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Private REPUBLIC

The Hudson's Bay Company
in the Pacific Northwest

By André M. Peñalver

ABOVE: *The Hudson's Bay Company kept its own flag and maintained its own calendar based on the year its charter was granted.*

FACING PAGE: *Detail of an 1869 sketch of Fort Nisqually. The HBC maintained its trade through a network of forts armed with bastions and cannons, and governed with a martial spirit.*



ADMITTEDLY, the Hudson's Bay Company (HBC) and the 19th-century fur trade are not particularly original topics of study. "It is fair to say," historian Theodore Karamanski claims, "that 20th-century historians working in this area have outnumbered the actual 19th-century mountain men." Although many books have been written on the fur trade, no historian has analyzed the political behaviors of the Hudson's Bay Company as if it were a sovereign power. Though historians might use a term such as "empire" to vividly portray the company's enormous size, nothing has been written about the HBC as a government entity in and of itself, independent of the British Crown to which it maintained nominal allegiance.

The prevailing idea, to the contrary, is that the Hudson's Bay Company acted as an agent of the British Empire. As historian John Galbraith writes, "In North America, west of the narrow strip of land on the St. Lawrence called Canada, 'Imperial Britain' throughout most of the period between 1821 and 1869 was the Hudson's Bay Company." From this perspective, the two were not separate empires in conflict but harmonious partners in a single empire. Peter Newman echoes this notion in *Empire of the Bay* when he states that the HBC's "corporate objectives and England's priorities were one and the same." If such a relationship existed, then one would expect a harmony between the company's interests and actions and those of the British government. No such harmony existed. Like two other trading companies chartered by Great Britain—the British East India Company and the British South Africa Company—the Hudson's Bay Company often acted as a government in its own right rather than as an agent of government.

The Hudson's Bay Company arrived in the Pacific Northwest in 1821. Left to itself in this vast unsettled territory, the company acted on its own authority. As part of its "domestic policy," the company supplied the basic framework and services usually undertaken by government—roads, schools, hospitals, and the

like—and provided security through its strong network of forts. The HBC's main agenda was to exert its considerable power in order to promote its own unique interests. In this distant frontier the company actually came to develop an effective government through its remarkably independent organization, policies, and infrastructure.

THE HBC ENTERED the American fur trade in May 1670, when Charles II signed the company's charter and granted it 1.5 million acres around Hudson Bay, the equivalent of about 40 percent of present-day Canada. The king left the limits of the territory undefined, thus allowing the company to extend itself to the Pacific. Within this territory—called Rupert's Land after Prince Rupert, the king's cousin and first HBC governor—the company and its officers were to be “the true and absolute Lordes and Proprietors of the same Territory.” Joined by ten knights, two earls, a duke, a lady, and the chemist Robert Boyle, Prince Rupert's new company was indeed “a princely undertaking.”

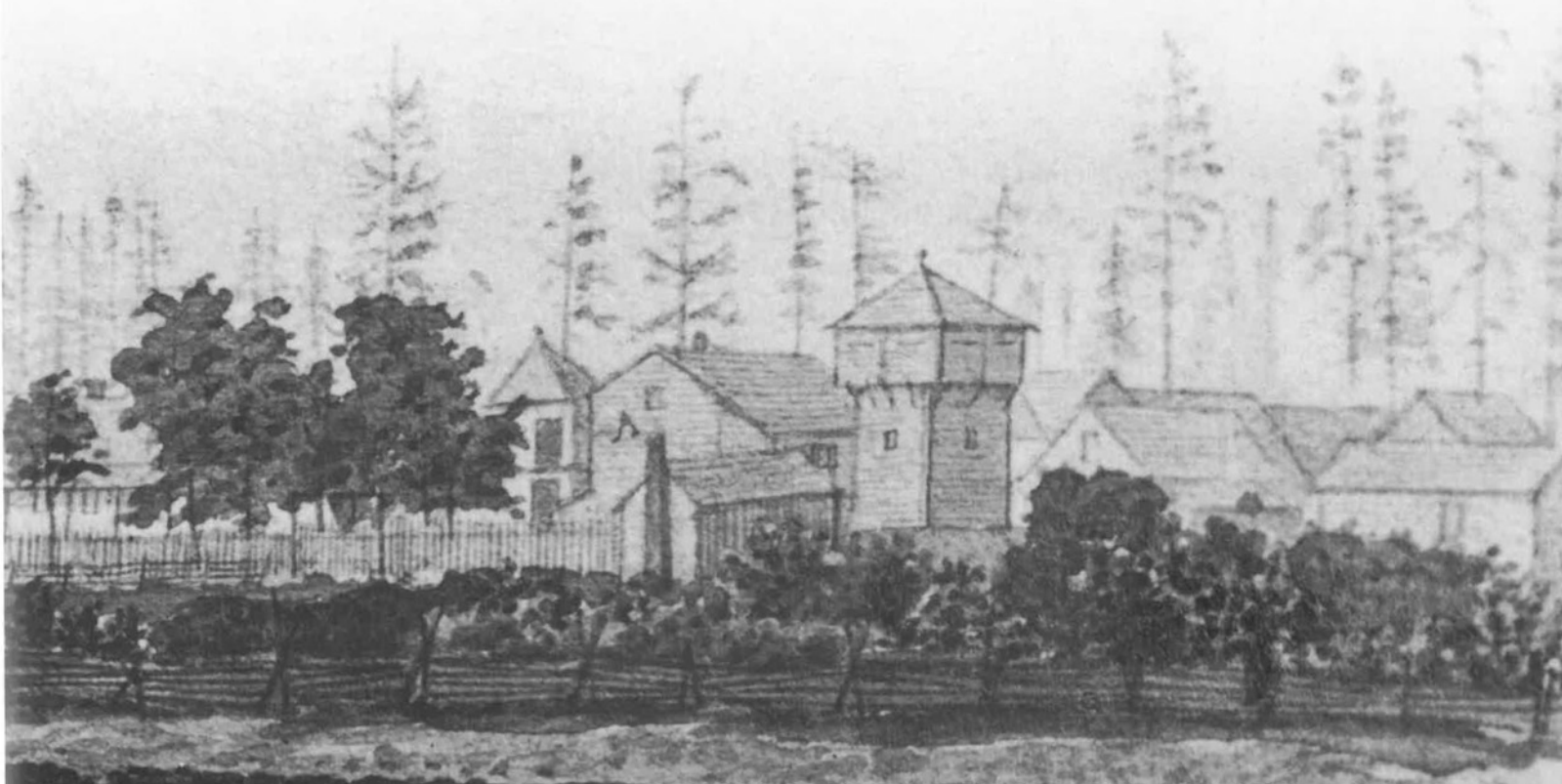
The British Crown considered the Hudson's Bay Company to be its ally in this unsettled territory. Peter Newman writes that with the establishment of the Hudson Bay fur trade, “the interests of the two parties were united—that of adventurers for profit and that of the government for the development of trade.” Unfortunately, the government could not predict the extent to which the HBC, when left to its own devices, would build an empire of its own.

As a business operation, the company maintained the same hierarchy from its inception until it was sold in 1863. At the top of the structure sat the London committeemen: the governor, deputy governor, and board of directors—all chosen by the shareholders. Next came the regional governors, chief factors, and chief traders—the men who directed the company's posts and its army of laborers and skilled

tradesmen. Occupying the lowest level of the hierarchy, these workmen, the “servants of the honourable Company,” as they were known within the organization, made up about 85 percent of HBC personnel. All directives from London were processed through regional officers who could take into account the many contingencies that arose on an isolated continent. Using this flexible yet tiered structure, the company operated in the distant territory of the Pacific Northwest with few major problems of authority.

In the early 19th-century several factors came together that left the Hudson's Bay Company alone in the Pacific Northwest. First, an 1818 treaty between the United States and the British government settled on a policy of joint occupancy in the Oregon Country. Though the Joint Occupancy Treaty left the Pacific Northwest to the British and Americans, it did little to establish a presence of either government in the area. The real purpose of the treaty was exclusion: to keep the Russians in Alaska and the Spanish in California from encroaching. For the Hudson's Bay Company, this treaty meant that competition in the Pacific Northwest would be limited to the Americans and other British trading companies.

The only American company that could compete in the Pacific Northwest was John Jacob Astor's American Fur Company. In 1811, Astor modestly established Fort Astoria at the mouth of the Columbia River to serve as the heart of his Pacific fur trade, but his plans were cut short by the War of 1812 and the perceived threat of a British attack on the fort. Taking advantage of the situation, a rival Montreal-based enterprise, the North West Company (NWC), warned the Astorians in 1813 of an impending attack by British warships and “generously” offered to buy the fort at the low price of \$58,000. Though rights of the sale were questionable, Astor could not regain the post even after the war's end. So ended any burgeoning American fur trade in the Pacific Northwest.



RIGHT: Rupert's Land, Charles II's original grant, makes up 40 percent of modern Canada. Not quite satisfied, the company expanded all the way to the Pacific.

BELOW: Such "young able bodied" workers were known as the "servants of the honourable Company." They made up about 85 percent of HBC personnel.

FACING PAGE: Prince Rupert, cousin of King Charles II and the company's first governor. Joined by fellow peers, he started his "princely undertaking" in May 1670.



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As the first European presence in its new territories, the Hudson's Bay Company took upon itself the responsibility of building the region's first roads and bridges. In 1841, A. C. Anderson, an officer of the Puget Sound Agricultural Company (PSAC)—a Hudson's Bay Company subsidiary—led a team of men to build a road from Fort Vancouver to Cowlitz Farm, a distance of over 60 miles. As Anderson proudly pointed out, the roads and bridges his work force opened were "those which form the main communications of the country."

In addition to road construction, the HBC ventured into education and health care. In 1834, in keeping with company policies, Dr. John McLoughlin, the chief factor at Fort Vancouver, opened the fort's first school. He also initiated a Sunday school where, he wrote, "weekly lectures were delivered in the Native language," thus "diffusing the seeds of sound principles" to both European and Indian inhabitants. With the help of the fort's doctor, Meredith Gairdner, McLoughlin opened the infirmary that A. G. Harvey has called "the first attempt at permanent hospitalization in the Pacific Northwest."

Through its PSAC farms, the HBC introduced large-scale agriculture into the region. Dr. William Tolmie, a PSAC chief factor, brought in strawberries, dahlias, and quail, species he

Washington State Historical Society, #1995.1172

The last step in the Hudson's Bay Company's Pacific Northwest hegemony came with its absorption of the NWC in 1821. Since its creation in 1779, the North West Company had found itself in a bloody and expensive rivalry with the Hudson's Bay Company. When representatives of both companies agreed on a merger, the HBC acquired the critical post of Fort Astoria, which it renamed Fort George. Absent the Spaniards and Russians, the American Fur Company, and the North West Company, the Hudson's Bay Company operated in the Pacific Northwest as a complete monopoly.

acquired through HBC trade routes to Hawaii and California. In all its public initiatives, the company took on the responsibility of providing basic goods and services for those within its territory, Native American and European alike.

Far more telling—and more startling—is the HBC's use of force in the region. The company staked out much of its place in the Pacific Northwest through its network of forts; by 1843 it operated eight forts and several other outposts between the Fraser and Columbia rivers. Though the forts primarily served as places of business, they also doubled as security points. British army spies noted in their report to the secretary of the state for the colonies that Fort Vancouver's blockhouses held six three-pound iron guns. Likewise, Fort Nisqually was built with two bastions, both armed with cannons and swivel guns. These forts were the cornerstone of the HBC's hold on the territory.

Within the forts themselves, the managers maintained strict discipline. Forts were built on the British imperial model, each one flying the company flag. Service to the company was recognized with its own medals; shift changes, meals, and bedtimes were signaled by ship's bell, mirroring British Royal Navy procedures. In keeping with this martial spirit, the company did not tolerate unruliness within its ranks. To enforce discipline, officers most commonly levied fines. For worse cases they employed floggings, which ranged from a simple whip or cat-o'-nine-tails to running the gauntlet, a particularly useful "expression of communal disapproval of certain crimes—usually theft." There were some crimes that resulted in imprisonment.

An HBC fort might also launch an attack force against an external threat. The most telling instance of the company's willingness to use violence came in 1828 when John McLoughlin responded to the murder of five company employees by sending two armed parties to attack the village of the local tribesmen held responsible—one party by boat and another by land. After killing eight members of the tribe en route, the two armed groups burned the village and killed another 21 people. In all, McLoughlin wrote, "the whole expedition was most judiciously conducted."

Through such harsh methods the Hudson's Bay Company kept a tight hold on its territory, successfully exercising a monopoly over violence in the region. The company at times extended protection to outsiders, as when in November 1847 a party of Cayuse Indians overran the Whitman Mission near Walla Walla, killing 14 missionaries and taking 53 prisoners. It was a Hudson's Bay Company

employee who negotiated the prisoners' release, for lack of any response by Oregon's fledgling territorial government.

During the period in which the HBC operated without interference in the Pacific Northwest, it alone oversaw those goods and services traditionally administered by government. For all the benefits it bestowed on the region, however, the HBC was thoroughly autocratic in its operations.

LIKE ANY OTHER government, the HBC had its own foreign agenda. As early frontiersman Pierre-Esprit Radisson boasted, "We were Caesars, being nobody to contradict us." And just like Caesar, the company was disinclined to submit itself to another power. As a result, it often acted against the interests of both the British and the Americans. First the HBC frustrated British policy by selling supplies to American settlers. Next, it frustrated settlers by trading arms to the Indians. Once the settlers created a territorial government of their own, the company imposed itself on that, too.

The Oregon Country, consisting mostly of the present states of Oregon and Washington, had been a source of conflict between British and American diplomats since the Treaty of Ghent in 1814. Americans claimed the land by title of discovery as a result of Captain Robert Gray's 1792 exploration of the region. The British countered with their title by settlement, since the only real non-native presence in the region was that of the Hudson's Bay Company—a British corporation. As already mentioned, diplomats had more or less agreed to disagree in 1818 by leaving the territory to joint occupancy.

In 1827, as the 10-year treaty was about to expire, diplomats once again took up the "Oregon Question." While Americans would gladly have taken Oregon in the spirit of Manifest Destiny, the fact remained that the Hudson's Bay Company's British employees were the only settlers in the area. As a result, the 1827 treaty again settled on joint occupancy by the two countries.

The consensus among historians is that British interests were closely linked with those of the Hudson's Bay Company during this period. John Galbraith, however, went one step further, arguing that "by the retention of its Columbia posts the Company expected to provide British dip-

lomats with their most potent argument." By this account, not only did the HBC happen to aid the British government in its territorial claims but it intentionally served the government's interests. This claim is not consistent with the company's operations in the territory.



Though the Hudson's Bay Company had some interest in British control of the region, it had no intention of holding onto this territory at the expense of its broader interests. Accordingly, the company hedged its bets in Oregon by abandoning holdings it viewed as a financial liability. Once it was clear that Oregon was likely to be taken by the Americans, the HBC settled on a "denuding" policy—large teams of experienced trappers would strip the land of its beaver population so as to maximize the company's own profit from the land while leaving future competitors empty-handed.

To justify these expeditions, HBC officials refer only to the company's interests and never to the interests of the British government. George Simpson, the HBC's regional governor, writes of "our interest to reap all the advantage we can for ourselves, and leave it in as bad a state as possible for our successors." As he explains later, these are the "exertions necessary for the protection of our own interests, and to prevent our rivals in trade from profiting by their encroachment... if we do not relax there is little doubt we shall soon be left Masters of the Field."

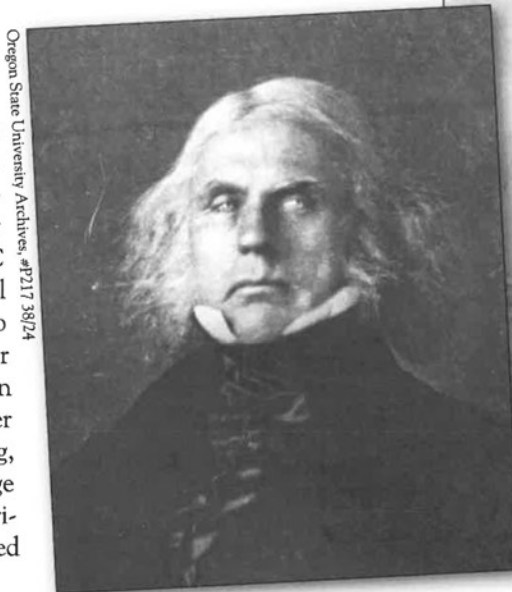
By abandoning the area south of the Columbia River, however, the HBC provided the American government with more justification for its possession. The company further advanced American claims to the area by directly aiding American settlers. In 1838 the HBC purchased Idaho's Fort Hall on the Oregon Trail to profit from sales to settlers on their way to Oregon. Richard Grant, the fort's chief trader from 1842 to 1851, recorded sizeable profits on his sales of flour, rice, coffee, sugar, and other staples. Regular operations notwithstanding, company officials such as Grant took advantage of such opportunities to profit from the American pioneers, even when doing so undermined British claims to Oregon.

THE HBC'S PRESENCE offered American settlers the only safety net in the frontier wilderness. Trading posts provided settlers with necessary food and supplies, and the company's roads and bridges facilitated their travels. A company-built sawmill on the Willamette River was for a time the only sawmill between Puget Sound and San Francisco. For these reasons, settlers were initially appreciative of the HBC's presence in an otherwise unwelcoming environment. On March 21, 1845, as Oregon began to form its own government, its executive council sent a letter to McLoughlin expressing gratitude for the company's aid in the "peace and prosperity" of the new territory. Even the Methodist missionaries used their 1845 annual report to express appreciation for the "gentlemen of the Hudson's Bay Company." That same year McLoughlin could accurately report to his own superiors that "all the immigrants are treated most kindly by the Hudson's Bay Company."

RIGHT: *Vancouver Island governor and HBC officer James Douglas defended the company's right to trade firearms to the Indians, even though doing so escalated the conflict between them and the Americans.*

BELOW: *Dr. John McLoughlin, chief factor at Fort Vancouver and the "Father of Oregon," knew something about sternness.*

City of Vancouver Archives, #Port P1593



Oregon State University Archives, #P217 38/24

To explain this aid to American immigrants, McLoughlin focused on its benefits to the company, whether directly

in sales of provisions or indirectly in keeping out competitors who might provide such provisions. The chief factor felt certain, says Peter Newman, "that the Company's future would be best served by his sometimes costly efforts to treat the growing influx of settlers as potential customers rather than unwanted pests." Though this reasoning may have helped the company's balance sheets, it did not serve the British government's attempt to maintain a hold on the Oregon Country.

By facilitating the American settlement of Oregon, the Hudson's Bay Company dealt a mortal blow to Britain's claim. Americans were fast becoming a sizeable presence in the region. This tipped the diplomatic scales enough that the United States was able to solidify its claim in the Pacific Northwest. As Frederick Merk writes, it was the Oregon pioneers who "brought pressure to bear on the British government during the final stages of the Oregon negotiations, and this was a factor in winning for their country the empire of the Pacific Northwest." By

June 15, 1846, both governments agreed to a border on the 49th parallel, thus leaving the United States with all of modern-day Oregon and Washington.

Though the Hudson's Bay Company played an important role in the United States' acquisition of the Oregon Country, it had no scruples in promoting its own interests against those of the American settlers. Both before and after the Treaty of 1846, American settlers expressed frustration at being dependent on a foreign corporation for their survival. In an 1835 report sent to President Jackson, for example, two settlers complain of the "tyrannizing oppression of the Hudson Bay Company here, under the absolute authority of Dr. John McLaughlin [sic]." Thomas Farnham, another early pioneer, reports in his own narrative that he was constantly asked, "Why are foreigners permitted to domineer over American citizens, drive their traders from the country, and make us dependent on them for the clothes we wear as are their own apprenticed slaves?"

Perhaps more balanced than settlers' accounts is the perspective of the Methodist missionaries who, though grateful to the company, were suspicious of its power. Writing about the assistance the HBC had provided, the Reverend John Frost noted: "As they, the Co. design, as far as possible to monopolize all the trade of the country, they will make the necessity of the missionaries turn to their advantage." Frost understood the problems of dependency on the HBC.

After the 1846 treaty, Oregon citizens established a territorial government, and in 1853 the portion of the territory north of the Columbia River was broken off to form Washington Territory. The highest priority of Washington's new territorial government was to eliminate any threat from the native tribes who held a majority of the land. The strategy was to force the various tribes onto designated reservations. By 1855 tensions between the tribes and the settlers become so inflamed that hostilities erupted.

Overseeing Washington Territory at this time, Isaac Stevens conveniently held the dual position of governor and superintendent of Indian Affairs. Leading up to the conflict, one of his agents, W. B. Gosnell, reported that one "inducement to go to war was offered to [the Indians] by certain employees and discharged employees of the Hudson's Bay Company." Gosnell claimed that on several occasions HBC men had encouraged the Indians to fight the Americans and made "promises of further assistance in case of war." Shortly after one of these incidents, a party of prospectors traveling through the area disappeared, thus setting off the war. Though Stevens harped on these claims in his speeches, the accuracy of Gosnell's report remains uncertain.

While it is unclear whether the HBC actively encouraged the conflict, there is no question that the company traded arms to the Indians. In an 1854 letter, HBC officer James Douglas addresses the accusations made against the company regarding its arms trade with the tribes. Disregarding the consequences, Douglas rationalized thus: the Treaty of 1846 left the company with the right to transport goods to their establishments; because the only inhabitants were the tribes and because nobody would

transport goods except for trade, then trade with Indians—both of arms and supplies—was implied and justified.

If the HBC simultaneously opposed both the American and British governments, it is because the company's interests were best furthered by having no formal government at all. As Douglas wrote to his London superiors, "The interests of the Colony and Fur Trade will never harmonize—the former can only flourish...by establishing a new order of things, while the Fur Trade must suffer by such innovation."

It may have been with this trade-off in mind that McLoughlin predicted in a letter to the HBC governor that Oregonians would "declare themselves an Independent State." Of course, an independent state in the frontier Oregon Country was practically no state at all, as the Whitman Massacre later made clear. In light of such a weak, independent state, McLoughlin further foretold, "Our influence is increasing and will increase and in the mean time you may depend no efforts of mine will be spared without sacrificing an iota of the rights of the Hudson's Bay Company to keep affairs in a right way."

To ensure that its own interests were protected, the company did not stop at McLoughlin's musings. After the election of Oregon's first legislature in May 1844, the HBC took a direct role in territorial politics. The first treasurer in the provisional government was Francis Ermatinger, an HBC chief trader. James Douglas, the officer who saw such a conflict between his fur trade and civilization, was made a judge. Two years later the company ran its own candidate, PSAC director Dr. William Tolmie. In a letter regarding the latter's candidacy, Douglas instructed Tolmie on certain positions to take while assuring him, "I think the majority of the suffrages of the people at the Cowlitz will be given in your favour as we intend to lend you all our influence."

*W*ITH SUCH AN adverse relationship between the fur trade and organized government, it is not surprising that the waxing of Western civilization in the Pacific Northwest correlates strongly with the Hudson's Bay Company's decline. As American pioneers built up their own settlements and institutions, the company lost much of its advantage in the area. By 1860 the United States government had taken over most of the HBC's forts south of the 49th parallel. Soon after, the company retreated to the Canadian side of the border.

Contrary to the prevailing view, it appears that the HBC was no agent of the British Empire in the Pacific Northwest. When left to itself in this vast frontier, the company took on all the trappings of a sovereign state and undermined the British and American governments in turn. For better or worse, the company acted as its own government for a fair portion of the 19th century, answering to no one but itself and its profit margins. Even as it gradually gave way to a more formal, representative form of government in the region, the company made every effort to guard its bottom line. 🌿

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COVER: Planners selected the cactus dahlia as the official flower of the Alaska-Yukon-Pacific Exposition and commissioned this and other songs to promote the fair. Seattle composer Frederick R. Benjamin wrote the music, and the lyrics, penned by Rene Bronner, ended with a chorus that went like this: "Where the cactus dahlia's blooming / 'Neath the sunny Western sky, / Where the bands are loudly booming / And the multitudes go by, / Then the dreams of old Seattle, / To the world will brightly shine / Where the Cactus dahlia's blooming / In the year of nineteen-nine." See related story beginning on page 16. (Washington State Historical Society, #1994.1.2.539)