CHAPTER ONE
The Hudson's Bay Company in Oregon
The Great Experiment

As the eighteenth century drew to a close, the natural riches of Oregon country continued to lure explorers to the shores of the Pacific Northwest. The hearts of fortune-seekers quickened at the sight of the region's untapped wealth--vast expanses of unmapped land, waters teeming with otter and beaver, a temperate climate, and the elusive promise of a Northwest passage. Adventurers from Spain, Russia, France, England, and America variously claimed the territory in the names of their nations, unconstrained by the presence of well established Indian tribes. Each hoped to exclude other claimants from the munificent land. Yet none was prepared to back its brazen claims with infusions of capital and protracted occupation. In the end, diplomacy cooled the clashes among contending nations, and Oregon country remained open to opportunists until the middle of the nineteenth century.
At the dawn of the nineteenth century, the international fashion industry provoked the beginnings of trade in Pacific Northwest waters. As the affluent classes of Europe and the Orient displayed their appetites for furs and pelts, entrepreneurs responded in force to the emergent market. While Spain and France preoccupied themselves with pressing domestic affairs, British, Russian, and American traders mobilized to exploit the new-formed market. The waters of Oregon country were once again the locus of exploration and exploitation. While Russia labored without contest in the frigid northern waters, the English and American traders competed for the abundant and accessible beaver of Oregon country. Each harbored hopes of one day gaining dominion over the land and its resources.

In 1818, the English and American diplomats compromised over the issue of sovereignty in Oregon. Unable to reach accord, they agreed to a ten-year truce, freeing the immense region for conjoint occupation and trade. Yet Americans were erratic and disorganized in their initial attempts to extract the wealth of Oregon. Dependent on the system of free enterprise, America relied upon the efforts of individually financed explorers and entrepreneurs to capitalize on the Oregon riches. The British, by contrast, commenced a frenetic period of government-licensed trade. Lured by the prospects of untapped wealth, and compelled by the temporary terms of the 1818 treaty, Great Britain prepared herself for
the systematic exploitation of Oregon's riches. Monopoly of the fur trade and dreams of dominion over the fur-rich lands of North America motivated Britain's efforts.

The Montreal-based Northwest Company and its aggressive rival, the Hudson's Bay Company of London, competed for Britain's share of North American trade. Intent on diminishing unnecessary duplication and costly rivalry, the British government forced the consolidation of the two companies under the banner of the Hudson's Bay Company. To end further rivalry, in 1821, Britain granted the amalgamated company her exclusive trading rights in North America. Immediately the Hudson's Bay Company's Board of Governors in London turned its attention to the solicitous appointment of personnel and the strategic placement of trading posts throughout North America. The land west of the Rocky Mountains and south of the 49th parallel, commonly called Oregon, was problematical. The Board of Governors questioned whether Oregon had sufficient potential to warrant the infusions of capital and labor required to yield a profit.

The Hudson's Bay Company nominated George Simpson to preside over administration of the vast fur trade of North America. The ambitious Simpson readily accepted the appointment, and instituted a plethora of changes. His was an administration marked by severity and retrenchment. From the beginning, the powerful Governor lorded over every
aspect of the reformed company. Profit, austerity, and rigorous control of personnel were the hallmarks of his regime. Chief factors and traders, charged with the day to day management of the trading posts, rose or fell according to their ability to execute Simpson’s demands. Every post from Montreal to the Columbia River was placed under his watchful eye. In all cases, the ledger guided his decisions. Profitable branches of the trade were fortified and nourished, while unprofitable branches were eliminated. The Columbia department in Oregon country, long conspicuous for its glut of personnel and paltry profits, especially invited retrenchment.

As early as 1822 the Board of Governors in London had expressed its misgivings about the management of affairs in Oregon. In 1822, the newly appointed Governor received a dispatch from the Board questioning the relative worth of the Columbia department in the overall schema of company affairs.

We understand that hither the trade of the Columbia has not been profitable, and from all that we have learned on the Subject we are not sanguine in our expectations of being able to make it so in the future. But if by any improved arrangement the loss can be reduced to a small sum, it is worth a serious consideration...collect all the information which you can obtain from individuals acquainted with the country.1

Simpson did not share the Committee’s pessimism. Reports that he had received suggested that Oregon instead had the potential to produce handsome profits. Simpson
challenged the accuracy of the Committee's assessment, and wondered whether a change of leadership would reverse the Columbia's fortunes. Questions abounded in his mind. Was Oregon's poor record due to a paucity of beaver, or could it be attributed to a history of mismanagement? Would rigorous adherence to Company policy turn the tide from loss to profit? Would a change of management inject a surge of new life into the region? Simpson was politically astute. He knew that a reversal of fortune on the Columbia would win the commendations of the Board of Governors, and entrench his position in the highly competitive Hudson's Bay Company. The die was cast. In a private dispatch to John J. McTavish, dated November 12, 1822, Simpson revealed his plans to inspect personally the Hudson's Bay Company in Oregon, believing that his "presence there might do some good...."  

Long before Governor Simpson departed on his inspection tour, he devised specific strategies to reduce the risk involved in his Oregon experiment. Chief among his plans was the appointment of a chief factor for Oregon country. This choice, above all others, would determine the ultimate success or failure of his plans.

As the Governor reviewed the list of candidates for the sensitive position, a single individual dominated his thoughts. His name was John Baptiste McLoughlin, a man who had already proven his business acumen during a brief tenure
as Chief Factor of Lac la Pluie, a key outpost of the Hudson's Bay Company. Accordingly, even before Simpson departed for Oregon, he nominated McLoughlin as the new Chief Factor of the Columbia department. Virtually unknown outside of Hudson's Bay circles, the newly appointed Chief Factor evolved into a giant who dominated the lives of all who lived and labored on the Columbia over the next two decades.

Chief Factor John McLoughlin was born on October 19, 1784, on a farm near Rivière-du-Loup in Quebec. He was of Scottish, French, and Irish descent, baptized Catholic, and raised in the Protestant faith of his father. In his adolescence, young McLoughlin was apprenticed to a Quebec physician, who, in May of 1803, declared his student fit "to Practice in Surgery and Pharmacy or as an Apothecary." 3

The adventure-seeking young man, variously described as rugged and imposing, even herculean 4 in stature, accepted his first position as Company physician for the Northwest Company in 1803. He advanced slowly in rank and salary. Discouraged by his lack of progress, he nearly abandoned his career in the fur trade when, in 1814, he was offered a "greater Share in the advantages of the country." 5 This unexpected offer rekindled his allegiance to the trade, and renewed his interest in the Northwest Company for the next seven years. Britain's decision to force the union of the old Northwest Company with the Hudson's Bay Company proved
to be a fortuitous event in the life of the young Doctor McLoughlin. In his fourteen years of service with the Northwest Company, he had made many valuable business contacts in the fur trade, and had established a record of faithful service to the Company. His accomplishments won for him his first position in the reformed Hudson's Bay Company--Chief Factor of Lac la Pluie operations. Within three years, he had proven his natural acumen for frontier commerce. Thus when Governor Simpson decided to grant operations on the Columbia River a stay of execution, John McLoughlin was a logical choice as the Chief Factor. Granted, the Governor knew from experience that McLoughlin was strong-willed, contentious, independent, and peremptory. But Simpson also keenly sensed that his venture on the Columbia was so sensitive and experimental, it required the presence of an experienced leader. McLoughlin accepted the position and embarked on his journey to the Columbia on July 27, 1824. Governor Simpson followed close behind, departing for Oregon some three weeks later with plans to winter on the Columbia.

Governor Simpson described John McLoughlin's new post at Fort George as "a large pile of buildings covering about an acre of ground well stockaded and protected by Bastions or Blockhouses." This fort was the principal trading post for Hudson's Bay Company operations on the Pacific. The Columbia department had auxiliary outposts at "Nez Percés,
Census reports indicated that when McLaughlin took charge of the Columbia district, one hundred and fifty-one employees lived in the area, excluding their wives and children.

Doctor McLaughlin reported that the majority of his employees in the Columbia district were of French Canadian descent. They were young, illiterate, and poor when they entered the employ of the Hudson's Bay Company. The majority had been raised Roman Catholic. They were eager to escape the ranks of the unemployed in urban Canada, and excited by the prospects of adventure and fortune offered to them by the Hudson's Bay Company. John McLoughlin, a seasoned frontiersman and the product of a Canadian upbringing, was particularly well suited to manage this motley collection of engages.

Concomitantly, officials of the Hudson's Bay Company had openly expressed their partiality toward French Canadian employees. Company officials characterized these engages as loyal and particularly well suited for the vissicitudes of frontier life. Officials found them to be inordinately docile and amenable toward the Company's rapacious trade policies and practices. Undemanding and faithful, the French Canadians were seen as a veritable bargain on the labor market. In a moment of uncharacteristic affability, Governor Simpson articulated the reasons for the Company's long-standing favoritism toward its French Canadian servants.
In sum, he saw them as "the least troublesome and much attached to us," hardy, docile, subservient. The Governor's remarks were patronizing and his wholesale approval short-lived. As the months passed by, Governor Simpson began to see these once favored engages with a jaundiced eye. In particular, when the engages tried to escape from the Company's control, or when they expressed opinions discordant with Company policy, Simpson displayed his dark side. Especially when the customs or practices of the employees cut into the profit margin of the Company, they were targeted for elimination. Nothing illustrated the Company's priorities more than its official reaction to the women and children of the engages. The presence of women and children put the Governor's kind sentiments toward his French Canadian employees to the test.

Over the years, the engages had entered into "marriages" with Indian women from neighboring tribes. The practice lacked the official approbation of either church or state. A verbose young employee from the old Northwest Company, Mr. David Harmon, provided detailed information regarding the evolution of these hybrid relationships.

It is customary for all of the Gentlemen who come in this Country to remain any length of time to have a fair Partner, with whom they can pass away their time at least more sociably if not more agreeably than to live a lonely, solitary life, as they must do if single.
David Harmon, who eventually entered one of the frontier marriages himself, explained how these relationships were arranged with the local tribes. First of all, when a young man found a suitable mate, he made his desire known by presenting gifts to the young woman's parents. Rum was considered by Harmon to be the most negotiable item of trade. Once the parents accepted the young man's offer, the woman stayed at the trading post with her new partner. At any time, either party was free to terminate the partnership. But, in Harmon's words, "no part of the property that was given to the Girls (sic) Parents will be refunded."

In earlier years, the Hudson's Bay Company had tacitly approved of these frontier marriages, that is, until they began to produce numerous offspring. Company officials felt that the presence of the Indian women provided contentment and stability for their listless young employees. In addition, the administration viewed the women as inexpensive sources of toil, a valuable asset in the labor poor Northwest. Most importantly, they saw the concubines as natural entrees into the multifarious tribes of the Pacific Northwest, some of whom were aloof or hostile.

Early in his administration, Simpson's approval of the frontier marriages began to sour. The focus of his concern was the high cost of maintaining superfluous persons at Company outposts. As the offspring at the Company outposts
began to increase and multiply, so too did the concern of the profit-minded administration. Long before he departed on his inspection tour of the Columbia River department, Simpson and his conferees drafted legislation designed to decrease the populations of Company outposts. Simpson's plan was to remove the many dependents residing at or near the trading posts. These included the women and children of frontier marriages, whose presence officials perceived as a costly drain on the Company's time and resources, and many others: retired traders and their families, Indian women and children abandoned to the charity of the Company, and the orphan children. In a word, Simpson hoped to streamline Company operations and bolster profit by extirpating anyone incapable of producing profit for the Hudson's Bay Company. But the cost of dependents was not the only concern of the Board. The officials of the Company perceived retirees and their families, as well as the orphan children, as nascent threats to the security of the trade. They feared that retirees, if allowed to collect in numbers, would present a political and financial threat to the Company. They also feared that orphans, if reared without constraint, could transform into untamed behemoths, capable of devouring profit and threatening the security of the Company. On February 22, 1822, officials wrote that it had become a matter of serious importance to determine the proper way to discharge the men
who had large families, along with the metis, halfbreeds, who had been deserted by their families. Company officials characterized these dependents as burdens and potential sources of danger to the safety of the Company. "It will therefore be both prudent and oeconomical (sic) to incur some Expense in placing these people where they may maintain themselves and be civilized and instructed in Religion."\textsuperscript{12}

Long before Governor Simpson left for Oregon, he and the Board of Governors in London devised a costly plan to remove unwanted persons from Company trading posts. They ordered them removed and relocated at Company expense to a central site at Red River, "where means of Religious Instruction and Education will be afforded them, and where they will be under a Regular Police and Government...."\textsuperscript{13}

Governor Simpson came to Oregon with the resettlement plan in mind. Families feared for their futures, for the Governor's disdain for women and children residing at Company outposts was already a matter of public record. Simpson's reputation as a heartless administrator preceded him wherever he traveled. His propensity for introducing sweeping changes throughout the trade was an all too familiar tale. The residents of the Columbia anxiously awaited the arrival of the Governor they had heard so much about. He did not disappoint them.

George Simpson's winter at Fort George was marked by radical change. Upon his arrival in Oregon country, he
terminated those who held top positions in the former administration. He filled key positions with hand-selected appointees. After careful consideration he ordered the physical relocation of Fort George to the north side of the Columbia, anticipating a possible American takeover of the south. Throughout the winter, the Governor unceasingly denounced the torpor of the engages, criticizing their habitual waste of Company time and property. He ordered an end to the employees' dependence on imported goods and commodities, and instituted steps for the district to become self-sufficient. He condemned the former administration for failing to search out fresh sources of beaver in the interior regions of Oregon. As expected, he blamed much of the financial malaise of the Columbia district on the presence of Indian women and children residing at the trading posts.

Simpson adamantly believed that the engages were more concerned with the welfare of their families than with the business of the Company. He also felt that if the families were removed from the Northwest, "there would not be so many extra men employed in the Columbia and the Services of Commissioned Gentlemen would be turned to better account." 14

The exact numbers of women, children, and retirees residing in the Columbia district at the time were not recorded. But Simpson's resolve to reduce those numbers was carried out to the letter. "Several old favorite Canadian servants and useless Iroquois", 15 were sent to Red River in
the spring of 1825. The entire population of male engages was reduced by half, leaving only seventy-two employees throughout the Columbia district. The men who had taken Indian partners and those with children appeared to be the target of the Governor's retrenchment plan of 1825. For John McLoughlin's annual report of 1826-27 reveals the presence of two women and two children residing at Fort Vancouver. In all likelihood, they were the wives of the Chief Factor and trader, and McLoughlin's own children.

When Governor Simpson departed from Oregon country in the Spring of 1825, John McLoughlin assumed the administration of the newly named and relocated Fort Vancouver. Though thousands of miles separated the two, McLoughlin labored under the ubiquitous shadow of George Simpson. Before departing for Canada, Governor Simpson left the Chief Factor with a massive agenda. These and a host of other concerns weighed upon the Chief Factor's shoulders. How could he stem the tide of red ink with so few workers and so much territory? Would his labors be dashed by the settlement of the boundary question that favored the interests of America? How could he satisfy the Governor's dual mandate to expand trapping efforts while continuing the expansion of Fort Vancouver? Would it be possible to enforce the Governor's spartan-like regulations among employees, and expect even a modicum of allegiance in return? How could he meet the threat of foreign rivalry when his forces were so
drastically reduced? What was the best way to establish accord among the native populations, whose sheer numbers and knowledge of the interior were indispensable for the fur trade?

From the beginning, McLoughlin promulgated the spirit of Simpson's demand for profit, retrenchment, and monopoly of the trade. But he tempered the Governor's strident demands with cunning and discretion. The principle that guided the day to day decisions at Fort Vancouver was the ledger. Under the Chief Factor's leadership, the pervasive goal of the Hudson's Bay Company--profit through monopoly of the trade--remained intact. But the methods that McLoughlin chose to manage the business of the Company were adapted to a wilderness way of life, where labor was scarce, commodities dear, and protection from hostility and resistance at a premium.

John McLoughlin's early years at Fort Vancouver were years of trial and error. He took the practical steps necessary to turn the tide from loss to profit, but he did so with compromise and concession. McLoughlin knew that steps had to be taken to find new sources of beaver in the interior. He realized that the employees' dependence on costly importations had to eventually be eliminated. The Chief Factor was aware that foreign competition was an ever-present threat, and that offensive measures needed to be instituted. He was poignantly aware that the needs of his
remaining engages had to be placed in the balance with the strident demands of the Governor. From the beginning, McLoughlin assumed a Janus-like posture, ever torn between the incessant demands of his residents and the unrelenting expectations of his superiors. Idiosyncrasy and diplomacy, despotism and charm characterized the direction of McLoughlin's fledgling administration. His erratic and unpredictable decisions reflected the tension between the conflicting demands of his employees and the expectations of Governor Simpson.

During his visitation, Governor Simpson had made it known that he expected the newly relocated Fort Vancouver "to be the finest place in North America"17 within the next two years. He stated that he expected Oregon operations to "yield double the profit that any part of North America does for the Amount of Capital employed."18 However, the Governor's herculean expectations were not backed by the capital and personnel required for so great a task. Every project, whether the new construction of Fort Vancouver or the escalation of trade on the Columbia, required heavy investments of labor, money, and time. McLoughlin soon realized that one path of action had to be chosen to the exclusion of others. Aware that the terminus of the 1818 treaty was now only two hunting seasons away, McLoughlin struggled to forge his course of action. McLoughlin wondered how much longer the British government could enjoy
unimpeded access to southern and inland waters. McLoughlin believed that Simpson's plan to replace Fort Vancouver with a depot on the Fraser River was a misguided chimera. He feared that the construction of a complex of buildings at Fort Vancouver might evolve into an unrequited and futile venture.

McLoughlin chose his course of action under great duress. His pressing desire to turn the tide of red ink, coupled with the pressure of territorial uncertainty, tipped the scale. McLoughlin decided to escalate exploration for fresh sources of beaver and to retard the building and development of Fort Vancouver. After painful deliberation, the Chief Factor concluded that a show of profit, however paltry, would be vastly superior to an endless column of losses. In his first report of October 6, 1825, the Chief Factor that he had sent his brigade into the interior, "consisting of five Boats manned by thirty-two men including the Guide...."19 John McLoughlin hoped that a period of frenzied exploration would provide a much needed infusion of revenue. He reasoned that a reduction of resident troops would abate the depletion of precious commodities at Fort Vancouver and its outposts, and allow time to replenish larders with locally produced goods.

McLoughlin's decision to send so many of his troops into the interior was beset with risk. The few who remained behind were relegated to temporary living quarters,
subjected to unbearable workloads, and rendered highly vulnerable to the attacks of hostile intruders. In the end, the plan yielded only modest fiscal gains. A number of obstacles impeded the inland expedition, including hostilities among the Indian traders, defections among the troops, and a lack of facilities to process the cache of furs. The desperately needed profits failed to materialize, and the troops returned to Fort Vancouver weary and disappointed. At the same time, the season of experimentation yielded an unexpected dividend.

Before he had departed from Oregon country, Governor Simpson had lashed out at the employees for their "extraordinary predilection for European provisions." After inspecting the outposts at Nez Perce and Spokane, the contentious Governor had written upbraiding the employees for their extraordinary predilection for European provisions without looking at or considering the enormous price it costs...they may be said to have been eating Gold; such fare we cannot afford in present times, it therefore must be discontinued.... Simpson demanded that this costly dependency on importations be severed in the root. Instead, he ordered the cultivation of crops and the consumption of regional fish and game. Said the Governor: "It has been said that Farming is no branch of the Fur Trade but I consider every pursuit to leighten (sic) the Expense of the Trade as a branch thereof...."
McLoughlin took the Governor's admonition to heart. While the majority of troops were on the hunt, the remainder began an experimental farm at Fort Vancouver. McLoughlin knew that he must explore every means of bolstering profit and increasing economic self-sufficiency. More importantly, he knew that he must maintain material contentment among his remaining employees in order to reduce tension and affix esprit de corps. The Chief Factor hoped that the Company farm would help curtail disbursements and bolster contentment among the engages. The farm produced an unexpected bonanza. It allowed McLoughlin to satisfy the Governor's mandate to end the costly importation of goods. At the same time, the farm permitted the Chief Factor to wean employees away from their costly commodities over a protracted period of time. After the second season, the Chief Factor reported that the burgeoning expenses of the Columbia were being offset, not by the fur trade, but by the fruits of the Company farm. In an optimistic report of 1827 McLoughlin stated:

Our farming comes on well Except the Indian Corn and the pigs, the Soil is rather poor for Indian corn—But pease (sic) will serve as a substitute. Our stock of pigs Increase Slowly...Our pease (sic) Look very well, our Barley is very fine, and Our wheat I would say Looks uncommonly fine.23

The fur trade was a labor beset with difficulties. The pursuit of furs was a drain on resources, and fresh sources were increasingly difficult to procure. By 1827, American traders were entering the region in increasing numbers,
intent on claiming their share of the diminishing beaver harvest. To complicate matters, the Americans introduced dysequeilibrium into the delicate balance of trade, offering the Indian traders unprecedented prices for their pelts. Reacting to the presence of the Americans, Governor Simpson reacted with characteristic harshness. The Governor advised John McLoughlin to overtrap the rivers most frequented by American traders, in hopes of rendering their efforts futile. McLoughlin scoffed at the Governor's proposal, knowing that it was extreme and unrealistic. The Chief Factor knew that the waterways of Oregon were vast, and his resources were exceedingly limited. In response to the rise of competition, McLoughlin devised his own plan of action. Instead of sterilizing the rivers of beaver like the Governor had suggested, the Chief Factor met the competition with a series of harsh economic measures. He proposed that the Hudson's Bay Company counter the enemy from a position of economic strength, outbidding and underselling their rivals at every turn. As early as 1828, McLoughlin had looked for ways to "have a year stock in advance which would enable us to meet all contingencies..." In effect, the Hudson's Bay Company was in a position to declare economic war on the enemy, using its farms and stockpiled goods as implements of war. Clearly, the Company had the leading edge over the coterie of unsettled traders who scoured the waters of Oregon for beaver. McLoughlin apprised his
superiors of his plan, and asked for their approval knowing that "if an opposition establish themselves here we should oppose them to the utmost by underselling them..." 25 Months after McLoughlin executed his plan, the Board granted him their blessing.

The rivers continued to yield their harvests of beaver begrudgingly, prodded by immense investments of capital and labor. The soil, by contrast, produced bountiful harvests season after season, and at a fraction of the cost. Natural resources, especially timber and salmon, were also plentiful, and demand for them was increasing on the international market. Early in his administration on the Columbia, McLoughlin had stumbled onto a path leading to the economic domination of Oregon. During his visitation, Governor Simpson had unwittingly set the stage for McLoughlin's strategy: "It has been said that Farming is no branch of the Fur Trade but I consider that every pursuit tending to leighten (sic) the Expense of the Trade is a branch thereof..." 26 McLoughlin took the words of the Governor to heart, and in them, found a way to dominate the trade in Oregon. Farming, and other adjunct industries of the fur trade, emerged as the salvation of the Hudson's Bay Company in Oregon. The Chief Factor continued to assure the Board of Governors that the pursuit of beaver pelts was the primary object of his administration. But even as he spoke, he
plodded a different path. In a land devoid of life's most basic necessities, McLoughlin now realized that the goods and services of the Hudson's Bay Company were more precious than gold.
I. ENDNOTES


7 Ibid., p. 66.

8 Ibid.

9 Governor Simpson to A. Colville, May 31, 1824, in Frederick Merk, George Simpson’s Journal, p. 209.


11 Ibid., p. 2.

13 Ibid., p. 34.

14 Frederick Merk, ed., George Simpson's Journal, p. 58.

15 Ibid., p. 89.


18 Ibid., p. 72.


20 Frederick Merk, ed., George Simpson's Journal, p. 47.

21 Ibid.

22 Ibid., p. 50.


24 Ibid., p. 56.


26 Frederick Merk, George Simpson's Journal, p. 50.