

WHY AMERICAN INDEPENDENCE IN 1776 WAS A BIG MISTAKE

or

Greater Canada, From the Rio Grande River to the Beaufort Sea

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INTRODUCTION

I am writing this piece in preparation for the 4th of July, the date when Americans celebrate the American Revolution and the birth of the United States as a Nation. But when one looks at the wake of this successful revolt, the bad outweighs the good. While there were certainly some liberal and republican principles motivating independence that were laudable, political and economic systems remained elite-dominated and the United States had a severely restricted franchise. Despite the appellation of Revolutionary War, the United States has never really had a revolution. The War for Independence was led by native-born elites, just as it was in Spanish America. The *criollos*, too, bristling at having to share power with elites in distant England and at having to pay even minimal taxes.

The Southern revolt was supported by some of the largest slaveholders in the 13 colonies, names like Washington and Jefferson. Emancipation was still impractical in the 1770s in the British Empire, but the institution of slavery was so sacrosanct among these Southerners that Dunmore's Declaration, which promised freedom for any enslaved person who fought for the British cause, their freedom. The institution of slavery could not be weakened, even to gain advantage in a deadly struggle. As is well known, independence led to a United States dominated by slaveowning interests, which would cause slavery to endure far longer than most places, and with the resolution requiring a bloody, destructive Civil War. By the mid-19th century, the British Empire could have easily crushed any slaveholder revolt. But let's get to that later. First, let's discuss the ways the numerous wars that could have been avoided if the 13 colonies had never declared independence and had not separated from the British empire in the late 18th century.

The first war to be avoided was the War of Independence. Casualties from this war were significant. Military deaths on the rebel side numbers in the tens of thousands. Deaths from disease numbering in the hundreds of thousands, while deaths on the British side (including Loyalists and Germans) exceed 20 thousand. Beyond the mountains of corpses, we must add the property destruction, and the recrimination that come with any internal conflict. Rebels and Loyalist control would alternate in cities, with recrimination, accusations of treason, and so on, pitting brother against brother in the 13 colonies. Loyalists on the losing side had their property expropriated without compensation, and they were forced to flee the new nation for the remaining British territories in North America, especially Upper Canada.

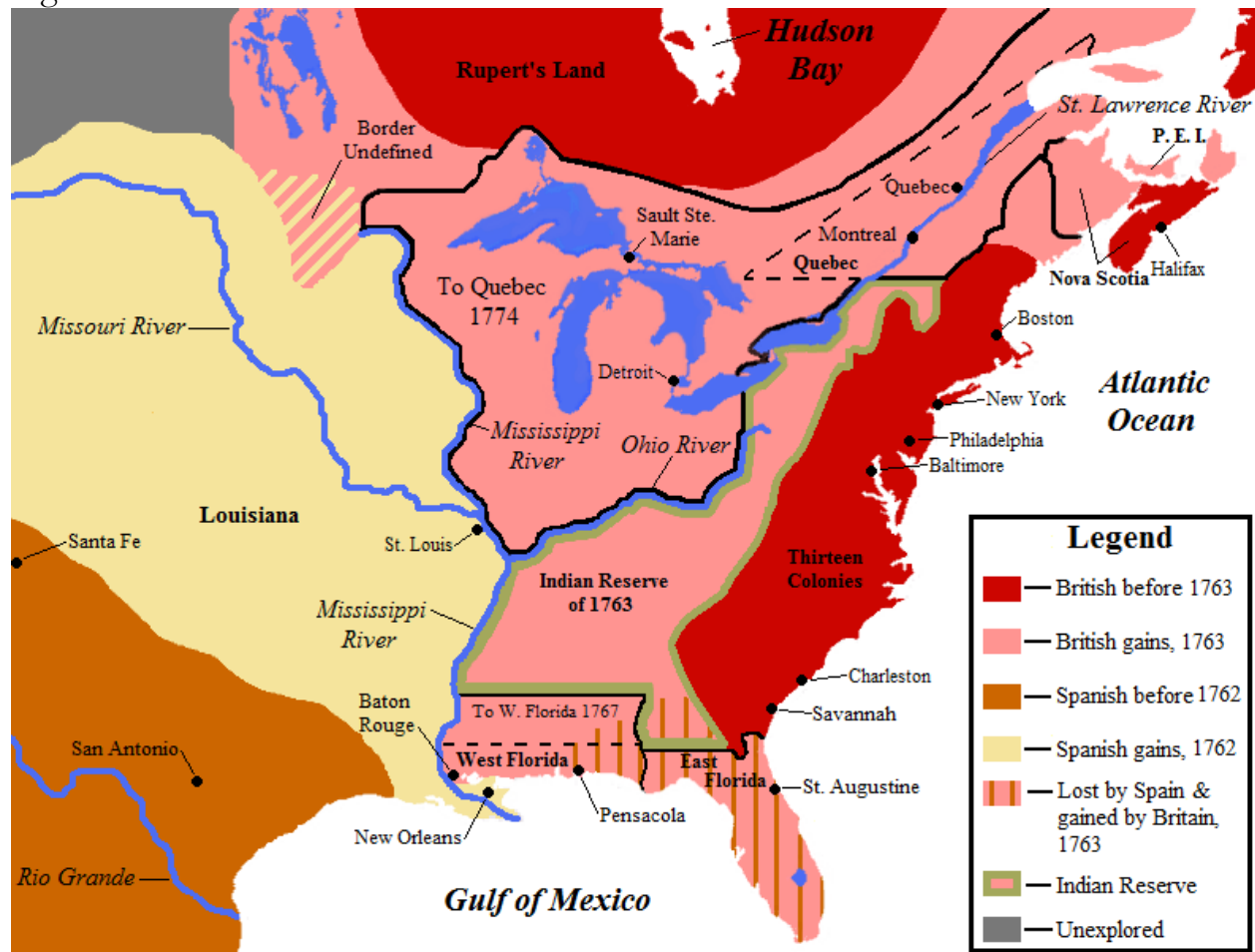
There would also no longer be a war of 1812 between the United States and the British Empire/Canada. Total deaths from all causes are estimated at 15 thousand for the United States, ten thousand for the British side, and around the same for the indigenous allies of the British. Rather than facing impressment by the British and attacks on American shipping, the 13 colonies would see buoyant export conditions supplying the British Empire in its struggle against Napoleon. Washington D.C. would not have burned down, but on the other hand, it wouldn't have existed. Baltimore would have been the major city in the Chesapeake region, as it offered the best connection to the Ohio River. Georgetown, Maryland and Alexandria, Virginia would make up a small Twin City metro area along the Potomac between Baltimore and Richmond. This minor port would export tobacco from the Chesapeake region to the rest of the British Empire.

THE CONFEDERACY AND SLAVERY

This commitment to the institution of slavery during the War of Independence would presage the durability of the institution of slavery in the United States. No compromise was possible for the U.S. South, and the price of emancipation was rivers of blood and mountains of treasure lost in the Civil War. At least three quarters of a million men died in the war, perhaps as many as 850,000. The direct cost to the Union was over \$2 million, direct spending by the Confederate government was over \$1 million, and capital destruction in the South added \$1.5 million to the cost of war. According to Goldin and Lewis, the cost of the Civil War was as much as 1/4 of total per capita consumption in 1864 and the costs never dropped below double-digits from 1862-1874. We must also figure in the cost of a delayed emancipation, which was retarded by American independence, as well as the pernicious effect of the legacy of slavery and the Confederacy on American institutions, American discourse, and American politics (See Goldin and Lewis, 1975; Hacker 2011). Opening the Pandora's Box of the idea of a nation founded on the principle of racial slavery is something that can never be undone, and the Confederate flag is still flown today by neo-Nazis in Germany, an ocean away.

Given that the path of slavery in the 13 colonies would no longer lead to the Civil War, what would be the fate of this institution, no longer peculiar, in the 13 colonies? Here we need to consider the situation after the Seven Years War, following the British takeover of New France with the Treaty of Paris. British control now extended from the Atlantic Ocean to the Mississippi, with the Spanish taking over Louisiana west of the Mississippi and ceding the Floridas to the British. Previously, British authorities had overlapping claims with the French west of the Appalachians, and so were willing to accept British colonial settlement in these contested areas to bolster their claims. With the French no longer a threat on the North American continent, there was no need to pay to protect settlers from Indian attacks or to provoke the natives. Peace was the best policy on the frontier, and so the Proclamation Line of 1763 was established to limit the 13 Colonies to points east of the Appalachians.

Figure 1: Proclamation Line



With independence, the United States obtained access to the territories between the Appalachians and the Mississippi, but without independence, this proclamation line would have endured. This would have limited settlement in southwestern areas of the Southern US like Alabama and Mississippi. Without independence, tobacco from the Chesapeake would have no longer faced steep tariffs in the British market, and so many tobacco farmers would have kept more slaves in the Chesapeake area of Maryland and Virginia to produce for growing export markets. While the cotton gin would have expanded cotton cultivation in the South, the British ban on the slave trade would have limited the expansion of slavery. Even once settlement was permitted past the Proclamation line, slavery would not have been permitted further west. Indeed, in this timeline, slavery was banned in the Northwest territories north of the Ohio River (and west of the Appalachians), but were permitted south of the Ohio. Given opposition to slavery in Upper Canada (banned slavery in 1793) and in the northern colonies (banned in Vermont in 1777, banned in Massachusetts in the early 1780s, etc.) there would be support locally for bans on slavery west of the Proclamation line.

This would have meant a limited amount of land available for enslaved labor, and no possibility to export slaves given British bans on the slave trade. Given natural population growth, the ratio of the enslaved to land would have risen, increasing land rents and reducing returns to labor. This would then reduce slave prices as the net present value of their coerced labor above the cost of their support fell toward zero. The depletion of the soil which had sent slaves westward in the United States would further reduce returns to labor in this timeline. A similar dynamic occurred in the British West Indies, as they also had the same British restrictions on the slave trade and a fixed amount of land. The Proclamation Line would make the North American areas that still permitted slavery an island of their own. As slave prices fell, the slaveowners in the British West Indies were happy to take compensated emancipated at current prices rather than seeing their investment fall in value to nothing in a context of rising abolitionism. There was no better deal to be had by waiting or holding out for British slaveowners in our timeline, and this would have been the same in the Southern 13 colonies.

Maurer (2016) argues that without independence, the vast number of slaves would have overwhelmed the ability of the British Empire to pay compensated emancipation. Compensated emancipation would certainly have cost more for the British empire with the addition of the slaves in the 13 colonies. However, there would have been the additional GDP of the 13 colonies to fund compensated emancipation as well. As argued above, policy changes would have shrunk both the number of enslaved people and the prices to purchase an enslaved person by an order of magnitude or more, making this policy affordable again. However, let's consider a rejection by Southern slaveowners of an offer of compensated emancipation. Any revolt would have been easily suppressed by a powerful British Empire, and so the only other option would have been uncompensated emancipation. Given the poor prospects for independence and the prospect for unconditional and uncompensated emancipation in the wake of a failed revolt, the Southern slaveholders would follow slaveholders in the Caribbean in accepting compensated emancipation around 1833. Additionally, in our timeline, the cost of compensated emancipation in the United States alone was far surpassed by the direct costs of the Civil War, even abstracting from all the bloodshed involved. If this cost was borne in our timeline, a lower cost certainly could have been, even if it was only paid by residents of the 13 colonies alone and not by the rest of the British Empire.

COTTON AND FREE LABOR

However, the productive potential of the more fertile lands for growing cotton west of the Proclamation Line would have been undeniable, especially once cotton textile production began surging in Britain. Cotton is a labor-intensive crop and so the method of settlement would need to be different given the requirement to produce using free labor. Given French and Spanish Creole in areas near the Mississippi and in the Louisiana Territory, having Irish Catholics who spoke English settling with their coreligionists would make sense to integrate these locals into the British polity. Given the dire situation in Ireland with the potato blight of the 1840s, settlement of Irish families in the new cotton lands in western parts of the South, even toiling on small plots, would be much preferred to starvation in Ireland. After the American Revolution, the British government encouraged settlement in Ontario by giving free land, so a similar policy to encourage free settlement in the Southern cotton lands would be logical. In this alternative timeline, economic historians point to the importance of Imperial supplies of cotton as being decisive in the British Industrial Revolution. Later in the 19th century, as condition in Ireland improved, Chinese and Indian contract labor would be used to apply labor intensively to produce abundant cotton exports for the British textile export machine.

THE WESTERN FRONTIER

Now, you might be asking yourself, how far does the frontier extend in the West? Well, the status quo after the Seven Years war was British control East of the Mississippi, with Spanish control of Louisiana to the west. Given that French finances had been wrecked by the Seven Years War, I will assume a French Revolution will occur at some point and eventually France will at the very least threaten Spain. After French victories in the War of the First Coalition, France and Spain ally in 1796 against the British and so this would be a clear opportunity for the British to take Louisiana. If they had not, the Peninsular War against Napoleon's occupation would be a clear opportunity for Spain to sell Louisiana to their British Allies. Another possibility is Napoleon taking Louisiana, as he did in our timeline, but then not selling it. Instead, France would lose the territory to the British in the peace settlement after Napoleon's defeat. But control of New Orleans and the Mississippi River basin is too important for the British to not take Louisiana one way or another, given the many opportunities they would have around the turn of the 19th century to do so.

BENEFITS OF ECONOMIC INTEGRATION

We know that the United States entered a deep economic downturn after independence. Now the United States had to fund its own military, after getting protection from the most powerful empire in the world in exchange for a very light tax burden. The complaints of the "patriots" were frivolous as the colonists could largely manage their own affairs and the levels of taxation were much lower than those in Britain. The benefits of membership in the British empire were much larger than the costs. The United States also lost the system of imperial preferences and subsidies that encouraged shipbuilding in New England as well as growing of rice and indigo in the Deep South. Faced with British tariffs, exports of tobacco in Maryland and Virginia suffered as well.

Turning our attention north, the areas that became Canada in our timeline would benefit immensely from retention of the 13 colonies. At the time of American independence, Quebec had recently been conquered and added to the British empire. Illicit smuggling between Montreal and Albany had been extensive during the New France period, and so being part of the same empire would only strengthen the commercial links. In general, there are large border effects that reduce trade, and this reduces economic activity within countries by impeding specializing and exchange. Adam Smith argued, the degree of specialization is limited by the size of the market, and American independence limited both the market size of the United States and what would become Canada. McCallum (1995) famously found that Canadian provinces trade 22 times more with other provinces than they do with U.S. states. Anderson and Smith (1999 a, b) find this effect, while diminished, remained significant more than a decade after the Canada-U.S. Free Trade Agreement. This effect continues to impede economic integration between Vancouver and Seattle, Detroit and Windsor, and so on to the present day. Without American independence, the Detroit-Windsor metropolitan area is much larger, lying along the main railroad line between Chicago and Montreal or Boston.

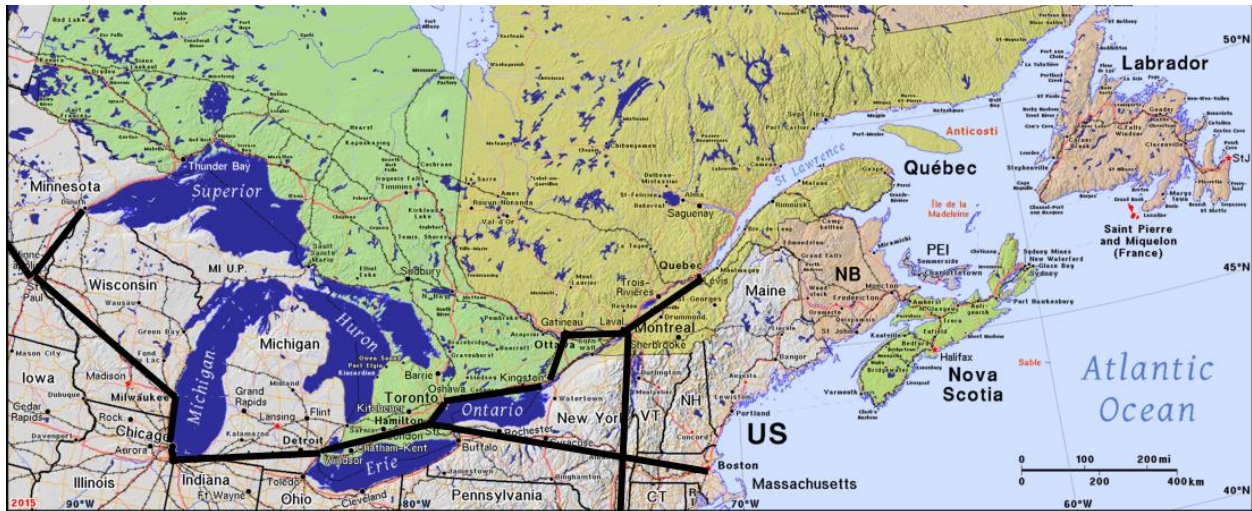
American independence also separated the Great Lakes between the United States and the new province of Lower Canada (which would become Ontario). Upper Canada (which would become Quebec) continued to control the Saint Lawrence which connected the Great Lakes to the Atlantic Ocean. This made the Erie Canal preferable to connect the Great Lakes (and the Midwestern breadbasket) with the Atlantic port of New York City, even though this required a long canal across New York state from Buffalo to Albany. The Erie Canal was the longest canal in the Western hemisphere. But making short canals through rapids and portages between the Great Lakes and the Saint Lawrence is a much easier task, which was eventually completed as the Saint Lawrence Seaway. This involves making canals in Montreal, along rapids further west in the Saint Lawrence, around Niagara Falls (the Welland Canal), and constructing or widening and deepening waterways between Lakes Erie, Huron, Michigan and Superior. These sections, however, are much easier and cheaper to construct than the Erie Canal, and even provide an easy connection through Lake Champlain and the Hudson River to New York City.



These Canadian waterways were eventually completed but were delayed as grain supplies in the early 19th century in Canada were much smaller in volume, and so the profitability of these connections for Canada alone were much lower. Splitting the Great Lakes between two countries greeted uncertainty about the border changing due to invasion, as well as splitting the market size in two, which created redundancy and delayed infrastructure improvements significantly. The construction of the Saint Lawrence Seaway in the early 19th century would make Montreal the main interface between the Great Lakes and the Atlantic, rather than New York City. Now Montreal, and not New York, emerges as the major megalopolis in North America north of the Rio Grande. St. Catharines, currently a little-known city in Ontario, would have been a major city in the 19th century like Buffalo was in New York. St. Catharines would likely be many times larger than Buffalo due to its location along the Welland canal, which would then be the most important canal in North America.

The dispossessed Loyalists were to found the province of Upper Canada after American Independence, which would become Ontario in our timeline. In this alternate timeline, Southern Ontario would be settled by New Yorkers and New Englanders moving west instead. Northern Ontario would be settled by French speakers from Quebec, in cities like the *Baie du Tonnerre* (Thunder Bay) or *Sainte-Anne-des-Pins* (Sudbury). Perhaps more French speakers would have moved west without as many anglophone Loyalists in Ontario, perhaps spreading the French language further west into the Prairies. While an independent USA probably has faster industrial growth early on given tariff protection from British imports of textiles, the Second industrial revolution in the USA is driven by natural resource-intensive manufacturing which is based on extraction around the Great Lakes area (Wright 1990). By unifying the Canadian and American areas of the Great Lakes, this would allow increased industrial growth and a larger economic area concentrating on resource-intensive manufacturing like steel, glass, automobiles, and so on. This industrial area does spill over into the Golden Horseshoe area of Ontario in our timeline, but this would accelerate industrialization on both sides of our border if there were no border.

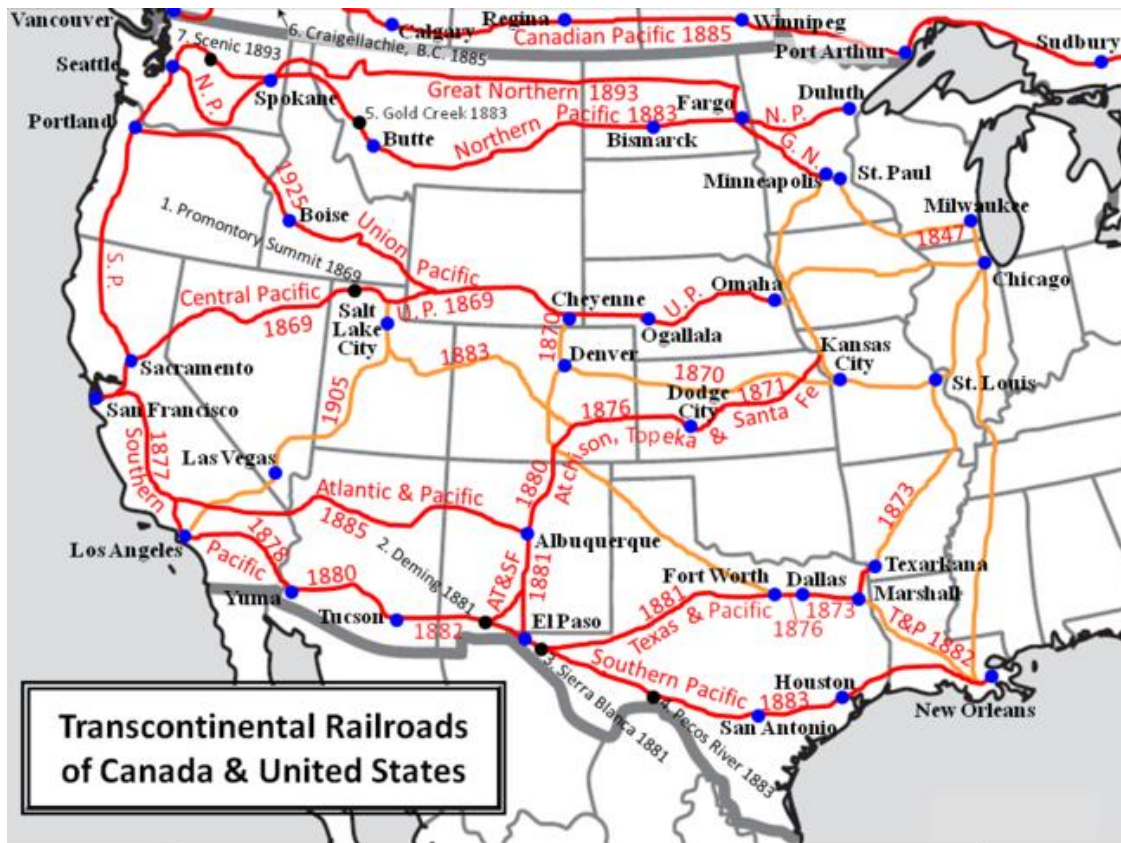
The USA remaining in the British Empire would also affect the path of railroads across the continent. The City of Saint Catharines, on the Welland Canal, would now be a major urban center and port, perhaps eclipsing Toronto, and certainly bringing more of the population in the Golden Horseshoe further south. One main rail line would then be from Boston to Albany to Saint Catharines to Hamilton to Windsor to Detroit to Chicago onward to Milwaukee and Minneapolis. Naturally, there would be a rail link from the Maritimes to Quebec to Montreal to Toronto then connecting to Hamilton, as well as an important line from Montreal to Albany to New York.



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TRANSCONTINENTAL RAILROADS

Given the timeline outlined here, the first Transcontinental is built around the 1850s and takes a Northerly Route. This is for two reasons: first, I assume that Mexico retains San Francisco until the 1860s, and so the largest Pacific city in the British Empire would be Seattle. Secondly, the Rockies start further west the further north one goes, which allows for easier construction further north, though one can take advantage of lower elevations in what is now eastern Washington which are not present further north in the Rockies. This northern route is also closer to the Canadian prairies, which would be important for grain production for export through Duluth onward to Montreal. I assume this route largely follows the Northern Pacific transcontinental railroad, but with more branch lines to what is now Canada. This would involve a path from Minneapolis to Bismarck to Helena to Seattle, with branch lines to Vancouver and Portland. Naturally, the Canadian transcontinental railroad would no longer be constructed, instead branch lines from the Canadian prairies and British Columbia would run south, and the long route in northern Ontario through Sudbury, essential to connect Canada, would no longer be constructed, given more southerly routes passing through larger population centers of the Great Lakes.



EXPANSION AT MEXICO'S EXPENSE

Would Texas have become independent in this alternative timeline? It's hard to say. And what of the other Mexican territories annexed by the USA by the treaty of Guadalupe Hidalgo (and the Gadsden purchase)? Even harder. But we can think about how things might have been different. Mexico would have wanted to encourage settlement in sparsely settled northern territories, and American settlers would have been happy to settle in Tejas. Without the slavery issue, settlement of free labor in Texas would have involved fewer frictions with a Mexico which had banned slavery. But, on the other hand, without the slave issue, independence is less likely to legalize slavery. But let's back up a bit. Mexico declares independence in 1810 during the French invasion of Spain in 1808. The United Kingdom was allied with Spain to oppose Napoleon, and so they would have opposed Mexican independence too, but the British were pre-occupied by events in Europe. Mexican independence in 1821, recognized by Juan O'Donojú, the viceroy of New Spain at the time, was not recognized by the Spanish crown. Spain tries to invade multiple times before finally recognizing Mexican independence in 1836. This would have been an opportunity for the British empire to take over some Mexican territory, either in concert with Spain in exchange for British support, or in concert with Mexico in exchange for guarantees of Mexican independence.

But the best opportunity to gain territory at Mexico's expense would have been in concert with France and Mexican conservatives during the French intervention. This intervention was sparked by a Mexican default on the debt. In our world, the British settled and did not intervene, while the French did not settle and did intervene. This occurred in the 1860s, soon after the Franco-British alliance during the Crimean War in the 1850s. The British empire in this counterfactual could have instead intervened with the French and annexed more of Mexican territory. The Rio Grande River forms a natural border, so this would also form a border between British North America and Mexico in this alternate timeline. How far west British North America would extend is more difficult to predict, but the British Empire was interested in annexing Alta California in our world, and so taking this province would in a counterfactual world find support. At this point, Anglo settlers would have already poured into Northern California and so they would be ready to revolt in tandem with a British invasion. At this point, by 1870, British North America would stretch from the Rio Grande River to the Beaufort Sea. One would have to think that Confederation of Canada would occur around when it did in our world, with a more gradual independence across British North America, along a similar path as Canada did in our world.

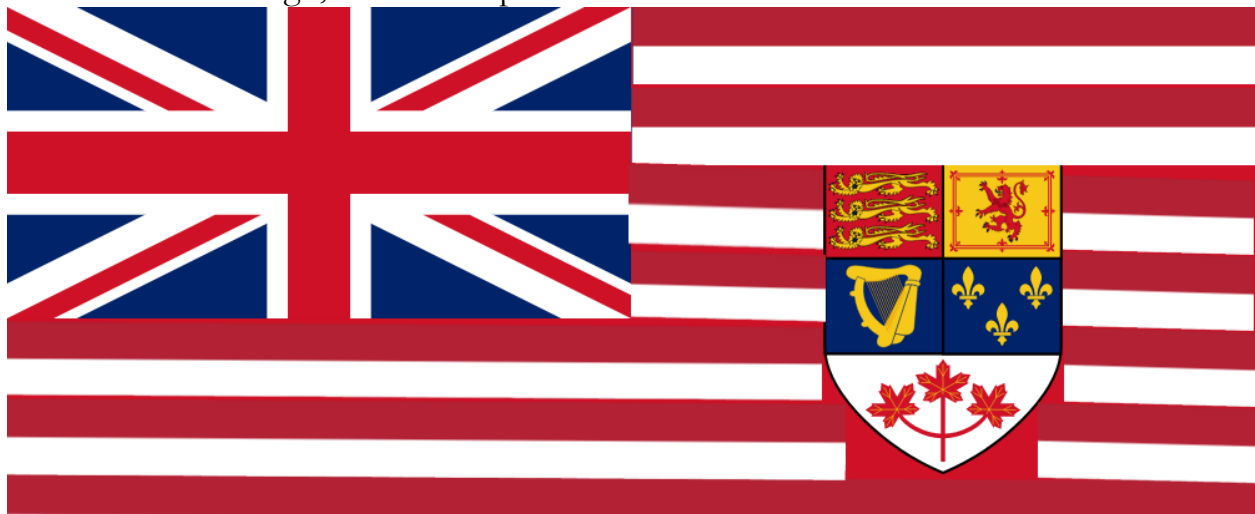
Once Alta California and the other Mexican territories are added, then the other lines of the transcontinental railroad would be added. In this timeline, the Overland route from Omaha to San Francisco was chosen during the Civil War when Southern representatives were not voting, and the Northern route was not as attractive due to Canada being a foreign country. Given this, and the additional population stemming from massive Irish immigration to prosperous cotton exporting regions in the South around Louisiana, as well as the difficulties in passing through the Rockies around Denver rather than simply avoiding the Rockies by going on a more southerly route to El Paso, would mean the Southern Pacific (Sunset) Route would occur next, with the Overland Route, the first transcontinental railroad in our timeline, would instead be one of the last transcontinental railroads constructed. At El Paso, the flatness of Texas can easily cross, until reaching New Orleans, a huge metropolis and export port for cotton, flooded with Irish immigrants heading for the city with the most people of Irish descent on earth, part of the most Catholic state in the country. Jackson Square instead has a statue of Prime Minister John Russell, the great Whig that led the Irish to freedom and prosperity in the Deep South of Canada.

EPILOGUE

The transfer of Alaska to the United States would have not occurred in the absence of a United States. This sale was made due to the precarity of the Russian position in Alaska and hostilities between the UK and Russia in the wake of the Crimean War. Without the United States to play off the British, the North American residents of the British Empire would open up a North American Front in the Crimean war and conquer Alaska from the Russian Empire in the 1850s. If the conquest didn't occur at that time, the Klondike gold rush of the 1890s would have meant a British conquest of Alaska. By that point, Canada would stretch from the Rio Grande to the Beaufort Sea. The final addition, Newfoundland, would without a doubt join Canada in the late 1940s as there would be no option to join the United States.

One might ask, then, what about Hawaii? The British Empire was interested in annexation, but the United States was ultimately successful at taking over the Kingdom of Hawaii. It seems very likely that Hawaii would also be taken over by the British Empire. Now, Americans would instead serve in the British militaries, serving in the Boer War, in World War 1, and in World War II. The British position in the Pacific would be strengthened by Her Majesty's Naval Base in Pearl Harbor, which was still caught off guard by the Japanese, having sent the bulk of its naval forces to the European theater in 1939. This would hopefully shorten these conflicts and lead to easier victories for the allied side in both World Wars. One could easily see the British monarchy settling in a more secure location in the North American continent during the Second World War. Would they remain in the most prosperous part of the Empire after Allied victory? That's one thing we will never know for sure.

Canadian Red Ensign, with 13 stripes for the 13 colonies



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