

NORTH WEST AND HUDSON'S BAY COMPANIES

The Predominating Influence of the North West Merchants of Montreal in the Plan of Amalgamation with the Hudson Bay Company in 1821.

There is no more romantic nor highly colored story in the whole span in the history of the fur trade of North America than is revealed by the diaries and journals of the men who made up the company of merchants known as the North West Company of Merchants from Montreal. These men had fallen heir to the fur trade of New France as a result of the Treaty of Paris, 1763, and had united their individual interests in the North West Company in 1784.¹ The energy of members of this company was surpassed only by the apathy of its great chartered rival, the Hudson's Bay Company, which had been in existence at this time one hundred and fourteen years.

Canada had been twenty-one years in British possession when the North West Company was organized without assistance, privilege or governmental favors by a few Scotch Canadians for the better prosecution of a business with which they were all more or less familiar. The roll call of names includes McTavish, Macgillivray, Mackenzie, Fraser and David Thompson, together with many others.

Infusing into their traffic the spirit of enterprise, these associates pushed their adventure beyond Lake Superior to Winnipeg, Saskatchewan, and Athabasca, and finally overspread the wholly new Northwest. It was they who found the River Mackenzie and followed it to the Frozen Ocean; it was they who ascended the Peace River, crossed the Rocky Mountains, planted posts upon their western slope and traversed the country to the Pacific; it was they who by their Scotch shrewdness and resistless energy, after absorbing the Canada trade, took possession of the Northwest Coast, swept Astor from the Columbia, and brought the monster monopoly, the Hudson's Bay Company itself, upon its knees.² It is very interesting to observe the evolution of the two companies and their relative successes in the fur business. The older one was a creature of royal prerogative, chartered by Charles II., May 2, 1670, and buttressed by one hundred and four-

¹ Burpee, *The Literature of the Fur Trade*, p. 52.

² Bancroft, *Works*, vol. 27, pp. 551-552.

teen years of precedent and implied judicial jurisdiction; the younger was a company with no governmental grant but with a very generous backing of Canadian moral support.

In the history of trading companies, it is probable that the North West Company of Montreal has never been equaled in the thoroughness of its discipline, the energy of its operations, the courage of its promoters and the scope of its trade. In fifteen years from the formation of the company, namely by 1799, its business annually amounted to 106,000 beaver skins and 65,000 other peltries, conducted by an army of about 2,000 men, not including the Indians. The capital required by the agents in Montreal, the number of men employed, the vast quantities of goods sent out, and the enormous stores of furs received in exchange all combined to make the business of this company the most important in Canada.

Upon huge profits of such an extensive business, the members of the North West Company soon acquired the wealth of the Indiamen, which they expended with as much careless liberality as their national prototypes, the Nabobs. Some bought seigniories, built mansions or even purchased estates in the old country, to which they retired to live a life of specious and preternatural sobriety. Others used their wealth for nobler ends and McGill University stands as a lasting monument to the wise foresight and high civic pride of one of the partners.³ The company naturally wielded an immense power in Canada, both commercially and politically.

Slowly, slowly awoke the monster monopoly, as by their charter and self-affection they would wish to be, well nigh dormant in their hyperborean dealings these hundred years and more, to a realization of their situation. These Montreal Scotchmen, with their constantly increasing wealth and independence, were becoming formidable.

What should be done?

There was but one answer an Englishman could make to such a question: They must be driven out. Although they were planting themselves firmly enough in all the wide north-west, scaling the stony barrier which had so long obstructed the fur-hunter's path to the Pacific; and although the fiercer beat upon them the storms of rivalry, the deeper and more firmly did they root themselves to the soil, yet they must be driven out. For every post they planted, another should be built beside it; for every induce-

³ Reed, *Masters of the Wilderness*, p. 64.

ment offered the natives to trade, double should be given; so the council ordered, and so the servants did.

Now no highland chieftain in his sovereign stronghold was ever more ready for the issue than these same revellers in the great hall of Fort William; no highland clansmen were ever more eager for the fray than the impulsive voyageurs and fierce half-breeds who echoed the master's bacchanals beyond the pickets.

Three claims to sole occupation and superiority the Hudson's Bay Company set up, not one of which with the North West Company was of a feather's weight. First was their royal grant, which, whether confirmed by parliament or established by time, or neither confirmed nor established, restricted the grantors to Rupert Land, which latter term signified the territory immediately encircling Hudson Bay. Secondly, the policy of the Rupert Land adventurers, which was to let the natives of the interior alone, while the white men should remain at their factories on the coast and receive such peltries alone as the Indians chose to bring them. This method was deemed better than to push traffic into the heart of the continent to the speedy extermination of native men and beasts. Thirdly, fixed prices, sober routine, orderly intercourse, and various slow commercial flummeries to which the wide-awake Northwesters would not even listen. It must be confessed that the North West Company men were not so strictly scrupulous in their use of means as they might have been; but in principle they were sound enough. The northwest territories were as rightfully open to one robber as to another; and of this a Scotchman did not need to be told. Evils arose from bitter rivalry which might be justly chargeable to both.⁴

The massacre of Governor Semple and almost twenty of his Hudson's Bay Men on the 16th of June, 1816 by a half-breed band on the plains of St. Rupert's Land, where for a century and a half the Hudson's Bay Company had ruled and where for fifty years the shrewd Scottish sense of the Montreal traders had prevented more than an occasional death by violence startled the Imperial Government into activity. In June, 1819, the question of rivalries and existing disputes between the North West Company and Hudson's Bay Company was brought before the British Parliament. Later by interposition of the ministry, a compromise was effected and the two companies merged into one.

Then it was that the Montreal merchants, strengthened as they were by Canadian political and social support, stepped into

⁴ Bancroft, *Works*, vol. 27, pp. 567-568.

the breach and accomplished three things which proved their predominating influence in the amalgamation, namely:

First—Suggested the plan of union finally adopted and confirmed by Parliament.

Second—Named the man who was appointed first governor of the united companies.

Third—Acquired judicial jurisdiction which was confirmed by Parliament July 2, 1821. This judicial jurisdiction had not been recognized in the Hudson's Bay Company for the 120 previous years.⁵

Edward Ellice was an officer in the North West Company; Lord Bathurst, hearing that Ellice had a plan of union of the two companies, sent for the peace maker, heard his views and adopted the method suggested.⁶ Lord Bathurst promised Ellice that he would unite the companies by Parliamentary Act if the companies could but make a financial adjustment between themselves. The propounder of the plan, Ellice, encouraged by the promise given by the Imperial Government to his plan, undertook, amid numberless prophesies of failure, to bring together the hostile elements.

The agreement reached, after much discussion, was entered into March 26, 1821; it provided that the two companies should share equally the profits of trade for twenty-one years—each company furnishing an equal amount of capital. The whole stock was divided into 100 shares, forty of which were to be distributed among the wintering partners, as the traders actually engaged in St. Rupert's Land were called. By the terms of the Deed Poll, dated March 26, 1821, immediate control of the amalgamated company's affairs passed from the hands of a committee sitting in London to a personage known as Governor-in-Chief of St. Rupert's Land, resident in Canada, and his council. His commission extended over all the Company's lands and possessions with an unlimited tenure of office.

The council was to be composed of chief factors and occasionally a few chief traders who were to meet at some convenient center for the purposes of consultation.⁷ This, then, was a decided concession to the controlling hand of the North West Company. The government of the amalgamated company had become democratic and supervision and administration had become local.

⁵ Report of Special Committee—Appendix 8, published by Parliament in 1857, p. 368.

⁶ Bryce, *Makers of Canada*, vol. 8, p. 212.

⁷ Beckles Willson, *The Great Company*, p. 436.

But the real work of reconciliation was not to be accomplished by passing equitable acts of Parliament, or by bestowing fair salaries upon partners. It needed a man of the right stamp to unify and moderate the opposing members. What qualifications should such a man have? He needed to be young and independent, not having strong affiliations with either party, and yet a man of intellect, of position and of attractive manner to hold the respect of shrewd, experienced factors and traders. He must be a man of British rather than Canadian antecedents, in order that the older company might be satisfied, and yet preferably a man of Scottish origin to give the confidence of the strong Celtic elements which largely made up the North West Company of Montreal. To have visited the fur country was a necessity, and yet not to have there lost his business habits as so many of the older traders, who had lived long in the remoter posts had done. The man must be of quick perception, affable manners, patient temper, good judgment and natural astuteness. Was such a catalogue of virtues and habits to be found in any one man? It seemed very unlikely.⁸

Again Mr. Edward Ellice, the shrewd North West Company representative in the negotiations, was instrumental in finding a way out; Ellice had been struck by the qualities and special aptitude for this important post of a young Scotchman, George Simpson.⁹ Simpson was appointed and administered the office long and well.

As has already been stated, the Hudson's Bay Company had not for more than 120 years been trusted with judicial authority by Parliament. The Canadians had been suspicious of a company with offices in London administering the law justly and equitably. The Canadians had no such suspicions after the merger of the company's employees, composed to a large extent of members of the company resident in Canada.

When the union of the two companies was effected a grant was made by the King to adventurers trading in Hudson's Bay and to William Macgillivray, Simon Macgillivray and Edward Ellice, the persons so named representing the former proprietors of the North West Company of the exclusive trade for twenty-one years in all the countries in which privileges could be granted agreeably to the act. Persons in the service of the rehabilitated Hudson's Bay Company were at the same time commissioned as

⁸ Bryce, *Makers of Canada*, vol. 8, p. 215.

⁹ Beckles Willson, *The Great Company*, p. 436.

justices of the peace for those countries with jurisdiction in civil cases up to £200 and in criminal cases not involving capital punishment; and the jurisdiction of the courts of Upper Canada was rendered effective as far as the shores of the Pacific, no exception being made in that respect by the act with regard to any of the territory embraced in the grant, not within the limits of any civil government of the United States.¹⁰

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¹⁰ Robert Greenhow, *History of Oregon and California*, p. 326.