THE SEVEN YEARS WAR

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APPALACHIAN TERRITORY

In the colonial capital invested in commerce or agriculture did not turn over quickly enough to keep up with the mercantile debt to England; land speculation on the far side of the Appalachians was the only promise of relief. But the French had already planted their leaden markers there. The Ohio Company built a trading post at Will's Creek on the Potomac and had negotiated with the Indians for the erection of a fort in the years between and The British regarded the French military organization and French-Indian alliances as an ambition to reduce the English

Cf Lindsay J O, editor; The Old Regime and The New Cambridge Modern History Volume VII Cambridge University Press p 190
settlement to a narrow strip of coastline. In Governor Duquesne of Canada built two forts on land claimed by Virginia. In accordance with its royally approved plan the Ohio Company proceeded to build its first fort for the new settlement. Thereupon Britain asserted her title to the same land by erecting Fort Necessity. The French set out in to arrest its construction and on July George Washington surrendered the fort to Duquesne's army whereupon Fort Necessity turned into their own fort was renamed Fort Duquesne in the present location of Pittsburgh. Virginia Governor Dinwiddie sent a small party out under the command of Lt Col George Washington. His group encountered a French group and accidentally killed Ensign Jumonville, the French commanding officer. It was the first shot of the Seven Years War; a trivial incident such as this would usually be ignored by the European powers but in this instance it was allowed to start a war.

Assuming that colonies were valuable only on the basis of commercial profit and that investment was justifiable only if it produced commercial profit in the short term, normal British reaction ought to have been to let the colonies assume the cost of settling their own conflicts. Fur trade and land speculation did not merit interference. Why had the European powers chosen to inflame this incident?

Ostensibly the dispute over the right of the Spanish to search English merchant ships was the cause of the War of Jenkin's Ear; ostensibly the transference of the Spanish Asiento to France was the cause of the War of the Spanish Succession. Both causes were inadequate reasons for war; it might be appropriate along with the killing of Ensign Jumonville to regard these as pretenses in place of antecedent causes. England had used the War of Spanish Succession to destroy the French sugar

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plantations and in the Seven Years War Pitt's war policy was frankly economic; yet despite the avowed objective of taking the sugar islands they were restored to France in the Peace of Aix-la-Chapelle. The contradiction is perhaps resolved by unforeseen changes in the British economy during the period of struggle. In the early colonial phase Britain needed to expand in order to have trade vents. By however the wars over mercantilistic monopolies involved increasing liabilities and diminishing advantages in territorial expansion. England was just starting to lose her self-sufficiency in food and her capital abroad had increased to the point that it would be unaffordable to adequately protect all of it; it had become more economical to consolidate the gains she had already made than to risk it in a contest for more.

England's colonial economic intercourse had changed; as success in the previous wars was unrewarding and colonial commerce was compensating for recessions in European commerce the English were concluding that they could get more from American development than from any trivial gains they had from the European wars. By the middle of the 18th century most of the European countries had defensively reacted to Britain by substituting wherever possible British imports with indigenous manufacture. The English had the impression that every agreement of the Treaty of Utrecht was being systematically undermined; the French were attacking English settlements in Asia, Africa and America had fortified Dunkirk in contravention of their pledge in the Treaty and instead of pursuing the mutual agreement to determine boundaries in the American colonies were constantly encroaching together with their Indian allies on British colonial territory.


English interference in the colonial skirmish in the Ohio Valley would change the conflict into a major confrontation between Britain and France. The expenditure of £200,000 on the Louisbourg fort as Annapolis Royale in Nova Scotia already signified that Britain had begun to evaluate the colonies in terms of long-term rather than short-term value. The British colonies showed miraculous growth; it was possible to regard their prospects both as market and producer in such a way that the cost of defense was justified by their long-term value.

**SUBSIDY TREATIES**

Halifax opposed the European subsidy treaties on the sound economic argument that the American colonies were more important in the European balance of power than the subsidized allies; by implication the subsidies were more for the protection of Hanover than for any benefit to Britain. American Indians were transferring their trade and alliance to the French. During the Seven Years War the English enjoyed an expansion of foreign commerce; because of the war supply total British exports to Prussia, Ireland, India, and America rose by more than a third from £12 million in the first war year to £17 million in the last year. British imports increased by £8 million from £12 million to £20 million; its significance was in the rise in customs revenue. The war also spurred domestic economy rendering a increase of excise revenue from £1 million to £2 million. Halifax regarded the benefits to come from the European alliances as morganic but thought that Britain could save America if more revenue were assigned to the colonies.
particularly enough gifts and money to win back the Indian alliance.

The reasoning started from the impression that subsidies were money wasted on ineffective battles whereas commercial investment bore returns that exceeded benefit from continental military victories. The primary benefit of a military victory would be to win territory but such territory even when successful became the domain of an ally not England; therefore the margin of benefit for England from a continental victory was secondary. Newcastle's system of subsidies which had largely preserved peace until the present had suddenly proved inadequate; by the summer of England was in open war with France and because of Admiral Byng's incompetence Minorca was lost to the French and with that France now dominated the Mediterranean. England's subsidies were doing no good; Austria was already actively seeking alliance with France. Russia repudiated the English subsidy in order to attack Prussia. England's ally. The United Provinces were too vulnerable to be helpful in war. England without a single authentic ally wanted to avert a general European war.

William Dowdeswell, advisor to Rockingham, proposed that the British Empire should be governed by commercial not military guidelines because the success of selling more manufacture than any national rival would automatically make Britain stronger in military fundamentals. A second basic principle was solvency: Britain should at all times keep her debts paid so that she could borrow more easily than her enemies to meet the needs of war. One of London's leading financiers, a backer of Pitt, argued in that French commerce had advanced from subsidies. England

Halifax: without neglecting entirely the prosecution of the war by sea and in America and to their trade in plantations be exposed to the ravages of the French and national bankruptcy would probably in a very few years ends to which would render us unable to continue the war in Europe for the defense of Hanover or to prosecute the war by sea and in America or even to defend ourselves here at home. Parliamentary History volume column

Cf Reddaway W F A History Of Europe From To London Methuen & Co
made to her allies against France; since as he implied subsidies achieved their purpose only tangentially if at all it would be more effective and economical to abandon continental warfare and force the French to battle at sea or in the colonial territories where England had a tremendous advantage in population.

If a war were fought in the American plantations it was reasoned that French naval inferiority would make the war more affordable for the British. One factor in this change of mind had been the revealed inadequacy of the traditional English land tax. When English bureaucracy was primitive land was the most convenient form of taxation because most wealth was in the form of land-holding and since land possession was accurately measurable it had the best potentiality of being assessed fairly. The use of land-tax became one-sided and unfair as British wealth accumulated in other things besides land. Ultimately manufacturing and commerce financed the war debts. The mercantile sector gradually claimed a commensurate share in the interests of government.

**ALBANY PLAN OF UNION**

Britain wanted the colonies to finance and conduct their own defense in any hostility. However each colony discovered that the neighboring colony withheld aid in the case of Indian war; because of boundary disputes etc each colony was glad of the weakening of its competitor by the attrition of French and Indian frontier terrorism. The Board of Trade in and in called for a colonial convention to formulate a unified mode of defense and Indian policy but in both cases the proposal

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William Beckford: If the French persist in refusing to us justice let us attack them upon our own element the ocean; if we attack them anywhere by land let it be in America where we are sure of the utmost assistance our colonies can give without subsidy or reward. Cf Draper, Theodore; *A Struggle for Power*. Vintage Books, 1989, p. 30.

failed Halifax the original proponent saw in it a way to kill two birds with one stone; a royal commander in chief would not only rationalize the colonial military but effect a unified administration of the colonial governments. It was Halifax not Benjamin Franklin who convened the Albany Congress of his hope was to organize all colonies under one military commander in order to fight the French efficiently. Six colonies and six Iroquois tribes were called upon to send representatives. Once convened it was famous for Franklin's Albany Plan of Union; it was to have a president appointed by the King a federal council of members elected by the separate colonial assemblies and its only purpose was to coordinate military defense against the French. The president was to have veto power; the union should control Indian relations. Halifax had simply wanted concurrence on a few simple measures for dealing with the French in the immediate situation but the Albany Congress failed because it ventured on a grandiose initiative. In any case the Albany Congress lacked authority to execute the measures Halifax wanted because the representatives had not been delegated by their colonial assemblies; on the other hand since Britain had not commanded the measures to be taken but conferred authority to the colonies nothing ensued.

The Albany Plan of Union similarly to colonial government was a mix of royal and popular colonial power; if the organization appeared to reduce the authority of the

\[\text{Footnotes}\]
\[\text{English provided protection to South Carolina Georgia and New York where the British army was permanently stationed and Nova Scotia was fortified at British expense. Cf Williams Basil F B A A A Struggle for Power Vintage Books p 221}\]
\[\text{Cf Anderson Fred; Crucible of War: The Seven Years' War and the Fate of Empire in British North America Alfred A Knopf p 150}\]
\[\text{Cf Draper Theodore; A Struggle for Power Vintage Books p 221}\]
\[\text{Cf A Pocket History of the United States by Allan Nevins and Henry Steele Commager Simon and Schuster p 221}\]
\[\text{Cf Draper Theodore; A Struggle for Power Vintage Books p 221}\]

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King or of the colony ☐ it would be rejected ☐ To elude royal disapproval ☐ the president ☐ directly appointed by the king ☐ had not only a veto ☐ but his approval was necessary for all decisions by the council ☐ Laws enacted by the council had to be submitted to the King-in-Council ☐ i.e. George II ☐ where the law could be invalidated within three years of submission ☐ The Union would also terminate colonial power to make Indian treaties separately ☑ and power to make land purchases from the Indians would be transferred from the colony to the Council ☐ Consequently ☐ land development such as that made by the Ohio Company would have to transpire through the Union rather than ☐ for example ☐ Virginia ☐ To elude the colonial opposition ☑ Franklin emphasized that the Union was strictly limited to colonial expansion and Indian war ☑ As the colonies had spent a century fighting to acquire such governmental autonomy as they had ☐ they would refuse to surrender any of their powers to a new government superseding them ☐ Franklin had hoped to get the Albany Plan of Union enacted by Parliament ☑ but the idea was rejected so omnilaterally by the colonies that it did not get to that stage ☑ The Virginia House of Burgesses did not even consider the proposal ☑ Because the Albany Plan of Union contradicted the Virginia charter ☑ which granted western territory to the Pacific Ocean ☐ Virginia's Governor Dinwiddie would not present the Albany Plan to the Burgesses ☑ In the War of the Austrian Succession Massachusetts bore almost the entirety of the fighting ☐ was not given military or naval support by Britain ☑ and was financially supported neither by Britain nor the other colonies; sensibly ☐ Massachusetts tentatively supported the Albany Plan of Union ☐ Pennsylvania ☑ whose representative was the

Cf Draper Theodore; A Struggle for Power Vintage Books ☑ p 186

Similarly with stipulations with the colonial assemblies the laws had to be ☑ not repugnant but as near as may be agreeable to the laws of England ☐ Cf Draper Theodore; A Struggle for Power Vintage Books ☑ p 185

Franklin affirmed that the Union would not ☐ interfere with the Constitution and government of the colonies; who were to be left to their own laws ☐ and to pay ☐ levy ☑ and apply their own taxes as before ☐ Cf Draper Theodore; A Struggle for Power Vintage Books ☑ p 185

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author of the Albany Plan of Union scheduled debate on a day when Franklin could not attend and then killed it; Quakers dominated the Assembly who rejected the military organization because they were pacifists. Connecticut similarly refused consideration because it would countermand the Susquehanna Company's claim on the Wyoming Valley. Maryland, North and South Carolina, New York, and New Jersey explicitly rejected it. New Hampshire gave no response; Delaware and Georgia were apparently never informed of the idea. The Albany Congress of neither assuaged the Indians nor effected unitary military administration. The failure had the unfortunate and important effect of confirming Halifax in his plan to impose a British Commander in Chief over all colonial forces; the result of this effort by Braddock and Loudoun was to make the colonies recalcitrant.

Perhaps the decisive element in the rejection of the Plan of Union was as much a matter of taxation as of authority. Long before Townshend the Plan of Union proposed a method of taxation that would operate outside of popular control: in addition to the self-imposed taxes ensuing through the colonial assembly the Union would have the right of taxation for military purposes. Two things should be kept in mind. First, the colonists had repeatedly become deeply cynical over the unreliability of British defense and were extremely unwilling to be pulled into another war whose
issue was European in which colonial gains and losses would be treated contem­
ously as bargaining counters. Second the assurance that the Union's power of 
taxation would be strictly for defense purposes provided no relief. In that era of any European nation's revenues were spent on war so that predictably taxation from the Union would be higher than their provincial taxes. The colonists had believed that their taxation was lower than that of Europeans because they were not like the Europeans incessantly waging war. It was reasonable for the colonists to reject a structure that might have enabled Britain to divert colonial revenue into European war expenses or bring European disputes to the colonies.

The ultimate utility of the Union was ambiguous. The Union forming centralized control of all colonial military resources would invigorate British control over the colonies. On the other hand, the unification of the colonies in one organization might have made the colonies more autonomous toward England. England had always weakened the colonies and strengthened its own control by inhibiting intercolonial communication while instigating intercolonial competition. The Albany Union might have turned into something like an early Continental Congress. Benjamin Franklin retrospectively speculated that if his Albany Plan of Union had materialized the Seven Years War could have been won without a British army. British armies would not have been stationed in the colonies and the demand for colonial money to support the garrisons would never have instigated the colonial move for independence. Oddly both the colonists and the British government rejected the Plan of Union for the same reason: it portended diminution of their power vis-à-vis an increase of power on the other side.

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Cf Draper Theodore; A Struggle for Power; Vintage Books; p 235

Cf Draper Theodore; A Struggle for Power; Vintage Books; p 235
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The original British strategy had been to forcefully resolve contention in America without incurring Anglo-French war on the continent. Newcastle's continental system of subsidies was supposed to contain war in the colonial territory. For the colonial war, England planned for the colonies to provide a common defense fund. Braddock was to be the sole authority over this fund; he was empowered to withdraw funds from the Paymaster General for expense in excess of the colonial fund. Colonial governors were to provide free quarters, supply, and transport and to draft up to men from the militias if too few colonists volunteered to join the regular regiments.

As the Albany convention did not succeed, Britain appointed a general, first Braddock, and then Loudon, to act as commander in chief for the colonial armies. Loudoun discovered that he could neither recruit colonists nor inspire the creation of a common fund. The New England colonies, which suffered decimation from the previous wars, did not have enough men to fill army ranks. English army soldiers were taken from the lumpenproletariat: vagabonds, convicts, etc., whose existence was so miserable that they had no other option but enlistment; they were disciplined by severe physical torture so that they would be more afraid of their commanding officer than the enemy and they were paid extremely small wages. Since the army was normally constituted by social outcasts, its discipline was based on brutality. Colonists, having learned about the treatment of an army regular from previous wars, were utterly unwilling to become regimented soldiers. The colonial youth were not

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\[1\] The subsidy system extended to German principalities and the Netherlands; friendship with Denmark and Spain; and an alliance with Austria. Cf. Anderson, Fred; Crucible of War: The Seven Years' War and the Fate of Empire in British North America - Alfred A. Knopf p 444.

\[2\] Cf. Anderson, Fred; Crucible of War: The Seven Years' War and the Fate of Empire in British North America - Alfred A. Knopf p 444.
socially destitute and did not need the army as an extreme final recourse. England had such a destitute underclass appropriate for the subhuman life of the army because there was an overproportion of manpower to employment; in the colonies every young male was valuable because the greatest retardant to economic growth was shortage of men to employment. Consequently employment in the army was highly unattractive because any given individual had more remunerative opportunities outside the army.

The Seven Years War was the first time that the colonies had been unified in anything; previously each colony drafted a proprietary militia and used provincial officers to command the troops. Regimentation in regular British armies stopped colonial enlistment because potential recruits had the memory of the bestial treatment in the British ranks. Massachusetts Governor Shirley attempted to avert the conflict by a promise to segregate the colonial from the regular soldiers in the campaigns against Crown Point and Fort Frontenac. In order to encourage enlistment he promised that colonial soldiers would be subject to their own local commanders; additionally assuring them that the disciplinary rules of the British army would not apply to them without liability to fight beyond an area defined by Schenectady and Albany.

The period and circumference of military activity was determined by the colonial assembly.

As mentioned British conscription was organized like a work-house: the notorious horror of army enlistment created an overpowering desire to accept anything instead of enlistment; thus the common British soldiery was guaranteed to be only of the most criminal reprobate types who had no alternative. Unfortunately Dinwiddie's Virginia attempted the same approach; in order to keep the good men for more cons-

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Cf Fred Anderson; Crucible of War: The Seven Years' War and the Fate of Empire in British North America - Alfred A Knopf 1987 p 98

Cf Fred Anderson; Crucible of War: The Seven Years' War and the Fate of Empire in British North America - Alfred A Knopf 1987 p 98

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The English did very poorly in the Seven Years War for so long as Braddock and Loudon occupied this position; more to the point until Pitt was appointed Secretary of State. The skirmish over Fort Necessity-Fort Duquesne did not produce war but negotiation since both Britain and France wanted to avoid war. The negotiation over the incident was perhaps insincere but the British were smugly confident that the colonial territory would be decided in the British interest because of the vast British superiority in that location both in settled population and naval capacity. Newcastle sent Braddock and a thousand regular soldiers to the colonies to preempt 

Cf. Anderson Fred; Crucible of War: The Seven Years' War and the Fate of Empire in British North America Alfred A. Knopf, 2000, p. 312
Cf. Anderson Fred; Crucible of War: The Seven Years' War and the Fate of Empire in British North America Alfred A. Knopf, 2000, p. 312
the liability that France might use the time to strengthen her navy. New British forts were built so as to obstruct French supply. At the same time Newcastle attempted to protect Hanover by negotiating a subsidy with Russia. As France prepared a larger army for operations in Canada she exhibited her insincerity in the negotiation by insisting on the exclusion of topics absolutely essential.

In 1756-1757, while there was the actuality of war, Britain tried to avoid declaring war. Braddock had been sent to the colonies to confront the French there, but by not declaring war it was hoped that the war in the colonies would not communicate to Europe. Against vehement advice from the colonists, Braddock advanced through a very dangerous passage to Fort Duquesne through the Monongahela where he was killed and the entire British army destroyed. Roughly at the same time Admiral Boscawen engaged a French navy and captured the French ships Alcyde and Lys; because the capture was made in a time that was officially peace, the French public charged the English with treachery. The English still held back from an official declaration of war; it was desirable to buy time to arm and find allies. Frederick disposing over 30,000 soldiers wanted to use Boscawen's naval victory as a pretext for conquering Bohemia. Newcastle then forestalled hostilities by subsidizing Russia under the condition that Russia defend Hanover with 60,000 soldiers. Frederick's Bohemian invasion was stymied by the need to keep the soldiers ready to defend Berlin against Russia.

Neither the colony nor Parliament was willing to pay for the war that Parliament commanded. Loudoun came to the colonies with virtually dictatorial powers, as his authority preceded both that of governor and assembly; Parliament intended him to enjoy his dictatorship to make the colonies pay for the war. When the colonial

\[\text{\textsuperscript{\textcircled{\textasteriskcentered}}}\text{Cf Reddaway W F A History of Europe from \textsuperscript{\textcircled{\textasteriskcentered}} to \textsuperscript{\textcircled{\textasteriskcentered}} London Methuen & Co \textsuperscript{\textcircled{\textasteriskcentered}} p \textsuperscript{\textcircled{\textasteriskcentered}}}\text{\textsuperscript{\textcircled{\textasteriskcentered}}}\text{Cf Reddaway W F A History of Europe from \textsuperscript{\textcircled{\textasteriskcentered}} to \textsuperscript{\textcircled{\textasteriskcentered}} London Methuen & Co \textsuperscript{\textcircled{\textasteriskcentered}} p \textsuperscript{\textcircled{\textasteriskcentered}}}\]

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assemblies refused to meet his requisitions because he denied them the right to supervise the use of the money. Loudoun concluded that the colonists were degenerates unworthy of respect. Because the form of colonial poverty was debt, not squalor, it was not evident in Loudoun's first impression that it was impossible for the colonies to produce war funds; heavier taxation would not have produced more revenue but widespread foreclosures and confiscations.

In June the Seven Years War started in Europe; later in the same year Pitt was appointed Secretary of State for the Southern department and the Duke of Newcastle was made head of Treasury. Pitt was strongly backed by the English commercial sector. British Treasury sold long-term government bonds with a guaranteed annual interest payment. Annual offerings in government bonds were adjusted to the deficit between war costs and the tax revenue that was not already reserved for debt service. Distribution was through underwriting; a coterie of London capitalists calculated the interest rate and the quantity of the government bonds and underwrote a loan for each annual issue. The underwriting guaranteed the availability of funds in the forthcoming year and then unloaded the bonds to brokers who sold to private investors. Those investors were then the ultimate creditors of the government.

Braddock died at Fort Duquesne but as Newcastle had wanted to prevent war or at least contain it in America did not declare war until May. The British lost every battle and despite the intention of Newcastle's handling it was being fought in the Mediterranean, Europe and America. At the same time Pitt did something that was almost original; he raised his prestige by open hostility to the

\[\text{References:}\]
- Cf. Anderson Fred; Crucible of War: The Seven Years' War and the Fate of Empire in British North America Alfred A. Knopf p. 100
- Cf. Anderson Fred; Crucible of War: The Seven Years' War and the Fate of Empire in British North America Alfred A. Knopf p. 100
- Cf. Draper Theodore; A Struggle for Power Vintage Books p. 100
regnant court. During the summer of 1878 he used every British setback and defeat to deride the ministry. The Chancellor of the Exchequer, an appointee of Newcastle, was so affected by the popular opposition to Newcastle’s subsidy system that he refused to disburse the subsidy to Hesse except by vote of Parliament. Newcastle defended himself by joining with Henry Fox, who as of November was Secretary of State for the Southern Department and manager for the ministry in the Commons. A debate on subsidies ensued on November 2nd, but due to the influence of Fox the members of Parliament supported the going subsidy policy by 220 to 20. Newcastle then expelled Pitt and his followers from their offices.

The Seven Years War might have remained a minor colonial problem if it had not been for the complication of international alliances in Europe. Not only America but also India required an immediate decision as to British or French ascendancy; it was irresponsible to think that such conflicts could be resolved without breaking the European peace. Compounded with these was the purely European conflict over the status of Silesia, which was given to Prussia but indefinitely in the Peace of Aix-La-Chapelle.

1756 was the year of the Diplomatic Revolution. Frederick was obstructed by the alliance of Austria, Saxony, and Russia; if these countries did not have funds either from England or Holland they would be powerless. Since England’s sole interest was in Hanover, if Prussia went into alliance with England, Austria would lose her Russian alliance. By the Westminster Covenant of January 22nd, the United Kingdom guaranteed the safety of Germany from war. England’s intention had been to include

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Austria and the Netherlands in this pact but Prussia refused their inclusion. England obtained only the safety of Hanover and Prussia was to feel safe in her possession of Silesia regardless of whether the aggressor should be Austria or France. The Westminster Covenant was limited to defense against aggression.

Austria trying to achieve an alliance with France could not very well feel enthusiasm for England's pending war against France. The Barrier Treaty that was to defend the Dutch from France was being maintained at Austria's expense; Austria suddenly reneged on her commitment to finance the barrier fortresses. Austria went into alliance with her traditional enemy France and Russia joined in the same alliance against Prussia. The news of the Westminster Covenant propelled what had already been promoted by Kaunitz an alliance between France and Austria.

On May the Versailles Covenant allied France and Austria. Austria had sought the alliance with France in order to regain Silesia. France would allow Austria to retake Silesia but would not participate in an Austrian attack on Prussia. If Prussia should attack France planned to provide but wanted to be given the Netherlands as payment.

Thus when Britain lost her traditional ally Austria she gained her traditional enemy as her new ally. In August Frederick very much against British wishes invaded Saxony with a view to annexation. Frederick calculated that Austria's army of was quite useless without the Russian alliance and Elizabeth was expected to die at any time. Prussia could defend herself from impending

Cf. Reddaway W F. A History of Europe from to London Methuen & Co 1933 p 204
Cf. Reddaway W F. A History of Europe from to London Methuen & Co 1933 p 204
Cf. Reddaway W F. A History of Europe from to London Methuen & Co 1933 p 204
Cf. Reddaway W F. A History of Europe from to London Methuen & Co 1933 p 204
Cf. Reddaway W F. A History of Europe from to London Methuen & Co 1933 p 204

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attack if she attacked first. In August she attacked. He then demanded from Austria freedom to use Saxony in return for paying compensation and restoring the province at the end of the war. He took over Dresden when the request was refused and besieged Pirna. The resistance of Pirna prevented invasion of Bohemia although he obtained the revenues of Saxony and ten regiments of soldiers.

Britain tried to whitewash Frederick's aggression on Saxony but in 1756 Austria declared war on Prussia and the Convention of St Petersburg now united France. Austria and Russia against Prussia. Saxony was an Austrian province; Austria, France and Russia invaded Prussia with intention to annihilating her and dividing the pieces between themselves; England was automatically drawn into war with Austria, Russia and France as a result of the Westminster Covenant.

England did not want to engage in a war in Germany; the King's dedication to Hanover was highly resented. The necessary subsidies amounted to roughly £7 million a far greater expense than England had ever spent as a subsidy. The new Silesian war made Prussia useless as an ally; her army was preoccupied and could not help to defend Hanover. After unremitting defeats the Newcastle régime was on the verge of collapse by June. Britain suddenly had to go to war against France without Dutch aid to abide by her promise in the Convention of Westminister although her ally had been the aggressor. She had already lost the Mediterranean to France. In 1756 Fort Oswego was taken by the French forming a direct

Cf Reddaway W F A History of Europe from to London Methuen & Co p
Cf Reddaway W F A History of Europe from to London Methuen & Co p
Cf Reddaway W F A History of Europe from to London Methuen & Co p
Cf Draper Theodore; A Struggle for Power Vintage Books p
Cf Koehn Nancy F The Power of Commerce; Economy and Governance in the First British Empire Cornell University Press p
French line from Canada to New Orleans. The failure of Newcastle's strategy both in the colonies and in Europe obligated him to resign.

In Pitt was appointed Secretary of State in charge of the army and admiralty including responsibility for the diplomacy of the war. The string of failures overthrew the Whig ascendancy and obliged George II to appoint Pitt. Newcastle remained Prime Minister and Minister of the Exchequer. Upon appointment in Pitt reversed the British strategy. France was to be passively entangled in such a way that she could make no substantive gains but also unable to afford to withdraw her strength on the continent. Pitt determined to limitlessly subsidize Prussia and other German provinces to tie down French powers in Germany. Frederick of course understood how small Prussia was; he could gain against the combined powers of Austria, Russia, and France only by maneuver and quick victory. In he therefore invaded Bohemia in order to bolster his hold on Saxony and Silesia. He hoped that by taking Prague he would bring a quick end to the war in his advantage. The Prussians lost. Austria lost over Maria Theresa then brought in new soldiers her last army commanded by Daun; the Battle of Kolin lost more Austrians but the Prussian army was completely destroyed and Frederick's Bohemian campaign defeated.

In Pitt's command had not yet taken effect. England lost Calcutta to the

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Cf Reddaway W F A History of Europe from to London Methuen & Co p
Cf Cook Don; The Long Fuse How England Lost the American Colonies Atlantic Monthly Press p
Cf Anderson Fred; Crucible of War: The Seven Years' War and the Fate of Empire in British North America Alfred A Knopf p
Cf Reddaway W F A History of Europe from to London Methuen & Co p
Cf Reddaway W F A History of Europe from to London Methuen & Co p
French in 1757 and the string of French victories in America continued unattenuated. Cumberland surrendered Hanover to the French September. Pitt had taken the province of East Prussia. In July, Pitt had taken command; he offered Gibraltar to Spain in return for her alliance. Spain declined. Hungarians had taken over Berlin on October. Frederick offered terms of peace to France, but was ignored. Austria was marching back into Silesia. In the last two months of 1757 Robert Clive had saved Bengal; in June with 20,000 men Clive fought an army with twenty times more men at Plassey and won. On November, at the battle of Rossbach, Frederick beat a German-French army of 50,000 men with an army of 25,000. Frederick lost 2,000 men and took 12,000 prisoners. In June, Ferdinand drove the French out of Hanover, winning the Battle of Crefeld. Pitt provided a much more generous alliance with Frederick. The new treaty awarded to Frederick committed him not to make a separate peace, but otherwise entrusted him to do as he liked. Britain would pay Prussia a subsidy of £60,000 for the year. Britain also paid £40,000 to finance the army of Ferdinand of Brunswick. However, while Frederick was occupied in Saxony his troops in Silesia lost a battle and 11,000 men: Austria took the fort Schweidnitz. On December, Frederick engaged the army of Austrian Prince Charles 30,000 men and defeated it with his army of 25,000, taking over 12,000 prisoners. He had reclaimed everything except Schweidnitz.

At the same time Britain's greatest strength was to be applied fully to France's
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weakest point; the British Navy would isolate French Canada from French supply. The North American colonies by superiority in population of to should then easily defeat French Canada. When the navy destroyed the French fleet by France was unable to provision Canada. The Canadian French were consequently overwhelmed by the British and colonial armies.

It was a highly economic conception of war as the objective was to defeat France on the continent by systematically destroying the colonial props of French wealth. The scheme of defeating France not by battle but by removing her economic resources for battle was implemented in India, Africa and the West Indies at the same time Louisbourg had been taken from the French again and by having retaken Pittsburgh Fort Duquesne the English could invade Canada.

France had sustained its sparse presence in Canada for over a century only by virtue of assiduously courting the native Indians. It was accomplished by favorable trade; the trade alliances automatically became military alliances. The British were unable to spread into the periphery of their colonies because of the Indian massacres and the Indians made it impossible to invade French Canada. In the northern Indian tribes defected from the English following the capture of Fort William Henry but when France became unable to transport trade goods to Canada the Indians gradually turned to the English side. The Marquis de Montcalm a French aristocrat who would have fit well into Louis XIV’s court despised the Indians; in his letter he narrates how the Indians outside his window were boiling an English woman and child not for the sake of any occasion but just to keep in practice. By

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Cf Anderson Fred; Crucible of War: The Seven Years' War and the Fate of Empire in British North America Alfred A Knopf p
Cf Anderson Fred; Crucible of War: The Seven Years' War and the Fate of Empire in British North America Alfred A Knopf p
Cf Reddaway W F A History of Europe from London Methuen & Co p
attempting to command the Indians as vassals rather than ingratiating them as allies. He ruined the alliance. All of these honorary French citizens whom the French military had been stationed to defend were now actively serving Big Chief George.

A relatively small British army was to be sent to America, so it was essential to this plan that the colonies engage enthusiastically. From the plan of putting all the colonies in the bridle of Braddock and then Loudoun had set the whole colonial population against the English war. Pitt gained colonial enthusiasm by treating the colonies as compatriots rather than as lackeys and by refraining from coercing and extorting. As soon as French Canada had no supplies to make gifts, the Indians turned from France to make alliances with the British. In this specific context, that is British commercial superiority had won the Indians on whom the French were dependent; the Ohio Indians realigned themselves with the British by the negotiations of Easton, Pennsylvania. The New York Iroquois likewise took up positive alliance with the British in following which the French never again won a battle. Previously the colonies had to make forced contributions of money and men, but Pitt provided subsidies for the colonies to devise their own strategy for the defeat of Canada.

Prior to Pitt, Loudoun had wanted to introduce impressment because the colonists were not volunteering to fill the ranks requisite for the war. The idea was absurd because impracticable; neither armed forces nor the colonies had sufficient apparatus to successfully coerce induction. Standard army pay had been £20/month for a colonial recruit. However, the war activity had driven up civilian wages; an attempt to force large numbers would have produced as it were a secondary war in which the authorities would not have prevailed. Recruitment of the English army had been

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\(^\text{1}\) Cf Anderson Fred; Crucible of War: The Seven Years' War and the Fate of Empire in British North America - Alfred A Knopf p

\(^\text{2}\) Cf Anderson Fred; Crucible of War: The Seven Years' War and the Fate of Empire in British North America - Alfred A Knopf p
possible because of the social backdrop of massive unemployment but in the colonies where there had always been a deficit of labor power no one would voluntarily enlist. Instead Pitt offered a bounty in addition to regular pay of £ to be paid over two years together with interest. It could to draw sufficient numbers from lucrative civilian employments.

The military commander had previously held authority over colonial governors and assemblies in the idea of uniting the colonies in the war; Pitt eliminated authority of the British military commander over governor and assembly. Governors again were answerable only to the Secretary of State Southern Department. It was now appreciated that if the American officers were put under joint command with the British officers the army would dissolve. The British officers bought their commissions whereas the lumpenproletariat soldiers were enlisted without any great legal fanfare; the whip was adequate to smooth out any altercations in the troops. The colonial officers received commissions but they were elected by the soldiers who were to obey them; the soldiers enlisted voluntarily under certain enticements that were contractually fixed; the ordinary enlisted colonial unlike his British counterpart did not have the status of a rower in a slave-galley; if his original agreement at enlistment were broken he would leave and the law would protect him. If such an enlisted soldier were placed under the conditions of the regimented command it would violate the agreement made at his enlistment. Pitt honored the right of the colonials to segregation from the British regular troops.

Pitt ingratiated the colonial assemblies; he abolished the plan of colonial

Cf. Anderson Fred; Crucible of War: The Seven Years' War and the Fate of Empire in British North America - Alfred A. Knopf p

Cf. Anderson Fred; Crucible of War: The Seven Years' War and the Fate of Empire in British North America - Alfred A. Knopf p

Cf. Anderson Fred; Crucible of War: The Seven Years' War and the Fate of Empire in British North America - Alfred A. Knopf p
military union ceased to press the colonies to pay for the war and recalled Loudon in He then promised to reimburse the war costs of the colonies By this reassurance that Britain was not using the war to tear down colonial autonomy colonies stopped their policy of obstruction

Britain had suffered unremitting defeat both in Europe and the colonies Maria Theresa's chief objective in the War of the Austrian Succession had been to recover Silesia which had been unequivocally stolen from her by Frederick's invasion But at the Treaty of Aix-la-Chapelle England had made sure of getting what England wanted but allowed Prussia to keep Silesia Maria Theresa learned the value of alliance with England; in she sent Wenzel von Kaunitz to explore the possibility of alliance with France On the continent Prussia had a population of one third that of Austria The French population was five times larger Austria France and Russia were attacking Prussia at the same time; it was improbable that England could win the continental war under these circumstances In Frederick's army entered the battle of Kunersdorf; although it once again seemed to have triumphed over numbers ultimately one half of the army was killed and the other half fled Maria Theresa and Russia were unimpeded if they were to take Silesia

In George II suddenly died and George III his grandson was hostile to George II and his political positions Above all he did not share affection for Hanover; his childhood tutor had been Lord Bute whom Pitt had refused to honor with nomination to a post he had requested Mauduit's pamphlet predicting dire

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\[\text{Cf} \quad \text{John C Miller} \quad \text{Origins of the American Revolution} \quad \text{Little Brown and Company} \quad \text{p} \]

\[\text{Cf} \quad \text{Anderson Fred} \quad \text{Crucible of War: The Seven Years' War and the Fate of Empire in British North America} \quad \text{Alfred A Knopf} \quad \text{p} \]

\[\text{Cf} \quad \text{Lindsay J O editor} \quad \text{The Old Regime} \quad \text{The New Cambridge Modern History Volume VII Cambridge University Press} \quad \text{p} \]

\[\text{Cf} \quad \text{Reddaway W F} \quad \text{A History of Europe from to London Methuen Co} \quad \text{p} \]
results from the European war coincided with George III's accession; in his first address the new king affirmed his intention to extract England from the German war. Dread of the financial commitment from this war strengthened the will to cut it short. The normal British reaction would have been to ignore the colonies and focus more power in Europe. Pitt did the opposite. The new approach was made possible by an economic mutation that ripened in the Seven Years War. Early in the colonial era it was thought that a colony could substitute goods so as to terminate dependence on foreign countries for the same; at the time of the Seven Years War Josiah Child recognized that substitution would bring the balance of trade in England's favor by stopping the payment of bullion. In his revision emphasis was no longer on substituting colonial for foreign trade but on the prospect of obtaining the raw materials more cheaply.

Even while England was losing her overseas trade kept expanding. In the previous wars government debts were financed almost entirely from the land tax; that is, from landed nobility and squirearchy. To maintain the financing of a war government had produce a certainty that investors in government securities were going to make a good profit. It was the revenue of the land tax that kept interest rates down and suppressed inflation. From the end of the War of Spanish Succession excise and customs revenue began to overtake the revenue from land-tax; in the excise/customs taxation constituted of government revenue. The excise taxes were the burden of the merchants, not the landed gentry and the merchants championed Pitt. The superiority of tax revenue from commerce reinforced the British

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idea that more was to be won from Pitt's colonial strategy than from German battlefields. Pitt however continued the war in Europe passively so as to preoccupy France.

However, at the same time Choiseul saw clearly that there was no advantage in using up French armies to retrieve Silesia for Austria; in March he substituted the Treaty of Versailles with a Franco-Austrian Pact that relieved the French of major obligations. Although France kept soldiers in Germany and paid subsidies to the Swedes and Saxons, she was redirecting her main forces to the conquest of Britain. Belleisle devised a plan of invasion while Choiseul tried to recruit Spain.

Colonel James Wolfe captured Louisbourg for the second time in July and from that time forward Britain had straight victories in the colonial territory. Vaudreuil and Montcalm could not have prevailed because Louis XIV had covertly decided to abandon Canada in favor of the Caribbean, specifically Guadeloupe and Martinique. By the Spring of the colonial interests were inconsequential in consideration of the demand on resources for the army in Hanover, defense of the French coast of the English channel, and preparation of the invasion of England. In any case, what would have been required to supply Canada exceeded France's capacity. The British conquered three French forts: Niagara, Ticonderoga, and Crown Point. The capture of the forts gave control of the Great Lakes to Britain; subsequent alliance with the Indians would end the French presence on the St. Lawrence. Wolfe took Québec in September. The British navy took Guadeloupe and in Africa Britain took Gorée; in India Surat was captured and the British repelled a French attack on Madras. Prince Ferdinand of Brunswick defeated the

Cf. Reddaway W F; A History of Europe from to London Methuen & Co Ltd 1963 p xi
Cf. Anderson Fred; Crucible of War: The Seven Years' War and the Fate of Empire in British North America 1754–1763 Alfred A Knopf 1997 p 86
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French at Minden Admiral Edward Boscawen destroyed five ships of a French fleet in a naval battle in the Mediterranean. The English navy decisively smashed the French navy at the naval battle of Quiberon Bay in virtue of which the French would never have the capacity to invade England for the duration of the war. The English took Belle Île off the coast of France and in the Caribbean took Guadeloupe, St. Lucia and Marie Gallante. The army of the East India Company under the command of Robert Clive brought India under British hegemony.

In the English were awaiting French invasion without diverting their own aggressive campaigns. Aside from naval blockades Britain sent soldiers to oppose the French in Hanover. At the same time Pitt intended to take all of the French Caribbean Islands, Canada, fortify Robert Clive's gains in India and prevent a Spanish-French alliance. England took Guadeloupe in August. Wolfe had invested Québec; Rodney had destroyed the navy at Havre. On the 1st of August Ferdinand had taken Minden against the French. Two weeks later Boscawen destroyed the Toulon fleet. The major French navy was destroyed in Quiberon Bay in November; no possibility of English invasion remained. Québec was then taken and the British had won in Southern India.

By Louis XV was in immediate and long-term financial collapse which accounts for the ease with which the English won every battle. The war doubled French national debt and the French interest rates were almost the highest of Europe; interest was still increasing and there was no remaining means to finance the...
Competition in India centered on whether France or England would be able to install a sympathetic ruler. The French had been granted lands that completely surrounded the English post of Madras. Britain let Clive attack the French at Arcot in order to secure supremacy in India. The victory gave England control over the Carnatic. Upon conquering Calcutta Clive installed a puppet ruler Mir Jafar; soon after Clive won the battle at Plassey the victory made England the ruler of Bengal. The capture of Bengal broke the French hold on the Carnatic. Clive's victory at Chandernagore then drove the French out of Bengal. The British took Montréal in From to the British strategy of combined naval and military attacks achieved further gains. Britain took over most of Canada several more Caribbean islands and most of India. The victories were equally due to French and Austrian financial exhaustion; when Spain entered the war at the very end expecting to make gains very cheaply on the previous expenditures of France the English feared financial collapse from the additional £ million it would cost to extend the campaign one more year. The government securities were successfully sold enabling several defeats of Spanish ports.

Britain seems to have managed war finances more cleverly than France. By the second half of the century the Englishman paid twice as much tax as the Frenchman. Since France lacked England's financial prestige her debts were at a higher rate of interest and France had to borrow whatever she could not get in taxation.

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Superiority of the British colonial infrastructure over that of the French was a fundamental reason for British victory in Canada. A François Bigot was intendant of Canada from 1725 to 1760. As mentioned, Canada was guarded against corruption by an arrangement in which the governor and the intendant of Canada were supposed to report to the King on the results of spying on each other. Colonial supply was under the direction of Bigot; for this he organized a monopoly named la grande société. Under Bigot’s eagle eye, a business agent in Bordeaux sent supplies and luxury goods paid for by the French government to Bigot, who then paid the agent in government bills of exchange. Before the Seven Years War, the provisions etc. were sold at the market price and the spoils were divided between Bigot and his Canadian agents. During the Seven Years War, Bigot sold the provisions to the Crown at a tremendously inflated price. The Canadian famine of 1759–1760 was the first fruit of British naval superiority; since Canada could not produce enough food for her army under the best conditions, food came from France. But the British naval blockades at Gibraltar, the English Channel, and the Gulf of the St Lawrence prevented food shipment; any ship loaded with food would be too slow to escape capture. It was convenient for Bigot that the British naval blockade made supply terribly expensive in any case, thus making Bigot’s price inflation credible; selling to the Crown of course meant that Bigot sold the supplies to himself with government money. At the same time, Bigot bought up all the indigenous grain at the fixed price of 100 livres per minot, milled it at government expense, and then sold the flour to the Crown. Bigot at 210 livres per minot. Bigot then sold flour at a government subsidized price when famine ensued. Embezzlement made the military provision become a larger

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British Empire © Cornell University Press 1999 p 319
Cf Fred Anderson, Crucible of War: The Seven Years’ War and the Fate of Empire in British North America © Alfred A. Knopf 1997 p 268
Bigot underwent a gambling loss of 300,000 livres without any effect on his personal life. Cf Fred Anderson, Crucible of War: The Seven Years’ War and the Fate of Empire in British North America © Alfred A. Knopf 1997 p 268
trade sector than furs. By the costs of Bigot's provisions sent inflation beyond control. At the end of the War of the League of Augsburg Canada cost France million livres per year. At the beginning of the Seven Years war million livres; at the end of that war million livres. The inflation was in paper; when France sent specie to stem inflation it merely depreciated the paper currency. It became impossible to buy grain except with gold so that only the army could buy; Canadian civilians could not buy food because they had only paper money. All of the gold and silver money quickly fell out of circulation so that only unwanted paper money remained. Market prices increased and food shortage got worse. Bigot made it punishable to refuse payment in paper money but failed to rectify the inflation.

The European war had gains and losses that ended in a pointless balance. Ferdinand successfully attacked the French in the winter year but due to shortages of soldier and supply in March had to retreat losing Hesse. No German campaign could bring Austria, France or Russia to make peace. Although England did not win European battles British naval supremacy and the preoccupation of the continental war made France unable to protect her colonies from systematic British conquest. The British won the Battle of Plassey. Clive received the diwani starting from By the straight series of British victories expelled the French from India. The East India Company had become virtually the sovereign of India through its holdings of Bengal, Bihar and Orissa and her puppet governments on the Carnatic. British import from India increased by in the first half of the 18th century; British exports to India increased. British colonial trade had

North America — Alfred A. Knopf 2006

Cf Anderson Fred; Crucible of War: The Seven Years' War and the Fate of Empire in British North America — Alfred A. Knopf 2006

happily substituted for the flagging European trade that arose from national policies of
import substitution [⁹] and the American colonial trade exceeded Oriental trade [⁹].

Frederick defeated the Austrian general Daun at Torgau [⁹] but Prussia lost
Saxony and Austria [⁹]; it was a victory without a gain [⁹] Daun withdrew [⁹] and
Frederick was too weakened to exploit his victory [⁹]; Austria had been forestalled from
attacking Berlin [⁹] but Frederick was too weak to drive the Austrians out of Silesia or
Saxony [⁹]. The Russians could have simply walked into Berlin and dissolved Prus-
sia [⁹]. Suddenly in 1762 Elizabeth died [⁹] and Peter III [⁹] fortunately for Frederick a fool [⁹]
immediately recalled the Russian armies [⁹] gave back Eastern Pomerania and East
Prussia [⁹] and offered Frederick an alliance [⁹]. Peter III would give Frederick [⁹]
Russians to fight Austria if in return Frederick would help Peter recover Schleswig [⁹]
which had been taken by Denmark [⁹]. By June Russians and Prussians were marching
to fight Daun in Silesia [⁹]. It was perfect timing to save Frederick’s neck; shortly
afterward Peter III was assassinated and the Russian aid withdrawn [⁹].

THE TREATY OF PARIS

An opposite variable was taking its course during these successes [⁹]. It was dubious
whether England was effecting more damage on her enemies by her military successes
or more damage on herself by the debt she mounted to inflict the damage [⁹]. The Tory
Party had supported Pitt at the trough of the war [⁹] but the Tories were mostly country
nobility [⁹] whose land tax was the main financial substance of the war [⁹]. When Pitt
consecutively won in every location of the war [⁹] his own party grew tired of him and

[⁹] Cf. Anderson Fred. Crucible of War: The Seven Years’ War and the Fate of Empire in
thought more of peace and tax relief. In the French and British held abortive peace negotiations in Augsburg Britain refused the separate peace forcing France to spend more of her army to regain Silesia for Austria. Russia had also blocked the possible Peace by her insistence on reverting East Prussia to Poland.

Prussia hardly existed once Russia had taken Pomerania. Agreement was reached for each country to keep the colonial territories of which it had taken possession. France lost her last settlement in India in April and lost Dominica in June. France thereupon offered Pitt Hesse and Göttingen in exchange for Canada. Frederick the Great objected; for a long time the British had been objecting to the useless subsidy payments for a European war that could not be won but thought it would be dishonorable to terminate the war without achieving Prussia's objectives.

When Pitt fell from office the British alliance with Prussia had existed for five years. The war had actually been started by Frederick not George Washington and Britain had saved Prussia. Frederick still had Silesia and Saxony but had lost many provinces. Britain had made gains in the colonial territories partially because of Frederick's action in Europe. England had to decide whether she was bound to prolong the war for the sake of Prussia so that Prussia would regain her losses or whether England should trade some of her gains for restoration of Prussian land. Pitt was solidly against any peace that presented a loss for Prussia. Pitt also insisted on

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keeping all the territories Britain had conquered. Frederick reluctantly cooperated with the peace negotiation but while France had been trying to split England and Prussia by offering Hesse and Göttingen. France was secretly bringing Spain into alliance. The agreement was that if England and France did not conclude the peace treaty by the 1st of May, Spain would declare war on England. Prior to that Louis XV was to insist on satisfying the Spanish claims in his peace negotiations with Britain. Intercepted letters between Spanish ambassadors in London and Paris proving the Spanish conspiracy determined Pitt to insist on war with Spain. In July, Spain entered into the war in alliance with France. Pitt was unable to declare war on Spain without the king's approval who however did not grant it. Britain rejected the French insistence that the peace negotiations include settlement of Spanish claims; in September the peace negotiation was abandoned. A timely declaration of war would have enabled England to seize a Spanish treasure convoy originating from the Plate River. Newcastle, who should have been Pitt's most trustworthy ally, was adamantly against the expenses of a new war.

George II died in October. With the entry of Bute into the ministry in March, England was more complaisant in the negotiations. The King was more concerned with an internal administrative struggle than with the external politics of the situation; his primary objective was to destroy the political power of the Whigs so that he could retrieve some of the forfeited power of the monarchy. The installation of Bute, a Tory, and the ouster of Pitt, the Whig, had more to do with administrative power struggles than with the war. The King successfully replaced the Whigs with

Cf Cook Don; The Long Fuse How England Lost the American Colonies Atlantic Monthly Press p 296
Cf Watson Steven J; The Reign of George III Oxford at the Clarendon Press p 274
Cf Lindsay J O editor; The Old Regime and the New Cambridge Modern History Volume VII Cambridge University Press p 215
Tories and stacked the ministries and other government offices with his favorites; it followed the modern pattern since Charles II of controlling government by controlling elections and the composition of government bodies; if he could not abolish the power of Parliament he could still control the power within it. This had the unfortunate effect of making government acts ultimately dependent on the highly fallible opinions of one individual. During George III's system of patronage there were four times more Tories than Whigs in the House of Commons.

King Ferdinand of Spain kept neutrality during the war but upon his death in his successor Charles III was intent on joining France. In Charles III made a new treaty that intended not only common policy and defense but even common citizenship. France made demands in behalf of Spain and when Pitt rejected inclusion of Spain in the treaty negotiation France secretly signed another Family Compact treaty with Spain on August Spain entered the war on May and France undertook a commitment to recover certain Spanish losses.

Several of the British ministers among them Newcastle and Hardwicke were opting for a peace on moderate terms from fear of national bankruptcy. Prior to Pitt the average annual cost of war supply had been £½ million. In it was £ million. Bute had attempted to stem the debt with a/hogshead tax on cider. The popular outrage ravaged Bute so badly that in March he resigned as first Lord of the Treasury. In the national debt had increased to over what it

Atlantic Monthly Press p. 200
Cf Cook Don; The Long Fuse How England Lost the American Colonies p. 254
Atlantic Monthly Press p. 191
Charles III wanted compensation and rectification for British seizure of Spanish ships logwood cutting in Honduras and fishing in Newfoundland. Cf Howard H. Peckham; The Colonial Wars p. 405
Cf Reddaway W F A History of Europe from to London Methuen & Co p. 176
Cf Draper Theodore; A Struggle for Power p. 203
Cf Anderson Fred; Crucible of War The Seven Years' War and the Fate of Empire in
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was in £ 70 million. Prior to the war finance ministers had identified and isolated what national revenues would finance the debt service for a given expenditure thus giving the purchaser of government securities assurance on the return for their purchase. In the Seven Years War this procedure would not yield enough; they had no other option but to raise taxation although they were reluctant because a tax augmentation required them to seek parliamentary approval. Parliament raised the land tax to £ in which was considered the maximum that land tax could bear. In Parliament had no recourse but to impose a new tax on beer and malt but this tax was not perfectly successful because of strong resistance. The total annual tax revenue in came to £ 14 million equivalent to of GNP. In the cost of war came to £ 3½ million. In million in ½ million

Newcastle being Secretary of the Treasury was now responsible for the national budget. Ordinarily the land tax was raised to meet expenses of war but that option had already been maximized. The Seven Years War was conducted simultaneously in three different theatres; in total the cost was £ 1 million twice the British GNP of .

Newcastle got the annual budget for the German war approved by the House of Commons but the tax revenue supplied only of the £ million needed for the war budget. Even so half of those tax revenues were immutably dedicated to payment of interest on the debt already accumulated. Any slip in the securities market could degrade the value of all assets and investment destroying the credit on

\[\text{British North America} \quad \text{Cf Koehn Nancy F The Power of Commerce: Economy and Governance in the First British Empire} \quad \text{Cf Watson Steven J The Reign of George III} \quad \text{Cf Koehn Nancy F The Power of Commerce: Economy and Governance in the First British Empire} \]

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which the war depended Pitt replied callously to these anxieties that Newcastle was spending too extravagantly and that Newcastle had to provide much more extra money for new military expeditions New schemes for commercial taxation were sought but the traditional hostility of the public against taxes dissuaded Newcastle from any initiative that would have helped Newcastle took recourse to more borrowing by the sale of annuities but financing war by mounting national debt could be afforded for a ruinously shorter period of time than any other financial tactic Prior to the Seven Years War British government borrowing paid for of war but the Seven Years War was debt-financed over The means of financing the war made it imperative to make a Peace as quickly as possible In the penultimate year of war the annual interest payment on the national debt was £ million roughly half of the government's net income

Thus at the same time that Pitt was winning stunning successes in his military strategy his nonchalance about its cost built overwhelming pressure to get rid of him Lord Holderness had given up his place in the Cabinet in exchange for a higher rank in the peerage; Newcastle was pressured into giving Bute the vacancy Royal instructions had been to end the war abruptly; Pitt wanted to continue the war until its ultimate benefit Once Bute was in the Cabinet in March he could as it were spy on Pitt to report to the King on how Pitt was delaying the war's end

Pitt was insisting on carrying the war until French naval power was destroyed forever Pitt's arrogant treatment of the French peace envoy confirmed the prejudice

References:
[1] Cf. Anderson Fred; Crucible of War: The Seven Years' War and the Fate of Empire in British North America Alfred A. Knopf p
[2] Cf. Neal Larry; Interpreting Power And Profit In Economic History: A Case Study Of The Seven Years War Journal Of Economic History p
of Bute and Newcastle that Pitt was not behaving in the national interest. The envoy was offering Britain most of Canada in the terms of peace but Pitt also demanded that the French give up fishing off Newfoundland. The insistence was tantamount to making France give up her navy; without the fishing industry France would be unable to train sufficient seamen. It would mean that France would never be able to become a naval power again. During the ineffective peace negotiations France and Russia had several victories in Europe. In the same year England took Montréal, Arcot, and Pondicherry in January. Pitt supposed that total success would arrive before fiscal collapse.

Two weeks after the coronation of George III, Bute had his chance to degrade Pitt. In October, he insisted upon declaring war on Spain having detected that Spain had secretly taken up a Bourbon family compact. The timing involved an opportunity to seize one of Spain's treasure convoys. While Pitt was conjuring the other cabinet ministers to war with Spain, Bute communicated the King's wishes to make a peace. Under Bute's orchestration the entire cabinet voted against Pitt who promptly resigned; Bute had the cabinet all to himself. Getting rid of Pitt was preliminary to stopping the war costs. Bute wanted to abruptly abandon the German war renege on the subsidy commitment to Germany leaving Frederick helpless before Russia, Austria, and France. In, Bute acquiesced to the pressure of the other ministers to pay the subsidy to Frederick for that year.

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Cf. Koehn, Nancy F; The Power of Commerce: Economy and Governance in the First
Pitt had been right; the Earl of Bristol in Madrid requested that the Spanish government deny the family pact alliance that she had made secretly with France. Pitt was already out of office by then. When Spain refused to disavow it, England had no recourse but to declare war on Spain on January 7th. If England had trusted Pitt’s prediction of the inevitability of war with Spain, they would at least have acquired the treasure convoy. Spain invaded Portugal in May. Loudon and Burgoyne protected Lisbon. In June, Albemarle and Monckton captured Havana. In October, Brigadier General Draper and Rear Admiral Samuel Cornish took Manila. In January, Britain took Martinique, Grenada, the Grenadines, St. Lucia, St. Vincent, and Tobago. Although the French conquered St. John’s in Newfoundland in June, the British promptly retook it.

Bute used the death of Elizabeth to change the subsidy obligation to Prussia. The succeeding czar Peter III, a fanatic admirer of Frederick, would support Prussia. This was bad for England since Russian support would enable Frederick to prolong the war and presumably England’s subsidy obligation. Initially, the English made the subsidy contingent on Frederick’s compliance with peace negotiation. In April, when Frederick showed his intent to continue war, England flatly abjured the subsidy and withdrew England from the German war entirely.

In defiance of Pitt, Bute then concluded a relatively unpretentious peace treaty with France and Spain. Newcastle having allied with Fox, brought on an
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associated alliance with Bute whose mission was to purge government and Parliament of Whigs by the wishes of the king. The expulsion of Whig placeholders virtually the entire patronage of George II in particular all associated with Newcastle made every PM Tory or Whig hate Bute's vindictive tyranny. Bute's idea had been to give France an extremely lenient Peace Treaty so that France wouldn't feel angry about having lost the war. It had to be decided on the basis of this purpose what conquests Britain would keep and which she would return; Pitt would have kept them all. Parameters were that enough should be returned so that France would appreciate how nice Britain was but not so much that Britain's war campaign would show no gain. Bute feared that France would organize her policies to revenge on England. Accordingly the peace treaty was based on prior secret negotiations conducted by Bute and Choiseul. France was militarily crippled; the peace terms proposed by Choiseul gave France optimal conditions to rebuild her military power. France was to lose only those parts of her empire that were least valuable to her. Canada had always been a financial loss to France; likewise the other surrendered colonies or trading posts were exclusively the ones that were an expense. Spain however would insist on restoration of Havana. On the other hand, as Spain ignominiously lost every single debacle Parliament would insist on Havana at least. Part of Bute's complaisance to the French was intended to extinguish Pitt's lingering influence.

Pitt was to this effect. Cf. Channing A History of the United States Volume III. The American Revolution § Horace Walpole: a more severe political persecution never raged. Whoever holding a place had voted against the preliminaries of peace was instantly dismissed. The friends and dependents of the Duke of Newcastle were particularly cashiered; and his cruelty extended so far that old servants who had retired and been preferred to very small places where rigorously hunted out and deprived of their livelihood. Cf. Anderson Fred; Crucible of War: The Seven Years' War and the Fate of Empire in British North America. Alfred A. Knopf. Koehn Nancy F The Power of Commerce: Economy and Governance in the First British Empire Cornell University Press.
and hence to consolidate Bute's power over Parliament. Pitt intended to keep all the English conquests and cripple France forever beyond the need to worry about French desires for revenge. If Bute could terminate the Peace quickly by favoring France the last relevance of Pitt would be expunged.

If however Bute fell because of House resistance then Pitt would be reappointed who would demand very punishing terms for peace. Resentment at Bute's final peace settlement was very strong reflecting Pitt's anger: the Peace was insecure because it restored the enemy to her former greatness. The Peace was inadequate because the places gained were no equivalent for the places surrendered. The Duke of Devonshire opposed the peace agreement because it gave up too much in relation to the sacrifice of the war. George Grenville objected to the exchange of Havana for Florida. In April Choiseul demanded that Britain return Martinique. The Cabinet members understood that if they complied Choiseul would merely try to swindle them out of more British gains. Egremont Grenville and other Cabinet ministers recommended trading Martinique for Guadeloupe or Louisiana while Newcastle and Bedford opposed the proposal on the ground that the French would not accept it. Without consulting the other ministers on April Bute offered in a letter to Choiseul the exchange of Martinique for the islands of Tobago, Dominica, St. Lucia and St. Vincent; in brief territories of no value whatever so that he could avoid demanding an equivalent value such as Louisiana. It was an act of crumbling before France and saving face in the surrender Britain had fixed on.
absolute victory in Canada because the Indian terror would never stop until the Indians lost their French backing. The Peace of Paris awarded to Britain Canada but not Illinois Florida Senegal India and some Caribbean islands Canada alone was twelve times the size of England; its ultimate acquisition established Britain as the final victor in the four colonial wars.

The Treaty of Paris of maintained Pitt's formulation that a nation should hold whatever it had won in the war to date. Thus Britain had won Canada the Louisiana east of the Mississippi and Spanish Florida France on the other hand lost India Canada and half of Louisiana; she gained Minorca and two Sumatran trading posts France recovered Bellisle the Newfoundland fisheries and five towns in India. She promised not to fortify Dunkirk return Minorca and give Britain Senegal and North America up to the Mississippi Britain received the right to cut logwood in Honduras Choiseul remained in control of France and his lifelong goal was to take revenge on England France also strengthened the Austrian alliance by Choiseul's having Louis XVI to be to marry the daughter of Maria Theresa Marie Antoinette in France was not delighted with losing Canada Vaudreuil Bigot and more of the Canadian administrators were thrown into the Bastille on charges of fraud.

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The islands were St Vincent Dominica and Tobago. Cf Koehn Nancy F The Power of Commerce: Economy and Governance in the First British Empire Cornell University Press 1990 p 198

Cf Peckham Howard H Speculations On The Colonial Wars The William and Mary Quarterly third series 1982 p 226


Cf Howard H Peckham; The Colonial Wars 1689-1763 the University of Chicago Press 1990 p 226

Cf Reddaway W F A History of Europe from the Stone to the Steel London Methuen & Co 1990 p 226
Twenty one of them were put on trial in December. Further in the Secret Treaty with Spain of 1795 France had committed herself to giving Spain Louisiana. The capitulation of Montréal in 1760 did not include the Illinois country. Accordingly this area was not ceded to Britain in the Treaty of Paris of February 1763. Thus when Spain was forced to cede Florida to France could compensate Spain with all of Louisiana west of the Mississippi. France did not violate her Family Compact with Spain; Spain was given Louisiana in compensation for her losses in the war. On the contrary just as the United Provinces and Austria had felt betrayed and abandoned by Great Britain in the previous wars this time Great Britain broke its faith with Prussia by making a separate peace. In the next decades Britain was repeatedly unable to find any European country to make an alliance.

Spain ceded Florida and fishing rights off Newfoundland. She had ceded Florida as the price to retrieve Cuba which Britain had taken. Spain had to restore all territories taken from Portugal. Florida had always been a deficit account in the Spanish Empire. In the secret treaty of 1783 France had foreseen the liability of losing Florida and encouraged Spain to enter the treaty by promising western Louisiana in such an event.

England returned the Philippines to Spain because their capture was not known.

The army supplies from France were sold to traders. Prices for things supplied from Canada were sold at inflated prices. Farm produce had to be sold to Bigot at low prices. The Indian gifts were overpriced. All of the price distortions were charged to the King and the administrators took the profits.

Cf. Howard H Peckham; The Colonial Wars. The University of Chicago Press. p 266
Thus at this date France lost her holdings in North America entirely. Cf. R C Simmons The American Colonies: From Settlement to Independence. Longman. p 266
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until after conclusion of the treaty. Although Spain committed herself to allowance of British logwood taken in Honduras. Britain agreed not to establish a military hold there. Britain also allowed the French to keep their trading posts in India under the condition of jurisdiction by the British East India Company. The French promised not to build forts in Bengal and to submit to the British-backed rulers of the Carnatic and Deccan. Britain also exchanged Belle Isle for Minorca; France promised to take down the fortifications at Dunkirk. Prussia received Silesia and Glatz.

Britain faced a dilemma in the Treaty negotiations; Pitt having been eliminated, she operated under the presupposition that she could require from France Guadeloupe or Canada but not both. The group concentrated around Pitt considered annexation of Canada the priority because the struggle over North America with France had already lasted years; clearly nothing but complete expulsion of the French would terminate it. The little Englanders advocates of Bute's Treaty argued that neither could England finance a longer war to acquire more nor if more had been acquired could she afford higher taxes to manage the acquisitions. Guadeloupe would be a positive profit to Britain whereas Canada being neither a supplier nor a market could be beneficial only indirectly perhaps by enhancing the benefit from the British colonies. Opponents of acquiring Canada argued the expense of Canada and the established profitability of the sugar islands. Priority was on commercial

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Cf Howard H Peckham; The Colonial Wars, the University of Chicago Press p 245
Cf Watson Steven J; The Reign of George III, Oxford at the Clarendon Press p 204
Cf Reddaway W F; A History of Europe from to , London, Methuen & Co p 645
Cf Koehn Nancy F; The Power of Commerce: Economy and Governance in the First British Empire, Cornell University Press p 645
Cf Koehn Nancy F; The Power of Commerce: Economy and Governance in the First British Empire, Cornell University Press p 645
Cf Koehn Nancy F; The Power of Commerce: Economy and Governance in the First British Empire, Cornell University Press p 645
benefit rather than on territory. Canada would also be expensive to govern. Britain intended that the new French provinces would have the same freedom and form of government as the British colonies but implementation of the idea was infeasible. Representative assemblies of which the French Canadians had never had the experience could not be immediately introduced because the inhabitants were French; if they had assemblies just after losing a war against Britain they would legislate recalcitrantly to British wishes.

The commercial argument was perhaps wrong even on its own terms; as pointed out by Massachusetts Governor Shirley, Benjamin Franklin and countless others prior to the Seven Years War the British American population was doubling every years. If the Caribbean islands were at present more profitable it was because of their supply economy of tropical products. If the market economy would inevitably tower over the Caribbean profits in the near future the greater profit would come from continental America especially since the Caribbean population could not increase and its supply could also not appreciably increase. Acquisition of Canada and by inference ultimate acquisition of the continent would have to be more profitable in the long run.

A more sinister objection to preferring Canada had been the idea that the presence of an enemy potentially able to conquer the British colonies guaranteed good behavior in the colonies vis-à-vis the British. The Duke of Bedford warned that elimination of the French threat would encourage colonial revolt against England. The fact that his apprehension was acute and prophetic distracts one from noticing that it is

British Empire, Daniel Morgan Pierce

not very logical. Assume his dilemma; either the colonies must have a neighbor strong enough to destroy them or they will revolt against England. If they would revolt against England they wouldn't be worth having in the first place. If France would suffice to keep them in British oppression then in so doing the colonies would be forestalled from profitable growth and not worth having. Or if it were obvious that the colonies would naturally revolt if there were no constraints it would have been more logical to make government more amenable for the colonists than to install an ogre always eager to eat them. Shirley, the Massachusetts Governor, argued against dilemmas of this sort: the French were unnecessary for colonial allegiance to Britain because the colonies were too dissociated to organize a united revolt against Britain. It was a decisive argument that successfully persuaded although it was false. Perhaps the positive argument that clinched the choice of Canada however was that of the English Caribbean sugar planters. They did not want the annexation of Guadeloupe and Martinique because they thought that the monopoly exclusion of French products would keep their sugar prices high. They feared that if all the sugar colonies were British the greater sugar production would reduce the price of sugar.

AFTERMATH

Pitt's main objective had been realized; the destruction of French external commerce: it declined to of its volume prior to the war. Louis had financed

the war exclusively through borrowing; now that debts needed to be paid back Louis was all the more weakened because Pitt had destroyed his commerce; Louis was receiving only half the revenue of customs duties as he formerly had. England was also hobbled; she had a £ million debt and a £ million annual interest charge Before the British war cost came to £ million National debt increased during the war coming to £ million with an average annual interest charge of £ million. In annual interest was £ million; in £ million.

Friction between colony and mother country had been a constant since inception; hostility did not start during or after the war. Anger to the point of desiring separation started due to events after not during the war although the causes of those events may be located during the war. At least until the Treaty of Paris the colonial situation with Britain was infinitely better than it could have been under some other European administration and better than if the colonies had been independent. It is true as pointed out ad nauseam that the colonies could not have attained independence if the French had not left America. It would be wrong to equate this with the proposition that colonists regarded the victory as an opportunity for independence. During the period of the Seven Years War both English and French recited the view

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British Empire Cornell University Press p 119

The debt amounted to £ per individual in England; since the American colonies were not allowed to take loans the colonist bore virtually nothing of this debt. Cf Cook Don; The Long Fuse How England Lost the American Colonies, Atlantic Monthly Press p 119

Cf Ritcheson Charles; British Politics and the American Revolution University of Oklahoma Press p 119

Cf Koehn Nancy F; The Power of Commerce: Economy and Governance in the First British Empire Cornell University Press p 119

Thomas Robert Paul; A Quantitative Approach To The Study Of The Effects Of British Imperial Policy Upon Colonial Warfare: Some Preliminary Findings The Journal Of Economic History p 119
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that the possessor of the American colonies would have European hegemony; colonies accordingly pretended a right to more autonomy in view of their importance to Europe.

The war itself appears to have had two effects on the colonists. The pan-colonial cooperation insofar as it was achieved united the several colonies into a collective consciousness as American colonists and the earliest attempts at political unification appeared. Second, this collective colonial consciousness was not exactly the same as remembering they were all English. The original English word colony meant nothing but plantation but by the mid-18th century it took for the English the slightly contemptuous meaning of dependant. The British armies luxuriated in the conviction they gathered about the inferiority of the colonists; the improvised formal military rule that every colonial officer no matter how high ranking was inferior to the lowest ranking British officer created strong resentment of aristocratic British pretensions.

Despite English military debt, English economy rose splendidly during the war years especially in foreign trade and manufacture. The amplified wartime navy made British external trade expand during the war. War had augmented the allies' needs for English exports and reexports one-third over prior export volume in India, America, Ireland, and Prussia. British debt had not as expected driven up general interest rates; government securities faultlessly paid every year of the war; since the interest paid was roughly the same as that for private loans government borrowing neither impinged on commercial credit nor inflated currency. At the

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Cf A Pocket History of the United States by Allan Nevins and Henry Steele Commager.

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same time government borrowing increased from £ million in to £ million in . In all the government borrowed £ million for the war. Most of the creditors were English not Dutch. If the government had borrowed excessively relative to the normal potentiality of the current economy government borrowing would have shortened the supply of capital available for private borrowing but this did not happen.

Nevertheless the buoyancy of the English economy was due to colonial trade; if the colonies were suddenly unable to absorb as much English export as until then the English economy would subside in sympathy. Britain's wealth based on foreign commerce became more susceptible to external disruptions; war regularly increased the cost of imports and decreased the profit of export. Although government increased money supply during war such as by selling government securities wages and prices usually rose in concert. In the wars of Spanish Succession Austrian Succession and Seven Years War real income fell the domestic population bought less and recession followed war.

But the colonies had been so short of capital that they were unable to develop what was fully ripe for development; the colonies were in a state of quasi-poverty not because of a shortage of supplies but because of constraint. This disallowance was largely nonverbal embodied in the rules of their money supply. At the same time as colonies were noncooperative or obstructive in issues such as quartering they aggressively competed to host prisoners' camps because the English government provided prisoners with specie. The colonists were enthusiastic about their English

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subjectship until the end of the war due to such peripheral benefits. War caused a very large influx of specie into the colonies; people generally fancy themselves to be patriots or something of that sort in connection with whatever happens to be their best source of income. From to the northern colonies prospered most from the British connection because of their proximity to the battlefields. Perhaps if the British had planned to finance the standing army after there would not have been a revolutionary war; as it was the north American garrison provided the colonies with £ of business very gratefully received by those conducting the business at least.

The economic war-boom was illusory; it had inflated the colonial economy only to deflate it all the more drastically when the war ended. The Currency Act of had been intended to limit the volume of paper currency in New England but the Seven Years War made the current monetary reforms inoperative. During the war British requisition for labor, soldiers, and material supply preponderated over the objectives of the Currency Act. The colonial issue of paper money was unhindered by the suspended currency statutes.

England went into recession in Usually England had an economic recovery at the end of war but the Peace of Paris introduced the opposite. As external commerce faltered from the war's termination English bankruptcies mushroomed. The financial crash on the Amsterdam Stock Market induced a sympathetic deterioration in the London stock market reflecting the enormous national debt and the probability of long term business recession in consequence. English economists

One George G Harrap & Co Ltd 1938 126 p 114-115
Cf Ernst Joseph Albert; Money and Politics in America University of North Carolina Press 1967 p 218-237
Cf Koehn Nancy F The Power of Commerce: Economy and Governance in the First
wrote subsequently to the Peace of Paris that excise taxes which affected mainly the ordinary and poor people of England would necessarily raise wages because those employed received only subsistence wages. If most English subjects received only enough money to survive, the prices rising due to excise tax would necessitate payment of higher wages merely to keep the working poor alive. Higher wages would raise the prices of British manufacture vitiating their competitiveness against substitute production in the colonies or foreign countries. Excise taxation would merely lose in one corner more than what it gained in the other. Government accordingly refused to continue excise taxes on essential commodities. The general recommendation was therefore to pay the national debt by extracting more revenue from the American colonies and India.

English merchants who extended credit to the colonies when they were afloat with war money recalled funds from colonial loans in order to save their own solvency in England. However, the end of the war suddenly withdrew colonial sources of money, making the colonies unable to pay their debts. The economic conditions prior to the war returned: demand for repayment in specie, scarcity of specie, unfavorable exchange rates, and low prices for export commodities. Merchants complained to British government that they would not be repaid the true value of their debt if colonial currency depreciated and colonists were not allowed to pay in such currency. Whereas England had allowed the colonies to print money ad libitum for as long as it enabled them to pay soldiers and meet requisitions during the war, the Currency Act of extended the currency restraints on all colonies and forbade institution of public loan offices.

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To England the imposition of the Currency Act of 1764 was merely a realignment with the policy of 1763 when its effect was so rudely suspended by the War; to the colonists the Currency Act was an outrageous demonstration of British ingratitude for the colonial sacrifices of the Seven Years War. Grenville's Stamp Tax on the colonies had already been proposed by the Board of Trade in 1763 before the war. The Proclamation of 1763 restricting colonial settlement had been studied in the colonies by the Board of Trade. To the English the legislative measures after the Seven Years War were merely continuations of what was in plan prior to the interruption of the Seven Years War.

The immediate English imposition of the Currency Act was probably fueled with indignation that the colonists had profiteered off the enemies throughout the war; colonials had ruined the British naval blockades by trading as usual with the French and Spanish Caribbean islands. The colonies needed to sell surplus agricultural production; so much as could not clear on the internal market had to be sold at any vent possible for otherwise the colonies could not have paid the heavy taxes and requisitions. It had the highly unfortunate effect of enabling the French Caribbean islands to be a supply depot for the French war on the continent. The British given their naval supremacy would have won the Seven Years War far more quickly if the Canadian French had been deprived of this secondary source of supply; the French

Marshall: The legislative measures the colonies after the Peace of Paris were neither original nor did they amount to an attempt to create a new relationship between the colonies in the mother country. Increased awareness of the potential value of overseas possessions had merely induced some major politicians to try to remedy defects that had become apparent during the Seven Years War and had indeed been noted for several decades before the war. Cf Koehn Nancy F. The Power of Commerce: Economy and Governance in the First British Empire. Cornell University Press. p. 59


Canadian army would have had no supply of food. The colonies had been heavily trading with the French islands at least since the War of the League of Augsburg; since it was never restricted and had become essential the colonists did not change their habit when it had in effect become treasonous. Despite its illegality the colonists tripled or quadrupled their Caribbean trade with the French thus providing the condition without which France could not have prolonged the war.

The Currency Act of immediately following the conclusion of the war forbade legal tender clauses for paper money demanded that former money issues be redeemed on time with no protraction and that debts be paid to British merchants in sterling. The colonists however objected that the paper money had been issued during wartime when England was not supplying money and there was no other source for meeting expenses; now that soldiers had accepted pay in paper money it would be unjust to deny legal tender. Except for Boston and occasionally other commercial ports taxation had efficiently redeemed paper issues without causing inflation. Courts executed sterling debts at the current rate of exchange so the exchange of colonial paper for sterling should not cause any loss. A merchant might lose money due to fluctuation on an increasing exchange rate but the merchants had failed to point out that they gained money just as often from a falling exchange rate.

England was unsympathetic apparently because she was possessed of the idea that the colonists became prosperous from their illegal trade. When British colonial revenue was from the customs duties there had been no conflict between commerce and tax revenue since revenue was a positive variable of commerce. The colonial

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disregard of the Molasses tax and other restraints following the Seven Years War might have imparted a crucial inference but was neglected: Britain could have kept the highly profitable monopoly market in the colonies only if she supplied her goods more cheaply than they could be bought on the open market: laws are effective only if there is some voluntary consent from the person submitted to them. The British policy of evading some of her expenses by hoping the colonies could pay for some of them had eroded this fundamental condition. Upon return to the economic reform that Britain had interrupted during the Seven Years War, government revenue and commerce with the colonies had been set at cross-purposes. If the reform of taxation was to derive from sources other than commerce, then increased taxation would diminish commerce and restricted taxation would improve commerce. Since most taxation would probably continue to be customs duties, taxation in one form might be a loss of tax revenue in another. If it was imperative to vent British manufacture in order to forefend domestic unemployment, it would be disadvantageous to impose high taxes on the colonies.

The prejudice of colonial prosperity was illusory although the impression lasted for as long as the British armies were there. The result of this new jealousy was not illusory. England had always used customs duties to regulate colonial trade, but the British prepossession of the comparative wealth of the colonies led England for the first time to use taxation to produce revenue. The colonies had established that only their colonial assemblies could impose revenue taxes. The colonies had used self-taxation to provide the British army during the war and self-taxation to support the metropolitan government apparatus in the colonies.

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Cf: Cook Don. The Long Fuse: How England Lost the American Colonies.
Despite Pitt's reimbursements, the colonists paid the greatest amount of the military expenses in the forms of high taxes and inflation and the human loss itself left an economic signature. Economic cost to the colonies should not be calculated only monetarily. Throughout the war period more than one fifth of the male population in the main areas was killed, particularly in the New York-New England area; a loss of over one fifth of the labor force has to seriously degrade the economy. The children and widows of the dead soldiers made up a large part of Boston's homeless and destitute. Boston had the highest per capita burden in Britain and yet at the same time British resentment for colonial prosperity focused most of all on Boston.

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