The year 1659 is marked by the arrival of Monseigneur de Laval, with the title of Bishop of Petræa, in partibus, and the powers of Vicar Apostolic, to preside over the church in New France; from 1674 to 1688 he exercised full powers as Bishop of Quebec. In 1663, the Company of New France practically acknowledged its insolvency and made a surrender of all its rights and privileges to the King. It had not carried out its engagements; in fact its policy had differed little from that of its less distinguished predecessors. It had bound itself to plant in Canada not less than 4,000 settlers in fifteen years, yet a census taken in 1666, 35 years after it had begun operations, showed that the whole population of the country was less than 3,500.

Royal Government.—The King accepted the surrender made by the company and proceeded to establish a still larger one under the name of the West India Company. Colbert, the great Minister of Marine and Colonies and the incarnation of the mercantile system, was the inspirer of the idea; yet, as the prestige of Richelieu had not saved the Company of New France from shipwreck, neither did that of Colbert and his royal master save the Company of the West Indies. It lost its monopoly of Canadian trade in 1669. The country had been governed since 1663 by the Sovereign Council of New France.

The first governor of New France to make a name for himself in history is Louis de Buade, Count Frontenac, who arrived in Canada in the year 1672; but a few years earlier a man of greater note had been sent to Canada as intendant, an office involving financial and judicial authority exercised in nominal subordination to the Governor as the King's personal representative, but with a large measure of practical independence. This was Jean Talon. He was the first to perceive the industrial and commercial possibilities of the country, and the first to take any effectual steps for their development. Mines, fisheries, agriculture, the lumber trade and one or more lines of manufacture all received his attention. He returned to France shortly after the arrival of Frontenac, but he had given an impulse which had lasting effects upon the economic life of Canada.

Frontenac, a veteran soldier, established good relations with the Iroquois, who had been the most dangerous enemies of the colony, but his relations with the intendant, Jacques Duchesneau, who succeeded Talon after an interval of three years, were most unhappy, and those with Bishop Laval were somewhat strained. So much trouble did their disputes cause to the home government that both he and the intendant were recalled in 1682. Two mediocre governors, M. de la Barre, and the Marquis de Denonville, succeeded; after them Frontenac, now in his seventieth year, was again sent out. It was on the day of his departure from France, August 5, 1689, that the terrible massacre by the Iroquois, narrated in all Canadian histories, occurred at Lachine.

A month or so before this, France had declared war on England as a sequel to the English Revolution of 1688, and Frontenac made it his first duty on arriving in Canada to organize attacks on the neighbouring English colonies. The massacre at Lachine was outdone by massacres by French and Indians at Schenectady, and other outlying English settlements.

The English colonists did not remain passive under these attacks. In May, 1690, an expedition under Sir William Phipps, a native of what is now the state of Maine, sailed from Nova Scotia, and took possession of Port Royal and other forts and settlements in that region. With a greatly increased force, some thirty-two ships in all and over two thousand men, he set sail for Quebec in full expectation of capturing that fortress and making an end of French power in North