

The "Loyalist" Economy of Upper Canada, 1784-1806*

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This paper surveys the first twenty years of the Upper Canadian economy and its development in the wake of the initial Loyalist settlements. Referring to evidence on population growth, wheat prices, British government expenditures, exports, agricultural development, the domestic market, and the nature of the colonial business system, it discusses the forces for growth in this economy. No one factor can explain the development that took place in the period, though the paper stresses the investment process, particularly as embodied in immigration and in the creation of new farms; reasons for patterns here are sought in the presumed expectations of new settlers, in conjunction with their experience once involved in the economy. The paper argues for long-term continuities in patterns of growth for Upper Canada, from this period to c. 1850, as indicated in wheat output and exports per capita, land cultivated per capita, rates of population growth, the role of the trade cycle, and the nature of the business system that sustained the development that went on.

L'auteur s'interroge ici sur les facteurs de croissance de l'économie du Haut-Canada au cours des vingt premières années d'existence de la province, qui furent marquées par l'arrivée des Loyalistes. Des facteurs pris en considération — croissance démographique, prix du blé, dépenses publiques de la métropole dans la province, exportations, développement agricole, marché intérieur et nature du réseau commercial en régime colonial — aucun ne suffit, isolément, à expliquer l'expansion survenue au cours de la période. L'auteur insiste cependant sur les rouages d'investissement par le biais de l'immigration et de l'établissement de nouvelles exploitations agricoles; il cherche de plus à dégager des modèles explicatifs fondés sur les attentes présumées des nouveaux colons et sur leur expérience concrète des conditions locales. La production de blé et les exportations par tête, la quantité de terre cultivée par habitant, les taux de croissance démographique, le rôle du cycle des affaires et la nature du système commercial qui soutenaient le développement en cours conduisent l'auteur à voir des continuités à long terme dans les modèles de croissance du Haut-Canada, depuis la période étudiée jusque vers 1850.

Opening a new frontier and beginning a new regional economy are characteristic themes in the history of eighteenth and nineteenth century North America. Bringing the relatively scarce resources of capital and labour to the relatively abundant lands of each new frontier in one sense

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represents the quite simple economic process of "extensive growth",¹ but in another sense involves a complex historical process, in which the specific timing and sequence of events need to be explained for each particular region.² Such new regional development is often seen as being dependent on the export of one or a few staple resource products, which could be used by new settlers to buy from more established areas the other goods they required for survival.³ In fact it took years before a staple export could be established, and it was necessary for the pioneer to buy required goods even before he had a staple to sell in significant amounts. Thus, it is usually said to have taken around three years for a farmer to become "self-sufficient", and, given normal rates of land clearing, ten years for his farm to be relatively well-developed.⁴ Even merchants in a colonial economy needed to make predictions of a quite long-term nature. For an inland territory such as Upper Canada, it was necessary to send orders out in the fall of one year for delivery in the early summer of the next; even if sales followed at once, payment still could not be expected at least until the harvest in the summer of the year following.⁵ Much could change even in two years, let alone ten. Those who actually opened new regions clearly took a considerable chance when they staked their lives and fortunes on a relatively uncertain territory. To know why they did so, we really need to know something of how they saw the future; their expectations and actions combined with forces from the established economic world to produce an economy with a specific structure and character in a particular area and at a particular time.⁶

1. J. H. DALES, *The Protective Tariff in Canada's Development* (Toronto: University of Toronto Press, 1966), pp. 154-58; see also J. D. GOULD, *Economic Growth in History* (London: Methuen, 1972), pp. 102-5.

2. For a review of the abundant literature generated by another such extensive boom in Canadian history, see K. NORRIE "The National Policy and the Rate of Prairie Settlement: A Review", *Journal of Canadian Studies*, XIV (Fall 1979): 63-76.

3. For a sophisticated statement of this view, see J. F. SHEPHERD and G. WALTON, *Shipping, Maritime Trade, and the Economic Development of Colonial North America* (Cambridge: Cambridge University Press, 1972), esp. p. 25.

4. T. F. MCILWRAITH, "The Logistical Geography of the Great Lakes Grain Trade, 1820-1850" (Ph.D. thesis, University of Wisconsin, 1973), p. 70. In his "Upper Canada: A Poor Man's Country? Some Statistical Evidence", *Canadian Papers in Rural History*, III (1982): 129-47, Peter RUSSELL has recently called into question the usually accepted rate of clearing (4 to 5 acres per year), at least for the post-pioneer phase of settlement and after 1812. His approach (not explained in the paper) yields a "rate of clearing" of as low as 1.2 to 1.5 acres per year. The data below for population and land under cultivation suggest, however, that this rate is too low for the pre-1806 period; for example, even on assumptions highly favourable to such a lower figure, this rate would require the "average" Upper Canadian farm in 1805-06 to have been started no later than c. 1792.

5. See Edith FIRTH, ed., *The Town of York 1793-1815* (Toronto: University of Toronto Press for the Champlain Society, 1962), pp. lvii-lviii.

6. On the issue of expectations and attitudes, see James HENRETTA, "Social History as Lived and Written", *American Historical Review*, LXXXIV (1979): 1310-14; and W. B. ROTHENBERG, "The Market and Massachusetts Farmers, 1750-1855", *Journal of Economic History* (hereafter *JEH*), XLI (1981): 284-87, 312-13. See also Bruce S. ELLIOTT, "'The Famous Township of Hull': Image and Aspirations of a Pioneer Quebec Community", *Histoire sociale—Social History* (hereafter *HS—SH*), XII (1979): 339-45.

The story of the opening of Upper Canada by the Loyalists is, in broad outlines, a relatively familiar one.⁷ The newly arrived Loyalists took up lands along the upper St Lawrence and in the Niagara area in 1784-85, were sufficiently established by 1786 no longer to have to rely on government rations, and thereafter quite rapidly built an economy that was in a number of respects very successful. This swift progress is impressive in that the Loyalists faced not only the usual problems of opening a new frontier—the privations, the relatively greater uncertainties, and the sheer hard work — but also further difficulties engendered by the forced nature of their emigration, which may have had both positive and negative psychological aspects, which must certainly have had financial difficulties associated with it, and which also may have brought them to the settlement frontier in some sense prematurely. To overcome these problems, they were helped by the considerable support of the British government. As Francis Gore observed in 1812, “the Parent State[s] . . . fostering care [was] the first cause, under Providence, of the uninterrupted happiness you have so long enjoyed.”⁸ Modern authorities have agreed. As the most authoritative of recent writers, Bruce Wilson, has noted, “the most obvious reason for the rapid development of settlement . . . was the massive aid the settlers had received from the British government.”⁹

There is, however, some question to be raised here, for Upper Canadian development has also been seen as exemplifying the general process of frontier expansion. The fact that so many of those who followed the Loyalists were Americans and the near-contemporaneous development of western New York lend support to this view.¹⁰ But western New York lacked the fructifying influence of British governmental largesse; nonetheless it developed anyway. Perhaps then the independently causal significance of British support to Upper Canada has been exaggerated. Whatever the role of government, Upper Canada did eventually make a transition to a wheat-based economy, though precisely when that occurred is less certain—just before or shortly after the War of 1812 being the most common times suggested.¹¹

While it has been usual to see early Upper Canada as an economic success story, most accounts of its history have paradoxically placed equal or greater stress on what it lacked: the “impediments” to development, the “shortage of capital”, and the “obstacles to economic progress”

7. See G. M. CRAIG, *Upper Canada: The Formative Years, 1784-1841* (Toronto: McClelland and Stewart, 1963), chap. 1.

8. UPPER CANADA, LEGISLATIVE ASSEMBLY, *Journals* (hereafter *UCJ*), 1812, printed in ONTARIO BUREAU OF ARCHIVES (hereafter OBA), *Ninth Report* (1912), p. 4.

9. Bruce WILSON, *As She Began: An Illustrated Introduction to Loyalist Ontario* (Toronto: Dundurn Press, 1981), p. 107.

10. See D. M. ELLIS, “Rise of the Empire State, 1790-1820”, *New York History*, LVI (1975): 5-27.

11. R. L. JONES, *History of Agriculture in Ontario 1613-1880* (Toronto: University of Toronto Press, 1946), p. 32. For a view of the war as the crucial transitional phase, see F. M. QUEALEY, “The Administration of Sir Peregrine Maitland” (Ph.D. thesis, University of Toronto, 1968), pp. 4-6.

that apparently slowed its growth.¹² Bruce Wilson captures the tone of such explanations: "inadequate communications and limited markets, fluctuating prices and low returns stunted the growth of most . . . enterprises."¹³ But this is an approach that highlights what was not happening, rather than what was. It is difficult to explain what happened in terms of what did not, or by reference to standards set in a future that the immigrants themselves did not know. Indeed, such a negative viewpoint calls into question the rationality not only of those who came to Upper Canada (particularly those who followed the Loyalists), but of those who stayed there in preference to going somewhere else, with, for example, better communications and less limited markets.

In light of these issues, there is clearly justification for re-examining the economy the Loyalists and those who followed them made in Upper Canada, both to understand more precisely how it functioned, not to say survived, and to assess the timing and the significance of various factors in its structure and growth. The province's early development occurred at a time of rapid development and structural changes in adjacent economies. Not only was western New York beginning to be settled, but areas nearer the coast such as Massachusetts were, between 1791 and 1805, undergoing a process of what Winnifred Rothenberg has termed "'Deep Change' in virtually every measurable social indicator".¹⁴ In Lower Canada, agriculture was developing very rapidly between 1785 and 1802.¹⁵ A terminal date for the present paper in the years just after 1800 is therefore a reasonable one, and it is also suggested by Upper Canada's emergence then as a wheat exporter, by wheat price cycles, and by the availability of appropriate population data. Taking stock of the economy's initial establishment also avoids the temptation simply to see the early period as background to the War of 1812. As there is a "relative lack of statistical information" that would permit an overview of the workings of the entire economy,¹⁶ it is necessary to draw on the sometimes fragmentary data surviving on population, prices, British expenditure, external trade, internal exchange, and the commercial system and its institutions in order to clarify timing, structures, and causation.

12. Quotes are from Gary TEEPLE, "Land, Labour and Capital in Pre-Confederation Canada" in *Capitalism and the National Question in Canada*, ed.: Gary TEEPLE (Toronto: University of Toronto Press, 1972), p. 48; Leo JOHNSON, "The Settlement of the Western District 1749-1850" in *Aspects of Nineteenth-Century Ontario*, eds: F. H. ARMSTRONG et al. (Toronto: University of Toronto Press, 1974), p. 23; CRAIG, *Upper Canada*, p. 53.

13. Bruce Wilson, "The Enterprises of Robert Hamilton: A Study of Wealth and Influence in Early Upper Canada: 1776-1812" (Ph.D. thesis, University of Toronto, 1978), p. 2. In fairness to Wilson, it should be noted that in its specific context this comment is not unreasonable, as he uses it as part of explaining the exceptional nature of Hamilton's business; but the remark serves to point to the degree to which accounts that stress barriers and vicissitudes typify the literature on early Upper Canada.

14. ROTHENBERG, "The Market and Massachusetts Farmers", p. 289.

15. Fernand OUELLET, *Lower Canada 1791-1840: Social Change and Nationalism* (Toronto: McClelland and Stewart, 1980), pp. 30-38, 349-50. See also regarding this period in North America W. B. SMITH and A. H. COLE, *Fluctuations in American Business 1790-1860* (Cambridge, Mass.: Harvard University Press, 1935), pp. xxiii, 31.

16. WILSON, "The Enterprises of Robert Hamilton", p. 348.

I

An understanding of population growth is the first essential in this inquiry.¹⁷ For present purposes, that is, an understanding of the growth of a European economy in Upper Canada, it seems preferable to omit the Indian population, despite its relative numerical significance in the earliest period. To the extent that Indians were involved in their more traditional economic activities, their economy remained distinct from the new settlement economy, as did the self-sufficient parts of any newly developing Indian agriculture. Population locations and numbers, especially for the remoter bands, are also somewhat conjectural. Then too, to the extent that the European goods that the Indians acquired came in the form of presents, these were not purchased in Upper Canada and had only very limited links to the patterns of the new agricultural economy.

With this qualification in mind, it is possible to estimate the initial population of Loyalist settlers at about 6,000 by the fall of 1785, of which at least two-thirds were located between the Bay of Quinte and the soon-to-be-established border with Lower Canada.¹⁸ The most commonly met and reasonable figure for 1791 is 14,000, though one recent authority says, without explanation, that the figure was 20,000 to 30,000 by then.¹⁹ Militia returns suggest a population of 20,000 to 25,000 by 1794, and it is clear that something like the latter figure was taken by informed contemporaries to be the population by 1795-96: the agreement for dividing customs revenues with Lower Canada assumed, on the basis of comparative militia returns, that Upper Canada had one-seventh of the lower province's population.²⁰

Assessment and other data permit a more comprehensive look at the province's population in 1805-06, when totals are available for six of the eight Upper Canadian districts. Unfortunately, the two missing districts, the Eastern and Niagara Districts, were among the three oldest and most populous sections of the province. The former had reached almost 1,600 households by 1812, and this suggests, for 1805-06, a figure of between 1,100 and 1,400 households; if the average size of a household was six, then

17. On this point see Jo-Ann FELLOWS, "The Possibilities for Quantitatively-Oriented Research on the Loyalists in Canada" in *Red, White and True Blue*, ed.: E. WRIGHT (New York: AMS Press, 1976), pp. 169-74.

18. WILSON, *As She Began*, pp. 13, 120. Wallace BROWN, *The Good Americans: The Loyalists in the American Revolution* (New York: Morrow, 1969), p. 192.

19. Helen I. COWAN, *British Emigration to British North America: The First Hundred Years*, rev. ed. (Toronto: University of Toronto Press, 1961), pp. 9-11, is the source for the lower figure. The higher figure is from WILSON, *As She Began*, p. 95.

20. E. A. CRUIKSHANK, ed., *The Correspondence of Lieut. Governor John Graves Simcoe* (hereafter *Simcoe Correspondence*), 5 vols (Toronto: Ontario Historical Society, 1923-31), II: 293, Militia Return, June 1794; IV: 80-82, Report of Upper Canadian Commissioners regarding the agreement between the provinces regarding sharing of duties, 1795. For Lower Canada's population, see Ouellet, *Lower Canada 1791-1840*, p. 8. The defectiveness of the militia returns was, however, a matter of common comment; see E. A. CRUIKSHANK and A. F. HUNTER, eds, *The Correspondence of the Honourable Peter Russell* (hereafter *Russell Correspondence*), 3 vols (Toronto: Ontario Historical Society 1932-36), I: 119, Russell to Simcoe, 1 January 1797.

the Eastern District population must have been between 6,500 and 8,500. A population range for Niagara can be estimated from assessment data for Niagara and other districts in 1805, because such items as oxen, cows, horses, and mills must have been relatively similarly distributed in the various districts.²¹ While no one indicator offers an entirely satisfactory result, it is possible to estimate a population range of 10,000 to 12,000 for Niagara, a figure that seems compatible with D. W. Smith's estimate for Niagara in 1798-99 of 6,000.²² With these adjustments, it is possible to estimate Upper Canada's population in 1805-06 at 44,000 to 48,000 (Table 1).

Table 1 Estimated Population of Upper Canada
by District, 1805-06

District	Approximate Population	Percentage of the Total
Eastern	7,500 ^a	16
Johnstown	4,900	11
Midland	8,200	18
Newcastle	2,000	4
Home	3,800	8
Niagara	11,000 ^b	24
London	5,300	12
Western	3,200	7
Total	45,900 ^c	100

Sources: Public Archives of Ontario (hereafter PAO), F. P. Smith Papers, pkg. 23, MU 2831 (for Johnstown district); Public Archives of Canada (hereafter PAC), MG 11, microfilm of the Colonial Office Records, CO 42/347/189-90 (for Midland District); PAC, Upper Canada Population and Assessment Returns, RG 5, B-26, pp. 1, 6, 771, 774, 776, 779-80, 784 (for Eastern, Niagara and other districts).

^a Average of population range estimated from 6,500 to 8,500.

^b Average of population range estimated from 10,000 to 12,000.

^c Average of population range estimated from 43,900 to 47,900.

21. Niagara can best be compared to three other districts, the Home, Johnstown, and Newcastle. Ratios among districts for items rated by assessors vary, as do ratios of such items to population. For these districts, the most consistent ratios are found for oxen, and if the ratio of oxen to people (0.164 to 0.177 to one) for the other three districts is applied to Niagara, the resultant estimates for Niagara's population fall between 11,100 and 11,900. Data are also available for the Midland District, but oxen and horse numbers here are different from patterns for the other three districts used here; however, data on mills, land cultivated, cows owned, etc. yield more consistent ratios with equivalent Niagara data, and if used to estimate a population for Niagara would yield a figure of about 9,500. For present purposes, these seem satisfactory levels of approximation.

22. Cited by WILSON, "The Enterprises of Robert Hamilton", pp. 81-82. If population grew at an average annual rate of 7 percent (Table 2), such an estimate for 1798 would yield an 1805 population of about 9,600.

The population of the province on the eve of the War of 1812 is usually given as 75,000 to 80,000,²³ but this is based on an estimate by Barnabas Bidwell, using assessment data that indicated that there were 9,600 households in the colony in 1811. As Robert Gurlay noted and as later demographic research on the period has also suggested, an average household size of eight persons was exceptionally high.²⁴ If we use a figure of six persons per household, which is appropriate to a growing immigrant society for the time, then the population in 1811 was something closer to 60,000, a figure that seems more reasonable in light of what is known about post-war populations. With these estimates in mind, the early population history of Upper Canada can be briefly summarized (Table 2).

Table 2
Upper Canadian Population Growth,
1785-1811

Year	Approximate Population	Annual Average Rate of Increase (%)
1785	6,000	15
1791	14,000	12
1796	25,000	7
1805-06	46,000	5
1811	60,000	

Because these figures are all approximations, in varying degrees, it is unwise to place excessive weight on any one of them. Nor do they allow dating the flow of immigration with the precision that one might wish. Natural rates of increase in such fast-growing colonial societies were between 2 and 3 percent per year, and rates of increase between 5 and 15 percent are thus sufficient to indicate the continuing significance of immigration throughout the period to 1812.²⁵ Indeed, it should be noted that the indicated rates of increase are quite comparable to the average rate of 7 percent per annum for Upper Canada during the great era of immigration, 1821-51. The significance of the implied levels of net immigration can only be suggested here, but it is important to note that the largest proportion of newcomers came from the United States, whether Loyalists, "late Loyalists", or merely land-seekers. Probably three-quarters of the

23. For example, CRAIG, *Upper Canada*, p. 51.

24. Robert GOURLAY, *Statistical Account of Upper Canada*, ed.: S.R. MEALING, (Toronto: McClelland and Stewart, 1974), pp. 96, 287; D.A. NORRIS, "Household and Transiency in a Loyalist Township: The People of Adolphustown, 1784-1822", *HS-SH*, XIII (1980): 403. See also Public Archives of Canada (hereafter PAC), RG 5, A-1, Upper Canada Sundries, 13/5437-38, Annual return of Upper Canadian militia, 4 June 1811.

25. OUELLET, *Lower Canada 1791-1840*, p. 8; M. EGNAL, "Economic Development in the American Colonies", *William and Mary Quarterly*, 3d ser., XXXII (1975): 193-97.

population in 1812 was of American background. Such people had choices to make in their destinations, and they were not uninformed.²⁶ The continuing selection of Upper Canada as a destination suggests, therefore, that the development the province was undergoing gave some settlers cause to predict future success for themselves and those with whom they were in contact in the United States.

For early Upper Canada as for other times and territories, it is apparent that transiency was also an important component of the demographic picture. In Adolphustown over any two-year period between 1793 and 1822, some one-quarter of all household heads changed status within the household, died, or left the township.²⁷ There was a continuing need for immigration, then, just to maintain the existing household structure even in such a relatively "mature" township. While one cannot know where transients went on leaving an area such as Adolphustown, it is clear that a decision to immigrate to Upper Canada was not irreversible, nor was it necessary (or sometimes even possible) to remain in a location that became relatively unpropitious economically. That is, the fact of transiency reminds us that even those who stayed were making a decision, and it may be possible to infer something about their perceptions from this fact. In this regard it should also be remembered that even Loyalists were not barred, at least after the earliest years, from returning to the United States.²⁸

Almost all of this population was rural. Neither York nor Kingston, the colony's leading centres, had reached 1,000 people by 1806, and even when other incipient urban centres are included in an estimate, it is clear that Upper Canada was at least 95 percent rural;²⁹ in fact, although it had been politically detached from Lower Canada in 1791, most of its required urban services were provided through Montreal. Despite Upper Canada's inland remoteness, its rural nature, and the apparent isolation of the pioneer farmer, short-term and seasonal movements of people in response to changing economic opportunity are evident.³⁰ Adult males outnumbered adult females by a ratio of between 1.2 and 1.3 to one throughout this era of pioneering; that is, the labour market was able to deliver appropriate labour to areas where it was in demand. Some of the significance of these points will become evident when the weight and workings of the Upper Canadian business system are considered below.

26. PAC, RG 5, A-1, 2/601-3, W.D. Powell's Summary of the Rise and Progress of Upper Canada, 27 May 1801.

27. NORRIS, "Household and Transiency", p. 406.

28. BROWN, *The Good Americans*, p. 179.

29. Compare G.M. WALTON and J.F. SHEPHERD, *The Economic Rise of Early America* (Cambridge: Cambridge University Press, 1979), pp. 42, 50.

30. NORRIS, "Household and Transiency", p. 415; ELLIOTT, "'The Famous Township of Hull'", p. 342; see also Public Archives of Ontario (hereafter PAO), Richard Cartwright, Jr. Letterbook, 1793-96, MS 43, Richard Cartwright, Jr. to Todd, McGill & Co., 1 November 1793, and Cartwright to Robert Hamilton, 21 November 1793.

II

While the population data during the first twenty years of Upper Canada's economy show a relatively clear trend, data on wheat prices show a more complex, essentially cyclical pattern (Figure 1). Two relatively clear wheat price cycles mark the economy's first twenty years: the first with its trough about 1793-95, the second around 1802-04. As Figure 1 indicates, these cycles had at least rough parallels in those at Montreal.³¹ Their amplitude and their precise timing were sufficiently different, however, to suggest that, while there were clear links among the cycles, there were also uniquely Upper Canadian elements to each cycle. The relative smallness of the Upper Canadian market, lags caused by the speed at which information travelled,³² and bottlenecks in the transportation system must have been among the factors involved here, along with local patterns of supply, demand, and cost in the years before Upper Canada was a clear net exporter downriver of wheat.

As early as 1793 it is evident that on the Upper St Lawrence wheat prices were ordinarily lower than in Montreal, and the extent of the gap between the Montreal and Brockville-Kingston prices must indicate the real costs of market uncertainties, information lags, and actual shipment downriver.³³ The apparent lack of impact of the 1789 peak in prices at Montreal on the Niagara price is puzzling, and limitations of data may be the real issue here. It is noteworthy, however, that 1789 was a "hungry year" in Upper Canada.³⁴ Although the implication usually drawn from this is that Upper Canada remained very near the margin of subsistence and simply did not produce enough wheat (which may be true), it is also possible that the story was more complex: high prices outside the province might both have deterred importers and influenced any holders of wheat stocks in Upper Canada to hold out for higher prices than most Upper Canadians felt they could afford. The 1801 peak apparently had a greater impact on volumes shipped than on prices, at least when the latter are presented on an annual basis. There is ample evidence of a brief upsurge in prices—and a major bottleneck in shipping capacity that sharply raised shipping costs—in the spring of 1801.³⁵ The fact that Niagara prices ex-

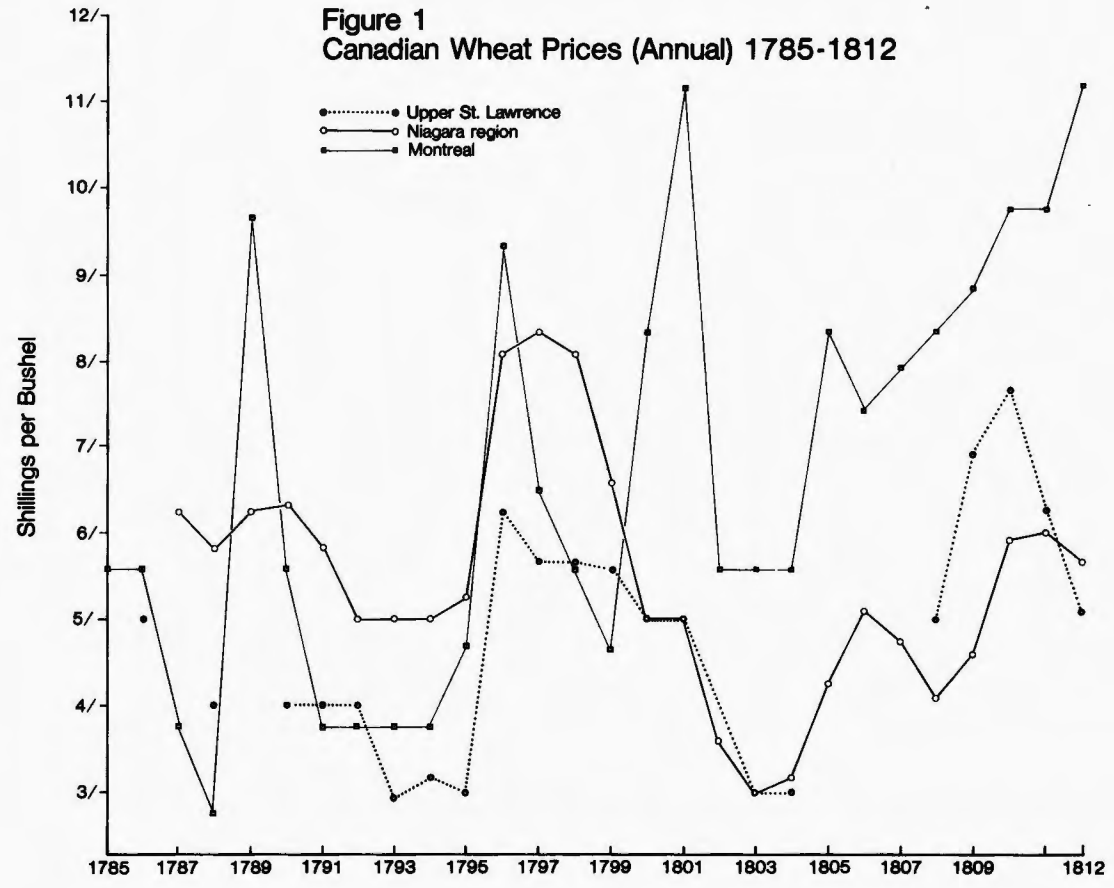
31. Douglas McCalla, "Wheat Prices in Upper Canada, 1786-1841" (paper presented to the 12th Conference on the Application of Quantitative Methods to Canadian Economic History, Edmonton, October 1982). Niagara data given there for 1808, 1809, 1811 are revised on the basis of PAC, MG 24, I-26, vols 17-18, Hamilton Papers, ledgers. An 1801 figure for Niagara is estimated on the basis of PAC, M-284-5, Norfolk Historical Society, Noah Fairchild Accounts. Both additional sources converted from New York currency.

32. Allan PRED, *Urban Growth and the Circulation of Information: The United States System of Cities, 1790-1840* (Cambridge, Mass.: Harvard University Press, 1973), is instructive on this issue.

33. For the beginning of shipments downriver in 1793 see *Simcoe Correspondence*, I: 255, Richard Cartwright, Jr, to Simcoe, 12 November 1792; PAO, Cartwright Letterbook, MS 43, Cartwright to Todd, McGill & Co., 16 and 28 September 1793.

34. CRAIG, *Upper Canada*, p. 8. See also *Simcoe Correspondence*, III, p. 216, Simcoe to Lord Dorchester, 10 December 1794.

35. PAO, Cartwright letterbook transcripts, MS 44, V, pp. 76, 80, 105-7; Richard Cartwright Jr to Hon. John McGill, 28 February 1801, to John & Jas McGregor, 14 May 1801, to Robert Hamilton, 30 January 1802.



ceeded those on the St Lawrence until 1800 confirms anecdotal evidence that it was only near the end of the first twenty years of development that districts at the west end of Lake Ontario, let alone farther west, participated directly in exports of Upper Canada's wheat staple.³⁶ Earlier, the momentum of development in western areas (which by 1805-06 included half the province's population) clearly was not directly generated by wheat grown for export.

Upper Canada was always known as a high cost, high wage economy, and this is not difficult to comprehend in light of its distance from the sea. How to view the cost and wage problem from a farmer's point of view, given how much he provided for himself, or from the wage-earner's perspective, is less clear, of course, than for the salaried officials whose complaints are easiest to come by. It is striking even so that for extended periods (1793-95, 1803-04) the prevailing price for Upper Canada's primary crop in its most populous agricultural area was no more than 3s. (60¢) per bushel, a figure at or near all-time lows for the commodity anywhere around Lake Ontario. By contrast, the high prices of 1796-99 must have yielded considerable rewards for the already established wheat farmers. That such high prices were associated with local (and cross-lake) demand attributable to rapid immigration and helped to draw further immigration was certainly assumed at the time.³⁷ There is also, as we shall see below (Table 4), evidence of new higher levels of supply being attained in the wake of the two wheat price peaks (1789-90, 1796-99).³⁸ Such evidence offers clues as to how such cyclical patterns affected farmers' incomes and the expectations of both farmers and intending immigrants. As regards the low-price stage of the cycle, at present it seems safe only to say first that, given the population data above, low prices did not, for long if at all, put a stop to immigration, and second that, given the evidence we have on persistence, many farmers found it possible to survive the low prices in some manner.³⁹ It should be possible to learn something of how the successful farmers coped in such apparently difficult times. This is another subject to return to below, when the structure of agriculture and the workings of the provincial business system are considered.

III

One component of Upper Canada's early economic survival was, plainly, the financial support of the British government, provided in various

36. Regarding such implications of price series, see T.J.A. LE GOFF, "The Agricultural Crisis in Lower Canada, 1802-12: A Review of a Controversy", *Canadian Historical Review*, LV (1974): 10-16. See also FIRTH, *The Town of York*, pp. xxxix, liii.

37. PAC, MG 11, microfilm of the Colonial Office Records, CO 42/325/317-28, J. Elmsley to the Lieutenant-Governor in Council, 6 August 1800.

38. For the significance of such price peaks, see SHEPHERD and WALTON, *Shipping, Maritime Trade*, p. 20. On Upper Canada from 1796-1800, see H.G.J. AITKEN, *The Welland Canal Company* (Cambridge, Mass.: Harvard University Press, 1954), p. 17.

39. On the significance of persistence, see ELLIOTT, "The Famous Township of Hull", pp. 344-45; Norris, "Household and Transiency", pp. 409-15.

ways. Perhaps the largest single payment was for claims by the Loyalists for their losses. Upper Canadian residents were awarded between £100,000 and £160,000 sterling, paid out between 1789 and 1795, though paid in a form that would enable a recipient to discount the entire award in 1789.⁴⁰ The economy had, of course, already survived for several years when these sums were paid, but even so the funds must have helped to make up for lost capital, to underwrite early imports to the colony, and to contribute substantially to capital formation.

Over the longer term other more regular and relatively predictable types of British expenditure made within the province were probably of more importance to the economy. These included half-pay to retired army officers (of whom 110 remained as late as 1807);⁴¹ army purchases of Upper Canadian flour and pork, along with modest quantities of some other items;⁴² annual salaries of Indian Department officers resident in Upper Canada;⁴³ the annual British parliamentary grant for the support of the civil administration of the colony;⁴⁴ some other civil expenses;⁴⁵ and a wide range of largely military expenditures, both for routine operations and for capital works, that would have been spent on Upper Canadian goods and services.⁴⁶ Except for the last two all of these are subject to relatively clear calculation. While data are available on garrison sizes, my research has not yet indicated in any very detailed way what it cost to keep the

40. Howard TEMPERLEY, "Frontierism, Capital, and the American Loyalists in Canada", *Journal of American Studies*, XIII (1979): 15-18.

41. *Ibid.*, pp. 18-22. By 1810, £5,400 per year was being paid to ex-officers. See also CANADA, *Report on Canadian Archives for 1892*, pp. 375-77, for a list of half-pay officers in 1807.

42. Metropolitan Toronto Library (hereafter MTL), John McGill Papers, "Commissariat and Government Returns", *passim*. See also vols B-38 to B-42; and PAO, Cartwright letterbook transcripts, MU 500, account of Upper Canada exports, etc. in 1803.

43. *Russell Correspondence*, II, p. 53, "Proposed Establishment of the Indian Department for 1798". See also PAC, MG 11, microfilm of the Colonial Office Records, CO 42/350/130, establishment for the Indian Department in Upper Canada for 1810.

44. *Simcoe Correspondence*, IV, p. 167, estimate of Upper Canada civil establishment for 1795; V, p. 139, John King to Simcoe, 5 May 1795. *Russell Correspondence*, III, p. 44, John King to Russell, 3 January 1799; PAC, MG 11, microfilm of the Colonial Office records, CO 42/336/123 and 337/167, Peter Hunter to E. Cooke, 6 October 1804 and 24 June 1805.

45. *Simcoe Correspondence*, II, p. 134, Peter Russell to Simcoe, 17 January 1794; *Russell Correspondence*, I, pp. 152, 204, 269-70, 303, Peter Russell to Robert Prescott, 28 February, 3 July, 3 September, 13 October 1797; *UCJ*, 5 March 1817, Lieutenant-Governor's Message, printed in OBA, *Ninth Report* (1912), pp. 350-51.

46. On garrison size and composition, see MTL, John McGill Papers, "Commissariat and Government Returns", J. Craigie estimates of provisions required, 12 April 1804 and 8 April 1805; PAC, RG 8-I, 546/74, proposed distribution of new bedding, 12 August 1797; PAC, MG 11, microfilm of the Colonial Office records, CO 42/330/78 and 336/32, John Craigie's estimates of provisions, 28 August 1802, 6 August 1803. Expenditures under this category would have included pay and allowances and a wide range of goods and services; this estimate is quite notional, but if one bears in mind that headquarters were in Lower Canada, as were two-thirds of the forces in the Canadas, it is possible to guess that not more than one-third of British costs under this heading can have been incurred in Upper Canada. If Castlereagh is to be believed (note 47 below), something like £120,000 per year was a maximum level of expenditures in the early years of the century, and I have assumed that slightly less than one-third of such a figure was the likely maximum expenditure within Upper Canada. It will be clear how approximate is such an estimate.

usual force in Upper Canada functioning. Given the significance of this item in the overall extent of British expenditure, this is rather disappointing. Table 3 summarizes my estimates of annual British government expenditures in the province. The total figure may be compared to C. P. Stacey's suggestion that the defence of Upper and Lower Canada cost about £260,000 per year in 1800 (but also with Lord Castlereagh's assertion that expenditures at this level in 1808-09 were unprecedentedly high).⁴⁷

Table 3 Annual British Government Expenditures
in Upper Canada, c. 1795-c. 1805

Item	Estimated Expense	
	Minimum	Maximum
Half-pay	6,000*	10,000
Purchase of army provisions (mainly flour and pork)	5,000	8,000
Salaries, Indian Department	3,000	3,000
British parliamentary grant for civil administration	7,000	8,000
Estimated overrun** beyond parliamentary grant	3,000	5,000
Garrison-related expenditures*** within Upper Canada	25,000	35,000
Total in £ sterling	49,000	69,000
Approximate total in £ currency	54,000	77,000

Sources: See notes 41-46.

* Higher figure applies to earlier years, lower to later years.

** The existence of this category of expense is at present easier to document than is the actual amount.

*** Based on an estimation of £25 to £35 per man, for an average garrison of 1,000.

Such military expenditures represented the largest single source of outside income for the economy. They were not simply a net addition to the capital available for economic development, however, because they must have affected Upper Canada's demand for imports, local price levels, and allocation of resources in the province. Moreover, as there was little tendency for the overall total of such expenditures to grow, at least until after 1806, as preparations for war mounted, it is difficult to argue from this evidence that these outlays constituted the economy's dynamic element, that is, the force that directly and particularly propelled its growth. And on a per capita basis such expenditures declined relatively rapidly

47. C. P. STACEY, *Canada and the British Army 1846-1871*, rev. ed. (Toronto: University of Toronto Press, 1963), p. 11; but see PAC, RG 8-I, Royal Army Records, 327/188-90, Castlereagh to Sir James Craig, 8 September 1809, which speaks of "the very great increase of Expences" in the past eighteen months, the total expenditure for the period being £372,000 sterling, which implies an annual rate of c. £250,000. It was noted that such expenditures exceeded "the proportionate Expence in any former year to such an Amount that I am unavoidably obliged to desire . . . a detailed explanation . . ."

with the growth of population. By the end of the period under consideration here, 1805-06, the maximum total of c. £69,000 sterling was the equivalent of £77,000 currency, that is £1 13s. currency per capita or £10 (\$40) per household. How to judge the significance of such a figure is something to be further considered below.⁴⁸

IV

Such British expenditures, as the equivalent of exports in their provision of foreign exchange, need also to be seen in the context of Upper Canada's external trade in general. Surviving data on Upper Canada's imports are not easy to interpret: separating its share of imports from those destined for the fur trade, the United States, the military, and the Indians is impossible, and in any case figures for all but a few specifically dutiable commodities are provided only by bulk and without differentiation.⁴⁹ Changes in duty levels and customs practice and sharp year-to-year fluctuations in volumes of separately itemized imports further complicate the matter. Moreover, in connection with its arguments with Lower Canada about the division of customs revenues, Upper Canada clearly documented a variety of failings and inconsistencies in the system of recording trade at the Coteau-du-Lac customs house.⁵⁰ Somewhat equivalent problems arise in analyzing data on the export trades. Thus, the most useful data derive from the information gathered by the colony's leading merchant, Richard Cartwright, Jr, regarding the export trade passing through Kingston (Table 4). Though he made some comprehensive provincial estimates, most of his evidence necessarily omitted material on the two easterly districts.

Despite their limitations, these data indicate volumes and values for Upper Canada's domestically produced exports at intervals from 1794 to 1803. They reveal a developing locational pattern in the production of export commodities, with the eastern districts already showing relative strength in wood products.⁵¹ The continuing significance of furs is also apparent, though to the extent that this reflected a trade on Lower Canadian

48. Several contexts might be suggested here. One author suggests on the basis of accounts data that average family outlay in one pre-1812 western New York community was \$68 per year; E. V. WILCOX, "Living High on \$67.77 A Year", *New York History*, VII (1926): 195-204. Edith FIRTH (*The Town of York*, p. lxxvi) suggests that "a modest house" at York cost £625 currency in 1803, and this serves at least to point the contrast between the rural and the incipient urban social and economic structures of the province. At the average price of wheat at Kingston in the 1795-1804 period (\$1.00 per bushel), such governmental outlays would have equalled the equivalent of something like forty bushels of wheat per household per year (i.e., the produce of about two acres of land).

49. For example, PAC, MG 11, microfilm of the Colonial Office Records, CO 42/328/143-70, Accounts of articles passing Coteau-du-Lac upwards, 1 January to 30 June, 1 July to 31 December 1800.

50. For example, *UCJ*, 14 March 1814, 26 March 1816, printed in OBA, *Ninth Report* (1912), pp. 153, 286-87.

51. On the development of the timber trade before 1805, see A. R. M. LOWER, *Great Britain's Woodyard* (Montreal: McGill-Queen's University Press, 1973), p. 62.

Table 4 Exports of Upper Canadian Produce to Lower Canada,
Selected Data, 1794-1803

Exporting Area	Year	Description of Items								
		Wheat and Flour		Pork		Potash		Staves and Timber	Total	
		Value	Volume	Value	Volume	Value	Volume	Value	Quantity	Value
Midland district ^a	1794	3,100		0	0	300				3,400
Upper Canada from Midland district west	1800	8,400	4,700			2,100	430	1,000		12,100
	1801	24,000	14,000			2,000	500			27,900
	1802		11,400 ^b		200		800			
	1803 ^c	18,000	16,200	6,200	1,500	2,000	530			26,200
All Upper Canada (estimated volume)	1797						670 ^d		400,000 ^e	
All Upper Canada (estimated value) ^f	1801	26,700				2,300		15,600		46,700 ^g

Sources: Data for 1794 from *Simcoe Correspondence*, III, p. 223, Richard Cartwright to Simcoe, 15 December 1794; data for 1797 from C. E. CARTWRIGHT, ed., *The Life and Letters of the Late Hon. Richard Cartwright* (Toronto, 1876), p. 76, Richard Cartwright to Davison & Co., 4 November 1797; data for 1800-03 from PAO, Cartwright letterbooks, 1787-1808, MU 500, transcripts, 137-38, 150-51, 181-82, 206-8, 229-30. For price levels in 1803, see MTL, John McGill Papers, vol. B-40, receipts, 25, 27 January 1804.

Notes: Exports are exclusive of furs. Values are given in Halifax currency. Volumes are expressed in barrels unless otherwise specified. Rows may not add because various minor exports items are omitted from table. Where no value, volume or quantity is given, data are not available.

^aThe only district for which data are available for the year 1794. It contained Upper Canada's leading town, Kingston. There were no exports of pork from Midland district.

^bRichard Cartwright Jr estimated that a further 4,000 barrels were exported from the two districts to the east (i.e. Eastern and Johnstown).

^cData on values for 1803 are estimated on the basis of current prices.

^dVolume was 150 tons. Conversion to barrels from tons of potash is difficult because of variations in barrel size (4 to 5 barrels per ton seems to have been usual, and 4.5 has therefore been used here).

^eTotal number of staves.

^fConverted from £ sterling. £1 sterling = \$4.444; £1 currency = \$4.00.

^gFurs from east of Detroit represented an additional export value of £40,000 in 1801.

account in which imported goods were exchanged with Indians, the income generated by such export volumes would have had less impact on Upper Canada than equivalent values of products with different local economic linkages. The potash trade was of relatively modest weight, though there would be later years when it was more significant, and after 1800 it was beginning to be economical to market potash from west of Kingston. Surviving data from individual merchants' accounts suggest, though, that the average farmer could not expect to earn from this trade much more than a few shillings per year (about 7s. to 10s. seems normal) as a by-product of burning that he had to do anyway.⁵² The emergence of Upper Canadian-produced pork as an export product is an important dimension of the data for 1803, but pork in fact remained a more important product on the internal market, and as such will be further discussed below.

What is striking about the data is that, if furs are omitted, wheat had emerged as the province's leading export by 1800-01. The swift response to the high Lower Canadian prices of 1801 is very clear, and it would be reasonable in many respects to consider that the age of Upper Canada's wheat staple had already begun. Data on wheat exports may also be viewed on a per capita or per household basis. As 1803 data are for the area from the Midland District westward, it is appropriate to estimate the population for that area only. Taking the population for the four districts on Lake Ontario and arbitrarily reducing it to bring it to a level for 1803, we may arrive at an estimated population for the area in 1803 of 22,500. Values for wheat and flour fluctuated sharply (and 1802-03 prices were low), but even on a volume basis, the 16,200 barrels of flour exported in 1803 are at first glance relatively unimpressive: equalling 81,000 bushels of wheat, this was just 3.6 bushels per capita or 21.6 per household. Such an amount would have yielded less than £4 currency per household at a lakeshore port at then prevalent prices.

From this perspective, the earnings generated by British military expenditures look rather more respectable. On the other hand, these data may be compared to information from later stages of Upper Canada's development; 1830 was probably the peak year by value in Upper Canada's wheat exports prior to the 1840s, the equivalent of some 764,000 bushels of Upper Canadian wheat passing Coteau-du-Lac that year.⁵³ With Upper Canada's population of 213,000 in 1830, this was again equal to 3.6 bushels per capita. At the relatively high prices of that year, this would have earned about £5 15s. per six-person household.⁵⁴ While suitable standards

52. PAO, Yonge Mills, Records, MU 3164, Daybook A #4, 1803-04. See also MTL, Baldwin Room, Alexander Wood Letter Books, I: 357-58, Wood to Leslie McNaught & Co., 6 October 1804; MTL, Abner Miles Accounts, "Ledger A, Yonge St, 1805".

53. Flour converted to wheat at 1 barrel = 5 bushels. *UCJ*, 1832-33, Appendix 101, Report of Select Committee on Inland Water Communication. See also JONES, *History of Agriculture*, p. 48, concerning the exceptional level of 1830 exports; Jones' data here include American flour sent downriver.

54. Even if all population east of Kingston is excluded from the 1830 figure, on the large assumption that none of the wheat and flour recorded at Coteau-du-Lac came from that area, this figure, for an exceptional year, is only five bushels per capita or thirty per household (equal to £8 per household).

of comparison and significance need further consideration, it can be said that neither the 1803 nor the 1830 income figure can be construed as large. This rather simple comparison also serves to suggest that Upper Canada's Lake Ontario region had by 1803 become in per capita terms a wheat staple exporting region fully comparable to the standards for any year prior to the 1840s.

Apart from the downriver export trades, of course, it must be remembered that a cross-lakes trade of some significance existed, and Upper Canada earned other income from providing services and supplies to the inland fur trade.⁵⁵ The income from these two sources must not be neglected, but it is not possible at present to arrive at any measure of its scale. In some respects, for the cross-lakes trade, it may be analytically simpler to treat the matter as an aspect of the internal trade of Upper Canada, given the parallel nature of the economies, the relative openness of the border, and the absence of effective regulation in the years before the early nineteenth century.

V

The relative modesty of such staple exports and the indicated apparently modest per-household levels of the province's foreign exchange earnings from trade and government together suggest a need for closer examination of the domestic economy, to see something of the flow of such funds through it and, more generally, to assist in seeing how the components of the province's economic system were integrated.⁵⁶ It would be easy to model the rural economy in terms of a two-sector model, in which the economy consisted essentially of parallel and in a sense competing units, each producing for two sectors, one based on the largely self-sufficient household, the other based on production and sale of an export-oriented staple commodity. In this case, income earned from exports would immediately flow out to purchase imports. But this neglects internal exchange and flows of funds within the economy. From the producer's point of view, after all, income earned from participation in the domestic economy would be as welcome as that earned from external trade; perceived relative profitability and risk, presumably, determined his allocation of his time and his choices of products and markets.

The significance of the domestic economy can be illustrated by reflecting on the failure of development to occur around fur trade and military posts in relatively isolated areas—that is, almost all expenditures on such posts went immediately for imported goods and services, any stimulus to new growth and investment imparted by such expenditure being felt out-

55. WILSON, "The Enterprises of Robert Hamilton", pp. 133-75.

56. See also J. T. LEMON, *The Best Poor Man's Country: A Geographical Study of Early Southeastern Pennsylvania* (Baltimore: Johns Hopkins University Press, 1972), pp. 150-83; ROTHENBERG, "The Market and Massachusetts Farmers", pp. 312-13.

side the region of the post, not nearby.⁵⁷ Because it is so large a problem to estimate the scale and mechanisms of the domestic economy, it is extremely tempting to fall back on analyses based on extra-regional economic relations exclusively;⁵⁸ but such a simplification of the research problem would not resolve the analytic problems in a very satisfactory way. For example, the ability of an economy to extend the internal flow of funds could change substantially over time, as must have happened in Upper Canada after 1785. That Upper Canadians hoped it would is clearly evidenced in the persistent championing by Richard Cartwright, Jr, of home-produced items, especially Upper Canadian produced and cured pork.⁵⁹

To estimate the scale and nature of the domestic economy, it is necessary to begin with agriculture, using available data plus a good deal of speculation to sketch an outline of the largest sector of the internal

Table 5
Estimated Wheat Output for Upper Canada,
c. 1803

Item	Number of Bushels	Percentage of Total Output
Seed requirements ¹	110,000	20
Civilian consumption ²	260,000	48
Army purchases ³	14,000	2
Wheat distilled ⁴	80,000	15
Wheat exported ⁵	81,000	15
Total	545,000	100

¹ Yield ratio of seed estimated at 1:5; see LEGOFF, "The Agricultural Crisis in Lower Canada", 17-26, where a ratio of 1:5 to 1:6 is suggested. For a contract based on an assumed ratio of 1:6, see PAO, McMartin Papers, F-2, Receipts, receipt dated 29 March 1811, for "twelve bushels of wheat for two bushels of wheat that was sowed upon the Land over flowed by the mill Dam".

² Civilian consumption estimated at $\frac{2}{3}$ lb of flour per day, the standard army civilian rations, which equals $1\frac{1}{4}$ barrels of flour per person per year. The population in 1803 is estimated at 41,400 (1805-06 figure less 10 percent). Flour is converted to wheat at 5 bushels per barrel. See PAO, Miscellaneous Collection, 1783, item 3, Haldimand Papers photostats, estimates of Loyalist provisions in 1783-84. See also KELLY, "Wheat Farming in Simcoe County", 105-7; McILWRAITH, "Logistical Geography", p. 53.

³ PAO, Cartwright letterbooks, 1787-1808, MU 500, transcripts, pp. 206-8, account of Upper Canadian exports and provisions supplied to the government in 1803.

⁴ PAO, Cartwright letterbooks, 1787-1808, MU 500, transcripts, p. 213, account of stills in Upper Canada for the year ending 5 April 1804. See also *Russell Correspondence*, III, pp. 112-13, John McGill to James Green, 18 February 1799.

⁵ See Table 4.

57. On the significance of local linkages in the development process, see John McCALLUM, *Unequal Beginnings: Agriculture and Economic Development in Quebec and Ontario until 1870* (Toronto: University of Toronto Press, 1980), pp. 115-20.

58. For example, WALTON and SHEPHERD, *The Economic Rise of Early America*, pp. 3-5.

59. PAO, Richard Cartwright Letterbook, 1793-96, MS 43, Cartwright to George Davison, 6 November 1793, to Robert Hamilton, 26 January 1794, and to John Cragie [sic], 9 May 1795.

economy of the province. Such an analysis must begin with the overall role of wheat in the economy, for it was without doubt the most important single product (Table 5).⁶⁰ The significance of the estimated 1803 output of 545,000 bushels can be suggested in various ways. This would have been equal to about 12 or 13 bushels per capita, a figure far higher than the wheat output recorded in the 1842 census but very much in line with the output data given by the censuses of 1848 and 1851. For purposes of the present study, it is appropriate, given the usual stress on wheat in this economy, to try as in Table 5 to maximize its impact. Thus, if we assume that Upper Canada had 6,700 households in 1803 (figure for 1805-06 less 10 percent) and further assume that only half these were significantly engaged in wheat farming,⁶¹ we arrive at a per-farm estimate of 163 bushels of output per year (of which about 90 would need to be marketed to supply the various demands noted). At the lowest average yield suggested for such pioneer conditions, 15 bushels per acre, this would require about 11 acres to produce;⁶² on the apparently standard wheat-fallow-wheat rotation, this would require the farm to have 22 acres available to provide all the wheat required. It is usually noted that about two acres would provide a family with an adequate garden, and that up to five acres per year was a reasonable rate of clearing. Hence as few as four years might bring a farm to this average state of wheat production. Of course by 1803 Upper Canada had many farms that had existed for ten or more years, and which must have had considerably more acres in crop than this.

These data can be viewed in gross terms as well. Again at the low yield of 15 bushels per acre, some 36,300 acres per year, or 72,600 over two years, would suffice to produce such a crop. Available assessment data show that in six districts in 1805-06 some 140,000 acres were cultivated or "under culture".⁶³ If we add 40,000 more acres for the Eastern and London Districts, Upper Canada's total of land under culture as the tax assessors understood the term was at least 180,000 acres in 1805. This implies a ratio of improved land to population of about 3.9 to 1, very much Upper Canada's long-term average.⁶⁴ Even if much clearing had gone on

60. See MCILWRAITH, "Logistical Geography", pp. 50-90, for an instructive analysis for a later period.

61. David GAGAN, "Geographical and Social Mobility in Nineteenth Century Ontario: A Microstudy", *Canadian Review of Sociology and Anthropology*, XIII (1976): 158-59, suggests that something like this figure (51 to 55 percent) was characteristic of Peel County during its period of extensive growth in the mid-century. See also GAGAN, *Hopeful Travellers* (Toronto: University of Toronto Press, 1981), p. 109, where something like 60 percent of household heads are shown to have been in agriculture.

62. For this yield figure, see MCILWRAITH, "Logistical Geography", p. 102. The more commonly met figure is 21 to 22 bushels per acre; see JONES, *History of Agriculture*, p. 97; GOURLAY, *Statistical Account*, p. 291. K. KELLY, "Wheat Farming in Simcoe County in the Mid-Nineteenth Century", *Canadian Geographer*, XV (1971): 95-112, is very useful on these points. These arguments are consistent with Graeme WYNN, *Timber Colony: A Historical Geography of Early Nineteenth Century New Brunswick* (Toronto: University of Toronto Press, 1981), p. 21.

63. See sources for Table 1.

64. On the utility of such assessment data, see R. W. WIDDIS, "Tracing Property Ownership in Nineteenth-Century Ontario: A Guide to the Archival Sources", *Canadian Papers in Rural History*, II (1980): 87-88. The equivalent ratios in selected later years were 3.6:1 in 1830, 3.9:1 in 1851, and 4.4:1 in 1861.

since 1803, these figures mean that *at most* half of the land taxed as under cultivation would have been required to produce a wheat crop on the scale of that of 1803; of that, only half was needed in each year; and of this only a fifth, 7,300 acres, was needed to produce the *export* portion of the province's wheat and the seed to grow it. This extended speculation leads to the simple point that we cannot afford to disregard the farmer's work on and produce from the remaining 50 to 75 percent of his cleared land. Given what was entailed in clearing land, it was obviously intended for production of perceived value to the farmer. Certainly these data suggest that the usual view of Upper Canadian agriculture as *simple* export-focused wheat monoculture may not be appropriate even in this early and evidently wheat-oriented era.⁶⁵

The remainder of most farms usually was kept in fodder crops and pasturage. It is essential to recall the role of livestock in this economy; as assessment rolls indicate well, animals were a substantial part indeed of its capital stock. While it is usually said that such animals were "small, relatively unproductive",⁶⁶ and left largely to fend for themselves, this point needs further examination. All animals that were to be kept over the winter needed fodder for the snowy months at least, and animals scheduled for slaughter were routinely fattened for a minimum of several weeks. If the animals were inferior by the standards of later years or critics of the day, this does not mean that they were valueless or unimportant in terms of the farmer's time, the resources he devoted to them, or the food, work, hides, wool and income he derived from them.

Of all the animals grown, pigs seem to have been most destined for off-farm consumption. After a somewhat unsuccessful try at using Upper Canadian pork in the 1790s, the British army increasingly turned again to the local product after 1800. From 1804 onward, pork invariably represented more than half of the army's Upper Canadian provisions purchases by value.⁶⁷ Moreover, as Table 4 indicates, by this time Upper Canada was able at times to export pork into the competitive Lower Canadian marketplace. Some further indication of pork's role in the local economy can be gathered from the store accounts of Richard Cartwright, Jr, at Kingston (for 1791-96) and of Robert Hamilton at Queenston (1806-12); because both were important military suppliers of pork, double-counting is perhaps entailed here, but it is still worth noting (given their involvement also in wheat supply for the forces) that over the respective periods each took pork in payment from customers equal in value to half of the wheat taken in over the same period.⁶⁸ If other merchants had anything

65. LEMON, *The Best Poor Man's Country*, pp. 150-83, is instructive here, as are M. McINNIS, "The Changing Structure of Canadian Agriculture, 1867-1897", *JEH*, XLII (1982): 198; and J. O'MARA, "The Seasonal Round of Gentry Farmers in Early Ontario: A Preliminary Analysis", *Canadian Papers in Rural History*, II (1980): 103-12.

66. KELLY, "Wheat Farming in Simcoe County", p. 97.

67. MTL, John McGill Papers, Commissariat and Government Returns. See also PAC, RG 8-I, 546/117-18, Charles Long to J. G. Simcoe, 7 July 1795; PAC, MG 11, microfilm of the Colonial Office records, CO 42/330/78, Estimate of Provisions, 1802 to 1804.

68. Queen's University Archives, Kingston, Ontario, Richard Cartwright Papers, Additions, vol. I, Ledger, 1791-98; PAC, Hamilton Papers, MG 24 I-26, vols 17-18.

like equivalent experience, it would be possible to begin to build an argument for pork as a second farm staple, albeit one sold more within than outside the province, but it is probably unwise to pursue the speculation that far.

More significantly, other farm-produced goods and services could find local markets in varying degrees; accounts and anecdotal evidence abound on the sale of firewood, of teaming services, of hides, of hay, and of a wide range of other products. In periods of rapid immigration, new arrivals constituted valuable additions to local markets. Even the classic farmer's bee, as Norman Ball's excellent thesis on land clearing demonstrates, involved a complex and well-understood pattern of exchanges rather than simple neighbourliness.⁶⁹ Thus in rural areas even as in small villages and the slightly larger towns that were the commercial centres of this economy, the buying and selling of goods and services was well-established. It is hard to estimate the scale of this activity by comparison with production for the household and for export, but it is not legitimate to ignore its role. This point will be more fully understood if we turn to consideration of Upper Canada's commercial system and in particular the role in it of debt, credit, and the investment process.

VI

In the standard interpretation of Upper Canada's early economic experience, based directly on policy documents of the time, two themes stand out starkly in regard to the business system and its development problems. One is that the colony suffered from a shortage of capital in general and of a circulating medium in particular.⁷⁰ The other is that as a result it was characterized by ubiquitous and excessive debt. Evidence of both themes is not hard to come by, and the second in particular has often been cast in highly coloured terms; as one writer puts it, the "need of capital to develop [land] caused [the settlers] to become hopelessly indebted to the frequently denounced 'Shopkeeper Aristocracy' and eventually to lose their land".⁷¹ This, however, is more the stuff of romantic melodrama than of economic history. Certainly it makes one wonder why immigrants, unless extraordinarily ill-informed or unintelligent, would continue to choose such a colony if such shortages and problems were as absolute as accounts like this imply, or were perceived as impossible barriers to overcome. It makes more sense to assume that immigrants saw relative opportunities in Upper Canada that more than compensated for

69. Norman BALL, "The Technology of Settlement and Land Clearing in Upper Canada Prior to 1840" (Ph.D. thesis, University of Toronto, 1979), pp. 184-92.

70. For example, *UCJ*, 5 March 1817, petition from Thomas Markland and others; OBA, *Ninth Report* (1912), p. 352.

71. Lillian GATES, *Land Policies of Upper Canada* (Toronto: University of Toronto Press, 1968), p. 43. Compare Leo JOHNSON, "The Settlement of the Western District", p. 23: "the new settlers . . . soon found themselves hopelessly in debt to the much denounced 'Shopkeeper Aristocracy'." See also Richard PRESTON, *Kingston Before the War of 1812* (Toronto: University of Toronto Press for the Champlain Society, 1959), p. lxx.

these predictable problems of currency and capital. And as historians have often failed to understand, it was quite normal and rational to borrow in order to progress and develop.⁷² As the abundant evidence that it was possible to succeed as a farmer in Upper Canada indicates, however inevitable debt might be, it was not inevitable to be *entrapped* by debt.

This point and the economy's growing success do not, of course, mean that hopes of success were necessarily borne out by actual results. As the evidence of transiency and the ability of some speculators to acquire large holdings of land, including much originally granted to Loyalists, both confirm, individuals might well fail as farmers; and capital shortage might prove a key barrier to individuals' success. Terms such as "lack" and "shortage" are relative, not absolute, however. As the stress by contemporaries on the problems of capital and credit indicates, there was a gap between expectations and ambitions on the one hand and actual resources that could be immediately commanded on the other, and the economy encountered recurring cyclical payments problems. But it is in fact striking that this economy was well able to develop, through ordinary business channels, many of the facilities it required—often indeed to temporary or even long-term (apparently in the case of distilleries) excess capacity. After early reliance on government-supplied shipping, Upper Canadians increasingly developed privately owned vessels.⁷³ Similarly, saw and grist mills were built in abundance, only a few of the early ones requiring government involvement. By 1805, in the six districts for which data are available, there were at least 185 saw and/or grist mills, and there must have been at least thirty or forty more in the other two (the Eastern and London Districts).⁷⁴ That most (but not all) were small and simple by later standards, and often had trouble maintaining what critics and outsiders saw as high enough standards of quality, is less significant than that they existed at all. Many other examples could be cited here, from rental housing in towns to artisan shops, breweries, asheries, carding mills, etc.⁷⁵ Even the development of local roads (invariably the subject of complaint) was something that could be financed and organized gradually, as settlement progressed and the economy grew.⁷⁶ That is, there were kinds of capital formation that this economy could manage quite readily, when

72. See on this point Julian GWYN's excellent review of GAGAN's *Hopeful Travelers* in *HS—SH*, XV (1982): 522-27.

73. For example, PAO, Matthew Dolsen Journal, 1797-1799, which includes accounts for the construction of the schooner *Thames*; PAO, Cartwright Letterbook, MS 43, Cartwright to Robert Hamilton, 15 and 18 April 1794, on capital cost of new schooner *Simcoe*.

74. See sources for Table 1. See also R. L. GENTILCORE, "The Beginnings of Settlement in the Niagara Peninsula (1782-1792)", *Canadian Geographer*, VII (1963): 79; and M. Q. INNIS, "The Industrial Development of Ontario, 1783-1820", reprinted in *Historical Essays on Upper Canada*, ed.: J. K. JOHNSON, (Toronto: McClelland and Stewart, 1975), p. 141.

75. For the capitalization of an early brewery, see MTL, Alexander Wood Letter Books, I/101-2, Wood to James Richardson, 11 January 1802; and to Joseph Forsyth, 11 January 1802. For a blacksmith's operations, see PAO, Niagara Historical Society Records, James Cooper account book, MS 193, reel 5, 1806-27.

76. T. F. McILWRAITH, "The Adequacy of Rural Roads in the Era before Railways: An Illustration from Upper Canada", *Canadian Geographer*, XIV (1970): 354-58.

appropriate returns could be anticipated on such investments.⁷⁷ If lumpy investments, such as canals would later be, were another matter, and if ambitions very often outstripped current finances, that should not blind us to the fact that this was an economic system well able to develop and maintain many of the fixed capital facilities that were most obviously relevant to its stage of development.⁷⁸

The shortage of specie that this economy felt revealed the colony's propensity to import more than it exported, and its consequent tendency to run a deficit on its current trade balance. But of course specie exchanges are far from the only mode of financial settlement. Indeed, in such a colonial economy, a great deal of the domestic trade was conducted on credit through the ledgers and account books of the often-denounced merchants, and also of artisans, professionals, and even farmers.⁷⁹ Such an economy had to be relatively local, or (like eighteenth-century trades generally) extended along chains of personal connections, because it was necessary to have some basis of trust for the system to function. As was noted above, much Upper Canadian trade and exchange was local. For goods and services exchanged within an area, promises to pay could serve almost as readily as actual payment, provided there was a rough equilibrium among the local transactions over a period of time. Even net sums due when accounts were periodically drawn up were not necessarily required to be paid, but could be carried forward; or debts could, perhaps, be capitalized in some way, leaving only interest to be paid.⁸⁰ In such a local economy, some would, ultimately, be net gainers, even without necessarily participating directly in export or staples trades, whether by harder work, greater skill, superior land or financial resources, greater frugality, better judgment, or just luck; and it would be they who tended to accumulate assets, to survive economically, and thus to be able to persist through the troughs of the economy's recurrent cycles of low prices or credit stringency. In short, it is evident that in Upper Canada there were ways around what are sometimes termed "the glaring evils of the truck system",⁸¹ and this may even lead one to wonder whether the often-denounced system of store credit as such was the cause of the problems usually attributed to it, or whether other, contextual, matters were more central.

77. On the impact of low wheat prices on mill profitability, see *UCJ*, 16 February 1804, petition from sundry millers; printed in OBA, *Sixth Report* (1909), p. 431.

78. One authority goes so far as to suggest that there was no capital shortage at all before 1812; see H. C. PENTLAND, "The Role of Capital in Canadian Economic Development before 1875", *Canadian Journal of Economics and Political Science*, XVI (1950): 459.

79. For examples of relatively modest shops and artisans in this process (a shoemaker and a tanner respectively), see MTL, Abner Miles Accounts, Ledger A 1805, and PAO, Seneca Ketchum Account Book, MU 597, 1807-32.

80. On this process, see EGNAL, "Economic Development in the American Colonies", pp. 214-17.

81. H. A. INNIS, *The Cod Fisheries: The History of an International Economy*, rev. ed. (Toronto: University of Toronto Press, 1954), p. 282. For recent revisions of the account of such credit systems in a Maritime context, see WYNN, *Timber Colony*, p. 200, n. 54; and David ALEXANDER, "Literacy and Economic Development in Nineteenth Century Newfoundland", *Acadiensis*, X (Autumn 1980): 6.

The leading import-export merchants were at the centre of this system, but scarcely had the monopolistic power over prices and credit that their contemporary and their latter day critics have attributed to them.⁸² The wide fluctuations in prices, the high rate of turnover in commerce, and the possibility of failure faced even by the most powerful offer ample testimony to the competitiveness of colonial trade.⁸³ The high prices complained of in Upper Canada reflected real costs associated with the risks and uncertainties of doing business in this setting. The merchants were, however, the point at which the local system met the external commercial world, and they had to meet external debts, or at least be able to continue to carry them. To meet their external obligations, they needed cash (specie or any acceptable bank notes), produce that could be sold outside the colony, credits built up by provision of services within Upper Canada to outsiders (notably through the fur trade), bills of exchange drawn for any of the various governmental expenditures, or any private bills that might be available from those with assets outside the province. The example of Quetton St George's payments in 1807 to his six main suppliers illustrates one balance here: well-located in the governmental centre of York, he was able to secure bills to cover 77 percent of his payments, against 15 percent by produce and 6 percent by cash.⁸⁴

In expansionary times, that is, when outlooks were optimistic, merchants could evidently count on considerable tolerance and flexibility from their external creditors; and this, together with the expanding credit that accompanied increased trade volumes, explains the tendency for their indebtedness to grow.⁸⁵ Their problems were altogether different when the economy contracted and they were called upon to pay. Then the economy's real exchange problem, the lack of external liquidity, asserted itself. Although failure might then result at points along the credit chain, in fact this did not remove actual productive facilities from the economy; thus, it was able, when more propitious conditions returned, to renew its growth. In effect, the external and even the internal liquidity problem meant that most of those who came to Upper Canada found that their assets, once committed to the economy, tended to become fixed and difficult to extract except at what seemed too large a discount. Ultimately, the value of the country's farms and other facilities depended on their predicted real earning power. This must have fluctuated even more widely

82. *UCJ*, 15 March 1808, petition of inhabitants of Prince Edward County; printed in OBA, *Eighth Report* (1911), p. 271. *Simcoe Correspondence*, I, pp. 272-74, John McGill to J. G. Simcoe, 8 January 1793. For an excellent account of the complex realities faced by early merchants, see T. W. ACHESON, "John Baldwin: Portrait of a Colonial Entrepreneur", *Ontario History*, LXI (1969): 153-66.

83. WILSON, "The Enterprises of Robert Hamilton", pp. 47, 322-30. FIRTH, *The Town of York*, p. lvi.

84. PAO, Baldwin Papers, MS 88, Quetton St George accounts for 1807 and 1808 (a number of accounts with J. & A. McGill, J. Walton, David David, W. & A. Porteous, John Blackwood, Despard & Thomas).

85. PAO, Cartwright Letterbook transcripts, MS 44, III, pp. 201-3, 281-82; V, pp. 17-18, 107; Richard Cartwright Jr to Todd & McGill, 3 February 1786; to J. & A. McGill, 9 October 1798, 28 August 1799, and 17 February 1802.

than the actual flow of earnings would have justified, episodes of high prices tending to validate optimistic predictions, and periods of tight credit graphically dramatizing the problem of illiquidity. It is impressive, finally, that such fluctuations, arising from external influences on the economy and its own internal forces, could even at so early a stage be absorbed by the Upper Canadian economic system in such a way that its growth, if periodically slowed, was not arrested.

VII

By 1800-05, then, the economy of Upper Canada had taken on aspects of the structure that would characterize it for most of the next fifty years. This was evidenced in its rate of population growth, the appearance of a trade cycle that reflected outside market conditions, the ratio of land under culture to population, the primacy of wheat, per capita levels of wheat output and exports, and the apparent beginnings of at least some regional economic specialization (as indicated by the Eastern District's greater reliance on wood product exports). The internal economy already played an important part in the overall workings of the system; in light of frequent misunderstandings, it is necessary to re-emphasize that it was not based on barter but on credit—that is, on bargains not in units of work or of commodities but based on time and priced in monetary terms (and involving interest charges, implicitly or explicitly). Nor was this, properly speaking, a subsistence economy, given its dynamic, if extensive, growth, the net immigration to it, its ability to survive harvest and market fluctuations, its ability to build up and hold stocks of relevant commodities, and its apparent responsiveness to changing market conditions.⁸⁶

The various components of this economy were already part of an overall system, in which external commercial credit, immigrant investments,⁸⁷ British government expenditures, and export earnings were the links to the outside world. Even by 1800, all these factors, plus domestic investment and exchange, were involved in imparting the momentum of development to the economy. Practically, it is clear, the development that occurred was produced by the people who actually came to Upper Canada, invested their time and resources there, and gradually built an agricultural economy where none had been before. While we cannot know their motives individually or in detail, we can nevertheless surmise something about them. Given the apparently modest incomes their produce must often have earned, and the likelihood that they routinely operated in debt, there is much to be said for the view that their key objective must have been to acquire not income, as we might define it, but wealth, as measured in terms of a productive, long-term income-earning farm with a capital value

86. See, for example, *Simcoe Correspondence*, IV, pp. 263-64, John McGill to Simcoe, 13 May 1796.

87. *Simcoe Correspondence*, III, pp. 55-56, Simcoe to the Committee . . . for Trade and Plantations, 1 September 1794. ELLIOTT, "The Famous Township of Hull", pp. 343, 347.

that could be expected to grow as the economy did, whether or not staple exports grew rapidly.⁸⁸

On this basis, one can argue that this economy was not merely begun by but, in a sense, made by the Loyalist settlers. Whether by choice or necessity they came, stayed, and made the farms, artisan shops, and other productive assets of the country. If officials and many of the dominant merchants were not Loyalists,⁸⁹ the other initial elements of the economy nevertheless were. And the later settlers, who came so largely through the private process of immigration, must have been drawn in part by the apparent success that the Loyalists had begun to make of it. As a qualification here, it needs always to be recalled that had they not come, someone else surely would have, probably within ten to fifteen years, if the New York example is to be accepted as a model. Given the significance of the theme of persistence and transiency, however, it is clear that the earlier (pre-1796 at least in Adolphustown) settlers were particularly likely to be successful—and this suggests the importance, to themselves especially, of their founding role in the economy.⁹⁰ If we approach this economy through hindsight and anachronism, as so many have done, we will not well understand the system that had been built up by and after them, nor will we adequately credit the accomplishment of the first generation of Upper Canadian farmers, artisans, and merchants in creating a new economy in the backwoods.

88. See H. J. MAYS, "'A Place to Stand': Families, Land and Permanence in Toronto Gore Township, 1820-1890", CANADIAN HISTORICAL ASSOCIATION, *Historical Papers*, Montreal 1980, pp. 188-90.

89. WILSON, "The Enterprises of Robert Hamilton", p. 348.

90. NORRIS, "Household and Transiency", pp. 409-11; MAYS, "'A Place to Stand'", pp. 189-90.