

Financializing a Junk Charter?: British Capital and The Survival of the Mercantilist Hudson's Bay Company During the Age of High Imperialism, 1870-1914¹

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Introduction

In the throes of the financial crisis of 1857, two aged mercantile state-chartered firms had come under the scrutiny of Imperial authorities. The Indian Munity had led to the Crown assuming governance from the large and powerful East Indian Company in 1858. In contrast, a United Kingdom Select Committee concerning the Hudson's Bay Company (HBC) accepted a continuing role for this mercantile entity in HBC Territory and the Colonial Office would not support the creation of a Crown colony for the Red River Settlement.² While exploring these contrasting outcomes are not at all the intent of this paper, the exceptional survival of the HBC to this day is not unrelated to the manner in which it converted its interest in a vast territory, expressed by a Royal Charter of 1670, into a capital asset in the form of an estate in fee simple land. The perceived value of this large estate by investors, meant that the Company could be refinanced in the early 1860s. Unlike all other joint-stock, state-chartered, mercantile monopolistic companies, the HBC succeeded at establishing a foundation for a renewed commercial viability during an era in which the demand for its specialization (animal pelts) had softened and costs were not declining.³ Thus, the HBC had a role to play in the Age of High Imperialism, even though the 1857 Select Committee Report on the HBC had no readily apparent consequence for the British Empire.

On 23 June 1870, by Imperial Order in Council from Buckingham Palace, known as the *Order of Her Majesty in Council admitting Rupert's Land and the North-Western Territory into the Union*, (hereafter the *Rupertsland Order*), provided the means, from the perspective of distant officials, for the Hudson's Bay Company

¹ This paper benefits from previous work related to this topic: Frank Tough, "Aboriginal Rights Versus The Deed of Surrender: The Legal Rights of Native Peoples and Canada's Acquisition of The Hudson's Bay Company Territory," *Prairie Forum* vol. 17, no. 2 (1992) pp. 225-250; and as a paper "Turning a 1670 Royal Charter into 20th Century Capital: The Hudson's Bay Company's Land Department records and the financialization of an asset on the periphery of the British Empire," *World Economic History Conference 2015*, Kyoto, Japan (6 August 2015).

² While parliamentary authorities did not renew the HBC's monopoly trading license, it did not disrupt the Company's *de facto* authority in the HBC Territory. On this enquiry, see, E.E Rich, *The History of the Hudson's Bay Company* vol. 3 (London: The Hudson's Bay Record Society, 1959) pp. 798-806.

³ For a fur price index for key species see, Frank Tough, *'As Their Natural Resources Fail': Native Peoples and the Economic History of Northern Manitoba, 1870-1930* (Vancouver: University of British Columbia Press, 1996).

Territory to be incorporated with the Dominion of Canada.⁴ In the *Rupertsland Order* the Crown accepted the surrender of Rupertsland from the HBC and then transferred Rupertsland and the North-Western Territory to the Dominion of Canada. **Map 1** depicts the Hudson's Bay Company Territory (composed of both Rupertsland and the North-Western Territory to Canada). Regardless of the deficiencies of particular map projections to represent areas comparatively, the Hudson's Bay Company Territory was one of the largest territorial entities in the British Empire and it is equivalent to 63.5 percent of present-day Canada's total land mass.⁵ Its vast geographical size has been inversely matched by academic curiosity.⁶ Such a discrepancy in scholarship can be appreciated by an observation made by Cain and Hopkins that historians from Canada, Australia and New Zealand "...have now nationalised the study of their own histories so successfully that they are scarcely thought about outside of their own borders."⁷ While the *Rupertsland Order* is part of the Canadian Constitution, the process of transferring the HBC Territory is essentially a nonlocal event.⁸ The Imperial center controlled the political-legal processes that resulted in Canada's acquisition of this vast territory, but the specifics of both the negotiations and the outcomes were strongly concerned by financial or economic interests.

This paper will reconstruct the process by which this territory came to be a necessary geographical acquisition for the embryonic Canadian nation state with a focus on the economic dimensions of the negotiations and then by exploring empirically the longer-term trends ensuing from the financialization of the charter. By engaging the concept of financialization, a fresh understanding of the process by

⁴ "The Order of Her Majesty in Council admitting Rupert's Land and the North-Western Territory into the Union," (23 June 1870) is printed in E.H. Oliver, *The Canadian North-West: Its Early Development and Legislative Records*, 2 vols. (Ottawa: Government Printing Bureau, 1914 and 1915) pp. 939-963 (Hereafter *Rupertsland Order*, 1870).

⁵ The area of the HBC Territory amounts to 6,276,609 square kilometers. The area of Rupertsland in Canada (i.e., Hudson's Bay drainage basin) totals 3,736,007 km², the North-Western Territory amounted to 2,509,355 km² and the Mississippi River drainage in Canada accounts for 27,247 km². The original 1670 grant included 152,600 km² now located in the United States. Thus, the original Rupertslands grant (3,888,607 km²) is larger than modern India (3,287,263 km²). The greater vastness of the HBC Territory can be compared to modern India, Pakistan, and Bangladesh (4,238,773 km²). These surface-area calculations were performed by Erik Ellehoj and were based on basin boundaries from Environment Canada (<https://www.nrcan.gc.ca/earth-sciences/geography/atlas-canada/selected-thematic-maps/16888>) and the calculations were performed using QGIS. Nation state area data is from Wikipedia (https://simple.wikipedia.org/wiki/List_of_countries_by_area).

⁶ The topic has been ignored by nationally and regionally focused Canadian historians.

⁷ P.J. Cain and A.G. Hopkins, *British Imperialism: 1688-2015*, 3rd ed. (Oxon: Routledge, 2016[original 1993]) p. xix.

⁸ The foundation literature on this topic appreciated the Imperial connections: George F.G. Stanley, "The end of Company Rule," *The Birth of Western Canada: A History of the Riel Rebellions* (Toronto: University of Toronto Press, 1961 [original 1936]) pp. 19-43; A.S. Morton, *A History of the Canadian West* (Toronto: University of Toronto Press, 1973 [original 1939]) pp. 825-852; R.S. Longley, "Cartier and McDougall, Canadian Emissaries to London, 1868-9," *Canadian Historical Review* vol. 26, no. 1 (1945) pp. 25-41; John S. Galbraith, "The Hudson's Bay Land Controversy, 1863-1869," *Mississippi Valley Historical Review* vol. 36, no. 3 (1949) pp. 457-478; and E.E. Rich, "The International Financial Society," and "The Deed of Surrender," *Hudson's Bay Company: 1670-1870*, vol. 3, 1821-1870 (Toronto: McClelland and Stewart, 1960) pp. 816-890.

which significant revenues flowed from the compensation awarded to the HBC deriving from its dubious political-legal claim based on the 1670 charter can be developed.

Several crucial aspects of the HBC in the mid and late 19th century mean that its history cannot be understood fully from a mercantilist perspective. Its contested mercantile charter rights were given a value for investment purposes.

Notwithstanding the frequency of use, a search for precise and operational definitions of the concept of financialization comes up wanting. Yet it is a term that evokes significant meaning. As a speculative and predatory style of capitalism, geographer David Harvey provided a vivid description of contemporary (i.e., post-1980) financialization:

Deregulation allowed the financial system become one of the main centres of redistributive activity through speculation, predation, fraud, and thievery. Stock promotions, ponzi schemes, structured asset destruction through inflation, asset-stripping through mergers and acquisitions, the promotion of levels of debt incumbency that reduced whole populations, even the advanced capitalist centuries, to debt peonage, to say nothing of corporate fraud, dispossession of assets (the raiding of pension funds and their decimation by stock and corporate collapse) by credit and stock manipulation—all of these central features of the capitalist financial system. Innumerable ways exist to skim off values from within the financial systems.⁹

Less dramatically destructive financialization processes can also influence the course of economic development. Krippner has provided a definition of financialization “as a pattern of accumulation in which profits accrue primarily through financial channels rather than through trade and commodity production. ‘Financial’ here refers to activities relations to the provision (or transfer) of liquid capital in expectation of future interest, dividends, or capital gains.”¹⁰ While acknowledging a neologistic dimension and an imprecise meaning of financialization, she noted that certain expectations could be achieved because “one advantage of such a definition is that it is capable of encompassing alternative usages of the term.”¹¹ Krippner was careful to avoid asserting that financialization was a “novel phase of capitalism,” and she noted that “... financialization is a recurrent phase in the evolution of capitalists economies. Fully exploring the

⁹ David Harvey, *A Brief History of Neoliberalism* (Oxford: Oxford University Press, 2005) p. 161.

¹⁰ Great R. Krippner, “The financialization of the American economy,” *Socio-Economic Review* vol. 3, no. 2 (2005) pp. 173-174. Krippner indicated that the literature was something of a free for all and lacked a cohesive view, several themes were evident: (1) ascendancy of shareholder value as a mode of corporate governance; (2) dominance of capital markets over systems of bank-based finance; (3) “financialization reflects the increasing political and economic power of a *rentier* class”; and (4) explosion of financial trading associations and proliferation of new financial instruments. (p. 181).

¹¹ She drew attention to the problem of failing to demonstrate the existence of financialization, but on financialization as a means of accumulation, Krippner agreed with Arrighi. Krippner, “Financialization,” pp. 198, 181; and Giovanni Arrighi, *The Long Twentieth Century: Money, Power, and the Origins of Our Times* (London: Verso, 1994).

historical precedents for the current turn to finance is a rich exercise ...”¹² In fact, financialization of a mercantile charter was a novel approach to the barrier the HBC represented to settlement.

While financial capital is distinct from mercantile capital, this paper demonstrates how finance capital resuscitated a mercantile concern. By cautiously applying the concept of financialization: (1) processes occurring in the 19th century concerning “assets” situated on the periphery of the British Empire will be reconstructed and elucidated; (2) some unique events concerning a transition between mercantile and economic imperialism will be identified; and (3) the extent to which the financialized charter produced a return, will be considered. Such a historical interpretation permits the examination of the HBC buyout by an upstart investment bank in 1863 to be situated within the large trends in global economic growth and the export of capital.

The financialization of the HBC charter rights eventually contributed to the creation of fee-simple property for a virgin land market. In order to reconstruct the financialization of an ancient Royal charter, and more importantly, the concomitant outcomes, this paper will draw upon the annual statements of account provided to the shareholders of the Hudson’s Bay Company, as well as, the working papers of the Winnipeg-based HBC Land Department. In terms of global economic history, the HBC and Rupertsland are highly anomalous; nonetheless, the flexibility and resilience of capitalism can be demonstrated. In effect, the sale of several million acres of fee-simple land over a 90-year period generated a rentier income. The framework of Gentlemanly Capitalism seems to relevant to the economic history here since City-based finance capital revitalized an old mercantile trading concern and commercial wealth was created from land.¹³

“investing in civilization”: Acquiring the Company’s Charter

Before considering the financial undertakings that resulted in securing of the HBC territorial interests, it is necessary to appreciate the scope of the Company’s founding charter. On 2 May 1670, Charles II granted a rather generous charter to his cousin Prince Rupert and a small band of merchant adventurers. Several features of this Royal Charter contributed to an institutional longevity because it: (1) incorporated the Company of Adventures (HBC) trading into Hudson’s Bay; (2) established a territory, named “Rupert’s Land,” bounded only by an unknown

¹² Krippner, “Financialization,” p. 199.

¹³ P. J. Cain and A. G. Hopkins, “Gentlemanly Capitalism and British Expansion Overseas I: The Old Colonial System, 1688-1850,” *Economic History Review*, vol. 39, no. 4 (1986) pp. 501-525; and P. J. Cain and A. G. Hopkins, “Gentlemanly Capitalism and British Expansion Overseas II: New Imperialism, 1850-1945,” *Economic History Review*, vol. 40, no. 1 (1987), pp. 1-26.

drainage basin, but in which the Company also possessed (3) exclusive trade rights (i.e., monopoly); (4) a comprehensive list of perpetual proprietary rights in land; and (5) powers of governance as “Lords.”¹⁴ The economic right expressed as the “whole and entire trade and traffic” established a monopoly sanctioned by the Crown. But also, comprehensive interests in vast lands and resources were “granted” to the Company.

Academic commentary has often focused on the monopoly in trade and how the HBC responded to competition; however, this 1670 authority also entertained possessory rights:

... and grant unto them and their successors the sole trade and commerce of all those seas, straits, bays, rivers, lakes, creeks and sounds, in whatsoever latitude they shall be, that lie within the entrance of the straits, commonly called Hudson’s Straits, together with all the lands, countries and territories upon the coasts and confines of the seas, straits, bays, lakes, rivers, creeks and sounds aforesaid, which are not now actually possessed by any of our subjects, or by the subjects of any other Christian Prince or State.¹⁵

Vast, all-encompassing territorial claims could be defended because the Company:

... at all times hereafter shall be, personable and capable in law to have, purchase, receive, possess, enjoy and retain lands, rents, privileges, liberties, jurisdictions, franchises and hereditaments, of what kind, nature or quality soever they be, to them and their successors; and also to give, grant, demise, alien, assign and dispose lands, tenements and hereditaments ...¹⁶

The HBC and its successors were granted a variety of perpetual proprietary rights and benefits; as well, the capacity to give up or dispose of its proprietary rights was specified.¹⁷ These titles and benefits to distant lands had been granted at the pleasure of the English Crown. The leading historian of the HBC, E.E. Rich captivated its dual character: “The whole Charter was, in fact, a magnificent grant of rights and privileges, not a specification of duties.”¹⁸ Even two hundred years later, this charter could not be ignored.

During the first two centuries, the Company’s legal authority was not always respected *de facto*, especially against other European or Métis traders, and it generally avoided asserting property claims contrary to Indigenous land-use

¹⁴ E.E. Rich, “The Charter,” *Hudson’s Bay Company, 1670-1970*, vol. 1, 1670-1763 (Toronto: McClelland and Stewart, 1960) pp. 52-60.

¹⁵ “The Royal Charter Incorporating the Hudson’s Bay Company, 1670,” is printed in Oliver, *Canadian North-West*, p. 146 (Hereafter *Royal Charter, 1670*).

¹⁶ *Royal Charter, 1670*.

¹⁷ The interests in the land were absolute and did not revert to the Crown.

¹⁸ Rich, *Hudson’s Bay Company, 1670-1970*, vol. 1, p. 56.

patterns.¹⁹ Following a period of intense mercantile rivalry, a merger of the North West Company with the Hudson's Bay Company in 1821 resulted in its geographical sphere of responsibility expanding to include the North-Western Territory.²⁰ (See Map 1.) Thus, the political and legal future of the fur country (i.e., Hudson's Bay Company Territory) entailed more than the original 1670 territorial grant of Rupertsland.

Consistent with the consolidation of capitalism and its global expansion during the latter half of the 19th century, a coalescing of various business and political interests led to a financial takeover of the Hudson's Bay Company. Rich accurately assessed the economic significance of the HBC as "a prosperous but closely defined and limited trade."²¹ The Company's charter rights, through an elegantly executed re-financing scheme, were acquired for those interested in colonizing a specific region known as the "Fertile Belt."²² Edward Watkin, (later Sir Edward) as identified by Rich was the "motivating genius," and a key promoter of transcontinental railroad and telegraph schemes.²³ Further expansion of railroads required the acquisition of Rupertsland.²⁴ He was closely allied with the Duke of Newcastle, the influential Colonial Secretary.²⁵ Rich outlined the interlocking nature of their political and economic objectives: "... the statesmen and the railway magnate were of one mind on the need to complete the Intercolonial line and to reach out towards the Pacific with railways which would be a preliminary necessity to the union of all provinces and territories into 'one Great British America'."²⁶ Similarly, P.L. Cottrell articulated the motives of those that became associated with the 1863 buyout of the HBC: "However amongst the group of London financiers and bankers were several people who had an interest in breaking the Hudson's Bay Company's monopoly

¹⁹ See, Arthur J. Ray, Jim Miller and Frank J. Tough, "Aboriginal-Hudson's Bay Company Relations before 1800," *Bounty and Benevolence: A History of Saskatchewan Treaties* (Montreal: McGill Queen's University Press, 2000) pp. 3-20. Readers should appreciate that in 1670, Rupertsland was not uninhabited and would today be known as Indigenous Territory. For those that had always used and occupied the territory since "time immemorial," Charles II grant would have little credence.

²⁰ Royal License (5 December 1821) and Royal License (30 May 1838), *Charters, Statutes and Orders in Council Relating to the Hudson's Bay Company* (London: Hudson's Bay Company, 1963) pp. 217, 219.

²¹ With respect to the development of the IFS and its acquisition of the HBC see, Rich, *History of the Hudson's Bay Company* vol. 3, pp. 819; 816-849; and Philip L. Cottrell, "The Role of the International Financial Society in the Buying-Out of the Hudson's Bay Company, 1863," *Revue Internationale d'Histoire de la Banque* vol. 10, (1975) pp. 192-200.

²² The Fertile Belt, a term devised by explorations in the late 1850s, initially referred to the Parkland region and unlike some of the Grasslands adjacent to the border between British North American and the United States, was thought capable of supporting agrarian settlement. For the purposes of the HBC land grant it was expanded to include the Parkland and Grassland spanning from the international boundary to the North Saskatchewan River.

²³ Grand Trunk Railway bankers Thomas Barring and George Carr Glyn were initially attracted to the Watkin's plans.

²⁴ Rich, *History of the Hudson's Bay Company* vol. 3, p. 820.

²⁵ With respect to this relationship, Morton noted "At his elbow stood Edward Watkin." Morton, *A History of the Canadian West*, p. 383.

²⁶ Rich, *History of the Hudson's Bay Company* vol. 3, p. 826.

over the land between Upper Canada in the east and British Columbia in the west.”²⁷ Watkin’s plan to alleviate the existing railroad debt problems by extending railroads and telegraphs, which would thereby connect British Columbia with the pre-confederation Canadian provinces, generated a great deal of financial and political interest.²⁸ A London-based lobby, the British North American Association promoted railway development and consolidation of British North America.²⁹ Imperial motivations were called upon to justify specific proposals to transform the HBC Territory.

While several proposals to acquire rights to smaller portions of the Company’s southern periphery were attempted, eventually, buying out the HBC was the best path to acquire charter rights and redirect the political economy of the territory. With respect to these grand proposals for developing a colonial infrastructure, HBC Governor Berens sarcastically retorted: “If these gentlemen are so patriotic, why don’t they buy us out.”³⁰ Watkin eventually agreed to Berens’ price of £1.5 million for the HBC, although HBC stock was valued at only £500,000. According to the terms of the sale, the control of the HBC passed to Watkin and his backers who had recently established the contemporary sounding *International Financial Society* (IFS).³¹ Coincident with the formation of the IFS, the purchase and reselling of HBC stock was agreed to by the Governor and Committee on 22 May 1863.³² Each old £100 share was offered £300.³³ Subsequently, the IFS raised the old stock of £500,000 to £2.0 million following a very promising prospectus and a widely subscribed public issue.³⁴ First the stock was raised from £500,000 to £1,500,000 with the stock of £500,000 standing, but profit of £300,000 raised to capital at 60 percent. The remaining £1,200,000 required to reach £2,000,000 was raised from the £800,000 at 150 percent.³⁵ Some details of this stock watering remain slightly obscure or almost furtive, so much so, that in 1869, Canadian officials described the

²⁷ Cottrell, “The Role of the International Financial Society,” p. 193.

²⁸ British businessmen and London financiers, Imperial authorities (i.e., the Colonial Office), and Canadian politicians promoted the inclusion of territory between Upper Canada and British Columbia with the plans for federating the existing British North America colonies. With respect to an original and relevant approach to the casual process resulting in Confederation in 1867, see, Andrew Smith, *British Business and Canadian Confederation: Constitution-Making in an Era of Anglo-Globalization* (Montreal: McGill-Queens University Press, 2007).

²⁹ Rich described the BBNA as “... the representatives from the most important banking and investment houses of London; and that Newcastle was behind it.” Rich, *History of the Hudson’s Bay Company* vol. 3, p. 828.

³⁰ Rich, *History of the Hudson’s Bay Company* vol. 3, p. 832.

³¹ The IFS was founded on 11 May 1863. The first entry in the IFS Capital Journal was a deposit on 28 May 1863 for £366,662 10s for the issue 146,665 shares (£2/10/0 per share). Hull History Centre, International Finance [Financial] Society U DFS/24, p. 2. With respect to the development of the IFS interest in Rupertsland and acquisition of the HBC see, E.E. Rich, *History of the Hudson’s Bay Company* vol. 3, pp. 816-849.

³² Cottrell, “The Role of the International Financial Society,” p. 194.

³³ Rich, *History of the Hudson’s Bay Company* vol. 3, p. 837.

³⁴ By 15 June 1863, the buyout of the HBC had been arranged. Rich, *History of the Hudson’s Bay Company* vol. 3, p. 838.

³⁵ Rich, *History of the Hudson’s Bay Company* vol. 3, p. 838.

financially restructured company rather simply: “The stock of the old Company, worth in the market about £1,100,000, was bought up, and by some process which we are unable to describe, became £2,000,000.”³⁶ The refinancing of the HBC was not a trivial financial event, Cottrell determined that “The size of the transaction dislocated the London money market and led to a heavy demand for discounts at the Bank of England.”³⁷ A speculative interest had been captured by the prospects for railroads and agrarian settlement in a remote region that had been under the fur trade for nearly two centuries.

The broad corporate objectives of IFS did not exclude acquiring an interest in the HBC Territory: “undertaking, assisting, and participating in financial, commercial, and industrial operations, both in England and abroad, and both singly and in connection with other persons, firms, companies and corporations.”³⁸ The directorship of the IFS was comprised of important English and European merchant bankers. Cottrell explained that the IFS “was one of a considerable number of investment banks formed in London during the first half of the 1860s.”³⁹ The IFS began with an acquisition of the HBC, but it went on to finance railways, land companies, foreign banks, and trading companies; indicative of the possibilities of international reach for financializing, the IFS even converted the public debt of Mexico.⁴⁰ Cottrell observed: “So though the refloating of the Hudson’s Bay Company, through the attendant publicity and the magnitude of the operation, assisted greatly in establishing the International Financial Society as an institution in the London capital market.”⁴¹ Significantly, the cost of this refinanced company was a future reference price for the value of the HBC charter interests in Rupertsland and its *de facto* control over the North-Western Territory.

According to Rich, “This arrangement, of course, entailed a profit of half a million pounds on the deal” amounted to an “apparent gift of easy profit, for the International Financial Society.”⁴² Based largely on the IFS business records, Cottrell disputed Rich’s claim about the scope of IFS profit-taking from re-floatation in 1863. He noted that several payments—totally £168,767 had reduced the IFS “profit,” namely: (1) expense of the reissue £25,000; (2) interest on the reissue

³⁶ Canada, *Sessional Papers*, 1869, no. 25, “Report of the Delegates appointed to negotiate for the acquisition of Rupert’s Land and the North-West Territory,” Cartier and MacDougall to Rogers (8 February 1869) p. 19 (hereafter *Delegates’ Report*, *loc. cit.*).

³⁷ Cottrell, “The Role of the International Financial Society,” pp. 195-196.

³⁸ Rich, *History of the Hudson’s Bay Company* vol. 3, p. 836.

³⁹ Cottrell, “The Role of the International Financial Society,” p. 192.

⁴⁰ Rich, *History of the Hudson’s Bay Company* vol. 3, p. 836.; and P.L. Cottrell, *Investment Banking in England, 1856-1881: a case study of the International Financial Society* 2 vols. (London: Routledge, 2012, [original 1985]).

⁴¹ Cottrell, “The Role of the International Financial Society,” p. 197.

⁴² Rich, *History of the Hudson’s Bay Company* vol. 3, p. 839.

£9,800; (3) profit to Watkin and Potter £72,400;⁴³ and (4) participation of the *Crédit Moblier* £51,567.⁴⁴ Accordingly, Cottrell concluded that the surplus for the IFS amounted to £321,233 based on difference between “the cost of buying the ‘old’ stock and its new par value after deducting the costs.”⁴⁵ Moreover, £200,000 of this surplus was paid over to the HBC as capital intended for the telegraph line and road projects required to open up the Fertile Belt. Thus, the sum of £121,233 was not an extraordinary profit, but “a return of 9.3 per cent on the cost of the ‘old’ stock which approximates closely to the 10 per cent which had formed part of its original calculations and is in line with other commissions from share issues undertaken by the Society.”⁴⁶ However, if the distinction between the IFS and the other participants can be set aside, it would seem that payments to Watkin, Potter, and *Crédit Moblier* do reflect the sort of quick gains that characterize the history of successful financialization. Nonetheless, the reissue of HBC stock provided the Company with new capital to meet pending challenges and opportunities.

Ultimately, the new HBC did not cling to its ancient mercantile privileges, Governor Berens conveying that the position was “... not to impede the *speculators in civilization* if we are fairly treated and paid for any sacrifice we may make.”⁴⁷ Rather than the state terminating an obsolete monopoly, the HBC, in keeping with the march of finance capital and investment banking, was simply bought out by forces that would promote the formal and informal Empire by exporting British capital. The IFS’s buy-out of the Hudson’s Bay Company forebode new, but long-lasting and formative, political and economic directions for both Rupertsland and the Dominion of Canada. Colonial Secretary Newcastle, as a steadfast proponent of confederation of the British North American colonies, was aware of these serious implications; when he learned of the IFS takeover, he “evidently believed that a new era was about to open in the north-west, and the wild animals and fur traders [would] retreat before the march of ‘European’ settlers.”⁴⁸ The new stockholders who bought into the IFS-influenced HBC were investing in the future potential of land suitable for colonization and not the revitalization of depreciated trading posts. To illustrate, the prospectus framed the re-issue of HBC stock in a larger political economy, stating:

⁴³ Robert Potter represented the IFS during the buyout negotiations and was latter appointed to the HBC governing committee. Rich, *History of the Hudson’s Bay Company* vol. 3, pp. 836, 838.

⁴⁴ Cottrell, “The Role of the International Financial Society,” p. 196; further, Cottrell explained the profit-arrangement understanding: “Such an agreement was to be transferred to the International who would allow the Watkin group a 20 percent participation in any profits, while the total profit which might accrue to the International was to be limited to a maximum of £500,000.” Cottrell, “The Role of the International Financial Society,” p. 195.

⁴⁵ Cottrell, “The Role of the International Financial Society,” p. 196.

⁴⁶ He also noted that the IFS had a cash flow problem and that it had to sell below par. Cottrell, “The Role of the International Financial Society,” pp. 196-197.

⁴⁷ Rich, *History of the Hudson’s Bay Company* vol. 3, p. 831.

⁴⁸ *Delegates’ Report, loc. cit.*, Cartier and MacDougall to Rogers, (8 February 1869) p. 19.

It has become evident that the time has arrived when those operations must be extended, and the immense resources of the Company's Territory, lying as it does between Canada and British Columbia should be developed in accordance with the industrial spirit of the age, and the rapid advancement which colonization has made in the countries adjacent to the Hudson Bay territories.⁴⁹

The IFS prospectus on the new HBC further argued that the existing fur trade infrastructure would facilitate settlement, stating:

... the southern district will be opened to European colonization, under a liberal and systematic scheme of land settlement. Possessing a staff of factors and officers who are distributed in small centres of civilization over the territory, the company can, without creating new and costly establishments, inaugurate the new policy of colonization, and at the same time dispose of mining grants.⁵⁰

Settlement was imminent. As a result of the IFS takeover, the Company was now under the control of men whose priority was, according to Rich, "to realize the values of the southern parts of Rupert's Land rather than to manage a trade to the north."⁵¹ Nonetheless, in the end, the transitional acquisition of the mercantile HBC by a modern investment bank resulted in neither the expeditious transfer of Rupertsland to Canada nor the immediate displacement of fur trader by settler.

Even with Watkin's leadership, the HBC was not in a position to build a telegraph line or prompt colonization efforts after 1863.⁵² To a large extent a contradiction between the HBC claim to property rights and inability to establish colonial governance stymied the initiative sought by the speculators in civilization. HBC Governor Edmond Head explained during a 1866 shareholder's meeting: "... the obstacles which stand in the way of direct colonization by the Hudson's Bay Company at the present time, always supposing that no government in the Queen's name is previously established in the territory of Rupert's Land."⁵³ The Colonial Office, the Imperial centre was unwilling to authorize and fund a Crown Colony. Head elaborated: "But what if the Secretary of State refuses to establish a Crown Colony in Rupert's Land except on conditions which virtually deprived the

⁴⁹ Archives of Manitoba, Hudson's Bay Company Archives, A.27/1 International Financial Society Prospectus Issue of Stock in The Hudson's Bay Company, 1863, ff. 93d-95 (hereafter HBCA).

⁵⁰ HBCA, A.27/1 Prospectus, 1863, ff. 93d-95.

⁵¹ Rich, *History of the Hudson's Bay Company* p. 848.

⁵² In fact, the following question, by circular, was put to the shareholders in 1866: "Are you in favour of commencing the Colonization of the southern portion of Rupert's Land?" The Governor and Committee were opposed to the proposal. The proposal was defeated overwhelming: 122 shareholders with 5,308 shares (£106,160 stock) voted yes; while 496 voters with 53,942 shares (£1,078,840 stock) voted No. Hudson's Bay Company, *Report of the Governor and Committee of the Hudson's Bay Company To Be laid Before the Shareholders, 5 July 1866*, [With Annual Account Statements and Proceedings], (London: Henry Kent Causton and Son, 1866) Appendix to the Report, p. 13 (hereafter HBC, *Report to shareholders, accounts and proceedings*).

⁵³ HBC, *Report to shareholders, accounts and proceedings* (1866) pp. 18-19.

Company of its land, and therefore cut off at the root the whole plan of colonization.”⁵⁴ A period of difficult negotiations concerning the HBC charter rights followed.

“Between the buyer and seller”: Legislating and Negotiating the Transfer

During the protracted negotiations, the new owners of the HBC wanted to realize a value on “their assets” through colonization, and Canada wanted to annex, without delay, at least the Fertile Belt, without compensation by asserting that the 1670 charter had no validity. The Colonial Office acted as an intermediary, by: (1) not challenging the legitimacy of the Company’s charter rights; (2) refusing to bear any costs of a settlement or political development; and (3) proposing workable solutions to the impasse. Discussions dragged on between 1863 and 1868, but the period between October 1868 and March 1869 was crucial for settling the problem of the Charter.

Although the state-chartered monopolist firms had long fallen out of favour, the HBC successfully pressed its old mercantilist privileged claims. The HBC initially sought: (1) a large cash payment; (2) a substantial grant of land; and (3) royalties from any mineral wealth that might be developed. The new IFS inspired speculative shareholders had expected a return of some five million sterling for Rupertsland. The Company sought an ongoing and sizable stake in land: asking for grants of 6,000 acres around each post, and 5,000 acres out of every 50,000 acres (1/10th) alienated by the government. Just before surrendering its interests in the Hudson’s Bay Company Territory, the HBC had held out for: (1) a large cash payment; (2) ongoing revenues from future development; and (3) protection for its fur trade operations. Eventually, the Canadians accepted principle that their acquisition of the HBC interest in Rupertsland and the North-Western Territory would be accommodated by future revenues from land sales. While the inability to realize immediately a windfall “rent” was of concern to IFS investors, in the long-run, this formula proved to be very profitable and amounted to a unique development to the patterns of business history of mercantilism.

The Imperial government, through the Colonial Office, strongly favored political union of British North America, but with respect to the HBC Territory, the Royal Charter of 1670 had to be respected. In terms of HBC interests, Newcastle only admitted that the Company could expect compensation for its claim to Rupertsland. The westward expansion of Canada had been anticipated in Section 146 of the *British North America Act, 1867*; it provided that an Address from the Canadian Parliament would “admit Rupert’s Land and the North-western Territory, or either

⁵⁴ HBC, *Report to shareholders, accounts and proceedings* (1866) p. 21.

of them, in the Union, on such Terms ... as the Queen thinks fit to approve.”⁵⁵ Not long after the federation of four small British North American colonies, Canada sought in December 1867, Imperial support for the immediate annexation the Hudson’s Bay Company Territory by following up on Section 146 with the Address of 1867, which also avowed that the transfer of the HBC territory “would promote the prosperity of the Canadian people, and induce to the advantage of the whole Empire.”⁵⁶ Furthermore, the Address of 1867 outlined some grand economic objectives of expansion:

That the colonization of the fertile lands of the Saskatchewan, the Assiniboine and the Red River districts; the development of the mineral wealth which abounds in the region of the North-west; and the extension of commercial intercourse through the British possessions in America from the Atlantic to the Pacific, are alike dependent on the establishment of a stable government for the maintenance of law and order in the North-western Territories.⁵⁷

Canadian officials always rejected the validity of the 1670 charter claims and argued from a narrow legal/political perspective that Section 146 and its *Address of 1867* were all that was required to bring about the transfer, after which, any Company’s territorial claims to Rupertsland could be decided by a Canadian court. Understandably, this solution would put HBC interests at risk.

Nevertheless, this ambitious proposition became untenable when the British parliament circumvented the Canadian request by strategically enacting the *Rupert’s Land Act of 1868*.⁵⁸ This statute provided procedures to facilitate the Rupertsland transfer, but it also acknowledged that the Charter of 1670 had “granted or purported to be granted” land and rights to the Company. Upon reaching terms with the HBC, the *Rupert’s Land Act* permitted the surrender of the Company’s charter to the Queen, which then, after an Address from the Canadian Parliament, the Queen would admit Rupertsland into the Dominion. With the *Rupert’s Land Act*, the problem was reduced to arriving at surrender terms acceptable to the HBC. Imperial authorities had forced Canada to negotiate the terms of surrender with the HBC. In this sense, an old mercantile charter survived the political and economic pulses promoting nation-building on the periphery.

⁵⁵ The inclusion of the HBC Territory within a federated British North America had been anticipated; see resolutions 10 and 69 from the Quebec Conference (10 October 1864) and resolutions 11 and 66 from the London Conference (4 December 1866) in Canada, [Maurice Olliver, ed.], *British North America acts and selected statutes: 1867-1962* (Ottawa: R. Duhamel, Queen’s Printer, [1962]) pp. 40, 49, 51 and 60. *British North America Act, 1867*, Section 146, printed in Oliver, *Canadian North-West*, p. 871.

⁵⁶ “Address to Her Majesty the Queen from the Senate and House of Commons of the Dominion of Canada,” 16 and 17 December 1867, printed in Oliver, *Canadian North-West*, p. 945 (Hereafter *Address of 1867*).

⁵⁷ *Address of 1867*, p. 945.

⁵⁸ *Rupert’s Land Act, 1868*, 31-32 Victoria, UK, Chapter 105, printed in Oliver, *Canadian North-West*, p. 937.

Between 1 October 1868, when Canadian cabinet ministers George E. Cartier and William MacDougall were delegated to represent Canada at the negotiations held in London, and until the end of March 1869 intricate, three-party negotiations occurred.⁵⁹ Colonial undersecretary Sir Frederick Rogers bluntly summarized the process: “It is of course obvious that this negotiation for the purchase of the Hudson’s Bay Company Territory is really *between the seller and buyer*, the Company and the Colony [Canada] ...”⁶⁰ What may have appeared as merely political control of a territory became realizable property rights. In the end, one of the largest real estate deals in history was concluded (see Map 1); indeed, the Company regarded its title to Rupertsland to be the equivalent to fee simple title.

A lengthy letter from Cartier and MacDougall to Undersecretary Rogers in early February 1869 articulated the established position. They asserted that the charter did not cover the Fertile Belt and that the charter itself was not valid. But Cartier and MacDougall left it for the Colonial Office to determine “whether this Company is entitled to demand any payment whatever, for surrendering to the Crown that which already belongs to it.”⁶¹ The Canadians suggested that the Company’s claim amounted to a mere “nuisance suit,” and the HBC occupation of Rupertsland jeopardized the sovereign rights of the Crown and obstructed Imperial and Colonial policy. For Canada, the principle of compensating the Company through future revenues was also unacceptable, but eventually, some compensation was justified against the expense of going to court. Cartier and MacDougall provided calculations which appraised the HBC territorial claims at only £106,431.⁶² Once again, the Canadians asked that the *Address of 1867* be acted upon.

All three parties were very far apart: the Canadian delegates offered a fixed and final payment of £100,000; the Company and the Colonial Office were considering various forms of ongoing compensation, but the Company shareholders expected a large upfront cash payment. The Imperial Centre was unwilling to expend anything on securing the territory or developing a Crown Colony. Finally, Colonial Secretary Lord Granville proposed a series of terms to the HBC and the Canadian delegates on an accept or reject basis. His most essential terms were: (1) the HBC surrender its rights to Rupertsland and other areas of British North America as directed by the *Rupert’s Land Act*; (2) Canada pays the Company £300,000 once Rupertsland had been transferred to the Dominion; (3) the Company selects blocks of land around

⁵⁹ Their appointment was made by Order in Council; see, Library and Archives Canada, Record Group 2, Public Records of the Privy Council, vol. 26, Privy Council Order 1868-0861 (10 October 1868), [hereafter LAC, RG2]. A detailed account of the fluid and intricate nature of the convoluted process that produced to, the agreement that laid the basis for the Imperial Order of 23 June 1870 can be found in Longley, “Cartier and McDougall,” pp. 25-41.

⁶⁰ HBCA, A.13/16/2, Rogers to Northcote, (7 February 1869), fo. W [emphasis added].

⁶¹ *Delegates’ Report, loc. cit.*, Cartier and MacDougall to Rogers (8 February 1869) p. 23.

⁶² The Canadian delegates had deducted the 1863 assets from the buyout price of £1.5 million.

posts, up to 50,000 acres; (4) the Company selects, within 50 years, 1/20th of the lands set out for settlement in the area defined as the Fertile Belt; (5) all locale titles to land conferred by the Company before 8 March 1869 to be confirmed; and (6) the Company would be free to carry on the trade without exceptional taxation.⁶³ If either the HBC or Canada rejected his proposal, Granville threatened to have the Judicial Committee of the Privy Council examine the rights of the Crown and the Company.⁶⁴ At this point, the Colonial Office pulled out of the negotiations; the two parties reached an agreement by specifying detailed terms in memoranda of 22 and 29 March 1869. On 17 March 1869, before the memorandum between the Canadians and the Company, *The Times* summarized the gist of Lord Granville's terms, but also strongly advised the HBC: "It is to be hoped the shareholders will accept these terms, which are probably much more favourable than any that will ever again be proposed should these now be rejected."⁶⁵ Following the basic agreement, the Memorandum of March 22 provided that the HBC would retain its posts in the North-Western Territory, made a number of provisions for the Company's land around its posts, allowed the Company to defer selected land in townships, established a charge for surveying company land, and held the Canadian government responsible for Indian claims.⁶⁶

Thus, by the end of March, a fairly complete deal had been arranged by all the parties responsible for negotiating the terms. Shortly after reaching these terms, on 9 April 1869, the owners of the HBC resolved: "to surrender to Her Majesty's Government all this Company's Territorial rights in Rupert's Land, and in any other part of British North America not comprised in Rupert's Land, Canada or British Columbia."⁶⁷ On 20 May 1869, the Company's solicitors prepared a Deed of Surrender, which was not executed by the HBC until 19 November 1869. After several drafts, Canadians complete acceptance of the transfer arrangements was indicated by resolutions in Parliament and an Address to the Queen on 29 and 31 May 1869.⁶⁸ The *Rupertsland Order* stipulated a list of terms and conditions based on: the provisions laid out by Granville on 8 March and agreements made in the Memoranda of 22 and 29 March 1869. Arrangements for a loan of £300,000 to the Canadian government were not expeditious, but more importantly, an insurrection and creation of provisional government at the Red River Settlement delayed the

⁶³ *Rupertsland Order*, 1870.

⁶⁴ Apparently, the Canadian delegates had indicated to Granville that they would return to Canada. Granville convinced them to stay and first checked the terms with the Canadian delegates before going to the Company. Longley, "Cartier and McDougall," pp. 38-39.

⁶⁵ *The Times* (17 March 1869), p. 12, col. c.

⁶⁶ On the Indian claims, see Tough, "Aboriginal Rights Versus The Deed of Surrender."

⁶⁷ HBCA, A.13/16/4, Rogers to Northcote (10 April 1869) fo. 207.

⁶⁸ LAC, RG2 PCO 1969-1503A, Colonial Secretary No. 109 (12 June 1869) Draft of proposed Deed of Surrender of the Hudson's Bay Company Territory; and RG2, PCO 1969-1672A, Colonial Secretary No. 153 (11 August 1869), altered Deed of Surrender of Hudson's Bay Company Territory to bill for raising loan of £300,000.

plans of Imperial centre, Ottawa, and the Hudson's Bay Company.⁶⁹ The *Rupertsland Order* was not promulgated until 23 June 1870.

Fundamentally, the HBC had succeeded at securing a large estate, whose value was difficult to appraise or predict, given the absence of a land market and because labour had not been invested in the development of the agrarian or industrial potential of land. Nonetheless, the £300,000 cash payment did not meet the expectations of the speculative investors, but the settlement actually represented a pragmatic mix of short-term and potential long-term returns.⁷⁰ In April 1869, Rogers wrote Northcote conveying Granville's sentiment "that the transfer which Her Majesty will then be authorized to effect will prove a source of increasing prosperity both to the inhabitants of that Dominion and to the proprietors of the Hudson's Bay Company."⁷¹ Certainty, the unique business history of the HBC demonstrates survival and prosperity.

"the said Company is entitled": Some Practical Issues with the Crown Grant to Fee Simple Property

While the HBC and Canadians had agreed about the basic size of the Company estate (i.e., capital grant) that would remain following its surrender of charter rights (1/20th of the Fertile Belt, as well as, lands around posts), the operationalization of this entitlement on the ground after 1870 for a region that was barely explored and unsurveyed was an intricate and ongoing matter. Section 17 of The first *Dominion Lands Act, 1872* acknowledged the Deed of Surrender and "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.'"⁷² Without surveyed lands, the basis for the legal description of a parcel of land could not exist, title could not therefore be granted, and without legal title, lands could not be conveyed to buyers. Notwithstanding a lengthy Imperial Order in Council produced after years of toing and froing,⁷³ many details had to be sorted out and periodic negotiations between the Company and the Department of the Interior went on for decades. A final resolution to the land quantum did not occur until 1924!⁷⁴ It is

⁶⁹ A.S. Morton explained to this development as "fatal absent-mindedness on the part of statesmen expecting to rule the colony. It delayed the transfer for wellnigh seven months." Morton, *History of the Canadian West*, p.852.

⁷⁰ On the reaction to the agreement on the surrender of the company's charter rights and the company's post-1870 business plans, see Arthur J. Ray, *The Canadian Fur Trade in the Industrial Age* (Toronto: University of Toronto Press, 1990).

⁷¹ HBCA, A.13/16/4, Rogers to Northcote (17 April 1869) fo. 292.

⁷² *Dominion Lands Act, 1872*, Statutes of Canada, Chapter 23, section 17.

⁷³ Terms 2-6 relate to the HBC post-charter land interests; *Rupertsland Order*.

⁷⁴ See "Agreement between His Majesty the King, represented by The Honourable The Minister of the Interior and Superintendent General of Indian Affairs and The Governor and Company of Adventures of England Trading into the Hudson's Bay," (23 December 1924) *Charters Statutes, Orders in Council, Etc. Relating to the Hudson's Bay Company* (London: Hudson's Bay Company, 1863) pp. 235-240. A good summary of the details of the challenges of fulfilling Terms 5 and 6 of the Imperial Order in Council (23 June 1870) was provided during the Alberta Natural Resources Commission, 1934. LAC, RG33/51, vol. 7, Exhibit 156D, Memorandum: Brief Summary of the Canadian

important to note that the HBC estate took two distinct forms, land around the posts up to 50,000 acres and the 1/20th of the surveyed townships. Understandably, land around the posts was to ensure the HBC system of posts and the continuation of the fur trade, but, the acreage for northern posts was very small, while posts in the fertile parklands were huge. An upper limit of 3,000 acres for posts in the Fertile Belt was agreed to. Thus, the selection of the size of HBC post lands was not based especially on the needs of the fur trade, but an anticipation of future demand for urban and agricultural land.⁷⁵ In the Parklands, the HBC post system influenced urban settlement patterns (e.g., Winnipeg, Edmonton). In fact, the HBC Land Department bookkeeping distinguished between town lots and farming lands. The allocation of land towards two distinct markets (rural and urban) proved to be extremely viable. To illustrate, for the year ending 13 March 1913, Edmonton town lots generated £372,785 10s 7d in cash sales.⁷⁶

Once the Canadian government had approved a specific township survey system,⁷⁷ the Company agreed to a practical and systematic allocation of its 1/20th within the township template, but it gave up the capacity to select from lands that had been surveyed. In most surveyed townships it would receive one and ¾ sections (1,120 acres) from a township of 36 square miles (1 square mile = 1 section), but in every fifth township, two sections (i.e., 1,240 acres) were allocated to the Company. In terms of land quality, the systematic allocation of Township sections 8 and 26 to the HBC meant that land quality was a structure random outcome.⁷⁸ Still in certain situations, the achievement of the 1/20th formulae was not without challenges. The Dominion Lands survey system also configured fractional townships that did not include the specific sections designated for the HBC.⁷⁹ Other allocations of large tracks of land by the Department of the Interior within the Fertile Belt had the potential of reducing the total quantity of land from which the HBC was entitled. To illustrate, lands set aside as Indian reserves, Dominion Parks, and Forest Reserves, as well as, Military Reserves and Soldier Settlement Lands, amounted to significant portions of the Fertile Belt. Lands within these special purpose tenure blocks could not also include the HBC sections. On specific losses of HBC allocation, the Interior Department agreed to the allocation of equivalent lands elsewhere.⁸⁰ For

Government's allotment of Lands, within the Fertile Belt, under the Deed of Surrender dated 1869 and subsequent Dominion Government Legislation with special reference to the Province of Alberta (15 October 1934).

⁷⁵ In the HBC Saskatchewan District the following posts were each allocated 3,000 acres: Edmonton House, Fort Victoria, St. Paul, Fort Pitt, Battle River, Carlton House, and Fort Albert.

⁷⁶ Given how the HBC structured payment, cash sales are not equal to the value of revenues from land. HBC, *Report to shareholders, accounts and proceedings* (1913) Land Department Account (13 March 1913).

⁷⁷ *Dominion Lands Act*, Statutes of Canada 1872, chapter 23, sections 3-16.

⁷⁸ The statutory provisions for HBC are found here, *Dominion Lands Act*, SC, 1872, c.23, s.17-s.21.

⁷⁹ The surveyed baselines setup for this system did not always include a full township, or sometimes sections fell within large lakes.

⁸⁰ For specifics, see LAC, RG33/51, vol. 7, Exhibit 156D Memorandum: (15 October 1934), pp. 8-11. The exchange of lands located in an Indian reserve could also result in acquiring better quality lands. Hartwell Bowsfield, ed., *The*

example, the Dominion government remitted to the HBC a share of timber revenues.⁸¹

And while the *Rupertsland Order* defined the Fertile Belt (Term 6), the segment of this boundary referring to “the Rocky Mountains” was open to interpretation. To maximize the size of the Fertile Belt, thereby increasing the total 1/20th acreage, the Company asserted that the boundary was the height of land, whereas, a senior official in the Department of the Interior held that the western boundary of the Fertile Belt was the foothills and not the summit. Since surveying an ambiguous foothills boundary was a large expense, the Interior department agreed to the height of land boundary.⁸² This height of land boundary increased the Fertile Belt by an estimated 159,105,071 acres (i.e., 7,955,253 acres for HBC).

Moreover, the possibility of selecting lands within the 50-year cut-off period, as provided for in the *Rupertsland Order*, proved impossible. Even by 1884, the HBC had legal title to only 1.65 million acres.⁸³ The HBC could not receive patents (title) for its Dominion Lands until the subdivided township survey had been completed. When the 50 year period ran out (1920), a sizable amount of the Fertile Belt remained unsurveyed, and therefore untitled to the HBC.⁸⁴ In 1924, in respect to the 1/20th of the Fertile Belt, the HBC and Interior Department agreed to a final settlement of 6,639,059 acres and this agreement was implemented by an Order in Council.⁸⁵ The *Rupertsland Order* provided the HBC with a constitutionally protected estate distributed across the Fertile Belt, as well as, land around established posts; however, the process of converting this peculiar form of capital into a manageable asset required much attention to detail. The manner in which the estate was prepared as a marketable asset is relevant for understanding how the HBC sold off its capital in the form of land. As lands became surveyed and patents issued, the effective size of the HBC estate as capital increased and shareholders were appraised of its development.

Letters of Charles John Brydges, 1883-1889, Hudson's Bay Company Land Commissioner (Winnipeg: Hudson's Bay Record Society, 1981) C.J. Brydges to HBC Secretary William Armit (19 July 1886) pp. 235-236. (Hereafter *HBC Land Commissioner Letters: 1883-1889*).

⁸⁰ The HBC received £1,127/1s/1d for 1.20th of the revenue derived from timber lands in the unsurveyed Fertile Belt to 31 December 1882. HBC, *Report to shareholders, accounts and proceedings* (1884) Land Department Account Statement (1 March 1883 to 29 February 1884).

⁸² Moreover, the height of land boundary was supported by legal and political reasoning. LAC, RG2, Privy Council Order 1896-1667, Hudson [Hudson's] Bay Co. to be informed that the summit or watershed of the Rocky Mtns. [Mountains] will be accepted as boundary of the Fertile Belt - Min. Int. [Minister of the Interior], (7 April 1896).

⁸³ *HBC Land Commissioner Letters: 1883-1889*, Brydges to Armit, (21 April 1884), p. 126.

⁸⁴ LAC, RG33/51, vol. 7, Exhibit 156D Memorandum: (15 October 1934), p. 4.

⁸⁵ The HBC had calculated that it was owed 7,080,695 acres, while the Interior Department thought 6,449,215 acres. LAC, RG33/51, vol. 7 Exhibit 156D, Memorandum (1934) p. 5.

“a great inheritance” Some Observations on HBC Land Sales 1872-1931

Some of the English speculators that bought into the HBC through the maneuverings of IFS in the 1860s were frustrated by the delay in political and legal conditions for the settlement of the “Fertile Belt” and by an absence of any prospects for settlement.⁸⁶ The 1866 *Annual Report to the Shareholders* acknowledged: “We have been charged with losing sight of the promise made in the prospectus, which undoubtedly stated that the southern portion of the territory would be thrown open for settlement.”⁸⁷ The lack of any interest by Imperial officials to create Crown colony governance in any part of the HBC Territory meant that the institutional conditions for orderly agrarian colonization did not exist. As Governor Edmund Head explained to the proprietors, the Company was unwilling to assume governance “with no prospect of immediate profit.”⁸⁸ After being appraised of the challenges, the shareholders voted overwhelming against “commencing the Colonization of the southern part of Rupert’s Land.”⁸⁹ Not until the implementation of the *Rupertsland Order*, was the responsibility for governance established. Without a railroad, the Canadian shield was a formidable barrier for migration to western Canada. The Canadian Pacific Railway (CPR) did not fully link this region until 1885. Moreover, the long depression (ca. 1873-1897) ensured that there would be no rapid transformation of the prairie west. Settlement patterns were very much controlled by railroad construction.⁹⁰ Without civil institutions (e.g., surveyed land, system of registering titles), efficient transport, as well as, the means to export a marketable commodity, rapid immigration would not occur. Thus, the conditions did not exist for a quick return on the investments made during the refloating of the HBC stock in 1863.

It should be appreciated that when the HBC acquired its legally protected estate in 1870, a land market had yet to be borne in the old fur country. The HBC Land Department was organized in the early part of 1872 and was under the direction of Donald A. Smith (Lord Strathcona). Between 1 July 1872 and 1 June 1879, all but \$1,000 of the \$100,000 in sales were for town lots in Winnipeg.⁹¹ Return were generated; in the first two decades (ca. 1872-1894), the Company’s land sales totaled £641,722, not an insignificant amount, but it would have been noticeable short of the five million pounds expected by the speculators from the financialized

⁸⁶ See, Galbraith, “The Hudson’s Bay Land Controversy.”

⁸⁷ HBC, *Report to shareholders, accounts and proceedings* (1866) p. 14.

⁸⁸ HBC, *Report to shareholders, accounts and proceedings* (1866) p. 17.

⁸⁹ The tally on the proposal to colonization vote was: Yes 122 voters with 5,308 shares £106,160 stock; No 496 voters with 53942 share £1,078,840 stock. HBC, *Report to shareholders, accounts and proceedings* (1866) Appendix to the Report, p. 13.

⁹⁰ Brydges only attempted to sell land within ten miles of the rail line. *HBC Land Commissioner Letters: 1883-1889*, Brydges to Armit (12 February 1883) p. 7.

⁹¹ *HBC Land Commissioner Letters: 1883-1889*, Brydges to Governor Eden Colvile (14 December 1883) p. 96.

charter or the two million pound share value of the HBC, but still, twice the value of the £300,000 payment made by Canada.⁹²

The Red River Settlement was the most densely populated portion of Rupertsland, the metropolis of fur trade society, and from this fur trade place, the City of Winnipeg later developed. The early HBC sales were stronger for town lots than for its farm lands. **Table 1** indicates the activities in the first decade of the Land Department. The bookkeeping for the Land Department captured installments made towards the purchase price and interest paid on unpaid installments. Arrears occurred and sometimes the HBC resumed titles. Notwithstanding the slow pace of settlement, the HBC was able to generate some cash on the sale of town lots in Winnipeg. A market for land, which had not existed previously, developed. Prior to the take off an “urban” land market in Winnipeg in the early 1880s, installments in arrears only amounted to 4.36 percent of the purchase price of the lots (**Table 1**). Speculation in the Winnipeg land market in the early 1880s generated a pronounced bubble: in December of 1880, 25 lots sold for \$17,550 or an average price of \$702/lot.⁹³ At the high point in its sales during this speculative period, the HBC sold 43 lots for \$368,800 (\$8,576.74/lot) in February 1882.⁹⁴ The bubble in the early 1880s created collection problems for the land department.⁹⁵ The accounting records of the Land Department came to reflect changes in the complexity of buying and selling land, and indirectly, to the society that took shape with an occupancy by a new population. It does however, demonstrate that the small amount of land around posts (50,000 acres) secured by the Deed of Surrender, provided very important source of revenue in the years before the immigration boom (ca. 1900-1913).

The large grant of lands in the Fertile Belt provided the Company with nearly 90 years of sales; the HBC accounts recorded land sales until 1961 when it's the bookkeeping records suggest that this estate had finally been consumed.⁹⁶ Based on Department of Interior data, **Figure 1** depicts the value of sales for the period 1894 to 1930. Annual sales are clearly cyclical and influenced by external events such as the banking crises of 1907 and World War 1. The HBC devised a system for selling land that took account of the challenges presented by the evolving nature of land market, the absence of financial institutions, the availability of “free” homestead lands from the Dominion government, as well as, the private sales of other large land

⁹² HBC, *Reports to shareholders, accounts and proceedings* (1873-1894), Land Account Statements (1874-1894).

⁹³ Lots varied from 6 to 7.25 lots to an acre. HBC, *Report to shareholders, accounts and proceedings* (1881), Town Lots Sales Statement (31 May 1881).

⁹⁴ HBC, *Report to shareholders, accounts and proceedings* (1882) Town Lot Sales Statement (31 May 1882).

⁹⁵ For example, it was difficult to collect arrears from some Winnipeg lands speculators in the early 1880s because they were provincial politicians (half of the members of the legislature, minister and speakers). *HBC Land Commissioner Letters: 1883-1889*, Brydges to Armit (15 May 1885) p. 182.

⁹⁶ HBCA, H.221/6/4, Land Department Accounts, 1956-1961.

holders (railway companies). Essential components of the historical HBC sales policies were to: (1) finance the purchaser; (2) sell at a higher price than other corporate holders of large land grants; and (3) take a long-view of the grant as valuable, but a diminishing capital base. A market for land does develop in accessible portions of the Fertile Belt. **Figures 2 and 3** track price data before and during the onset of the so-called “Wheat Boom.” HBC prices are stable until 1905, and then a rapid increase doubles the price of land; between May 1905 and September 1906 the average price has increased from \$5.81 to \$12.21 an acre. The evolution of a land market is further indicated by annual variability in high and low prices (**Figure 3**).

Hudson’s Bay Company Land Commissioner Charles John Brydges successfully managed a system based on a fractional down payment on the principle and then annual installments with interest.⁹⁷ Plainly, very few settlers could pay for land with a single payment at the time of sale. The HBC in this era was both vendor and financier of its lands sales. Galbraith explained: “The terms of sale for farm lands were a down payment of one-eighth of the purchase price, with the remainder in seven annual installments of 7 per cent interest ...”⁹⁸ Seven percent was not a low interest rate. Under this arrangement, revenue for the HBC had to be greater than the mere price of its land. Consequently, the accounts had to reflect principal payments, interest on principal, but also cancelled sales and outstanding payments. When necessary, quit claims deeds were used to terminate delinquent settler interest in a plot of land. With interest payments spread out over several years, the HBC Land Department revenue tend to fluctuate less than land sales.

The HBC sold farm lands at a higher price than other holders of large reserves of land intended for private sale. In 1886, Brydges reported increased interest in lands: “I am not selling farm lands for less than \$5 an acre. The C.P.R. the North West Land Co., & the M.N.W.R. Co are offering their lands for less. ... average sales are about \$3 an acre. I do not think it would be wise to reduce our prices.”⁹⁹ Generally, the HBC and CPR kept each other informed about prices.¹⁰⁰ Between 1894 and 1930, the average price per acre for railway company lands was \$9.60 while for HBC lands it was \$11.44 per acre.¹⁰¹ A comparison of the annual fluctuations of

⁹⁷ For Winnipeg and town lots 1/5th down with the balance paid in 4 equal annual installments at 7 percent; and for farm lands 1/8th down and balance in 7 annual installments at 7 percent; in fact, several different payment systems are indicated at different times, see *HBC Land Commissioner Letters: 1883-1889*, Brydges to Armit (19 June 1883) pp. 234, 281; Brydges to Armit, (2 April 1883) p. 18; and Brydges to Armit, (16 October 1883) p. 83.

⁹⁸ Galbraith claims that the sale also required the “required to erect fences and buildings.” John S. Galbraith, “Land Policies of The Hudson’s Bay Company, 1870-1913,” *Canadian Historical Review* vol. 32, no. 1 (1951) p. 7.

⁹⁹ *HBC Land Commissioner Letters: 1883-1889*, Brydges to Armit (27 May 1886) p. 227.

¹⁰⁰ This price information sharing was the practice was confirmed when Brydges was surprised to learn that North West Land Company “... without any communication with us put its price to practically \$5.00 an acre.” *HBC Land Commissioner Letters: 1883-1889*, Brydges to Armit, (23 May 1883) p. 43.

¹⁰¹ The relative price differential was more marked in the pre-World War 1 boom.

sales (**Figure 1**) with prices (**Figures 2 and 3**) infers that HBC did not drop its prices when the demand for land declined. Between 1899 and 1904, prices fluctuate but do not trend toward increases or decreases, and HBC prices seems to lag behind the rapid increase in immigration after 1900.

With nearly half of the surveyed townships of the Fertile Belt available as a “free” homestead grants from the Department of the Interior and other large land owners selling at prices above the Company’s price, it might appear that the HBC was behaving irrationally. Brydges explained the success at marketing HBC lands:

The great advantage which we had, and shall have again, was that our terms were so simple—have no conditions as to settlement or otherwise—and were free from any appearance even of confining the purchaser to leasehold interest. From that policy we got from \$1 to \$4 an acre more than anyone else could sell for, and it has resulted in collecting so much money, that we have been enabled to make larger returns of capital to our shareholders, and for it, have not given up title to any considerable part of our property, except in Winnipeg.¹⁰²

It would seem along with the simplification of transaction costs and with a more complete title for the purchaser, the HBC had specific locational advantages. For many, but not every settler, free homesteads were the only feasible means to acquired 160 acres of land; Brydges explained: “Our sales are mainly to people who are already settled in the country who want our lands, either for themselves, or for friends who are coming to join them.”¹⁰³ The purchase of a HBC ¼ section would have doubled the size of the farm that began with a homestead. Interest in purchasing HBC quarter sections would increase as the adjacent lands available for homesteads were taken up. Through experience, HBC was also interested in selling to bona fide settlers and not speculators. With the undeveloped nature of agrarian exports, speculation in farm land could result in defaulting on instalment payments.¹⁰⁴ Additionally, maintaining higher prices with less sales activity would ensure that the capital base was not expended in the short run.

Notwithstanding the pressure in the 1860s to cash in on the charter, it is evident that the Land Department sales may have lagged behind potential demand and that a long-term view shaped the manner in which HBC lands were sold. According to Galbraith, the HBC land policies were strongly influence by Governor Donald A. Smith (Lord Strathcona) and his concern “was to maintain as large a proportion of land as possible for sale in a period of prosperity.”¹⁰⁵ However, Rae asserted: “Yet

¹⁰² In contrast, homestead lands were “free” but only once the settler had improved the land by investing labour, a patent would be issued. *HBC Land Commissioner Letters: 1883-1889*, Brydges to Armit (18 September 1885), p. 196.

¹⁰³ *HBC Land Commissioner Letters: 1883-1889*, Brydges to Armit, (24 June 1886), p. 232.

¹⁰⁴ J.E. Rae, “Introduction,” *HBC Land Commissioner Letters: 1883-1889*. p. xxxii.

¹⁰⁵ Galbraith, “Land Policies,” p. 15.

there was a consistency throughout Brydges' tenure as Land Commissioner, a careful husbanding of the Company's estate was preferable to squandering the lands for short term gains."¹⁰⁶ And this approach allowed the land commissioner to put the post-1870 estate in perspective: "The Company possesses an enormous advantage in having acquired its property without the payment of any money, and has therefore no interest to pay whatever to pay."¹⁰⁷ Consequently, the HBC could finance those that purchased its lands without having to borrow itself. At the 1909 meeting of the shareholders, Governor Strathcona advised: "... what I have said on former occasions—that our assets in the land in the North-West are, I consider *a great inheritance*, and that you may look forward year by year to a handsome return from them."¹⁰⁸ On 31 March 1908, the Company still possessed title to 3,589,725 acres.¹⁰⁹ Galbraith discerned the Company's view "The land to the Hudson's Bay Company represented capital, the final payment for the surrender of their rights in 1869, and the land once sold provided no future income. The economic interests of the Hudson's Bay Company, therefore, dictated that land be held until the most profitable bargain could be struck ..."¹¹⁰ The HBC did not rush to sell land, it held lands in reserve and because its estate did not bear any actual interest costs, it did not have to sell during periods with low demand.

The sale prices of HBC lands and the actual revenue from the activities of the HBC land department are distinct representations of the value of land in the Fertile Belt. The gross value of land sales is a significant indicator of commercialization, but it should not be conflated with notions of profit. In terms of conceptualizing the return on capital from the HBC's 1870 estate, costs incurred in selling land and operating a land department need to be tabulated. The reported expenses of operating the HBC Land Department (1873-1931) and selling of land are indicated by **Figure 4**. The HBC bookkeeping tracked a variety of costs as associated with selling its lands: salaries and commissions, surveying and land inspection, advertising, rent, office costs, etc., and legal expense, and taxes.¹¹¹ With growth in sales activity, expenses

¹⁰⁶ Rae, "Introduction," *HBC Land Commissioner Letters: 1883-1889*. p. lxxviii.

¹⁰⁷ *HBC Land Commissioner Letters: 1883-1889*, Brydges to Armit (16 October 1883) p. 85.

¹⁰⁸ HBC, *Report to shareholders, accounts and proceedings* (1909) p. 10 [emphasis added].

¹⁰⁹ HBC, Shareholders report, 1909, p. 8. HBC, *Report to shareholders, accounts and proceedings*, (1909) p. 8. Between 1894 and 1930, it had disposed of a large portion of its estate, some 4,950,621 acres (2,003,488.8 hectares) of the entire 1670 charter-based grant. Canada, *Annual Report for the Department of the Interior*, 1930 (Ottawa: F.A. Acland, 1931) p. 26 (hereafter *Interior Annual Report*, 1930).

¹¹⁰ Galbraith, "Land Policies," pp. 5-6.

¹¹¹ While the categories changed over time, in Figure 4 Operating and Other Expenses for the Land Department includes: surveying and inspections of land, payments for Dominion government surveying, salaries for Land Commissioner and clerks, travelling, office expenses and commissions on sales; office rent and new offices, repairs to buildings and improvements, auction expenses, advertising and some London Office charges, as well as, sundry and miscellaneous. Towards the end of this period, the cost of collecting interest on installments and rents was identified. On several occasions, the cost of seed grain loans or grading streets in Edmonton were posted to the Land Department expenses but these expenditures were not included in the operating and other costs in Figure 3. See, HBC, *Reports to shareholders, accounts and proceedings* (1875-1931) Land Department Account Statements, 1872-1931.

increased over time and. Legal expenses were unavoidable when dealing with accounts in arrears and having to go to court to secure title.¹¹² For the period 1873-1931, the largest expenditure was local taxes, amounting to £4,562,563 or 80.5 percent of the total (£5,669,619).¹¹³ In Brydges' justification of department expenditures, taxes and legal expenses were not classified as controllable.¹¹⁴

The long-term occupancy of the prairie grasslands and parklands (Fertile Belt) required the creation of a civil infrastructure when little had previously existed. Municipal governments and public goods (e.g., a school system) required funding and land taxation that followed with surveying of townships into subdivisions and the ownership of property. However, taxation did not necessarily result in good institutional development, as HBC Land Commissioner Brydges explained to HBC Secretary Armit: "The truth appears to be that the Government has created, through these municipalities, a small army of officials throughout the country, who are used as political agents, and that they are afraid now to interfere with the power which they have created."¹¹⁵ Such a development reflected the need to create colonial structures for an incoming population. Moreover, the payment of taxes increased the Land Department's transaction costs because larger staff commitments were required. Brydges reported: "The tax question beside being serious one, in a money point of view, is involving a great amount of labor, and clerks work in the office."¹¹⁶ With respect to property already sold and in default of annual payments, tax arrears also presented additional challenges. The land commissioner explained: "The arrears are very troublesome and very great care has to be taken, as the officers of the majority of the municipalities, are *very miserable accountants*."¹¹⁷ The direct costs of taxes were significant, but also, indirect costs were acquired.

The Land Department's bookkeeping allows for the grouping of four main categories of revenue: (1) cash received for farming lands; (2) cash received for town lots; (3) interest received on unpaid installments and rents; and later (4) miscellaneous land revenues and sundries. **Figure 5** displays these revenue streams for the period 1873 to 1931. The early 1880s Winnipeg bubble is evident. The upward trend in revenue corresponds generally with the settlement trajectory of the prairie west; however, revenues also increased after the World War 1. Most town lots derived from the allocation of 50,000 acres for posts, however, a

¹¹² The adoption of the Torrens system added to the HBC legal expenses, *HBC Land Commissioner Letters: 1883-1889*, Brydges to Armit (17 February 1887) p. 252.

¹¹³ HBC, *Reports to shareholders, accounts and proceedings* (1873-1931) Land Department Account Statements, 1872-1931. In Canadian dollars between 1891 and 1931, the holding of HBC lands had cost \$20,072,110 in taxes. HBCA, A.12/77/1a and 1b; and RG1/1/12.

¹¹⁴ *HBC Land Commissioner Letters: 1883-1889*, Brydges to Armit, (12 October 1886) p. 241.

¹¹⁵ *HBC Land Commissioner Letters: 1883-1889*, Brydges to Armit, (18 April 1885) p. 177.

¹¹⁶ *HBC Land Commissioner Letters: 1883-1889*, Brydges to Armit, (8 November 1884) p. 147.

¹¹⁷ *HBC Land Commissioner Letters: 1883-1889*, Brydges to Armit (1 December 1884) p. 151 [emphasis added].

significant demand for town lots in Edmonton resulted in some spectacular sales in 1913-1914 (see **Figure 5**). While the land around the posts only amounted to 0.07 percent of the HBC's total, these lands accounted for 19.3 percent of the total value of land sales.¹¹⁸ An increase in sale of farm lands after 1903, is matched by very significant revenues in the form of interest payments, thereby demonstrating the success of allowing the purchaser to borrow from the HBC and to pay by annual installments with interest. Periodic downturn in sales activity are largely expected (1907, 1914, 1930).

As a reflection of the approach that the 1870 compensation amounted to an estate in capital, shareholders not only received dividends from the Company's operations, but also the Land Department revenues were paid to shareholders as capital. Even in the early years these repayments of investment were significant; Brydges explained: "By the policy which has been pursued since 1879, £300,000 has been paid back to the shareholders, from the proceeds of the sales of land and there is now £50,000 on hand available for the same purpose."¹¹⁹

Conclusion

Both the exact size of 1/20th of the Fertile Belt and the future values of this estate were likely imprecise appraisals by those in participating in the London negotiations in March of 1869, but the quantity and value of the lands secured to the HBC as compensation for the surrender of its charter rights were not insignificant developments in Canadian economic history. In 1930, the Department of Interior reported that some 7,031,257 acres had been granted to the HBC, but as of 31 May 1931, the HBC still held title to 2,381,364 acres.¹²⁰ In other words, after six decades, 33.9 percent of HBC grant still remained. Even though much remained for the HBC to sell, during the period 1873-1931, the Land Department generated £13,238,754 in revenues with expenditures of £5,669,619 thereby generating a surplus of £7,569,135.¹²¹ In assessing the performance of the HBC Land Department in the early years, Rae commented that "It was virtually all profit."¹²² However, the largest single expense were taxes (£4,562,563), which reduced the size of the surplus made by selling land and financing purchasers. Although the HBC's large tax bill cannot be forgotten as an expense against the HBC's profits, but must also appreciated as (1) the retention of some value for Canada; and significantly to

¹¹⁸ HBC, *Reports to shareholders, accounts and proceedings* (1875-1931) Land Department Account Statements, 1872-1931.

¹¹⁹ HBC *Land Commissioner Letters: 1883-1889*, Brydges to Colville (14 December 1883) p. 100.

¹²⁰ For the provinces of Manitoba, Saskatchewan and Alberta 201,173,161 acres has been surveyed. The grants to the HBC estate amounted to 3.5 percent of the total surveyed area. (hereafter *Interior Annual Report, 1930*) p. 26. This portion of the estate took 30 years to sell, see, HBCA, H2/221/6/4 Land Department Accounts (31 January 1961).

¹²¹ HBC, *Reports to shareholders, accounts and proceedings* (1875-1931) Land Department Account Statements, 1872-1931.

¹²² Rae, "Introduction," *HBC Land Commissioner Letters: 1883-1889*. p. xxxv.

some degree (2) a transfer of potential value from the Indigenous people of the region to an emerging settler society. The profits flowed to London: Between 1905 and 1922, the Company's dividend rate ranged from 20 to 50 percent; these large dividends, a rentier income, were supported in good part by land sales.¹²³

Ultimately, HBC land sales surpluses were greater than the £1,000,000 that the Colonial Office had agreed in 1869 as the value of the Company's claim to Rupertsland, and still, a far cry from the £2,000,000 invested in 1863. Without doing any tedious calculations, Galbraith summarized correctly that "None in 1869 would have been so sanguine as to predict that sales of lands in the future would dwarf the estimated value of the £1,000,000 assigned to the entire area of Rupert's Land at the time of the Company's negotiations in 1863 ..."¹²⁴ Similarly, no one participating in the financializing of the charter rights or negotiating compensation terms arising from the transfer could have imagined these "compensation" payments would be spread out over 90 years.

The history of the HBC land grant can be seen from the traditional perspective of business history, as an Imperial historian Galbraith has concluded: "The Hudson's Bay Company considered its land as part of the purchase price for the extinction of its chartered rights in Rupert's Land, and consequently, was primarily concerned with maximum revenue from land sales. In pursuance of that objective, it seems to have acted in accordance with standards which should be expected of an intelligently directed business enterprise."¹²⁵ Nonetheless, a political economy approach can broaden this assessment. The creation of a land market in the grasslands and parklands of the Fertile Belt was not homegrown, but an impetus that served external interests. During periods of expansion, stagnation and contraction, globalizing capital generated new demands: the prairie provinces of Canada served to absorb surplus labour from Europe, to produce agricultural commodities for a world market, as well as, to purchase from a protected national market. Very quickly, the investment of land and capital in the Fertile Belt was intended for productive purposes and not mere speculation. The Transfer of the HBC Territory occurred in an era named by English historian E.J. Hobsbawm as *The Age of Capital* because "... the global triumph of capitalism is the major theme of history in the decades after 1848."¹²⁶

Consideration of financialization as an approach to the HBC charter rights, not only

¹²³ Douglas MacKay, *The Honourable Company*, 2nd. ed. (Toronto: McClelland and Stewart, 1949) p. 349.

¹²⁴ Galbraith, "Land Policies," p. 1.

¹²⁵ Galbraith, "Land Policies," p. 21.

¹²⁶ Hobsbawm bracketed the age of capital starting with the aftermath of the revolutions of 1848 and ending with the start of the long depression of 1873, because "It was the triumph of a society which believed that economic growth rested on competitive private enterprise, on success in buying everything in the cheapest market (including labour) and selling in the dearest." E.J. Hobsbawm *The Age of Capital: 1848-1875* (London: Sphere Books, 1977, [original 197] p. 13.

requires consideration of the bookkeeping records of its Land Department, but also provides insights about the HBC's unique success at surviving. The significance of the financialization of a mercantile charter as a process of accumulation and dispossession to both the development of the Canadian nation state and to the history of the expansion of capitalism globally has yet to be appreciated. In a general sense, shareholder investment in the HBC should also be regarded as an overseas investment (export of capital). Shareholders bought into the HBC, headquartered in London, but the estate was a real asset located in western Canada. In terms of the acquisition of real assets, this overseas investment was a unique case of a virtually risk-free "export" of British capital. Unlike some precarious regions where British capital landed, investment in Company's claims to Rupertsland and the North-Western Territory, satisfied by the 1/20th plus 50,000 acres around the posts, was legally well protected by the Imperial Order in Council of 23 June 1870 which forms part of the constitution of Canada. It is hard to imagine a more secure set of overseas property rights for British metropolitan interests.¹²⁷

The financializing of an ancient and contested mercantile charter and the successful and prudent attrition of the HBC post-1870 landed estate must represent a peculiar anomaly in the history of global economic change. But still, a series of events and outcomes that are instructive to economic history as a case study that reunites "... the history of the centre and of its diverse peripheries"¹²⁸ and with an extremely high land to labour ratio, Rupertsland contributed to the economic diversity of the British Empire. The formation of IFS signaled a trend towards a vent to export capital and importance of investment banking, and even with a brief connection with the honourable company, a trajectory became possible whereby the HBC advantageously transcended the mercantile era of obsolete state chartered joint-stock companies. The instrumental convergence of these seemingly incongruent interests of an ancient monopoly and emerging investment banking illustrates a resilience and flexibility of gentlemanly capitalism, but significantly, nicely fits the pattern identified by Cain and Hopkins in which domestic and imperial developments were joined most pervasively through "the bond created by finance."¹²⁹

¹²⁷ In fact, the HBC estate received constitutional recognition in *British North America Act, 1871* and the *British North America Act, 1916-1930*, as well Canadian statutes and orders in council recognized HBC rights.

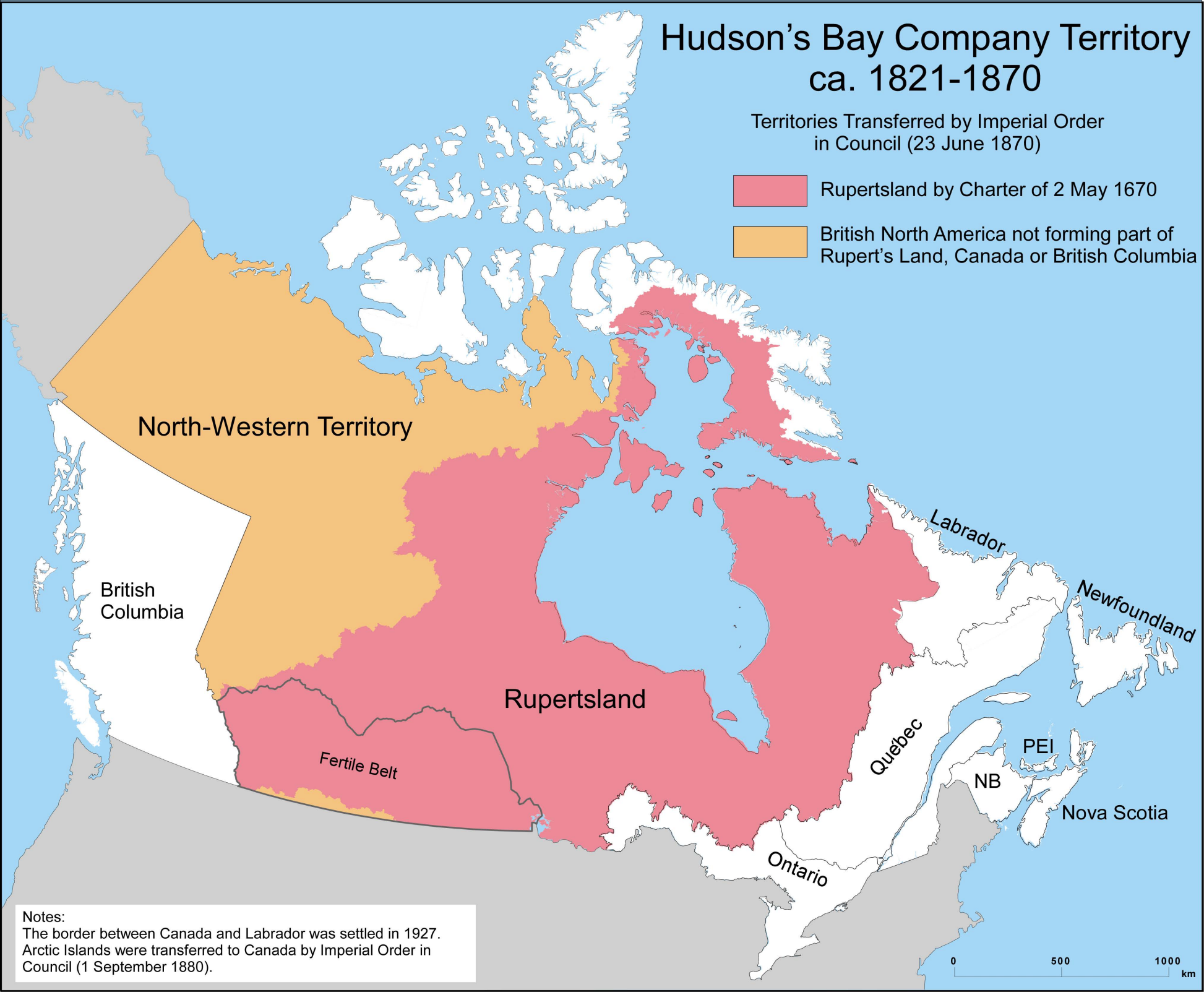
¹²⁸ Cain and Hopkins, *British Imperialism*, p. 65.

¹²⁹ Cain and Hopkins, *British Imperialism*, p. 76.

Hudson's Bay Company Territory ca. 1821-1870

Territories Transferred by Imperial Order
in Council (23 June 1870)

-  Rupertsland by Charter of 2 May 1670
-  British North America not forming part of Rupert's Land, Canada or British Columbia



Notes:

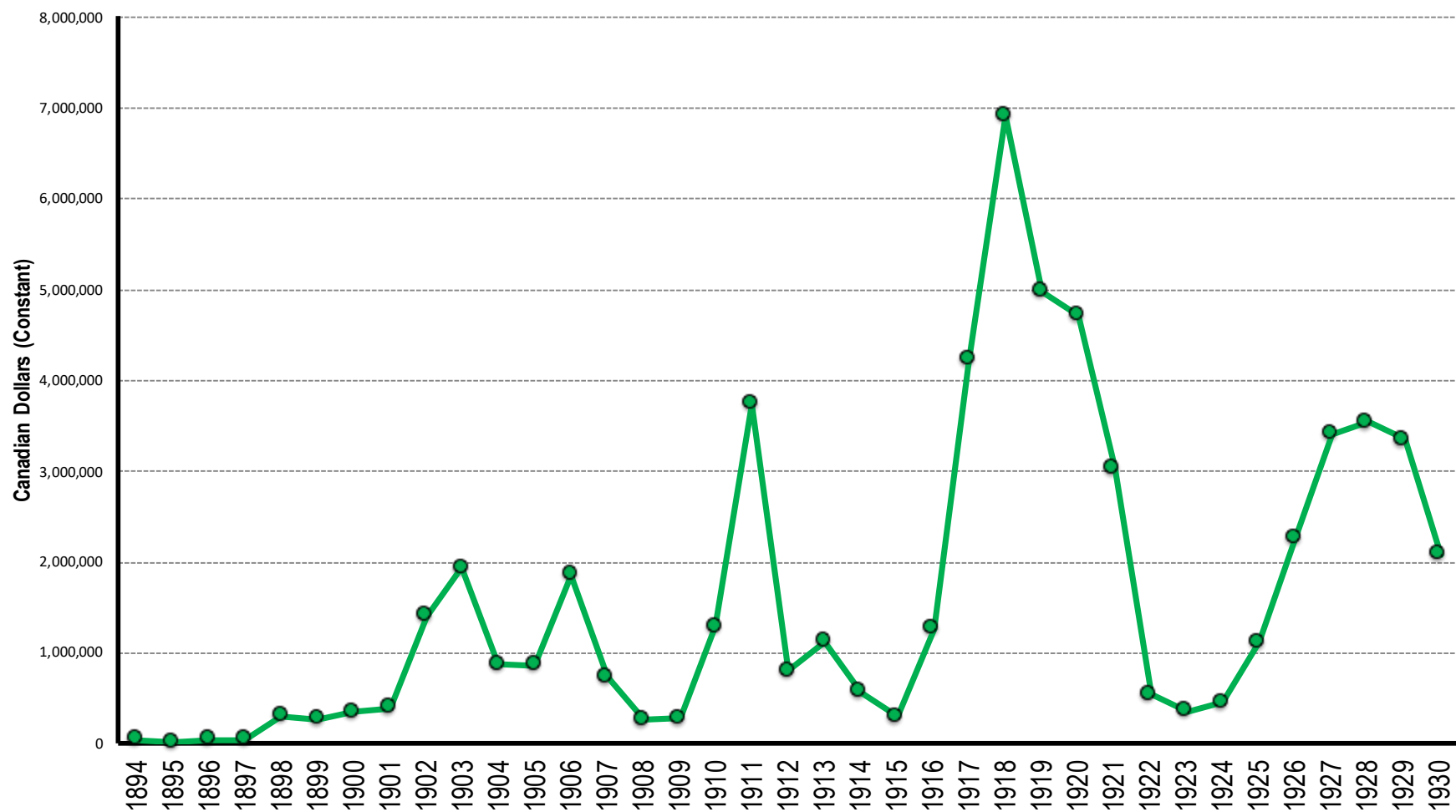
The border between Canada and Labrador was settled in 1927.
Arctic Islands were transferred to Canada by Imperial Order in Council (1 September 1880).

TABLE 1: Statements of Winnipeg Lots Sales, by the Hudson's Bay Company, Canadian Dollars, 31 May 1880

| Year of Sale. | Month of Sale | Lots Sold | Purchase Price | Instalments Paid | Interest Paid | Instalments in Arrear | Interest in Arrear | Instalments not due | Lots resumed by Company | Value of Lots Resumed |
|---------------|---------------|------------|---------------------|---------------------|--------------------|-----------------------|--------------------|---------------------|-------------------------|-----------------------|
| 1872 | July | 60 | 50,379.83 | 48,915.95 | 7,810.24 | 1,463.88 | 715.15 | -- | 23 | 162,799.83 |
| 1873 | May | 9 | 6,700.00 | 6,020.00 | 990.13 | 680.00 | 221.20 | -- | | |
| 1873 | June | 3 | 2,000.00 | 2,000.00 | 280.00 | -- | -- | -- | | |
| 1873 | July | 2 | 1,000.00 | 1,000.00 | 161.00 | -- | -- | -- | 2 | 1,525.00 |
| 1873 | December | 2 | 2,100.00 | 2,100.00 | 301.35 | -- | -- | -- | | |
| 1874 | June | 1 | 450.00 | 270.00 | 75.60 | 180.00 | 12.60 | -- | | |
| 1874 | August | 3 | 1,975.00 | 1,845.00 | 285.22 | 130.00 | 9.10 | -- | | |
| 1874 | September | 11 | 6,200.00 | 5,690.00 | 1,219.53 | 510.00 | 67.20 | -- | 1 | 700.00 |
| 1874 | October | 10 | 4,835.00 | 4,835.00 | 749.65 | -- | -- | -- | 32 | 14,030.00 |
| 1875 | April | 4 | 2,525.00 | 1,795.00 | 318.67 | 730.00 | 136.20 | -- | | |
| 1875 | August | 1 | 450.00 | 450.00 | 68.60 | -- | -- | -- | | |
| 1876 | January | 1 | 830.00 | 830.00 | 171.86 | -- | -- | -- | | |
| 1876 | April | 2 | 1,150.00 | 780.00 | 158.93 | 140.00 | 12.60 | 230.00 | | |
| 1876 | May | 1 | 900.00 | 540.00 | 98.86 | 180.00 | 12.60 | 180.00 | | |
| 1876 | August | 3 | 1,525.00 | 900.00 | 180.95 | 320.00 | -- | 305.00 | | |
| 1876 | October | 1 | 400.00 | 230.00 | -- | 10.00 | 40.90 | 160.00 | | |
| 1876 | December | 2 | 975.00 | 860.00 | 125.53 | -- | -- | 115.00 | | |
| 1877 | March | 2 | 1,695.00 | 1,015.00 | 175.52 | -- | -- | 680.00 | | |
| 1877 | April | 1 | 400.00 | 80.00 | -- | 160.00 | 56.00 | 160.00 | | |
| 1877 | May | 6 | 3,250.00 | 1,048.00 | 239.53 | 428.00 | 24.36 | 1,774.00 | | |
| 1877 | July | 1 | 400.00 | 240.00 | 22.40 | -- | 16.80 | 160.00 | | |
| 1877 | April | 3 | 1,250.00 | 580.00 | 134.40 | 170.00 | 11.90 | 500.00 | | |
| 1877 | October | 1 | 400.00 | 400.00 | 52.27 | -- | -- | -- | | |
| 1878 | August | 3 | 1,225.00 | 800.00 | 62.80 | 170.00 | 11.90 | 255.00 | | |
| 1878 | October | 5 | 1,925.00 | 855.00 | 76.47 | 140.00 | 9.60 | 930.00 | | |
| 1878 | December | 1 | 400.00 | 80.00 | 5.60 | 80.00 | 5.60 | 240.00 | | |
| 1879 | June | 17 | 7,490.00 | 1,208.00 | -- | 290.00 | -- | 5,992.00 | | |
| 1879 | July | 10 | 5,150.00 | 778.00 | 8.35 | 330.00 | -- | 4,042.00 | | |
| 1879 | August | 12 | 4,995.00 | 999.00 | -- | -- | -- | 3,996.00 | | |
| 1879 | September | 21 | 17,775.00 | 3,180.00 | -- | 375.00 | -- | 14,220.00 | | |
| 1879 | October | 11 | 7,700.00 | 3,780.00 | 4.65 | -- | -- | 3,920.00 | | |
| 1879 | November | 6 | 11,200.00 | 6,720.00 | -- | -- | -- | 4,480.00 | | |
| 1880 | January | 8 | 5,075.00 | 935.00 | -- | 120.00 | -- | 4,020.00 | | |
| 1880 | February | 3 | 3,250.00 | 650.00 | -- | -- | -- | 2,600.00 | | |
| 1880 | March | 5 | 4,825.00 | 475.00 | -- | 490.00 | -- | 3,860.00 | | |
| | | | | | | | | | | |
| Total | | 232 | \$162,799.83 | \$102,883.95 | \$13,778.11 | \$7,096.88 | \$1,363.71 | \$52,819 | | |

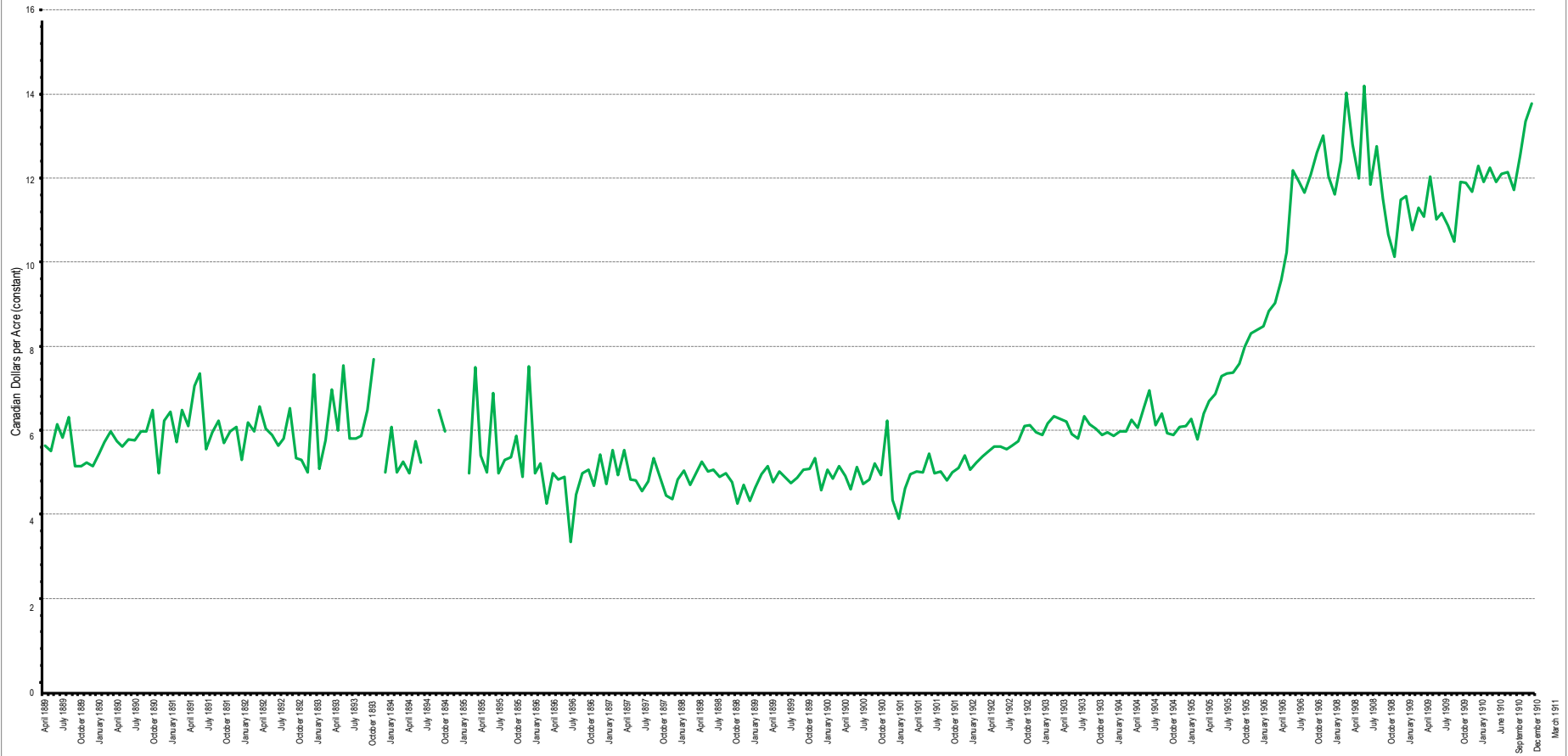
SOURCE: Hudsons Bay Company, Report of Governor and Committee to Shareholders (8 June 1880).

Figure 1: Hudsons' Bay Company Land Sales, Canadian Dollars, 1894-1930



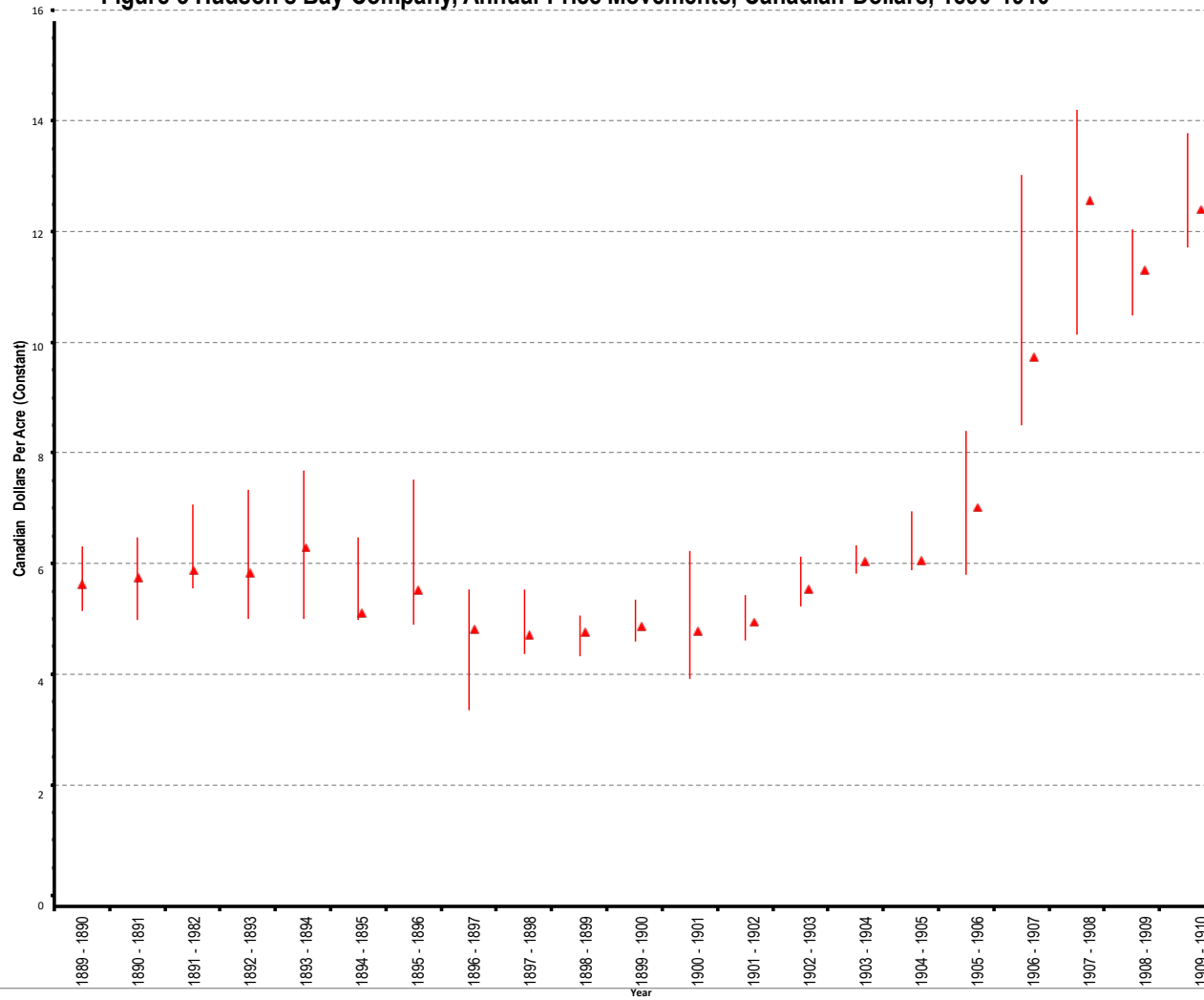
SOURCE: Canada, *Sessional Papers*, 1931, Annual Reports for the Department of the Interior, 1930.

Figure 2 Hudson's Bay Company, Land Sales, Average Monthly Prices, Canadian Dollars, 1889-1910



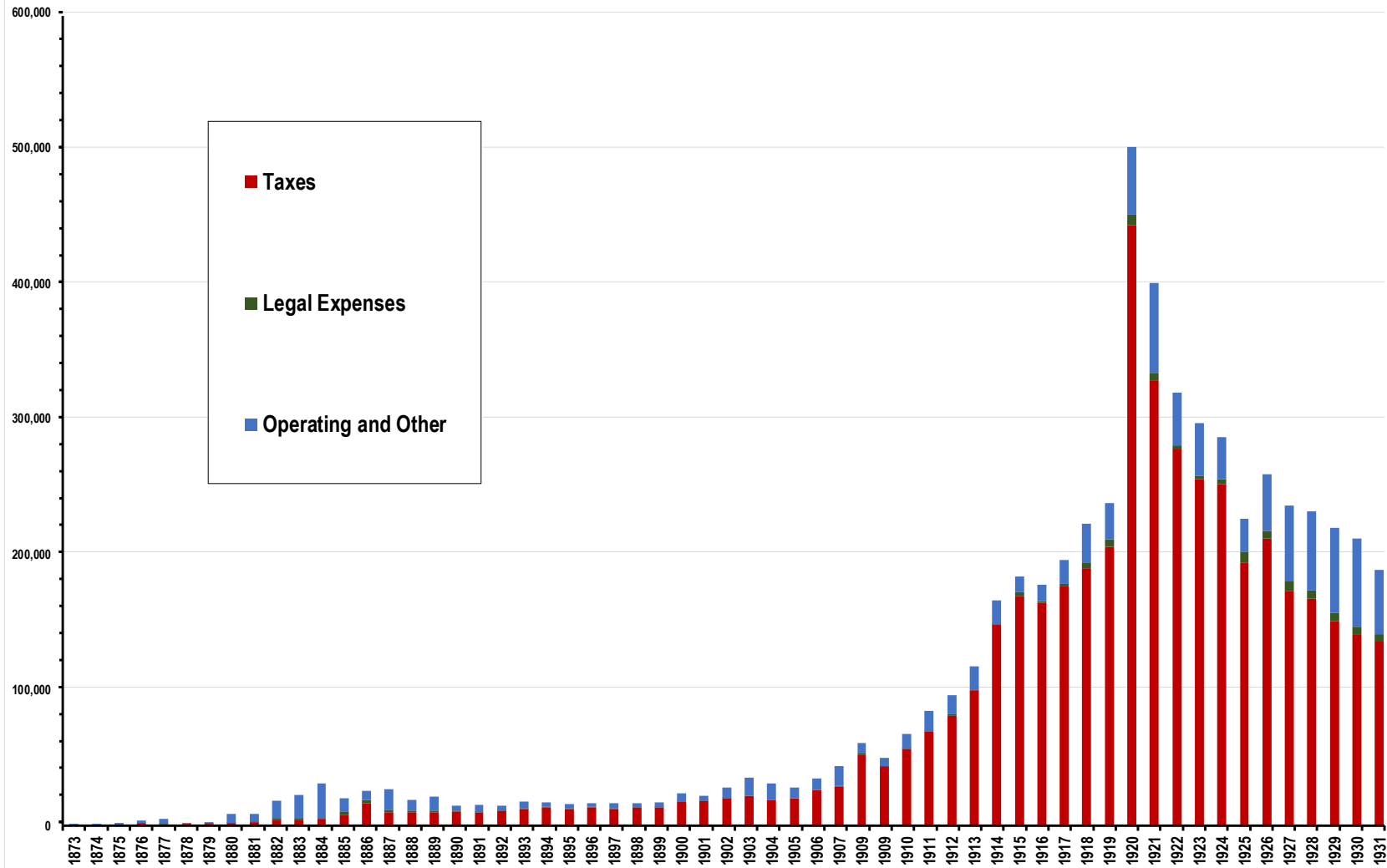
SOURCE: Hudson's Bay Company Archives, Land Department Reports, 1889-1910.

Figure 3 Hudson's Bay Company, Annual Price Movements, Canadian Dollars, 1890-1910



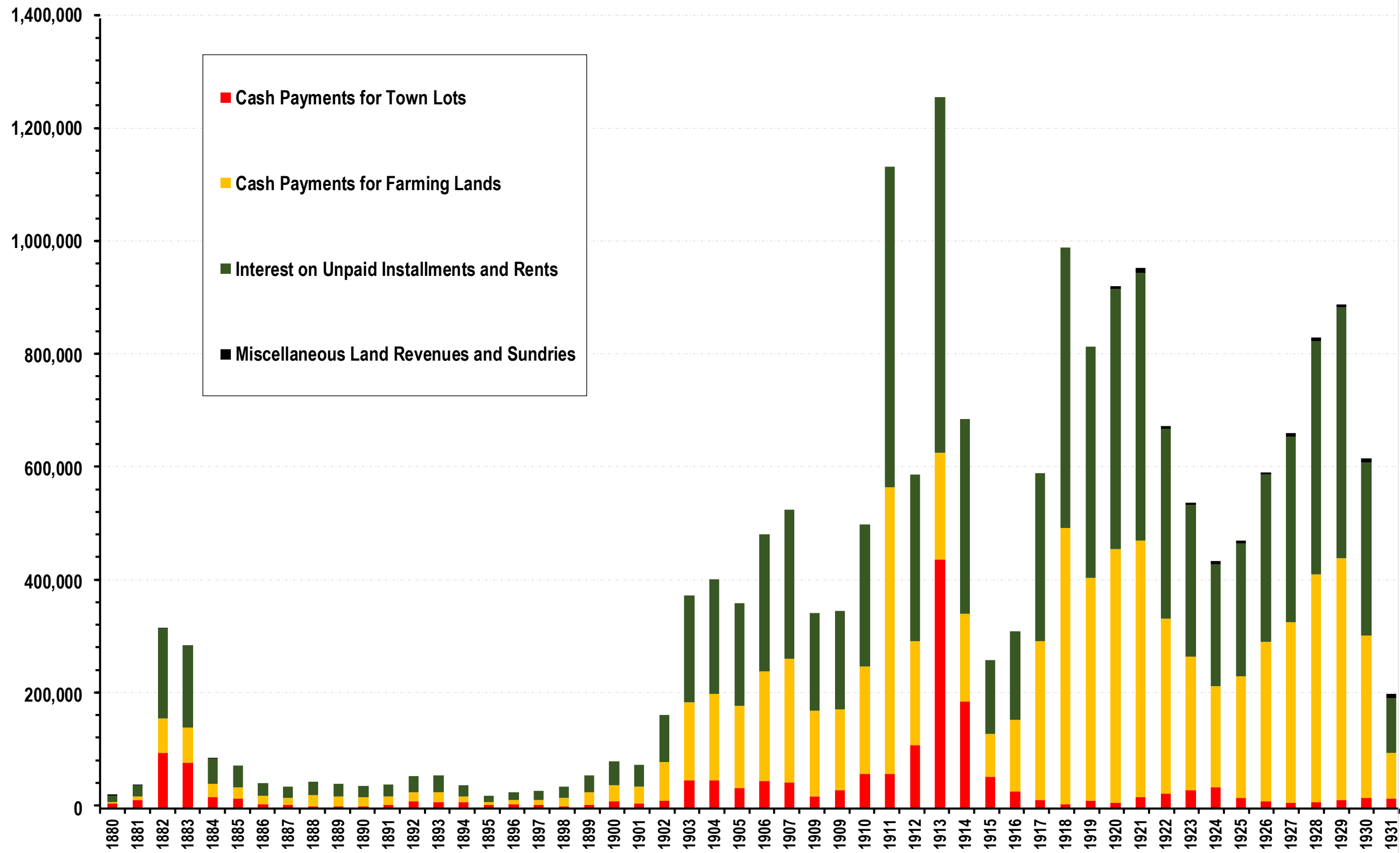
SOURCE: Hudson's Bay Company Archives, Land Department Records (1890-1910)

Figure 4 Hudson's Bay Company Land Department Expenses, British Pounds, 1873-1931



SOURCE: Hudson's Bay Company, *Report to shareholders, accounts and proceedings, 1873-1894*, Land Account Statements (1872-1931).

Figure 5 Hudson's Bay Company Land Department Revenues, British Pounds, 1873-1931



SOURCE: Hudson's Bay Company, *Report to shareholders, accounts and proceedings 1873-1931*, Land Account Statements (1872-1931).