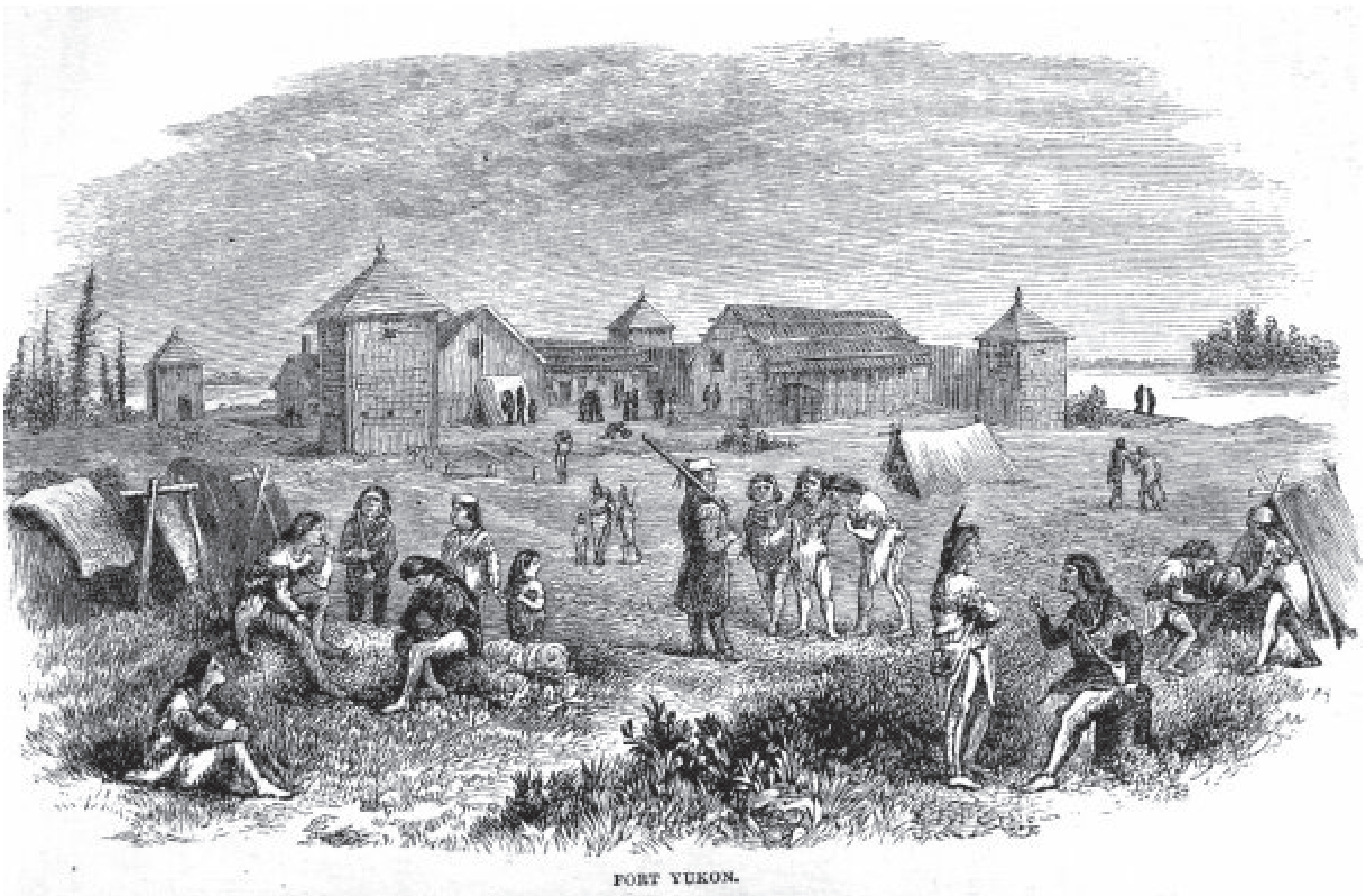
Wild Furbearer Management and Conservation in North America

Edited by Tim L. Hiller, Roger D. Applegate, Robert D. Bluett, S. Nicki Frey, Eric M. Gese, and John F. Organ



FORT YUKON.

Chapter 20: The Fur Trade in North America: An Overview from a Historical Geographical Perspective

Wild Furbearer Management and Conservation in North America

Tim L. Hiller, Wildlife Ecology Institute, Helena, Montana, USA

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CHAPTER 20: THE FUR TRADE IN NORTH AMERICA: AN OVERVIEW FROM A HISTORICAL GEOGRAPHICAL PERSPECTIVE

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Front cover illustration of Fort Yukon, a Hudson's Bay Company post, located on the north bank of the Yukon River in present-day Alaska, USA, included trade of furs and other items with Indigneous peoples. Illustration in public domain and originally printed in *Harper's Magazine* 38(228):599, during 1869.

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THE FUR TRADE IN NORTH AMERICA: AN OVERVIEW FROM A HISTORICAL GEOGRAPHICAL PERSPECTIVE

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Editors' note: *This chapter is a reprint of Ray (1987), with minor revisions. The original chapter reflected Euro-centric perspectives. We attempted to revise culturally insenstive terms, but we apologize if our efforts were not complete.*

The fur trade played a major role in the economic and political development of North America. It served to stimulate and finance continental exploration and provided a source of income that was crucial to many early colonial ventures (Phillips 1961:113–185). It engaged the Indigenous peoples of the continent in a global market economy for the first time and in the process it radically transformed their traditional cultures. It led to the development of the first transcontinental business enterprise, the North West Company, and it spawned North America's oldest multinational resource and trading company, the Hudson's Bay Company. Finally, it was an important component of the imperial rivalries that served to shape the political map of North America (Innis 1970 [1930]:391–393). It is not possible to adequately address all these issues in the limited space available. Therefore, this chapter will concentrate on the shifting spatial patterns of the industry as they were affected by changing resource availability, fluctuating markets, and political as well as economic rivalries. Discussion will be limited to the commerce in wild furs (as opposed to ranch furs) and it will exclude the traffic in robes and hides, as these trades are not relevant to the focus of the present volume.

THE EARLY BEGINNINGS OF THE TRADE, c. 1500–1580

The fur trade went through several distinct periods of development. From the time of initial European contact with the eastern margins of the continent in the 1490s until 1581, the fur trade was carried on as an adjunct of the cod (*Gadus* spp.) fishery. Unfortunately, few records have survived that provide information about the industry at this time. Therefore, statements about the industry during this period are necessarily speculative. Innis (1970:1–9) observed that the initial dependence on the Atlantic fisheries was necessary because the volume and value of the early fur trade was insufficient to sustain the overhead costs associated with transporting furs and goods between Europe and North America. Also, the nature of the industry delayed the development of the institutional structures needed to facilitate the efficient handling and marketing of furs. According to Innis, this was the result of the early fur trade's orientation toward fancy furs. This meant that traders had to have considerable technical knowledge about each type of pelt.

Furs usually were obtained through numerous small purchases from Indigenous peoples and were similarly disposed of in small lots in Europe to dealers and furriers who specialized in handling particular types of pelts (Innis 1970:12). The nature of the industry made transaction costs high. Coupled with the heavy costs of overseas transportation, it was simply not possible for merchants to turn a profit by specializing in the trade of North American furs (Innis 1970:12). It was for these reasons that the early fur trade was carried on as a sideline of the fishing industry. Transportation costs were borne by the latter industry and the traffic in furs represented a bonus income to fishermen and their employers. Because it was closely tied to the cod fishery, the early trade was largely restricted to the coastal littoral of northeastern North America.

THE ERA OF THE BEAVER TRADE, c. 1550–1840

By the mid-sixteenth century, felt hats became fashionable in Europe and from about 1550 to 1850 the felt hat industry became the primary driving force behind the fur trade. The reason for this was that the underwool of North American beaver (*Castor canadensis*) pelts became one of the principal raw materials used in the felt-making process. Felt makers prized beaver wool because the hairs that constituted it could be bound together to make an extremely high-grade felt. With the rapid growth of the felt hat industry, beaver pelts became the staple of the trade. Two types of pelts were sought, coat (called castor gras by the French) and parchment (castor sec). Coat beaver were pelts that had been worn by Indigenous people as winter coats prior to selling them and parchment beaver were those pelts trapped specifically for the purpose of trade.

Of the two types of peltry, coat beaver was preferred in northwestern Europe until the late seventeenth century because it was easier to process. Prior to the end of the century, only the Russians knew how to comb the wool from parchment beaver (Rich 1967:45). Therefore, these pelts had to be sent there for processing, adding considerably to the cost of felt making. Coat beaver, on the other hand, could be processed in northwestern Europe before 1700 because Indigenous people wore the guard hairs off the pelts before selling them. The main disadvantage of coat beaver was that it tended to be of uneven quality, which was why parchment beaver came to be preferred by the English and French after 1700. By that date, the Russian technique had become widely known.

The development of a strong market for beaver pelts made it possible for traders to buy and sell these pelts in sufficiently large quantities to enable them to turn a respectable profit. It also meant that the traffic in beaver, rather than cod, was able to sustain trade in other peltries. Reflecting this development, by the closing decades of the sixteenth century, merchants began to specialize in the fur trade for the first time, and the industry severed most of its links with the cod fishery. Thereafter, the land-based fur trade expanded rapidly as competing groups struggled to tap new beaver-producing areas. Other furs were taken as well, but they did not rival beaver in aggregate value.

Once established, a number of factors stimulated the rapid spatial expansion of the land-based fur trade throughout the beaver's primary and secondary ranges (defined in terms of peltry quality and/or abundance; Fig 20.1). Most of these factors remained operative for the next two-and-a-half centuries, until further expansion was not possible. As in the earlier years of the fisheries-based trade, overhead costs associated with transportation continued to be a major problem. To cover these costs, merchants had to secure a high volume of fur. Generally the volume needed exceeded the carrying capacities of local environments. Thus, from the onset of the land-based trade, there were economic pressures that encouraged the spatial expansion of the industry into new territories. However, as Innis (1970) noted, this set in motion a circular process. The spatial expansion of European logistical systems further added to the overhead costs associated with transportation. This meant that even greater volumes of fur were needed to sustain the system (Innis 1970:9).

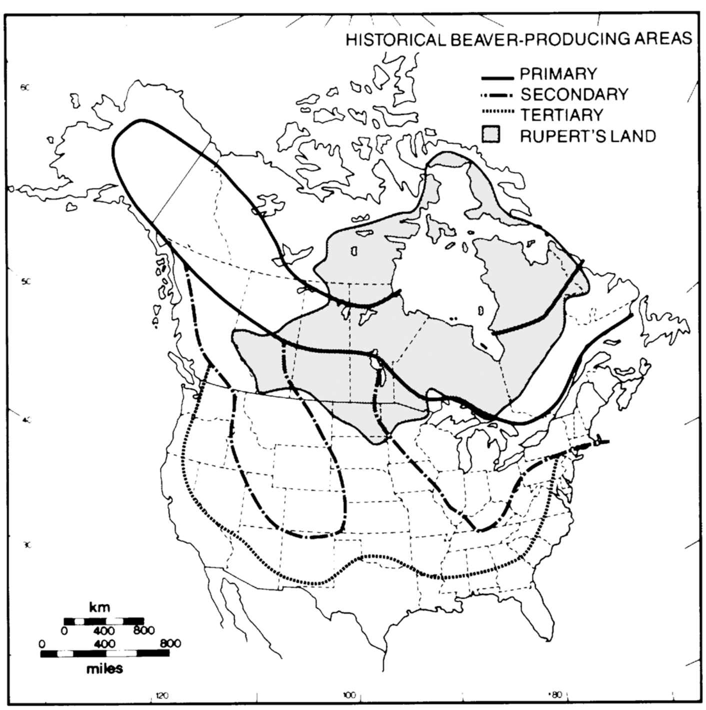

Fig. 20.1. Historical production areas for North American beavers (*Castor canadensis*) in North America.

Other developments tended to reinforce this circular process, further accelerating the territorial expansion of the industry. For example, the establishment of trading posts had a ripple effect on local economies of Indigenous peoples, initially producing a zonal pattern of economic activity. Indigenous people living in immediate proximity to trading posts were able to visit traders frequently during the course of the year. This ease of access meant that, in addition to furs, local Indigenous people could supply the posts with provisions. Also, having ready access to European goods, these Indigenous people had strong incentives to increase their commercial hunting, fishing, and trapping activities in order to buy the goods they now prized.

Dealing with nearby posts also saved the Indigenous people the trouble of having to carry trading goods long distances to their camps. This removed one of the initial checks on the consumption of these articles by Indigenous people (Ray 1978*a*). The relatively high per capita consumption of European goods by local people using trading posts led those Indigenous people to exert heavy pressures via hunting and trapping on fur and game animal populations in close proximity to trading centers. Participation in these activities by Europeans often compounded the problem. The resulting depletion of fur and game placed the these local Indigenous people in a precarious position. They frequently tried to compensate for their predicament by charging tolls to Indigenous people from distant areas before letting them cross their territory to gain access to the trading posts. However, this tactic usually proved to be a short-term resolution, as it encouraged further expansion by Europeans seeking cheaper furs.

Indigenous people had less frequent contact with Europeans beyond the local trading zone. Nonetheless, the trade had a major impact on their lives. Commonly, Indigenous people who lived adjacent to local trading areas became involved in the industry either as producers who hunted and trapped their own furs or as traders, or middlemen, who obtained a significant, often a predominant, portion of their furs by trading with more distant tribes that had infrequent or no direct contact with Europeans. Indigenous middlemen passed on previously obtained European goods in exchange for the furs of their partners living in the indirect trading zones.

Like their European counterparts, middlemen advanced the prices of the trading goods above their own acquisition costs before passing them on to other Indigenous producers. Indigenous middlemen marked up fur prices to Europeans in a similar fashion (Ray 1978*b*, Ray and Freeman 1978:39–51). In effect, there was a sharp price gradient for goods and furs (inversely proportional to each other) with distance from the point of European contact. Thus, the Europeans faced a dilemma. On one hand, they could let Indigenous middlemen dominate the hinterland trade and pay them relatively high prices for the furs they brought in. On the other hand, they could move inland themselves to tap the primary fur-producing areas directly in the hope that the greater overhead costs incurred would be offset by securing furs at lower prices. Europeans most often chose the latter option. However, except for the Hudson's Bay Company, there is little evidence to suggest that the Europeans carefully assessed the relative costs and benefits of these approaches. In any event, efforts by Europeans to bypass middlemen meant that the latter did not hold sway in most areas for very long. Again, the major exception was in the Hudson's Bay Company's trading network.

The frequent failure to weigh carefully the costs and benefits of these two choices reflected the fact that, in the age of mercantile imperialism, political and strategic considerations often were of equal or greater importance than business considerations. Besides being crucial to the successful prosecution of the early land-based fur trade, Indigenous middlemen and their suppliers were also important as potential military allies or foes. This situation continued until the end of the War of 1812 (The Napoleonic Wars). Thus, until that time, Europeans and, after 1776, Americans also competed for Indigenous allies. To retain or recruit Indigenous people allied with opponents, they had to be supplied with the goods they demanded. This was accomplished by gifts and through trade (Jacobs 1966). In this way the fur trade, particularly the French fur trade after 1700, was used to obtain political as well as economic ends (Eccles 1969:132–156, Eccles 1983:341–362). Often these dual objectives conflicted.

CHANGING SPATIAL PATTERNS IN THE FUR TRADE

1. c. 1581–1670

The time between the beginning of the land-based fur trade in the late sixteenth century and the granting of the Hudson's Bay Company charter in 1670 constitutes a distinctive period in terms of the territorial expansion of the industry. Toward the end of the sixteenth century, the outlet of the Saguenay River had emerged as an important trading center where the Montagnais Nation met and traded with whalers. This center probably marked the western limit of European-Indigenous peoples exchange at the time (Trigger 1976). Beginning in the early seventeenth century, the French, under the leadership of Samuel de Champlain, pushed westward to the eastern margins of the Great Lakes area. Champlain wanted to involve the Huron in the fur trade because he believed that their large, horticulturally based population would be able to supply more fur than the Montagnais, who controlled the trade north of the Gulf of St. Lawrence. Also, the Huron lived beyond the area exposed to competing French traders.

As the French moved westward, they encountered a succession of middlemen in the Ottawa Valley until they reached the lands of the Huron. By the 1640s, the Huron had become the key middleman group in the French trade and had connections with Indigenous groups living to the north, south, and west (Heidenreich and Ray 1976:12–33).

Meanwhile, south of the St. Lawrence, the English colonies of New England had established trading contacts with most of the Indigenous populations living between Lake Champlain, the southern margins of the St. Lawrence Valley, and the Kennebec River. Also, in 1609, the Dutch began to build their own trading empire in the Hudson River valley to challenge the New England traders to the east and the French to the north. In the case of the Dutch-French rivalry, the New York Iroquois played a crucial role. Allied with and armed by the Dutch, the Iroquois attacked and destroyed the Huron and other Indigenous groups living in the lower Ottawa Valley in the 1640s, thereby seriously disrupting the French trading system (Heidenreich and Ray 1976:22). However, the Dutch ascendancy was short-lived, as the English displaced them in 1664. By then, the fur trade was a marginal activity south of the lower Hudson River in the middle and southern colonies. These territories lay beyond the primary beaver-producing region and the other furbearers obtained there, mostly American badgers (*Taxidea taxus*), northern raccoons (*Procyon lotor*), skunks (*Mephitis* spp., *Spilogale* spp.), weasels (*Mustela* spp.), and other small furs, did not fetch prices that were sufficient to pay shipping costs (Phillips 1961:162). Later, as the settlement frontier pushed to the west during the seventeenth and eighteenth centuries, the Southeast became a major exporter of deer (*Odocoileus* spp.) hides. Small furs were of secondary importance.

2. 1671–1763

The destruction of the Huron by the Iroquois in 1649, and the resulting collapse of the French fur trade, forced the French to take steps to reestablish contact with Indigenous suppliers of fur in the eastern and northern Great Lakes area. With that objective, Pierre Esprit Radisson and Médart Chouart, Sieur des Groseilliers, traveled to the upper Great Lakes in the late 1650s. During the winter of 1659–1660, Radisson and Groseilliers visited the Lake Superior region and gained a great deal of knowledge about the country that lay between the Great Lakes and James Bay. Radisson and Groseilliers realized that Hudson Bay and James Bay lay in the heart of the prime beaver-producing region of North America. This meant that it would be possible to send ships into Hudson Bay, thereby substantially reducing the heavy costs incurred by reaching the central Subarctic via the St. Lawrence.

Radisson and Groseilliers tried to persuade the French to finance a trading expedition into Hudson Bay to exploit the strategic advantage that the northern maritime approach offered. However, they failed to obtain this support. The two Frenchmen then went to England, where they secured the backing they wanted. The wisdom of their plan became readily apparent when the first shipment of Hudson Bay furs was sold in London in 1669 for a substantial profit. One year later, Charles II chartered the Hudson's Bay Company and granted the proprietors of the company exclusive trading privileges in all territory drained by waters flowing into Hudson Bay. This territory was named Rupert's Land (Rich 1960:21–60; Fig. 20.l).

With the establishment of the Hudson's Bay Company, the French fur trade became menaced on its northern and southern flanks by expanding English networks. The two English trading systems differed in fundamental ways. Although the Hudson's Bay Company charter gave it the option of establishing colonial settlements, the company's directors chose not to do so (Rich 1960). Instead, the directors decided to establish a small number of modest trading posts at the outlets of major rivers flowing into Hudson Bay and James Bay, with the view of leaving the inland trade in the hands of the Indigenous people. Consequently, the extensive hinterlands of the Hudson's Bay Company posts were dominated by Indigenous middlemen, notably the Cree and Assiniboine, who had taken control of the inland component of the Hudson's Bay Company's trade soon after it began operations and who were actively expanding their own spheres of operation (Ray 1974:1–23, Heidenreich and Ray 1976:34–50).

From a business perspective, there were two advantages of the Hudson's Bay Company's approach to the fur trade. The company avoided incurring the heavy overhead costs associated with operating a land-based trade. Also, by not establishing colonies before 1812, the company avoided the problem of having to compete with settlers who would inevitably become involved in the fur trade. In contrast, the fur trade of New England and New York was anchored in colonial settlements. Under these circumstances, the trade was difficult to regulate and merchants as well as settlers competed with each other for the furs collected by the Indigenous people. This competition was of an intra- and intercolonial nature. Furthermore, the interests of traders and colonial officials often conflicted, as in the case of the traffic in firearms and spirits (Norton 1974).

While the English fur trades were being developed and expanded, the French St. Lawrence-based trade was also undergoing change. Between 1649 and 1666, most of the furs that reached Montreal were brought by Indigenous people, who sold them to competing French merchants. The conclusion of the Iroquois Peace of 1666 made it possible for missionaries and coureurs de bois to move westward. The latter established cabins (temporary posts) among various groups of Indigenous people in violation of colonial edicts issued in 1663 that forbade the French from trading beyond Montreal. By 1670, an estimated 400 illegal coureurs de bois were operating in Tribal First Nation country, and the number of Indigenous people who traveled to Montreal to trade was declining (Eccles 1969:103–106).

In the mid-1670s, the French colonial governor, Comte de Frontenac, sought to increase his profits from the fur trade by sponsoring an expansionist program to the west under the leadership of the explorer Robert de La Salle. Frontenac informed the French government that La Salle needed a trading license to finance exploration. Soon La Salle was competing with the coureurs de bois. Because the latter supplied the Montreal merchants with most of their furs, the merchants complained loudly about La Salle's activities and poured more men into the interior to oppose him. It is estimated that by 1680, more than 800 coureurs de bois were operating in the interior (Eccles 1969:110). These men not only challenged La Salle, they also successfully deflected furs away from the James Bay area, where the Hudson's Bay Company operated.

In 1680, the Iroquois wars resumed, coureurs de bois were established in the interior, and Indigenous people stopped coming to Montreal. Faced with these problems, Jean Colbert, advisor to Louis XIV, legalized the fur trade in 1681 through a permit (congé) system. This resulted in a proliferation of posts, and furs flooded into Montreal. By 1695, there was a glut of beaver pelts and a year later, the interior was closed to further trading. However, illegal trading continued and, in 1701, Detroit was granted an exception to the ban.

While the various competing French groups challenged each other and the Hudson's Bay Company for the furs of the central Subarctic, other Frenchmen struggled with the company for control of Hudson Bay and James Bay. In part, this struggle took place because the French did not recognize the Hudson's Bay Company's charter and held that French subjects had a valid claim to the territory. The English-French struggle for control of the maritime approach to central Canada continued until the signing of the Treaty of Utrecht in 1713. This treaty gave control of Hudson Straits and the shores of Hudson Bay to the Hudson's Bay Company. The distance into the interior over which the company could lay exclusive claim to the fur trade was to be resolved by negotiation with the French at a later date, but neither side could come to an agreement before the conquest (1759). When all of Canada became British, the settlement of company territorial claims ceased to have any urgency.

From 1713 to the late 1750s, the French intensified their efforts to capture the furs collected by Indigenous people living in the hinterlands of Hudson Bay, James Bay, and the Great Lakes region. The French developed a complex trading system that by the mid-eighteenth century was a curious mixture of free enterprise and state control. After 1663, a succession of French companies obtained a monopoly on furs that came from Canada. These companies paid a fee to the Crown for this privilege, but in return had to buy their furs in Canada at fixed prices. This meant that Canadian merchants knew what prices they would get for their furs irrespective of market conditions in Europe. Prices paid to Indigenous people were set by local competitive conditions, although they strongly resisted any downward pressures on the prices that they received for their furs regardless of economic circumstances.

French posts were managed in a variety of ways. King's posts were operated by lease for the king's benefit. They were primarily posts that the crown wanted open for strategic reasons. Others were obtained by auction or favoritism from the colonial governor. Still others were operated through congés. A congé was equal to a canoe-load of trade goods (about 1,800 kg [4,000 lb] by 1750), and several different merchants might hold a congé at a given post. However, the number of congés at each post was fixed. Many post commanders were military officers with whom Montreal merchants formed partnerships (societés; Igartua 1982).

In sharp contrast to the French trade and to that of the English Atlantic colonies, the Hudson's Bay Company operations gave business considerations priority despite imperialist pressures at home to have the company adopt a more aggressive stance against the French. In particular, the company steadfastly refused to move inland and challenge the French head-on, which would have been a costly and unnecessary gamble. Although furs were being lost to the French, the rising price of beaver pelts on the London market more than compensated the Hudson's Bay Company for declining volumes (Ray 1985:95–115). Thus, throughout the period of French-English rivalry between 1713 and 1763, the company was able to conduct a profitable trade. Indeed, it paid some of the highest dividends in its history during this period. English critics who wanted it to move inland, build posts, and assert the territorial claims of England decried the company's conservative approach, dubbing it the policy of, sleeping by the frozen sea.

Although the Hudson's Bay Company managed to conduct a lucrative trade, the limited data that are available indicate that the French secured the major share of fur production by Indigenous peoples in northcentral and northeastern North America before 1763. In some areas, the French apparently paid a considerable price for this success. Indeed, it has been suggested that the fur trade may not have been profitable for the French after 1700, and was continued mainly for strategic reasons (Eccles 1983). However, there are few data to support this suggestion.

3. 1763–1821

English-French conflict and commercial rivalry in North America ended with the signing of the Treaty of Paris in 1763. However, the competition between the St. Lawrence-based and Hudson Bay-based fur trades did not end at that time. In fact, it intensified as English, Scottish, and New England merchants and traders took over the French system. Building on French foundations and employing many French Canadians, these new investors formed a series of partnerships that eventually were amalgamated to form the first North West Company in 1779 (Morton 1973:327). Because it was a succession of partnerships, in effect there was more than one North West Company.

Beginning in the mid-1760s, the Nor'Westers (defined here as Montreal-based traders) began to push beyond the limits of the old French trade. By 1778, the New Englander, Peter Pond, led them into the Athabasca area, and in 1789, Alexander Mackenzie pushed further northwest into the Mackenzie River valley. Mackenzie crossed the Rocky Mountains in 1793, and traveled to the west coast via the Bella Coola River. In the first decade of the ninteenth century, the Nor'Westers began to build posts in the Pacific slope area, most notably at McLeod and Stuart lakes, and in 1813, assumed control of the Pacific Fur Company's operations based at Fort Astoria (renaming it Fort George) at the mouth of the Columbia River, thereby extending the operations of the North West Company from Montreal to the Pacific coast.

The Nor'Westers proved to be far more formidable opponents for the Hudson's Bay Company than the French had been. They captured such a large share of the fur production of Indigenous peoples in central Canada that in 1774, the Hudson's Bay Company was forced to move inland to challenge them. From that date until 1821, the intensity of Hudson's Bay Company-North West Company competition escalated. This cutthroat contest had a number of important consequences for the northwestern fur trade. The proliferation of trading posts throughout the region served to eliminate Indigenous middlemen from all but the lower Mackenzie River, the Yukon, and interior British Columbia, or New Caledonia as it was then known. Also, favorable trade, good prices, easy access to trading posts, and their desire for alcohol and tobacco encouraged Indigenous people to produce furs and provisions at rates that threatened to destroy the resource bases upon which their economies were built. By 1821, the beaver had been seriously overtrapped throughout the forests and parklands south and east of the Churchill River, and moose (*Alces alces*) and woodland caribou (*Rangifer tarandus*) herds had been decimated in much of the country between Lake Winnipeg and James Bay. It was clear that the northwestern fur trade was headed for disaster unless some measures were taken to bring about a more rational use of the fur and game resources upon which that trade depended.

While the Hudson's Bay Company and the Nor'Westers struggled for control of the fur trade of the boreal forest, the northern plains, and northern New Caledonia, American traders pushed westward in advance of the settlement frontier and also clashed with traders linked to the Montreal merchant community. The Treaty of Versailles of 1783, which ended the American Revolutionary War, fixed the eastern boundary (eastward of Lake of the Woods) between the U.S. and British North America at the present location of the Canada-U.S. border. However, the boundary settlement did not reflect the economic realities of the time. Montreal-based traders had continued to operate in the Great Lakes area after the withdrawal of the French, and their right to do so was subsequently entrenched in the Jay Treaty of 1794.

In 1806, they formed the Michilimackinac Company to conduct this trade more effectively. Partners in the company also entered into an agreement with the North West Company, whereby the two groups divided the trade north and south of the border and agreed not to compete with each other. The Michilimackinac firm was so successful in gaining the fur output of Indigenous peoples in the American Old Northwest that merchants from large American cities on the Atlantic seaboard had to go to Montreal to buy the furs they required (Porter 1931:164–165, Phillips 1961:132). American traders and government officials viewed the Canadians' activities with concern. From a strategic perspective, the Americans feared, with justification, that Canadians would be able to influence populations of Indigenous peoples on the U.S. frontier as long as they continued to trade with them. From a business perspective, American traders resented the loss of a substantial portion of the trade to foreigners.

Americans faced several handicaps in their efforts to combat the Canadians. Canadians were more experienced traders and Indigenous people were accustomed to British goods. Furthermore, British goods were cheaper and of higher quality than those manufactured in the U.S. The U.S. government was sufficiently concerned about the relatively weak position of American traders that in 1796, it decided to establish government trading houses on the frontier (Phillips 1961:74–96, Prucha 1981). Thus, following in the tradition of the British and French, the fur trade was to be pursued partly for political ends. However, American and Canadian traders offered stiff opposition and eventually, in 1822, the U.S. government withdrew from the field (Phillips 1961:95).

A key figure who opposed both the government trading system and the Nor'Westers was John Jacob Astor, the leading American fur dealer at the time. In order to pursue his interests in the industry, Astor obtained a charter from the State of New York, USA, in 1808 for the American Fur Company, a joint-stock trading company in which he held most of the shares (Porter 1931:164–168). Canadian trading interests feared that Astor might take over the still-lucrative trade of the Old Northwest and moved to block him from doing so. In 1810, to prevent Astor from buying the Michilimackinac Company and thereby cutting them out of most of the area's trade, two Montreal firms, Forsyth, Richardson, and Company and McTavish, McGillivray, and Company, both of which were partners in the North West Company, bought the Michilimackinac Company and reformed it as the Montreal Michilimackinac Company (Phillips 1961:137–138). To further guarantee themselves a share in the trade, and in the hope of avoiding possible U.S. government restrictions on their activities, they asked Astor to join as an equal partner (Porter 1931:252).

Astor came to terms with the Canadians in 1811, and a short-lived uneasy alliance began, with the two rival groups united in the South West Company. However, despite this partnership, both parties also continued to operate independently in the region and the South West Company did little business between 1811 and 1815. Finally, in 1816, the U.S. Congress passed a law that prohibited foreigners from obtaining licenses to trade with Indigenous people unless they obtained the express approval of the President (U.S. Statutes at Large III:332ff). Astor used this act to his advantage. In 1817, he bought out the interests of his partners in the South West Company, ending significant Canadian participation in the fur trade of the American Old Northwest. Although Canadian firms were now effectively barred from operating within U.S. territory, Astor took the view that British subjects were not, and hired Canadians to work for him in order to take advantage of their expertise and skills in the business. Thus, by 1820, the Americans had gained the upper hand in the fur trade of the Old Northwest, just before the advancing settlement frontier began to displace most of the Indigenous producers. This would alter, in a fundamental way, the character of the industry that survived in the area (Porter 1931:694–718).

West of the Great Lakes and the upper Mississippi and south of Rupert's Land lay the drainage basin of the Missouri River. This was not rich fur country compared with the above areas. Most of the American Old Northwest was covered with grasslands, where millions of bison (*Bison bison*) and other large game roamed. Small furbearing animals were largely restricted to the galleria forests that flanked the major rivers traversing the area. The best fur-producing area in this vast region was located near the headwaters of the major tributaries of the Missouri River. This is mountainous country, the eastern fringe of an extensive district of mountains, basins, and plateaus that reaches to the Pacific Ocean. Beavers were also found along the tributaries of all the major rivers of the Southwest and the West Coast beyond the mountains, especially those of the upper Rio Grande, the upper Colorado in the Utah and Colorado areas, the lower Sacramento and San Joaquin rivers, and the Columbia River (Cleland 1976 [1950]:10). In these desert and semidesert areas, the fur of the beaver is paler, and when prime both the underfur and guard hairs are shorter and coarser than in beavers from more northern areas (see Obbard 1987). In addition, the pelts of southern beavers during summer were almost worthless (Cleland 1976 [1950]:10) in contrast with northern furs, which at least in the early days of the trade had some value (though much less than the value of prime pelts during winter). For these reasons, the Southwest was a less important fur-producing area.

The French began trading on the Missouri after 1715, and from the outset their trade reached as far northward as the Platte River. After 1739, limited trading links were also established with the Spanish trading center of Santa Fe. These were ended in 1763 when the Mississippi River was established as the boundary between British and Spanish possessions (Hafen 1965:59–60). When the Spanish assumed control of the trans-Mississippi West in 1763, the French traders moved their hide and fur business out of Fort Chartres across the river to present-day St. Louis, preferring to operate under Spanish rather than British rule. During the Spanish era, colonial regulations and taxes discouraged any extensive development of the fur trade in the upper Missouri River country. Fur traders based in St. Louis probed the region, but never penetrated much beyond the great bend of the Missouri River (Hafen 1965:35–37). A route was reopened toward the southwest between St. Louis and Santa Fe, but trade was insignificant (Hafen 1965:60).

In 1800, France regained control of Spanish Louisiana, but in turn sold it to the U.S. three years later. This transfer was important for two reasons. First, the U.S. gained control of New Orleans, which eventually became an important transshipment point for furs, hides, and buffalo (bison) robes bound for the eastern U.S. Second, President Thomas Jefferson dispatched the Lewis and Clark expedition in 1804, which traveled upstream following the Missouri River, crossed the Rocky Mountains, passed down the lower Columbia River to the Pacific coast, and returned overland in 1806. Lewis and Clark commented at length about the rich fur resources of the upper Missouri, the northern Rocky Mountains, and the Columbia River basin of Oregon country.

The reports of Lewis and Clark sparked renewed interest in the fur trade potential of the Missouri River basin and the western mountain and plateau regions. This was signaled by the formation of the St. Louis Missouri Fur Company during the winter of 1808–1809 (Wishart 1979:41–78). However, the timing was wrong. The outbreak of the War of 1812, with its unsettled market conditions and trading restrictions, created an impossible business climate for the St. Louis merchants. Harassment of their operations in the upper Missouri country by the Blackfoot, some of whose members had been alienated by Lewis and Clark, aggravated the situation. Also, by the second decade of the nineteenth century, many groups of Indigenous people in the upper Missouri River region had well-established trading connections with North West Company and/or Hudson's Bay Company traders or with Indigenous middlemen associated with these two rival companies. For these reasons, the St. Louis traders largely failed in their first major attempt to expand into this territory, and by 1815, their spheres of operation in the Missouri basin were much the same as they had been in 1804 (Wishart 1979:44–48).

Besides probing northwest from St. Louis, renewed efforts were made between 1803 and 1820 to push the fur trade west toward Spanish territory. Some success was achieved. A number of traders traveled across the Central Plains, reaching as far as the upper Arkansas and Platte rivers and the Rio Grande. However, the fact that the Spanish frowned on incursions into their territory hampered further westward expansion. American trappers and traders who reached Spanish New Mexico often were imprisoned and had their belongings confiscated. The hostility of the Spanish to American incursions was understandable. In 1765, the Spanish began exploring and trading north of Santa Fe, when an expedition went to the Gunnison River area of Colorado. By 1776, Spanish traders had reached the Utah Lake area. Thus, when Americans began to penetrate the Southwest, some traffic in furs was already taking place between Spanish traders and local Indigenous people in Colorado and Utah country (Hafen 1965:60–65).

As various groups of traders struggled to control the ever- expanding land-based fur trade, a new maritime trade sprang up on the West Coast. In the 1740s, the Russians began exploring the Alaska Panhandle. The Spanish visited the Queen Charlotte Islands and Vancouver Island in the early 1770s. However, it was the 1778 visit of Captain James Cook that brought the fur trade to the West Coast. On his visit to Nootka Sound, Cook obtained sea otter (*Enhydra lutris*) pelts that he eventually sold in China for fabulous prices. News of his success sparked a rush of traders to the area, and a three-way competition developed among Russian, British, and American (mostly from Boston) traders. Unlike the land-based trade to the east, traders did not operate from spatially fixed trading establishments. Rather, trade was conducted from aboard ships that worked north and south along the coast (Ogden 1975). The one exception was Fort Astoria near the mouth of the Columbia River, built by Astor in 1811. In 1813, it was sold as a result of the pressures of the War of 1812 to the North West Company, which renamed it Fort George.

Few solid data have survived to give us a precise measurement of the scale of this trade. Nevertheless, several observations can be made. The magnitude of the trade was large compared with the land-based trade, considering the size of the area involved. For example, between 1790 and 1821, the Hudson's Bay Company and the North West Company together transported probably no more than the equivalent of three or four shiploads of goods each year into the entire area of Rupert's Land, the Mackenzie River valley, and northern New Caledonia. In contrast, in some years, more than twenty ships engaged in the sea otter trade off the Pacific Northwest coast (Phillips 1961:36–56, Fisher 1977:2). It is clear that the type of pressure this trade placed on sea otter populations led to their rapid depletion. By 1800, the negative effects of this pressure were manifest on the western shore of Vancouver Island, and by 1820, the animals were in sharp decline throughout the region, signaling the end of the maritime fur trade. Thereafter, trading activities in the region shifted to land furs, particularly North American beaver, marten (*Martes* spp.), and North American river otter (*Lontra canadensis*; Fisher 1977:12–24).

4. 1821–1840

The year 1822 was pivotal in the history of the fur trade. In British North America, an era of bitter competition came to an end and the reformed Hudson's Bay Company, which had merged with the North West Company, emerged with a monopoly. The company was able to hold this monopoly in the more isolated areas of the Subarctic until the end of the nineteenth century. Also, operating from a secure base, the Hudson's Bay Company was in a strong position to challenge American traders, who became more active in the northern Rocky Mountains, the Pacific Northwest, and the West Coast. Meanwhile, Mexico achieved independence in 1821, and adopted a policy toward American activities in the Southwest that was much less restrictive than Spanish policy had been. Consequently, fur trading activity in the Southwest increased substantially after 1821.

Following the merger, the North American operations of the Hudson's Bay Company were placed in the hands of George Simpson (later, Sir George). He was an extremely capable and ruthless manager (Morton 1944, Galbraith 1976). Simpson's first act was to develop a strategy designed to make the company's operations profitable once more. He also took steps to assure the future of the industry. To economize operations, Simpson decreased the number of posts that the company operated and reduced the labor force by about one-third. In the older fur-producing region of the western interior of Canada, he introduced a series of conservation measures designed to place the trapping of beavers on a sustained-yield basis for the first time. The scheme was comprehensive; for a number of years the Hudson's Bay Company had organized its operations into trading districts, and Simpson established beaver-trading quotas for each district by permitting them to accept only a certain percentage of their respective average returns based on local resource conditions. In addition, a ban on the trade of cub and summer beavers (staged beaver) was imposed, and open and closed trapping seasons established. The company also experimented with establishing beaver preserves on the islands in James Bay.

Many of the Hudson's Bay Company traders and most of the Indigenous peoples opposed Simpson's schemes. The company officers who managed the various districts shared in the profits derived from the trade. Therefore, in the short-term they had a vested interest in obtaining as many furs as possible. The temptation to accept furs that Indigenous people brought from adjacent districts was great. To redress this problem, officers were threatened with dismissal if they violated the regulations. Indigenous people resisted the scheme in many areas because they depended on their returns to obtain European articles that had become necessities. Also, traditionally beaver meat had been an important element in the diet of Indigenous people, and its importance increased as populations of large game animals were depleted. Finally, when Indigenous people did try to conserve their local beaver populations, neighboring groups often trapped them.

To deal with these problems, the Hudson's Bay Company introduced a scheme whereby they paid Indigenous people a premium on small furs other than beaver to compensate them for income lost as a result of conservation measures. The problem of trespass could only be dealt with in remote areas well away from the American border and the Red River colony, where competing traders operated. In isolated areas, the Hudson's Bay Company began to assign Indigenous people to specific tracts of land and refused to accept furs from trappers who operated outside of their assigned territory (Ray 1974:195–217, Ray 1975). Within the various districts, the company also developed the practice of moving its trading posts in response to local resource conditions. The idea was to situate posts so that they would draw Indigenous people to areas of relative abundance and away from depleted zones.

The beaver-conservation scheme eventually began to achieve the desired results. By the 1840s, beavers were making a comeback in many of the woodland districts between the Churchill River and James Bay. Unfortunately, just as the plan was beginning to work, the market for beaver pelts temporarily collapsed as a result of a change in the fashion market. By mid-century, the silk hat had replaced the felt hat as a key fashion article, thereby reducing the quantity of beaver wool that the felt making industry required.

In order to offset the reduced output in the old core area of the northwestern fur trade, Simpson encouraged Indigenous people living in the Saskatchewan District to travel south of the border (the boundary between Lake of the Woods and the Rocky Mountains was established in 1818) to secure furs in American territory (Ray 1975). For this reason, beaver quotas were not enforced in the Saskatchewan District. In addition, Simpson expanded the company's operations in the lower Mackenzie River valley, in New Caledonia, and in the Pacific Northwest south of the 49th parallel.

While Simpson streamlined the operations of the Hudson's Bay Company and developed a comprehensive conservation and trading strategy, American merchants and traders mounted another assault on the upper Missouri region and pushed into the Southwest. This time the Americans, led by William H. Ashley and Andrew Henry, developed a new approach to the trade of the upper Missouri River and Rocky Mountains. Breaking with tradition, Ashley and Henry developed an innovative system that did not heavily depend on Indigenous people. Rather, white trappers, the so-called mountain men, were sent out in organized parties headed by captains. The member-trappers were paid in accordance with the number of furs they obtained.

Abandoning the long-standing tradition of building permanent trading establishments, Ashley adopted the more flexible and less costly rendezvous system. This involved having the various trapping parties assemble in the summer at a site chosen the previous year. There, the trapping parties were met by the supply brigades, and furs obtained during the previous winter were exchanged for goods and supplies. The rendezvous quickly developed into a kind of trading fair frequented by company trappers; by independent or free trappers, including some eastern Iroquois who worked for the Hudson's Bay Company and others who operated as freemen; and by Indigenous peoples, most notably the Flathead, Nez Percé, and Shoshone (Hafen 1965:73–86, Cleland 1976:19–25). Rendezvous sites were shifted as local resource conditions warranted. Thus, besides offering the advantage of reduced overhead costs, crucial because cheap water transportation often was not available in the area, the rendezvous system provided much-needed spatial flexibility (Wishart 1979:175–204).

Although the rendezvous system enabled the St. Louis merchants to effectively exploit the area of the Yellowstone and upper Missouri rivers between 1825 and 1840, hostile activities of Indigenous people, particularly those of the Arikara and Blackfoot, led the merchants to eventually abandon the effort. The Blackfoot strongly objected to outsiders trapping in their territory and the Arikara, accustomed to acting as middlemen in the upper Missouri trade, feared the loss of their advantageous position (Wishart 1979:51). Frustrated in their efforts to tap the fur lands of the upper Missouri River, Ashley and Henry turned their attention to the Rocky Mountains, the Snake River basin, and the Great Basin. However, other traders from St. Louis were undaunted by the failure of Ashley and Henry, and they continued the struggle to gain a secure foothold on the fur trade of the upper Missouri country. Initially, a number of companies and individuals were involved, but by 1830, the American Fur Company gained control of the expanding trade (Wishart 1979:52–74).

By the time the American Fur Company was entrenched in the region, a strong market for buffalo (bison) robes had developed in the U.S., which had the effect of fundamentally altering the character of the Missouri trade. The furs of muskrats (*Ondatra zibethicus*) and North American beavers previously had been the principal commodities exported from the district. However, by the early 1830s, the traffic in all other furs was minor compared with the trade in buffalo (bison) robes. As early as the 1840s, hunting pressures on the massive bison herds were sufficient to cause the geographic range of these animals to contract, and by the end of the decade the herds had withdrawn from east of the Missouri River. Beavers also had been depleted throughout much of the Missouri River country, which compounded the problem for the trading companies (Wishart 1979:51).

Beyond the Missouri in the northern Rocky Mountains and the Oregon country, Americans battled the Hudson's Bay Company for control of the fur trade. There, small furbearers, particularly beavers, were important. The struggle for trade in this region had begun in 1810, when Astor formed the Pacific Fur Company to compete with the North West Company on the Pacific Coast. However, as noted above, Astor was forced to abandon the region to the British in 1813 because of the possibilities of armed conflict during the War of 1812 (Wishart 1979:119). Subsequently, the U.S. and Britain signed a treaty in 1818 that gave both countries joint control of Oregon and opened the trade to their citizens.

Operating from its base at Fort George on the lower Columbia River, the North West Company began sending trapping and trading parties east toward the Snake River area beginning in 1818. Following the merger of the Hudson's Bay Company and North West Company, Simpson expanded the scope of these activities as part of a policy that was designed to ruthlessly exploit the fur resources of the Snake River country in order to create a fur desert that would protect the lower Columbia River and southern New Caledonia areas from expansion of the American fur frontier (Wishart 1979:129). To this end the Hudson's Bay Company sent out expeditions to the Snake River from Fort Vancouver, Fort Nez Percés, and Flathead Post. These expeditions, consisting of trapping parties of 100 or more men, combed the country for furs. Their efforts were concentrated in a circuit around the Snake River plains, but they roamed much more widely (Wishart 1979:130–131). The Snake River expeditions were a more costly way to conduct the trade than the rendezvous system, but the Hudson's Bay Company achieved its basic objective nonetheless, and by the 1830s, it had substantially depleted the fur resources of the Snake River country and adjacent territories. The fur desert it created there did block the expansion of the American fur frontier into the lower Columbia River region and southern New Caledonia.

Eastward and southward in the central and southern Rocky Mountains, as well as in the basin and range country of the Southwest, different American groups struggled with each other for the trade. By 1834, the Rocky Mountain fur trade was in trouble. The area had been overtrapped and returns were declining sharply. Compounding the difficulties that traders faced was the fact that prices of beaver pelts took a sharp drop in the 1830s as the silk hat began to replace the felt hat as the key fashion item. The problem of a slumping market was further aggravated by growing competition from nutria (*Myocastor coypus*) fur obtained from South America. This fur was used as a substitute for beaver wool in feltmaking. The declining price for beaver pelts created serious problems in most areas where the fur trade was still active, but it helped to deal a death blow to the industry in the Rocky Mountains and the Southwest because beaver pelts accounted for most of the output. Thus, in contrast to the situations in most other regions, traders operating in the western interior south of the 49th parallel could not obtain alternative types of furs in sufficient quantities to continue (Wishart 1979:161–166). It was for this reason that the combined problems of resource depletion and low prices for beaver pelts led to a collapse of the trade in the Rocky Mountain trapping system by 1840 (Wishart 1979:165–166). The fur trade of the Southwest was similarly crippled.

THE LATER FUR TRADE

1. c. 1840–1885

The temporary collapse of the beaver market in the 1830s spelled the end of the nearly three-century period when the quest for beavers served as the driving force for the spatial expansion of the industry. Indeed, the possibilities for any further expansion of the fur industry into new areas were limited. These areas were few in number and remote from expanding settlement areas. They were located in the High Arctic, the Yukon portions of British North America, and in Alaska.

Moreover, by mid-century the older wild-fur-producing regions were being rapidly overtaken by the advancing settlement frontier. There were a number of important consequences of this process. By mid-century, the spread of the agricultural frontier had displaced Indigenous peoples from their lands throughout most of the territory east of the 96th meridian and south of the Great Lakes-St. Lawrence Valley region. Marginalized on reserves, Indigenous people ceased to play a major role in the residual fur trade of the vast territory. Their place was increasingly taken over by whites, many of whom trapped on a part-time basis to supplement their farming and other incomes. The depletion of the beaver as a result of overtrapping, the destruction of beaver habitat because of forest clearance and the expansion of farming activities, the declining prices for beaver pelts during the 1830s, and other changes in the world of fashion radically altered the character of the output of the U.S. fur trade in the second half of the nineteenth century. For example, as the beaver trade declined in relative and absolute terms, the traffic in raccoon skins rose sharply beginning in the mid-1830s (Clayton 1967:67). In terms of value, raccoon became the dominant fur in American internal and export trade by the 1840s and held that position until the end of the Civil War, although muskrat was more important in terms of numbers (Clayton 1967:67–68). Virtually all raccoon production was centered in the Old Northwest fur area, particularly Ohio, Indiana, and Illinois. In other words, the agricultural frontier did not immediately destroy the trade in this region, as is commonly supposed (Clayton 1967:67).

After the Civil War, the American fur trade continued to grow, as is evident by export data (Fig. 20.2). Furs that figured prominently in this growth were American mink (*Neogale vison*), skunk, and northern fur seal (*Callorhinus ursinus*). Between 1860 and 1880, exports of American mink to Britain, the principal foreign fur market for the U.S., increased tenfold and prices increased by more than 40%. It was at this time that mink ranching first began in the U.S. (Clayton 1967:69). During approximately the same period, skunk exports increased threefold and prices tripled. As with raccoon skins, these pelts were also obtained from settled regions (Clayton 1967:69).

In contrast to the trade in mink and skunks, the growing American traffic in fur seal pelts during this period was based on the development of a new production area, the Pribilof Islands of Alaska. Immediately following the purchase of Alaska in 1867, the annual American trade in this commodity increased to more than >100,000 pelts. In 1869, under U.S.

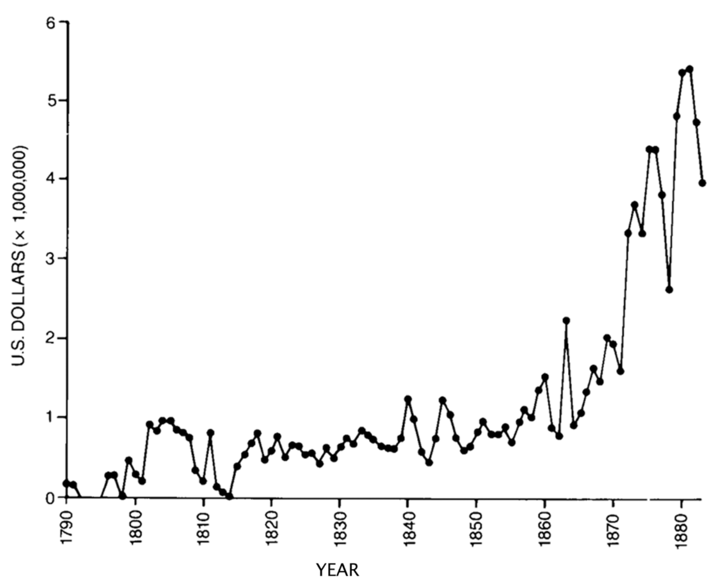

Fig. 20.2. Total value of hide and fur exports from the U.S. during 1790–1883, based on data from 48 Congress, 1 Session, House Miscellaneous Document 49(2):32, 130 (serial 2236).

ownership, the Pribilof Islands were set aside as a special reservation for fur seals; the U.S. Treasury Department leased exclusive sealing rights to two companies: the Alaska Commercial Company (held leases during 1870–1889), and the North American Commercial Company (held sealing rights during 1890–1909; Trefethen 1975). In terms of value, fur seal pelts dominated the American fur trade by a wide margin between 1870 and 1890. Production fell sharply after 1890 as a result of resource depletion (Clayton 1967:70).

In British North America, the pace of economic change was also accelerating, but development lagged behind that of the U.S. and its territories. More importantly, the spread of the agricultural frontier affected a much smaller portion of the territory. For example, by 1850, agricultural settlement was well advanced in the St. Lawrence Valley, upper Canada (present-day southern Ontario), the Arctic Red River valley, and southern Vancouver Island. The vast boreal forest belt, heartland of the old fur trade, lay too far north; in most districts its soil resources were too poor to support viable large-scale farming operations. For these reasons, the fur trade continued to be a major industry and Indigenous people, who still accounted for most of the population in the region, continued to play a crucial role in the enterprise. Also, the Hudson's Bay Company still held sway throughout the region. They were challenged only along the southern frontier and in the vicinity of Red River, where a number of free traders operated.

The situation was different on the Pacific slope. By 1845, some 5,000 American settlers had moved into the Willamette Valley (present-day Oregon), where they outnumbered British settlers more than five to one. Reflecting this trend, in 1846, Britain and the U.S. ended the joint occupation of the region and established the boundary between their respective territories in the Pacific Northwest at the 49th parallel. This agreement forced the Hudson's Bay Company to abandon its colonization activities on the U.S. side of the border, although it did continue to trade in the area until 1870. North of the border, the company managed to dominate the fur trade of New Caledonia (the mainland of present-day British Columbia) for another decade, until the gold rushes fundamentally changed the character of the region. Of importance to the fur trade, the gold rushes drew outfitters to the area to compete with the Hudson's Bay Company for the supply business generated by prospectors and miners. These outfitters also supplied the needs of the Indigenous people, and in the process they became engaged in the fur trade of the region, breaking the Hudson's Bay Company's monopoly.

In sharp contrast to the American fur trade during this period, more traditional peltries continued to account for most of the fur output from British North America (Canada and Canadian territories after 1867–1870). This can be seen by examining Hudson's Bay Company fur returns for the period between 1860 and 1885 (Figs. 20.3 and 20.4). As in the eighteenth century, the two important species were marten and beaver. The former declined over the period, whereas the latter increased steadily, resuming its number-one position again in 1876.

2. 1885–1940

During the last quarter of the nineteenth century, a number of important developments took place that changed the character of the remaining fur industry. By virtue of the Fur Seal Treaty of 1911 between the U.S., Great Britain, Japan, and Imperial Russia, pelagic sealing was prohibited and the take of fur seal pelts was regulated (Trefethen 1975). In addition, the completion of the Canadian Pacific Railway in 1885 made the southern margins of the boreal forest accessible to small trading companies and independent operators for the first time. This served to usher in a new era of competition with an intensity that exceeded that of the period of the North West Company. Furthermore, the new rivals changed their manner of conducting trade: cash fur buyers emerged for the first time in the Canadian North. These operators kept abreast of current fur-market conditions by rail and telegraph and kept their overhead costs low by using available transportation systems and buying furs with cash. This meant that they did not have to maintain costly inventories of goods.

Because they had low operating costs and therefore were able to buy furs at prices that were closer to their current market value, the cash fur buyers posed real problems for the Hudson's Bay Company. The company had to shoulder heavy overhead costs and therefore needed a larger gross-profit margin to operate. The problems of more traditional operators, such as the Hudson's Bay Company, were compounded by the annual treaty payments from the Canadian government to Indigenous people, which placed a sufficient amount of cash in circulation to draw small itinerant peddlers into the southern boreal forest area and create a highly competitive retail trade.

In addition to cash fur buyers and itinerant merchants, the Hudson's Bay Company also had to confront more traditional traders who bartered goods for furs. These included small operators who ran a limited number of posts in a relatively small area, and larger companies that maintained networks of posts in several districts. The small-scale traders generally operated in the hinterlands of towns and cities located along the railway lines. Edmonton, Prince Albert, Winnipeg, and Sudbury were especially important in this regard. The traders usually obtained goods on credit from merchants or wholesalers located in these cities and shared with them any profits derived from sales of the returns. Among the most important of the larger scale operators were the Revillon Frères Trading Company Ltd. of Paris, France; the Lamson and Hubbard Canadian Company Ltd. of Edmonton, chartered in 1918 and reorganized in 1923 as Lamson Ltd. of Winnipeg; and the Northern Trading Company of Edmonton. All of these firms were eventually bought out by the Hudson's Bay Company.

Another important development that served to heighten competition in the Canadian fur trade at the turn of the century was the growth and development of a strong fur market in North America. In 1870, there were fewer than 200 furriers in the U.S., and their aggregate gross product was only US$8.9 million. By 1900, there were more than 1,000 furriers having an aggregate gross product of over US$55 million (Clayton 1967:71). Reflecting

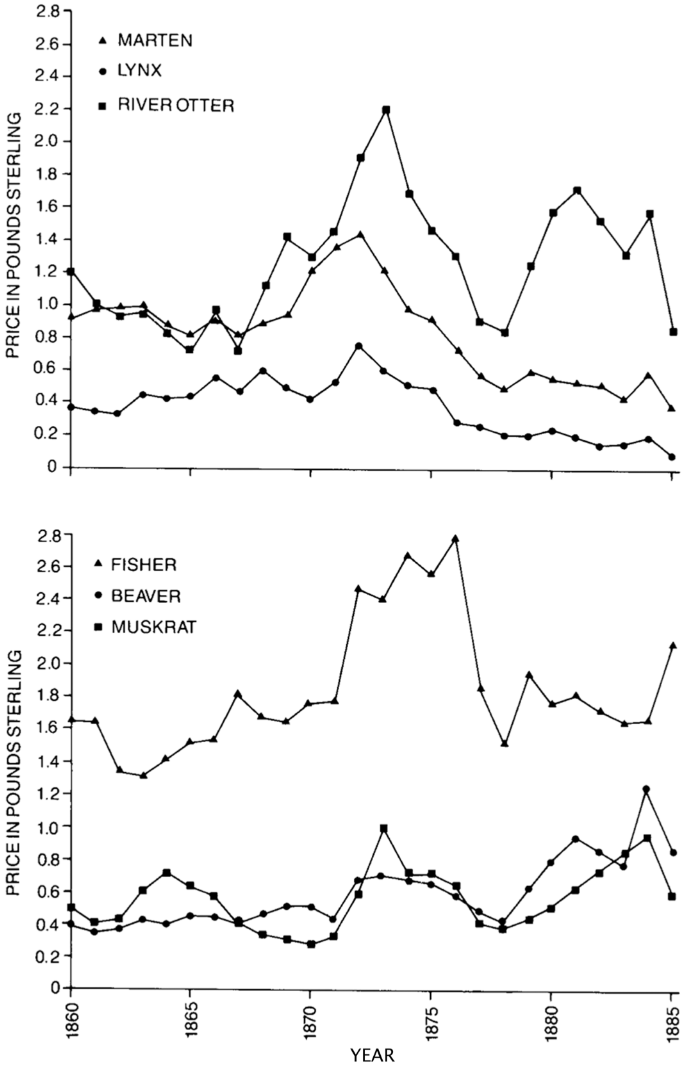

Fig. 20.3. Trends in average fur prices of six selected furbearing species, Hudson's Bay Company during 1860–1885, based on data from Archives of Manitoba, Hudson's Bay Company A 92/Corr. 251/1.

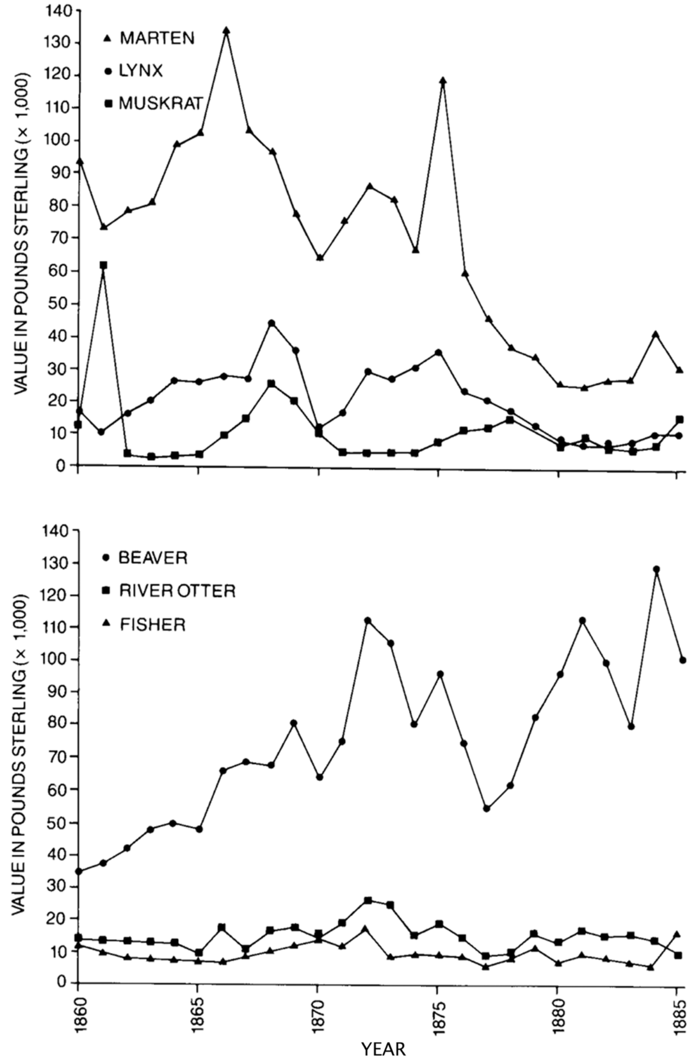

Fig. 20.4. Trends in value of selected fur returns of six furbearing species, Hudson's Bay Company, during 1860–1885, based on data from Archives of Manitoba, Hudson's Bay Company A 92/Corr. 251/1.

this rapid growth of a domestic fur market, the U.S. ceased to be a net fur exporter during the period, and by 1900, was importing three times as many furs as it was exporting (Clayton 1967:71). Many of these imports came from London. Given these new circumstances, it was not surprising that many of the cash fur buyers and traders operating in Canada were Americans or were connected with American firms. Reflecting this trend, Lamson and Hubbard Canadian Company Ltd. was a subsidiary of Lamson and Hubbard Company of Boston. Thus, Canadian-American rivalries in the fur trade continued, but in a different form; now they were centered in Canada rather than in the U.S.

Significantly, the directors of the Hudson's Bay Company were slow to respond to the changing circumstances of the North American fur market in the early twentieth century. Until the outbreak of the World War I, the company directed all of its furs to the London market. Meanwhile, the North American market remained strong and American cities, especially St. Louis and New York, competed with each other to dominate the growing fur-auction business. Eager to direct furs to their own auctions, American auction houses sent buyers and agents throughout the Canadian North. Initially, the Americans were highly successful and siphoned off a large portion of Canadian fur output that normally went to the Hudson's Bay Company. Although the company subsequently managed to regain some of the ground it had lost, World War I nevertheless was a turning point. The North American market continued to absorb an increasingly larger share of Canadian fur output, and, over the long term, the Hudson's Bay Company's share of that output declined (Fig. 20.5). By the beginning of the Great Depression, the company's share of the total Canadian fur output (by value) had decreased to 42% (Fig. 20.5).

Despite the decline in the Hudson's Bay Company's share of the total fur returns, it remained a giant in the industry and had the resources to respond to new circumstances. Just before the outbreak of World War I, the directors of the Hudson's Bay

Company decided to make their first large-scale move into the central and western Arctic (the company had been active in the eastern Arctic from its earliest days of operation). Their decision was based on the following considerations: prices for Arctic fox (*Vulpes lagopus*) were rising sharply; southern trading districts remained highly competitive, keeping profit margins relatively small; and a more traditional and lucrative trade, i.e., a barter trade, could be conducted in the Far North with the Inuit. Although World War I forced a temporary postponement of the planned expansion, the plan was put into operation as soon as the war ended. Thus, the last major North American fur trading post frontier was opened (whalers previously conducted some trade in the western Arctic but had not maintained posts there).

Although trading operations in the southern districts were less profitable because of competition, the directors of the Hudson's Bay Company found other ways for the company to benefit from the changes taking place. Besides playing an increasingly active part in the cash trade, as shown in the share of total fur collections secured through its cash purchasing agencies, the Hudson's Bay Company more actively participated in the fur consignment and fur auction businesses in North America (Innis 1927:32; Fig. 20.5). By handling the sales of its competitors' furs in these ways, the company was able to earn a considerable income from commissions.

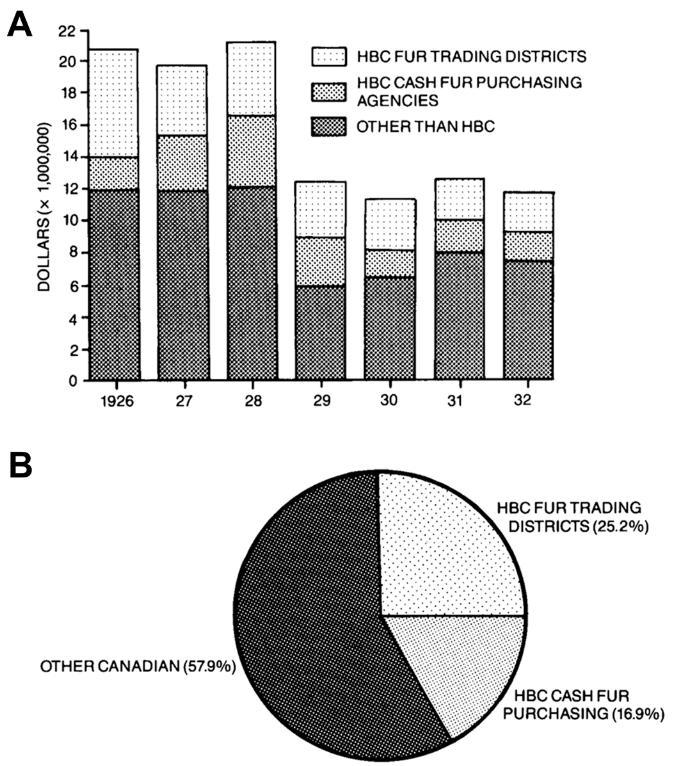

Fig. 20.5. Characteristics of Canadian fur production, including A) total value of Canadian fur production during 1926–1932, and B) share of total Canadian fur production during 1932. Data based on Archives of Manitoba, Hudson's Bay Company, Unclass., DD, G 13, Fur Trade 1931–1934.

CONCLUSIONS

The fur trade has played an important part in the economic development of North America. It was the cutting edge of the European commercial frontier and was the first major land-based primary resource industry. In many areas of the U.S., it was only a brief, passing phase that preceded the mining, forestry, and agricultural frontiers; in Canada, the situation was different. The vast boreal forest of the Subarctic was the core region of the traditional fur trade. Indigenous peoples that bartered their pelts for goods manufactured outside the region were the dominant producers. The fur trade has remained a dominant industry in this vast biotic region, the largest in Canada, for a number of reasons. Climatic conditions favor the production of high-quality fur pelts; these same conditions preclude the development of large-scale agriculture. The region is well endowed in minerals, but economically viable mineral deposits are found in only a relatively small portion of the total area. The forestry resource is substantial, but accessible on a commercial basis only along the southern peripheries. Thus the fur trade is still the region's most extensive industry, providing income to the greatest number of people. There is little reason to suppose that this economic reality of the Canadian North will change in the near future.

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