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EFFICIENCY AND ECONOMY: COMMISSIONER C. C. CHIPMAN
AND THE HUDSON'S BAY COMPANY, 1891 - 1911

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BY

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AND THE HUDSON'S BAY COMPANY, 1891 - 1911**

BY

PAUL C. NIGOL

A Thesis submitted to the Faculty of Graduate Studies of the University of Manitoba in partial fulfillment of the requirements for the degree of

MASTER OF ARTS

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Abstract

This thesis is a narrative account of the modernization and diversification of the Hudson's Bay Company during the years leading up to the Great War and during the tenure of Clarence C. Chipman as Commissioner of the Company's Canadian Operations. It explores the condition of the Company's business and the efforts of the management to place it on a more stable footing in all of its three branches which included the Land Department, Fur Trade and Salesshop Department.

The Introduction develops the context of Canadian business at the turn of the century as well as providing a brief bibliography of some of the major works that have been published dealing with the Company during this time period. As well, a biography of C.C. Chipman is provided to explicate the Company's decision to place him in charge of the entire operation in Canada for twenty years.

Chapters two to four are organized thematically dealing with the Company's various departments individually and chronologically. Since each department required different management methods and employees, a thematic method was useful in outlining Chipman's involvement in developing a viable business in each of the Company's branches and bringing modern business practices to the traditional Company of Adventurers Trading into Hudson Bay. Chipman's influence was felt in varying degrees in each department. The Fur Trade, which had been diminishing in importance to the Company in the years leading up to Chipman's tenure, continued to show poor returns in comparison to the Land Department. These are dealt with in Chapter 2 and Chapter 4 respectively. The Salesshop Department, or Chapter 3, delineates how

Chipman proved to be instrumental in developing a large department store chain across the prairies and on to the west coast.

The final chapter deals with what Chipman contributed to the management of the Company and why the Company's London Board decided to decentralize its operations and fire Chipman in 1911. Throughout this thesis, the Company and Chipman are dealt with in the context of developing a modern and competitive business in an age of extreme competition.

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List of Abbreviations

HBC	Hudson's Bay Company
HBCA	Hudson's Bay Company Archives
BCARS	British Columbia Record and Archive Service
CPR	Canadian Pacific Railway

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I am also indebted to Professor R. Smandych for providing me with employment in the area of Hudson's Bay Company history which helped me financially as well as allowing me to examine a broader base of HBC history.

To my parents to whom this thesis is dedicated, thank you for your encouragement and belief in me which made the completion of this work possible.

Chapter 1

Introduction

In 1891, when Clarence Campbell Chipman became Commissioner of the Hudson's Bay Company's Canadian operations, Rupert's Land had been part of the Dominion for only two decades. They were extraordinary years, however. The HBC had already made a sizable profit from the sale of farm lands and town lots in Edmonton and Winnipeg as well as continuing the fur trade and establishing a fledgling retail business. Nevertheless, the Company's growth was slow, largely due to a prolonged business slump and a conservative management policy in London. Chipman, like Joseph Wrigley, the Company's Trade Commissioner from 1884 to 1891, was hired for his abilities as an administrator. Indeed, with a background in the Canadian federal civil service, he was part of a line of professional administrators brought in from outside the HBC to shake up the Company's management.

Born May 24, 1856 in Amherst, Nova Scotia, Chipman was the first HBC manager born in Canada. At the age of 21, he was hired by the new Dominion Government and worked as a civil servant in the Agriculture, Public Works and Finance Departments until 1882, when he moved to the Department of Railways and Canals. Climbing through the ranks of the Canadian public service, Chipman became the private secretary to Sir Charles Tupper from 1884 to 1888 when the latter, who was also from Amherst, was appointed High Commissioner for Canada in London. In this position Chipman organized the Canadian participation in the Antwerp World Exhibition in 1885. In the following year he served as the accountant for the Colonial and Indian Exhibition in London and, during Tupper's absence, he also acted as executive

commissioner. After participating as Tupper's assistant in the Atlantic Fisheries negotiations in Washington in 1888, he was promoted to the position of Chief Clerk in the Canadian Department of Marine and Fisheries and private secretary to the minister, participating in the Bering Sea negotiations. After 14 years of varied service in several departments of the federal government, Chipman accepted an appointment to the HBC as the Company's Trade Commissioner in Winnipeg.

Prior to Chipman's appointment, the Company had experienced difficulties in managing its multifaceted enterprise which involved fur trading, retail sales and land marketing. While the HBC had the resources and experience to dominate the emerging retail trade in Canada's new west, the management was slow in reacting to the new business environment. The essential inconsistency was that settlement was anathema to the survival of the fur trade which the Company continued to pursue. The growth of settlement meant more competitors, fewer furs, and the dispersal of the native population, or their abandonment of the trade altogether. In response the Company attempted to diversify its operations with mixed results throughout the late nineteenth century by becoming involved in forestry in Quebec, milling and retail sales in the prairies, and colonization schemes on Vancouver Island. By the 1880s, the CPR had become the successor of the HBC in the west during the first western Canadian land boom. The CPR was the largest landowner, largest employer, and largest carrier in all of Canada.

The Hudson's Bay Company had tried to devise a mandate more suited to the emergence of the Canadian west as a potential area for colonization and agricultural

enterprise. Already in 1863, a "visionary" English railroader, Edward Watkin, and a consortium of London merchant bankers called the International Financial Society (IFS) succeeded in buying up 1.5 million of HBC shares. In an effort to realize the great potential of its land holdings in the Northwest, the IFS recapitalized the Company at 2 million and sold the shares widely by advertising the HBC as a land and colonization company. This was the first step in the Company's modernization, whereby the traditional investors in the fur trade were replaced by shareholders who expected their dividends to be derived from land sales.¹

For the next three decades the Company struggled with the implicit contradiction in their business plan by operating fur, land and retail divisions. By the 1890s, the Company embarked on the final phase of its transition from a fur trading monopoly to a diversified modern corporation. Lacking experience in operating such a modern and sophisticated enterprise, the Company was forced to learn its lessons through trial and error. At the same time the business environment had changed as a result of the nation-building effects of the National Policy which brought with it a national railway, a land policy, settlers and competition ranging from independent traders to branch outlets of established eastern firms.²

Under Chipman's predecessor, Joseph Wrigley, the Company's administrative

¹Michael Bliss, Northern Enterprise Five Centuries of Canadian Business, (McClelland and Stewart: Toronto, 1987), 207.

²Eleanor Stardom, "Adapting to Altered Circumstances: Trade Commissioner Joseph Wrigley and the Hudson's Bay Company, 1884-1891," (M.A. Thesis: University of Manitoba, 1987), 251.

structure was reorganized to ensure more centralized control which included regular inspections of the Company's ventures as well as a systematized procedure of monthly and annual reports. Wrigley also modernized the Company's accounting system and promoted a new approach to evaluating furs which allowed the Company to determine the actual productivity of individual posts, and ultimately, whole districts. Central depots were set up to provide a steady supply of goods at competitive prices and the Company's transportation system was rationalized whereby steamers were utilized on rivers in areas not yet served by the railroad. With the consolidation of control and improved communication, Commissioned Officers could no longer operate in the semi-autonomous manner in which they had functioned in the past, losing much of the power they had enjoyed as the "Wintering Partners."³

The down-grading of the Commissioned Officers opened the door to new men with commercial experience. Already in 1879, Charles J. Brydges, who had originally been sent to Canada in 1850 by the Great Western Railway's investors to clean up that company's operations, was appointed as the HBC's first professional manager with the portfolio of Land Commissioner. However, the Company failed to become the predominant western Canadian retailer, a position that it could and should have reached. The reason for this failure was the Company's policy of curtailing costly expansion in favour of upgrading older establishments in rural areas that showed little promise of increased business. By attempting to spread itself out thinly across the prairies, the

³Stardom, 252.

Company was faced with the impossible task of providing all things to all people.⁴

In 1891, Wrigley was dismissed due to failing health, and with his dismissal the Company decided to abandon the practice of hiring separate Land and Trade Commissioners in favour of appointing one Commissioner to be placed in charge of all the Canadian operations. After less than one year in the position of Trade Commissioner, Chipman was promoted to the position of Commissioner of the entire Canadian enterprise.

Chipman's mandate according to the Company's London Committee was to reduce management expenses by relying on the greater efficiency of communication, to place the Company's operations under the consistent authority of the Commissioners Office and to separate the fur trade from the saleshop business in order to expand the retail branch of the HBC. Chipman, as an Edwardian bureaucrat, was up for the task and within three years of assuming the management in Canada he succeeded in separating the departments and streamlining the accounting procedures, thereby reducing staff and achieving greater efficiency. However, during the early years of his tenure, the depressed economy inspired him to suggest that greater emphasis be placed on the retail branch of the business, which he saw as contributing to future prosperity of the Company.

The Company was attracted to Chipman for his administrative abilities, especially cost cutting. As well, Donald A. Smith, the Company's Governor, was looking for someone who shared his belief that a conservative policy of fiscal restraint

⁴Stardom, 254.

was the best route for the Company to follow. Hired as a "hatchet man," Chipman was expected to relieve the Company of dead wood and bring in professionally trained managers, in the same mould as himself, to bring the organization up to date. This was accompanied by the extinguishment of the "Deed Poll," bringing to an end the favoured position of the "Wintering Partners."

Chipman perceived his role as the top manager to mean that he should provide leadership in all aspects of the Company, including remote posts, as well as making the Company's business profitable. This was to be achieved by bringing the departments under one roof with an accurate system of accounting and reporting on the Company's progress.

The study of business history has emerged as a field of growing importance throughout the past decade. The distinctive element of business history is that it has moved away from the functional analysis of economic history with its emphasis on quantitative verification and macro and micro economic models and has begun to delve into personalities and management structures that have shaped the face of Canadian enterprise. While not ignoring the importance of economics, recent business history has taken the study one step further by combining institutional biography, political economy, labour history and personal biography into one cohesive unit.

In Canada, this change has been exemplified by the work of Michael Bliss of the University of Toronto. One of his recent works, Northern Enterprise: Five Centuries of Canadian Business, has filled a void in Canadian historical scholarship that was previously only touched upon by popular historians, such as Pierre Berton's The Last

Spike, and Peter C. Newman's Merchant Princes, and The Canadian Establishment. By tracing the emergence of a unique and independent Canadian business class throughout the history of European contact with what is now Canada, Bliss dispels many of the myths and preconceived notions about how a business and an entrepreneurial class developed in Canada distinct from its powerful neighbour and allies. Accordingly, he states early on that he does not believe that Canadian business history begins with C. D. Howe and his colleagues during the Second World War.

According to business historian, Graham Taylor, the history of management in Canada is an area that has been largely ignored.⁵ At the turn of the century the modes of production and ownership were undergoing great changes. The principles of scientific management introduced by F.W. Taylor in the United States, were also moving north into Canadian businesses. As capital concentration and transportation improvements progressed, bureaucratization and systematization began replacing the traditional ad hoc approach to management. The new scientific managers, who were salaried employees, began exercising a monopoly of knowledge in the functioning of the business organization while shareholders were left to make important policy decisions and exert overall control of capital upon the advice of professional manager.⁶ This progressive approach to management further helped achieve vertical integration through cost

⁵Graham Taylor, "Writing About Business," in Writing About Canada: A Handbook for Modern Canadian History, John Schultz, ed. (Scarborough: 1990).

⁶Richard Rajala, "Managerial Crisis: The Emergence and Role of the West Coast Logging Engineer, 1900-1930," in Canadian Papers in Business History, Peter Baskerville, ed. (Victoria: Public History Group, 1989).

accounting, and horizontal integration through production and inventory control.⁷

According to Alfred Chandler in The Visible Hand, "[by] reshaping the process of production and distribution the middle managers helped to assure the dominance of their enterprises."⁸ Writing on the American experience of the management revolution, Chandler credits the new managers for the introduction of administrative coordination and allocation as well as for market expansion. The salaried manager, thus, assumed command of the central sectors of the American economy. However, the Canadian experience with respect to this management revolution has received little attention from business historians and virtually nothing has been written about the Hudson's Bay Company's transformation under the guidance of C.C. Chipman.

Although much has been written about the HBC preceding 1870, very little scholarship has emerged on the period since the historic "Deed of Surrender." There are several reasons for this. Foremost was the essential lack of any HBC primary documents until the 1920s. On the 250th anniversary of the Company in 1920, a collection was established, and throughout that decade records were brought to Winnipeg from various locations and sent to the London archives which were opened in 1931. In 1970, the records from 1870 to 1900 were opened and in the same decade, the archives were moved from London to the Public Archives of Manitoba and an

⁷Graham Taylor, "Charles F. Sise, Bell Canada, and the Americans: A Study in Managerial Autonomy, 1880-1905," in The Development of Canadian Capitalism, Douglas McCalla, ed. (Mississauga: Copp Clark, 1990).

⁸Alfred Chandler, The Visible Hand (Cambridge: Harvard University Press, 1977), 412.

accelerated effort was made to make the post-1900 records available to the public.⁹

Very little secondary scholarship has emerged that deals with C.C. Chipman and the Company's operations at the turn of the century. Morris Zaslow's, The Opening of the Canadian North 1870-1914, provides an overview of the diversification of the Company's operations but tends to stress transportation in the broader context of Canadian development.

Several historians have chosen to concentrate on specific aspects of the Company's business. H.A. Innis The Fur Trade in Canada, and Arthur J. Ray's The Fur Trade in the Industrial Age, both provide a detailed study of the fur trade which had dominated almost all accounts of the HBC's operations. Innis' work, which was the first of its kind, is now dated and lacks the primary research that was available to Ray. Ray's work, on the other hand, is the most complete work of its kind on the modern fur trade in Canada.

In the area of land and colonization and the emergence of retail trade, J. S. Galbraith's article, "Land Policies of the Hudson's Bay Company, 1870-1913," and H.J. Selwood and Evelyn Baril's "The Hudson's Bay Company and Prairie Town Development," as well as some antiquarian pieces in The Beaver, provide a small sampling of how the Company developed a policy to deal with the apparent contradiction in its operations. In addition to these, W.T.R. Preston's, The Life and Times of Lord Strathcona, and Beckles Willson, The Life of Lord Strathcona and

⁹A. J. Ray, The Canadian Fur Trade in the Industrial Age (Toronto: U of T Press, 1990), xvii.

Mount Royal, which were published in 1914 and 1915 respectively, provide a rather one-sided hagiography of Donald A. Smith's influence on the Company up to his death in 1914. Brydges, who is considered the architect of the HBC's land business, has also been studied by Alan Wilson in his article "In a Business Way: C.J. Brydges and the H.B.C., 1879-89," and in J.E. Rea's, "Introduction to the Letters of C.J. Brydges," in the Hudson's Bay Company Record Society publication, The Letters of Charles John Brydges 1883-89. These two sources provide a great deal of background material which was useful in framing the context of the Company's business when Chipman took over. Other than these sources, very little has been written on the Company, especially in the development of their retail venture. In addition, the impact of C.C. Chipman has only been slightly developed in Zaslow's and Ray's monographs.

The development of an institutional biography of the various departments of the Company from 1891 until 1914 using a political economy framework, as well as assessing the role of Chipman, will contribute to the field of business history and provide a greater understanding of conditions necessary to modernize and administer a successful diversified corporation at the turn of the century. With this task in mind, an examination of departmental and Chipman's own correspondence and the departmental annual reports held at the HBCA in Winnipeg will unlock the history of the Company's modernization in the early twentieth century.

Chapter 2

The Fur Trade

The fur trading empire of the Hudson's Bay Company in the late 19th century was on the defensive. The loss of the fur monopoly in the Canadian north-west through the Deed of Surrender in 1869 signalled an end to the hegemony the Company exercised in the fur trade. Through the successive efforts of the Company's management in London and Canada, the HBC attempted to meet the challenge of the developing west. By the 1880s, the Company had almost completely modernized its corporate structure. This modernization signalled the need for new managers schooled in modern business practices to improve the Company's management at the lower levels and meet the new circumstances in western Canada. However, beyond the modernization of the management and accounting structures, the Company was faced with the dilemma of how to modify its labour practices in an effort to become more competitive in the rapidly expanding economy of the west. The fur trade was no longer the most important aspect of the Company's trade in the north-west. The HBC had become one of the largest landowners, including one twentieth of the land in the fertile belt of the prairies and about 50,000 acres around its posts, some of which were destined to become great prairie cities. It also continued the practice of trading goods as well as furs. The fur trade did, however, provide the revenue base for the Company to diversify.

The brief tenure of Joseph Wrigley as Trade Commissioner of the Hudson's Bay Company, from his appointment in 1884 to replace James Grahame, until 1890,

represented the new style of management the Company was seeking. Wrigley, a former textile manufacturer from Huddersfield, England, had no direct experience in the fur trade. His hiring reflected a trend that had begun ten years earlier where salaried experts were appointed to upper management positions instead of men from the ranks of commissioned officers of the fur trade. Wrigley's mandate was to re-organize the general trade of the Company on a profitable basis and to streamline the transportation infrastructure on which the whole operation relied.¹ In the same year Wrigley was appointed, the Company created a sub-committee, known as the Canadian Committee, to supervise the operations in Canada. This sub-committee of two included Donald A. Smith, who was the former Land Commissioner and was soon to become the Governor of the HBC in 1889, as well as Sandford Fleming.²

Wrigley instituted a variety of measures designed to place the Company on a more competitive footing which included regular inspection tours of posts and districts. Through the inspections that took place in the late 1880s, Wrigley managed to convince the Governor and Committee of the importance of flexibility in local fur buying tariffs with respect to local conditions. Through this, he was able to authorize district managers to frame their own fur purchasing tariffs, or standard prices to be paid for furs, in order to meet the competition. However, local managers could not sell goods for less than the local cost or landed price according to the valuation tariff, plus 10 percent. This was to be regarded as the lowest price, and unless the competition was

¹Stardom, 50, 58-9.

²Stardom, 18.

extreme, they were expected to charge enough to cover the district expenses that were not included in the cost landed calculations. Post managers were also instructed to tell traders not to pay higher prices for pelts than those specified in the valuation tariff unless they received approval from the district manager. Wrigley also managed to persuade the Governor and Committee to adopt a varying rate for the fur purchasing tariff that was adjusted periodically to reflect the current trends in the European and North American markets. This new flexibility was still not enough to match the smaller independent traders due largely to the fact the HBC continued to base its fur gradings on the London fall sales.³

In 1887, Wrigley made a tour of the Company's northern posts. In his subsequent report he noted that competition was strong in all areas and the increased demands of the Native trappers had been conceded lest they sell their furs to the competition. In Wrigley's opinion the only way to meet competition was to reduce expenses, improve transportation and to adopt a new trade policy where it was recognized that expenses remained constant regardless of the size of the fur collection.⁴

On 30 August, 1887, the last great Council of the Commissioned Officers was held at the Queen's Hotel in Winnipeg. At the meeting, 13 amendments were proposed and 9 were sanctioned by Wrigley for the purpose of defining existing regulations more closely. Posts were to be visited regularly, unauthorized absences and competition between posts were forbidden and the practice of forwarding district and department

³Stardom, 79.

⁴Stardom, 135.

reports was to be revived.⁵ Aside from the tighter control placed on the management of the districts, the most significant issue dealt with at the Council was that of pensions for the officers. Wrigley proposed that a sliding scale be applied where the amount of pension would be commensurate with the applicant's length of service. Commissioned Officers up to this point had been shareholders in the company receiving 40 percent of the returns from the fur trade according to the "Deed Poll," where 100 shares were allotted to the "Winterers." The shares were divided on the following basis: Inspecting Chief Factors received 3 shares, Chief Factors received 2 1/2 shares, Factors received 2 shares, Chief Traders received 1 1/2 shares and Junior Chief Traders received 1 share.⁶

The new pension scheme proposed by the Company allowed a fur-trade employee who served 15 years with 10 years as a Commissioned Officer, to retain 1/2 of his shares for a period of 4 years. In addition, for every 5 years in excess of the initial 15 years, retiring officers would receive 1 extra year of pension for up to 8 years. Those employees with less than 10 years of service would have their pension set by the retirement Board. The pension was available to Company employees, 65 years of age or older or those who had served 35 years and it required them to give one year notice of their intention to retire.⁷ To avoid massive losses on the fur trade account, the Company stipulated that if the officers on the retired list held 12 1/2 shares together,

⁵Stardom, 182.

⁶Harold A. Innis, The Fur Trade In Canada, (Toronto: U of T Press, 1956), 355.

⁷Stardom, 185.

no additional retirements would be allowed until the loss on the account due to pensions was below that amount.⁸ In spite of these concessions, the Commissioned Officers were faced with the announcement that no new commissions would be awarded to clerks and servants who had entered the service since 1870.⁹ Thus, the practice of offering commissions to employees of the fur trade had come one step closer to extinction.

In the pursuit of reducing capital in the fur trade, Wrigley tried to meet the competition by adjusting the Company's relationship to the Native labour force. The Company had continued, and in fact accelerated, its practice of providing economic incentives and assistance to Native trappers, boatmen and labourers in an effort to match its competitors.¹⁰ The struggle to secure the Native trade required the Company to provide advances as well as buying furs for cash instead of barter. When R.H. Hardisty, a former officer in the Athabasca and Saskatchewan districts, and E.K. Beeston, the former Chief Accountant in the Trade Commissioner's Office, made their recommendations after inspecting the northern posts in 1889, they suggested the adoption of a policy where the differentiation between the cash and barter valuation tariffs would be reduced by raising the cash standard and setting the price of a prime beaver pelt or a "Made Beaver" at \$1.00. It also called for the abandonment of the practice of offering the same prices for credit/barter and ready/barter transactions, which

⁸Stardom, 186.

⁹Peter C. Newman, Merchant Princes: Company of Adventurers, Vol II, (Toronto: Penguin, 1991), 97.

¹⁰Ray, 44.

encouraged trappers to take their "prompt-trade" to the competition.¹¹ To meet the competition on their own footing, Wrigley attempted to cut back on relief and the use of credit to reduce bad-debt losses. These losses were written off one year after the close of the Outfit, but did not take into account the fact they were often repaid after they were written off. Destitution relief, on the other hand, was traditionally an area that provided the Company with a loyal Native labour force. In spite of this, the Company assumed that the government would provide this service after the transfer of the north-west territory, thus removing any sense of loyalty felt by Natives toward the Company.¹² The Company, after the Deed of Surrender, was no longer the paternalistic ruler of the north-west, and the new policy reflected this.

Despite the gains Wrigley had made in the restructuring of the fur trade, in the opinion of the Governor and Committee he had not sufficiently carried out his mandate.

In December 1890 his tenure was terminated by Smith:

Having reference to the verbal communication made to you from the Governor and Committee in Montreal on September 25 last of their intention to make certain changes in the administration of the Company's affairs which would render necessary your retirement from the position of Trade Commissioner....¹³

Wrigley's legacy included the implementation of a continuous system of inspection and the reorganization of the traditional system of annual indents. In addition, during his

¹¹Ray, 77. Credit/barter refers to advancing credit to traders while ready/barter refers to a cash transaction. Beeston and Hardisty were concerned about the natives taking their furs to the competition first; allowing them to secure the best furs. To circumvent this practice, they wanted the Company to give the natives more for their ready/barter business.

¹²Ray, 226.

¹³HBCA, D.49/3, fos. 497-498, D.A. Smith to J. Wrigley, Dec. 10, 1890.

commission, the Company began establishing a strong foot-hold in the Cassiar, Athabasca, and Mackenzie River districts by enlarging the Company's transportation and communications systems in the north. According to one of Wrigley's biographers, Eleanor Stardom, "[one] of Wrigley's major accomplishments was convincing the Board to emulate the competition and update its system of setting tariffs by setting them in response to international markets."¹⁴

In February 1891, Clarence Campbell Chipman began expressing interest in the position of Trade Commissioner of the Hudson's Bay Company. Chipman, like Wrigley, had not been involved in the fur trade before joining the HBC. Unlike Wrigley, Chipman was a Canadian, born in Nova Scotia. He was appointed to the position of Trade Commissioner on May 12, 1891 and served in this position until the Company decided to concentrate all facets of its Canadian enterprise under one Commissioner. In October 1891, he became the supervisor of the retail trade, fur trade and land department which he organized into three departments, each with separate accounts and the Commissioner at the top who reported directly to the Governor and Committee. As a result of this, area managers reported to the Commissioner's Office in Winnipeg instead of reporting to separate departments of the Company.

In the Report of the Governor and Committee of the Hudson's Bay Company on July 14, 1892, Chipman's mandate was laid out:

Acting under the instructions of the Board the new Commissioner, Mr. Chipman, is effecting very considerable reductions in the expenses of management, rendered possible now that improved means of communication bring many of

¹⁴Stardom, 154.

the Company's Posts under the control of the central authority at Winnipeg. It is estimated that by changes already decided upon a reduction of L10,000 in annual working expenses will be accomplished.... The Board have given their careful attention to the question of dividing the Accounts of the Fur Trade from those of the Sale Shops, and they have been able to make arrangements for separating these two branches of the Company's business.¹⁵

Chipman's task was not an easy one. He was faced with falling profits from the fur trade while at the same time the shareholders were pressuring the Board for a separation of shares between the Fur Trade Department and the Land Department. Already in 1889, a group calling themselves the Shareholders Association, led by R.A. Maclean, were demanding that shares be separated along these lines in order to fully capitalize on the growing demand for land. Eventually they persuaded the Board that the Company should sell its land when the demand was high.¹⁶ By March 1892, the Company was granted a Supplemental Charter in which ordinary shares were converted into one preferred and one deferred share to increase the marketability of the Company's shares.¹⁷

To reduce capital requirements, Chipman embarked on a centralization program and the offices of all the departments were concentrated in "...order to promote efficiency and reduce expenses...." at the Company's York Street offices in Winnipeg and renamed the Commissioners Office.¹⁸ In addition, the fur trade accounts were

¹⁵HBCA, A.2/129, n.f., Annual Report, Outfit 1890, July 14, 1892.

¹⁶Robert Oleson, "The Past Hundred Years," The Beaver, Spring 1970, 16.

¹⁷HBCA, A.2/129, n.f., Annual Report, Outfit 1890, July 14, 1892.

¹⁸HBCA, A.12/35, fo. 87, Commissioners Correspondence, Chipman to Armit, Sept. 11, 1891.

"simplified," so that the inventories were taken on May 31, each year creating a yearly account. Chipman also suggested that all London transactions including interest and dividends should close on the same date the fur trade inventories were taken, and the accounts laid before the shareholders would consist "...merely of a Trading Account, a Land Account, one Profit and Loss Account and a general Balance Sheet."¹⁹ The former practice was to tally the returns and calculate the actual value of them before the Outfit could be closed. After consideration, the Board replied that a change to yearly accounts was not practicable although his other suggestions were assented to.²⁰

During the 1880s and the 1890s, a change was taking place in the traditional practice of fur trading. The Company found that much of the fur buying had to be made through direct cash purchases with the emergence of a cash economy in the north-west. Cash tariffs as well as barter tariffs were already being used in all the western districts except the Mackenzie River District when Chipman took office. He proposed a more pro-active approach where the Company would take the lead by introducing cash into this district before the competition did so. As Chipman observed in May, 1892:

In former years there was a standard price paid for Furs which was not at all affected by the prices received. Then the Company had the full benefit of any rise in the market, with an almost certain profit already in hand. Owing to the altered conditions of the country a considerable portion of the Furs must be purchased for Cash, and prices are becoming more or less regulated by the prices obtained in England. From the alternate fluctuations on the market in England and the length of time it takes to get the Furs to market, the Result for

¹⁹HBCA, A.12/FT 201/2[a], fos. 3-4, Accounts Correspondence, Chipman to Armit, Oct. 10, 1891.

²⁰HBCA, A.12/FT 201/2[a], fo. 46, Accounts Correspondence, Chipman to Armit, June 1, 1892.

several years past appears to have been, speaking generally, that Furs bought at low prices have been sold in a low market, and vice versa; thus practically reducing the chances of the Company being able to depend on a regular dividend from this branch of business.²¹

To remedy the situation, he suggested that the Company reduce capital in the fur trade and reduce expenses in the collection of furs in an effort to control the prices realized. Continued capital reduction was already taking place at the time of Chipman's report. In addition, improvements in the amalgamation of control of the Company's business made possible through communications improvements necessitated fewer officers for the collection of furs. Finally, Chipman warned that the control of fur prices was completely out of his hands and warned that "...the future of the Fur-trade proper would appear to be one from which anything like a regular dividend cannot be expected."²²

The major challenge faced by the HBC's fur trade was competition. With railway development in the Canadian west, the fur trade became increasingly exposed to competition in the form of petty traders and brokers who were able to take advantage of telegraph and rail transport to market their fur more effectively than the Company.²³

The HBC faced its competition in a market that was generally expanding from 1885 up to the First World War. In Western Europe and North America demand had increased for furs as a result of fashion trends making "common" fur varieties such as

²¹HBCA, A.12/FT 277/2, fo. 2, Results of Trade, Chipman to Armit, May 20, 1892.

²²HBCA, A.12/FT 277/2, fo. 2, Results of Trade, Chipman to Armit, May 20, 1892.

²³HBCA, A.12/FT 229/2, fo. 95, Reports, Chipman to Ware, June 4, 1909.

muskrat exploitable due to dying and bleaching techniques developed in Germany.²⁴ In the world market, the HBC continued to be a leader in the sale of muskrat pelts which accounted for 69 percent of all pelts sold during the 41 year period ending in 1911.²⁵ However, the absolute gain was marginal due to the upward spiral in prices, which created a slump in sales as well as the depletion of the more financially lucrative fur varieties such as beaver, marten and fox.

The expansion of North American markets led many traders from the United States to enter Canada in search of profits. By the turn of the century most of the leading American, British and German fur dealers had agents or branch offices in the major Canadian fur dealing cities including Winnipeg and Edmonton.²⁶

One of the ways competitors secured furs was to sell goods such as sugar and other "cheap goods" for less than the Company in order to divert the Company's business.²⁷ To respond to the smaller traders, the HBC bought out its largest opponents. Such was the case in 1891, when the Company bought out the firm of Carscaden and Peck in the Northern Department.²⁸ In addition, the Company was able to utilize its vast resources to produce some of these staple trading goods themselves

²⁴HBCA, A.12/FT 316/1[a], fos. 3-5, Fur Buying and Selling, William Halsey(District Manager, Hudson's Bay House) to Chipman, Mar. 28, 1893.

²⁵Ray, 51.

²⁶Ray 64-67.

²⁷HBCA, A.12/35, fos. 22-23, London Inward Correspondence, N.M.W.J. Mckenzie to Chipman, June 17, 1891.

²⁸HBCA, A.12/35, fo. 310, London Inward Correspondence, Chipman to Armit, Dec. 21, 1891.

such as flour. By producing these goods, the cost could be reduced by charging the Winnipeg wholesale prices "... which are governed by competition and the price of wheat, the freight being prepaid in order to take advantage of milling-in-transit [freight] rates...." to the posts and districts.²⁹ Thus, the Company's milling enterprises at Fort Vermillion, Prince Albert, Fort Garry, Ogilvie and Lake of the Woods were considered cost effective even though they were operated at a loss. This was due to the fact that they could supply the valuable trade good of flour for less than the Company's competitors.³⁰ In the Western Department, competition was met by increasing tariff prices and offering higher than the London average prices for furs.³¹

The most damaging competition the Company had to deal with was undoubtedly the firm of Revillon Frères. By the late 19th century, this company embarked on a fur marketing program where it used the drapery shops of France to market fur fashions. With this also came an accelerated turnover in the purchasing of furs and by the late 1800s, it became a raw fur wholesaler as well as a dealer in fur garments.³² Revillon's first entry into the wholesale trade in Canada took place in 1901 when it placed its headquarters in Quebec City and began trading in the Missanabie district. As Chipman observed, "[it] would seem to indicate that the venture is to be independent of the Saint Lawrence.... [and] I need hardly point out that the only competition that can seriously

²⁹HBCA, A.12/FT 229/2, fo. 6, Reports, Chipman to Ware, May 1, 1894.

³⁰HBCA, A.12/FT 229/2, fo. 49, Reports, Chipman to Ware, June 13, 1907.

³¹BCARS, A/D/20/V.1, Hall to Chipman, Jan, 18, 1895.

³²Ray, 93.

menace the Company's trade in the Bay must under present conditions be established and maintained from Sea. River freight to Missanabie should more than swallow up any profit which can be made."³³ However, when the trading company began establishing a saleshop and fur trade post in Edmonton as well as placing an agent in British Columbia, the HBC began to see the Revillons as a serious threat. By 1903, Revillon Frères had begun to establish posts on Hudson Bay when its ship was wrecked off Loon Island at Fort George on September 1, 1903.³⁴

The Revillon Frères company continued to expand at an incredible rate and by 1906 applied to the Parliament of Canada to enlarge and extend its trading privileges. Among the areas in which it was granted an extension was the right to hold capital of \$5,404,000; to operate vessels for the carriage of passengers and merchandise; to set up telegraph and telephone lines; open canneries; to have the right to natural resources such as timber, hydraulic power, mining, fishing and hunting; and to hold lands and forward moneys.³⁵ With these rights secured, Revillon Frères began an aggressive campaign in the James Bay District in 1908 to secure as many furs as possible at rates beyond the HBC's valuation tariff. James Bay had been the most remunerative area the HBC had been trading in, providing the largest returns of all the HBC districts.³⁶ As

³³HBCA, A.12/FT 217/2, fos. 2-8, Competition in the Bay, Chipman to Ware, July 1902.

³⁴HBCA, A.12/FT 217/2, fo. 24, Competition in the Bay, Chipman to Ware, Sept. 15, 1903.

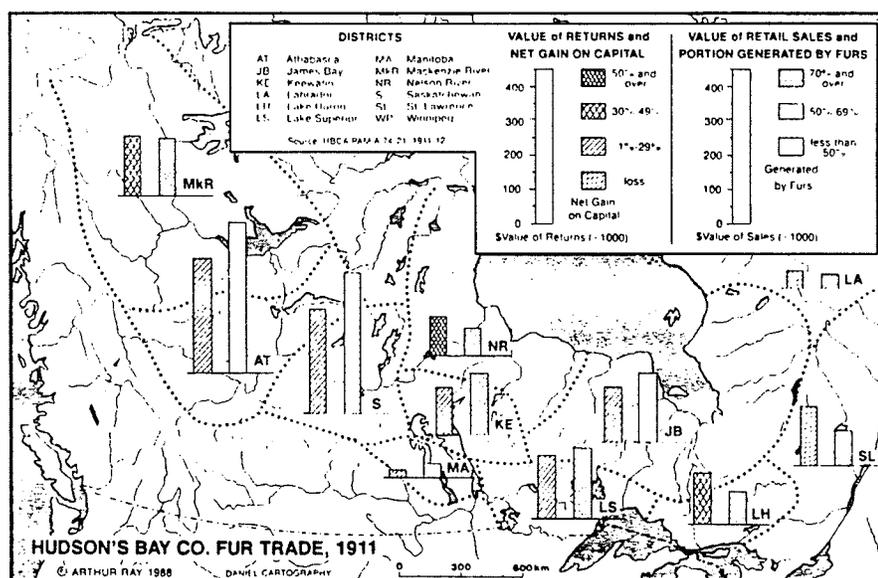
³⁵HBCA, A.12/FT 217/2, fo. 63, Competition in the Bay, Winnipeg Free Press (Clipping), May 16, 1906.

³⁶HBCA, A.12/FT 229/2, fo.28, Reports, Chipman to Ware, Oct. 24, 1902.

a result, the HBC was driven to increase its expenses in Native labour as well as incurring additional bad debts.³⁷ In many areas it became cost effective to close posts due to the high transportation costs which relied on Native labour in more remote districts.

By offering higher prices for furs through cash sales, Revillon Frères succeeded in inflating the prices paid for furs in some districts by 25 percent over the HBC's credit price, thereby making it unprofitable for the HBC to continue its traditional trading practices.³⁸ The aggressive trading practices of the Revillons were also felt

Figure 1
Hudson's Bay Company Fur Trade, 1911³⁹



³⁷HBCA, A.12/FT 217/2, fo. 101, Competition in the Bay, Chipman to Ware, Oct. 23, 1908.

³⁸HBCA, A.12/FT 217/2, fo. 106, Competition in the Bay, J.A. Wilson (Officer in Charge, Mingan District) to M.R. Grahame (Officer in Charge, Montreal District), Oct. 8, 1908.

³⁹Ray, 94.

among some of the smaller trading companies such as Bredin and Cornwall's Trading establishment in the Athabasca District which was absorbed by Revillons in 1906.⁴⁰ By "recklessly" buying furs at inflated prices, the Revillons managed to reduce HBC fur collections in British Columbia by 50 percent at the expense of taking a \$200,000 loss over 5 years. Through these same measures, it tried to drive the HBC from the Saskatchewan District by making the fur trade unprofitable.⁴¹ It also began expanding its operations in Hudson Bay in 1909, by establishing "wintering" quarters at Churchill with the expressed intention of establishing more posts in that section of the Bay.⁴²

Although the reduction of capital in the fur trade was a goal of the Company in the 1890s, it could not be achieved without sacrificing the volume of trade. In 1906, it became evident that the relationship between capital employed and the value of returns taken at the tariff valuation were dependent variables when it was recognized that in order to secure more furs and meet the Company's competitors a broader and more expensive equipment of supplies at each post was necessary.⁴³ Finally, by June 1907, Chipman cynically observed that the Company had two options: relinquish territory or increase capital. The reduction of inventories and capital could only be achieved in lean

⁴⁰HBCA, A.12/FT 217/2, fo. 58, Competition in the Bay, Chipman to Ware, Mar. 9, 1906.

⁴¹HBCA, A.12/FT 229/2, fo. 83, Reports, Hall to Chipman, Apr. 30, 1908.

⁴²HBCA, A.12/FT 217/2, fo. 116, Competition in the Bay, Chipman to Ware, June 25, 1909.

⁴³HBCA, A.12/FT 229/2, fo. 37-40, Reports, Chipman to Ware, May 18, 1906.

years when the same conditions that reduce fur collections operate to increase inventories.⁴⁴

As Arthur Ray observed in The Fur Trade in the Industrial Age, two distinctly different fur trades developed after 1885: the traditional remote district trade based on a credit barter system and the newer frontier or line post trade in which cash trading was commonplace. Although the outpost trade generally operated at a loss, the Company rationalized this strategy as a temporary expedient in which it could intercept the Natives with their hunts before they came into contact with the opposition. This "spatial strategy" was based on the Company's willingness to run heavy losses on the railroad frontier in order to drain the resources of the competitors, thereby making it difficult for them to expand into the lucrative inland districts.⁴⁵ As Chipman noted in 1909,

The fact must be apparent that the methods of trading with Indians though capable of modification from time to time cannot be modernized, and modification as far as practicable must therefore become effective in controlling or governing the operative mechanism through the Inspecting and District Officers.⁴⁶

The employment of Native workers was an essential aspect of the HBC's fur trade in order to fulfil seasonal labour requirements. In addition to their traditional role as trappers, they also performed tasks such as boatmen, canoemen and longshoremen. In addition, trippers or field traders, performed an important role in the fur trade by

⁴⁴HBCA, A.12/FT 229/2, fo. 66, Reports, Chipman to Ware, June 12, 1908.

⁴⁵Stardom, 90.

⁴⁶HBCA, A.12/FT 229/2, fos. 91, 94, Reports, Chipman to Ware, June 4, 1909.

intercepting furs for the Company before the competition could get its hands on them. This practice involved retaining one reliable Native from a group of related hunters and giving him a 10 percent commission on the furs he collected. Through this practice, the Company sought to protect the credit it had extended in the form of outfits by keeping furs out of the hands of rival traders.⁴⁷

The Native labour force, which included Indians and Metis, at the turn of the century had adapted well to the conditions of competition for furs. Advances to Natives in the form of goods was a traditional practice of the Company during the monopoly years. By the 1890s, the shift from a barter to cash economy brought on by competition and the influx of capital in the north-west, created a situation where Natives took longer to repay debts. Bad debts often had to be written off creating a loss while on the other hand, "[the] temptation to give advances is great, as in the case of a refusal, the Indian will betake himself elsewhere and will not give a skin to the Company for years.... not to give debt to Indians is simply to send them into the arms of the opposition."⁴⁸ Native trappers in turn would generally hunt in the interests of the trader who would provide the most "liberal advances."⁴⁹

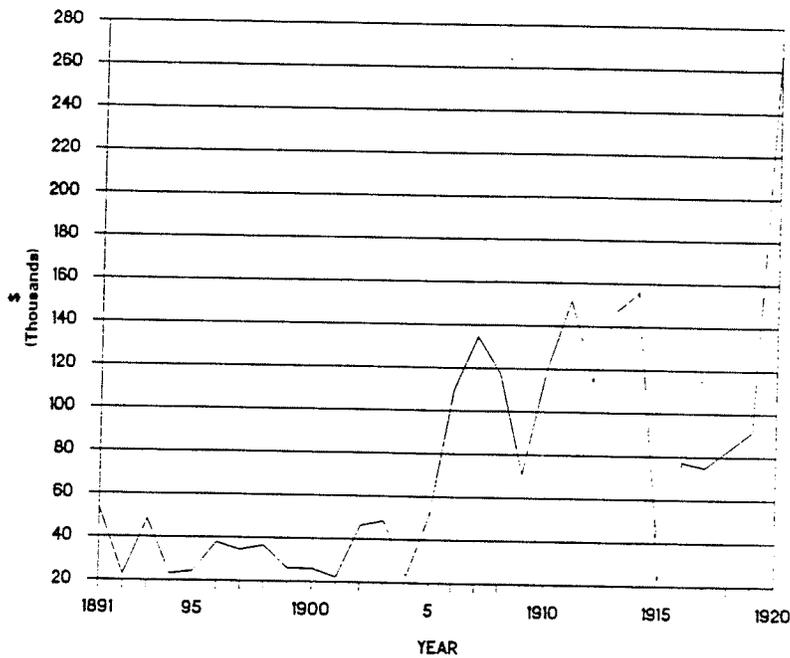
Cash fur purchasing had been replacing the traditional barter system since the 1880s. Along railways, cash became the only form of exchange, while in the more remote areas cash trading was vigorously outstripping barter trade. In the days of the

⁴⁷HBCA, A.12/FT 229/3, fo. 13, Reorganization, Chipman to Ware, Oct. 7, 1898.

⁴⁸HBCA, A.12/FT 322/1[a], fo. 2, Inspection Reports, Chipman to Ware, June 11, 1892.

⁴⁹HBCA, A.12/FT 229/2, fo. 88, Reports, Chipman to Ware, June 4, 1909.

Figure 2
Outstanding Indian Debts, 1891-1920⁵⁰



monopoly, the tariff was a mechanism the Company used to conserve furs by controlling the supply marketed and making the largest possible returns.⁵¹ With increased competition, this practice could no longer be followed. Whenever competition for the purchasing of furs was great, cash buying became a significant component of business. Native trappers appreciated cash over barter and credit because it allowed them to take advantage of better prices for goods wherever they existed instead of being locked into barter arrangements with the Company. The Company, for its part, preferred the traditional method of trade which was more profitable.⁵²

⁵⁰Ray, 85.

⁵¹Innis, 328.

⁵²Ray, 76.

At the turn of the century, the HBC began expanding the cash trade not only as a response to competition but also to address the problem of debt collection.⁵³ In 1898, Chipman ordered the cessation of advances, which was rarely followed by semi-autonomous post managers. In some posts, however, advances were curtailed producing mixed results and generally lower returns from the fur trade. The change from the "Skin Tariff" based on the Made Beaver equalling \$1.00 to the "Cash Tariff," helped lessen the blow of this move by attempting to trade on the same footing as the competition. As J. Calder, the Principal Assistant to the Accountant of the General Office wrote, "[under] the skin tariff, it was altogether dependent on what class of goods the Indian traded whether the Company made a gain or a loss on the transaction."⁵⁴ The cash tariff and the new grades of valuation made the accounting system more representative of the quality of furs and profits derived from them. By 1908, however, Chipman began to view advances as a "gratuity that constitutes a part of the cost of labor.... [though it] may not be considered convenient or desirable to designate the payment of wages."⁵⁵

The competition for its part waged a labour war with the Company which further increased the wages necessary to retain a reliable Native labour force as well as to secure better quality furs. In the Saskatchewan District, where competition was particularly strong as a result of the efforts of Revillon Frères, Natives could "demand

⁵³Ray, 84.

⁵⁴HBCA, A.12/FT 229/3, fo. 112, Reorganization, Report on the Accounts of the Athabasca and Peace River Districts and the Northern Transports, Nov. 13, 1899.

⁵⁵HBCA, A.12/FT 229/2, fos. 88-89, Reports, Chipman to Ware, June 4, 1909.

and obtain" the wage they chose to name sometimes doubling the cost of all transport that required York Boats and Bateaux. The Company's competition would also continually introduce new and better lines of trading goods in order to divert furs from the Company.⁵⁶

In other areas, Natives did not collect furs at all if the market was not providing sizable returns. After his inspection of the Western Department, R. H. Hall wrote in 1897,

The fur collection has dropped to an almost insignificant quantity.... This alarming decline is due in great measure to the disinclination of the Indians on the sea coast to hunt for furs at the lower prices of the last two years. They are not dependent upon the chase. They are fishermen, lumbermen and labourers generally....⁵⁷

The principal problem with the Company's fur buying practices was that it had to wait an entire year for the furs to be shipped to London, and for the Outfit to be accounted for, before the furs could be sold. The Company's competitors, on the other hand, were guided by the prices which could be immediately realized in New York and other markets.⁵⁸ Inspection of the fur trade posts was reorganized and enlarged during the 1890s to investigate this problem.

In May, 1897, Chipman suggested that inspection be "...divided into two classes,

⁵⁶HBCA, A.12/FT 229/2, fo. 44, Reports, Hall to Chipman, Mar. 28, 1906; fo. 48, Chipman to Ware, June 13, 1907.

⁵⁷HBCA, A.12/FT 322/1[a], fo. 129, Inspection Reports, R.H. Hall to Chipman, Nov. 6, 1897.

⁵⁸HBCA, A.12/FT 316/1[a], fo. 1, Fur Buying and Selling, Chipman to Armit, Feb. 14, 1893.

namely, that of Salesshops, and of the Fur Trade Districts."⁵⁹ It was recognized that the inspection of the salesshops and the fur trade posts required different methods due to the difficulty and expense of travel to visit fur trade districts. In an effort to promote greater efficiency, R. H. Hall and P. Mckenzie, the respective officers in charge of the Western Department and the Montreal Department were instructed to visit the various posts under their supervision while E. K. Beeston was instructed to visit the Peace River, Athabasca and English River districts as competition was greatest in those areas. Chipman also proposed that the inspectors be allowed to take matters into their own hands when he wrote,

In the former system of Inspection of the Fur Trade Districts, one of the principal detriments to its success was that, upon matters requiring attention, the Report had first to be submitted, and the correspondence taken up with the Officer in charge of the District, before any definite action was taken.... It is now proposed to authorise the Inspecting Officer to see that such matters as his judgement shall require immediate action shall be attended to....⁶⁰

As more people began settling in the fur trade districts, inspection was stepped up when district officers were instructed to inspect the posts every three months. This was partially due to the situation in the Lake Superior district where an influx of miners and prospectors led many post managers to incur bad debts.⁶¹

In 1898, Chipman called a meeting of District Managers from the North-West

⁵⁹HBCA, A.12/FT 322/1[a], fo. 15, Inspection Reports, Chipman to Ware, May 6, 1897.

⁶⁰HBCA, A.12/FT 322/1[a], fo. 17, Inspection Reports, Chipman to Ware, May 6, 1897.

⁶¹HBCA, FT 322/1[a], fos. 161-3, Inspection Reports, Chipman to Ware, Nov. 20-21, 1902.

Territories to be held at Athabasca Landing to discuss additional alterations to the Company's business procedures. District Managers were instructed to bring accounts of the Company's property, goods on hand, selling prices, records of Indian advances, officers on hand, costs of shipping goods and recommendations for the future of their respective districts. The north at this time was changing rapidly with the influx of white prospectors, trappers and traders into the Athabasca, Mackenzie and Peace River areas drawn in by the Klondike gold rush. In addition, the Company officials anticipated the conclusion of Treaty number 8.⁶²

As a result of the recommendations made at the meeting, the Company reorganized its fur purchasing system which was set in relation to the current London prices which were averaged from all grades of a given species from which the Company deducted 20 per cent to cover shipping, warehousing, officers profits and other costs. To avoid the practice of giving bonuses and gratuities to its Native clients, and to discourage the practice of post managers going after inferior skins, the Company reduced the 20 percent deduction to 10 percent, thereby raising fur prices. At this time, post managers often purchased inferior skins in order to show a purchasing profit on paper. If they purchased the best furs their account would show a purchasing loss because the valuation tariff on furs was based on the average price.⁶³ In this system post managers received credit for their collection according to the average price fetched

⁶²Ray, 79-82.

⁶³HBCA, A.12/FT 316/1[a], fos. 177-79, Fur Buying and Selling, C.G. Wilson(District Manager, Weymantachingue) to Hall, Dec. 16, 1912.

at the Company's semi-annual auctions which often credited traders with profits for furs the Company sold at a net loss. As Chipman noted at the meeting at Athabasca Landing on October 7, 1898;

The present Valuation Tariff,... has also to a considerable extent been the purchasing Tariff in the inland Districts, is based upon the average of the amount realized at the Sales in London for all classes of skins of the various descriptions, less 20 percent.... the present system, it is therefore feared, is an incentive to the acquisition of inferior skins...⁶⁴

The logic behind this action was to scrap the old scheme of valuing post returns based on the previous year's average price for furs. According to Chipman's account of the competition,

At the close of his season, he disposes of his Furs at the then existing market prices at various central points where Furs are purchased for cash, and is enabled by just seeing the amount he receives to know whether he has made a profit or a loss; to this end he is also guided by market advices.... The Company's results, however, are judged from those of markets held in the previous season, and although competition has to be met, the effect of a rising or falling market is not known....⁶⁵

To discourage the practice of buying lower quality skins, furs were to be divided into four classes upon their arrival in London and a report sent showing how the furs grade as each shipment arrives. The valuation of the prices for the various classes of furs was to be determined by the Company's broker in Canada and sent with the shipment.⁶⁶

⁶⁴HBCA, A.12/FT 229/3, fos. 10-11, Reorganization, Chipman to Ware, Oct. 7, 1898.

⁶⁵HBCA, A.12/FT 322/1[a], fos. 30-32, Inspection Reports, E. K. Beeston's to Chipman, Jan. 28, 1898.

⁶⁶HBCA, A.12/FT 229/3, fo. 11, 24, Reorganization, Chipman to Ware, Oct. 7, 1898; Chipman to Ware, Jan. 13, 1899. Furs were classified by their quality in the main categories of Prime and Common or furs killed in season and out of season. Winter skins were perfectly prime, early skins being bought at a lower price were common, and

By judging whether the furs were bought at an advantage as soon as possible after they were received, instead of waiting for the London fur sales and using the average valuation tariff, the Company could judge whether the trade was profitable immediately instead of waiting for what might be an inaccurate valuation tariff. In November 1899, Chipman suggested a "...valuation of the furs upon their receipt in England..." would speed up the entire process.⁶⁷ However the Company's directors waited until the 1913-14 Outfit year to finally abandon this traditional system of valuing fur returns and setting tariffs.⁶⁸

Company reorganization continued the trend initiated by Wrigley through the elimination of the "Deed Poll" and the practice of offering profit sharing commissions to Company employees. The Deed Poll of 1871, as already mentioned, had been altered by Wrigley in 1888, by offering no new commissions to Company employees who entered the ranks after 1870. Already in 1879, the trend was clear: the Company was promoting its general trade and land business to the detriment of the commissioned officers. Through the modernization of the Company, a system of salaried employees began to replace the former structure that was deemed uneconomical in the increasingly volatile fur market.

In 1893, when the results of Outfit 1891 had been received, the Company decided to abandon the profit sharing system altogether, thus simplifying bookkeeping

damaged skins were further reduced on this valuation scheme.

⁶⁷HBCA, A.12/FT 293/1[b], fo.7, Valuation of Fur Returns, Chipman to Ware, Nov. 17, 1899.

⁶⁸Ray, 84.

and records, and ending the differentiation between the fur trade and other business operations in the accounts. In the annual report of 1893, the fate of the Commissioned Officers was sealed with a series of five resolutions that terminated the profit sharing scheme and replaced it with a "fixed yearly payment." Retirement benefits were to continue along the former scheme proposed in the 1879 revised Deed Poll which was based on a share of the profits from the fur trade. Officers would be ineligible for retirement benefits if they "wilfully neglected" their work or entered into the service of the Company's competition.⁶⁹ In the following year, a pension plan was proposed, paying a top annual rate of \$1500 to Chief Factors with 30 years service, but specifically excluding benefits for those who had already retired. In addition, the £50,000 left in the Servants Pension Fund was absorbed into the general corporate revenues.⁷⁰ By 1902, the Company also discontinued the apprentice system and post managers became employees chosen from a variety of business fields or on the basis of some special knowledge of the country, which included Metis specialists.⁷¹

The fundamental problems with the management of the fur trade districts were a result of the changing needs of the trade with respect to the trade goods necessary and the type of managers needed to carry it out. At many posts in developing areas, "[the] general mercantile business [had] not yet arrived at a state of development when the cost of establishing and maintaining a Salesshops distinct from the Fur Trade.... would

⁶⁹HBCA, A.2/129, n.f., Annual Report, Outfit 1891, July 17, 1893.

⁷⁰HBCA, A.2/129, n.f., Annual Report, Outfit 1892, July 16, 1894.

⁷¹Stardom, 42.

be warranted." This problem was further complicated by the inability of many managers, who were schooled in the fur trade, to apply the appropriate accounting procedures needed for the mercantile business, while the additional expense of having a competent accountant was not yet justified by the scope of the business at these posts. Likewise, "...a man with sufficient general knowledge to handle the mercantile and accounting branches of Post business, almost invariably [lacked] the knowledge and experience so very necessary to successful Fur Trading."⁷² The effect the elimination of the Deed Poll had on the Company was costly, leading to dissatisfaction among the employees at the Company's posts as well as a sizable defection of employees to the service of the competition.⁷³ Corporate centralization took precedence over the individual initiative of officers hired under the Deed Poll. The resulting tightening of control from the Company's headquarters was made more effective by the spread of the price system and accounting changes.⁷⁴

One of the ways the HBC could maintain its competitive footing in the more northerly districts was to develop a network of steam powered vessels to serve areas away from the rail lines. Already in the 1870s, the Company had developed a formidable steamship line which was augmented during Wrigley's commission. Between 1883 and 1887, steamboats were placed on the rivers of the Mackenzie basin

⁷²HBCA, A.12/FT 229/2, fo. 37, Reports, Chipman to Ware, May 18, 1906.

⁷³HBCA, A.12/FT 229/2, fo. 77, Reports, Chipman to Ware, June 12, 1908.

⁷⁴Irene M. Spry, "Innis, the Fur Trade, and Modern Economic Problems," in Old Trails and New Directions: Papers of the Third North American Fur Trade Conference, C. Judd and A.J. Ray, eds. (Toronto: U of T Press, 1980), 299.

to move goods into and furs out of the rapidly expanding hinterland as well as secure any commercial traffic. Above Athabasca Landing the "Athabasca," launched in 1888 operated, while the "Grahame," launched in 1883, serviced the Lower Athabasca, Slave and Lower Peace Rivers. Later, the "Wrigley" was added to this river fleet in the lower sections of these rivers.

To justify the expense of purchasing and constructing steamboats, the Company strove for self sufficiency in the Western Department. Thus, the Company constructed the "Caledonia" in 1898 to serve the Stikine and Skeena Rivers and to avoid paying transportation costs to the rival Callbreath and Company. As well the Company operated the "Strathcona" in the B.C. river system.⁷⁵ The "SS Peace River," the "SS Saskatchewan," and the "SS Inenew" operated in the Athabasca, Saskatchewan and James Bay Fur Trade Districts respectively by 1907.⁷⁶ Transportation improvements helped reduce Native labour expenses as well as bringing furs to market more quickly. However, the process of getting the furs to market as cheaply as possible by steamboats involved not only freight rates, but marine and fire insurance and demurrage and handling charges.⁷⁷ Thus, the Company's profit may have appeared relatively low in these districts although the monopoly it held in transportation more than secured a larger portion of furs than its competition. The Company also used the development of

⁷⁵HBCA, A.12/FT 229/3, fo. 128, Reorganization, E. K. Beeston to Chipman, July 31, 1900.

⁷⁶HBCA, A.12/FT 229/2, fo. 46, Reports, Chipman to Ware, June 13, 1907.

⁷⁷HBCA, A.12/36, fo. 463, London Inward Correspondence, Chipman to Armit, Aug. 26, 1892.

the railways to reduce transportation expenditures where available. In British Columbia, as a result of logistical problems and the expense of rail transport, the majority of furs continued to be shipped using the sailing route from Victoria to Liverpool via Cape Horn until well into the first decade of the 20th century.⁷⁸

In 1910, the Company had embarked on a thorough inspection of the saleshop business, conducted by Richard Burbidge. After this inspection, the Company made the decision to divide the business into departments, "... placing at the head of each a man especially conversant with these respective interests."⁷⁹ By 1912, the Company also set up a Canadian Advisory Committee consisting of three "prominent" Manitobans, A.M. Nanton, George Galt and Sir William Whyte, to provide the Governor and Committee with local advice.⁸⁰

The Company's management in London in 1911 had also undergone several changes which affected Chipman's fortunes. Foremost was that the position of Smith as Governor had evolved into a figurehead role, until the aged Smith died in 1914. Additional members were added to the Committee in 1910 when the Company's Deputy Governor, the Earl of Lichfield and Sir Walter Vaughan Morgan, Bart., retired. To replace these men, Thomas Skinner, who had previously sat on the Committee was promoted to the position of Deputy Governor. F. C. Ingrams, who was the Assistant Secretary of the Company, was promoted to the position of Secretary in the spring of

⁷⁸HBCA, A.12/36, fo. 317, London Inward Correspondence, Chipman to Armit, June 6, 1892.

⁷⁹HBCA, A.2/149[b], n.f., Annual Report, Outfit 1909, July 10, 1911.

⁸⁰HBCA, A.2/149[b], n.f., Annual Report, Outfit 1910, July 8, 1912.

1911, replacing William Ware.⁸¹ In addition, the Committee was enlarged to its maximum number with the appointment of Vivian Hugh Smith, Robert Molesworth Kindersly, William Mackenzie, the president of the Canadian Northern Railway Company, and Richard Burbidge, the Managing Director of Harrods Department Store. In the same year, the Company altered its accounting procedure, paying its yearly dividend from the land account instead of using its overall trade to provide steady returns for the Company's shareholders.⁸²

Another inspection of the fur trading posts in Canada took place in 1911 whereby two Harrods executives made observations and recommendations on how to manage the trade. Writing to the Acting Secretary, F. C. Ingrams in June, 1911, Hall wrote, *inter alia*,

We were visited last February by Mr. Le Sueur and Mr. Baxter of Harrods Stores....The outcome of our joint investigations and comparison of our views may be summarized as follows:

1. That we in Canada are not so seriously lacking, as I feared, in knowledge as to the classification of furs....
3. That values in the open market here, are too high to permit of our buying of furs by tender and for cash, with much better average profit....
4. That the specialized raw fur Houses like Ullman's whose chief establishment is at Leipzig....not only sell their skins to better advantage than the Company, but, as buyers their knowledge of the market, of the fashions, of supply and demand in all parts of the world, enable them to anticipate and take advantage of coming fluctuations in value with greater certainty....
7. That the solution of the problem with which we are confronted,.... is to become.... not only a buyer of furs as near as possible to the producer, but also a vendor as close as possible to the actual manufacturer and consumer, and I would hope that, as manufacturers of Furs, the HBC may in time become a

⁸¹HBCA, A.1/160, fo. 62, Proceedings of the London Committee, Apr. 1, 1911.

⁸²HBCA, A.2/149[a], n.f., Annual Report, Outfit 1908, July 4, 1910.

household word.⁸³

R.H. Hall, the new Fur Trade Commissioner, suggested that the Company end the system of average valuations of all grades of skins. He also suggested that furs should be inspected for their gradings of quality in Winnipeg, similar to the system used in B.C., where furs were graded by the district officers before they were forwarded to London. The other alternative Hall suggested was to appoint trained men to supervise the trade as well as educate the staff, especially in competitive areas. For this position he recommended Mr. Rendall. Finally, he intimated that the Company should try to emulate the competition by placing emphasis on American instead of European consumers and abandon the practice of holding public auctions.⁸⁴ Nevertheless, the Governor and Committee continued to insist that the majority of the fur returns be earmarked for the London market even though prices were often higher in the North American markets.⁸⁵

The Hudson's Bay Company during the 1890s and early 1900s was on the road to diversification. The infrastructure of its traditional trading enterprise had been under attack for several decades, and the Company had emerged bloodied but not beaten. The fur trade had become a secondary aspect of the Company's business in terms of revenues and importance. However, the Company's executives had not given up hope

⁸³HBCA, A.12/FT 316/1[a], fos. 42-43, Fur Buying and Selling, R.H. Hall to F.C. Ingrams, June 12, 1911.

⁸⁴HBCA, A.12/FT 316/1[a], fos. 90-93, Fur Buying and Selling, Hall to Ingrams, Jan. 6, 1911.

⁸⁵Ray, 223.

in the future prospects of the trade. Indeed, even before the onslaught of competition in the Canadian north-west, the Company had to contend with yearly cycles of fur returns and market demands and yet continued this aspect of its business. The fur trade continued to provide sizable returns for many years despite the bickering of the Company shareholders. (See Graph 1) However, by 1912, the days of the "Wintering" partners were over. As well, new markets for trade goods had developed in the west with the influx of immigrants, and a new phase of the Company's business ventures was approaching maturity: the retail trade.

On May 31st, 1911, Chipman's tenure as Commissioner ended when he was appointed to the position of Land Commissioner. The decision of the Governor and Committee to demote Chipman and appoint R. H. Hall to the position of Fur Trade Commissioner, and Herbert E. Burbidge to Salesshops Commissioner, marked a turning point on the part of the Company's management as it reverted to a similar management structure the Company had abandoned when Chipman was appointed in 1891. Although Chipman was a guiding force in the modernization of the Company, his position as Commissioner was decentralized in order to enlarge the role of middle managers who could control their respective departments more effectively by concentrating on a single business interest and leaving the larger decisions to the management Board in London. Thus, the Company's management in Canada became even more specialized as its bureaucratic structure was further enlarged. This, however, would not have been possible without the measures Chipman brought to the Company in order to make its management more effective, included cost accounting and standardization. On

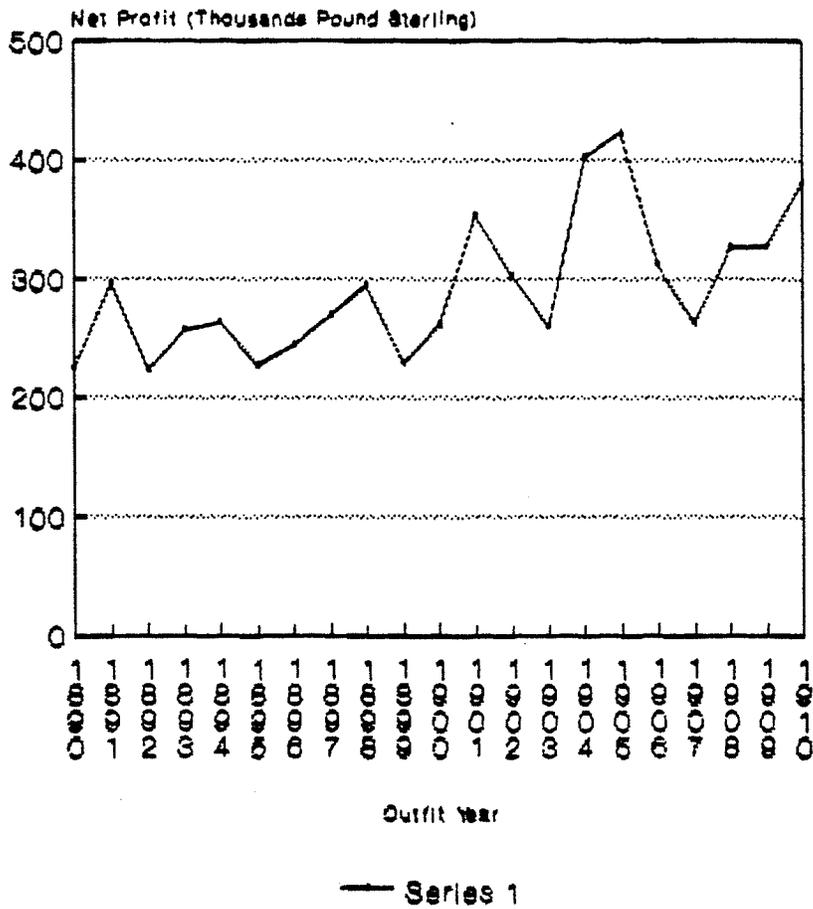
September 12, 1911, Chipman's employment was terminated. According to Donald Smith,

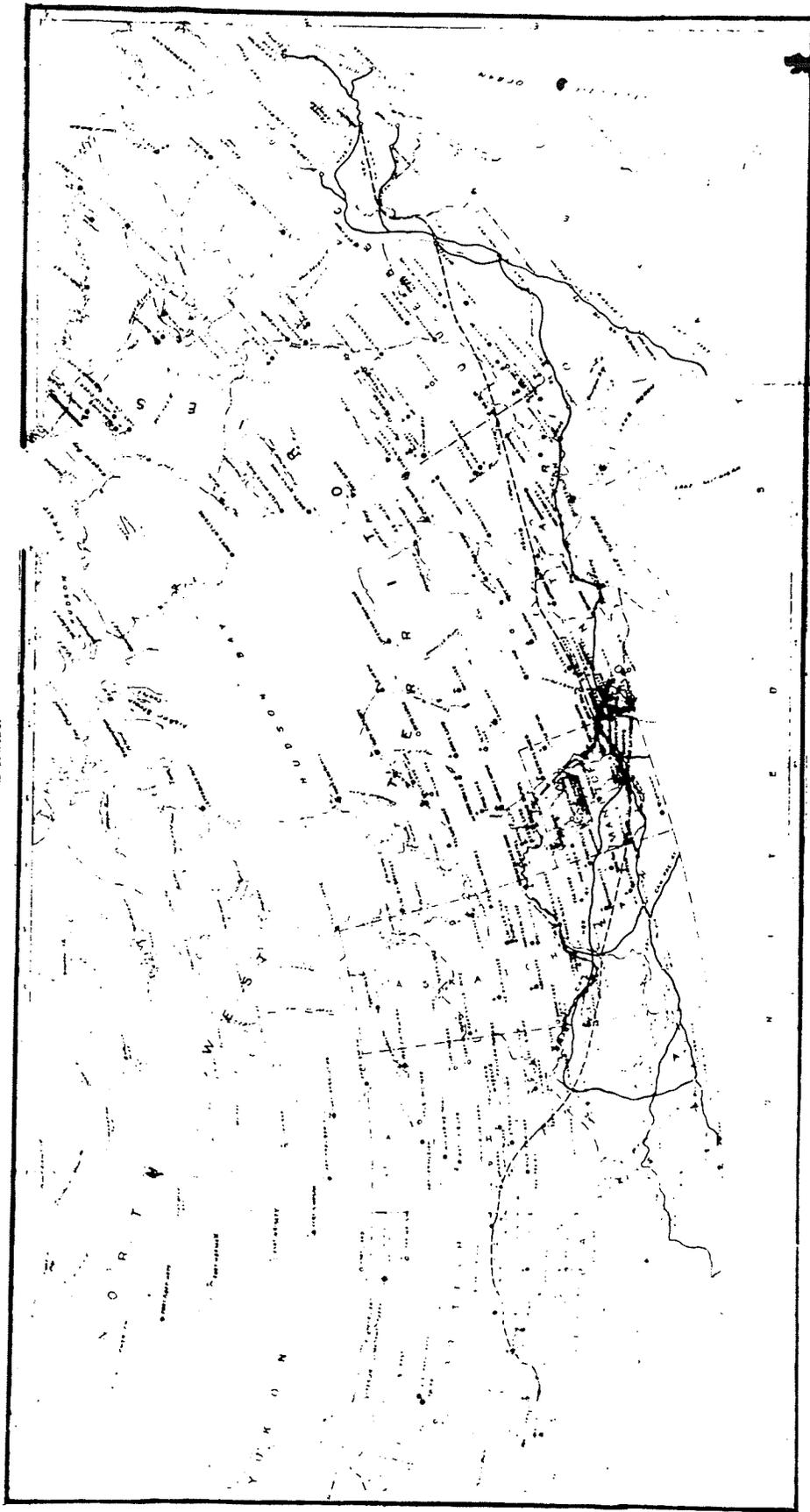
After considerable discussion as to Mr. Chipman's position in the Company's Service, it was resolved that notice be given to Mr. Chipman that his services are no longer required and that for the current year to May 31 next he receive the rate of L 1,500 a year and thereafter the Pension agreed to.⁸⁶

⁸⁶HBCA, A.1/160, fo. 106-7, Proceedings of the London Committee, Sept, 12, 1911.

Graph 1

**Net Profit Of The Fur Trade:
Hudson's Bay Company, 1890-1910**





Map showing the position of the trading establishments of the Hudson's Bay Company and the location of the Fertile Belt which the Company is entitled to one-twentieth.(HBCA Map Collection, G.1/255 (N4542), 1906)

Chapter 3

The Retail Trade

To develop its share of the retail trade in the Canadian west, the Hudson's Bay Company's Commissioners were faced with the great task of converting their pre-industrial fur trading enterprise into a department store chain. Joseph Wrigley, the Company's Trade Commissioner from 1884-1891, laid the groundwork for this task, but it was not until the appointment of C.C. Chipman as Trade Commissioner and later Commissioner of all Canadian operations, that the Company finally shed its traditional roots as the "Wintering Partners on the Bay." Chipman had to convince the Company's Board of Directors in London that they could derive profits from a modern retail trade. Many of the Company's shareholders at the time believed that the HBC should abdicate its position as frontier retailers and fur traders and concentrate all their efforts on the land business which provided immediate profits.¹ Thus, Chipman was faced with a recalcitrant management board that continuously called for the scaling down or abandonment of the retail trade if immediate profits were not forthcoming. In addition, Chipman had to re-organize the Salesshop Department in order to bring it up to speed with the Company's competitors in the region. To achieve this end, the Company's "dead wood" was retired and specialists trained in accounting and management were hired to replace them.

Chipman's own assessment of the Company's future in the retail trade resulted

¹ The Hudson's Bay Company were entitled to about 7,000,000 acres of land in the fertile belt of the prairies as well as approximately 50,000 acres of land around its posts. Many of these posts had become cities such as Winnipeg and Edmonton.

from his belief that the west had the potential of becoming a heavily populated and economically diverse contributor to Canada's national economy. Since the HBC was already established there, the retail trade would be the device that would bring the Company into the 20th century and beyond, especially after all of the land was sold. Hence, Chipman devoted most of his effort and time as the Company's Commissioner to the Salesshop Department since the Land Department virtually ran itself and the fur trade, in which Chipman had no experience, was seen as antiquated and diminishing in prominence. The Salesshop Department was the area where Chipman could effect the greatest change and, as a professional administrator, he brought the department under the central control of his office and established the Company's prominence as a retailer in the Canadian west.

The emergence of the retail branch of the Hudson's Bay Company was a natural development of the Company's fur trading empire. After the "Deed of Surrender," the fur trade was progressively eclipsed by competition, the depletion of fur stocks and the settlement of prairie lands. By 1872, Governor Sir Stafford Northcote, expressed the hope that,

.... we may find that kind of business will continue long enough to enable us to set on a firm footing the other business of the Company....²

This "other business," however, did not develop significantly until the 1880s due to the worldwide economic depression.

By the mid-1880s the depression temporarily subsided and the HBC proceeded

²HBCA, A.2/4, n.f., General Court Minute Books, Nov. 26, 1872.

to modify its fur trading enterprise to meet the needs of pioneers in the frontier posts and urban dwellers in Winnipeg and in Vancouver which became the western terminus of the Canadian Pacific Railway. Traditional staples such as flour and blankets, were no longer the most remunerative trade items and new lines of goods had to be stocked in order to meet the demand and stifle the competition.

The Company's saleshop business was in a peculiar position. Being the first Company in the area, it had the advantage of introducing the department store business to the west. However, the Company was slow to respond to the growing demand for goods because the saleshop business was operated as an adjunct of the fur trade. Compromises were attempted for a number of years, where fur trade posts were operated as both saleshops and trading posts in an effort to maintain a presence in valuable fur trading districts. By the 1890s, however, the Company decided to separate the two branches of the business completely in order to simplify their accounting practices and place the saleshop business upon modern management lines.

The early Hudson's Bay Company saleshop business came into being as a direct result of the Company's land policy under Charles J. Brydges, who was the Company's Land Commissioner from 1879 to 1889. Brydges had previous business experience as a management expert hired by the Great Western Railway in 1850 to place its operations on a sound basis. He was hired by the HBC in 1879 to perform the same service for its Land Department.

The arrival of the railway on the prairies and the easing of the world depression led to a land boom in the early 1880s. Towns sprang up where the HBC had formerly

had fur trading posts for decades and these trading posts became general stores for the pioneer population. As a result, the Company undertook an expansion of its retail network to increase the attractiveness of its land holdings.³ At the same time the Company was placing its Salesshop Department upon more modern business lines by replacing barter trade with cash and credit, developing a system of regular inspection of the posts and attempting to bring modern accounting practices to the Company's business. This job was given to the Company's Trade Commissioner, Joseph Wrigley. Already in 1881, the Company had established its first "departmental" store in Winnipeg at the corner of York Avenue and Main Street to service the needs of the city's more affluent consumers. By 1884, the store employed 54 people in its retail and wholesale departments.⁴

Vancouver was also seen by the Company as fertile ground for retail expansion. It had been granted a lot by the Canadian Pacific Railway Company on Granville Street, which was considered to have the potential of becoming the city's most affluent shopping area. It also had another lot on Cordova Street opposite the Hotel Vancouver.⁵ In 1885, at the Company's annual meeting in London, the Board addressed the question of general trade and asked Wrigley to conduct a review of the entire system. By determining the actual results at each location including capital involved, outstanding debts, stock on hand and the net results for the past three years,

³ Stardom, ix.

⁴Stardom, 206.

⁵Stardom, 212.

the Board made recommendations to curtail or expand operations while at the same time keeping a constant supervision of the trade.⁶ The Company had concurrently begun an aggressive newspaper advertising campaign under the direction of Brydges which not only promoted the Company's land but also boasted of the Company's salesshops which, it was hoped, would encourage land buyers to locate on HBC reserves.

Among the innovations introduced by Wrigley was the system of using buyers to purchase goods in North America and England and then storing bulk quantities of merchandise in the Winnipeg and Victoria warehouses from which goods were transferred to the various posts and salesshops. Victoria was established as the headquarters for the Western Department before the Deed of Surrender. At the time, goods were primarily shipped "Round the Horn" to the west coast and thus, Victoria remained the Company's warehousing centre on the coast despite the modest demand for goods on Vancouver Island. Managers of the stores were encouraged to purchase their goods from the depot which had the advantage of buying in bulk and could be visited in May and December when travellers' samples were available. The Company's depot was also used to fill supply contracts with the CPR, the North-West Mounted Police and the Indian Department through its wholesale department. This created a dilemma when the wholesale business began absorbing a larger amount of capital with less return than the retail branch of their operations. Another impediment to the trade that required a large capital investment to overcome was the number of older Company stores. With the emergence of towns and cities on the prairies came competing retailers

⁶Stardom, 212-213.

who usually had new stores. The Company, on the other hand, often converted its old trading posts into salesshops which often proved to be inadequate.⁷

Another of Wrigley's achievements during his short tenure as Trade Commissioner was the purchase of I.G. Baker and Sons' stores in the North-West Territories. Baker had begun retailing goods and competing with the HBC in the western portion of the Canadian Prairies. I.G. Baker and Sons had been established as an Indian trading post in Montana in 1866 and began expanding until it held a virtual retail monopoly throughout Montana and north from Fort Benton to the Blackfoot territory. By the 1880s, it had become one of the largest and richest firms in the region dealing in cattle, transportation, banking and conducting mail service.⁸ Negotiations between the Company and I.G. Baker were entered into in 1890 for the purchase of its stores in Calgary, Lethbridge and Macleod at the asking price of \$200,000 (U.S) for the stock and real estate with \$60,000 in unrealized credit. The Company offered \$44,000 and all saleable goods purchased at a reduction of 25 per cent of the cost landed with the remainder taken at valuation. By March 9, 1891, the Calgary stock and fixtures had been taken over for \$25,523 and the valuations at Fort Macleod were complete.⁹

The legacy of Wrigley also included an improved buying and supply system, small scale expansion into prairie towns and improvements in the management of salesshops including the bonding of clerks. He initiated improvements in the Company's

⁷Stardom, 243.

⁸Stardom, 215.

⁹Stardom, 245-246.

accounting procedures whereby the capital employed in an entire district's accounts could be examined each month to look for shortfalls and gains. In addition, a uniform inspection system was set up to provide the Trade Commissioner with information to effect adjustments to the trade and central control of the entire operation.

This set the stage for C. C. Chipman to take over from Wrigley as Trade Commissioner on May 12, 1891. Chipman's task with regard to the saleshop business was simple. He was to use his abilities as an administrator to centralize and streamline the Company's various operations in order to become a modern capitalist enterprise. By the following October, Chipman was appointed to the position of Commissioner when the management of the Land Department was merged with that of the "other business" to effect "greater economy."¹⁰ The London Board justified this centralization as necessary in order to reduce the cost of management and to consolidate it under the firm control of a central office that could provide up to date information to the Board on the progress of trade. This measure was already recommended during Brydges appointment but had never been acted upon. By the 1890s, however, communication had become available and convenient. There were transatlantic cable services, transcontinental railways, telegraphs, and an efficient postal system that made the distant reaches of British Columbia accessible to London with the greatest of ease.

In London, the management Board had also undergone a great deal of change. In 1892 the Earl of Lichfield replaced the young Viscount Anson as the Deputy

¹⁰HBCA, Report of the Proceedings of the Shareholders' Meeting of the Hudson's Bay Company, Dec., 14, 1891, 2.

Governor and by 1893 William Ware had replaced William Armit as Company Secretary. However, Donald A. Smith continued as the Company's Governor, a position he had attained in 1889 through the purchase of enough shares to elect himself. He had also become a leading figure in some of Canada's largest industries at the time including the CPR and the North-West Land Company, the Hudson's Bay Company's main competitors in the land business. Conflict of interest was an accepted practice in the capitalist deficient Canada of the nineteenth century with many of Canada's most powerful businessmen holding directorships on various company boards.¹¹

The completion of Wrigley's deal for the purchase of I.G. Baker and Sons stores and property in the Alberta District was completed as Chipman joined the Company; and the terms were excellent. In fact, it cost the Company less to pay for the entire operation than it would have been to purchase and move goods to Calgary, Lethbridge and Macleod.¹² In Calgary, the Company established a new store and sold a portion of its property to the Imperial Bank of Canada.¹³ Yet this was a move that had to be defended before a group of conservative shareholders who favoured the idea of operating chiefly as a land Company.¹⁴ With the purchase of I.G. Baker and Sons, the Company had succeeded in establishing a large retail store in each of the growing

¹¹Bliss, 576.

¹²HBCA, Report of the Proceedings of the Shareholders Meeting of the Hudson's Bay Company, Dec., 14, 1891, 2.

¹³HBCA, A.12/Smisc/404, fo. 36, I.G. Baker, Property and Business 1890-92, Chipman to Armit, Jan., 23, 1892.

¹⁴HBCA, Report of the Proceedings of the Shareholder's Meeting of the Hudson's Bay Company, Dec., 14, 1891, 5.

prairie cities and British Columbia. In contrast to the former trading posts and trading shops these stores catered to a emerging urban middle class that was developing in western Canada and had the disposable income to spend on luxury items such as draperies, mens and women's ready-made clothing and imported liquors and wines.

The development of the "Departmental Store" in Canada was not new. In Ontario, Simpson's and Eaton's department stores were earning lucrative profits in Toronto. On the prairies, the situation was different. The population base was still too small to justify stores of the same magnitude as those in Toronto, while at the same time, a throng of settlers were expected to occupy the prairies when the economy improved. The Hudson's Bay Company, because of its unique position in the economy and history of the north-west, had a foothold in the business and gambled on where the great cities would develop when building its larger modern stores.

The capital needed to develop the HBC's department store business was slow in forthcoming from the Company's Board and when immediate profits were not realized in the retail trade the directors objected to further expansion. As a necessary expedient, the salesshop business was divided into different types of stores. The Company continued to run shops in areas where the results could not be remunerative in an effort to protect the fur trade. These outposts stocked mainly traditional fur trade goods. At the same time the Company operated larger stores with full stocks of luxury items in the regional centres. By 1892, Chipman completed the separation of the salesshops from the "Fur Trade proper" making it possible to measure the success of

both departments separately.¹⁵

In a memorandum referring to capital on June 12, 1894, Chipman dealt with the need to modernize the Company's operations further:

The principal increase was in the year 1891/2, when the purchase of I. G. Baker and Company's business was effected. This necessitated the employment of a large increase in capital at Calgary, Macleod and Lethbridge. Since then the establishment of Fort William and Vancouver, and the larger stocks held at nearly all the Salesshops and in the Depot.... account for the future employment of capital. One of the greatest necessities of a successful Salesshop business is that it shall be conducted in a suitable and modern Building, and that it is further necessary that well assorted stocks must always be carried.... it follows that if the Company intends to successfully carry on the Salesshop trade, even more capital than is at present employed may have to be furnished.¹⁶

In addition, to centralize the Company's accounting practices, Chipman created a system by which each shop was given a limit for its stocks and debts which was reported to his office in Winnipeg each month. In response to Chipman's request for a more aggressive capitalization scheme for the salesshop business, the management Board in London deemed it inadvisable for the time. Instead, it decided once again to react to the economic conditions instead of seizing the potential opportunity. This was a fallback to the Company's strategy of the 1880s where capital was expanded during periods of prosperity and contracted at times of depression and was a continuation of the half measures employed in the trade where long distance planning seemed to be non-existent. Chipman's proposal was for a system of fixed capital that would be

¹⁵HBCA, A.12/S533/1, fo. 13, Salesshop Monthly Statement, Chipman to Armit, Aug. 26, 1892.

¹⁶HBCA, A.12/38, fo. 378-379, London Inward Correspondence, Memorandum on Mr. Skinners letter to Chipman, June 12, 1894.

increased during economic upswings. Nevertheless, it was rejected in light of the global economic recession.

The Company's conservative use of capital not only retarded the growth of the Company's saleshop business during the 1890s, it also enabled competitors to establish themselves. The Company sold dry goods, groceries and other wares in direct competition with smaller shopkeepers who specialized in only one area and were free to devote all their experience, energy and capital to attract customers.¹⁷ In reaction, the Company attempted to keep small quantities of all goods on hand, and when results were poor at one particular saleshop, the stock was either moved to another or sold off at clearance sales in an attempt to turn over capital as quickly as possible. In addition, the Winnipeg store initiated a catalogue and mail order business in 1897 in an effort to compete with "the Departmental Stores of Montreal and Toronto, which were doing an increasing mail order business in Manitoba and the North-West Territories."¹⁸

Chipman continually attempted to persuade the London Committee to divert more capital from the declining fur trade into the saleshop business which he saw to be of greater importance to the future of the Company. In the annual report on saleshops in 1893, he summarized the result he was looking for from the saleshop branch of the business:

The growth of the business seems to have been the natural outcome of the changed conditions in, and the development of, this country, and the trade

¹⁷Stardom, 227.

¹⁸HBCA A.75/5, fo. 45, Annual Report on Saleshops, Year Ending May, 31, 1897, Chipman to Ware, Dec., 31, 1897.

position that the Company occupied. The advance of settlement, and the decline of the Fur Trade, made it necessary that the Company should adopt new business, or gradually diminish its trade with a probable loss of Capital.¹⁹

To achieve this end Chipman ordered a uniform plan of accounting which included monthly statements from the various shops. These were used to estimate the net profit overall and compare that to the actual net profit which was available when the accounts were closed for the fiscal year.

In the ensuing years when capital for the retail operation was scarce, stores were closed where results were consistently poor in order to divert capital toward the more remunerative branches of the saleshop business. As well as closing stores, many were moved to the Fur Trade Department. Some of the stores that were closed were Russell in 1894; Chapleau, Riding Mountain, Manitou and Keewatin in 1895; Langley in 1896; Sudbury in 1897; Deloraine and Morden in 1899; Shoal Lake in 1901; Mattawa in 1903; Hailebury in 1906; Winnipegosis and White River in 1907; while Baie des Peres, Touchwood Hills and Edmonton Fort were transferred to the Fur Trade Department in 1895; Biscotasing in 1903; and Nipigon in 1909. Some stores such as Missanabie, and White River were maintained as saleshops for a period of time as guard posts for the fur trade. Although these shops were not expected to produce a profit, they were maintained in order to keep the Company's fur trade competitors such as the Revillon Freres from trespassing in the HBC's fur trading territories. In Nipigon, for instance, where Revillons established its district headquarters, the Company maintained its

¹⁹HBCA, A.75/1, fo. 6, Annual Report on Saleshops, Year Ending May 31, 1893, Chipman to the Secretary, Dec. 21, 1893.

business for this very reason. As Chipman noted, withdrawal of the Company would be interpreted as an indication of weakening and "... so long as the cost of guarding the trade in this manner at certain points does not exceed all reasonable bounds.... it should not be surrendered under all existing circumstances."²⁰

Chipman also decided to limit the Company's wholesale business in British Columbia, first by centralizing the whole operation in Vancouver and then diverting the capital from this less remunerative division of the Company's trade to the retail branch. By 1909, Chipman suggested that the Company should close its Water Street warehouse in Vancouver and get out of the wholesale business in B.C. completely.²¹

The Company's saleshops catered to three different classes of customers. Resource development towns such as Fort Frances, Kenora, Lethbridge, Nelson and Kamloops required staple food items and implements for the primary industry of mining and supplies for railway and survey crews. Stores were also operated in small towns such as Portage la Prairie, Yorkton, Prince Albert and Vernon to supply the needs of pioneer farmers. The trade at these stores was largely based on credit since much of their customers' working capital was tied up in their farms and businesses. Finally, large stores with a full complement of departments were operated in Vancouver, Calgary, Winnipeg and Fort William to cater to the needs of the new western Canadian urban populations. Looking at the comparative statements of the capital employed and

²⁰HBCA, A.75/16, fo. 32, Annual Report on Saleshops, Year Ending May 31, 1908, Chipman to Ware, Jan., 20, 1909.

²¹HBCA, A.12/S477/1, fo. 58, Reports on Saleshops, Chipman to Ware, May 28, 1909.

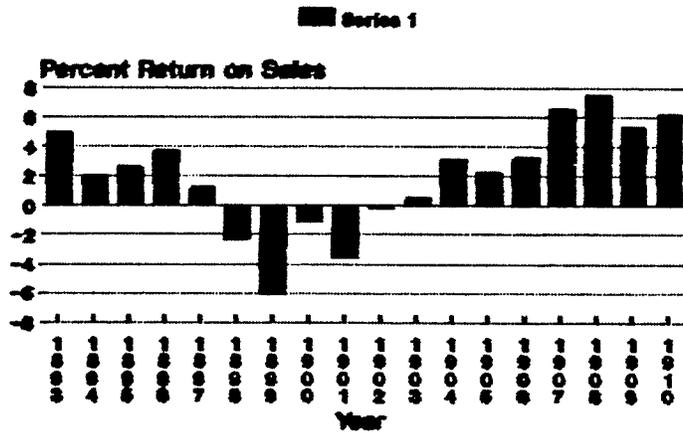
the result attained at these various branches of the Company's saleshop business it becomes evident that the saleshops that catered to resource extraction and farming communities produced results that varied greatly from year to year as a result of fluctuations in worldwide markets for minerals and wheat, as well as the success of the harvest. The larger saleshops, on the other hand, continued to expand and recapitalize throughout the period, affected only by regional economic trends.(See Graphs 2-4)

One of Chipman's greatest challenges in the modernization of the Company's retail business was finding a staff capable of managing modern department stores. The practice the Company formerly followed was to promote store managers from the ranks of the Commissioned Fur Trade Officers. Many of these men were well equipped to handle the Company's fur trade but completely inadequate for the operation of a saleshop due to their lack of sound accounting credentials. A saleshop manager at the turn of the century had to possess basic accounting skills, leadership qualities and in some of the fur trade posts that were in transition, they also needed fur trade expertise. This was a task the Company was not capable of meeting primarily due to cost. Addressing the shareholder's meeting in London on July 22, 1891, Donald A. Smith acknowledged that "... the widespread character of our business, and the great number of posts occupied, [make it].... impossible for us to maintain at every post a competent accountant, as the cost of doing so would greatly add to your expenses."²² However, Chipman, immediately after his appointment to the position of Trade Commissioner,

²²HBCA, Report of the Proceedings of the Shareholder' Meeting of the Hudson's Bay Company, July 22, 1891, 3.

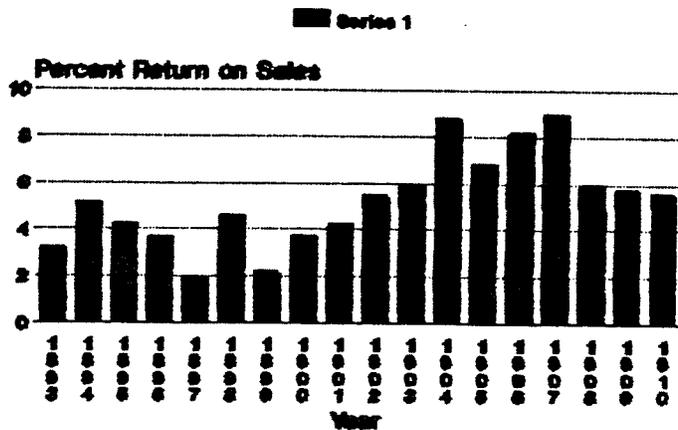
Graph 2

Hudson's Bay Company Salesshops: Percent Net Profit From Resource Town Stores



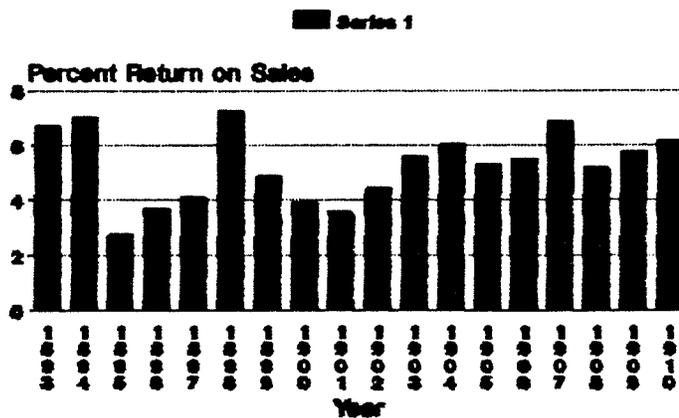
Graph 3

Hudson's Bay Company Salesshops: Percent Net Profit From Farming Town Stores



Graph 4

**Hudson's Bay Company Salesshops
Percent Net Profit From Big Stores**



was keen on the task of modernizing the staff of the department. In September of 1891, he analyzed the management of the Company's store at Victoria and summarized his position as follows:

To put the matter in a nutshell, the Company have been keeping up several well-maintained establishments under the same roof, with a scattered and disorganized staff, altogether out of proportion to that employed by other firms doing double the business....[creating] a great duplication of work, unnecessary expense and drawback to business, not calculated to ensure even accuracy.²³

To accomplish the modernization of the Company's labour structure, Chipman had to placate the older type of Company officer who had formerly been among the Company's aristocracy. As mentioned in the chapter on the fur trade, the attempt of

²³HBCA, A.12/35, fo. 70, London Inward Correspondence, Report on the Current State of the Hudson's Bay Company, Chipman to Armit, Sept. 4, 1891.

Smith and Wrigley to extinguish the Deed Poll was completed by Chipman in 1893. The problem he faced was how to replace the officers who had been guaranteed a position of prestige in the Company. Attrition was the method adopted. By granting no new commissions, the Company retired aging officers and replaced them with salaried employees who were more capable of handling the new business.

Under Chipman's direction, the Company's retail labour force achieved considerable administrative efficiency. In 1899, he drafted a schedule of maximum salaries for the various stores to replace a fixed rate of salary for managers(See Appendix A). With this system a manager would receive a pay raise "... only upon removal to a saleshop where a higher salary is enjoyed, or upon the business warranting the saleshop being put in a superior class...."²⁴ Thus, a system of internal promotion was implemented within the Saleshop Department that had four individual classes of four grades each. According to Chipman:

The adoption of a maximum Schedule under present conditions is believed to have several commendable features, not obtainable on a fixed basis. The adoption of such a scale will be an incentive for perseverance and integrity, inasmuch as the progressive grades will have something in the prospective. This will not only serve the purpose of encouraging managers and inspiring continued fidelity on their part, but will doubtless engender diligence amongst those occupying subordinate positions and having aspirations to promotion or distinction in the service.²⁵

However, the prosperity that accompanied the new wave of immigration into the

²⁴HBCA, A.12/S536/2, fo. 3, Saleshop Managers' Salaries, Chipman to Ware, Jan. 23, 1899.

²⁵HBCA, A.12/S536/2, fo. 13, Saleshop Managers' Salaries, Chipman to Ware, Feb., 6. 1906.

Canadian prairies made it difficult for the Company to retain a good staff at the wages the Company offered.

By 1905, it became a common occurrence for store managers to develop their business acumen while in the employ of the HBC and then resign to join another enterprise, often in direct competition with the Company. In an effort to retain these employees, a schedule for maximum salary increases was proposed by Chipman and adopted by the Company in 1906(See Appendix B). Chipman summarized the Company's policy towards wages in 1909, saying that it was the Company's aim to provide a competitive living wage in the context of prevailing local conditions which tended to vary from place to place.²⁶ Other considerations were the abilities of the managers, their usefulness to the Company, the earning capacity of each manager's store, the manager's length of service and the degree of responsibility. In smaller stores, where earnings were comparatively limited, the salary was low but within a living wage. Employees with ambition often started their career at such shops while they waited for advancement in the service. Salaries would be gradually increased with the degree of responsibility and the experience a manager had obtained. For example, a manager could start his career in charge of the Whitewood store, be promoted to Battleford, and finally end up at Vancouver after 15 years of service.

In addition to a schedule for maximum salaries, Chipman also developed a standard contract and a standard set of rules and regulations for newly hired store

²⁶HBCA, A.12/S536/2, fo. 26, Salesshop Managers' Salaries, Chipman to Ware, June 25, 1909.

managers in 1896(See Appendix C). In the manager's contract were directions for barter trade in furs and country produce, management of money, length of credit, and the command structure of the department while the control of capital was left to the Company's central headquarters. This was necessary because a store manager had to have a degree of control for the regulation of profits in order to meet the local conditions which were often affected by competition and credit arrangements.²⁷ In cases where there was a question of price cutting and sale advertising, the Commissioner had to be consulted before any decisions were made. All communication out of a store was to go through Chipman's office and all purchasing of dry goods was to be made through the Winnipeg or Vancouver depot. Standardized forms were also initiated by Chipman for evaluating the Company's performance at various stores. In the rules and regulations for the management of saleshops were the Company's directives in the contracting and payment of staff members. All employees who were not paid daily or weekly were to be paid at the end of each month and were hired under a contract which allowed for three months notice for termination or resignation. Employees not under this contract were allowed one month.

The socially limiting nature of the labour policy during Chipman's time was evident in the management of the Company's saleshops which forbade all of the Company's employees from being involved in any other business enterprise as well as, "[beyond] exercising the Franchise no active part is to be taken in Politics by any

²⁷HBCA, A.75/2, fo. 11, Annual Report on Salesshop, Year Ending May 31, 1894, Chipman to Ware, Dec. 21, 1894.

employee of the Company."²⁸ The modernization of the Company's labour organization was completed with adoption of a pension plan for contract employees in 1903 with L30,000 in the fund. Under the terms, an employee was entitled to a pension for six years at one half their yearly wage after 30 years of service to the Company.²⁹ However, the Company proved to be a cruel master after even the most loyal service. Such was the case of Mr. Curle who had worked for the Company at the Fort Garry Mill until its closing and then at the Company's Track Warehouse until 1912, when it was deemed he was "unable to adapt himself to the new conditions." After 27 years of service Curle was denied a pension even after the Company's Salesshop Commissioner Herbert Burbidge urged the Board to make an exception for him.³⁰

By developing a systematic and formal management structure Chipman had finally shed the Company of the traditional labour structure of the Commissioned Officers. Haphazard accounting and barter economics were superseded by the cash and credit economy of modern enterprise. A regular system of inspection and purchasing was also initiated by Chipman. By 1902, at least one inspection of each salesshop per year was ordered and the results were to be reported to the Chief Inspector in Winnipeg. The inspection was to be conducted as a continuous audit of each store and each inspection was to be dated and submitted to Chipman immediately upon the

²⁸HBCA, A.12/S483/1, fo. 9, Rules and Regulations on Salesshops, Chipman to Ware, April 3, 1899.

²⁹HBCA, Report on the Proceedings of the Shareholder' Meeting of the Hudson's Bay Company, July, 6, 1903, 4.

³⁰HBCA, A.12/S536/1, fo. 70, Salesshop Staff, H. Burbidge to F.C. Ingrams, Jan. 5, 1912.

completion of a statement of the books, cash and vouchers. In addition a tabulated statement of outstanding balances and their probable value was also required.³¹ In 1901, with the appointment of Geoffery Parker as the Company's official buyer, the Company formalized the practice of sending a buyer to London on bi-annual trips to keep abreast of products for the Winnipeg depot. By 1907, Parker retired and was replaced by Thomas Ross and J. White who formed the nucleus of a purchasing department.

Even with a continuous inspection system, the Company had to contend with frequent dishonesty among its employees. Inspections of the shops allowed the Company to realise the degree of dishonesty which was presumably a common practice before a uniform system of rules and regulations was adopted. In 1908, one of the first cases of stealing within the Company's stores was prosecuted by the Crown. The case involved a hardware clerk at Macleod, W.H. Jeffery, who was accused of stealing \$200.00 of property from the Company. Although he was found guilty of the crime, Jeffery was not charged under the criminal law due to his position in the small community in which he lived.³² Because Jeffery was a first time offender as well as an active participant in community life, the Company saw its image in jeopardy if it pursued the matter to the full extent of the law. The Company's attempt to control pilfering involved the regular searching of employees upon leaving a store. However,

³¹HBCA, A.12/S477/1, fo. 16, Reports on Salesshops, Chipman to Ware, Mar, 29, 1902.

³²HBCA, A.12/S422/1, fos. 1-3, Dishonesty of Staff, Chipman to Ware, Dec, 1, 1908.

this method was only effective in stores where there was sufficient staff to monitor the integrity of the employees. On May 28, 1909, another Company employee was charged with larceny at the Winnipeg store. E.S. Vandervoort, a clerk in the grocery department admitted that he forged sales slips in order to embezzle from the Company. Vandervoort was ordered to pay reparations and was dismissed from the Company.³³ By the early 20th century inspectors were not only accountants but also functioned as Company detectives, investigating crimes within the Company and informing the authorities of criminal activity.

In a continuation of Wrigley's efforts to modernize the Company's transportation network, Chipman had the advantage of using two competing transcontinental railways to move goods throughout Canada. The Company had a clear advantage in importing premium quality goods from England for the Canadian trade as it could sell these goods for higher prices than goods produced in Canada and the U.S. In 1892, Chipman suggested to the London Board that freight rates from England were capable of considerable improvement and recommended using a through bill of lading. He arranged for the Company to obtain freight rates in London since the major Canadian railways already had offices there, and the best available rates for first to fifth classes of freight could be achieved under the more competitive conditions that existed there.

The other primary concern with regard to freight rates was the question of dispatch. It was essential that a new season's goods should arrive early even if a greater

³³HBCA, A.12/S422/1, fo. 11, Dishonesty of Staff, C.A. Holt to Chipman, June 6, 1909.

expense was incurred. As Chipman noted, "... it is as nothing compared with the gain in reputation that will ensue, the larger sales that can be made and the enhanced profits that can be obtained."³⁴ Goods that arrived late tended to accumulate and became unsaleable. Therefore, millinery, mantles and new seasonal goods were shipped by the quickest steamer and then transhipped from the Great Lakes to Winnipeg by rail in order to meet the competition. In this endeavour, the CPR offered the best competitive rates to the Company in car-loads and broken car-loads while the Northern Pacific Railway was used primarily for goods shipped from points in the U.S.³⁵ The Company also continued the practice of shipping some goods for British Columbia "Round the Horn" until 1902 when competitive freight rates made it more economical to move these goods into the country overland.

The main advantage the Company derived from importing goods for the retail trade from Europe was that it often had exclusive agencies for certain products as well as an organized supply system to bring them to the consumer. This was particularly evident in the B.C. trade. Vancouver was made the centre of operations, while Victoria was relegated to the position of headquarters for the Western Department fur trade and office for the Puget Sound Land Company. From Vancouver, the various salesshops in the province were directed to send their requisitions directly through the manager there, who would fill them or send them on to Winnipeg. By 1905, the manager of the

³⁴HBCA, A.12/S429/1, fo. 2, Freight Rates, Chipman to Armit, July 4, 1892.

³⁵HBCA, A.12/S429/1, fo. 14, Freight Rates, Chipman to the Secretary, Apr. 24, 1894.

Vancouver saleshop was also responsible for the general supervision of the Nelson, Kamloops and Vernon stores.³⁶ With the completion of the Canadian Northern Railway, the Company also began sending a traveller as far east as Golden and as far north as Alaska and the Yukon to solicit business. In this way the Company's organization could cater to whatever trade developed in the province.

By holding exclusive agencies for certain items such as Hiram Walker Whisky, Dewar's Scotch Whisky, Schlitz Beer, as well as imported wine, champagne, ale, stout, brandies, gin, claret and liqueurs from London, Liverpool, Glasgow and Antwerp, the Company gained a significant advantage in the liquor trade.³⁷ For example, about three quarters of the business derived from the Vernon store in 1910, came from the sale of liquor and wine. In Ontario and Manitoba, the Company began experiencing difficulty in marketing spirits when provincial legislation required the Company to obtain liquor licences. In Ontario the Company had to separate the liquor department from the rest of the store and in 1901 the Company rented a separate building for its liquor store at Fort William.³⁸ In Manitoba, the provincial government passed legislation regulating the sale of liquor in the province and by 1905, the Company had to separate its liquor department from its department store at Winnipeg as well as obtain a liquor licence. Government regulation aside, the Company found lucrative opportunities in the liquor

³⁶HBCA, A.12/S410/1, fos. 1,6, British Columbia Trade, Chipman to Ware, Feb. 23, and Mar. 7, 1905.

³⁷HBCA, A.12/S429/1, fo. 17, Freight Rates, Chipman to Ware, May 3, 1907.

³⁸HBCA, A.75/11, fo. 14, Annual Report on Salesshops, Year Ending May 31, 1903, Chipman to Ware, Nov., 10, 1903.

business and was often associated with the sale of the best quality wines and spirits including its own brands which were imported in bulk.

Other items the Company found good markets for were teas imported directly from China, as well as other imported dry goods, mantles, carpets, furniture, drapery, ready-made clothing, millinery, outfitting and boots and shoes which in addition to the grocery section made up the departmental divisions of the Winnipeg store in 1900. By the turn of the century the Company had a well established business and was becoming the leader in the retail trade of the Canadian west.

However, in July 1905, a new threat to the Company's position emerged in Winnipeg. The Toronto-based T. Eaton Company established a flashy, five storey, department store in Winnipeg's burgeoning commercial district along Portage Avenue. Chipman admitted that Eaton's "undoubtedly diverted considerable of the shifting trade but the general effect has not been such as to give cause for alarm and there is good reason to hope that the Company can retain an equitable share of the desirable trade offering."³⁹ Aside from Eaton's, Chipman added, "[the] larger business firms of Eastern Canada are rapidly establishing themselves here and it is perhaps this more than anything else that has increased the value of business sites within the City limits."⁴⁰ After two years of consistently poor results at the Winnipeg store, Chipman advised the Board that, "[there] can be no doubt that the continued development of business

³⁹HBCA, A.75/13, fo. 57, Annual Report on Salesshops, Year Ending May 31, 1905, Chipman to Ware, Dec., 4, 1905.

⁴⁰HBCA, A.12/S543/1, fo. 66, Winnipeg Store, Chipman to Ware, July 5, 1904.

Westward along Portage Avenue, in conjunction with the extended Street Car facilities is diverting considerable trade in this direction....[and] the acquisition of a site more in the present and prospective business centre might commend itself."⁴¹ It became evident that the Company had a great competitor in Winnipeg and to meet this challenge a much larger investment of capital was needed.

One way the Company met the competition from the eastern firms was through a mail order department as previously mentioned. By 1908, the mail order business out of Winnipeg accounted for \$112,711 or about 11 percent of the Company's total sales at Winnipeg.⁴² This branch of the Company was used to offset the falling-off of local trade which accompanied the emergence of the new business centre along Portage Avenue. The mail order business virtually ran itself with a relatively high 17.3 per cent total expense relative to sales. Chipman saw this trade as a temporary expedient until the Board was eventually persuaded to purchase a new site for the Company's store on Portage Avenue. By 1913, Salesshop Commissioner Herbert Burbidge recommended that the Company discontinue the mail order business it was conducting because it could not effectively compete with Eaton's of Toronto and Winnipeg, and Simpson's of Toronto.⁴³ Herbert Burbidge, replaced Chipman as the Salesshop Commissioner in May 1911, when the Company's London Board decided to separate the Company's three

⁴¹HBCA, A.75/16, fo. 57, Annual Report on Salesshops, Year Ending May 31, 1908, Chipman to Ware, Jan., 20, 1909.

⁴²HBCA, A.75/17, fo. 68, Annual Report on Salesshops, Year Ending May 31, 1909, Chipman to Ware, Dec., 22, 1909.

⁴³HBCA, A.12/S543/1, fo. 113, Winnipeg Store, Burbidge to Ingrams, Feb., 2, 1913.

departments and place them under individual commissioners.

Advertising was also widely used by the Company in local community newspapers. For the Winnipeg store special advertising was utilized in the spring, autumn and during special events in the city such as exhibition week. Beyond Winnipeg the Company ran advertisements in local newspapers to promote the saleshop and land business. The emergence of Eaton's in western Canada made the Company's advertising, catalogue and mail order business more expensive since it had to compete with a store that had better prices and more capital. Nevertheless, Chipman believed that Eaton's catered to a predominantly moving and fluctuating populace dealing mainly in cheap lines through a cash trade and suggested that the Company develop a specialty trade in order to compete in the city. However, this too he felt to be a temporary expedient, as well as the several additions made to the Main Street store. The Company needed a new store, but it was not until 1926 that a new Hudson's Bay Company store was completed on the corner of Portage Avenue and Memorial Boulevard in Winnipeg.⁴⁴

In the fall of 1909, rumours began circulating in the Winnipeg press that Harrods Stores of England were negotiating with the Hudson's Bay Company for the purchase of its saleshop business. During the previous summer, Herbert Burbidge's brother, Richard, the Managing Director of Harrods of London, visited Canada in an advisory position to discover and report on the state of the HBC's saleshops to the London

⁴⁴Margaret A. McLeod, "The Company in Winnipeg," in The Beaver, Sept. 1940, 11.

Board. On November 17, 1909, the Manitoba Free Press reported "[the] Hudson's Bay Stores will not be sold.... [and that] the Company will bring its methods up-to-date to meet keen competition in Canada."⁴⁵ Burbidge reported that the Company had not met the competition adequately due to its use of outdated merchandising and the retention of old stock. Through the Company's dealings with Harrods, a deal was struck where Burbidge was given a seat on the Board of the Company and Harrods would become the Company's fur selling agency in London.⁴⁶

As already mentioned, in May, 1911, it was decided once again to split up the divisions of the Company's Canadian trading operations and Richard Burbidge's brother, Herbert was appointed to the position of Salesshop Commissioner and placed in charge of all the Company's salesshop business. The Company also decided to divide its regular shares from L10 to L1 denominations and issue 200,000 cumulative preference shares at L5 in order to raise capital for the salesshop branch of the Company.⁴⁷ This was the first time the Company used outside capital for this branch of the Company. Formerly, its practice was to re-invest proceeds from the retail branch in order to modernize stores. In the following year, a Canadian Advisory Committee was also appointed to advise the London Committee on the functioning of all the Company's Departments in Canada.

⁴⁵HBCA, A.12/Smisc/436, fo. 10, Harrod's Limited, clipping from The Manitoba Free Press, Nov. 17, 1909.

⁴⁶HBCA, A.12/Smisc/436, fo. 19, Harrod's Limited, clipping from the Canadian Associated Press, Nov. 19, 1909.

⁴⁷HBCA, Report on the Proceedings of the Shareholders Meeting of the Hudson's Bay Company, July, 12, 1912, 4-5.

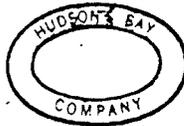
Chipman had succeeded in placing the Company retail business under a modern and efficient management structure. Employees were contracted and hired for their abilities as accountants and businessmen and not for their trading abilities. The structure of the department was centralized which gave the Commissioner the ability to control capital and purchase goods efficiently and effectively. The stores themselves were made more effective during Chipman's tenure, through rebuilding, additions and the building of new stores in places where the Company could expect business opportunities to increase.

However, by 1910, the Company's saleshop business had become too large for one Commissioner to handle in conjunction with the other business and decentralization was chosen as the means to obtain the greatest efficiency from its middle managers. Thus, Chipman was relieved of the saleshop portfolio which he had almost single-handedly created, while in frequent conflict with the Company's London Board over increasing the capital invested in the department. It is not surprising then, that upon taking over the department, Burbidge began to echo Chipman in suggesting that the Company should invest greater capital in the saleshop business if it was to compete effectively in the major regional centres of the Canadian west. Upon losing the position of Commissioner, Chipman was placed in the position of Land Commissioner where he remained until September 1911, when he was asked to retire from the Company after a 20-year career as the head of the entire Canadian operation. The Land Department provided the greatest amount of profit for the Company of all the departments. However, it was the department that Chipman exercised the least amount of direct

control preferring to concentrate on the retail trade which he saw as the key to the Company's future prosperity.

Canadian Gazette

HUDSON'S BAY COMPANY



THE COMPANY OFFER FOR SALE
FARMING AND CRAZING LANDS
IN
Manitoba and the
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ON EASY TERMS OF PAYMENT AND WITHOUT ANY CONDITIONS
OF SETTLEMENT OR CULTIVATION DUTIES.

TOWN LOTS FOR SALE
AT
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THE COMPANY HAS GENERAL STORES

Winnipeg,

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AND OTHER PLACES,

WHERE INTENDING PURCHASERS WILL FIND THE BEST
GOODS OF EVERY DESCRIPTION AT MODERATE
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Sample of Hudson's Bay Company advertising at the turn of
century(from The Canadian Gazette)

Chapter 4

The Land Department

The marketing of the Canadian prairies was perceived by the Hudson's Bay Company shareholders as the legacy of the Company's long history in the west. Many felt that the Company had no future in the retail business since the returns were realized slowly and the capital needed to run it was great. With the fur trade diminishing in importance after the Deed of Surrender, attention shifted to the land business. Settlement invariably reduced fur yields. Thus, land became the Company's cash cow providing considerable profits when the market was good and requiring only a modest capital outlay paid in wages, commissions and taxes. However, the land business was much more complicated than the fur trade in its regulation and control. Factors that influenced the land business included competition, the rate of government surveys, the rate of immigration, legal expenses, the rate and direction of railway development, the quality of soil and sub-surface deposits, just to name a few.¹

When C.C. Chipman became Commissioner in 1891, he continued the conservative land policy advocated by Donald A. Smith which was to garner the greatest amount of profit from the Company's landed interests, while at the same time effecting greater economy in the department. Chipman's role in the Land Department was, however, in a supervisory capacity. He did make recommendations to the London Committee for the softening of the terms offered to land purchasers as well as securing

¹J.E. Rea, "Introduction" in The Letters of Charles John Brydges, 1883-1889, H. Bowsfield, ed. (Winnipeg: Hudson's Bay Record Society, 1981), xxxii.

the rights to sub-surface minerals under most of the Company's land but all major decisions were made in London after reviewing the information compiled in the annual report on the Land Department.

The HBC had an advantage over other land companies in that it did not purchase its land and could thus hold out until the market became lucrative. This was occasionally a balancing act since the Company had to pay taxes on unsold land. As well, land speculation, which stimulated the inflation of prices, had become a method that many small and large businessmen used to make quick money. Speculation on the Company's land had to be avoided because of the expenses incurred when the land market stagnated. These included the collection of defaulted payments and finally as a last resort, foreclosure and resale.

The Company, according to the Deed of Surrender, was entitled to one twentieth of the "fertile belt" across the plains which amounted to about 7,000,000 acres; all the land around its many posts which included some prime real estate in cities such as Winnipeg, Edmonton and Victoria; and £300,000. In addition, the Company's land was to be free from any "exceptional tax," which proved to be a matter of contention when the railways began opening up the prairies and the need for schools and local improvements necessitated taxation. The Company had 50 years to decide on which farm lands it wanted and were charged no more than 8 cents per acre for surveying according to the deed. After the surveys were complete the Company was given 10 years to obtain legal title to the lands and be subject to taxes.² This was an

²Rea, xi-xiii.

advantage unique to the Hudson's Bay Company. It eliminated the clerical expenses other companies had to pay since the federal government surveyed its land on behalf of itself and the HBC, and then sent the appropriate land registry offices and the HBC notification of patents when the surveys were complete.

Donald A. Smith, as Land Commissioner after the Deed of Surrender, developed the plan for the Company's grant in 1871. The land was determined by section as surveying proceeded across the prairies. Colonel John Dennis, the Dominion Government's Surveyor General, had devised a plan where the prairies were to be divided using the American system of baselines and meridians. The Company's reserve, proposed by Smith, allotted sections 3 or 4 and 33 or 34 of each township of 36 sections of 640 acres each. The final plan, which allotted the Company 5 percent of 36 sections equalled 1.75 sections with a residue of 32 acres. Hence, the Company was allotted sections 8 and 26 of every township, with a designation number divisible by 5 and the southern half and north-west quarter of section 26 in all townships.³ The result was that in every township of the fertile belt, most of the Company's property was bordered on eight to ten sides by property that was owned by others.⁴

Charles John Brydges laid the groundwork for the Company's land policy, as well as providing an example for all the major land companies, after he replaced Donald Smith as the Company's Land Commissioner in March, 1879. What he

³HBCA, A.72/6, J.S. Dennis, "Memorandum," Dec. 1871, 19.; Rea, xvi.

⁴J. C. Weaver, "Merchants of Sod: The Hudson's Bay Company and the Selling of the Canadian Prairies, 1811-1918," unpublished manuscript, 1993, 10.

discovered upon taking office was stagnation.⁵ Smith's interests were shifting away from the Company and toward politics and other business ventures. From 1871 to 1880, he was the Member of Parliament for Selkirk as well as an owner of the Saint Paul, Minneapolis and Manitoba Railway. Brydges was the first outsider to be appointed to an executive position in the Company and his first steps upon taking over were hiring a new staff, compiling a comprehensive inventory of the Company's holdings and moving the HBC Land Department headquarters from Montreal to Winnipeg in 1880.⁶ Day to day management was left to professional executives while the Governor and Committee were relegated to the position of developing a corporate strategy and managing profits. During the "boom" period of the early 1880s, the Land Department had expanded to include an accountant, five clerks, a surveyor and a draughtsman.⁷

Brydges' concept of land was that of a trading commodity, in contrast to the Company's conservative concept of land as real estate. For him, it was a product that could be bought and sold in the capitalist market while the Company's management felt that they should hold on to the land until maximum values could be derived from it, no matter how long it took, and then get out of the land business. Brydges began an aggressive advertising campaign to encourage potential settlers to locate on HBC lands and stimulate demand. He also abandoned Smith's strategy of holding land auctions and

⁵Weaver, 17.

⁶Alan Wilson, "In a Business Way: C.J. Brydges and the HBC, 1879-89" in The West and the Nation, Carl Berger and Ramsay Cook, eds. (Toronto: McClelland and Stewart, 1976) 110.

⁷Weaver, 26.

replaced it with sales through commissioned agents who received 2.5% of the purchase price and assumed all the costs of litigation if the land agent misled the purchaser as to the condition of the land.

In the early 1880s the Company experienced its first town lot land boom. In 1881-82 the Company unloaded a large amount of rural, town and city land in a speculative market. By locating new townsites in areas that had a healthy agricultural hinterland and through which the railways were expected to pass, the HBC established new towns in conjunction with other land companies and the government. Some of these are Swift Current, Portage La Prairie, Fort William, Qu'Appelle, and Prince Albert. The Company's Fort Garry reserve of 500 acres in Winnipeg remained stagnant for many years. In an effort to stimulate the value of HBC lands, it ceded land for the Manitoba legislature and later made a deal to sell the land for the Winnipeg Union Station near the forks of the Red and Assiniboine Rivers.⁸ A boom developed in June 1880 when the Company sold 290 lots for \$198,929.⁹

In the fall of 1881, the Land Department sold 100 lots of Edmonton town land in 2 days through a land auction. Again, this was part of a 3,000 acre reserve around the Company's former fort at Edmonton.¹⁰ During the following year, under the orders of the London Committee, Brydges opened the market in Edmonton again at highly

⁸Rea, xviii.

⁹John S. Galbraith, "Land Policies of the Hudson's Bay Company, 1870-1913," in CHR xxxii, no.1 (Mar. 1951), 3.

¹⁰HBCA, RG 1, A3/2, Brydges to Armit, Dec.,10, 1881.

inflated prices and secured \$130,000 at an auction sale in just 2 hours.¹¹ Following this, the remainder of the HBC lots were reserved from sale. However, the dangers of the speculative market became evident by 1883, when Brydges admitted that half of the sales made during the boom would fail. In fact, nearly 60 percent failed.¹² It was easy for a speculator to put 15 percent down and resell the property at a higher price. If the value of the land declined, the speculators loss was relatively small. This is precisely what happened in Edmonton.

Brydges was reprimanded by the Company for the unethical business practice of selling land to employees. It must be noted that during this boom, Brydges was implicated in supplying inside information to Company employees and relatives. Reports reached London in August 1881 that the lands were being sold at below market prices and choice plots were being reserved for a favoured few.¹³ On the advice of Sandford Fleming he was ordered to suspend the sale of all land within 5 miles of the railway. By mid-1882, the market in Edmonton had disappeared and the Land Department's main objective became the collection of arrears and by 1885, charges for taxes and surveys as well as returns for the shareholders, left the department with a balance of L12.¹⁴

Brydges' aggressive land policy alarmed the London Board of the HBC and

¹¹Weaver, 24.

¹²Wilson, 10.

¹³Galbraith, 9.

¹⁴Stardom, 99.

created friction between him and his predecessor, Smith, who considered the Land Department to be his own personal fiefdom. Smith's attack began in 1883, when he accused the Land Commissioner of "great want of judgement."¹⁵ At the same time, Smith had managed to purchase enough shares in the Company to take a seat on the management committee and later the Governorship. After the debacle of the land boom, Brydges was directed to move toward a more conservative policy of valuing the Company's land higher than competitors and selling it at auctions in order to attract customers who were actually interested in using the land. Although the management had confidence in Brydges, he was placed under the supervision of the Canadian Sub-Committee made up of Sandford Fleming and Donald Smith, from May 1884 until his dismissal.¹⁶ The Sub-Committee was in charge of investigating the Canadian operations, approving purchases, and monitoring all correspondence to London.¹⁷ Brydges' boosterism did not mesh with Smith's idea of how to market land and friction continued between Smith and Brydges until December 1888 when Brydges was dismissed as Land Commissioner but died before receiving his walking papers.

Brydges' accomplishments in the Land Department included the establishment of a regular inspection of lands which provided the Company with concrete evidence of the soundness of Company land titles. However, his greatest contribution was the method he devised for the collection of unpaid arrears. The conditions the Company

¹⁵Galbraith, 11.

¹⁶Wilson, 128.

¹⁷Stardom, 48.

attached to the sale of its farm lands were a down payment of one eighth of the purchase price and 7 annual instalments at 7 percent interest on the condition that the purchaser erect fences and buildings. Town lots could be purchased for 15 percent down and the remainder paid in four annual instalments at 7 percent interest.¹⁸ Because of the considerable cost involved in the collection of unpaid instalments, the Company had to find a way of collecting on debts while at the same time keeping people on the property to avoid the legal expense of foreclosure proceedings as well as the additional tax burden of holding unoccupied land. While Smith and the Company directors favoured seizure and resale as the method for dealing with arrears, Brydges favoured a liberal policy of allowing purchasers leniency until they could generate their own profits and pay off the Company. To reduce the costs of land trading, Brydges initiated the Quit Claim Deed. Through this, a purchaser in arrears with the Company agreed to surrender his claim and in return the HBC agreed not to sue for a debt. Thus, the HBC would retain the title of the land without the legal expense of foreclosure.¹⁹ This system was however, ineffective in a speculative market which is why the Company strove to avoid sales to speculators by charging higher prices than its competitors or reserving sections and lots from the market.

In 1885, Brydges also had the authority to offer leniency to debtors which was pursued conservatively under the direction of the London Board. The Torrens system of land registration, which was adopted in most jurisdictions, established by litigation

¹⁸Galbraith, 3.

¹⁹Weaver, 29.

who had what interest in a property and simplified the system of exchange. Thus, land owners had to prove that there were no liens on their property in order to sell it; a costly legal process, from which the Company had secured an exemption in 1887. According to the Deed of Surrender, the Company was entitled to obtain title and be able to convey its lands without expense.²⁰

Once Brydges was out, Smith was free to direct the Company's land policy again, and when he became Governor in 1889, he took steps to find a like-minded manager to run the Canadian operation. Smith's policy was to reduce the expenses of operation while holding on to land until good prices could be obtained. He also advocated selling land at higher prices than competitors in order to maximize profits while waiting for other landowners to provide infrastructure improvements which increased the value of the land. In a sentence, the Company's policy according to Smith was,

As I have frequently stated at former meetings, the best purchasers of our lands are farmers who, having taken up free homesteads from the Government, are anxious to have adjacent lands belonging to the Company for themselves and their relatives.²¹

The HBC would wait until areas were settled, before its land was placed on the market, relying on other land companies to advertise and develop large tracts and then selling its land when the values increased.

Chipman, upon taking over as Commissioner, proceeded in the scaling down of

²⁰Weaver, 31.

²¹HBCA, Report of the Proceedings of the Shareholders' Meeting of the Hudson's Bay Company, July 22, 1891, 4.

the department in order to effect greater "economy." For Chipman, the department could function within its mandate employing a skeleton staff and using private agents in the field to supply potential purchasers with information on the land and the price. The Land Department, under Chipman, was of little concern to him since a more passive land policy was pursued after Brydges' dismissal and Donald Smith's rise in the HBC. Chipman's corporate strategy for the Land Department was based on the belief that land was strictly a saleable asset and not for buying. After all the land was sold the HBC would get out of the land business. Speaking of the Company's competition in the land business, namely the Canadian Pacific Railway Land Company, Smith remarked,

I should like to remind you that as far as our lands are concerned we are purely a land company and differ in this respect from railway companies owning land, who can afford to part with their lands at lower prices because they know that it means increased traffic on their lines, which will in this way yield them a greatly increased annual revenue far beyond the profit derived from the sales of their land.²²

After taking over the Land Department, Chipman wrote London, "... with reference to the employment of Agents for the sale of Lands that when I took over the Land Office in October last I arranged that all payments must be made to the Land Office of the Company at Winnipeg direct, and that local Land Agents were not authorised to accept or give receipts for any money in payment of land."²³ The Company discontinued the employment of agents in 1899 and began following the general practice of allowing a commission of 2.5 per cent to people who solicited

²²HBCA, Report of the Proceedings of the Shareholders' Meeting of the Hudson's Bay Company, July 22, 1891, 4.

²³HBCA, A.12/L118/1, fo. 4, Employees, Chipman to Armit, Jan. 28, 1892.

buyers and furnished them with information and sent in the prospective buyer's application with the purchaser's first instalments. If the price increased the purchaser was advised by wire to pay the advanced figure or the money was returned.²⁴ The so-called agent was paid a commission when the Land Department received payment of the first instalment from the purchaser.²⁵

To further reduce expenses, the commission was later reduced to 1 1/4 per cent in areas where postal and wire service made it easy for the Company to market its own land from Winnipeg. To complement this policy, Chipman also ordered a thorough, annual inspection of the Company's lands prior to the title being conveyed to the Company from the Dominion Government.²⁶ Inspector Bayne, and sometimes the chief clerk of the department, were sent out each year along the new railway lines in order to select choice parcels of land in the fertile belt. This was often within eight to ten miles of the track or in potentially good farming area such as northern Alberta and the north Saskatchewan District during the building of the Canadian Northern Railway.²⁷

The department also phased out the position of chief accountant for the Land Department in 1895, when F. W. Heubach retired. Since the Company followed a conservative policy that was based on waiting for good prices, Chipman, under Smith's

²⁴HBCA, A.12/L43/5, fo. 2, Land Values, Chipman to Ware, Mar. 29, 1902.

²⁵HBCA, A.12/L77/1, fo.74,, Report on Land Department Taxes, Chipman to Ware, June 8, 1900.

²⁶HBCA, A.12/L77/1, fo. 178, General Methods, Chipman to Ware, Dec. 4, 1908.

²⁷HBCA, A.12/L77/1, fo. 114, Land Department Annual Report, Year Ending Mar. 31, 1903, Chipman to Ware, May 1, 1903.

orders, curtailed the office expenses of the Land Department from \$36,160 in 1888 to \$15,610 in 1898.²⁸ Heubach was replaced by J. W. Anderson, who had learned the land business while working at the Company's Victoria saleshop in the early 1890s, and who was paid \$1,000 less than his predecessor.²⁹

In 1907, Montague Aldous, the chief clerk of the Land Department, resigned his upper-management position as a direct result of Chipman's activity in the department. As Commissioner, Chipman's mandate was to communicate the London Board's orders to the chief clerk of the department and make recommendations to the Board for the improvement of the department's profitability. Aldous, who had supervised the day to day management of the department since the retirement of Heubach, wrote the Company's Board that, "[Chipman's] egotism and late meddlesome interference in the details of the Land Department (of which he practically knows but little) is too much for me...."³⁰ Aldous retired with an allowance equal to one-years salary of \$3,000. In his own defence, Chipman attacked the character of Aldous saying he was autocratic, irritable, unskilled at accounting and unwilling to supply information. To the charge of his lack of knowledge of the land business, Chipman delineated his role in the department by stating,

....I feel that it is unnecessary for me to say more than to explain that all specific detail of the statistical statements furnished for the information of the Governor and Committee are compiled under my personal supervision and direction,

²⁸Galbraith, 15.

²⁹HBCA, A.12/L118/1, fo. 47, Employees, Chipman to Ware, July 13, 1907.

³⁰HBCA, A.12/L118/1, fo. 26, Employees, Aldous to Ware, May 3, 1907.

frequently from incomplete memos, reluctantly furnished by Mr. Aldous.³¹

With Aldous' retirement, Chipman was once more free to re-organize the department.

Chipman's duty was to administer the land business, as well as all the Company's businesses, under the direction of the Board. He promptly suggested the promotion of J.W. Anderson to the position of Acting Chief Clerk and G.L. Bellingham to Anderson's former position of Accountant. As well, "[all] matters requiring technical or professional knowledge of lands can be well attended by Mr. G.A. Bayne.....," the Company's Land Inspector. Bayne had previously worked for the CPR's Land Department.³² Thus, Chipman had filled the department with employees who had been promoted during his Commission in an effort to assure their loyalty. Following his efficiency mandate, Chipman stated in 1902, with regard to staff,

It has not been found economical to increase the Staff proportionately to the larger volume of business, in as much as certain matters of general office detail can be accomplished at intervals when the current work is lighter, thus keeping their time fully occupied.³³

In contrast to Brydges' aggressive land policy which necessitated a large staff of clerks, accountants and agents, Chipman followed Smith's mandate of keeping controllable expenses low through staff reductions, and avoiding expensive advertising in favour of letting other land companies market the land.

While companies such as the Canadian Pacific Railway Land Company sold large parcels of land, often to speculators or through colonization schemes, Chipman

³¹HBCA, A.12/L118/1, fo. 42, Employees, Chipman to Ware, July 13, 1907.

³²HBCA, A.12/L118/1, fo. 46-47, Employees, Chipman to Ware, July 13, 1907.

³³HBCA, A.12/L51/1, fo. 32, Land Values, Chipman to Ware, Mar. 29, 1902.

followed the land marketing strategy outlined by Smith in the 1870s, whereby the Company's scattered holdings were held until good prices could be realized.³⁴ Thus, the Company tended to sell its lands to actual settlers intending to cultivate the land they purchased. In 1906, a boom year for the sale of Company farm and town land, Chipman informed the Board in London that sales of farm lands were not being pressed and that town lot sales had been discontinued. As a result of the large demand for Company land the Board ordered the suspension of sales in the expectation of obtaining better prices in the ensuing years.³⁵

Up to this point the Company had followed the policy outlined by Governor Goschen in 1879, whereby the Company sold land at reasonable prices whenever demand appeared. By 1906, the Company decided to begin limiting farm land sales. In this effort they sold only quarter and half sections to any one settler in order to avoid speculation as well following the economic cycle and holding on to its land until even greater profits could be obtained. In this effort the HBC began grappling with the idea of attaching conditions to the sale of these lands. Chipman proposed several methods including forcing purchasers to sign affidavits stating that they would farm the land and selling land on the condition that settlers cultivate the land. This was similar to the Dominion Government's conditions for the granting of free land to homesteaders. This method, however, was considered too costly due to the inevitable need of legal services

³⁴HBCA, A.12/L77/1, fo 99, Company's Lands, Chipman to Ware, June 17, 1902.

³⁵HBCA, A.12/L77/1, fo. 151, Land Department Annual Report, Year Ending Mar. 31, 1907, Chipman to Ware, Apr. 29, 1907.

and the enforcement of cultivation which required the inspection of all lands sold. Hence, Chipman remarked that "... the regulation of price is perhaps a matter of greater importance to the Company than the enforcement of immediate cultivation."³⁶ He realized, as Donald Smith had realized many years before, that the Company's land business was based not on actual trade in land but instead in selling what land it had. This meant that the Company could withdraw its entire holdings in a district or the entire country since its allotments were distributed in such a way as not to interfere with settlement. In any township that was mostly settled, the Company's lands were surrounded on eight to ten sides by other owners, and since the lands were staggered throughout a township, Company land did not interfere with actual settlement.

In 1905/6 fiscal year, the Company sold 226,197 acres of farm land at an average price of \$7.13 per acre; greater than 100,000 acres than the previous year at almost \$1.00 more per acre. Of these lands 60% were sold in Saskatchewan, 34% in Alberta and 6% in Manitoba. In the same year, town lot sales amounted to \$342,317, or more than \$200,000 greater than the previous year.³⁷ Demand had reached an all time high, and the Company reacted by raising the prices for farm lands to \$10.00 per acre for all classes of agricultural or grazing land. According to Chipman, "... it is believed that the settlement of adjoining lands is destined to ultimately increase the market value and demand for all classes of lands, including those grades which are

³⁶HBCA, A.12/L51/1, fo. 34, Land Values, Chipman to Ware, Feb. 19, 1906.

³⁷HBCA, A.12/L77/1, fos. 136-147, Land Department Annual Report, Year Ending Mar. 31, 1906, Chipman to Ware, Apr. 8, 1906.

now rated as comparatively low value."³⁸ In addition, the freezing of town lot sales was supported by Chipman's belief that they would not depreciate in value unless conditions were to arise to permanently divert the business or residential centre.

As an alternative to auction sales, Chipman suggested that the Company fix the minimum prices on all lots after having set apart reservations.³⁹ As was often the case, the Company chose to freeze corner and alternate lots or else ask exorbitant prices for the property in order to keep its value high. Hence, the Company's policy of reasonable prices was replaced by the belief that land was a commodity that should be sold in only a bull market as outlined by Chipman:

....the most successful land merchant, is, perhaps, the man who adopts a flexible policy and keeps his eye on the market carefully weighing the circumstances underlying the stimulation or relaxation, as the case may be, of the demand for the time being.⁴⁰

In recession years the Company attempted to keep prices low by selling lower quality land and during economic prosperity the price for rural land was often raised. In 1911, when demand had reached another high point, Chipman suggested increasing the minimum price per acre to \$16.00 from \$12.00 per acre.⁴¹

Price control was one of the methods the Company used to maintain high returns from the Land Department. However, the inevitable result of such a policy was that large amounts of land that had been surrendered to the Company by the Dominion

³⁸HBCA, A.12/L51/1, fo.46, Land Values, Chipman to Ware, July 28, 1906.

³⁹HBCA, A.12/L51/1, fo. 51, Land Values, Chipman to Ware, Sept. 15, 1906.

⁴⁰HBCA, A.12/L51/1, fo. 45, Land Values, Chipman to Ware, July 13, 1906.

⁴¹HBCA, A.12/L51/1, fo. 66, Land Values, Chipman to Ware, Mar. 22, 1911.

Government remained vacant when the demand was low, and thus, subject to taxation. Taxation, on the part of the territorial and provincial governments, provided an incentive for the Company to sell its land quickly in order to reduce the amount of taxation. Chipman was acutely aware of the race against taxation in the context of the Company's policy of waiting for settlement to surround its land before selling. The Company's first challenge to what it considered unfair taxation took place in 1878 when the Province of Manitoba imposed an educational tax. Non-resident land owners were charged five cents per acre. When the Company disputed Manitoba's claim, it was awarded an exemption from the tax since the Deed of Surrender guaranteed the HBC freedom from any "exceptional taxes."⁴² The Company's policy towards taxation was the acknowledgment that taxes would increase as development progressed and new municipalities and school districts were founded, but that the burden of taxation would be shared by a wider population base. In 1894, Chipman suggested that the Company could convert undeveloped town sites back to farm lands in order to avoid the higher municipal rates of taxation.⁴³

In 1897, the spectre of taxation emerged again under the revised municipal act of Manitoba. According to the legislation, the Company had to summer fallow all broken land in order to prevent the spread of noxious weeds. If the Company chose not to perform this task, the municipality would perform it and charge the owner of the land

⁴²Weaver, 34.

⁴³HBCA, A.12/L77/1, fo. 14, Land Department Annual Report, Year Ending Mar. 31, 1894, Chipman to the Secretary, Apr. 24, 1894.

in the form of taxation. This tax primarily affected lands that had been broken and then reverted back to the Company. In order to avoid the tax, Chipman suggested allowing neighbouring farmers to cultivate the land for a small cash "privilege." Other taxes levied upon the Company were appealed whenever possible. According to Chipman,

.... where there is a fair chance of obtaining sufficient reduction to warrant the cost, Appeals are made to the Courts of Revision, and if necessary to the Supreme Courts of the District wherein the land is situated.⁴⁴

In 1897, through Chipman's efforts, the Company succeeded in saving about \$4,000 in taxes through litigation. In the following year, taxation increased once again in the North-West Territory with new Statute Labour and Fire District taxes which levied \$2.50 per quarter section lying within district boundaries. These taxes were preferable to municipal taxes since they only affected settled areas, while municipal taxes affected large areas of vacant land within the municipal boundaries.⁴⁵

In 1900 the Company attempted to appeal a Local Improvement Tax in the North-West Territories, introduced by Premier Haultain, and subsequently withheld a payment of \$14,000. The case was dragged out for 2 years and resulted in a reserved judgement in the Territorial Court, and was taken to the Supreme Court of Canada where the Company subsequently lost in 1901. The total amount due to the Territories was \$82,988.74; but Chipman negotiated a compromise settlement of \$30,000.⁴⁶ The

⁴⁴HBCA, A.12/L77/1, fos. 39-40, Land Department Annual Report, Year Ending Mar. 31, 1897, Chipman to Ware, Apr. 23, 1897.

⁴⁵HBCA, A.12/L77/1, fo. 50, Land Department Annual Report, Year Ending Mar. 31, 1898, Chipman to Ware, Apr. 22, 1898.

⁴⁶HBCA, A.12/L91/1, fos. 9, 37, Taxation of Lands, Chipman to Ware, July 13, 1900, Mar. 29, 1902.

lesson learned though these proceedings was that the Company had to devise a way to offset the taxes levied without resorting to a tax sale at market prices, in order to continue a conservative sales policy. One problem faced by Chipman was the London Board's decision not to lower interest rates on land sales. While other land and mortgage companies offered an interest rate of six percent, the Company continued to charge seven percent interest throughout Chipman's tenure. The management reached the tenuous conclusion that charging higher interest rates than other land companies would make the Company's property less desirable to speculators. The effect was the opposite, as Chipman noted, "... instead of allowing the Company to carry the amount, [purchasers] go to loan companies and borrow money on the same security at a more favourable rate, and pay the Company off."⁴⁷ While the country was filling up, the Company was limiting sales and keeping its terms high while at the same time accumulating increasing numbers of land titles as government surveys rapidly began cutting the fertile belt into sections and townships.⁴⁸

The Company did have one advantage over the other land companies in that it was granted certificates of land under the Torrens system free of charge primarily due to its position in the history of the north-west. However, all original land titles that

⁴⁷HBCA, A.12/L77/1, fo. 42, Land Department Annual Report, Year Ending Mar. 31, 1897, Chipman to Ware, Apr. 23, 1897.

⁴⁸HBCA, A.12/L77/1, fo. 114, Land Department Annual Report, Year Ending Mar. 31, 1903, Chipman to Ware, May 1, 1903. During the early part of the first decade of the 20th century, government surveys began at a rapid pace and in 1903, Chipman anticipated that the Company would get title to 560,000 acres in the near future at a cost of 7 cents per acre which was negotiated with the Department of the Interior.

passed to the Company in the North-West Territories prior to 1887 had to have a certificate of the registrar as well as a tax certificate to show there were no liens on the land which caused considerable delay and expense. In The Land Titles Act 1884, an amendment was inserted whereby the Company was exempted from producing all other certificates upon giving the proper declaration by one of its officers, that there were no liens on the land.⁴⁹

The Company was losing ground in the battle to limit taxation on its unsold lands and other methods had to be devised. Often farmers who entered the prairies had teams and implements, but very little money and, thus, they gambled on bringing in a good harvest in order to pay instalments on the land. In order to limit the amount of land reverting to the Company, Chipman modified the Brydges' Quit Claim Deed in 1896, by allowing for a nominal deposit and then letting the applicant take temporary possession of the land for six months to a year in order to bring in a crop. If after the time had elapsed and the farmer had made a further payment and substantially improved the property, an agreement of sale was entered into. Farmers who failed, forfeited their deposit and lost claim to the property unless they chose to lease the land from the Company. Of the thirty three purchasers who took that option in 1896, only four failed to pay the rent, while most paid more and were reinstated under the agreement of sale. Rent was fixed at the amount of interest in arrears. Thus, the interest was secured, in

⁴⁹HBCA, A.12/L77/1, fo. 21, Land Department Annual Report, Year Ending Mar. 31, 1895, Chipman to Ware, May 17, 1895.

the event of a crop being raised.⁵⁰ In the four cases where the rent was not paid, the Quit Claims in favour of the Company were re-vested in the Company through foreclosure.

By softening the terms of sale and allowing actual settlers some latitude in their terms, the Company was avoiding the inevitable expense of foreclosure proceedings while at the same time settling its lands with bona fide settlers. Chipman also suggested allowing purchasers an extra year to pay the amount owing on land. Prior to 1897, the purchaser was granted nine years in which to pay for the land at seven per cent interest after a deposit amounting to fifteen per cent of the purchase price. In 1897, they were granted an additional year in which to pay.⁵¹

As well as using leases to keep Company land occupied during recessionary times, they were also used to offset the cost of taxes. Leasing for pasturing and grazing purposes was first suggested by Chipman in 1906, when the land values began to rise and certain sections were reserved by the Company. By 1908, the Company was selling only one half of its full and half sections and advertisements were placed in the local newspapers of various districts offering leases for three year terms.⁵² The results from this type of capital generation, however, proved to be nominal during Chipman's tenure

⁵⁰HBCA, A.12/L77/1, fo. 31, Land Department Annual Report, Year Ending Mar. 31, 1896, Chipman to Ware, Apr. 6, 1896.

⁵¹HBCA, A.12/L77/1, fo. 43, Land Department Annual Report, Year Ending Mar. 31, 1897, Chipman to Ware, Apr. 23, 1897.

⁵²HBCA, A.12/L77/1, fo.167, Land Department Annual Report, Year Ending, Mar. 31, 1908, Chipman to Ware, Apr. 14, 1908.

as Commissioner, providing only \$6,423.30 in revenues by 1910.⁵³

The result of massive immigration into the Canadian prairies by settlers from Europe and the United States during the early years of the 20th century largely dictated the major trends in the marketing strategy of the Land Department(See Table A). This strategy was to sell HBC land to established farmers who intended on increasing their holdings. Immigration spurred on the demand for land, and when land was sold en bloc or granted in large quantities by colonization companies or the government, the HBC began an effort to hold on to its land. Thus, in the years where immigration was highest, the Company raised its minimum prices and froze some of its land in order to derive higher profits when the land values appreciated. Of the new arrivals to Canada almost half came from the United States according to official records. According to Table A

Official Arrivals to the Canadian Prairies
(Approx. Values):

1900	-	35,000
1901	-	53,000
1902	-	80,000
1903	-	115,000
1904	-	160,000
1905	-	146,266
1906	-	216,000
1907	-	280,000
1908	-	147,830
1909	-	184,343
1910	-	303,091

⁵³HBCA, A.12/L77/1, fo. 199, Land Department Annual Report, Year Ending Mar. 31, 1910, Chipman to Ware, May 3, 1910.

Chipman, settlers from the U.S. had considerable advantages over settlers from Great Britain and Europe in that they often came with sufficient capital and equipment that "... their positions from the beginning are money earning on a substantial basis."⁵⁴

Clifford Sifton's immigration plan, as Minister of the Interior from 1896 to 1905, was to "settle the empty west with producing farmers."⁵⁵ This usually meant people of northern European farming backgrounds. As well, many settlers from the United States and central Canada moved to the Canadian prairies in order to enlarge their land holdings especially after it became nearly impossible for average farmers to establish their sons on farms. Labourers also entered the prairies as temporary farm hands to help bring in the grain crop in the early 20th century. Many decided to stay and take up free homesteads after observing bumper crops. These factors as well as the closing of the American frontier, the Yukon gold rush and improved farming methods led to the accelerated development of the west.⁵⁶

The "boom" in the land market was also affected by government and land companies' advertising campaigns; showing off the country's resources through the distribution of official bulletins and also using land agents in foreign countries to promote immigration to Canada. By 1908, Canada was receiving record numbers of immigrants which led to the decline of advertising to recruit new citizens. Instead

⁵⁴HBCA, A.12/L77/1, fo. 172, Land Department Annual Report, Year Ending Mar. 31, 1908, Chipman to Ware, Apr. 14, 1908.

⁵⁵J.W. Dafoe, Clifford Sifton in Relation to His Times, (Toronto, Macmillan, 1931), 131.

⁵⁶Jean Burnet and Howard Palmer, Coming Canadians, An Introduction to a History of Canada's Peoples, (Toronto: McClelland & Stewart, 1989), 27.

government policy began to shift towards a laissez faire approach to immigration and individual communication between established settlers and their friends and families in their homelands advertised Canada's resources.

The Company's town lot strategy was affected to a greater degree by the speculative market than were farm lands; and railway development was an important factor in town development. In this regard the Company's strategy was to obtain title to land within ten miles of the growing number of prairie branch lines. Small prairie towns such as Ponoka, Newdale and Rosemount were brought into existence through the Canadian Northern Railway. The HBC sold off central lots in order to direct development and reserved outlying sections until improvements were made to the surrounding area.⁵⁷ At Fort Frances, Athabasca Landing and Prince Albert, the Company did not even offer lots for sale until the railway was connected in order to create demand and obtain higher prices.⁵⁸

The Company's other town lots, which were part of the 50,000 acres of land around its posts, including land in Winnipeg, Edmonton and Victoria, were also subject to the pressures of inflation and speculation.(See Appendix D) At Victoria the Company's land was held by the Puget Sound Land Company, which owned three farms on the outskirts of town as well as wharf property and lots on Government Street. The Victoria reserves were sold to suburban developers as subdivisions as well as for

⁵⁷HBCA, A.12/L51/1, fo. 1, Land Values, Chipman to Ware, Mar. 29, 1902.

⁵⁸HBCA, A.12/L92/1, fos. 6-8, Town Lots, Chipman to Ware, May 30, 1905.

a university and public parkland.⁵⁹ In Edmonton, land was held as sections until demand dictated that it should be subdivided. Large amounts of land were released after the boom in the land market in 1905/6, following the completion of the Canadian Northern Railway to that point. In one fiscal year, 757 lots and one plot were sold by the Company at Edmonton for \$248,775. Following this the land was reserved from sale for almost a year.⁶⁰ In the spring of 1906 Winnipeg lots, which suffered from a depressed market, were also reserved from sale until 1911 when railway development at Main Street and Broadway stimulated property values.⁶¹

During a depressed economy, town lot sales were reduced to a virtual standstill while farm land sales continued at a much lower rate.(See Graph 5) Town lot sales were affected by a wide variety of influences such as mining and pulp and paper manufacturing, as well as railway development. For example, in 1897, mining development at the Lake of the Woods resulted in town lot sales of \$28,400 at Rat Portage(Kenora) while the market slumped in all other places. The Company also held subsurface rights to many of its sections throughout the prairies. This situation was clarified by Chipman in 1898 when an agreement was reached with the Dominion Government that defined the western boundary of the fertile belt at the crest of the

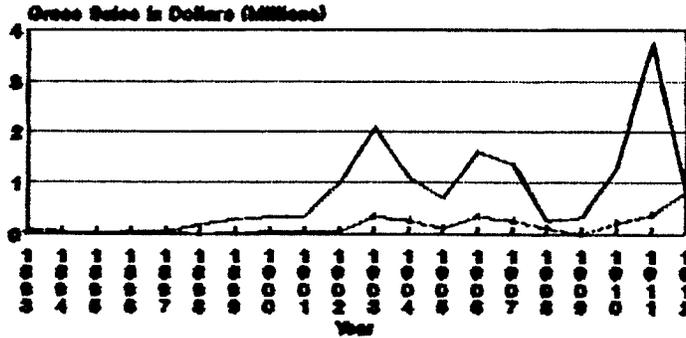
⁵⁹HBCA, A.12/L138/5, fo. 3, Land Values at Victoria, Chipman to Ware, Apr. 8, 1904.

⁶⁰HBCA, A.12/L77/1, fo. 147, Land Department Annual Report, Year Ending Mar. 31, 1906, Chipman to Ware, Apr. 8, 1906.

⁶¹HBCA, A.12/L77/1, fo. 151, Land Department Annual Report, Year Ending Mar. 31, 1907, Chipman to Ware, Apr, 29, 1907.

Graph 5

**Comparison of Sales of HBC
Town and Farm Land, 1893-1912**



— Series 1 — Series 2

Series 1 Represents Farm Land Sales
Series 2 Represents Town Lot Sales

Rocky Mountains.⁶² The Company was allowed full rights to minerals and precious metals below its lands throughout Ontario, Manitoba and the North-West Territories while some restrictions existed on these rights in Quebec and British Columbia.⁶³ However, this asset was ignored by the Company until well into the 20th century with the emergence of Hudson’s Bay Company Mines in northern Manitoba.

Chipman’s role as Commissioner included the responsibility of compiling data to present to the Governor and Committee in London, which was done with great regularity through the detailed annual reports of the Land Department as well as the departmental correspondence. This information was largely provided by the chief clerk

⁶²HBCA, A.38/55, fos. 1-4, Mining, Minerals and Sub-surface Rights, Chipman to Ware, Nov. 16, 1898.

⁶³HBCA, A.38/55, fo. 1, Mines, Minerals and Sub-surface Rights, Chipman to Ware, Nov. 16, 1898.

of the Land Department, who supervised all sales, provided information to agents and contracted specialists such as lawyers, surveyors and inspectors when necessary. Thus, Chipman's role in the functioning of the Land Department was relatively minor. He supervised its operation and reported on its progress to London as well as suggesting and implementing policy changes if they promoted greater profits and met the satisfaction of the Board.

When the Governor and Committee decided to establish separate Commissions for each department in May 1911, Chipman was appointed Land Commissioner; a department he had left entrusted to chief clerks Aldous and later Anderson throughout his tenure as Commissioner. Already in December 1910, Anderson was called to London at the request of the Board to report on the Company's landed interests. Chipman was instructed to "...put no obstacles in his way," and refrain from interference.⁶⁴ It is apparent from this that the Board had determined to reduce Chipman's authority. After seven months in the position of Land Commissioner, the Board requested that Chipman retire from the service.

The denouement of the Land Department restructuring in 1910/11 was that Anderson, who expected to be named Land Commissioner after reporting on the state of the department's affairs to the Board, was passed over, and James Thomson was named to replace Chipman. Two weeks after Thomson's arrival in Winnipeg, Anderson retired from the service and was replaced by H.F. Harman, who had formerly occupied the position of Townsite Manager of the Canadian Northern Railway Land, Industrial

⁶⁴HBCA, A.12/L118/1, fo. 66, Employees, Chipman to Ware, Dec. 9, 1910.

and Immigration Department. G.L. Bellingham, who was immediately in line for Anderson's job, was also passed over and transferred to Edmonton in order to supervise Company transactions in the western portion of the fertile belt.⁶⁵ In effect he was to act as a Company land agent.

Internal promotion, which was traditionally the route to upper management in the Land Department, was temporarily discontinued with the appointment of Brydges and later Chipman but was reestablished in 1911 with the appointment of James Thomson to the position of Land Commissioner. Thomson developed his knowledge of modern business principles as an officer in the Western Department, headquartered in Victoria. Without the interference of Donald A. Smith, who was merely a figurehead by this point, Thomson was left to run the department with greater freedom than Chipman had exercised. By 1913 he had enlarged the staff to include two accountants, two cashiers and three clerks and by 1914, Harman was promoted to the position of Assistant Land Commissioner.⁶⁶ However, Thomson was unfortunate in that his Commission coincided with the falling off of land sales as a result of the depression of 1912/13 followed by the Great War.

Nevertheless, the massive sales during the early 20th century provided the Company with a steady flow of capital in the form of instalments coming due, even during the leaner years after 1911. For example, during the 1911/12 fiscal year the Land Department only sold \$808,943 as compared to \$3,747,768 for the previous year but

⁶⁵HBCA, A.12/L118/1, fo. 81, Employees, Thomson to Ingrams, Nov. 16, 1911.

⁶⁶HBCA, A.12/L118/1, fo. 101, Employees, Thomson to Ingrams, Jan. 7, 1914.

had on account, \$5,622,886.19 Thus, the department continued to turn over capital and provide lucrative dividends to Company shareholders.⁶⁷ It was during these years that the Company began using the proceeds of the land business to provide capital for its other ventures including the capital starved saleshop business as well as strengthening its position in the fur trade and later developing mining ventures through the sub-surface rights secured by Chipman.

Although Chipman's involvement in the Land Department was strictly in a supervisory capacity, he did effect a number of changes that helped the Company compete with the other land companies while at the same time following the Board's land policy. The softening of the Company's terms of sale, including the revised Quit Claim Deed and the establishment of land leases are examples of Chipman's efforts to sustain land sales while obtaining the best possible prices. As well, the level of efficiency in the Land Department was a direct result of Chipman's administrative efforts. His policy was to retain a small and highly competent staff, including an accountant, chief clerk and inspector, which was further complemented with the hiring of experts such as lawyers as well as additional office staff when necessary. In the field, private agents beyond a reasonable communication distance from Winnipeg marketed HBC land when it became available, thus further reducing departmental expenses. As a result of Chipman's expense cutting procedures, the Land Department was truly the Company's cash cow.

⁶⁷HBCA, A.12/L77/1, fo. 224, Report on the Affairs of the Land Department for the Year Ending March 31, 1912, Thomson to F.C. Ingrams, June 6, 1912.

Chapter 5

Conclusion

After being demoted, in May 1911, to Commissioner of the Land Department, in which he had little interest, Chipman was finally given his walking orders from the Company. On September 12, 1911, the London Committee, which now included Richard Burbidge, ".....resolved that notice be given to Mr. Chipman that his services are no longer required and that for the current year to May 31 next he receive at the rate of L1,500 a year and thereafter the pension agreed to."¹ He was also ordered to vacate the Commissioner's residence in Winnipeg. Chipman obligingly left the Company's service and retired to "Woodlands," Roehampton, in Surrey, England where he lived with his wife and two daughters Dorothy and Primrose until 1923, when he moved to Arnathwaite House at Leamington Spa where he died on February 11, 1924. Chipman left one son, Hamilton Chipman of Winnipeg and three daughters, two of whom stayed in England, and Mrs. E. Van den Nest of Winnipeg.

The tenure of C. C. Chipman as Commissioner of the HBC was marked by great success, due mainly to the easing of the economic depression and the massive returns obtained through land sales. At the age of 35, when he entered the Company's service, he was the youngest of the Commissioners to that date. His background in the civil service brought to the Company a man with skill in business and accounting as well as diplomatic abilities which he had developed through his work for Sir Charles Tupper and as Chief Clerk in the Department of Marine and Fisheries.

¹HBCA, A.1/160, fos. 106-107, Minutes of the London Committee, Sept., 12, 1911.

The climate of business in Canada during his twenty year Commissionership had gone through many great changes. The years leading up to the turn of the century afforded the Company poor returns in all branches of the business. New factors such as competition, freight rates, interest rates and international markets began affecting the Company's performance. Competitive forces emerged in all the branches of the business. Revillon Frères in the fur trade, small shopkeepers and the Ontario department store giants of Eaton's and Simpson's, in the retail branch of the trade, and the large colonization and land companies such as the Canadian North West Land Company and the Canadian Pacific Railway Land Department all provided stern competition. But competition also worked for the Company with the emergence of several transcontinental railways, which often brought down the shipping costs of goods and furs in and out of Canada.

The control of interest rates and the effect of international markets played the greatest role in the prosperity of the north-west during Chipman's tenure. Interest charged to land purchasers was used by the Company's management to avoid speculation in its lands. In this respect, the Company had to perform a balancing act of trying to assure the attractiveness of its land to purchasers while at the same time avoiding foreclosure on purchasers who were in arrears. Chipman provided the solution to this quandary by altering the Quit Claim Deed, first introduced by Charles Brydges, in order to keep settlers on the land through the softening of the terms of sale and leasing arrangements which also helped lessen the blow of provincial taxes on the Company's lands. However, underlying all of this, the north-west was a resource

economy that relied on high international grain prices for prosperity. Prosperity, in this sense, meant that the Company relied on international markets not only for the saleability of its land but also the saleability of goods in the retail branch of the business and fur sales.

Continuing the policies of Wrigley, Chipman's first move as Commissioner was to step up the inspection of all the Company's departments in order to consolidate control in the Commissioner's Office and accurately report on the state of the Company's business to the London Board. The ability to present a realistic account of the Company's business was furthered by the separation of the Company's three departments: Land, Salesshop and Fur. With the accounts rendered separately, the Company in London could see where shortfalls were taking place and use Chipman's recommendations to alleviate them. Nevertheless, they often did not use his advice. Each department submitted an annual report and district reports accompanied the general annual report of the Fur Trade; all of which were presented to the shareholders. In Canada, Chipman ordered that monthly reports and accounts be taken at all of the fur trade posts and saleshops in a continuous audit to assure that maximum efficiency would be obtained and reported to London through the use of the transatlantic cable service.

Staff also became a dominant concern of Chipman's during his tenure. Prior to his appointment, haphazard accounting procedures and departmental overlap between the Salesshop and Fur Trade Departments led to an increasing number of employees who were entirely unnecessary. Upon taking up the office of Commissioner, Chipman

succeeded in reducing the size of the staff in Winnipeg, as well as hiring people for their abilities as accountants and administrators and not their length of service in the Company. Thus, the position of the Commissioned Officers was finally undermined and they were gradually replaced by a younger breed of professionals who shared the same opinions as Chipman on how to run a business.

Chipman's impact was greatest on the retail branch of the operation. When he became Commissioner, the Company had retail establishments in all of the major prairie cities and in Vancouver and Victoria. Chipman organized central depots in Winnipeg and Vancouver to streamline the supply system, as well as ordering improvements to be made on the stores where the greatest potential for profit could be expected. However, the London Board continued to repeat the same refrain heard during Wrigley's days, which was that improving existing stores was the furthest they were willing to go in attracting the retail trade. Ignoring the urging of Chipman to sink more capital in this branch of the operation using a long term strategy, the Board continued its reactive policy of increasing capital when prosperity was evident and retracting it during a slumping economy. In order to bring more capital to the most remunerative stores Chipman began closing the smaller rural stores that often operated at a loss and brought in a cash standard of trade to be followed at all the saleshops in order to reduce the loss of revenue from bad debt collection.

Chipman, unlike Wrigley, was Smith's man. He was brought into the Company on the urging of Smith and continued as Commissioner until Smith's position in the Company became that of a figurehead. Thus, Chipman was fortunate not only in that

his tenure coincided with great prosperity in the north-west but in that he did not have to deal with the hounding by Smith that bedeviled Brydges and Wrigley. He was free to re-structure the Company's operations with the full endorsement of the Governor. In this aspect of his career with the HBC, Chipman fulfilled his mandate to provide the Board with current information on the state of the Company's affairs as well as to initiate cost cutting measures with the full support of the management. His proposals to deal with inefficiencies in the accounting of the fur trade and the expansion of the retail trade were, however, rarely supported by London. Efficiency and economy for Chipman meant that a progressive policy of long term planning and capitalization would work to bring management costs down while procuring greater profits from all the aspects of the business. The London Board, on the other hand, believed that economy meant reduction in everything that was not immediately profitable.

With Chipman's retirement, and the shake-up of the Company's London management, the abandoned practice of using a Canadian committee to supervise the Company's operations in Canada was revived. As well, R.H. Hall, a Commissioned Officer who worked in British Columbia for most of his career, was appointed Fur Trade Commissioner and Herbert Burbidge was appointed Salesshop Commissioner. In the fall of 1911, when Chipman's retirement was recommended, James Thompson was appointed Land Commissioner thereby reviving the policy of having a Commissioner in charge of each of the Company's departments. To further achieve greater efficiency in the Company's organization and specialization in the Company's management, the placement of a Commissioner in charge of each department was not a surprising move.

Because the HBC was a multi-unit enterprise with foreign ownership, the London Board adopted the same management methods as other businesses of the day. It increased the role of middle managers while the shareholders were left with the control over the use of capital and long term planning in order to achieve greater vertical and horizontal integration. Chipman's role as Commissioner had become anachronistic in the context of the emerging class of middle managers in the corporations of the early twentieth century and his position was consequently phased out.²

Chipman left the HBC with a well managed retail business that had the potential to compete effectively with the Ontario firms if only the London Board would allocate the necessary capital to build new stores in the growing prairie cities of Winnipeg, Edmonton and Calgary. As well, the fur trade, which had operated semi-autonomously in remote districts prior to his appointment, was brought under the firm control of the Winnipeg office with improved accounting procedures that enabled it to report on the progress of the outfit an entire year earlier. In addition, Chipman introduced innovations to the land business, which allowed settlers to stay on the land even if they were struggling to make payments, thereby reducing the Company's tax burden and maintaining sales. After twenty years of restructuring the HBC's operations in Canada, Chipman succeeded in placing it in a more profitable position with professional managers despite the lack of capital needed to further cement its position in the north-west.

²Alfred Chandler, The Visible Hand (Cambridge: Harvard University Press, 1977), 484.

Appendix A

Schedule of Proposed Salaries for Salesshops

Proposed		Present
\$900	Mattawa	\$1,000
	Shoal Lake	1,000
	Lower Fort Garry	840
\$1,000	Qu'Appelle (A. McDonald, Chief Factor in charge of this and Manitoba District.)	
	Deloraine	780
	Whitewood	900
	Morden	1,000
	Fort France	1,000
	Yorkton	1,000
\$1,200	Lethbridge	1,200
	Vernon	1,000
	Battleford	1,000
	Fort William	
		1,020
	Pincher Creek	1,000
	Prince Albert	1,200
\$1,500	Edmonton	1,440
	Portage la Prairie	1,440
	Nelson	1,500
	Rat Portage	1,500
	Kamloops J.O. Grahame, Chief Trader, in charge.	
\$1,800	Calgary	1,800
	Macleod	2,250
\$2,000	Vancouver	2,000
\$2,500	Victoria	2,500
\$3,200	Winnipeg W.H. Adams, Factor, in charge.	

(H.B.C.A., A.12/S536/2-Salesshop Managers' Salaries, fo.5-Chipman to Ware-Jan. 23, 1899.)

Appendix B

Saleshop Managers' Raises

Saleshop	Salary (1905)	Max increase
Battleford	\$1500	\$ 300
Biscotasing	840	160
Calgary	1650	850
Deloraine	900	100
Dinorwic	1000	
Edmonton	1500	1000
Fort William	1440	660
Kamloops	900	300
Lethbridge	1200	420
Lower Fort Garry	900	100
Macleod	1500	300
Haileybury	720	280
Missanabie	900	100
Nelson	2250	
Nipigon	960	40
Pincher Creek	1500	300
Portage la Prairie	1500	300
Prince Albert	1500	120
Qu'Appelle	1200	
Kenora	1020	180
Vancouver	3500	250
Vernon	1000	200
Victoria	1000	
White River	900	100
Whitewood	840	160
Winnipeg	3000	
Winnipegosis	1000	
Yorkton	900	300

(H.B.C.A., A.12/S536/2, Saleshop Managers' Salaries, fo.15-Ware to Chipman-Jan. 23, 1899.)

Appendix C

Form Letter Appointing Managers of Salesshops

Dear Sir,

I am sending you herewith a copy of the Rules and Regulations of the Company applicable to Salesshops and take the opportunity also of confirming your appointment to the charge of _____ Salesshop and of giving you the following instructions.

Your duties are to comprise the selling of the Company's goods to the best possible advantage and the general management of the Company's business at _____ aforesaid.

No goods except furs and Country produce and small and immediate necessities are to be purchased or bartered. All requisitions are to be made upon Winnipeg Depot.

Country Produce is only to be purchased or bartered for the actual requirements and business of the sale shop or to fill contracts and engagements which have been properly entered into with the approval of the Commissioner.

No money shall be borrowed on behalf of the Company nor liabilities incurred except as authorised or directed by the Commissioner.

No drafts shall be made upon the Company except as authorised in connection with the ordinary business of the Salesshop or against credit balances.

All monies received are to be deposited in the Bank of _____ to the credit of the Hudson's Bay Company.

Cheques are to be signed in accordance with instructions already sent you, and the advice furnished to the Manager of the Bank of _____.

All monies above the sum of \$ _____ are to be remitted to Winnipeg.

Credit is not to be given to any individual in excess of the sum of \$ _____ without reference to and permission from the Commissioner. The amount of capital to be employed at the _____ sale shop is not to exceed \$ _____ for stock and \$ _____ for outstanding balances.

All the employees at _____ sale shop are to be subject to your orders. Should any employee be guilty of neglect of duty or misconduct he is to be suspended at once and the case reported to the Commissioner.

You will observe the Rules and Regulations of the Company and see that they are all kept by all employees.

You will be careful to see that politeness and attention are shewn to all customers of the Company and that punctuality and regularity are observed by all the employees.

All your Official correspondence, whether with the Company's officers or with the Public is to be on official headed paper and is to be signed with your ordinary signature and the accompanying stamp is to be impressed below your signature.

No letters, papers, agreements or documents of any kind except receipts for money of goods are to be signed "For the Hudson's Bay Company" of "the Hudson's Bay Company by" _____. No legal proceedings shall be commenced nor Contracts

entered into without the sanction of the Commissioner, and no Employees, other than daily laborers shall be engaged without the authority of the Commissioner.

(H.B.C.A., A.12/S483/1, Rules and Regulations on Salesshops, fos. 3-5, Chipman to Ware, Apr. 3, 1896.)

Rules and Regulations for the Management of Salesshops

1. The Manager shall not be absent himself from the charge of the Salesshop at any time without the permission of the Commissioner.
2. Until otherwise advised the following forms shall be forwarded regularly and promptly to the Commissioners Office.

Weekly	Form 43
Monthly	Form 19, 20, 31, 34, 37
Quarterly	Form 32
Annually	Report upon Trade for the year ending 31st May Book of Accounts Forms 14, 14A, 17, 27
3. On the 31st day of May in each year (or upon any other date that may be appointed by the Commissioner) there shall be taken an Inventory of the Stock Debts etc. on hand, and the said inventory shall be entered up in the book provided for that purpose in the following order:
 1. General Goods
 - a. Dry Goods
 - b. Groceries
 - c. Boots and Shoes
 - d. Hardware
 - e. Crockery, Medicines and Sundries
 - f. Unsaleable Goods(not valued)
 - g. Articles in Use (including office stationary)
 2. Country Made Articles
 3. Country Produce
 4. Articles at Fixed Prices
 5. Live Stock
 6. Outstanding Balances
 - a. General
 - b. Government
 7. Cash on hand including Bank Balance
 8. Advances on account of next Outfit
 9. Repairs and Improvements
 10. Buildings and Lands(not valued) with full description
 - Less.
 11. Outstanding Liabilities deducted from total Assets

4. After the summary at the end of the Inventory shall be appended the following certificate to be signed by the Manager of the Salesshop.

**"To the best of my knowledge and belief the foregoing is a
"true and correct statement of the property of the Hudson's
"Bay Company**

5. Goods must in no case be priced at above Cost Landed, and, any which are not readily saleable must be valued by the Manager at reduced prices and be placed under the head of "Articles at Fixed Prices" and the loss to the year thereby clearly shown. Damaged and unsaleable goods must all be enumerated in the inventory but not valued.
6. Debts more than one year old upon which no substantial payment has been made during the Outfit, or on which no good security is held are to be classified as "doubtful" and valued at one half, and at the end of the next Outfit as "bad" and not valued. Debts not a year old but known to be "doubtful" of "bad" must be classified accordingly.
7. The completed annual accounts shall be at Winnipeg as soon after Stock-taking as possible each year and in no case later than two months thereafter.
8. Statements of accounts are to be forwarded monthly to all customers and details given whenever necessary.
9. Excepting under special circumstances, all accounts outstanding for more than three months are to bear interest at the rate of 6 per cent per annum and Notes for the amount due, with interest specified, are to be taken.
10. When there is any doubt concerning the financial condition of a debtor to the Company, a Chattel Mortgage or other security should be taken if possible, in addition to a Note.
11. Interest shall not be added to any account in the Company's Books until after the Account has been paid.
12. A special discount of 10% off retail prices may be allowed to Clergymen if the accounts are paid within 30 days.
13. Before holding any Discount Sales, or before advertising of arranging any general reduction of prices, the sanction of the Commissioner must be obtained. This instruction is not intended to interfere with the marking of remnants at lower prices at the end of a Season. It is not unadvisable to carry forward fancy Season Goods, but, on the other hand, it is not usually beneficial to reduce the price of Staples.
14. All accounts for collection from any branch of the Dominion Government not payable by the local officer or agent, are to be forwarded in quadruplicate to the General Office, for collection, along with remittances of cash.
15. All official correspondence between Managers of Salesshops and Government officials shall be conducted through the Commissioner's Office.
16. Remittances of Cash, Vouchers etc. are to be made to the General Offices from time to time, and, where no Bank account is kept, only sufficient funds for immediate local requirements are to be retained.
17. Counter Check Books should be kept and issued from the office. Each book as given out should be numbered and marked with the name of the salesman to whom it is given. Each salesman should have a separate check book and not use another's book. The counterpart checks should be returned to the office each morning, and checked

over, and any missing numbers should be accounted for. These checks should be filed in the office and put away each month, Cash and Credit Sales being kept separate. A separate check need not be made out for each cash sale, but one check can be used until it is filled up. Every sale to be entered on these counter checks, so that the total cash sales of the day will agree with the cash received.

18. All employees, other than those paid daily or weekly, are to be under written Contract (form 2.). Managers Contracts to be subject to 3 months notice in writing on either side, and all others subject to one months notice. One copy of each contract to be forwarded to the General Offices to be filed.

19. No alterations are to be made in the wages of any Employees without the sanction of the Commissioner.

20. The wages of all employees shall be paid promptly on the last day of each month and the amount of supplies taken during the month shall be deducted from said wages. No employee shall have a debtor balance at the end of the month.

21. The tariff to be charged all Employees shall be 10% advance on Cost Landed at the saleshop from which the supplies are furnished.

22. In the event of orders on account of Employees being sent from one saleshop to another they shall be made on account of the saleshop upon the ordinary Requisition Form (No.28) and charged up to the individual account when delivered, the same as to any other customer.

23. No expenditure for Repairs and Improvements upon the Company's buildings or other property to be made without the sanction of the Commissioner.

24. No expenditure for printing or advertising to be made, and no newspapers or periodicals to be subscribed for without the sanction of the Commissioner. (Form 29)

25. No subscriptions, donations or gratuities exceeding the sum of \$5.00 are to be given without the sanction of the Commissioner.

26. All drafts drawn on the General Office shall be advised (form 21) promptly. Drafts presented for payment which no advice list has been received may be dishonoured.

27. In the case of the saleshop having an account against another saleshop of Fur Trade Post, there shall at the end of each month, be made out a detailed statement of the account at Cost Landed figures (form 34) to be signed and forwarded without delay to the saleshop or Fur Trade Post against which the account stands, the Manager of which will, upon the receipt of the account, check carefully, sign, and return. The Vouchers thus completed are to be forwarded at the end of each month, along with other statements, to the General Office where the debit and credit entries will be made.

28. Books or papers referring to the business of the Company shall not be removed from the saleshop without the sanction of the Commissioner and they shall be carefully preserved.

29. Every precaution is to be taken against fire and robbery. The current books, especially the Customers' Ledger and Cash Book, must be placed in the safe before leaving the office.

30. Particular care must be given to the carrying of the provisions of the laws governing the sale of Liquors. The difficulty of distinguishing between Indians and Halfbreeds is recognised, but cases are said to have occurred elsewhere in which the former have

obtained Liquor. In the interests of the Company, and to strictly observe the laws, where any doubt exists as to a customer for Liquor being an Indian, the Company shall take the benefit of the doubt and decline to supply the Liquor. Any one accepting the Treaty is an Indian in the eyes of the Law and cannot be permitted under any circumstances to purchase Liquor.

31. Beyond exercising the Franchise no active part is to be taken in Politics by any employee of the Company.

(H.B.C.A., A.12/S483/1, Rules and Regulations on Salesshops, fos. 6-11, Chipman to Ware, Apr. 3, 1896.)

Appendix D

Undated patented lots of Reserve Lands Around Posts

Fort Ellice	3000 acres
Fort Pelly	3000
Qu'Appelle Lake	2500
Touchwood Hills	500
Fort Carlton	3000
Prince Albert	3000
Moose Woods	1000
Battle River	3000
Fort Pitt	3000
St. Paul	3000
Fort Victoria	3000
Lac la Biche	1000
Fort Edmonton	3000
Pigeon Lake	100
Rocky Mountain House	500
Old White Mud Fort	50
Lac Ste. Anne	500
Lac la Nun	500
Fort Assiniboine	50
St. Albert	1000
Cumberland House	100
Moose Lake House	50
Grand Rapids W. end Portage	50
E. end Portage	50
Shoal River	50
Fairford Mission	100
Lower Fort Garry, St. Andrews & St. Clements	500
White Horse Plains, known as Lanes Post, comprised of Lot 139 St. 7 Xavier and part of Lot 139 O.T.M. St. Francois Xavier	500
Portage la Prairie	305
Factory Island	100
By compensation for 80 acres Portage la Prairie	80
Fort Alexander	640

Upper Fort Garry(Winnipeg)	450
Land in lieu of those allotted in Portage la Prairie for which the Company has received compensation	1060.47
Lands patented to the Company in extinguishment of balance due to the Company on patented and unpatented lands under Deed of Surrender, Order in Council, 17 Dec., 1885	1804.53
Rat Portage	690
Manitobah(Swan River)	50
	44280 acres
unpatented lands	
Northern Department	4335
Southern Department	985
Montreal Department	400
Total	50,000

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