THE HUDSON'S BAY COMPANY'S MONOPOLY OF THE FUR TRADE AT THE RED RIVER SETTLEMENT, 1821-1850

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The conflict between the aims of settlement and the interests of the fur trade is to be traced in Rupert's Land beyond the inception of colonization by Selkirk in 1811. Even the purchase of a controlling interest in the Hudson's Bay Company, begun by Selkirk as early as 1808, was not sufficient to win the directorate to an interest in anything but their own dividends from the fur trade. The Company could not be induced to carry out what Selkirk had been advocating for ten years — a systematic scheme of colonization from the Scottish Highlands. The Superintendent at York Factory "entirely neglected", states a memorandum in the *Correspondence* at St. Mary's Isle, "the instructions which had been given him respecting the formation of a colony at Red River. . . . In these circumstances, Lord Selkirk was induced to make a proposal which met the views of the Directors, viz., to take upon himself the charge of forming the intended settlement on condition of the Company granting him a sufficient extent of land, to afford an indemnification for the expense."[1]

The old directorate thus escaped the responsibility; the officials at Hudson's Bay discovered with dismay that Selkirk's influence was paramount, and that after the grant of Assiniboia to him in 1811, no covert opposition to the settlers, nor direct protest to Selkirk in person, could stay the attempt to establish a colony in the West. Auld,

[1] *Correspondence* in possession of Captain Hope, Vol. I, pp. 13-14.

the Superintendent, sent to London diatribes against the settlers and their "Governor", and ventured even to suggest to Selkirk "that he had been imposed on."[2] The Superintendent was curtly dismissed. The Company's officials were forced, willy-nilly, into conformity with Selkirk's enterprise. Selkirk bound himself and the settlers in an agreement that they "shall not . . . . carry on or establish or attempt to carry on or establish in any part of North America, any Trade or Traffick in or relating to any kind of Furs or Peltry." Such was the beginning of the precautions taken by the Company, to safeguard against the Red River Settlement the monopoly of the fur trade granted in 1670 in the original charter of the Hudson's Bay Company.

The main current of opposition to settlement, however, came through another channel, though it originated, perhaps, near the same source. The Northwest Company of Montreal were convinced that colonization and the fur trade were incompatible; and, having contrived to convince themselves that Selkirk's interests were centered in the fur trade, they concluded that "under the guise and cloak of colonization, he is aiming at and maturing an exterminating blow against their trade."[3] The conflict which involved the destruction of the Settlement in 1815, and the death of Governor Semple and twenty-one of the settlers in 1816, bears upon the subject of this paper only in so far as it shows the inveterate hostility of the North-West Company to colonization, and their conviction that Selkirk's rights of property, claimed and eventually vindicated in Assiniboia, struck at the root of the fur trade in the West.

The coalition of the Hudson's Bay and the North-West companies in 1821 was followed in the same year by the royal license "for the exclusive privilege of trading

[2] *Selkirk Papers*, Canadian Archives, p. 572.

[3] McGillivray to Harvey, June 24, 1815, in *Papers Relating to the Red River Settlement*, 1819, pp. 7-8.

with the Indians in all such parts of North America to the northward and the westward of the lands and territories belonging to the United States."[4] Probably Selkirk's indomitable influence alone, down to the day of his death, had prevented the immolation of the Settlement at an earlier date upon the interests of the fur trade. "With respect to giving up the settlement or selling it to the North-West", he stated in almost the last letter he ever wrote, "that is entirely out of the question. I know of no consideration that would induce me to abandon it. I ground this resolution not only on the principle of supporting the settlers whom I have already sent to the place, but also because I consider my character at stake, upon the success of the undertaking, and upon proving that it was neither a wild and visionary scheme, nor a trick to cover sordid plans of aggression."[5]

After the coalition, however, there was none to fill the gap left by Selkirk's death. Even Selkirk's brother-in-law, who had responded with courage to Lady Selkirk's devotion in behalf of her husband, wished the Red River affairs "had been in the Red Sea twenty years ago."[6] Governor Simpson wrote that, unless carefully regulated, the Settlement would "ultimately ruin the trade." "Every Gentleman in the Service, both Hudson's Bay and North-West", he continued, "was unfriendly to the Colony."[7] The old Northwesters still continued "the most rancorous hostility to the settlement."[8]

Thus closed the first stage of colonization. The Settlement was a necessary evil — destined, it seemed, to almost perennial disaster, but so firmly planted almost in the center of the continent that to uproot it would have

[4] *Copies or Extracts of Correspondence Relating to the Charter of the Hudson's Bay Company*, 1842, p. 22.

[5] *Correspondence*, St. Mary's Isle, p. 9661a.

[6] *Correspondence*, Vol. V, p. 1028.

[7] Simpson to Colvile, May 20, 1822, in *Selkirk Papers*, p. 7623.

[8] *Selkirk Papers*, p. 7397.

been more hazardous than to let it grow. "The subject of consideration", the Company's instructions state bluntly, "is not how to form a settlement upon the most solid and enlightened system and government; but how to form the best settlement . . . . that the means and funds . . . . and other circumstances relating to the nature and situation of the property will permit."[9]

The second stage, from the coalition in 1821 to the transfer of the Settlement from the Selkirk family back to the Company in 1834, seems to have been dominated on both sides by the determination to make the best of a bad bargain. Despite the frank impatience of Colvile with the blundering mismanagement of petty officials, there is an attempt to be just to the settlers and scrupulously exacting with the fur trade. Colvile wrote frankly to the Governor of Rupert's Land that, however opposed might be the interests of trade and settlement, the Governor and Committee of the Company in London would "not suffer the fur trade to oppose or oppress the Settlement, and if it be attempted, the expence of redressing the evil must and will fall on the fur trade, as in Justice it ought."[10] The attitude of the Company's officials at Red River was, in fact, supercilious rather than hostile. A meeting of Captain Bulger's council — the "grumbling senators" at the Colony Fort — forms the subject of an elaborate caricature by one of the Hudson's Bay men, though Bulger himself seems to have received something more than good-humored toleration.[11] There was a suggestive proposal to add the Company's Chief Factor at Red River and the Roman Catholic Bishop to the membership of the Council. The vindication of the right of the settlers to trade with the Indians for provisions, leather, and horses seems to have been

[9] *Selkirk Papers*, p. 7533.

[10] *Selkirk Papers*, pp. 8148-8149.

[11] *Selkirk Papers*, p. 7623.

the first indication of the coming conflict for free trade in furs. It is suggestive also that as early as 1822 private traders appeared on the American border, and that in the following year a strong police force was organized, as the instructions to Captain Pelly state, "for the protection of the settlers and the stability of the Colony."[12]

The first outcry against the Company seems to have been based upon the trade, not in furs but in ordinary merchandise; and in this instance, at least, the Company can scarcely be considered culpable. Until 1823, in the absence of currency in the Settlement, the "colony stores" were supported by the Selkirk trustees, on a system of credit, at ruinous loss to the family. Even after 1823, these "colony stores" were ill-managed and unsatisfactory. A few of the settlers seized the opportunity of importing goods by the Hudson's Bay ships at £8 per ton, and did a thriving business at the Settlement. There was at first no opposition from the Company; but when the "colony stores" were at length placed upon a sound footing by a staff and a supply of merchandise sufficient to meet the demands of the whole Settlement, the small trader, says Ross, "raised a hue and cry against the Company and accused them of a wish to monopolize all the trade in goods as they did in furs."[13] It would be less than just, as I have suggested, to charge the Company with a desire to "suffer the fur trade to oppress the Settlement." There is evidence that it was the appearance of the private trader on the American border, and the attack upon the jealously guarded monopoly in furs, that forced the Company to adopt their policy of "smoothing" — to use the expressive phrase of that time — the signs of the unruly independence at the Red River Settlement.

The tone of the Company's officials at the Settlement

[12] *Selkirk Papers*, p. 7791.

[13] *Red River Settlement*, p. 157.

underwent a remarkable change after the flood of 1826, though it seems difficult to account for that change altogether on grounds of general contentment and prosperity. "This settlement", wrote Simpson, the Governor of Rupert's Land, in 1829, "is in the most perfect state of tranquillity, 'peace and plenty' may be said to be its motto."[14] Governor Mackenzie of the Settlement wrote, with sudden enthusiasm that suggests a degree of calculation, of the "stacks and laden carts", the corn "rich and flourishing", the "ensemble of landscape perhaps nowhere to be equalled. . . . I beg to congratulate you and all my employers on the prosperous state of the Colony."[15]

There were obvious reasons for concentrating control as far as possible in the hands of the Company. Prosperity at Red River paved the way for the transfer of the Settlement from the Selkirk family to the Hudson's Bay Company. The shrewd officials in Rupert's Land could be relied upon to endorse the measure from the standpoint of the fur trade. After the transfer in 1834, the Council of Assiniboia, under the presidency of the Governor of Rupert's Land, was now under the direct control of the Company. Justices of the peace were appointed and a volunteer corps was organized. Cuthbert Grant, the leader of the Métis at the affray of Seven Oaks, was now Warden of the Plains. It happened that among the chief duties of the magistrates was the enforcement of the monopoly in furs.

The discontent which culminated during this third stage of the Settlement had, in fact, been in evidence for several years before the transfer. As early as 1829, the Métis had united in demanding the removal of the duty of seven and one-half per cent on goods by way of the United States and increased facilities for the trade in

[14] *Selkirk Papers*, p. 8473.
[15] *Selkirk Papers*, p. 8480.

buffalo hides and tallow with Great Britain. The Governor attributed the agitation to a few malcontents, and "smoothed" the movement by moral suasion. The police force at the Settlement, and the rigid control of the trade at Hudson Bay, could have coped with the illicit traffic in furs had the north remained the only channel of trade; but American cattle-drovers and fur traders from the south threatened the monopoly at the border, while the facilities for obtaining goods from the United States enabled the merchants at the Settlement to drive a thriving trade *sub rosa* with the American outposts.

The claims of the Company were enforced with increasing vigor. The private traders were required to make a formal declaration against the traffic in furs; the penalty of refusal was announced to be the opening and examination of the trader's correspondence by way of Hudson Bay. Participation in the illicit fur trade was guarded against even in the titles to the land at the Settlement. Constables, with long poles to explore the recesses of cottage chimneys, exercised the right of search and seizure; at first with vigor and despatch under the vigilant eye of Governor Simpson, but with increasing compunction as public opinion in the Settlement began to declare itself. The magistrates who were to enforce the laws were members of the Council by which the laws were enacted. By intermarriage, by social influence, or by an adroit appeal to private interest, the Company sought to retain its control over the Council of Assiniboia, though the wild life of the Métis on the plains was quick to detect and to act upon the ill-concealed opposition of a few traders at the Settlement to the aggressive measures of the Company. In 1834, one of the Métis, Larocque, had been struck by one of the officials at Fort Garry in punishment for an insult. The demand was made that the officer be dealt with by the assembled Métis. When the Governor refused to comply, the Métis began their war-

dance "like a troop of furies". A deputation, including the Governor, the Sheriff, and the Chief Factor, restored peace in the Settlement only by much argument and a present of a "barrel of rum and a sum of money as an expiation."[16] The Company began to marshal their forces for a conflict. Old Fort Garry was abandoned on the banks of the river. A new fort was built of stone, on higher land, with four bastions provided with loopholes for small guns and musketry. A Recorder of Rupert's Land was appointed to direct the primitive system of justice, and to reinforce the waning power of the magistrates.

The appointment to this position of Adam Thom was a signal for sullen discontent among the Métis. Thom came to Red River with a reputation for hostility against the French-Canadians during the stormy course of the Papineau rebellion in Lower Canada. The absence of professional training in the old system was only more apparent than the presence under the new system of certain conditions which suggested a sinister policy of coercion. The Recorder's tenure of office depended upon the pleasure of the directorate, whose paramount interest was the enforcement of the monopoly in furs; it was taken for granted that the interests of the individual would not predominate over those of the Company. Even Sheriff Ross expresses a doubt as to whether the Recorder "could at all times, be proof against the sin of partiality." Seizures of furs became increasingly frequent; the right of search was carried out with no excess of delicacy. The Métis, both French and English, were driven together by the enforcement of the monopoly. "There is not a man, high or low," wrote the private trader, Andrew McDermot, to Governor Christie, "but says that Mr. Thom is the cause of all the present evil."[17]

[16] *Life and Travels of Thomas Simpson.*

[17] *Red River Correspondence, Confidential,* 1845-6-7, in possession of

In family connection and tradition, the two traders who took the most prominent part against the Company were in fact "Company's men". James Sinclair came of a family that had been identified continuously with the Hudson's Bay Company since 1780. Andrew McDermot had arrived at the Red River Settlement with the party of 1812. As outfitters to the Métis for the buffalo chase, Sinclair and McDermot had exported tallow by way of Hudson Bay; but there is evidence that their activities had extended also to the fur trade itself, not only with the connivance but with what the traders considered to be the instigation of Governor Simpson and Governor Finlayson at the Settlement. The appearance of American traders at Pembina was a sign that in this sphere, at least, competition could serve the interests of the Company. "As God is my judge," wrote McDermot at a later date, "I did nothing at that time, but began with the view of doing what I could for the benefit of the Company."[18] Governor Simpson, he continued, gave him to understand that he "would not see me lose anything by it." Sinclair was even more explicit. "I began to trade furs," he wrote, "with the sanction of the Honorable Hudson's Bay Company and continued to do so until June 1845."[19] After a visit of American traders to the Settlement in the autumn of 1844, however, it became evident that the danger from the standpoint of the Company could no longer be dealt with by adroit management and half measures.

The Company determined to stop the traffic at any cost. McDermot and Sinclair were required not only to submit to the regular declaration but to refrain from

C. N. Bell of Winnipeg. I beg to acknowledge my obligation to Dr. Bell for his very kind permission to make use of this interesting letterbook.

[18] November 30, 1845, *Red River Correspondence, Confidential*, 1845-6-7.

[19] Sinclair to Christie, August 25, 1845, in *Red River Correspondence, Confidential*, 1845-6-7.

importing goods by way of the United States, and to give a bond of £1,000 "for the due fulfilment of the above conditions." The Governor at the Settlement advocated the use, as he expressed it to Governor Simpson, of "a variety of indirect but powerful means" against the ringleaders of the free trade — the detention of their goods, the raising of the freight rates, and the refusal to handle their commodities for export. Even these precautions were found to be too late. In 1845, Governor Christie wrote that no "measure whatever of an indirect nature, will now answer our purpose." Petitions were freely circulated. An agent was despatched eastward to carry the agitation to higher quarters. The Governor considered it necessary to warn the Company by special express. A gathering of Métis advocated breaking the gaol. Andrew McDermot, in whose hall the gathering had met, was reproached for complicity in the movement, and indignantly resigned from the Council of Assiniboia. The goods of several traders were altogether refused for export by the Hudson's Bay ships. The question of trade was becoming one of government. The Company, holding its Charter from the Crown, was refusing the most elementary rights under British government in order to enforce their monopoly. The magistrates evinced "a degree of reluctance amounting . . . . to a fixed determination not to adjudicate in cases arising out of illicit fur trafficking." The inefficiency of the police became "notorious and undeniable". The Governor suggested a line of outposts to control the Settlement, and a policy of general seizure in order to cope, as he expressed it, with the "seductive doctrine about equality and Free Trade." Finally he urged the Company to procure "a body of disciplined troops for the purpose of giving still greater effect to our authority."

Fortunately for the Company, the Oregon dispute had already given them an opportunity, of which they

had lost no time in availing themselves. In 1846 Major Crofton with 347 men was sent to Red River "under instructions for the defence of the British settlement."[20] The force promised "to give efficiency", as the Governor wrote, "to all our laws."[21] What with the presence of the troops and the ravages of an epidemic at the Settlement, the free trade in furs came, for a time, abruptly to an end; but when the troops were recalled in 1848, the agitation, pent up for two years by the repressive measures of the Company, broke out anew with increasing violence. An adroit attempt had been made to continue the military domination by a force of fifty-six pensioners in 1848, but the Sayer trial in the following spring was sufficient to destroy once for all the prospect of enforcing the monopoly in furs at the Red River Settlement.

Guillaume Sayer and three other traders were to be tried on May 17th, for illicit traffic in furs. Unfortunately for the Company, the circumstances were such as to invite inevitable defeat. May 17th was Ascension Day and the Métis gathered at St. Boniface. Piling their arms in the churchyard, they attended mass in a body. After the service they were harangued by Louis Riel, father of the insurgent leader of 1869, advocating a demonstration against the Recorder at the Court-house. The chief prisoner was represented by James Sinclair himself. The Métis, within and without the Court-house, announced their determination to take the law into their own hands if the prisoners were not liberated. The issue was made quite unequivocal by the defendant's plea of guilty. It was stated in the evidence, however, that Sayer had received for the occasion verbal permission from a subordinate official of the Company to trade in furs. The pretext was eagerly seized upon by the bench.

[20] Crofton's *Diary*.

[21] Christie to Simpson, April 21, 1846, in *Red River Correspondence, Confidential*, 1845-6-7.

Sayer was dismissed. The case against the other three traders was dropped. The word went out that the monopoly in furs was broken. The Métis returned to St. Boniface, celebrating their victory by the firing of guns and by cheers of exultation. "Le commerce est libre — vive la liberté." The Sayer trial was almost the last occasion on which the Recorder appeared in his official capacity. His return to England in 1854 was an indication that one chapter, at least, in the curious history of the Red River Settlement had come to an end.