This paper tackles the issue of the institutional decisions made by the British when they conquered the French colony of Quebec in 1760 by examining why toleration was the chosen policy course. Past experiences and the dire state of British public finances pushed the British government to adopt toleration of Catholics and of French legal institution in the colony as a policy designed to preserve the empire financially and strategically.

Introduction

In 1760, after the capitulation of the remaining French forces to the British forces in Quebec, a bitter conflict that had lasted more than seven decades came to a decisive end. The effects of this capitulation upon the predominantly Catholic and French-speaking citizens of Quebec are still subject to much scrutiny by historians. Contemporaries expected terrible assimilation policies and violent occupation. Yet, the British broke with expectations and enacted a policy of tolerance within the newly-conquered colony—something which irked Englishmen who would settle in the colony after the conquest (Michel Brunet, 1963 [1981]). They preserved most of the institutional landscape inherited from the French (Yvan Lamonde, 2000, pp. 19-28). Very little changed following the conquest.

Generally, it is assumed that the British chose this course of action to reduce the likelihood of rebellion. Although this seems true, it oversimplifies the issue. Moreover, much of the debate on the issue of the conquest has centered on its effects. It is argued that toleration was a
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backdoor policy for assimilating the population while others assert that it was an enlightened policy. Legal historian, Donald Fyson argues that “binaries such as continuity/change, tolerance/intolerance, generosity/oppression, domination/subordination, and the like … are often inadequate to take into account the vast complexities of regime change” (2012, p. 192). The proper way to interpret the impact of the conquest requires obtaining a proper understanding of the nature of the regime change.

The attempt made in this paper is aimed at tackling the issue of regime change and what shaped the decisions. The decision of the new British administration is best understood in the counterfactual scenario facing the British in 1760. This counterfactual scenario was influenced by the large public debt of England and the belief that the empire needed to be centrally managed from London in order to control public spending. The costly experience of Acadia provided a counterfactual for British officials regarding what could occur if they did not adopt a policy of centralization. This article makes the case that it was the centralization that led to religious toleration and the preservation of many institutional features inherited from the French.

In Section 1 of this paper, a theoretical approach is provided to permit interpretation. Section 2 identifies the first element of the counterfactual scenario facing the British administration, namely the state of its public finances. Section 3 documents the second element that shaped the beliefs of the British administration, namely the costs and failures of the Acadian upheaval. Section 4 illustrates how the British administration adopted a policy of toleration once Quebec was included in the Empire. In Section 5, the economic framework detailed in Section 1 is applied to explain how the costs and failures of the Acadian upheaval, in combination with the state of British public finances, led the colonial administrators to bear the institutional and religious features of the newly-conquered colony of Quebec.

The Economics of Institutional Transplantation

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Essays in Economic & Business History Volume XXXIII, 2015
There is plenty of literature on the economics concerning the size of nations. Most notable is the work of Alberto Alesina and Enrico Spolaore (2003) who claim that empires and nations should be understood as sets of scattered preferences or “heterogeneous preferences,” whereby taxpayers at the center of the empire have different preferences than those at the periphery. The larger a society grows, the more heterogeneous are the preferences for public goods and government services (Leonard Dudley, 2008). Greater heterogeneity in preferences increases the cost for the ruler of producing public goods that fit the preferences of his subjects. These “costs stem from differences in preferences [and] such differences are related to both non-economic factors [cultural, religious, and linguistic] and to economic factors such as income differences” (Alesina and Spolaore, 2003, p. 175). They could also stem from differences in knowledge, ideology, or even expectations. The costs from greater heterogeneity can, however, be mitigated by economies of scale whereby a larger scale is able to produce public goods at a cheaper price per unit. Hence, Alesina and Spolaore (2003) presented imperial decision-making in the context of trade-offs between heterogeneity and economies of scale.

The institutions adopted by rulers are shaped by these conflicting constraints. Rather than obeying straightforward economic motives, the evolution of institutions should be understood in light of the political bargaining between rational actors (Gary Libecap, 1986). Consequently, the mismatch between colonial and metropolitan interests—“albeit an evident feature of colonial empires”—must lead to a certain degree of institutional malleability for the long-term survival of the empire (Olivier Accominotti et al., 2009, p. 47).

This framework of economic analysis applies very well to the case of Quebec once it was conquered. Both it and Acadia – the French inhabited region of Atlantic Canada - increased the heterogeneity of the British Empire once they were annexed into the empire. These costs were larger than the benefits of increased economies of scale. The inclusion of denominationally Catholic and French-speaking societies created problems for the survival of the empire. However, since the two annexations did not occur at the same time, the first (Acadia) provided
information about institutional changes that mitigated the costs of heterogeneity once the second (Quebec) was conquered. That response was one of increased centralization, which led to a policy of pragmatic toleration of cultural differences.

**The Costs of War and Britain’s Public Debt**

The first important point in this narrative is the importance of the costs of war and how they related to Britain’s public debt. Figure 1 reports the British public debt to GDP ratio between 1727 and 1835.

![Figure 1: British Public Debt (Market Value) Relative to GDP](image)


The financial administration of England under Sir Robert Walpole in the first half of the 18th century was one of fiscal conservatism driven by the issue of high public debt (Hubert Hall, 1910). During the peaceful
years between 1714 and 1739, interest payments on the public debt represented around 44 percent of all government expenditures (Patrick O’Brien, 1988, p. 2). The public debt also represented 73 percent of the British economy on the eve of the war of Austrian succession. However, from 1740 onward, the public debt increased rapidly relative to the economy. From that point onward, the debt issue crossed party lines in Britain and this “reduced polarization of opinions” stemmed from the large number of British citizens who held government debt” (David Stasavage, 2007, p. 149). The public debt became an overarching issue in political decisions and it permeated almost every sphere of the public debate ranging from foreign policy to commercial policy.

The budget deficit was driven largely by the military expenditures needed for the waging of war against France. During the War of Austrian Succession (1740 to 1748) and Seven Years War (1756-1763), annual government spending relative to Gross National Product rose to above 20 percent (Robert Barro, 1987). This level of spending was considerably greater than the amount of tax revenues. Consequently, the public debt (see Figure 1) rose accordingly relative to the economy.

In the past, military operations were confined to the sea and the small European continent. However, from the 1740s onward, wars were increasingly waged in the colonial possessions of all empires. Sending troops from Britain to Canada or to the American colonies represented impressive logistical challenges that were accompanied by large costs. Jeremy Land (2010) has documented how increases in logistical costs greatly affected the overall level of military expenditures. The strategy of defeating France by waging war on the frontiers meant that the effective and speedy provision of supplies and troops was crucial and these costs “placed a heavy burden on the taxpayers” that had been unknown to them in the past (Land, 2010, p. 58). These logistical considerations compounded the problems of relations with the Indians. In his work, Land noted that potential conflicts with the Indians were the principle item on the mind of British officials. Moreover, there were a very difficult group to fight, as their guerilla tactics prevented definitive battles. Hence, any settlements into Indian lands that would spark conflict would be very expensive (Land, 2010, pp. 59-71). Moreover, the
Indians could also decrease revenues by disturbing the fur trade in the northern colonies. If the natives rebelled, they would prevent fur traders from sending furs to London, which could then be re-exported on European markets providing revenues for the crown. Constrained by large debts, the British could ill afford these costs.

By 1760, “politicians had yet to figure out a method in order to pay the war debt” (Jari Eloranta and Jeremy Land, 2011, p. 114). Even if credible commitments toward debt repayments had been made in the past, they had been made at much lower levels of debt and credibility had yet to bear its fruits with regard to the weight of debt servicing (Nathan Sussman and Yishay Yafeh, 2006). Moreover, the price and returns on government bonds were very volatile and responded to political developments more than anything else (Sussman and Yafeh, 2006). At the time, Britain did not possess an advantage with regard to credibility of the capital markets, hence, it did not benefit from lower interest rates on its public debt relative to other countries (Sussman and Yafeh, 2006, pp. 18-20). Hence, savings had to be made, where possible, either by cutting waste or by making the crown more efficient (John Brewer, 2000, p. 85).

A part of the response of the British government to control its public debt was increased centralization (William Arthur Speck, 1994). During the long period of peace between 1713 and 1740, few funds for colonial expansion were made available and British North America was neglected. Rather than leave colonization to private individuals, the Board of Trade believed that “the best way to create a British ‘space’ in the province was through the strategic use of land grants” (Thomas Hully, 2012, p. 27). The central government in London considered, that this approach permitted the development of the colonies while ensuring its security. The government viewed its role in British colonial affairs as to “anticipate the needs of the colony” by excluding non-British elements (or assimilating them) and limiting colonial autonomy (Hully, 2012, p. 27). By the time Quebec was conquered, this policy had matured greatly. As Philipp Lawson (1989, p. 39) points out, the instructions given to Governor Murray upon taking office “encompassed every aspect of
colonial life considered of importance by the government at Westminster.” (London delivered 82 such sets of instructions to Murray which dealt with virtually all topics from settlements to faith and from the regulation of weddings to the future of the state-operated iron works at Trois-Rivières (James Doughty and Adam Shortt, 1918, pp. 132-149). The impetus for this centralization was that the policy of “benign neglect” had led to poor coordination of the resources available to satisfy the multiple needs of the Empire. Most notably, the lack of coordination had led London to assume the financial costs of decisions which it had not made and which had little strategic importance. In the formation of this belief, the role of the Acadian upheaval was considerable.

The Importance of the Acadian Deportation

This belief in the need for centralization was greatly affected by the case of the Acadian upheaval which started in 1755 and ended in 1762. The “Acadians” were a population of French descent in today’s Maritimes provinces of Canada, but mostly settled in modern-day Nova Scotia. In 1713, a large part of that population fell under British rule and, while some elements of the French population had sworn conditional oaths of allegiance to the British crown, which amounted to an oath of neutrality, the British governors required unconditional oaths of allegiance which went beyond a neutral behavior (Faragher, 2005, pp. 125-150). Yet, after a few years, the oath had still not been taken by a significant part of the French population under British rule, prompting the lieutenant governor to express his worries to London that the population could represent a threat (Thomas Akins, 1869, p. 11).¹ The uncertain loyalty of the French-speaking and denominationally Catholic population of Acadia created a distrust of them by the British administrators, who saw them as a threat to the British settlements in the region and, to some extent, to those in New England. From the very beginning,

Governor Samuel Vetch conceived a plan for the deportation of the Acadians. In 1714, he estimated that the cost of “removing” the Acadians would stand at 40,000 pounds besides the cost of restocking the area afterward (Akins, 1869, p. 6). The Board of Trade in London was
originally supportive of the policy, stating that it was “of the opinion they (the Acadians) ought to be removed” as soon as possible (Akins, 1869, pp. 58-59). As long as their priests retained influence over them, they were a threat and would never become “good subjects to His Majesty” (Akins, 1869, p. 58). Although some oaths were made by 1726, the British were still not satisfied about the loyalty of its Acadian subjects because of the conditional aspect that it bore (Akins, 1869, p. 69-70). Their sheer numbers were seen as a threat. In the first days of British rule over the Acadians, the British lieutenant governor sent a letter to the Board of Trade in London arguing that “their (the Acadians) numbers are considerable and in case they quit (sic) us, will strengthen our enemies when occasion serves” (Akins, 1869, p. 9).

This constitutional problem was exacerbated by political needs. This would mostly stem from the British colonists in Massachusetts. The Acadians occupied valuable land that confined British farm settlement to relatively poor lands in the southern half of Nova Scotia. Those lands were also believed to be poorly exploited, as the Acadians were “lazy [and] unskillful in methods of agriculture [and cannot] be led or drove into a better way of thinking” (Akins, 1869, p. 102). It was believed that a policy of settling the peninsula with some “especially industrious laborers” of English lineage would do much to ensure British interests in the region and develop poorly-utilized lands (Akins, 1869, p. 9). Moreover, there was an increasing demand for land, as colonization westward for the Americans during that time was prevented by the Indians and the French of the Ohio Valley. One of the possibilities was to go northward, which meant Acadia (Robin Thomas Naylor, 2006, pp. 130-131).

Settlers in Massachusetts and Nova Scotia used the constitutional vacuum surrounding the oath of allegiance to push for deportation in order to advance their cause. They lobbied consistently for such a policy action and were considerably worried by the fact that the population growth rate of the Acadians seemed to have been largely superior to that of the British settlers (Andrew Johnston, 2003, pp. 41-42). Threatened by this population growth from the Acadians, whom they believed to be
disloyal, British governors were pressured to provide security to the settlers by expelling the Acadians while also opening land to settlers from Britain, but, more importantly, from the American colonists. These political preoccupations were linked to those of the aforementioned Indians. For a long time, the French had harbored cordial relations with the natives of North America (Faragher, 2005). Although French and Indian relations were not always smooth, they were generally smoother than British and Indian relations—much smoother. Many of the native people of the Atlantic region of Canada were from the beginning hostile to the British—and so were the latter. In 1720, governor Philipps wrote that he believed that the French had attempted to incite the Indians to attack his settlements. The governor further stated that he believed that at the first sign of weakness, the Indians would descend upon them (Akins, 1869, pp. 53-54). In 1722, Governor Philipps wrote to the Board of Trade that he had been dragged into an “Indian War, notwithstanding (all his) endeavours to avoid it” (Akins 1869, p. 61). The Indians represented a threat and in the late 1740s, the British acted on this threat—mainly stemming from the Mikmaqs—and offered payments to everyone for the scalp of any Mikmaq (regardless of gender or age) (Akins, 1869, pp. 581-589). This most likely had the effect of driving the Indians into closer alliances with the French and Acadians. By removing the Acadians, it was believed that the Indians would be less troublesome, but that the possibility of eliminating them, as well, should stay on the table.

The drive for the expulsion of the Acadians did not come from London; it was arose from the local populations hostile to the Acadians. In the 1750s, the Secretary of State in London had shown some resistance to deportation. In a letter to Governor Lawrence, the latter stated that there were “pernicious consequences” to deportation because it would be “depriving Great Britain of a very considerable number of useful subjects” (Akins, 1869, pp. 581-582). In his work, Faragher pointed out that the first wave of deportation of the Acadians had been initiated before the reception of this letter. Indeed, the letter is dated August 13, 1755, while the first wave of deportation began on August 10, 1755 (Faragher, 2005, pp. 366-367). The letter not only arrived too late, but the plan was also initiated before counter-instructions were
actually written. Nevertheless, it was Whitehall who would pick up the bill for what was a costly operation that would span over numerous years. It is difficult to accurately estimate its full costs, however, an approximation of the largest financial components of the expulsion—he costs of troops, supplies, transport, and re-colonization—is possible.

With regard to the military costs of the operation, contemporary sources provide estimates of pay. For defraying the charge of “four regiments of foot, serving in the East Indies, for 365 days, from December 25, 1762 to December 25, 1763”, the *London Annual Register* (Edmund Burke, 1763, p. 177) reported that the bill ran at 71,381 pounds and 16 shillings. Given that rate of pay and presuming 516.94 men per regiment, the cost per soldier stood at roughly 34.52 pounds per year.\(^4\) According to historians, some 2,250 soldiers were needed to enact the deportation of 12,617 individuals. This would yield a total cost of 77,670 pounds for the operation given the population (R.A. Leblanc, 1979). Another estimate for 1763 reported by the *London Annual Register* (Burke, 1763, p. 178) calculated that the maintenance of troops at Gibraltar, Senegal, Minorca, and the Canadian colonies, including Quebec, cost 281,781 pounds sterling, eight shilling, and six pence, per soldier in each of these emplacements. Given that these combined garrisons arrived at an estimated 10,000 men of infantry (Robert Thomas, 1988, p. 512), the cost comes to 28.18 pounds per soldier. The total for the 1,800 men needed for the operation stands at 63,405 pounds. Hence, *infantry* costs were between 63,405 pounds and 77,670 pounds (or between $ 11.3 million and 13.8 million in 2014 US dollars).

The costs of the operation to the Royal Navy are difficult to estimate.\(^5\) Yet, one can arrive at a figure for the civilian transport ships. Since the Royal Navy was not sufficient in this venture, civilian ships had to be requested. Some of them had been provided by the famous tea smuggler Thomas Hancock. In the official documents, copies of the accounts provided by Hancock and his partner showed that the hiring of 17 ships to carry 3,039 Acadians to American colonies cost a total of 6,510.40 pounds sterling (at a cost per head of 2.14 pounds) (Akins, 1869, pp. 285-293).\(^6\) Given that per head cost and that 11,316 Acadians were
deported during the removal era, this makes for a hefty bill of 24,216 pounds, or roughly $ 4.3 million in 2014 US dollars (Geoffrey Plank, 2003, p. 149).

It must be pointed out that these are conservative estimates. First of all, the troop number of 2,250 was a sum of all the troops involved over a year. Yet, the deportation continued for many years. Troops had to be dispatched to hunt down the stragglers, to contain the remaining ones who had allied with the French and the Mikmaq and were waging guerilla warfare against the Nova Scotians. The costs were likely greater. Additionally, the costs of expelling the French forces at Fort Beauséjour—which prevented the deportation—were also not considered in our calculations (Archibald McMechan, 1913, pp. 90-99). This of great importance since the fort was seen as a barrier to deportation efforts.

As for supply costs, these were substantial, as the correspondence between Governor Murray in Quebec and the Board of Trade in 1763 makes abundantly clear. In Quebec City, the cost was estimated at four pence for each ration delivered per soldier (LAC MG11-Q-CO Vol.1, p. 169). Given a garrison of 1,200 men and two rations per day, the costs totaled 14,570 pounds annually—not a trivial sum.

At this point, the bill of the Acadian deportation stands between 87,621 pounds and 101,886 pounds. These expenditures were mostly incurred by London in the form of army pay, navy pay, and supplies. Furthermore, such resources were not available for other theaters of operation in the meanwhile. The main expense Nova Scotia had to fund, even though it had been given large financial grants by Parliament, comprised the ships needed to deport the population (Naomi E.S. Griffiths, 1992, p. 79).

These costs figures also fail to include those linked with the re-colonization of the region. According to primary sources, between 1751 and 1755, the Parliament in Britain had allocated an average of 62,655 pounds annually to the purposes of settling the region (Adam Shortt, 1933, p. 454). Finally, it also does not include the costs to the colonies that ended up with the deported individuals. For example, the General Court of Massachusetts turned itself toward the crown-funded colony of
Nova Scotia to obtain financial aid in order to pay for a part of the costs generated from the presence of Acadians within the colony (Nicole Landry and Nicole Lang, 2001, p.93). The final result, displayed in Table 1, gives an approximate idea of the amplitude of the costs of the operation plus the costs of recolonization.

<table>
<thead>
<tr>
<th>Table 1</th>
<th>The Costs of the Deportation</th>
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<tbody>
<tr>
<td></td>
<td>Low estimate</td>
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<tr>
<td>Infantry costs</td>
<td>63,405 £</td>
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<tr>
<td>Transport costs</td>
<td>24,216 £</td>
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<tr>
<td>TOTAL</td>
<td>87,621 £</td>
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<tr>
<td>Per head</td>
<td>7.74 £</td>
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<tr>
<td>OTHER COSTS</td>
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<tr>
<td>Supply costs</td>
<td>14,570 £</td>
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<tr>
<td>Recolonization</td>
<td>62,655 £</td>
</tr>
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Source: See text for details.

To put these costs into perspective, it is useful to refer to the Abstract of British Historical Statistics. It shows that army expenses in 1755 ran at 1,399,000 pounds sterling—meaning that the deportation represented at least 7.28 percent of the army budget (B.R. Mitchell and Phyllis Deane, 1962, p. 390). Relative to the much more relevant debt service, the proportion ran at 4.2 percent. Although minor in the overall level of expenditures (1.3 percent), its financial weight relative to its strategic importance is disproportionate. In terms of the budgeted expenses for North America, the cost is more important. In 1763, the budgeted expenses stood at 437,125 pounds, or roughly 4 percent of the overall budget at the time (Thomas, 1988, p. 512). Relative to this, roughly a quarter of the entire defense budget for North America went to the operation of deporting the Acadians.

Moreover, the policy was not successful. Less than two years after the deportation, Governor Lawrence complained that many Acadians were, in fact, hiring smugglers and navigators to bring them back to Acadia.
Some 2,000 had returned to Nova Scotia, New Brunswick, and Prince Edward Island by 1764 (Akins, 1869, pp. 302-303). Evidence collected by Julian Gwyn illustrated that from 1740 to 1780, Nova Scotia did not prosper much from the eviction of the Acadians (Gwyn, 1998, pp. 19-27). In fact, it may have regressed in spite of the forceful massive wealth transfer from Acadians to Nova Scotians. Gwyn labeled it “economic devastation” that crippled the colony for decades (Gwyn, 1998, p. 7). In London, the backwardness of Nova Scotia was well-known. Edmund Burke considered Georgia and Nova Scotia to be the most economically backwards of Britain’s colonies in America (Gwyn, 1998, p. 28). In a speech to the House of Commons, Burke asserted that the colony had cost the crown some 700,000 pounds, none of which was repaid (Gwyn, 1998, p.28). Naomi E.S. Griffiths presented the settlement of Halifax as “the greatest public pork barrel yet opened in North America” (1992, p. 79). As a whole, Nova Scotia was seen as a failure. Evidence collected from the *Annals of Commerce, Manufactures, Fisheries and Navigation* (David McPherson, 1805) showed that exports stagnated from 1760 to 1775, corroborating the view expressed by Burke and confirmed the claims of. Indeed, by comparing the growth of the exports in the three economies of Canada from 1760 to 1775, one can see that the exports of Nova Scotia did not evolve like those of the other colonies.
Edmund Burke was aware of this, as it seems that members of the imperial administration were aware as well. Even before the deportation, the public finances of Nova Scotia were scrutinized by parliamentary committees during 1752 and were judged to be profligate. It was argued by some officials that military credits should be refused until the runaway budget was brought under control (Hully, 2012, p. 122). The issue continued to plague many politicians for two decades (Hully, 2012, p. 123). It seems that it was well-known in London that Nova Scotia had been a failed colony and that the Acadian deportation had not resolved the situation. In fact, it had been reported that supplies taken from the French had disappeared, that ships required for the deportation were kept on pay for a useless three months, that 3,600 hogs and 1,000 cattle taken from the Acadians had been slaughtered for trade and were all unaccounted for and that some 30,000 pounds had been spent on defense.
“not worth thirty pence” (David Allison, 1916, pp. 386-387). This prompted further parliamentary inquiries in London.

The impression in London was that it had not been in charge of policy and yet, it was the metropolitan government which had to assume the bill. This shaped the strategy of trying to centralize decision making in London rather than leave it to the colonies. When Quebec, a colony with roughly 60,000 people of French descent and of Catholic faith, was conquered, the impression that policy ought to be made from London became cemented.

**Change of Policy with the Conquest of Quebec**

The early years of British rule in Quebec confirmed that the high costs observed for the Acadian operation would be of similar amplitude, but that given the much larger population of Quebec, the financial burden would be colossal. In the early day of the British regime, Colonel Burton at Trois-Rivières (the smallest of the three districts in the Quebec colony) reported in 1763 that he had 320 men, for a population of 6,472 (.1391 of whom were men able to bear arms)—a ratio of one soldier per 20.23 inhabitants (James Doughty and Adam Shortt, 1918, pp. 66-67). If one were to expect the ratio to stay constant, the population of 74,400 inhabitants between 1761 and 1765 would have meant an army force of 3,677 men (Jacques Henripin and Yves Peron, 1973, p. 43). Alone, the cost of feeding these troops at two rations per day would have stood at 44,644 pounds per year—and this fails to include military pay (LAC MG11-Q-CO Vol.1, p. 169). Using estimates, the total bill for *military expenditures* only would have stood at 126,930 pounds per year (Burke, 1763, p. 177). The military expenditures alone would have been greater than the *overall* costs of the Acadian deportation. Even a lower estimate of military costs (used earlier for table 1) yields an impressive figure – at 103,618 pounds per year.

To imagine the counterfactual scenario faced by Whitehall, one can index the nominal value of the cost per soldier and the supply costs per soldier to the price index produced by Gregory Clark to determine how much it would cost for London to supply said troops (Clark, 2005). Then, the computation of total costs on the assumption that the population-to-
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troops remained at 20.23 can be achieved. These are reported in Figure 3. Even if Whitehall had benefited from a steady cost per soldier, the increase would still have been substantial. By 1775, the colony of Quebec would have required an army of 4,580 soldiers in permanence in Quebec.

Such a potentially costly situation altered the British views with regard to the French Canadians. Institutional and cultural differences, although frowned upon, were to be tolerated for pragmatic financial reasons. Toleration, not in the “enlightened” modern connotation, became a financial policy.

A mere few years after the deportation, it could be seen in practice. In 1760, the London Annual Register illustrated the reversal of policy when noting that “none of the Canadian, Acadians or French who are now in Canada, and on the frontiers of the colony, on the side of Acadia, Detroit, Michilimackinac and other places and posts of the country (...) shall be carried or transported into the English colonies, or to Old England, and they shall not be troubled for having carried arms” (Edmund Burke, 1760, p. 228). In his first letters when installed as Governor, James Murray asserted that the Canadians were “already enjoying the justice and freedom of a British government (LAC MG11-Q-CO Vol.1, p. 2). When King George II died, Murray saw fit to announce to the Canadian
population that his son had succeeded him—*in their own language* (LAC MG11-Q-CO Vol.1, p. 3). In the same vein, Murray spoke of the “misery” of the Canadians which was “mocking in humanity” and asserted that “benevolence was inseparable from the sentiments which the dictates of our religion and the freedom of our laws must ever inspire.” In that regard, he felt it would offend the King to treat his subjects in a manner unfit of British laws. Although scholars are not sure whether he gave the order, the soldiers of the garrison felt compelled, at the sight of the poor situation of the Canadians, to give one day’s provision a month to the support of the “most wretched” (LAC MG11-Q-CO Vol.1, p. 5).

This change in attitude was also extended to the Indians. One of Murray’s first acts as governor was to deal with the Huron population

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**Figure 3**

Estimates of Costs for Garrisons in Quebec If There Were 20.23 Inhabitants per Soldier (in Pounds Sterling)
and be accommodating to them after an altercation with British subjects that had occurred near the Saguenay River (LAC MG11-Q-CO Vol.1, p. 4) In the same letter, he actually spoke of “preventing disorder” when dealing with them so as not to “alienate the affections of the Indians.” This policy of tolerance continued well into the 19th century (Robert Lahaise and Noël Vallerand, 1980, pp. 1-91).

Moreover, the British received an early lesson in why it was financially advantageous to appease the Canadians. After the conquest, the Indian tribes on the frontier rebelled, which demanded large expenditures on the part of the British. Not only was frontier warfare against the Indians financially prohibitive, but troops were also lacking to the point that the British offered to pay the French-Canadians to serve in the militia (Marcel Trudel, 2006, p. 219). This was a departure from the previous French policy, in which military service was mandatory for every able man between sixteen and sixty years old. Unsure of their loyalty, forcing them to serve with their troops required further expenditures.

Sadly, no estimates of the costs of the militia can be found. However, the British promised to nourish the French-Canadian militiamen. If one uses the four pence per ration figure found in the correspondence between the Board of Trade and Governor Murray, the 300-men battalion that was raised for the campaign would have cost an additional 3,642 pounds per year in rations alone (J.M. Hintsman, 1964, p. 3).

The costs of protecting the colony were clearly seen as prohibitive. When General Thomas Gage relayed a proposition of Governor Carleton to reinforce the fortifications network at certain key areas, “the Treasury Board in far off London was in no mood to approve extra military spending” (Hintsman, 1964, p. 6). Instead, they would rely on bribing Indians for the defense of the colony, as this was seen as a cheaper policy of defense. After the violent attempts of General James Amherst contributed to the Indian rebellions, “financial and practical considerations” made British officials more conciliatory toward the Indians (Daniel Richter, 1998, p. 364). In order to avoid the costs of frontier warfare with the Indians, which could be prohibitive, the British
switched to making overtures towards the Indians (Robert Allen, 1992). The establishment of a boundary to white settlements to protect the Indians, first established in the Royal Proclamation of 1763 and then confirmed in the Quebec Act of 1774, was not an act of selflessness; it was merely a decision to avoid the high costs of frontier warfare that would be assumed by London. It was believed that it was in the greater interest of the Empire to be tolerant of the Indians. Governor Murray was explicit about it when he stated that conciliatory moves were necessary, since “they could prove of greater use in case of war” (Adam Shortt and James Doughty, 1918, p. 55) For the British, it was much cheaper to appease the Indians than to fight them. Another reason for appeasing the Natives laid with the role of the fur trade industry.

One of the main exports of the colony was furs to the British Isles, which represented a source of revenues for the crown. Although many have relied on claims that the fur trade industry was peripheral and of minor importance in the imperial economy, Paul McCann convincingly put that view to rest by documenting how the British officials took a close interest in the development of the fur trade and how fur traders in London had influence over British officials (McCann, 1983, pp. 27-72). When the Indian rebellion of Pontiac began after the French defeat, one of the main worries of the British was the sustainment of the fur trade—which lost in value in the years of the rebellion, according to McCann’s measures. The British quickly realized that the Indians could make the ownership of Quebec very onerous. In the Annual Register (Burke, 1763, p. 22), the government stated that it was its policy to prevent acquisitions of land by private parties because the aboriginals perceived acquisitions as the equivalent of outright invasion. The aboriginals “beheld in every little garrison the germ of a colony” (Burke, 1763, p. 22). This policy of land control has been very often ignored, but it was part of a greater scheme to control public expenditures.

The reaction of the French-Canadians confirms the success of this policy. After the deportation of the Acadians, the French-Canadians had nothing but foreboding at the announcement of the capitulation in 1760 (Louise Dechêne, 2009, pp. 139-144). They had been made aware of what was happening to their kindred in nearby Acadia because of the
number of inhabitants who had fled in order to settle in Quebec. There was also a vast volume of correspondence produced by religious orders in which the fate of the Acadians was described in details. Some of the remaining Acadians had set up camp in Miramichi with French troops under the command of De Boishébert for winter quarters. The priests affiliated with them informed their correspondent in Quebec that they were bordering on starvation, lacking wheat and biscuits (Rapport de l’Archiviste de la Province de Québec, 1923, pp. 237-241). The French governor asserted that the British were determined to devastate the Laurentian valley and transform it into a new Acadia (Guy Frégault, 1955 [2009], p. 335). Moreover, the siege of Quebec, well documented in the Rapport de l’Archiviste de la Province de Québec for the year 1920-21, led to the virtual decimation of the city’s infrastructure, during which more than two thirds of which had been destroyed. Moreover, particular groups in the population were dismayed by the situation. First, there was the Church, whose main vicar in Canada had died without a successor being appointed by the Pope. This left the Church leaderless and in a position of weakness. Religious congregations like the Jesuits were much despised in Britain and they happened to be one of the most active orders in Canada (J.M. Bumsted, 1983). On the other hand, there were also the seigneurs—land owners operating under the old feudal regime imported from France—who knew that the British regarded seigneurialism as backward and regressive. Although the seigneurs never held much sway over their peasantry, they still possessed assets which they expected the British to redistribute.

British actions surprised the French-Canadians by their unexpected nature. This paid off in terms of public spending. The Grenville ministry, being concerned with the size of the public debt and expenditures, emphasized to Governor Murray in the early 1760s that he should be careful in the management of the finances of the colony (Lawson, 1989, p. 53). It seems that Murray did manage “the impossible dream in colonial policy … by paying the costs of his administration in Quebec out of the revenue from old French duties on wines and spirits” (Lawson, 1989, p. 53). This was in spite of vehement opposition from numerous
British merchants who tried aggressively to have Murray recalled since he was refusing to force the application of British laws in a predominantly French society. The same merchants would push frequently for intransigent policies that the Board of Trade and the Secretary of State ignored by opting for the policy of toleration proposed by Murray, Carleton, and Haldimand. Moreover leaving the fur trade as it was—dominated by the Montreal-based French-speaking merchants—allowed the industry to continue exporting at the same pace (McCann, 1983). Hence, Murray was kept in place for many years, in spite of his hatred (openly expressed) of British merchants, who opposed toleration policies because they wanted control of the fur trade. The second piece of evidence is that the original garrison of 3,200 men in Quebec City progressively declined to less than 1,000 in 1771 (Marc Vallières et al., 2008, p. 408). In the area of Montreal in 1775, the military forces were even fewer in number (even though it was the most economically-dynamic region of the colony). When the American invasion began, the military garrison in Montreal represented a mere 150 soldiers (Roland Viau, 2012, p. 238).

**Discussion and conclusion**

At this point, it would be useful to apply more explicitly economic logic into the analysis. First, the British understood that the Empire became more expensive to manage as it grew. The level of expenditures required to fight frontier wars and conquer distant colonies grew exponentially. This was consistent with the Alesina and Spolaore (2003) view that the more distant the periphery becomes relative to the center, the more expensive it becomes to provide public goods like defense. The case of Acadia showed ample proof of that.

The large costs of war and the burden of the public debt formed the backdrop for these developments. Hence, at a time of increasing public debt and large financial requirements due to warfare, a policy of decentralized administration had led British officials in North America to engage in the deportation of Acadians against the wishes of Whitehall. The costs of this operation were assumed by London. The institutional response to this problem was to centralize decision-making in London.
Increased centralization would prevent the colonies from becoming a “moral hazard” on the public finances of the empire. For example, this would prevent decisions in Massachusetts from draining resources needed to defend other British possessions. The goal was the development of a harmonized strategy of defense of the empire. The greater heterogeneity of the empire after 1763 demanded such a policy of centralization with policies tailored for each colony.

However, one should not equate centralization with a “one-size-fits-all” policy. Toleration was not a policy of modern religious liberty as it is conceived today. Rather, it meant tolerating the cultural and institutional differences of the Catholic majority in Quebec in order to obtain its collaboration. Governing from the center implies no requirement to manage all the different peripheral points according to the same rules. Toleration was seen from London as a financially-sound policy, otherwise Quebec would become more costly to the empire than it was worth.

There is a parallel to which one can look in this regard and it comes from the work of Mark Koyama and Noel Johnson (2012) on legal centralization and the birth of secular states. Using insights from game theory, Johnson and Koyama asked why France eliminated the Cathars in the 13th century and not the Huguenots (French protestants) in the 16th century. Their answer was the legal centralization in Europe that started in the 13th century forced a redefinition of what was tolerable. Since there was a mosaic of different beliefs amongst the same church varying from region to region, the costs of persecution in order to enforce legal centralization were modest. Hence, the objective of legal centralization was well served by persecution and violence toward transgressors. In the 16th century, however, the Huguenots were a group with few variants of beliefs, but their own beliefs highly conflicted with those of the Catholics. The cohesiveness of this group made repression prohibitive and counterproductive to the efforts of many in creating centralized nations. Legal documents like the Edict of Nantes of 1585 ought to be understood in the light of a bargain to achieve the aims of the nation (or “empire) at a cost which would not be a mortgage on its future.
According to Koyama and Johnson, it was by inadvertence that religious toleration became a state policy – although it is important to note that violence against French Protestants did not end completely and resurged.

The same occurred in Quebec. Constrained by a large public debt, expenditures at record high levels, and a still-powerful French empire, the British had received a lesson from the Acadian upheaval. In a compromise between the domestic, colonial, and strategic needs, the British adopted toleration in a bid to sustain the empire both financially and strategically. This logic is well embedded in the workings of the empire at the time. The need for a credible commitment to control the public debt was fulfilled in part by centralization—as observed by the greater supervision and direct involvement of London officials. Yet, this centralization was not about “one-size-fits-all.” Rather, it implied policies tailored for individual colonies in order to minimize costs and risks.

Toleration represented such a policy. Religious and legal institutions would be tolerated and given weight as the rule of law and French-Canadians were admitted into the colonial administration. In fact, several members of the first appointed legislative council were French-Canadians seigneurs and merchants alongside members of what became known as the “French Party” under the leadership of Adam Mabane. This party would outshine the “English Party” until the first decades of the 19th century. In this light, one can not only understand the policy of religious toleration, but also the policy toward the Indians. Putting a barrier on the westward expansion of the thirteen colonies had nothing to do with respecting the “noble savage;” it had to do with the high costs of waging war on them (Robert Allen, 1992). Creating alliances with them and bribing them, although expensive, were in fact much cheaper than waging war on them because it not only demanded greater expenditures, but because it also reduced revenues stemming from the fur trade and diverted resources away from commercial activities (Paul McCann, 1983). Moreover, toleration would eventually extend to other groups in Quebec like the Quakers in the 1790s. Furthermore, it was in Quebec that the first Jew in the British Empire would be elected to public office – Ezekiel Hart as legislative member for Trois-Rivières.
Toleration of Catholics and British Public Finances

The men who advanced the case of toleration in Quebec were individuals who drew upon the failures of policies that did not tolerate the cultural differences of conquered societies. Men like Governor Carleton (who had replaced Murray and governed Quebec twice and was even made Lord Dorchester for his service), Charles Cramahé, Francis Masere, and Lauchlin MacCleane (who were all involved in colonial affairs) generally held very negative views of the population of Quebec and yet argued for toleration, which was seen as a policy approach for an empire whose diversity in preferences could make it break apart. In fact, it should be of great value to know that there is generally a link drawn by historians between the drafting of the Quebec Act of 1774—which enshrined the policy of toleration—and the beginning of the movement toward Catholic toleration in Britain, which was marked—a mere four years later—by the Irish Catholic Relief Act of 1778 (Karen Stanbridge, 2003). These later acts of Catholic relief and toleration had more to do with military and financial considerations than with “enlightened ideas” (Robert Donovan, 1984; Stephen Conway, 2004). Toleration was seen as a policy approach for an empire whose heterogeneity in preferences could make it break apart.

The policy was not the result of “enlightened ideas.” Rather, it was the result of an institutional discovery process in which the British came to see the policy of toleration as one that would be least financially prohibitive in order to preserve the empire. In the light of a constantly-growing public debt, toleration and centralization went hand-in-hand in order to stabilize public finances and secure the empire. It was a trade-off between different needs and priorities.

NOTES

1 These pages contain the wealthiest information on the period of interest to us. A great share of the current paper relies on his collection of documents and can be found mostly up to page 340.
Using different estimates, we arrive at a compounded annual growth rate of population of 4.53 percent—a significant figure.

In chapter 5, Faragher underlines cases in which natives and Acadians had collaborated in actions against British settlers and British allies (2005, pp.134-135) or when the natives acted alone against British individuals (p.146). Later in his work, Faragher speaks of the “intimate and cooperative connection” of the Acadians to the Mikmaq “with whom they shared the land” (p.179).

The figure of 516.94 men per regiments stems from the figures of the size of regiments in the overall British Empire. This estimate is only for infantry and would likely yield a much lower average size if cavalry and artillery were included. If the latter were included, it would likely drive up the cost figure per soldier. Hence, this is a conservative measure.

The costs to the Royal Navy are much harder to compute realistically. A first estimate comes from the work of Jeremy Land (2010, p.47) who, depending on estimates by Richard Middleton, quotes that the British Navy had 82,000 men under arms in 1759. Given that the Abstract of British Historical Statistics mentions that naval spending in 1759 stood at 4.971 million pounds, we have a per sailor cost of 60.62 pounds per year (1962, p. 390). According to N.A.M. Rodger (2006, pp. 638-645), net naval expenditures in 1755 (when the expedition began) stood at 2,106,512 pounds sterling when the navy’s manpower stood at 33,612 souls or 62.67 pounds sterling per sailor. Given Rodger’s estimate of 191 cruisers and ships of the line in the overall that gives a ship complement of 429 men on average. Hence, if only one average ship had been present for the deportation, the additional cost to the crown would have stood at 26,062 pounds sterling. Personally, I am skeptical of this estimate for I am unsure of how many frigates and sloops the Navy possessed whose larger numbers must drive the per ship manpower to the high estimate of 429—which I find hard to believe. Moreover, in a review of the literature, I have been unable to find the class of the ship employed for the upheaval. We can presume that it was at least a cruiser or a ship of the line given the important French fortress of Louisburg on Cape Breton.
nearby the Acadian settlements, but we cannot be sure. Hence, the estimates discussed here should be thought as a very crude one but whose order of magnitude cannot be dismissed.

6 The costs are obtained from the document titled “Copies of Accounts transmitted by Apthorp & Hancock, of Boston, to Governor Lawrence”. The names of the ships and their costs were matched upon multiple primary sources which, hopefully in terms of simplicity for this researcher, have been made available online at http://www.blupete.com/Hist/Gloss/AcadianTransports.htm (consulted 10/12/12). The original source is the Canadian Archives Report of 1906.

7 An entire ration in each species for one man is: a) one pound five ounces of pork, or b) two pound four ounces of salt beef, or c) three pounds three ounces of bread or flour, or d) two pounds of rice or e) two quarts of peas.

8 I have not included this estimate in the calculation above because the data obtained from the London Annual Register seem to include the cost to maintain troops. I have merely added this mention of supply costs to illustrate how costly simply the maintaining of troops is even without fighting.

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