CONTINUITY AND CHANGE: THE ROLE OF THE HUDSON'S BAY COMPANY IN OREGON AND VANCOUVER ISLAND, 1824-1859

by

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ABSTRACT

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Using primary material both published and unpublished, this study explores the Hudson's Bay Company's policy and attitudes in Oregon and Vancouver Island during the period in which political and economic supremacy in the Northwest slithered beyond its control. Although arriving late on the Pacific slope, the Company attained between 1824 and 1833, the last period of its classic and traditional success, brief but total power in the region known loosely as Oregon. The period which brought the first American settlers to Oregon also brought an urgent need for the Company to alter its traditional policies, to adapt to the subtle reality of a new age. Unable to do so, the Hudson's Bay Company lost control of Oregon but sought to compensate by acquiring Vancouver Island. It began slowly and fumblingly to sense a need to alter its outlook, motives, policies, and practices. By the mid-1850's the Company was beginning to attempt to come to terms with changing circumstances. At last viewing settlement as a genuine asset on Vancouver Island it relaxed its regulations covering the sale of land, but its realization was both incomplete and too late. Vancouver Island reverted to the crown in 1859.

One of the main purposes of this thesis is to discover why the Hudson's Bay Company lost both control and favour in Oregon and Vancouver Island. During the period under study the Company's static vision of its role in both commerce and government, its limited capacity to revise its outlook to cope with new situations and changing conditions, and its failure to maintain control over the lands it possessed, stemmed from several causes. Some, faults within the Company's structure and leadership, might to advantage, have been eliminated. Others, such as the increasing alienation of the American, Canadian, and British governments, were beyond the Company's control. While perhaps each factor by itself was insufficient to topple the Hudson's Bay Company, it fell from power because of the combined forces of its own inherent weaknesses and the unyielding grasp of external forces.

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INTRODUCTION

Within one generation the Hudson's Bay Company, a fur trade corporation begun in 1670, fell from its role as a controlling power in the Pacific Northwest to a relatively subordinate factor within a complex society. Where the Company as late as the 1830's shared its immense holdings with native Indians, fur bearing animals, and a few trade competitors, by the 1850's it stood beside farmers, prospectors, and merchants. In the process of change, the Company was engulfed by outside forces.

Because the attitudes and policies it formulated to deal with the fur trade became increasingly unrealistic in an era of free trade, "manifest destiny," and unprecedented population movements, the Hudson's Bay Company provides a case study in the problems of forced evolution. Historical hindsight enables the writer to look inside the workings of the Company and at the same time to read in reverse the signals of the approaching impasse. Investigating when the Company should have begun to redirect its course to remain a vital force in Oregon, why it was unable to do so, what its motives were to seek a new course as a colonizing agent, and the extent to which it did eventually embrace change, all help to illuminate the problems that any institution or even nation faces at such a crossroad in time.

In order to cover a chronological span of some forty years this study necessarily skims lightly over many of the critical national and international events that together melded to provide the complexion of the age. Wishing to focus mainly upon the Company in Oregon and Vancouver Island, its self-image, philosophy, leaders, and business methods, this thesis ignores the mechanics of the decline of the Company in Oregon after the treaty of 1846, glances only superficially at both the Puget Sound Agricultural Company and the Company's experiences at Red River, and by the same logic leaves the Governor and Committee in London somewhat nebulous and abstract. Following the careers of Company leaders, it nevertheless spends some time with James Douglas in British Columbia and sits with the British Select Committee as it contemplates the future of the fur trade corporation. It attempts to understand how the Hudson's Bay Company's leadership became so pessimistic that its only practical recourse was to pass to other hands the challenge of forming an alliance with the new order. The Company fell from power in large measure through its own internal failings, in particular its loss of faith in its own future, but it is doubtful whether, under any circumstances or leadership, it could have ridden on the crest of such rapid change and still retained its stature and influence.

I

NEW VISTAS: OREGON, 1824-33

On November 7, 1824, three canoes glided swiftly down the broad Columbia River nearing the end of an historic transcontinental voyage. In one sat George Simpson, Hudson's Bay Company Governor of Rupert's Land. "Towards the afternoon," he recorded in his journal,

> we had the benefit of an aft wind, passed a branch of the Wilhamot River and several fine points named after Vancouver Broughton and others and at dusk put ashore at the Jolie Prairie. The country here is very pleasant well wooded & Hills plains and beautiful openings coming to the view at every reach. 1

Bristling with intense nervous energy, he pushed his expert and faithful voyageurs to travel at top speed for an average eighteen hours a day. After leaving the Hudson Bay coastal post of York Factory on August 15, 1824, his strange retinue had sped through vast unknown lands punctured by white rivers, grassy foothills, and enormous snow-peaked mountains all the while alert for wary and usually hostile Indian bands.

A second canoe carried the much larger but less

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1 Entry for Nov. 7, 1824, Frederick Merk, Fur Trade and Empire, George Simpson's Journal: Remarks Connected with the Fur Trade in the Course of a Voyage from York Factory to Fort George and back to York Factory 1824-25; together with accompanying Documents, Harvard Historical Studies, Vol. XXXI (Cambridge, Mass.: Harvard University Press, 1931), 63-64. Note: Original spellings and punctuation are used throughout this thesis without correction.

intimidating form of Dr. John McLoughlin. He had left York Factory with two canoes in July, 1824, three weeks earlier than Simpson and was somewhat chagrined when the governor overtook his crew not halfway along the arduous journey. Thereafter Simpson and McLoughlin travelled together; McLoughlin to assume control of the Columbia district and Simpson to supervise the assumption.

"We. . . embarked about 10 P. M.," continued Simpson's narrative, "kept our people at their Paddles until Day break the 8th when we put ashore to Breakfast; wrought hard all day against a strong head Wind. . . ." Three canoes flashing toward the gentle Pacific tides evoking visions of a rich fur-trade heritage symbolized at once vigour, dedication, and adventure. The Hudson's Bay Company, in whose service the canoes sped, also conjured a vision of efficient magnificence. "We landed at Fort George about Sun Set having performed the Voyage from Hudson's Bay across the continent of America to the Northern Pacific Ocean in 84 Days."[2]

In 1824, the Hudson's Bay Company stood at its height. Controlling a trapping network covering gigantic stretches of the British North American possessions and even beyond, the Company at last spanned the continent. Taut and expectant, it stood at the gateway to the Orient; its probing fingers of civilization stretched from London, England, to the

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2 Entry for Nov. 8, 1824, Merk, Fur Trade and Empire, 64.

farthest reaches of the northwest coast of America.

Relentless competition, strict economy, and a single-minded pursuit of profit over a hundred and fifty years had culminated in 1821 in quashing its most vicious rival, the Montreal based North West Company. Now, sublimely self-confident, the Hudson's Bay Company prepared to apply its success formula to Oregon, its most recent territorial acquisition.

An Anglo-American Convention in 1818 opened for ten years the North American region known as Oregon to both Great Britain and the United States. Because the North West Company trapped within this Pacific region, in 1821 the Hudson's Bay Company acquired its entire Oregon fur trade. The Company immediately began to reorganize and renovate this distant outpost of its sprawling empire. It divided the vast Oregon region into two districts or departments, New Caledonia and Columbia. Columbia, the southerly district, seemed to hold scant promise of future profit. Nevertheless, the Governor and Committee of the Hudson's Bay Company in London, the top rung of the fur trade heirarchy, hesitated to initiate a policy of retrenchment. They believed instead that the area was worth retaining, provided its annual loss could be reduced, if only to protect the fur-rich interior districts to the north.[3]

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3 Governor and Committee to George Simpson, Feb. 27, 1822, cited by Merk, Fur Trade and Empire, 175.

In 1824 the Company appointed John McLoughlin, a former partner of the North West Company, based in Fort William, as chief factor of the Columbia district. The Company also sent George Simpson to report on its conditions and prospects. Their canoes reached Fort George (Astoria) at the mouth of the Columbia in early autumn. During the winter, Simpson directed the construction of a new fur trade depot, Fort Vancouver, about ninety miles inland on the north bank of the Columbia River. The new site became the principal Hudson's Bay Company supply depot west of the Rocky Mountains. It was chosen both for its fertility and because it would likely fall within British territory if the Convention of 1818 were abandoned and the disputed area divided along the Columbia River.

George Simpson had joined the Company in 1820 and, although completely inexperienced in the fur trade and unfamiliar with British North America, rose rapidly in responsibility and respect within the expanding corporation, becoming by 1826 the governor of both the southern and northern departments. That he visited the coast at all testifies to the genuine interest the Hudson's Bay Company showed in the Columbia region.

Nevertheless, before Simpson left York Factory, he entertained serious doubts as to the region's ability to survive the free competition implied under the terms of the Convention. He preferred to divide the trade with the Company's rivals by giving up the tenuously held coastal

region and remaining inland. He preferred to bring supplies overland at great expense and through areas dominated by hostile Indian tribes rather than risk the "serious loss of property and sacrifice of lives"[4] that might result from competition. He reached this decision because Fort George, originally American owned but sold to the North West Company in 1813, had been returned to the American Government under the terms of the Treaty of Ghent that ended the War of 1812. Simpson feared Americans would form a permanent settlement at this strategic site on the mouth of the Columbia and effectively undermine the Hudson's Bay Company profits.

When he arrived on the west coast and observed the matter first hand, however, he abruptly changed his mind. He decided that poor management and extravagence lay behind the financial problems of the Columbia district and speculated "with the proper spirit of enterprise and a disregard to little domestic comforts it may be made a most productive branch of the Company's Trade."[5] He believed that regardless of opposition the Hudson's Bay Company should maintain a profitable trade west of the mountains. Indeed, he became so enthusiastic about the region that on the day of his departure for York Factory

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4 Aug. 10, 1824, E. E. Rich, ed., Part of Dispatch from George Simpson Esqr. Governor of Rupert's Land to the Governor and Committee of the Hudson's Bay Company, London, March 1, Continued and Completed March 24 and June 5, 1829, The Hudson's Bay Record Society, Vol. X (Toronto: Champlain Society, 1947), 151.

5 Entry for Nov. 2, 1824, Merk, Fur Trade and Empire, 28.

in March, 1825, he confessed,

> I can scarcely account for the extraordinary interest I have taken in its affairs, the subject engrosses my attention almost to the exclusion of every other, in fact the business of this side has become my hobby and however painful dangerous and harrassing the duty may be I do not know any circumstance that would give me more real satisfaction and pleasure than the Honourable Committee's authority to take a complete survey of and personally superintend the extension and organization of their Trade on this Coast for 12 or 18 months and if they do so I undertake to make its commerce more valuable to them than that of either of the Factories in Rupert's Land. 6

Simpson went immediately to London, England, where at British Foreign Secretary George Canning's request, he informed Henry U. Addington, the British Government's Permanent Undersecretary of State for Foreign Affairs, about the Columbia River and the Northwest Boundary. The Hudson's Bay Company, too, was concerned over the future of Oregon. Because of the temporary nature of the Convention of 1818, it hesitated to invest heavily in permanent trading posts for the Columbia Department; it repeatedly asked the British government for details of its intentions concerning boundary negotiations. In response, the British government stated in 1825 merely that the area south of the Columbia River would no doubt become American but the north bank should remain British in the event of a permanent settlement.[7]

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6 Mar. 16, 1825, ibid., 122-23. Simpson was not able to return to the Columbia department until 1828.

7 Frederick Merk, The Oregon Question: Essays in Anglo-American Diplomacy and Politics (Cambridge, Mass.: Belknap Press, 1967), 401.

In reality the situation appeared even worse. Less than a year after Simpson briefed Addington on the nature of the region in dispute, the British minister faced a difficult negotiating team from Washington. Following nine months of fruitless discussion, the parties involved concluded that their positions were irreconcilable. They renewed indefinitely the 1818 agreement with a provision that joint occupancy might unilaterally be ended upon one year's notice. The tone of the talks had been such that Albert Gallatin, the American negotiator and a veteran in American politics and diplomacy, sent home an optimistic dispatch:

> National pride prevents any abrupt relinquishment of her pretensions: but Great Britain does not seem indisposed to let the Country gradually and silently slide into the hands of the United States; and she is anxious that it should not, in any case, become the cause of a rupture between the two Powers. 8

The Hudson's Bay Company either could not see or chose to ignore the signs that should have suggested caution; instead the Company gambled. Speculating that Britain would eventually reach a firm settlement in which the Columbia River would form part of the international boundary, the Company instigated a vigorous policy. In general, however, it only intensified the Company's classic fur trade formula.

On January 16, 1828, the Governor and Committee advised

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8 Aug. 10, 1827, W. R. Manning, ed., Diplomatic Correspondence of the United States: Canadian Relations, 1784-1860 (Washington, D.C.: Carnegie Endowment for International Peace, 1940-45), II, 614.

Simpson:

> It becomes an important object to acquire as ample an occupation of the Country and Trade as possible, on the South as well as on the North side of the Columbia River, looking always to the Northern side falling to our Share on a division, and to secure this, it may be as well to have something to give up on the South, when the final arrangement comes to be made.
>
> If the American Traders settle near our Establishments, they must be opposed, not by violence, which will only be the means of enabling the Traders to obtain the interference of their Government, but by underselling them, which will damp their sanguine expectations of profit, and diminish the value which they at present put upon that Trade. 9

Upon receipt of these instructions, Simpson embarked upon another journey to the Columbia Department to implement the Company's proposals.

In the meantime Dr. John McLoughlin had spent three years as chief factor attempting to make his district produce the profits that Simpson had so confidently predicted. His task was difficult. In his office merged the long-range hopes of the London Committee, the energetic intensity of Governor Simpson, his immediate superior, and the practical day to day problems of the leader of a frontier outpost. Most important, he faced keen opposition from both American traders and the Russian American Fur Company. Of these the Americans posed the greater threat.

Within a year of his arrival McLoughlin formulated a plan which he hoped to implement when the Convention of 1818 expired. Assuming the region south of the Columbia would

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9 Merk, Fur Trade and Empire, 294-95.

become American territory, and that the government of the United States would merely prevent British subjects from trading with the Indians, he expected to find a profitable trade selling goods to American fur traders. In McLoughlin's view, the Company should assume a new role of entrepreneur, exchanging staple supplies for furs trapped by American free traders. Thus McLoughlin expected to be able to undersell any opposition and prevent interference with the Company's possessions north of the Columbia.[10] McLoughlin's plan for the coastal region was not put into practice because of the renewal of the Convention in 1828; but it nevertheless forecast a pattern of trade that he was to adopt later in his long career on the Columbia.

McLoughlin passed his entire first three years procrastinating, hesitating, and waiting, reflecting in his person the Company's unclear vision of the future of the Columbia Department. On a short term basis he contended with active American competition both inland and coastal. Each required different strategies.

His main inland trapping region was serviced by the annual Snake country expedition under the charge of Peter Skene Ogden, a former Nor'Wester. Ogden's first expedition in 1824, which ventured southeast into unexplored country,

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10 E. E. Rich, ed., The Letters of John McLoughlin from Fort Vancouver to the Governor and Committee, First Series, 1825-1838, The Hudson's Bay Record Society, Vol. VI (Toronto: Champlain Society, 1941), 13.

included a number of Hudson's Bay Company engagés and an even larger retinue of "freemen," former Company servants who had elected to remain on the west coast as independent fur traders rather than return to their former homes. They were forced to buy supplies and traps from the Hudson's Bay Company at high rates and often on credit. After the hunt they were similarly forced to sell their furs at low rates. As a consequence, freemen made few profits and remained practically in servitude. Yet the system operated efficiently only when the Hudson's Bay Company was unopposed by competition, for freemen frequently deserted to the Company's trade opponents.[11] The expedition was therefore of poor quality and difficult to lead. By the middle of April, 1825, Ogden's freemen began to desert to American parties which for months had closely followed his crew.[12] In the end Ogden retained only twenty trappers. Although his trip had produced an ample quantity of beaver, he sent a disillusioned dispatch to the Company:

> You need not anticipate another expedition ensuing Year to this Country, for not a freeman will return, and should they, it would be to join the Americans, there is Gentlemen a wide difference with their prices and ours. 13

When the remnants of Ogden's trapping party straggled

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11 See Frederick Merk, ed., "Snake Country Expedition, 1824-25, An Episode of Fur Trade and Empire," Oregon Historical Quarterly, XXXV (June, 1934), 98.

12 Ibid., 109-113.

13 June 27, 1825, ibid., 116.

into Fort Vancouver, McLoughlin investigated the reasons for the desertions. He agreed that they stemmed from the exorbitant prices charged the freemen for supplies. Immediately he renovated and reformed the system, but not in time to benefit the second expedition.

Being composed mainly of engaged men, this party was more stable and sympathetic to the Hudson's Bay Company. Ogden's second party left for the Snake country late in November, 1825. By spring he was so distressed through lack of food, Indian problems, and his men's high mortality rate that he complained of the Snake region as "this cursed country."[14] On March 20, 1826, he heard that a party of American hunters was nearby. "If this be the case," he recorded with despair in his journal, "I have no doubt our hunts are damned, and we may prepare to return empty handed. With my discontented party I dread meeting the Americans. That some will attempt desertion I have not the least doubt, after the sufferings they have endured."[15]

The rumour proved unfounded, but three weeks later Ogden encountered another party of Americans which included some of his deserters from the previous year. Ogden observed happily that they now appeared ready to rejoin his party while none

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14 Feb. 22, 1826, T. C. Elliott, ed., "The Peter Skene Ogden Journals, Snake Expedition, 1825-1826," Oregon Historical Quarterly, X (December, 1909), 354.

15 Ibid., 356.

of his present party seemed inclined to desert.[16] Returning to Fort Vancouver in July, Ogden counted his expedition marginally profitable.

His third expedition carried a larger proportion of freemen, but since McLoughlin's reforms which allowed freemen an equitable share of the profits were now in force, Ogden was confident of success. His only regret was that the reforms had not occurred many years sooner. Two decades later, McLoughlin commented upon the change they wrought.

> On my own responsibility and contrary to the wish of my colleagues who happened to be present, I altered the whole system and soon changed the state of affairs and instead of abandoning the trade, as was the desire of two of my colleagues wanted me to do sic and of the opposition gaining ground upon us from year to year as they had done they soon had to withdraw and most certainly the Hudson's Bay Company have cleared in the Snake Country and from the trapping parties from that time to this. . . at least thirty thousand pounds. 17

McLoughlin oversimplified the results of his effort, but once the British firm could compete on favourable terms with the Americans its ancient policy led it to victory.

Trapping expeditions soon also radiated in other directions from the Columbia River headquarters. One of the most

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16 In a letter to the Company dated Oct. 10, 1826, he included an interesting sidelight. Not only had Ogden's party trapped the area first to cause the Americans and his deserters to lose their spring hunt, but "the few Beaver they had I obtained from them from our deserters [sic] in part payment of their debts and the remainder in trade with the Americans, we then parted." Ibid., 360.

17 Mar. 20, 1826, Merk, "Snake Country," Oregon Historical Quarterly, 122.

important regions lay directly south. George Simpson wanted the area trapped heavily, not only to "reap some advantage from our discoveries in that quarter,"[18] but also because

> the greatest and best protection we can have from opposition is keeping the country closely hunted as the first step that the American Government will take towards Colonization, is through their Indian Traders and if the country becomes exhausted in Fur bearing animals they can have no inducement to proceed thither.[19]

Simpson was therefore early concerned to prevent American colonization. He hoped to create a fur desert around the Columbia River which would establish a sterile zone through which American traders would hesitate to pass. For those who did venture to settle near Hudson's Bay posts, the Company proposed to undersell until they could no longer produce a profit and would give up.

At the same time the Company maintained a similar interest in the coastal trade carried on by vessels which shipped from New England. Manned by independent merchants, trading ships serviced both native tribes and the northerly Russian American Fur Company. They were restricted by their limited amount of trading goods, but they constituted a major threat to the Hudson's Bay Company's Pacific coast trade. The Company therefore decided to organize its own maritime trade.

Although maritime trade would be a new venture, Chief

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18 Rich, Simpson's 1828 Journey, 152.

19 Ibid., 156.

factor McLoughlin felt the Company should attempt to destroy the American coastal trade by employing its own vessels. Not until 1827, however, was a ship, Cadboro, available for the task and even then it could spend merely a few weeks in coastal service. This ship was moreover ill-suited to the task. In 1829 the British company sought to provide full-scale coastal competition with its ship William and Ann, but the vessel floundered on her inward approach to the Columbia sand bar with a total loss of men and supplies. Furthermore, at this crucial time, two American coasters, Convoy and Owhyhee, entered the Columbia River for a prolonged trading visit. McLoughlin faced two immediate problems: first, he was very short of trade goods and did not expect another supply ship for two months; second, the intense competition had dropped the price of trade goods to one-fifth of their former value. Only his excellent management prevented a disaster.

With the arrival in 1830 of two ships specifically for coasting, the Hudson's Bay Company's first effective coastal competition began. By 1833 the Company operated five vessels and was seriously considering acquiring a versatile steam ship. The Americans were now squeezed out of the coastal trade, cut off essentially by the reservoirs of capital available to the huge corporation.

Parallel changes occurred in the inland region. Here, by 1833, trapping returns were so scant that the Company decided to abandon the annual expeditions, preferring instead

to sell trade goods to American trappers, as McLoughlin had planned some six years previously. The broad outlook for the Columbia Department in 1833, then, was both prosperous and promising.

The Company's early and continuing policy of underselling competition in the interior, of trapping quickly and heavily to the south, while at the same time protecting inland trade by eliminating coastal competition, proved highly successful. After nine arduous years, the outlook for the future appeared at last secure. In truth, however, the Company stood on the edge of a new era. Moreover, because its age-old commercial policy had provided this, its most recent success, it was unknowingly poised with its back to the future.

II

THE COMPANY REACTS TO EARLY AMERICAN SETTLERS: 1834-1842

The fur trade had formerly provided the white man's only interest in Oregon, and the Hudson's Bay Company, calling upon its reserve of both experience and capital, had proven it could defeat any such opponents. Now, however, the Company would face a more lethal foe: settlement, the chief enemy of the fur trade. Historical hindsight has shown that settlement could perhaps be delayed but not prevented. Farmers would subdue the virgin landscape, causing timid wilderness creatures to flee to more remote regions or die. Trappers must retreat with them or adjust to the new, more intense, use of the land. Either alternative would force a radical shift in policy and outlook before the Company could hope to survive in the midst of the modified conditions.

An early prelude to the shifting approach to Oregon had come in July of 1832 when an American free trader, Nathaniel Wyeth, had arrived at Fort Vancouver purporting to want to cure salmon for export to the United States and also to supply the American trappers in the Rocky Mountains. McLoughlin, disinclined to believe Wyeth's story, reacted with apprehension. "Though it may be as he states," McLoughlin wrote to the London

office, "still I would not be surprised to find that his views are in connexion with a plan which I see in a Boston paper. . . to colonise the Willamett."[1] Inasmuch as Wyeth left without forming a colony, McLoughlin's fears appeared to be unfounded, but in September of 1834, Wyeth returned to try his luck again. On this trip he built Fort Hall on the Snake River and then offered the Hudson's Bay Company a trade agreement which McLoughlin decided to accept. Wyeth promised not to oppose the Hudson's Bay Company in its sphere if the Company would not interfere with Wyeth's plan to sell horses and salmon in the interior to American trappers. When McLoughlin's superiors heard of the transaction they disapproved of the chief factor's methods. Simpson did not mince his words: "We think it better to oppose him Vigourously," he wrote angrily, "Allow him do his Worst and to Decline Entering into Any Arrangement with him than afford him An opportunity to secure a firm footing in the country by temporising Measures."[2] The Company preferred to oppose Wyeth as it had its former fur trade rivals, by underselling.

McLoughlin was so distressed to have his own gentler methods criticized that he compiled several documents from his associates in the Columbia Department to defend his action. Of these the most lengthy and most articulate was supplied by

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1 McLoughlin to Governor and Committee, Oct. 29, 1832, Rich, McLoughlin Letters, 1825-38, 109.

2 Simpson to McLoughlin, Nov. 16, 1836, ibid., 170.

McLoughlin's future successor, James Douglas.

> The efficiency and economy of the measures pursued, admit of no question. . . their result affords the only solitary example which the Fur Trade can produce of a rival trading Company being held in check, during two years, and being finally compelled to give up the contest, solely by the agency of masterly arrangement, and without pecuniary expense or sacrifice of character. 3

The ultimate success of McLoughlin's methods came when Wyeth gave up his attempt and in 1837 sold Fort Hall to the Hudson's Bay Company. But McLoughlin had established a new pattern. He preferred to divide rather than fight; the Company preferred to oppose and exclude. Because their philosophies in this area differed so radically, McLoughlin's relations with his own company never again remained as cordial as they had been in the past. Simpson also fell deeply into McLoughlin's disfavour. A permanent rift developed between the two men which McLoughlin aggravated by treating cordially Methodist missionaries who had arrived in 1834 with Nathaniel Wyeth.

On November 18, 1834, McLoughlin wrote to the Governor and Committee indicating that he had welcomed the missionaries and had housed and fed them within the walls of his fort. He accepted the missionaries' claim that they had come to preach to the Indians and was not in the least distressed by their presence.[4] Two years later McLoughlin advised the

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3 Douglas to McLoughlin, Nov. 14, 1836, ibid., 182.

4 Ibid., 126.

Governor and Committee to allow the missionaries to purchase their supplies at a relatively low rate from the Hudson's Bay Company. He felt that if the Company refused them, the missionaries would obtain their supplies from the Sandwich Islands, in which event,

> we may be sure that some Adventurers will avail themselves of the opportunity to come and open shop in opposition to us, Give us an Immensity of trouble, and make us Incur great Expence. . . . We ought in policy to secure their Good Will and that of those who support them in their Laudable Endeavours to do Good, to afford them the countenance of our support and such assistance as we can give without Incurring Expence and this is the plan I have followed. 5

McLoughlin left the Columbia Department in March 22, 1838, to spend a year's furlough in England. Until the time of his departure his attitude towards the missionaries remained unchanged. In his absence, chief trader James Douglas, who had arrived in the Columbia Department in 1829, assumed McLoughlin's duties as chief factor at Fort Vancouver. Douglas's opinions about the missionaries were quite different.

> I fear that the Methodists nourish secret views, at variance with our interests. . . . I am naturally anxious about the designs of a body of men, who have the power of seriously injuring our business and whose conduct may justify suspicion. It is my opinion they will engage directly or indirectly in trade and their interference will be more detrimental to our interests, than the efforts of the most active commercial body. I really wish such an event could be averted, by means of a settlement with them; but if that cannot be done, we must, of course take the field, heart and hand, against them. It is a contest however, from which we can derive neither honour nor advantage. . . . I am probably dwelling, too long on this subject,

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5 Ibid., 174-75.

> but I feel its importance, and a deep anxiety to expose the true nature of our position. . . [6]

The London Committee had earlier expressed a similar sense of distrust and foreboding about the motives of the religious leaders. Instead of civilizing the natives, the Committee believed that the Methodists were more concerned with forming a colony of American settlers on the banks of the Columbia "which, if successful, might be attended with material injury, not only to the Fur trade, but in a National point of view."[7]

It is surprising that McLoughlin and Douglas, both intimately associated with the American missionaries, could hold such divergent views. It is equally surprising that the Governor and Committee, who knew the Methodist missionaries only through second hand accounts could form such an accurate forecast of future developments. Yet McLoughlin was neither naive nor blind. He opposed settlement on the basis that civilization threatened the very existence of a company dependent upon the fur trade.[8] He was quick to suspect Nathaniel Wyeth of ulterior motives. Nor was he blindly religious. In fact he quarrelled violently with Herbert Beaver, the haughty Anglican minister sent by George Simpson to minister to the religious needs of the Company's officers

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6 Oct. 18, 1838, ibid., 242-43.

7 Gov. and Comm. to Douglas, Nov. 15, 1837, ibid., cxxiv.

8 Nov. 16, 1836, ibid., 173.

at Fort Vancouver, until Beaver returned home in disgust. That James Douglas wholeheartedly supported McLoughlin in this unfortunate crisis[9] would indicate that the two Company officials were generally on good terms. McLoughlin, it appears, had been drawn to the Methodists when they first arrived and doggedly supported his stand until open conflict forced him to recant.[10]

Before McLoughlin's very eyes, but apparently beyond his vision, the first tentative steps toward a permanent agricultural settlement had begun surely and slowly but definitely and indeed irreversibly. By 1838 fewer than one hundred settlers had come together in a community near the Methodist mission in the Willamette Valley. Of these about half were Canadians who had formerly been Hudson's Bay Company fur traders but who had preferred to retire on the west coast rather than return to their former homes. The rest were missionaries and a few American "stragglers from California etc."[11]

This last group soon mushroomed in size and permanently disrupted the Hudson's Bay Company's ascendancy on the

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9 Thomas E. Jassett, ed., Reports and Letters of Herbert Beaver, 1836-1838, Chaplain to the Hudson's Bay Company and Missionary to the Indians at Fort Vancouver (Portland: Champoeg Press, 1959), passim, 139-48.

10 McLoughlin later claimed that his troubles with the missionaries began in 1842. "A Narrative by Dr. McLoughlin," Oregon Historical Quarterly, I (June, 1900), 199.

11 Douglas to Gov. and Comm., Oct. 18, 1838, Rich, McLoughlin Letters, 1825-38, 240.

Columbia River. James Douglas described the antipathy of the Canadians towards the earliest American arrivals into the Willamette valley: "their national dislike of Johnathan, a feeling that absence from their Native Province has not blunted, may probably incite them to emigrate into some quarter, where American influence will not predominate."[12] Douglas observed a potential hostility among the Canadian former employees toward all Americans, and he foresaw their probable desire to stay away from the newly arriving farmers.

He also described his own attitudes toward the incoming settlers:

> The Wallamatte [sic] Settlement is annually growing in importance, and threatens to exercise, in course of time, a greater influence, than desirable over our affairs. . . . The Mission is, at present, the life and soul of the Settlement, dispensing its bounties with a liberal hand. . . . No sort of manufacture is yet introduced, but the restless Americans are brooding over a thousand projects, for improving the navigation, building steam Boats, erecting machinery and other schemes that would excite a smile, if entertained by a less enterprising people, with the same slender means. After, however, having witnessed the perfect indifference, with which an American embarks his last shilling in more unpromising speculations, I really think, that very slight encouragement would give the necessary impulse. 13

James Douglas, then, was clearly worried about the Willamette settlement. He was, moreover, particularly worried about the restless but enterprising spirit of the Americans. He saw the Willamette as a lucrative area which would attract

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12 Ibid., 240.

13 Ibid., 240-41.

growing numbers of settlers and he was engaged in doing what he could to control its affairs. Nevertheless he appeared to fear that this time the American-biased neighbours would not be so easily discouraged as had been their non-resident precursors.

James Douglas was a very astute observer; but he was not content merely to observe. He hoped to formulate a means to oppose the permanent settlers in the Willamette area, but he seemed frustrated because territorial jurisdiction had not yet been settled and the Americans could not legally be excluded from even the northern region of New Caledonia. He understood that the settlers wanted to be self-sufficient, and that they did not want to depend either upon the fur trade or upon the provision trade of the region. Since the Hudson's Bay Company had a vested interest in helping the settlers achieve this independence, Douglas supported their wishes. He further desired "to confine their general intercourse within the narrowest possible limits."[14]

The peace and monopolistic trade tranquility of 1833 had indeed been a false indication of the time to come. An imminent threat had loomed on the near horizon. Whether McLoughlin could have prevented its approach if he had followed his Company's advice is doubtful. He might merely have delayed settlement, but it would have come in spite of any defensive moves to thwart it. Perhaps McLoughlin, more

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14 Ibid., 244.

than anyone else, understood and accepted its inevitability.

John McLoughlin's attitude toward his employers had nearly reached the point of defiance when he left on a year's furlough to England in 1838. He nonetheless apparently managed to maintain the Company's confidence, and he returned to fill the position he had earlier held. During his absence the entire complexion of his district was contorted by permanent upheaval. James Douglas, temporarily holding McLoughlin's post, foresaw and worried about the changes, but was powerless to prevent them.

In the eastern and midwestern United States a nebulous but formidable idea was rising--a philosophy which would overpower and direct the expansionist nation. Americans developed a zeal of patriotism to extend the flag of the United States from coast to coast. Oregon attracted the followers of the vision who came not only out of nationalism but as agriculturalists seeking rich farmlands. For this was the era of the yeoman farmer, and Oregon provided excellent conditions for yeomanry.

A small group arrived in 1841, and an organized migration appeared annually thereafter. McLoughlin, however, was enmeshed in day-to-day events: the fur trade and profits and losses; his pet peeve, the steam ship Beaver; and especially after April 1842 with investigating his son's untimely death[15] and hassling with Sir George Simpson over

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15 John McLoughlin Jr. was murdered by some Hudson's Bay

his interpretation of the unfortunate event. Engrossed in bitterness, he seldom commented upon the significant events unfolding around him. He mentioned the arriving Americans only in passing and even then merely to ask about such specific things as, for example, legal jurisdiction: "In consequence of the Increase of the American Settlers in the Willamette, it is necessary we should know, How are we to act, when a man under an engagement deserts from us and takes protection in a Settlers House, would we be justified in arresting him?"[16] Yet McLoughlin's apathy was unique. The Governor and Committee, the Hudson's Bay Company policy-makers in

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Company men under his charge at Stikene. After a cursory investigation Sir George Simpson declared that the young McLoughlin had been drunk and his murderers had acted in self-defence; he therefore refused to bring the men to trial. Young John had been a problem to his father for over a decade and had entered the service of the Company against his father's wishes; nevertheless Dr. McLoughlin believed Simpson had formed an inaccurate judgment and he strove tirelessly to overturn it. McLoughlin's letter to Dr. William Fraser Tolmie, November 25, 1843, illustrates his position:

> "To my astonishment I hear nothing of a prosecution against the murderer of my late son . The fact is that from the first moment Sir George Simpson heard of the murder of my late son John he Resolved on smothering investigation and took the deposition in the most outrageous manner possible so as to vilify the memory of my son and in a manner justify his murderers--What if my son had been the drunkard they represent, and which from the correct way his accounts were and the little dependence that can be placed on what these men say is not to be believed--Yet if it was true--My deceased son did nothing that could Justify his murder. Excuse haste."

Oregon Historical Society, McLoughlin Papers.

16 Oct. 31, 1842, E. E. Rich, ed., The Letters of John McLoughlin from Fort Vancouver to the Governor and Committee, Second Series, 1839-44, The Hudson's Bay Record Society, Vol. VII (Toronto: Champlain Society, 1943), 76.

London, had been apprehensive about even the earliest flow of American settlers. In a dispatch to John McLoughlin, dated December 31, 1839, they had written:

> With regard to Mr. Lee and his Missionary Brethren how they may profess friendship and good-will towards us, and notwithstanding their high eulogiums upon us for hospitality and kind offices; it is quite evident they have promoted the present mania for emigration to the Columbia, which is likely to prove so troublesome and injurious to us, that they are influenced by other objects of a political nature, besides the moral and religious instruction of the natives, and that they are employed as pioneers for the overflowing population of the New England States, who have it in view to repay us for our good offices, by possessing themselves of the fruits of our labors, as soon as they may be in a condition to wrest them from us by main strength. 17

The Governor and Committee continued to oppose the Company's representatives acting in any way which could be construed as even a faint inducement to settlement in the Columbia River area.[18] James Douglas's anxiety over the earliest arriving settlers,[19] and Sir George Simpson's adamant opposition to American intruders into what he considered Hudson's Bay Company territory, placed both leaders on the side of the London Committee:

> Missions [Simpson reported in 1839] are now established at three different points on the Columbia, and every Trapper who straggles away from his party, seats himself down on the Wilhamet . . . . While their means were small, and without external support, they were quiet and orderly,

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17 Ibid., 18-19.

18 For Mar. 30, 1842 views, see ibid., 96.

19 Oct. 14, 1839, ibid., 227.

> confining themselves to their Agricultural pursuits; but as their numerical force increases, tranquillity it is to be feared will give way, and composed as their society at present is, and is likely to be, for some time to come, of men of desperate character and fortune, we count on the law of the strongest becoming the law of the land.[20]

In order to counteract the American immigration, the Company undertook a radical departure from its accepted policy by deciding to send out twenty Red River families and set them up as agriculturalists in the Cowlitz settlement. George Simpson, who first suggested the idea to the Governor and Committee, hoped that the group would merely be the first of annual expeditions.[21] John McLoughlin, however, realizing the land at Cowlitz was inadequate for farming, attempted to discourage his superiors from sending such a migration.[22] His warning came too late. Simpson had already completed instructions for the proposed emigrants. Among the terms he offered 100 acre farms, upon which houses would be provided, farming implements on credit, as well as stock including a bull, ten or more cows, fifty to one hundred ewes, rams, hogs, oxen, and some horses. In return, the settlers would repay half the increase in stock plus half their produce until

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20 Cited by Merk, Oregon Question, 246.

21 Gov. and Comm. to McLoughlin, Dec. 31, 1839, Rich, McLoughlin Letters, Second Series, footnote 1, 17. Arthur S. Morton, Sir George Simpson, Overseas Governor of the Hudson's Bay Company: A Pen Picture of a Man of Action (Toronto: J. M. Dent and Sons, 1944), 213, says Simpson originated the idea.

22 Nov. 20, 1840, Rich, McLoughlin Letters, Second Series, 17-18.

their debts were cleared.[23]

From the outset, the migration appears to have been poorly organized and shoddily run. The reminiscences of Henry Buxton who as a boy of twelve had come with his parents on the arduous overland trek point out the difficulties the party faced:

> Arriving at that place [Fort Vancouver] we were told the Co. was not prepared to fulfill their part of the contract but if we would settle on the north side of the Columbia they would help us some. Here we were then 2000 miles from the homes that we had left and a wilderness intervening and winter approaching and entirely without resources. 24

With hardly any alternative, the Buxton family accepted the inevitable and spent the winter at Cowlitz. Fifty years later Buxton was stirred to write, "would to God that I could forever draw a veil over my memory and never again recall the horrors of that winter," so painful was the memory of his family's sufferings which had culminated in his mother's unfortunate death the following June. Led to attach blame for the chaotic reception, Buxton remembered further details:

> As to any blame attaching to Dr. John McLaughlin by our people for the nonfulfillment of promises made by the Offices of the H.B. Co. I don't think there was any that blamed him. My recollection is that Sir James Douglass was the spokesman on behalf of the company and told our people that they were unable to fulfill their part of the contract: my Father always esteemed the Dr. as a particular friend and always called to see him when visiting Oregon City on

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23 Ibid., footnote, 78.

24 Henry Buxton to Eva Dye, Sept. 28, 1892, Oregon Historical Society, Dye Papers.

> business. Sir George Simpson was regarded by us as a fraud. 25

Thus at least one of the Red River emigrants believed that the problems were not the fault of John McLoughlin, director of the newly-formed Puget Sound Agricultural Company, but Sir George Simpson, organizer of the migration. Sir George himself, on the other hand, placed the blame on McLoughlin's shoulders. Arriving on the Columbia with the migration, Simpson had soon left to resume a tour around the world. Later McLoughlin was to cry out in anguish that Simpson's visit in 1841 had ruined their relationship. While it is apparent that the friendship had been strained for many years by 1841, little doubt exists that this feud deepened and intensified the rift. McLoughlin's son David was probably right when he remembered years later:

> The immigrants did not like the Puget Sound Country— on acct. of the Land being poor— they prefered settling in the Willamette to which Sir G. Simpson objected. . . my Father did not interest himself much about it - as he thought they had a right to settle where they pleased— I did know there was hard feelings existed between Sir G. and my Father was blamed by Sir George for the movement made by the immigrants— this was a mistake it was all their own doing they did not like Puget Sound Country— they openly said so. 26

John McLoughlin said himself in a letter to the Governor and Committee that no one would stay at Cowlitz or Nisqually who could have a farm in the Willamette. He continued:

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25 Oct. 13, 1892, ibid.

26 David McLoughlin to Dye, Oct. 20, 1892, ibid.

> Though I have done every thing I could to keep the Settlers at Nisqually, still I am certain it is more advantageous to us and to them that they should go to the Wallamette, as at Nisqually they would be a constant Bill of Expense to us, and would never after all be satisfied, and by going to the Wallamette, they have no further claim on us, and will exert themselves, as they have only that to look for their support. [27]

He later claimed that from the first moment he had seen the 1841 migration he had been convinced that they wanted to settle in the Willamette valley. Nevertheless, he added, perhaps only for the benefit of his company's superiors, that he had done everything in his power to induce the settlers to remain and raise cattle at Nisqually.[28]

The emigration from Red River in 1841 was characterized by unfulfilled promises, discontent, broken contracts, and tense relationships. In fact, problems continued to surface as late as 1855 when some original settlers took several Puget Sound leaders to court for non-fulfillment of their agreement.[29]

The Company undertook no other attempt at organized migration. While in 1842 many Red River colonists showed an interest in migrating to the Puget Sound area, the Company in London refrained from sending them until it heard how those who went first had succeeded.[30] When news of the

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27 Oct. 31, 1842, Rich, McLoughlin Letters, Second Series, 79.

28 Nov. 15, 1843, ibid., 120.

29 Ibid., footnote 1, p. 77.

30 To John McLoughlin, Dec. 21, 1842, ibid., 302.

failure reached London, the Governor and Committee sent out the following report:

> The views, with which we recommended this experiment to be tried having been completely frustrated by the subsequent migration of these people from the Cowlitz and Nisqually to the Walamet, we do not think it advisable to burden the fur trade with the expence of transporting any more to the same quarter. 31

Thus ended the Hudson's Bay Company's first attempt to plant a colony on the west coast of North America. Conceived to provide a balance for both arriving and anticipated American settlers, the plan failed because the Company did not or could not bring its ideas into focus with the reality of the situation. It was a hopeless task from the beginning to expect the Red River migration to accept wooded cattle-grazing land north of the Columbia when good wheat-growing farmland was freely available to the south. The plan was furthermore poorly formulated, improperly communicated, and impossible to carry out. The idea of providing each homesteader with a "house ready built for occupancy"[32] was patently absurd. On the other hand McLoughlin appears to have paid only lip service to the task of keeping the settlers on the north bank. Whether this was because he realized it would be impossible or because he could see no threat to the Hudson's Bay Company's position if they settled among the Americans south of the river is impossible to say. In any

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31 Ibid., 78.

32 Buxton to Dye, Sept. 28, 1892, OHS, Dye Papers.

case the Company itself was not prepared to continue to mingle Canadians with Americans in what would have provided a different approach to the problem of establishing a boundary line. Thinking more of expense than imperialism, the Company gave up their ill-fated colonizing endeavour without a proper effort. It is doubtful, in any event, that the Company could have planted enough Red River settlers in the Puget Sound area to prevent the diplomatic division of 1846. It is also doubtful that any number of settlers could have prevented it even if they had been readily available. The Company's motives for sending settlers from the outset were misplaced. A migration, it claimed,

> will not only relieve the Red River Settlement of its surplus population, but strengthen the claims of Great Britain to the Territory, and the increase of the British population in that quarter must operate to the benefit of this Nation whenever a division of the country takes place. 33

Future events would show just how misguided their thinking had been.

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33 Cited by Merk, Oregon Question, 77-78.

III

THE END OF AN ERA: OREGON, 1843-46

The first American immigrants engulfed most Hudson's Bay Company officials in panic. John McLoughlin alone escaped. His concern was not to counterbalance, exclude, or confine the incoming American settlers, but rather to provide them with a favourable image of the Hudson's Bay Company.[1] He also hoped to trade with the settlers at a low enough rate to eliminate competition. On November 18, 1843, McLoughlin wrote to the Governor and Committee:

> In regard to the Settlers who came this year, we will furnish their little wants, so as to keep up a good feeling with them, but we will look for your instructions with respect to our future proceedings, directing us in the course we ought to pursue with American Settlers, as it is certain that, there will be a greater or less influx of people, from the United States every year, and the trade will be taken up by other Merchants, if we do not anticipate them. My own opinion is, that both as a protective and defensive measure, we ought to secure the business of the Colony, and extend our influence as much as possible over it. 2

McLoughlin, therefore, had a flexible approach to his Company's business practices. He saw no advantage in clinging to the rapidly collapsing fur trade. Not only was the area

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1 Merk, Oregon Question, 148.

2 Ibid., 174.

around the Columbia becoming uneconomical to trap but the fashion for beaver hats was passing. Even the few pelts the region provided found little market. Instead McLoughlin foresaw a profitable future in becoming a general merchandising company. By serving the needs of the incoming settlers he could see no cause for despair.

Although their broad approach to American settlers had little in common in methods of handling specific problems, McLoughlin and his employers did sometimes concur. For example, Dr. Elijah White, a physician with the Willamette Methodist mission between 1837 and 1840, was in 1842 appointed a sub-agent in charge of Indian affairs in the region west of the Rocky Mountains. Dr. White returned to the Columbia River area to take up his new post. On the basis that the British government had not relinquished its joint claim to Oregon, McLoughlin refused to accept White's appointment as valid.[3] The London officials wholeheartedly endorsed his uncompromising stand and further reiterated that White was probably an instrument for an American group within the United States which had for some time pressed their government "to take military possession of the Oregon territory."[4]

In 1843 the American settlers sought to erect some structure for the preservation of law and order in the Willamette region. They invited the Canadians of the area to join, but

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3 Ibid., 129.

4 Ibid., 313.

on the advice of the Hudson's Bay Company the Canadians refused.[5] Hence two systems of justice prevailed, each among its own national group. A year later the provisional government amended its constitution and again asked the Canadians to join. This time, encouraged by a large influx of immigrants in the past season as well as assurances that their British allegiance would be respected under the new government, the Canadians, with the sanction of the Hudson's Bay Company, agreed to participate. This government confined its jurisdiction to the region south of the Columbia: therefore it included only Canadian settlers south of the river and did not involve the Hudson's Bay Company itself.

On February 15, 1845, an event occurred that convinced McLoughlin that the present state of government could not long continue without major problems.[6] Henry Williamson, an American citizen, encroached upon the Hudson's Bay Company's Fort Vancouver property by erecting "a few logs of wood in the form of a hut."[7] On a nearby tree was a sign:

Feby 15th 1845
Meddle not with this house or claim
For under is the Master's name

Henry Williamson [8]

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5 Robert C. Clark, "How British and American Subjects Unite in a Common Government for Oregon Territory in 1844," Oregon Historical Quarterly, XIII (June, 1912), 144 shows that the Canadians, mainly French Canadian and half-breed Indians, obeyed the Hudson's Bay Company's "instructions."

6 E. E. Rich, The Letters of John McLoughlin from Fort Vancouver to the Governor and Committee, Third Series, 1844-46 (London: Hudson's Bay Record Society, 1944), 293.

7 Ibid., 259.

8 Ibid., 260.

Several days later Hudson's Bay Company officials removed the logs and chopped down the sign-bearing tree. Soon after, Williamson returned with surveyors to mark out a mile square claim; he also asked the chief factor why his house had been destroyed. McLoughlin recorded his response:

> I told him it had been removed by my orders, and that I would prevent him or any other person from building on the premises of the Hudson's Bay Company; that Fort Vancouver being a British Settlement, whoever came within its precincts must submit to the laws and usages of the place, and these gave me the authority to protect the Company's rights and to discourage every course which might tend to disturb the peace of the Settlement. 9

McLoughlin wrote to the Executive Committee of Oregon's provisional government and penned an address to the "Citizens of Oregon." He intended both measures to remove any strain the Company's action against Williamson may have produced among Americans in the vicinity of the fort. Fortunately, future conflict was avoided through Williamson's quiet acceptance of defeat, and the Executive Committee responded by endorsing McLoughlin's action.[10] Fearing other attempts to trespass upon or otherwise threaten his Company's possessions in Oregon, McLoughlin immediately wrote to request British naval protection for that country's interests on the Columbia.[11] He believed he was embroiled in a possible international incident: he felt he was the fuse to a dynamite cache, which

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9 Ibid., 260-61.

10 Ibid., 266.

11 Ibid., 268.

if ignited would produce an immense conflagration.

> Our conduct and proceedings, seem, . . to be highly approved of by all the American Citizens except Williamson and his fellow followers. . . . Still this may be all but words, as we must keep in mind that these men are animated with strong national feelings and strongly opposed to British interests, and that the conduct of a few like Williamson might lead to very serious and important consequences. 12

Even in correspondence to the London office, McLoughlin was careful to exonerate the Hudson's Bay Company from blame for the situation of crisis. He claimed that the Americans appreciated the Company's peaceful policies, yet added,

> But we are a Monopoly, though every one of them must admit that we are no Monopoly in regard to them, and which they do admit. But then we are British, and maintain and extend British influence in opposition to American Interests and influence, and it is this which annoys them. 13

At a time when McLoughlin was appealing for British military protection, it was only good sense to claim that Americans resented the Company's nationality rather than its monopolistic aims. Yet his view was supported by James Douglas who in a private letter to Sir George Simpson a week later wrote, "no people can be more prejudiced and national than the Americans in this country, a fact so evident to my mind that I am more suspicious of their designs, than of the wild natives of the forest."[14]

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12 Mar. 28, 1845, ibid., 73.

13 Ibid., 74.

14 Apr. 4, 1845, ibid., 190.

The requested protection would be months arriving; moreover, McLoughlin had appealed in vain two years previously through the Governor and Committee for government protection[15]--this appeal might also be fruitless. In the meantime the executive committee of yet another-amended provisional government invited the Hudson's Bay Company to participate in its "articles of compact."[16] This time, seeing such action as the only means to avert violence and even war, McLoughlin yielded.[17] James Douglas immediately became one of the three judges appointed to serve Vancouver, the district north of the Columbia. The Company was also required to pay taxes.[18]

Only after the Hudson's Bay Company joined the provisional government did John McLoughlin learn that a British naval vessel might be sent to the Oregon coast,[19] although Her Majesty's Ship America actually arrived in Puget Sound within three weeks of the Hudson Bay Company joining the provisional government. It brought Lieutenant Robert Peel who, after an eight day stay, wrote a lengthy report. Based

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15 Nov. 15, 1843, Rich, McLoughlin Letters, Second Series, 141.

16 Rich, McLoughlin Letters, Third Series, 99.

17 Aug. 30, 1845, ibid., 95.

18 Ibid., 108. McLoughlin reported that taxes cost the Hudson's Bay Company $226.65 in 1845. He also wrote to W. F. Tolmie, September 2, 1845, saying, "We pay duties merely on the articles we sell to the settlers, as other merchants and on our stock the same as other farmers." Oregon Historical Society. McLoughlin Papers.

19 Aug. 22, 1845, McLoughlin Letters, Third Series 284.

in turn upon this report and upon conversations with James Douglas, the Honourable Captain John Gordon called the Company's agreement to join the "American" provisional government "rather questionable, as the Company's people were sufficiently strong to protect themselves."[20] His inaccurate conception of the government and second-hand observation, however, cast doubt upon the depth of perception he was able to evince.[21] Since Gordon's fifty-gun frigate America paid such a short visit to the Oregon coast, McLoughlin could hardly have considered it "naval protection," but on October 8, 1845, Captain Thomas Baillie of the British sloop H.M.S. Modeste met with James Douglas in the Straits of Juan de Fuca and asked whether he considered the presence of the Modeste on the Columbia River "essential for the protection of British interests in that quarter."[22] Douglas responded that the Modeste's presence was decidedly necessary;[23] whereupon the eighteen gun vessel sailed up the Columbia River. She remained for the next year and a half. At last a British

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20 Leslie M. Scott, ed., "Report of Lieutenant Peel on Oregon in 1845-56," Oregon Historical Quarterly, XXIX (March, 1928), 69.

21 Such a view might appear to show that Douglas himself had been critical of the Company's decision to join the Oregon provisional government had not the same report also indicated that Douglas worried about probable future infringements upon the Company's properties in the affected region. This fear was substantiated in his April 4, 1845, letter to Simpson quoted earlier. Ibid., 69.

22 Rich, McLoughlin Letters, Third Series, 303.

23 Ibid., 303-04.

vessel stood guard at Fort Vancouver.

Lieutenant Robert Peel's short September tour of the Columbia had provided only one segment of the British government's interest in the Oregon region. A month before, in August 1845, Lieutenant Henry J. Warre, aide-de-camp to the Commander of the Forces in Canada, and Lieutenant M. Vavasour of the Royal Engineers had arrived at Fort Vancouver to conduct a secret military reconnaissance of the Oregon region. They had been sent to determine whether the British Government could muster an effective military challenge to the popular clamour in the United States to acquire the entire Oregon territory. The two men spent eight months on the Columbia and collected much information.[24] On October 26, 1845, they wrote the first lengthy segment of their report from Fort Vancouver. In it they reported in favour of McLoughlin's recent decision to join the provisional government,[25] and they praised McLoughlin's kindness and hospitality which they claimed "extended to all of whatever nation, arriving in this wild country."[26] In a later report dated June 16, 1846, however, their praise had undergone a distinct

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24 Their report did not reach London until after the Oregon boundary treaty of 1846 had come into effect, although their views may have been communicated verbally to the Foreign Office by Lieutenant Peel in February 1846.

25 Joseph Schafer, ed., "Documents Relative to Warre and Vavasour's Military Reconnaissance in Oregon, 1845-6," Oregon Historical Quarterly, X (March, 1909), 51.

26 Ibid., 58.

reversal. By this time they had left the Columbia Department and had reported to Sir George Simpson, under whose supervision they had conducted their reconnaissance. It is quite likely that Simpson's interview had convinced the two men to alter their conclusions:

> Whatever may have been the orders, or the motives of the gentlemen in charge of the Hudson's Bay Company's posts on the west of the Rocky Mountains their policy has tended to the introduction of the American settlers into the country.
>
> We are convinced that without their assistance not 30 American families would now have been in the settlement. 27

This statement, which was really an indictment of John McLoughlin's actions, elicited Sir George Simpson's immediate and decisive response. He wrote in haste to McLoughlin:

> If facilities to the extent stated. . . have been afforded it has been quite at variance with the instructions issued from time to time by the Gov. & Com. and by myself. . . . It is desirable the Company shd be in a condition to relieve the concern from the grave imputations thus brought against them. 28

But by the time Simpson's letter had been penned, many vital changes had occurred in the Hudson's Bay Company's Columbia Department. In a November 30, 1844, letter the London officers had informed Dr. McLoughlin that because the Columbia Department was not producing the expected profits under one supervisor, they had decided to split the department into two districts each to be governed by its own chief

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27 Ibid., 81.

28 June 30, 1846, Rich, McLoughlin Letters, Third Series, 285.

factor. McLoughlin's £1000 annual salary would also be cut in half as of May 31, 1845.[29] The chief factor quite naturally protested, claiming that to split the department would be to revert to the discord and division which had occurred under similar circumstances twenty-five years before.[30] He further protested his Company's lack of confidence and asked to be able to defend himself.

In the meantime he wrote a lengthy dispatch in which he attempted to answer his Company's specific complaints against his policies. He defended his decision to join the provisional government in August 1845 although this decision had been made after he had been censured; he defended his fur trade policies and his decision to raise wheat for export; he defended his efforts to see justice served for his son's murder. In particular he answered the Company's charge that the department was not as prosperous as could be expected. At least one reason for this, the London office had suggested, was due to heavy outstanding debts which inferred "that the present system must be defective and objectionable."[31] McLoughlin argued eloquently in his own defense.

> In 1842 & 1843 a great number of American Immigrants came to the Country, many of whom were in a destitute condition, who had not wherewith to pay even canoe hire to Indians for bringing them from the Dalles to this place, and if I had

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29 Ibid., 90.

30 Ibid., 90.

31 Nov. 20, 1845, ibid., 126.

> not made them advances to enable them to do so, they would have got into quarrels with the Indians, would have been murdered, our business would have suffered, and it would have been reported throughout the world that we had set the Indians to murder these poor people, and time only could have cleared us of this odious imputation; meanwhile this defamatory report would most assuredly have injured the Company. . . . In acting as I have done I firmly believe time will prove I have not only fulfilled the dictates of humanity, but most effectually promoted the best interest of the Company, as after all, these men are paying their debts (charged with Interest at 6 per cent) and the whole amount will be considerably reduced this year. 32

The situation had nevertheless by this time reached an unfortunate impasse. Governor Simpson asked McLoughlin to take either a year's furlough or to accept a charge east of the mountains.[33] McLoughlin did neither. On March 20, 1846 he wrote to inform Sir George Simpson of his intention to resign from active service to the Company. McLoughlin had become a broken man because of his conflicts with the Company in London and Sir George Simpson at York Factory; through heart break and frustration over his son's death and the Company's consequent unsatisfactory inquiry; because above all these internal crises weighed the constant effort of maintaining a delicate peace with hostile settlers within his midst while concurrently attempting to assure his company's prosperity. Furthermore, he felt that he was in his "present painful and Distressful situation" because his conduct

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32 Ibid., 128.

33 Ibid., 142. In fact, the Company had decided by early 1844 that McLoughlin must be removed from responsibility for the Columbia Department (lvii-lviii).

had been "misrepresented and the Directors. . . misinformed."[34] In despair he vented his fury to Sir John H. Pelly, governor of the Hudson's Bay Company:

> I am of opinion if I had acted otherwise than I did-- besides Vancouver being pillaged and the Company's Business Destroyed-- England and the United States would be at War-- at present-- Evils which have been averted by management-- and their prejudices are diminishing so fast that if Business goes on as at present in two years the Great Majority will be as friendly to the Company as the Canadians-- and if my conduct is Right see how I am treated-- 35

By June 1846, not only had McLoughlin retired from active service to his Company, but Fort Victoria, established in 1843, had replaced Fort Vancouver as the Company's main supply depot on the Pacific coast, and the long Oregon boundary negotiations had also been concluded. Without apparent regard for the Hudson's Bay Company's interests, the American and British governments concluded a treaty which divided Oregon along the forty-ninth parallel from the Rocky Mountains to the Pacific Ocean. The northern section would become British, the southern, American. All of Vancouver Island would remain British, however, and the Hudson's Bay Company would retain navigation rights and their posts and properties in areas south of the new boundary. The Company's Columbia District was now formally a commercial island in a foreign country. Upon hearing the terms, James Douglas, who with Peter Skene

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34 July 12, 1846, ibid., 170.

35 Ibid., 171.

Ogden had succeeded McLoughlin at Fort Vancouver, understandably responded, "we will not conceal that we are beyond measure distressed at the immense sacrifice of property and Commercial Interests which the Hudson's Bay Company will be forced to submit to."[36]

Had the Company, in fact, encouraged American settlers by its attitude as Lieutenants Warre and Vavasour accused? If it had, would any other action have been more effective? Could the Company, in effect, blame itself for the sacrifice of property it suffered under the Oregon treaty?

James Douglas and Peter Skene Ogden jointly called Warre and Vavasour's charge "absurd and unfounded";[37] John McLoughlin took considerable pains to refute it.[38] In a report tinged with irony and a great deal of resignation he dissected the charge and explained rather than defended his actions. He said that the American missionaries, whose arrival the Hudson's Bay Company had neither the right nor the means to prevent, had sent appealing statements about Oregon home to their American friends and these had been further circulated in newspapers. This was a secondary cause of the immigration. More direct accessories, he asserted, were Senator Linn's bill to

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36 Mar. 19, 1847, T. C. Elliott, ed., "British Values in Oregon, 1847," Oregon Historical Quarterly, XXXII (March, 1931), 28. Douglas wrote in a somewhat different vein to his friend W. F. Tolmie on April 19, 1847, however: "All things considered, the yielding mood of the British ministry, and the concessions made, we have come off better than I expected. I looked for nothing short of an utter sacrifice of our interests." Archives of British Columbia, James Douglas, Fort Vancouver, Correspondence Outward.

37 Rich, McLoughlin Letters, Third Series, 170.

38 Undated, ibid., 286-98.

grant free homestead land to settlers, coupled with Britain's silence when she might have asserted her own claims in Oregon.[39]

He admitted that he had helped the immigrants, but claimed that his aid had assured their loyalty. The arrivals gratefully believed that without McLoughlin's help they could not have survived.

> Was I as the representative of the Hudson's Bay Company to be such a simpleton to destroy the beneficial effect of my measure, and to tell them It is true I assisted you from principles of humanity, but if I had not done so, you would have fallen on our hands, when we would have been obliged to feed you gratis. I assisted you with means to sow wheat spring 1844, but if I had not done so there would have been a famine in the Country in 1845, as I know you would not allow your families starve to death when there are provisions in the Hudson's Bay Company's Stores, and as a quarrel about them would be extremely injurious to the Hudson's Bay Company's business, indeed, much more than assisting you, of two evils I chose the least. [40]

His discourse carried the persuasion of one who wrote not to argue a case--for his case was already lost--but of one who honestly believed he had acted properly but whose actions had been wholly misunderstood. And he seemed tired of explaining. His words carry the appeal of simple truth, that he had acted as an "officer of the Hudson's Bay Company whose duty it was whatever might be their feelings to do their duty, mind their business and take care of the Hudson's Bay Company's affairs,"[41] and further that "it was my duty to

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39 Ibid., 295.

40 Ibid., 297.

41 Ibid., 295.

use my utmost exertions to manage it [the Company's business] to the best advantage consistent with the duties of religion and the usages of business."[42]

McLoughlin had acted to the best of his ability to preserve the Company's business and to maintain harmony within the realm of his jurisdiction. Neither harsh nor cruel, but firm, resolute, and even stubbornly opinionated, he had carried out the terms of his office honestly and conscientiously. His personality was too unyielding; he was too quick to take offense, too sensitive to criticism. On the other hand his chief antagonist, Sir George Simpson, had been too quick to criticize, too rigid, and often utterly tactless. He had seldom attempted to smooth over misunderstandings or disagreements; he had furthermore often provoked McLoughlin's ire. He had consistently sided with the Governor and Committee, often to McLoughlin's disadvantage, until the chief factor felt he had nowhere to turn and no one he could trust.

Toward the Americans McLoughlin had been far more understanding, solicitous, and realistic than any other officers within his company. He had accepted changes in the structure of his district and had attempted to act fairly to both his company and the arriving settlers. Much more than his associates, he accepted a movement he could neither prevent nor turn back. Because he formulated the Columbia Department policies, incoming Americans faced not the hostile monopoly

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42 Ibid., 296.

they had expected, but a company sincerely concerned to maintain peace and harmony. Because war was avoided, McLoughlin felt his actions had appeased warlike tendencies in the American citizens who came to Oregon. Whether they did can never be determined, but his policies were certainly more pacific than those of George Simpson or the London office. If a man of weaker will had directed the Company's affairs in Columbia during the vital years before 1846, the major British-American war McLoughlin so greatly feared could have been, if not inevitable, at least far more possible. If McLoughlin's policy unduly encouraged American settlers and inadvertently sacrificed his company's property in Oregon, he had under exceedingly volatile conditions at least maintained peace and preserved his company's honour.

IV

FIRST YEARS ON VANCOUVER ISLAND: 1846-1851

Oregon was lost; only the details of surrender remained to be played out bleakly and agonizingly over the next two decades. Almost immediately, therefore, the London officials turned their attention to the British portion of Oregon, and in particular, to investigate the Company's legal status on Vancouver Island.

Sir John H. Pelly wrote to Earl Grey, the British Secretary of State for the colonies, asking what the government's intention was "as to the acquisition of lands, or formation of settlements, to the north of latitude 49."[1] He claimed to ask merely because the Hudson's Bay Company had a post on Vancouver Island and hoped to be able to enlarge it. The Company, he said, was "anxious to know whether they will be confirmed in the possession of such lands, as they may find it expedient to add to those which they already possess."[2]

Pelly's letter was merely a formal inquiry into one of

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1 Sept. 7, 1846, Miscellaneous Papers Relating to Vancouver Island, Copy of Correspondence between the Chairman of the Hudson's Bay Company and the Secretary of State for the Colonies, Relative to the Colonization of Vancouver's Island (London: House of Commons, 1848), 3.

2 Ibid., 3.

the minor ramifications of the Oregon Treaty. In a private memo ten days later, Earl Grey inflated and distorted Pelly's question to create a wide-eyed vision of British settlement:

> Looking to the encroaching spirit of the U.S. I think it is of importance to strengthen the B[riti]sh hold upon the territory now assigned to us by treaty by encouraging the settlement upon it by B[riti]sh subjects; and I am also of opin[io]n that such settlement cd. only be advantageously effected under the auspices of the Hudson's Bay Co. 3

Grey's official reply to Pelly's letter was somewhat more restrained, but nonetheless expressed the willingness of the government to support colonization. The idea that [the Hudson's Bay Company become a colonizing agent] was so novel that Grey and Pelly doubtless at some earlier date had discussed colonizing the new British domain and that [the Hudson's Bay Company might supervise it.] The idea evolved into a proposal that the Hudson's Bay Company act as agent for colonizing Vancouver Island in return for a grant of the Island to the Company or other similar terms.

Beyond this tentative stage the negotiations moved slowly; there was clearly much public opposition to the proposal.[4]

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3 This memo is not in the government pamphlet on the subject. Paul Knaplund, "James Stephen on Granting Vancouver Island to Hudson's Bay Company, 1846-1848," British Columbia Historical Quarterly, IX (October, 1945), 261-62.

4 Knaplund, "James Stephen," British Columbia Historical Quarterly; Paul Knaplund, "Letters from James Edward Fitzgerald to W. E. Gladstone Concerning Vancouver Island and the Hudson's Bay Company, 1848-1850," British Columbia Historical Quarterly, XIII (January, 1949), 1-21; John S. Galbraith, "James Edward Fitzgerald versus the Hudson's Bay Company: The Founding of Vancouver Island," British Columbia Historical Quarterly, XVI (July-October, 1952), 191-207.

Not only private citizens such as James Edward Fitzgerald, who advocated his own scheme; government officials, such as W. E. Gladstone and James Stephen, Under-secretary for the colonies until 1847; but even officials of the Hudson's Bay Company such as Sir George Simpson, Archibald Barclay, Edward Ellice, and Andrew Colvile all opposed the idea of the Hudson's Bay Company becoming a colonizing agent.

Colonization would mark a distinct reversal of established company policy. In Oregon the Company had shown an almost paranoic distrust of free colonists. Its attitude, however, had been short-sighted. Settlement was bound to come; a fur-trade corporation was bound to be displaced.

The Company, therefore, faced an unprecedented task. It could resign itself to a future of decline and retreat until settlement had chased both the fur-bearing wilderness dwellers and their relentless hunters into the farthest corners of the continent. The pace of the Company's decline would then be governed only by the pace of the settlers who filled each successive frontier. On the other hand the Hudson's Bay Company could re-align its policy to enter the mainstream of the dawning era. For well over a century and a half the Company had responded to difficulties in the same successful pattern. When civilization approached, the Hudson's Bay Company sought more remote regions; when competition emerged, the Company drove it out by underselling. Now the Company stood at the door of a new age. It had expanded across the entire expanse of the North American

continent. To the south was a wall of settlement, to the west, the Pacific Ocean, and to the northwest, Alaska, the domain of the Russian American Fur Company. Regions to the east and north had long ago submitted to the Company's orderly exploitation--they would doubtless continue to do so. But a dynamic corporation must be geared to change. Stagnation breeds decay and, in a capitalistic enterprise, almost certain death. The Hudson's Bay Company needed a visionary philosophy which could reconcile its aims with that of settlement and guide the Company on a profitable new course.

At first appearance Sir J. H. Pelly would seem to fulfill this need. He supported the Company as a colonizing agent, but yet his official reason for so doing indicates that he was not, after all, the man of vision the Company needed:

> The Company expect no pecuniary advantage from colonizing the territory in question. All monies received for land or minerals would be applied to purposes connected with the improvement of the country. . . . The security of their property from American aggression would be the advantage they would expect to derive from the contemplated plan. 5

For Pelly, then, colonizing Vancouver Island was merely a protective move. Sir George Simpson, at least, opposed the grant on the reasonable grounds that California and Oregon provided more attraction for settlement and also because he felt "the Company would incur odium and expense in a

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5 Pelly to Grey (private), Mar. 4, 1848, Miscellaneous Papers, 12.

useless undertaking."[6] Each in his own way was pessimistic and defensive, anchored against the swirling current of changing times.

Nevertheless the opportunity to adjust its vision remained, for on January 13, 1849, the Company officially acquired Vancouver Island in order to establish a colony of British subjects. The Company would sell land at a reasonable price and would gain as a commission, ten per cent of the gross price. Likewise, ten per cent of all coal royalties[7] would fall to the Company. The balance was to be spent in public purposes for the colony. These terms were not financially lucrative but Pelly had requested nothing more.

Partly because official governmental direction was a new venture for the Company, but also because it wished to assure its ascendancy in the proposed colony, recommending a governor bred irksome problems. To begin with, the Governor and Committee appointed James Douglas, currently chief factor at Fort Vancouver, as chief factor and "agent of the Company for all matters relating to the territory of Vancouver's Island."[8] They had hoped also to have him appointed governor

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6 Galbraith, "Fitzgerald." British Columbia Historical Quarterly, 192. The quoted material is Galbraith's indirect quote of Simpson's Sept. 1848 sentiments.

7 Coal was known to exist at both Fort Rupert, on the northern tip of the Island, and Nanaimo, on the east coast.

8 Barclay to Douglas, Aug. 3, 1849, Provincial Archives of British Columbia, Fort Victoria, Correspondence Inward, 1849-1859, from Hudson's Bay Company, London, to James Douglas.

of the colony, but due to "public outcry"[9] in Britain, they turned instead to young and inexperienced Richard Blanshard. The British government duly approved Blanshard on 20 June, 1849, on condition that his salary, passage allowance, expenses, and commission be met either by the Hudson's Bay Company or Blanshard himself.[10] Although Blanshard's Letters Patent and accompanying instructions listed an elaborate set of conditions connected with his governmental office,[11] Pelly sent instructions to Douglas that appear to be almost calculated to create conflicts:

> The Hudson's Bay Company do not intend in any way to invest him with any Agency powers, but propose to appoint you their Agent quite independent of your situation in the Fur Trade, to keep registers of all grants of Land, to receive reports of all surveys, and to appoint people, if there are any on the Island competent, to perform that or other duties which may be required--through you will be made all the Subgrants to Settlers. 12

In addition, Douglas would become the interim governor. When Blanshard at last arrived, on March 11, 1850, he decided that the Company had misrepresented the conditions of his appointment. The property that he understood the Company had promised him, did not materialize. He was given no salary yet was charged exorbitant rates for the goods he was obliged to

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9 Pelly to Douglas, Aug. 3, 1849, ibid.

10 Provincial Archives of British Columbia, Record Office Transcripts, Hudson's Bay Company-Colonial Office, Vols. 721-25; 1822-1852, mss. 164 (192 of Vol. 724).

11 Ibid., mss. 189-202 (195-221 of Vol. 724).

12 Pelly to Douglas, Aug. 4, 1849, PABC, Correspondence Inward.

purchase from the Company; he governed almost no colonists who were not first servants of the Hudson's Bay Company; furthermore, his health soon began to deteriorate. As could be expected, he complained bitterly about the slow influx of settlers and waged endless paper battles with James Douglas, the jealous guardian of Hudson's Bay Company rights. Small wonder that he threw up his arms in defeat after a mere eighteen months in office.

Blanshard's unfortunate interlude, though more than a mournful melodrama, was less inherently important than the concurrent development and early implementation of the Hudson's Bay Company attitude toward colonization. In a rare but important expression of the Company's official policy, Archibald Barclay, secretary for the Company in London, wrote to James Douglas in December 1849:

> The object of every sound system of colonization should be, not to reorganize society on a new basis, which is simply absurd, but to transfer to the new country whatever is most valuable, and most approved in the institutions of the old, so that society may, as far as possible consist of the same classes, united together by the same ties, and having the same relative duties to perform in the one country as in the other.
>
> The committee believes that some of the worst evils that afflict the Colonies have arisen from the admission of persons of all descriptions, no regard being had to the character, means, or views of the immigrants. They have therefore established such conditions for the disposal of lands as they trust will have the effect of introducing a just proportion of labour and capital, and also preventing the ingress of squatters, paupers, and land speculators. The principle of selection, without the invidiousness of its direct application, is thus indirectly adopted. 13

13 Barclay to Douglas, Dec. 1849, ibid.

The Hudson's Bay Company was prepared to sell small blocks of twenty acres, at the rate of one pound per acre. For purchases of over a hundred acres at the same rate, the buyer would be required to bring out five single men or three married couples for every hundred acres.[14] Although the Company placed advertisements in several English and Scottish newspapers and circulated a prospectus on the colony,[15] and although inquiries trickled into Hudson's Bay House in London, few settlers were induced to go to the new colony.

The first and, for some time, only independent colonist to reach the Island was Captain Walter Colquhoun Grant. Even Grant had been hired in London to conduct Company surveys of the proposed settlement region. He arrived in August, 1849, with eight men to help clear and cultivate his two hundred acre purchase near Sooke. In March 1850 he resigned his Hudson's Bay Company position, which he had served incompetently anyway. Harassed by money problems from the outset, by September he had also lost all of his men. Early in October he left for Hawaii. Returning in February, 1851, he left again early in summer for Oregon and the Klamath goldfields. His only subsequent visit to Vancouver Island was made in the fall of 1853 to sell his property.

A few servants of the Company also elected to take up

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14 Walter N. Sage, Sir James Douglas and British Columbia, University of Toronto Studies, History and Economics (Toronto: University of Toronto Press, 1930), 158.

15 Galbraith, "Fitzgerald," British Columbia Historical Quarterly, 203.

lots. Douglas, meanwhile, appealed for more liberal terms of sale to encourage more settlers, and thus fill an acute need to raise more produce.[16] His request elicited both shock and chagrin as Barclay's response on behalf of the Governor and Committee reveals:

> The Committee are very glad to hear that some of the officers and men in the service think of settling in Vancouver's Island, but complain of the price of the land and bringing out labourers. They do not appear to understand what is meant. The land is virtually sold to them at 21/-- an acre, the remaining 18/-- going to a reserve fund for the general purposes of the Colony, the charge for which in other settlements is hardly ever less than 30/-- per acre; and as to the expense of taking out men, if these officers have families equal to the number required for cultivating the land,-- say one man for every 20 acres,-- or can engage those servants who are retiring, they would save all the expense of bringing out fresh hands.
>
> Comparisons have been drawn as to the price asked by the Company and for land in the Oregon territory. The latter is not yet known and may be much higher from taxation for Establishments with which the reserve fund is intended to supply the settlers of Vancouver's Island. The duties now at Oregon upon importation are very high, and likely to be permanent, and the first cost of a few shillings an acre is little or nothing in the scale when the security of property, and the advantages derived from British Laws are taken into account. [17]

While the Committee's reasoning may have been sound, its knowledge of human nature was distinctly inadequate. And yet it continued to express dismay at the dismal results of its

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16 Douglas to Barclay, May 16, 1850, Archives of British Columbia, Fort Victoria, Correspondence Outward to Hudson's Bay Company on Affairs of Vancouver Island Colony, May 16, 1850-November 6, 1855.

17 Barclay to Douglas, Aug. 30, 1850, PABC, Correspondence Inward.

colonizing efforts. Perhaps its concern was merely superficial--so that Earl Grey would be sympathetic. For the correspondence of this period shows that both Grey and Colonial Secretary Herman Merivale listened with interest to Blanshard's regular outcries, whose anguish was understandable, since he was, after all, a governor governing almost no one. However, the Governor and Committee's answers appear to have placated Grey at least, because he in turn soon attempted to mollify Blanshard by taking the Company's side. Echoing the Company's explanation he asserted that gold discoveries in California had prevented immediate settlement on the Island, but he nonetheless foresaw an ultimate benefit in having such a vast market within easy reach.[18]

The Company could neither cope with nor even understand the problems of reversing direction from a fur trade monopoly to a colonizing agent. Its move had been defensive and protective, not progressive or innovative, and its blundering efforts to encourage colonists reflected its incomplete acceptance of its new role. And so conditions continued static and unsatisfactory, with no solution in sight, until

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18 Grey to Blanshard, Oct. 23, 1850: "I have reason to know that it is a subject of much regret to the Hudson's Bay Company that the colonization of Vancouver's Island has not been attended with the success at first anticipated from that enterprise. The attractions of California have probably contributed with other causes to draw Emigrants away from Vancouver's Island; but it is to be hoped that this Emigration will eventually be beneficial to Vancouver's Island in creating a demand for its productions and consequently making it a desirable place for settlers." Provincial Archives of British Columbia, Great Britain, Colonial Office, Despatches to Vancouver Island, July 21, 1849 to December 18, 1852, 16.

on September 1, 1851, Governor Richard Blanshard left his barren post, and Pelly once again recommended James Douglas to become Vancouver Island's sometime governor.

V

IN CONTROL: VANCOUVER ISLAND, 1851-1857

Industrious, efficient, and effective, James Douglas was for the Hudson's Bay Company both a logical and astute choice for governor of Vancouver Island. Possibly to avoid the dissension a new non-company governor might produce, but more likely because it, too, approved of the choice, the British government unhesitatingly accepted the Company's recommendation. Nor need it have doubted his worth. For outsiders such as Fairfax Moresby of H.M.S. Portland, who, although critical of Douglas for charging an exorbitant rate for Portland's supplies, wrote in his praise, "his long service in the Hudson's Bay Company--his energy and intelligence, has justly raised him to the direction of their interests in their vast possessions in this part of the world."[1]

Douglas, on the other hand, at least in some private moments did not reciprocate his company's confidence. In fact, he wrote to A. C. Anderson, a friend who had recently left his children in Douglas's care, late in 1850 that his dividend for that year was so poor it would hardly supply his tobacco,

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1 July 7, 1851, PABC, H.B.C.--C.O. 721-725, mss. 335 (207 of Vol. 725). Moresby's confidence becomes more obvious when one considers the open feud then taking place between Douglas and Blanshard.

and added, "I hope the next will be more respectable--or the sooner we cut and run the better."[2] Six months later he complained to another friend and business associate, William Fraser Tolmie, that he was overworked and getting tired of the burden.[3] It is, therefore, hardly surprising that Douglas was somewhat reluctant to undertake even further duties, and more especially when they were unaccompanied by a commensurate salary. The governor of the Company, however, was unaware of his discontent, for Pelly responded with obvious shock when Douglas did not appear too happy with the prospect of his new job.[4] But Douglas nonetheless accepted the position, and on August 26, 1851, wrote his Company superiors in a tone which was to be reflected throughout his entire dual career, "I accept the office of Governor of Vancouver's Island solely in obedience to the Company's wishes, and I shall not fail to do everything in my power to promote the interests intrusted to my charge."[5]

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2 Oct. 28, 1850, Provincial Archives of British Columbia, James Douglas, Correspondence Outward, 1850-1858 (private).

3 Apr. 21, 1851, ibid.

4 Nov. 7, 1851: "I thought it was your wish that you should be appointed to succeed Governor Blanshard in the event of his retiring, otherwise I should not have recommended your appointment to that office." Provincial Archives of British Columbia, James Douglas, Correspondence Inward, 1849-1859. Douglas did not vacillate long; therefore his letter appears somewhat strange. The letter (not available) was apparently written Aug. 27, 1851, the day after he sent his letter of acceptance to Barclay.

5 Douglas to Barclay, PABC, Douglas Letters to H.B.C., 1850-1855, 15.

His subsequent actions supported his expressed attitude. Six weeks after his appointment he wrote for permission to build a horse road to Sooke at an estimated cost of £50;[6] more than a year later he wrote again to the Hudson's Bay Secretary, "I beg that instructions may be sent as soon as possible in regard to the form of keeping Colonial accounts."[7] Yet his position should certainly have granted him the power to make such decisions on his own initiative.

At the outset, at least, [Douglas was the governor of Vancouver Island as an official of the Hudson's Bay Company rather than the British government.] He was, moreover, chastized by his own company for making his bias far too blatant. For, on May 8, 1852, Douglas dutifully responded, "the Committees instructions to the effect that Colonial Affairs should in my communications be kept as distinct as possible from Fur Trade matters, shall hereafter receive my closest attention."[8]

From the Company's position, then, Douglas was the ideal political leader of the colony. The earlier conflicts with Blanshard, the non-company governor, were eliminated; the Company was assured that its interests would be paramount in the embryo colony; in addition, James Douglas, unlike John

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6 Douglas to Barclay, Oct. 8, 1851, ibid., 19.

7 Douglas to Barclay, Feb. 16, 1853, ibid., 122.

8 Douglas to Barclay, ibid., 64. Since this letter predates his "colonial accounts" letter, Douglas was indeed reluctant, or perhaps unable to separate his two positions.

McLoughlin, the earlier leader at Fort Vancouver, was submissive to his Company superiors. Douglas's joint position made Vancouver Island a Company colony first and a British colony second.

Yet there were times when he, too, like Blanshard before him, wished to throw up his hands in frustration and despair. One of the earliest of these was a complaint lodged with the Secretary of the Admiralty by Rear Admiral Fairfax Moresby about the injustice of the Hudson's Bay Company's rule. After protesting the exorbitant rates for foodstuffs that the Company charged his ship, and asking that its prices be brought into line with that charged to company servants, he turned to the problem of colonizing--or rather its absence.

In a somewhat obscure manner, he judged that the Company's position, being that of a virtual monopoly on the Island, was "incompatible with the free and liberal reception of an Emigrant community." His criticism of its emigration policy was more by implication than a statement of specific facts. He further charged, that

> Large tracts of land surrounding Victoria and Esquimalt, and reserved by the Company, from these points would radiate a community now excluded from the necessary vicinage, and deprived of the advantages which the Company's prospectus describes. Round Victoria 22 square miles are reserved by the Company, and round this Harbour 10 Square miles for the Puget Sound Company. 9

But Moresby apparently failed to recognize that an emigrant

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9 PABC, H.B.C.--C.O. 721-725, mss. 323 (199 of Vol. 725).

could hardly know until he arrived that the Company's prospectus was misleading. [The fact was that people did not come.] Moresby's criticism easily turns to praise for an enticing prospectus which, however inaccurate, should have invited settlers. A further fact, however, is that those few who did come encountered just the problems that Moresby described. Speaking of miners who were brought to the northern coal mines in May 1849, he declared that many had deserted both due to the "obstacles. . . thrown in their way," and also the attractions of American land. He asserted, "it is hardly to be expected they will prefer their dependence on the Company to the offer of 160 acres of land for each single man."[10]

To the British officials who dreamt of an instant, large, and thriving English counterbalance to American expansionism, the criticism of a respected naval official must have been distressing. Indeed, Earl Grey directed his under-secretary to ask the Hudson's Bay Company for an explanation, or rebuttal, of Moresby's assertions.

Governor Pelly himself penned a lengthy and significant reply. The account describes graphically his Company's problems and actions and contains much vital information. Nevertheless he avoided any real suggestion of its policy, either because it had none to which it was substantially committed or because it wished to veil its policy from the

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10 Ibid., mss. 324 (200 of Vol. 725).

knowledge of the British government.[11]

Pelly seemed to be highly sensitive to the charge that his Company might be working to deter rather than to promote settlement. Defensively, he claimed:

> That the colonization of Vancouver's Island has made so little progress is, I beg to assure your Lordship, as deeply regretted by the Directors of the Hudson's Bay Company as it can be by Her Majesty's Government, but they cannot accuse themselves of having omitted to use every effort in their power for the colonization and improvement of the Island, which it is not less their interest than their duty to promote. They have had to encounter difficulties equally beyond their control and that of the Government. The derangement of the ordinary course of events, occasioned by the State of things in California, has been a discouragement to persons who might otherwise have desired to settle at Vancouver's Island, as it was evident that there could be no confidence placed on hired labourers fulfilling their engagements. This also operated as an obstruction to the intentions of the Hudson's Bay Company to establish cultivation sufficient to secure food for new settlers on their arrival. 12

He hoped, however, to settle Hudson's Bay Company servants

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11 Either alternative is perhaps equally likely inasmuch as a decisive statement of the Company's colonizing philosophy has been given in chapter four of this thesis. Grey probably learned of neither letter; furthermore they might both merely have represented Barclay's personal opinion. Knaplund, "James Stephen," British Columbia Historical Quarterly, 263, quotes a memorandum dated September 24, 1846 by James Stephen who claimed: "Sir John Pelly had no definite plan for Colonizing the Country but expressed his readiness to concur with any other persons who might be interesting themselves on the subject in devising such a plan." Pelly's letter five years later might suggest that Stephen was not only correct, but that Pelly continued for some time to lack a "definite plan for Colonizing."

12 PABC, H.B.C.--C.O. 721-725, mss. 351-52 (219 of Vol. 725). His argument largely reiterated his position as of summer, 1850. See above p. 60.

on small lots to "gradually form villages of small settlers and independent labourers."[13] James Douglas's appeal for a change in land tenure sent seventeen months previously,[14] had once again remained a hope rather than a fact. Yet still the Company appeared to grope, for Pelly appealed to Grey for suggestions which might speed up immigration.

In reply to Moresby's charge that the Hudson's Bay Company had reserved to itself the best land, Pelly reminded Grey that much of the reserve had been established prior to the Oregon Treaty and that the rest would be duly paid for. He, therefore, skirted Moresby's criticism that the Company's action scattered and hence retarded settlement. In contrast to Barclay,[15] he pressed for the authority to impose an import duty on goods entering Vancouver Island. Pelly also categorically denied that the Company exercised either a legal or practical monopoly on the Island and even refused to admit that an observer might suppose a monopoly to exist.[16]

Pelly responded evasively as well to Moresby's diffuse but damning charge that a monopolistic Company could not, by definition, attract settlement. It was, indeed, a moot question. The Company was monopolistic and settlers were not coming, but a causal relationship would be next to impossible

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13 Ibid., mss. 352 (219 of Vol. 725).

14 See above, p. 59.

15 See above, p. 59.

16 Note the similarity to earlier charges in Oregon. See above, p.39.

to establish. Pelly admitted he did not know the answer to such a question but claimed adamantly that the premise was inaccurate because the Hudson's Bay Company "neither claims nor exercises such right in that island."[17]

John McLoughlin had nearly a decade earlier demonstrated in Oregon that arriving immigrant families who were provided with seed could raise produce at a subsistence level for a few years and then in fertile regions develop a thriving export trade. Pelly ignored McLoughlin's successful policy, however, to give as a reason for sending few settlers to Vancouver Island a new and illogical argument:

> The people hitherto sent out have been hired servants, a portion of whom have been married men; but in this matter the Company must be guided by circumstances, as the limited means of feeding the people until cultivation to some extent could be established, rendered it inexpedient to send out men with large families. [18]

Many of the desertions to California were caused by the Company's policy of paying minimal wages to miners. Pelly defended such wages. He claimed that these men were sent out at the Company's expense, were well fed and housed, and usually all sent money home to their families; he argued further that their wage, £17 per annum, was better than that which they would have received in Dorsetshire or the Orkneys, the areas from which most of the men were brought. Pelly's most telling argument, however, was that "the Company like

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17 PABC, H.B.C.--C.O. 721-725, mss. 357 (223 of Vol. 725).

18 Ibid., mss. 361 (225 of Vol. 725).

all other employers of labourers have a right to hire them at as low wages as they may be willing to engage for."[19] Inasmuch as these men, at home, were quite willing to be hired, he believed they had no right to complain. Here, once again, the Company displayed a gross failure to understand human nature. Of course they could be hired at what would appear to be attractive wages, but when they reached the new colony and heard rumours of far greater bonanzas awaiting them in California and even Oregon, the Company would need to be blind not to see that higher wages might easily have prevented so many expensive desertions. Surely the combination of sending out family groups and increasing wages alone would have provided an inestimable impulse to colonization.

Hudson's Bay Company officials early and consistently assured the Government that they were doing their utmost to fulfill the task which they had undertaken. Yet their actions effectively precluded its success. Settlers continued to protest, and the Company continued to deny all charges. It appeared to see no need to change. For such a tiny colony the volume of complaints was monumental. One of the most graphic and important such dispatch to reach the British government was an anonymous letter written late in 1852. Both

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19 Ibid., mss. 362 (226 of Vol. 725). Later in the letter Pelly claims that many of the men were neither deserters nor discontents but--"I may also mention that the Company have had applications from the friends of the Englishmen who are now in Vancouver's Island to be taken into their service--and this in consequence of the statements sent home from thence--." Ibid., mss. 365 (228 of Vol. 725).

it and the answers of various Company officials form a vital area through which to study the policy and attitudes that coalesced to form the philosophical outlook of the rulers of Vancouver Island.

Although the letter was unsigned, Douglas was convinced that its author was the Reverend Robert John Staines, who had arrived at Fort Victoria in 1849 to assume the joint post of priest and schoolmaster. Staines also managed a large and prosperous farm. Then, late in 1852, he rose against his employer, the Hudson's Bay Company, in the emotional field of political agitation.[20] As with many others before and after, he was to lose, but the battle was disconcerting to the Company. Indeed, his blows were so well chosen that two high Company officials felt compelled to answer Staines' argument.

Staines complained about the Company's land policy and especially about its government. The Company's land policy was such that it practically prevented settlement. Comparing land costs on Vancouver Island with those of Oregon, he suggested that the difference was great enough to induce many would-be colonists to leave British soil for Oregon. "When laborers are brought to the Island," he declared, "finding. . . the chance of ever becoming independent is very minute. . .

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20 G. Hollis Slater, "Rev. Robert John Staines: Pioneer Priest, Pedagogue, and Political Agitator," British Columbia Historical Quarterly (October, 1950), 206. His disagreement began as early as 1850 but did not come to a head until later. Ibid., 202.

they work, if at all, disaffectedly, with murmurs and grumblings, and at last they apply downright for their discharge. If this is refused they take the first opportunity, and cross over to the other side, where their accession is hailed with joy and triumph, and they feel themselves what they call free."[21]

Oregon, he continued, was a growing and dynamic region with ample opportunities for successful enterprise. By comparison, he complained, "In any part of Vancouver's Island I do not believe that any general shopkeeper could live." Accusing the Hudson's Bay Company of "vis inertia," he said they offered little or no inducement to settlers. A few have come to speculate modestly in town lots; others settle because "They can and do appreciate the natural advantages of the Island, its fine climate, soil, timber, fish, its fine harbours, and its favourable geographical position."[22] They stay under severe frustration but with the hope that the British government will soon step in to alleviate conditions. All the rest leave.

Contrary to the earlier Hudson's Bay Company arguments, Staines referred to the California situation as one in which many Englishmen had already come, found gold prospecting not as lucrative as they had hoped, and wished, instead, to settle on British soil, "if it had been possible for them to do so,"

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21 Provincial Archives of British Columbia, Record Office Transcripts, Hudson's Bay Company--Colonial Office, Vol. 726, 1852-1856, mss. 45 (32 of Vol. 726).

22 Ibid., mss. 46-47 (33 of Vol. 725).

but had "been driven off the Island" by the Company's illiberal policy. They jealously guarded their political supremacy and Staines claimed pointedly, "as long as this supremacy lasts, the Colony never can progress and prosper, notwithstanding all its natural advantages."[23]

The Company, he said, had obstructed land sales by appropriating to themselves much of the choice land. The terms of purchase, he complained, were "absolutely impossible" to comply with. Furthermore, James Douglas being in such a crucial position could singlehandedly mold the community's development; due to his bias toward his Company, Staines inferred that Douglas's position as land agent was detrimental to the development of the community. "If we had but a Government independent of the Company," he concluded passionately, "the Island would make a rapid advance in prosperity, that is, provided also the price of the land were reduced."[24]

Although a few Company officials would gladly have given up control of the Island, most Hudson's Bay Company policy-makers were committed to retain it. Such a well-written and forceful letter to the British government must therefore have found its mark. Its dual response reflects the depth of its wound. Andrew Colvile, who had become governor of the Hudson's Bay Company after Pelly's death in August, 1852, penned the first response. Because of the distance involved Douglas's

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23 Ibid., mss. 48 (34 of Vol. 725).

24 Ibid., mss. 50 (36 of Vol. 725).

reply came six months later.

Colvile, after complaining of the writer's anonymity, hastened to defend his Company's colonization policy. While conceding that Oregon and California had lured away potential settlers he attempted to cast the onus of the situation upon the shoulders of the British government itself, saying that the implemented principles "were fully discussed with the Secretary of State for the Colonies, and the price of land to Settlers, and the condition of bringing a certain number of labourers into the Island were submitted to, and approved of by him."[25] He did, however, request official approval of the practised relaxation of immigration rules allowing a settler to buy one hundred acres of land without bringing in servants. Once again appeared the categorical denial, that by now had become stereotyped, that the Company exercised a monopoly on the Island. Colvile demanded that Staines make specific charges that could be investigated and answered; nevertheless he presumed that such accusations could not be true and pointed out that the writer, whom he suspected to be the Rev. Robert J. Staines, was moved by an unwarranted animus in that he had been well paid and well treated.

James Douglas's letter to his superior, Archibald Barclay, began at Colvile's conclusion. Staines, he protested, was

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25 Andrew Colvile to Sir John Pakington, Dec. 1, 1852, Ibid., mss. 54 (38 of Vol. 726). E. E. Rich, The Hudson's Bay Company, 1670-1870, Volume II: 1763-1870, The Hudson's Bay Record Society, Vol. XXII (London: The Hudson's Bay Record Society, 1959). 751-55, passim., however, suggests that the British government proposed the land sale conditions.

"the last person who should. . . attempt to detract from the merits, and depreciate the efforts, made in behalf of this Colony by a Company, which has loaded him with benefits." Douglas appears to have been deeply hurt. That Staines should show such little regard for "his best friends," Douglas added, showed "an inexcusable want of right principle, and correct feeling."[26]

He also enunciated for perhaps the first time his own attitudes toward colonization.

> The fallacy asserted by the writer in the commencement of the extracts, who says, that it will be impossible to procure labour at a moderate price until the price of land on Vancouvers Island is reduced so as to bring it nearly to an equality with that in Oregon, is most ably exposed and the true cause of the difficulty of keeping labourers in this country, and the effects of the remedy suggested by the writer, are so clearly displayed, as to leave nothing to add on that head; in fact the writer himself destroys his own theory, by stating in a subsequent page of his letter, that "Proprietors" "of land in Oregon not having to pay any thing for" "it are able to spend more money in improving" "it, and consequently give <u>higher</u> wages for labour."
>
> Free grants of land would in my opinion inevitably enhance the value of labour, an effect of the system of free grants felt, and a subject of great complaint in Oregon, where the price of labour exceeds that of Vancouver's Island, and also the returns of capital invested in the cultivation of the soil. [27]

Whether his remarks were geared for his audience or were his own is difficult to tell, but he was generally submissive to

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26 Douglas to Barclay, May 27, 1853, PABC, Douglas Letters to H.B.C. 1850-55, 149-50.

27 <u>Ibid</u>., 150.

the opinions of his superiors and this instance might simply provide another example. Douglas admitted that, while the Company did not have a legal monopoly of trade on the Island, it had a virtual monopoly which, in effect, was the same thing. He denied vehemently that the Hudson's Bay Company drove people from the Island, and remained convinced that no such attempt was ever made.

Douglas then put forth his own opinion as to why Staines was unhappy in the first place:

> An opinion is entertained by some persons in this Colony, that Her Majesty's Government will revoke the grant of Vancouver's Island, made to the Hudson's Bay Compy, at the close of the first term of five years from the date of the charter, and that grants of land will afterwards be made free of charge, or at a greatly reduced price, and on the strength of that belief, several persons among whom I may number the Revd. Mr Staines, have declined paying for the land they were allowed to occupy and improve by the Colonial Surveyor, and it is that party who are now clamorous for a reduction in the price of land, and for a change in the government, trusting by that means to gain their object. [28]

His charge was no doubt true. Staines occupied a forty-six acre farm near Mount Tolmie, for which payment was not recorded until May 18, 1853. Since his payment post-dated his letter to the British government, it would appear that Staines made no payment for his land until he had launched his battle with the Hudson's Bay Company. He also subsequently occupied a farm of almost four hundred acres in the Metchosin district, which he did not pay for.[29]

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28 Ibid., 152.

29 Slater, "Staines," British Columbia Historical Quarterly, 205.

The Company's written defense had been weak; to retaliate against its author, it attacked Rev. Staines' teaching qualities and sought a conscionable method to release him from the Company's service.[30] Since Staines' political agitation continued,[31] the Company became even more committed to his removal and on February 1, 1854, gave him formal notice that his teaching appointment would be cancelled on the first of June 1854.[32] Staines did not wait for his contract to expire but set off immediately for London "to lay the state of Affairs before the house of Commons and Colonial Office."[33] Before reaching San Francisco, the barque, Dutchess of San Lorenzo, floundered at sea with the loss of all passengers.

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30 Deputy Governor John Shepherd to Douglas, Aug. 24, 1853, "Highly discreditable as we consider such conduct on the part of Mr. Staines, we should consider it derogatory to the reputation of that Company to visit Mr. Staines with dismissal from the office of Chaplain on ground which might be considered to savour of a personal or interested character." Ibid., 214.

31 On Aug. 16, 1853, Douglas forwarded a petition to Barclay which was reputed to have been circulated by Staines, asking the House of Commons to revoke the grant of the Island to the Hudson's Bay Company and to take the colony under the management of the ministers of government. PABC, Douglas Letters, 1850-55, 162.

32 Slater, "Staines," British Columbia Historical Quarterly, 216. Slater claimed that the Company "had ample grounds for giving notice, as a fortnight earlier they had received a petition signed by most of the Victoria supporters of the school, which left no doubt but that Staines had completely forfeited their confidence."

33 Ibid., 223. Annie Deans to her brother and sister, Feb. 29, 1854. Staines obviously had friends among the colonists as this letter shows.

Although Staines met a tragic end, his crusade against the Company lived on. After his death other disgruntled colonists again sent the two petitions to the British government that Staines had earlier been carrying. Nonetheless, without a leader, the effect of colonial discontent dissipated and a relative calm settled upon the distant and isolated outpost of the empire.

Douglas could at last settle comfortably and happily into his task of shaping the destiny of Vancouver Island. The earlier years, frought not only with the winds of colonial discontent, had also been buffeted by his own continuing argument with his superiors in the Company for better financial terms.

Always conscious of his monetary worth, Douglas initiated a battle for what he considered a decent salary for his position as governor. Blanshard had been unpaid which, for Douglas, established an unhappy precedent. But Douglas proved as tenacious as he was invaluable. At first the Company sent terse answers to Douglas's requisition for an annual salary of £300. It was particularly offended that Douglas wanted an equivalent salary for the short time in which he had been the interim governor before Blanshard arrived. The Company balked at having to pay what was technically a British official--it felt such salary should come from internal taxes, which by the terms of the Island's government could not be imposed--even though in receiving the grant of the Island they had accepted that responsibility. Finally, in February 1854,

Barclay replied on his company's behalf, after complaining again that the Hudson's Bay Company should not have to provide the Governor's salary, that "The Governor and Committee however are disposed to admit that you have an equitable claim to a moderate allowance of Salary as Governor. . . . and. . . will therefore place to your credit £300 per Annum from the 1st September 1851 as Salary as Governor."[34]

Once his position as governor became financially important, Douglas began to see the Island, too, as important. As late as Aug. 16, 1853 he had written in tones of utter pessimism concerning the struggling Island in his political charge:

> I do not suppose the Governor and Committee would regret parting with the responsibility connected with the Government of Vancouver's Island, nor do I believe that Her Majesty's Ministers have any wish to assume that responsibility. . . . Losing the grant I really think would be of advantage to the Company as it would not involve the sacrifice of a single substantial privilege, while it would relieve the concern from an infinite deal of trouble and much actual expense. 35

In May, 1854, however, he wrote glowingly to his friend Tolmie about springtime in Victoria, "the country has a blooming appearance at present, it looks as if the blessings

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34 Barclay to Douglas, Feb. 3, 1854. In pencil (probably Douglas's notation) on the margin was a column of figures adding up to £1000, for he had gained at the same time a £100 per annum from the same date for his duties as agent for the Puget Sound Agricultural Company on the Island. PABC, Correspondence Inward, 1849-1859.

35 Douglas to Barclay, PABC, Douglas Letters, 1850-1855, 162-63.

of the Almighty rested upon its fair fields."[36] His optimistic air was quickly developing into confidence in Vancouver Island's destiny. In September, 1854, he wrote:

> The Colony has not been lately agitated with political discussions, all classes of people appearing prosperous and contented. That feeling in a great measure arises from the public works, now in progress, which besides furnishing the labourer with employment, satisfy all parties that the Government entertain serious views of improvement. [37]

Douglas now turned to securing that future to which he had become committed. He expressed deep concern that Vancouver Island had not been included in the 1854 Reciprocity Treaty with the United States. In December, Andrew Colvile relayed Douglas's concern to Earl Grey. He applied too late--because Douglas's enthusiasm had developed too late--and Vancouver Island continued to struggle against high import duties into the American coastal states. There was, even so, at least some trade with California.

In 1853, Douglas bought provisions, especially flour, at San Francisco; he sold in return a mixed cargo of salmon, cranberries, and Nanaimo coal.[38] American vessels were also stopping for loads of piles (round and hewn timber) for the California market in spite of the twenty per cent import duty.[39]

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36 Douglas to Tolmie, May 30, 1854, PABC, Correspondence Outward, 1850-1855.

37 Douglas to Barclay, Sept. 13, 1854, PABC, Douglas Letters, 1850-1855.

38 Apr. 8, 1853, PABC, Correspondence Outward, 1850-1855, 129.

39 May 16, 1853, ibid., 137.

In addition, Fort Rupert coal had also been introduced to the California market.[40] And Nanaimo coal exports were being contracted through a private merchant for San Francisco at the rate of ten dollars a ton, a rate lower than the Company's own vessels could charge.[41]

Early in 1855 Great Britain, too, began to reawaken its interest in Vancouver Island and to begin to hope to reclaim it. Andrew Colvile's response on the other hand, contains no suggestions whatever of any Company plans to abandon its interest in the Island. Aimed at bringing the government up to date from its last report of 1852, the Company opened the new report on a pseudo-confident note:

> I trust that it will appear to your Lordship that the efforts of the company have been tolerably successful, considering the peculiar difficulties which they have had to contend with, such as the great distance of the Island from this Country, and consequent length of the voyage,--the high rate of wages given in the Gold districts of California which unsettles the minds of the labouring population,--the system of free grants of land that prevails on the opposite shore of the Strait of De Fuca,--and the distance from any market, except those on American territory, where the Import duties are almost prohibitory. 42

The report's opening indicated that the Hudson's Bay Company had revised but little its approach to colonization

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40 Nov. 21, 1853, ibid., 193.

41 Nov. 21, 1853, ibid., 194.

42 Governor A. Colvile to the Right Honourable Lord John Russell--report of the proceedings of the H.B.C. in reference to colonization of Vancouver Island from 27 April, 1852 to present, June 9, 1855, PABC, H.B.C.--C.O., Vol. 726, mss. 232-33 (149-50 of Vol. 726).

and reasons for its failure. Assailed by criticisms, the Company had remained resolute and unyielding. Yet as the report progressed, the Company's policy-makers indicated a willingness to relax regulations covering the sale of land.[43] Douglas, the submissive governor, began to assert himself, and the Company, under intensifying pressure from the British government, at last began to adjust its land policy.

To encourage settlement, Colvile reported that the Company had agreed to give to every Puget Sound Agricultural Company agricultural labourer after five year's Company service, "the privilege of receiving a free grant of from 25 to 50 acres of land. . . from the lands of the Puget Sound Agricultural Company and the Fur Trade reserves, and not from the public lands of the Colony."[44]

Later, he continued that he wished to grant the governor permission to receive purchase payments on regular land sales in four annual instalments of 5^{s}/-- each:

This arrangement would enable an industrious

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43 His assertiveness was only by degree more than before, as is illustrated by his characteristic response to his Company's appeal to introduce customs duties: "I shall do every thing in my power to carry through the measure for imposing Customs Duties, as proposed by the Governor and Committee, and to make the Company's a bonded Warehouse. I have in fact this some time past, been preparing the minds of the members [of the newly-initiated elected Legislative Assembly] for a measure of that kind, but they, one and all, entertain a rooted dislike, to that or any other plan of taxation. I therefore anticipate an arduous struggle, as it is a decidedly unpopular measure." Dec. 6, 1856, PABC, Douglas Letters, 1855-1859, 46.

44 PABC, H.B.C.--C.O., Vol. 726, mss. 239 (154 of Vol. 726).

> agricultural labourer to make progress with a very small capital, but which would be yearly increased by the profits of its labour.
>
> Reference has already been made to the system of free grants which prevails in the American territory, and the Governor and Committee apprehend that while that system continues in the immediate vicinity of Vancouver's Island, some liberal arrangement, such as that now suggested, will be necessary to induce emigrants to adopt the Island as their home. [45]

This was revolutionary for the Company, at least in terms of its past policy, but it was in reality only a small step in the direction of liberality. The British government, in turn, was slow to react, or perhaps even to appreciate the significance of the Company's move, for on March 12, 1856, John Shepherd, Deputy Governor of the Hudson's Bay Company, wrote to the Right Honourable Henry Labouchere to repeat his request to change the Island's land sale requirements.[46] His letter evoked an immediate response. On March 28, Herman Merivale wrote that Henry Labouchere, Colonial Secretary, agreed to substitute a system of annual instalments rather than cash payments for land sales.[47] The system was brought into practise in the fall of 1856.

It was not until October 30, 1857 that James Douglas wrote to London[48] that land sales were increasing and with

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45 Ibid., mss. 249 (159 of Vol. 726).

46 Ibid., mss. 318-19 (221-22 of Vol. 726).

47 Ibid., mss. 331 (229 of Vol. 726).

48 He had, however, earlier sent a private letter to Admiral Bruce on July 24, 1857: "The Colony is at present in a creditable state of prosperity, the public lands are going off

them, to some extent, the population of the colony. Business activity, especially in the areas of coal and sawn timber, had also increased. And the changing policies of the ancient company were slowly beginning to awaken the sleeping colony.

Nevertheless, the Company's move had been both inadequate and too long delayed. By 1857 the slow turning wheels of government were revolving away from deference to the Hudson's Bay Company, and just as the colony and the Company were beginning to bourgeon forth together the British government moved to sever their hitherto joint destinies.

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apace, and population exhibits a corresponding increase." Provincial Archives of British Columbia, James Douglas, Correspondence Outward, 1854-57, Miscellaneous Letter and Scrap Book.

VI

VANCOUVER ISLAND REVERTS TO THE CROWN: 1857-1859

On December 3, 1856, John Shepherd, the governor of the Hudson's Bay Company, sent a letter to Henry Labouchere to ask if people other than British subjects might be allowed to settle on Vancouver Island. He referred in particular to an application by a native of Germany. The Company would like to make him and his friends welcome in the colony, but under the terms of the grant, believed they were precluded. If this were true, then Shepherd asked that the conditions be modified to enable some foreigners to buy land on Vancouver Island.

Two weeks later he received a reply. Herman Merivale, unsure of the details of the grant, suggested Shepherd seek legal advice but believed that the Germans and other foreign settlers would be acceptable, "provided the conditions of an Establishment of a Settlement of Emigrants from the United Kingdom has been fulfilled." If, however, such foreigners were precluded, the British government would not alter its regulations at this time because, he said, "it is the intention of Her Majesty's Government soon to bring the entire relations of the Hudson's Bay Company to the Government under

the consideration of Parliament."[1]

And so it did. In February, 1857, a select committee of her Majesty's Government met to consider the future of the ancient and gargantuan monopoly. The committee consisted of nineteen members, among whom were Henry Labouchere, chairman, Sir John Pakington, Lord John Russell, Edward Ellice, Charles Fitzwilliam, Lord Stanley, and Mr. Adderley. It met eighteen times and heard evidence from numerous witnesses. On July 31 the House of Commons ordered its report, proceedings of the committee, minutes of evidence, and an appended series of related documents to be bound and printed. The committee dealt with all aspects of the Hudson's Bay Company's North American operations, but most particularly with the questions of renewing the Company's license of exclusive trade and the Company's control of Vancouver Island.

One of its first witnesses was Sir George Simpson, still the overseas governor of the Hudson's Bay Company. He was generally uncooperative, answering only what he was asked and not venturing beyond evasive, elusive and pessimistic responses. He was led into traps, in circles, and even into direct contradictions, but not once did he relent or allow to be broken down the icy, aloof barrier he held between him and his examiners. He stated unequivocably and repeated again and again, even under utmost pressure, that none of the

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1 Provincial Archives of British Columbia, Record Office Transcripts, Hudson's Bay Company--Colonial Office, Vol. 727, 1856-1858, mss. 41 (35 of Vol. 727).

Hudson's Bay Company's territory was fit for settlement--except, perhaps, southern Vancouver Island, an area he had never seen.[2] Curt and cynical, he was bad for the Company's image; and his attitudes, if they were sincere, represented nothing more progressive than a tired, bitter old man who had lost faith in his employer and wished only an early sell-out on equitable terms.

Others gave even less flattering reports of the Company's operations. Of these, several testified about its rule on Vancouver Island. An early witness, William Kernaghan, a resident of Chicago who had formerly traded on the west coast of California, had never been to Vancouver Island but claimed to have "met several gentlemen who went to Vancouver's Island to try to trade there and they could not trade; they were refused."

> 2195 [Edward Ellice]: They went to Vancouver's Island for the purposes of trade? - Yes; they tried to commence trade there, and they could not.
>
> 2196: What obstruction was there in their way? - The Company did not like any people to interfere with them there; that was the reply of these gentlemen to me. 3

Although the questioning soon revealed Kernaghan could recall no names and that those traders involved might have gone to the Island in hopes of trading in liquor, the seed had been

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2 Report of the Select Committee on the Hudson's Bay Company; Together with the Proceedings of the Committee, Minutes of Evidence, Appendix and Index (London: House of Commons, 1857), 45-46 and passim.

3 Ibid., 111.

sown. A witness had indicated that the colonizing agent, claiming also to succour rival traders, had, in fact, kept them out.

Former governor Richard Blanshard was a later witness who added to the evidence against the Company he had so much cause to resent:

> 5122 [Labouchere]: To what do you attribute the very limited resort of settlers to Vancouver's Island, which took place while you were there? - I think, in a great measure, to the restrictions which there were upon their obtaining land [meaning its high price]. 4
>
> 5168: Do you think the gold fields in California had nothing to do with preventing settlers from going to Vancouver's Island, who might otherwise have gone there? - I doubt it very much.
>
> 5169: Why so? - I think that there were a great many Englishmen in California, who after they had collected a little gold there would have flocked over to Vancouver's Island, as settlers, wishing to remain British subjects. 5

Blanshard had brought up another contradiction to the Company's repeated argument. He claimed that the California gold rush might have benefited Vancouver Island had not the Hudson's Bay Company discouraged settlement by making it difficult to learn about the colony,[6] and keeping land prices at a prohibitive level.

One member of the committee, Charles William Fitzwilliam, had spent the spring of 1853 on Vancouver Island. Testifying

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4 Ibid., 286.

5 Ibid., 288-89.

6 Ibid., 287.

that he had found the colony in a very primitive state, with very few roads, and little advance in colonizing, he compared it unfavourably to Oregon where he said there were farms of considerable extent. Instead of blaming the Company, however, he attributed the distance from England as the cause. He nevertheless disagreed that California lured potential settlers:

> 2272: I think all those who got up as far north as Vancouver's Island would not turn south and go to San Francisco, but they would be more likely to go over to the main land [Oregon], which they could do very easily in canoes, where they would get as much employment as they could want at very remunerative wages. 7

Deliberately and methodically most of the Company's excuses for non-colonizing were being disputed and dislodged. Even those who appeared to agree with the Company could be seen as discrediting it at the same time. John Miles, an accountant for the Hudson's Bay Company, who had made short visits to Vancouver Island in 1852 and 1854 to inspect the Company's accounts was such a witness.

> 4659 [Labouchere]: The progress of settlement in Vancouver's Island has been slow, I believe? - Very slow.
>
> 4660: To what do you attribute that circumstance? - To the great distance from England, and to the nearness of the gold fields in California. Men that we have taken out there, especially miners, have made their escape and gone away there in defiance of contracts. 8

But perhaps the most authoritative as well as the most

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7 Ibid., 115.

8 Ibid., 259.

decisive information came from James Cooper. For six years (1851-1857) Cooper had been an independent settler in the Island colony and he was furthermore for five years a member of the legislative council. In his introductory remarks he stated that southern Vancouver Island's climate was superior to Britain's, that it possessed considerable capabilities for agriculture, and that there was room for a large population. He then stated, however, that far from increasing, settlement had actually decreased since he had been there because of the Company's mal-administration.

> 3575 [Labouchere]: To what particulars do you especially refer? - There is no encouragement for immigration into the country. Many people have come to Vancouver's Island, and have left it; they have approved of the soil, of the climate, and of the capabilities of the country, but they have objected to being subject to the Hudson's Bay Company. If the British Government were established there, that would be the only necessary step for the British Government to take. There are thousands of people in the neighbourhood of San Francisco and California who would gladly go to a British colony, provided it was under a new administration.
>
> 3577: Do you believe that to be the general feeling of the inhabitants? - I am sure of it. 9

Cooper agreed that exclusion of potential markets by the Reciprocity Treaty was a greater drawback than the lure of California. Nevertheless, he stated that many Englishmen in California would come north if Vancouver Island were administered by the British government.

> 3605: In short the sum of your opinion is that it would be desirable to constitute Vancouver's

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9 Ibid., 190.

> Island a British colony, in the ordinary manner, as to govern it with the institutions which usually belong to a British colony under those circumstances? - Most assuredly. 10

Eventually this line of questioning established a decisive point:

> 3817: [Viscount Sandon] Then you think, in fact, that the possession of the island is of very little service to the Company? - I have heard it admitted by themselves abroad that they wish that the Government would take it; that they do not hold it to be of value. 11

Cooper had stated what the Committee was prepared to believe. A review of the leading questions it asked confirms that the majority of the select committee probably believed from the outset that the Hudson's Bay Company should lose its powers as a colonizing agent. In 1857, moreover, many Hudson's Bay Company men believed the Company should never have undertaken colonizing. Edward Ellice, a member of the select committee, was among this group. His testimony bears witness to his defeatist attitude.

> 5931: [Mr. Roebuck] Cannot we assume it to be the fact that a fur company has interests in direct opposition to the colonisation of the country? - I do not think that we can assume anything as a fact. My opinion is that a fur company have very little to do with colonisation, and that the Hudson's Bay Company would have done much better if they had never had anything to do with colonisation. 12

The committee's verdict could easily be anticipated. Under the circumstances it is very unlikely that it could have

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10 Ibid., 192.

11 Ibid., 201.

12 Ibid., 341.

concluded otherwise. Among its numerous proposals regarding the Hudson's Bay Company it suggested that the Company terminate its connection with Vancouver Island. Such a move would, in the committee's opinion, favour the area's development. In addition, the committee recommended provisions to extend the colony over the continental region west of the Rockies.[13]

Following the committee's recommendation, the House of Commons renewed for twenty-one years the company's license of exclusive trade. Among the important exceptions was Vancouver Island which the government decided to repurchase from the Company when the present license would expire, 30 May 1859.[14] To ascertain its value the government asked the Hudson's Bay Company to supply a statement of its expenditures.

A month later the Hudson's Bay Company's accountant submitted its statement. The Company asked the British Government to assume its complete inventory of goods, stock, and trading vessels at Vancouver Island, plus a cash claim of £112, 812 1 9. In the meantime, the Company had reacted very little to what should have been disquietening news.

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13 Ibid., iv, article 10.

14 Herman Merivale for H. Labouchere to John Shepherd, Jan. 20, 1858, Return to an Address of the Honourable the House of Commons dated 16 February, 1858: "Copies or Extracts of any Correspondence that has taken place between the Colonial Office and the Hudson's Bay Company, or the Government of Canada, in Consequence of the Report of the Select Committee on the Affairs of the Company which sat in the last Session of Parliament" (London: House of Commons, 1858), 5.

Aside from instructions to governor Douglas to cut down expenditures to "what is actually necessary, for the maintenance of the Government,"[15] the affairs of the colony progressed as usual.

Douglas continued to assert confidence in his colonial charge. The customs duty Douglas had promised to try to impose a year previously had failed to win support of the newly-instigated local Assembly. The 1858 session, however, appeared to Douglas to be prepared to introduce a license duty on stores and shops as well as a road and capitation tax. Douglas felt taxes of this type could be raised "with much less difficulty and expense than by imposing a customs duty on Imports, which would lead to smuggling operations and other attempts to defraud the revenue."[16] His loyalty was obviously being tempered by practical experience. He had begun to realize that he knew more about the colony than his superiors in London and that he might be a better judge than they of its future course.

It was precisely at this point in history that the colony of Vancouver Island exploded with the discovery of gold on the Thompson River and the need for firm decisive government took precedent over all its other needs. At the end of March 1858, Douglas wrote to his superiors in the

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15 Douglas to William G. Smith, Jan. 19, 1858, Provincial Archives of British Columbia, Douglas Letters to Hudson's Bay Company on Vancouver Island Colony, 11 December 1855 to 8 July 1859, 64.

16 Ibid., 64.

Company with both a note of hesitancy and urgency:

> There is. . . a great scarcity of labourers as nearly the whole floating population of the Colony have moved off towards the Thompson's River Gold mines. . . .
>
> I trust Her Majesty's Government will take measures for the prevention of crimes, and the protection of life and property in that quarter, or there will ere long, be a large array of difficulties to settle.
>
> A great number of Americans have also gone towards Thompson's River, and others are preparing to follow. I should be glad to keep those parties out of the British Territory, and would undertake with a very moderate force to accomplish the object, as the avenues to the country are few, and might be easily guarded.
>
> I have written to Her Majesty's Government on that subject, and shall not fail to communicate with you as soon as I receive their reply. 17

A month later Douglas had formed some very definite plans and policies toward the gold rush. By this time four hundred and fifty miners had arrived in Victoria from San Francisco, causing a temporary shortage of food, and jubilance abounded among merchants who hoped to make their colony a stopping point on the way to the mines. Nevertheless, Douglas believed that such a move would not further the interests of the British empire. He feared this foreign population whose sympathies he stated as "decidedly anti British and strongly biassed in favour of their own country and institutions."[18] Although he lacked official authority, in his alarm he believed he needed to act quickly to exclude, if possible, the

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17 Douglas to Smith, Mar. 22, 1858, ibid., 66-67.

18 Douglas to Smith, Apr. 27, 1858, ibid., 71.

American immigrants to the British Columbia mainland who would be dangerous to the course of empire. Yet he hesitated:

> I have no means at my disposal, of stopping or restraining this influx of people neither do I feel at liberty to take any measures towards that end until I hear from Her Majesty's Ministers, and receive their directions on the subject. . . .
>
> It would perhaps be impossible so great is the excitement, to arrest the torrent of emigration at present, but by watching the course of events we may [,] I conceive [,] manage to limit and control the tide, and to introduce something like order and systematic arrangement, into the mining operations of the country. 19

Eleven days later James Douglas yielded to the pressure of circumstances and did his best "to breast the storm."[20] He issued a proclamation warning the heady crowds surging into British territory that the Hudson's Bay Company would not tolerate infringements upon its rights of exclusive trade with the Indians of British Columbia and would seize the property of anyone using the Fraser River without a license from the Company as well as a customs permit from Victoria. He also requisitioned H.M.S. Satellite to stand near the mouth of the Fraser River to enforce his proclamation and prepared to undertake a personal tour of the gold diggings. The colonial governor had acted in haste, but due to the urgency of the situation, haste was requisite. On May 18, 1858, he wrote to his company in London, hoping to garner approval for his legislation:

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19 Ibid., 71-72.

20 Douglas to Smith, May 18, 1858, ibid., 77. The proclamation was issued May 8, 1858.

> I trust that the measures which I have taken for the support of Law and order; for asserting the rights of the Crown, and for protecting the interests of the Hudson's Bay Company, will prove successful and meet with your approval and support . . . . I have endeavoured to legalize the entrance of gold miners into Frasers River on certain conditions which at once protect the interests of the Hudson's Bay Company, and assert the rights of the Crown, at the same time keeping in view the protection of the trade of Fraser's River, which we wish to secure for our own country and to prevent its being diverted into any other channel. 21

He trusted in vain. The American reaction was both immediate and unequivocable. A letter to the British Colonial office from a Washington resident asserted that the proclamation "goaded to madness"[22] the miners seeking to enter the mining regions. He accused not the British government, but the Hudson's Bay Company of inciting trouble through exorbitant requirements and refusing miners "passage up the River until they purchase all their mining Implements from the Company, though previously provided with them."[23]

Sailors on H.M.S. Satellite began to desert; their captain requested heavy pay increases for his men if his ships function were to be effective. Douglas, who had watched settlers desert to California earlier, well understood the captain's plea and quickly doubled the sailors' salaries.[24] Even under these terms, Douglas continued to fear mass

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21 Douglas to Smith, May 18, 1858, ibid., 77-78.

22 Dr. P. M. Obrien, Port Physician at Port Townsend, June 14, 1859, PABC, H.B.C.--C.O. 727, mss. 264 (224 of Vol. 727).

23 Ibid., mss. 264 (224 of Vol. 727).

24 July 5, 1858, ibid., mss. 301 (246 of Vol. 727).

desertion.

After touring the mines personally, Douglas gained a new perspective on his proclamation, and a month after he had initiated it, he officially rescinded his earlier stand. Where earlier Douglas had shown that he was beginning to act more as a British and even his own agent than previously, his actions under the stress of the gold rush underlined the indisputable fact that he was still very much a Hudson's Bay Company man. For on June 7, 1858, Douglas wrote to William G. Smith, Barclay's successor as secretary of the Company:

> The question. . . arises as to the course of policy. . . the Company ought to take for the protection of their interests and rights of trade.
>
> My own opinion is that the stream of immigration is setting so powerfully towards Fraser's River that it will be impossible to arrest its course. . . . I would therefore recommend that the whole Country be immediately thrown open for settlement--the lands surveyed and sold at a fixed rate not exceeding Twenty Shillings an acre. By that means and the imposition of a Customs duty on imports--a license duty on Miners and other taxes, a large Revenue might be collected for the Service of the Government.
>
> As the Company would, in that case have to relinquish their exclusive rights they should receive compensation. . . by an annual payment out of the Revenues of the country. . . .
>
> It is. . . I think better to make a virtue of necessity, and to surrender with a good grace, a right which is no longer tenable for a full and sufficient compensation to be paid annually out of the country, and on condition of being secured in the possession of the different Trading Posts with their several Farms and Gardens now occupied by the Company's Servants. 25

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25 Ibid., mss. 227-28 (200-01 of Vol. 727).

Although Douglas acted in what he believed to be his Company's best interests when he issued his proclamation, the London office was not impressed. Perhaps it was in turn influenced by a dispatch from the new colonial secretary, E. Bulwer Lytton, which, while generally approving Douglas's measures, voiced distinct disapproval of what he considered an attempt to exclude Americans from the gold fields. In fact, he cautioned Douglas to use utmost tact and delicacy. The gold rush produced a massive international relationship which could easily lead to serious complications. A further letter clarified Douglas's instructions even more.

> In the first place no distinction must be made between foreigners and British Subjects as to the amount per head of the license fee required (nor am I aware that you have proposed to do so). In the second place, it must be perfectly clear to every one that this license fee is levied, not in regard to any supposed rights of the Hudson Bay Company, but simply in virtue of the prerogative of the Crown. . . .
>
> The Hudsons Bay Co. have hitherto had an exclusive right to trade with Indians in the Frasers River territory, but they have had no other right whatever. They have had no right to exclude strangers. They have had no rights of Government, or of occupation of the Soil. They have had no right to prevent or interfere with any kind of trading, except with Indians alone. To claim or exercise any further right is on their part a mere usurption, although, I doubt not, often practised and submitted to in ignorance. 26

The Hudson's Bay Company had received a firm reprimand. This was perhaps the first concrete evidence to show that the

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26 Lytton actually disallowed the May 8 proclamation. Provincial Archives of British Columbia, Record Office Transcripts, Colonial Office, Vol. 60, being Vol. 1, part 1, 1858.

select committee's findings were about to be implemented. Formal polite notes could be disregarded, but the Company now must have felt that its hold on Vancouver Island was tenuous at best. With the colony at last startlingly awake from its long dormant slumber, the British government was intent upon maintaining its own right to control the colony's progress.

On August 2, 1858, the British parliament gave final assent to a bill providing for a new and separate mainland gold colony, British Columbia. Douglas heard of this move only after returning late in September from his second tour of the mining regions. By this time the initial gold fever had subsided and calm was returning as Douglas described to Thomas Fraser:

> The Colony is at present in a perfectly tranquil state; while business is very much depressed in Victoria, having been greatly overdone by the multitude of business men who have settled here: many of those despairing of the Country, now talk of returning to California, but for my own part, my confidence in its future destiny remains unshaken. 27

Perhaps Douglas's own confidence in the two colonies had been upheld at least in part because he had just been asked to relinquish his ties with the Hudson's Bay Company and accept the dual governorship of both colonies. Yet his acceptance was not clear-cut and unequivocable. Always concerned with money, Douglas began to haggle for what he considered fair terms of severance from the Hudson's Bay

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27 Oct. 5, 1858, Douglas Letters, 1855-1859, 92-93.

Company. The British government was not prepared to have Douglas accept the Company's traditional retirement salary. Douglas was not prepared to relinquish it.

Until May 1859, Douglas carefully left both the governmental and fur trade doors open. In fact, his fur trade successor was only named in March 1859 when the Hudson's Bay Company Governor H. H. Berens sent Douglas an urgent dispatch:

> Circumstances. . . have occurred here which render it imperative that your connection with the Company and the Fur Trade should in the meantime be suspended. . . .
>
> The Board regret that the position in which they are placed with regard to Her Majesty's Government compel them to subject the Company to even the temporary loss of your services. 28

This note came six months after Douglas had been told to sever his Hudson's Bay Company connections and shows how reluctant he was to turn his face away from the company he had served since he had been a lad of seventeen. As late as May 4, 1859, Douglas wrote to Thomas Fraser of the Hudson's Bay Company offering to sell his retiring interest to the British government for £3,500. If his proposal was unacceptable, Douglas declared that he would not give up his fur trade interest but would resign his governorship instead.[29]

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28 Berens to Douglas, Mar. 4, 1859. Provincial Archives of British Columbia, Fort Victoria, Correspondence Inward, Hudson's Bay Company to James Douglas, 1849-1859.

29 The sincerity of this letter is questionable. Douglas may merely have been dramatic. Nevertheless, his letter brought the results he wanted. Provincial Archives of British Columbia, Record Office Transcripts, Hudson's Bay Company--Colonial Office, Vol. 728, mss. 137 (96 of Vol. 728).

Neither occurred. No doubt eager to retain as governor a man so sympathetic to the Company's pursuits, the Hudson's Bay Company itself bought out Douglas's interest. Only then did Douglas settle wholeheartedly into his position of non-Hudson's Bay Company governor. And in so doing he thwarted the Company's motive for buying his share.

Almost immediately Douglas began to argue with A. G. Dallas, his son-in-law and successor with the Hudson's Bay Company. By the end of 1859 the Company had begun to complain to the British government against governor Douglas.[30] The Company thus reverted to the difficult role it had held while Blanshard had been governor.

But the correspondence of May 1860 reveals most clearly how completely the Hudson's Bay Company had fallen from power on Vancouver Island. In that month, a letter from Downing Street requested that land be made more readily available on the Island by reducing the price to the same amount as in British Columbia.

> The great object must be to make the acquisition of Land by the bona fide Settlers as easy as possible,--but to hold out no encouragement to Land Speculators or persons who would acquire land without the means or intention of cultivating it. 31

The Company's philosophy of colonization which had some five years previously begun to soften was at one stroke cast aside.

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30 Berens to Newcastle, December 16, 1859, ibid., mss. 220-23 (144-46 of Vol. 728).

31 Unsigned, no indication to whom sent, May, 1860, ibid., mss. 315 (238 of Vol. 728).

In that same month, Edward Ellice, deputy governor of the Hudson's Bay Company wrote to the Duke of Newcastle to complain bitterly that Governor Douglas was unfairly taxing his company by imposing import duties to British Columbia as vessels left Victoria. This, in effect, made the duty one of export rather than import. It was unjust because the Hudson's Bay Company could not evade it due to its depot at Victoria, but small American traders could by going direct from the United States to British Columbia.

The crowning defeat came on May 22, 1860, when the passing of an era was marked officially. The British government paid £25,000 to the Hudson's Bay Company as the repurchase price of Vancouver Island, a substantial reduction from the original £112,000 demanded, and a gigantic political loss for the monolithic but decaying fur trade Company.

VII

AMERICAN EXPANSIONISM, A FACTOR IN THE COMPANY'S DECLINE

By 1859 the Hudson's Bay Company had forfeited influence and favour in both Oregon and Vancouver Island. Many of its difficulties were internal, such as its inadequate foresight, its direction by remote control which favoured autocratic rather than pragmatic government, and the pessimism and defensive attitudes prevalent among its most influential directors. But other contributing factors were external and hence beyond the Company's control.

In Oregon the Company had been hampered from the beginning by the ubiquitous and ever-intensifying expansionist spirit of the United States of America. As early as the turn of the nineteenth century, although it had existed as an independent nation for a mere generation, the United States was engaged in investigating the continental regions beyond its territorial limits.

Captain Robert Gray, a New England trader, while coasting and trading furs along the northwest coast in 1792 as he had for several years, discovered and entered the mouth of the mighty Columbia River. The Louisiana Purchase of 1803 extended the boundaries of the United States to the little-known

peaks of the Rockies, and Thomas Jefferson, the visionary American president, dreamed of an overland trade link with the Orient. At the same time he sent two explorers Lewis and Clark on a scientific expedition to the Pacific coast. They were unable to discover an easy trade route, but their achievement nevertheless gave substance to Jefferson's continental dream and planted indelibly the vision of a highway to the Pacific in the minds of American nationalists.

In 1811 John Jacob Astor's Pacific Fur Company built a trading post at the Columbia's mouth. The following year the post passed into the hands of the North West Company, but was restored to the American firm in 1818 under the terms of the Treaty of Ghent. Thus the Americans through commercial ambition secured a tenuous claim to the Pacific Northwest.

At the same time a parallel desire focused upon the remote region. Although Jefferson did not envisage the Pacific slope as an integral part of the United States, he did believe that American compatriots should colonize and fill this contiguous region. Of Astoria he had written, "I view it as the germ of a great, free and independent empire on that side of our continent, and that liberty and self-government spreading from that as well as this side, will ensure their complete establishment over the whole."[1]

Jefferson's successor, James Monroe, and John Quincy

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1 Jefferson to Astor, Nov. 9, 1813, cited by Merk, Oregon Question, 14. The letter was written before news of the "sale" of Astoria reached the East.

Adams, Monroe's Secretary of State, were also expansionists. During Monroe's administration Congress began to think more seriously about developing the northwest coast. His government secured joint occupancy of Oregon with Britain in 1818. Two years later John Floyd, a congressman from Virginia, began to agitate for American occupation of the Columbia region. Within the space of a year,[2] he introduced a total of four resolutions and bills concerning American influence over the Columbia River region. Although his bills failed, he did publicize and stimulate interest in the Pacific coast. In the Senate, Thomas Hart Benton, gave strong support to the idea of a Pacific Republic and advocated occupying the Columbia River. The idea of establishing a military post on the Pacific coast germinated in 1824 amid enthusiastic discussion of the entire concept of empire building.

Much of the desire to occupy the Pacific coast hinged upon the idea of preserving it from British rule; and much of the policy of containment hinged in turn upon a rancorous anti-British sentiment that still pervaded a broad segment of the American people.

The Hudson's Bay Company, upon entering the Oregon region in 1824, was aware not only of the American ambition to form a colony on the Columbia, but also of the country's almost unanimous acrimony towards anything British. The Company

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2 Jan. 25, 1821, to Jan. 18, 1822, Edward Gaylord Bourne, "Aspects of Oregon History before 1840," Oregon Historical Quarterly, VI (September, 1905), 263-64.

took such considerations into account when it decided to establish its main post, Fort Vancouver, a safe distance from the coast, and when, in opposing American fur traders, it was careful to avoid violence and to hunt only in British territory. George Simpson's "fur desert" policy reflected his efforts to prevent American colonization and to protect and preserve his Company's trade. Simpson, however, miscalculated in at least one respect. Assuming Indian traders would become the area's first American settlers, he initiated his policy to undercut their profits and leave them no ambition to stay. His policy was effective as long as this condition remained, but when settlement began in earnest, farmers, not fur traders, occupied the Columbia River region. Simpson's methods in the end proved ineffective. Yet in the beginning they had been highly successful, for a period of dormancy in regard to Oregon settled upon Washington during the time in which the Hudson's Bay Company was establishing hegemony through its fur trade prowess.

Only after Wyeth had brought in missionaries in 1834 who in turn began to attract the rudiments of a settlement did American politicians again give serious attention to Oregon. Just as the earlier American fur traders had merely been precursors to the real thrust against the Company, so the early political agitations had pointed the way for the determined expansionist efforts that began to bloom in the late 1830's.

Secretary of State to Andrew Jackson, John Forsyth, sent

a former naval officer, William A. Slacum, to the Oregon coast on a reconnaissance mission to "endeavour to obtain all such information, political, physical, statistical and geographical as may prove useful or interesting to this government."[3] Arriving on the Columbia in December of 1836 he stayed in the vicinity for six months before returning to the United States and publishing a lengthy report of his findings. Starting from the false premise that Oregon was American territory, he alleged that the Hudson's Bay Company, an "immense foreign monopoly" was among other evils illegally importing goods, inciting the Indians against Americans, and sanctioning Indian slavery. He proclaimed the agricultural possibilities of the fertile Willamette valley and prodded his government to undertake some measures to protect settlers and traders from the "tyrannizing oppression of the Hudson's Bay Company."[4] Nor was he alone in his charges. Hall J. Kelley earlier and Captain Josiah Spaulding later both circulated damaging reports against the Company.

Expressing shock and disbelief, John McLoughlin wrote to his company leaders in London to refute the charges. But the damage had been done. When the first American settlers straggled into the Columbia region they arrived not merely travel worn, destitute, and without provisions, but armed with

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3 Rich, Hudson's Bay Company, 684.

4 "Slacum's Report," Oregon Historical Quarterly, XIII (June, 1912), 213.

a deep-rooted hostility towards the British monopoly based as much upon the fear induced through malicious documents as through heady American nationalism. Small wonder then that McLoughlin's chief concern with the emigrants was to polish his Company's image. It proved a most difficult task.

In Washington, Senator Linn of Missouri worked arduously from 1838 until in 1843 to introduce a bill providing government and military protection in Oregon. He urged occupying the territory, abandoning the 1826 joint agreement, and offering free land grants of 640 acres to all white males over eighteen years who would live on and cultivate it for five years. Although his efforts failed, he kept the Oregon issue before Congress and ultimately the American public for five crucial years.

Concurrent with increasing government action was the effort of the Oregon Emigration Society formed in August 1836 in Massachusetts with the object of planting Christian American settlements in Oregon. It published a monthly periodical, the Oregonian, to circulate favourable reports on the region in question. Newspapers further propagated general interest in Oregon through reprinted articles, news items, and editorials. Indeed, Oregon and its possibilities for settlement were never far from public awareness.

The effect on the American consciousness of these many and varied reports and discussions was painfully obvious to John McLoughlin as he sought as late as 1845 to cope with the multitude of settlers:

> They were so strongly prepossessed against us, that they expected when they left the States they would have to fight with us on arriving here, and to build Forts to protect themselves from the Indians whom we would, they supposed, excite against them. These apprehensions proceed from the false statements of the American Traders who have been obliged to retire from the Snake Country, Captn. Spaulding's Report, the speeches of the late Dr. Lynn, and those of Messrs. Benton and Buchanan in the United States Senate, which are in the possession of some of the Immigrants, in which speeches they state, the British (alluding to us) have murdered or caused to be murdered by their Servants and by Indians under their control five hundred American Citizens. . . . and even now, though every American knows these reports against us are false, yet there are many among them, who it seems cannot overcome these feelings of national hostility. 5

If Americans were so afraid of the Hudson's Bay Company, an investigation of why they came at all would help to show how deeply and firmly the United States sought to claim Oregon. Senator Linn was only a mouthpiece for a new mood of expansionism that gripped the Democratic party and attracted the popular imagination. "Manifest destiny," a phrase coined in the mid-1840's by John O'Sullivan, a New York newspaperman, accurately labelled the crusading philosophy of the nation's expansionists. According to the historian Frederick Merk, manifest destiny

> meant expansion, prearranged by Heaven, over an area not clearly defined. . . . Its theory was more idealistic than Adam's had been. It was less acquisitive, more an opportunity for neighbouring peoples to reach self-realization. It meant opportunity to gain admission to the American Union. . . . But a duty lay on the people of the United States to admit all qualified applicants fully. The doors of the temple must be wide open to peoples who were panting

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5. July 19, 1845, Rich, McLoughlin Letters, Third Series, 86-87.

for freedom.[6]

Referring specifically to the unique features of Oregon, Merk continues,

> For lands in dispute with a foreign state, as the Oregon Country was, the theme was stressed that a true title is acquired only by actual occupation. Occupation was the moral force which should, and would, move territory into the American orbit. 7

Could the Hudson's Bay Company be expected to realize the permeating influence of an idea that was strong enough to motivate the American expansionists, to carry them across the scorching desolate American desert, through dangerous passes in the Rockies, to a distant, though fertile promised land? Even John McLoughlin seems to have given little thought to analysing why they came--he simply accepted them. The rest of the Company's leaders sought in vain to keep them out. It is doubtful, though, that any amount of analysis or understanding could have altered the ultimate effect manifest destiny in all its ramifications wrought upon the Oregon territory. If the Hudson's Bay Company officials in London had been more receptive to McLoughlin's ideas and implemented them, the Company might have filled a somewhat more important role in the American community that developed on the west coast. But Americans at this time were deeply anti-British and anti-monopolistic; therefore as representatives of both,

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6 Frederick Merk, Manifest Destiny and Mission in American History, A Reinterpretation (New York: Vintage Books, 1963), 24-5.

7 Ibid., 31.

the Company's influence was inevitably destined to be limited at best. Americans saw in Oregon what they wanted to see, heard what they wanted to hear, believed what they wanted to believe, and steered Oregon's course upon the track their faith in manifest destiny demanded.

VIII

BRITAIN'S ROLE IN THE COMPANY'S DECLINE

While the political climate in the United States operated against the Hudson's Bay Company in Oregon, similar and concurrent forces in Britain both reinforced and increased the external pressure on the Company. The Hudson's Bay Company was itself a British firm and British attitudes naturally permeated its home office. The Company further worked both in Oregon and Vancouver Island in close conjunction with the British government. Therefore the Hudson's Bay Company was at least as vulnerable to the shifting attitudes in Britain as it had been to those in the United States.

When the Company first ventured into Oregon, it enjoyed the support and respect of the British government. British Foreign Secretary George Canning, in particular worked hand in hand with the sprawling monopoly. Late in 1825 he asked Henry Addington, permanent undersecretary of state for foreign affairs, to see George Simpson, then in London, for information about the Oregon area. Addington met Simpson on December 30, 1825, and the next day Simpson submitted answers to a series of Addington's questions in which he fully described the Pacific Northwest and explained Britain's and the Hudson's Bay Company's claim to the region.

When Canning asked the American government to reopen negotiations about Oregon he was able to base Britain's argument, as represented by William Huskisson and Henry Addington, upon an understanding of the region that George Simpson's firsthand report had provided. The talks ended in stalemate, but even this appeared to be to the Company's advantage, for extending the old convention left the Hudson's Bay Company in virtual control of the entire jointly-occupied region. Nevertheless, Canning supported the Company's position more from imperial considerations than supporting the Company per se.

Yet his position placed him outside a current of thought then beginning to develop. Even in 1825, a growing segment of British opinion was becoming disillusioned with colonies in general, and monopolies and protective tariffs in particular. It believed that enterprise should be free of the state to prosper and improve human condition. A belief in industrial progress and "little Englandism" combined with a belief that "the state governed best when it governed least."[1] And those who did support governmental control over the economic imperialism of British trade expansion as well as national pride in empire building often failed to see the importance of Oregon in this scheme. John Ramsay McCulloch, an eminent Scottish statistician and economist, expressed such views in an article in 1825: "We defy anyone to point out a single

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1 R. Robinson, J. Gallagher, and A. Denny, Africa and the Victorians, the Climax of Imperialism (London: St. Martin's Press, 1961), 2.

benefit, of any sort whatever, derived by us from the possession of Canada, and our other colonies in North America. They are productive of heavy expense to Great Britain, but of nothing else."[2] Thus the negotiators who represented Britain at the renewed Oregon boundary discussions were less forceful than Canning himself would have been, and when Canning died in 1827, the Hudson's Bay Company was left without its chief governmental supporter.

During the next ten years, British sympathies withdrew even further. In 1833 the East India Company had been denied a renewal to its exclusive charter in India so that although the Hudson's Bay Company's current charter was valid until 1841, by 1837 Governor Pelly decided he should not delay in asking for renewal of the exclusive right of trade in Oregon. His answer from James Stephen, permanent undersecretary for colonies, favoured renewal if such grant

> should not prevent the erection within the limits of the Charter, of any new Colonies or Provinces, which Her Majesty may be disposed to establish there; and that if any such Province or Colony should be so established, the Charter should thenceforth cease to be in force so far as respects the Territories, which may be embraced within the limits of the new Colony. 3

Pelly tried in vain to have this erosion of Company authority stricken from the agreement and early in 1838 he agreed to the new terms; whereupon the British government renewed for twenty-one years the Company's right to exclusive

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2 Cited by Merk, Oregon Question, 141.

3 PABC, H.B.C.--C.O., 721-25, mss. 48 (121 of Vol. 722).

trade with the Indians. The Hudson's Bay Company then had not yet completely fallen from grace with the British government.

Rather than consciously withdrawing support, Britain had simply lost interest in the aims that the Hudson's Bay Company represented. This became clear early in the forties when Grey's reforming Liberals fell to Peelite Conservatives. The period was one of intensive domestic upheaval in Britain, in which the nation underwent a peaceful social revolution. It therefore had little energy left for concern with one company, no matter how vast and influential.

On the other hand, it can be argued that Britain neither lost interest or withdrew support from ambitions to hold the Oregon region. In 1842, to be sure, Oregon had been excluded in the Webster-Ashburton treaty which settled the Maine-New Brunswick boundary, because being close to more dense population the northeastern boundary was considered more immediately important. But even well-informed observers in Oregon could see that the Americans who were closer and were exerting a concerted effort to win the west coast were moving inexorably to realize hegemony there. James Douglas wrote in October 1843 to Sir George Simpson:

> If it should happen. . . that the Columbia is given up, I hope the right of the Hudson's Bay Company to the conditional occupation of the improvements will be respected. . . . There is no other way of securing our property, it must be done by Treaty or we will be Sacrificed. 4

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4 Douglas to Simpson, Oct. 23, 1843, private, cited by John

Simpson in his turn passed on this information to the British government in 1845.

> If the 49th parallel be adopted as the Boundary line the whole way from the Mountains to the sea, then it would be indispensable to have Vancouver's Island and the free navigation of the Straits of De Fuca secured to us. . . . In such partition of the country. . . the Company and British settlers should be secured in their present possessions by a provision in the Treaty; and the free navigation of the Columbia River. 5

In view of the terms of the treaty of 1846, which incorporated Simpson's suggestions in total, one can conclude that when the United States reopened negotiations, the British government took up the latest Hudson's Bay Company's position and pressed to have that accepted as the settlement.

Nevertheless Peel's administration hoped to preserve peace through international diplomacy when it faced Polk's apparently aggressive Oregon policy. Under the circumstances Britain's negotiators were bound to withdraw. Since in reality accepting the 49th parallel represented utter withdrawal--it has been consistently argued that the only piece of land really under debate was the triangle known as Puget Sound--Britain can fairly be said to have abandoned Hudson's Bay Company interests. The Company nevertheless could justifiably view the treaty as an indication of official British support for their current wishes.

S. Galbraith, The Hudson's Bay Company as an Imperial Factor, 1821-1869 (Toronto: University of Toronto Press, 1957), 229.

5 Simpson to Aberdeen, Mar. 29, 1845, cited by ibid., 236.

But in the subsequent two years' negotiations with the British government for control of Vancouver Island dissenting voices grew louder and more insistent; their reverberations could not escape the Company's policymakers. In keeping with his belief that the empire, though a burden upon the mother country, could not with conscience be abandoned, James Stephen opposed private companies obtaining control over large tracts of colonial holdings. His position enabled him to foment parliamentary opposition to such aspirations on the part of the Hudson's Bay Company.

In reference to the Hudson's Bay Company's efforts to control Vancouver Island, he contributed to delaying the grant for two years.[6] Not until he left office in 1847 did negotiations become serious. Stephen's successor, Herman Merivale, shared Stephen's general philosophy of colonies although Merivale was willing to concede the Company at least temporary control over the Island.

James Edward Fitzgerald, who also aspired to control Vancouver Island, worked openly against the Hudson's Bay Company. He inspired newspaper editorials, influenced W. E. Gladstone to attack the Company publicly, and perhaps convinced uncommitted politicians to support Joseph Hume's motion of August 17, 1842 to deny the grant until further inquiries could be undertaken. While it was defeated 58-76, Company officials could easily observe a rising cadence of disaffection.

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6 Knaplund, "James Stephen," British Columbia Historical Quarterly, 259.

Fitzgerald wrote articles for the Colonial Magazine and published a book, An examination of the Charter and proceedings of the H.B.C. with Reference to the Grant of Vancouver's Island, in response to that of Montgomery Martin, who in turn had written The Hudson's Bay Territory and Vancouver Island probably under contract with the Hudson's Bay Company. Fitzgerald, Gladstone, and Stephen lost their fight to spare the mother country its "miserable delusion" that the Hudson's Bay Company could profitably colonize Vancouver Island. "We shall in all probability be called upon to pay for it all in the course of 11 years," Fitzgerald complained prophetically, "and the H. B. C. will not let us off cheap."[7] Nor did his prophecy end thus, for in January 1849, just as the Company acquired Vancouver Island, he observed acutely,

> The late discovery of gold in California is a new cause of regret to all who believed in Vancouver Island. We should now have been absorbing all the gold for the provisions which are already scarce and will become scarcer daily as the influx of population continues and no one thinks it is worth his while to till the soil. This is an unforeseen consequence of trifling and delay.[8]

With that Fitzgerald turned his lively energies to another Island half a world away, New Zealand.

Many public servants and private citizens had lost and would yet lose battles with the Hudson's Bay Company, but the crescendo of debate over the grant of the Island had if nothing

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7 Fitzgerald to Gladstone, Sept. 27, 1848, Knaplund, "Fitzgerald," British Columbia Historical Quarterly, 9.

8 Fitzgerald to Gladstone, Jan. 11, 1859, ibid., 13-14.

else, awakened the Company to the rising volume of public opposition to its motives. Montgomery Martin's book was a landmark, not in British history but in the history of the Hudson's Bay Company. It meant that the Company acknowledged and intended to appease the public sentiment that was growing against it.

Similarly, the Governor and Committee hesitated to press its choice of James Douglas for Vancouver Island's first governor upon a reluctant colonial office. When Richard Blanshard undertook his lengthy governmental dispatches criticizing the Hudson's Bay Company, it countered with an equally long series of letters in its own defense. It was therefore keen to appreciate a need to present a favourable image. As the complaints continued the Company itself became more adamant but remained defensive. At first the Company could feel that it succeeded.

Then, as the twin forces of widening popularity of the concept of free trade in Britain and the unhappy progress of settlement on Vancouver Island closed in upon the Hudson's Bay Company its repetitious appeals became at once more desperate and less credible.

By the time the Select Committee met in 1857 public opinion, as judged by the profusion of pamphlets on the subject, had become decidedly cold toward the Hudson's Bay Company and its aims. In a well-presented tract, The Hudson's Bay Company Versus Magna Charta and the British People, the Liverpool Financial Reform Association challenged the validity

of the Company's charter, condemned George Simpson's testimony that no Hudson's Bay territory was fit to colonize, and demanded that the grant of Vancouver Island be recalled immediately. It concluded with a sweeping air of righteous indignation:

> The history of the world presents no example of a monopoly so monstrous and so prejudicial as that of the Hudson's Bay Company; and the history of the world will present no parallel to the fatuity of the British people, the corruption of their Government, and the subserviency of their parliament, if that monopoly be not at once, and for ever, abolished. 9

Nor did the complaints end with the committee's report, for pamphlets began to emerge to claim that the committee conceded too much to the outdated and impotent monopoly, and to reiterate the appeal to cancel its exclusive rights of trade. Never before had the Hudson's Bay Company faced such a wide-ranging volley of British attacks.

This time, however, the Company appears to have shrunk from the onslaught. It simply faded away as it had a decade before in Oregon with hardly a whimper of protest. The governor and committee sent instructions to Douglas to restrict public expenditure in Vancouver Island to the amount necessary to maintain the government, but otherwise the Company accepted its fate. By 1857 the Hudson's Bay Company had apparently folded under the weight of its opposition and seemed capable merely to attempt dolefully to sell its chartered rights at a profit.

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9 The Hudson's Bay Company Versus Magna Charta and the British People (Liverpool: Liverpool Financial Reform Association, 1857), 35.

Yet the Company might even then have launched a serious campaign against its enemies and perhaps salvaged something more of its earlier prestige. It failed to do so partly because it had lost its internal vitality.

An influential core of Hudson's Bay Company leadership had lost faith with the future. They realized that the fur trade was doomed, but were unable to revive hope for the Company in other ventures. As a general feeling these beliefs began to surface in the 1840's when Sir George Simpson, Edward Ellice, Archibald Barclay, and others preferred retrenchment and retreat to extension into the field of colonization. James Douglas was acutely disillusioned during this period, as his remarks on both the loss of Oregon and constricting profits indicate.

Other fur traders expressed similar cynicism. In a private letter to Simpson, Donald Ross, chief trader in charge of Norway House, suggested that the Company sell its privileges to the British government rather than face the impossible odds prevailing against it.

> We can no longer hide from ourselves the fact, that free trade notions and the course of events are making such rapid progress, that the day is certainly not far distant, when ours, the last important British monopoly, will necessarily be swept away like all others, by the force of public opinion, or by the still more undesirable but inevitable course of violence and misrule within the country itself. 10

If a chief trader tucked away past the northern tip of

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10 Ross to Simpson, Aug. 21, 1858, private and confidential, cited by Galbraith, Imperial Factor, 331.

Lake Winnipeg felt such pessimism at the climate of opinion in Britain how much easier it must have been for those in England to become absorbed in gloom.

Even John H. Pelly, the apparently expansionist governor of the Hudson's Bay Company who pressed for the grant of Vancouver Island, was concerned defensively to protect the Company's present position rather than to enter a new phase of development; Andrew Colvile wanted the Island in order to retard rather than support settlement and since his views predominated especially during his term as governor of the Hudson's Bay Company, 1852-56, they indicate the pallid path upon which the Company was limping. John Shepherd in turn succeeded Colvile. His experience as chairman of the board of the East India Company gave him an insight into the problems the Hudson's Bay Company also faced. Instead of lying back waiting to be swallowed up he directed the Company to take the offensive, to request renewal of its license of exclusive trade, and to ask the war office for troops to maintain order at Red River where illicit traders were making inroads into the Company's fur preserve.

Nevertheless, Shepherd's views were mixed with those of Ellice, Simpson, and other members of the Company's governing committee who supported selling out at the right price to either Canada or Britain. As a consequence, the Company position of 1856 offered an option of renewing the exclusive license or abolishing the Company's chartered rights for the price of £1,000,000.

External factors also worked to foster the Hudson's Bay Company's decline, for by this time public opinion in Canada paralleled the growing protest in Britain. For nearly ten years George Brown's Toronto newspaper, the Globe, and William McDougall's, the North American, had agitated to annex the western region of Rupert's Land and at the same time discredit the Hudson's Bay Company's rule there. Not until the mid-1850's though, did substantial numbers of Canadians begin to share the acquisitive views of Brown and McDougall. Would-be fur traders, northwest farmers, and expansionist politicians joined in condemning the Hudson's Bay Company mainly in the hope of acquiring Rupert's Land. The most telling argument, however, was that aimed at counteracting American expansionist hopes: Rupert's Land must become Canadian to avoid falling to the United States. The Canadian government began to pressure Britain to define its policy on Rupert's Land.[11]

British Colonial Secretary, Henry Labouchere, responded by meeting late in 1856 with H. H. Berens, Eden Colvile, and Governor Shepherd of the Hudson's Bay Company. Out of these meetings came Labouchere's suggestion to appoint a parliamentary investigating committee. The Select Committee in turn proposed to renew the Hudson's Bay Company's trading license with the proviso that Canada be allowed to annex portions of Rupert's Land for settlement. Under the circumstances it was a moderate proposal. But a change of British government early

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11 Ibid., 342-347; Rich, Hudson's Bay Company, 794-99.

in 1858 replaced neutral Labouchere with Sir Edward Bulwer-Lytton, who strongly opposed the Company. Almost immediately he tried to have the Hudson's Bay Company charter tested in court but succeeded only in terminating the Company's exclusive trade license in May 1859, an action which above all underlined for the Company and its shareholders the necessity to sell the Hudson's Bay Company while something worth selling yet existed. On June 15, 1863, a newly-formed British investment group, the International Financial Society, bought controlling interest in the Hudson's Bay Company by purchasing £100 stock at £300, or an approximate total price of £1,500,000.[12] The ancient fur trade corporation was, though not dead, swiftly changing its complexion to at last form an alliance with the new age. The old directors, facing a discouraging complex of ever-changing forces both internal and external to the Company, had failed; the new group espousing vastly different principles, would ultimately succeed.

Shortly after 1824 the hot winds of change began to erode the battlements of the entrenched and unsuspecting Hudson's Bay Company. By 1857 its structure tottered on the verge of inevitable collapse. In the intervening years the fur corporation had been in turn slow to feel the wind, slower to realize its significance, and in the end unable to conform to its demands. It had been trapped in a scorching land, and unable to adapt to the alien climate, had withered and blown

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12 Rich, Hudson's Bay Company, 837-38.

with the dust.

No single factor can account for the Company's failure. A multi-coloured interwoven tapestry of forces, events, personalities, and decisions combined against it. The Company made many mistakes; it might have listened to Dr. John McLoughlin in Oregon, it might have decided to undertake colonization for positive rather than negative reasons, it might have chosen a more realistic philosophy to promote settlement on Vancouver Island, above all it might not have lost faith with itself. In part, men of long-standing experience in the Company who clung to the ideas of an old order suffocated its growth.

But there were other parts. The climate of opinion in the United States, Canada, and Great Britain was becoming increasingly alienated from the corporate structure and ambitions of the Hudson's Bay Company. External forces pressed upon an enterprise already weakened by stultification. Unable to muster an effective deterrent, the Company shrivelled until it partly died. Yet part too remained. Under new direction part of the Hudson's Bay Company came to terms with the future to create a new corporation with new aims and new methods yet retain an old and majestic name.

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