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## From COMPETITION to UNION

K. G. DAVIES

THE STRUGGLE between the North West and Hudson's Bay companies from 1800 to 1821 can be seen as a clash of styles. On one side were the North Westers, the Cavaliers of the fur trade, flamboyant, extravagant, preoccupied with the "honor of the concern," dashing but defeated. On the other side stood the Hudson's Bay Company, the Roundheads: sober, persistent, concerned above all with their own rightness and winning the charge at the end of the day.

Any such stark antithesis demands qualification. The Roundheads beat the Cavaliers, not by being right but with better cavalry; and as the competition for the fur trade proceeded to climax, the Hudson's Bay Company threw some of its traditions overboard and fought the North Westers with their own weapons. From 1814 to 1820, the company recruited men, spent money, and incurred losses with uncharacteristic profusion; it gave Colin Robertson and Governor William Williams elbow room to show the North Westers that the drawback to North West methods was that both sides could use them; and Thomas Douglas, Earl of Selkirk, leading his private army to the capture of Fort William, struck a blow at the North West Company more outrageous, more "cavalier," than any suffered by his own side.

Nevertheless, blurred as it became, the

contrast of style is not devoid of substance. North West panache was real enough, and North West extravagance more than a myth. Selkirk, who did as much as anyone to impair it, acknowledged their *esprit de corps*.<sup>1</sup> But the "North West spirit" thrived on success and withered on humiliation. Lady Selkirk may have put her finger on the enemy's weak spot when she wrote to her husband after the capture of Fort William: "Everything in your expedition turns out for the best, and last of all the great armada, with all the warrants and constables, partners, clerks, Iroquois and guns and Congreve rockets, melts away and disappears, and a little canoe comes dropping in now and then, and one after another of the partners return to Montreal looking very foolish, while all the world are laughing at them."<sup>2</sup> The contrast of style, among other things, is between a company which, in Arthur S. Morton's words, "went down to defeat, and again to defeat," and yet survived; and a company that cracked under the pressure of counterattack.<sup>3</sup>

<sup>1</sup> Selkirk, *Sketch of the British Fur Trade in North America*, 16 (London, 1816).

<sup>2</sup> Quoted in John Morgan Gray, *Lord Selkirk of Red River*, 193 (London, 1963).

<sup>3</sup> Arthur S. Morton, *A History of the Canadian West to 1870-71*, 613 (London and New York, 1939).

The stamina of the Hudson's Bay Company owed something to the conviction of the men who directed its campaigns that they were in the right. This had not always been so. Before 1810 the governor and the committee doubted, questioned, hesitated; after 1810 self-righteous indignation prevailed. Selkirk, friend of William Wilberforce, was perhaps more fully convinced of his own correctness than were his fellow shareholders. But no one, reading the correspondence between the Hudson's Bay Company and Earl Bathurst, the colonial secretary, from 1814 to 1820 can fail to notice the conviction of perfect propriety on the company's side and the resolution to oppose any hint that the troubles in the Indian territories might be the responsibility of both parties.<sup>4</sup>

HOW FAR does this contrast in styles reflect a contrast between a Canadian company and a British? It is tempting to see the contest in these terms, and it is not wholly wrong to do so. The North West interest was plainly more "Canadian" (whatever we take that to mean) than the still merely British Hudson's Bay Company. Hudson's Bay men in the field support this identification by generally referring to the opposition as "The

Canadians," and of course most of the rank-and-file in the North West Company were French Canadians or half-breeds. The North Westers liked to see themselves as successors to the *coureurs de bois* who had challenged the English in earlier times.<sup>5</sup> Must we, then, endorse William McGillivray's lament upon the coalition of 1821: "Thus the Fur trade is forever lost to Canada!" and the verdict of a recent historian that in 1821 "Canada's first major industry had been stricken desperately if not mortally"?<sup>6</sup>

There is evidence to uphold this view. In 1850, to select a random date long after the contest was over, ownership of the issued stock of the Hudson's Bay Company was almost exclusively in the British Isles. Of 232 shareholders, only four had Canadian addresses.<sup>7</sup> Under the successive deed polls regulating the company's structure, a substantial share of the profits was reserved for commissioned officers in the field, the successors of the wintering partners; but in 1850 a clear majority of those officers were from the British Isles, not from Canada. Of eighteen chief factors, no more than three had been born outside the United Kingdom.<sup>8</sup> Rather more of the thirty-four chief traders originated in Canada or the United States; still, twice as many were British born.<sup>9</sup> In 1850 management remained under London's control despite the setting up of local councils in the company's departments, largely because promotion to commissioned rank (and therefore to membership of these councils) was ultimately decided in London.

If the stock of the company that ran the fur trade in 1850 was in British hands, if the men who commanded in the field were British born, if the last word in management lay with London, it might seem indeed that the coalition and the Act of 1821 were a triumph for the United Kingdom and a defeat for Canada. But to prove this, we need to show that before 1821 the North West Company was itself a predominantly Canadian institution to which the interests of Canada could have been safely committed in the nineteenth century. This is not so easy.

<sup>4</sup> This correspondence is in file A.8/1, Hudson's Bay Company Archives, at Beaver House, Great Trinity Lane, London, England.

<sup>5</sup> [Simon McGillivray?], *A Narrative of Occurrences in the Indian Countries of North America*, 10 (London, 1817).

<sup>6</sup> McGillivray's comment is in W. Stewart Wallace, ed., *Documents Relating to the North West Company*, 328 (Toronto, 1934); Marjorie Wilkins Campbell, *The North West Company*, 276 (Toronto, 1957).

<sup>7</sup> File A.42/6, Hudson's Bay Company Archives, lists shareholders who received the dividend of 1850. See also A.10/8 and A.40/8.

<sup>8</sup> P. S. Ogden and J. Rowand, born in Canada; W. Sinclair, born at Hudson Bay.

<sup>9</sup> Chief traders born in the United Kingdom were: D. McTavish, E. Hopkins, J. McKenzie, J. Anderson (A), J. Anderson (B), J. Tod, R. Hardisty, W. Nourse, T. Corcoran, P. McKenzie, W. F. Tolmie, R. Finlayson, D. Manson, J. Bell, A. McKinlay, J. Kennedy, J. Black, R. Clouston. F. Ermatinger was born in Lisbon, A. C. Pelly in Pernambuco, and A. C. Anderson in India.

One of the most important problems, how much of the working capital of the North West Company came from Canada and how much from England, cannot for lack of evidence be discussed.<sup>10</sup> What we do know is the origins of the North Westers themselves: most, unlike their canoemen, were Scots.<sup>11</sup> That they were known collectively as "The Canadians" of itself is no more significant than the fact that the Hudson's Bay Company was known as "The English Company"; both are misnomers in organizations that recruited so many Scotsmen. Lady Selkirk, though she put it rudely, was right to insist on "the distinction between the Canadians and the Scotch renegades."<sup>12</sup> Even in Montreal, despite the glittering social life of the Beaver Club, the North West Company was not Canada. Why, otherwise, did the North Westers find it almost as hard to get favorable verdicts in the Canadian courts as the Hudson's Bay Company? How, otherwise, could Robertson and Selkirk have recruited men in Montreal itself to oppose the North West Company?

If there were few native Canadians among the wintering partners, what the North West Company undoubtedly did, and what before 1821 the Hudson's Bay Company did not, was to create Canadians. Whereas for 150 years Hudson's Bay men, their tour of duty over, retired to the British Isles, many—probably most—of the North Westers stayed in the country upon retirement. Had the coalition of 1821 dried up this inflow of talent, Canada would indeed have been the loser. But it did not. In this, as in other respects, the Hudson's Bay Company after 1821 conformed to North West traditions. Of the chief factors of 1850, at least half, and probably more, retired to Red River, Vancouver, or other parts of North America; of the chief traders, very few returned to the British Isles.<sup>13</sup>

The North West Company, then, run by Scots, with powerful agents in London, and perhaps raising some of its capital in England, was never a wholly Canadian concern. And there is here an even larger question

than the national identity of the companies that successively dominated the fur trade. Before we conclude that the eclipse of the North West Company in 1821 was an unmitigated defeat for Canada and that the opposite result would have been an unmitigated blessing, even a conference of historians of the fur trade must face Selkirk's embarrassing question: "And what is this Fur Trade . . . ? A trade of which the gross returns never exceeded £300,000, and often not £200,000. A branch of commerce which gives occasion to the exportation of 40 or 50,000£ of British manufactures! A trade in which three ships are employed! This is the mighty object, for which not only the rights of property are to be invaded, but a territory of immense extent, possessing the greatest natural advantages, is to be condemned to perpetual sterility."<sup>14</sup> This is not the whole story; without the fur trade, these sterile territories would have been unknown. But Selkirk deserves credit as well as blame for answering his own question twenty or thirty years too soon. Defeat for Montreal (and 1821 certainly meant that) was not necessarily defeat for Canada.

THE CONTRAST of styles can be more confidently discussed when we turn to the forms of organization of the rival companies. The North Westers were an unincorporated partnership or series of partnerships, the Hud-

<sup>10</sup> See Harold A. Innis, "The North West Company," in *Canadian Historical Review*, 8:314 (December, 1927) for the interest of English firms in the North West Company. Edward Ellice's concern was clearly important but has so far escaped definition.

<sup>11</sup> Wallace, ed., *Documents*, 35, 425–505.

<sup>12</sup> Quoted in Gray, *Lord Selkirk*, 245.

<sup>13</sup> Chief factors and chief traders of 1850, born outside Canada, who retired to Canada were: J. L. Lewes, D. Ross, J. Douglas, J. Ballenden, J. Hargrave, R. Miles, J. E. Harriott, R. McKenzie, J. Work, J. Tod, W. Nourse, T. Corcoran, H. McKenzie, J. Anderson (A), W. H. McNeill, R. Finlayson, J. Black, J. Bell, A. C. Anderson, A. McKinlay, J. Kennedy, R. Clouston; R. Hardisty, J. Swanston, and J. Gladman probably retired to Canada; two died while still in service; D. Manson retired to the United States.

<sup>14</sup> Selkirk, *Sketch of the British Fur Trade*, 122.

son's Bay Company a conventional joint stock enterprise of a kind evolved in England in the sixteenth and seventeenth centuries. Each form had special advantages. The North West machine at its best was wonderfully fitted to the fur trade. There was, above all, a close relationship between policy decisions and executive action, which the Hudson's Bay Company could not match. The annual meetings of the partners and agents at Fort William could produce a single plan for the whole region based on recent first-hand intelligence, whereas the decisions taken at Fenchurch Street were those of men who had never seen a portage and whose information was often out-of-date. The presence in the field of the North West wintering partners gave their concern such flexibility that the general plan could be responsibly modified to meet contingencies, while the Hudson's Bay men were inclined to work to rule. And, finally, the partnerships and the hopes of partnership afforded an incentive to endurance and enterprise not to be expected from salaried employees.

As the contest developed, the two styles of organization became less unlike. From 1806 the Hudson's Bay Company was experimenting with incentive schemes, so preparing the way for the deed poll of 1821. It also recruited men like Robertson and Williams, disposed to act first and explain afterwards. The North Westers' advantage in management was reduced. As the London and trans-Atlantic sides of Hudson's Bay Company business moved into closer harmony after 1810, so the two corresponding components of the North West Company — agents and winterers — moved further apart until the final, fatal split of 1820.

But while the Hudson's Bay Company could copy North West methods, its own organizational advantage was not so easily

imitated. Hudson's Bay shareholders, as investors in a joint stock, enjoyed (or thought they enjoyed) limited liability. The point has been made that the men who directed the campaign from 1810 onwards were not wholly dependent on the fur trade for a living; they could plan for and survive years of loss without hazarding more than a part of their private fortunes.<sup>15</sup> It is true that the North Westers, with a greater personal involvement, learned and practiced an urgency in their transactions not always apparent in the affairs of the Hudson's Bay Company, but this stimulus became less decisive as the conflict developed. The need of Selkirk and his friends to be proved right was in the end as powerful as the economic incentive.

As a long-lived joint-stock company, run by respectable members of the London financial community, with perpetual succession and the right to sue and be sued corporately, the Hudson's Bay Company must have commanded better credit than the North Westers, little as we know of the latter's intimate financial history. Of many factors that settled the outcome of the struggle, not the least was the ability of the Hudson's Bay Company to increase its overdraft at the Bank of England from £23,500 in 1814 to £75,000 in 1820 and to run up its unpaid bills from less than £5,000 to more than £30,000.<sup>16</sup> It is unlikely that the North Westers could match these reserves of credit.

But it was a close-run thing. As late as January 11, 1821, John Halkett (a member of the Hudson's Bay Company's committee and a brother-in-law of Selkirk) wrote "I doubt the scoundrels are too strong and rich for us."<sup>17</sup> It does not do to over-rationalize a struggle in which personalities like Edward Ellice, Simon McGillivray, and Selkirk took leading parts. That the Hudson's Bay Company was going to fight was clear from 1810. But it is still astonishing that a firm that handled, at the end of the eighteenth century, only two fourteenths of the fur trade as against the North West Company's eleven fourteenths could hold on and win.<sup>18</sup> For

<sup>15</sup> Morton, *The Canadian West to 1870-71*, 613.

<sup>16</sup> E. E. Rich, *The History of the Hudson's Bay Company 1670-1870*, 2:394 (London, 1959).

<sup>17</sup> Quoted in E. E. Rich, ed., *Colin Robertson's Correspondence Book, 1817-22*, cv (London, 1939).

<sup>18</sup> Rich, *Hudson's Bay Company*, 2:186.



1821 brought victory to the Hudson's Bay Company. The North Westers made good terms for themselves; at the time of the coalition, it was even claimed that they had won. But they had not. The year 1821 did not destroy the North West interest overnight for the arrangements then made left the North Westers with an identity. But 1821 created the conditions in which that identity was almost certain to be submerged, and after 1824, with the ending of the Montreal agency, the failure of the McGillivrays, and the retirement of former North West partners, the old interest withered.

COMPETITION can stimulate enterprise and thus be constructive, or it can be wasteful. The rivalry of 1810–21 was, on the whole, more wasteful than constructive. Who benefited? Both sides lost money and lives. Establishments were swollen beyond commercial needs. The Indians, who might be expected to have gained, were debauched by liquor and tyrannized. Nor was there much progress in exploration and discovery of new fur-bearing regions. The competition of the late eighteenth century had led to great things; so did the race for the Columbia River between the North Westers and the Americans. But the last rounds of the competition that ended in 1821 seem to have checked exploration rather than stimulated it. No one on either side achieved as much as Peter Skene Ogden in the calmer years of the 1820s.

Why then did competition continue? Why was there no compromise settlement? From 1803 onwards there had been discussions and negotiations between the rivals in the fur trade. None came to anything. Yet the fur trade was no stranger to compromise. Examples of both territorial partition and profit-sharing agreements can be found in the early nineteenth century. Thus on December 31, 1806, the agents of the North West Company signed a treaty with the agents of the Michilimackinac Company "to form a line of boundary between them as correct as may be."<sup>19</sup> Articles were adopted by which

employees of one company would be taken over by the other, by which neither side was to receive the other's deserters, and by which the partners of both were bound individually as well as collectively to observe the agreement. A little later, on January 28, 1811, a treaty was made between the Montreal Michilimackinac Company and the American Fur Company for a coalition in which each preserved its identity, buying goods in England or the United States and continuing to sell its own furs.<sup>20</sup> The crux of the agreement was that profits of fur sales were to be equally divided between the two companies.

Either form of compromise could have been adapted to end the rivalry of the Hudson's Bay and North West companies. Both were mooted. Why were they not accepted? The argument for some kind of understanding goes back to the eighteenth century. As serious politics, it may be taken to begin in the mind and book of Sir Alexander Mackenzie.<sup>21</sup> What was first discussed, and then negotiated, was a *modus vivendi* in which the Hudson's Bay Company would surrender its exclusive use of the bay route and thus enable others to exploit more easily the fur-bearing regions of Athabasca and the Columbia River.

Mackenzie's book was published in 1801, at the height of the competition between the North West and XY companies. Clearly, whichever of these rivals could first reach agreement with the Hudson's Bay Company would have a big advantage. It was, accordingly, in 1803–04 that the first of three sets of negotiations was begun. Edward Ellice then made on behalf of XY an offer to buy the Hudson's Bay Company outright for £103,000 in Exchequer bills.<sup>22</sup> On his own evidence, the bid failed for technical rea-

<sup>19</sup> Wallace, ed., *Documents*, 224.

<sup>20</sup> Wallace, ed., *Documents*, 239.

<sup>21</sup> Alexander Mackenzie, *Voyages from Montreal on the River St. Lawrence through the Continent of North America to the Frozen and Pacific Oceans*, 407–412 (London, 1801).

<sup>22</sup> *Report from Select Committee on the Hudson's Bay Company*, 344 (1857).

sons, part of Hudson's Bay stock being in the hands of persons (minors or deceased) who were incapable of conveying an effective title to a purchaser without application to the court of chancery. This may have been so; but for a company which apart from its forts, goods, furs, and ships had £40,000 invested in gilt-edged securities, the offer was not attractive.

Meanwhile the North West Company was after the same prize, using a mixture of force and argument. In 1803 a North West ship sailed into Hudson Bay and a settlement was made on Charlton Island. From this position of strength, direct negotiations with the Hudson's Bay Company were opened with a letter from Duncan McGillivray, dated August 13, 1804.<sup>23</sup> Before answering, the Hudson's Bay Company spent several months in obtaining counsel's opinion on its charter, and only then decided that it had no choice but to negotiate. The alternative—to compete with men "who respect neither justice nor equity but commit open acts of violence"—would cost too much. Perhaps the company missed a chance by this delay: in the summer of 1804 both North West and XY wanted an alliance. As McGillivray and Thomas Forsyth put it, "at that period, each company wished to obtain a facility from the H. B. Co. to be used to the prejudice of the other." By the end of the year, however, the union of North West and XY "had totally changed the face of things."

ON JANUARY 30, 1805, McGillivray and Forsyth attended the Hudson's Bay Company's committee, and negotiations proper began; they lasted until May, were interrupted, resumed in November, and finally were broken off in February, 1806. The North Westers started by flatly declaring an intention to use the bay route "to effect a communication from York Factory to Wini-

pique," and asked for acquiescence. As inducement, and *ex gratia*, they offered to withdraw from Moose River and East Main, to give up Charlton Island, and to renounce communication with Hudson Bay except by the Winnipeg-York route. On this track, they would only indicate, not guarantee, abstention from trade. As a basis for agreement, the offer seems derisory, but the North Westers claimed that their concessions would be of great benefit to the Hudson's Bay Company, and when the committee demurred assured them blandly that their lack of appreciation proceeded from "want of local information."

Discussion focused on what rent the North West Company would pay for a piece of land at York on which to build the proposed transit post. This had to be referred back to Canada, and on July 6 the North West partners authorized an offer of £2,000 a year. Their last word reached the Hudson's Bay Company in a letter of November 27, 1805—withdrawal from the bay area and payment of the rent for seven years.<sup>24</sup>

The governor and committee do not appear to have opposed in principle the concession of the bay route. Their doubts (from which proceeded the rupture) were whether the North Westers could be trusted and whether the agreement would hold in the event of third-party competition: "If they [*a third party*] set a Cockboat afloat in the Bay, they [*the North Westers*] would claim an exemption from the annual payment." Finally, as the negotiations closed, it came out that the North West Company intended to bring furs out of Hudson Bay for shipment to markets other than Great Britain. The Hudson's Bay Company, by its charter, thought itself obliged to ship only to the United Kingdom and was not ready to grant a facility it did not itself enjoy.

In these exchanges, the comparative strength of the two sides emerges not only from the proposals but from the language used—the North Westers cocky, the Hudson's Bay Company protesting. The committee wrote that they expected better terms,

<sup>23</sup> Files A.1/219 and 220, Hudson's Bay Company Archives, include the papers in this negotiation. All quotations in this and the following five paragraphs are from them.

<sup>24</sup> Wallace, ed., *Documents*, 203.

they “who have hitherto been silent sufferers by the unwarranted treatment of the natives with whom the H. B. Company’s servants trade & also of the Servants in their employ”; and later they protested that they “seem almost precluded from any alternative in their decision on the subject in question.” Hudson’s Bay Company morale was low — how low is suggested by a memorandum among the records of this transaction: “If the Treaty is broken off, the chances may be very great against the H. B. C. getting redress from Government, the spirit of which seems to be for Universal Liberty, and should the result be the laying open the Trade of the H. B. C. which in the temper of the times and the interest the N. W. C. will probably exert to promote the ruin of the H. B. C., or probably endeavour to get themselves incorporated into a body (which idea has certainly gone forth) under the specious pretext of pursuing a National Object in carrying on their Trade thro the Pacific Ocean, a favourite idea of Mr McKenzie in his Book dedicated to the King (and for which he was knighted), Quere, whether under all these risques, it may not be better to make an amicable Treaty, which probably would operate to the advantage of the Company in the end of the term, and their Competitors be disarmed from any further act of Hostility against the Company’s charter.”<sup>25</sup>

This may not have been the view of the whole committee; but even as the expression of an individual opinion, there can be few more pessimistic documents in the company’s archives. It seems probable that if the North Westers had made a better offer, with security for performance, as they could well have afforded to do, the Hudson’s Bay Company would have come to terms. Why, then, given their manifest superiority, did not the North Westers simply force a passage through the bay? The answer seems to be that they needed the Hudson’s Bay Company to close the bay route to third-party competition. Better to stick to the waterway which they knew how to defend than beat a path for others to follow. The stated purpose

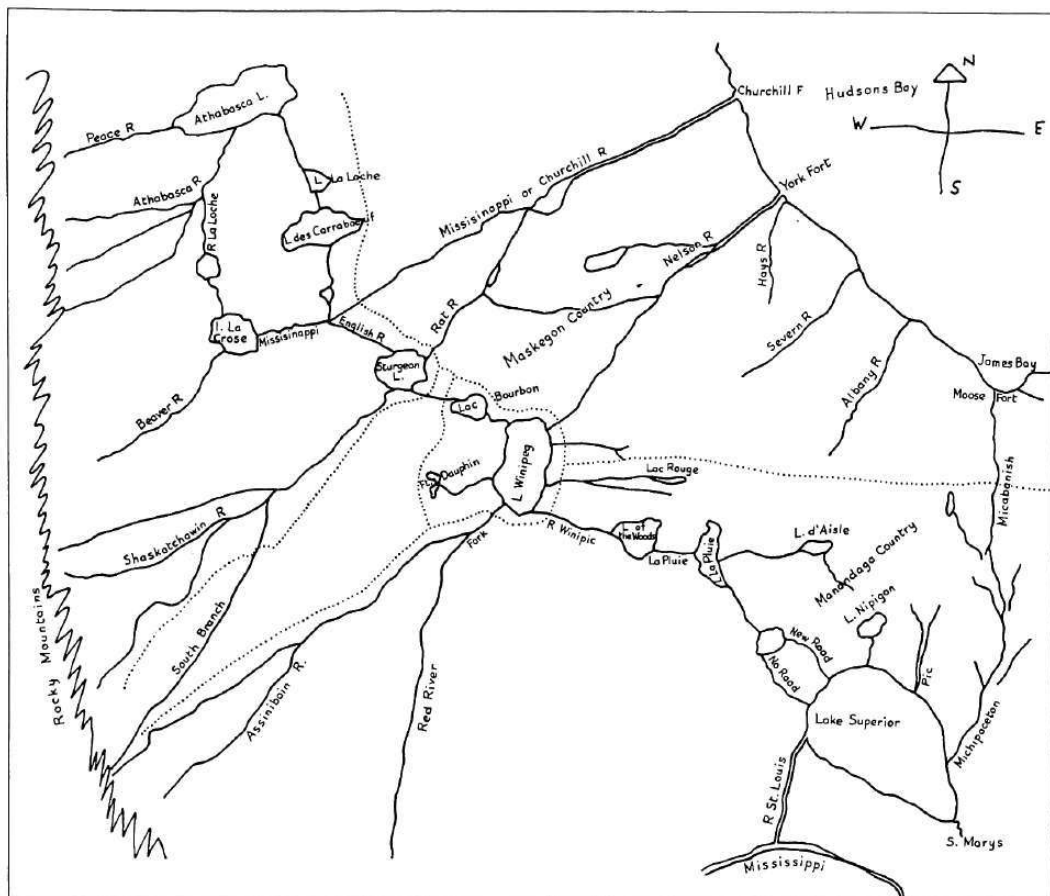
of their final proposals in November, 1805, was that “An Amicable arrangement of this kind will probably serve as an Expedient to prevent the Interference of others.” As soon as it became clear that the Charlton Island settlement had failed to coerce the Hudson’s Bay Company into this amicable arrangement, the island was abandoned.

THE NEXT attempt at compromise took place in 1811, and was conducted in a quite different spirit. In the intervening years the Hudson’s Bay Company had acted to strengthen its organization, but as recently as 1809 the committee had seriously debated a plan to withdraw from the fur trade, and it is likely that the new spirit owed less to the reforms effected than to changes of personnel. Of the nine men who directed the company’s affairs in 1805, only two were left to confront the North Westers in 1811; whereas of the nine who negotiated in 1811, seven were still there in 1816 and six in 1820. The general staff that would fight future battles was already in charge.

Selkirk’s Red River grant was approved by the shareholders’ meeting, or “general court,” on May 30, 1811. Four days later, on June 3, McTavish, Fraser, and Company (Montreal agents), Inglis, Ellice, and Company (London agents), and Sir Alexander Mackenzie jointly presented a plan for partition of the fur country.<sup>26</sup> Their objects, they said, were to prevent such bloodshed as had occurred at Eagle Lake the previous year, and to reduce costs. The terms of the proposal can best be appreciated from the sketch annexed to the North Westers’ letter. The Hudson’s Bay Company was to be confined to a line near the fiftieth parallel running as far as Lake Winnipeg, then along the east side of the main water route, Bourbon Lake (now Cedar), Sturgeon Lake (now Namew), English River, and so north to

<sup>25</sup> File A.1/220, fos. 48d–49d, Hudson’s Bay Company Archives.

<sup>26</sup> This and the next paragraph are based on materials in file A.10/1, fos. 95–108d, Hudson’s Bay Company Archives. The map reproduced on page 173 is in fo. 96B.



*The partition proposed in 1811 (shown by dotted line), from an original sketch map preserved in the archives of the Hudson's Bay Company*

Lake Carribeau (now Reindeer). Beyond the waterway, it was to have a tract west and southwest of the Fort Dauphin Department, including the southern branch of the Saskatchewan River. It was not to go into Athabasca or beyond the Rockies. An earlier draft of these proposals, dated in Montreal, November 7, 1810, allotted the Red River area to the Hudson's Bay Company, but the map annexed to the letter of June 3, 1811, does not show this.<sup>27</sup> The omission, though unexplained, seems important. The North Westers concluded by claiming that the proposed concessions would mean a loss to them of £15,000 a year in furs, and they opened the way to any modification of their

scheme, provided Athabasca was reserved to them.

The Hudson's Bay Company reaction, unlike 1804, was prompt and firm. The detailed partition was brusquely rejected. Instead the company offered to keep out of Athabasca provided the partition was made at the height of land; beyond that line it reserved the right to trade where the North Westers had not yet established themselves, that is in the unoccupied lands beyond the Rockies. These demands were quite unacceptable, implying as they did acknowledgment of the company's totem — the charter. Flashes of North West fire followed. The North Westers replied that "though they would be willing to grant some concessions in order to save themselves from the expence

<sup>27</sup> Gordon Charles Davidson, *The North West Company*, 131, 131n. (Berkeley, California, 1918).



of a contest, they are otherwise as little solicitous as to the commencement or termination of it." Such language provoked, not the injured protests of "silent sufferers," but a firm expression of confidence that "the local advantages possessed by the Hudson's Bay Company, without calculating too highly on the measures already or on those about to be resorted to, will independent of any Treaty very soon procure a much larger share of the Fur Trade than the Hudson's Bay Company have possessed for some years." The contrast is plain. Had the North Westers offered in 1805 what they proposed in 1811, they could have had both partition and transit. In the latter year, the two companies were not yet equipollent in men, in volume of trade, or in territory traded over; but already the Hudson's Bay Company was behaving as if they were.

THE LAST confrontation before the contest entered its final phase was in December, 1815. It was preceded by the threat, though this time not the actuality, of an invasion of Hudson Bay.<sup>28</sup> There the resemblance to the happenings of 1803–06 ends. This negotiation took place, significantly, in Montreal, the war being carried to the North West camp. Of the three attempts at compromise it was least likely to succeed, for the Hudson's Bay Company deputed — of all people to represent them in this delicate matter — Lord Selkirk, who was on his way to the Red River Settlement to restore the fortunes of his colony, shattered (as he believed) by calculated North West intervention. Selkirk received his brief on August 30, 1815, before leaving England.<sup>29</sup> Partition was to be at the height of land: Canada south of the height and Athabasca were to be the only concessions. "The great road from Lake Superior to the Methy portage," the main route developed by the North Westers and their predecessors, was thus claimed for the Hudson's Bay Company; it was, however, to be made available to the opposition. The North Westers' own forts on this route would be leased to them at peppercorn

rents, but no furs were to be taken there. If the North West Company wanted transit rights through Port Nelson to Athabasca, it would have to pay for them. And the agreement was to be for a long period — twenty or thirty years.

Lord Selkirk arrived in Montreal in November, 1815, and the expected approach by the North Westers was made almost at once. Two plans were brought forward.<sup>30</sup> The first, for partition, Selkirk described as "merely a *rechauffée* of the propositions of 1811." The North Westers suggested approximately the same boundary as had been proposed in 1811, though the territory north of Lake Carribeau was defined as a neutral zone with no settlement, where the Indians would be free to take their furs to whom they liked. The novel feature was that all the departments from Lake Winnipeg to the Rockies, Saskatchewan, River la Biche, Fort Dauphin, Swan River, and Red River were to be traded jointly on the footing of an average of past years, with outfits and returns divided in that proportion.

Selkirk did not think this proposed partition worth discussing, whereupon the North Westers brought forward their alternative plan for a complete merger to begin with the outfit of 1816 and to last seven years. The entire trade of the Indian territories was to be run as a single concern, the Hudson's Bay Company supplying a third and the North Westers two thirds of the capital and goods. The combined profits were to be shared in the same proportion. The vital question, as Selkirk immediately saw, was management, which was to be under the Montreal agents of the North West Company, with a person or persons deputed by the agents to superintend trade in and out of Hudson Bay. Selkirk's reaction was that in seven years the

<sup>28</sup> File A.10/1, fos. 164–165d, 176, 201, 201d, Hudson's Bay Company Archives.

<sup>29</sup> File A.10/1, fos. 311–314d, Hudson's Bay Company Archives.

<sup>30</sup> For this negotiation, see file A.10/1, fos. 350–351, 367B, 367C and dorset. Note the misplaced letter on fos. 181–184d which Selkirk wrongly dated January 6, 1815. This should be 1816.

opposition would have everything in its hands.

Under pressure, the North Westers were ready to concede joint management by the Montreal agents and a chief governor "or other respectable and fit character" appointed by the Hudson's Bay Company, to reside at Montreal. Selkirk would have none of this, though he was not, even at this stage, against an accommodation in principle. "If it were not for the unavoidable difficulty about the management," he wrote, "I should think that one third of the profits of the whole Indian trade would be preferable, even to the exclusive possession of our own Territories." But he thought the Hudson's Bay Company's advantage should be greater, and he was worried that a merger might take away the limited liability of his fellow proprietors.

His own proposal, based on his brief, was rejected on the ground that it involved "acknowledgement of the validity of the charter," and the negotiation closed with expressions of foreboding on both sides. The North Westers concluded that they would have the advantage in an open contest because of the "energy and resource in self-defence" of partners whose whole fortunes were at stake, against the Hudson's Bay Company's directors, "to whom the Indian territory is a secondary object." Selkirk, on the other hand, thought that "in another year, they will hold a different language."

So the last attempt at compromise failed. It failed because of profound lack of trust, and because the Hudson's Bay Company demanded worship of its totem. With good will, joint management might have worked; it was, after all, accepted in 1821, even though soon abandoned. But good will had

been in short supply since the Pemmican War, the start of the "capturing business," and Colin Robertson's invasion of Montreal. Now, only a decision in the field could provide fresh conditions for a successful negotiation. As the abortive discussions of 1815 came to an end, the North Westers looked like men who were aware for the first time that they could lose. In declining Selkirk's offer to put the charter to arbitration, they wrote: "as the Hudson's Bay Company claim exclusive rights, if those were to be Arbitrated upon and decided in their favour, they would turn the North West Company out of the Trade; whereas on the other hand, if a decision should be given against the Hudson's Bay Company they would still as British Subjects remain entitled to equal rights with the other Company."<sup>31</sup> Selkirk was pleased at what he took to be an admission of weakness. His own characteristic last word was that the negotiation had been worth while "as it has (I think) put them still more decidedly in the wrong."<sup>32</sup>

ONE OTHER PROBLEM remained. The Hudson's Bay Company had an Achilles heel: its stock could be bought and sold, and with its stock went voting rights and therefore ultimate control over policy. Why did not the North Westers acquire enough Hudson's Bay stock to win control? It was the obvious thing to do, and after 1806 Mackenzie began to buy in conjunction with Selkirk, whom he mistakenly supposed to be his ally.<sup>33</sup> This attempt misfired, though Mackenzie remained a shareholder, attended general courts, and continued to believe that "Had the [*North West*] Company sacrificed £20,000 which might have secured a preponderance in the stock of the Hudson's Bay Company, it would have been money well spent."<sup>34</sup> The idea came up again in 1811 during the negotiations already mentioned. The North West partners at their July meeting voted £15,000 for the purchase of Hudson's Bay stock "with a view of establishing an Influence in the Committee of the said Company—in order to establish a Bound-

<sup>31</sup> File A.10/1, fo. 367H, Hudson's Bay Company Archives.

<sup>32</sup> File A.10/1, fo. 181, Hudson's Bay Company Archives.

<sup>33</sup> Rich, *Hudson's Bay Company*, 2:298.

<sup>34</sup> Quoted in Chester Martin's Introduction to E. E. Rich, ed., *Journal of Occurrences in the Athabasca Department by George Simpson*, xxii (London, 1938).

ary Line with them—in the Interior country.”<sup>35</sup>

In explaining why this resolution could not be acted on, we are reminded once more how tiny the Hudson's Bay Company was—a point that is relevant to the Colonial Office attitude towards it. The stock, £10,500 in 1670, had been raised by two bonus issues and a modest paid-up issue to £103,500 in 1720, and there it stayed for the next hundred years. The number of shareholders was small: in 1808 there were 105 share accounts, and by 1815, following Selkirk's accumulation of stock, only seventy-seven. Transfers were few: only 184 were recorded from 1800 to 1820, many of them private deals in which, for example, the holding of a dead man was split among his heirs.<sup>36</sup> Public sales of the stock were rare, if indeed they can be said to have taken place at all in the modern sense. Though an active stock market existed in London in the early nineteenth century, Hudson's Bay prices were not quoted in *The Course of the Exchange* until 1820.<sup>37</sup> Such dealings as there were must have been by private treaty or through the company's secretary.

Mackenzie was probably not far wrong in his estimate that it would cost £20,000 to gain control of the Hudson's Bay Company during the period of competition. From 1808 to 1820 prices of transfers were generally recorded in the company's books. With certain interesting exceptions to be noted, the highest price was 82½, the lowest 58½. Prices of 60–70 were the most common.<sup>38</sup> The money the North Westers voted in 1811 would have bought, at a price of 70, £21,000 or £22,000 of Hudson's Bay stock, which, added to what they and their friends already owned, would very likely have given them control.

It was not, in practice, necessary to own 51 per cent. Each November a general court of the Hudson's Bay Company was held to elect a governor and committee for the next twelve months. The average number of shareholders attending from 1801 to 1813 was eleven, and this included the retiring di-

rectors and the candidates for the following year, usually the same people.<sup>39</sup> Proxies were allowed, but few shareholders bothered. Some were beyond bothering, for of seventy-seven share accounts in 1819, fifteen were in the names of the dead and others were being held in chancery pending settlement of claims. One shareholder in 1802 was a lunatic; another, King George III, was intermittently mad; ten or a dozen were women. None took an active part in the company's affairs. The special general court of May 30, 1811, at which the Red River grant was passed, one of the historic meetings in the company's history, attracted only twenty-four shareholders, proprietors of less than half the nominal capital. Thirteen of them voted for the grant, nine being the governor and committee who proposed it and one being Selkirk, the grantee himself. Six voted against the grant, though three of them were disqualified for not having held their stock long enough. Five abstained.<sup>40</sup>

No great fortune, it seems, was needed to buy this dollhouse company. Why not the North Westers? Arthur S. Morton drew attention to the fact that Selkirk owned only a little over £4,000 of Hudson's Bay stock at the time of the Red River grant, but he did not pursue the question why Selkirk, having got his grant, at once quadrupled his holding.<sup>41</sup> From June 19 to July 15, 1811, transfers totaling more than £15,000 were registered to him. The answer lies in the company's transfer book.

<sup>35</sup> Wallace, ed., *Documents*, 268. Arthur S. Morton has erroneously stated this sum as £1,500 (*The Canadian West to 1870–71*, 536).

<sup>36</sup> Files A.42/2–3; A.43/6–7, Hudson's Bay Company Archives.

<sup>37</sup> *The Course of the Exchange*, published twice weekly by authority of the Stock-Exchange committee, records prices of leading shares and securities. At the end of 1811 more than a hundred items are mentioned, which helps to put the London end of the Hudson's Bay Company into perspective.

<sup>38</sup> File A.43/6–7, Hudson's Bay Company Archives.

<sup>39</sup> File A.1/48–50, Hudson's Bay Company Archives.

<sup>40</sup> File A.1/50, fo. 33d, Hudson's Bay Company Archives.

<sup>41</sup> Morton, *The Canadian West to 1870–71*, 537.

*An artist's  
conception of rival  
fur traders  
soliciting business*



In the summer of 1811, North Westers, anticipating the partners' decision of July, were busy buying stock in their own names: John Inglis, Edward Ellice, John Fraser, Jr., and Simon McGillivray. In this bid for control, they were stopped, promptly and forever; and they were stopped by Selkirk himself who, whether he wanted to or not, must have bought up every bit of stock that anyone could be persuaded to part with. He bought that stock at 20–30 per cent above the price paid by anyone else. Among the twenty-eight transfers in which prices were recorded, during the year 1811, thirteen stand out, all purchases by Selkirk. In every case he bought at par, a level which Hudson's Bay stock had not attained for years and would not again reach until 1821. In 1811 no one else paid more than 80, some paid 70, a few paid 60.<sup>42</sup> Selkirk simply outbid the opposition. The effect of his buying was not only to put an immediate check to North West purchases but to reduce to almost nothing what little activity in the

stock there had been in previous years. In 1812 there were only six transfers, in 1813 one, in 1814 three.

As an engine of attack, the Hudson's Bay Company in 1811 had still to prove itself. But henceforth its defenses were sound. With Selkirk and the governor and committee owning among them more than £40,000 of stock, and with so much of the remainder in the hands of persons who were apparently no more inclined to sell than they were to part with the family silver, continuity of management and purpose was assured. The moral pretensions of the company in London were never relaxed. The morality of their servants' actions in Canada, however, was suitably modified to meet the needs of competition. In the long run, this not only made the contest fiercer but also (and paradoxically) made a solution possible. By 1821 the Hudson's Bay Company had become an organization the North Westers could join. Peter Skene Ogden and Samuel Black would scarcely have found places in the company of 1800; by 1823 even they could be absorbed.

<sup>42</sup> File A.43/7, Hudson's Bay Company Archives.





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