

CHAPTER ONE

The Hudson's Bay Company: Merchants as Rulers in Rupert's Land

The great central plains of North America still seemed remote from the metropolitan centres of power in both Europe and America by the beginning of the nineteenth century. On the plains, the eternal cycle of the seasons guided the movements of the immense herds of buffalo and dominated the lives of the Plains Indians. The seemingly endless miles of prairie grass grew lush and green under warm spring rains, faded brown under the burning summer sun and lay dormant under the snows of winter — until the cycle began again. By the beginning of the nineteenth century, the Plains Indians had developed a healthy and stable society based upon a centuries-old economic system that revolved around the hunting of buffalo. By the last half of the century, however, their way of life was undergoing rapid and irrevocable change as immigrants of European extraction began settling the American West.

However, this majestic country in the heart of the world's last "unknown" continent was not as isolated from the urban circles of power in Europe and the American East as the immense distances and the harsh climate seemed to indicate. Steel rails were being built from east to west across the United States, and by the second half of the nineteenth century, railways traversed the plains, surmounted the mountain barriers of the West and ended in the sprawling shack towns that were rapidly becoming cities along the American Pacific Coast. These highways of steel earned fortunes for their owners as they transformed the face of the continent by transporting eastern immigrants by the hundreds of thousands to the Indian lands of the West.

By the late 1800s, the Indian wars in the United States were winding down and the American West was being settled at a truly amazing speed. Having just undergone a nightmarish civil war, the Americans turned their newly developed war machine against the Indians of the West. The aggressive young nation, already involved in agricultural settlement, had no place in its plans for the Indians of the plains. Direct military conquest was the method used against the tribes of the plains to make way for agricultural settlement.

By the mid-1800s in Canada, however, the prairies, under the mercantile regime of the Hudson's Bay Company [HBC], had not yet undergone the process of settlement that had contributed to the genocidal wars between the Plains Indians and the settlers in the American West. The HBC ruled the Canadian territory known as Rupert's Land with the aloof sophistication of the British landed aristocracy. By 1850, the company had dominated this territory — consisting of most of the northern half of the North American continent — for almost two hundred years. It had established and secured its trading colony in Canada mainly through the services of its traders. The success of the company in the Canadian West was intimately related to the success of the company traders in making the Indians with whom they dealt dependent on the more advanced metal technology of Great Britain. In this, the company was utilizing a process that had been tested, and proven effective, by European powers as a means of exploiting new territories around the world.

The Dutch East Indian Company represented one of the most efficient models of the European colonization process. The Dutch first used a trading company as a colonizing organization when they created the Dutch East India Company in 1602. In order to secure a lucrative trade relationship with the Far East (India and China) and to protect this trade from native resistance and European competitors alike, the Dutch East India Company was granted the powers of a sovereign state by the Dutch monarch. These powers were to be used in the colony to expedite its exploitation through the trading process. In 1602 the Dutch East India Company “was granted not merely a monopoly of trade with the Far East, but also the right to maintain an army and navy and to wage war, to make peace, to make treaties with foreign nations in its own name, to conquer or otherwise acquire foreign territories, to rule these territories in its own name, and to mint coinage for its use in the territories.”¹ Clearly, the merchants who controlled such a joint stock company as this were equipped with all the coercive powers of a sovereign state for use against the natives of the colony.

The British and French companies engaged in the fur trade in North America were similar to this Dutch company. In particular, the HBC maintained the state-like characteristics of the Dutch East India Company. This state power enabled the HBC to govern Rupert's Land in a way such as to ensure that it maintained the upper hand in its trade relations with the Natives. The company was formed in 1670 when Charles II, King of England, granted a charter to his cousin, Prince Rupert, and seventeen other noblemen and merchants. The charter presumed to give them a trading monopoly over a vast but ill-defined territory in North America consisting of the regions watered by streams flowing into Hudson Bay.² Under the charter, the HBC had the power to establish laws and impose penalties for the

infraction of laws, to erect forts, to maintain ships of war and to make peace or war with the Natives.³

The charter imposed an alien set of laws upon the Natives of the Hudson Bay region. Nevertheless, the Nascapie Indians, who lived on the shores of Hudson Bay, quickly entered into a trading relationship with the HBC because they wanted the labour-saving devices such as axes and metal pots that the company traded for furs. As well, guns, powder and shot could only be obtained by trading in furs with the company. It was essential to the Indians that they get guns and ammunition: if their traditional enemies obtained such weapons first, they could be annihilated.

Within a decade, the Natives' food supply came to rely more and more upon items of the new technology; old hunting skills gradually fell into disuse and were eventually all but forgotten.⁴ To the extent that the northern tribes were involved in the trading process, their self-sufficiency was reduced, and they eventually became more or less dependent upon the HBC for commodities that had become vital to their very survival. The company tried to ensure the dependency of the tribes within its trading area by "absolutely controlling supplies of every description,"⁵ including fresh food. The company ensured that the Natives did not become involved in the agricultural operations it initially carried out near its northern forts. The HBC grew oats and vegetables for the consumption of its own personnel and would not allow starving Indians access to it.⁶ The company was determined to keep the Indians totally dependent on the fur trade for their livelihood, no matter what the cost to the tribespeople.⁷ To ensure its continued control of agriculture in the colony, the HBC eventually centralized its operations by creating a colony of farmers at Red River. By 1816, this settlement was established at the junction of the Red and Assiniboine Rivers (now Winnipeg, Manitoba). One of the HBC laws stated: "No agricultural settlers, properly so called are permitted at or near the Company's trading stations, except at Red River."⁸

Although the northern Indians provided the furs from which the HBC derived its profit, a substantial additional workforce was required to carry out the many labour intensive tasks involved in its trading operations. Initially, the HBC hired indentured labourers from Britain, who usually signed on for seven years. These men married Indian women. The HBC officers at first frowned upon such liaisons but soon found that Native women had skills that were vital to the fur trade.⁹ Furthermore, the "Halfbreed" male children of such unions were ideally suited as workers and middlemen in the trade with the Indians since most of them were bilingual and could master both Indian skills and European technology.¹⁰ By 1763, the Halfbreed population had grown until it outnumbered the population of European labourers employed by the HBC.

The Treaty of Paris in 1763 started a chain of events that upset the HBC

monopoly in Rupert's Land. Under the terms of the treaty, the French possessions in North America were given to England. This left the old fur-trading territories of New France (that is, the St. Lawrence River valley, the Great Lakes region and the Missouri River valley) open to seizure by Canadian entrepreneurs. Montreal merchants of Scottish origin were quick to take advantage of this opportunity. These free traders were aggressive and they were soon trading briskly in furs in the territories lost by the old French regime. They rapidly expanded their trading empire westward to the prairies and beyond.

These Montreal entrepreneurs began a series of company mergers in order to put an end to competition among themselves; these mergers resulted in the formation of the North West Company [NWC] in 1783.¹¹ This powerful company challenged the monopoly of the HBC all across the West. The competition of the Montreal merchants and traders caused the HBC to follow suit and push westward too. Opposing trading forts were set up across from one another in virtually all the trading areas. Transportation costs were climbing and the competition between companies drove prices up for the furs received from the Indians. As well, labour costs climbed dramatically as the trading and transportation infrastructures moved further from Montreal and Hudson Bay. (By 1795, the NWC was trading as far west as the Athabasca country.) Profits were thus greatly reduced.

The NWC had as its original workforce the young men of Quebec who often vied with each other for jobs as voyageurs. These adventurers proved even more prolific than their HBC counterparts. They too married Indian women and their offspring, "les Metis," soon became the backbone of the NWC's workforce in the West. The Red River Settlement, at the junction of both companies' trading routes, became the home of many Metis and Halfbreed people.

From the beginning of the Red River Settlement, its location at the junction of the Red and Assiniboine Rivers was troublesome for the two companies. The HBC trade route extended from Hudson Bay via the Nelson and Saskatchewan Rivers, then south to the Red River. From there it competed with the NWC since its trade route followed the same course west and north to the lucrative but remote districts of the Athabasca and Mackenzie Rivers.

Competition from the NWC wiped out HBC profits for a number of years and it failed to pay dividends to its shareholders between 1809 and 1814.¹² The competition at times resembled open warfare, with the employees of the companies acting as soldiers. In particular, the NWC pressured the Metis to take up arms against the Selkirk settlers, the people who had settled at the vital junction of the Red and Assiniboine Rivers.¹³ Armed conflict had occurred in 1806 when the NWC attacked its competitor's posts at Bad Lake and Red Lake, Minnesota, and the post at Big Falls, near Lake Winnipeg. They attacked the HBC post at Reindeer Lake in 1808.

The most significant military engagement between the two companies occurred near Red River. Under the charismatic leadership of a Scots Metis named Cuthbert Grant, a large party of NWC Metis buffalo hunters engaged and killed twenty Selkirk settlers at Seven Oaks in 1816. In this skirmish, the Metis also executed the HBC's Governor Semple. This bloody encounter caused the British imperial government to intervene, and it forced a merger of the two companies.¹⁴ The merger that resulted in 1821 marked the beginning of a brief golden age of profit for the HBC. The merger ended competition, enabling the company to abandon about half of the old trading infrastructure and get rid of over half of its pre-merger workforce.¹⁵ This layoff occurred despite the fact that the HBC enjoyed a period of rapid growth with sharply increasing profits resulting from the merger of 1821.

From 1821 to the late 1840s the HBC in Rupert's Land represented British mercantilism in its most efficient form. The policies imposed upon the colony at Red River during this period seemed to be the model that was later used against the Metis of the Northwest with such efficiency by Lawrence Clarke between 1872 and 1885.¹⁶ After 1821, the HBC strictly enforced its laws against free trade in Rupert's Land. It curtailed the growth of commercial agriculture and settlement so as to keep the population dependent on its staple commodity, fur.¹⁷ This process of controlled underdevelopment of the western colony was repeated by the Canadian government after 1867 when it replaced the fur economy with that of a new staple commodity, wheat.

The HBC allowed some settlement at Red River, first by the Selkirk settlers, and later by the mixed-blood population, in an attempt to acquire a local, cheap and secure supply of food for its trading operations. The company hoped that this easily controlled agricultural colony would end HBC reliance on the Metis buffalo hunters who, under the leadership of Cuthbert Grant, provided the company with its food staple, pemmican. However, the Settlement never lived up to the company's expectations: frost, floods and plagues of grasshoppers destroyed most of the early crops.¹⁸

After 1821, the HBC's new governor, George Simpson, oversaw the task of moving the large population of mixed-blood people from the northern and western posts, where they were no longer needed as permanent employees, to Red River.¹⁹ This was part of a long-range plan designed to create a central labour pool of unemployed people who could be hired for the busy season and laid off during the quiet season. This strategy was designed to drive down the wages for the indentured labourers and eventually replace them altogether. It would save a substantial amount, since "the numbers of servants employed . . . was triple the number required in quiet times, especially when the business came to be managed by one firm."²⁰

There was another reason for bringing the unemployed mixed-blood people of Rupert's Land to Red River: in Red River they could more easily be

controlled by the company. The Simpson correspondence of 1822 contains the following directive from the HBC's London Committee for the proper method of disposing of the people no longer required as labourers:

It comes to be a serious consideration how these people are to be disposed of. It is both dangerous and expensive to support a numerous population of this description in an uneducated and savage condition, and it would be impolitic and inexpedient to encourage and allow them to collect together in different parts of the country, where they could not be under proper superintendence. The establishment of clergymen and schools at the Red River Settlement, where means of religious instruction and education will be afforded them, and where they will be under a regular police and government, by the establishment of Magistrates, under the Act passed last session of Parliament points out the proper mode of disposing of this numerous class of persons.²¹

Quite clearly, Governor Simpson acted promptly on the recommendation of the company's executives in London. The population of Red River was greatly increased during the next few years as people were brought in from the discontinued posts so that more control could be exercised over them.²² The company's factors were in fact granted the power of magistrates in 1822 and they acted as magistrates until the end of the HBC reign in 1869. Indeed, they continued to exercise this authority in the North West Territories even after Canada took control of the territories.

It was necessary for the HBC to find some inexpensive way to maintain the new settlers in Red River, since they were to be used as a cheap seasonal labour force. The solution was to set these families up as small, subsistence-level farmers who could grow enough food for their own and company needs, with no surplus that might be used for other commercial purposes.

In 1825, Simpson allotted twenty-five acres of land to each of the families who had been brought to Red River. Each family was supplied with tools, seed and some ammunition to maintain themselves until the first crop could be harvested.²³ The presence in Red River of a large population of unemployed people did, in fact, drive down the workers' wages. But more important, the number of permanent labourers was greatly reduced because the company began to contract out its work to the subsistence farmers. Harold Innis, one of Canada's eminent economic historians, explained:

The problem of employing an adequate labor force to carry on trade during peak periods . . . and at the same time . . . keep down overhead costs, was resolved by the Company through a variety of measures, the most common of which was to utilize the labor pool of settlers in the Red River Settlement . . . Freight was contracted by the piece, so that the burden of overhead was materially reduced by hiring temporary employees rather than a permanent force throughout the year. The Red River Settlement became a reserve from which men could be taken in the open season and brought back to be discharged in the winter.²⁴

The HBC's restrictive policies were certain to create discontent in the colony. It was not long before this discontent became tangible, most noticeably among the French-speaking Metis, for it was the Metis who had borne the brunt of the layoff policy after the merger in 1821. And it was the Metis who exercised a degree of control over the company, since they had become the masters of the buffalo hunt and controlled the company's critical supply of pemmican.

Simpson was aware of potential conflict. The company's own policy—that is, its systematic reduction of the workforce and its enforced underdevelopment of the colony through the prevention of agricultural or industrial growth—had combined to create a large population that could no longer be accommodated (except as part-time labourers) within the framework the company had created. This population had little choice if it was to survive: the people must commence some other, “illegal,” economic pursuit. This “illegal” action centred around the Metis struggle for free trade. By 1824, Simpson recognized that the Metis represented the most serious political threat to the HBC. He wrote:

It is necessary to watch them and manage them with great care, otherwise they may become the most formidable enemy to which the settlement is exposed.²⁵

Simpson's concern was well founded. The Metis were developing as a substantial military threat. In 1851, they defeated the mighty Sioux to the south, thereby making possible the opening of a new trade route to St. Paul, Minnesota.²⁶ Initially, the Metis used this route to move supplies into and out of the country for the HBC. But they soon began to use the route that they had opened to St. Paul as a means of initiating an illicit free trade in furs and buffalo hides with the American traders. Thus, the advantages gained by the Metis through military action against the Sioux provided the basis for their struggle for independence from the HBC.

To stop this free trade and to maintain control of the growing surplus population of Red River, Simpson made several urgent requests for imperial troops to be sent to the colony. However, the British government was unable to garrison Red River with sufficient troops. The first contingent of troops did not arrive until 1846, when eighteen officers and 329 men of the Sixth Royal Regiment, with supporting artillery and engineers, arrived, having completed the long journey from England via Hudson Bay, Lake Winnipeg and the Red River.²⁷ This contingent did act to restrict free trade and to stabilize Red River. However, the troops were recalled after two years at Red River, and the free trade movement flourished.

In response to continued requests for troops, all the imperial government could do was to muster seventy retired pensioners who, it was hoped, would settle in Red River to form the nucleus of a local militia to “support the

enforcement of the laws of the Hudson's Bay Company."²⁸ But the plan simply did not work. It would have required a large contingent of regular troops to occupy Red River on a permanent basis, and the imperial government was unwilling to supply such an expensive military force.

Since the HBC could not provide sufficient military strength after 1821 to enforce the laws protecting its trade monopoly, other methods of control were used. Indeed, until 1849, these methods worked fairly well. After the merger of 1821, Governor Simpson immediately set out to co-opt Cuthbert Grant. Although it looked like blatant patronage, the HBC gave Grant transportation contracts for the conveyance of furs and supplies to and from its northern region. As well, he was set up as a free trader who, again under company contract, would purchase furs from the Metis who might otherwise take them over the border to sell to the Americans.²⁹

The HBC undertook a second precaution, this one somewhat more sophisticated. In May 1822, the company established a local administrative and governing body for the district of Red River. This was called the Council of Assiniboia. It simply brought the power of the distant London Committee to Red River where it could be more effective. The council consisted of HBC appointees who worked under the direction of the company's governor. One of the first acts of the council was that of appointing Cuthbert Grant as an officer of the law. Grant dutifully complied with the responsibilities of his new office, arresting his fellow Metis free traders whenever possible.³⁰

By 1835, however, the Metis of Red River were intent upon pursuing their own course in the West, irrespective of the desires of HBC officers, be they of English or Metis extraction. In an obvious attempt to further co-opt the Metis, "the Council of Assiniboia was enlarged and made more representative. Grant was made a member of the Council, and attended a meeting for the first time on April 30, 1835."³¹ By 1839, Grant's influence with the Metis was on the wane. Their free trade movement was pushing other leaders to the forefront. One such leader was Jean Louis Riel, the father of the famous man who led the Metis during the events of 1869-70 and again in 1885. Jean Louis Riel had returned from Lower Canada in 1841, bringing with him the ideas of the fiery Quebec rebel, Louis Papineau,³² who, together with William Lyon Mackenzie, had launched the 1837 rebellion in the Canadian East.

Under Riel's leadership, the Metis free trade movement in the West continued to gain momentum, encouraged by the council's imposition of high duties on items being imported from the United States and by the council's new, more restrictive policies on the issuing of land title.³³ The free trade struggle in the West culminated in 1849 at the trial of Guillaume Sayer. Sitting in judgement of his own kin was Cuthbert Grant, who was a juror at this trial.³⁴ Five hundred armed Metis attended the trial. Magistrate Adam Thom found Sayer guilty of trading in furs, but the atmosphere of defiance

created by the armed Metis so intimidated him that he set Sayer free. The exuberant Metis crowd streamed from the courthouse shouting, "The trade is free." Cuthbert Grant's influence over the Metis had ended, as had much of the company's.

By 1856, a powerful agitation among eastern businessmen to end the HBC's regime in the West had begun. Simpson began to consider a deal with the colonial government. He wrote:

The present agitation appears to be very opportune to enable the company to make a good bargain with the Canadian government for the surrender of the charter In my opinion, we could conduct our business nearly as well without as with the charter, while the surrender of it would relieve us both of much outlay and public odium, and the annexation of the country to Canada would put us in a better position as we should thereby have the benefit of the laws properly and efficiently supported and enforced.³⁵

The merchants of Montreal and the emerging Canadian industrialists of the East were, in fact, beginning to develop plans of their own for the vast lands that had for the previous two hundred years remained economically backward because of the HBC mercantile operations. By 1869, HBC profits had been reduced to a mere trickle and the Metis could no longer be socially controlled without the presence of a major military force. With the decrease in profits, England lost interest in the old HBC regime in Rupert's Land. Company officials, despairing at the decreasing profits from the fur trade, recognized that the HBC could no longer maintain its control over the people of Rupert's Land.

When, in 1869, the HBC sold its territory to the Canadian government for £300,000, no provisions were made for the inhabitants of the vast territory. Although the successful free trade movement had instilled a sense of pride in the Metis of the West, their troubles were far from over. The American native experience had clearly shown that agricultural settlement could be disastrous for them. As the HBC's two-hundred-year reign came to an ignominious close in 1869, the inhabitants of the West began to wonder what was in store for them. Canadian Government surveyors and speculators, hungry for western land, arrived at Red River, intent on accomplishing a quick takeover and transformation of the old way of life.