

THE SINGLE TAX REVIEW

A Record of the Progress of Single Tax and Tax Reform
Throughout the World.

THE HUDSON'S BAY COMPANY.

A BRIEF HISTORY OF THE OLDEST EXISTING MONOPOLISTIC CORPORATION ON THE AMERICAN CONTINENT.

(For the Review.)

By LUTHER S. DICKEY.

By the "Grace of God" and the stroke of a pen, the oldest existing great monopoly on the American Continent was created; more than a century before the thirteen British colonies in America proclaimed their Declaration of Independence. For two centuries the inhabitants of a greater area of territory than was embraced in the thirteen revolting colonies, paid tribute to and were subject to the dominion of a private corporation, simply because a profligate king of England granted a franchise to a favorite cousin and seventeen of his boon companions, called "knights," "baronets," "dukes," "earls," "lords" and "noblemen," giving them a monopoly of "the whole trade and commerce * * * together with all the lands, countries and territories," contiguous to the waters tributary to Hudson's Bay. For this perpetual franchise it was stipulated that this favored monopoly should "yield and pay yearly to us, Our Heir and Successors, two elks and two black beavers, whensoever, and as often as we * * * shall happen to enter into the said countries, territories and regions hereby granted."

The motive assigned for this royal gift was: "That we, being desirous to promote all endeavors that might tend to the public good of our people," and that these incorporators "have at their own great cost and charges, undertaken an expedition for Hudson's Bay in the North-West parts of America, for the Discovery of a new passage into the South Sea and for the finding of some trade for furs, minerals and other considerable commodities, and by such their undertaking have already made such discoveries as do encourage them to proceed farther in pursuance of their said design, by means whereof there may probably arise great advantage to us and our Kingdom."

At the end of two centuries the heirs and successors of the grantees of

this perpetual franchise surrendered all their rights and privileges granted in the original charter and subsequent grants to the Government of Canada at the request of the Government of Great Britain, with a reservation of less than one-hundredth part of the lands over which the original charter gave them absolute jurisdiction. Notwithstanding the surrender of more than ninety-nine hundredths of the lands granted them in perpetuity the shareholders of this Company have been enriched a hundred fold by the transaction. By the terms of the surrender the shareholders of this monopolistic corporation are afforded the police protection not only of the Government of Canada but also of the British Government, with an assurance that the police power will be exercised beyond question, to give them absolute security in the possession of all the lands reserved by them.

A GOOD "PULL."

Every advocate of the Single Tax has met able earnest men, who have opposed the exemption from taxation of improvements because they needed police protection. They would say, "Here is a piece of land; no policemen are needed to guard it; no danger of it being stolen or burned; while upon buildings there must be kept a constant watch." Out on these vast savannahs of the Western Canadian Provinces where these reservations of the Hudson's Bay Company are made are object lessons, writ so plain and clear that the farmers of these western plains readily discern that which seems to mystify the great corporation lawyers of metropolitan cities, that without police protection land would have but little value. If the farmers of these prairie provinces were so stupid that they could not see it, all they need for enlightenment is to read the annual report and address made to the Shareholders of the Hudson's Bay Company when they meet from year to year to hear from their chief servant. Take for instance this extract from the address of Lord Strathcona, Governor of the Company, at the last annual meeting of the shareholders at the City Terminus Hotel, Cannon Street, London, on July 10, 1911: "The continued developments in Western Canada have resulted in a greatly increased demand for agricultural land at enhanced prices. * * * This large increase in the acreage disposed of is accounted for by the sales of areas in the arid district to companies who make a specialty of irrigation. * * * Without irrigation these lands would be worth but a very low price, perhaps \$2. or \$3. as against \$13.50, at which they were sold to these companies. The system under which the Hudson's Bay Company * * * take their portion * * * renders the irrigation of these lands all but impossible, but it enables the Company to dispose of its lands in this district to much better advantage than it could otherwise have done, it being absolutely necessary for the Canadian Pacific Railway, and other Companies, before undertaking irrigation to acquire the Hudson's Bay Company's section in the district to be irrigated, so that you had, I may say, a good pull against any company undertaking irrigation, and you may feel assured that in the price obtained you will have your fair share of the profit."

Is not this brief extract illuminating? When the jurisdiction of the Hudson's Bay Company was supreme in this territory, would they have dared resort to such Dick Turpin methods? What gives them the power to exact \$13.50 an acre for land, absolutely valueless, but the police protection guaranteed them from the Dominion of Canada and the Government of Great Britain? What is this contract entered into by the Governments of Canada and Great Britain, with the heirs and successors of these "knights," "baronets," "dukes," "earls," "lords" and "noblemen" of the 17th Century, but a title deed giving them the sole and exclusive possession to these parcels of ground, with a guarantee that the entire police power of the two governments will be exercised to prevent any man or body of men from trespassing thereon? Throughout this arid territory which cannot be utilized until it is irrigated the Hudson's Bay Company own 1120 acres in four townships out of every five, and in the fifth two full sections or 1280 acres; that is, in five townships comprising 180 square miles, they own 5,760 acres, which the Governor of the Company admits is not worth to exceed \$3.00 an acre, or \$17,480 for the aggregate reservation in five townships, for which they demand from the irrigation Company \$13.50 an acre or \$77,760. Surely, his lordship, the Governor, named it rightly when making his report. "A GOOD PULL."

The lessons taught by the exactions of this great land monopolistic corporation out in the Western Canadian prairies, free from the complexities of a populous civilization, is having such an effect in clearing up confused economic thought that a brief history of the Company is here given.

BEGINNING OF THE HUDSON'S BAY COMPANY.

The origin of the Hudson's Bay Company dates from May 2, 1670, when Charles II, King of England, Scotland, France and Ireland, "Defender of the Faith," etc. granted a charter "to his beloved Cousin Prince Rupert, Count Palatine, the Duke of Albemarle, the Earl of Craven," etc., eighteen in all, the exclusive privileges and rights to all the territory penetrated by the rivers and waters tributary to Hudson's Bay, naming the recipients of this royal gift, "The Governor and Company of Adventurers of England trading into Hudson's Bay." For two hundred years this favored group of nobility, their heirs and successors, exercised complete sovereignty over this vast territory, surrendering it by signing a deed November 18, 1869, which was confirmed by the British Government June 23, 1870. As early as 1744 the monopolistic tendencies of this Corporation were made known to the British Government,* but without avail.

*Arthur Dobbs, an influential gentleman of character and means and scientific bent, who had been making an investigation of the activities of the Company had the results of his investigation published in London, in 1744, and presented a copy to His Majesty, King George II, in which he referred to the actions of the Company in the following terms:

"The reason why the manner of living there (Hudson's Bay Company's territory) at present appears to be so dismal to us in Britain, is entirely owing to the monopoly

The avarice of this company caused it to embrace so much territory it was unable to exercise complete sovereignty so as to suppress competition, and it was forced to make terms with an aggressive company called the "North-West Company" in 1821, the two companies being amalgamated on March 26, of that year. However, the North-west Company's identity was lost, but it is evident that it exerted a powerful influence in the British Government, for before a year had elapsed, December 6, 1821, the amalgamated Company was granted by his majesty, King George the Fourth, "the exclusive privilege of trading with the Indians in all such parts of North America to the Northward and Westward, of the lands and territory belonging to the United States of America as shall not form any part of our provinces in North America, or any of the lands or territories belonging to the United States of America, or to any European government, state or power, and that we do hereby declare that no rent shall be required or demanded in respect of this grant or license, or any privilege given thereby for the said period of 21 years." * * *

On May 30, 1838, four years before the expiration of this grant, it was extended by the British Government for seventeen years longer, by the granting of a new license for 21 years, the only difference in the terms being that after the expiration of the term of the grant made in 1821, an annual rental of five shillings was to be paid. These grants gave the Hudson's Bay Company jurisdiction over the entire territory from Hudson's Bay to the Pacific Ocean, north of the United States to the Arctic Ocean excepting Alaska. For organization purposes, the vast dominions of the Company were divided into four great departments. These were again divided into districts. Each district had its fixed and permanent trading posts, as well as a number of temporary or flying stations, the latter frequently the precursor of the former.

and avarice of the Hudson's Bay Company, (not to give it a harsher name) who, to deter others from trading there, or making settlements, conceal all the advantages to be made in the country, and give out that the climate and country, and passage thither, are much worse and more dangerous than they really are, and vastly worse than might be, if those seas were more frequented, and proper settlements and improvements were made, and proper situations chosen for that purpose; this they do, that they may ingross a beneficial trade to themselves, and therefore oblige their captains not to make any charts or journals that may discover those seas or coasts, in order to prevent others from sailing to their factories. They also prevent their servants from giving any account of the climate or countries adjacent, that might be favorable; nor do they encourage their servants, or even allow them to make any improvements without their factories, unless it be a turnip garden; confining them all the summer season, during the Indian trade, within their factories, lest they should trade by stealth with the natives, and by a crane let down their goods to the natives, and take up their furs and skins in exchange; by which means no improvement can be made but their kitchen garden adjoining to their factories; nor can any comfortable settlement be made; for they, not having thirty men in any of their factories, dare not go at any distance either to improve or make discoveries, their whole time being employed in cutting and carrying wood for their winter firing, and catching fish, and killing geese for their winter provisions; in which the natives generally assist them by shooting for them in the swamps; they depending upon Britain for all other things for their sustenance; which, if settlements were made in proper places, might very well be raised and procured in those countries."

Here the traders met and bartered with the Indians. The districts were under the chief traders. In the departments and distributing points factors had charge, while over all was a chief factor with whom was the ultimate power.

The activities of the company are described by a writer in detail as follows: "An army of post-masters, interpreters, mechanics, guides, canoeemen and apprentices made up the rank and file, though even here degrees were strictly recognized. In general terms the service was made up of three classes; the servants, the clerks and apprentices, and the officers. The second class sat at the officer's mess and were addressed as gentlemen. But the officers were the real oligarchy, bound by special covenant to fidelity, and receiving their reward not in salary but in a share of the Company's profits. Subject to the orders of his superior and the regulations of the Company, each officer was supreme in his sphere of duty.

"The system, * * * was military in its absolutism. The chief factor was the lord paramount; his word was law, to support and symbolize which the office was enveloped in a halo of dignity. When a chief factor transacted the most ordinary business, his habiliments were elaborate and imposing; when he travelled, it was in state, with a retinue by whom he was lifted in and out of his conveyance, his arrivals and departures heralded by the firing of salutes. High above all reigned the Governor of the Company, a personage less exalted than the most absolute of sovereigns, owing allegiance to no one save the directorate in London, whose policy, as a matter of necessity, was largely dictated by his advice. Great, indeed, was the majesty that hedged about a governor of the Company. But the show was no greater than the reality, though part of a deliberate plan to over-awe the natives and subordinates where rebellion or mutiny would have meant extinction. It succeeded in so far as the immediate object was concerned; but, as examples show, it had sometimes an unhappy effect upon the ruler."

The Company's western Department * * * included the entire region between the watershed of the Rocky Mountains and the Pacific Ocean, bounded on the North by the Russian territory and the northern department (the latter embracing the country drained by the rivers running into the Arctic Ocean and Behring Sea) and on the south by the Mexican Republic. Roughly it extended a thousand miles in length by half that distance in average width. The depot for the department was, in the early days, at Fort Vancouver * * * situated on the Columbia River six miles above the junction with the Willamette. Afterward it was removed to Victoria.

THE "SOGGARTH AROON" OF THE NORTHWEST.

A story current in Edmonton, Alberta, is indicative of the power wielded in the district by the chief factor of the Hudson's Bay Company in the days when this Company was in dominion of the North West territory. Father Lacombe is a noted character throughout what is now the Central part of the province of Alberta. At the age of 22, in 1849, he was ordained a priest,

at Saint Sulpice, Quebec, and immediately following his ordination started for this western territory, passing through St. Paul, Minnesota, when its site was covered by a few shacks. For more than a half-century he devoted his life to evangelizing the Indians, living with them on the plains, sharing with them the privations, hardships and diet, as they roamed from point to point. The half-dozen tribes inhabiting this section vied with each other to have him with them, and every white man's home felt honored by having him as its guest.

The law of the Company made it illicit for anyone to have in his possession any fur. Father Lacombe had been a welcome guest at the home of the chief factor and usually called there when near Fort Edmonton. As an evidence of the affection shown the good father, while the guest of a white family, the housewife trimmed the cuffs of the sleeves and collar of his great-coat with the furs of some small animals which they had trapped. On his first visit to the territory adjacent to Fort Edmonton after his coat had been provided with fur trimming he called on the chief factor at his home, feeling, no doubt, that the factor would be pleased to see him dressed so comfortably. But, much to his surprise and chagrin the smile of welcome of the chief factor changed in an instant into outraged indignation when he noticed the fur trimming. As the story was first related to me the greeting was, "How dare you come into my presence in such a garb?" and with that the chief factor grabbed at the fur and tore it off the coat. However, in my quest to verify the story, I had it modified somewhat, but from an authentic source. Instead of the chief-factor being the one to remove the fur from the coat of the good priest he was merely a passive factor, for when Father Lacombe received the indignant reproof from the Hudson's Bay Company's chief, he tore the fur from the coat himself and threw it at the feet of his host. This story will appear in the *Life of Father Lacombe* by Katherine Hughes, now in press by a New York publishing house, Moffat, Yard and Co. Miss Hughes is Provincial Archivist of Alberta and will relate the story as she received it from the lips of the aged priest, who is yet living at the age of 84, at the Lacombe Home, an institute for destitute, aged and orphans, built by donations collected by Father Lacombe during the past five years, at Snidnapore, Alberta.

COMPANY INVESTIGATED.

In 1857 a committee of the British parliament which had been appointed to investigate the affairs of the Company and the condition of the territory, recommended that the jurisdiction of the Company should cease over Vancouver Island; and that as soon as Canada was ready to take over the Government of the Indian Territory, this, too, should pass from the control of the Company; but to avoid the demoralization of the Indians by rival traders, Rupert's Land was to be left in exclusive control of the Company. On August 2, 1858, an act was passed providing for the government of the main land of British America "from the 49th parallel northward to the Naas and the Finlay, and from the crest of the Rocky Mountains westward to the Sea,

including the Queen Charlotte and adjacent islands with the exception of Vancouver's Island. One month later, the license of exclusive trade granted to the Hudson's Bay Company for twenty-one years from 1838, in so far as it covered the territory above defined, was revoked, the government re-purchasing the company's rights on Vancouver Island for £57,500.

However, prior to this, in 1856, Vancouver Island had arrived at the full status of a British Colony. The first legislative body of the colony convened for the first time on August 12, 1856. The inaugural speech of the governor, Sir James Douglas, on that occasion is interesting reading at this special time when British Columbia is reported to have voted heavily to reject the Reciprocity pact which caused Sir Wilfred Laurier's government to go down to defeat.

He said: "Negotiations are now pending with the government of the United States, which may probably terminate in an extension of the reciprocity treaty to Vancouver Island. To show the commercial advantages connected with that treaty I will just mention that an import duty of \$30. is levied on every \$100, worth of British produce which is now sent to San Francisco, or to any other American port; or, in other words, the British proprietor pays as a tax to the United States nearly the value of every third cargo of fish, timber, or coal which he sends to any American port. The reciprocity treaty utterly abolishes those fearful imposts, and establishes a system of free trade in the produce of the British colonies. The effects of that measure in developing the trade and natural resources of the colony can, therefore, be hardly over estimated. The coal, the timber, and the productive fisheries of Vancouver's Island will assume a value before unknown, while every branch of trade will start into activity, and become the means of pouring wealth into the country. So unbounded is the reliance which I place in the enterprise and intelligence possessed by the people of this colony, and in the colony, and in the advantages of its geographical position, that with equal rights and a fair field I think they may enter into a successful competition with the people of any country. The extension of the reciprocity treaty to this island once gained, the interests will become inseparably connected with the principles of free trade, a system which I think it will be sound policy on our part to encourage."

Some idea of the government of the territory under the jurisdiction of the Company can be formed by a description of the Government of the Red River district as given by a writer, Alexander Ross, Sheriff of Assiniboia, who belonged to the first council organized in that district. He says: "In the year 1835, then, the colony was provided with government machinery. Up to that time, the people may be said to have lived without laws and without protection. That they should in such a case have held together so harmoniously during a period of 24 years is worthy of particular note. There had been appointed, it is true, a few advisers to the Governor and a few constables, too, for some years previous, but all this was a more nominal than a real organization. The real one was at the date mentioned. New councillors, selected from the most influential inhabitants of the colony, were commis-

sioned by the Governor and Committee, in London, and these with the Governor-in-chief as President, were to constitute a Legislative Council, with power to make laws for matters criminal as well as civil. * * * The new councillors were undoubtedly the most influential men in the settlement; yet, being all of the party—generally speaking, either sinecurists or paid servants of the Hudson's Bay Company—they did not carry public feeling with them, and consequently were not, perhaps, the fittest persons, all things considered, to legislate for the colony. The people never placed that confidence in the Council which they would have done had its members represented all classes and parties."

THE CONFEDERATION OF THE PROVINCES.

The confederation of the provinces of British North America, Ontario, Quebec, New Brunswick and Nova Scotia was proclaimed on July 1, 1867. In the British North American Act setting forth the terms of confederation provision was made for the admission of Prince Edward Island, Rupert's Land, the Northwestern Territories, British Columbia and Vancouver Island into the union upon addresses from the houses of parliament of Canada on such terms and conditions in each case as should be in the addresses expressed. On December 16, 1867, addresses were passed in the Senate and House of Commons of Canada praying for the union of Rupert's Land and the Northwestern Territory with the Dominion of Canada. In 1868 the British Parliament passed the Rupert's Land Act enabling the Dominion of Canada to accept the surrender of the territory in question together with all the territorial and other rights conveyed by the original charter of Charles II to the Hudson's Bay Company in 1670.

Accordingly, on October 1, 1868, Sir George Carter and Hon. William McDougall were appointed by the Canadian Government to proceed to London and arrange terms for the acquisition by Canada of Rupert's Land and the Northwestern Territory from the Hudson's Bay Company. A memorandum of agreement signed by Sir Stafford Northcote on behalf of the Company and the Canadian delegates on behalf of the Government of Canada was arrived at, submitted to the Canadian Government on May 8, 1869 and approved by Order in Council on May 14th following.

Under the terms of the Deed of Surrender, which bears date November 19, 1869, the Hudson's Bay Company surrendered "to the Queen's most Gracious Majesty, all rights of Government, and other rights, privileges, liberties, franchises, powers and authorities, granted or purported to be granted to the said Government and Company by the said recited Letters Patent of His Late Majesty King Charles II; and also all similar rights which may have been exercised or assumed by the said Governor and Company in any parts of British North America, not forming part of Rupert's Land or of Canada, or of British Columbia, and all the lands and territories within Rupert's Land (except and subject as in the said terms and conditions mentioned) granted or purported to be granted to the said Governor and Company by the said

"Letters Patent" subject to the terms and conditions set out in the Deed of Surrender, including the payment to the Company by the Canadian Government of a sum of £300,000 sterling on the transfer of Rupert's Land to the Dominion of Canada, the retention by the Company of its posts and stations, with a right of selection of a block of land adjoining each post in conformity with a schedule annexed to the Deed of Surrender; and the right to claim in any township or district within the Fertile Belt in which land is set out for settlement, grants of land not exceeding one-twentieth part of the land so set out. The boundaries of the Fertile Belt were in terms of the Deed of Surrender to be as follows:—On the South by the United States boundary; on the west by the Rocky Mountains; on the north by the Northern branch of the Saskatchewan; on the east by Lake Winnipeg, the Lake of the Woods, and the waters connecting them," and "the company was to be at liberty to carry on its trade without hindrance, in its corporate capacity; and no exceptional tax was to be placed on the Company's land, trade or servants, nor any import duty on goods introduced by them previous to the Surrender."

An Order in Council was passed confirming the terms of the Deed of Surrender at the Court of Windsor, June 23, 1870, and the surrender and the agreement relating to it was ordered by the Privy Council of Great Britain to go into effect on July 15th, 1870, and in that month the last meeting of the officers of the Hudson's Bay Company as governors of the Northwest Territories was held.

TERMS OF "THE PULL."

In 1872, in terms of the Dominion Land Act of that year, it was mutually agreed in regard to the one-twentieth of the Lands in the Fertile Belt reserved to the Company under the terms of the Deed of Surrender that they should be taken as follows: "WHEREAS, by article five of the terms and conditions in the Deed of Surrender from the Hudson's Bay Company to the Crown, the said Company is entitled to one twentieth of the lands surveyed into Townships in a certain portion of the territory surrendered, described and designated as the Fertile Belt. "And WHEREAS by the terms of the said deed, the right to claim the said one twentieth is extended over the period of fifty years and it is provided that the lands comprising the same shall be determined by lot, and whereas the said Company and the Government of the Dominion have mutually agreed that with a view to an equitable distribution throughout the territory described on the said one-twentieth of the lands, and in order further to simplify the setting apart thereof, certain sections or parts of sections, alike in numbers and position in each township throughout the said Territory, shall as the townships are surveyed, be set apart and designated to meet and cover such one-twentieth: "And Whereas it is found by computation that the said one-twentieth will be exactly met, by allotting in every fifth township two whole sections of 640 acres each, and in all other townships one section and three quarters of a section each, therefore—

"In every township in the said Territory, that is to say, in those townships

numbered 5, 10, 15, 20, 25, 30, 35, 40, 45, 50, and so on in regular succession northerly from the International boundary, the whole of sections 8 and 26, and in each and every of the other townships the whole of section No. 8, and the south half and North-west quarter of section 26 (except in the cases hereinafter provided for) shall be known and designated as the lands of the said Company."

A history of the Hudson's Bay Company would be lacking in an essential feature without an accompanying sketch of its most notable living servant, the present Governor, one who has been identified with it in varying capacities for 74 years.

LORD STRATHCONA AND MOUNT ROYAL, GOVERNOR OF THE HUDSON'S BAY COMPANY.

In addressing the Shareholders of the Hudson's Bay Company, at their annual meeting, on July 4, 1910, at the Cannon Street Hotel, Lord Strathcona said: "It is now nearly 73 years since I became connected with the Hudson's Bay Company. It has been with me entirely a labor of love, more than anything else I have ever been connected with. I have said on many former occasions here, that you have in your commissioner and in your officers generally men of undoubted ability for the work they have to perform, but men who are most loyal and devoted to the Company, and who consider that one of their principal objects in life is to advance the interests of the Hudson's Bay Company. No company was ever better served than ours has been, I think I may say from its commencement." It is written, "No man can serve two masters: for either he will hate the one, and love the other; or else he will hold to the one and despise the other." Lord Strathcona, the present Governor of the Hudson's Bay Company, has had a most wonderful career. From a poor Scottish lad he has risen to become one of the wealthiest magnates of the world; from the schooling of the wilderness and the companionship of savages, he is welcomed in the most exclusive social circles of the metropolis of the world. Although a nonagenarian he belongs to the directorates of several of the greatest corporations of the world. Born August 6, 1820, at Farres, Scotland, he was christened plain Donald Alexander Smith. At the age of 18 he entered the service of the Hudson's Bay Company as Junior Clerk, serving the Company for the first 13 years in Labrador, when he went west in the neighborhood of Hudson's Bay. Slowly but gradually he rose, step by step, from one position to a still higher one, until he became a chief factor of the Company, and then to the post of Resident Governor, and finally, as Governor, a position he attained in 1889, just before he reached the age of "three score and ten."

Although he has been connected with the Hudson's Bay Company for 74 years, and has considered it one of the principal objects in his life to advance its interests, he has been very active in other directions. In December, 1870,