May 1814

consequence of war but rather as a demonstration of the validity of their long-term development strategy. The profits of war could be sustained into peacetime, they insisted, provided the imperial government moved vigorously to protect colonial interests from the threat of resurgent foreign competition. This was the message reiterated in petition after petition by the Halifax Committee of Trade, an entity established in 1804 to act as a collective voice for the local merchant community.<sup>12</sup> The measure demanded most was exclusion of foreign entrepreneurs from both the British American inshore fisheries and from the West Indies carrying trade. The committee also emphasized the need for continuation of wartime tariff preferences, which assured colonial timber entry into the British market. Another popular request concerned the establishment of Halifax as a permanent 'free port,' open to the receipt of American vessels bringing in goods from New England. The Committee of Trade further urged export of British capital and immigrants to the Maritimes to participate in the work of regional economic and social development.<sup>13</sup> This entire programme was founded on eighteenth-century mercantilist logic.

Halifax's merchant lobby invariably justified their claims to special consideration by warning of the dangers inherent in dependence on trade with foreign powers, especially the United States. Protectionist trade regulations were equated with the preservation of a strong British and colonial merchant marine which, by functioning as a 'nursery for seamen,' provided Britain with an invaluable military reserve. Finally, spokesmen for Halifax's merchant community continually boasted that British America had the potential to develop into a far greater asset to Britain's economic empire than had been lost in the old thirteen colonies.<sup>14</sup>

Despite Committee of Trade rhetoric, many Halifax merchants remained dubious about the postwar era. News of the signing of the

12 For the establishment of the Committee of Trade and its pre-1815 lobbying efforts see Sutherland, 'Merchants of Halifax,' 32-6, 52-6; and George Frederic Butler, 'The Early Organisation and Influence of Halifax Merchants,' *Nova Scotia Historical Society, Collections*, xxv, 1942, 1-16.

13 The merchant programme appears in PANS, RG 1, vol. 304, no 61, William Sabatier to Lewis Wilkins, 22 Feb. 1813; *ibid.*, vol. 304, no 66, Sabatier *et al.* to Lord Bathurst, 8 Oct. 1813; *ibid.*, vol. 226, no 82, Sabatier to Lord Sherbrooke, 8 Nov. 1813; *ibid.*, vol. 305, no 14, Sabatier to Lewis Wilkins, 19 March 1814. Sabatier was chairman of the Halifax Committee of Trade.

14 This point of view was most clearly expressed in [Committee of Trade, Halifax, ns], *Memoir on the Cod and Small Fisheries of Nova-Scotia* ([Halifax, c 1818]), found in PANS, RG 1, vol. 305, no 113. See also Daniel Cobb Harvey, 'Nova Scotia and the Convention of 1818,' *Royal Society of Canada, Transactions*, 3rd series, xxvii, 1933, sect. II, 57-73.

Treaty of Ghent, which reached Halifax early in 1815, prompted one local entrepreneur to comment: 'This peace has blasted all our prospects.'<sup>15</sup> In part, anxiety derived from uncertainty over the imperial government's willingness to move decisively against foreign competitors. Disillusionment began to set in as early as 1814 when Britain agreed to a restoration of French fishing rights in Newfoundland waters. An even greater sense of outrage swept the Halifax waterfront in 1818 following the signing of an Anglo-American commercial convention which made it exceedingly difficult to prosecute United States vessels for fishing and smuggling along the coasts of British America.<sup>16</sup>

These reverses were partially offset by the British decision to bar American vessels from its Caribbean ports. At the same time, Halifax and Saint John were established as 'free ports' through which American produce could be exchanged for sugar island commodities. In this way the northern colonies would supposedly be assured of a dominant position in the West Indies carrying trade.<sup>17</sup> American refusal to permit the entry of West Indian goods via the designated free ports destroyed the effectiveness of this arrangement, however. In 1822, responding to vociferous planter demand for direct access to American supplies and markets, the imperial government reversed its policy and offered to negotiate a reciprocal agreement under which American vessels would be granted permanent access to the West Indies carrying trade.<sup>18</sup> This abandonment of a basic component of mercantilism, coming on top of concessions over the fisheries, threatened to render the development strategy of Halifax's merchants utterly obsolete.

Adding to these reverses, Halifax found itself wallowing in the throes of an acute postwar recession featuring slumping exports, falling prices, rising unemployment, a scarcity of both credit and specie, and crop failures. The Nova Scotian capital in peacetime, one contemporary declared, was like 'a town at the close of a fair.'<sup>19</sup> Military

15 Daniel Cobb Harvey, 'Pre-Agricola John Young, or a Compact Family in Search of Fortune,' *Nova Scotia Historical Society, Collections*, xxxii, 1959, 137. John Young to William Young, 19 Feb. 1815

16 Sutherland, 'Merchants of Halifax,' 57-68

17 Gerald Sandford Graham, 'The Origin of Free Ports in British North America,' *Canadian Historical Review*, xxi, 1941, 25-44. The scepticism of some Halifax merchants toward the operation of the free-port system is expressed in Walter C. Hartridge, 'Halifax to Savannah: Letters of Michael Wallace,' *Georgia Historical Quarterly*, xlv, 1961, 173, Michael Wallace to James Wallace, [July or Aug.] 1818.

18 Frank Lee Benms, *The American Struggle for the British West India Carrying Trade, 1815-1830*, *Indiana University Studies*, x, 56 (Bloomington, Ind. 1923), 83-95

19 Thomas Chandler Haliburton, *A General Description of Nova Scotia* (Halifax 1823), 171

demobilization, the resumption of prewar trade flows, economic dislocation in the Caribbean, and resurgent American competition had combined to produce acute commercial stagnation. Desperation drove hundreds of families to the United States, and voices began to be heard calling for Nova Scotia's annexation to the American union.<sup>20</sup> The crisis decimated the Halifax merchant community and brought about the collapse of the Committee of Trade. A core of entrepreneurs, most of them native born or long-term residents, persisted, however, and in 1822, when conditions were worst, they organized the Halifax Chamber of Commerce.<sup>21</sup> This new merchant organization immediately began to lobby for measures designed to stimulate economic recovery.

The Chamber's programme essentially called for the pursuit of old strategic objectives by means of a series of tactical innovations. While still committed to confrontation with American commercial interests, Halifax entrepreneurs resolved to press for a qualified liberalization of mercantilist policy so as to enhance their competitive position. Although not an entirely new departure for these Nova Scotians, their demands in the early 1820s were more comprehensive than ever before.<sup>22</sup> Major emphasis was placed on the need for colonial shippers to be granted parity with their American rivals in terms of the right to trade directly with foreign Europe. Halifax's Chamber of Commerce insisted that major benefits would be derived if local merchants could import a wide range of goods from the European continent. Such an arrangement

would not only directly encourage the fisheries, by enabling us to fit out our vessels upon equal terms with the Americans, but it would facilitate the sale of our fish in the West Indies, as we could exchange them for the produce of those islands for which we could find a ready sale in the countries from whence we should procure our Hemp, Iron and Sail Cloth ... our vessels would have full freights upon three long voyages, instead of returning from the islands in ballast, or bringing articles to this country, with which it is already glutted.<sup>23</sup>

The Chamber also requested the establishment of imperial warehouses in Halifax where foreign goods could be stored, duty free, pending

20 Sutherland, 'Merchants of Halifax,' 60-8, 94-120

21 *Free Press* (Halifax), 29 Jan. 1822; Commercial Society, Halifax, NS, *Rules and Regulations of the Commercial Society* (Halifax 1822)

22 The merchant programme can be found in the following petitions: PANS, RG 5, Series P, vol. 120, Richard Tremain *et al.* to Assembly, 25 Feb. 1822; *ibid.*, James Foreman *et al.* to Council, 1 March 1822; PANS, RG 1, vol. 298, no 215, James Fraser *et al.* to Lt-Gov. James Kempt, Council, and Assembly, 19 March 1822.

23 PANS, RG 1, vol. 214<sup>1/2</sup>a, 290, merchant memorial dated 10 Dec. 1824

their re-export. These facilities, it was claimed, would allow Halifax shippers to 'assort their cargoes from this province, to meet the markets in South America and elsewhere, in the same [manner] as is practiced in the United States.'<sup>24</sup>

As a corollary measure designed to stimulate economic recovery, the Chamber of Commerce urged the London authorities to simplify customs-house regulations to facilitate the transshipment of goods through Halifax to other parts of British America.<sup>25</sup> An appeal went to the Nova Scotian legislature for a subsidy on imported fishery salt as well as for bounties to encourage the production of high quality cured codfish such as was demanded in European and South American markets.<sup>26</sup> Requests were despatched to both the imperial and colonial governments for financial assistance to facilitate building of the Shubenacadie canal, thereby linking Halifax with the Bay of Fundy.<sup>27</sup> Finally, the Chamber lobbied vigorously to convince local legislators of the need for them to grant a corporate charter for a limited-liability bank in Halifax. Such an institution, it was argued, would retain investment capital within the province and provide the volume of commercial credit essential for a revitalization of trade.<sup>28</sup>

It should be emphasized that in pursuing these tactical innovations the Halifax merchants were not abandoning the protectionist system. The Chamber of Commerce adamantly continued to urge that colonial produce and vessels retain a privileged position in trade with Britain and other imperial dependencies. This demand for a redefined mercantilism more conciliatory to colonial interests appeared to gain a measure of recognition in 1825. The London government authorized a major expansion of direct trade between foreign Europe and British America and also agreed to establish bonded warehouses in Halifax and Saint John. These reforms represented, in fact, a concession more to metropolitan than to colonial lobbyists; furthermore, they were widely regarded as heralding a British commitment to a policy of free trade.<sup>29</sup> Most Haligonians chose to overlook these ominous overtures

24 Ibid.

25 Ibid.; see also Chamber of Commerce annual report, *Acadian Recorder* (Halifax), 12 Feb. 1825.

26 PANS, RG 1, vol. 290, no 1, George Grassie *et al.* to Council, 18 Feb. 1823

27 Chamber of Commerce annual report, *Acadian Recorder*, 12 Feb. 1825. For background on the canal project see Barbara Grantmyre, 'The Canal that Bisected Nova Scotia,' *Canadian Geographical Journal*, LXXXVIII, 1, 1974, 20-7.

28 PANS, RG 1, vol. 290, no 49, Richard Tremain *et al.* to Council, 5 March 1825. For the generally negative response of the Assembly to this and other merchant proposals involving enactment of provincial legislation see Sutherland, 'Merchants of Halifax,' 123-5, 144-9.

29 Alexander Brady, *William Huskisson and Liberal Reform* (London 1928), 111ff



to change, however. Instead, they erupted in rejoicing, convinced that the imperial authorities had revitalized the port's prospects. One local editor declared that Halifax had been 'on the eve of destruction. This has come just in time to save it from ruin.'<sup>30</sup>

The reforms of 1825 did have a positive impact on Halifax trade, leading to a growth in trade with foreign Europe and South America. Even more significant, however, was a simultaneous growth in Halifax's trade with Britain, the British Caribbean, the United States, and adjacent parts of British America. After a decade of postwar commercial stagnation, the port had finally begun to be drawn into the vortex of a general economic boom in Britain and America.<sup>31</sup> By the late 1820s the bustle on the Halifax waterfront was such as to inspire a mood of expansionist optimism among local merchants.<sup>32</sup> Their confidence persisted into the 1830s despite the threat posed by British abolition of slavery within the empire and increased American competition in the West Indies carrying trade. Nova Scotian exports to the Caribbean remained strong, and those to the United States enjoyed marked expansion.<sup>33</sup> Declining sugar prices and a coincidental cur-

<sup>30</sup> *Acadian Recorder*, 30 April 1825. For expressions of doubt about the future see *Novascotian* (Halifax), 4 May 1825.

<sup>31</sup> PANS, RG 13, vol. 41 gives the following figures for Halifax port traffic:

<i>Date</i>	<i>Country</i>	<i>Imports (£)</i>	<i>Exports (£)</i>
1824	Great Britain	247,774	4050
	British West Indies	79,820	42,449
	British North America	31,924	21,864
	United States	61,801	11,204
	Other	5840	14,640
	Total	427,152	94,207
1828	Great Britain	297,010	7640
	British West Indies	81,409	126,231
	British North America	111,705	80,371
	United States	217,933	5790
	Other	25,305	26,820
	Total	833,362	246,852

<sup>32</sup> Sutherland, 'Merchants of Halifax,' 159-73

<sup>33</sup> PRO, CO 217/174, f 193ff gives the following provincial trade statistics:

<i>Date</i>	<i>Country</i>	<i>Imports (£)</i>	<i>Exports (£)</i>
1828	Great Britain	311,100	94,101
	British West Indies	163,548	224,221
	British North America	129,544	179,010
	United States	176,843	13,240
	Other	204,395	39,239
	Total	985,430	549,811

tailment of commercial credit created a short-term business panic in Halifax during the mid-1830s.<sup>34</sup> Recovery came quickly, however, and the port emerged relatively unscathed from the general financial panic of 1837. By 1840 provincial trade was running 169 per cent above the levels for 1825.<sup>35</sup> Circumstances were such as to convince most Halifax merchants that, instead of seeking structural change, they should defend the status quo. For over a decade and a half little thought was given to the question of redefining their basic strategy of economic development.

Through the late 1820s and into the 1830s entrepreneurial activity proved extremely vigorous in Halifax. Local merchants became increasingly involved in staples production, particularly with respect to fish and timber. They also acquired an ever growing volume of shipping. Entrepreneurial innovation took the form of ventures into packet service, whaling, and sealing. New financial institutions appeared in the fields of banking and insurance.<sup>36</sup> In response to Halifax merchant

1832	Great Britain	577,285	159,486
	British West Indies	183,465	294,763
	British North America	340,523	339,017
	United States	212,912	87,480
	Other	140,798	34,095
	Total	1,454,983	914,841
34 Ibid.			
<i>Date</i>	<i>Country</i>	<i>Imports (£)</i>	<i>Exports (£)</i>
1835	Great Britain	220,736	86,720
	British West Indies	212,349	228,498
	British North America	171,646	385,489
	United States	113,520	102,261
	Other	77,031	25,032
	Total	795,282	828,000
35 PANS, RG 2, vol. 45	gives the following Nova Scotian trade statistics:		
<i>Date</i>	<i>Country</i>	<i>Imports (£)</i>	<i>Exports (£)</i>
1840	Great Britain	528,168	155,356
	British West Indies	59,935	402,356
	British North America	309,991	405,114
	United States	248,296	116,707
	Other	443,157	59,297
	Total	1,589,547	1,138,830

36 The initial surge of entrepreneurial activity is detailed in the annual reports of the Chamber of Commerce, which appeared in the Halifax weekly press. See, for example, *Halifax Journal*, 6 Feb. 1826; *Royal Gazette* (Halifax), 14 Feb. 1827; *Acadian Recorder*, 9 Feb. 1828. A second surge of business innovation, occurring in the mid to late 1830s, is surveyed in Sutherland, 'Merchants of Halifax,' 284-97.

initiative, construction began on the Shubenacadie canal, the largest public works project undertaken in Nova Scotia prior to the coming of railways.<sup>37</sup> Halifax capitalists also pioneered with steam navigation. In 1830 they built a steam-powered harbour ferry and that same year joined with Quebec interests to commission construction of an ocean-going steamer for use between the two ports.<sup>38</sup> By 1840 Samuel Cunard, Halifax's leading entrepreneur, had inaugurated a steam packet service running, via Halifax, between Boston and Liverpool. Contemporaries saw Cunard's vessels as the instruments by which the Nova Scotian capital would become 'the focus of Colonial and inter-Colonial trade between the old and our new rising British Empire.' Halifax, its local boosters proclaimed, would now 'become in Peace what it was in the years ... during the American War.'<sup>39</sup> Samuel Cunard acquired the status of a provincial folk hero, hailed in the local press effusively:

Thy name, great man! to every Patriot dear,  
Our children's children from their sires shall hear,  
And taught by thee, in future time shall rise  
High spirits meet for equal Enterprise.<sup>40</sup>

Entrepreneurial self-assertion was not without limitations, however. Halifax's merchant community displayed little interest in manufacturing. A few individuals invested in pre-industrial manufactories which produced such commodities as sugar, rope, flour, turpentine, nails, and the like.<sup>41</sup> As well, Cunard and others regularly contracted for

37 For reports of the organization of the canal company and early progress with construction see *Acadian Recorder*, 6 July 1826; 19 May, 9 June, 20 Oct., 8 Dec. 1827; 23 Feb., 14 June, 18 Oct. 1828. Shortage of capital brought construction to a halt in 1831; the project remained moribund for the next quarter century; see *Novascotian*, 22, 29 March 1832.

38 *Acadian Recorder*, 2 Jan. 1830, 3 Sept. 1831. The *Royal William*, built jointly by Quebec and Halifax investors, failed to earn a profit on voyages between the two ports. After less than a year of erratic service the vessel was sold; see *Novascotian*, 22 March 1832, 2 May 1833.

39 Committee report, Society for the Encouragement of Trade and Manufactures, *Times* (Halifax), 26 March 1839. For background on Cunard's emergence see Hilda Kay Grant, *Samuel Cunard: Pioneer of the Atlantic Steamship* (London 1967).

40 *Novascotian*, 1 Oct. 1840

41 Halifax merchant investments in local manufacturing prompted the Chamber of Commerce to endorse drawbacks of duties on imported raw materials, but the Chamber's essentially commercial orientation made it hostile to increased duties on imported manufactures. See PANS, RG 1, vol. 298, no 248, Richard Tremain *et al.* to Council, 10 March 1826; *ibid.*, no 251, Richard Tremain *et al.* to Council, 30 March 1826.

construction of wooden vessels at shipyards located across the harbour at Dartmouth.<sup>42</sup> Halifax merchants also made one collective venture into the mining and smelting of iron ore deposits in the provincial interior.<sup>43</sup> These initiatives fell short of a commitment to comprehensive industrialization, however. Unlike their New England counterparts, these Halifax merchants were not drawn into investment in the mass production of such commodities as textiles or boots and shoes. Entrepreneurial hesitation in this respect probably stemmed from the lack of a populous, integrated regional market, combined with opposition from the imperial government to any suggestion of protective tariffs to encourage colonial manufacturing.<sup>44</sup> Similarly, Halifax businessmen did not object when the imperial government allowed the British-based General Mining Association to establish monopoly control over Nova Scotia's coal deposits. Cunard, who had ventured into coal mining, sold out his leasehold rights to the GMA.<sup>45</sup> This preference for commercial over industrial ventures was an attitude which Halifax merchants shared with their peers located in the ports of the St Lawrence.

After a decade and a half of more or less sustained growth, Halifax entered a period of crisis starting early in the 1840s. Within the local business community self-confidence gave way to growing anxiety as hard times became protracted and pervasive. Between 1840 and 1843 Nova Scotian trade declined by 42 per cent.<sup>46</sup> Thereafter, commercial activity remained stagnant, reviving slightly in 1847 only to fall to an

42 For references to the activities of Lyle's shipyards in Dartmouth see *Acadian Recorder*, 8 July, 2 Dec. 1826. Unlike Saint John, Halifax failed to develop as a major shipbuilding centre. The lack of a ready local supply of timber encouraged Halifax merchants to commission vessels from builders located in the various provincial outports. This pattern of outport construction on orders from Halifax is noted in John P. Parker, *Cape Breton Ships and Men* (Toronto 1967).

43 Halifax entrepreneurs established the Annapolis Iron Mining Company, capitalized at £20,000, in 1825; see *Nova Scotia Statutes* (1825), c 18. The venture had gone bankrupt by the early 1830s; see 'Rothschild,' *Novascotian*, 5 April 1832.

44 For expressions of imperial hostility to attempts by the Nova Scotian legislature to stimulate local manufacturing by means of tariffs and drawbacks see PRO, CO 217/164, f 34, draft memorandum from Lord Glenelg, 28 Dec. 1837; *ibid.*, f 76, Denis Le Marchant to James Stephen, 11 Dec. 1838. Demand for such protection was concentrated among Halifax artisans, who received support from those merchants with investments in manufacturing; see PANS, RG 5, series P, vol. 123, John E. Fairbanks *et al.* to Assembly, 16 Feb. 1838.

45 Cunard's early involvement with coal mining is detailed in PANS, RG 1, vol. 258, no 96, Samuel Cunard to Benjamin Hawes, undersecretary of state, 18 June 1848. For the entry of the General Mining Association into Nova Scotia see James Stuart Martell, 'Early Coal Mining in Nova Scotia,' *Dalhousie Review*, xxv, 1945/46, 156-72.

46 PANS, RG 2, vol. 46, gives the following Nova Scotian trade statistics:

all-time low in 1848.<sup>47</sup> Several factors contributed to this commercial disruption. The final phasing out of slavery in the British Caribbean caused severe disruption in the economy of what had been Nova Scotia's chief export market.<sup>48</sup> Local crop failures associated with potato blight further depressed trade. Most decisive of all were the erratic fluctuations between boom and bust conditions within the British and American economies through the 1840s. Sharp contractions in metropolitan demand and credit had a decidedly destructive impact on the Halifax business community, driving many prominent merchants into bankruptcy.<sup>49</sup>

Anxiety might have been less among Halifax entrepreneurs had not hard times coincided with the ascendancy of free trade sentiment in Great Britain. Demands for the abandonment of all remaining mercantilist restraints on foreign competition filled colonial business with a sense of foreboding. Fearful that unqualified free trade would end all hope of eventual economic recovery, Halifax's merchants mounted a vigorous campaign to salvage the legacy of commercial protectionism. The local Chamber of Commerce, which had collapsed during the recession of 1833/34, was revived in 1841 to fight for the retention of imperial preferences on colonial timber exports.<sup>50</sup> The effort failed,

<i>Date</i>	<i>Country</i>	<i>Imports (£)</i>	<i>Exports (£)</i>
1843	Great Britain	305,312	58,397
	British West Indies	19,846	225,063
	British North America	151,405	306,517
	United States	208,640	83,846
	Other	175,282	36,341
	Total	860,485	710,164

47 *Ibid.*, vol. 47, gives these Nova Scotian trade figures:

<i>Date</i>	<i>Country</i>	<i>Imports (£)</i>	<i>Exports (£)</i>
1848	Great Britain	260,399	47,627
	British West Indies	24,347	202,239
	British North America	173,193	96,160
	United States	295,092	150,603
	Other	93,396	37,143
	Total	846,427	533,772

48 Edgar L. Erickson, 'The Introduction of East India Coolies into the British West Indies,' *Journal of Modern History*, vi, 2, 1934, 127-46. Between 1842 and 1843 total trade between Nova Scotia and the British Caribbean declined from £496,949 to £244,909, representing a reduction of 50.72 per cent; see PANS, RG 2, vol. 46.

49 Sutherland, 'Merchants of Halifax,' 329-34, 393-4

50 Arthur R.M. Lower, 'From Huskisson to Peel: A Study in Mercantilism,' Royal Society of Canada, *Transactions*, 3rd series, xxxi, 1937, sect. II, 51-68. The revival of the Chamber of Commerce is noted in *Times* (Halifax), 30 March 1841.

however, and by 1846, with the repeal of the Corn Laws, it had become obvious that mercantilism was doomed. Many Halifax merchants believed that as mercantilism collapsed so disappeared their port's prospects for future survival. Their sentiments were echoed by the editor of the *Halifax Times* who declared that the 'life-blood of the country, its commerce, its agriculture, its identity,' were being destroyed, all because a few malcontents and theoreticians had been allowed to exercise their 'desire for change.' Without a return to old truths in the principles of trade and government, the editor predicted that Halifax's business would be reduced 'to the supply of the army and navy stationed within it, and to furnish the interior with a few articles of luxury.'<sup>51</sup>

Anxiety over Halifax's prospects was heightened by an increasing competition within regional trade. Since the end of the Napoleonic Wars, Saint John had been growing as a major commercial rival to the Nova Scotian capital. Assisted by a booming local trade in timber, Saint John merchants had established an hegemony over the Bay of Fundy area, and by the 1840s were threatening further encroachments on Halifax's hinterland by means of coastal steamers and a canal cut through the isthmus separating Nova Scotia from New Brunswick.<sup>52</sup> At the same time the mercantilist regulations which had favoured Halifax over other Nova Scotian ports began to disintegrate. Yarmouth, Liverpool, and other leading outports obtained free-port status and duty-free warehousing facilities, thereby encouraging virtually every coastal community to make similar demands.<sup>53</sup> The decentralization of Maritime commerce associated with these developments threatened Halifax's ambitions to become a dominant regional metropolis.<sup>54</sup>

Hard times, the British retreat from protectionist trade policies, and the coincidental ascendancy of agitation for political reform within Nova Scotia all demoralized and fragmented the Halifax merchant community. Events overwhelmed the recently revived Chamber of

51 *Times*, 25 July 1843; see also Chamber of Commerce annual report, *ibid.*, 14 March 1843.

52 MacNutt, *New Brunswick*, 277-314. Halifax's sense of competitive rivalry was overtly expressed during an initial burst of enthusiasm for railways; see 'Delta,' *Acadian Recorder*, 30 Aug. 1845; *Acadian Recorder*, 6, 20 Sept., 29 Nov. 1845.

53 The 'free port' question is outlined in Nova Scotia, House of Assembly, *Journals and Proceedings*, 14 April 1838; *ibid.* (1839/40), Appendices 1 and II.

54 The threat was more apparent than real. In 1828 Halifax handled 98.33 per cent of Nova Scotia's imports and 52.43 per cent of its exports. In 1852 78.71 per cent of the province's imports and 60.59 per cent of its exports passed through the capital. See trade statistics in *PANS, RG 13*, vol. 41, and *Novascotian*, extra, 14 Feb. 1854.

Commerce, and it collapsed in the mid 1840s, not to be revived until the mid 1860s.<sup>55</sup> Thus, through the tumultuous late 1840s, Halifax merchants lacked a formally organized collective voice. Nevertheless, individual entrepreneurs remained active in public affairs and contributed to the articulation of an economic strategy appropriate to a post-mercantilist situation. Evidence gleaned from contemporary sources suggests that, by the late 1840s, only a few Halifax merchants clung to protectionist ideals.<sup>56</sup> The majority appeared to have accepted free trade as a regrettable but unavoidable reality, the worst effects of which could be eased through the elimination of legal restraints on trade both within British America and between British America and the United States. Calls for continental free trade derived support from a major trend in Nova Scotian trade evident during the 1840s. Exports to the United States had expanded consistently; for example, by the middle of the decade more provincial fish was going to the American than to the Caribbean market.<sup>57</sup> Accordingly, when Samuel Cunard wrote the provincial authorities in June 1848 to urge reciprocity with the United States, he appeared to be expressing an attitude dominant within the Halifax merchant community.<sup>58</sup>

Acceptance of mercantilism's demise did not mean abandonment of fundamental development aspirations concerning the port of Halifax among local entrepreneurs. Merchants resident in the Nova Scotian capital refused to believe that they were now doomed to function as a minor commercial satellite of Boston or New York. While concerned about the loss of imperial protection, they remained convinced that Halifax could still be established as a major trading entrepôt, dominant within the Maritime region and competitive with ports on the American seaboard. A major factor operating to sustain metropolitan ambi-

- 55 The Chamber of Commerce never appears in contemporary sources after the issuance of its annual report in March 1843. The re-establishment of a collective organization of Halifax businessmen is detailed in *Sun and Advertiser* (Halifax), 10, 17 May 1865.
- 56 Several Tory newspapers vigorously attacked the principle of free trade during the late 1840s. See, for example, *Times*, 18 April, 23 May 1848; *British Colonist* (Halifax), 16 Dec. 1848. The campaign appears more rhetorical than substantial, however; the editors saw negotiation of reciprocity with the United States as being more practical than any attempt to revive imperial mercantilism; see *British Colonist*, 23 Nov. 1848; *Church Times* (Halifax), 30 Nov. 1849.
- 57 *Times*, 2 April 1844. In 1840 the American market accounted for 10.25 per cent of Nova Scotian exports; by 1848 52.49 per cent of provincial exports went to the United States; see PANS, RG 2, vols. 45–7. The trend was subsequently reversed to some extent. In 1852 sales to the United States accounted for only 26.56 per cent of total exports; see *Novascotian*, extra, 14 Feb. 1854.
- 58 PANS, RG 1, vol. 257, no. 122, Samuel Cunard to Joseph Howe, 19 June 1848

tions in Halifax through the difficult 1840s was the prospect of railway construction. Enthusiasm for innovation in overland transportation technology built quickly, and, by late in the decade, plans were being devised to construct lines linking Halifax with the Bay of Fundy, the Northumberland Strait, and even Quebec.<sup>59</sup>

Railway boosters claimed that these lines would allow Halifax to overcome the geographic barriers that had so long denied the port ready access to a large hinterland. It was predicted that railways would bring sustained prosperity. One enthusiast declared: 'If we could once open the back country of Canada to our industry, we should enjoy the high advantage of sending our fish and our coal by the Railway even in the depth of winter; and we should have in return the rich products of Canada to export to Europe, and thus keep our commercial marine in full employment.'<sup>60</sup> Besides stimulating the general Maritime economy, railways, it was believed, would focus commercial activity on Halifax. As easternmost Atlantic terminus of a continental rail system, Halifax appeared likely to attract a multiplicity of transatlantic steamship lines and thereby ultimately emerge as the pivot of trade between Europe and North America. In this way steam technology promised to reverse decentralizing trends in regional trade, thereby assuring Halifax of ultimate metropolitan ascendancy.<sup>61</sup>

Aspirations did not lead to immediate achievement. Railway construction in Nova Scotia was deferred until the mid 1850s, and another twenty years passed before a line was constructed between Halifax and Quebec. Delay did nothing, however, to disrupt the railway-oriented development policies embraced by the Halifax merchant community. Sustained by the quarter-century of more or less continual prosperity that followed the difficult 1840s, they felt no need to pursue strategic innovation. Indeed, it appears that in their entire nineteenth-century experience the merchants never really departed from the objectives they had established in the aftermath of the American Revolution. Tactics and techniques changed. Protectionist trade regulations were abandoned in favour of free trade allied with railway construction. But ultimate strategy remained the same. Development continued to be

59 For the initial outburst of enthusiasm for railways in Halifax see *Acadian Recorder*, 15 March, 30 Aug. 1845; *Times*, 9, 10 Sept. 1845; *Novascotian*, 6, 13 Oct. 1845; *Morning Post* (Halifax), 4 Oct. 1845.

60 *Novascotian*, 19 Feb. 1849

61 In 1849 Nova Scotia's new Liberal cabinet, which had come to power in 1848 with the achievement of responsible government, committed public funds to the construction of a railway between Halifax and Quebec. This decision, taken in defiance of outport opposition, reflected the fact that all but one of the cabinet members were residents of Halifax; see Assembly debates, *Novascotian*, 23 April, 7, 21 May 1849.



defined in terms of establishing Halifax as *the* commercial metropolis of the Maritimes. Moreover, Halifax's entrepreneurs always acted in response to the belief that the Maritime region, while associated with New England, retained an essential identity of its own.

In an effort to preserve both their metropolitan ambitions and a separate regional identity in an era of free trade, Halifax entrepreneurs opted for promotion of ever greater integration between the Maritime and St Lawrence colonies. In time, that aspiration would come to be associated with a desire to combine commercial with industrial development.<sup>62</sup> Thus it can be seen that the Halifax merchants were moving on a course parallel with their Montreal and Quebec counterparts. Through the first half of the nineteenth century they were leaning toward a joint effort to build a separate northern economic 'empire,' founded initially on commercial enterprise, but with the potential to diversify into industrialization. Ironically, this pursuit of British American integration ultimately led to the destruction of the metropolitan ambitions and separate regional identity which Halifax entrepreneurs had pursued since late in the eighteenth century.<sup>63</sup>

62 Abraham Gesner, *The Industrial Resources of Nova Scotia* (Halifax 1849)

63 The impact of development strategy on the politics of Confederation and Halifax response to the National Policy is discussed in Delphin A. Muise, 'The Federal Election of 1867 in Nova Scotia: An Economic Interpretation,' *Nova Scotia Historical Society, Collections*, xxxvi, 1968, 327-51; and Thomas William Acheson, 'The National Policy and the Industrialization of the Maritimes, 1880-1910,' *Acadiensis*, 1, 2, 1972, 3-28.