LAND, COLONIZATION AND DEVELOPMENT IN QUEBEC 1800-1850
THE ROLE OF LAND ALIENATION, COLONIZATION AND THE BRITISH AMERICAN LAND COMPANY ON QUEBEC'S DEVELOPMENT 1800-1850

by

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ABSTRACT

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This thesis is meant to be a review of the literature on the interaction between land, politics and economic development in Quebec 1800-1850. The central problem of the essay is to show how land policies lead to political turmoil and economic stagnation. My method has been to analyze both metropolitan and colonial events and forces.

In England the manufacturers were on the verge of political hegemony. In their need for cheap cotton and other raw materials, they could combine with the masses needing cheap food. Instead of protecting agricultural and colonial interests, the state's main priority became reducing the costs of administering settler colonies. Military strategies became subordinate to economic prerogatives, in other words, free trade.

In Quebec, the key political issue was land. Population was increasing faster than seigneurial land. The use of practically all available land for wheat cultivation lead to soil exhaustion, the failure of agriculture and pauperization of the habitants. The underlying cause was the concentration of vast areas of seigneurial and freehold land by a small elite. These speculators consisting of merchants, officials, seigneurs and the clergy (the last two mainly as collaborators) lost the
support of the popular classes to the petite bourgeoisie. Under whose leadership, class struggle was waged and narrowly missed seizing power. The end result was a weakened state at a time when a strong one was necessary. Instead of progressive land policies, settlement, colonization and economic diversification, Quebec experienced land speculation, French-Canadian emigration, commercial capitalism based on almost exclusive trade with England and a dearth of bona fide settlement.
RESUME

L'intention de cette thèse est de faire une critique de la littérature sur l'action réciproque entre la disponibilité des terres, les luttes politiques et le développement économique de Québec 1800-1850. La probléme centrale est la role de la disponibilité des terres en causant les luttes politiques et la stagnation économique. Ma méthodologie était d'analyser les événements puis les forces sociales même dans la colonie et dans la métropole. En Angleterre les industriels étaient sur le point de posséder l'hégémonie sur l'état. Ils avaient besoin du coton et d'autres matières premières à bon marché. Ils se sont unis avec les couches populaires contre les intérêts terriens et coloniaux. L'état industriel avait comme priorité de réduire les couts d'administration. Les stratégies militaires sont devenues moins importantes que les prerogatives économiques, c'est à dire le libre-échange.

Au Québec le problème politique le plus important tournait autour de la concession des terres. La population avait grandi plus rapidement que la disponibilité des terres seigneuriales. L'utilisation de la plupart des terres arables pour la culture du blé aboutissait à l'épuisement des sols, à la faillite de l'agriculture et à l'indigence des habitants. La cause fondamentale était la concentration des terres à la fois dans les cantons et dans les seigneuries. Les classes speculatrices, composées des marchands, des officiels, des seigneurs et du clergé ont perdu l'appui des masses organisées par la petite bourgeoisie. Cette dernière a presque gagné la lutte des classes. Le résultat était un état faible, alors qu'on avait besoin d'un état fort.
À la place des améliorations agricoles, et d'ouverture de nouvelles terres et la diversification économique on trouve le commerce avec un seul marché extérieur (l'Angleterre), l'emigration Canadienne-française et une absence presque totale de la colonisation bona fide.
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This essay seeks to relate the problems of land alienation and colonization to Quebec's lack of economic development in the years 1800-1850. Land policies have always proven too important for historians to ignore, yet until recently these have not been sufficiently stressed to provide the foundation for a coherent schema of development. My approach involves the elaboration of the problems of land and development to include related economic and political issues in both the metropole and the colony. These structures and superstructures defined both the actual and potential external and internal parameters of the system.

My thesis is that land policies had a direct reciprocal influence on the structures and superstructures of both Quebec and the Imperial Colonial nexus. The result of the reciprocal relation between land, structures and social relations growing out of these was a stifling of the possibilities governing both growth and development.

The first chapter reviews the basic facts of Quebec's economic system and previous literature (generally contradictory to this thesis in emphasis). The second chapter deals with some external determinants of the system, i.e., British metropolitan society. Chapter Three outlines the economic system of staples production while Four primarily reviews the internal political situation. The final chapter is concerned with land policies as a key determinant behind many related internal and external structures and superstructures acting upon development.
PREFACE

Three years ago I found myself in an unnerving position. I was a teaching assistant in an introductory sociology course which dealt in part with Canadian economic dependence and Quebec's national problems. Despite my position as a graduate student and a Canadian, I found myself poorly prepared to deal with either of these problems in any meaningful way. I was drawn to look more deeply into the past in order to gain some understanding of both structurally related issues. How far back one goes is probably an arbitrary decision. Merrill Denison once said that "Champlain shot the wrong Indian." If he'd have killed an Algonquin instead of an Iroquois, all North America would today be French. He undoubtedly had at least some facetious intent but the point remains that the present was clearly shaped by the past. The period I have chosen is important as a transition one for Canada. English colonialism based on collaboration was in the process of establishing itself, although it would soon be contested. The economics underlying this involved switching from the fur trade to the timber trade. This was to help become Canada and Quebec become more firmly entrenched as a peripheral nation. At the same historical moment the U.S. was on the verge of entering the core. The 1800-1850 period marked a turning point. It was a period of potential opportunities. The elite had shaped a society with ineffective settlement policies and limited domestic production. The most profound testimony to these impediments are the legacies remaining today. I do not wish to be overly pessimistic. I still believe it is still possible for Quebec to be something more than a rather poor junior partner to
U.S. corporate imperialism. Given past performances that day may be far off. Yet if any profound social change is possible, we must know the road we have travelled in order to choose the one ahead of us. In this thesis, I have merely made an attempt to explore one microcosm. Methodologically, I find myself indebted to William Appleman Williams who has most eloquently represented the type of research needed. He has beautifully summed things up in a paragraph.

Spinoza and Marx proceed from the assumption that everything is internally related to everything else. Thus the problem is not whether or how a may be related to d or p or v but instead the question of how a and d and p and v reveal as microcosms the nature of the macrocosm. Or, conversely, how the macrocosm reveals the character of a and d and p and v. Reality is not an issue of economics versus ideas, or of politics versus either; it is not even defined by coefficients of correlation between voting records and geographic location, or by a mathematical model that proves what was done was wrong. Reality instead involves how a political act is also an economic act, of how an economic decision is a political choice, or of how an idea of freedom involves a commitment to a particular economic system.

Even in my own modest undertaking, I am indebted to fellow graduate and undergraduate students such as Malcolm Alexander, Emile di Sanza, Jerry Spiegel, Richard Thomas and many others for their helpful comments. Lande foundation librarian, Eileen Desbarats, has been most helpful in making suggestions as have been Professors Louise Deschesne, R.T. Naylor and Stanley B. Ryerson. I especially wish to thank my advisors, Philip Ehrensaft and Immanuel Wallerstein, for their time, effort, guidance and criticism. I also wish to thank the McGill Graduate Faculty for two Summer Award Grants helping me to carry out this research.
CHAPTER ONE

INTRODUCTION

The general problem that this essay is addressed to is, why Quebec was impeded from developing towards greater autonomy and higher, more even distribution of incomes during the first half of the nineteenth century. More specifically I shall concentrate on the utilization of land for purposes of colonization. In policies concerning land I see one of the chief failures of the regime in power in Quebec at that time. To understand land policies, it is necessary to understand the mercantile nature of this regime, i.e., its ties with merchant capital often directly dependent upon imperial protection in the metropolis. This in turn was linked to perceived strategic needs of those groups wielding power in metropolitan England. The conflicts as well as shared goals of the merchant group and military strategists are another just as important determinant of policies. The fact that Quebec experienced little economic development in this period is evident to anyone with some basic familiarity with the subject. The reasons behind this on the other hand are rather open to debate. My choice in concentrating on land and colonization is based on land being the most plentiful of the factors of production, land (and the resources on it or under it) labor, and capital. Quebec was tied politically to the largest and most powerful exporter of emigrant labor and capital at this time, Great Britain. Yet more manpower and capital, per acre of suitable land for colonization, flowed into the United States, an enemy in two wars, during this same
period. The failure to retain immigrants and attract capital is closely linked with what might loosely be called land policies. The failure of these policies can be blamed on the merchant bourgeoisie and the state (both colonial and metropolitan). Before we can analyze the failures of development we must understand the potentialities of the region. These I have divided under three main headings, economic geography, commercial capitalism, and mercantilism in a staples economy.

Economic Geography of Quebec

A new country does not start with a ready made local consuming population. Development depends on staple exports at the beginning. It is from this base that we will consider selected aspects of Quebec's geography. Exports depend on shipping which in turn depends on navigation. The shipping season on the St. Lawrence effectively lasted six months (perhaps seven in an extraordinary good year). This was a serious drawback but given the size of the British merchant marine, vast quantities of bulky material (as evidenced by the timber trade) could be shipped in those six months.

Other navigation problems were strong headwinds in the Gulf of the St. Lawrence and in Lake St. Pierre and rapids in the channels of the St. Lawrence. Headwinds in the Gulf remained a pervasive problem until the 1840's when ocean-going steamships began to appear. Within two decades they would virtually monopolize trade. By the second decade of the nineteenth century steamships were already making regular runs between Quebec and Montreal, thus eliminating the effects of adverse

* as defined by Watkins, M.H., loc. cit., p. 53. The primary characteristics of the "new country" are a favorable man/land ratio and an absence of inhibiting traditions.
winds on Lake St. Pierre. These winds did affect the timber trade until the 1840's when steamship towing became almost universal. By the 1840's all the major rapids had been canalized and shipping from the Great Lakes could proceed with as little as one trans-shipment at Montreal or Quebec. Before 1800 fur had been the main commercial product of Quebec. Fur (mainly beaver pelts) could bear transportation over long distances, since it was relatively light, compact and valuable. By the turn of the century the exhaustion of the immediate hinterland was to favor the Hudson's Bay and Oregon entrepots. The Hudson's Bay route also had the advantage of the use of boats on its rivers and shorter distance to England. By 1821 the Northwest Company, the last holdout of Montreal's fur trading bourgeoisie, was to amalgamate with the Hudson's Bay Company and disappear. The timber trade was the next major staple largely fostered by Napoleonic war needs and the tariffs of 1804-1815. This industry with its booms and depression was to provide an unsteady generator of economic activity. Wasteful use of resources in the timber trade paralleled that of the fur trade. By 1850 the best trees for timber had vanished from the St. Lawrence (never having much timber to start with) and Richelieu Valleys and exploitation had proceeded up the Ottawa as far north as Lake Temiscaming. An unfortunate conjecture of increased costs due to transport of timber from points further and further away from Quebec City and competition from the Baltic caused this trade to decline at a point where further capitalization for canals, more sawmills and timber chutes would have been mandatory. Agriculture followed a similar pattern. Quebec's climate, podzolic and gleysolic soils, poor drainage in many areas, and interspersed rocky and sandy areas, coexists with a limited amount of arable lands along the main river valleys and the Montreal plain bordered by the pre-Cambrian Laurentian shield. The arable areas are today considered best for mixed farming to
a lesser extent and dairying to a greater extent. The situation is basically the same in Ontario, with the exception of a large triangle of land between Lake Ontario and Erie in the East and Lake Huron in the West, where a milder climate and richer grades of podzolic and gleysolic soils will support more varied sorts of agriculture. During our period only one crop was commercially valuable, this was wheat. As with exploitation of the forests and fur bearing animals, wheat was "mined" or grown wastefully. Such practises were easily understandable, given the dearth of other marketable crops, abundant land to colonize in the seventeenth and eighteenth centuries, and an incomes structure leaving the farmer no choice but to grow all the wheat he could when prices were up so that he might derive a cash income to cushion him against periods of bad harvests or low prices. By the nineteenth century the legacy of exhaustion of already colonized exploitable land, a long-term decline in prices and colonization of Upper Canada and the Great Lakes basin, producing more and cheaper wheat was to deal a near fatal blow to Quebec's agriculture. The problem was only partly geographical, for Upper Canada also lacked the rich black and brown soils of the Western Canadian and American prairies. Nevertheless it was to prosper mainly on the basis of later colonization, until depletion of its wheat growing areas made wheat growing less competitive with new better suited areas, (with the exception of parts of the Huron triangle which today makes Ontario self-sufficient but not a net exporter of wheat). Colonization of approximately twice Quebec's arable area, along with canalization and the opening up of a larger and larger market for grain as Europe became more industrialized and less protected was to foster greater development based on wheat in Ontario in the period immediately before and after the repeal of the Corn laws.
Commercial Capitalism

As Marx pointed out, merchant's capital is a distinct type. A merchant's fixed capital is much smaller than a producer's. Merchant's capital functions in spheres of circulation. The volume of this capital is generally found to be in universe proportion to the velocity of its turnover. The larger the merchant's capital in proportion to the industrial capital the smaller the rate of industrial profit and vice versa. In Quebec during our period private capital was almost entirely concentrated in commerce, mainly in the form of exporting staples and/or importing British manufactures. Quebec during our period resembled an underdeveloped country today, in the sense that the majority of the community was involved in fulfilling its subsistence needs while a small minority controlled the rest of the social product. It was an area where external initiative was the prime mover in allowing the economy to make more rational use of the factors most abundantly available—land and the resources on it—and in the case of Quebec, the labor of immigrants or dispossessed habitants. In such cases it is the rise in the flow of commercial income which permits the accumulation of capital for reinvestment. The consumption needs of the minority and minimal textile needs of the majority could be met by imports. Quebec was part of a commercial system working on the principle of geographic specialization, in an expanding economic universe. Like other mercantile economies, the merchant group was the dynamic element in setting up stores and trading posts, developing transportation, bringing isolated settlements into closer contact with the center, and disseminating innovations, mainly related to commerce. Merchants also enjoyed partial or total exclusivity to buy or sell and were able to manipulate prices to achieve the highest possible profit. In such economies, profits are
then utilized in the construction of new shipping, financing new
enterprises and so on or if no outlets exist they are diverted into
non-productive tasks or treasure. As primary producers the dominant
Canadian merchant class in the first half of the nineteenth century
were tied to an imperial metropole and a commercial economy based on
preference. Rather than cutting costs which were relatively fixed, they
sought to monopolize markets and to use previous accumulations of large
merchant banking houses and the state for fixed capital needs. To a
greater extent than that other national giant of North America, the
United States, Canada's power structure accepted and rather ineptly tried
to further advance their position as a commercial extension of the
European (mainly British) industrial economy.

Mercantilism in a Staples Economy

The staples trades after the Conquest were all affected by
the demise of mercantilist policies following the American Revolution.
The fur trade was to become the almost exclusive domain of the second
oldest chartered joint stock mercantile venture, The Hudson's Bay
Company, chartered in 1670. Large French capital had largely left the
colony and small French capital generally was pushed out of or
assimilated into the English trade carried on in English ships, under
the provisions of the Navigation Acts. Capital for shipbuilding and
large scale smuggling were virtually non-existent. Access to cheap
British manufactures, superior to French goods (especially blankets
and bottles), and cheap West Indian rum gave English firms their main
advantage. Furthermore the decline of the St. Lawrence route and rise
of trade through Hudson's Bay, cut off trade to areas of French-Canadian
settlement. French-Canadians might occasionally sell directly to or
work for American firms but their lack of access to cheap rum, manufactures
and shipping prevented the acquisition of significant capital from furs. As the trade extended over wider geographical limits, smaller independent organizations could not compete with the specialized well-organized larger firms. These English and American qua Canadian firms also had the advantage of guaranteed buyers with established ties in England and ties to English credit, insurance, etc., which the smaller producer lacked.

The timber trade was even more closely tied to mercantilism. For it was the needs of the English navy for masts and timbers and the needs of British industry and population for wood, and the desire of English as opposed to Norwegian, Prussian or Russian shippers to carry this trade, and train British seamen, which brought it into existence. The Baltic was never really completely closed off to Great Britain even during Napoleon's continental system, but the fear of such a state of affairs combined with the desire of one of the most powerful vested interests in England, its shippers, to monopolize timber, served to create and maintain large scale trade. Tariffs which continued to rise until 1819, combined with fat contracts to Imperial naval contractors to shift the locus of the majority of British exporting firms from the Baltic to Quebec and New Brunswick. These policies created a commercial base for a trade that would dominate the British home market for half a century.

Agriculture followed a similar pattern. Large grain merchants had direct credit ties to Great Britain, which provided Canada's only viable market (with some minor and capricious exceptions). Tariff schedules (which I shall examine later) favored colonial producers over foreign grain but were basically protective of agricultural interests in Great Britain. With the exception of a brief period 1842-1846 British tariffs were of only marginal value to Canada. Yet the desire of grain merchants
and millers to maintain and extend these tariffs shows the effects of credit ties, a large market, expediency and tradition. Without protection these same merchants quickly made an about face. Many of them supported the annexation manifesto of 1849 since they felt that their interests had been sold out.

When we consider Quebec during this period we see why the creation of final demand linkages were lacking. On the supply side capital was largely derived from British financial institutions and timber companies were generally run by British directors and their agents. Education was confined to the elites and tended to slight the development of technical and business skills. The merchants political activities tended to defend the status quo. These are traits generally characteristic of non-dynamic economies. In comparison to the United States and Upper Canada, conditions were unfavorable to the incoming immigrant. In fact in the case of the land intensive fur trade it had been in the merchants self-interest to discourage settlement. The timber merchants did little to improve the situation. In the absence of opportunities in the domestic market the amount of domestic savings did not significantly determine the rate of investment. Given Quebec's propensity to import subsistence goods for the mass of its population and luxury goods for its small upper classes, final demand linkages were low. Booms in the lumber trade could sustain growth in the short run especially during periods of war and protection, but in the long run these would be offset by increased costs caused by resource depletion and extension of the hinterland on the supply side and competition from cheaper sources on the demand side. Throughout the 1820's and 1830's booms alternated with depressions in the timber trade. As Watkins points out sustained growth would have required "resource flexibility and innovation sufficient to permit shifts into new export
lines or into production for the domestic market." This was at least in part due to the presence of an export mentality on the part of merchants. Labour tended to accumulate in subsistence agriculture (a disguised form of unemployment), congregate in urban shanty towns waiting for public works or emigrate to the U.S. There was in fact some growth based on booms and just above subsistence agriculture, but little real development during this period.

Comparison of the Two Canadas with the U.S.A.

At this point a brief look at developments, during this period, in the United States provides a contrast to the course of events in Lower Canada. The main contrasting elements I wish to consider is the role of the state in promoting improvements and promoting relatively easy access to land, integration of the three main regions into a national market, and the advantages and evolution of the American shipping and iron industries.

It was the commercial and industrial skills acquired from shipping food to the West Indies and Guianas, and producing consumer goods for that lucrative market which started the New England and mid-Atlantic colonies on their road to industrialization. By the end of the eighteenth and beginning of the nineteenth century, a vigorous national bourgeoisie was to utilize these skills to develop a self-sufficient specialized manufacturing economy in the north. This ruling class had little affinity of interests with the metropolis in England. The north-east itself arose as a smaller scale metropolis exploiting the produce of its southern hinterland, for cotton and tobacco and its western hinterland for wheat.

At the same time increased demand for cotton in Great Britain fostered greater liquidity in the South. This was used to pay for imported
British consumer goods and expansion of plantation agriculture, mainly in the form of larger and more productive units. The magnitude of this trade was such that a chronic unfavourable balance of trade for the U.S. with England took place in the first three decades of the nineteenth century. The federal and state government co-operated in transforming this deficit into medium and long term state and federal bonds which served the dual purpose of guaranteeing debentures and fostering industrial development in the North and land development in the mid-west. The end result was the use of British capital by the state through indirect means rather than cash remittances from the U.S.

Even before the War of Independence the American national bourgeoisie had pursued a policy at odds with purely Imperial needs. In the eighteenth century U.S. ships carried 75 percent of its own trade averaging 30-40 percent of the total trade of the British Empire. By 1807 the U.S. carried 90 percent of its own trade. In 1775 the U.S. was already producing 1/7 of the world's bar and pig iron (more than England and Wales combined). Under mercantilism manufactures needed by the home country and not easily produced in the metropolis were allowed to develop. In the case of iron Britain had sought to limit its dependency on the Baltic countries. This base facilitated production of railroad tracks, metal hulls and propellers, allowing greater capitalization from the expansion of world trade after 1840.

After the revolution, the U.S. pursued an active, state sponsored system of land sales and easy credit which was a large scale inducement to increasing population. As native American farmers pushed the agricultural frontier west, immigrants filled the labour requirement of the North-east's embryonic manufacturing and federally supported public works. Between
1815 and 1860, they worked on large scale state financed programs. Both federal and state financed canal and turnpike projects greatly facilitated the incorporation of the west into the grain markets of Europe. If we consider that the British industrial revolution was basically a far-reaching transformation of the textile industry, and that the U.S. provided four-fifths of British demand for cotton, then expansion and capital inflows based on the transformation of debts into bonds was to be expected. From 1825-1860, 1/3 - 1/2 of U.S. exports to Britain consisted of cotton which made up 4/10 of British imports. As the cotton industry expanded as the "take-off" sector, U.S. cotton plantations increased production by expanding territorially into the south-west. The north-west as their main supplier of food expanded as well. Thus population and resource oriented industries (e.g., lumber, flour, liquor) grew and prospered in the mid-west. With this expanding population, inter-regional trade and regional specialization, a domestic market arose for cheaper domestic manufactures. Early bounties to North-eastern manufacturers and the competitive advantage enjoyed during the war of Independence and the Napoleonic Wars gave way to real expansion of the textile, leather and iron industries and post 1820's capital goods industries. This was based on the expansion of a domestic market and the inflow of capital, largely British, into State and Federal bonds and railroads. This, of course, reflects a trade situation where the U.S. was Britain's best customer and vice-versa. Besides cotton, the U.S. was the main supplier of foreign wheat to Britain between 1846 and 1860. The discovery of gold in California undoubtedly had a large effect on American population and capital increases, as well. The building of large scale railroads opened up new sites for industry and facilitated greater interregional trade. It also laid the roots for corporate finance which was to become predominant at the end of
The Canadian situation differed drastically. There was no indigenous bourgeoisie with industrial or trading interests outside the metropole. In fact the Navigation Act, Staples Act and other sources of consternation to the U.S. were conceived of as beneficial to the Canadian merchant since they ensured protection from competition outside the empire. For by these regulations, colonial products were given preferences which more than compensated for losses in shipping revenue. Timber and wheat trading at least in the early decades of the nineteenth century depended on preferred treatment in the Imperial market. Shipbuilding in Quebec City, in turn, rose and fell with cycles in the staples trades. These combined interests were primarily of English origin and it would have been unfeasible for them to compete with the huge established vested monopoly of English shippers. American shippers on the other hand had established a very profitable tradition of trading New England fish and mid-Atlantic foodstuffs for West Indian rum. This trade carried out in smaller ships (than for timber) involving shorter distances and not passing through an English entrepot was almost impossible to control from the metropoles. Americans maintained their business ties, dependability of supply, larger inventories, etc., despite Imperial legislation. Canada, therefore, was impeded from developing a large prosperous market for foodstuffs in the West Indies. This same market greatly facilitated incipient industrialization in the U.S. without having any similar results stemming from the small scale Canadian trade.

As a consequence of U.S. competition, having established itself centuries before, Canada could not use this avenue of development. Similarly the state in the Canadas was never a powerful instrument in establishing
a strong social and commercial base through state financed bonds and land sales and development as in the U.S. The cotton staple itself was more commercially valuable and competitive than was timber; but more important in my opinion was the fact that it was generally carried in American ships often to North Eastern entrepots where processing manufacturing and re-shipment all occurred. "Yankee" shippers and industrialists could talk to staples producers (planters) on equal terms. In the two Canadas shipping (except for inland transhipments) and manufacturing were realms totally controlled by foreigners while even staples production relied primarily on foreign capital.

Comparison with Some Other Temperate Zone Staples Producers

Wheat as a staple, especially when associated with family farms (freehold or long term tenancy), in a "new country" has often been considered as the base for relatively equal distribution of income, with a greater likelihood of a broadly based market for mass produced goods, and concomitant attitudes towards social mobility, business activity, education and the role of government, favorable to diversified domestic growth. Yet the prevailing system of land holding could intervene even in the new world to make these conditions inoperable. In Argentina during the second half of the nineteenth century land monopolization and speculation was even more pronounced than in Quebec. Here the ruling class was essentially landowning rather than commercial. Wealth had originally derived from cattle raising over the vast areas of the pampas. The increased marketability of meat rather than hides led to a switch from longhorn cattle to shorthorn. This meant a switch from wild grass to alfalfa. Increased immigration from the crowded "old countries" of Europe mainly Italy, Spain and Switzerland combined with the growing world demand for wheat, created an industry of considerable magnitude on
the pampas. After 1870 wheat became the leading export. Yet less than 1/3 of the wheat producers were able to obtain land. Land was controlled by cattle, sheep and real estate interests. The latter formed colonization companies and sold land at high prices, with little advance farming capital made available. Titles to these 80 acre plots were not given until land was completely paid off. Cattlemen offered land and sometimes advanced capital to farmers as sharecroppers. The more successful sharecroppers became tenant farmers supplying their own equipment. They sometimes paid a fixed charge but more generally took over 200-500 acres for 3-6 years and paid the landowners 10 to 30 percent of the crop. Thus transient tenants cleared the largest feasible amount of land and planted a crop of alfalfa before leaving. Then the cattlemen could graze his shorthorns. Short tenures meant almost no improvements and a very low standard of living.

The farmer often invested in machinery out of necessity, i.e., to cut down high labour costs at harvest time, his main expense. The fortunate few might buy a shop in the city after a few lucky harvests. More likely the vagaries of climate, primitive marketing methods, and debt peonage kept the farmer at a subsistence level. The multiplier effects of this type of economy were limited. Like Ontario, Canada's main wheat supplier to Europe during the half century after Repeal of the Corn Laws, Argentina enjoyed the same expansion of European demand and accessibility to market of this family produced crop. Argentina in fact enjoyed certain locational advantages. It had a milder climate, rich virgin soils and a larger expanse of arable land, without the inconvenience of forests to clear. Argentina's ports and rivers enjoyed year round shipping and the Argentinian harvest in March and April reached European ports when supplies of North American and European wheat were low. These advantages in fact proved something of a disadvantage given the prevailing system of social relations. Oligarchy inhibited demand linkages while strong export
ties with the metropolis impeded active involution (as used by Andre Gunder Frank*). Exporting and credit were even controlled by four major foreign firms. Neither the nature of the staple itself nor locational advantages overcame these deficits. Internally, the landowners and a few protected manufacturers benefited, to a large extent with little effort.

Land was the country's basic wealth, but the incompetence of governments and the rapacity of politicians and speculators had turned this potential over to private ownership when it was practically valueless. The majority of landowners assumed a passive role towards their possessions and often left them totally abandoned. They waited for the government to remove the Indian menace for British capital to construct railroads, for Irish or English managers to build up their pastoral stock, for Italian sharecroppers to harvest crops. Their wait was hugely rewarded, for the value of their enormous estates climbed from several pesos per square mile to values counted in hundreds of thousands or even millions of pesos within half a century. By the time agriculture had proven the value of these lands, the agriculturalist could not afford ownership.19

In Australia, especially New South Wales, a pastoral sheep raising economy arose out of abundant land, good climate and monopolization of commercial channels and capital by the officer corps of British military units established to administer the transportation and subsequent activities of convicts. Officers and their descendants making up about 6 percent of the population controlled about 1/2 the land in the early nineteenth century. The rest of the population consisted of a largely self-sufficient peasantry (of convicts, poorer emigrants, and discharged, lower ranking soldiers). This state of land ownership mixed with land intensive sheep

raising; and a wool staple, rendered Wakefield's colonization schemes ineffectual. By the time of Australia's expansion in the second half of the nineteenth century, the doctrines of free trade and responsible government had taken hold in the metropolis. The old commercial strategies based on Imperial preference no longer held true. In 1851 gold was discovered. The population practically tripled in a decade. A large high income local market for agricultural supplies was created at the same time that labor in the sheep raising was drained of to the gold fields. Thus squatters and farmers and wool producers were forced to adopt more advanced techniques. Sheep raisers also benefited from reduced return freight rates. During the 1850's both the amount of exported wool and the area under crop doubled, despite labor shortages. Improving farmers employing capital intensive methods and incipient industrialists in the form of bankers combined to further policies of industrialization. This movement centered in Victoria, Australia's richest state. Only through a policy of industrialization, by protecting industry could the unemployment caused by declining gold production in the 1860's be absorbed. This combined, with the desire to obtain farm implements and capital equipment at lower prices and to maintain a local market of consumers of primary products, to foster growth. If wool exporters, rather than farmers and colonizers in the newly opened southern areas, had controlled the state, such development policies would have been precluded.

Upper Canada

Much discussion has centered around the issue of linkages to the wheat growing staple of Upper Canada. Here climate and soils were similar to Quebec. Here as elsewhere in the Americas resource extensive agriculture was practised and land was rapidly exhausted. Yet further
colonization served to increase the total crop up until roughly 1861 when production stabilized and settlement was generally completed. Large scale settlement in the 1830's and the catastrophic decline of Quebec's crop created, at least, a domestic demand. By 1842 with tariff preferences and canalization completed a market in England was ensured (as opposed to the old system when colonial grain was often not admitted). Statistics on production and export (although of spurious accuracy) indicate at least the general trends. Initially fertile virgin soils and access to market caused something of a boom. Farmers cleared an average of about 2 acres per farm, devoted to wheat. Yields were as high as 30 bu./acre about 1/2 of which was exported. Total production was 3.2 million bushels. By 1851 this had increased to 12.7, or about 170 bu./farm; this in turn represented an average cultivation of 11 or 12 acres. Yields were higher on frontier farms and acres cultivated less, while in settled areas the opposite held true. Many farms for reasons of poor marketing location soils or drainage, etc., grew little or no wheat, so my averages are underrepresentations for wheat farms. A typical frontier farm 1850-1860 produced 320 bu. on 15 out of 40 cleared acres. A settled farm produced 240 bu. on 15 out of 50 or 60 cleared acres. In 1851 the average export per farm was roughly 53 bushels. Production for a steady and open market caused production to increase up until a peak of 24.6 million bushels in 1861 of which 13.4 million were exported. This represents an average production of 200 bu./farm with an average 13 acres devoted to wheat. Exports were up to their 1842 level, roughly 1/2. Yet in the next decades wheat was to give way to other forms of agriculture. Virgin soils to exploit no longer existed, competition from other more suitable areas stiffened. Railroads brought the North American far west into greater contact with the British and North Eastern
American metropoles. Thereafter more intensive agriculture maintained production at about 20 million bushels (15 per acre) throughout the rest of the century. This filled the increasing demand in the two Canadas especially Ontario's rapidly growing cities and towns.

Linkages in form of domestic agricultural machinery production and local as well as continentally oriented railroad building followed from this colonization, as did the subsequent familiar pattern of fairly high and equally distributed incomes fostering domestic production of iron and some consumer goods.

Great Britain (for a variety of reasons discussed later) provided the main market for Canadian wheat during our period. Ontario's favored position in this particular commodity market is clear. Colonization corresponded with a period of major wheat importing. When Quebec monopolized Canada's exports of wheat (1792-1838) only 8 out of 47 years saw imports of over a million quarters (8 bushels) from all sources. In the years between 1838 and the peak year of 1862, imports of wheat and flour never declined below a million quarters, the lowest point 1843 was about 1-1/2 million. With the beginnings of the scramble to sell on a protected market in 1842 Ontario could capture about 5 percent of a protected canalized market. With further colonization and increased wheat and flour production Ontario could by 1861 capture roughly 12 percent of a market three times larger, and open to world trade. The North American share of this trade (approximately in the proportions U.S. 4, Canada 1) had by now outstripped Russian and German supply. Also almost all of Britain's flour came from North America indicating significant linkages in flour milling, railroad transport and storage and port loading facilities. These trends seem to indicate that Ontario was only
a junior partner in the midwest's expanding agricultural economy. The reasons for this are two-fold. First, before the 1840's the midwestern U.S. had a ready market for its grain in the South. Second, land speculation existed on a smaller scale and the state adopted settlement oriented policies. In 1835 land in Michigan cost about 1/4 of that in Upper Canada ($100 for 100 acres as opposed to £100). Probably by the period of the wheat export boom most of the cheap land on the U.S. side of the great lakes was taken up. Upper Canadian speculation in land served to impede colonization but a favorable market could overcome the effects of high prices for land given farmers with sufficient capital to buy land, clear it, build a house and buy agricultural implements, seeds and provisions. In Lower Canada wheat growing had ceased largely due to exhausted soils and lack of new land to colonize. Labour capital, or land intensive methods, were not generally employed because of the object lack of capital among farmers and high labor costs. Seigneurial tenure based on long-term leases played little part in inhibiting income formation, as did short-term tenancy and sharecropping in Argentina.

Comparison with an Old Country with a Similar Resource Base - Sweden

Swedish climate is very similar to Quebec's. Sweden was and is heavily forested with conifers. It has large deposits of iron but almost no coal. Its coastline faces east towards the Baltic sea and ships from the British metropolis had to circumnavigate the Scandinavian peninsula. The distances from British ports are approximately 3/4 of the distance to Quebec. Its rivers freeze over but it does have the advantage of ocean ports open year round. Its soils are generally podzols and most of its arable land is centered in small pockets of grey brown podzolic soils.

In Sweden oats and rye provided the main cash crops. At least
at the beginning of the nineteenth century the majority of the Swedish people lived under conditions and practised agriculture in a manner which had not changed greatly since the thirteenth century. Agriculture never played the key commercial role that it played in Quebec's economy. Yet Sweden was a self-sufficient producer until the 1860's. At that time increased population based on lower death rates and industrialization and bad harvests caused a crisis among the poorer agricultural classes especially laborers or those holding mortgages. This lead to widespread emigration. More or less permanent bad harvests up until the 1880's had combined with massive European imports from the Americas to maintain this emigration until about 1910. The import of cheap American grain into Europe caused agrarian agitation which resulted in the imposition of agricultural tariffs in Germany, Austria and then Sweden in the 1880's. Despite these measures a structural change in Swedish agriculture took place similar to that in Quebec, a switch from cereal production to animal farming. Tariffs, dissemination of improved agricultural techniques and other forms of assistance kept imports at 29 percent of domestic consumption of grain till the first World War. After the war, government support on an unprecedented scale, scientific methods of agriculture and the shift from rye to wheat made Sweden once more self-sufficient. Unlike Quebec's wheat growing period, in Sweden scientific research and agricultural societies all sponsored by the government prevailed.

The timber and lumber industry was indisputably Sweden's major export industry in the late nineteenth century, especially during the two booms in the 1850's and 1870's. Unlike Norway which was more favorably located in relation to the British market, Sweden developed its industry on a large scale at a later date and did not completely exhaust its resources to the same extent. The forests originally belonged to the crown; in 1823
they were transferred to peasants. The value of these lands was fairly negligible in the absence of a timber industry. But when waning imperial tariffs and increased costs of Canadian timber opened up the British market, this was to change.

As in Canada, speculators took over timber lands (in this case from peasants) for a song. Unlike the Canadian case the Swedish robber barons were native entrepreneurs. By 1840 the capitalists had set up precision large scale sawmills in the coast cities. It was these interests who succeeded in gaining control over forest suppliers. Well consolidated firms followed the first robber barons and as Heckscher states:

The accumulation of capital in those companies made it possible to preserve and develop Swedish forest resources in a period when the forests of many other countries were ruthlessly exploited and annihilated. 33

This was certainly the case in Quebec where exploitation of the Ottawa hinterland was carried out by English firms with few scruples about depleting the resources of the host country. They merely exploited as much timber as possible when the market looked favorable to the point of creating numerous gluts. Their time horizon was notably short.

The most instructive difference between Quebec and Sweden lies in their respective iron industries. Sweden provided the bulk of England's iron and steel until the end of the eighteenth century. Iron exports accounted for as much as 75 percent of the total. The discovery and extended use of coke smelting in England was to drastically change this situation. In the nineteenth century the iron monopoly with an enforced system of production quotas administered by a cartel-like arrangement gave way to a more open industry. Yet the cumulative advantages of high levels of technical know-how developed under strict monopoly and incentives to
innovators, remained. Despite lack of access to coal, charcoal and the Lancashire process of hammering the pig iron remained in use up until the twentieth century when it still accounted for 1/4 of iron produced. The Bessemer process was partially developed in Sweden and soon took root. This process using hot blasts to burn carbon in iron to convert it into steel, was successfully adapted to Swedish conditions. A major innovation was the basic process (lining furnaces with limestone) which allowed Northern Sweden's high phosphorus content, but extremely rich ores to be mined. Fuel, generally coal, in the nineteenth century was imported so that even the coal intensive open hearth process was used. This was contrary to the usual pattern of importing ore to its fuel source. Many other adaptations such as the mixing of coke and charcoal were used. Extensive railroads were built to tap Northern ore fields. Between 1870 and 1875 exports amounted to 82.7 percent. In the development of this industry Swedish engineering played a key role. Iron manufacturing and linkages to other industries such as textiles, using iron capital goods, iron ships, ball bearings, railway material, lighthouse material and later telephone and electrical equipment proceeded at a rapid pace. The role of the state in setting the base for the industry and developing technical higher education and vocational training stands in marked contrast to Quebec, where the industry despite huge iron reserves (mostly unexploited at this time) stagnated. The largest forges at St. Maurice were about a century out of date. Domestic iron and that of adjacent New York State was available and coal was readily imported from Nova Scotia. Yet the center of the industry in the second half of the century moved to Hamilton where the industry was fostered on Ohio, Pennsylvania and West Virginia coal and Minnesota iron which canals and railroads now made possible to import. This industry was based on American resources (with the exception of Marmora iron), American capital and American technology. Quebec's situation in
the industry was diametrically opposed to Sweden where imports of capital went into the promotion of a technologically advanced industry. In Quebec the stage was set rather for technical stagnation and in the twentieth century export of primary ores from the rich Labrador border ore fields. Only technical advancement and a strong national bourgeoisie could have prevented the center of this industry from locating in Ontario, tied to American resources. Both these elements were lacking. In Sweden the entrepreneurs in timber and iron were supported by King Gripenstedt in efforts to build an industrial base. Large banks rather than representing the interests of staples exporters and manufactures importers represented a rising industrial class. Technical education and the examples of the use of organized joint stock capital by the two major powers, banks and industrialists undoubtedly helped set examples for the large scale unionization and the setting up of consumers (sometimes even producing goods) co-ops, by the Swedish people. In Quebec the only example of entrepreneurship was set by a small oligarchy who imported capital or used that of the state for canal or railway construction, generally favoring their personal ends. Corrupt officials such as Caldwell or Felton sometimes even absconded with these funds.

Political Struggle as a Factor

I should now like to make some important qualifications. For the sake of convenience I have implicitly assumed control of the state by merchant-landowners and somewhat like minded officials. Unlike the undisputed control of the Argentine state by landowners, in Quebec, power was divided. The merchant bourgeoisie held the upper hand, but democratic structures of opposition existed. These structures reflect more than the British democratic tradition. In fact metropolitan indifference to the fate of the colony, especially when it came to providing money for the
costs of its administration, necessitated a state based on collaboration not fiat. For the first 50 years of English domination this strategy worked quite well. Seigneurs and the clergy were co-opted into the elite by being allowed to maintain all their old powers (except the outlawed Jesuits) and in some cases receiving new powers. By the second decade of the nineteenth century a new politically dominant class was to arise in French Canada, the petite bourgeoisie. Their general strategy was to use the political structures to further their ends. When these policies came to a stalemate a new approach, rebellion was attempted.

Alexis de Toqueville on a brief visit to Quebec noted the existence of two ethnic classes. My own personal predilection is to see class in Quebec as being more important among leadership groups and ethnicity as more important at the base. Besides French collaboration in the oligarchy, many English were active leaders of the Assembly and the patriotes. Yet these leaders were often resented by French rank and file. It was this rank and file that helped give the movement its predominantly agrarian nature. The Irish who made up the bulk of Lower Canada's laborers (on canals and railroads) and lumpenproletariat were a politically disenfranchised group who played little part in the rebellion, despite an active role by some individuals as O'Callaghan. The indifference of the Irish gangs helped cool out the rebellions. Hostilities between local inhabitants and "cholera-ridden filthy Irish" in the years immediately preceding the rebellion no doubt played their part. Many of these clashes concerned employment as in the timber trade.

Had the staples merchant class been in full control of the state canalization of the St. Lawrence could have taken place 15 or 20 years earlier, i.e., at the same time as the Erie canal. New York still would
have possessed the advantages of an ocean port, but conceivably the railroad from Montreal to Portland or perhaps Boston could have been built in the 1830's or 1840's. This would have further advanced Montreal's entrepot position between the wheat economy and England, and would have fostered more rapid growth approximating New York's, with a lesser lag than actually occurred. Undoubtedly this would have resulted in greater linkages and greater integration into the American metropole. Mutual links of finance and industrial financing would have fostered greater development for Quebec. Greater integration with the more commercially advanced American east coast and dynamic midwest may have lead to annexation but opposition by the American South would have rendered this unlikely. More likely may have been expanding English population as emigrants from Great Britain were retained and even more Americans moved North. This may have resulted in greater or even almost total assimilation of French-Canadian culture and language. The total satellitization of Quebec to American interests seems unlikely in the 1820's or 1830's since the American national economy was relatively weak and had only recently emerged as such.

Another potential scenario involves the emergence of the petite bourgeoisie as the dominant power. Their aims were generally centered on regional autonomy and development through protection of local industries. Had the rebellion succeeded shall we say and the Patriotes taken power, the development of an interventionist state on the American model seems likely. Eventually the logic of resources may have fostered development on something similar to the Swedish model. At Patriote meetings economic boycotts of England and protection of local industry were often proposed and for what its worth similar programmes were proposed by Mackenzie and his farmer supporters during the simultaneous rebellion in Upper Canada. Both these scenarios would have meant further development. Yet neither
group was fully successful. The different priorities of the merchants and petite bourgeoisie and the structural reasons behind them as well as the actual struggles shall be discussed in the next three chapters.

Review of the Literature

Besides this evolving control of the state by a merchant upper class and their monopolization of land largely for speculation, many other explanations have been put forward for Quebec's lack of development during our period. One common theme, generally proposed by conservatives, was the dual problem of French Canadian institutions based on feudal principles acting as an impediment to development. This theme was handed down to us by the English press of that day and the multi-volumed History of the Late Province of Lower Canada by the English partisan Robert Christie. This legacy has been at least in part adopted by D.G. Creighton who sees the struggle of 1830's as that between feudal and frontier agriculture and the commercial state, agrarianism and commercialism. Yet this sort of analysis makes little sense if we consider that shopkeepers and small producers of consumer goods were leaders of the rebellion, along with educated professionals. Also many English merchants owned seigniories. One of the main causes of the rebellion was the actions of seigneurs who more and more took on the attributes of capitalist freeholders. If by feudalism Creighton merely means the actions of habitants and the backward looking ideology of Papineau, it still remains to explain away the earlier and later adaptation of the habitant farmer to capitalistic market conditions and for that matter Papineau's attachment to the inherent democracy of North America. It is a mistake of emphasis to see the petty bourgeois professionals, shopkeepers and farmers as a force inhibiting development. For canal projects were as much against their immediate
self interest as a fair land policy would have been against the immediate interests of speculators, since they would have had to divest themselves of large blocks or else make costly improvements. If we are to believe the Patriotes PO resolutions as a statement of their aims, they were not against progress per se, but against political control by merchants who appropriated most of the surplus of this trade and tended to inhibit domestic manufactures by their policies. Creighton is fundamentally wrong to call staple merchants "typical products of the age of the industrial revolution and laissez faire".

Others such as R.L. Jones stress the conservatism of the French-Canadian habitant farmer, but by his own evidence subsistence farming grew out of the lack of practical instruction, unstable markets, few practical alternatives and monopolization of farmland near urban markets by "improving British farmers with capital". Ouellet also notes how the seigneurial system was an impediment to growth. This was largely because the seigneur came more and more to function as a capitalist rentier trying to cash in on the increased demand for land and his taking over land himself to exploit the demand for timber or wheat staples during boom periods.

Another key aspect of Ouellet's analysis is the lack of access of French-Canadians to capital and foreign markets. They lacked technical knowledge as well but in the presence of expanding markets, for example in the dairy industry in the last two decades of the century, they were quick to pick up technique and produce for market. Thus lack of technical knowledge proves an unsatisfactory independent variable.

For Helen Taft Manning, the crux of the problem is political. The main failure of the reformers of the French Party being their failure to compromise with the English thus inhibiting constitutional development.
early in the nineteenth century. By the end of 1830's the Canadians had failed to join forces in an effective way with other forces striving towards colonial autonomy. As late as 1828 powerful interests of reformist Tories such as R.W. Hay and Robert Peel and militarist such as the Duke of Wellington were opposed to the Report of the Canada Committee, advocating what amounted to responsible government. Without responsible government clearly there would be no escape from the bind of autocratic governors dependent on colonial merchants attempting to set policies and running into conflict with the assembly. The main problem with Manning is that she generally does not stress the class interests and economic motives of those pulling the strings of power in the metropole nor the main economic failures of Canadian merchants to play a dynamic role in development.

One cloud hanging over the historiography of French Canada is the tendency to see the political struggle as essentially racial thus clouding over its class nature. Durham's conclusion that the rebellion was a struggle not of principles but of races established an orthodoxy based on racist principles, that English historians following from Christie and Kingsford and French historians stemming from Garneau, Filteau and Groulx have seized upon. This is clearly vitiated by several facts. Firstly many of Papineau's chief lieutenants were English Canadians. Also many English professionals and small shopkeepers supported the Patriotes and many more supported moderate reformers. Furthermore the Patriotes had clear ties with Mackenzie and his Upper Canadian reformers, in fact Montreal Patriotes corresponded with Chartists in London.

French Canadian seigneurs and the upper clergy often were peripherally integrated into and inevitably collaborated with the oligarchic chateau clique of English administrators and merchants. Also immigrant
labourers were generally reform-minded even if not active Patriotes. Racism definitely played a part in the struggle and clearly existed on both sides. The oligarchy is more at fault in this respect. Vituperative attacks on Patriots in the Tory presses, such as Adam Thom's anti-gallic letters in the Montreal Herald, served to provoke the other side. Yet this certainly cannot itself stand as an independent variable in explaining political turmoil and economic stagnation. An offshoot of the racial approach can be seen in the works of Brûnet, Fregault, Hamelin and Seguin who tend to concentrate almost entirely on the national question, largely ignoring the class and economic issues.

Another approach which has tended to obfuscate some key issues of development, I would call a classical Marxist approach. This approach is embodied in the work of Gustavus Myers or Stanley B. Ryerson. It sees the rebellions of 1837 and 1838 as "intrinsically one of upspringing capitalist forces", trying to establish a republican form of government supplanting existing feudal, clerical and oligarchical institutions controlling banking, land and commerce. The thesis of the beginnings (embryonic ones at that) of industrial capitalism in small scale consumer goods industry and machine shops is made explicitly by Ryerson. His case seems rather weak for the existence of a national Bourgeoisie. Ryerson's first example, the St. Denis granaries can be interpreted as a locally based trade for local consumption of imported wheat when Quebec's crop chronically failed to meet local demand.

Further examples come from the town of St. Denis which he uses as an illustration of industrial beginnings mainly under French leadership. Saint Denis seems a less than typical example since it enjoys the benefits of being very close to Quebec's largest urban market Montreal. The existing
industries, potteries, a hat manufactory, carriage works and a small foundry would seem able to fit in to any non-industrial society (for example England or France in the sixteenth, seventeenth or first half of the eighteenth century). They need not indicate the existence of an embryonic industrial bourgeoisie in the terms of the 19th century.

His own evidence is somewhat contradictory. He notes the domination of industry by English and Anglo-Canadian capitalists. His examples are sawmills and shipyards tied to the timber trade and Molson's enterprises (he only notes the making of steamship engines). He then notes that all enterprises were subject to the restrictions of a "colonial-mercantile environment". In a footnote the tendency of merchant's capital to ally itself with feudal and colonialist forces in opposition to industrial capital is used to critique Ouellet. Given this context real exceptions to a mercantile economy can be put in a realistic context. The Molson's or A.T. Galt's industrial enterprises were tied to regressive colonial land policies in the form of cheap land for Molson to grow barley on or Galt to speculate with. Molson was a large supplier of capital and active in banking, Galt a large user of this capital for railways and cotton mills and active in government finance. Both were tied to colonial politics as Tory supporters of the status quo and existing capital interests. Both were patronized (Molson with imperial protection against West Indian rum, Galt with cheap land) by imperial interests.

Therefore Ryerson's case by his own examples and admission is notably weak. The fact that the bourgeoisie historically acted to conquer "exclusive political sway" in the modern state, playing "a most revolutionary part" in the struggle against feudalism and non-industrial capitalism does not constitute evidence of this being the case in Canada. The existence
of a rebellion need not necessitate the existence of an industrial bourgeoisie.

Another approach to the problem of impeded development is to look to the problems in transportation as the key. This is especially prominent in studies of the Eastern Townships, O.D. Skelton (A.T. Galt's biographer) makes extensive use of this approach. He rather accepts the self-image of B.A.L.C. as a developer. With the outbreak of the rebellions, the company's works of improvement were suspended and the better class of immigrants left. Also settlers dependent upon them, were forced to forfeit payments or leave deep in company debt. This process was intensified as many co-agents in the St. Francis territory neglected accounts and pilfered the stores. According to Skelton the company had too much money tied up in land and industry instead of much needed roads and transportation improvements. Even by the 1840's Quebec was still to suffer from her backward means of communication, a situation which Galt's reforms were at least in part to help alleviate. This approach is used in a more generalized way by Glazebrook who tends to localize the main problem as one of transportation and political struggles over the control of customs revenue, between English merchants and the Legislative Assembly of Quebec. He also looks at financing and the competitiveness of these routes. This approach is also characteristic of a report of inquiry by the Quebec Legislative Assembly 1851 seeing bad roads as the main impediment to settlement and merits primary consideration in the detailed Minutes of Evidence presented to Lord Durham. Bad roads, lack of improvements and poor communications, coupled with the lack of effective political control are an important theme in the documents of this period as presented by Innis and Lower's Select Documents in Canadian Economic History 1783-1885. The
main problem with this approach is that transportation was of necessity based on a combination of political patronage and economic prerogatives. Clearly in the absence of large scale settlement or promotion from those controlling political power, roads and navigation aids would not be built. The Durham formula for development based on immigration, public works and forest exploitations was inoperable so long as land speculators discouraged real settlement and timber merchants could draw on impoverished habitants and Irish migrants for their labour requirements. Also the improvements necessary for the timber trade often meant opening up new forest lands in areas unsuited to settlement.

Another tendency is that of Bell, Morell and Brebner who tend to overemphasize the role of the colonial office and the intransigence of some Secretaries of State such as Lord John Russell. This served to impede progress, forestall responsible government and in fact lead to rebellion as the ultimate form of protest against such policies. This approach does not give enough credence to the fact that it was the merchants and administrative classes who were the main lobbyists for these policies and were corruptly abusing policies of land sales. It was the local timber agent, large scale grain merchant or land speculator providing the immediate incentive to revolt, or oppose their canal projects.

Of all the explanations of Quebec's development one of the most convincing is that which I would call economic geographical. Its most forceful proponents are Albert Faucher and Maurice Lamontagne. They stress the importance of geography, climate, and economic resources. Faucher stresses how these in turn are dependent on the interaction of land labour and capital. He also points out the importance of canals and railroads on regional development and roads and railroads on local development. He
stresses the importance of production for the market (mainly external) and the important role played by entrepreneurship. Faucher also stresses the key role of land in development and the political nature of corrupt private railroad enterprises with their ties to government and British capital and entrepreneurs. Nevertheless the main thrust of Faucher's argument concerns the geographical location of resources given a specific level of technology.

Quebec's economy during our period (the age of wood and sail and the first St. Lawrence canals) was defined by the North Atlantic Triangle "Triangle du coton". Quebec was plugged into this trade as a peripheral supplier of wood products for naval purposes and ships. In relative terms this was extremely important to Quebec City experiencing "a very active commercial life completed by a rapidly developing industrial structure resting on shipbuilding". After the first canals Faucher sees the beginnings of a truly capitalist economy based on profit maximization. Wheat potentially could have generated real development. As a natural port Montreal had advantages over New Orleans where heat and warm currents often spoil the cargo. But the destruction of Quebec's wheat crop 1820-1850 and the commercial advantages of New York with cheaper ocean freight rates, more regular service, lower port handling costs, a good strategic position, earlier canalization, as well as the effect of decreasing wheat tariffs and then free trade, served to limit Montreal's growth as an entrepot. By the second half of the nineteenth century Faucher sees the midwest as the dynamic growth center. This was based on the building of railroads to tap its wheat supply. Major changes in navigation saw the iron-hulled steamship supplanting wood in the period after 1856 when Eastern Canadian wood became more expensive to supply. Ontario developed rapidly during this period because it was tied to railway
routes to New York and most important of all enjoyed proximity to the iron range of Minnesota and coal fields of Appalachia across the Great Lakes. Coal and iron were now to be "the primary factors conditioning economic development", which Quebec lacked during this key period.

Several problems arise from this line of analysis. Let us examine some key assumptions. According to Faucher and Lamontagne,

In Canada as well as the United States, economic activity moved toward the centre of the country. In this new region of industrialism, southern Ontario was strategically located with respect to water-borne and railway traffic.

Yet in the United States, it was resource-based industries that were centered in the West while consumer goods and capital goods were centered in the industrial north-east, as were financing, shipping and other middleman-type services.

Faucher notes the predominance of textile, shoe factories and sawmills in Quebec's early industrial era, similar to New England's "sweating system". If we examine the social structure, we see that income distribution and land shortages were such as to allow mass consumption to be directed mainly towards necessities such as textiles and shoes. The iron industry in supplying railroad rolling stock or tracks, farm implements, capital goods, etc., made more sense in Ontario where land development and settlement policies had combined with the influx of American settlers, experienced in frontier agriculture, and fertile wheat growing land to produce a fast growing population with a relatively higher and relatively more even income. These factors served to sustain industries which were mainly backward and forward linkages to prosperous wheat growing. If Quebec had experienced greater settlement and improved agriculture and therefore more even income distribution, it may have been able to build up more successful large
manufacturing, shipping and financial establishments such as those existing in the North-eastern United States. Faucher in his emphasis on the demise of the early advantages of Quebec's shipbuilding trade, wheat exporting, or locational advantages of the timber staple being supplanted by the new technology and geography of steel fails to emphasize an essential point, i.e., that these earlier enterprises tied as they were to impeded settlement and monopolization of land and capital failed to lay a base for a demand linkage as opposed to a lesser inhibiting tradition in Ontario. In fact as Watkins points out "By the time of the Conquest the colony had clearly taken on some of the coloration of an 'old' society and was partly ensnared in the staple trap." Thus in Quebec where the timber export sector was superimposed on an economy becoming based more and more on subsistence, its development tended to approximate an "old society" where 'the export sector will have either limited or adverse effects on the economy'.

The approach which I consider to be the most efficacious seeks to place the onus of responsibility for Quebec's less than dynamic growth during the 1800-1850 period, mainly on the politically dominant merchant and official classes. Norman MacDonald examined in detail the corrupt and inefficient immigration and settlement policies during our period. He saw that these were both political in nature and an impediment to development. Cowan takes roughly the same line of approach. Other writers such as Bourque, Gagnon and Parker take this line of argument one step further. They see the conflict precipitating the rebellion as being based on distress caused by the habitants having been driven to subsistence agriculture by the control of politics, land, commerce and capital by an oligarchic group composed mainly of strangers. Perhaps the most recent (1972) and most explicit manifestation of this last tendency are two articles by Gary Teeple and R.T. Naylor. Teeple sees speculation and
monopolization of land by the official and mercantile classes after the Conquest as the most important structural factor. Land monopoly combined with mercantile capital to create emigration, seasonal labour, the almshouses, vagabondage and crime for the masses, and a dearth of industrial development. This was because the ruling class had its foundation in mercantile capital which was tied to circulation of goods and generally apathetic or antagonistic to industrial production. Teeple's analysis is somewhat confusing. Early in his article he talks about land alienation as one of the chief means of accumulating wealth. Later he rightly notes that the real foundations of wealth were in the mercantile capital of the staples trades. Land was worth little, aside from the value of its timber, in the absence of settlers with money to buy it or able to derive money from the sale of crops to pay off their debts. These all depended on fixed capital outlays which the merchant bourgeoisie was usually reluctant to provide unless it directly profited them.

Naylor fills in many of these gaps by emphasizing the dynamics of mercantile control over the state and the economy. He proves refinements to Teeple's model of impeded development in two respects. Firstly, he brings this model up to date and, secondly, he outlines how it operated. According to Naylor, in England,

"Merchant capitalism was adverse to investment in industry, since industrial investment was long term and risky, and showed a lower profit rate than did mercantile pursuits." 5

In fact it was this group who formed the leaders of the metropolitan trades and who along with their junior partners in Canada—often home grown merchant Tories—controlled executive political power, land and capital in Canada. The growth of manufacturing in England developed along a path which was impossible in Canada given its existing political economy during our period. During the early nineteenth century in Britain "the financing
of industrial capitalism was done with the savings of petit bourgeois
groups in the outlying regions of England, notably Manchester, where
mercantile restrictions were relatively few."

Thus in the following essay I shall follow up this line of argument
pointing out the compatibility of this approach to the existing social
conditions in England and Canada, the nature of Quebec's staple trades, the
ongoing political struggles of this period and especially colonization,
land companies and land alienation in Quebec. The organization of this
paper will roughly follow these main headings.
Footnotes


2 Quebec Yearbook, 1972.


5 Furtado, C., Development and Underdevelopment, University of California Press, 1967, see pages 63-67 for a fuller list of characteristics of underdeveloped countries.

6 Ibid., p. 84, 85.


8 The closest it ever came to this was the critical period 1808-1809 and even then Sweden continued to be a supplier and entrepot, although of relatively minor importance, see A.R.M. Lower, Great Britain's Woodyard, McGill-Queen's Press, 1973, p. 48-50.


12 Williams, W.A., op. cit., p. 103.


17 Bruchey, S., op. cit., p. 164.


19 Scobie, J.R., Revolution on the Pampas, University of Texas, 1964.

20 Fitzpatrick, B., British Imperialism and Australia 1783-1833, 1939.

21 Ibid., p. 263.

22 Furtado, op. cit., 1971, footnote 1, p. 93.

23 Included in industrialization is the phenomena of urbanization and a large construction industry going along with it, production and invention farm implements and consumer goods.

24 In Upper Canada yields of from 22-25 bushels per acre on virgin soils quickly gave way to averages of about 15 bushels per acre during the second half of the century. This represents a mid-point between virgin soils and worn out insect ridden farms producing as little as 6 bushels per acre. Innis, H.A. and Lower, A.R.M., Select Documents in Canadian Economic History 1783-1885, University of Toronto Press, 1933, p. 245-249. In Argentina the average was 11 in the U.S.A., 14 in France and Italy 20, in Germany 29, see Scobie, J.R., op. cit., p. 66.

25 I have computed these from S.D.C.E.H. export tables, p. 260, and production estimates per acre, p. 245-249, and Census of Canada output figures and my own estimates of numbers of farms C.C. 1851, 1861 and 1871 (which includes a resume of earlier censuses in Vol. 4).

26 S.D.C.E.H., p. 549.

27 C.C., 1891.


31 Ibid., p. 255-260.
32 Ibid., p. 259.
33 Ibid., p. 227.
34 Ibid., p. 216-223.
36 Mercantile banks in Quebec were tied to timber and wheat merchants. Yet with some exceptions these groups did not even control shipping. This was the preserve of British shippers, a powerful lobby in their endeavors to provide a "breeding ground for seamen" that would maintain Britain's imperial might. Quebec did experience some shipbuilding but linkages to a major shipping industry as in Norway were prevented politically as well as geographically.
37 Clearly this tradition did not suffice in Barbados or other slave colonies where strict hierarchical undemocratic structures were employed as needed.
41 Even today the programmes of the nationalist Parti Quebecois for the 1973 elections are a close approximation of Swedish social democracy actual comparisons are drawn in some of their literature see Quand Nous Serons Vraiment Chez Nous, editions Parti Quebecois.
44 The full quotation bears reproduction for its rather uncritical use of racial stereotypes, taken from Creighton, D.G., "The Struggle for Financial Control in Lower Canada 1818-1831" in Ramsay, Cook, ed. Constitutionalism and Nationalism in Lower Canada, University of Toronto Press, 1969, p. 34. "The French Canadians, a pastoral people dominated by professional groups were in most essential respects Frenchmen of the ancien regime; the British whether bureaucrats or commerants, were typical products of the industrial revolution and of laisser-faire. The nineteenth-century English instinct for expansion, the urge for prosperity, the familiarity with vast commercial and financial projects collided violently with the inherent economic conservatism, the petty prudence, the unadventurous economy of the French."


47 Ibid., p. 370.


49 Ibid., p. 322, 379.

50 Ibid., p. 304, 305.


57 Ibid., p. 50, 52.


61 Ibid., p. 54, 55.

62 Ibid., p. 218.


64 Faucher, A., op. cit., p. 56.
Ibid., p. 41. Pentland, op. cit., stresses lower freight rates and more regular service above all other factors, p. 326.


68 Faucher, op. cit., p. 122, also notes that in 1830 the majority of businessmen in Upper Canada were American immigrants.

69 Watkins, op. cit., p. 67.

70 Ibid., p. 65.

71 MacDonald, N., Canada 1763-1841, Immigration and Settlement, Longmans, 1939.


73 Bourque, G., op. cit., Parker, W.H. in Cook, R., op. cit., "A New Look at Unrest in Lower Canada in the 1830's" and Gagnon C., "Les classes sociales au Quebec et l'insurrection de 1837-38", Parti Pris, Vol. 4, 1967. Both Bourque and Gagnon take a strong nationalist line in attacking the problem of relations between race and ethnicity in Quebec. Both stress the role of collaboration of the clergy and seigneurs with the English conquerors. Bourque is somewhat more sympathetic to the petite bourgeoisie in their desires to diversify production towards greater autonomy. Gagnon sees them as a self interested group with narrow aims of increasing their power and finances through seizing control of the staples trade.


75 Naylor, op. cit., p. & Pentland, op. cit., p. 312-313 follows the same line of analysis but he wrongly, I believe, dates the beginnings of industrial capitalism in Canada around 1835 and sees it in full swing by the 1850's. His evidence is prima facie based only on the existence of a redundant labor force (mainly underemployed Irish construction workers), transportation improvements, potteries, tanneries and shoe factories that were mostly craft industries. By Pentlands' own statistics almost 40 percent of the population was engaged in agriculture in 1851, about 1/3 laborers (mainly on construction projects) and only 13 percent industrial workers. He also admits that there were few factories, see p. 232.

76 Naylor, loc. cit., p. 8.
CHAPTER TWO

A LOOK AT ENGLISH SOCIETY

Social conditions in England, especially structural changes, between 1800-1850 were important to Quebec's economy and society for three main reasons. Emigration from England to Quebec was to significantly expand and alter population; there was a significant outflow of capital into staples trades, land schemes and the fixed capital needs of this trading economy, canals and later railroads, the industrial revolution in England was to change the nature of the world economic system, creating political changes in the structures of the ruling classes which were to fundamentally change British colonial policy.

Some Major Political Social and Economic Changes

England's industrial revolution was the culmination of a process going back at least five centuries. By the end of the fourteenth and much of the fifteenth, landlords began to see the agrarian structure no longer in terms of supporting people on the land but as the best way of investing capital in land. The rapid rise of Flemish wool manufactures precipitated the dissolution of the traditional medieval system in England by the fifteenth and sixteenth centuries. This process was greatly exacerbated by the reformation and confiscation of that great feudal proprietor the Catholic Church. The capitalist mode of agriculture became predominant. "The cry of the people and the legislation directed for 150 years against the expropriation of small peasants and farmers were alike fruitless." By the eighteenth century such opposition no longer existed. Between 1700
and 1844 there were 2,706 enclosure acts affecting an area of about 4,165,000 acres. By this time enclosures did not greatly depopulate the countryside. Small owners, yeomen-held their own population-wise, but their holdings got smaller. In fact population rose throughout England especially in the South and East. Available employment and poor relief systems indicate widespread pauperization of rural labour. By 1800 the population engaged in agriculture full time had stabilized at about 1/3. Those residing in cities and towns upwards of 10,000 was also a third. The remaining 1/3, village and country dwellers, were underemployed and usually subsidized by the poor rates. The system in general tended to widen the gap between the increasing wealth of the prosperous farmer and pauperization of agricultural labour. An indication of this was the savagery of property and poaching laws. After 1740 it became a capital offense to steal 1 shilling's worth of property. Another index of the landlords political control was the perpetuation of the Speenhamland system which insured that the demand by larger farmers for occasion or casual labour was met, maintaining an immobile, permanent cheap labour reserve. The general trend was a change in the distribution in favour of industry over other occupations and in favour of the rich.

Consider that:

In 1688, 92 percent of the families in Britain (i.e., families earning 50 pounds and less) earned 63 percent of total incomes. According to a similar set of estimates...for 1803 92 percent of families (i.e., families earning 150 pounds and under) earned 56 percent of total incomes.10

Both the relative and absolute share of the working population's income had gone down by these indices. Certain classes within this general group suffered from conditions that undoubtedly deteriorated during this period. These were the agricultural labourers (about one million working men by 1851) especially those in the south and east of England and
the smallholders and crofters in the Celtic fringe of Scotland and Wales. The eight and one half million Irishmen, mainly peasants, were pauperized "beyond belief". Not far short of a million of them actually starved to death in the Famine of 1846-7. Not surprisingly these same groups provided the bulk of emigrants, as we shall see.

There also existed the declining industries and occupations displaced by technical progress of whom the half-million handloom weavers are the best known but by no means the only example. Their condition grew progressively worse in a vain attempt to compete with the new machines by working more and more cheaply.

Power was centered in an alliance between landed and commercial interests. Despite the prevalent notion of a landed oligopoly, we must keep in mind that the profits from commercial enterprise greatly contributed to the country's financial strength, and facilitated the development of financial institutions, especially in London. The merchants tended to diversify their activities. Merchant capital provided a surplus to finance related industrial activity, banking, and agricultural improvement; although this occurred mainly around port cities such as Bristol, Liverpool and Newcastle and their hinterland. Harbour improvements were carried out by this element, to enhance the commercial importance of port cities. The purchase of county seats (more for status than exploitation) was less frequent after 1730 than it had been for the previous 200 years. There arose in London and other provincial towns, a society of families of considerable wealth who were permanently committed to an urban way of life. Clearly the greatness of London depended directly on the activity of its port. Thus, in assessing the relative importance of the mercantile class, we must note their ability to obtain legislation to promote their activities,
to secure sustained government interest in the problems of trade and to promote the use of military and naval force to protect their interests. While the navigation laws gave the merchants and shipowners almost a complete monopoly over colonial trade, the Peace of Paris, on the other hand, was a victory for landed interests wanting to end the war, and clothing interests who secured the retention of Canada as a market for its produce rather than the more commercially valuable (at this time) sugar island of Guadaloupe. This marked a turning point, since colonies were seen more as markets than sources of supply.

Significantly enough, colonial trade between 1700-1770 increased ten or twelve fold, while trade in general doubled between 1700 and 1770, tripled between 1770 and 1800 and tripled again between 1800 and 1840. Re-export trade between 1750-1800 increased by about 180 percent. These tropical re-exports greatly increased Britain's purchasing power on the continent. The mercantile system based on chartered monopolies fell apart because of increased individual capital willing to exploit markets that were less "dangerous" after 1750, and because of the defeat of England's Dutch and French rivals and the "rude shocks" of the American revolution and Irish revolt. The internal consequences of increased trade in and of itself did not mean the ascendancy of the commercial class of shippers, traders and mercantilists. The merchant could mobilize only London and a few ports in his interests.

It was largely the landed gentry and above, who still held the levers of political power throughout most of our period. They filled the cabinets, monopolized representation of rural areas, sat as representatives of the towns through the system of rotten boroughs and exerted strong local influence. The ruling class of hereditary owners of the great estates...
numbered less than twelve thousand people. We must, of course, keep in mind the blurred lines between the upper reaches of the nobility and gentry and the upper reaches of business and the professions; and the fact that the gentry in England had long ago acquired bourgeois habits and attitudes.

This, in fact, meant farming practices that used advanced accounting methods, strove to increase output through rotation, draining, manuring; etc., and strove to produce improved cattle for better meat and improved sheep for better wool and mutton. Also, our agricultural entrepreneur promoted many early industrial undertakings in the early part of our period. Those of yeoman stock (Sir Robert Peel's family fits into this category, caveat emptor, since they were involved in domestic cotton production as well as farming) could play a significant role. Sometimes, the landed gentry's role in promoting industry was more providential than direct since a large landlord might enjoy rising urban real estate values, or the profits of mines or railroads providentially placed on his land (perhaps developed by others). This might also mean the interest on the share of their giant incomes invested in the past. These types of income were more true of the nobility than the lesser squirarchy. This nobility for its part was not yet unduly threatened by the wealthy industrialist; only 133 new peers were created in the fifty years leading up to 1837, many of them admirals and generals traditionally so rewarded. We should keep in mind that absorption into an aristocratic oligarchy is, by definition available only for a minority—in this instance of the exceptionally rich or those in businesses which had acquired respectability through tradition. Thus, it was through the means of selection and assimilation that the British landowning aristocracy maintained its monopoly of power. The attachment of the parliamentary franchise to the ownership of land forced the ambitious merchant into the landlord class. The landed upper classes reached the
zenith of their power before the turn of the nineteenth century. The capitalist elements in the towns rose, but the landed upper classes did not fall after 1800. This committee of landlords in fact remained in control of the political apparatus until after 1832 and the Reform Bill. The wealthier gentry threatened by the Reform Bill, or the Abolition of the Corn Laws in 1846, learned the limits of their power. Significantly, it was the smaller farmers who provided the most bitter opposition to the abolition of the corn laws although they later benefited by the rise of agricultural prices after 1850.

In England in 1800 about seventy interrelated families dominated the whole political scene, i.e., the House of Lords directly and the House of Commons through rotten boroughs, appointments and various other forms of patronage. Landed interests were greatly over-represented at the expense of manufacturing interests. Lancashire, the center of the cotton industry, with a population of almost one million was represented by 22 out of 558 seats, in a system where one man in fifty possessed the vote.

These landed interests attempted to maintain a protected market and high prices for agricultural products. Yet between 1790 and 1822 the English harvest was a failure on 11 occasions. The protective corn laws of 1815 were enacted amid riots as the government turned to bill after bill of repressive legislation. But even repression could not go on forever given a weak repressive apparatus at least by twentieth century standards and divisions in the ruling class. Reformist Whigs and Tories, (remember that party identification in the absence of strong political party organizations were not all that significant) were soon to revise almost every canon of foreign, commercial and imperial policy. Significantly the initiators of the Tory's measures were associated with manufacturing interests.
Robert Peel, the elder, was a manufacturer, William Huskisson and Fred Robinson were members of the Board of Trade, and George Canning was a realistic diplomat who clearly saw the effects of manufactures on Britain's growing economic hegemony over Europe and the markets of North and South America, Africa and Oceania. The Reciprocity Acts of 1823 and 1825 were to pave the way for the great Tory reforms of 1846 (enacted under Peel the younger). The Whigs were somewhat less spectacular in their colonial policies. The reforms of Lord Goderich as Colonial Secretary merely continued the rather ineffective Tory system of sale (as opposed to grants) of colonial land, now put on a uniform basis. This system didn't work (as we shall see later). In fact the main contribution of the Whigs was the Reform Act of 1832 in which they set the stage for increased participation by manufacturers in parliament. This facilitated the progressive trend toward repeal of the Corn Laws, 1846, and the Navigation Acts 1849. For it was the philosophical radicals and manufacturers who were contractionist in terms of empire, preferring free trade instead of tribute. It was these groups who needed increased raw materials for industry and increased food imports to feed a rapidly growing proletariat. World trade expanded five times between 1840 and 1874. Britain accounted for 2/5 of this trade while British textiles (mostly cotton) made up 2/3 of Britain's total exports. Thus free trade certainly favored shippers, merchants and manufacturers operating outside of spheres of Imperial protection. It was these groups who provided a good deal of the impetus behind reforms. The general aims of the rising merchants and industrialists was to eliminate the artificial advantages possessed by earlier favorites of the state. The Liberal State achieved its major objectives by removing whatever social protection of labour existed with their 1834 Poor Law, and later implementing free trade. But the land with its votes, allied with Benthamite planners on Parliamentary committees and
royal commissions, got its revenge by committing the state to positive intervention in nearly every economic activity, usually on humanitarian anti-industrial grounds. Examples of such measures are, the first effective Factory Act in 1833, the Mines Act in 1842 and the Ten Hours Act in 1847.

The Outflow of British Capital

In the political struggle for control of the state in England, the old order had one major advantage at the beginning, its control of capital. Largely as the result of the influx of Brazilian gold during the eighteenth century, London by 1800 was clearly the financial capital of the world. Yet its hegemony was tied to specific financial interests dependent on mercantile legislation. These interests centered around the Bank of England, chartered in 1694 to enlist the aid of powerful merchants in the floating of the public debt. Throughout the eighteenth and in the early nineteenth century the Bank of England's vision was confined to the immediate environs of London where it had achieved de facto power over note issue and control over the nation's growing specie reserves. Another related Mercantile restriction had been the passing of the Bubble Act in 1720. This was done as a means of preventing the feverish speculation which had preceeded it, which was also taking place in Holland and France. This prevented smaller banks and the new firms from incorporating except through the intricately won favors of the state by being granted a charter. The vested interests controlling Parliament, landlords and favored merchants, shippers and financiers formed a tight group also controlling capital. Mercantile ventures offered high returns with little fixed capital investment, were protected by the state and honored by tradition. Even the old high risk element leading to the establishment of chartered monopolies in the first place, had largely disappeared. So that those controlling most of the capital at the beginning of the industrial revolution were reluctant to invest it
Nevertheless, capital formation for the new industries was able to rely on a combination of commercial credit, private wealth and reinvested profits. The new trades and industries grew up largely outside London where mercantile restrictions were fewer. Financial shortages were mitigated by the spontaneous development of the so-called country banks. Around 1750 there were only a few country banks, by 1825 there were over six hundred. These banks served the function of making the financial surplus derived from agriculture available to the growing industrialist in the form of short-term or commercial credit. The low capital-output ratio allowed commercial credit and harsh exploitation of labor to foster large growth from little capital.

Britain built its plant from the ground up with little capital. As raw cotton prices fell between 1815 and 1845, incipient industrialists took advantage of a stable reserve of cheap labor. Also the machinery itself was built mostly out of wood and assembled in the factories using cheap factory labor. This meant high plow back rates and the reinvestment of profits in expansion and technological advances. Significantly enough it was technically advanced artisans such as wood turners, smiths, and clock makers who formed the core of entrepreneurs and innovators and enlarged the numbers of those willing to invest their savings outside of land and mercantile ventures. Capital needed for these new ventures was raised largely by individuals through small savings, personal loans or personal contacts.

Banking was not put on a secure foundation, adapted to the new needs of industry for credit, until after the Bank Charter Act of 1844. The joint stock company was not securely established or used for raising capital
for ordinary businesses until the principle of limited liability was generally conceded to shareholders by the Acts of 1855 and 1862. It was only by the mid-nineteenth century when British industry was supreme in its advances over the rest of the world, that it gained the grudging cooperation of the older landed aristocracy. The latter group was making material gains as a result of the growth of Britain's economy, helping it to cushion political losses.

By this time there was no shortage of capital anywhere in England. This lead to relatively unproductive investments such as the railroad boom and large scale export of capital into foreign ventures. Railways were not a reaction to transport troubles since water transport was still cheaper for bulk, and except in isolated industries there was no evidence of transport troubles. Also, only a fraction of the 240 million pounds invested had any rational justification in terms of profitability, except for the fact that the economy did not provide scope for industrial investment on the scale of its annual surplus. This often meant blind investment and speculation. Once the industrial revolution was in full swing, transport improvements added to the economy of savings, e.g., inventories, which along with increased savings from commerce and agriculture, low interest rates, better mobilization of savings increased industrial profits, and increased investment from profit inflation, aided capital accumulation following industrial expansion. The export of capital by the 1850's was "flowing at a rate which represented between three and four percent of the total national product".

By 1825, when the Bubble Act was repealed, there was already a sizable amount of capital seeking out foreign ventures. By the end of this year 600 joint stock companies had been floated and £15,000,000 had crossed
the Atlantic mostly to Mexico and Peru. In fact, South American speculation was the main cause of the financial crisis of that year. Much of this capital went into mining ventures with the hope of quick and lucrative returns on small amounts of circulating capital.

The industrial revolution provided the motor of internal economic growth based on increased tile production. Nevertheless it was British shippers and merchant traders who carried these goods to all parts of the globe and reaped lucrative profits.

By the turn of the nineteenth, nearly all Brazil's gold was flowing into England's coffers as a result of importing English manufactures. English import houses were founded to distribute these goods to the point where local craft industries were eliminated from the larger markets.

Between 1815 and 1857 the volume of British exports increased six times over. The volume of world trade which was no more than 1.5 billion dollars in the 1820's rose to 3.5 billion dollars by the 1840's. By this time 2/3 of the manufactures circulating in the world market were made in England and total world tonnage of England's merchant marine was already 6.7 million tons. This increased shipping activity along with shipping improvements (such as iron hulls and propellors) meant greatly increased revenues for shipping interests despite lower shipping costs. By the 1840's the increase in agricultural imports meant that Britain could substantially reduce agricultural output. It seems clear that landed interests would now also be seeking new outlets for their capital. Already, the annual amount of British capital without outlets was £6,000,000. Of this, only about £300,000 went to Canada. Most of it went into railroad building abroad but colonial ventures were a going concern. The great political economist J.S. Mill very well summed up the attitude of Britain's upper classes to
Colonial investment especially in land. "Colonization is the best affair of business in which the capital of an old and wealthy country can engage."

This was because the terms of trade were moving in favour of primary producers. British merchants often controlled production of colonial raw materials and through legislation or competitive advantage they invariably controlled shipping and distribution of raw materials. As these prices fell due to reduced shipping costs, the volume of trade expanded and prices of manufactured goods were cut even more sharply. Manufactures expanded greatly but British merchant interests were able to "internalize the external economies resulting from the technological revolution in transport".

Also colonial investments either portfolio or having direct control were generally profitable and warranted reinvestment. Manufacturing was undoubtedly very competitive leading to the often noted process of concentration of the means of production that Marx so ably described. Merchant and shipping interests generally rose with the industrialists and likewise stood to gain much by free trade.

In aggregate terms as Barratt-Brown points out "The surplus in Britain's annual balance of payments with foreign countries was found from the return of interest and dividends on previous investments." Similarly to large corporations today, a large part of this income, despite these huge remittances, was reinvested abroad. If we examine the import of capital into Canada we can see huge increases by the middle of the nineteenth century. Between 1827 and 1837 total capital imports were £2,000,000 between 1841-50 they were £3,000,000 showing up largely as increased public debt. By 1850-1859 capital imports were up to £20,000,000. Canada's balance of payments with Great Britain in 1840 was only slightly in Britain's favour.
largely due to the export of timber and wheat. This shows that this export of capital was based on the promise of immediate remittances forthcoming on that capital, not long term gains.

Before the advent of generalized limited liability in 1855, the rising middle classes seldom invested in the various types of colonial or foreign ventures. Such activities were generally the work of insiders such as certain Baltic timber traders shifting their operations or branch houses to Quebec where they would enjoy preferences and naval contracts. Other ventures such as the land companies were dependent on a Parliamentary charter ceding crown lands to them for sale. Such enterprises presupposed political intelligence and usually the directorship had several Lords or M.P.'s among its ranks. It was similar mercantile interests behind some large London banking houses such as Baring Brothers who financed the Canadian state in its attempt to build canals for the enhancement of staple trades. In Canada exporter-importers favored maintaining as high an export co-efficient as possible. They stood to benefit from the existing state of affairs as costs for raw materials increased and the prices of British manufactured goods were sharply cut. Clearly they had no interest in the development of domestic manufactures.

Emigration and Immigration

The role of the immigrant in the new country, where labour was scarce and relatively highly paid was key in the development of these countries. From 1800-1850 the majority of emigrants from Europe came from the British Isles. Of all New World countries, Canada was the most easily and cheaply accessible. The majority of immigrants used the St. Lawrence route, due to the cheapness of passages on dangerous and unhealthy timber ships leaving England empty. Yet most of them settled in
Upper Canada and the United States. The reasons for this were political turmoil in Lower Canada, the fact of better opportunities for obtaining salaried work or cheap land in the United States, and the cumulative effects of land speculation. The last problem was so acute that native born French-Canadians started to emigrate en mass after 1830. There was a general absence of industrial employment, although canal and later railroad building did employ laborers, mainly Irish Catholics. Besides this there was some employment in the timber camps (although this went mainly to native born workers skilled in the use of axes, and log chains, etc.). Immigrants worked as laborers in the camps, eventually moving up to more skilled positions. Emigrants generally had no money and thus were forced to work at the first available employments. Turnover was high, as older laborers moved on to the United States and new arrivals took their place. Nevertheless given limited labour needs of the timber staples economy and the grain trade, Quebec had a relatively large labour reserve, based on immigrants, after 1830.

An exception to the rule of re-emigration was the influx of American "Loyalists" into Canada. The first 7000 of these controlled significant capital as administrators and officials, etc. Many had controlled feudal land grants and maintained aristocratic pretensions. Most came from the South and generally moved to the Maritimes where they engaged their capital in shipping and lumbering operations. The majority of "Loyalists" owed their main loyalty to free land offered to them by the crown as a strategic military expediency. This group set themselves up as farmers, with a lesser number of pedlars and mechanics serving the frontier areas. They moved into Upper Canada and the Eastern Townships. By 1815 these settlers numbered about 100,000 and made up 80 percent of the English population of the two Canada's.
Up until 1815 immigration from the British Isles had consisted mainly of impoverished Scottish highlanders. In Scotland according to the report of the Coast of Scotland and Naval Enquiry Committee the most powerful cause of emigration was that of converting large districts of the countryside into "sheepwalks". This was the result of the English conquest of 1745 which had eliminated the clan system of communal ownership and replaced it with capitalist agriculture. This along with over-population after 1760 produced a touchy situation of marginal existence for expropriated peasants, where the slightest crop failure caused a crisis. Many went to the Scottish lowlands to seek industrial employment but this was mitigated by the large scale influx of Irish emigration to Scotland. The main safety valve was the military which saw large scale enlistment. Many of these soldiers were sent to British North America. This helped establish clan ties which along with some assistance by government and wealthy Scottish nobles, the prospect of employment in the timber trade and cheap fares allowed emigration to proceed. In North America the Scottish peasant was not overly prosperous but he did improve his lot. Both efficiency and returns on these farms were low but at least he could produce enough food to supply his meagre wants. This of course would have been impossible in Scotland. The only other immigrants during this period were disbanded soldiers and some assisted groups of unemployed workmen from Britain.

After 1815 things changed considerably (see table 1). Scottish lowlanders as well as highlanders began to emigrate so that by the 1830's they formed the vast majority of Scottish immigrants. These men were from an advanced industrial area similar to England. Generally these emigrants were farmers or unemployed industrial workers. They were the group of Scotsmen that generally possessed some capital to buy and improve already developed farms. They also provided the largest numbers of merchants
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<td>1841-1845</td>
<td>93,267</td>
<td>34,106</td>
<td>47,888</td>
<td>8,260</td>
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<td>1846-1850</td>
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<td>51,900</td>
<td>170,830</td>
<td>11,955</td>
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<td>1851-1855</td>
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<td>34,301</td>
<td>209,756</td>
<td>10,669</td>
<td>5,309</td>
<td>14,606</td>
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* 1829-1830 only - The fact that more people landed at Quebec than "emigrated" to B.N.A. should, I believe, be taken as a measure of inaccurate statistical compilation and re-emigration.

** 1844-1845 only

and professional men. Generally they were tactful and both highlanders and lowlanders functioned to bridge the gap acting as intermediaries between other groups.

The English emigrants were comparable to the lowland Scots in a number of ways. By the 1840's these two groups numbered from 5,000 to 10,000 each. They both made up about 1/4 of the total for the first half of the nineteenth century. The richest English emigrants the agents of British staple merchants, usually considered themselves short-term residents, here to make their fortune. Another group of unsuitable emigrants were the few thousand paupers sent out under subsidized schemes for relieving English poor rates. These schemes generally failed and settlers moved on to the United States. The most important groups were those similar to the Scottish, English small farmers who came in the early 1830's and 1848 and industrial workers. The small farmers had capital and took over developed farms. They generally emigrated in times of agricultural insecurity as in the periods around the passing of the Reform Bill and the Repeal of the Corn Laws. The most numerous group of emigrants were the dispossessed handloom weavers and other industrial workers. They also came during periods of insecurity and in their cases real unemployment. The weavers generally became small farmers while other industrial workers became high status artisans here or moved on to the U.S. where there was greater demand for their skills. These skilled workmen were the key men in early industrialization. They designed the machines and built them; in short, they held the new technology in their hands and brains. By the 1840's British artisans were imported specifically to service railroads. This group enjoyed high wages and the advantages of possessing scarce skills needed by employers.

The most numerous group of immigrants were the Irish. The long-
term causes of their emigration follows the by now familiar pattern of the other Celtic groups from the Scottish highlands and mountains of Wales. Excessive subdivision of land based on a communal system of holding went hand in hand with the destruction of ancient economies by the inroads of capitalist agriculture and greater exploitation of surplus by landlords. At the same time, potato cultivation, some elementary medical knowledge and the absence of local wars facilitated population growth. In Ulster, Scottish Presbyterian, English and Welsh, colonizers set up a handicraft linen and then later industrial cotton industry and then factory linen manufacturing. As new industrial enterprises were built up, local handicrafts were destroyed. The majority of Irish immigration to North America before 1820 was linked with the fortunes of the linen industry. Protestant Ulster also had a system of single inheritance and longer leases on its farms. Then as men were released into an unstable labor market, they tended to use their small capital to emigrate or hire themselves out as indentured servants. Up until this time 5/6 of the million or so Irish emigrants were from Ulster. Most went to the United States. Later from just before 1820 to 1835, 170,000 of a total 200,000 Irish were from Ulster. Most worked first as laborers (making up the majority of workers in the 1820's and 1830's) to accumulate enough money to buy small farms. By the 1830's many substantial Irish farmers came to Canada as well. This group of prosperous farmers formed the core of the strong Orange Order in Upper Canada which helped defeat its rebellion in 1837. Of this total group of Ulstermen 2/3 stayed in Canada.

The old Roman Catholic Irish nation were not a migrating people until the nineteenth century. There was no substantial emigration until 1818. Before that, it had been mainly the better off and most industrious Southern Irishmen that were more apt to go. From 1818 the volume of
emigration grew rapidly. As a result of the timber trade, fares to Quebec were reduced from £10 to £2. Yet even at these rates it was still the relatively well-to-do emigrant that went to Quebec. The poorest went to Lancashire where they swelled the ranks of the English industrial proletariat, the next highest group to New Brunswick, to work to pay their passage to the industrial towns of New England. The most affluent sailed directly to New York. The main advantage of the Quebec route was its low rates to America and the availability of construction work which always caused larger flows of immigrants. Its main disadvantage was the high mortality rates on these hard, unhealthy passages. By 1827-32 Irish Catholics provided the bulk of unskilled labor on the Rideau Canal and would monopolize public works from this time on. There were 25,000 of them in the early 1830's but a further 160,000 entered Canada from 1836-1842. By 1844 there were 85,000 Irish Catholics residing in Canada, 140,000 in 1848 and 200,000 in 1852. This giant exodus was the result of widespread distress caused by the failure of their staple diet the potato in 1845 and 1846. In Canada, as in England and Scotland, these Irishmen sought wage employment in the company of their fellows. They followed the Irish example of seeking employment in the cities. In Ireland these were preferred employments especially in strongly unionized fields. Yet in Canada as in England and Scotland, the Irish took what was available, the heaviest, most ill-paid, most unpleasant jobs. The lack of winter employment lead to extremes, distress and situations where Irish "gangs" were forced to pilfer the surrounding countryside for supplies. They subsisted meagrely in shanty-towns on the outskirts of the cities or along construction works and only survived poorly paid jobs of doubtful duration with a measure of public assistance. They flooded the Quebec labor market before the peak of the immigrant season, even in good years of road or canal building. Not surprisingly a disproportionate share of the indigent, beggars and convicts
of both Canadas came from this group.

In terms of overall totals after 1815, almost all Canadian immigrants came from the British Isles. About 110,000 settled in Canada in the 1820's, 250,000 in the 1830's, 350,000 in the 1840's and 300,000 in the 1850's. The years before B.A.L.C. received its charter was a peak for emigration. In 1832 103,140 people left the British Isles and about 51,000 entered North America by Quebec. At this time Quebec lagged only slightly behind New York as an immigrant port. In 1832 almost the entirety of British emigration to British North America went through Quebec. Only 14,000 British went directly to the U.S. while 14,000 immigrants entered Canada through United States. Quebec dropped off as an immigrant port due to cholera epidemics and the rebellions, later in the 1830's. By the famine years of the forties, the ratio of the different British national groups immigrating to Canada was strongly skewed in favor of the Irish. For every 2 English and 2 Scottish, there were 7 Irish. This movement tended to benefit the towns and small cities of Ontario which grew at the fastest rate of all during our period and into the 1850's. Quebec City only doubled its population between 1830 and 1870 while the total population of the two Canadas grew four times. Montreal lagged behind this overall rate of 15 percent from 1830-1850 and surpassed it by 20 percent between 1851 and 1870. Ontario's population increased four times between 1830 and 1849 while the American midwest, Ohio, Michigan, Illinois increased only three times. Toronto doubled its population between 1840 and 1850, growing 30 percent faster than New York and 50 percent faster than Boston or Montreal. As Toronto grew so too did the gangs of Irish congregated in deplorable shantytowns, and the need for new penal institutions.

Ontario gained relatively by massive immigration to British North
America but after 1830, nevertheless, the movement of immigrants re-emigrating to the United States was formidable. Easterbrook and Aitken estimate the proportion as 50 percent, while Lord Durham claimed 60 percent. In the years between 1817 and 1820, not 100 families were reported to have settled on the lands of Lower Canada; an average two-thirds of all immigrants arriving at Quebec between 1818 and 1826 passed on to the U.S. another report claimed. John Richards (an immigration official) claimed that scarcely any of the 29,000 immigrants in 1827 and 1828 remained. In 1830 only 10,000 of 25,000 remained in the Canadas although in 1831 only about 6,000 left, out of an immigration of 52,000. Merivale claimed that of the one-half million emigrants to the North American continent between 1830 and 1840 fully 3/4 settled in the United States.

In 1760 there had been only about 65,000 people in New France against 1-1/2 million in New England for example. Yet after the Conquest a substantial rise in population occurred. From 1760 to 1850 French-Canadian population effectively doubled every twenty-five years. This is a higher rate than other structurally similar areas where contraception was not practised on a large scale such as Norway in 1875 or Iran in 1950. Clearly, there was little if any net immigration of French settlers. In 1784 Joseph Bouchette whose estimates are used by the Census of Canada noted a total population of 113,000 of which only about 10 percent was English-speaking non-Roman Catholic. Other writers note the population in 1791 as between 100,000, 150,000, and 166,000. In 1805 sources converge somewhat at 250,000 and 256,000. By 1820, population was estimated at 427,000 of which already 22 percent is English.

In the years of mass immigration, population figures are often
discrepant. This seems in large part due to inadequate methods of controlling for re-emigration and crude methods of data collection (crude by standards after 1871 but relatively more efficient than Upper Canada).

In 1825 the Census of Canada reports a population of 479,288 which is higher than its 1827 and 1829 figures. Bouchette's estimate of 450,000 is probably more realistic. By 1830 and 1831 the confusion is compounded. Parker's figure for 1830 is 511,922 (the last three digits are undoubtedly of spurious accuracy) while Christie's is 624,000. Census of Canada figures for 1831 are 553,134 and Bouchette's estimate is 561,051. This figure seems to ring true as almost an average of Parker and Christie. By 1840 the confusion still remains. Henripin's population curve reaches 600,000, Gagnon's figure is 575,000, Parker's 690,782 while the Census gives an estimate of 716,670 which is higher than its 697,084 1844 estimate. Parker notes a rising birthrate for the years 1831 to 1844. In 1831 he notes that 33 percent of the population was under 14 while in 1844 this had risen to 46 percent. During this period the English population, according to Census figures for 1837, had risen to 166,000 out of 600,000 or a record peak of 27.67 percent. This population centred in and around Montreal and Quebec City, undoubtedly helped defuse the rebellion either by apathy of Irish labor gangs or resistance of most men of wealth. At any rate by 1851, a more systematic Census came into existence and population figures thereafter usually follow its statistics. The population of Quebec was listed then as 890,261 of which 89,834 were English-speaking. This shows a drastic drop of English population down to about roughly 10 percent. The reason for this may have been the lack of opportunities in agriculture relative to Upper Canada and the U.S., increased railway building in these areas relative to Lower Canada, the decline of staples trades and maybe even more
accurate data collection deflating pro-English biases in counting too many temporary immigrants.

At any rate population growth was largely the result of natural increase in the French-Canadian population (following a Mathusian curve doubling every 25 years) not net immigration. The main reason for this increase was a marriage rate of 9 per thousand until 1830 until it began to decrease until it reached 6 per thousand in 1880. This demise was a two-sided coin. On one side the push was from scarcity of land accessible to the habitant.

Around 1820, all seigneurial lands had been occupied. Outside these domains, three million acres of land fell into the hands of 200 speculators or friends of the political regime in power. This policy resulted in the emigration of the habitants, which started on a large scale around 1830 and lasted until 1890.

On the other side the pull of industrialization in the United States took its toll. The inhibiting effects of land policies especially in Lower Canada is reflected in total immigration figures for Canada as a whole. By 1840 only about 70,000 of 250,000 emigrants were to even land at Quebec City. Of the five largest "new countries", Canada ranked fourth in its overall absorption of European immigrants throughout the nineteenth century. The respective percentages were the United States 60%, Argentina 11%, Brazil 11%, Canada 8.7% and Australia and New Zealand 6%. Remember that low fares on the timber ships to Quebec and New Brunswick made this the cheapest mode of transport from a point in Europe to any of these countries. Nevertheless even with the exceptions of Ontario, one of North America's fastest growing areas, and Montreal and Quebec City where 54 and 43 percent respectively were of non-French origin, immigration to Canada lagged behind its rivals as evidenced by their rapid growth. When we examine the nature of the staples economy in the next chapter, this lack of population growth should become even more intelligible.
Footnotes


2 This rise gave direct impulse to the eviction of peasants. Scattered strips, grazing on open fields after the harvest, use of commons for fuel and recreation, ceased to exist.


4 After the glorious revolution Moore sees Parliament as a committee of landlords, with urban commercial classes indirectly represented. See op. cit., pp. 10, 12, 20, 21. Marx calls them landlord and capitalist appropriators of surplus value thereafter in power. See op. cit., pp. 722-3.

5 MacDonald, N., Canada, 1763-1841 Immigration and Settlement, Longman's, 1939, p. 4.

6 Chambers, J.D., "Enclosure and Labour Supply in the Industrial Revolution" in Jones, E.L., Agriculture and Economic Growth in England 1650-1815, Methuen, 1967, pp. 107, 111, 112. The Scottish highlands provide a notable exception. Here mass evictions for the creation of sheepwalks was common.

7 Throughout the eighteenth century, the decreased number of bad harvests due at least in part to the end of a minor ice age and consequent warmer winters was one explanatory factor. Other factors were the integration of the Northwest into the London market, and family income supplements from child labor. Wages rose at the beginning of the industrial revolution in employments where labor was scarce. This meant increased purchasing power and a greater market for consumer goods. Also increased agricultural production, new products and the reduction of fluctuations in food supply meant more jam preserves and fresh meat in winter, cheaper potatoes, more butter and cheese, etc. Improvements in minimal sanitation also occurred, cheaper cotton underwear became available, soap became more widespread, antiseptics were used, streets were being paved, drains covered, water supplies improved. Some medical improvements were made such as the isolation of infectious diseases, smallpox inoculations after 1760, dispensaries for the poor, although hospitals still killed more people than they cured. See Hill, C., Reformation to Industrial Revolution, London, 1967.
Relief was granted from the poor rates and varied from country to country contingent upon the price of bread. By the Speenhamland system a man was relieved even if under employment, as long as his wages amounted to less than the family income granted to him by the scale. This system discriminated even more sharply against the single man or small family. Thus, the employer could obtain labour at almost any wages because of this subsidy, while the labourer had no material interest in subsidizing his employer. Thus, productivity of labour began to sink to that of pauper labour. Yet most people encompassed by the system preferred any kind of existence to the status of pauper and therefore wished to be employed, despite the extension of outdoor relief. Labour was unable to collectively bargain to increase its share of the wage fund due to the Unjust Anti-Combination Laws of 1799-1800. The Poor Law Reform of 1834 served in the short run to crush many of the most needy poor since outdoor relief was withdrawn, and among those suffering the most acutely were desiring elements too proud to enter the workhouse which had become an abode of shame. See Polanyi, K., The Great Transformation, Beacon, 1968, p. 77-83.


13 Ibid., p. 48.

14 Ibid., p. 49, 76.

15 Ibid., p. 46.

16 Davis, R., "English Foreign Trade 1660-1770" in Minchinton, op. cit., p. 115.

17 Hill, C., op. cit., p. 190.

18 Ibid.


20 Ibid., p. 54, 55.

21 Moore, B. Jr., op. cit., p. 32, 33, 35, 36.

22 Hill, C., op. cit., p. 221.

23 Jones, op. cit., p. 17.

24 Hobsbawm, E.J., op. cit., p. 86.
25 Ibid., p. 64.
27 Moore, B, Jr., *op. cit.*, p. 85.
31 Lord Durham, author of the most authoritative reports on Canadian affairs was one of its framers. The results of which we might add were even harsher laws of repression, against radicals and workers' papers executed by special forces. See Butler, J.R.M., *The Passing of the Great Reform Bill*, Longmans, 1914.
33 Ibid., p. 62. Britain's monopoly of the high seas was dependent on economic pre-eminence. Britain's sea power was unchallengable which meant it seldom had to be used. As early as 1792 Britain's trade exclusive of her colonies exceeded that with her colonies, see Dowd, D.F., *op. cit.*, p. 6.
35 Ibid., p. 9, 10.
43 Ibid., p. 23.
44 Ibid., p. 30.
45 Ibid., p. 29.
46 Ibid., p. 28.
47 Ibid., p. 29.
49 Quoted by Ryerson, S., op. cit., p. 33.
50 Barratt-Brown, M., op. cit., p. 72.
52 Barratt-Brown, M., op. cit., p. 65.
53 Ibid., p. 65.
55 In 1840 Canadian imports from Great Britain were £3,100,000 while exports to Britain were £2,675,000. Total Canadian exports were £3,950,000 imports were £4,700,000 according to Morrell, W.P., British Colonial Policy in the Age of Peel and Russell, 1930, London, 1966 edition, p. 168.
56 Barratt-Brown, M., p. 72.
58 MacDonald, N., op. cit., p. 6, 7.
60 Innis, M.Q., op. cit., p. 129.
62 Ibid., p. 190, 194-208.
63 Ibid., p. 315.
64 Ibid., p. 183-186. These weavers were not unfamiliar to farming. They may have been younger sons of small farmers who because of the English custom of single inheritance had no lands so turned to industry. More likely they were cotters or part-time farmers.
65 Ibid., p. 178, 179, 211.
66 Ibid., p. 206, 211, 213-217.
72 Prevention was part of the problem. During the great cholera epidemics when hundreds died, the Quarantine Act was passed setting up a quarantine station at Grossa Isle near Quebec. Here whole boatloads of people sick and well were flung ashore to recuperate or die of cholera. Creighton, D.G., op. cit., 1968, p. 260.

73 Faucher, A., op. cit., p. 127.


75 MacDonald, N., op. cit., p. 522, 523.


77 Ibid., p. 209.


79 Hind, H.Y., Eighty Years Progress of British North America, Toronto, 1863, p. 102.

80 Henripin, op. cit., p. 207.

81 Gagnon, op. cit., P.P., p. 84.

82 Census of Canada 1931 provides the most complete summary of earlier census totals. Census of Canada 1871 presents most of these in greater detail.


85 Census of Canada 1851.

86 Henripin, J., op. cit., p. 209.

CHAPTER THREE

SOCIAL ORGANIZATION OF STAPLES PRODUCTION

We shall now consider the social and economic structures of society in Lower Canada. For, then as now, French-Canadian population dominance did not mean a dominant position in the social hierarchy. Those of Scottish descent predominated disproportionately in local positions of power. The English conquest had brought with it a watered-down imitation of the English social system in the form of a ruling class. This, in fact, included governors and high officials, local magistrates and officials, army officers, most professional men and a rather numerous group of private persons thinking of themselves as gentry. Of course, at the higher levels these men were English and usually affiliated with mercantile or finance capital (even part-time industrialists like the Molsons were rare and a good deal of their political "clout" came from their financial solvency and incidental banking roles. For the most part the merchant class had developed during the first quarter century of British rule and was made up of protestants often of lower middle class backgrounds. Most merchants resided in Quebec and Montreal, and until 1820 were concentrated in the fur trade.

The Fur Trade

The fur trade had previously been the mainstay of the economy of New France but the main reason that the French traders lost out to the English, especially after the conquest, was that the fur trade more and more demanded larger shares of bulky goods upon which the Indians had become dependent.
English goods were generally cheaper and English traders through organizational ties to merchants in England controlled overseas trade while the French were hampered by their dependence on Europe and lack of access to capital. The English also had shorter routes to the interior through Hudson's Bay and New York before the revolution. The North West Company which had taken over and expanded the French trading areas and routes provided the basis for the fortunes of the most prominent of Montreal merchants, the McGills and the Frosbishers and, of course, Simon MacTavish, its organizing genius. Yet in its later days the control of this company became more concentrated and its trading areas more clearly defined by competition and international boundaries. The disappearance of the beaver (not a prolific breeder) from areas of previous supplies in the West meant a movement further afield and an increase in the cost of transportation of supplies. The Hudson's Bay Company, with its easier access to the North and less concentrated direction, could expand more easily. Thus first the XY company and then in 1821 the great North West Company itself combined with the Hudson's Bay Company forming an entrenched monopoly in an industry which even by then was already centered in the far north.

Land, at the beginning of the commercial system, was largely a perquisite of status rather than a source of large profits. Yet even by 1788 the merchants controlled the greater number of the 30 largest seigniories which were previously in the hands of the old subjects. Then there were small trades mostly centered in Quebec such as potash, lumber, hoops and staves, wheat and flour, the gulf fishery and the Labrador seal fishery but these as yet were not mainstays of the economy.

According to Paquet and Wallof Canadians were part of a commercial system which in toto was based on "a multinational and complex communications system which propagated even more ideas, bonds, and information about supply,
demand and prices across the Atlantic. A strong signal from the outside might start a chain reaction in many sectors as in the case of lumber after 1807.

...English importers emitted signals; that is, sent letters to the Canadian exporters in which they made known their needs and predictions for the next export season. The Canadian merchants thus had a fairly precise idea of what quantity and variety of staples they should buy and expedite to outside markets. Their knowledge was naturally partial and based on already dated information—letters took weeks sometimes months before getting to their destination. It could be corrected by later and supplementary signals, subject to the same handicaps. This general information system operated for all the commodities exported from Canada, from furs to potash to lumber and even (contrary to legend) to wheat. And in turn, it influenced the whole Lower Canadian society from rich merchants and exporters to habitants and lumberjacks.

Another problem was that in times of war ships often sailed in protected convoys because of war and piracy. Thus the convoys often sailed according to military not economic imperatives. Also we must remember that the St. Lawrence was icebound for six months of the year. Lower Canada's place in this system depended very much on Great Britain's strategy of global expansion. Its significance, however, "was not such as to bring Great Britain to hamper wilfully its more important trade with the United States in order to favor its colonies: the Jay Treaty provides ample evidence of that, and during the period the most important single handicap to Lower Canada's trade is the domination of the British West Indies market by the United States." Keep in mind that the United States although politically independent, still absorbed one third of all British exports in 1805.

The Wood Trade

Economic considerations toward trade could be and were in fact subsumed by considerations of a military nature. This becomes evident

* Jay's Treaty commercially favored the U.S. by acceding to American traders the Western posts below the 49th parallel. This cut down by 1/3 - 2/3 the furs available to British traders at that time. Significant advantages were given U.S. merchants in the East and West Indies as well.
when we consider the real mainstay of the economy for our period, i.e., wood. After the relative demise of the fur trade, wood became the product offering the highest returns, i.e., the staple product. As used by Harold Innis, a staple export is the leading sector setting the pace for economic growth dependent upon exports in particular and the staple in general. Thus the importation of scarce factors of production is essential. To quote Lower

In the period before 1840, wood in various forms was the main item in Canadian exports, exceeding by far even agricultural products. That is, the new wealth upon which the country had to rely for further progress, was being obtained abroad—chiefly in the mother country—by the exploitation of the forest at home. After 1840, or thereabouts, owing to the rapid extension of settlement in Upper Canada and the consequent rise of the trade in grain and flour, the proportion but not the amount of forest products declined somewhat, but for another twenty years remained not far from half the total.\(^{13}\)

The origins of the timber trade stem from the closing off of the supply of pine masts for the British navy by New England during the American revolution. Thus the timber industry in New Brunswick was built up to assure a reliable supply of masts, dating from about 1784. The major impetus for the development of the Canadian timber industry came in 1808, again growing out of the politics of war. "Naval timber up to 1860 was as essential an element in war and diplomacy as oil is today." Napoleon had by 1808 under his "continental system", i.e., the Berlin decree, succeeded in closing off the bulk of supplies from the Baltic, the traditional region of supply for all ordinary types of timber and boards. All this came upon the heels of the timber crisis of 1804. Briefly stated the problem was that at the beginning of the struggle with France in 1793 the British shipyards had been adequately stocked with supplies of oak timber accumulated during the years of peace. By 1803 these stocks were exhausted and English
oak was practically unobtainable and the naval mast trade in New Brunswick was almost abandoned. Thus the whole naval timber trade, pine masts and oak for hulls and planking was shifted over to Quebec. Timber for building purposes of necessity followed suit.

To induce British firms, especially Baltic ones to invest capital in these enterprises, it was necessary to impose large "differential duties" on foreign (outside of the empire) timber which amounted to a large preference to colonial timber. This duty rose from 10 shillings per load in 1795 to 25s in 1805 to 34s in 1810 to its maximum of 65s in 1814. It was then reduced to 55s in 1821 where it stayed until 1841. This tariff provided the basis of the Quebec timber trade, more than offsetting freight costs which were three times as high and the better organization of labour in the Baltic. It is not surprising then that as early as 1810 wood made up 74 percent of Quebec's exports.

Most of the timber firms were branches of British firms and not independent Canadian enterprises. For the most part they were managed by relatives of the partners, i.e., Britons stationed in Quebec, often for long periods. Most firms relied on the large numbers of independent ships calling annually at Quebec to ship their timber although some of the larger enterprises owned their own fleets. Initially no large investment of fixed capital was necessary, for the British timber factors acted as middlemen who purchased timber brought down the river to the seaports, and then shipped it off to the parent firms in England. The actual cutting was done by independent operators, including the search for suitable stands and the hazardous business of floating the logs downstream. Often these men were farmers financed from year to year by the seaport timber buyers. Their credit requirements were small and little or no capital equipment was needed.
This system spread down the length and breadth of the St. Lawrence and its tributaries. The exploitation of white pines was the dominant activity of the Laurentian area. The Ottawa River with its own system of rafting, Philemon Wright's cribs as opposed to St. Lawrence drams, was an area unsuitable to farming and the exploitation of lumber here soon overtook the St. Lawrence. The crux of the problem was that each major timber port had its own well defined hinterland which could not be extended, before the railroad era. Until the late 1820's almost all the timber sent from British North America to Britain was in the form of square timber. This process was wasteful to the extreme. Almost one third of the best wood by cubic capacity was destroyed, and the sawed off parts remained as a serious fire hazard. The main reason for this mode of exploitation was that squared timber could survive the buffeting passage down rocky streams and sawn lumber demands canals which were as yet largely unbuilt. The net result was that centers of activity moved farther and farther up the river valleys into the hinterland.

As time went on the capital and credit requirements of the trade grew larger, particularly after the introduction of privately owned and built timber slides. Rafting as it evolved on both major rivers became more complex, almost a separate business. By the 1830's and 1840's the increased use of steamboats made it possible to tow large rafts across the Great Lakes thus extending the hinterland. The trade was generally speculative and risky and few firms could survive for long periods. The general rate of failure was high due to the high rate of year to year fluctuation of prices in Britain depending upon the construction industry, the chief peacetime market. Heavy snowfalls were necessary to float the logs downstream in the spring. Commercial news was slow to travel from Britain to Canada so
that the exporter might be ruined by the drop in price in the interim between departure and arrival or might not even have reliable price information when shipping his cargo. Ships were generally of poor quality and personnel was generally of low caliber. Shipwrecks were many and for these reasons timber was not insurable, despite the role of the trade as a breeding ground for seamen.

A brief look at the firms that succeeded and controlled the trade provides us with some notion of the atmosphere of the gentlemen's club which prevailed at the top. The shippers (generally those buying timber at the port) sold only to their regular agents who sold only to selected importers. Each importer had a particular list of country agents whom he supplied. Timber used a lot of dock space which made such arrangements efficacious. The merchant generally controlled organization of the trade. The first and largest firm, Scott Idles and Company, was tied to fat naval contracts plus mercantilist protection. Generally agents or smaller merchants handled local buying, preparation for shipping and the arrangement for shipping itself. Timber merchants and their capital originally came from England, for example, Pollok, Gilmour and Co. and Bainbridge and Brown; or were tied to the fur trading bourgeoisie, e.g., McTavish, Fraser and Company and Inglis, Ellis and Co. As the trade developed, it continued to be shaped by dependence on one market and semi-monopolization. Even at the height of the trade it was controlled by no more than twenty to thirty firms. The branch house system was the most common form of organization. A branch was established first dependent on the parent for all its financing. After realizing a quick profit the company would dissolve and the partners return to England or if an original partner took up residence in the colony the branch would acquire capital of its own and independence. Whether the
timber merchant or some offshoot of his company stayed in Canada or not, the timber and lumber trading bourgeoisie were all tied to the metropolis through business interests and the necessary old country connections.

The timber trade was controlled by exporters and large scale commission agents with world-wide connections. The large agent might finance both the exporter and importer for a time. The most prominent agents were Muir and Joliffe who handled the business of Scott Idles and Co., the first large subsidized British Company and R.M. Cox who was the agent for J.R. Booth who was to become one of the largest producers in the Ottawa valley. Another large scale agent, John Burstall consolidated his company to become one of Quebec's largest wholesale and retail merchants, as did Pierce and Price and also Sharples. The original Sharples firm was started as a Liverpool import house. Then one of the sons, Henry, came to Quebec in 1830 to set up a branch. One of his sons was to become a Legislative Councillor of Canada. William Price came over as an agent for Christopher Idles and Company. He was soon able to become a township leader securing a large land grant. Later he became chairman of the Quebec Commission of Trade. He was also known as le père du Saguenay. This region became almost a fief to his lumbering and shipping operations. One of his sons set up an importing firm in England, going the full circle. Two other firms of timber merchants loomed large in populating Quebec's upper class. One was Pollok, Gilmour and Company. It had begun as a Glasgow based shipowning and Baltic importing firm. Yet this company was soon to transfer to Liverpool and then to set up branches in all the major timber exploiting areas of Canada. The two most important branch houses were Allan Gilmour and Co. at Quebec City and Wm. Ritchie and Co. at Montreal. The other firm was controlled, the Dobells. Although they started later,
at the end of our period they soon became one of the largest, most respected firms, maintaining close ties with England.

The lumber industry was related but somewhat distinct. Here again, English capital was evident in the construction of large mills to saw deals (thick planks) for export. One ex-government official of Lower Canada, Caldwell, loomed large in this business. He went bankrupt and took with him over £200,000 of Government money he had collected as receiver-general. Rather than being sent to jail, he was merely forced to relinquish his Lauzon seigniory. He was allowed to maintain his New Brunswick sawmills which were conveniently beyond the reach of the bailiff. These along with Cunard's mills ranked among the largest in New Brunswick and anywhere else in Canada.

Among the other larger lumber exporters were Henry Usborne who was one of the first private merchants to set up sawmills in this case at Montmorency Falls. He was atypical as merchant, in that he remained in Canada and was a producer. He was also one of the first to expand his mills by using gang saws instead of single saws. Another large sawmill owning family were the Hamiltons who started in 1808. One brother was a Liverpool importer, another operated a deal washing plant and cove at Quebec.

J.R. Booth was an exception to the rule since he started not as an agent of a British family controlling capital but as the son of an Eastern Townships farmer. Nevertheless he must have made the right connections, for his sawmill operations prospered and expanded. He built up his own transport system of tugs, barges and later railroads, and even revolutionized marketing by starting his own sales agencies in the U.S. before this became a major market. More conventional (if this term can be used with such a small sample) were the Gilmour mills which were integrated with the company's branch house operation. These mills were one of the largest enterprises...
in the colony, employing 1500-2000 men.

There were some large producers such as John Eggan or the Bryson family or the Wrights on the Ottawa, but generally the port merchant financed all operations. The trade was cyclical with its booms and slumps, and generally crown lands were open to all comers so that the timber merchant could pick and choose his supplies when prices looked promising. At these times, the market would be flooded with timber brought down to port with little expense (the credit for supplies for lumbermen) or no expense (that brought by farmers or independent producers) to the merchants. Similarly as our most prominent merchants illustrate, these men were generally here only for a short time to realize quick profits. As we might expect they did little to diversify their enterprises beyond the immediate needs of the timber trade. In the lumber industry, fixed capital needs were higher to start with but the industry was, by the logic of Canada's economic structures, drawn to produce for export, rather than integrate into local industries as with the Swedish industry. There were, of course, many small village sawmills but these were small scale, producing mainly for the frontier community. Lower Canada possessed 565 sawmills in 1827 but only a handful of these were large scale. The machinery in the large scale mills was imported. Technologically even the larger mills were far inferior to Baltic producers and it was only with the opening of a large scale market for sawn lumber in the U.S. that this industry began to take off.

The broad trends during the 1800-50 period saw a wartime boom, then a peak in 1819, then stagnation. The years 1822-37 were composed of two prosperous periods 1822-1825 and 1832-1838. The rest of the period saw recurrent crises. The panic of 1825 brought bad years to the lumber trade which remained until the Reform Bill of 1832 helped ease the conjecture of
depressed conditions in the construction industry.

After 1842 under Peel's new policy, timber duties were removed and the preference to colonial deals removed. Even though timber exports reached their peak in 1845/46, the trade soon sank into depression. By 1850 farmers were eliminated as producers of timber as a system of timber limits came into being. The new timber operator was an entrepreneur of substantial means, managing many camps and bringing down many rafts. They could talk to the Quebec merchant on equal terms and were more conversant with market conditions than the farmer taking down his one raft.

One by-product of the lumber trade was that the shipbuilding industry tended to follow the same pattern of prosperity and depression. Thus shipbuilding increased somewhat in good times when timber exports were high. For example, at the peak of the 1825 boom 61 vessels were built in Lower Canada with a total tonnage of 22,636. This total was not exceeded again until 1841.

Another by-product was that on the St. Lawrence and the area around the lower lakes, the cutting of timber was largely incidental to the clearing of land for settlement. Thus the timber trade was a help rather than a hindrance (as had been the fur economy) to the farmer. Eastern Townships timber exploitation was only feasible along the major rivers. Potash rather than timber was the main forest export. It was less bulky as barrels could be sent overland and the cash incomes from this commodity was the initial inducement for frontier farmers to clear their land and melt down trees into potash.

Industry

Industrial development during this period remained in an embryonic
stage. The primary backward linkages of the timber trade were sawmills and shipyards. Much of the sawn lumber was shipped to Upper Canada or the Mid-western states, where new settlement fostered a construction boom. Very little lumber found its way into industrial construction in Lower Canada; where the "industrial revolution" was limited to the making of ships engines in Montreal, by the Molsons who had introduced steam power to Canada. This was a backward linkage from their shipping enterprises which in turn was a forward linkage to commerce in timber and immigrant shipping on the St. Lawrence. Besides this we find only a few manufactories and machine shops. In these staples oriented manufactures, it was Englishmen or Anglo-Canadians who were the owners and higher level functionaries while the work force was composed of French-Canadians except for certain key skilled tradesmen from England or Scotland.

Going down the scale the next largest enterprises were the St. Maurice and smaller iron works. These companies were all owned by British capitalists. The largest, St. Maurice forges were run by a Scotsman, Mathew Bell, from 1798-1845. He was a capitalist to be sure but ran his forge more like a feudal sovereign. He leased the forges at such a cheap rate that his lease was revoked and raised after it was investigated. Bell literally spent the greatest part of his operating expenses on lavishly entertaining Governors. In return he received a large grant of woodlands which provided him with charcoal and impeded settlement up the St. Maurice River. His employees had little choice but to spend their salaries at the company store. His operation was based on efficient upkeep of rather primitive capital. Bell and subsequent leaseholders until 1883 preferred to utilize locational advantages of charcoal and iron, a stable, inbred almost feudal labor force with some imported skilled craftsmen, and government subsidies in the form of low rents rather than making capital
improvements which would have made the forges more efficient and productive.

Less is known of the newer Batiscan, Islet, Radnor and larger Marmora iron works near Toronto. Yet in these cases as well, English ownership seems to at least imply a similar pattern of pre-industrial capitalism. All these works suffered from transportation and marketing problems since heavy stoves could only be carried overland by sleigh during the winter. Perhaps the best testimony to the failure of Lower Canada's iron industry was its failure to even fill home demand. In general, consumer goods enterprises were small scale and weakly developed. Examples of these have already been examined in Chapter One. As noted, even Ryerson who makes the strongest case for the beginnings of industry before the rebellions, adds many caveats and qualifications to these examples.

Agriculture

Agriculture in Quebec developed into a force which for the most part tended to be opposed to commercial and economic development. This conservatism was, I believe, largely the result of a conjecture of international and local circumstances rather than merely a function of the innate conservatism of the French-Canadian habitant. These circumstances, in turn, were shaped largely by the expediencies of colonial agriculture and the allocation of capital and land in the colonies. Ouellet sees the decline of wheat (the main staple crop from the mid-eighteenth century on) as being due largely to deficient agriculture techniques leading to the production of more potatoes and oats, especially after 1802. He sees this along with the scarcity of land as the principal factors in the decline of wheat production when there was a tendency for the imperial market to expand. The magnitude of the problem can be seen in the fact that farmers producing wheat for the market, even a local one, would of necessity pay a tithe (quit rent in kind) of generally not less than 3/4 "miñot" of approximately 1 bushel.
wheat to the seigneur. When we look at the actual proportions of farms able to pay this, looking at for both the province and the Montreal area (a large local market) we see the amplitude of the catastrophe. For the province in 1787-1802, it was 40%, in 1803-1809 it was 16% and by 1832-1836, it had dropped to 2%. For Montreal the respective percentages were 49%, 17% and 5%, i.e., they followed the same pattern at a slightly higher level. As far as I am concerned the legacy and conjectures of agricultural production does much to explain its failures.

By 1792 there was no sizable local consuming population for meats and breadstuffs and the demand for grain from the ports of the Maritime provinces, the West Indies, the British Isles and the Iberian Peninsula was capricious. Although it did rise until 1832, a very wasteful sort of extensive cultivation, was practised as the most profitable mode since traditionally there had been available "cheap land sufficient for their (the habitants) needs and no overmastering incentive to increase production." Thus manure was disposed of, not used as fertilizer, and new improved implements and seeds (all incidentally imported and expensive) were not used. Farmers grew as much wheat as they could sell, oats for horse feed, peas for soup and pig feed and limited amounts of barley, corn, tobacco and flax. After the Conquest potatoes were introduced and became popular as a food and marketable crop. Generally, the hay grown in the riverside meadows for animal feed was inadequate so that the habitant slaughtered all pigs and cows for meat over the winter. The French-Canadians were generally known to pamper their fine horses which they raised for export to the border states, from which woollen goods and cheeses were imported. These practises should be kept distinct from those of two other groups: English farmers around Quebec and Montreal, especially on Montreal island, who bought soil-exhausted farms and improved them to produce for the local market; and
farmers and land speculators in the Eastern Townships coming from the United States. For the most part, agriculture in the Townships faced a severe problem of transportation. As an attempt (at least according to Ouellet) to pacify this, American population with republican sympathies, many roads were built between 1829 and 1832 under direct control and patronage of the legislative assembly. Yet within a few years after building these roads, they became due to poor upkeep. As opposed to the seigneuries (not surprisingly considering marketing problems) stock-raising rather than wheat farming was the main agricultural activity. Agriculture was generally more capitalistic than on the seigniories. There was a greater sensitivity to market conditions and more technical improvements especially in breeding. Outside manpower was more frequently employed as was the repatriation of profits for expansion (of course, land in abundance existed to expand into which was certainly not the case on the seigniories). Some big farms in good market locations hired as many as 15 or 20 labourers (this was especially true of the counties of Stanstead and Missiquoi).

Therefore, the practice of raising horses for market made a good deal of sense to the impoverished habitant who would otherwise have had to compete with English farmers generally possessing adequate land and capital for stockraising. In the absence of refrigerated transport and a limited market for salt beef or wool, the habitants whose farms were not generally clustered around Montreal and Quebec as were the "improved" farms, were at an extreme disadvantage in marketing a product for which the market may anyway have been saturated, and of limited and capricious scope. Demand for horses increased with the growth of public works. Later horse breeding was given a tremendous boost by the need for cavalry horses during the Mexican-American war in 1848-49 and the
American Civil War. Given the lack of alternatives, this seems a clever adaptation by at least some farmers. Thus these "pampered" horses sold to "Yankee horse jockeys" outlived the wheat economy of which they had been a part.

The export-import trends during our period reflect the vagaries of a dependent colonial political economy; 1792-1807, for example, saw an expansion of the grain trade although 1795 saw poor harvests and a temporary embargo and slacker British demand led to reduced exports in 1797-9 followed by a rapid increase in 1799-1802. After 1802 such grain trade as went on went mostly to the Maritimes and Western provinces. Another example was that when the U.S. Congress passed Jefferson's embargo act in 1807-1810 (which meant an increased demand for meat in England), the habitants sold so many cattle to the butchers of Quebec that they did not have enough left to breed. After the war of 1812, British farmers were generally better prepared to deal with post-war problems as they had access to markets and had the capital and technical knowledge to improve their farms. In the Eastern Townships, this pattern was different. Access to market was limited because of the lack of roads and the resistance of a hostile French assembly to appropriating funds. After 1815, they relied on exports of potash to Britain and cattle and horses to New England for the money to buy the tea, salt and manufactures of the British Isles. Many hoped to find economic salvation in the raising of sheep for fine wool, to which end they imported Vermont and New York merinos making the Eastern Townships a minor rival to the New England hills sheep raisers.

After the war of 1812, the habitants purchased woollens and other British manufactured goods more than formerly but they remained essentially self-sufficient. Their response to the appeals of grain dealers and drovers was reluctant. They accumulated scarcely any financial reserves and did not
change techniques by imitating the British, and there were almost no improving farmers among the French-Canadians to imitate. By 1815 many of the "granaries" of Lower Canada had already been exhausted. Habitants clung obdurately to wheat as a staple and to traditional ways of cultivating the fields rather than dairying and stockraising which Jones sees as the type of enterprise most suitable to the area.

In the St. Lawrence basin seigneuries, the 1830's, as we have seen, was the last decade of wheat cultivation on a larger scale. The failure of wheat according to Ouellet rested on poor agricultural techniques and especially bad weather in 1833, but again this seems merely an extension of the longer term poor wheat climate and the soil exhaustion we have already noted. Crop failures in 1828, 1829 and continuously from 1832-1836 caused purchasing power to shrink and widespread distress. The 1833 failure was especially disastrous around the Quebec City area, by 1835 almost the whole wheat crop was a failure and 400,000 bushels of wheat had to be imported in 1835 and 1836. By the 1840 long term conditions, the Hessian fly of 1805-1816, and wheat midge of the 1830's had driven the habitant almost completely out of wheat farming. Farmers turned to coarse grains such as oats, peas and barley. These were commercially almost worthless. Only barley for a limited distillers market could bear high transport costs. The habitant turned more and more to subsistence farming and came to rely on the potato for food, with disastrous consequences. For in 1843 the potato crop in North America was attacked by "late blight" or "rot". The disease was exceptionally bad in 1844, 1845 and 1846 and by the end of 1847 the crop had to be given up in large sections of Lower Canada. The habitants' pigs, sheep and cattle were of such poor quality as to be commercially unimportant. To blame all this on the "traditional social structure" of French Canada or habitant conservatism would be at best a
misdirection of emphasis and at worst completely misleading. Even a cursory look at the economic conjecture of this period makes this approach entirely problematic. As Jones himself points out.

...livestock raising required capital which owing to the failure of wheat they (the habitants) lacked. To be profitable, it also required some assurance of a market, and this too they did not have. Before 1843, the habitants could not hope to produce butter, cheese or meat for export overseas, as the British duty was prohibitive, nor did they have a home market for such articles. After 1815, Montreal and Quebec were great exporters of the agricultural surplus of the basin of the Great Lakes. The consequence was that the foodstuffs they consumed were more easily obtained from the westward than from any but the most adjacent ports of Lower Canada. Thus the lumber shanties of the Ottawa Valley came to be supplied through Montreal with Cincinnati pork, the butchers of Montreal and Quebec with Vermont cattle, and the grocers of the towns of Lower Canada with Ohio or Vermont cheese. The British farmers around Montreal did get a share of the local livestock market, and so did the inhabitants of the Eastern Townships, but both of these groups found difficulty in competing with American imports. They, therefore, campaigned persistently like their fellows in Upper Canada, for an agricultural tariff which they finally achieved in 1843. Nevertheless, even after this act went into operation complaints continued to be made that the Lower Canada markets were glutted with American produce.

In short, then, even if the French-Canadians had been able to improve their farms and go in for more and better livestock raising the end result might still have been greater self-sufficiency and perhaps a marginal commercial gain through sales to a growing local or U.S. market. Lower Canada's advantageous market location in relationship to the West was true mainly of wheat which they could no longer grow. They could not profitably sell the other products to which they had been forced to turn owing to the ease with which similar articles could be brought in from outside.

In terms of the international conjuncture we see a general rise in
the price of wheat and flour from 1822-1831 (with a decline during 1828 and 1829). From 1830 to 1836, a decline in foreign demand due to a good English harvest plus increased arrivals from the west led to a violent drop in the price of flour. The period 1823 to 1836 saw a general rise in wheat prices in local markets but unfortunately it was based on scarcity, bad agricultural practices and high transport costs (roads with their cahots or pitcholes were in such bad repair that interminable delays were inevitable). After 1832 manufactured products rose in price creating a general rise in the cost of living. The chronic deficit after 1832 was in many ways merely the culmination of the "major phase" of the decline in wheat cultivation after 1823. If anything agriculture in general was even more complicated than the timber trade and was tied into a continental system as well as Paquette and Wallot's Atlantic one. Wheat, of course, as a major staple trade was an integral part of the Atlantic system but by our period this became more important at least in relative terms for Upper Canada.

In general wheat growing had its ups and downs. On the supply side frost or insects could mean bad harvests and on the demand side export markets were capricious and limited by a seven month shipping season on the St. Lawrence and competition from geographically more favored suppliers.

In Lower Canada during this period roughly 80 percent of the population was rural and devoted themselves to agriculture, although only 40 percent of the work force worked their own farms (chefs d'exploitation). The local market for wheat consisted of urban areas (cities, towns and villages comprising about 17 percent of the population) plus some small local markets of military garrisons, timber camps, immigrants passing through Lower Canada and distilleries producing 400,000 gallons of whisky per year. Clearly this market favored those farmers in strategic locations.
but it was probably the most important one overall given Seguin’s qualified estimate of 50 dollars of wheat sold per each farm. On the other hand when the crop failed or harvests were bad wheat had to be imported. During Quebec’s major wheat growing period 1760-1834, shortages of wheat occurred about 15 years or 1/5 of the time. From 1834-1850 was a period of general scarcity heightened by the crisis of 1834-1838. In only about 10 of these 16 years did wheat production barely meet local demand while in the other years it was imported to a greater or lesser degree. Imports peaked in 1836 at 480,000 bushels.

Of course, during the period of wheat surpluses finding markets in which to sell wheat was a major problem. The Maritimes in theory could have absorbed 10 bushels of wheat per farm which at top prices would have meant sales of $11. Yet even this limited market was monopolized by American wheat producers during our period. The British West Indian colonies could have provided a market for Canadian wheat but didn’t for various reasons. The United States continued to be the main suppliers to this region despite the Navigation Laws. Legally throughout most of our period, the U.S. was allowed to supply these markets during periods of shortage, i.e., throughout six months of winter. Also trade relations were long established, and transport costs much lower so that illegal trade was rife. By 1822 this market was opened up completely through free ports and a meagre 10 percent duty, given American locational advantages. The West Indies consumed 1,300,000 bushels of wheat per year of which the maximum provided by the Canada’s was 300,000 bushels or about 5 bushels per farm. Just before the turn of the century Spain and Portugal had been relatively large markets for Quebec producers but after 1795 these areas were closed for political reasons.
Great Britain itself provided the most lucrative market. In 1802, the peak year of the favorable 1790-1820 period, it would absorb 1/3 of Lower Canada's crop, i.e., practically its total export. Special circumstances would be even more important after 1820 when the availability of wheat from other sources due to wars would be limited. During a period of good harvests and a short preferential tariff Canada (in this case Upper Canada) sold as much as 1/3 of crop to England. Even after Repeal of the Corn Laws in 1851, as much as 1/4 of Ontario's crop was exported to England. This seems to indicate mainly an expansion in colonization for according to Seguin, the 1851 export only amounted to 40 bushels per farms using his export figures (using Burn's, this figure becomes 46). This still seems low although the most favorable characteristic of this export market for Ontario was its relative steadiness, as Britain became a constant importer of grain.

An important consequence of wheat export during our period was the part it played in the commercial-financial system. From the markets of London and Liverpool to the millers and merchants of Upper Canada stretched a chain of debts and credits paralleling the physical transport system of the St. Lawrence and North Atlantic. The strength of this chain depended mainly upon the price of wheat in the British markets and upon British tariffs which governed access to these markets. For example, the British Corn law of 1815 allowed Canadian wheat to enter Britain when the British price rose above 67s per quarter (quarter = 8 bushels) and foreign wheat was only admitted after the British price hit 80s. Even this Imperial preference could be rendered of little value during good harvests in Britain as in our depression of 1819-21. By 1822 mercantilism was waning in Britain as evidenced by the fact that Canadian wheat now admitted at 59s was not free as before but had to pay a duty. In 1825, Canadian wheat could enter Britain
at all times subject to a payment of 5s per quarter which as of 1827 was lowered to 6p per quarter when the British price exceeded 67s. Even the Canada Trade Act 1831 which imposed a duty of 8s per quarter on American wheat did little to stop competition. Flour was given similar treatment.

On top of everything else another major stumbling block in this risky wheat business was the slowness and inadequacy of commercial news. Reports on harvest conditions in Britain and price movements were unreliable and slow to reach Montreal. The Canadian exporter in consequence had no means of knowing when he shipped grain from Montreal, whether or not it would be accepted to Britain for sale. Up until 1825 the exported cargo might have to be kept in bond in a British port till prices rose, during which time a small exporting firm could go bankrupt unless his credit was extended. This could be disastrous for related enterprises in the Canadas. The horizontal links were based on credit the local miller or merchant extended to the settler, often by retaining a proportion of the ground flour. He might also buy wheat from the settler, mill it and ship it to Montreal on his own account. Credit for large scale milling operations (for example at Gananoque or on the Niagara River) in the 1830's and 1840's was often provided by Montreal exporting firms. These, in turn, were financed by British grain importers. The fall of an importer could have disastrous effects on the inverted pyramid of financially dependent colonial enterprises and even farmers. Montreal and Quebec merchants controlled this trade and benefited greatly by the increased preferences of 1842-1845. Yet the American Drawback Act of 1845, the Repeal of the Corn Laws combined with the Navigation Acts were to almost destroy this group after the Corn bubble burst in 1847. Mercantilism was clearly on the wane and backward looking merchants were forced to seek new strategies. Many of them opted for
annexation after 1847 but good harvests, reciprocity and the repeal of the Navigation Acts were to co-opt their demands creating a newer Anglo-Canadian mercantile order out of the remains of the old. Timber merchants were soon to lose their preference as well but would gain by the repeal of the Navigation Acts and increased U.S. trade in lumber rather than timber.
Footnotes


2 For a brief period of time the Molsons even operated their own bank with its own currency. Also in 1827 John Molson Jr. became a director of the Bank of Montreal. His father may have introduced the "industrial revolution" to Canada as Merrill Denison points out. Yet its form was strictly commercial, i.e., shipping on the St. Lawrence. John Sr. introduced steampower in 1809 and by 1822 he combined with his chief rival Torrance to monopolize the steamship trade of the St. Lawrence for 40 years. Despite integration into manufacturing, steamship parts or distillery equipment Molson's empire was in essence at least as much commercial as it was industrial, see Denison, M., *The Barley and the Stream, The Molson Story*, McClelland and Stewart, 1965, p. 92, 98, 154.


5 Ibid., p. 166.

6 Ibid., p. 263.

7 Ibid., p. 251, 280.


10 Ibid., p. 378-379.

11 Ibid., p. 382.

12 Ibid., p. 381, footnote 32.


14 Ibid., p. 30.


42 Ryerson, S., op. cit., p. 39.

43 Pentland, H.C., op. cit., see pages 78-97 on Quebec forges for more complete details.


45 Ryerson, S., op. cit., p. 41.


47 Ibid., p. 75.

48 Ibid., p. 83.


50 Jones, R.L., loc. cit., 1946, p. 34.

51 Ibid., p. 36-38.


53 Ibid., p. 359.

54 Ibid., p. 380.

55 Faucher, A., op. cit., p. 191.


58 Ibid., p. 42.

59 Ibid., p. 50.

60 Ibid., p. 50, 51.


62 "The repeated growing of wheat without rotation in a climate too cool and damp had finally exhausted the soil and produced a crop unable to resist insect attack", Parker, W.H., "A New Look at Unrest in Lower Canada in the 1830's" in Cook, R., op. cit. Further credence is given to this view by the damage caused by the wheat midge in adjacent areas of Vermont, New York and New Hampshire. These were areas of similar climate (cool and damp), often mountainous, and of long-standing cultivation. Here soil exhaustion would also seem to be the case. In adjacent areas of new colonization, the Eastern Townships, Rimouski, the Ottawa Valley and in the fertile basin of the Great Lakes, insect attack was of negligible importance.


65 Parker, W.H., loc. cit. in Cook, R. op. cit., p. 60. A secondary consequence was the collapse of wheat dealers in St. Ours, St. Denis and Berthier who were local agents exporting grain. Wheat imports reached 480,000 bushels in 1836, Seguin, M., passim, p. 80.

66 Jones, R.L., loc. cit. in Easterbrook and Watkins, op. cit., p. 116, footnote 26, Parker, I believe, calls the wheat midge its more general term wheat fly.


68 This line of approach was used by Christie, Shortt, Munro among the most prominent of the older English historians. Its use today by Jones and Creighton and at times even Ouellet does not seem very fruitful in the light of significant empirical evidence, some of it contradictory brought to light by these same authors. Another prevalent notion, the inhibiting effect of the seigneurial system (this gained prominence with Durham), is another myth which does not always bear up under investigation and has little value as an independent variable.


70 Ibid., p. 123.


75 Ibid., p. 81.

76 Ibid., p. 80.

77 Ibid., p. 91-93 and footnote 27.

78 Ibid., p. 94.

79 Ibid., p. 96.


CHAPTER FOUR

POWER AND THE STATE IN LOWER CANADA

It has often been suggested that the "political institution" of the state is critical to the process of economic development. Dowd analyzing the role of the state in industrialization of the great powers of western Europe, England, France and Germany presents an interesting scenario.

...the "state" moves as the changing power complex in society requires, allows, or directs it to move. It does so with leads and lags. When the state leads the process of social change, it does so because there are men with the will and the power to refine existing institutions or to build new ones. They may represent rising new groups and new sources of power, or sophisticated men from extant structures. When the state lags, it is because change is taking place away from the centers of power; as new men arise on the periphery. In such circumstances, if the issues become great, the new men may be crushed, or they may triumph and occupy the halls of the state.2

In Lower Canada, we have a situation where a new leadership group, the petite bourgeoisie, did arise, but was overshadowed by the extant oligopoly representing Imperial military and merchant groups. Progressive elements among the oligopoly promoting a continental scheme of development did not exercise complete hegemony but instead were impeded from making needed transport improvements by the popularly elected Legislative Assembly. The old order thwarted dynamic domestic interests since they controlled capital through merchant banks and the staples trades. Also the Governor and Councils and the metropolitan government controlled tariffs which they used to foster staples exports from the colonies and import.
manufactures. Even high transport costs were unable to offset the comparative disadvantages of domestic industrial production above the level of craft industries. Lack of development then was contingent on continued merchant hegemony over an emasculated state.

The Petite Bourgeoisie

The bourgeoisie was composed of merchants and officials controlling the state. Their closest rivals were the real leaders of the indigenous French-Canadian population, its petite bourgeoisie. This group was composed of professionals, smaller merchants (usually general retailers), small scale manufacturers and a very small number of prosperous farmers. Professionals included mainly notaries, doctors and lawyers plus a few journalists and surveyors. Engineering, administrative careers, the army and navy were closed to French Canadians. It was mainly through the liberal professions that French-Canadian youth achieved mobility and status. At the highest level, this could lead to political power, by being elected to the Legislative Assembly. In sociologese this stratum had all the attributes which Max Weber attributes to a stande or status-group.

As the most powerful privileged group in French Canada, enjoying at least some perquisites of power, the professional group grew quickly. Between 1823 and 1838 population grew by 42 percent, while the liberal professions (especially notaries and doctors) grew by 85 percent. According to Bourque, in 1971, there were only 55 notaries and 17 lawyers. By 1836, there were 373 notaries and 208 lawyers.

While a good number of these professionals and small merchants came from families previously possessing wealth, most could trace their social origins to the popular classes often of rural origins. That is, they grew up in a social context marked by poverty, insecurity and the need.
to adapt to the realities of new tasks. Like some underdeveloped countries today, Lower Canada had a system of higher education which produced far more educated men than the country could absorb. Every year the Catholic colleges turned out two or three hundred men, almost all of them were the sons of habitants selected by the village priest for their precocity. When they returned to their villages as notaries, lawyers or doctors, they found that there were too many of them to make a good living. Many were actually unemployed especially after 1836. Often their hostility was directed towards British office holders whose places they wished to fill. These professionals lived among the peasants (Durham saw them as social equals to the habitant) who were there kith and kin and among whom they exerted strong influence by articulately voicing the growing malaise of the time. This was reflected in their own worsening economic situation. Remember that between 1823 and 1836 we see a general rise in prices in the local markets due to bad agricultural returns and high transport costs. After 1832 manufactured products went up in price, thus causing a general rise in the cost of living. This was probably more severe for professionals than for peasants who could at least grow certain subsistence crops and probably did not entertain expectations of a bourgeois lifestyle.

As of 1791 the preponderance of these professionals in the Legislative Assembly was assured. By 1805 a permanent organized opposition to the leadership of English merchants of Montreal and Quebec had been organized. Under the leadership of Bedard (who later became a judge) and his paper Le Canadien which represented the interests of the French-Canadian Assembly, this group grew up as a powerful vested interest representing an attachment to their own culture and beliefs. At first they sought to preserve these through the English constitutional system. Rather than accept such a conciliatory approach the English often added fuel to the fires of discontent by regarding assembly members as too low on the social scale to be worthy of
any recognition. Significantly enough English assembly members often represented the same class, usually being smaller merchants and occasionally doctors or journalists and it was precisely these elements among them who supported the Parti Patriote.

In toto the small commerccant and professional was unable to compete with his rival, the large Anglo-Saxon merchant, and felt acutely threatened. Significantly it was in the Montreal region where the penetration of large English capital was greatest that discontent was the most widespread.

Statistically the petite bourgeoisie made up only about 5 percent of the Patriote organization, but almost all of its leaders came from this stratum. Of 215 major leaders, 190 were professionals (76 notaries, 43 lawyers, 67 doctors, 4 surveyors). Seventy-six percent (of the 215) were over thirty. The most rural and oldest group among leaders were the notaries (73 percent over 30) while the lawyers were the most urban and youngest group (45 percent over 30). The most revolutionary group were the doctors, among whom we find such radical leaders as Nelson, Cote, Chenier, and O'Callaghan. Of this group in toto 58 percent were over 30. Within the Patriote movement overall we find 130 innkeepers who performed the vital function of communication and ideological proselytizing. Often they became military leaders as well. Since tavern security was very minimal, this group also committed the largest number of indiscretions.

National Ideologies

The petite bourgeoisie as a class then also provided the ideological base of the patriote movement. Only after the Conquest do we see the debut of la nation Canadienne-Francaise and the growth of nationalism as an ideology following the growth of a professional class as the secular elite in French
Canada charged with defining the collective social objectives. Thus between 1792 and 1815 we see the beginnings of an elaboration of this new ideology.

In actual fact we must consider nationalism as a rubric under which different, sometimes contradictory, ideologies existed. The two main tenets of thought, which were often combined, were that of nationalism taking the form of a return to an extended version of the seigneurial system of New France or a liberal democratic regime free of colonial domination.

The traditionalist objectives centred upon the institutions of French common law and seigneurial tenure, to protect Lower Canada from Anglophone immigration. Power and administrative posts were to be controlled by the petite bourgeoisie. The St. Lawrence system was not seen as the basis for a commercial or industrial empire based on staples trade to the British metropole. Ancestral traditions were to be purged of alien corruptions such as the lumber trade, based as it was on British associations. In place of a commercial empire the traditionalists looked to an idealized golden past whereby the Coutume de Paris and the seigneurial system might provide a system of equitable (almost equal) distribution of land. For these reasons they also opposed the improvement of commercial navigation facilities such as canals which tended to favour Upper Canada anyway.

As is evident, the mainstay of such a system was to be agriculture. The petite bourgeoisie although not agriculturalists looked to agriculture as the principle source of wealth and the center of development of Lower Canada. Against commercial capitalism they posited capitalist agricultural methods. Agricultural products were to be sold on markets (old and new) opened up by free trade. Thus they sought after alliances with
free traders in the metropole, i.e., the whigs up to their electoral victory in 1830, then the radicals who were more action oriented. The merchants among the petite bourgeoisie with their ties to the interior of Canada and the U.S. also wanted free trade. They resented Imperial actions which imposed tariffs, especially since they did not benefit from the timber and lumber preference which was the domain of larger merchants. The petite bourgeoisie saw free trade as a means to eliminate their rivals, English merchants, in the timber trade, which depended on tariffs. It also gave them an element of common cause with whig and radical free traders in the metropolis who provided powerful allies in English politics.

Papineau, as leader of the parti Patriote, was the exponent par excellence of petite bourgeoisie nationalism and like the movement itself, his ideas were at times contradictory. Despite his role as the chosen leader of the ascendant petite bourgeoisie, he owned a seigniory at Montebello and viewed the seigneur (as an institution at least) as the guardian of social equality against the threat of English common socage. He himself was an agnostic anti-cleric but he viewed the Roman Catholic church as a national institution. Such notions were in fact compatible with the petite bourgeoisie in that at times of crisis they might collaborate with the French seigneurs or the church especially around certain issues. For example, when French-Canadian national survival was threatened by the union of the two Canadas or on the question of tenures, support for seigneurial tenures made good economic sense for both groups. Notaries were responsible for making up deeds, collecting dues and keeping records. The Catholic hierarchy and parish priests were directly dependent upon seigneurial incomes, i.e., the tithes, which were associated with the collection of cens and rentes in the eyes of the habitant.
Ouellet, who is probably the most knowledgeable historian of this period argues that the Patriote movement was essentially a nationalist one and that the traditionalist ideology was the real core of the movement. This was vitiated by the attempts of a minority of real democrats (such as Neilson) to instil real class consciousness and an anti-feudal anti-clerical ideology among the masses. The situation is confused further by the fact that Papineau often tended to play down the nationalist and traditionalist aspects of the movement in order to maintain ties with English parliamentarian radicals and reformers in both Canadas and England. Papineau's ideology itself was a hybrid consisting of an ultimate vision of North American style democracy brought about through the preservation and extension of the old traditions. Its ideal was Jefferson's conception of the state as perceived by Papineau. This meant idealization of the small peasant proprietor as the bulwark of the social system, decentralization, a hatred of English tyranny, monarchy and aristocracy, a revulsion against speculation and monopolies and above all the North American destiny of democracy. For Papineau, the mechanism most suitable for achieving these ends was an extension of an idealized seigneurial system and the confiscation of the goods of the English and French Canadian traitors. This provided the main ideological tenets of the Patriote movement as expressed in their official organ La Minerve.

The influences behind the rebellions and the examples for it to follow were many. The three most profound examples of actual struggle were the American, the French and the Irish revolutions. Despite structural differences, these movements provided ideology and morale. The influence of America's third President from Monticello on the seigneur from Montebello have already been mentioned. For the Irish and even many French Catholics,
Ireland's rebellion was a source of moral strength. The French revolution, it has been argued, was world wide in scope. In fact, its Jacobin ideology was at that time the spectre haunting the continent. After the Congress of Vienna, England, Austria, Russia and Prussia had divided up Napoleon's empire. Arrangements made by the summit powers had for the most part, displeased the thirty million or so persons under the imperial hegemony. Diplomacy, war and nationalist uprisings kept many areas in a constant state of flux. Nationalist movements for independence were clearly on the ascendant. In Europe between 1804 and 1830, the Serbs, the Greeks and Belgians had already liberated themselves, while similar movements in Italy and Poland had only been suppressed temporarily. In South America "independence" had already been won in Chile, 1810; Guatemala, 1820; Mexico and Central America, 1821; Brazil, 1822; Bolivia, 1825; Uruguay, 1828. In fact in Latin American by this time there remained to Spain only the two islands of Cuba and Puerto Rico, and to Portugal, nothing. Radicals and reformers in Lower Canada were undoubtedly aware of these movements and the nationalist or Jacobin ideological statements behind them. The rural nature of Quebec, extant seigneurial tenure, traditionalist ideologies did not impede the acceptance of democratic principles. In fact, these conditions seem to fit rather neatly into what Barrington Moore, Jr., sees as an archetypical pattern. "The world of the village may have been an important source of these half conscious standards by which men have judged and condemned modern industrial civilization." The feudal village may have provided the background of our concepts of justice and injustice. Its system of tenure possessed a built-in tendency toward the equal distribution of resources (at least among peasants). Other features of this system, such as its undivided common lands, the collective struggle for survival, a crude notion of equality, the co-operative spirit amongst the villagers,
and the viewing of outsiders as the source of taxes and debts stressed
equality among liberty, equality, and fraternity. If we view the ideology
of the Patriote movement within this framework, we can more easily understand
the co-existence of democracy and traditional institutions. This seems all
the more plausible given the rough equality existing between the average
seigneur and censitaire on the frontier farms of New France. The habitant,
with little previous background of class consciousness or political awareness
and with his sensitivity to the problem of land scarcity was willing to absorb
the ideology of nationalism propagated by professionals within his midst.
This must be viewed as a movement towards independence with the petite
bourgeoisie controlling development along modified capitalist lines. The
masses were quite willing to trust their political fate to Papineau and
the Patriotes given their worsening economic position in relationship to
the merchant elite who prospered through imperial preference and the carrying
trade of Lower Canada's agricultural rivals. To quote Ouellet

Une fois l'indépendance acquise, ils
auraient sans doute favorisé une république
de type autoritaire. Plusiers témoignages
indiquent cependant que le concept d'une
monarchie nationale ayant Papineau sur le
crâne était plus près de leur mentalité.

I believe, then, that Bourque's analysis which sees the petite
bourgeoisie as essentially self-interested nationalists takes precedence
over that of some English historians such as Mason Wade who see the patriote
movement as essentially democratic. For within the movement there were
fréquent struggles between the democrats and the nationalists. Wolfred
Nelson, for example, wanted to abolish "les dimes du regime seigneurial et
du droit coutumier français. While the prevailing wing under Papineau
clung to the old traditions which served their interests quite well. Crass
self-interest rather than national ideology, based on cultural preservation
would appear to be the backbone of another anomaly in the movement, for
after 1838 and the defeat of the insurrection Papineau and many of his adherents favored annexation to the U.S. It seems likely that such a proposal may have allowed the petite bourgeoisie to dominate Lower Canada's political and economic life but French culture and law would undoubtedly have been emasculated beyond recognition. We must remember that this nationalism was for the most part directed against the English colonial merchant. To this end, the Patriote strategy of boycotting imported products was employed to make the English feel the pinch. If successful, it would also have served to promote a more rounded economy producing its own consumer goods for a marketing of more prosperous farmers.

Not surprisingly, the French-Canadian man of capital, with few outlets supported the petite bourgeoisie nationalist movement. La Banque du Peuple which was set up outside of English circles supported two reform papers La Minerve and The Vindicator. It exhorted both papers to encourage the people to support it. It filled a need since it served the French-Canadian investor who was often mistreated by English or American banking concerns. As an institution the bank probably did not support the rebellions at least overtly, although several directors clearly did.

The Merchants - Their Power and Its Limits

While the petite bourgeoisie controlled the assembly the merchants controlled the Legislative and Executive councils, and generally the judiciary. The chief executive, the governor, was appointed in England and was usually a military man appointed for distinguished service. He in turn appointed his chief officials from that class which had control of capital and ties with the mothercountry, i.e., the merchants. These men fulfilled both an advisory and legislative function. I do not, of course, wish to imply a perfect unity of interests for as we shall see, the governor
could on principle overrule merchant programs in the colony, and put pressure on the home government not to act upon proposed measures. One such case is the opposition of Dalhousie to the British American Land Company. Sometimes military expediencies as in the war of 1812 would force the colonial office to concern itself with strategic matters such as canal building which were usually left to the colonial legislature. In such matters though the military expediency of these canals gained ascendancy over their commercial value. The route was commercially viable but the canals were too shallow for timber ships.

Generally though they shared a commonality of interests, based on shipping, trade and contingent customs revenue, land speculation facilitated by common socage, and the desire for political union of the Canada's, which would serve mainly to diminish the power of the troublesome popular Assembly.

The merchant elite for the most part followed a predetermined (after 1763) political programme governed by two main policies: (1) the regaining of the economic unity of the St. Lawrence through canalization and political union of the two provinces and (2) breaking the power of the military bureaucrats whose policies often were not in the interests of commercial groups, and gaining the political influence they felt to be their right. An early example of official actions incompatible with the merchants' goals was Jay's Treaty of 1783 which opened the Canadian-U.S. border to reciprocity of trade but also allowed Americans freedom to ship to the East Indies and to a lesser extent trade in the British West Indies, thereby eliminating Canada's de jure shipping monopoly in these areas. Even though both countries could import British or other goods from each other at each others rates of duty, free trade in the West was at an end, and an incentive was given to American shippers. Thus through a perceived British security threat from
France, the U.S. was able to gain valuable concessions. In this treaty and these trade relationships, we can see the beginnings of the end of British Imperial preference.

Without free access to the interior, the merchants concentrated with renewed vigour on propping up the navigation system with its preferences for colonials and prohibitions against foreigners. The first major blow to this system came during the depression of 1819-21 which drove home the need for new policies. In 1821, during the depth of the depression, the British parliament clapped a duty of 10s per load on colonial timber and reduced the duty on Baltic timber to 55s per load. This was followed closely by the Canada Trade Act of 1822. This effected Quebec's relationship to Ontario since the customs revenues on transatlantic commerce would thereafter be determined by three arbitrators. Previously Upper Canada had received a fixed share of 1/5 of the duties collected at Québec. In the merchants' eyes, this was to be a poor substitute for union. Furthermore, in that same year, a new Corn law was enacted loosening the restrictions on foreign grain. Despite Canadian merchants, mercantilism was giving way to new needs. The beginning of the end of mercantilism can be even more clearly seen in the reforms of 1825. Under the leadership of reforming Tories such as Robinson, Chancellor of the Exchequer and Huskisson, President of the Board of Trade, a radical change in tariffs, imperial monopolies and shipping regulations took place. Thereafter, the ports of British possessions were opened to the goods and ships of all foreign countries, who were prepared to reciprocate. This included all commodities except for very few strategic articles such as munitions, which could only be imported from the empire. Unfortunately, for our merchants, freedom to trade did not mean freedom from tariffs. Instead of the old free flow of American and Canadian goods across the border, a duty of 5s on a barrel of flour and 1s on a bushel of wheat was
imposed. There was also a 15 percent ad valorem tax and an insignificant free list. Thereafter, the carrying trade of American raw materials was reduced and American and European wheat could compete detrimentally with Canadian in the Imperial market. This same year the Erie canal was completed, making cheap grain, coming through New York available to England.

Another commercial turning point was enacted in 1825--this one to the merchants' favor. The Canada Tenure's Act of 1825 made possible the commutation of feudal tenures. Thus the British or French-Canadian seigneur could alienate land for commercial gains which by the old system he had been merely a trustee of. The censitaire, in turn, would suffer even more from increased rents and expropriations. This measure illustrates the main split between the Assembly and metropolitan reformers. The Canada Committee in England endorsed the measure while the Lower Canadian Legislature Assembly regularly opposed it. The merchants for their part wanted to alleviate a situation whereby they found the seigneurial fines and prohibitions attending the buying of a commercial city lot prohibitive. In Montreal, for example, 1/12 of the value of any lot would have to be paid to the Sulpicians as a commutation fine.

Another problem for the merchants was that the larger part of the revenue from tariffs came from Quebec. The Upper Canada customs inspector at Coteau du Lac was largely ineffective. Therefore, the division of revenues between Upper and Lower Canada was a constant source of disputes. Also most of this revenue was appropriated by the Assembly of Lower Canada who did not generally support commercial schemes.

As the appropriation of revenue for executive salaries became tenuous, the use of revenues for commercial projects became almost impossible. The assembly consistently opposed the use of public revenue for the construction
of canals for the development of Canadian commerce in the new staples of wheat and timber. To these ends the merchants wanted to reconstruct a second unity of the St. Lawrence (which had faded after the demise of the fur trade). This would be based on improved harbours, ship channels and especially canals around major obstructions on the river route. The assembly did not want to approve expensive measures which would serve mainly to increase the carrying trade of the larger merchants, agents of British firms and/or shippers (such as the steamship empire of the Molson's). Thus not surprisingly, such construction was only completed after the Rebellion period, by which time alternate routes such as the Erie Canal were more than competitive and the self-serving grand ambitions of English merchants were to suffer the assaults of free trade.

**Canals**

Although a certain amount of canal building had been undertaken, it was mainly after the union of the two Canadas that this process was speeded up. Canals were built around the Lachine rapids between 1779 and 1783 but remained relatively primitive until the Province bought out an earlier project to improve the canal. Then with John Richardson as Chairman, a commission was appointed in 1821 and construction was completed in 1825. This extended navigation on the river to the mouth of the Ottawa. In Upper Canada, under the promotion of W.H. Merritt, the Welland Canal Co. was formed and the Welland Canal completed in 1829. It was subsidized by the government to such a large extent that it was eventually bought over in 1848. Opposition to this canal was rife in that mismanagement was charged and it did not pay for itself. If anything, it did more to swell the traffic of the Erie Canal and New York through its Oswego feeder than the St. Lawrence. Even after an improved route by the Rideau Canal was
available after 1834, it was roundabout while the St. Lawrence itself was still risky.

Only after the union of the Canadas in 1841 did large scale canalization of the St. Lawrence take place. Lower Canadian merchants could then combine with Upper Canadian promoters and farmers wanting easier and cheaper access to markets for their wheat. Through the influence of one company, in which E.G. Wakefield (of whom we shall hear much of later) was involved, the Beaulharnois Canal could take root in this new political soil. Work began in 1842 and was completed in 1845. In 1843 the Cornwall Canal was completed, and by 1847 the last series of rapids on the St. Lawrence, Farrans Point, Rapide Plat and Galops Canal were completed. The reasons that these projects could at that time be completed lies in increased government revenues which the combined legislatures could appropriate for canal construction. Previously, Upper Canada had been unable to build even its own canals.

Failure of Canalization

Despite the completion of canalization as the bulwark of Canadian merchant aspirations, their grandiose plans were to remain ill fated. In 1846 the Corn Laws were abolished. At this time, the price of shipping wheat, even from the Canadian west was cheaper through New York than Montreal by 7d per barrel. The American Drawback Acts also took their toll. In 1845 the first Drawback Act allowed British goods intended for Canada to pass free through the U.S. and in 1847 the second Drawback bill allowed Canadian staples to pass free in bond through American ports. High levels of demand in England cushioned the blow of repeal of the Corn Laws and loss to the American routes. Exports through Quebec actually increased for a year until 1847 when the corn bubble burst. Canalization without preference could not
change the economic facts of American trade ascendency. Attempts to reconstitute Quebec's old fur trading hegemony over the west on the basis of wood and agricultural staples had failed. Preference fell to Britain's world economic hegemony which now could maintain its power without concessions to its colonies and colonial merchants.

Even the canals themselves would soon be rendered less necessary by rapid development and improvement of new modes of transport. By 1850 the artificial waterway of the Canadian American region had reached the peak of its usefulness relative to other forms of transport for a century to come. Without imperial preferences to sustain them the Navigation Acts came under heavy attack from Canadian and West Indian merchants. With the abolition of these acts in 1849, Great Britain could no longer utilize profits from its commercial and shipping monopoly to balance the expenses of defending its settler colonies. In Canada the stage was set for responsible government which would follow shortly. By 1849 the British tie was considered a burden by many Canadian merchants. In this year many of them supported the annexation manifesto which had been introduced. Repeal of the Navigation acts, good harvests, opposition by the South in the United States helped defuse this movement. The matter was settled by a compromise in the form of the Reciprocity Treaty of 1854. English domination was beginning to give way to American.

The Struggle for Financial Control

The question of canals and commercial improvements must be seen within the context of the wider struggle for financial control between the merchants and petite bourgeoisie. For to control finances was to control policy, which was exactly what the Governor and the two councils more or less on one side and the Legislative Assembly on the other wanted. This struggle
was not a purely local one but rather reflected a basic tenet of the evolving liberal state, i.e., popular control of the public purse. The adhesion of Neilson (the most sophisticated reformist liberal in Lower Canada), the support of the English radicals, and Whig sympathies and concessions, strongly evidences this point.

The root of the constitutional struggle lay in the division of the control of revenues. The first of the financial resources of the executive was the Casual and Territorial Revenue. This included the annual rents for the King's Post, the King's Wharf, the Forges of St. Maurice, the proceeds of casual feudal dues, droit de quint and lods et ventes, and later land sales. Another very small source was fines, seizures and forfeitures. Most revenue came from customs duties. The most important single source of executive revenues in the division were the proceeds from the Quebec Revenue Act of 1774 including duties on brandies, rum, molasses, etc., and licences on houses of public entertainment. This source comprised one half to two thirds of the total disposable revenue of the crown. For the first years of the Legislature the Assembly granted increases to executive revenue but this stopped after 1826. The second major division of revenue collected under the authority of provincial statutes and appropriated to particular purposes was small and not terribly important.

The third major division of the revenue, unappropriated and at the disposal of the Legislative Assembly, was the most important. It was not only the largest of the three but was sometimes twice and often as large as three times as much as the total permanent revenue, i.e., 2/3 of the overall total. This was at the disposal of the Assembly. As Creighton puts it the crux of the situation was control of the mass of customs revenue.
The financial weakness of the government was sufficiently serious to suggest cooperation with the assembly but not desperate enough to enforce capitulation to it.67

The crunch came when large projects such as canals, etc., were proposed. The Executive was unable to pay for these out of its own jealously guarded fund and thus had to call upon the Assembly. The Executive with its control of a little less than 1/3 of the revenue could carry on its ordinary duties independently of the Assembly, but only in a slow and embarrassed manner with frequent recourse to extra-legal devices. The civil list varied suddenly from year to year (in 1819, for example, it was £15,000 larger than in 1818); also it was often incomplete or inaccurate due to the lack of a competent financial staff to prepare it.

Thus the Assembly often could pursue its demands from a powerful bargaining position, as in 1818 and 1821, when it petitioned against various sinecures, absentee office holders and pensions. Its intention was to supervise the "overgrown bulk of the Civil List of the Province" thus controlling the hated official class and its collaborators. In 1819 it made reductions in the civil list presented by Richmond and in 1824, after the bankruptcy of Receiver-General Caldwell, due to his speculation with government funds, it reduced all salaries by 25 percent, and in 1825 it persisted in its claim of alteration. Significantly these measures were imposed in years of executive need. After Bathurst left the colonial office in 1827, some concessions were granted by reformists in England. This culminated in the exception of all justices except the chief justice from the Legislative Council.

This proved to be too little and too late. The Assembly's consistently asserted aims were: (1) that the whole revenue and expenditure of the colony
be placed under its control; (2) that supplies be voted annually, and not as the executive requested for the life of the king or ten years; (3) the assembly wanted detailed item by item scrutiny of the civil list. Through such measures the patriot party could ensure the division of powers, the independence of judges and the accountability of public servants. The constitutional crisis then must be interpreted as a power struggle between the two major groups for control of finances and ultimately political domination.

The easiest way for the merchants to gain their ultimate ends revolved around the aforementioned union of the two provinces under one Legislative Administration.

Proposals for political union were first introduced by Wilmot-Horton in 1822. The proposal originated with Edward Ellice, the owner of a large seigniory, strategically placed at the site of what was to become the Beauharnois Canal. This measure was a source of agitation among the French party who rightly interpreted this action by John Richardson, the de facto leader of the English party, as an attempt to decrease their power and achieve the merchants aims. The more limited aim of raising the property qualification of voters was also seen as a similar affront.

Proposals for union threatened to destroy the power base of French-Canadian society with one fell swoop. The reaction by the opposition against such an extreme measure was spontaneous and extensive. It caused them to close ranks uniting its two most powerful leaders Neilson and Papineau, who went to London to lobby opposition to the bill. They made friends with Sir James MacKintosh in Parliament, who ably defended their cause and Will Parker, a Scottish merchant. Because of the influence of liberal ideas, Radical and Whig opposition, confusion caused by the suicide of Castlereagh, solid colonial
opposition in Lower Canada, the lack of interest in England, Neilson's and Papineau's articulate defense and opposition to Ellice and his friends in Parliament, the bill was defeated in 1822 and quickly passed over again in 1828.

In lieu of union, proposals were made to annex Montreal and the triangle of land between the Ottawa and St. Lawrence Rivers to Upper Canada. These quickly fizzled out and should be seen more as a source of indignation to the Assembly, rather than a practical proposal.

Another line of attack for the merchants in their political endeavors was to try and control elections by a system of patronage such as the rotten boroughs in England. The moderate stance of the Assembly in its first years was at least in part due to the success of this strategy. The injection of the English polling system into Lower Canada was a new experience for the habitant and as a result few turned out to vote until after 1800. Voting was difficult in rural areas and elections, which were always conducted during the summers, lasted several weeks. Election agents often acted to intimidate voters. One of them, de Bonne, who later became a judge, actually acted as a political boss. The merchants were quick to join the political arena while the French petite-bourgeoisie often held back because of costs. Some areas such as the Gaspe were considered as pocket boroughs due to their questionable electioneering practices and systems of patronage. At first the French party, so called because its leaders were usually French-Canadians, did not always put up the two eligible candidates for each ward but usually ran only one. It was the policy of both parties to field one French and one English candidate in each riding until as late as 1827 when Joseph Papineau attempted to supplant this system. But population provided the ultimate parameters of even this approximation of a democratic system and at least
after 1815 the Assembly was controlled by the petite bourgeoisie as a politically conscious and experienced group. Thus such circumventions only forestalled the final conflict which it could not prevent. With the failure of direct means to gain their political objectives the merchant and administrative class were driven to attempt other indirect means to gain their ends.

One of the most successful of these was to ally with English colonizers in trying to promote emigration using various sort of emigration funds. As we shall see various types of schemes were suggested and some put into operation. Such schemes could be presented in humanitarian terms, i.e., offering to assist the emigration of pauperized Irish or Scottish highlanders and often offered, at least, a potentially large profit. Colonization especially on a large scale, as through a chartered company, offered an irresistible temptation to our haute bourgeoisie.

The Politics of Colonization

Reformist elements in England predominated in the report of the Canada committee to Parliament in 1828. This report condemned the official use of funds by the executive without the consent of elected representatives and advocated reform of appointments to the Legislative Council. Although this report was heartily accepted by the Assembly of Lower Canada, it was not acted upon due to the opposition of Mac and the Duke of Wellington and the determination of Robert Peel to exercise more control over colonial affairs. This committee supported (as previously noted) the conversion of tenures but it did recognize the principle that Lower Canada should control its own revenues and in fact pay its own way. In this sense the protests of the Colonial Assembly were welcomed by the radicals at home who recognized Dalhousie as the symbol of a class of military autocrats being supported by mercantilism.
The Canada Committee, in its support of the conversion of tenures, took an opposing position to the mainstream of the Patriote party, wishing to preserve their traditions. This points out perhaps the main split between colonial and metropolitan reformers. Most of the latter saw colonial lands as a source of wealth for the colonies and a possible solution to the overpopulation problem at home. It is probably for these reasons that Durham advocated union of the two provinces after the rebellion. The Patriotes, on the other hand, feared immigration and, in fact, regarded Quebec and la nation Canadienne-Française as their patrimony and as we have seen opposed conversion of their lands into common soccage, as a threat to national survival.

Thus the granting of a charter for a land development company in Lower Canada, (the terms of which is discussed in detail later) to be controlled by Anglo-Canadian and English merchants was opposed root and branch by the petite-bourgeois Assembly. For the British American Land Company was alienating almost one million acres of good land in the Eastern Townships at a time when overpopulation and famines had reached crisis proportions in the St. Lawrence Valley seigneuries. This was land lost to seigneurial tenure and habitant or petite bourgeois control (at least this is how the situation was perceived in French Canada).

Given statements by the promoters that they would diffuse English culture throughout the province by filling up unoccupied lots with British immigrants paving the way to union of the two Canadas, the almost xenophobic hatred aroused among the Patriotes seems warranted. Besides this the British feared the Americans on the Eastern Townships border during this period of annexationist sentiments and they especially feared some sort of alliance between the Patriotes and the Americans. Consider this statement by Henry
Bruyeres, one of the directors of the Company:

The great object of the company was to encourage and promote the growth of a British Population [sic] in a district the [sic] most available for settlement and situated on one of the most important frontiers of Lower Canada.79

Also the home government was and would become even more aware of the inability of the Provincial government's executive to support themselves. For example, in the four years before the rebellions, the continued stoppage of supplies had forced the Imperial government to take coercive action by voting the sum of £142,160 as a loan for the payment of arrears to the civil service, to be paid in the event of the Assembly's refusal to provide the necessary funds for official's salaries. As we can see then the question of revenues was a key one for both governments and the capital to be supplied by the British American Land Company in large sums could be used as leverage by the beleaguered executive, in their bid to contain the Assembly's continued and successful use of the civil list to barter for concessions.

For these reasons, then, the act chartering the company was passed the second time it was presented to the British Parliament, despite the fact that it was regarded, along with the Canada Tenures Act, as a bête noir by the opposition in Lower Canada. The increasing number of petitions of grievances from Lower Canada almost all protested land tenures, seigneurial abuses and the incorporation of the British American Land Company. The Patriote, Central and Permanent Committee of Montreal saw this bill as an attempt to interfere in the affairs of the Provincial Legislature. A contemporary report from the manufacture in Montreal wanted to hold up the establishment of the company. The leading opposition papers, La Minerve and Le Canadien, were both fervent in their opposition to this monopoly company accusing the promoters of being merely speculators. The ninety-two
resolutions singled out the company as a focus of their grievances. In short as MacDonald so aptly puts it

From press, public platform, and the floor of the Assembly the voice of exasperated protest was heard. The friends of Papineau were particularly hostile.

While in the House of Commons a Mr. Roebuck was appointed agent for the Lower Canadian House of Assembly "for the purpose of securing the cancellation of the act constituting the British American Land Company".

Other Factors

Besides the weaknesses of the Lower Canadian economy and the political struggle between what Alexis de Toqueville called two ethnic classes, there were certain particular events which brought these crises to the point of violent confrontation. In 1832 two major disasters occurred. There was a serious cholera epidemic (a filth disease stemming from food or water contaminated with human feces) originating from the much maligned British immigrant ships and the "massacre of Montreal" occurred. British troops fired on and killed three of the supporters of Dr. Tracey who was an important leader of Montreal Irish Catholics and editor of the Vindicator at that time. In his position as publicist, he had opposed the Legislative Council on the grounds of incompetence and obstructing the Assembly. The election gained symbolic importance taking place in an atmosphere of hostility between supporters of Tracey and his opponent Bagy of the English party. Mob violence was the rule during the polling on both sides. Nevertheless, the fact that these British troops had no jurisdiction over Provincial elections and that a subsequent inquest failed to place the blame on those responsible severely shook the faith of the Canadian citizenry in the good will of the British government.
The election of 1834 provided the tone of the ensuing political struggle. The campaign manifesto for the election was provided for by the ninety-two resolutions. Almost all the moderate reformers including Neilson, Stuart, Mondelet, Quesnel and Cuvillier disappeared from the Assembly either of their own volition or because of defeat. Of the twenty-seven persons who had opposed the resolutions, seventeen withdrew and only four of the other ten were re-elected to the Assembly when only about three or four others joined their ranks. Interestingly enough of those re-elected at least three, C.A. Gugy of Sherbrooke and the representatives from the Gaspe, came from pockets of English influence and patronage.

Financial Panic

As we have seen Lower Canada experienced almost continuous famines in the wheat crop from 1833 to 1836 which combined with the 1834-35 glut closing imperial markets, ruined its staple agricultural product. While the habitant lost his main cash crop the financial market approached the brink of disaster. Andrew Jackson had by 1836 concluded his long warfare with the bank of the United States causing devaluation, financial panic and an eventual suspension of specie payments. Retrenchment had already begun on the British financial market as well. The London and Liverpool houses burdened with vast credits in America were vulnerable to the demands of English bankers. The speculative prosperity of the North American interior faded as commercial houses in New York and Philadelphia began to fail in the spring of 1837. By May, the New York banks had suspended specie payments. The merchants in both provinces grew apprehensive for the continuance of their loans and discounts. In Lower Canada, where banks could suspend specie payments without forfeiting their charters, payment of gold and silver was stopped on May 17 with the full approval of the commercial community. All banks including La Banque du Peuple were forced to cooperate to weather the
storm. Public work stopped and there was even a fear of riots by unemployed canal workers. Even the Bank of England ceased its export of large amounts of capital to the Canadas. The crisis even hit the timber trade and naval construction industries, which experienced a decline, but the distress was more acute in non-lumbering areas.

The Rebellion of 1837-1838

The economic crisis in conjunction with existing political and social tension lay at the heart of the rebellion as historians of such vastly different persuasions as Creighton, Ouellet, Bourque and Gagnon have pointed out. Our problem then is not to investigate in detail why the rebellion failed. I presently accept the opinions of Ouellet (probably the foremost historian of this period) corroborated by Bourque and Gagnon that the leadership of the Patriot party was for the most part ineffective.

Ample evidence exists of indecision (this is especially true of Papineau), lack of planning, factionalism, cowardice among the leaders, absence or ineffectiveness of military strategy, etc. Another problem was the lack of effective means of communication and transportation barriers especially in rural areas. Arms, supplies and money to buy them with were also in short supply.

As opposed to the American revolution, there was no distinctly indigenous merchant class with a separate identity and commercial needs outside the metropolitan nexus. There was no equivalent to the crisis of social identity experienced and feared by the Virginia Gentry. Despite its traditionalist ideologies few seigneurs supported the rebellion. Dubuc sees them as gaining an elevated status after the Conquest and enjoying luxury consumption, social life in Quebec City, government magistracy, learned
societies, etc., encompassing the pursuit of noble activities: Dubuc is unclear whether this aristocratic lifestyle was the cause or the result of their playing a non-dynamic, non-entrepreneurial economic role. At any rate, what is clear was their collaboration with the English administrators and the upper clergy. Given this base, the key question to answer is not why the rebellions failed, but rather how it achieved its limited successes in the absence of so many necessary factors.

For our purposes, the rebellions meant a drastic change in colonial policy and the dispatch of "radical Jack" Lord Durham and his entourage to solve the problems of French Canada. As should now be evident in our analysis, the root of the problem in an agricultural area such as Lower Canada revolved in large part around the question of land, i.e., who controlled it under what system of tenures. In our next and concluding section, I would like to focus on the question of land alienation, especially the British American Land Company and the related subject of how land was distributed and for what purposes, i.e., the theory and practice of colonization.
Footnotes


5 There requirements were that they formed a community of interests in this case based on education and leadership, they share a common ideology, they possessed significantly different amounts of property, a different place within the means of production and shared a common style of life.


7 Bourque, G., op. cit., p. 162.


9 Ibid., p. 371.


12 Bourque, G., op. cit., p. 185.

13 Ibid., p. 174. In all fairness I should note that Le Canadien did propagate enough radical anti-clerical ideas to be denounced by the church as Voltarien. Also see Manning, H.T., The Revolt of French Canada 1800-1835, Macmillan, Toronto, 1962, p. 60, 64, 76. Clark, S.D., Movements of Political Protest in Canada, University of Toronto Press, 1959, p. 281.

14 Manning, H.T., op. cit., p. 281.
These categories often overlapped as in the case of Dr. Wolfred Nelson, a factory owner or Dr. O'Callaghan, a journalist. Bourque identifies three types of Anglophone joining the Patriotes. The first joined out of reformist ideals, e.g., John Neilson. The second were those integrated into a French milieu, e.g., Wolfred Nelson. The third consisted of anti-British Irishman, e.g., O'Callaghan. See Bourque, op. cit., p. 238, 239. Ouellet notes the participation of a minority of Irish (e.g., J. Coward, "I am a rebel and would be one as long as there would be a Scotch rascal in this town") and a small number of ex-Americans in the Eastern Townships, "déjà sensibilisée aux idées démocratiques. Ouellet, F., op. cit., 1972, p. 360.


Ibid., p. 361, 371.


Ibid., p. 8.


Bourque, G., op. cit., p. 233, 234.

Ibid., p. 247, 250.


Gagnon, C., loc. cit., p. 83.

Ouellet, F., op. cit., 1971, Vol. II, p. 432. He points out how Papineau was regarded as the incarnation of the national struggle (almost a mythical figure) by the habitant.


Papineau is sometimes regarded as having become an anti-clerical after 1827 (Bourque, G., op. cit., p. 257). This may in fact be a result of his stance (as well as that of his party) in opposing the famous "Loi des Fabriques" in 1832. This measure was passed by the Assembly in 1832 but was rejected by the Legislative Council. If we examine this measure we see that it was designed to regulate the curés autocratic control over the
administration of parish funds through the vestries made up of themselves, and the Church wardens, Marguilliers. The Patriotes for their part did not in fact advocate democratic control but rather they referred back to an obscure custom of control by notables. Therefore, they were neither democratic nor anti-clerical in principle but rather followed precedents based on what can only be interpreted as greater petite-bourgeois or "notable" control of parish funds. Although the clergy strongly opposed the measure, the principle of temporal control/over temporal (in this case financial) matters was a principle of which was to prove a consistent feature of the modern state - see Manning, H.T., op. cit., p. 230-234.


39 Gagnon, C., loc. cit., p. 88 lists some of these.


42 Ibid., p. 366.


44 Gagnon, C., loc. cit., p. 96. Ouellet, F. loc. cit., C.H.A.,


47 For example, T.S. Brown, a revolutionary leader, resigned as a director of the bank in 1837. Among its directorship Viger, Cherrier, Fabre, Roy and Donegani were all arrested during the rebellions although all but Viger were released. Greenfield, p. 37-8. Also Ouellet cites evidence that Fabre met with Papineau before the battle of St. Denis. There is also a statement made by Y. Bertrand wherein he planned to redistribute property and expropriate English banks and capital. See Ouellet, F. loc. cit. in Ouellet, op. cit., 1972, p. 373.
The assembly would not pass bills improving navigation, insisted on control of the civil list, reduction of official salaries and posts, and the elimination of the patronage system. Thus they were perceived as a threat by both groups.


Glazebrook, G.P. de T., *op. cit.*, p. 79. In fact the Rideau Canal was completed in 1831 but three short canals between St. Annes and the mouth of the Rideau Canal were necessary to make the Ottawa navigable.

Ibid., p. 80.

Ibid., p. 81.


71 Ibid., p. 49, 55. Manning, op. cit., p. 43.
73 Ibid., p. 52, 54.
75 Ibid., p. 170.
76 Ibid., p. 47-52.
77 Ibid., p. 280, 282, 288, 299, 304, 305.
82 Manning, op. cit., p. 203; Skelton, op. cit., p. 114; MacDonald, op. cit., p. 410.
83 Manning, H.T., p. 358, 359.
85 MacDonald, N., op. cit., p. 296.
86 Ibid., p. 296, 297.
87 Quoted in Bourque, G., op. cit., p. 313.
88 Manning, H.T., op. cit., p. 344-355.
89 Cuvillier was known as one of the magistrates responsible for calling in British troops to Place d'Armes during the Montreal massacres. See Manning, op. cit., p. 350.
90 Ibid., p. 362, 363.


CHAPTER FIVE

THE POLITICS OF LAND

In this final chapter I return to the original problem—colonization and land policies. I have chosen to concentrate in detail on the British American Land Company since it was the largest and most important such venture and its ties with the state and merchants capital were rife. Land in general was controlled by the oligarchic elite and their collaborators. It made up an important part of the system of spoils and patronage. This meant reckless alienation to few individuals and speculation. Ultimately, such policies impeded settlement, left huge blocks of unimproved land hampering transportation and therefore further colonization in the vicinity of these tracts. Emigrants arriving at Quebec re-emigrated and many French Canadians were forced to emigrate as well. Capital was tied up in speculative returns which detracted from the needed transportation and other fixed capital needs of society. The amount of liquid capital tied up should not be overemphasized since credit was loose and grants generous for privileged members. The metropolitan government often opposed this system but its policies were sometimes ineffective and more often non-existant.

Even the speculators themselves may have experienced losses at least in the sense that expected gains were often delayed much longer than anticipated. Nevertheless, land was important for four reasons. First, Tories in the colonies often had visions of becoming a landed gentry similar to their counterparts in England. In the case of younger scions of
aristocratic families who had gone off to the colonies to seek their fortunes such behaviour was quite natural. Land had prestige merely in the fact that it generally made up a social attribute of wealth from other sources, generally the staples trades. Second was the example of profits to be made from land speculation and land companies in the new world. A man as prominent as Thomas Peel, brother of the Tory Prime Minister, controlled a land company in Australia, for example. Third was the fact that inter-related landed, mercantile and financial interests were the established group controlling capital in England. This lead to the belief that colonial land could be used as security on imperial loans. In the absence of a viable market of settlers with liquid assets or ample opportunities to pay off land, this would prove erroneous. Retrenchment by Baring Brothers and even the Bank of England during financial crisis proved the fallibility of colonial securities. Fourth was that a land grant or the purchase of cheap land enabled the owner to exploit the timber on this land. Purchase was often cheaper than leasing timber rights. This should not be overstressed since all land in the absence of effective policing was open to exploitation. The best protection of one's own and usually all neighbouring timber lay in the presence of a larger and rougher timber gang than your competitors.

Land on the Seigneuries

In attempting to understand colonization in freehold areas, I shall briefly examine the problems of tenures on the seigneuries. For it was here that political tensions with, as we have seen, important ramifications for development originated. Also metropolitan legislation very much played a part in this system as did merchants capital. After the Conquest, a new system came into being substituting "...the already established complexes of commercial communication between England and America for the French commercial system". This was to profoundly change the seigneurial system.
The crux of the problem was the proverbial increase in population not matched by the increase in the amount of new land opened up in the seigneuries. Between 1784 and 1831 while seigneurial land expanded by 138%, the population dependant on it grew by 234%. This pattern was paralleled between 1831 and 1844 when the respective increases were 21% and 33%. Unused land on the old farm was more and more being brought into cultivation.

Subdivision increased as immigrants often took over new grants especially in the unclaimed reaches of the seigneuries. The problems of seigneurial tenure came often to be exacerbated by the structure of the system. For example, La Coutume de Paris with its secret mortgages tended to favor dishonesty and make the seigneur a privileged creditor with local merchants. The crisis in the system also saw an increase in false sales, more confiscations as the seigneur tried to obtain higher rents due to increased demand for land. There were also payoffs in order to get good contracts. The tenant in turn was subjected to steeper and steeper rent increases.

The seigneur began to revive old rights in disuse as well as reserving wood and milling rights to himself. He became reticent to grant new lands until rents had pushed up prices. Some even refused to grant new lands to tenants until a maximum price had been reached and forced older tenants to pay more. English law had helped facilitate these economic prerogatives. Starting in 1791 the Constitutional Act gave seigneurs property rights over their ungranted demesnes. Clauses inserted into the Canada Trade Act of 1822 served to help remove obstacles to the conversion of seigneurial land into freehold. By the Canada Tenures Act of 1825, boards of experts were set up to arrange for the voluntary commutation of cens and rentes and lods and ventes to common soccage. In 1831 London abolished the power to concede new land under seigneurial tenure. Such measures (especially when perpetuated by English seigneurs) and immigration
making up as much as 37 percent of the population in 1831 helped arouse the political ferment of the time. In Lower Canada in 1837 we find a fantastic anomaly overpopulation in a country with a population density of one person per 387 acres. An examination of old parishes shows that after 1822 land grants ran out and the land had to be subdivided. Size of farms progressively decreased in 1784; only 42 percent of farms were less than 100 acres, by 1831 it had increased to 66 percent and by 1844, 74 percent.

Colonization in the Freehold Areas - Theories of Empire

In the freehold areas land policies emanated from the metropolis and were themselves dependent on theories of empire adopted by those in power. At this time the British were moving towards international free trade and significant vested interests were becoming disenchanted with settler colonies. The theoretical justification for a contractionist view of empire came mainly from Adam Smith who had been the first to attack mercantilism substituting in its place the theory of free trade.

The value to Europe of colonies in America (he largely ignored possessions elsewhere) was merely that they provided new articles for international trade and extended the market for European manufactures. Such advantages were independent of any colonial system and were diminished to the extent that any state tried to monopolize its colonial trade. Monopoly raised the cost to consumers both in America and Europe; discouraged foreign capital from colonial investment; raised the profits of metropolitan capital and so reduced each country's competitiveness and made the metropolis dangerously dependent on colonies of uncertain loyalty.

Opposed to free trade were E.G. Wakefield's theories of "systematic colonization". He saw the problems in the metropolis as a result of competition, based on redundant capital and labour. Capital was forced to
compete injuriously since there was a surplus above profitable means of employing it. This meant cycles of waste, panic and hoarding. In the labour sector he saw the fund for each class as being too small. This could combine with general literacy and popular education to produce dangerous movements such as chartism and socialism, and social unrest. In the colonies, profits and wages were at a maximum but the colonial capitalist was faced with a shortage of permanent labour. The main reason for this was the cheapness of practically unlimited land. Wakefield's solution was to create a strong stable responsible government with stiff property, franchise qualifications and an upper house of appointed men of wealth. Land could then be sold at a "sufficient price" which would increase as improvements were made. This would compel immigrants to work as wage labourers for a "considerable time" before they would be able to buy land. The state would enact land taxes and enforce these by taking action against speculators, unwilling to pay them, or squatters. The independent state could use its revenues to import more labour through its emigrant fund. Marx insightfully summed up this system in a phrase by calling it an attempt to manufacture wage workers in the colonies. This system was influential but was opposed by too many entrenching interests in England and structural stumbling blocks in the colonies to ever be put into full operation.

Wakefield's Support

The legacy of pre-Wakefieldian obstacles to systematic colonization would probably have sufficed in rendering Wakefield's doctrines of limited applicability. Yet there were also compounded difficulties. In parliament he was opposed by free traders, contractionist little Englanders and a good many radicals. In the Colonial Office, Wakefield lacked the unmitigated or even consistent support of any Colonial Secretary or even permanent official. Nevertheless, his supporters did include many powerful men such as John Stuart
Mill, Jeremy Bentham, Charles Tennant, Sir Francis Burdett, R.S. Rintoul (editor of the Spectator), Lord Durham, Robert Torrens, George Grote, Charles Buller and Sir William Molesworth. The Colonial Society was formed and the Colonial Gazette first published in 1830 to promote the emigration of capital and labour and prevent colonial protective tariffs. Wakefield's most important supporters in Parliament were Lord Durham and Charles Buller. All three were present on Durham's historic mission as Governor of the two Canadas. Durham's report provided the blueprint for responsible government in Canada but was not acted upon until some time after Durham was out of the way. Buller's attempt to induce Parliament to adopt a more stringent policy of "systematic colonization" in Canada was unsuccessful. Yet, it did prompt several measures. In 1830 a Select Committee investigating the use of colonial lands recommended the sale of Crown Lands and the use of these funds to finance emigration. A land board was created in London and the colonies. An Agent General for Emigration was appointed in London in 1837 and in 1840 a board of three Colonial Land and Emigration Commissioners was set up. Perhaps the height of the influence of systematic colonization was Buller's speech before Parliament espousing the basic precepts. This was later read by over 100,000 British subjects.

Another important supporter was Lord Howick. In his position as Colonial Undersecretary for Viscount Goderich, he was very influential, due to the latter's extreme irresoluteness. Later Howick represented Wakefield's theories as chairman of a Committee of the House of Commons on New Zealand affairs. Later, we find that when Lord Howick became Colonial Secretary under the title Earl Grey, he was less influenced by Wakefield. Grey did propose a system of promoting emigration from Ireland but he refused to act directly on Wakefield's and Durham's scheme for New Zealand. This was taken as a personal affront by Wakefield but the
previous failures of colonial policy and growing Parliamentary opposition
to taxation to administer colonies were probably more important than mere
personal animosity.

Policy Making in the Colonial Office

In spite of intricate ties between theorists and politicians and
the personal ambitions of various groups or individuals, the Colonial
Office often operated independently of partisan or personal rivalries.
Lord Howick implemented a land sales policy under Wakefield's tutelage.
The 1837 Commission set up under Lord John Russell has already been mentioned.
Yet shortly thereafter the Colonial Office of Lord Stanley was to prove
definitely more independent.

Stanley made no attempt to dictate a land policy to the North
American colonies and was against responsible government. Peel's ministry
was generally in favor of solving problems as they arose and a great deal
of authority was deferred to Stanley. Of course, deferred authority outside
of major policy decisions was the rule for colonial affairs. In day to day
matters it was the permanent undersecretaries and senior clerks who directed
the colonial governors. The Colonial Office at this time fell short of an
ideal type bureaucracy since its leaders were political and at least some
undersecretaries owed their appointment to personal relations. Patrimony
sometimes caused jealousies over questions of seniority. The office was
generally burdened with overwork, delays and duplication of functions with
other offices of government, notably the Treasury, Board of Trade (finance
and tariffs), Home Office (convict despatches) and the Land and Emigration
Commissioners.

Permanent undersecretaries could command great power. The most
notable example was James Stephen, Council to the Colonial Department 1813-
1836 and its permanent head 1836-1847 when he retired. Even then he still remained an important consultant. This man of modest means almost single-handedly governed the colonial empire and was one of the principle agents behind the abolition of Imperial preferences. Apparently he deliberately stayed clear of Wakefield due to the latter's overpowering ambition. In terms of colonial government Stephen showed marked authoritarian tendencies while on matters of colonization his ideas resembled Wakefield's in a less doctrinaire manner. He also saw colonies as an asylum for England's "surplus members". For Stephen "colonization companies in good hands would be the best possible instruments for effecting as far as it can be effected the end in view" since these companies would possess skills of promotion, "the effrontery of commercial enterprise" beyond government dignity.

Land Grants

In Lower Canada the system of freehold tenures took root in areas not previously under seigneurial tenure. It was centered in the Eastern Townships, an enclave of former loyalists, American settlers and British Isles emigrants at this time, with a population of about 40,000 in 1828. It was here that the first attempts at colonization were made, by implementing a system of leaders and associates. This system was regularly evaded so that land was soon concentrated in few hands.

Leaders and Associates

By terms of the Constitutional Act no farm was to contain more than 200 acres with the government having discretionary powers to grant additional quantities in certain cases. These were not to exceed 1000 acres so that 200 acres was to be the general amount and 1200 the maximum. The greater part of the land, however, was granted in fact to individuals at the rate of from 10,000 to 50,000 each person, through a petition signed
by 40 or 50 persons, presented to the Executive Council, requesting a grant of 1200 acres to each person. According to Durham such petitions were always granted even though the Council was aware of previous agreements between the applicants whereby the usual amount of land conveyed back to the leader by whose means the grant was obtained was five sixths. Often the leader obtained the whole of the land which had been applied for by 50 persons. This sort of evasion of law was in fact devised by the attorney general with the principal intermediate being his Majesty's late assistant surveyor. By this system, which operated from 1791-1806, a township had been conceded to several persons without determining the share of each member. There was only one deed granted to the leader so evasion of the law (as Durham noted) was facilitated. Also, to eliminate the uncertainty and delay involved in obtaining and distributing grants, a corporate type of specialized cadre operating through a trust was established. This helped facilitate transfer and inheritance of shares and investment of those not involved in operations and delegated decision making and authority for the leader to agents and attorneys. Of the total of 1,866,797 acres so granted about 1,600,000 were conceded during the heyday of the system 1796-1806. Of the 3010 names listed on the grants, only about 100 actually shared the land and only 100 held titles. Governor Milne during his tenure of office, for example, gave out one and one-half million acres to sixty people through this system of leaders and associates.

Militia Grants

Another mode of delivering land to speculators were the grants to military officers, men and militiamen who often disposed of these grants for a mere trifle to speculators. In fact, intermediate agents in charge of disposing of militia grants often became speculators themselves. Often these retired soldiers had never even intended to settle these lands.
Militia men in Quebec were usually French and preferred the seigneuries to these grants to which they would inevitably cede the rights to English speculators for small sums. Further difficulties were the red tape involved in alienating a grant, the difficulties in obtaining an accurate appraisal of the location on a diagram as well as the difficulties inherent in frontier settlement. Speculation was so widespread that "of the one hundred and five proprietors of Townships land who in 1838 possessed between them 1,300,000 acres only six lived on their properties and many lived beyond the province entirely." Bertrand estimated that 80 percent of the land granted by the crown between 1796 and 1840 went to speculators.

Privileged Grants

Prodigality in government grants was the rule.

By 1825 outside the seigniories which totalled almost eight and one-half million acres the government had granted 3,356,000 acres leaving about five and one half million acres at the disposal of the crown in surveyed or projected townships; nineteen twentieths of this remained undeveloped, one half million had been given to militiamen, 72,000 to executive councillors, 48,000 to Governor-Milnes, 100,000 to Cushing and others (of his associates), 200,000 to officers and soldiers, 1,457,209 to leaders of townships.

One dominant motivating force for this prodigality was that officials often shared in the plunder. Grants might be made to others and retransferred to themselves. The diagrams of townships were dotted and disfigured with the names of clerks, surveyors and others belonging to these officers. Gifts were often as lavish as the whole township of Dorset conceded to John Black and many other grants to men of influence were more than generous.

Even after 1829-31 when the policy of sale or auction had been adopted free grants continued on various premises. As late as 1837 free grants actually exceeded the amount of land sold in that year. As Teeple
pointed out land speculation through the alienation of land could be one of the chief means of accumulating wealth in both Lower Canada and Upper Canada, as well as the main impediment to both settlement and the development of industry.

Grants to United Empire Loyalists

Another type of grant serving to concentrate ownership in the hands of private speculators with little intention of carrying out the settlement regulations attached to them were the Loyalist grants. These grants consisted of 200 acres of land given to Loyalists entering Canada before 1798 plus an additional grant to the children of the Loyalists when they come of age (often as much as 1000 acres). Thus "Loyalist rights", mostly in Upper Canada but with some in the Townships, became a standard article of trade which speculators could buy for a small fee or even "a gallon of rum". The location ticket system was set up in 1814 to ensure settlement. By this system the patent was withheld until four acres of land had been cleared and a house erected. Since this system wasn't enforced it had little effect.

Crown and Clergy Reserves

One of the greatest follies of the Colonial office was its system of reserves. At the time of Durham's mission, clergy reserves with few exceptions remained almost entirely wild. To quote MacDonald,

It is difficult to understand the mentality of officials who for the mere expectation of a probable benefit in the dim and distant future, would deliberately and seriously inconvenience impoverished and struggling settlers, and how public interests could have been served by obstructing the progress of settlement; rather does the policy and the practice lend colour to the ever-recurring charge of corruption on the part of land officials, who were often accused of acting in collusion with friends, or secret partners, to acquire by secret purchase some choice spot, but without paying for it until the spread of colonisation had given it a "position-value," when by means of the auction
system or some other method of benefiting by official favour, they hoped to acquire it for less than its real value. The only justifiable public motive for withholding land from settlement was the lack of survey.

The classic example of this false policy was the Crown and Clergy Reserves, marked out indiscriminately in Upper and Lower Canada wherever land was obtainable by grant, interspersed among the settlers, declared inalienable and for years allowed to remain permanently waste.45

As an attempt to allieviate the need for taxation and to support the Epicopacy as a bulwark against Republicanism, this system was an abject failure since it alienated many settlers. The tying up of two million acres in Lower Canada scattered in the midst of settled districts constituted an intolerable nuisance. The reasons that these lands comprising 1/7 of all alienable land held in common socage, (1/8 in theory) were commercially useless were that, due to the scarcity of specie, the low price of vast amounts of land already alienated and the 21 year leases on reserves, they were not in great demand.

Crown reserves served as formidable barriers to communication between settlers and markets since by 1822 less than 10 percent of Crown reserves were being leased and only a very small sum had been received in rents from clergy reserves. Most of this was from timber traders who would strip the land of valuable timber and move on often without even paying rent. Successful farmers or local businessmen wanting to expand existing areas of settlement and improved land were blocked in by these large blocks of impenetrable forest, only of use to the lumberman. Remembering the fire hazards of nineteenth century lumbering, we can see how fear of fires may even have hindered settlement near wastes. It was only after 1823 when desirable lots both in terms of soil and location were no longer available
that the demand for reserves, which after 1819 were to be sold, increased appreciably.

Also settlers were generally hostile to crown reserves since they impeded the building of roads and clearing of land. As late as 1853 the unsold portion of reserves in both provinces amounted to 1,514,600 acres valued at £430,482/10/ and retarded settlement more than any other cause. These grants provided a glaring temptation for "land jobbery" and official favouritism to corrupt government officials.

A most glaring example was the sale of almost half the clergy reserves by Mr. Felton, (later a commissioner of the British American Land Company), then commissioner of crown lands, principally to individuals who obtained them not with a view to settlement but to the increased value they would acquire in the course of years, and at prices very much below the real value.

As late as 1826 in Lower Canada waste lands embraced the best and most accessible portions of land along both banks of the St. Lawrence. Owners were often unable or unwilling to develop waste lands and in many cases the owners were unknown, thus sealing up the land indefinitely from settlement.

Crown and clergy reserves were especially inviting to squatters, some maintained undisturbed possession for ten years or more. Between 1825 and 1833 those crown reserves in British possessions were either allowed to lapse or put up for sale at low prices. "So thoroughly discredited was the system of reserving lands, that it was written off as a part of the folly of a colonial policy that had brought the Canadian colonies to the verge of a new American Revolution."

One reason that the sale of reserves, clergy reserves especially,
took place at such low prices, was that the Commissioners of Crown Lands was allowed to claim 5 percent of the sale price and thus it was to his advantage to sell off as much as possible. Even if the price was lower he could still make more commission with less effort on large purchases during his tenure in office.

Squatting and Cotter Grants

Squatting was perhaps the inevitable consequence of such policies. None were forced to purchase land or preempted. Durham was forced to recognize these de facto rights and all squatters occupying their lots before September 30, 1838, were confirmed. The impossibility of determining the actual ownership of land no doubt also affected this de facto ownership.

At the other extreme were the timber merchants who often found it cheaper to purchase land outright rather than pay for timber licenses. There was little regulation except the "good character of the Quebec merchants" and as a result they often cut timber outside the limits of their grants. In heavily timbered areas in fact they could legally obtain timber by buying the land.

To ensure a labour force for the lumber camps in the Townships, the land act of 1841 provided free grants for settlers on colonization roads, possibly an attempt to create a cotter class. This seems likely, since these settlers were given sufficient land to sustain themselves for part of the year and would then be hired seasonally to work for the timber merchants. It, in fact, appears that the purpose of these roads was to exploit timber rather than to encourage settlement. Although one major motivation was to prevent the landless immigrant from moving on to the United States (a powerful trend as we have seen).
Not surprisingly, Wakefield himself consistently opposed the hand to mouth policy of the colonial office. He doubted the applicability of his theory to Canada due to the proximity to the U.S. with its high wages and cheap land and because of the cumulative bad effects of existing land regulations.

Assisted Immigration

In the realm of assisting emigration, the colonial government was virtually as inept as in its land policies. For example, John Campbell, as Government Commissioner and Emigration Agent in 1815, devised a scheme of assisted emigration from Scotland, which because of delays, red tape (such as testimonial of character) and the payment of deposits, caused many who could afford these deposits to emigrate to the U.S. instead. In 1817 another plan was devised by which grants of land would be made to people with capital to invest and able to take with them, ten or more individuals above the age of twenty as cultivators of the soil. These men were to put up £20 per capita, one half of which would be deposited with the government until the conditions of the grant were fulfilled. In return a grant of 100 acres would be provided for each person free of expense then an additional grant would be made after the first had been brought under partial cultivation. Nor surprisingly (given the low value of colonial land) the response to the plan was meagre consisting of only three men. In the words of MacDonald "no system could more effectively frustrate settlement and drive immigrants either into the arms of land jobbers or out of Canada into the U.S." Due to the failure of these and other limited plans, emigration so far as Canada was concerned was left to take care of itself. Another problem was that some advocates of colonization like Horton who was permanent undersecretary under Huskisson went far beyond the limits their contemporaries would accept. Horton wanted a virtual unison of the colonies and the mother
country whereby "the redundant labour and curse of the mother country" could become "the active labour and blessing of the colonies", who otherwise would not be able to defend or support themselves. Thus his emphasis on thousands of emigrants and million pound costs, demanded assistance which was too expensive for the leaders of the day.

The famous political economist McCulloch saw any expenditure on emigration as entailing a useless expense upon the mother country. Another common objection to such plans was that an addition of population would hasten the British American colonies joining the United States, leaving the Empire and rendering any expense useless. To other opponents some measures (such as the previously mentioned recommendations of the Emigration Committee of 1826) meant state control of population, Wakefield himself saw this as a proposed shovelling out of paupers. Even many of those who favoured emigration refused to support it at public expense.

In fact economic intervention in general was foreign to the government in office. Lord Russell in 1837 introduced a poor law bill which did not provide for emigration at all. His rationalization for this, i.e., that the colonial governments themselves were opposed to the immigration of paupers, was correct. His administration and himself were opposed to state financed emigration as a matter of principle. The man behind the Colonial Office, James Stephen, did not believe that the promotion of colonization should be undertaken by the government. The Whig administrations of the 1830's were committed to the greatest possible economy in colonial affairs. Tory administrations thereafter were no longer deeply committed to mercantilism. Attempts such as those by Hay, a senior civil servant, to resist these "economizing" Whig policies were futile. Lord Howick's reform of the system of land grants was based on such principles of "economical"
reform. Such policies were badly needed but never fully implemented.

The Use of Crown Lands for Revenue

The first attempts at raising government revenues from land were the quit rents and later fees of office imposed on all grants, except privileged ones. Later huge tracts of land were sold to chartered land companies. Finally all crown lands instead of being granted gratuitously were sold by auction. The quit rent system was an abject failure. It was opposed by men of means controlling land, in British North America. In the absence of enforcement all collection of quit rents was suspended in 1831 and all arrears from 1827 on were remitted. In 1833 they were again cancelled on the condition that a satisfactory arrangement would be made with the assemblies for a permanent grant towards civil expenses.

The imposition of fees of office were similarly unsuccessful. The result of the early small fees were merely to encourage speculation. As early as 1800 when the Prescott government decided to impose fees, the market had been glutted with cheap land from earlier grants.

The failure to secure revenue from these measures prompted a huge increase in the scale of fees, proportionate to the size of the grant. Prices averaged £6 9s for 100 acres and £4 1s for 1000 acres. These were used until 1819 when a new scale was introduced. There was again an increase practically doubling these fees. In 1820 public assistance measures were introduced as a concession to the poorer immigrants in Upper Canada. Governor Maitland exempted poor settlers from any charge on a grant of up to 50 acres. This policy helped Upper Canada retain settlers but soon had to be abandoned since it was so popular that the government could not bear the costs of its land programmes operating deficit. In 1824 the fee schedule of 1820 was cancelled and free grants were abolished.
The New South Wales System

When a system of sale of Crown Land was finally introduced, it was also far from effective. In 1825 Bathurst recommended the adoption of the New South Wales System of sale of all lands, instead of free grants made by the Lieutenant Governor of the British North American Colonies. This was followed by a set of instructions from the treasury on the adoption of this policy in 1826. By 1827 J. Wilmot-Horton laid before Parliament a copy of the New Regulations for granting lands in the British North American Provinces in which the Crown Reserves Act of 1791 was to be discontinued. In 1828 a Commissioner of Crown Lands responsible to the Lieutenant Governor was appointed for every province to select land and give out necessary information as to price, place and date of all sales. By the 1826 instructions, no lot was to contain more than 1200 acres and purchase money could be paid by a one-quarter downpayment and then three more equal annual payments plus five percent interest. Sale was to be by public auction at a fixed "upset price". The quantity of land to be put up for sale was to be determined by the governor. The instructions from the Treasury were superseded by instructions from Lord Goderich. The first one in 1833 raised the upset price and ordered all the interest on unpaid installments to be paid. The second directive in 1837 required payment in full at the time of purchase.

These lands were to be surveyed by the government and laid out in 100 acre lots. Yet even while this system was supposedly in operation privileged grants continued to be given out. In 1831 privileged grants comprising 641,639 acres were given out while sales under the New South Wales System lagged at 450,469 acres. Therefore, speculation continued to plague the system and unimproved tracts of wild land still impeded settlement.
In both Lower Canada and Upper Canada, the Governors, Aylmer and Colbourne, opposed the new South Wales system on the grounds that payments were often not forthcoming from the wards of this new system. As of 1831, Aylmer acting on the advice of W.B. Felton, (then Commissioner of Crown Lands, who was later suspended and dismissed) chose to disregard the directive due to the need for free grants as political bribes and the severe terms of payment which the settler was unable to meet. Thus Aylmer authorized Felton to continue the former practise of extending longer credit to purchasers, reporting the circumstances to the home government. Despite these official justifications it is clear that neither the old system or the new operated to the benefit of the settler. We should not be so naive as to think that the principal motivation of these officials was to extend credit for the benefit of settlers. The main problem of colonial capitalists, as Wakefield pointed out, was the scarcity of labour. This meant that besides land speculation, colonial officials had a vested interest in a workable colonization policy which would insure them a supply of cheap labour to work developing the land. This was just as important as trying to attract improving farmers with capital which, of course, was useless without labour.

The inherent structural weaknesses in the New South Wales system were rife. The immigrant had first of all to apply to the Governor. If he were accepted, he would then have to wait two months to buy land at an auction. If not he might have to wait a year until the next annual auction. After purchase was made a ticket of occupation was received with the first payment. Then the purchaser was referred to many persons before a title was obtained and patented. Loss of documents, delay and a great deal of uncertainty were commonplace.
For another thing surveys were inaccurate. Durham reported that for the counties of Shefford and Oxford "no one lot agrees with the diagram on record". This caused "endless questions of title" such that many people refused to sell land with a guarantee of title. Titles took from six weeks (the shortest on record) to eight years to be "perfected" (processed). Sometimes titles would be given but the final patents were not confirmed; they might in fact be lost so that the whole process would start again. Also under this system the price was generally too low to deter speculators from buying up large parcels of land. Thus the recurring problem of large tracts of land blocking access to markets remained. Sometimes a purchaser of land might be forced to sell at from 1/3 to 1/4 the price of just improvements made on the land at a later date. This system was so inefficient that sometimes double grants on the same plots of land were made.

Many immigrants could not afford the delays and uncertainties or even the costs of the "upset price". As Teeple notes:

> In practice, however, additional fees were superimposed (on the upset price) for surveying, locating, and patenting the auctioned land, thus substantially increasing the initial price. Confusion over administration of the system remained until 1831 and the ones to benefit were the land-jobbers who would almost invariably outbid the immigrant.

When the terms of a grant were not fulfilled as in the case of speculators the government or adjoining settlers had recourse in theory to legal action by a Court of Escheat established in 1827. In practice due to the facts of political influence and because many of its provisions could not legally be put into effect it remained inoperative, despite complaints over the lack and poor state of roads in clergy reserves and large free grants. Even the large purchaser need not fear the government for up until
Durham's mission not a single case had been prosecuted for those in arrears for government land. Wakefield's notion of setting up an emigration fund from the sale of land was never a practical reality in the two Canadas. In 1841 Governor Sydenham, writing to a friend, summed up the problem:

Wakefield's plan of bringing out labourers by the sale of lands is utterly impracticable in these colonies. Land is worth nothing except through the labour that is bestowed upon it; and that is barely remunerated, even putting out of the question the cost of transport. The whole land revenue, arising from sales, of the two Canadas does not reach 20,000 a year which might bring out 2000 or 3000 people. This year we have 23,000 by voluntary emigration, and shall have probably double next year. To talk of an emigration fund from land, then, is ridiculous.

Lord Durham's Report

One of the greatest testimonials to the theory of systematic colonization was a work which in its essence was in many ways incidental to the theory itself. This was Lord Durham's Report on the Affairs of British North America. To this day, this work stands out in the historiography of Canada and still provides much interesting and useful data. It merits a good deal of review for our purposes since it provides an ideal point of departure for an analysis of the largest speculators of all, land companies.

Durham's Recommendations

In terms of actual policy Durham suspended the sale of crown lands. As a policy recommendation Buller presented to the British parliament a scheme whereby a "wild lands" tax of 2 pence per acre would be imposed on uncultivated private land. Proprietors of grants of more than 100 acres could pay off the tax by giving back land. This, plus funds derived from land sales and timber cutting licenses, could be applied to building roads, bridges, canals, railroads, etc., and the introduction of emigrants assisted by a
special fund from these revenues. Juxtaposed to this scheme was the public revenue of Lower Canada almost entirely derived from duties. The existing system of land grants cost more to administer than it produced in revenue. On the American side of the Eastern Townships border, land was five times as valuable as on the British side. Unfortunately, for Durham and his mission, the Wakefield-Buller scheme was never employed. In part due to a shake up in the Colonial Office.

Durham would not live to see any of his recommendations acted upon. He was recalled on the rather shaky pretext of exceeding his powers by transporting Patriote political prisoners to Bermuda which was out of his jurisdiction. He was to die shortly thereafter. Needed reforms directed against large scale speculators would be delayed many more years.

**Land Companies**

A great deal of land sales were carried on outside the regular channels of individual purchases. Extensive tracts of land, in many new countries, were purchased by chartered "land development" companies. The establishment of such companies required political influence and connections and were therefore the domain of elite groups. The immediate inducement behind such investments was the prospect of speculative short-term returns. At worst a minimal amount of liquid capital would be tied up unproductively until the land became saleable. I say minimal capital because in some cases (as with B.A.L.C.), one half of the purchase price could be paid through improvements. Such improvements used readily available material such as wood on company lands. Similarly the labour of settlers who owed money for land could be paid off in land which had cost the company significantly less than the settler paid. This involved substantial savings and little or no cash outlay for the company. Also the investor's younger
sons might be provided for by being sent out to manage the estate.

The U.S. Example

Another inducement was the example of the fortunes made (and sometimes lost) by large scale American and English land speculators in the United States. There, the vigorous land development policy pursued by the State and Federal governments had greatly enlarged the number of settlers on the land. This allowed local improvements and a great enhancement of land values to take place in a short time. After the revolution some prominent men became heavily involved in land speculation on a grand scale. Among the largest, were William Duer, President Hamilton's friend, William Knox, once Secretary of War, and William Bingham, a wealthy Philadelphia capitalist. Bingham contracted to purchase 2 million acres of Maine for $200,000 in 1791 in eight yearly installments. Five years later, they sold 593,000 acres (less than 30 percent of the original purchase) to Alexander Baring of London for $263,000. A similar case is the purchase of 2,600,000 acres of land in Western New York by Robert Morris in 1790. In 1791 he reaped a handsome profit by selling part of this tract to English speculators led by Sir William Pulteney. In 1792 Morris sold 1,500,000 acres to Dutch capitalists forming the Holland Land Company. Soon, Phillips sold the remainder to a Dutch banking house, Wad J. Willink, all at a good profit.

Despite these and other quick profit making land schemes, the territorial appetites of Duer, Knox, Morris, and other regal operators greatly exceeded the capacities of their financial stomachs, for all these men ended their careers in bankruptcy. Pulteney and Baring, on the other hand, did not realize immediate large grains but the lands clearly became very valuable in time, especially after 1820 when cheap state land was a thing of the past.
Canadian Inducements

In Canada wise land policies were not the rule and land companies might have to wait a long time for the development of roads and other improvements in the vicinity of their extensive lands. On the other hand, they had little to fear in terms of bankruptcy or even enforcement of the terms of their contracts. After the Repeal of the Bubble Act in 1825, these companies could operate on a joint stock basis. Because of high costs, these equities were bought only by a small group of investors. Besides these financial considerations, the directors of these companies could become influential in colonial politics. This was especially important for A.T. Galt who used this as a springboard to many other enterprises. Having the sons of English Tories in colonial governments was undoubtedly looked upon with favour by firms such as Baring Brothers or the Bank of England with their large colonial investments.

Up until Durham's mission not a single forfeiture case was prosecuted against a land company. Colonial governments representing speculators were hardly the agents to put these claims into effect. Even when Durham decided to prosecute B.A.L.C. (incidentally a rival to his own land company involvement) the most severe penalty exacted was the forfeiture of a tract of land having only nominal value in the absence of purchasers. Bankruptcies as in the case of large scale individual American speculators were unknown.

If avowed idealistic aims of the land companies did not take shape they could turn to other enterprises. Land companies in Australia and New Zealand between 1829 and 1840 provide such an example. Settlement failed so they turned to profitable sheep raising.

Other Companies

In 1826 the Canada Land Company received about 3-1/2 million
acres of crown land mostly in the valuable Huron tract. The company prospered because of the fertility of this land, the marketability of its wheat shipped through the Erie Canal and the presence of experienced American frontier farmers needling land and knowing how to make a living from it and thus pay for it. The company soon realized large profits, the majority of which were remitted to England. Its lands were so profitable that during the prosperous years 1854-57 it ceased selling or leasing land in order to let demand drastically raise its prices. Most companies were much less successful in promoting settlement. The New Brunswick and Nova Scotia land company formed in 1831 focused its efforts on "...settling, partially cleared lands with farmers who could afford them and on denuding the land of its best timber". Similarly, the Canadian Land and Emigration Company in Northern Ontario was mainly concerned with lumbering rather than settlement as its name would imply.

One of the most interesting of these societies was by far the North America Colonial Society of Ireland whose petition to purchase about one half million acres in the Huron tract adjoining the property of the Canada Company was refused by Colbourne who doubted their ability to actualize these plans. A fresh start was made in 1835 when the association was incorporated by an act of parliament. It had a directorate of twenty-two including Lord Durham. Wakefield was also actively involved in its operation. They began by purchasing land in the townships of Godmanchester and Hinchinbrook together with the seigniory of Beauharnois from Edward Ellice. Part of Wakefield's elaborate scheme was to employ immigrants on the construction of the link between the Lachine Canal and the St. Lawrence system. The Association even offered to advance the required capital on the condition that the Canal would run through the Beauharnois property. The land revenue of the government was to be used as security. This use of the land revenue
for the development of the property of the Association was rejected but somehow Wakefield who sailed to Canada in 1841 as an agent of the company managed to get construction of the proposed canal started by 1842. Reports indicate that his success was due mainly to "questionable practises". This is hardly surprising judging from the patronage involved in most companies. Clearly the success of the association in obtaining this charter and constructing the canal lay in the influence of men like, Wakefield, Ellice and Durham (who incidentally was Colonial Secretary Earl Grey's son in law). Many other similar proposals to establish land companies were made but refused. Political influence was the key factor not genuine philanthropic intent.

The British American Land Company

The plans for this company came into existence while negotiations were in progress between the Canada Land Company and the government. The project was conceived with the prospect of bringing in pecuniary returns equal to those expected by the Canada Company.

In 1825 a group of Montreal merchants who had subscribed £182,000 to found a land company sent W.B. Felton to approach the government in London. Ahead of him he found a group of London merchants with Edward Ellice and later Robert Gillespie in the chair position. To expedite matters they decided to combine to form the British-American Land Company and then offered a new set of proposals to Horton.

The promoters included some leading members of the Canada Land Company, Sir N.F. Benton and others of his council and also a few of the leading Canadian and British merchants and bankers. In 1825 they petitioned Bathurst for the purpose of buying all the ungranted land, belonging to the Crown in the surveyed Townships of Lower Canada plus one half or the whole
clergy reserves at the market price of waste lands before March 1824.

It should have the option of choosing the lands for purchase in any one year, and that the land so selected should be surveyed at His Majesty's expense and conveyed to the Company free of all charges. But it was stipulated that no rival company would be sanctioned in Lower Canada; nor any other Government lands sold or granted there during a period of years; and finally, that the Company should at the end of the period have the refusal of the remaining waste lands of the Crown in Lower Canada. In return the Company would undertake to promote the settlement of the property by the judicious expenditure of capital in the improvement of inland communications, facilitate the location of industrious emigrants, and render Lower Canada subservient to the benevolent policy of the British Government. 101

Opposition to the plan was voiced by the Governor General Lord Dalhousie in these terms:

Dalhousie pointed out that the province was inadequately surveyed, and the boundaries of counties and townships were defined only on paper plans in the office of the Surveyor-General. The Clergy Reserves could only be sold by the approval of the Clergy Corporation, and a chartered company and free grants of land by Government were incompatible. Nor could the Company be put in peaceful possession of the lands petitioned for because of the undefined seignorial and patented lands, locations and prescriptive rights by long settlement of certain individuals, together with a variety of other claims and sheriffs' sales. He was doubtful of the ability of the promoters to raise the capital. 102

Even though Horton of the Colonial Office saw the plan as a means of raising needed revenue Dalhousie refused to accept the plan. Also the disastrous financial events of 1825-1826 intervened. Thus the plan failed.

It was only six years later, in 1832, when there was no Dalhousie vigilant in the public interest that the plan was revived and a second attempt to form a land company in Lower Canada was made. Several proposals
were submitted at the same time to Lord Stanley (later Lord Derby), Secretary of State for the colonies by individuals and associations anxious to purchase large tracts of crown lands in Canada.

The promoters of the Company were assisted by the noted author and publicist, John Galt (father of A.T.) of the Canada Company, who became honorary secretary. The Company's publicizing effort was centered upon what had by now become standard arguments for such enterprises. In petitioning the Colonial Office and the Governor, Lord Aylmer, they emphasized the population problem in Great Britain, the seditious condition of the poor, and above all that the proposed company was willing to finance this large scale emigration. Although not chartered until the end of 1833 the B.A.L.C. sprang from the same era of optimism and corporate innovation as the Canada Land Co. Also "to give an air of dignity and respectability to these statements the company secured as chairman, Mr. Robinson, M.P. for Worcester."

Aylmer, unlike Dalhousie before him, maintained an equivocal attitude to the scheme.

He vacillated between the possible political consequences of the formation of such a company, and the need of an assured source of revenue independent of the House of Assembly... he was faced by the consequences of the refusal of the Assembly to grant the very moderate civil list proposed during the session of 1832, which he regards as indicative of a determination to control the executive government in every way possible. The only other revenue at the disposal of the Executive was derived from the Land and Timber Fund which was barely sufficient to pay the costs of management and the salaries of the officials of the Crown Lands Department.

Aylmer believed that the government could do anything a land company could do. Nevertheless, he was persuaded by Peter McGill's glowing letter describing the directors as beneficent philanthropists seeking only "a fair
and reasonable" return on their capital, and pointing out how such a company would help defuse the "extravagant pretensions" of the French element claiming a prescriptive right to all crown lands" and stop the monopolising Americans threatening to overrun the province.  

At any rate, the acceptance of the Company may have seemed wise since judging from Whig policy. Aylmer's plan to mortgage lands or raise a loan for public improvements had little chance of being accepted. W.B. Felton was requested to report on the disposable lands suitable for company purposes and as a result of this "inspired report", Aylmer wrote Goderich to support the Company to the point where "he was willing to reduce the price (of lands to be ceded) rather than break off negotiations." He also suggested that the land should be settled by British born subjects and granted in a large block adjoining the frontier.  

We should note en passant that Lord Stanley had only recently become Secretary of the Colonial Office and as we have seen was so determined to make the waste lands of the crown contribute to the treasury, as to perhaps impinge somewhat on his critical facilities in evaluating such schemes.

James Stephen, his powerful permanent undersecretary who was opposed to this type of land company on principle, did not find out about the deal until it had already gone through. The charter was sponsored by R.W. Hay and Thomas Baillie in parliament.

In an atmosphere of French-English political hostilities, large scale colonization plans, speculative fever caused by lack of sound investment outlets and low interest rates in England, massive immigration, an economizing metropolitan government and ever increasing annexationist forces in the U.S. and Canada, the British American Land Company came into existence. The agreement was drawn up in December 1833, the Company was incorporated in
March 1834 and confirmed by an act of Parliament in May 1834.

The terms of the agreement were that the B.A.L.C. was to purchase 847,661 acres of land in the Eastern Townships for £120,000, payment being at the rate of 3 shillings and 6 pence per acre of surveyed lands and 3 shillings for unsurveyed lands, payable in ten yearly installments with interest at four percent. Of this one half of the purchase money could be expended by the company, with government approval, on public improvements for the development of the land purchased. The total price included land plus timber and mineral rights. The original capital of the company was not to exceed £300,000 which was to be raised in 6000 shares of £50 each. Their actual working capital was only 15 percent or £45,000. The Governor and Deputy Governor of the Company were required to hold at least 20 shares of its capital stock and the auditor and examiner required to hold at least 10 shares. A.R. Richardson became the first Governor and Nathaniel Gould, the first Deputy Governor. Two directors McGill and Moffatt (whose political ties have been previously noted) became commissioners in Montreal. Samuel Brooks became secretary at the regional office in Lennoxville in the heart of company property.

Other provisions empowered the company to build roads, drains, bridges and other internal communications. Houses, schools, chapels, and commercial facilities such as mills, wharves or factories were also to be built. It could also contract for the purchase, export, selling and disposing of the produce of its lands, and hire charter ships for emigrants. Its lands could be increased by purchase to an absolute maximum of 3 million acres. The capital of the company was to be restricted to an increase of £300,000 while directors were prohibited from entering into direct contracts between B.A.L.C. and their other companies for purposes of supply, etc., at least during the three year term of their directorship. This regulation
in particular was clearly violated by Sir. A.T. Galt, as we shall see.

Potentially the power and income of the company both from rights and perquisites was enormous. According to a commission of inquiry, B.A.L.C. had selected the most valuable land open to appropriation in the Eastern Townships and the price they paid was less than the upset price or price by auction anywhere in the district. Besides which they had longer, and as we shall see, very easy terms of credit.

Of the land granted, 251,336 acres were Crown Reserves and surveyed Crown Lands in the counties of Shefford, Sherbrook and Stanstead largely in detached lots of 200 acres each. Because of their proximity to mills, shops, schools and churches, they were ready for immediate settlement. The remainder of the land was in Sherbrooke county between Lake Megantic and the St. Francis River and comprised 596,325 acres commonly believed to be particularly valuable land.

Even at this company, plans in 1835 and 1836 included expansion which in fact reached the outer limits of the company’s liquidity.

Samuel Brooks attended sheriffs' sales and there and elsewhere bought up improved lands, including much of the town site of Sherbrooke. He sold timber from the Company's lands, looked after saw and gristmills, planned the development of Sherbrooke's market place and foundry, and the renovation of its woollen factory; he advised bridging the St. Francis River and acquiring all the reserve lands bordering it. At the end of the year 1836, expenditure in Canada had reached £56,877 sterling, almost the whole amount permissible annually under the charter. The directors warned that emigrants must not depend upon the Company. On April 22, 1837, they demanded "strictest economy." Immediate liabilities were alarming: approximately £7,500 due the government, £8,700 due for Clergy Reserve lands, and £4,500 on private land purchases, £5,400 for provisions, £6,000 on the Sherbrook bridge and the Victoria and the St. Francis-Richmond roads, £1,350 on mills, factory, and foundry, £600 on the St. Francis wharf, and so on and so on.
Both through government and private appropriations the Company expanded its holdings to 1,094,272 acres.

At the beginning such plans may have been warranted by relative early successes in colonization. According to one source the Company flourished from 1833-36 despite opposition. The Company lost no time in advertising its available developed tracts totalling over 203,000 acres in 38 townships. These were to be sold on terms of one-fifth of the purchase money down and the balance by installments. Settlers were conveyed at moderate expense to their lands, bakehouses and provision stores were established along the route, and sheds were built for their reception. There was food and labour for all in need; assistance was given by the Company to build schools and churches. Although the evidence is confusing it seems that for the first four years settlers were charged interest only and were given four more years for the payment of the capital. These practices induced some men of small capital, and retired soldiers to settle, but the majority of immigrants were from the Scottish Highlands, destitute and in need of assistance from the company. This movement at times took on the appearance of a disaster as the people of Sherbrooke helped by paying shipment of baggage, people in Montreal supplied food, and the merchants of Montreal donated farm implements and kettles to make potash (needed in industrial Britain). These same immigrants according to MacDonald were then able to raise sufficient food for themselves in one year and in four years to pay off their debts, clear ten to fifteen acres and amass a few head of cattle each. This seems somewhat optimistic to me, since despite its long term credit, the company charged between 10-20 shillings per acre.

In Stanstead, one of its developed counties the market price for uncleared land was only 5-7 shillings per acre. (remember B.A.L.C. had paid just a little over 3 shillings). If settlers were probably not all as well off
all told, as MacDonald implies they probably lived above a mere subsistence state and the company's prospects looked good. By the end of the first year of actual settlement 1836, 33,000 acres of company land had been sold if not paid for. This appearance of prosperity was to be shortlived.

In 1837 the Company was to suffer from the results of political turmoil which it in part had helped to precipitate. At the same time that settlers were deterred from staying in Lower Canada, bitter opposition was encountered from the French Canadian majority in the Legislative Assembly, repeated demands were made that the Charter be cancelled and the act repealed. If there are two sides to every story the other side of this one was the position of M.L.A., Guy from Sherbrooke. He saw the rebellion having its causes lying in blind confidence of the habitants in their leaders. Being a man of "moderate views" he saw the solution to the problem in kind treatment of the French and a blending of the races through Anglicization. He likened the situation to the Dutch of New York.

The Directors and settlers of the B.A.L.C. seemed for the most part less optimistic about ultimate ends. The opposition of the Assembly thwarted many of the Company's endeavors. In the words of O.D. Skelton,

The outbreak of the rebellion in 1837 frightened off the better class of British immigrants. The works of improvement were suspended, and with them stopped the stream of newcomers dependent upon them for subsistence. The majority of the settlers already secured failed to meet their installments or departed deep in the Company's debt. Many of the Company's agents in the St. Francis Territory neglected their accounts and pilfered the stores. Too much capital had been sunk in Sherbrooke land and industries.

As the insurgencies of 1837 became acute and opposition of the French press to the Company grew, the direction stopped their payments to the imperial government and requested a modification of their agreement with
the Government.

B.A.L.C. for their part petitioned the Colonial Secretary that they had already expended £176,000 and were under obligations for nearly £90,000 more. In return they had made sales for only £4500 and had realized only one third even of this amount. The Company now proposed the remission of the interest on the amount still due and five years suspension of the payment of further instalments of the principle.

In 1838, Durham refused the request as inexpedient and injurious. Durham's rationale was that any special concession to B.A.L.C. would be unfair to other purchasers of land especially since the conditions of the original grant had not been met. Whole instalments of payments were in arrears. Thus Durham did not want to set a bad precedent by offering indulgences to B.A.L.C. which might in turn hurt his land sale policies. He saw such measures as merely "adding to the vast mass of cases in which the government has set aside its own rules and regulations and counteracted its own deliberate proceedings." Besides all this he charged the company with partiality and injustice. He was insightful enough to note as well how the company had acted to aggravate political tensions by the appointment as the first two commissioners of two men "taking a conspicuous and decided part in the politics of the Province". Rather than allow a moratorium on the payment of the principle thus giving the Company favours, Durham believed that the original system had been more than generous.

Instead of being subjected to the competition of auction at the established upset price of the district in which their land is situated they were allowed to appropriate an immense tract, consisting in part of crown reserves of the most valuable land in the province and for a price considerably below the average price then required from all other purchasers of crown land in the district.
In fact, Durham believed that even then, its property exceeded the value paid by the Company. Durham's ideal was, as we know by now, a uniform system of sale unlike the B.A.L.C. arrangement. Lord Grey ruled against the Company and supported Durham for he feared, quite correctly I think, a distinction between what amounted to an appropriation of the purchase money for the improvement of specific lands as opposed to "the general object of promoting emigration and the settlement of the Crown Lands". Durham further recommended that he saw the B.A.L.C. proposals as exceptional measures which would be "not merely unsupported but positively counteracted by the course pursued by the government in other respects."

Since claims for the principle and interest could not be met, in 1841, the Company was forced, through litigation, to abandon a great block of 511,000 acres of the St. Francis territory which was as yet unsurveyed. Stockholders, especially the smaller ones, suffered losses. Altogether they had laid out £170,000 with a return of one percent. Their equities had depreciated by 1840 to the point where their market price was 40-50 percent of its original value. This reflected more than the loss of its lawsuit. In 1840 Company sales were only £1000 and the Company was being threatened by a wild lands tax at 1 penny/acre which would amount to about £2500 per year. The Company even failed in its attempts to draw new immigrants. Of the 28,000 landing at Quebec in 1841 only 400 could be induced, by one means or another to settle on B.A.L.C. lands. From its inception until 1845 its average sales per year amounted to less than £1000.

B.A.L.C.'s Reorganization

Previously constructed roads were now either in, or falling into ruin, the Gould storehouses, Robinson grist mills and pearl asheries were in bad order. A.T. Galt, then a clerk in the company, was able to capitalize on the Company's misfortunes by proposing a major reorganization which when
accepted capitulated him into a centralized commissioner's position.

Galt wanted new lands opened to purchase by an extended credit system so that it would be readily improved and removed from the threat of the wild lands tax. He wanted to accept payment for land and services in labour and apply this to the improvements accepted by the government as part of the purchasing price. To effect all these schemes the commissioner was to be given a free hand. These policies proved effective to the extent that B.A.L.C. could build a monopoly of sales through the extension of long credit. For the first ten years only the interest was paid after which the principle was paid off in four annual instalments. This system it seems fulfilled the needs of frontier agriculture better than the previous one, for after 1843 no lawsuits were taken out against settlers. Anyone familiar with their local finance company might appreciate how ten years of receiving interest may have profited B.A.L.C. Also a produce system was used, i.e., payment in grain or stock, such as young calves, might be made in lieu of hard to find cash. This may have reflected frontier conditions but a comparative look at other systems of truck or barter usually finds them highly exploitative and I see no reason to assume that B.A.L.C. with its marketing power did not get the better of the deal, perhaps even far better. Under Galt more commercial sites were developed especially those adjacent to waterpower around Sherbrooke and other towns. In toto these measures worked quite well for by 1850, six years after Galt became commissioner, B.A.L.C. was able to secure $2.50 per acre for its lands in liquid currency. After 1851, in fact, the Company paid regular dividends. In 1853 Galt retired going on to bigger and better things. For example, he played a large part in promoting the Grand Truck Railway as did McGill and Moffatt.
B.A.L.C. and the St. Lawrence and Atlantic Railroad

R.T. Naylor, in fact, sees a de facto merger occurring between B.A.L.C. and the Canada Land Company in 1844 when A.T. Galt (son of John Galt, the founder and main publicist for the latter company) became commissioner. At any rate, Galt's ties to capital in both Canadas and England allowed him, more than any other B.A.L.C. director, to promote a successful railroad connecting the B.A.L.C. fief to Montreal and an Atlantic seaport. This was in fact the chief enterprise for developing the estate and the remaining areas of the Eastern Townships outside of it.

At first the idea of a railroad was not accepted by the commercial community in Montreal whose hopes rested on the recently completed canal system. This they hoped would renew Montreal's position as the "distributive center or emporium" of the Great Lakes basin. Yet a conjecture of events made such a railroad almost mandatory.

New York had surpassed Montreal as a port three decades ago. Boston was gaining prominence as a larger and larger distributing point for Eastern Canada. This was made more visible in 1840 when the Cunard Lines were established. They ran a regular service between Boston and Liverpool, with the aid of British government subsidization. The most important factor in driving home the need for such a railroad was the Drawback of Bonding Bill passed in Washington in 1845. This bill allowed free passage in bond to Canadian exports or imports passing through the U.S. and therefore threatened Montreal's preferential carrying trade. Two key men in B.A.L.C.'s operation, Brooks and Galt sat on a committee to prepare a prospectus on a railway from Montreal to the east coast, probably Boston. Galt, in fact, chaired the committee. The plans for Boston as a port were changed and Portland was to be used. This was due to Portland's
excellent harbour, its shorter distance to Montreal and the promotional efforts of J.A. Poor, a dynamic Portland lawyer. As an example of his style, he challenged his Boston rivals to a race to Montreal where they were to address the board of trade. He won the race and then delivered an impassioned speech. The principal reason for the change, given colonial politics, was that the Boston promoters favored a route along Lake Champlain through Burlington which would have bypassed the Eastern Townships, and the private domain of at least three of the major promoters, A.T. Galt, P. McGill and Geo. Moffatt. Probably because McGill and Moffatt sat on the Legislative and Executive councils at this time (Galt was to be elected in 1849), the charter of incorporation went through quickly. There were in fact two companies, the Canadian St. Lawrence and Atlantic railroad chartered in 1844 and the American, Atlantic and St. Lawrence, chartered in 1845.

**Railroads and Patronage**

Political patronage, during the age of railroad building which had just begun, proved to be more important than merely as a source of charters. For when Galt and his associates could not raise capital anywhere else the government intervened to their advantage. Also the granting of charters to land speculators immediately raised the value of their lands even though many of these railways were fictive enterprises with little chance or even intention of being built.

In 1845 railroad politics were not yet predominant and the Canadian Legislature, probably quite wisely, refused to guarantee a bond to the St. Lawrence and Atlantic for 3 percent interest, for twenty years, on their capital of £500,000. The local subscription by Montreal and Canadian capitalists amounted to only £100,000 or one sixth of its required capital so that Galt was forced to go to England to find capital for the railroad (setting a much used precedent). B.A.L.C.'s directors and shareholders in London included
men such as Edward Ellice, Alex Gillespie, Robert McCalmet and others of influence on Lombard Street. Also England was in the midst of a railroad boom (largely coming about through the promotion of G. Hudson) in 1845. For these reasons Galt was at first successful in selling his railway stock for which part of the money was paid. Also British capitalists with interests in Canadian real estate, naturally wanted to raise their property values by railroad investment. This, in fact, set the stage for collusion between Canadian politicians, railroad promoters and British finance. Railroads were also seen as the core of a city, and in the case of Sherbrooke, as metropole of the B.A.L.C. fief, it was essential in marketing the cotton from its mills. These, of course, provided the core of its industrialization.

Yet this same year 1846 was one of wheat and potato famines, and repeal of the Corn Laws. This created a climate of instability which was compounded by the disclosure of Geo. Hudson's involvement with fraudulent enterprises. A sharp financial panic followed in 1847. For Galt all this meant that investors in his railroad refused to honour their financial commitments, despite litigation holding them responsible. Even an attempt in 1846 to float a safer bond on the London market failed. Wider canvassing in Canada plus appeals to Eastern Townships residents, plus allowing payments in kind, paying contractors in stock, etc., raised some capital but not the full amount.

Here again the old standard, political patronage, saved the day. Sir Francis Hincks (himself a larger promoter of the Grand Trunk and other railroads) passed through the government a bill whereby the government was to guarantee the interest of not more than six percent on the issue of a bond for one half the cost of a railroad, i.e., (after it had been one half completed). In the same year, 1849, the serious mismanagement of the St. Lawrence and Atlantic Railroads finances came to light. Its President,
A.N. Merin was preoccupied with political affairs outside of the railroad so he resigned. Even with assistance from the government amounting to £400,000 the Company was still not solvent. It was only through the intervention of other corporate organizations such as the City of Montreal (whose public treasury was controlled by merchants) which subscribed for £102,000 of preferred stock, B.A.L.C. and the Seminary of St. Sulpice each taking £20,547 of stock plus £195,000 in public shares, that the railroad survived with a total capital of £739,035. Even then, the only reason that construction went on even with this aid was that the contractor was willing to accept an inflated payment in stock to the point where “the government’s half of the road was sufficiently increased in cost to recompense the contractor for the shortage on the first half.”

One might in fact argue that such patronage was necessary at this point in order to mobilize socially necessary improvements for transport and communications and to create employment. This, in fact, may be true but if as a sidelight we examine the end result of this promotion but the scale of corruption seems unnecessary and unwarranted. This is even more reprehensible in a warden of the public trust. In Australia, New Zealand and South Africa where railroad building was undertaken as a public rather than a subsidized private enterprise, such large scale corruption did not exist.

After the completion of the line in 1853 the financial transactions undertaken were completely unjustifiable from any point of view except the most narrow self-interest. In 1855 the Grand Trunk railroad bought up the St. Lawrence and Atlantic at the cost price even though its shares were commonly being sold on the market at a discount of 50 percent; besides this the Grand Trunk had to spend another $1,000,000 to put the railway into “some fair degree of shape”. Hnicks was charged with corruption and admitted
that he had received a telegram from Galt on the proposed merger and had speculated in the stock of which he and Galt already owned a large amount. Another odd fact is that in 1858 Galt was appointed Chairman of the Select Committee of Public Accounts to investigate reports and charges of an exceedingly embarrassing nature to some government functionaries. One of the committee resolutions condemning the practice of government functionaries of granting large sums of unauthorized money in direct contravention of law was defeated by the committee, with Galt voting against the measure. Besides his involvement in the Grand Trunk scandal, Galt as Finance Minister in the Cartier-MacDonald government had allegedly advanced $100,000 to redeem bonds given by the City of Montreal to the St. Lawrence and Atlantic railway which were now redeemable by the Grand Trunk. All this had been done without the sanction or knowledge of parliament.

B.A.L.C. and Eastern Townships Development

These types of financial shenanigans by the trustees of the public purse and public lands even if carried out in the name of progress only effected the Eastern Townships settler in a marginal way. In 1851 a committee of inquiry into the causes of retarded settlement still found the two main causes as the high price of land and the poor condition of roads. Other common complaints were that settlers in the more remote areas enjoyed a very poor marketing position. Also the falling into abeyance of old militia claims had caused an increase in the practise of squatting with subsequent disputes over claims. These were aggravated by the inadequacy of the original surveys, such that even township lines were blurred. Another common complaint was the absence of schools and improper representation in the Provincial Parliament. Other reports indicated a general lack of capital among the population, a dependence on subsistence farming, poor farming methods, no circulating medium of exchange, declining trade, and
businesses of every description in a languishing state.

This might sound incongruous with abundant fertile lands, not requiring manuring for several years where wheat, barley, rye, oats, beans, peas, corn, turnips, potatoes, hemp, flax could be grown: where clover and meadow hay grew in abundance and the country was naturally adapted for grazing horned cattle, sheep and horses. Yet in all fairness, we should point out that many farmers near cities like Sherbrooke, near convenient water transport to Montreal or Quebec, or along the railroad line did in fact prosper, especially after the early years. Yet generally the settler could not afford the price of 80¢ to $1.20 per acre. Even the reduced prices after 1849 of 40¢ to 80¢ per acre were still too high to attract a great number of habitants to buy government or company land. By 1840 at any rate only 1/4 of the six million acres of Eastern Townships land was actually colonized although 2/3 had been alienated.

Galt applied his entrepreneurial talents to his Sherbrooke textile mills, the British American Mining Association and enterprises further afield such as the Kennebec railway or Lethbridge coal fields. By Confederation, cheap frontier land in Quebec was a thing of the past and the existence of labor market for agriculture or mercantile pursuits had long ago ceased to be a problem. B.A.L.C.'s concessions helped turn the Townships from an English enclave into an area where French-Canadians would predominate. Old theories of the necessity of loyal British settlers had gone the way of classical Colonial Imperialism. The world stage had been set for a new era of imperialism based on “free trade” and economic dependency. Railroads were merely a reflection of this trend since they would have been impossible to build without the importing capital from the speculative markets of England, English Canada and the United States. More importantly this capital was controlled by landowners, merchants, and financiers for their own ends.
which generally did not encompass the development of industrial manufacturing enterprises, but rather functioned to exploit farms and primary products. Occasionally capital was mobilized by regional political groups promoting regional ends.

The central dynamic of railroad building in North America was the exportation of British capital. By the 1840's the average annual amount of British capital without outlets was £600,000, of which most went into British railroad companies which had already finished railroad building projects in continental Europe. Most of this went to the United States where the scope of investment was larger and the chances of completing these enterprises greater. Significantly enough B.A.L.C. and the Canada Land Company with interrelated financial ties and connections with the metropole proved more successful than local politicians in promoting railroads. Railroad development was thus tied to land speculation on a massive scale. Canada West with its ties to the industries of the Midwest and the Chicago, Toronto, New York axis of development realized more profit and built twice as many railroads. Canadian capitalists would continue to invest mainly in merchants capital. At a later date when British portfolio and American direct investments were laying the foundations of Canadian industry, many wealthy Canadians were exporting capital, rather than tying it up at home. Such was the heritage of the staples mode of production and social organization.
CONCLUSIONS

The thrust of the previous chapters has been to argue that "real possibilities of development" existed in Quebec during 1800-1850, but were thwarted by the landholding system. The argument will now be recapitulated in two steps: 1) a specification of what "development" would have entailed for Quebec, given the forces of production prevailing in the world economy during the first half of the nineteenth century, and the general kind of organization of state and society which would have been necessary to realize the possibilities for development; 2) delineating the alternative political options which might have produced this organization of state and society, and why none of these options were realized.

A "Real Possibilities for Development"

Given the nature of the world economy and technology during the first half of the nineteenth century, Quebec's economic geography is a quite favorable socially available resource endowment. Large quantities of arable land existed especially suited for mixed farming, dairying and stock raising. There were huge tracts of undeveloped "waste land," a good deal of which consisted of fertile virgin soils waiting to be cleared and settled. Huge reserves of wood for construction and export were available for exploitation especially in the Ottawa valley: Usable iron ore (excluding the not then exploitable, vast resources of the Canadian shield) was available in adequate quantities to sustain even expanded domestic production. Charcoal was locally available and coal
was easily importable. Perhaps equally important as her resource base was Quebec's strategic position along a major trade route to the interior. The St. Lawrence waterway opened a path (with some obstruction) to the wood of the Ottawa valley and wheat of the Great Lakes basin.

Quebec, after the Conquest, possessed many social advantages as well. These included: a commercial tradition inherited from the fur trade, skilled shipbuilding craftsmen in Quebec city, skilled iron workers at the Forges du St. Maurice, widespread emigration from the British isles, the most accessible route from Great Britain to North America, plus an already large population base by British North American standards.

Given social and material possibilities, I should now like to define what development within the Quebec context could have entailed. Capital invested in canals, railroads, steamships and other infrastructure for a more vigorous expansion of staples production would have increased aggregate income. If this would have been combined with settlement and retention of the seigneurial population, then the domestic market would have expanded. All of the above would have created greater possibilities for domestic entrepreneurship and industrial growth. This in turn could have increased the attractiveness of Quebec for international portfolio capital and thus increased domestic capital formation, as in the United States.

The state would have benefitted through increased customs revenues, direct and indirect industrial taxes, larger bond issues of more stable liquidity, more land sales and increased tax revenues from the rival economy. These higher revenues, in turn, would have increased...
the state's capabilities to abet development through activities such as construction of infrastructure of establishing technical education. Secondly, an industrial course of development would have at one point or another have had to entail some sort of closure and substitution of domestic goods for imports. The state would have been the key element in effecting these measures. In Quebec the first step would have had to be a rationalization of land policies, for industry would have needed an expanded domestic market created by greater settlement and a monetized rural economy.

Without state initiative this was well nigh impossible. A divided state, as explained in previous chapters, was not able to play the necessary vital role in promoting development. Even complete hegemony by one group or another or a compromise between them would have presented problems, as shall be seen in section B. These problems were essentially political and required a political solution.

The actual situation involved a divided hegemony which impeded efficacious political solutions.

Forces of production were structured in such a way that one finds almost a dual economy of staples export: production side by side with subsistence agriculture. The staples merchants, as already noted, neglected long term risky industrial development for speculative mercantile pursuit showing a higher profit rate if not absolute profit. Even linkages to the staples trade were neglected: the merchants would never supply capital for social improvements themselves, since this would have reduced their immediate profits. The state, reflecting opposition by what I have termed popular forces, would not consent either.
Even the rationalization of the wood trade as the main money earner was not attempted. This trade, with its booms and slumps and mad scrambles to export when prices were high, reflected the interests of foreign-based staples merchants with their short term needs. Little regard was shown for planning or conserving resources or capital. Domestic ownership would have necessitated state action to control the larger British export firms. Only through such control could the trade have been rationalized to the point of supporting commercial improvements. Had wood become more autonomous shipping and shipbuilding could also have developed on a more autonomous level, possibly without the characteristically frequent commercial depressions since more markets would have been opened up.

New markets for agricultural products were necessary for the diversification and rationalization of agriculture. At first shipping, say to the West Indies, Maritimes, etc., would have encouraged further settlement and capitalization. This would have led to increased settlement and urbanization. Such a process would have necessitated some closure by political means of these markets to the U.S. Yet even if this closure of external markets would have been relatively ineffective, the domestic availability of cheap exploitable land would have encouraged settlement and produce would have found its way into local markets creating a multiplier effect in the domestic arena. Necessary regional linkages to farm equipment, transport and domestic consumer industries would have followed settlement. Yet both these possibilities, land development and more effective marketing, depended on political action. The first primarily involved local politicians, the second, world diplomacy. Land development would have been easier to change and
control except for the intervening factor, the relations of production.

The groups opposed to land reform were the most powerful in the colony. Land speculators included the largest holders of capital, staples merchants, government bureaucrats and corrupt politicians. The Executive itself depended indirectly on land revenue especially when the Assembly refused to appropriate funds (a frequent occurrence in the 1830's). Some merchants speculated in land to ensure large supplies of timber. At any rate, speculation in land regardless of its avowed aims, tended to inhibit rather than encourage colonization. Even powerful metropolitan reformers wishing to raise capital through longer term investment in land (Wakefield et al) were unable to defeat powerful colonial interests with deep roots in Quebec's soil.

The popular classes led by the petite bourgeoisie were also greatly concerned with land. The habitant farmer had no more seigneurial land to grow crops on and what remained was exhausted. The incoming immigrant farmer could not settle in areas of speculation without facing tremendous difficulty, so most moved on. Even the Irish labour gangs depended on canal building for a livelihood which a government without revenues (directly and indirectly dependent on settlement) could not support. The petite bourgeoisie drew their political and community support by agitation and organization of land based political issues.

Dissatisfaction was either suppressed directly or through co-optation. The first method had proved itself immediately visible and successful. The British had fought and won three wars in Quebec in the years between 1760 and 1840. Successive defeats of the French, Americans and Patriotes had set expensive precedents which the "economizing"
English administration wished to avoid. It was socially cheaper to find collaborators such as the clergy and the seigneurs. They merely had to be granted land and a few concessions, not garrisoned and paid. Responsible government would have proved even cheaper, as Lord Durham pointed out. Nevertheless, before Executive responsibility was introduced, the menace from the Patriotes to the export economy and the privileges of the upper classes had to be removed or co-opted. (The actual situation, in fact, made confrontation almost inevitable.) As a result of divided hegemony neither side could take the necessary measures in fostering development. It is my contention that such development could probably only have come about through some sort of autonomous or at least semi-autonomous route.

B. The Possibilities for Autonomy

Three possible routes towards autonomy were present in Quebec during the early nineteenth century: 1) hegemony by the staples merchants and state officialdom; 2) a working coalition between the petite bourgeoisie and the "chateau clique"; 3) hegemony by the petite bourgeoisie. The situational difficulties and internal contradictions of each option will be examined in turn.

Under the first sort of regime canals and possibly railroads would have been built earlier in the century. As a trade route, at least for western wheat, the St. Lawrence might have come to rival the Hudson. New York's main advantages, cheaper ocean rates and a year round port were mitigated by Montreal's cheaper inland rates and the fact that the Erie canal would also freeze over during the winter. If Montreal and Quebec had been able to ship out wheat during season (and,
this seems likely given the potential for high bulk shipment in the
timber trade and ample timber for ship construction), it could have
been more competitive with New York. The increased volume of trade
would have infused more capital into the economy. More canal, turnpike
and railway projects would also have attracted further immigration of
Irish laborers, thus widening the domestic market.

With respect to the rural economy, we begin by emphasizing
that even the habitant was not self-sufficient but connected to the world
economy through exchange in kind with local merchants. This barter system
served to build up dependence on the local merchant who advanced credit.
Greater merchant control of the economy could easily have meant greater
polarization and debt peonage rather than diversification around a
staples base. Furthermore merchant control of the economy combined with
land speculation, abuse of seigneurial privileges, subdivision, a popula-
tion drain, and companies and the identification of the merchant with
the imperial nexus would tend to militate against settlement.

I feel that the impact of the servicing of foreign factors
would in itself have impeded development. For the large proportion of
foreign ownership would have meant large remittances to Great Britain.
The great propensity to import would probably not have changed since
entrepreneurship and innovation would remain externally controlled. The
resource content of the staples would tend to become more capital intensive
as the wheat and timber hinterland was pushed further afield. This undoubt-
edly would have meant even more foreign debt and debt servicing. As long
as a large export sector was maintained I would expect the "staples trap"
of excess factor accumulation as Watkins (1967) suggests.
Politically speaking the merchants and oligarchs were in no sense popular, therefore, the cost of repression would have remained high. Without encouragement of settlement, the most numerous immigrant, the Irish, would have been at best lukewarm to the administration after canalization had been completed. The congregation of the Southern Irish in shantytowns would have primarily meant the extension of the repressive apparatus as actually happened. As more repression was necessary, inherent splits between the merchants and military bureaucrats would have been exacerbated. In my view development from a staples base through commercial empire seems extremely unlikely.

The second possibility, a compromise between the petite bourgeoisie and the commercial classes could have acted to foster a certain amount of at least semi-autonomous development but had limited political possibilities. The petite bourgeoisie as a leadership group had no firm economic base and few opportunities in the system. The staples trades themselves tended to saturate their markets even given the limited numbers of existing personnel. Since little scope existed for the absorption of the petite bourgeoisie, the development of domestic manufactures would have been mandatory in such a compromise.

Such manufactures presupposed a relatively improved land and settlement policy. Yet not even Naylor, who makes the strongest argument for the inherent anti-industrial bias in the Canadian commercial economy, would completely disregard the possibilities of development from a commercial class. Landed and commercial classes given the right conditions have been known to support industrial expansion as in Sao Paulo. Given

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*See Dean, W., The Industrialization of Sao Paulo 1880-1945, Austin, Texas, 1969.
expansion of the world market for grain and wood products (especially
sawn lumber), a compromise whereby settlement policies and commerical
improvements were both undertaken, would have made more capital available
in all sectors.

The real problem with such a solution was that too many entrenched
interests opposed it. The merchants in Canada preferred imperial preference
to free trade since it assured a high level of profit with less marketing
problems. Yet this system, with its English organizational ties and
limited scope of investment excluded the petite bourgeoisie, since they
had neither the connections nor the capital. Merchant bankers wished to
maintain their hold over credit and they feared power sharing with the
popular classes since this would have meant agitation for agrarian banks
as in the U.S. (which in turn might have led to inflationary policies
threatening their liquidity in relation to imports). The merchants also
disliked investing in fixed capital. Commercial improvements would have
depended on initiative by the state; this, in turn, would have depended
on revenues primarily from land. The reason that merchants almost never
supported land reform was the vicious circle of land speculation. No
speculators came forward to offer their particular parcel of land at
reasonable prices so that land in the surrounding area (probably owned
by competing speculators) would appreciate in value as settlement pro-
gressed.

Another entrenched group opposing such a compromise were the
seigneurs and clergy. Fair land policies would have meant a rescinding
of their privileges and some divestiture of land, their chief source of
revenue. Secondly, some top level military officials tended to think of
Canada, especially Quebec with its strategic position as a potential base of military operations against the U.S., as a political rival in Latin America and elsewhere. Naturally they wished to keep Quebec under the firm control of Imperial Britain as long as possible. Sharing power with a popularly-elected petit bourgeois assembly of questionable loyalty was utter anathema to the militarists.

The petite bourgeoisie themselves would have been forced to give up their traditional ideology of seigneurial democracy. The extension of the English commercial system would have forced them to adapt to common soccage, since the Coutume de Paris was generally incompatible with commercial transactions in land. Those of more egalitarian democratic ideals among the patriotes would likewise have been forced to accommodate themselves to sharing power with an executive (even a responsible one) representing elite interests. These republicans (some might even be described as jacobins) would have constituted a permanent opposition faction. In short, the option of sharing power was a remote possibility.

The main possibility for semi-autonomous development could have come about through hegemony of the petite bourgeoisie. Its vehicle for effecting such social change might have been a successful rebellion. Nevertheless in a hypothetical discussion such as this I merely wish to point out salient tendencies. The petite bourgeoisie was composed primarily of professionals but did contain the protean element of a national bourgeoisie, i.e., craft and small works manufacturers, general merchants and some capitalist farmers. A commercial tradition based on control of the fur trade and smaller industries did exist before the conquest controlled by French-Canadian men of capital. Banking on a high level of efficiency already existed through La Banque du Peuple.
This petite bourgeoisie generally espoused independentist aims. Two major ideologies competed among the petite bourgeoisie: a) an extension of the seigneurial system as a more equitable means of distributing land, as opposed to mixed freehold and seigneurial tenure; b) a democratic regime free of colonial administration. In toto, both ideological groups opposed the timber trade controlled by world-wide British importing firms and the control of the western wheat trade by large British exporters. Therefore they opposed the extension and construction of navigational and transport improvements benefitting large scale staples trades. The extreme example was the Patriote faction wishing to boycott English goods entirely.

The smaller merchant concentrating on the North American trade wanted to build up ties with the western granary and not have to compete with the huge shipping agencies geared to overseas trade in the domestic market. Had such a base existed the abolition of the Corn Laws in 1846 would have greatly benefitted French-Canadian traders. Their access to the St. Lawrence outlets would have enabled them to ship to Europe to meet the increased demand. The possibility that the petty bourgeoisie would have themselves become merely staples traders seems unlikely: their political base consisted mainly of habitants, generally in close proximity to urban areas where organization was facilitated. As a representative of the popular classes clamoring for land, the petite bourgeoisie would have been forced to put into operation some sort of efficacious settlement and land redistribution policies. They would possibly have built up new ties with the British metropole but these would be based on capitalist agriculture, free trade, decentralization, confiscation of speculators' property and domestic control of the export
sector especial in agricultural products. (In short Papineau's political programme, see page 101.)

Petite bourgeoisie hegemony would have involved: more bona fide settlement, retention of the seigneurial population, more capital intensive and rationalized agriculture, linkages to farm equipment, the construction of better regional transport systems, more portfolio capital imports, increased customs and land sales revenue, improvement of agricultural technique, more indigenous entrepreneurship, larger more stable bond issues, greater taxation of staples merchants to increase demand linkages (to consumer goods industry), further linkages to capital goods, possible domestic control of staples with more probability of closure, import substitution and active involution. To succeed politically this group would have needed a strong disciplined party organization ready to seize power when the opportunity arose as in 1837-38. Instead a weak politically divided ideologically vague opposition existed, with all the accompanying lack of initiative. Without well-organized political struggle this group could not take power. The merchants, administrators, military and collaborator classes all opposed the petite bourgeoisie tooth and nail on the issue of autonomy for reasons just outlined above. The petite bourgeoisie was the most likely group to foster development but only by superceding the metropolitan and domestic mercantile interests, i.e., the most powerful groups in the colony. In this, it failed because of its narrow social base and lack of ideological and political organization, as well as the power of its opponents.

While Quebec's socially available resource endowment was such as to have permitted considerable development in early nineteenth century
terms, the kind of society which Quebec presented after three centuries as a peripheral unit in the world economy militated against the realization of this possibility. Such realization would have entailed an autonomous and conscious mobilization of the territory's physical and human resources, but the social structure of Quebec and its relation to the metropole blocked each of the three optional hegemonies through which autonomy might have been achieved. Quebec remained in a state of relative under-development because of the particular manner by which was created and was self-creating as a peripheral society. It was not so much in a "staples trap" but rather in a "land speculation trap," which in turn was the major manifestation of the forces and relations of production in Quebec. The possible and the probable remained, at this conjuncture, far apart.
Footnotes


10 MacDonald, N., op. cit., p. 119.


14 Ibid., p. 301, 305, 325, 328, 339, 426, 428.
15 Ibid., p. 391, 393, 450.


18 Wakefield, E.G., op. cit., p. 39, 52.

19 Cowan, H.I., op. cit., p. 97, 100.

20 Ibid., p. 105.


22 Wakefield, op. cit., p. 30.

23 Ibid., p. 28, 29, 32, 35.

24 It was something of a hybrid structure with some elements of a modern bureaucracy such as delegated authority and an efficient information and communications network. It lacked civil service exams and was subject to a good deal of patronage in matters of appointments.


26 Ibid., p. 39, 40, 42.


31 Bertrand, C., loc. cit., p. 75.


34 Bertrand, C., loc. cit., p. 76.

35 Skelton, O.D., op. cit., p. 36.
36 Bertrand, C., loc. cit., p. 77.
37 MacDonald, N., op. cit., p. 313.
38 Ibid., p. 41.
39 Parker, W.H., loc. cit. in Cook, op. cit., p. 61.
40 See Bertrand, C., loc. cit., p. 74, for a partial list of Lower Canada's largest individual grants from 1796 to 1840.
41 Parker, W.H., loc. cit., p. 61.
42 Teeple, G., loc. cit., p. 49, 50.
43 Ibid., p. 48.
44 Skelton, O.D., op. cit., p. 36.
45 MacDonald, N., op. cit., p. 220.
46 Ibid., p. 222, 227.
47 Teeple, G., loc. cit., p. 50.
48 MacDonald, p. 229, Teeple, p. 50.
50 MacDonald, N., op. cit., p. 515.
51 Ibid., p. 517, 518.
52 Ibid., p. 520.
53 Riddell, R.G., loc. cit., p. 296, 310.
54 Minutes of evidence to the General Commission of Enquiry for Crown Lands and Emigration conducted by the Earl of Durham, High Commissioner (hereafter minutes), Quebec, 1838, p. 16, 97.
55 Ibid., p. 21, 22.
56 Ibid., p. 57, MacDonald, N., p. 344.
57 Minutes, p. 21, Teeple, p. 55.
58 Minutes, p. 36.
59 Teeple, G., loc. cit., p. 55, 56.
60 MacDonald, N., op. cit., p. 335.
Perhaps Horton's most useful innovation was restructuring the Colonial Office into a more efficient bureaucracy (see note 24), Manning, H.T., op. cit., p. 245, 247, Cowan, H.I., op. cit., p. 85, 95.

Cowan, op. cit., p. 87, 88, 92, 93.

Ibid., p. 99, 100, 102.

MacDonald, N., op. cit., p. 207.

Ibid., p. 207, 208, 212.

Ibid., p. 524.


Ibid., p. 315.


Minutes, p. 13; MacDonald, N., p. 319.

Minutes, p. 10; MacDonald, N. p. 219.

Minutes, p. 4.

MacDonald, N., p. 338.

Ibid., p. 336.


Minutes, p. 20, 29, 32.


The average wait for processing was 15 months; Minutes 32, Lucas, ed., Vol. 2, p. 236, 238.

Minutes, p. 24, 28, 34, 100.

Teeple, G., loc. cit. in Teeple, op. cit., p. 55.

Minutes, p. 17-19; Skelton, O.D., p. 36.

Bell and Morrell, op. cit., p. 219.

MacDonald, N., p. 344.


Ibid., Vol. 2., p. 211, 215.

1. Ibid., p. 150.
2. Ibid., p. 151.
3. Ibid., p. 154.

5. Teeple, G., loc. cit., p. 53.
6. Ibid., p. 53.
7. Ibid., p. 54.

8. Elliffe at this time was an active politician in England and a man of considerable influence. From 1830-1863 he represented Coventry in the House of Commons and from 1830-32 he was Secretary to the Treasury and from 1832-1834 was Secretary of War in Earl Grey’s government. He was a director of the Hudson’s Bay Company and served as a government whip in dispensing patronage and instructing the press. Vide, Butler, J.R.M., *The Passing of the Great Reform Bill*, Longmans, 1914 and Wallace, W. S., *The Macmillan Dictionary of Canadian Biography*, p. 216.


11. Felton’s background as a landed proprietor in the Eastern Townships provides a fitting testimony to how capital and government were often intertwined in land granting and sales. In 1831, W.B. Felton had been granted lands totalling 23,000 acres while the Colonial Office had authorized grants to him and his children of only 16,000. Besides which, money which Felton was supposed to have used to make improvements by the term of his previous grants going back to 1815 had allegedly been withheld and some of these previous grants had not been cultivated as the terms stated. Sir James Kempt had authorized grants up to 200 acres per child yet eight out of Felton’s nine children had received 9,400 acres.

12. Some of this land on the west side of Lac Magog was later sold to the British American Land Company; Day, C.M., *A History of the Eastern Townships*, Montreal, 1869, p. 372.

13. The principal backers in Lower Canada were George Moffatt and Peter McGill, A.T. Galt (John’s son) was ultimately to prove the most powerful director and politician. He was brought over from England to work as a clerk. Later he took over control.

14. Peter McGill, born in Scotland, 1789-1860, heir to his uncle, John McGill, son of James, later head of the firm of Peter McGill and Company, from 1834-1860, he was President of the Bank of Montreal; and in 1834 he became Chairman of the first railway company in Canada, the St. Lawrence...
and Champlain. In 1841, he was appointed to the Legislative Council of Canada and in 1844-48 he was speaker of the Council with a seat in the Legislative Council, pp. 452-462.

George Moffatt, born in England, 1787-1865, worked in the fur trade for the XY Company and then the Northwest Company as a clerk, later gaining control of a supply house for the Northwest Company. In 1830, he was called to the Legislative Council of Lower Canada and in 1839 was sworn to the Executive Council. On the union of the Canadas, he was elected to represent Montreal in the Legislative Assembly where he held his seat until 1847 when he withdrew from active politics; p. 518.

Galt Sir Alexander Tiloch, 1817-1893, born in England, was Commissioner of the British American Land Company from 1844-1855, was interested in railway development and was one of the Canadian promoters of the Grand Trunk Railway. He was an elected member from Sherbrooke from 1849-1867 and in the House of Commons until 1872 (except for a brief period 1850-53 when he had resigned). He came to be regarded as the leader of the English speaking members from Lower Canada and was Minister of Finance 1858-62 and 1864-68 and Canadian High Commissioner in London 1880-83. More will be said about him later; p. 255.


102 Ibid., p. 288.
103 Cowan, H.I., p. 136.
105 MacDonald, N., p. 292; Cowan, H.I., p. 135.
106 MacDonald, N., p. 292.
107 Ibid., p. 293, 294.
108 Cowan, H.I., p. 136.
109 Ibid., p. 136.
110 Manning, H.T., p. 359.
Details differ as to the number of years payments were made. N. MacDonald's figures are quoted from p. 296, a Quebec Legislative Assembly Report, First and Second Reports of the Special Committee appointed to inquire into the causes which retard the settlement of the Eastern Townships of Lower Canada, Quebec 1851 states interest only was paid for 6 years. At any rate credit was long-term, until 1840 when credit may have been cut to four years; Skelton, O.D., op. cit., p. 42.

MacDonald, N., p. 298.

Quebec Legislative Assembly Report, op. cit., p. 57.

Skelton, O.D.; p. 40.


Skelton, O.D.; p. 40.


Ibid., Vol. 2, p. 244.

Ibid., p. 259, 268.


Skelton, O.D., p. 133.

Ibid., p. 52, 53.


Faucher, A., Quebec en Amérique au XIXe Siècle, Montréal, Fides, 1970, p. 56.
Skelton, O.D., p. 61.


139 Faucher, A., p. 46; Glazebrook, G.P. de T., p. 155; Myers, G., p. 157; Skelton, O.D., p. 63.

140 Faucher, A., p. 48.


142 Faucher, A., op. cit., p. 53, 54.

143 Glazebrook, G.P. de T., p. 156; Skelton, O.D., p. 68-70.

144 Glazebrook, G.P. de T., p. 156; Myers, G., p. 166; Skelton, O.D., p. 72 gives similar but somewhat higher figures. The Bank of Montreal under the direction of Peter McGill is noticeably absent from these financial transactions. Like the merchants it represented, it preferred to use the capital of the state rather than its own for fixed investments.

145 Skelton, O.D., op. cit., p. 73.

146 Faucher, A., op. cit., p. 55.

147 Myers, G., op. cit., p. 179, 180, 203.

148 Ibid., p. 207.

149 Quebec Legislative Assembly Report, op. cit., p. 57, 91, 102, 139.

150 Ibid., p. 109, 121, 122, 139

151 Ibid., p. 109; S.D.C.E.H. p. 32.

152 B.A.L.C., Vol. 1 reprints an information pamphlet put out by the company in 1836, p. 5.

153 Séguin, M., La nation "canadienne" et l'agriculture 1760-1850, Boreal Express, 1970.

154 Faucher, A., op. cit., p. 43, 46, 55.

155 Ibid., p. 54, 55, 61.
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Abbreviations


C. Census of Canada

C.J.E.P.S. Canadian Journal of Economics and Political Science

C.H.A. Canadian Historical Association Reports

C.H.R. Canadian Historical Review


P.P. Parti Pris