

THE UNIVERSITY OF MANITOBA

MERCANTILE CAPITAL
AND THE LIVELIHOOD OF
RESIDENTS OF THE
HUDSON BAY BASIN:
a Marxist interpretation

by

RUSSELL GEORGE ROTHNEY

A THESIS
SUBMITTED TO THE FACULTY OF GRADUATE STUDIES
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Note of thanks

I am greatly indebted to Dr. H. Clare Pentland for making many challenging and helpful criticisms of the draft form of my thesis. He also suggested numerous valuable readings.

I also wish to formally acknowledge the crucial mental and material support continuously provided to me by my wife, Evelyn Ste.Croix.

At an early stage of my research I was assisted by a "summer stipend" from the University of Manitoba.

(1)

North American studies of economically underprivileged groups often implicitly assume that poverty and social distress are irregularities which need not exist under capitalism. Accordingly, economic disadvantage commonly is explained in terms of (real or imagined) cultural peculiarities and commercial or government mismanagement. Emphasis on supposed cultural barriers to economic advance is particularly heavy with regard to destitute Indians and Métis in Canada. In reference to the "Indian problem" perspective, this point is elaborated in Chapter I and illustrated more fully in Appendix A.

In contrast to the abovementioned approach, this study starts with the hypothesis that persistent cases of sharp economic inequality reflect the overall logic of the prevailing economic system. Marxist methodology is used because it complements this supposition. With the hope of minimizing conceptual haziness, a number of central Marxist analytical categories are explored in abstract in Chapter II and in appendices B and C.

An attempt is made to link the historically general concept of surplus produce to the idea of economic development and underdevelopment, via the notion of economic class conflict.

In terms of capitalist economy, the idea of surplus produce may be expressed as surplus value. This facilitates comparison of economic production in capitalist economies with that of earlier or more recent systems. Moreover, the category "surplus value" directs attention squarely onto the social relations causing commerc-

ial gain. This follows from its definition as an excess of net output over requirements for maintenance of commodity producers. In contrast, the (narrower) term "profit" is an accounting category which says nothing about social-economic¹ organization. Similarly, Marx's concept of capital is used because it is based on historically distinctive, social-economic features.

(2)

The survey of neolithic livelihood in Chapter III reveals that technological restraints severely limited surplus accumulation. This in turn minimized economic class distinctions and restricted most economic activity to a seasonal basis. However, the embryonic evolution of class society, based on relations between relatively propertied and non-propertied social groups, is evident and is paralleled by the era's sharpening sexual division of labour and social prestige.

(3)

The central thesis which emerges in chapters IV, V & VI is that the capitalist relations of the fur trade ensured that underdevelopment would become increasingly pronounced for native residents of the Hudson Bay basin relative to the position of fur merchants and their associates. Further, overall, even the absolute level of material security for the producer-trader population was kept at a bare minimum. For local residents of the basin objective possibilities of long-term accumulation generally were at least as low as in

1. In this study the term "social-economic" refers to social, rather than technological, aspects of economy.

neolithic days, despite the great technological advantages of European trade goods. In this connection, the foreign appropriation of surplus value cannot be separated from the economic structural rigidity engendered by the fur trade.

(4)

In chapters VII and VIII and Appendix A, a look at the aftermath of the classic fur trade era suggests that in the 20th century, as before, an economic system based on conflicting class interests produced continuing destitution among many people of native ancestry. Throughout the basin merchant capital remained dominant, while on the prairies masses of immigrant farmers formed the bulk of a new class of petty producers.

Between the sale of Rupert's Land and the delayed crush of western Canadian settlement, agricultural progress occurred on some Indian reserves. However, subsequently in the Hudson Bay basin economic opportunities for Indians and Métis were disproportionately confined to the insecurity of fur production or intermittent wage employment.

It is commonly thought that hardship among indigenous races in Canada is caused largely by a refusal to adapt to "modern" society. Contrariwise, this study supports the thesis that their plight can be understood best by examining how they have been and are integrated into the capitalist system.

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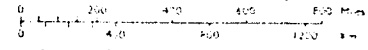
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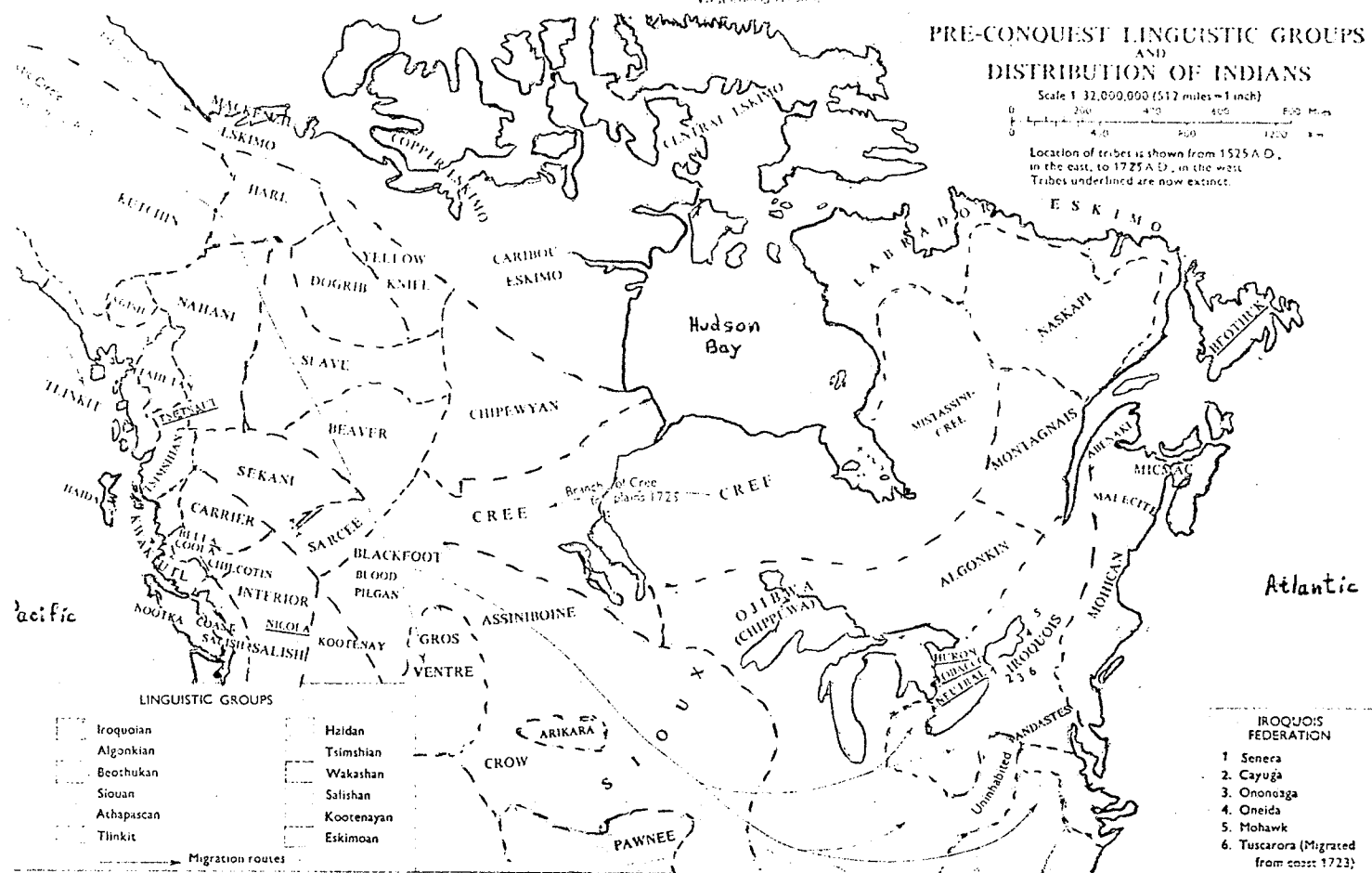
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PRE-CONQUEST LINGUISTIC GROUPS AND DISTRIBUTION OF INDIANS

Scale 1:32,000,000 (517 miles = 1 inch)



Location of tribes is shown from 1525 A.D. in the east, to 1725 A.D. in the west. Tribes underlined are now extinct.



LINGUISTIC GROUPS

- Iroquoian
- Algonkian
- Beothukan
- Siouan
- Athapascan
- Tlinkit
- Haidan
- Tsimshian
- Wakashan
- Salishan
- Kootenayan
- Eskimoan

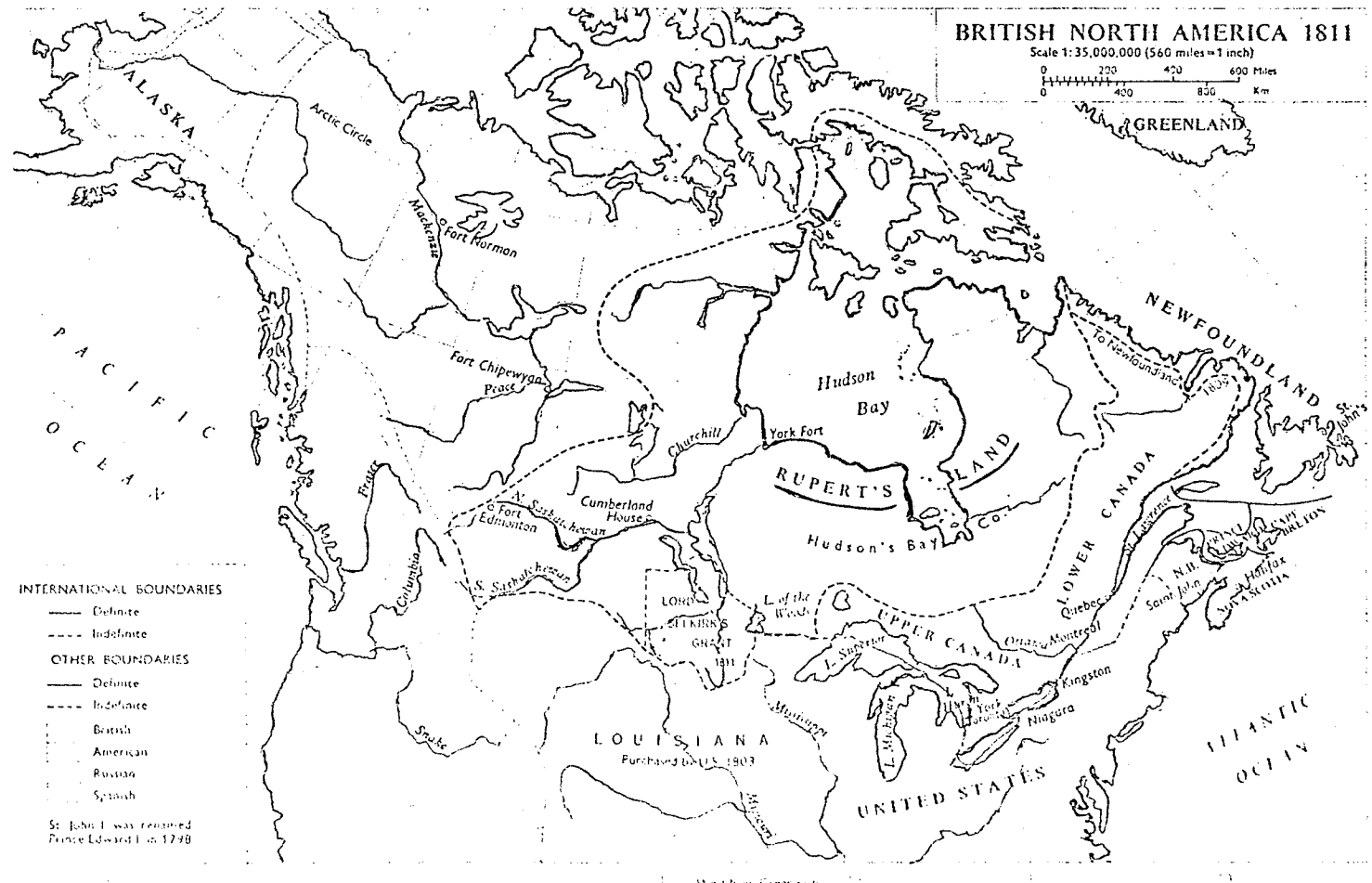
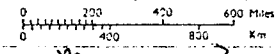
IROQUOIS FEDERATION

1. Seneca
2. Cayuga
3. Ononoga
4. Oneida
5. Mohawk
6. Tuscarora (Migrated from east 1723)

- J. W. Chalmers, W. J. Eccles & H. Fullard, eds., *Philips' Historical Atlas of Canada*, Geo. Philip & Son Ltd., London, 1966, p. 24.

BRITISH NORTH AMERICA 1811

Scale 1:35,000,000 (560 miles = 1 inch)



INTERNATIONAL BOUNDARIES

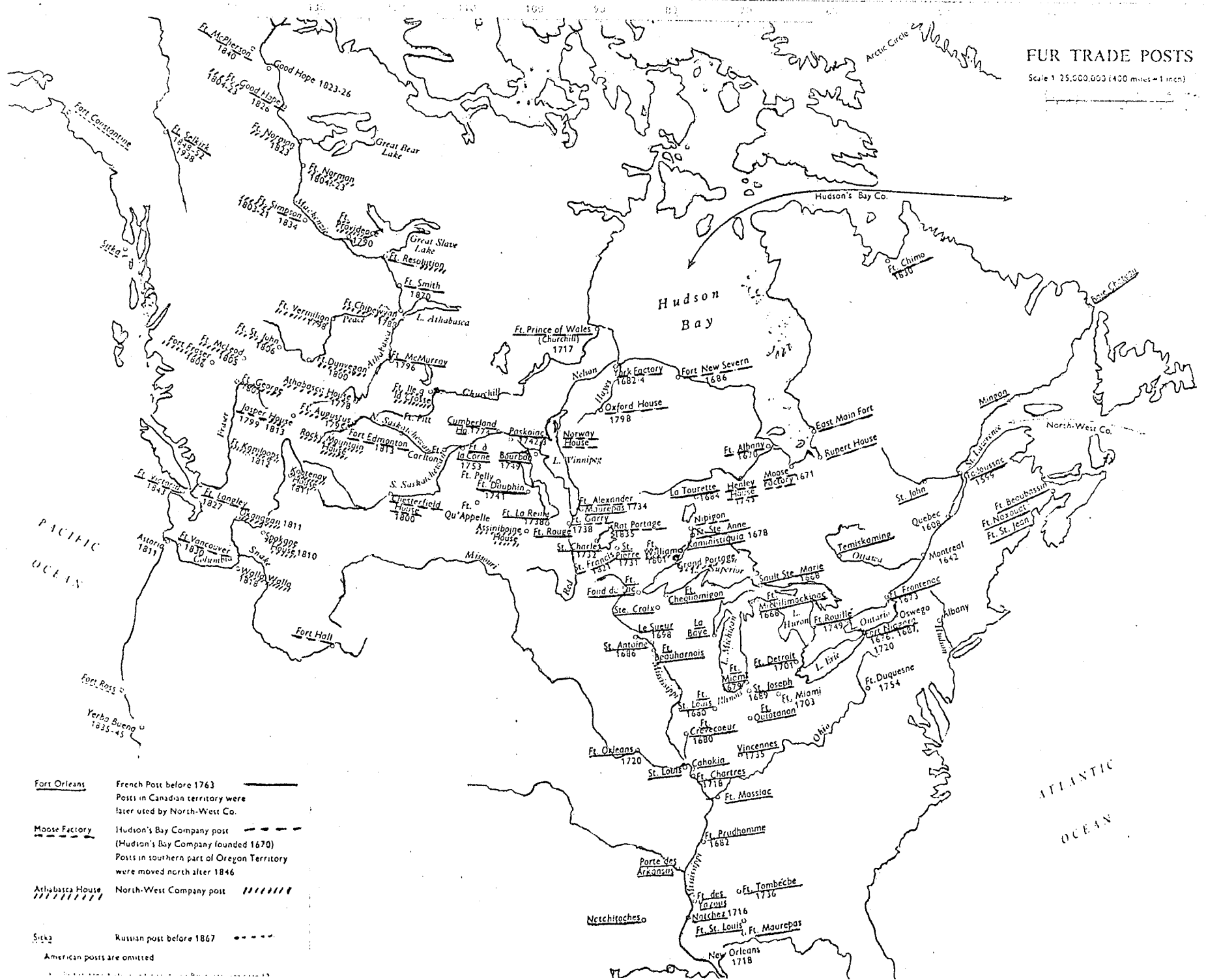
- Definite
 - - - Indefinite
- #### OTHER BOUNDARIES
- Definite
 - - - Indefinite
 - British
 - American
 - Russian
 - Spanish

St. John's was recovered Prince Edward I. in 1798

- Philips' Historical Atlas of Canada, p. 4.

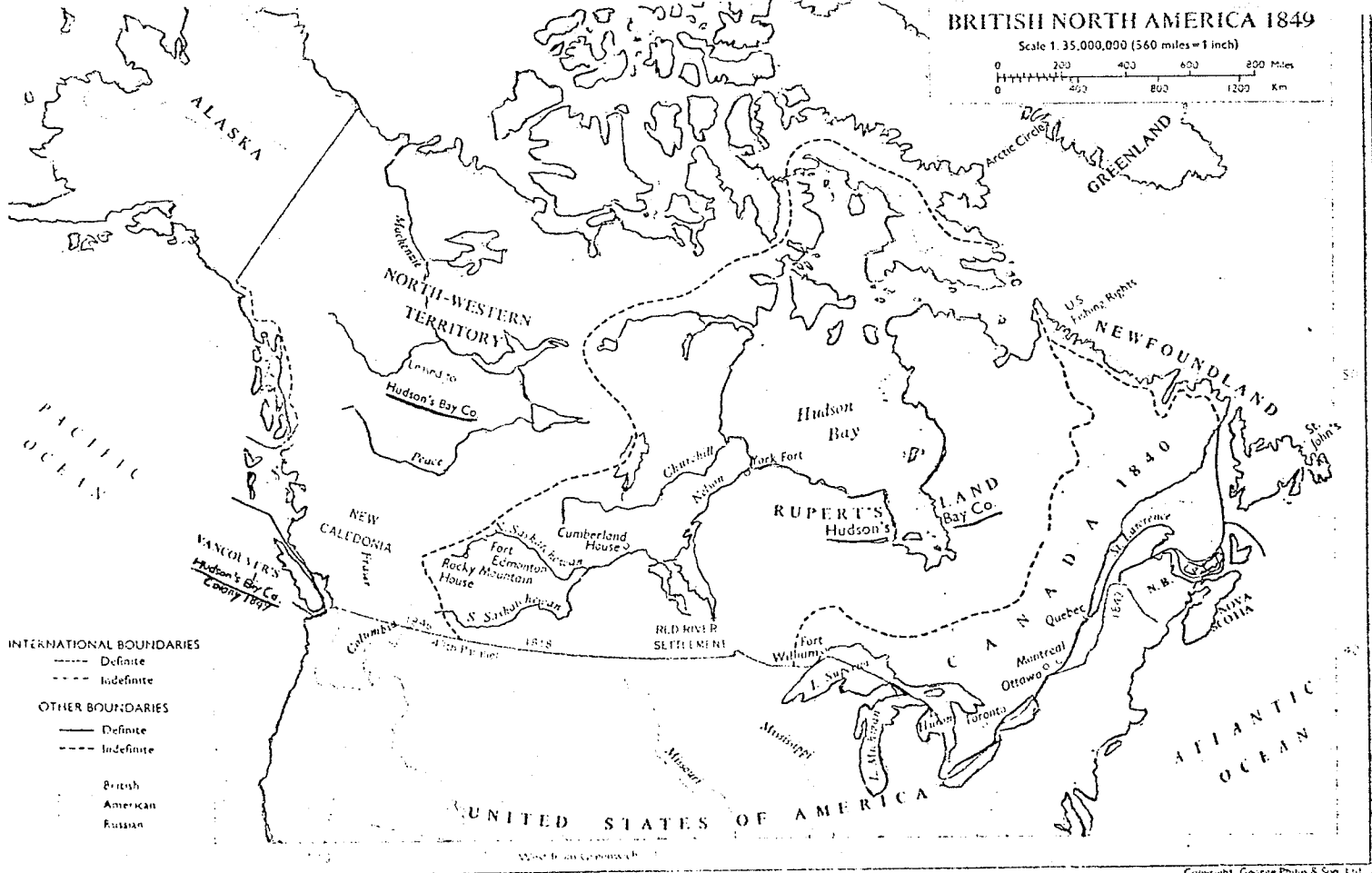
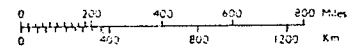
FUR TRADE POSTS

Scale 1:25,000,000 (400 miles = 1 inch)



- Fort Orleans** French Post before 1763
Posts in Canadian territory were later used by North-West Co. —————
 - Moose Factory** Hudson's Bay Company post (Hudson's Bay Company founded 1670)
Posts in southern part of Oregon Territory were moved north after 1846 - - - - -
 - Athabasca House** North-West Company post // // // // //
 - Sitka** Russian post before 1867
- American posts are omitted

Scale 1:35,000,000 (560 miles = 1 inch)



- INTERNATIONAL BOUNDARIES
 - Definite
 - Indefinite
- OTHER BOUNDARIES
 - Definite
 - Indefinite
- British
- American
- Russian

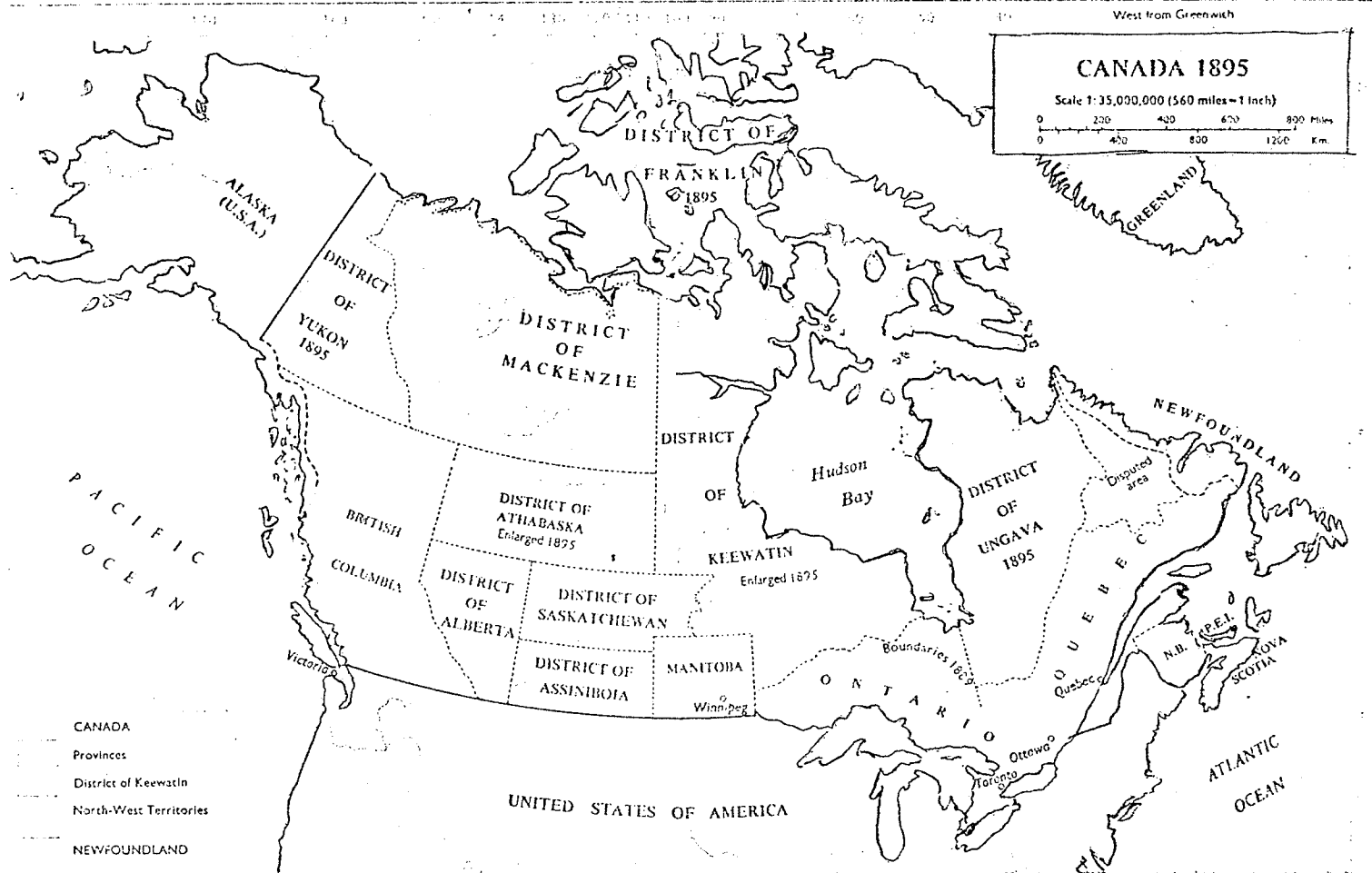
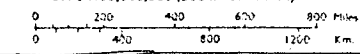
Copyright George Philip & Son, Ltd

-Philip's Historical Atlas of Canada, p.5.

West from Greenwich

CANADA 1895

Scale 1:35,000,000 (560 miles = 1 inch)



- CANADA
 - Provinces
 - District of Keewatin
 - North-West Territories
- NEWFOUNDLAND

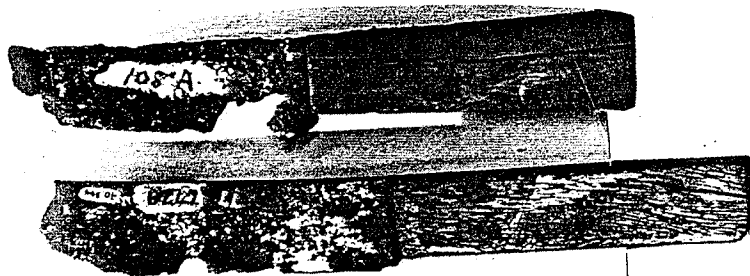
-Philip's Historical Atlas of Canada, p.8.

Neolithic implements & subsequent technological adaptations

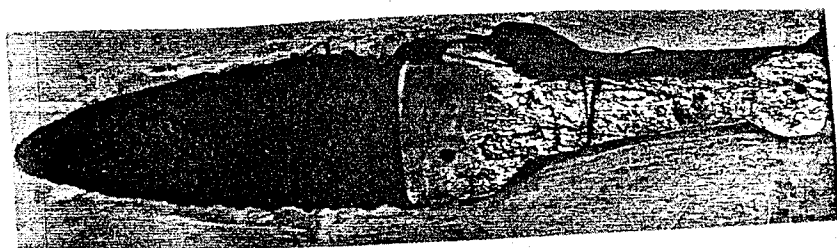
(Items selected from the Manitoba Museum of Man & Nature, Winnipeg, with assistance from Doug Elias, curator of anthropology, & Doug Leonard, assistant curator, Photos by author.)



- Stone scraper :
found in vicinity of
Lockport, Man.



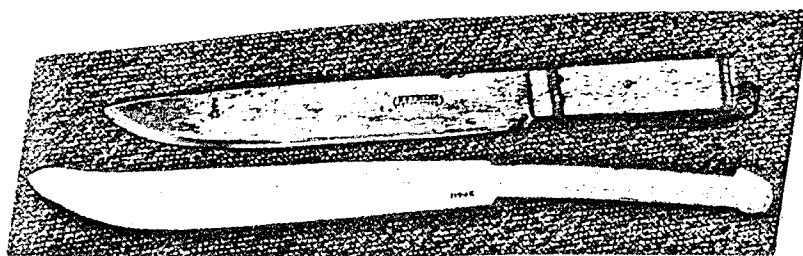
- Metal knife with
wooden handle: found in
Indian grave at Kildonan
Park, Winnipeg (exposed by
river bank cave-in).
- Iron knife with wooden
handle: from Pine Fort on
the Assiniboine R., north of
Glenboro.



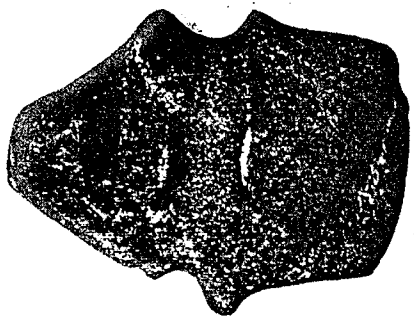
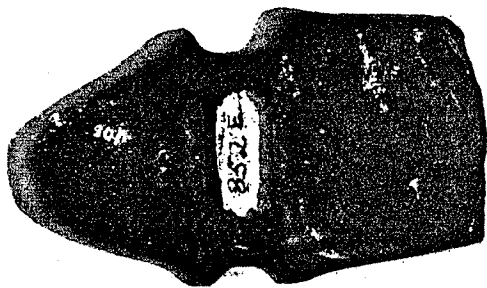
- Knife formed by
iron spear head riveted
to bone handle.



- Caribou Inuit knife
with steel blade bound
by cord to wooden handle;
(6 1/4" long): from Eskimo
Point (Hudson Bay coast), N.W.T.
- Inuit knife with stone
head & wooden handle.



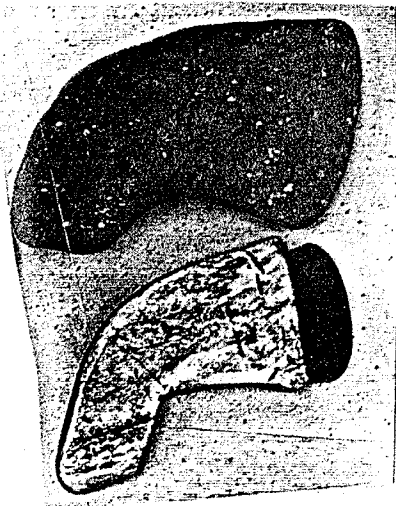
- Mackenzie Inuit knife
with steel butcher knife
blade reset in bone
handle, (13" long).
- Inuit bone snow knife.



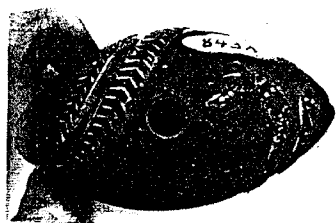
- Fully grooved, stone ground axes:
Upper one found on the old Commission Trail, south of Manitou, Man.; lower one near the Arden mound, Man.



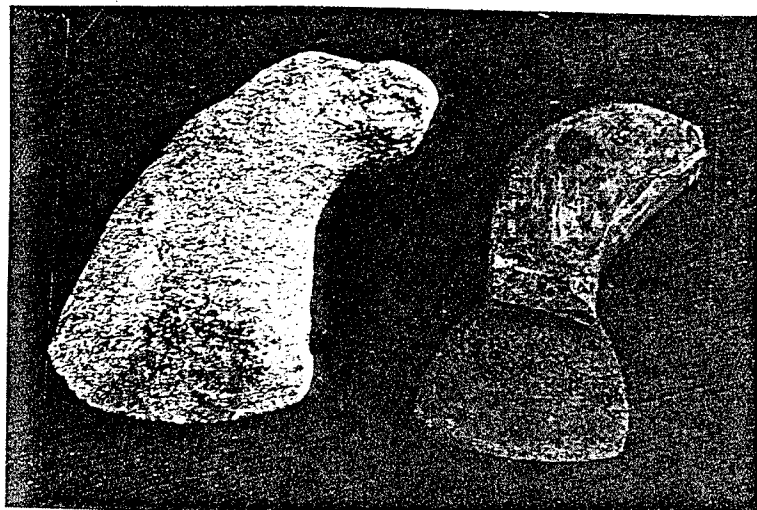
- Iron axe heads:
Top two found in the Whiteshell, Man.; bottom one at Pine Fort site on Assiniboine R.



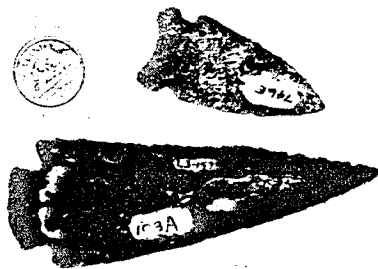
- Caribou Inuit scrapers; one of stone & one with bone handle & steel blade:
Collected at Eskimo Point (Hudson Bay coast) N.W.T.



- Double pointed hammerstone with snake carvings & hole through centre:
Found in Fort Rouge, Winnipeg, Man.

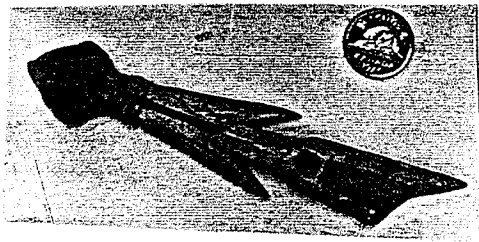


- Caribou Inuit stone scraper & "man's knife" with metal blade & wooden handle; both 4 1/2" long: from Eskimo Point, N.W.T.



— Eared projectile point:
from Carberry, Man.

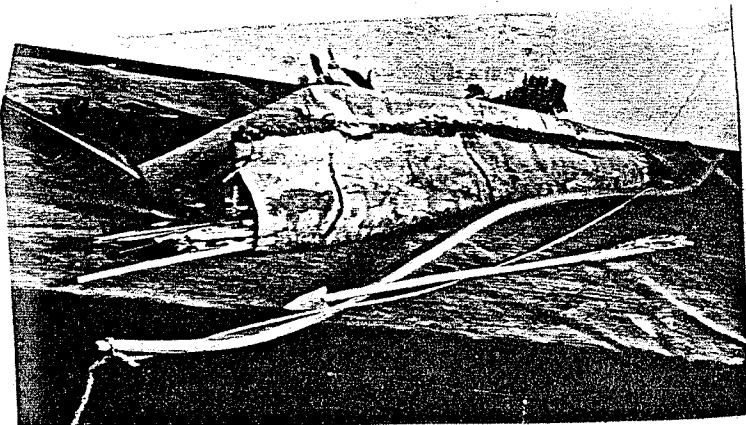
— Corner-notched,
chalcedony projectile
point: from Firdale, Man.



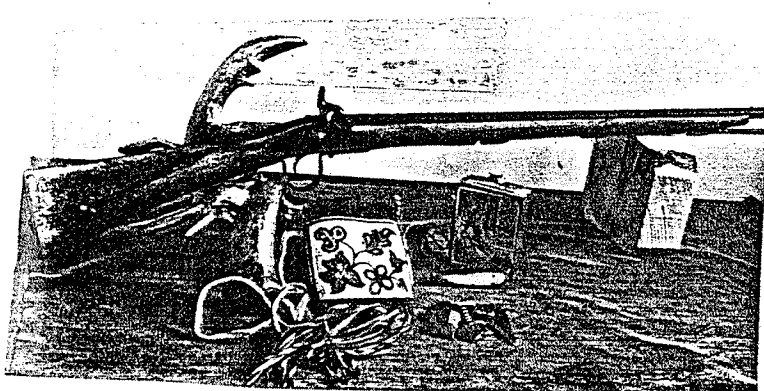
— 19th century, stone-
tipped ivory harpoon
head; 5 1/4" long:
from Southampton Island
(Hudson Bay), N.W.T.



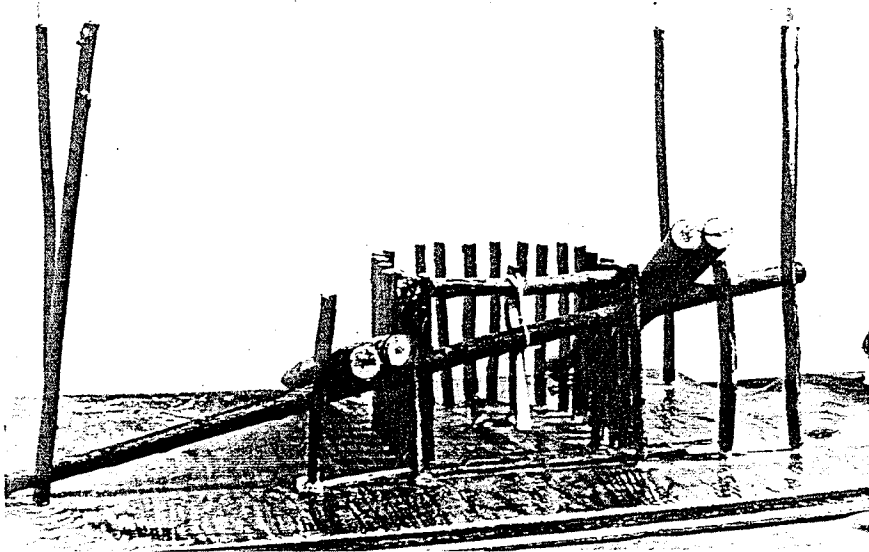
— Steel-tipped ivory
harpoon head: probably
from vicinity of north-
west coast of Hudson Bay



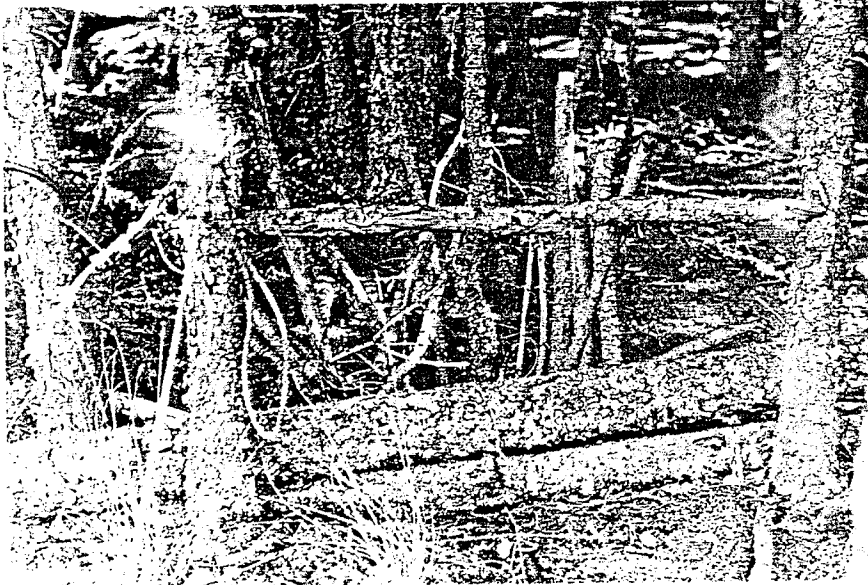
— Assiniboine bow,
arrows, quiver with
animal paintings, bow
case (top) & decorative
feathers; late 18th or
early 19th c.: probably
from Saskatchewan region.



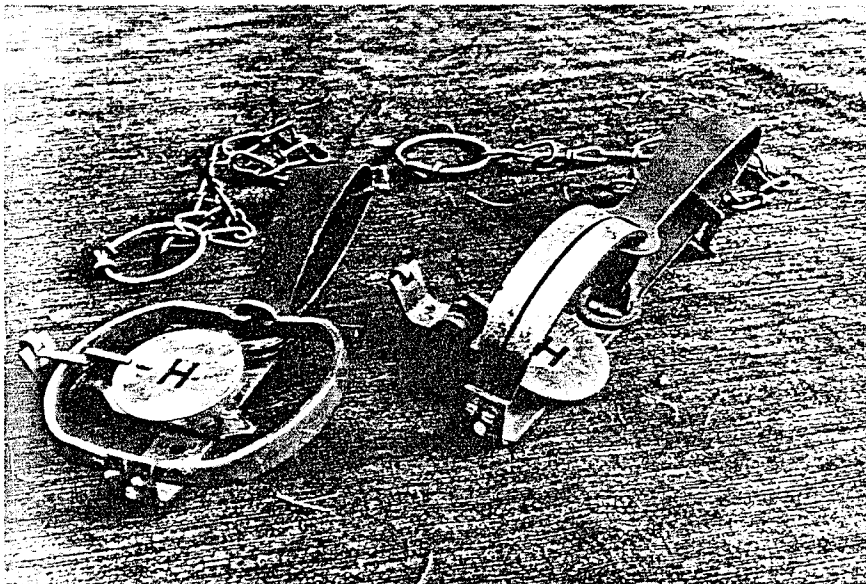
— Mid-19th century
percussion cap
trade musket,
powder horn, flint
stones, & other
accessories.



— Model of
dead-fall trap :
(Man. Museum of
Man & Nature.)



— Abandoned
cree
dead-fall trap
on island in
Churchill R.,
northern Sask.:
(Photo by Doug
Leonard, June, 1974.)



— 20th century
fur trade traps
(same design as
in earlier periods)
(Man. Museum of
Man & Nature.)

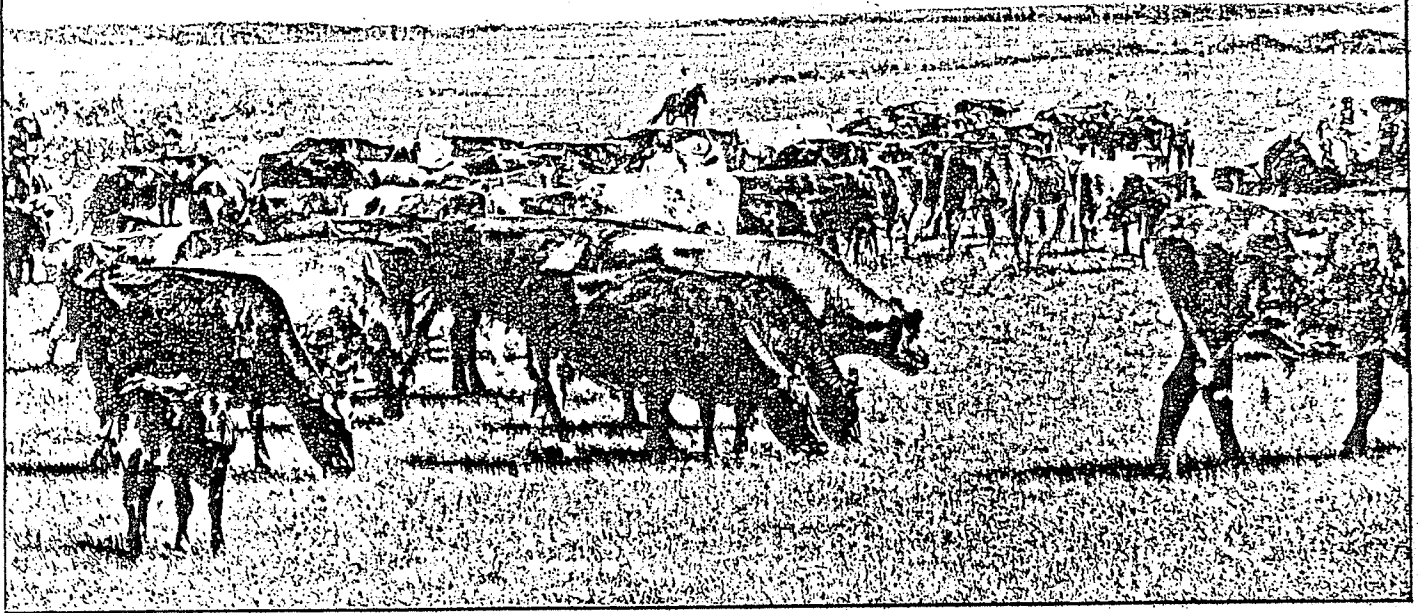


Forest campsite (Swampy Cree or Ojibwa); 1st decade, 20th c.
 (Edmund Morris photos : Provincial Archives, Winnipeg, Manitoba)

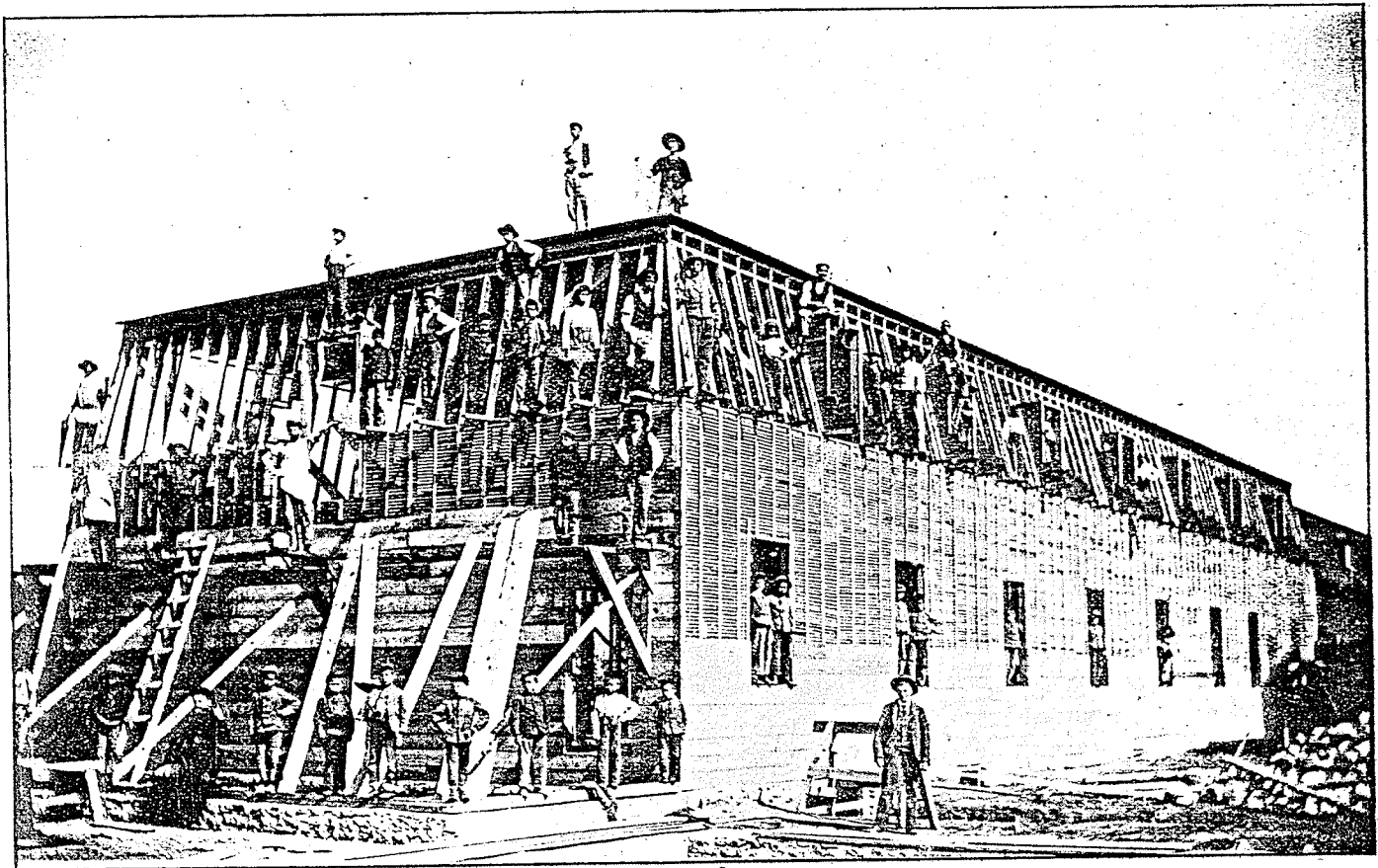


FATHER; AND CHILDREN ATTENDING QU'APPELLE INDUSTRIAL SCHOOL.

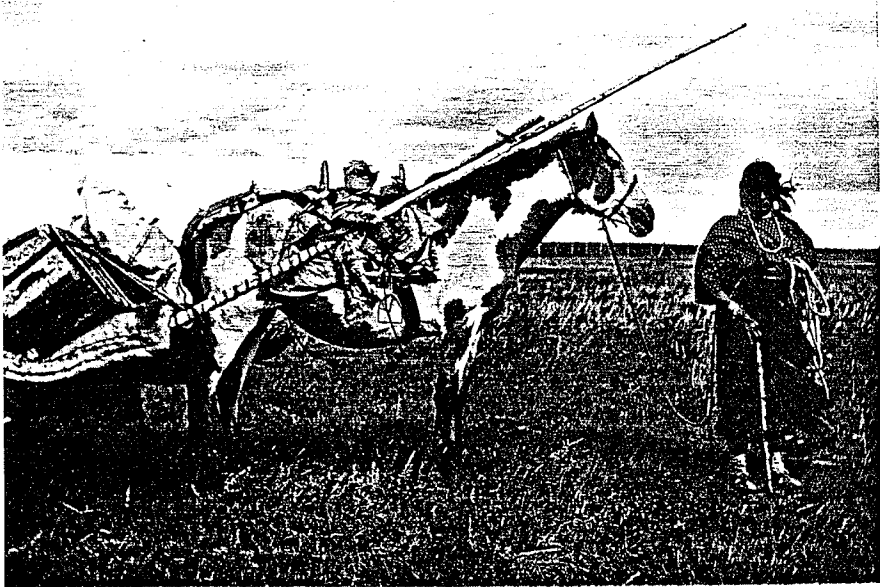
"Father; and children attending Qu'Appelle Industrial School"
 ("Report of the Dept. of Indian Affairs for the Year Ended
 June 30, 1900", Sessional Papers of Canada (xxv), vol. 11, no. 27, 1901)



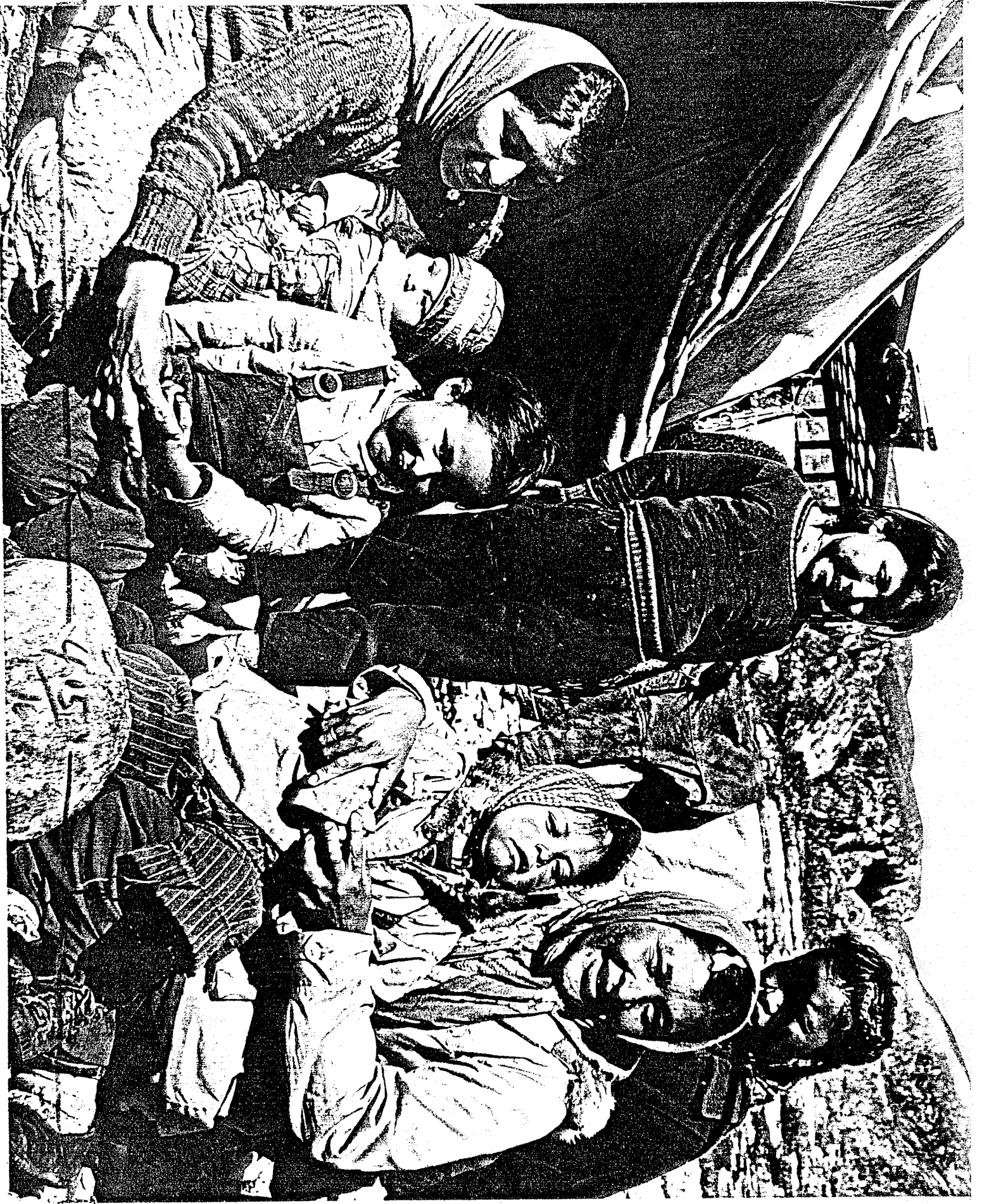
PART OF CATTLE HERD ON THE ASSINIBOINE RESERVE NEAR WOLSELEY, N.W.T., CHIEF "CARRY THE KETTLES" HERDING THEM. (Ibid. [1901])



THE INDIAN BOYS OF THE DUCK LAKE BOARDING SCHOOL WORKING AT THE NEW ADDITION TO THEIR SCHOOL. (Ibid. [1901])



1st decade, 20th c., Plains Cree or Blackfoot (possible exception: lower left)
 (Edmund Morris photos: Man. Prov. Archives)



Chipewyan camp near Churchill; circ. 1956
(Manitoba Govt. Travel & Publicity Bureau photos
Provincial Archives, Winnipeg, Manitoba)

Abbreviations used in Footnotes & Bibliography

CJEPS - Canadian Journal of Economics and Political Science

C.S. - Champlain Society

H.B.R.S. - Hudson's Bay Record Society

I.A. - Indian Affairs (federal administration)

RCHB, 1749 - Report from the Committee, Appointed to enquire
into the State and Condition of the Countries adjoining
to Hudson's Bay, and of the Trade carried on there,
April 24, 1749 (British Parliamentary enquiry)

RSCHBC, 1857 - Report from the Select Committee on the Hudson's Bay
Company, 1857 (British House of Commons)

WCJA - Western Canadian Journal of Anthropology

I. Introduction

This study was prompted by two principal concerns. First, many Indian, Métis and Inuit face demoralizing social conditions, associated with poverty.¹ Second, in this context moral fervour can have little practical value unless accompanied by a penetrating understanding of the main, social-economic forces involved. It is hoped that the following investigation of historical, relations of production will further comprehension of the current economic and social predicament of Canadians of aboriginal ancestry.

Specifically, the study seeks out historical roots of the underdeveloped economic and social state of Indian, Métis and Inuit communities in the Hudson Bay drainage basin. From 1670 to 1870 this region was called Rupert's Land in accord with the British royal charter which proclaimed a total commercial monopoly of the area for the Hudson's Bay Company. It includes all of present-day Manitoba, most of Saskatchewan, a little less than the southern half of Alberta, most of northern Ontario and northern Quebec, part of the Northwest Territories, and part of northern Minnesota ^{and North Dakota.} In this region the main groups of people with native ancestry pre-dating the arrival of Europeans are: Algonkian -- Cree (Misstassini, Swampy and Plains), Ojibwa or Sauteaux, and Siksika or Blackfoot (Blackfeet, Blood and Piegan);

1. "By far the majority of Indian people in Canada live in dire poverty. By all scales of measurement, and all across the spectrum - health, welfare, housing - most of us exist in conditions well below the basic level acceptable to a nation with one of the highest standards of living in the world. Throughout this country, Indian people more than any other group, are engaged in a constant, unremitting, daily struggle to survive." The Indian Tribes of Manitoba, Wahbung, Man. Indian Brotherhood, 1971, 57.

Athapascan -- Chipewyan; Inuit (Caribou and Labrador); Siouan -- Assiniboine and Sioux; and Métis. The investigation scans the period from pre-fur trade days to the treaty era of the late 19th and early 20th centuries.

The focus of the study is on economic class relationships generated by capitalist activity. In sharp contrast to the "Indian problem" approach, the enquiry flows from the suspicion that poverty and despair are inevitable aspects of capitalist social relationships.

The "Indian problem" perspective (below Appx. A) rests on the notion that instances of material and cultural distress in Canada stem from indigenous and isolated, backward life styles. Integration into "modern society" is the corresponding, proposed solution:

"What is this so-called "Indian problem"?
In essence it is this: the Indian is too often an outsider in our society. His reserve is palisaded with psychological barriers which have prevented close social and economic contact between Indian and non-Indian.

It is the policy of the government to help the Indian, caught in an age of transition, to adapt himself to a larger and more complex society, to be able to earn a living within that society if he wishes to do so." 2

This orthodox, isolation theory is tied to the belief that prospects of Indian social advance hinge on whether or not Indians conform to supposed Canadian value norms. Indian life is examined as an irregular abnormality and explanations are based upon subjective phenomena such as supposed disregard for the future, excessive sharing, superstition and laziness.

2. The Indian Today, Indian Affairs Branch, Queen's Printer, Ottawa, 1964, 5.

The required remedies are thought to be education or training in the ways of "modern" civilization. Proposals are made to "raise" the Indian "up" to the level of "white" society. No basic barrier or contradiction, no class conflict, is seen blocking attainment of a society of equals. The central question becomes: "What is wrong with the Indians?" The query, 'what is wrong with "modern" civilization or capitalism?', does not arise. In the words of writer, Heather Robertson, "it is customary for Canadians to see Indian poverty, segregation and psychological dependency as an unfortunate accident, an aberration, an omission which people of good will can, with a little effort, put right".^{2'}

This conventional outlook is mirrored in "neo-classical", self-equilibrating, economic models. Deviations from harmonious balance are regarded as temporary flukes. Keynesian models recognize and even highlight departures from social equilibrium, but attribute to "government" fiscal and monetary means of restoring stability. Along with neo-classical works they are devoid of historically-propelling class conflict. The existing economic order is taken for granted. Thus, Keynesian and especially neo-classical thought are compatible with a pluralistic, "Indian problem" approach ('problem with the Indian'). (By "pluralistic" I refer to the idea that there are no inherent barriers to social mobility in our social system.)

In contrast, Marxist political economy, rooted in dialectical materialism, takes class conflict as the norm. Social classes are differentiated according to property relations dominated by a ruling class extracting surplus produce from

2'. Robertson, Reservations are for Indians, James Lewis & Samuel, Toronto, 1970, 9.

necessarily dispossessed and degraded masses. Hence, Marxism is conducive to a 'class exploitation problem' approach (problem with class structure of society).

The writings of anthropologist, Diamond Jenness, are among the most influential in the field of Canadian Indian and Inuit studies. When he wrote of social classes he was referring to groups of people ranked according to relative wealth and social prestige. Unlike the Marxist designation of classes based upon social relationships to the means of production, these categories say little about the specific nature of a particular stage of social, economic organization.

Jenness associated a decline in Indian "morale" and "morals" with the mixing of Indians and the "lowest class of whites" around "lumber and mining camps".³ By not identifying these "whites" as part of the essential, subordinate and international working class of capitalism, he left the impression that the "lowest class of whites" rather than an economic system is a root source of social degradation among Indians. Such ideas tend to undermine possibilities of inter-racial, class (defined in the Marxist sense) unity between dispossessed Indians and "whites".

Jenness did write that Indians became "inextricably enmeshed in the economic system forced upon them from without"⁴ indicating that they were fully integrated into "mainstream", European-based economy. But neither the "economic system" nor

3. Jenness, The Indians of Canada, 7th ed., Queen's Printer, Ottawa, 1967, 260.

4. Ibid., 256.

its "enmeshing" ingredient is specified. The prevailing, dominant economic order is taken for granted. Investigation of changes in Indian life is attempted without a rigorous analysis of "the economic system from without" which "inextricably enmeshed" Indian people!

Speaking of the consequences to Indians, Jenness concluded: "such results from contact with Europeans [emphasis on race rather than class relationships] were perhaps inevitable, although human foresight exercised without regard to selfish interests could have eased the transition."⁵ An idea of what the "selfish interests" might be may be gleaned from remarks of his such as, "furs, always more furs the traders demanded".⁶ What could these interests be other than those of capitalist (or private enterprise) profit motivation? To imply that "contact with Europeans" could have proceeded without such "selfish interests" is to deny the actual character of "the economic system from without". What "human foresight" could have altered the results of "contact with Europeans"? Why were the results "perhaps inevitable"? From the standpoint of dialectical materialism, or social science, such vagueness constitutes a smokescreen, or mystification.

The above remarks have been made with reference to Jenness because of the prominence which his works have achieved. However, the views and implications described are anything but unique to him. Rather, they are characteristic of the pluralistic, status quo premise behind the "Indian problem" outlook. (See Appx. A below.)

5. Ibid, 259.

6. Ibid., 255.

Typically, orthodox North American surveys of Indian communities begin and end with the assumption that a high percentage of Indians live in poverty because they have chosen to cling to an outdated, isolationist way of life instead of integrating into "modern", "mainstream" society. Here the supposition is turned around: Could it be that people of aboriginal descent have been integrated into the dominant economy around them and that possibilities of their social advance have been restricted by this integration?

This investigation begins with the following questions in mind:

- (1) How and to what extent was Indian and Inuit livelihood altered to accommodate fur merchant capital?
 - (2) In whose interests was the fur trade conducted?
 - (3) Why was the reserve system established?
 - (4) Would a Marxian model of capitalist underdevelopment⁷ serve as an appropriate theoretical basic for understanding the evolution of Indian, Métis and Inuit societies since the advent of the fur trade in North America? -- Has the historical progress of these societies been curtailed by integration into the capitalist system?
7. In this study the term 'underdevelopment' is used in the dynamic sense of an active process continuing over time. (Parallel to common usage of the word 'development').

II. Capital and Underdevelopment

a. Surplus produce and class conflict

Any viable process of economic production and reproduction must meet the consumption needs of the families of the producers. Consumption needs are defined by biological and sociological factors. In this respect, what Marx said of wage labourers applies generally to the producers of any economic system:

"If the owner of labour-power works today, tomorrow he must again be able to repeat the same process in the same conditions as regards health and strength. His means of subsistence must therefore be sufficient to maintain him in his normal state as a labouring individual. His natural wants, such as food, clothing, fuel and housing, vary according to the climatic and other physical conditions of his country. On the other hand, the number and extent of his so-called necessary wants, as also the modes of satisfying them, are themselves the product of historical development, and depend therefore to a great extent on the degree of civilization of a country, more particularly on the conditions under which, and consequently on the habits and degree of comfort in which, the class of free labourers has been formed." 8

In the words of Rosa Luxemburg, "production can never be resumed, there can be no reproduction, unless certain prerequisites such as tools, raw materials and labour have been established during the preceding period of production."⁹ Hence, in addition to consumption by producers, continuation of production is also dependent upon replenishment of means of production¹⁰ - instruments of labour, treated land, and various kinds of stocks. If these conditions are exceeded an economic system more than maintains

8. Karl Marx, Capital, I, Progress Pub., Moscow, 1961, ch. VI, 171.

9. Rosa Luxemburg, The Accumulation of Capital, (1st pub. 1913), Modern Reader, N.Y., 1968, 31.

10. As with Marx, in this paper distribution, or transportation, is always included as part of the productive process.

itself. Accordingly, net output (net of replacements to means of production) in excess of workers' consumption may be regarded as surplus produce. In terms of commodity production, or production for market, "the surplus is the volume of commodities over and above that required to support the workers who produced it."¹¹

Drawing a parallel between "surplus-product" and "surplus-labour"¹² - labour in excess of that needed to meet the consumption requirements of the producers - Marx expressed the minimal condition for surplus produce as follows:

"The natural basis of surplus-labour in general, that is, a natural prerequisite without which such labour cannot be performed, is that Nature must supply - in the form of animal or vegetable products of the land, in fisheries, etc. - the necessary means of subsistence under conditions of an expenditure of labour which does not consume the entire working day." ¹³

Given the prevailing level of consumption by producers and the rate of depletion of equipment and stocks, the extent of surplus produce depends on the productivity of labour. This productivity is heavily conditioned by social organization, technological development, past accumulation, and available natural resources.

The ability to create surplus produce is vital to economic and general social progress because it permits additions to the means of production, or expansion of productive capacity.

On the other hand, surplus produce may be consumed by social classes which are unproductive in the sense that they

11. Joan Robinson & John Eatwell, An Introduction to Modern Economics, McGraw-Hill, London, 1973, 14.

12. Not to be confused with "surplus population", or unemployed labourers.

13. Cap., III, xxxvii, 632.

do not produce economic wealth (defined by prevailing social attitudes). In the past, major unproductive elements have included wealthy ruling élites, standing military forces, administrative bureaucracies, religious orders and private servants.

During by far the greater part of human existence, unproductive classes did not exist. This became possible only when the level of surplus produce became high enough to maintain such groups without interrupting the process of economic reproduction. In line with the overall historical tendency for labour productivity to rise faster than the consumption levels of producers, this stage was eventually reached in many societies, at different times.

In North America at the time of European, merchant penetration, for example, the Aztec priestcraft royalty, sustained by taxes, tribute and slavery, was being supplemented by a warrior, land-lord class, maintained by serfs.¹⁴ To the north, among the hunting tribes no idle ruling class had yet appeared. However, the extravagances of many of the west coast, "potlatch" ceremonies, along with elaborate dwellings, totem poles and canoes, suggest that productivity in that region was at least close to the point which could sustain unproductive classes. (How soon the social conditions would ripen is another question.) As it was, among several Pacific coast tribes property had become important enough to generate a significant, but minority, slave class plus pronounced social gradations among the rest of the population.¹⁵ But all the groups, even the most wealthy, still

14. John Collier, Indians of the Americas, Mentor, N.Y., 1947, 47-48.

15. Jenness, Indians of Can., ch. XXI & Harold Driver, Indians of North America, U. of Chic. Press, 1962, pp. 331-334.

directly participated in economic production, and no standing, armed force or state bureaucracy (i.e. no state) had yet appeared. Thus, in the sense that no ^{un}productive, purely ruling class or groups engaged to enforce its rule yet existed, class society had still not matured anywhere north of what is now Mexico.

The Hudson Bay basin lacked the combination of a comparatively temperate climate, rich vegetation, and abundant sea-food, such as that of the Pacific coast. Accordingly, the level of productivity and the importance of property was less. Property did play a role in determining social status (below 38), but possible emergence of indigenous, unproductive classes apparently was still well into the future.

In mature class societies the relationship between the unproductive, ruling class and the productive, working class, is completely antagonistic inasmuch as all the new wealth of the former is extracted without compensation from the latter. Moreover, the more successful (relatively) propertied groups are in appropriating surplus produce for themselves and their agents, the greater the resources for perpetuating their social dominance. Conversely, the lower the share of output available to the producers, the weaker is their social position.

Recognition of this central conflict of class interest lies at the root of Marxist interpretation of development and underdevelopment in class societies (below, pp.19-20 and Appx. B). The greater the gap between the wealth and power of the ruling class and that of the producer class, the more underdeveloped the latter may be said to be relative to the former. This

relationship of development and underdevelopment sharpens so long as the comparative positions are diverging, even if the absolute prosperity of the producers, or some of the producers, advances simultaneously. In this connection Marx wrote of capitalist society:

"A noticeable increase in wages presupposes a rapid growth of productive capital. The rapid growth of productive capital brings about an equally rapid growth of wealth, luxury, social wants, social enjoyments. Thus, although the enjoyments of the worker have risen, the social satisfaction that they give has fallen in comparison with the increased enjoyments of the capitalist, which are inaccessible to the worker, in comparison with the state of development of society in general. Our desires and pleasures spring from society; we measure them, therefore, by society and not by the objects which serve for their satisfaction. Because they are of a social nature, they are of a relative nature." 16.

"Real wages may remain the same, they may even rise, and yet relative wages may fall..... The share of capital [out of net output, or "the new value created by the worker's labour"] relative to the share of labour has risen. The division of social wealth between capital and labour has become still more unequal. ... The power of the capitalist class over the working class has grown, the social position of the worker has deteriorated, has been depressed one step further below that of the capitalist.

"What, then, is the general law which determines the rise and fall of wages and profit in their reciprocal relation?

"They stand in inverse ratio to each other. Capital's share, profit, rises in the same proportion as labour's share, wages, falls, and vice versa. Profit rises to the extent that wages fall; it falls to the extent that wages rise." 17

16. Wage Labour & Capital, For. Lang. Pub. House, Moscow, 1952, 51.

17. Ibid., 55-56.

With an increase in productivity real absolute wages and profits could rise together. But, by definition, as shares in net output they never can.

Recognition of relative development and underdevelopment of material prosperity, decision-making potential, and other aspects of class welfare, presents a framework for analyzing regional development and underdevelopment on a national and international scale.

b. Capital

In market economies goods and services are esteemed in terms of commercial value. Accordingly, corresponding to the historically universal concept of surplus produce, part of the value of commercial output may be regarded as surplus value - the market value of net output in excess of that consumed by productive labourers. (Above, p. 8, and below, Appx. C.)

Conversely, under capitalist production, "the portion of the product that represents the surplus-value....we call "surplus produce." " 18

By definition, all revenue (whether for investment or consumption) derived through ownership of capital represents surplus value (below, Appx. C, pp.²¹⁶⁻₂₁₉). In other words, all forms of strictly capitalist activity imply objectively antagonistic class relationships, or the appropriation of a surplus. Thus, anyone whose income is essentially based on possession of capital falls into the abovementioned category of an unproductive, propertied class.

'Capital' is defined here as commercial value in the form of any marketable asset advanced in pursuit of commercial, private profit. A process of capitalization, or progressive accumulation of commercial wealth, is implicit in this meaning.

Capital embraces money, means of production, labour power alienated (in terms of ownership) from its human source, and commodities (items for sale). However, none of these represent capital unless accompanied by the multiple social relationship (below, Appx. C, pp.²¹⁴⁻₂₁₅) implied by general, market value and by the expression "advanced in pursuit of commercial private profit". In Marx's words, "capital is not a thing, but rather a definite social production relation, belonging to a definite historical formation of society, which is manifested in a thing and lends this thing a specific social character";¹⁹

"Capital...is a social relation of production. It is a bourgeois production relation, a production relation of bourgeois society. Are not the means of subsistence, the instruments of labour, the raw materials of which capital consists, produced and accumulated under given social conditions, in definite social relations? Are they not utilized for new

19. Cap. III, XLVIII, 814.

production under given social conditions, in definite social relations? And is it not just this definite social character which turns the products serving for new production into capital?"²⁰

In capitalist countries orthodox economists tend to treat "capital" either as finance or as historically non-specific, means of production. Social relations do not enter into their definitions. Thus, Paul Samuelson and Anthony Scott, for example, describe "capital" as "machinery, .. factories and plants, and stores and stocks of finished and unfinished materials."²¹ Charles Kindleberger, who also describes capital in terms of means of production, stresses the term "social overhead capital" as a sub-category of "capital" in general.²² By so doing, he includes investments geared to utilitarian, public policy considerations, rather than to capitalization of market value, as "capital".²³ To Arthur Lewis, "by physical capital we mean the physical environment which is necessary for the enjoyment of particular satisfactions" and "by cultural capital we mean the background of knowledge accumulated by the society".²⁴ Clearly such universal concepts fail to recognize any particular social-economic arrangements.

In essence, all of these notions of "capital" apply equally well to tribal hunting and gathering societies, feudalism, and socialism, for example, as to capitalism! Although

20. Marx, Wage Labour & Capital, 44-45.
21. Samuelson & Scott, Economics, McGraw-Hill, Toronto, 1966, 46.
22. Kindleberger, Economic Development, 2nd ed., McGraw-Hill, N.Y., 1965, 84-85.
23. Samuelson & Scott also use the expression, "social overhead capital", first introduced by Paul Rosenstein - Rodan (Samuelson & Scott, 813).
24. Lewis, The Theory of Economic Growth, Richard Irwin, Ill., 1955, 29.

Economics is classified as a social science, these definitions are purely physical or technological. They do not take account of the specific social conditions whereby economic activity is dominated by private, progressive accumulation of impersonal market value. Moreover, not only are the peculiar social relations of general commodity production ignored, social existence in itself is slighted. If "capital" is simply means of production, then a hermit owns capital!²⁵

'Capitalist activity' is understood here as appropriation of surplus value, or acquisition of profit, through ownership of capital. As a stage of social development, 'capitalism' is society with economic relations predominantly governed by capital.

'The capitalist mode of production' is understood as production based on contracted wage labour.²⁶ It is regarded as the capitalist method of production because of its association with the ascendancy of capitalist industry to over-all dominance

25. A precedent for the drainage of specific historical social content from the idea of "capital" was set by Adam Smith, who tended to present capitalist production relations, notably the idea of commodity production (below, Sect.e, Chap.III), as if they were historically, universally applicable (Luxemburg, 64-75). Thus, Smith wrote that when a man "possesses stock sufficient to maintain him for months or years, he naturally endeavours to derive a revenue [apart from that derived from his labour only"] from the greater part of it; reserving only so much for his immediate consumption as may maintain him till this revenue begins to come in. .. That part which, he expects, is to afford him this revenue, is called his capital." - Wealth of Nations, 262; (my emphasis).

26. In Capital Marx focussed primarily on mature, industrial capital. Accordingly, he reserved the term "capitalist" exclusively for reference to commodity production based on contracted wage labour.

among economic processes and, hence, with capitalism as an historical stage. It became and continues as the characteristic form of capitalist production. (As opposed to capitalist slave plantations, for example.)

However, undertakings involving capital existed long before the advent of contractual wage labour and the corresponding maturation of capitalism. As Marx wrote, "interest-bearing capital...belongs, together with its twin brother, merchant's capital, to the antediluvian forms of capital, which long precede the capitalist mode of production and are to be found in the most diverse economic formations of society."²⁷

Merchant capital is of special interest to this study. It has a lengthy history of bringing about the exchange of commodities produced on a non-capitalist basis - "whether the basis of the primitive community, of slave production, of small peasant and petty bourgeois, or the capitalist basis".²⁸ During the mercantilist heyday, prior to the triumph of industrial capital, merchant capital was strong enough to indirectly control a variety of productive processes. Moreover, merchants also invested in slave plantations (e.g. in the West Indies and the southern U.S.A.), latifundia (e.g. in Latin America and Bengal), and industry based on the capitalist mode (e.g. in west Europe and British Canada), in the course of furthering trade.

27. Cap., I, XXXVI, 593.

28. Ibid., 325. "Commercial capitalism has been .. a system that asked remarkably few questions about the method of production of goods in which it dealt. It could readily integrate slave societies, feudal societies, and incipient capitalist societies into its structure." - H. Clare Pentland, Labour & the Development of Industrial Capitalism in Canada, U. of Tor. Lib. Photocopy, 1965, 3.

c. Capitalist underdevelopment

"Underdevelopment" is a comparative term with a subjective connotation. Here it refers to (1) general welfare related to economic prosperity and (2) the ability to raise it. The first criterion involves such items as food, clothing, shelter, education, cultural outlets, social services, physical and mental health, and social morality and awareness. The second concerns economic flexibility, or structural dependence, closely related to social (political) power relations.

Pro-capitalist ideology maintains that underdevelopment and isolation from capitalist expansion go hand in hand.²⁹ This view is engrained in the development theories of conventional economists in capitalist countries. Such theories centre on the question of how to promote the accumulation of "capital", with "capital" treated in the narrow sense described above. In other words, the drainage of surplus from producers to capitalists is downplayed. Much attention is given to "sociological" and "cultural" factors which appear to complement or retard economic progress. But somehow conflicts of class interest owing to the expansion of capital, i.e. to accumulative appropriation, are ignored.³⁰

29. "Economic growth requires the expansion of capital resources. If an underdeveloped nation is to achieve self-sustaining growth in a reasonable period of time, it must as a rule, obtain external capital. The amount of outside public funds is limited. .. We consider it extremely unwise for developing nations to alienate foreign investors, thereby stunting economic growth." - Dean Rusk, former U.S. Secretary of State (Rusk, 182-183.)

30. For a compact, multiple example of authors in this category see Benjamin Higgins' discussion of J.H. Boeke, Everett Hagen, David McClelland, Joseph Schumpeter, Arthur Lewis, and Arnold Toynbee, including Higgins' own views, in the context of theories of "sociological" and "technological" "dualism" in Higgins, Economic Development, Norton & Co., N.Y. 1959, chaps. 12 & 13.

Emphasis is placed on the need for "modernization" or "technological progress" without attention being drawn to the specific social-economic vehicle in mind. In particular, there is no analysis of the difference between capitalist and socialist investment. As Paresh Chattopadhyay, a Marxist economist in Calcutta, has written:

"The term "modernization" used by bourgeois scholars in the context of an underdeveloped economy is only a euphemism for the phenomenon of the pre-capitalist modes of production being invaded by the capitalist mode, the latter being introduced by the so-called developed countries."

"Modernization or economic development cannot be viewed as a class-neutral phenomenon, or merely as a "technical" phenomenon in abstraction, apart from the [social] production relations underlying the phenomenon." 31

Conventional opinion, most notably expressed in the "Hawthorn Report" (below, Appx. A, pp.¹⁸⁰⁻₁₉₃), regarding economic stagnation among many Canadian Indian communities is heavily steeped in the approaches criticized above. Hence, the "Indian problem" perspective is accompanied by a (century-old) call for "integration" into "modern", i.e. capitalist, society. (Below, Appx. A.)

By contrast, the concept of capitalist underdevelopment stemming from Marxist class analysis, suggests that present-day underdeveloped localities are the product of various forms of externally based, capitalist activity. The notion offers a possible key to an understanding of why there is an ever-widening gap between "rich" and "poor" countries and why there are similar disparities among regions and among social, economic classes within a country.

31. Chattopadhyay, "Modernization of Economic Life in Underdeveloped Countries", Essays on Modernization of Underdeveloped Societies, Thacker & Co., Bombay, 1969, 189 & 190.

The concept of capitalist underdevelopment rests on the view that development of capitalist centres inevitably generates underdevelopment in subordinate areas. Underdeveloped economies appear as the logical outcome of monopoly capital rather than as a result of isolation from the capitalist mainstream. Capitalist development and underdevelopment are regarded as inseparable and reciprocal. This contention is anchored on the *belief* that the capitalist system is a pyramid of surplus appropriation -- a system where relatively dominant groups use various forms of monopolistic power to shape, according to their interests, lesser enterprises and markets. The result is ^{seen as} structural rigidity which increasingly tightens, and thus increasingly stunts balanced development, at lower levels.

At issue, then, is the effect on an economy of change promoted by and for dominant capitalist centres. If the result means increased wealth for the latter, will it also constitute a deformity interfering with rounded development, and thereby fostering poverty and misery, in the former?³²

This theory of capitalist underdevelopment arises from the abovementioned (II, a) view of class conflict defined in terms of surplus appropriation. By definition (above, p.13), the social productive relations of capital imply an unproductive

32. For a general outline of ^aMarxist interpretation of capitalist development and underdevelopment, see Appx. B, below. The references to Andre Gunder Frank's assessment of the predicament of American Indian societies in Latin America (pp. ²¹¹17) are particularly germane to this study.

capitalist class which maintains its privileged position through ownership of property. In other words, the existence of capital spells net surplus extraction by one class from another.

The relationships between merchant and artisan or pedlar, financier and debtor, and industrialist and wage labourer, are all based on capital. And, as with all antagonistic class relations, development and reciprocal underdevelopment on a class basis (above, p. 10) is inherent in them. The appropriator class stands to gain in wealth and power at the expense of its class opposite. The more developed the welfare of the former relative to that of the latter, the more underdeveloped that of the latter.

Whereas the monopolization of capital by one class is accompanied by surplus extraction from other classes, monopolization within the class leads to partial appropriation of profits from lesser capitalists by stronger ones. The result is a multi-layered pyramid of surplus acquisition. Moreover, sharp discrepancies in economic well-being also exist within working and petty bourgeois (self-employed, small-scale property owning) classes. These are tied to different expectations among class subdivisions, upon the ability of capital to reach new avenues of expansion, and to numerous other political, economic factors.

Accepting this view of a hierarchical class system, it follows that under capitalism societies in different regions tend to be relatively rich or poor depending on their precise class composition. Moreover, relative strength in such a system increases chances for future gains. Therefore, people and regions at lower levels of the class and geographical pyramid of surplus appropriation generally are progressively straight-jacketed.

According to Marxist analysis, as with preceding class societies, under capitalism - the first unified, world-wide system of economic production - the socially powerful benefit because of the weakness of the socially weak. Hence, capitalism is regarded as a generator of poverty and underdevelopment. Using the term "exploitation" in the Marxist sense of surplus extraction, Walter Rodney, recent (Guyanese) author of a history of Africa, refers to the "exploitation of one country by another" as an "indispensable component of modern underdevelopment":

"All of the countries named as 'underdeveloped' in the world are exploited by others; and the underdevelopment with which the world is now pre-occupied is a product of capitalist, imperialist and colonialist exploitation. African and Asian societies were developing independently until they were taken over directly or indirectly by the capitalist powers. When that happened, exploitation increased and the export of surplus ensued, depriving the societies of the benefit of their natural resources and labour. That is an integral part of underdevelopment in the contemporary sense." 32'

As expressed by Paul Baran, a major American contributor to a Marxist theory of underdevelopment, "the intrusion of Western capitalism in the now underdeveloped countries" led to "the removal of a large share of the affected countries' previously accumulated and currently generated surplus" which "could not but cause a serious setback to their primary accumulation of capital". "Their being exposed to ruinous competition from abroad could not but smother their fledgling industries." 32''

The idea of class conflict and of reciprocal development and underdevelopment runs directly counter to the notion of a "pluralistic", or "open", capitalist society devoid of inherent, structural inequality. Belief in pluralism is deeply rooted in

32'. Rodney, How Europe Underdeveloped Africa, Bogle-L'Ouverture Pub., London & Tanzania Pub., Dar es Salaam, 1972, 22.

32''. Baran, The Political Economy of Growth, Prometheus, N.Y., 1960, 143-144.

the research of persons enamoured by capitalism, and is a prerequisite to the "Indian problem" outlook. Hence, the "Indian problem" perspective is antithetical to the underlying hypothesis of this study.

The central task of what follows is to examine the social-productive relations surrounding capital encountered by people of aboriginal descent in the Hudson Bay basin, up to the beginning of the 20th century. Preliminary to this, the next chapter deals with economic organization prior to the arrival of European merchants.

III. Neolithic³² Livelihood

In order to comprehend the impact of capital on Indian and Inuit livelihood in the Hudson Bay basin, some knowledge of the technology and social relations of production immediately prior to contact with mercantilism is required.

a. Technology

Artifacts and recorded descriptions left by early European explorers and traders leave little doubt about indigenous technology at that time. Throughout the region tools were fashioned out of stone, bone, sinews, hides, wood, bark and other vegetable matter. Pottery had appeared in southern parts and was constructed by at least the Blackfoot.³³ Although there was no smelting of ores, pliable minerals, including copper and soapstone, were moulded by the Inuit into bowls and pots for cooking over or beside fire. Along with ivory from tusks these minerals were also shaped into arrowheads and other tools, and ornaments and toys. Pipestone was quarried by prairie tribes for similar purposes. Among Indian communities boiling was primarily achieved by dropping heated stones into liquid held by skin

32. "The Indian had passed..beyond the palaeolithic or Old Stone epoch into a neolithic age, when stones were not only chipped but polished, agriculture had arisen, and pottery had made its appearance. Many tribes even made tools and ornaments of native copper; but since they treated it simply as malleable stone, and possessed no knowledge of its smelting, they were still far removed from a true metal age. Tools of stone still formed the basis of all their material culture." - Diamond Jenness, op. cit., 33.

33. "In 1774, Cocking found pottery in use among them [Blackfoot] and wrote that it was of their own manufacture." -- Oscar Lewis, The Effects of White Contact upon Blackfoot Culture, With Special Reference to the Role of the Fur Trade, J.J. Augustin Pub., N.Y., 1942, 36.

or bark vessels. The Inuit cooked with lamps fueled by oil from sea mammals.

Crude agriculture, without fertilization or crop rotation, was practised around Lake of the Woods³⁴ and on the prairies. But in all of the Hudson Bay basin human survival essentially depended upon hunting and fishing, supplemented by gathering wild rice, berries, nuts and other parts of wild plants. Bows and arrows, a variety of traps, and spears and harpoons were the chief hunting tools. Spears, hooks and nets of sinew or vine were used for fishing. Drying and freezing were well known and applied as preservative processes. In particular pemmican, which was highly nourishing and compact, was ideal for nomadic treks and hunting forays and as a reserve food for winter. It was prepared from dried and crushed fish, buffalo, or other meat, mixed in fat with berries often added.

The draught animals of Europe and Asia were absent but dogs were widely domesticated. On the prairies and plains dogs dragged travois, or pack frames, and in the north they were harnessed in teams to pull sleds and toboggans.

Toboggans and snowshoes were utilized throughout the region. Birch bark canoes were highly developed among the woodland Cree and Ojibwa and the Inuit produced the kayak, umiak and

34 "We camped near a well-cultivated field of Indian corn, and a rapid exploration of the island [Garden Island] revealed to us a large potato patch, and a small area devoted to squashes and pumpkins of different kinds. We ascertained that the island had been cultivated by the Lake of the Woods Ojibway Indians for generations." - Henry Yule Hind (1857), Canadian Red River and Assiniboine and Saskatchewan Expeditions, I, Greenwood, N.Y., 1969, 97.

other light sea craft with skins. Hides for tipis, moccasins, robes, leggings, parkas and food or water containers, were sewn with weather-tight precision. Gum from trees and animal residue was applied to seal joints of various implements. Bark was used as a substitute for skins in the construction of many objects, including tipis (conical) and wigwams (dome-shaped) - ideal mobile homes.

On four counts neolithic technology was vital to the progress of fur trade capital. First, native skills and ingenuity in wilderness survival minimized the amount of goods which merchants had to offer for a bundle of furs in order to sustain fur producers. Thus, merchant appropriation of surplus value was directly facilitated by indigenous technology and related culture. Second, many local inventions - notably canoes, toboggans, snowshoes and pemican - were indispensable to the fur trade. Third, the relatively primitive technology of the region facilitated a desire for European manufactures. (In contrast, British merchants were initially unable to interest people living in advanced parts of India and China in British trade goods.) And fourth, the fact that North American technological and social development was at a much earlier stage than that of west Europe, ensured dominance and, hence, profits for the fur merchants.

b. Limited information on social-economic organization

The social organization of production before the arrival of merchant capital is much more difficult to pinpoint than the technological aspects of livelihood.

Until the La Vérendryes opened a European trade route from Lake Superior to the Saskatchewan River in the 1730's and '40's, direct contact between Europeans and native inhabitants of the basin was essentially confined to Cree and Chipewyan³⁵ visits to trading posts on the Hudson Bay coast. Not until the latter half of the century did explorers and traders make a concerted effort to move west and south from the Bay, and only in the nineteenth century did they move into the interior east of the Bay. Thus, up to the mid-eighteenth century written records of life in the basin were nearly wholly confined to annual trade visits at posts on the Bay.

By the time more substantial accounts began to accumulate coastal Cree and Chipewyan populations already had been trading directly with European mercantilist agents for the better part of a century, or more. In turn these tribes and the Assiniboine, southwest of the Cree, had been moving enticing European commodities and the mercantile demand for furs to tribes farther from the Bay. Moreover, even before the start of the Hudson Bay traffic during the last few decades of the seventeenth century, the Cree and their southern neighbours, the Ojibwa, were being affected by merchant capital extending out of New France.

The first intermediaries for French merchants were Huron south of the basin. They were succeeded by the Ottawa and 'coureurs de bois' after French and Dutch fur trade competition led to the destruction of Huronia by squeezed-out tribes of the

35. The Inuit tended to stay aloof from the fur trade, sticking to their sea coast livelihood. Accordingly, and in the face of Cree advances, they completely retreated from James Bay with its string of trading posts.

Iroquois confederacy.³⁶ The pressure of St. Lawrence commerce, intensified by competition from the Hudson River route, also pushed tribal groups toward relatively untapped fur areas to the west and north in domino fashion. Thus, through middleman trade and migratory pressure merchant capital was significantly affecting some tribes of the Hudson Bay basin even before the establishment of posts on the Bay.

On the prairies (grass lands) and plains (scrub covered) major social changes had erupted just before the arrival of French traders. Spaniards, the first of the mercantile agents to penetrate the Americas, had shipped horses to Mexico and from there they had spread northward over the plains and prairies which extend into the southwest portion of the Hudson Bay drainage area. In the words of Jenness, acquisition of the horse "gave the Indians an unexpected mobility, vastly increasing the range of their migrations; and the ease with which they could now run down the herds of buffalo on horseback caused many woodland tribes to move out onto the prairies".³⁷

36. "The French were very fearful that a trade alliance would be established between the Iroquois and Hurons, realizing that it would lose them the bulk of the trade to the Dutch. Wherever such overtures were made they did their best, with considerable success, to disrupt them." -- W.J. Eccles, France in America, Fitzhenry & Whiteside, Van., Wpg., Tor., Mont., 1973, 45.

37. Jenness, op. cit., 129.

It converted primitive parties of foot-hunters, isolated, timid and circumscribed in their movements, into organized bands of daring warriors who extended their forays over thousands of miles. Not only did it ease their economic condition as long as the buffalo lasted, but, by enlarging their contacts with each other and with neighbouring peoples, it caused a wide diffusion of social and religious ideas and a notable development in political life." 38

With the rise of productivity on the plains and the depletion of game in fur trapping areas, bands of Cree moved into the northern buffalo region. (Hence the distinction between 'Plains' Cree and the woodland 'Swampy' Cree.) The Assiniboine tribe travelled northwest from the Red River and members of the Blackfoot grouping, advancing from the east and north, rapidly filled out the southwest corner of the basin.

Effects of merchant operations on Hudson Bay, the St. Lawrence and Hudson Rivers, and in Mexico, clearly had spread through the prairies and plains before the direct establishment of French, British and U.S. trading networks in the region. Nonetheless until these networks caused a general profusion of firearms coupled with a commercial demand for buffalo meat and robes, and until European diseases acquired genocidal proportions among them, the plains and prairie tribes remained essentially independent. This was ensured by the temporarily alleviated struggle for survival associated with acquisition of the horse. As a result of the local self-reliance the region's native livelihood referred

38. Ibid., 131. Saukamappee's recollections of tribal war on the plains in the first third of the 18th century, as recorded by David Thompson (below, p. 76 & f.n.116), partially contradicts this statement by Jenness. It suggests that in war the foot-hunters were organized into relatively large groups. "Before the gun and horse a simple difference in numbers might well decide the outcome of the battle. Large war parties were therefore essential. This necessitated band cooperation and made war a tribal affair. At the same time it called for close

to by eighteenth century writers was at least distinctly free of merchant capitalist dominance. By contrast, in forest regions dependency on European commodities tended to precede the arrival of foreign trade missions.

Finally, comprehensive evidence of purely indigenous social arrangements is restricted by the ethnocentrism of witnesses from more advanced societies. In short, it is hard to determine the exact social nature of the basin's "primitive way of life" -- villain of the "Indian problem" school and hero of those seeking a return to traditional values. However, enough evidence of productive relationships exists to permit some significant conclusions.

38. (Cont'd. from p. 28)

co-operation between individuals on the battlefield for their strength in numbers depended upon unified action." -- Oscar Lewis, *op. cit.*, 49.

c. Sexual division of labour & property

To start with, accumulated material wealth was scanty. This is revealed by observations of early European explorers, by old recorded recollections of elderly tribal members, and by a scarcity of artifacts whose construction would have required more than minor interruptions of labour directed toward immediate sustenance. The relative lack of accumulated wealth meant that production, as in all pre-class societies, was generally aimed only at satisfying the consumption and simple tool needs of the producers themselves. In other words, as yet there was no dominant ownership class extracting surplus produce from a subservient producer class. Class division based on antagonistic or opposing ownership and non-ownership relations to the means of production was still in embryo.

Women were usually isolated from control over the most important hunting and trapping equipment, which constituted the primary means of production. But at the same time they were not required to use them for their owners either. Rather, people used only property which they possessed personally or in common. For their part, men did not have command over tools used by women during the conversion of the raw catch into edible or preserved food or into skins for clothing, mats, tipis or wigwams. Women also possessed the tools which they used in the final stages of preparation, or production. In sum, the whole process of production was directly integrated so that the participants of the various stages, along with infants or other dependants, consumed their entire, joint output in its finished form. There was no idle appropriator class. Everyone capable cooperated in the common process of production.

While class society entailing a division between owners and non-owners, had not yet matured, sexual division of labour and a corresponding division of ownership roles had become very pronounced.

There are biological differences which suggest why sexual division of labour existed among the hunting tribes of the Hudson Bay basin. First, only women can breast feed. And second, they lose mobility while pregnant or caring for suckling young,³⁹ while men tend to have bigger bones and greater muscular capacity in their limbs. Consequently, it appears economically rational that within these hunting tribes, women had greater responsibility than men for relatively domestic activities.

In addition to child care, these functions largely entailed secondary production or preparation of raw game into food, clothing and other necessities. Women also dominated the minor primary job of gathering wild plant produce and were involved in fishing to varying degrees. Conversely, men were the main warriors, hunters and trappers. As hunting was the chief method of acquiring vital raw materials -- i.e. as it was the major form of primary production -- it was also the most critical part of economic production as a whole. Relative success in hunting, trapping and warfare (territorial security) determined the general level of output. Labour expended in processing tasks affected only the quality (apart from the relatively minor consideration of efficiency in utilizing as much as possible of the raw catch).

39. According to Jenness, among northern tribes without cereals, "the period of lactation" was "lengthened" "because no infant under the age of three years could assimilate a diet solely of meat and fish". (Indians of Can., 51.)

Men used the main primary and most lethal instruments of labour, and their occupational fortunes regulated the size of the final output of the predominately female, secondary producers. The more successful a hunter, the more persons were needed to process his catch, or conversely, the greater the number of people who could live in association with him. Given the sexual division of labour and the general scarcity of provisions, it is not surprising that men had varying degrees of social dominance over women.⁴⁰

In 1691, half a century before the start of regular European expeditions into the interior of the basin, Henry Kelsey travelled in the company of local inhabitants from Fort York at the mouth of the Nelson River to the lower (northeast) region of the Saskatchewan River. His account of the journey depicts women carrying much heavier loads than their male companions. When men killed any heavy game, women would "fetch home y^e [the] meat & Dress it". Kelsey said that a woman was regarded by a man "like a Sled dog or Bitch".⁴¹

The custom of women carrying the heaviest loads during nomadic woodland excursions largely may be explained by the desir-

40. Speaking of hunting societies in general, Kathleen Gough writes: "Men appear to have more power in societies such as the Eskimo where hunting is extensive and where men provide a large proportion of the raw materials of food and clothing, with women serving mainly as processors. By contrast, in forest societies such as the Congo Pygmies, hunting is small-scale and intensive, women's gathering and hunting are important, and women are very close to equality with men in all respects." -- Gough, Women in Evolution, Hogtown Press, Toronto, n.d. (circ.1970), 7.

41. Henry Kelsey, The Kelsey Papers, King's Printer, Ottawa, 1929, 11, 14, & 21.

ability of hunters (men) being free to hunt during seasonal migratory treks. It should also be remembered that Kelsey and other (male) European witnesses and commentators were influenced by their own societies' non-egalitarian ideals or illusions of "lady-like" grace and of "manly" conduct toward the "weaker" sex. Nonetheless it appears that subordinate social status and physical drudgery relative to male labour generally accompanied the secondary producer role of women. Samuel Hearne, another Hudson's Bay Company agent, produced an extensive record of his observations of life among a Chipewyan band with which he travelled northwest of the Bay from 1771 to 1772. It includes a classic portrayal of subordination of women to men.

Hearne was the first European to travel from the Churchill to the Coppermine River. By then, more so than in Kelsey's day, merchant activity was having a pronounced effect on tribes west of the Bay. It is hard to determine whether this aggravated previously existing strains on women or whether the effect was negligible. Hearne's account certainly shows no sign of an alleviation of social inequality for women during a century of commercial fur production in the region. However, in view of Kelsey's earlier comments regarding productive roles to the south and the independence still possessed by Chipewyan communities in Hearne's time, Hearne's description of the nature of the work done by women must heavily reflect that of their female ancestors before the mercantilist era. Their physical loads may have become heavier due to the commercial demand for furs, but it is very unlikely that their social functions and status relative to men had changed significantly. Hearne attributed

his quotations in the first of the following passages to his chief guide, Matonabee, an accomplished hunter and prestigious figure among Chipewyan bands.

"When all the men are heavy laden, they can neither hunt nor travel to any considerable distance; and in case they meet with success in hunting, who is to carry the produce of their labour? Women," added he, "were made for labour; one of them carry, or haul, as much as two men can do. They also pitch our tents, make and mend our clothing, keep us warm at night; and, in fact, there is no such thing as travelling any considerable distance, or for any length of time, in this country, without their assistance. Women," said he again, "though they do everything are maintained at a trifling expense; for as they always stand cook, the very licking of their fingers in scarce times, is sufficient for their subsistence."

"It is necessary to observe that when the men kill any large beast, the women are always sent to bring it to the tent; when it is brought there, every operation it undergoes, such as splitting, drying, pounding, & c. is performed by the women. When any thing is prepared for eating, it is the women who cook it; and when it is done, the wives and daughters of the greatest Captains in the country are never served, till all the males, even those who are in the capacity of servants, have eaten what they think proper; and in times of scarcity it is frequently their lot to be left without a single morsel." 42

42. Samuel Hearne, Journey to Northern Ocean, 35 & 57.

For an example of female social leadership, see the account of the key role played by a Chipewyan woman in the founding of Ft. Churchill, in: K.G. Davies, ed., Letters from Hudson Bay 1703-40, HBRs, 1965, 410 - 413.

The social or political position of women relative to men was higher south-east of the basin in the domain of the Iroquois tribes. There women played a major primary producer role through agricultural work. Further, in contrast to the small wandering units of northern Indians who were wholly dependant on hunting and fishing, agriculture permitted comparatively large and stable Iroquois settlements. With men often away hunting or at war, the dwellings were chiefly run by women. According to the 19th century American anthropologist, Lewis Morgan, and Frederick Engels, communal concentration and organization of women, including the support this

David Thompson, pioneer European explorer in the western extremities of Rupert's Land, wrote the following paragraph pertaining to the livelihood of women among the "Peeagans", with whom he resided for a considerable length of time:

"Polygamy is allowed and practised .. for when a family comes a single wife can no longer do the duties and labour required unless she, or her husband have two widowed relations in their tent, and which frequently is not the case; and a second wife is necessary, for they have to cook, take care of the meat, split and dry it; procure all the wood for fuel, dress the skins into soft leather for robes and clothing; which they have also to make and mend, and other duties which leaves scarce any part of the day to be idle, and in removing from place to place the taking down of the tents and putting them up are all performed by women. Some of the Chiefs have from three to six wives, for until a woman is near fifty years of age, she is sure to find a husband." 43

42. Cont'd.

gave to matrilineal kinship groupings, was important in maintaining a comparatively high social standing for women. (Engels, The Origin of the Family, Private Property and the State, 4th ed. (1891), Intl. Pub., N.Y., 1971, 42-43.)

These points are consistent with the findings of anthropologists, Harold Driver and William Massey. Correlation of several North American surveys compiled by them indicates that societies where women dominate "subsistence pursuits" tend to have matrilineal residence" (post marriage residence with the woman's kinfolk) and "matrilineal descent". (Driver, Indians of N. Am., 322.)

43. David Thompson, David Thompson's Narrative (1784 - 1812), Greenwood Press reprint of 1916 CS. ed., N.Y., 1968, 350.

As illustrated below (p.22) on the plains the fur trade increased demands on female labour relative to the male work of hunting. Guns and horses greatly enhanced male productivity and apparently raised the death rate among men relative to women through extended and more lethal warfare. Combined with a mounting incentive to produce for trade, the result was a rise in polygamy. Indeed, increased warfare and hunting productivity associated with the coming of the horse alone may have altered family structures. The fact that the size of tipis greatly increased with improved means of hunting reveals that there were non-commercial outlets for increased output. As far as the introduction of guns is concerned, a similar argument seems applicable to forest dwellers. Thus, both Thompson and Hearne may have witnessed a greater degree of polygamy than had existed previously, just as later evidence indicates a still higher level alongside further extension of the fur trade. However, the nature of the work socially assigned to women does not appear to have differed from what it was traditionally. It figures more as a determinant than as a result of the effect of commerce at that stage.

It stands to reason 1) that development of the means of production tends to more sharply define different social, economic roles, and 2) that increased productivity promotes greater specialization or division of labour. In the case of hunting societies increased yields stemming from improvement of hunting implements would require more processing time or more processing skill derived from greater specialization. Conversely, it would tend to reduce female involvement in primary

production. Similarly, advances in secondary production would stimulate greater male specialization in hunting. And a rise in the level of output per capita also allows for, and may promote, intensified male, warfare.

At the same time, advances in the means of production and warfare reduce the significance of human biological differences and thus tend to erode the economic basis for sexual division of labour. But in societies where hunting and manual warfare were critical activities (and where there were no child care centres or processed milk) the tendency for technological advance to undermine sexual division of labour was far outweighed by its tendency to rigidify specialization according to sex. (The relative weight of these two tendencies owing to advances in the means of production and warfare, considered with regard to the social roles which are most critical to the material security of a community or family, may largely explain the evolution of sexual division of labour and sexual social status throughout history.) With men assigned to the jobs which were most critical in determining a hunting community's level of material security, it follows that the development of property would tend to accentuate subordination of women to men.⁴⁴

44. In the non-agricultural, but comparatively prosperous regions of the Pacific coast, male-dominated hunting, fishing and warfare were the basic determinants of economic security. Among the Kwakiutl, of northern Vancouver Island and the adjacent mainland, divisions of social roles according to sex was reflected by "the sharpest division of labour known for all of aboriginal North America". And "to this extreme sexual dimorphism of work must be added the extreme dominance of men over women". -- Driver, op. cit., 531.

Throughout the Hudson Bay basin the means of production were primitive enough to ensure, as a general law of survival, that everyone capable of doing so participated in cooperative labour with fellow, communal consumers. On the other hand they were developed enough to foster marked social inequality between women and men by tightening the prevailing, sexual division of labour and the corresponding property distinctions. In a lesser way, relative amounts (rather than types) of personal property contributed to various levels of prestige within as well as between each of the two sexual groups. However, outlets for accumulation of wealth were meagre (below f) and, therefore, possibilities of inheritance had little significance. Qualities such as generosity, skill, bravery and social sense, all associated with good providers, were far more important as determinants of an individual's community status than they have been in class societies based on private control of accumulated property.

d. Pre-state property

What was the nature of the basin's pre-class-society concepts of property? Again, the near bare subsistence level of productivity was a decisive factor. A pure proprietor class did not and could not exist. Consequently there was no minority ruling class requiring standing legal and military institutions in order to safeguard their property claims. Property rights and duties were assigned by custom or attitudes of social obligation without state decree. Offenders were dealt with by ad hoc kinship councils or by directly affected parties acting on their own behalf. On the basis of his extensive experiences among the

"Nahathaways" (Cree) between Hudson Bay and the prairies, Thompson wrote of Indians: "Living without law, they are a law to themselves."⁴⁵ In contrast to all mature class societies, there was no such thing as a property right laid out and enforced by state authorities. As Frederick Engels put it: "the state presupposes a special public power separated from the body of the people."⁴⁶ Among North American hunting and fishing societies no such separation existed.

Possession of property was subject to communal conditions. In Thompson's words:

"Those acts that pass between man and man for generous charity and kind compassion in civilized society, are no more than what is every day practised by these Savages [Cree]; as acts of common duty; is any one unsuccessful in the chase, has he lost his little all by some accident, he is sure to be relieved by the others to the utmost of their power." ⁴⁷

45. Thompson, op. cit., 109.

46. Engels, op. cit., 85.
 "Among nations of hunters, as there is scarce any property, or at least none that exceeds the value of two or three days labour; so there is seldom any established magistrate or any regular administration of justice. . . . Wherever there is great property, there is great inequality. . . . The affluence of the rich excites the indignation of the poor, who are often both driven by want, and prompted by envy, to invade his possessions. . . . The acquisition of valuable and extensive property, therefore, necessarily requires the establishment of civil government." -- Adam Smith, Wealth of Nations, 669-670.

47. Thompson, op. cit., 81.

It was generally accepted that tools not immediately required by their owners would be loaned to persons in need of them. Similarly, surplus food or accommodation space would be provided to those in need. Refusal would be regarded as a violation of ownership responsibility. It would clash with a social law of survival. In conditions of scarcity this effectively meant that property rights were conditional upon current usage of property by the owner. In this regard, indigenous concepts of property clash with the more individualistic, capitalist notions of possession rights. This is well illustrated in E.E. Rich's following account of an encounter between a Hudson Bay Company agent and some Chipewyan on the expanding, fur trade frontier:

"When Malchom Ross penetrated up to establish Fairford House in 1796 he found that "They think that where ever they see goods it ought to be given them, whether they have anything to give in return or not. They also make sacrifices of their property on the death of their relations and then demands from the traders such goods as they have sacrificed for the Good of their deceased Relations and doe not looke well on it if denied them." "They even had the Impudence to ask what the Goods is brought into their Country for if they are not [as if they are] to get them as they need them," and they topped off this unanswerable question by stating that "They had no right to go without the Necessaries for want of furs when goods was at their doors." " 48

In the 18th century tribal concepts of property partly corresponded to sexual division of labour even in terms of output for general consumption or trade. Thus, David Thompson wrote that among Cree engaged in trade around 1776, "the Women .. claim a right to the dried Provisions as the Men do to the Furr[s]." ⁴⁹

48. Rich, "Trade Habits and Economic Motivation among the Indians of North America", CJEPS, XXVI, Feb., 1960, 44-45.

49. Thompson, op. cit., 319.

Similarly, Alexander Henry (the elder) wrote that at the Lake of the Woods in 1775, Ojibwa men would tell a merchant trader "that their wives have deprived themselves of their provisions, in order to afford him a supply". He also referred to "the women bartering rice".⁵⁰ Perhaps this ownership of output by individuals in different spheres of production - even within the (extended) family - already existed in neolithic days.⁵¹ But, if so, it was qualified by social obligation to follow cooperative distribution patterns.⁵² In any case, it is clear that the abovementioned (pp.30-32) sexual division of labour was accompanied by sexual division of instruments of labour.

Indigenous, North American concepts of property in land are sometimes overlooked or assumed not to exist. Thus, Boyce Richardson, associate editor of the Montreal Star and crusader against the James Bay hydro development project, has written: "At the moment of the discovery of America [by Europeans] .. not an acre of America was owned by anyone."⁵³ Such a statement is true only if the term "owned" is applied solely to the dominant

50. Henry, Travels & Adventures, 242.

51. Apparently speaking of neolithic livelihood, Douglas Leechman says that on the prairies "tipis were made, owned, and set up by the women". (Leechman, Native Tribes of Canada, W.J. Gage, Toronto, n.d. (circ. 1957), 122.)

52. Eg. see the above quotation from Hearne, above, p.34. In the 1930's Ruth Landes surveyed Ojibwa families in the Rainy River region. She found striking patterns of integrated, objectively cooperative family production still in force alongside strong notions of individual property. (Landes, "The Ojibwa of Canada", Cooperation and Competition Among Primitive Peoples, Meade, ed., (orig. 1937), rev.ed., Beacon Press, Boston, 1961.)

53. Article in the Star, Aug. 9, 1969, reprinted in Gerald Walsh, Indians in Transition, McClelland & Stewart, Toronto, 1971, 130.

concept of property in capitalist society - i.e. to state-sanctioned, freely marketable, and purely private (without social obligation) property.

In fact, neolithic lands were subject to firm territorial rights, which were a common source of war. This is revealed by accounts of pre-fur-trade, territorial rivalry, such as those included in History of the Ojibway Nation⁵⁴ by William W. Warren, a 19th century, part Ojibwa, Minnesota senator who grew up among the Ojibwa on the south shore of Lake Superior. It is also evident from tribal conflicts enumerated by European explorer - traders, such as Kelsey, La Verendrye, and Hearne, on new fur trade frontiers. In the words of Abraham Rotstein:

"It may come as a surprise that in the vast underpopulated lands of North America, boundary disputes played a significant role in intertribal relations. Indeed, it may be questioned whether clear borders between tribes existed at all. The evidence however leaves no doubt." 55

It seems more difficult to ascertain whether or not private claims to land usage, either by families or individuals, existed in the neolithic period. Leechman, for one, says that among the Algonkian tribes, "each family had hunting grounds that they felt were their own and their claim was usually admitted by the other families of their band, but there was nothing much in the way of government to regulate such things, only public opinion". If private property in land, in this sense, did not exist prior to the introduction of the fur trade, it certainly was fast in coming after that event (below, pp. 79-81).

54. Ross & Haines, Inc., Minneapolis, 1957.

55. Rotstein, "Trade and Politics: an Institutional Approach", WCJA, III, I, 1972, 3.

55' Leechman, *op. cit.*, 37.

e. Trade

Trade did occur in the Hudson Bay basin before the arrival of merchant capital. For example, according to Leechman:

"The primitive Eskimo, before the days of the whites, used a number of well-established trade routes. Along these flowed much business in such goods as wood, soapstone, copper, and nephrite or jade, a very hard tough stone used for making tools. These raw materials were collected in the various places where they were to be found and were then traded to people of other districts. A man who went inland to the timber line to cut wood for a table top or for making a pair of sled runners, or to get soapstone for pots and lamps, would bring back with him more than he actually needed, trading the extra for things he himself was short of. .. Some manufactured goods were traded too, wooden bowls, horn spoons, articles of clothing, bows and arrows, and soapstone pots and lamps."⁵⁶

To the south, La Verendrye discovered that the Assiniboine routinely travelled out of the basin to the Mandan agricultural villages on the Missouri River to obtain corn in exchange for hunting produce, as well as for European goods.^{56'} Further, neolithic trade experience seems evident from the speed with which extensive, inter-tribal fur trade patterns were established inland from early European trading posts. (Below, pp.⁶⁸⁻⁷⁰, and above, p.16.)

However, in sharp contrast to capitalist production, (below, p.214) among neolithic hunting and fishing communities most production was not for exchange. And no production was based on the pursuit of impersonal, exchange value. In other words, things were produced because of their specific usefulness to particular individuals or groups, rather than for sale through an impersonal, social market. Surplus produce of an individual, family, or band,

56. *Ibid.*, 181.

56'. Lawrence J. Burpee, ed., Journals and Letters of Pierre Gaultier de Varennes de La Verendrye and His Sons, C.S. Toronto, 1927, facsimile ed., Greenwood Press, N.Y., 1968, pp. 323 - 324.

was given to compatriots in need, whether or not something was offered in return, (above, pp. 39-40) - although reciprocal behaviour would be taken for granted if the need arose. And between tribes exchange was commonly characterized by social and security considerations. Thus, in reference to tribes encountered by early European traders in North America, Abraham Rotstein says: "Trade was a highly personal activity, an encounter of two political groups or their representatives (not of individuals) and followed established political patterns."⁵⁷

Even early trade with European merchant companies was conducted on a highly personal basis, with great emphasis on ceremonial ritual. For example, in 1743 Hudson Bay Company Governor, James Isham, detailed trading procedures on the coast of the Bay, which featured the "Callimut" (pipe), gift-giving and speech-making.⁵⁸ A striking example of trade practices which run counter to those of impersonal market-centered societies, was recorded by Samuel Hearne. He wrote (below, p. 65) that the Chipewyan who travelled to and from Fort Churchill voluntarily acted as intermediary traders although they had to work more and gained less material satisfaction than when engaged in the traditional tribal livelihood of the day. According to Hearne, their dominant motive was "pride" derived from "respect which is shown to them in the Factory trading post". Further, Hearne's accounts show that Matonabee, a prominent trader and hunter, enjoyed great prestige among Chipewyan camps.

As Joan Robinson notes, Adam Smith's speculative tale of impersonally calculated, beaver and deer exchange in a hunting

57. Rotstein, op. cit, l.

58. E.E. Rich, ed., James Isham's Observations on Hudsons Bay, 1743, C.S., Toronto, 1949, 82-88.

society is "derived neither from observation nor analysis. It belongs rather to the realm of myth."⁵⁹

f. Restraints on surplus accumulation

In the absence of more developed market economy, no socially generalized concept of exchange value, abstracted from the specific usefulness of individual things to individual people, could exist. Accordingly, by definition (above, p. 13) no capital could exist. Moreover, the accumulation of surplus produce, a determinant of market development and another prerequisite for capital, was very limited (above, p. 30). Not only capitalist activity, but surplus appropriation of any kind was of a minor nature.⁶⁰

A key restraint on productivity, including surplus production, in North America was the absence of draught animals, other than dogs. This absence also minimized overland transportation. Toboggans and dog-travois illustrate the extent of overland transportation aids to human muscles. For the migratory communities of the Hudson Bay basin this meant that even if neolithic productivity had been higher, there was little basis for

59. Joan Robinson, Economic Philosophy, Penguin, Middlesex, Eng., 1966, 30.

"Classical bourgeois political economy assumed that things are by nature commodities, which is only another way of saying that nature decreed the bourgeois mode of production." - Martin Nicolaus, "Forward" to Marx, Grundrisse, Penguin Books & New Left Review, U.K., 1973, 45.

60. This does not mean that people never took economic advantage of each other's relative weaknesses. Early written accounts of (scarcity-ridden) life in the basin contain many examples of ruthless plunder between bands from rival tribes, including isolated cases of enslavement of captives (as opposed to the more common custom of compulsory integration into the regular life of a conquering band). (cont'd)

accumulating surplus. Given the absence of state security and the presence of inter-tribal strife (tied to minimal levels of survival), there was little scope for stock-piling goods in seasonal, tribal base areas. Hence, transportation and settlement realities blocked greater accumulation of wealth. A material basis for long-term economy did not exist.

g. Economic time-span

In light of the prominence given to non-accumulative habits by the "Indian problem" school of thought (below, Appx. A, b), it is important to trace the concrete conditions affecting economic time-spans. The fact that neolithic possibilities of surplus accumulation were too low to foster economic horizons going beyond season-to-season considerations was clearly recognized by pioneer British Canadian economist, John Rae. In a book published in 1834, he analyzed why North American hunting, fishing and gathering societies were relatively non-conducive to the "accumulative principle":⁶¹

"The life of the hunter seems unfavorable to the perfect development of the accumulative principle. In this state man may be said to be necessarily improvident, and regardless of futurity, because, in it, the future presents nothing, which can be with certainty either foreseen, or governed. ...

60. (Cont'd).

And even within bands and families, unusually hard times occasionally forced individual seizure of others' property and, sometimes, lives (including cannibalism).

61. Although Rae applies a similar type of analysis to other stages of society, such as pastoral and capitalist, he does not carry it through with regard to Indian communities behind the retreating fur trade frontier. Thus he joins the "Indian problem" school in attributing post-fur trade poverty to purportedly outdated habits and a supposed, economically irrational reluctance to integrate into the dominant, modern (capitalist) economy. (See below, p.178 , Appx. A.)

"Were the causes determining the future good or evil flowing to each of these great families [Indian communities], to be within reach of the energies of the individuals composing them, they would have a steady aim for their exertions, and having the means, might acquire the habit of purchasing future plenty, and security, by present toil, and privation, and of tracing out with certainty, remote consequences, to immediate acts. But this is a mode of thought and action, to which the circumstances of their condition are opposed. As the utmost prudence, foresight, and fortitude, can but little affect the future welfare of the individual, so, their power to promote the prosperity of the society, is limited and precarious." 62

This materialist analysis complements one of the main arguments in this paper: Long-range economy, entailing habits of foresight and accumulation, cannot arise without an objective basis. Planning with a view to future needs can occur only when there is a material basis - technological and social - for corresponding accumulation. Such a basis must include (1) a level of productivity capable of sustaining the necessary surplus production and (2) the ability to benefit from accumulation.

62. John Rae, Statement of Some New Principles on the Subject of Political Economy (1834), A.M. Kelly, N.Y., 1964, 131-132.

IV. Mercantile Setting of the Fur Trade

The first contacts between Europeans and residents of the Hudson^{Bay} basin occurred in the course of merchant capitalist operations during the mercantile era. From then onward, the people of the basin were increasingly integrated into the international, capitalist system.

a. Mercantile system

According to Herbert Heaton: "When Adam Smith surveyed the policies of the sixteenth to eighteenth centuries he coined the term 'mercantile system' to describe the efforts "to enrich a great nation rather by trade and manufactures than by the improvement and cultivation of land, rather by the industry of the towns than that of the country"."⁶³

In western Europe mercantilism marked the transition from feudalism to capitalism. It entailed the erosion of manorial production by capitalist trade and industry, consolidation of national state power, overseas imperial expansion, and unprecedented accumulation of merchant wealth. Mercantile economic doctrines gravitated around the idea that national prosperity depends upon bullion (gold and silver) accumulation via surplus trade balances and export restrictions on precious metals.

Alongside mounting, war-propelled state expenses, European monarchs increasingly relied upon the urban bourgeoisie for revenue. In doing so, they used chartered, private commercial monopolies to promote profits and royalties. Both French and

63. Heaton, Economic History of Europe, rev. ed., Harper & Row, N.Y., 1948, 225.

British fur trade operations in North America were dominated by merchant companies of this type.

b. French fur trade capital

The initial effects of European merchant activity to reach the Hudson Bay basin came from New France. Early in the evolution of the St. Lawrence fur trade Huron intermediaries traded French merchandise with tribes west and north of the St. Lawrence. After the annihilation of the Huron tribe during 1648 and 1649, French 'voyageurs' and officials, independent 'coureurs de bois' and Ottawa bands carried mercantilist trade west along the southern rim and north into the basin.⁶⁴ Among the 'coureurs de bois' were Pierre Radisson and Chouart des Grossielliers who journeyed between Lake Nipigon and James Bay in 1661-'62. Faced by the hostility which their part in illicit fur trade drew from officials of New France, they offered their services to British merchants and became important in the establishment of the Hudson's Bay Company.

Most of the wealth compiled in New France came from the fur trade. The colony itself was necessary to the maintenance of French mercantile access to North America. The king granted monopoly control of the colony to one of a series of merchant monopoly companies which in turn appointed sub-vassals or landlords.⁶⁵ Merchant capital was on top of the scale in terms of

64. "Although Huronia was no more, they [Jesuits] consoled themselves with the thought that the Hurons could no longer prevent them from voyaging farther west and south through the Great Lakes to nations even more numerous than the Huron. By the same token the route to the west was open to the French fur traders." - W.J. Eccles, France in America, 45.

65. "Of the 7,985,470 acres .. granted previous to the British conquest, in 1763, the Catholic Church's share,
(cont'd)

vassalage to the crown and was also the prime means of securing wealth in and from the colony. In this sense New France was a merchant capitalist colony.

On the other hand, the system of agricultural production upon which the lives of the settlers depended resembled that of Europe's decaying feudalism.⁶⁶ For at least their first few years in New France colonists, indentured as workers or farmers, were tied in servitude to an overlord -- one of the above-mentioned sub-vassals of the monarchy. At the end of a contract period, usually several years long, indentured labourers, cultivators and soldiers could achieve independence from their serf-like legal confines. But the 'habitant' or 'censitaire' then faced 'cens', 'rentes', 'lods et ventes', 'corvee', 'banalite' and other varieties of feudal-like tribute or landlord claims on surplus produce or labour.⁶⁷ Thus the typical, "free" 'habitant' was a bottom level vassal holding title to land but still contributing to the coffers of the landed aristocracy. The 'habitants' did have legal mobility and could sell their lands

65. Cont'd.

large as it was -- nearly one-fourth -- was not nearly as large as that granted mainly to the seigneurs, or feudal landlords. A total of 5,888,716 acres, according to Lieutenant-Governor Milnes, was granted to the laity, comprising less than 400 seigneurs." -- Gustavus Myers, A History of Canadian Wealth, 1st Can. ed., James Lewis & Samuel, Toronto, 1972, 23.

66. "At the beginning of the seventeenth century the seigneurial system, that is to say French feudalism, was old and effete. .. The legal framework of an earlier feudalism remained in the 'coutumes', or codifications of French customary law, but as military power centralized in royal hands and the close functional bond between the seigneur and his vassals dissolved, that framework became a buttress of privilege and wealth.

"The axiom at the heart of French feudalism, "no land without a seigneur," was assumed from the beginning to be the basis of any system of land distribution in New France." -- Richard Colebrook Harris, The Seigneurial

Cont'd.

(subject to a charge by the 'seigneur' concerned of about one twelfth of the sale price) and therefore may be regarded as small, "independent" producers. However, as 'censitaires' they could not subgrant land and, while free of direct legal bondage, their families' economic and social mobility was restricted by the 'seigneur's' economic levers. Correspondingly, the 'seigneur's' position reflected the transition from feudal landlord to capitalist landowner.

Consistent with merchant overlordship, self-contained manors did not exist in New France. Nor were settlements patterned after France's village remnants of medieval feudalism (in spite of some seigneurial efforts in that direction). In brief, the main economic levers of the colony were in the hands of French merchant capitalists and agricultural production was evolving in capitalist directions. The colony was tightly integrated into the rapidly expanding, international capitalist market. It was from this environment that fur trade capital first reached the Hudson Bay basin.

c. British fur trade capital

In 1670 the basin was designated as an exclusive area of British commerce to be monopolized by a single, joint-stock "Company of adventurers", the Hudson's Bay Company. With only

66. Cont'd.
System in Early Canada, Les Presses de l'Universite Laval, 1966, 3.
67. See Harris, op. cit., 63 - 87, and Stanley Ryerson, The Founding of Canada, Progress, Toronto, 1960, 105-110.

a vague idea of the territory involved, Charles II declared that it would "be henceforth reckoned and reputed as one of our plantations in America, called "Rupert's Land" ". There is no sign that the idea of an aboriginal land claim was even considered. The Company's monopoly charter applied to all parts of the region "that are not already actually possessed by or granted to any of our subjects, or possessed by the subjects of any other Christian Prince or state".⁶⁸ In the absence of Christian princes among the local inhabitants, British rule by a capitalist trading company was proclaimed over an area stretching from Labrador to the foothills of the Rockies, and from Baffin Island to the head of the Red River in present-day North Dakota. According to a booklet issued by the unrepentant Hudson's Bay Company:

"It is true that the king granted more territory than was known to white men, but it was, as one writer has said, "the vehicle for the conveyance of an opportunity of limitless value, because it was rightly used, but which would have been of no worth had not those to whom it was granted and their successors known how to handle wisely the great affairs entrusted to their charge". "

"The seamen and traders who were the servants of the Company did not adapt themselves readily to life in the wilderness. The Indians to be traded with were savages and therefore to be distrusted[!], and the forests beyond the shores of the Bay were full of unknown terrors." 69

68. RSCHBC, 1857, appx. no. 11, 411.

69. A Brief History of the Hudson's Bay Company, n.d. (circ. 1969), 8 & 11.

At the end of the 17th century French military forces drove the Hudson's Bay Company from most of its bases beside the Bay, but in 1713 the captured posts were returned by the Treaty of Utrecht. With the exception of a French naval attack in 1782, the Company had no more serious difficulty in exercising its monopoly along the coast.

The penetration of LaVérendrye into the southwest portion of Rupert's Land initiated new competition from Canada which continued with increased vigour after the British conquest. However, this competition caused the Company to extend its direct and indirect influence far into and beyond the interior region of its originally claimed territory. By the time it acquired undisputed supremacy in Rupert's Land through absorption of the North West Company in 1821, it had received a monopoly license for commerce in The North-Western Territory, ranging from the Arctic to the southern region of the Athabasca River and between Rupert's Land and Alaska. It had also become a dominant force (completely so after the merger) in the Oregon Territory and was well established in British Canada. In terms of present-day Canada, by the middle of the 19th century only Newfoundland, the Maritimes and those portions of Ontario and Quebec draining towards the Atlantic, remained outside the official political and economic sovereignty of the Hudson's Bay Company. (The United States had taken the southern half of the Oregon Territory and the southern tip of Rupert's Land.)

As overseas commerce involved relatively high initial capital outlays, foreign trade monopolies were particularly important to mercantilist pursuits. E.E. Rich, author of the most extensive account of the state monopoly era of the Hudson's Bay

Company, writes:

"The difficult circumstances of seventeenth century colonial expansion . . demanded that the incentives for expansion and settlement should arise from private desires and be supported by private capital; but they also demanded that such desires should be regimented in the interests of the state. For this reconciliation of private incentive and state interest the chartered company seemed invaluable.

"The companies were always private in that much (though not always all) of the capital required for planting and trading came from private purses. But they were public in that they required some sort of a charter to give them their claims to lands and trade, to promise them support against foreign rivals and to grant them monopoly against rivals of their own nation." 70

Even Adam Smith, champion of unrestricted trade principles, conceded that from Britain's point of view, there were peculiar commercial advantages to the Hudson's Bay Company monopoly. ⁷¹ More recent writers such as W.T. Easterbrook and Hugh Aitken have passed similar judgements:

"The Hudson's Bay Company was distinctly a throw-back to an earlier era which was now moving into its last phases -- an era when all England's overseas commerce had been organized under great companies with exclusive privileges granted to them by the Crown. Nevertheless, the reasons why a chartered company was a particularly appropriate instrument in this case are quite clear. Small-scale ventures could not have been successful, for the risks were too great and the profits too uncertain. The French would certainly be hostile, the navigation of the Bay was unfamiliar and dangerous, and the possibility of losing one or even two ships was very real. Only a large organization with monopoly rights and access to adequate supplies of capital could hope to survive, establish itself on the Bay, and yield a profit." 72

70. E.E. Rich, Hudson's Bay Company 1670-1870, I, McClelland & Stewart, Toronto, 1960, 11.

71. Wealth of Nations, I. 702.

72. W.T. Easterbrook & Hugh Aitken, Canadian Economic History, Macmillan, Toronto, 1969, 82 - 83.

The Hudson's Bay Company was part of international, British commercial expansion and as such was directly related to British imperial policy. Prince Rupert, cousin of Charles II, was its first governor. As a member of the Royal African Company he was also a slave merchant.⁷³ Sir James Hayes, the Prince's private secretary, was also part of the restricted group of Hudson's Bay Company charter members. Other members with royal connections included Sir Robert Viner, dominant London banker and King's Goldsmith, and Sir John Robinson, Lieutenant of the Tower of London. From 1666 to 1677 Robinson was also an (executive) committee member of the British East India Company. It monopolized British commerce with India, China and the intermediate regions of southeast Asia. Another original investor in the Hudson's Bay Company was Sir John Kirke, son of the influential London merchant, Gervase Kirke, and brother of Sir David and Sir Lewis. In 1627 Sir David commanded the capture of a French colonial expedition in the Gulf of St. Lawrence and also seized Quebec and other posts operated under Samuel de Champlain. He also founded the first (abortive) British colony in Newfoundland and, in 1633, obtained British monopoly rights over the fur trade of the St. Lawrence and its gulf. Prior to the 1669 voyage of the *ketch*, *Nonsuch*, with Groseilliers to Hudson Bay⁷⁴, "shipments

73. "A new company [Royal African] formed to monopolize the slave trade after the Restoration (in which the Duke of York and Prince Rupert participated) reaped profits of between 100 and 300 per cent." -- Maurice Dobb, Studies in the Development of Capitalism, Int. Pub., N.Y., 1970, 192.

74. "They report the natives bee civill and say Beaver is very plenty." -- State Papers Domestic, Charles II, quoted in Minutes of the Hudson's Bay Company 1671-1674, ed. E.E. Rich, intro. John Clapham, Champlain Society, Toronto, 1942, xxv.

of furs came regularly [to England] from Maryland, Virginia and Carolina, and the proprietors of the last Colony .. managed to get beaver, cats and foxes from its trade and fully understood the part which fur would play in any American settlement".⁷⁵ One of these proprietors was the Earl of Shaftsbury, another original shareholder in the Hudson's Bay Company.

The build-up of global capitalist trade networks was heavily based on west European merchant pursuit of fully processed, Asian handicraft manufactures, in contrast to later emphasis on acquisition of foreign raw materials and markets for domestic manufactures. Asian silk and cotton textiles, spices and teas could be obtained by European military ventures, or piracy, or in return for precious metals obtained elsewhere. Due to Asian military capability and the shortage of European goods which were attractive to Asian traders, European merchants used treasured minerals taken from the Americas and Africa for trade in the advanced regions of Asia. Palme Dutt has expressed this roundabout process with reference to India:

"England, at the stage of development reached in the early seventeenth century, had nothing of value to offer India in the way of products comparable in quality or technical standards with Indian products, the only important industry then developed being the manufacture of woolen goods, which were of no use for India. Therefore precious metals had to be taken out to buy the goods in India. ..

"Accordingly, at its commencement the East India Company was given special authorization to export an annual value of 30,000 l. in silver, gold and foreign coin. But this was most painful and repugnant to the whole system of Mercantile Capitalism, which regarded the precious metals as the only real wealth that a

75. Rich, HBC 1670 - 1870, 13.

country could possess, and the essential object of trade as to secure a net favourable balance expressed in an influx of precious metals or increase of real wealth.

"From the outset the merchant "adventurers" of the East India Company were much concerned to devise a means to solve this problem and secure the goods of India for little or no payment. One of their first devices was to develop a system of roundabout trade, and, in particular, to utilize the plunder from the rest of the colonial system, in Africa and America, to meet the costs in India, where they had not yet the power to plunder directly." 76

With beaver and other fur-bearing animals depleted in west Europe, furs were a luxury trade commodity in the shape of beaver hats or other felt garments or as pelts en route to the expert furriers of Muscovy. As such, and as a check on British imports of French beaver products, furs from Hudson Bay enhanced the British balance of payments. Hence, although less direct than the exchange of enslaved Africans and Newfoundland cod for precious metals seized by Spanish and Portuguese merchants in the Americas, Hudson's Bay Company furs similarly facilitated British commerce with Asia and mercantilist trade aims generally. Further, this process was complemented by the exchange of North American furs for Baltic products suited for the vital, mercantilist ship building industry. (Such furs were commonly carried by Dutch go-between merchants and were often destined for Muscovy.)⁷⁷

The East India Company's monopoly of British trade with China, which lasted until 1833, inhibited the North West Company and the Hudson's Bay Company from engaging in direct trans Pacific

76. R. Palme Dutt, India Today, 2nd Indian ed., Manisha, Calcutta, 1970, 100. For an elaboration of Dutt's views see appx. B, below, p.209.

77. Rich, H.B.C. 1670 - 1780, chs. 1 & 2 .

commerce. However, the former was involved in trade with China via commercial institutions in the United States,⁷⁸ and the latter via the Russian American Company prior to 1822. In 1822 the Imperial Government of Russia prohibited imports of foreign furs into the Empire (including Alaska). The Hudson's Bay Company then tried to prevent exclusion from the north China market by selling pelts to the East India Company in Canton, although the latter would not permit the former to carry off Asian produce in return.⁷⁹

As a major component of Hudson's Bay Company activities, the Rupert's Land fur trade was part of an international capitalist system which tied together nearly all sections of the populated globe. The same may be said for commerce reaching the region from New France and British Canada.

d. Nature of the labour force

European merchants could not simply carry off furs through force of arms as they did, for example, with Inca treasures. In the words of Douglas MacKay: "To tap the fur resources of America the merchants from across the seas could not sweep aside the Indians with the sword and loot secret places of the continent. Indians were necessary to the fur trade, and their skill had to be utilized."⁸⁰ Nor could the furs be mined or

78. Harold Innis, The Fur Trade in Canada, rev. ed., U. of Toronto Press, 1973, 243 and 246.

79. Frederick Merk, ed., Fur Trade & Empire, rev. ed., Harvard U. Press, 1968, xlix, 192 (f.n.), 207 & 295.

80. Douglas Mackay, The Honourable Company, rev. ed., McClelland & Stewart, Toronto, 1949, 219.

harvested on plantations by slave or wage labour. The woodland fur terrain was far too extensive and the work much too migratory and scattered to permit policing of large numbers of slaves or the settling of wage accounts based on labour time.

On the plains and prairies scores or hundreds of people periodically assembled together for buffalo hunting and processing. This was much more of a concentrated, group affair than the forest fur industry. But the concentrated numbers coupled with the necessary, armed and mounted nature of the producers clearly precluded use of slave gangs. Even among small, woodland production units, weapons needed for hunting stood in the way of slave management prospects or of possibilities of a docile force of wage labourers.

Further, in contrast to the repetitious labour of large-scale mining or plantation agriculture, production of pelts and pemican demanded a great deal of initiative and resourcefulness. Neither slavery nor wage contracts permit the actual producer to decide what will be produced, how it will be produced, or how it will be distributed. Without wages, slaves lack even choice of income spending. Such alienation, or separation, of producers from control of the fruits of their labour clashes with the idea of incentive conducive to the ingenuity, care and perseverance needed for fur trapping, hunting and related work.

Indentured labour has arisen where workers have been directly indebted to an overlord or master for land usage, military protection, apprenticeship training, sea passage, board or

etc. European merchants had no such basis for placing conditions of bonded servitude on native fur producers in North America. Similarly, any European employees who approached the capabilities of local trapping and hunting units would have been able to survive in the wilderness independent of company lodging or favour. Clare Pentland's following observation concerning early Canada closely fits the situation in Rupert's Land:

"That Indians were not formally enslaved .. depended on the fact that they provided a far more satisfactory labour force for the fur trade on a "free" basis. The Indian was skilled in taking pelts, and certainly required no instruction from the European. The industry, by its nature, was highly dispersed. Native dependence on trade goods provided an unrivalled incentive mechanism. Finally, the producer was skilled in supporting himself from the sparse but unappropriated resources of the country, so that bargains extraordinarily favourable to the European [merchant] could be driven without destroying the labour force. Even so, the European sometimes passed this limit and a particular segment of the labour force perished." 81

As to the east and south of the Hudson Bay basin, so within it, strong attraction to the manufactures of more advanced economies was the essential basis of local participation in the fur trade. At first this trait was not one of necessity. In part it stemmed from simple curiosity over rare foreign articles, as in Europe and elsewhere. And, considering the relatively primitive stage of superstition among residents of the basin, it is very probable that some religious significance was initially attached to mysterious foreign items.⁸² Certainly, as journals from Radisson to

81. Pentland, Labour & the Development of Industrial Capitalism in Canada, 38-39.

82. "Their [Chipewyan] solicitude and credulity, as to drugs and nostrums, had exposed them to gross deceptions, on the part of the agents of the Hudson's Bay Company." - Alexander Henry (the elder) (1776), Travels & Adventures in Canada and the Indian Territories between the Years 1760 and 1776, ed. James Bain, Hurtig, Edmonton, 1969, 334.

Thompson show, European explorers were commonly regarded as possessing unusually strong supernatural powers on account of scientific superiority. However, the desire for foreign goods quickly became one of practical utility and, eventually, of dire necessity. In addition, the liquor introduced by foreign merchants became highly coveted among the various tribes.

The ensuing quest for European commodities neatly complemented British and French merchant aims. Moreover, unlike European taste for finished Asian goods, it also fitted well with growing European, industrial capitalist demands for raw or semi-processed materials. - A point which helps explain the abnormally long duration of the chartered monopoly rights of the Hudson's Bay Company.

As a result of the attraction of Indians and Inuit to foreign manufactures the impracticality of trying to establish a directly subservient labour force was by-passed with advantage by the fur merchants. Tens of thousands of producer-traders, independent in terms of ownership of means of production (abstracting from annual credit), were drawn into an antagonistic (above, p. 10) class relationship with a dominant proprietor class of merchants.

V. Producer Dependency Upon Merchant Capital

a. European goods

As a consequence of French mercantilism, by the time the Hudson's Bay Company came into existence the people of Rupert's Land were already impressed by the practical advantages of European products:

"There is a story that on one of the voyages - presumably the first - someone suggested sending scarlet cloth, a traditional thing to attract savages; but that Radisson, who knew his American Indians, said that they wanted metal wares, not "kickshaws and coloured rags". ... The core of the story is sound. The Indians did want metal wares and those were what they mainly got." 83

According to Charles Bishop, "European trade goods were not luxuries but necessities for the Cree residing near the [Hudson Bay] coast by the 1720's".⁸⁴ For some this dependency apparently occurred even earlier. Thus, in 1693, Hudson's Bay Company officials sent out instructions in which they stated that prices could be doubled because "the Indians" would "starve" if they did not trade with the Company. (Below, p. 89)

In 1748 the official Hudson's Bay Company "Standard of Trade", applicable to posts on the coast of the Bay, listed sixty-five types of commodities. Among them were: brass kettles "of all sizes", guns and ammunition, hatchets, ice chissels, knives, burning glasses, needles, fish hooks, files, broad cloth, blankets, brandy and Brazil tobacco.⁸⁵ Alexander Henry (the younger), late 18th century fur trader and North West Company partner, wrote that Indians on the plains bartered for "liquor

83. John Clapham in intro. to Rich, ed., Minutes of Hudson's Bay Company 1671-1674, C.S., Toronto, 1942, xxx.

84. Bishop, "Demography, Ecology and Trade Among the Northern Ojibwa and Swampy Cree", WCJA, III, I, 1972, 63.

85. RCHB, 1749, appx. XIX, 257.

tobacco, powder, balls, knives, awls, brass rings, brass wire, blue beads and other trinkets."⁸⁶ In the words of Harold Innis: "Rum, tobacco, firearms, and ammunition were the chief commodities traded to make them dependent on the Europeans."⁸⁷

b. Self-sufficiency

Innis' expression, "to make them dependent", is very appropriate. Recognition of the practical utility of comparatively sophisticated manufactures, combined with a severe struggle for existence, provided a strong trade incentive for people in the Hudson Bay basin. However, on the other hand, traditional self-sufficiency and independence acted as a barrier to the ascendancy of fur trade capital. It quickly became evident that commercial intercourse with the foreign merchants threatened the whole established way of tribal life without promising increased security in return. The preceding fur trade history in the regions of the St. Lawrence and the lower Great Lakes made this all the easier to see.

Hearne's writings suggest that during the late 18th century, Chipewyan west of Hudson Bay remained more independent than forest tribes to the south and south-east. This seems to be partly due to their north-westerly retreat from Company posts on the Bay in face of Cree migrations connected with the spread of the fur trade, and partly because of an abundance of deer in the

86. Innis, The Fur Trade in Canada, 238.

87. Ibid.

interior areas of their encampments. Their hunting technique did not require guns in order to obtain a large catch. Using only spears, bows and arrows, and snares they could catch groups of deer at a time after trapping them in pounds or enclosures at the end of long, artificial, 'V'-shaped passages.

The passage ways were bordered by brush-wood stuck in the snow at intervals over barren terrain. Snares were placed in bushes inside a pound with a single entrance coinciding with the narrow end of the passage. When deer would wander into the 'V', "men, women and children" would "step forth to open view, and proceed towards the pound in the form of a crescent. The poor timorous deer finding themselves pursued, and at the same time taking the two rows of brushy poles to be two ranks of people .. run straight forward in the path untill [sic] they get into the pound." The snares, spears and arrows finished the hunt. ⁸⁸

In addition to their comparative lack of need for guns for hunting purposes, according to Thompson members of the Chipewyan tribe were a "peaceable people" relative to southern tribes. ⁸⁹ Thus they may have had less need to purchase guns for warfare.

On the basis of his travels among the Chipewyan in the early 1770's, Hearne explained the difficulties associated with attempts to make people reliant on Hudson's Bay Company commerce when they each required "only as much iron-work at a time as can be purchased with three or four beaver skins, and that only once in two or three years"; ⁹⁰

88. Hearne, Journey.. to the Northern Ocean, 49-50.

89. Thompson, David Thompson's Narrative, 129.

90. Hearne, op. cit., 53.

"The real wants of these people are few, and easily supplied; a hatchet, an ice-chissel, a file, and a knife, are all that is required to enable them, with a little industry, to procure a comfortable livelihood; and those who endeavour to possess more, are always the most unhappy, and many, in fact, be said to be only slaves and carriers to the rest, whose ambition never leads them to anything beyond the means of procuring food and clothing. It is true, the carriers pride themselves much on the respect which is shewn to them at the Factory; to obtain which they frequently run great risques of being starved to death in their way thither and back; and all they can possibly get for the furs they procure after a year's toil, seldom amounts to more than is sufficient to yield a bare subsistence, and a few furs for the ensuing year's market; while those whom they call indolent and mean-spirited live generally in a state of plenty, without trouble or risque; and consequently must be the most happy, and, in truth, the most independent also. It must be allowed that they are by far the greatest philosophers, as they never give themselves the trouble to acquire what they can do well enough without. The deer they kill, furnishes them with food, and a variety of warm and comfortable cothing, either with or without the hair, according as the seasons require; and it must be very hard indeed, if they cannot get furs enough in the course of two or three years, to purchase a hatchet, and such other edge-tools as are necessary for their purpose. Indeed, those who take no concern at all about procuring furs, have generally an opportunity of providing themselves with all their real wants from their more industrious countrymen, in exchange for provisions, and ready-dressed skins for clothing.

"It is undoubtedly the duty of every one of the Company's servants [employees] to encourage a spirit of industry among the natives, and to use every means in their power to induce them to procure furs and other commodities for trade, by assuring them of a ready purchase and good payment for every thing they bring to the Factory; and I can truly say that this has ever been the grand object of my intention. But I must at the same time confess, that such conduct is by no means for the real benefit of the poor Indians; it being well known that those who have the least intercourse with the Factories, are by far the happiest. As their whole aim is to procure a comforable subsistence, they take the most prudent methods to accomplish it, and by always following the lead of the deer, are seldom exposed to the griping hand of famine, so frequently felt by those who are called the annual traders." 91

Impounding of deer notwithstanding, the reference to the main Chipewyan population living "generally in a state of plenty, without trouble or risque" likely was intended only in comparison to the "annual traders". Nonetheless, the average Chipewyan band was significantly more self-sufficient than members of forest tribes heavily engaged in the fur trade south of the Bay.

The same applies with regard to tribes in the southwest portion of Rupert's Land. A traditional way of hunting buffalo on the shrub and grass covered lands in that region was similar to that used in the north to capture deer, only with sudden, concealed pits or gullies, rather than snares, to disable much of the prey. The advent of horses greatly facilitated buffalo impounding and also made encirclement hunting very effective. As a result, human survival became easier. Even without guns an abundance of meat and hides could be obtained. In the winter, ^{where} in areas the herds left for the south, reserve supplies of preserved buffalo meat in the form of pemican could be drawn upon. Thus, plains dwellers, who had long been relatively secure in the presence of vast numbers of buffalo,⁹² reached an unprecedented stage of self-sufficiency just when merchant traders began spreading onto their lands. Such independence stood in the way of merchant capital rapidly ascending to a position of dominance over them. (Below, pp. 82-83) In addition, conditions on the

92. "Men who have made a careful study of the matter think there must have been about twenty million buffalo left in 1850. .. In earlier days, they were probably more numerous still and sixty million is thought to be about the number that once lived on the prairies." -- Leechman, Native Tribes of Canada, 107.

plains lured many Cree bands away from the woodland fur trade.⁹³

Members of the Blackfoot alliance were among the first tribes in Rupert's Land to obtain horses. Like other plains tribes they retained a relatively high degree of social independence until the extermination of the buffalo at the end of the classic fur trade era. According to Alberta anthropologist, Douglas Leechman, they "barely tolerated the Hudson's Bay Company people from whom they bought their guns, powder, and shot".⁹⁴

Moreover, on the plains some bands apparently used artificial means of enhancing their bargaining power. At Fort George, on the northern branch of the Saskatchewan River, in 1794, Nor'Wester, Duncan M'Gillivray wrote:

"The Plains around us are all on fire. - We hear that the animals fly away in every direction to save themselves from the flames, an attempt which is often rendered abortive when the fire is cherished by a breeze of wind, which drives it along with such fury that the fleetest horse can scarcely outrun it. The Indians often make use of this method to frighten away the animals in order to enhance the value of their own provisions." 95

The Mistassini, east of James Bay, were among the last of the basin's people to become heavily dependent on fur merchants. Edward Rogers, ethnologist with the Royal Ontario Museum, has undertaken lengthy and pioneer studies in their region. He notes that eventually their "aboriginal way of life, which previously had been based entirely upon subsistence, was "forced" by the traders, who constantly encouraged the Indians to trap furs, to become altered in the direction of a fur trapping economy".⁹⁶

93. "Some of the Cree who came out to the plains preferred to stay and no longer had to voyage back to the trading posts every year. This does not mean that they gave up guns or tobacco or alcohol, but it did mean that they were not so tightly bound to the trading post." -- David G. Mandelbaum, Anthropology and People: The World of the Plains Cree, U. of Saskatchewan, U. Lectures, no. 12, 1967, 6.

However, "as late as the early 1800's, the traders were attempting still to get the Mistassini to engage more actively in the trapping of fur bearers."⁹⁷ "It was a concious effort at modification on the part of the Euro-Canadian who wanted to secure from them as many furs as possible for profit either to himself or to his company."⁹⁸

c. Intermediary trade

Very strong incentives were needed to motivate people dwelling hundreds of miles from trading posts to journey to them, especially, as was often the case, if they would have to confront hostile, intermediary tribes on the way. In Rupert's Land this was a very important consideration as French traders did not spread out west of Lake Superior until the mid-18th century and until a quarter of a century later Hudson's Bay Company posts were entirely confined to the Bay's coast. Hence, tribal monopoly of trade routes was another restraint on the expansion of fur trade capital.

The title and body of Kelsey's account of his south-westerly expedition in 1691 show that his assignment was "to discover & bring to a Commerce the Naywatame posts".⁹⁹

94. Leechman, op. cit., 134.

95. M'Gillivray, The Journal of Duncan M'Gillivray of the of the North West Company at Fort George on the Saskatchewan, 1794-5, ed. Arthur S. Morton, Macmillan, Toronto, 1929, 33.

96. Charles A. Martin & Edward S. Rogers, Mistassini - Albanel, Université Laval, Quebec, 1969, 130.

97. Ibid., 114.

98. Ibid., 130.

99. Kelsey, The Kelsey Papers.

Now known as 'Gros Ventres', these people lived near the south Saskatchewan River before moving farther south in the 18th century. When they ventured into the forest approaches to Hudson Bay they encountered hostility from Cree and Assiniboine bands, which guarded their middle-trader roles between the Bay and the plains. Kelsey was unable to entice the Gros Ventres into making regular trading missions. The go-between trade function of the Cree and Assiniboine was secured by their mastery of canoes alongside the absence of such knowledge among their prairie clients.¹⁰⁰

In 1754, just over half a century later, Anthony Henday (Hendry) journeyed from York Fort at the mouth of the Nelson River, to the plains with a band of Cree. Rich writes: "Henday recorded the astonishing way in which his Indians refused to hunt beaver to bring down to the Bay. .. He slowly, almost reluctantly, became convinced that the Assiniboins and Crees who yearly brought furs to the Bay caught very little of those furs themselves. When spring came they were able to trade their European goods, many of them soiled and worn out, for all the furs they wanted."¹⁰¹ Henday noted that the "Archithinue" (Blackfeet) were reluctant to venture away from the security of the buffalo herds, and that he had "great reason to believe" that the middlemen were "a stoppage".¹⁰²

To renew trade with the Chipewyan, who had moved northwest away from the Cree, and in the hope of making direct contact with other Athapascan tribes, the Hudson's Bay Company established

100. Innis, The Fur Trade in Canada, 137.

101. Rich, "Trade Habits", 39.

102. Innis, op. cit., 139.

the northerly, Prince of Wales Fort at the mouth of the Churchill River. Considering the difficulties and minimal rewards involved in their work (above, p. 65), it is not surprising that the Chipewyan "carriers" sought to establish a northern, tribal trade monopoly. According to Rich: "Moses Norton reported from Churchill in 1765 on the difficulties of getting the "Far Indians" in to trade, that the Northern [Chipewyan] Indians got nine or ten beaver from them for a hatchet (for which they paid only one beaver at Churchill) which caused him "to be of Opinion that the Northern Indians will rather be a Hinderance to their coming to the Fort than otherwise in order to keep that Monopoly in their Power as much as they can"."¹⁰³ Several years later Hearne wrote:

"Several attempts have been made to induce the Copper and Dog-ribbed Indians to visit the Company's Fort at Churchill River, and for that purpose many presents have been sent, but they never were attended by any success. And although several of the Copper Indians have visited Churchill, in the capacity of servants to the Northern Indians [Chipewyan], and were generally sent back loaded with presents for their countrymen, yet the Northern Indians always plundered them of the whole soon after they left the Fort. This kind of treatment, added to the many inconveniences that attend so long a journey, are great obstacles in their way; otherwise it would be as possible for them to bring their own goods to market, as for the Northern Indians to go so far to purchase them on their own account, and have the same distance to bring them as the first proprietors would have had. But it is a political scheme of our Northern traders to prevent such an intercourse, as it would greatly lessen their consequence and emolument."

104.

103. Rich, "Trade Habits", 40.

104. Hearne, op. cit., 116.

d. Foreign technology & resource depletion

In terms of indigenous needs, the durability and precision of European hardware made it an attractive supplement to neolithic technology. Guns increased hunting effectiveness generally, and iron tools, such as hatchets and chissels, were particularly useful in wintertime (peak fur season) when beaver lodges were otherwise well protected by ice. However, in the context of the fur trade, these implements were much more ^{than} straight-forward commodities. On the one hand they heightened the productivity of fur producers. On the other, as involvement in the fur trade rose, the importance of more sophisticated equipment increased among competing bands of producers. Thus, merchandise flowing into Rupert's Land served merchant capitalism by simultaneously increasing the yield of pelts and the dependency of the producers.

Abetted by the use of guns, steel traps and tools, and castorium, commercial production of furs and supplies caused a decline in animal populations. This was recognized in a letter from the Aborigines Protection Society to the chairman of the 1857 enquiry into the affairs of the Hudson's Bay Company. The point was expressed in terms which reveal an understanding of the fact that in the fur trade - even in the absence of a producer's monopoly -- the "perfect competition" model requirement of unrestricted sources of supply did not apply:

"The business of hunting and trapping falls exclusively on the Indians; and to satisfy the demands of the traders, whose profits depend upon the amount of the returns, it is pursued by them very far beyond what would be required to supply the personal wants of a simple

people subsisting by the chase. Differing wholly in its nature from a trade in manufactured articles, demand does not, in this case, increase supply, but the ratio is necessarily reversed." 105

Speaking of the Canadian Shield inland from Hudson Bay and northwest of Lake Superior, Bishop summarizes the fate of animal populations related to the fur trade as follows:

"By the 1820's, moose were totally exterminated from the whole region not to return again until the end of the nineteenth century. Herds of Woodland caribou also roamed throughout the area as far south as northern Minnesota, but they too were almost wiped out by the early nineteenth century. The other large animal is the black bear, which although never numerous, managed to survive the annihilations stemming from the fur trade. The fur bearers include: beaver, otter, muskrat, mink, marten, fisher, lynx, and fox. Of these, the beaver suffered the greatest depletions from overtrapping. Some regions on the Shield were totally denuded, but conservation policies imposed by the Hudson's Bay Company and later by the Indians themselves led to their recovery by the mid-19th century."

"Within a forty year span [prior to the 1820's], moose, caribou, and beaver were decimated. The Ojibwa hunting groups of the Shield became greatly dependent following this extermination, and the trading monopoly resulting from the amalgamation of the Northwest Company and the Hudson's Bay Company in 1821." 106

A similar picture has appeared in other woodland regions of the Hudson Bay basin. David Thompson detailed the process by which beaver communities were devastated between the Bay and the prairies in the late 18th and early 19th centuries.¹⁰⁷

105. RSCHBC, 1857, appx. 16, 442 - 443.

106. Bishop, "Demography, Ecology and Trade..", 59 & 67.

107. David Thompson's Narrative, 112-113 & 199-206.

In his recently published book, Arthur Ray notes that, "by the 1820's the combination of intensive trapping and natural calamities had largely destroyed the fur resource base of the parklands and bordering forests of the Western Interior of [present day] Canada".¹⁰⁸ South-east of the Bay, the following record emerges:

"The evidence suggests a gradual decrease of certain species since European contact. Caribou were apparently at one time abundant, but toward the end of the last century they began to decline in numbers and today are only found in the north-eastern section of the Mistassini territory. With the reduction of caribou, moose began to enter the area. . . Beaver . . . appear to have fluctuated in numbers. In 1672 they were said to be abundant. In 1730 and again in 1895, they were reported scarce. According to [Julius] Lips, the Mistassini around 1900 utilized beaver as one of the main items of their diet. But by 1945 they were again scarce." 109

After being engaged by the Hudson's Bay Company for twenty-five years in the vicinity of Hudson Bay, in 1849 John M'Lean wrote:

"Before the advent of the whites .. game of every description abounded, and want was unknown. To what causes then are we to attribute the present scarcity? There can be but one answer, to the destruction of the animals which the prosecution of the fur trade involves.

As the country becomes impoverished, the Company reduce their outfits so as to ensure the same amount of profits, an object utterly beyond their reach, although economy is pushed to the extreme of parsimony; and thus while the game becomes scarcer, and the poor natives require more ammunition to produce their living, their means of obtaining it instead of being increased are lessened." 110

108. Arthur J. Ray, Indians in the Fur Trade, U. of T. Press, Toronto, 1974, 121.
109. E.S. Rogers in Martijn & Rogers, Mistassini - Albanel, p. 113.
110. John M'Lean, Notes of a Twenty-Five Years' Service in the Hudson's Bay Territory, II, Richard Bentley, London, 1849, 267.

In the monopoly period of the 19th century the Hudson's Bay Company made an effort to conserve fur animal populations. However, this did not prevent the increasing dependency of the producers on the merchants. The Aborigines Protection Society noted that Company regulations on hunting "do not extend, however, to the larger animals -- to the buffalo, the moose, and the deer -- whose flesh is adapted for the food of man, immense herds of which are wontonly destroyed for the sake of their tongues alone, to supply a delicacy for the table".¹¹¹

With the expansion of company trade lines in the late 18th and early 19th centuries, there was a large rise in the commercial demand for country provisions, notably large game animals. In 1858 Henry Yule Hind encountered a comparatively successful Ojibway hunter who had acquired 22 moose skins and was camped west of the Assiniboine River and north of the Qu'appelle River:

"The money value of the 22 moose skins would be about 11 pounds sterling at Fort Ellice, and the Indians would receive in trade articles not exceeding in their aggregate value one-third of that sum. When one Indian during the summer kills 22 large animals like the moose, which would be at least 3 times as much as he would require to feed his family, there can be no room for astonishment that the influence of the fur trade has been mainly instrumental in reducing many parts of the country, once very thickly stocked with wild animals of the deer tribe, to a comparative desert, scarcely able to support the few wandering savages who depend upon the chase for their subsistence." 112

On the plains even if guns had not arrived the advent of horses provided the means for increased buffalo kills. Merchant

111. RSCHBC, 1857, appx. 15, 443.

112. Hind, Expeditions, I, 424.

demand for pemican rose rapidly with the expansion of company trade networks and the diminution of woodland game. In response, by the second quarter of the 19th century, buffalo herds were shrinking seriously on the northern and eastern plains of Rupert's Land. Moreover, the demand for buffalo was reinforced by the development of a large trade in robes, particularly along the Missouri.

Leechman says that by mid-century there were still about 20 million buffalo, or one-third of an estimated all-time high, left on the North American plains.¹¹³ However, a quarter century later they were nearly extinct. The final blow came after 1870 when the buffalo trade "shifted from robes to hides in response to the growing demand for leather which was being generated by the tanneries in the eastern United States and Canada".¹¹⁴

In addition to game depletions, access to foreign, more proficient hunting implements led to a loss of traditional arts of independent self-survival. Coupled with the decline in animals, this reinforced a rising need for guns, and so on in a vicious circle. Between 1819 and 1835 Rear Admiral Sir George Back travelled extensively through Rupert's Land and the Athabasca region in the course of three scientific expeditions (two of them with Franklin). Amid reports of serious famine among Indian bands, his responses at the ¹⁸⁵⁷ Enquiry offer an indication of the consequences of reliance on foreign merchants for guns, ammunition and other goods:

113. Leechman, above, p. 66.

114. Ray, Indians in the Fur Trade, 212.

"Supposing there were no Company there, and the Indians were allowed to do as they liked, would they be worse off?" - Unquestionably, I think that if that ever happened they would be almost decimated."

"How then did they get on when there was no Company?"—
 "Then they were accustomed to rely upon their own exertions; they used the bow and arrow; they knew nothing of fire-arms, and consequently were self-dependent; and being self-dependent, they maintained themselves at that time." 115

It is ironic that Back said that before the fur trade Indians "were accustomed to rely upon their own exertions". They were certainly accustomed to do so afterwards as well. The real point is that their exertions became increasingly confined to market production of furs at the expense of labour geared directly to survival.

Part of the incentive to obtain guns stemmed from tribal war which in turn was exacerbated by fur trade competition. Guns were spreading westward on the prairies around 1730, at the same time as horses began appearing in Rupert's Land from the south-west. Their immediate, major military significance is graphically revealed in Thompson's presentation of the autobiography of the elderly Cree, Saukamappee, who had joined a Piegan band when a young man.¹¹⁶ In the words of anthropologist, Oscar Lewis, "the difference in the rate of arming of the various tribes was crucial in determining the balance of power in this plains area."¹¹⁷

Tribal strife was encouraged by the rising importance of hunting and trapping territory caused by commercial demands

115. RSCHBC, 1857, 188.

116. David Thompson's Narrative, ch. XXII.

117. Lewis, The Effects of White Contact Upon Blackfoot Culture, 21.

and animal depletion. In addition, accounts of inter-tribal hostility at trading posts¹¹⁸ suggest that feuds were aggravated by recognition of the fact that the more groups competing for trade with the merchants, the weaker their individual bargaining strength.

During the 19th and late 18th centuries plains warfare at times threatened the security of individual merchant traders or company personnel. However, the extension of trading posts across the continent tended to reduce the commercial value of peace by removing the necessity of Indians travelling outside their home areas to distant trading stations. Beyond this, tribal conflict may have served the Hudson's Bay Company in its attempts at subordination of the producers and profit maximization. In 1885, when describing the background to the North-West Rebellion of the same year, Charles Mulvaney wrote of Company officials:

"They were rather inclined to encourage feuds between the Crees and Blackfeet, as both bought ammunition at ruinous prices during these wars, while these dissensions among the tribes rendered anything like a successful attack upon the Company's stores out of the question. Should the Blackfeet threaten, the officers of the Hudson's Bay Company would call to their assistance the Crees; thus it was easy for the great fur traders to retain the balance of power and the friendship of the tribes with a comparatively small force." 119

In sum, reliance upon merchant goods favoured a progressive loss of tribal independence, centered upon the underdevelopment of the animal resource base.

118. Eg. see Duncan M'Gillivray's journal.

119. Charles P. Mulvaney, The History of the North-West Rebellion .. Including a History of the Indian Tribes of North Western Canada (dedicated to "the officers and men of the Canadian volunteers"), A.H. Hovey & Co., Toronto, 1885, 21 - 22.

e. Commodity & property relations

One of the more subtle ways by which external dependency was generated among fur trade producers, was the weakening of tribal, band and kinship bonds through the development of commodity relations and the related hardening of property concepts.

The spread of merchant capital meant that individual survival rested less and less on internal, group-oriented modes of production, and more and more on individual commercial transactions extending outside the tribe. It involved the beginning of production for an impersonal market, or the erosion of production for direct utility. Moreover, by reducing animal populations, the fur trade fostered the geographical break-up of social units and a rise in the importance of territorial boundaries.

According to Bishop, "the early dependence of [James Bay] coastal Cree on the trading post had an "atomizing" effect upon aboriginal band structure reducing them to extended family groupings for trapping and subsistence purposes".¹²⁰ Referring to the Fort Albany post in the 18th century, he explains that this occurred "with the gradual decimation of game, especially caribou and beaver within 100 miles of the post".¹²¹ Similarly, because of commercial pressure on animal resources, "even..Cree groups residing further inland found it increasingly difficult to remain together by the middle of the eighteenth century". The northern Ojibwa faced a "dramatic change in .. socioeconomic organization" as a result of the severe depletion of game in the

120. Bishop, "Demography, Ecology and Trade..", 66.

121. Ibid., 63.

late 18th and early 19th centuries and the establishment of an effective merchant monopoly in 1821;¹²²

"Small, non-migratory fauna could not support large mobile winter groups. The trend was for former bands to split up into family units for at least part of the winter and disperse within defined regions to maximize economic efforts, a process that led to the formation of hunting territories in the Albany River drainage area by the middle of the last century." ¹²³

The following passage written by North West Company trader, Peter Grant, illustrates the firmness of at least seasonal territorial concepts among Saulteaux Ojibwa around 1807. It also shows the continuing social obligation attached to property concepts in a bare subsistence economy¹²⁴ (above, III, d):

"It is customary with them, in the beginning of winter, to separate in single families, a precaution which seems necessary to their very existence, and of which they are so sensible that when one of them has chosen a particular district for his hunting ground, no other person will encroach upon it without a special invitation, and whoever discovers a beaver lodge and marks its situation may consider it his undoubted property, and no other person will attempt to destroy it without his permission. In case of famine, however, any one may abandon his district and seek a better hunt on

122. Ibid., 65.

123. Ibid.

124. In 1858 Henry Yule Hind wrote: "We met an Indian in a canoe near Elm Point [close to Swan Creek, Man.], and Whiteway [guide], at my request, told him we were starving. I wished to ascertain the truth of the statement so often made respecting the liberality of these Indians in cases of necessity. The answer was a happy one; approaching out boat in his canoe, the Indian said, "Look, if you see anything to eat, take it". In his canoe were sixty fine white-fish and a few pike." (Hind, Expeditions, II, 73.)

his neighbour's land without incurring the least ill will or reproach: they say "the lands were made for the use of man, therefore, every one has an equal right to partake of the produce".¹²⁵

North West Company correspondence from George Keith to Roderick MacKenzie in 1807 gives a similar picture of private territorial property in the MacKenzie River region, immediately west of Rupert's Land, among a branch of the Beaver tribe:

"These Indians are very honest with regard to property, and are extremely particular respecting their hunting regulations. For instance, when an Indian discovers one or more beaver lodges, if not already appropriated, he immediately puts a mark upon them, and no one dares to intrude upon his property without his permission, although I know of no punishment inflicted upon the guilty party unless it be the infamy attached to the action, which is considered as very mean and heinous. At the same time they are by no means of a hoggish disposition; the best hunter of large animals, when with his relations, has the smallest share of what he kills. They assist one another with provisions when in want." 126

At least by the mid-19th century the Cree inland from Hudson Bay also had "defined hunting territories",¹²⁷ related to depleted fauna, despite a thin population to land ratio. However, this was not the case around coastal trading posts "due to the heavy dependence of the Cree on waterfowl for direct consumption and for exchange for trade materials, as well as wage labor which operated to lessen the significance of trapping to survival".¹²⁸

Speaking of the treaty signing era in the latter part of the 19th century, Joseph Kinsey Howard writes: "Private

125. L.R. Masson, ed., Les Bourgeois de la Compagnie du Nord-Ouest, II, Antiquarian Press, N.Y., 1960, 326.

126. Ibid., 69.

127. Bishop, op. cit, 62.

128. Ibid., 60.

ownership of land was a concept at first incomprehensible to the Indian; later after it had been enforced with guns, it was expressibly shocking." ¹²⁹ However, as shown above, private ownership, or property, in land, as such, was not an alien notion to tribal society. What was foreign was the idea of land as capital, or land for real estate purposes.

The above (pp. 40-41) inland references of Thompson and Henry to ownership according to division of labour give an indication of property notions extending beyond the idea of hunting and trapping territory. While explaining the absence of private hunting grounds in the immediate vicinity of trading stations on the south shore of Hudson Bay, Bishop notes: "There is no evidence that a concept of individual ownership was lacking since it was exhibited in the goose hunt where each hunter carefully recorded the geese he shot and received goods in kind in proportion to his kill".¹³⁰

In addition to increased pressure on resources, merchant capital facilitated the narrowing of property concepts and the related loosening of tribal cohesion by fostering commodity production. Moreover, it entailed an important addition to outlets for seasonal accumulation of surplus produce, although not for long-term accumulation. The increase in production for short-term, future trade purposes meant an increase in the importance of property in the means of production (including land).

129. Howard, Strange Empire, Swan Pub., Toronto, 1965, 247.

130. Bishop, op. cit.

On the plains in the 18th and early 19th centuries the fur trade's expansion of a seasonal basis for accumulation was outdone by a dramatic rise in outlets for long-term accumulation. This was due to the spread of horses, independent of merchant capital (above, p. 66). Prior to the arrival of trading posts, and later alongside effective resistance to merchant domination (above, pp. 66 - 67 and below, p. 99), the rise of productivity and transportation capacity associated with the horse led to a jump in accumulation and to a hardening of property concepts. Oscar Lewis, author of specialized studies of Blackfoot society, has recorded the combination of horse economy and foreign trade outlets. Commodity relations and social divisions rose to unprecedented heights:

"It is well to recall that over 20,000 [buffalo] robes were annually gathered at Fort Benton. Since the Blackfoot, and especially the Piegan, were the principal traders at Fort Benton we can gauge the effects of this trade upon their lives. The increased burden of preparing provisions and tanning put new demands upon female labour [above, III, c] and increased the economic importance of women. Polygyny grew to an extent unprecedented for the Plains. ..

"The increase in the number of wives brought greater friction in the household. The effect of the sororate in eliminating hostilities diminished and at the same time the contrasts between the status of upper and lower wives were intensified. The native term for a wife lower than third or fourth means slave wife, which actually describes their status. ..

"It is clear that horses were valued for their aid in hunting, in war and in transportation. But, in addition to their utilitarian and productive values, horses became a medium of exchange and the main form of wealth.

"The accumulation of wealth, the manipulation of property, spending, buying, and selling, dominated Blackfoot life. Social position depended upon the liberal use of wealth, ostentatious display, and other forms of social investment. Every step in religious and

secular ritual involved property payments, and the number of horses that changed hands in the [medicine] bundle transfers, and the buying into [secret, medicine or religious] societies was truly remarkable. The ownership of horses therefore became a major index of social status.

"The ownership of horses had still further importance, for horses were used as capital, earning interest for the owner in the form of a "gift" of additional horses or equivalent property from the borrower. ..

"With adequate skill, any number of the tribe could produce the equipment necessary for the early type of warfare, but the new equipment, guns and ammunition, could be purchased from the trading posts only by those who had a surplus of horses, dried provisions or hides. This put the poor at a distinct disadvantage [dependency on loans], and was a check upon vertical mobility. This also gave a new paternalistic role to the chief as distributor of valuable goods."

"The concerted action of early tribal warfare was a cohesive force in Blackfoot culture. Far from acting as a unifying factor, the introduction of the horse and gun represented a disruptive one. Later warfare carried on by the small raiding parties became essentially a means of individual aggrandizement in which the tribal interests gave way to those of the individual. Differences between rich and poor became more clearly defined and cut across all institutions. Some chiefs owned thousands of horses while the poor owned none. This developed to the point of incipient social stratification on the basis of horse ownership which resulted in internal disunity." 131.

Due to the exhaustion of buffalo herds differences in property holdings dwindled. However, throughout the Hudson Bay basin production for market and hardened concepts of private property continued to erode tribal economic power.

131. Lewis, *The Effects of White Contact Upon Blackfoot Culture*, 38, 40, 54-55, 56, 59.

In his article, "Trade Habits and Economic Motivation Among the Indians of North America", E.E. Rich attempts to explain the fixed price system of the Hudson's Bay Company by reference to tribal culture. He maintains:

"It was the Indian's lack of a sense of property (as the word was used by Europeans) which made the fur trade the only branch of commerce which needed some other incentive than the European controls and incentives [market forces of supply and demand] which arose from a sense of property." 132.

As Rich observes, when limited needs were met by woodland fur producers they tended to refrain from further fur trade activity. Thus, under favourable circumstances they could be expected to reduce the volume of their trade if prices changed in their favour. According to Rich this was due to "improvidence" which "meant that the Indian did not react to the ordinary European notions of property nor to the normal European economic motives".¹³³ However, he fails to specify what difference between "European notions of property" and indigenous concepts of property he is referring to. (He does not speak of native property relations at all.)

To make sense out of his argument the property notions he speaks of must be interpreted as entailing continuous accumulation. But, as sections d and i of this chapter illustrate, there was no objective basis for progressive, long-term accumulation among fur producing bands. Therefore the idea that a lack of property concepts, "indolence" (high time preference for immediate rather than future gain), or any other subjective attitudes, caused limited accumulation is far-fetched. The reverse

132. Rich, "Trade Habits..", 52-53.

133. Ibid., 46.

logic is much more tenable: The absence of the possibility of sustained accumulation favoured corresponding attitudes of resignation to scarcity. Such attitudes might have then contributed in a secondary way to the perpetuation of destitution.

Hearne, for example, noted that "the real wants" of the Chipewyan "are few", and that in most cases their "ambition never leads them to anything beyond the means of procuring food and clothing". But he also made the telling observation that "those who endeavour to possess more, are always the most unhappy." (Above, p. 65). Objective fur trade conditions, not indolence, was the source of their frustration.

As explained above, by disrupting local economic cohesion the hardening of commercial property concepts complemented increasing dependency on fur trade capital. That is very different from saying that a lack of "European" property concepts, or accumulative motive, was a primary restraint on fur trade involvement. (See Appx. A, b.)

f. Credit

As illustrated below with regard to LaVérendrye (p.90) and Simpson (p.99), once reliance on credit was established the threat of withholding it was used as a merchant weapon. In addition, individual indebtedness promoted the weakening of tribal solidarity even more than direct commercial exchange. In the words of the "Hawthorn report", "frequently the relationship" between creditor and debtor "became one almost of bondage".¹³⁴

134. H.B. Hawthorn, ed., A Survey of the Contemporary Indians of Canada, I, I.A.B., Ottawa, 1966, 62.

According to J.E.M. Kew:

"In the initial phase of the trade, credit and gratuities were the chief means of persuading men to trap. Later they were instruments of competitive action between rival traders. . . The fact that there was abuse of contract by debtors from the very earliest times did not destroy the system. It remained an effective method of coercion, and bad debts were easily covered by increased "tarrifs" or margins.

"Today at Cumberland House [on the Sask. R.], the volume of trade derived from fur is a minor portion of the stores' businesses, but still the indebtedness of the people persists."¹³⁵

Rich informs us that in 1741 the Hudson's Bay Company Committee in London viewed the extension of credit as a device "to tie the "Home Indians", "as a bridle to bring them more dependent on the Settlement for our necessary Subsistence" ".¹³⁶ However, at that time they were reluctant to see it used out of fear that debtors would switch to trading with the French. Referring to the period of effective monopoly after 1821, the Aborigines Protection Society wrote: "To complete their [producers'] entire dependence upon the Company, they are, by the custom of [the Company] giving all the articles supplied to them on credit, invariably kept in debt -- another powerful means of repressing the energies and advancement of any people, whether barbarous or civilized."¹³⁷

Dr. John Rae was hired as a "medical man" by the Hudson's Bay Company in 1833 and employed at Moose Factory on James Bay for ten years, and then for about the same length of time in north-western regions of Company operation\$. He testified

135. Kew, Cumberland House in 1960, Report no. 2, Econ. & Soc. Survey of N. Sask., Centre for Community Studies, U. of Sask., Saskatoon, 1962, 81.
136. Rich, Hudson's Bay Company 1670-1870, I, 599.
137. RSCHBC, 1857, appx. 16, 443.

that Indians "get their goods all upon credit" but that this "was not to keep them under subjection to the Company". He said that goods in payment were not given in the spring, at the end of the main (winter) fur producing season, but in the fall so that supplies would not be lost before the start of the peak fur season. In Gov. George Simpson's words: "Our mode of management is this; the Indians are usually outfitted from the establishment in the fall of the year with such supplies as will enable them to get through the winter in comfort and make their hunts."¹³⁸ However, intentional or not, the perpetual debtor was inevitably kept "under subjection" to the creditor.

g. Competition for merchant supremacy

Early efforts to make the fur producers of Rupert's Land dependent on foreign merchandise were intensified by rivalry between British and French monopoly trading companies. With Colbert's encouragement, the Compagnie de la Baie du Nord (subject to taxes arising from the Domaine de l'Occident's export monopoly) was established in Canada to ward off Hudson's Bay Company advances. In 1688 the Hudson's Bay Company governor in James Bay, George Geyer, and his council received the following instructions from Hudson's Bay House in London:

"Wee would have you keepe, to the Standard, that Mr. Radisson agreed to, but withall to give the Indians all manner of Content and Satisfaction and in some goods Under Sell the French that they may be encouraged to come to our Factory's [posts] and

138. Ibid., 29 (Rae) & 58 (Simpson).

to bring their Nations Downe, for Wee ought to Trade with the Indians so as that Wee may trade with them againe, and to make them willing to Come to us and not for Once and never See them more." 139

Within a year the soft-sell, enticement policy had been abandoned in favour of unmasked, war-time colonial treatment of the people of Rupert's Land:

"Since there is now an open Warr between the King of England and the French King .. you are now upon all occasions to lett the Indians understand .. that all Such Indians as will joyne with you and the English nation you will assist and protect as friends, But all Indians that hold in any alliance with or doe assist or trade with the French you will looke upon as Enemies." 140

In spite of such pressure to force local inhabitants to take sides in European mercantilist war, two years later Kelsey was assigned the role of would-be peace-maker among feuding tribes in the interests of merchant profit. Regarding his meeting with Assiniboine, or "Stone Indians", near the south of the Saskatchewan in September, 1691, Kelsey wrote:

"Their drift was to come altogether for to go to wars so I told y^m [them] y^t [that] they must not go to wars for it will not be liked by ye [the] governor neither would he trade with y^m if they did not cease from warring." 141

With military conflict and costs escalating between French and British merchants, the Hudson's Bay Company changed its emphasis from lowering prices in order to undersell French traders, to raising them at the expense of the fur producers.

139. E.E. Rich, ed., Hudson's Bay Copy Booke of Letters Commissions Instructions Outward 1688-1696, H.B.R.S., London, 1957, 14-15.
140. Ibid., (Letter to Gov. Marsh & Council, June 6, 1689), 53.
141. The Kelsey Papers, 15.

In this regard, in June, 1693, the directing, gentlemen share holders in London sent a letter reminding Governor Geyer of the dependency of coastal bands on foreign wares. The letter also contained advice on how to dupe or bribe tribal leaders into luring their people into trade on false pretenses:

"We take Notice that you have made no Allteration in the Standard of Trade wch. we earnestly expected for all considered it ought to be done, every thing standing us in double what it did in time of peace and that must be reason to all men of Understanding, to Consider the Arguments and reasons that have bin write you in this very affaire, Nay you know if we would force the Indians they must give double the price or starve. Therefore we doe againe recommend to you that you get two skins more p. Gun & soe proportionable in all other Comodityes that vend there, [new sentence:] for inducement. to the Indians to give you more for our goods, you may make a larger present then usual to the Chief Capt. of Rivers and leading men; and not expect more in returne from them then formerly soe that they may be induced to advance the standard wch. will make the rest to follow theire Example the more willingly Soe that by a littell more than ordinary given away you will bring a considerable advance in the [w]hole with them [new sent.:] this may be done privately the comon Indians not knowing of it." 142

Pierre de la Vérendrye was denied a royal financial grant to cover the costs of his explorations. In place he received French monopoly rights over the fur trade in the regions of his travels. On this basis he was backed by capital belonging to a group of Montreal merchants, with whom he formed a partnership.¹⁴³ Accordingly, his dealings with residents of Rupert's Land paralleled and rivalled those of the Hudson's Bay Company to the north. La Vérendrye's journals provide illustrat-

142. Rich, ed., Hudson's Bay Copy Booke .. 1688 - 1696, 185 - 186. (My emphasis.)

143. Lawrence J. Burpee's intro. in Burpee, ed., Journals and Letters of .. La Vérendrye, 8.

ions of the process by which tribes south of Hudson Bay became dependent on merchant capitalists. They also reveal the level to which dependency had risen among them by the 1730's:

" "I am very glad to tell you, my children [!], I said, "that I am going down to Michilimackinac and perhaps to Montreal to carry your message to our Father [Louis XV] and to get a supply of things which we are short of here, such as tobacco, guns and kettles, which you will get in exchange for marten and lynxes, and not for beaver, which you will use for your other needs as I promised you in the winter."

"My object in saying this was to oblige them to hunt those smaller ^(more valuable) animals which they are not accustomed to do, and at the same time to get the women to take it up, and also the children of from ten to twelve, who are quite capable of it. ..

"Before dismissing that large band of over 600 men representing .. the Monsoni [closely related to the Cree] and the Cree, I said to them: "My children, I want you to think seriously of the benefit it is to you to have the Frenchman with you, at whose establishment you will find all the things you require throughout the whole year. He buys your meat, your wild oats [rice?], barks, gums, roots for canoes, and a number of other things during the summer .. Why don't you hunt in the autumn, winter and spring so as to get skins so that our traders may not return disappointed, that is to say empty-handed. They receive your [beaver] robes after you have used them, which previously were lost. What advantage can you desire more ? ..

" "It is true that our traders sell some things a little dearer [than the English], but they take all you have; they reject nothing, you run no risk, and you have not the trouble of carrying your stuff a long distance. Moreover, you are free to choose what you want: men, women, and children, you come into our houses and into our fort whenever you please, and are always well received. Our goods are better, as you acknowledge, than those of the English; it would therefore be contrary to your own interest to go to them. I am glad to tell you that there will never be any credit here in future for those who go there. So now take courage and hunt well, so that the traders who take so much trouble to come here may return satisfied. That will give pleasure to our Father." " 144

144. Ibid., 179, 182-185. (All except last two bracketed explanations added here.) *Account of speech made at Fort St. Charles (southern Lake of the Woods), May 9, 1734.*

French and British furriers paid more for beaver pelts which had been worn during the winter because that caused unwanted coarse hairs to fall or be easily plucked out. Hence, "robes after you have used them", or 'castor gras' rather than 'castor sec', were more valuable to fur merchants.

After the British conquest of Canada, Anglo-Canadian capital brought a new episode of bitter merchant rivalry to the Rupert's Land fur trade. It continued until the absorption of the North West Company by the Hudson's Bay Company in 1821. As outlined in the following section, during this period merchant reliance on liquor reached a peak.

h. Liquor

In Rupert's Land merchants heavily relied upon liquor to make the local producers dependent on them. The roots of this process go back to the Gulf of St. Lawrence in the 16th century when, "going ashore to dry fish, fishing merchants soon learned from the Indians of the prevalence of fur-bearing animals":

"In those days, a beaver skin could be bought with a needle, a harness bell or a tin mirror. The arts of persuasion were assisted by gratuities of liquor."¹⁴⁵

As this indicates, in the earliest period of the North American fur trade, lack of local dependency on merchant wares was at least partially offset by great curiosity and a corresponding interest in barter or gift exchange with foreigners. But

145. Myers, A History of Canadian Wealth, 3. (Reference to "Memoirs" of De la Chesnaye, agent of the Company of Rouen.)

despite such interest European traders relied upon the effects of liquor to tilt the terms of trade even more in their favour. Once a taste for alcohol was firmly implanted among the fur producers, cheap liquor became a major means of access to their produce. From time to time clerical conscience was stirred by the blatantly debilitating and often gruesome effects on the recipients. However, merchants had little difficulty keeping the liquor traffic in flourishing condition. They argued, "that the brandy trade is absolutely necessary to attract the Indians to the French colonies and to prevent them from taking their pelts to foreigners [other than those of New France]". 146

It is important to realize that liquor acted as an enticing consumption item which could not enhance local self-sufficiency and which did undermine local bargaining capacity. Moreover, as it was consumed at the time of trade, it encouraged commerce even when accumulation outlets were minimal (above, 81, and below, 104). Thus, liquor was singularly well suited as a form of merchant capital. Beyond this, in the words of Arthur Morton:

"There were two great advantages in rum as an article of merchandise. It was wanted by the Indians, and it could be carried in small bulk. The trader took with him in his frail canoe small kegs of alcohol in very concentrated form, "high wines", as it was called. When trading began he watered it down so as to have large bulk and great value for the small quantum he had brought." 147

One of the special attractions of liquor to at least some tribes was the supernatural conotation attached to it.

146. Testimony in Quebec of Sr. DuGue concerning the sale of intoxicants to Indians, Oct. 10, 1678, in: Yves F. Zoltvany, ed., The French Tradition in North America, Fitzhenry & Whiteside, Vancouver, 1972, 78.

147. Intro. to M^rGillivray, The Journal of Duncan M^rGillivray, lxiii.

A group of Chipewyan along the Churchill River, for example, asked Alexander Henry (the elder) and his companions to "order a part of the spirit to evaporate"¹⁴⁸ from the rum about to be tasted by some young tribesmen who had not had liquor before.

The mercantile importance of liquor in Rupert's Land is illustrated in a letter written in 1716 by Thomas McCliesh, then governor of the Hudson's Bay Company post at Albany River, to the Company's governing committee in London:

"Brandy is a rare commodity, for I can have more done towards the promoting of the trade in small furs for two gallon of brandy than for forty beaver [worth] in any other sort of goods in the factory, it is become so bewitching a liquor amongst all the Indians especially amongst those that trades with the French." 149

By the official Standard of Trade for Albany in 1748, 40 'beaver' was equivalent, for example, to three four-foot (most expensive) guns (36 'beaver'), four hatchets (2 'beaver'), eight knives (1 'beaver') and two ice chissels (1 'beaver').¹⁵⁰

From 1771 to 1782 Eduard Umfreville was employed by the Company on the Hudson Bay coast. Embittered by what he depicted as high-handed, authoritarian practices running from top to bottom through all layers of Company administration, he also attacked the Company's use of liquor in the fur trade:

"If a stranger was to visit these parts [Hudson Bay coast], he would be induced to think, by the debilitated state of the natives, that he was in a country uncommonly unfavourable to the human species: but the use of spirituous liquors, and not the climate, is the cause of this misfortune: they drink to such excess, that it is rather more surprising any should be left alive to tell the tale,

148. Henry, Travels and Adventures, 330.

149. Davies, ed., Letters from Hudson Bay 1703-40, 43.

150. RCHB, 1749, appx. XIX, 257.

than that they should be found emaciated, decrepid, and slothful. It is a melancholly reflection that the poor devoted Indians are by this means considerably diminished in number, their minds are debased, their spirits dejected, their bodies enervated, and they are thereby rendered unfit to support their families .."

"As a most unconscionable gain is got by trading in spirits with them , it is not to be supposed the factors [trade managers] will ever be induced to put a stop to this unchristian practice. An Indian will barter away all his furs, nay even leave himself without a rag to cover his nakedness, in exchange for that vile unwholesome stuff called English brandy."¹⁵¹

By Umfreville's day French sovereignty in Canada had ended and English and Scottish merchants had taken up the challenge to the monopoly claims of the Hudson's Bay Company. Like French merchants before them they financed trade excursions from Canada to southern and western parts of Rupert's Land as well as south of the Great Lakes.

The 1770's saw the beginning of the series of re-negotiable merchant partnerships which became known as the North West Company. In terms of its capital structure it was a more primitive attempt at consolidation than the Hudson's Bay Company. Unlike the latter, its joint partnership character was restricted to short-term, renewable contracts. Although "the purpose of these agreements was to suppress competition in the St. Lawrence fur trade and thus to enable the participating firms to share in the greater profits likely to accrue from monopoly",¹⁵² compared to the permanent corporate character of the Hudson's Bay Company the make-up of the North West Company was more conducive to pursuit of fast profits without regard to long term

151. Umfreville, The Present State of Hudson's Bay, Canadian Historical Studies, Ryerson Press, Toronto, 1954, 4 & 16.

152. Easterbrook & Aitken, Canadian Economic History, 166.

considerations. This is noteworthy in view of the westward depletion of fur-bearing animals, and the related disruptions of social stability in Rupert's Land. Moreover, the St. Lawrence route was not effectively monopolized until 1804.

In 1780 North West Company partners declared that their "annual returns have some years been esteem'd at Fifty thousand pounds sterling in Furrs". In the same year fur trader Charles Grant reported that about 200,000 l. worth of furs was reaching Canada en route to Great Britain from the "Upper Countries", which included Rupert's Land. According to Grant each fur trade canoe leaving Montreal "carries about 200 gallons of rum and wine, which I suppose worth 50 l.". Other estimates indicate that the total value of the average canoe's west-bound cargo was 500 l. Thus liquor represented one-tenth of the value of the total cargo. Grant estimated that "of late years from ninety to one hundred canoes have annually been employed in the Indian Trade from Montreal by the communication of the great river to Michillimakinak, Lake Huron and Michigan, La Bay and the North West".¹⁵³

After the Jay Treaty of 1796 between Britain and the United States, the dominance of Anglo-Canadian capital in the fur trade south of the Great Lakes and the upper St. Lawrence was increasingly dampened by trade laws and by the rising power of John Jacob Astor and other U.S. merchants. The resultant, northward pressure on this capital led to a series of mergers which produced the XY Company and mutually destructive competition with McTavish, Frobisher & Co. and the other North West

153. "Grant to Gen. Haldimand" & "Petition from the North-West Traders", Report on Canadian Archives 1888, Queen's Printer, Ottawa, 1889, 59-61.

Company partners.

In 1798 Montreal-based Forsyth, Richardson & Co., a subsidiary of Phyn, Ellice & Co. of London, merged with Leith, Jamieson & Co. of Detroit. Parker, Gerrard & Ogilvie of Montreal joined them to create the New North West Company, and in 1800 the renegade North West Company merchant-explorer, Alexander Mackenzie, teamed up to form the XY Company (known as Sir Alexander Mackenzie & Co. after 1802). The ensuing, oligopolistic competition proceeded with a minimum of restraint. As Easterbrook and Aitken put it, "some indication of its severity is provided by the amount of alcohol distributed to the Indians, for rum and competition always went hand in hand in the fur trade". "The North West Company used 16,299 gallons in trade in the single year 1803."¹⁵⁴

In 1804 the North West Company absorbed its fellow, Anglo-Canadian rival. Between 1806 and 1810 its liquor traffic had eased to an annual average of 9,700 gallons. However, by that time its old competition against the Hudson's Bay Company was becoming more strenuous than ever. As traders from both companies spread north and west of the prairies, they increasingly required subordination of the plains tribes. This was essential in order to safeguard travel routes and to acquire necessary supplies. This need and the critical reliance on liquor for the purpose is revealed in a North West Company statement of opposition to "a bill for prohibiting the use of spirituous liquors among the savages of North America":

"Although .. these Indians .. have no valuable furs, their friendship and co-operation, is necessary to the support of the trade carried on with others.

154. Easterbrook & Aitken, op. cit., 169.

They alone supply all the food on which the company's servants subsist; without which they [company traders] could be compelled to abandon three fourths of the country, and all the valuable parts of the trade. The sole employment of these Indians, is to kill the large animals with which their country abounds; to select particular parts of their flesh and tallow; and prepare it in the usual manner and deposit it at the posts where the Company's servants will find it, as they progrees from and return to the general rendezvous; as these Indians are not like those of the cold and mountainous regions in want of manufactured goods, their principal inducement to perform the services we have enumerated is the present of rum, which they receive at stated periods. These are the most independent, warlike and restless, of all the Indian tribes; and require to be managed with the greatest delicacy .."155

The indispensable role of liquor in overcoming the independence of plains tribes was emphasized in 1794 by Dun^{can} M'Gillivray:

"The inhabitants of the Plains are so advantageously situated that they could live very happily independent of our assistance. They are surrounded with innumerable herds of various kinds of animals, whose flesh affords them excellent nourishment and whose skins defend them from the inclemency of the weather, and they have invented so many methods for the destruction of Animals, that they stand in no need of ammunition to provide a sufficiency for these purposes. It is then our luxuries that attract them to the Fort and make us so necessary to their happiness. The love of Rum is their first inducement to industry; they undergo every hardship and fatigue to procure a Skinfull of this delicious beverage, and when a Nation becomes addicted to drinking, it affords a strong presumption that they will soon become excellent hunters. Tobacco is another article of as great demand as it is unnecessary." 156

In 1801 Alexander Henry (the younger) functioned "as a winterer or 'hivernant' in a post he had built on the Red River of the North". Elliot Coues, who edited his journal in 1897, made the telling remark that Henry "engaged in the humble routine of traffic with the Indians whom he cheated and debauched as a matter of course, with assiduity and success, upon strict business principles and after the most approved methods".157

155. Signed by John Ogilvy, Thomas Thain, & McTavish, McGillivray & Co., Oct. 3, 1808; Innis, The Fur Trade in Canada, 236.

Reputed philanthropist, Thomas Douglas, Earl of Selkirk, also resorted to the use of liquor as a means of plying supplies from Indians. "Lord Selkirk, in his earliest instructions to Governor Miles Macdonnel (1811), notes a sufficiency of liquor being shipped to York Factory over and above any necessary needs of the colonists, the supplies of which could be used for "trafficking with the Indians for meat".¹⁵⁸

On the basis of his travels with Sir John Franklin west of the Bay in 1819, Sir John Richardson testified that, "we found both parties [companies] supplying the Indians liberally with spirits". "The Indians were spending days in drunkenness at the different posts, and a contest altogether shocking to humanity was carried on."¹⁵⁹

Liquor traffic did not end with the merger of the North West Company and the Hudson's Bay Company. A letter written in 1822 by Governor George Simpson of the amalgamated Hudson's Bay Company demonstrates that the use of liquor, and other devices, was strictly based on capitalist pursuit of profit. It also underlines the connection between Company profit and subordination of the fur producers. These candid remarks were made by Simpson to Andrew Colville, a high-ranking Company official in Britain who had arranged for Simpson's entry into the business:

156. M'Gillivray, The Journal of Duncan M'Gillivray, 47.
157. Coues, ed., New Light on the Early History of the Greater Northwest, Harper, N.Y., 1897, viii. (My emphasis.)
158. F.G.Roe, "The Hudson's Bay Company and the Indians", The Beaver, Hudson's Bay House, Winnipeg, Sept., 1936, 12.
159. RSCHBC, 1857, 154.

"The late arrangements [absorption of N.W. Co.] have given mortal offense to the Indians, a settled and sullen melancholy seems to have arrested their exertions, and altho' the Factors and Traders have used the most conciliatory measures to cheer them, they are as yet unsuccessful. Their immediate wants have been fully supplied, but of course the scenes of extravagance are at an end, and it will be a work of time to reconcile them to the new order of things. I have made it my study to examine the nature and character of the Indians and however repugnant it may be to our feelings, I am convinced they must be ruled with a rod of iron, to bring, and to keep them in a proper state of subordination, and the most certain way to effect this is by letting them feel their dependence upon us. In the Woods and Northern barren grounds this measure ought to be pursued rigidly next year if they do not improve, and no credit, not so much as a load of ammunition given them until they exhibit an inclination to renew their habits of industry. In the plains however this system will not do, as they can live independent of us, and by withholding ammunition, tobacco and spirits, the staple articles of trade, for one year they will recover the use of their Bows and spears and lose sight of their smoking and Drinking habits; it will therefore be necessary to bring those Tribes round by mild and cautious measures which may soon be effected. ..

"The Plain Indians are a bold independent race, Dress entirely in skins and with them Tobacco and Spirits are the principle commodities; a Quart of Mixed Liquor will at times procure more Pounded Meat and Grease than a Bale of Cloth, indeed our whole profit in that Trade is upon those articles, and if Provisions were paid for in Dry Goods they would eat up all the gains of the Fur Trade." 160

After commenting on the spread of the "baneful habit" of drunkenness beyond Rupert's Land to the Columbia River region and the Pacific coast, Simpson wrote in his journal of 1825:

"The introduction of spirits was here [Oregon Territory] no doubt done with the best intentions [!] as a stimulant to the exertions of the Natives and in the hopes that it would soon become a cheap article of trade but instead of its having that effect it would in a very short time be ruinous to Fort George trade particularly as the Indians [there] are not Hunters but Dealers or Agents to the Neighbouring tribes so that if they were allowed to Drink the

160. Merk, ed., Fur Trade and Empire: George Simpson's Journal, 179 & 183. (My emphasis.)

Value of the Furs they bring, they would not have the means of continuing the Barter and we should be the sufferers in the long run; but in order to ensure good and constant returns and to extend the trade to advantage we must endeavour to encourage the Consumption of Woolens and other useful British manufactures which in due time will become necessary to the Natives from habit, when they must and will work to supply their wants, viewing the subject therefore in connexion with the trade alone I consider the introduction of spirituous Liquors as the most short sighted policy that could have been adopted." 161

The fact that Company liquor policy was founded on considerations of profit maximization is further illustrated by alterations of Company liquor codes. Writing in the Hudson's Bay Company magazine, The Beaver, F. G. Roe noted that in 1839 the Company's Council of the Northern Department (whose jurisdiction extended over an area which included the western half of Rupert's Land) declared that "no spirituous liquors be introduced into Lac la Pluie [Rainy Lake] District after this date". But in 1841 it was decided that, "as it is found that the Indians of this District will not furnish the requisite quantity of Rice for the use of the Posts unless they be induced with a small quantity of spirituous liquor .. a quantity of Liquor not exceeding 8 kegs be furnished Lac la Pluie District for the Current Outfit to be given as gratuities to the Indians of Fort Frances, Rat Portage [Kenora], and Lac du Bois Blanc [Lake of the Woods]". The provision was repeated in 1842 and 1843. In Roe's words, "where the prohibition [of liquor] was found to endanger the returns, it speedily went by the board".¹⁶²

In 1842 the Hudson's Bay Company and the Russian American Company agreed to prohibit provision of liquor to Indians

161. Ibid., 110.

162. Roe, "The Hudson's Bay Company and the Indians", 14.

on the west coast north of 50° latitude, "unless competition in trade should render it necessary, with a view to the protection of the interests of the Hudson's Bay Company, to discontinue this agreement" south of the Alaska panhandle (54° 40').¹⁶³

In 1857 both the capitalist liquor policy for the plains which Simpson had advocated in 1822 and that of his Northern Council in relation to Lac la Pluie were still in effect. Simpson testified at the 1857 Enquiry that: "In the Saskatchewan it is necessary to give a small quantity of spirits to the Plains Indians, as an inducement to bring in provisions, otherwise they will not do so; these are principally American Indians]. A small quantity is likewise given to some of the Indians at the Rainy Lake, who supply us with sturgeon and wild rice." He further reported that an average of 4,911 gallons per year had been imported into Company territory since 1847. "One-third, or 1,630 gallons, is all that is allotted for the use of our own servants, and for the purchase of provisions in parts of the country where we cannot get them otherwise."¹⁶⁴

Henry Youle Hind, a geologist at the University of Toronto, was commissioned by the government of Canada to survey large tracts of Rupert's Land. His journals are generally friendly toward the Hudson's Bay Company. However, in 1858, while at Fairford on the Partridge Crop (St. Martin) River east of northern Lake Manitoba, Hind wrote:

"The Hon. Hudson's Bay Company have a post at this mission, but it is a matter of deep regret that the

163. RSCHCB, 1857, appx. 2 D.3, 368.

164. Ibid., 65 & 60.

heathen Indians who come to barter their furs here should be permitted to have access to rum. . . At nightfall the sounds of drunken revelry told how terribly the debasing influence of this traffic must operate against the Christian and humanizing influence of the missionary. The post had been but recently established, and the distribution of intoxicating liquors to the Indians appeared to be a subject of deep anxiety and trouble to the Rev. Mr. Stagg." 165

The patterns of liquor traffic illustrated above do not suggest that the use of liquor to secure dominance over fur producers was a consequence of the morality or immorality of the particular merchants involved. Rather, it is apparent that they were related to capitalist enterprise in general. As Douglas MacKay wrote in reference to the competition between the North West Company and the Hudson's Bay Company, "as the ethics of debauching Indians did not enter into it, any attempt to place moral responsibility [on one as opposed to the other] is futile." 166

In terms of mercantile trade routes, capitalist profit motivation, and human degradation, a parallel can be drawn between usage of liquor by the Hudson's Bay Company and usage of opium by the East India Company. The former relied on rum from the conquered West Indies as a means of extracting North American furs,¹⁶⁷ while the latter depended on opium from conquered Bengal

165. Hind, Expeditions, II, 38.

166. MacKay, The Honourable Company, 221.

167. "About 1770 the Hudson's Bay Company began importing rum instead of brandy probably because of the heavy taxation on the French product, and also to meet the competition of the Canadian companies who found Jamaica rum cheaper and more dependable than brandy from France, torn as that country was by revolutions and wars." - Douglas MacKay, (Ibid.)

as a means of extracting silks, tapestries, metal ornaments, teas and spices from China.¹⁶⁸

MacKay commented:

"If the clerk whose sleep was disturbed by the [drunken] brawling had been questioned about the right or wrong of the practice [of dealing in liquor], he would probably have argued that the Indians were free men and not obliged to trade their furs for spirits. Were they not better off than the slaves in the West Indies, or the ten-year-old children in the coal mines of Britain?" 169

In brief, the ethics of merchant use of liquor in the fur trade reflected a global, capitalist outlook. The practice was developed by merchants because it enhanced their profits. Its acceptance by fur trade producers in spite of conspicuous risk is indicative of their precarious livelihood. Confinement by fur trade capital (and hence the notion, "that the Indians were free men") is further examined in the next section.

168. By the 1780's the East India Co. had successfully begun smuggling opium into China. In 1798 it withdrew from participation in the actual export traffic of the contraband drug in favour of the development and monopolization of opium production in India: "The opium monopoly was established in India, while the Company's own ships were hypocritically forbidden from trafficking in the drug, the licences it granted for private ships trading to China contained a provision which attached a penalty to them if freighted with opium other than the Company's own make." -- Karl Marx, "The Opium Trade", N.-Y. Daily Tribune, Aug. 31, 1858, reprinted in Marx & Engels, On Colonization, Intl. Pub., N.Y., 1972, 215.

169. MacKay, op. cit., 223.

i. Prevention of long-term accumulation & economic diversification.

With the exception of the horse and buffalo economy on the plains from the mid-18th to the mid-19th century, long-term accumulation was even more untenable for residents of the basin than before the fur trade era (above, III, f). The fur trade exhausted vital animal resources, while a foreign, dominant merchant class extracted surplus from the local producer-traders. Tribal movements and warfare were intensified, causing settlements to be less stable than ever. And foreign diseases further elevated uncertainty over the future.

In spite of strong merchant profit rates (below, IV, d) native residents indulged in some luxury consumption, mainly of liquor and tobacco, at trading sites. It might therefore appear to some that merchant appropriation of surplus was not a block to indigenous accumulation of wealth. In 1775 Andrew Graham, a Hudson's Bay Company governor, said that without difficulty in a season an Indian trader could obtain between 70 and 100 'made-beaver' worth of furs, with only 70 required for livelihood necessities.¹⁷⁰ Thus it might appear as though a potential domestic surplus of up to 30% was consumed by Indian bands. However, 1775 fell in the early period of post-Conquest, intense fur trade competition, just before the severe depletion of woodland animals. At that exceptional time, "furs could be obtained with a minimal effort and traded for maximum value".¹⁷¹

170. Rich, "Trade Habits..", 53.

171. Charles Bishop, "Demography, Ecology & Trade..", 67.

Moreover, merchant surplus appropriation cannot be separated from the prolongation and intensification of a migratory, surplus-limiting form of livelihood. Such mobility was an inherent part of fur production, and it was in the interest of merchant capital for the region's scope of production to be confined to fur trade requirements. This has been recognized even by staunch admirers of the Hudson's Bay Company, like George Bryce:¹⁷²

"The tradition of the Company was to keep the Indian a hunter. There was no effort to encourage the native to agriculture or to any industry. To make a good collector of fur was the chief aim. For this the Indian required no education, for this wandering habit needed to be cultivated rather than discouraged, and for this it was well to have the home ties as brittle as possible. Hence the tent and the teepee were favoured by the Indian hunter more than the log cottage or village house."¹⁷³

Writing of the Hudson's Bay Company in the mid-18th century, Rich says:

"There was no attempt to convert the Indians or the Eskimos to a Christian, still less to a sedentary, way of life. . . This was not a merely negative policy. The report that an Indian boy had been taken into the trading house, taught to read and instructed in Christianity was the cause of a severe reprimand, followed by loss of his post, for Joseph Myatt of Albany. . . The general orders stood that Indians were not to be "suffer'd to come into the Trading [post], or taught to Write or Read or otherwise admitted to pry into any of the Company's affairs."¹⁷⁴

In his letter of 1822 to Colville (above, p. 98), Simpson opposed the efforts of Company chaplain, Rev. John West, "to open Schools for the instruction and maintenance of Native Indian Children."¹⁷⁵ He wrote: "I have always remarked that an

172. "The Hudson's Bay Company! What a record this name represents of British pluck and daring, of patient industry and hardy endurance, of wild adventure among savage Indian tribes, and of exposure to danger by mountain, precipice, and seething torrent and wintry plain!" - George Bryce, The Remarkable History of the Hudson's Bay Company, 3rd ed., Wm. Briggs, Toronto, 1910, v.

enlightened Indian is good for nothing." In so doing he focussed on the pockets of often economically inactive Indians who collected around Company posts in declining regions of the fur trade, claiming that knowledge acquired there led them to "indolence". He may have been partially right to the extent that wider knowledge made them less submissive to the Company. But, as this study shows, the idea that education per se caused the formation of lumpenproletariat (irregular employment) communities of Indians and Metis is absurd. Simpson's contention merely provided a mistaken rationale for fur merchant opposition to diversification of local opportunities.

After a few more years of experience, the governor moved to the position that education or enculturation in Christianity could be highly beneficial to fur trade capital. While in the Oregon Territory in the winter of 1824-'25, he wrote of "the effect the conversion of the Indians might have on the trade":

"They would in time imbibe our manners and customs and imitate us in Dress; our Supplies would thus become necessary to them which would increase the consumption of European produce & manufactures and in like measure increase & benefit our trade as they would find it requisite to become more industrious and to turn their attention more seriously to the Chase in order to be enabled to provide themselves with such supplies." 176

173. Ibid., 432.
174. Rich, ed., James Isham's Observations, xxviii - xxix.
175. Merk, ed., Fur Trade and Empire: George Simpson's Journal, 181.
176. Ibid., 108.

This indicates an understanding of cultural imperialism, or the use of a foreign culture to facilitate economic conquest. It clearly has nothing to do with technologically advanced education designed to stimulate local economic development.

Chief Peguis, who along with others of the Saulteaux tribe provided invaluable assistance to the 'Selkirk settlers', apparently became bitter over the stunting of development by fur companies. In a letter presented at the 1857 Parliamentary enquiry he said: "The traders have never done anything but rob and keep us poor, but the farmers [of the Red River settlement] have taught us how to farm and raise cattle."¹⁷⁷

With encouragement from the practical, Anglican missionary, William Cockran, both Saulteaux and Swampy Cree engaged in agriculture along the Red River during the 1830's. In 1834 the Indian Settlement was established as a farming village at the mouth of Cook's Creek (just north of present day Selkirk). "A mill was built, houses erected, plots of land cleared; and, to crown all, they had not a few domestic cattle among them."^{177'}

"Remembered as the founder of the Indian settlement at Cook's Creek, now known as St. Peter's, Dynevor, and of Portage la Prairie, Cockran established both these missions in direct opposition to the advice and wishes of Governor George Simpson."¹⁷⁸

The use of the Hudson's Bay Company monopoly to block commercial diversification ran into accelerating opposition after the rationalization of fur trade operations. This streamlining of the fur trade labour force followed the end of competi-

177. RSCHEC, 1857, Appx. 16, 445.

177'. Alexander Ross, The Red River Settlement, 280.

178. Thomas C.B. Boon, D.D., These Men Went Out, Ryerson Press, Toronto, n.d., 7.

tion between the Hudson's Bay Company and the North West Company and complemented the displacement of the canoe by the York boat and later technological innovations of the post industrial revolution era.¹⁷⁹ As a result there was a rapid rise in the Metis population of the Red River settlement without a corresponding basis for economic progress. As Colville explained in March, 1824, in a letter to Simpson, the relocated "savages, halfbreed families at R.R. .. are not in fact objects of colonization, though they happen to be united with and assisted by the Colony, but part of the necessary establishment of the Co. & the cheapest mode of relieving the fur trade of a ruinous expense".¹⁸⁰

In the 1850's Alexander Ross wrote that he was "not acquainted with a single instance, during the last twenty-five years, of one of these plain-hunters being able to clear his way or liquidate his expenses, far less to save a shilling by the chase; the absense of a proper system, and the want of a market, render it impossible."¹⁸¹ In 1849 opposition to Company blockage of commerce with Minnesota came to a head when Louis Riel, senior, and about three hundred other Metis forced the release of Guillaume Sayer, arrested by Company police for private traffic in furs.¹⁸²

According to a statement in 1857 by Allan MacDonell, an opponent of Hudson's Bay Company monopoly privileges, even outside the geographical area of the Company's monopoly rights the Company impeded new commercial outlets for Indian communities:

179. Innis, The Fur Trade in Canada, 387; G.P.deT. Glazebrook, A History of Transportation in Canada, Ryerson Press, Toronto, 1938, 217-222.

180. Merk, ed., op. cit., 206.

181. Ross, The Red River Settlement, Hurtig Pub., Edmonton, 1972, 273-274.

182. George F.G. Stanley, The Birth of Western Canada, Longmans, Green & Co., 1936, 47.

"One instance will serve to exemplify how the Indian is benefited by a competition in trade, and it will illustrate how the system of the Hudson's Bay Company is calculated to degrade and destroy the capabilities of emancipating himself from the bondage of an avaricious community of trading monopolists. Along the shores of Lake Nipissing are extensive cranberry marshes.

"The cranberry is an article of trade, and sold at a very remunerating price. A merchant at Penetanguishine, Alfred Thompson, Esq., engaged an Indian chief, named the Eagle, to gather cranberries for him, and agreed to take some 200 barrels at \$6 a barrel; the Indian commenced to gather them; he was forbidden to do so by one Ormond, the person in charge of the Hudson's Bay post near the locality, and he proclaimed to the Indian band that if they gathered any cranberries, he would stop all the supplies which were necessary to them for their subsistence during the long winter...

"The object which the Hudson's Bay Company had in view, was to prevent the Indians learning that there was another pursuit whereby they would soon become¹⁸³ independent of the Company, and cease to be hunters."

In some ways the structural underdevelopment of the livelihood of Indians, Metis and Inuit by fur trade capital was mirrored by that of European farmers in the Red River Settlement. In the words of "a gentleman of long standing in the colony", "the colony, on a small scale, is favourable to Company's interest, in order to ensure its [agricultural] supplies on the spot, and give a tone to its proceedings at home; but were it to increase in numbers, wealth, and power, the colony, in the nature of things, must soon have a voice of its own, and that voice would render allegiance extremely doubtful".¹⁸⁴

Ross rejected this cynicism towards the Company on the grounds that "their business is said to be a losing game; and the Company, it is rumoured, are anxious to get it off their hands."¹⁸⁵

183. RSCHCC, 389.

184. Alexander Ross, op.cit., 220.

185. Ibid., 220-221.

The inaccuracy of the belief that the Company was operating at a loss is demonstrated in the following chapter.

The economic straitjacketing of Rupert's Land was also somewhat similar to the underdevelopment of New France, where "the institutional organization of the colony adapted to the characteristics of the [fur] trade failed to adjust itself with sufficient rapidity to the demands of a diversified economic growth essential to independent survival".¹⁸⁶ In New France "industrial development within the colony even as related to the fur trade was rigidly scrutinized and prohibited and control over manufactures, if not over internal trade, was effective through the centralization of authority which the fur trade encouraged". There was "rigid enforcement of regulations prohibiting the manufacture of any type of beaver hat in the colony"¹⁸⁷.

More generally, the process of underdevelopment in the Hudson Bay basin fits the pattern of a staple-producing hinterland subordinate to a foreign, commercial metropolis - a series of which characterize Canadian history generally. (Innis' thesis). Restated, it formed an important link in a chain of international dependencies - first presided over by successive, merchant, transport and banking ruling classes, and then (after World War I) by overseers of U.S. branch plant capital.¹⁸⁸

Indian and Metis settlements of a lumpen-proletariat nature - highly unorganized and heavily subordinate to fur company officials - began to emerge around trading posts as shelter was

186. Innis, The Fur Trade in Canada, 111.

187. Ibid., 114.

188. R.T. Naylor, "The rise and fall of the third commercial empire of the St. Lawrence", Capitalism and the national question in Canada, ed. Teeple, U. of Toronto Press, 1972, 1 - 41.

sought from exhausted fur terrain. The roots of this process in the basin can be traced back to the disruption of indigenous economic cycles in the 17th century. According to Bishop:

"For both coastal and inland Cree, dependence upon the trading post came early and was associated with a relatively poor ecological adjustment after contact. For instance, prior to the establishment of the Hudson's Bay Company trading posts during the 1670's, some Cree groups hunted geese during the spring and early summer along James Bay. In the late summer they retreated inland wintering on the edge of the Shield where game was more plentiful. However, the construction of trading posts on James Bay disrupted this cycle since traders required Indians to hunt geese in the autumn as well as the spring. By late October, weather conditions prevented the goose hunters from returning inland to the Shield. They thus learned to survive, albeit with great difficulty, within about 100 miles of the post. It was, then, those Cree who became involved in goose hunting for the post who first became heavily dependent upon trade materials including donations of store foods." 189

These communities formed the prelude to the general loss of economic leverage and initiative which swamped many of the basin's Indians and Metis settlements in the 19th and 20th centuries. Their productive basis was narrower, rather than wider, than local economy prior to the advent of merchant capital.

In sum, structural rigidification accompanying the growth of merchant capital weighed against local long-term accumulation and economic development, despite the introduction of some advanced European technology.

The success of fur companies in appropriating surplus value meant that in terms of wealth, as well as economic flexibility, the producer-traders experienced continuous underdevelopment. While this is obvious in a relative sense, it is also

doubtful that the people of Rupert's Land gained even absolutely in real, material terms. According to Duncan M'Gillivray in 1794 if the plains tribes "had hitherto lived unacquainted with European productions it would not I believe diminish their felicity".¹⁹⁰ Testimony at the 1857 enquiry into Hudson's Bay Company operations show that there was considerable starvation in the Athapascan and Labrador regions in the mid-19th century.

In the anti-monopoly phraseology of the Aborigines Protection Society, "we have given unlimited scope to the cupidity of a company of traders, placing no stint on their profits, or limits to their power, the unhappy race we have consigned to their keeping, and from whose toil their profits are wrung, are perishing miserably by famine".¹⁹¹

In so saying, the Society added that the Company's "treatment of the Indians is as considerate and humane as is consistent with the interests of a body having the primary question of a profitable trade as the object of their association".¹⁹² Similarly, writing in The Beaver, the Company's magazine, in 1936 F.G. Roe said:

"I have tried to be impartial. I have spared neither fact nor comment (where the latter seemed needful) simply because of its unfavourable character. I am nevertheless of the decided opinion that the Company's conduct, by and large, will endure comparison with that of any such undertaking at any era dealing with an aboriginal race." 193

190. M'Gillivray, The Journal of Duncan M'Gillivray, 47.

191. RSCHBC, 1857, appx. 16, 443.

192. Ibid.

193. Roe, "The Hudson's Bay Company and the Indians", 65.

Such a conclusion is fully consistent with this study. Regardless of the particular companies involved, with the fur trade run on a capitalist basis the development of the wealth and power of the merchants and the underdevelopment of that of the producers, was a logical outcome. Chapter VI gives an idea of the relative and absolute development of the fur merchants, measured in commercial terms.

VI. Merchant Dependency on the Producers' Laboura. Output

The above account of the process by which the people of Rupert's Land became increasingly dependent upon foreign merchants also gives an indication of the critical, reverse dependency of the latter on the former. Persons of aboriginal ancestry were the sole producers of pelts in the region. Their labour produced the staple trade items from which the bulk of fur company profits were derived.

The 1749 Report on the Hudson's Bay Company lists the Company's annual fur sales between 1739 and 1748 inclusive. The figures for the medium sales years, 1743 and 1741, will serve to demonstrate the extent of the Rupert's Land fur industry pertaining to the Hudson's Bay Company alone. At a total market value of 26,804 l., 19 s. and 28,877 l. 17 s., respectively, the pelts and other animal produce sold were as follows:¹⁹⁴

<u>Type</u>	<u>1743</u>	<u>1741</u>
Beavers	64,594	58,664
Martens	12,555	18,679
Otters	834	628
Cats	1,273	743
Foxes	312	512
Wolverings	719	872
Bears	301	340
Wolves	973	771
Woodshocks [fishers]	50	49
Minks	18	-
Raccoon	4	-
Elks	18	35
Deer	980	266
Bed Feathers	2,331 lbs.	2,395 lbs.
'Castorum'	161 lbs.	170 lbs.
Whale Fins	679 lbs.	630 lbs.
Deer Horns	5 Hds.	-
Wesukapuka [an herb]	4 lbs.	-
Whale Oil	1 T.	123 gals.

Where^e_{as} in 1780 it was estimated that furs originating in Rupert's Land and elsewhere and exported from the St. Lawrence to Britain were worth 200,000 l. annually, (above, p. 95), in 1801 furs shipped from Quebec sold in London for a total of 371,139 l.¹⁹⁵ The "average number of peltries cleared at the Custom House Quebec for England, for nine years from 1793 to 1801 inclusive" included: 137,558 beaver, 38,368 martins, 18,349 otters, 11,329 minks, 5,483 fishers, 10,141 foxes, 19,286 bears, 169,811 deer, 144,439 raccoons, 12,200 cats, 843 elks, 6,885 wolves, 778 wolverines, 819 carcajoux, 219 badgers, 9,140 kits, 1,978 seals, 2,835 squirrels and hares, and 57,151 muskrats.¹⁹⁶

Arthur Ray estimates that amidst intense merchant competition, in 1795 twenty-one trading depots along the Assiniboine River alone required "the meat of over 3082 bison".¹⁹⁷ Moreover, merchant demand for buffalo was intensified by the development of a market for buffalo robes in the eastern United States and Canada. Most of the robes were taken by American traders operating on the Missouri River, where "between 1815 and 1830 the annual trade of this article has been estimated to have fluctuated between 26,000 to 200,000 robes". To the north, with a less effective system of continental transport, the Hudson's Bay Company did not become so heavily involved in trade for so bulky an item. Nonetheless, in 1870, for example, it

194. RCHB, 1749, appx. XXIV, 263 & 264. The figures listed here correspond to the periods from Michaelmas (Sept. 29), 1742, to Michaelmas, 1743, & from Michaelmas, 1740, to Michaelmas, 1741.

195. Report on Canadian Archives 1892, Queen's Printer, Ottawa, 1893, 144.

196. Ibid., 143.

197. Ray, Indians in the Fur Trade, 130.

shipped 9,090 robes from Fort Edmonton alone.¹⁹⁸

In addition to pemican, residents of the Hudson Bay basin produced many other supplies and means of production upon which the fur trade was dependent. For their own use and for company traders they provided a variety of meats and fish, water fowl, wild rice and berries. In traditional fashion, they constructed canoes, snowshoes, toboggans, and clothing.

Enlarged travois, adapted to horses instead of dogs, were the means by which the produce of the Blackfoot and the Plains Cree could be hauled over prairie ground to water routes or trading stations. Although progressively yielding to firearms, iron implements and machine-made rope, neolithic traps, snares, bows and arrows, fishing nets and scrapers continued to be used to varying degrees throughout the era of ^{fur} trade sovereignty. Wigwams and tipis never went out of style as they made ideal mobile homes for the necessarily migratory producers of the fur trade. Finally, alongside the exertions involved in furnishing the trade with pelts, supplies and means of production, local residents also worked as guides, porters, voyageurs and interpreters for merchant companies. In sum, the dependency of fur merchants on native labour in Rupert's Land was immense.

b. Dominant & subordinate relationship

However, there was a crucial difference between the dependency of monopolistic fur merchants on thousands of relatively uncoordinated producers and that of the latter on merchant capital. As indicated in the preceding chapter, the latter

198. Ibid., 210-212.

increasingly became a forced dependency, entailing a progressive loss of economic latitude for the producers. During periods of vigorous competition among rival companies this trend was checked, but only temporarily. Moreover, at such times intensified resource depletion and greater access to foreign commodities undermined the potential economic leverage of the producers more seriously than ever. Hence, while encompassing market leadership from the outset, overall, merchant dominance mounted steadily.

As stated in the Hawthorn report, "from their first contact with Whites over a period of centuries .. the pattern of participation has tended to be one of weakness in the bargaining power of Indians, and growing dependence on Whites".¹⁹⁹ In Rich's words: "Within fifty years, contact with European's had produced an Indian society which retained its nomadic fundamentals but which was dependent on European trade for the necessaries of life. .. But the Indians were not allowed to take advantage of the relationship; particularly not of their knowledge that the dependence was mutual, and that the Company in its turn was utterly in their hands."²⁰⁰

This was a logical outcome of the comparatively enormous concentration of wealth, monopoly bargaining power and technological might of fur companies, relative to the position of individual groups of producer-traders, coupled with the capitalist drive for profit. In this respect, the position of fur producers was analogous to that of European artisans and pedlars

199. Hawthorn, ed., Contemporary Indians of Canada, 162.

200. Rich, ed., James Isham's Observations, xxx.

(petty bourgeoisie) who had fallen under the sway of relatively powerful merchants. Carrying the comparison into the present, in Canada and elsewhere many farmers, fishermen, trappers and craftsmen still exist as self-engaged producers hard-pressed by over-whelming, monopoly capitalist interests.

Similar to basic, antagonistic class relations generally, in the fur trade a non-labouring, dominant proprietor class prospered through appropriation of surplus produce from a producer class. Given the imbalance of social power, the latter was increasingly under the sway of the former because of the merchant monopolization of the supply of increasingly important means of production and warfare.

c. Labour force & surplus value

As an indication of the extent of the local labour force associated with the fur industry of Rupert's Land in 1856, the numbers of "Indians frequenting" Company posts in the region are noted here, as extracted from a survey of all Company establishments in North America:²⁰¹

<u>Hudson's Bay Company Posts in Rupert's Land</u>	<u>Company District</u>	<u>"Number of Indians Frequenting" Each Post</u>
<u>Within Northern Department</u>		
Ile à la Crosse	English River	700
Rapid River	"	250
Green Lake	"	120
Deer's Lake	"	250
Portage la Loche	"	50
Edmonton	Saskatchewan	7,500
Carlton	"	6,000
Fort Pitt	"	7,000
Rocky Mountain House	"	6,000

201. RSCHBC, 1857, appx. 2(c), 365-367.

Hudson's Bay Company
Posts in Rupert's Land

Company District

"Number of Indians
 Frequenting Each Post"

Within Northern Department

Lac la Biche	Saskatchewan	500
Fort Assiniboine	"	150
Fort à la Corne	"	300
Cumberland House	Cumberland	350
Moose Lake	"	200
The Pas	"	200
Fort Pelly	Swan River	800
Fort Ellice	"	500
Qu'appelle Lakes	"	250
Shoal River	"	150
Touchwood Hills	"	300
Egg Lake	"	200
Fort Garry	Red River	7,000 ("Including whites & half breeds")
White Hoarse Plain	"	
Lower Fort Garry	"	
Pembina	"	1,000 ("incl. whites & half breeds")
Manitobah	"	200 ("incl. whites & half breeds")
Reed Lake	"	50
Fort Francis [Frances]	Lac la Pluie	1,500
Fort Alexander	"	300
Rat Portage	"	500
White Dog	"	100
Lac de Bonnet	"	50
Lac de [du] Bois Blanc	"	200
Shoal Lake	"	200
Norway House	Norway House	500
Beren's River	"	180
Nelson's River	"	400
York Factory	York	300
Churchill	"	400
Severn	"	250
Trout Lake	"	250
Oxford House	"	300

Within Southern Department

Albany Factory	Albany	400
Marten's Falls	"	200
Osnaburg	"	200
Lac Seul	"	300
Matawagamingue	Kinogumissee	250
Kuckatoosh	"	150
Long Lake	Lake Superior	80
Moose Factory	Moose	180
Hannah Bay	"	50
Abitibi	"	350
New Brunswick	"	150
Great Whale River	East Main	250
Little Whale River	"	250
Fort George	"	200

120.

Hudson's Bay Company <u>Posts in Rupert's Land</u>	<u>Company District</u>	<u>"Number of Indians Frequenting" Each Post</u>
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Within Southern Department

Rupert's House	Rupert's River	250
Mistasinny	"	200
Temiskamay	"	75
Woswonaby	"	150
Mechiskan	"	75
Pipe Lake	"	80
Nitchequon	"	80
Kaniapiscow	"	75
Kakabeagino	Temiscamingue	100
Fort Nascopie	Esquimaux Bay	200

49,745 - Total

Judging by the estimates given at the time of the survey the total number of people dealing with the Company in Rupert's Land was 29.8% of the corresponding figure (166,960) for all of North America. Hind wrote that Company figures, which he regarded as overestimates, placed the Indian population of Rupert's Land at 42,870.²⁰² It was the labour of these producers and of their ancestors which accounted for the profits derived from the Rupert's Land fur trade. Full comprehension of the nature and extent of merchant dependency on Indian, Métis and Inuit people must entail an awareness of how these profits were formed.

From an overall viewpoint, if the fur trade was to result in profits, the market value (price) of pelts sold in Europe had to exceed that of European articles exchanged for them plus that of employee wages and depreciated portions of ships, cargoes and storage facilities. The difference had to be large enough to cover net profits not only for fur merchants, but also for related insurance agents,²⁰³ money-lenders, and owners of ships, warehouses and auction houses. It also had

202. Hind, Expeditions, II, 149.

203. During hostilities with French merchants prior to 1713, the H.B.C. started its own insurance business in London. (Heaton, Economic History of Europe, 363.)

to account for custom dues. It is assumed here that neither side profited or lost in transactions between fur merchants and the industrial capitalists who sold trade goods to them; the reason for such transactions being that merchants needed the goods in order to obtain profit through trade, while industrialists needed to convert the already expanded market value of their capital from commodity to money form. (Appx. C, c.)

Along with their associates in inter-connected lines of business, fur company shareholders generally had no part in the production, including maintenance and transportation, of furs or supplies used in the fur trade business. At executive levels some of them spent time on the strictly merchant function of arranging commercial transactions. In this they were assisted by a clerical and sales staff. To the extent that part of this activity was a technically necessary adjunct of fur production (rather than a mere peculiarity of capitalist ventures) it was a socially necessary part of production. However, the labour so involved was quantitatively insignificant in terms of the whole process of fur production.

Part of the labour time of fur company employees (European, Métis and Indian) corresponded to a portion of the surplus market value (profits plus state taxes) appropriated in the fur trade. (Assuming that as a fraction of the total, abstract, socially necessary labour time expended in production (appx. C.), it exceeded the ratio of wages to merchant sales of furs.) But the bulk of fur trade profit and royalties corresponded to the net loss of commercial value by those who exchanged pelts and supplies for European commodities. This

is evident because the labour time they applied to produce furs and provisions was far greater than that of all others associated with the trade, while their bargaining power in dealing with merchant traders was relatively weak.

Intermediary, over-land traders were in a position of bargaining strength relative to the trappers and initial processors with whom they dealt. However, with limited possibilities for accumulation (above, III, i) tribal intermediaries tended to realize their monopoly advantage by minimizing their fur trade labour and prolonging their independence (above, p. 24), rather than through accumulation of surplus market value. Apart from their limited luxury consumption at trading posts, the surplus which they appropriated was in turn acquired by fur companies. Moreover, the role of independent intermediaries was progressively reduced by the spread of company posts into interior regions.

By the late 1850's "about 3,000" persons were employed on a part or full-time basis by the Hudson's Bay Company. According to Hind, "the affairs of the Hudson's Bay Company are managed by a Governor-in-chief, sixteen chief factors, twenty-nine chief traders, five surgeons, eighty-seven clerks, sixty-seven postmasters, twelve hundred permanent servants, and five hundred voyageurs, besides temporary employees of different ranks, chiefly consisting of voyageurs and servants."²⁰⁴

At the same time, the Company's 1856 census indicates that 4,000 Inuit, 143,000 Indians, and 11,000 "whites and half-breeds" (the latter would have greatly outnumbered the former) "frequented" Company establishments. The total of 158,000 is

204. Hind, op. cit., 209.

a rough approximation of the number of fur producers (including whole family, productive units) involved in the Company's entire operations. (This figure is 8,960 less than that derived from the total North American break-down by post given in the same survey. -- Above, p. 120.)

The employee statistics presented above suggest that about one-third of the Company's 3,000 employees were hired on a part-time basis. Thus, it may be loosely estimated that only 1.25% (2,000/160,000) of the labour force of the entire fur industry were regular wage (or salary) workers. The remaining 98.75% - almost all of aboriginal descent - were formally independent producer-traders. (The hired part-time workers were nearly all Indian or Metis, involved in independent trapping, hunting and trading when not engaged by the Company.)

These labour ratios coupled with knowledge of the subservient position of indigenous residents in relation to fur merchants, show that profits gleaned from the fur trade essentially corresponded to surplus value appropriated in commodity form from the producer-traders.

As indicated above (p. 120) fur company profits do not reveal the full extent of surplus appropriation in the fur trade. In addition to fur company gains, total fur trade profit included profits, in the form of rent or interest paid by fur companies, on associated lines of capital. These involved shipping, storage, finance and auction contracts. Moreover, total surplus value derived from the fur trade exceeded over-all profits by the amount of custom payments and other state levies paid by fur companies. Prior to 1722 duties on pelts imported into Britain were set at a rate of 20%, with that figure cut in half

in the case of skins subsequently exported out of Britain.²⁰⁵ With the rising strength of manufacturing capitalists who sought cheap raw materials, the import duty rate was steadily reduced, while an export tax was built up. Either way, custom duties siphoned off part of the surplus value appropriated in the fur trade.

Thus, fur company profits significantly understate commercial gains from the fur trade.²⁰⁶ However, they do constitute a major fraction of the surplus value appropriated. And their fluctuations give an indication of relative success in the total process.

d. Hudson's Bay Company profit

J.H. Pelly, Hudson's Bay Company governor in London, provided the "Lords of the Committee of the Privy Council for Trade" with a comprehensive summary of the Company's profit picture from its beginning to 1837:²⁰⁷

"Between the years 1670 and 1690 .. the profits appear to have been very large, as notwithstanding losses sustained by the capture of the Company's establishments by the French in the years 1682 to 1688, amounting to 118,014 l., they were enabled to make a payment to the proprietors in 1684 of 50 per cent; another payment in 1688 of 50 per cent; and of a further payment in 1689 of 25 per cent.

"In 1690 the stock was trebled without any call being made [for new shareholder investment], besides affording a payment to the proprietors of 25 per cent on the increased or newly-created stock; in the years 1692, 1694, 1696 and 1697, the Company

205. Smith, The Wealth of Nations, 623.

206. It also should be noted that part of the value of fur trade industry output was drained off by periodic, heavy war damages and related military expenditures which had nothing to do with fur trade production, as opposed to merchant competition.

207. Report dated Feb. 7, 1838, reprinted in Merq.ed., Fur Trade and Empire, 340-341. (My emphasis in quoted passage.)

incurred loss and damage, to the amount of 97,500 l. by other captures of their establishments by the French.

"These losses appear to have rendered it necessary for the Company to borrow money, on which they paid six per cent interest; they were enabled, nevertheless, in 1720, again to treble their capital stock, with only a call of 10 per cent on the proprietors, and, notwithstanding another heavy loss sustained, by the capture of their establishments by the French under LaPerouse, in 1782, they appear to have been enabled to pay dividends of from 5 to 12 per cent, averaging nine per cent, and showing, as nearly as I am able to judge from the defective state of the books during the past century, profits on the originally subscribed capital stock actually paid up of between 60 and 70 per cent per annum for the year 1690 to 1800."

According to Company records, from 1697 to 1740 at Albany Fort European goods valued at 463,365 'made beaver' were exchanged there for furs and supplies worth 719,066 'made beaver'²⁰⁸. This amounts to a gain for the Company of 55.2%. In this case, operation and transportation costs, including profit passed on to associated commercial ventures, appear to have entered into the evaluation of the European commodities at the trading posts. If so, this gain equals the Company's net profit rate at Albany.

The 1749 report on the investigation into the Company's affairs includes Company sales and costs between Michaelmas (Sept. 29) 1738 to Michaelmas 1748. Total sales during the decade add up to 273,542 l., 14 s., 10 d., and the costs ("trade goods and charges") to 194,174 l., 5 s., 9 d. The difference, equalling Company profit, amounts to 79,368 l., 9 s., 1 d., corresponding to a profit rate of 40.9%.²⁰⁹

208. Figures compiled from annual trade totals listed in Davies, ed., Letters from Hudson Bay 1703-40, appx.D, 349-350.

209. RCHB, 1749, 252-253 & 262-266.

Easterbrook and Aitken appear to error in denying the existence of "fat profit margins" at this time - unless 40.9% is not considered fat. Evidently drawing on figures accompanying the report on the 1749 enquiry, they write:

"Each year the Company exported [from England] goods worth from £5,000 to £6,000 [actually, the low and high figures from 1738 to 1748 were £4,007 (1742) and £6,736 (1744)] of which about 3/4 were trade goods, and imported furs which, selling at a price of around 4 shillings a pound, brought in revenue between £22,000 and £30,000 annually. After costs of administration (estimated at £12,245 in 1739 and £21,702 in 1744 [actually 1745], wages and freight charges had been paid, there still remained net revenue sufficient to pay steady dividends and accumulate reserves for future contingencies. [The precise values of trade goods, alone, exported in 1739 and 1745 were £3,477 and £3,810, respectively.] ..

"The figures .. may give an impression of fat profit margins, but actually this was not the case. .. Freight costs in particular were heavy, because the cargoes going to and coming from the Bay were not balanced. Ships went out fully loaded with heavy trade goods and returned with light, compact cargoes of furs, together with large quantities of ballast. .. In addition the posts on the Bay had to be maintained and fortified, while in England the Company's rights and privileges had to be defended by political action, which tended to be expensive." 210

It is doubtful whether the costs mentioned in the last sentence should be introduced as new items for consideration. — The figures listed earlier by the authors as "costs of administration" are actually called costs "attending the Carrying on the Hudson's Bay Company's Trade, and Maintaining their Factories" in the 1749 report. Further, while the authors' point about uneven cargoes may have been generally true, in 1857 Governor Simpson referred to a case of shortage of space on an eastward voyage.²¹¹ (It also should be noted that "freight costs" were

210. Canadian Economic History, 115.

211. RSCHBC, 80.

sometimes paid to companies with proprietors who simultaneously held Hudson's Bay Company shares. - Below, p.128.)

According to Easterbrook and Aitken, in 1721 "a dividend of only 5 per cent was paid but thereafter, from 1722 to the end of the 1750's, the annual dividend never fell below 7 per cent, even during war years, and was usually 8 or 10 per cent". "The total number of furs sold by the Company during this period tended to fall off, particularly after 1750, but on the other hand fur prices rose and the earnings of the Company remained relatively steady."²¹² Glazebrook tells us that, "from 1763 to 1778 there was an annual dividend of ten per cent; from 1779 to 1782 it was reduced to eight per cent; from 1783 to 1785 (after York and Churchill had been destroyed by a French squadron) no dividend was paid; from 1786 to 1800 it varied between five and eight per cent."²¹³

However, the annual dividend percentages do not take account of the large-scale capital gains expressed by the stock-watering mentioned by Gov. Pelly and consequently are much less than the full Company profit rates. Moreover, because of the sporadic timing of the stock-watering the annual dividends can not even be taken as being proportionate to the yearly fortunes of the fur trade. Beyond this, paid out dividends were restrained by the use of retained earnings for the expansion of Company operations. This practice (still characteristic of the growth of foreign-owned capital in Canada three centuries later) was established at the Company's birth:

212. Easterbrook & Aitken, op. cit., 117.

213. Glazebrook, A History of Transportation in Canada, 53. For a complete listing of H.B.C. dividends from 1684 to 1947 see Douglas MacKay, The Honourable Company, appendices D & E, 343-348.

"Neither the [pre-charter] syndicate nor the Company declared a dividend in the primitive sense and fashion, that is a complete division of profit and capital after each venture or group of ventures. This had often been done in the past both by syndicates and companies; but evidently, since the Hudson's Bay syndicate was beginning to think of itself as a permanent Company from about the time that its first venture was concluded, the idea of such a policy was not entertained." 214

It was because of direct, internal Company investment of profits that no dividends at all were declared until 1684.

It is also noteworthy that part of Hudson's Bay Company debits were credits for businesses whose ownership overlapped with that of the Company. This was in tune with the increasing interlocking of capitalist enterprise in general. Rich illustrates this overlapping with respect to the Company and related shipping concerns:

"For the [HBC] voyage of 1685 shipping costs came to 500 l. for the hire of the 'Owner's Goodwill', 700 l. for the 'Happy Return', 650 l. for the 'Success', and 420 l. for the 'Perpetuana Merchant' -- a total of 2,270 l. Of these four ships only the 'Owner's Goodwill' was independently owned. Of the others the 'Happy Return' belonged to Stephen Evans [HBC banker and later Company governor], the 'Success' had been bought by "some members of the Company" on the understanding that the Committee would then hire her, and the 'Perpetuana Merchant' was owned by a similar syndicate. Samuel Clarke, a prominent member of the Committee, owned a quarter share in the 'Success' and an eighth share in the 'Perpetuana Merchant'. These arrangements reveal the way in which members of the Company, and even of the Committee (provided they declared their interest) subcontracted the business of the Company and made profits, or perhaps losses, even when the general concern could not pay dividends." 215

Similarly, interest payments which figured as Company costs sometimes constituted profits for Company shareholders in-

214. John Clapham in intro to Rich, ed., Minutes of the Hudson's Bay Company 1671-1674, xxxix.

215. Rich, Hudson's Bay Company 1670-1870, 187-188.

volved in finance operations. By the 1680's some Company loans were obtained from Company shareholders.²¹⁶

Referring to the latter part of the 18th century, Pelly's summary of the Company's profit record continues:

"Up to this period the Hudson's Bay Company had no great cause for complaint of interference with their inland trade ..

"But about that period their rights of territory and trade were invaded by rival traders, which led to animosities, feuds and breaches of the peace, extending to the loss of lives, and considerable destruction of property, injurious to the native Indians, by reason of the unrestricted use of spirituous liquors and other demoralizing influence, consequent on opposition, and so prejudicial to the interests of the Hudson's Bay Company, that between 1800 and 1821, a period of 22 years, their dividends were, for the first eight years, reduced to four per cent; during the next six years they could pay no dividend at all; and for the remaining eight years they could only pay four per cent. ..

"At length, in the year 1821, when the violence of the contest had nearly exhausted the means of both parties, an arrangement was entered into between them, by which their interests became united, under the management of the Hudson's Bay Company.

"The proprietary were then called upon to pay 100 l. per cent upon their capital, which, with the stock in trade of both parties in the country, formed a capital stock of 400,000 l., on which four per cent dividend was paid in the years 1821 to 1824, and from that time to the present [1838], half year dividends of five per cent, with a bonus of 10 per cent from the year 1828 to 1832, and since that an average bonus of six per cent until last year, when none was paid."

The decline in dividend payments in the early 19th century reflected international market factors as well as fur company rivalry: "Between 1803 and 1809 .. when European markets shrank as a result of Napoleon's conquests, the [H.B.] Company's

fortunes declined drastically. Cargoes exported from Hudson Bay to England, as valued by the British customs, were 38,400 l. in 1800 and only 15,000 l. in 1805."²¹⁷ "In the years 1809 to 1814 .. no dividend was paid, largely on account of the loss of the European market during the operations of Napoleon's continental system."²¹⁸

A statement of "profits to the shareholders of the Hudson's Bay Company, for the years 1847 to 1856" was submitted to the Select Committee of 1857 by Company secretary, R.G. Smith.²¹⁹ The annual dividend rate was 10% from 1847 to '49, 20% in '50, 10% in '51, 15% in '52, 18.225% in '53, and 10% from '54 to '56. During this decade there were no overall capital gains, the market value of a 100 l. share standing at 200% of the face value in July of both '47 and '56. Half of the dividends in 1850, one-third in '52 and all in '53 were reinvested as Company shares.

Also in 1857, Edward Ellice, principle architect of the merger of the two companies in 1821, testified that, "the general profits of the Company since the formation of the union, inclusive of this profit [benefit of union] on the fur trade, have averaged about 12 per cent. upon their capital".²²⁰ He said that since amalgamation the Company's stock "has been increased by payments in money, or by profits carried to stock, to half a million". Secretary Smith also submitted a record of the existing "capital employed by the Hudson's Bay Company" as of June 1, 1856. With stock worth 500,000 l., the Company, ^{also} held property in North America valued at approximately 765,067 l.

217. Easterbrook & Aitken, op. cit., 179-180.

218. Glazebrook, op. cit., 53-54.

219. RSCHBC, appx. 18, 449.

220. Ibid., 326.

According to the letter of 1857 from the Aborigines Protection Society, it had been estimated that the fur trade had yielded a total profit of 20,000,000 l. on British capital:

"Both policy and humanity must concur in the preservation and just treatment of the native races of Hudson's Bay, who are the support of an important and lucrative commerce, and the real producers of the vast wealth, amounting, on competent authority, to more than 20 millions sterling, with which the fur trade has already enriched England." 221

Dividends on Company shares continued at 10% per annum from 1857 to 1862 with the exception of 1860, when the rate was 15%.²²² In 1863 London bankers bought controlling shares in the Company for their Grand Trunk Railway clients in Canada. Subsequently, dividend rates were down until the Company's early 20th century real estate and retail boom (chap. VII). However, in 1864 the value of Company shares rose from 500,000 l. to 2,000,000 l.²²³

In short, the underdevelopment of native societies in Rupert's Land was matched by a reciprocal accumulation of merchant capital.

221. Ibid., appx. 16, 441.

222. MacKay, op. cit., Appx. D, 344.

223. Ibid.

VII. Mercantile Significance of the Treaties

a. New mercantile design

In 1870 the British government transferred jurisdiction over Rupert's Land from the Hudson's Bay Company to the new Dominion of Canada. Along with Rupert's Land, the Canadian government acquired title to the North-Western Territory (where the Hudson's Bay Company lease had expired in 1858). And in 1871, with the promise of a Dominion-wide railway system, British Columbia entered Confederation. The stage was thereby set for a new era of merchant domination of the West.

In 1885 the Canadian Pacific Railway was completed. In the late 1890's large-scale immigration to western Canada commenced, after being delayed largely by a prolonged slump in wheat prices (below, pp.158-159). Hundreds of thousands of petty farmers and labourers began harvesting grain, lumber and minerals. Primary produce flowed east mainly in exchange for secondary manufactures from the commercial metropolises of England and south-eastern Canada. In addition to the ensuing, strictly merchant profits, transportation, storage and real estate dividends bolstered the riches of British financiers and Canada's Montreal and Toronto-based ruling class.

Termination of the Hudson's Bay Company's official commercial and judicial monopoly of Rupert's Land was facilitated by an overlapping of the interests of British bankers, Canadian parliamentarians and merchants, the British Colonial Office, and the Company. In 1863 the newly formed International Finance Company

bought controlling shares in the Hudson's Bay Company. The purchase was arranged by Thomas Baring and George Carr Glyn, part founders of the International Finance Company and London bankers for the inter-locked Canadian government and Grand Trunk Railway. Prior to Confederation the weighty debt of the Grand Trunk provided its Canadian government and British capitalist creditors with a strong need for new commercial opportunities. Coupled with annexation pressures in the United States, in 1866 American termination of the Canada-U.S. Reciprocity Treaty of 1854 raised interest in westward Canadian expansion to new heights.

Even prior to the intervention of the International Finance Company, the Hudson's Bay Company had close connections with St. Lawrence mercantile interests. In part these were inherited from the North West Company, after the 1821 merger, through principal shareholders such as Edward Ellice. Founded in 1817, the Bank of Montreal, for example, was closely tied to the North West Company.

In addition, the prominent Hudson's Bay Company governors, George Simpson and Donald Smith, had vested interests in British-Canadian finance and railway capital. Simpson was "a powerful bank magnate, first of the Bank of British North America, and from 1859 [until his death in 1860] of the Bank of Montreal".²²⁴ Along with numerous members of the Canadian provincial legislature and the mayors of Montreal, Toronto and Kingston, "Sir George Simpson, Governor of the Hudson's Bay Company and Paul Fraser of the same Company" were associated with the Canada, New Brunswick and Nova Scotia Railway. Further, Simpson was "an early president" of the North Shore Railway, which also included Canadian parliam-

entarians as directors.²²⁵ In 1856 Smith was named Chief Executive Officer of the Hudson's Bay Company in North America. "He was, in 1857, it appears, a stockholder in the Bank of Montreal, as were other officers of the Hudson's Bay Company."²²⁶ At the same time the Grand Trunk directorship included Peter McGill, President of the Bank of Montreal, as well as Member of the Legislative Council of Canada.^{134.}

The fact that the Hudson's Bay Company charter represented the old form of mercantile political monopoly at a time when 'laissez-faire' policies dominated Britain, also worked in favour of the sale of Rupert's Land to Canada. Merchant monopoly clashed with the industrial capitalist demand for cheap raw materials. Moreover, quite apart from the gains of individual shareholders due to non-Company investments, the Hudson's Bay Company stood to greatly enrich itself through the huge real estate and retail profits which would follow Canadian acquisition (below, p. 149).

In 1869 an agreement was reached whereby the Hudson's Bay Company would relinquish its title to the Hudson Bay basin to the Canadian government. Direct monetary compensation was set at 300,000 l. In addition, over a 50-year period it would be permitted to choose 1/20 of all townships opened for settlement in the "Fertile Belt", or prairie region. It also would retain all its trading posts and be permitted to claim adjacent blocks of land totalling up to, but not in excess of, 50,000 acres.²²⁷

224. Myers, A History of Canadian Wealth, 127, f.n.

225. Ibid., 157-158 & 163.

226. Ibid., 130-131.

227. British "Order in Council admitting Rupert's Land and the North-West Territories into the Dominion of Canada", June 23, 1870, Charters, H.B.C., London, 1931, 175.

b. Resistance & response

All this was agreed upon before the task of coming to terms with the basin's local population had even begun. In the Red River Settlement an immediate response to this neglect occurred in the form of popular, Métis assumption of self-government. This defiance of London and Ottawa delayed Canadian claims to the basin by half a year, until May 1870. At the same time, the "Red River Rebellion" underlined the need for negotiations with Indians and Métis from Lake Superior country to the Rockies. Accordingly, in August, 1871, the federal government instituted treaties No. 1 and No. 2 with Indians in what is now southern and central Manitoba.

By September, 1877, five more treaties had been concluded. They encompassed present-day, northwestern Ontario, northern and part of southeastern Manitoba, and southern and central Saskatchewan and Alberta. As northward commercial expansion accelerated, northern Alberta, Saskatchewan and Ontario, and the Northwest Territories were also covered by treaty. These regions were included between 1899 and 1906, with the exception of the Northwest Territories north of Great Slave Lake, which was dealt with in Treaty No. 11 in 1921.

Another tangible reminder of local concern over commercial expansion from the east had come two decades prior to the Red River uprising on the eastern shore of Lake Superior, south of the Hudson Bay basin: "In 1849, the intrusion of mining operations in the country north of Lakes Huron and Superior touched

off a so-called Michipicoten War, when the Indians of that locality seized the property of the Quebec & Lake Superior Mining Company at Mica Bay to force the government to some action on their behalf."²²⁸ This led to "The Robinson Superior Treaty" and "The Robinson Huron Treaty" of September, 1850. In the words of Alexander Morris:

"In consequence of the discovery of minerals, on the shores of Lake Huron and Superior, the Government of the late Province of Canada, deemed it desirable, to extinguish the Indian title, and in order to [achieve] that end, in the year 1850, entrusted the duty to the late Hon. William B. Robinson, who discharged his duties with great tact and judgement, succeeding in making two treaties, which were the forerunners of the future treaties, and shaped their course." 229

After the treaty signings Robinson informed Canada's Superintendent-General of Indian Affairs that he had told the Ojibwa, concerned:

"The lands now ceded are notoriously barren and sterile, and will in all probability never be settled except in a few localities by mining companies, whose establishments among the Indians, instead of being prejudicial, would prove of great benefit as they would afford a market for any things they may have to sell, and bring provisions and stores of all kinds among them at reasonable prices."²³⁰

The Robinson treaties²³¹ "forever" proclaimed all "right, title and interest" in the vast regions between Lake Superior and the Hudson Bay basin, and adjoining the eastern and northern shores of Lake Huron, for "Her Majesty, Her heirs and successors". Exceptions were made for small sections of the region designated as

228. Morris Zaslow, The Opening of the Canadian North 1870-1914, Can. Centenary Series, McClelland & Stewart, Toronto, 1971, 8.

229. Alexander Morris, The Treaties of Canada with the Indians of Manitoba and the North-West Territories, Willing & Williamson, Toronto, 1880, 16.

"reservations" for the native population, under tutelage of the Superintendent-General of Indian Affairs. Under the provisions of the Superior Treaty, the 1,240 Ojibwa affected received immediate payment of 2,000 l. and the promise of a "perpetual annuity" of 500 l. They were also told that with the exception of areas sold or leased by the government, they would continue to have "full and free privilege to hunt over the territory now ceded by them, and to fish in the waters thereof". The Ojibwa were not to "sell, lease, or otherwise dispose of any portion of their reservations without the consent of the Superintendent-General...; nor .. at any time hinder or prevent persons from exploring or searching for minerals or other valuable productions in any part of the territory .. ceded". Despite Robinson's abovementioned opinion that the treaty areas were "notoriously barren and sterile", the reserves were described as being "for the purposes of residence and cultivation". The Huron Treaty was very similar to the Superior Treaty. In terms of land rights, the post-Confederation treaties also followed the same pattern.

Clearly, the treaties were based on commercial expediency. They were necessary to the southern Canadian mercantile complex because of annexation pressure in the United States coupled with Indian and Metis apprehensions and militancy. The Mica Bay Seizure (above) points to the mood among Indians of the day. A further demonstration of tribal concern was accorded Henry Youle Hind in 1857 after he and his geographical survey team, sent by

230. Ibid., 17.

231. Ibid., appx., 302-307.

the Canadian government, had entered the Hudson Bay basin. They were blocked by an Ojibwa party when they attempted to explore the region west of Lake of the Sand Hills in the Lake of the Woods area:

"The replies and objections of the chief were often couched in very poetical language, with a few satirical touches, which were warmly applauded by the Ojibwa audience. The following is a specimen of the colloquy:-

" "What reason can we offer to those who have sent us, for your having refused to allow us to travel through your country?"

"Chief - "The reason why we stop you is because we think you do not tell us why you want to go that way, and what you want to do with those paths. . . Remember, if the white man comes to the Indian's house, he must walk through the door, and not steal in by the window. That way, the old road [via Winnipeg R.], is the door, and by that way you must go. You gathered corn in our gardens and put it away; did you never see corn before? Why did you note it down in your book? Did your people want to see our corn? Would they not be satisfied with your noting it down? You cannot pass through those paths."

" "We ask you now to send us one of your young men to show us the road; we shall pay him well, and send back presents to you: what do you wish for?"

"Chief - "It is hard to deny your request; but we see how the Indians are treated far away. The white man comes, looks at their flowers, their trees, and their rivers; others soon follow; the lands of the Indians pass from their hands, and they have nowhere a home. You must go by the way the white man has hitherto gone. I have told you all." " 232

Sixteen years later, in 1873, the Saulteaux (Ojibwa) bands of present-day northwestern Ontario, were partners to Treaty No. 3. The treaty covered approximately 55,000 square miles.

Chief negotiator for the Crown was the Hon. Alexander Morris, Lieutenant Governor of the North-West Territories. Morris had been a prominent conservative lawyer and imperial exponent in pre-Confederation days.²³³ The persistent bargaining which preceded the treaty reveals local awareness of property and commercial value. In the paternalistic tone of government treaty negotiators generally, Morris complained: "It is now three years we have been trying to settle this matter. If we do not succeed today I shall go away feeling sorry for you and for your children that you could not see what was good for you and for them."²³⁴ After the treaty-signing Morris reported to the Hon. David Laird, Minister of the Interior:

"The spokesman informed me they would not treat as to the land until we settled with them as to the Dawson route, with regard to which they alleged Mr. Dawson had made promises which had not been kept, and that they had not been paid for the wood used in building the steamers, nor for the use of the route itself. Mr. Dawson explained that he had paid them for cutting wood, but had always asserted a common right [before the treaty!] to the use of wood and the water way. ...

"They .. asked free passes forever over the CPR, which I refused. .. They asked if the mines would be theirs; I said if they were found on their reserves it would be to their benefit, but not otherwise. They asked me if an Indian found a mine would he be paid for it, I told them he could sell his information if he could find a purchaser like any other person. ...

"The Indian title has been extinguished over the vast tract of country .. embracing within its bounds the Dawson route, the route of the CPR, and an extensive lumber and mineral region. It is fortunate, too, that the arrangement has been effected, as the Indians along the lakes and rivers were dissatisfied at the use of the waters, which they considered theirs,

233. Stanley B. Ryerson, Unequal Union, Progress Books, 1973, 318.

234. Morris, *op. cit.*, 61.

having been taken without compensation, so much so indeed that I believe if the treaty had not been made, the Government would have been compelled to place a force on the line next year." 235

c. Ambiguity of treaties

Arguments such as the above surrounded negotiations for all of the treaties. They reflect the ambiguous, if not farcical, terms under which the treaties evolved. On the one hand, the Canadian government, with Royal assent, had purchased title to the Hudson Bay basin from the Hudson's Bay Company, and the preambles of the subsequent treaties refer to pre-treaty Indians as "her Indian subjects" in reference to the Queen. "We are all ... subject to the same Queen",²³⁶ said Morris to prospective Saukteaux participants in Treaty No. 3. On the other hand, the official government position was that the purpose of the treaties was to extinguish aboriginal title to the lands involved.

Behind this inconsistency lies the fact that the residents of the basin had never been formally conquered. And, with the questionable exception of the "Selkirk Treaty" in 1817,^{236'} they had never agreed to foreign jurisdiction over any of their domains. Nonetheless, Britain claimed authority over the region ever since Charles II issued the Hudson's Bay Company's royal charter in 1670. The Company's title to "Rupert's Land" amounted to a denial of aboriginal land title (above, pp. 51 - 52).

235. I.A.; Report..for the Year Ended 30th June, 1874, 15-18.

236. Morris, op. cit., 58.

236'. For specifics of the controversy surrounding this treaty, see documents and comments in Ross, The Red River Settlement, 10-13; RSCHBC, 1857, appx. 16, 445; Hind, Expeditions II, 174-177; Morris, The Treaties of Canada... 299.

This is the background to how the Dominion Government found itself bargaining (inflexibly) for land rights which it already claimed. In 1909 the Hon. David Laird, Commissioner of Indian Affairs, tried to explain the inconsistency:

"After the Dominion of Canada, through the British Government, obtained by purchase from the Hudson's Bay Company the transfer in 1870 of all the territory which now forms Western Canada, a comprehensive policy was adopted in dealing with the Indians of the said Territory. In regard to all such portions of the transferred country as were required for settlement, or for mining, lumbering or railways, treaties were made with the Indians of the districts successively needed for such purposes. Though the sovereign right to the soil was held by the Crown, yet it was recognized that there was an Indian title that ought to be extinguished before the land was granted by patent to settlers or corporations. The title is simply an admission by the Government that the Indians should not be deprived of their possessory rights without their formal consent and comprehension." 237

In fact, the Canadian government was determined to "open" the west in line with the commercial designs of Anglo-Canadian capital, regardless of the opinion of Indians and Métis. This is indicated by Morris' above view that if Treaty No. 3 had not been instituted when it was, "the Government would have been compelled to place a force on the line next year". The true position of the government is made clear in the following communique written a few days before the conclusion of Treaty No. 1 in 1871. It was sent by the chief government negotiator, Adams G. Archibald, to Joseph Howe, Secretary of State for the Provinces. Archibald was one of the "fathers of Confederation" and was involved in the treaty proceedings as the first lieutenant-governor

237. David Laird, "The Indians of Western Canada", A Handbook to Winnipeg and the Province of Manitoba, Br. Assn. for the Advancement of Science, Winnipeg, 1909, 240.

of Manitoba and the North-West Territories:

"The Indians seem to have false ideas of the meaning of a Reserve. They have been led to suppose that large tracts of ground were to be set aside for them as hunting grounds, including timber lands, of which they might sell the wood as if they were proprietors of the soil.

"I wished to correct this idea at the outset. . .

"In defining the limits of their reserves, so far as we could see, they wished to have about two-thirds of the Province. We heard them out, and then told them it was quite clear that they had entirely misunderstood the meaning and intention of Reserves. We..told them it was of no use for them to entertain any such ideas, which were entirely out of the question. We told them that whether they wished it or not, immigrants would come in and fill up the country." 238

The immigration of which Archibald spoke was already underway. Hence, in November of the same year Wemyss M. Simpson, Indian Commissioner, wrote:

"In the neighborhood of Fort Edmonton, on the Saskatchewan, there is a rapidly increasing population of miners and other white people, and it is the opinion of Mr. W.J. Christie, the officer in charge of the Saskatchewan District, that a Treaty with the Indians of that country, or at least an assurance during the coming year that a Treaty will shortly be made, is essential to the peace, if not the actual retention of the country." 239

The position of Chief Sweet Grass, a Plains Cree spokesman in the region, was expressed in a message for Archibald (translated by Christie):

"I shake hands with you, and bid you welcome. - We heard our lands were sold and we did not like it; we don't want to sell our lands; it is our property, and no one has a right to sell them." 240

238.I.A.: Report of Indian Branch, 1872, 15.

239.Ibid., 31. (Christie was also a H.B.C. chief factor.)

240.Ibid., 33.

But fur trade underdevelopment, the destruction of buffalo herds, foreign disease and inter-tribal animosity, forced acceptance of the treaties on Dominion terms. Sweet Grass' message continues:

"Our country is getting ruined of fur bearing animals, hitherto our sole support, and now we are poor and want help. .. We want cattle, tools, agricultural implements, and assistance in everything when we come to settle - our country is no longer able to support us.

"Make provision for us against years of starvation. We have had great starvation the past winter, and the small-pox took away many of our people, the old, young, and children.

"We want you to stop the Americans from coming to trade on our lands, and giving firewater, ammunition and arms to our enemies the Blackfeet."

At Qu'Appelle in September, 1874, Treaty No. 4 was implemented with reference to present-day, southern Saskatchewan and part of west-central Manitoba. Records of the conferences which preceded it further demonstrate confusion over the contradictory terms behind the treaties. For example, in proposing treaty conditions Lt.-Gov. Morris claimed that "all the ground here is the Queen's". He also told the assembled Cree and Saulteaux: "You are the subjects of the Queen, you are her children, and you are only a little band to all her other children. She has children all over the world, and she does right with them all. .. Open your hearts to me .. as children ought to do to a father, and as you ought to the servants of the great mother of us all."²⁴¹ His paternalistic manner failed to stop a persistent verbal challenge to Hudson's Bay Company property claims. First, the Company's staking off of government land grants around their depots was

241. Morris, The Treaties of Canada, 91 & 94-96.

objected to. Peicheto's Son-O-Ta-Ha-O-Man, or "The Gambler", maintained: "The Company have no right to this earth, but when they are spoken to they do not desist. . . These Indians you see sitting around report that they only allowed the store to be put up." After Morris had defended the Company's land survey, Pis-Qua, or "The Plain", from Leech Lake, pointed to the manager of the Company post at the treaty site and said: "You told me you had sold your land for so much money, 300,000 l. We want that money."²⁴²

With reference to the treaties and related government policies, in 1881 historian, Alexander Begg, wrote: "Settlers may locate anywhere in perfect security within our Dominion, and capitalists need have no fear that their investments will be molested or destroyed in Canada through Indian raids."²⁴³ However, four years later, with famine accompanying the disappearance of the buffalo, the Métis and Cree of the District of Saskatchewan rose up in the "North-West Rebellion". At this point the nearly completed Canadian Pacific Railway served its owners by moving about 4,000 federal troops west to put down the rebellion. Subsequently, treaty agreements were reaffirmed with Indians who remained in the region.

d. Métis scrips

After the Red River Rebellion and the expansion of

242. Ibid., 104 & 106 .

243. Begg, The Great Canadian North West, John Lovell & Son, Montreal, 1881, 59.

Canada, Métis settlers were declared eligible for federal land or cash scrips as compensation for their lost aboriginal land claims. Scrip claimants were then excluded from treaty coverage, despite requests by tribal spokesmen for inclusion of Métis relatives. The ensuing legal rift among aboriginal descendants was reinforced by the Indian Act of 1876.

To this day the provisions of the Act apply only to persons registered as "Indians" with the federal Indian Affairs office. To be eligible for registration one must be descended from an unbroken male line of registered "Indians". This line must date back to the treaty-signing era or the special instances where the Governor in Council has proclaimed a group of people to be an "Indian" "band".²⁴⁴ If along the way a direct ancestor was "enfranchised" - given voting and other rights and restraints of Canadian citizenship - he or she ceased to be "Indian".²⁴⁵

As a consequence of these administrative distinctions, many Indians and Métis are classified by the government as "Indians", and many are not. Accordingly, their political strength has been further diffused. Despite common poverty in many "Indian" and non-"Indian" communities of Indians and Métis, the people must deal with different sets of government agents and their own representative organizations are separate, according to the legal status of their members. The distinction between treaty and non-treaty "Indians" has also helped to undermine economic class unity.

In addition to 1870, "half-breed" scrip allotment commissions were established in 1885 (year of the second rebell-

244. I.A.: Indian Act, Queen's Printer, Ottawa, 1970, sect.11)

245. Ibid., sect. 110.

ion and completion of the CPR) and 1900. Of "1,400,000 acres of Manitoba land" assigned in this way, "hardly a quarter of the land grants were taken up, and most of those were sold very cheaply to land speculators or to incoming settlers."²⁴⁶ As a result, a class of "half-breed scrip millionaires" flourished on the dispossession of Métis, and some Indians, designated as "half-breeds" by the government. The cash scrips of \$160.00 and \$240.00 provided windfall profits for retail merchants.²⁴⁷

The treaties and the scrips essentially represented an official attempt at pacification of the Indians and Métis whose lands were about to be actively expropriated, after long having been claimed by the British crown. They helped to prepare the way for mass immigrant settlement and a new era of merchant appropriation of surplus.

e. Capitalist adjustment

Since 1870 the fur trade has continued as a profitable business for the Hudson's Bay Company and various, lesser rivals. But from the Company's viewpoint it has been dwarfed by the new avenues of trade and speculation which followed the treaties.

The most immediate advantage of the treaties to merchant capital was the boost given to retail sales by treaty allowance payments. Typically, these amounted to \$12.00 per person at

246. Zaslow, Opening of the Canadian North, 21.

247. Ibid.

the time of the treaty signings and, thereafter, \$5.00 per person annually. The benefit to merchants is illustrated by the following record of treaty money business after the signing of Treaty No. 3 in 1873. (Also given is an example of economic foresight exercised despite commercial pressure to act improvidently.):

"As soon as the money was distributed the shops of the Hudson's Bay Company and other resident traders were visited, as well as the tents of numerous private traders, who had been attracted thither [North-West Angle] by the prospect of doing a good business. And while these shops all did a great trade - the Hudson's Bay Company alone taking in \$4,000 in thirty hours - it was a noticeable fact that many took home with them nearly all their money. When urged to buy goods there, a frequent reply was: "If we spend all our money here and go home and want debt, we will be told to get our debt where we spent our money." "Debt" is used by them instead of the word "credit". Many others deposited money with white men and Half-breeds on whose honor they could depend, to be called for and spent at Fort Garry when "the ground froze"." 248

The treaties also facilitated the arrival of tens of thousands of new consumers in areas where the Hudson's Bay Company already had an extensive trade organization established. The process has continued to the present. Thus, "in recent years the most pronounced changes have occurred in the North where the Company's traditional trade in wild furs has been largely replaced by increased merchandise sales, which today [circ. 1969] represent 90% of the business transacted".²⁴⁹ The enormous success of Hudson's Bay Company retail capital in western and northern Canada during the 20th century, is indicated by its expansion into

248. Morris, The Treaties of Canada, 75 - 76.

249. A Brief History of the Hudson's Bay Company, 41.

southern Ontario and Quebec. In addition to initiating new stores of its own, in 1960 the Company took over Henry Morgan & Co., an old and prominent Montreal department store business.

As an important ingredient in Anglo-Canadian mercantile colonization of the vast new regions of the Dominion, the treaties were of still further value to the Hudson's Bay Company. As such, they helped prepare the way for the spectacular benefits derived by the Company from land holdings. In addition to the large tracts around Company posts (above, p.134), under the 1869 deed of surrender the Company received "6,630,000 acres in the fertile belt".²⁵⁰ Land grants to the Company under the terms of the deed were not completed until 1925. The Company created "a land department .. to administer the seven million acres of land acquired under the deed of surrender, most of which has now been sold".²⁵¹ The following figures²⁵² reflect Hudson's Bay Company capital gains on real estate plus retail profits associated with mass, westward immigration.

250. Easterbrook & Aitken, Canadian Economic History, 391.

251. A Brief History of the Hudson's Bay Company, 34 & 38.

252. MacKay, The Honourable Company, Appx. E, 347-348.

Dividend rates on regular Hudson's Bay Company shares, 1900-1922:

<u>Year</u>	<u>Total</u>	<u>On acct. trade</u>	<u>On acct. land</u>	<u>Bonus</u>
1900	9.61%			
1901	5.77%			
1902	8.65%			
1903	8.65%			
1904	15.91%			
1905	29%			
1906	40%			
1907	42.5%			
1908	30%			
1909	25%			
1910	40%	16%	24%	
1911	40%	15%	25%	
1912	40%	20%	20%	
1913	50%	20%	30%	
1914	40%	-	40%	
1915	-	-	-	
1916	20%	15%	5%	
1917	30%	15%	15%	
1918	40%	15%	20%	5%
1919	45%	15%	20%	10%
1920	40%	15%	15%	10%
1921	40%	15%	15%	10%
1922	45%	20%	10%	15%

In addition to the ordinary shares, to which the above rates apply, in 1912 the Company also began issuing 5% cumulative preference shares. Moving to the present:

"The Company also holds mineral rights over several million acres of land, and owns 22.6% share interest in Hudson's Bay Oil and Gas Company Limited, one of the leading Canadian producing oil companies."²⁵³

253. A Brief History of the Hudson's Bay Company, 43.

Finally, Donald Smith's career bears striking testimony to the continuity between surplus accumulation in the official, fur trade monopoly period and in the treaty-related aftermath. It also illustrates the close ties which existed between the Canadian government and the nationally dominant combination of merchant, transport, finance and real estate capital.

The Hudson's Bay Company appointed Smith chief commissioner in Canada in 1870, and land commissioner in 1874. During the same period he was elected to the Manitoba legislature, began a series of terms as member of Parliament, and was in the thick of schemes and counter schemes to build a western Canadian railroad.²⁵⁴ These railway plans collapsed in political patronage scandal. However, Smith, along with his cousin, George Stephen, president of the Bank of Montreal, went on to reap profits from the St. Paul, Minneapolis & Manitoba Railway and its accompanying Minnesota land grant of 2.5 million acres.²⁵⁵ Subsequently, both men were leading figures in the capitalist syndicate which finally won the government contract to build and own the Canadian Pacific Railway. Along with the CPR went a 25 million acre land grant, destined to yield huge real estate profits. Further, Smith was instrumental in founding the Canadian North West Land Company, which purchased 2,200,000 acres of land from the Canadian Pacific Railway.^{255'}

Meanwhile, Smith had become the largest shareholder in the Hudson's Bay Company and, in 1889, became its chief governor.

254. Myers, A History of Canadian Wealth, chap. xll; Glazebrook, A History of Transportation in Canada, 239-250.

255. Easterbrook & Aitken, *op. cit.*, 426.

255'. Myers, *op. cit.*, 271-273.

Two years earlier, with large investments in the Bank of Montreal he attained the presidency of that company. In 1896 Smith was named Canadian high commissioner to Britain. The next year he was titled, Baron Strathcona & Mount Royal.

As Innis put it: "The relationship which existed with the opening of western Canada, in which important officials of the Hudson's Bay Company were prominent in the activities of the Bank of Montreal, of the Canadian Pacific Railway, and of the Dominion government, was not accidental."²⁵⁶

Judging the history of the Hudson's Bay Company in terms of surplus accumulation, the transfer of Rupert's Land to Canada was very beneficial to its shareholders.

The continuity of profits from one mercantile era to the next was facilitated by the treaties. Notably, underdevelopment promoted by the fur trade heavily favoured local acceptance of the treaties. As Arthur Ray concludes after tracing how geographical location contributed to specialized tribal labour among fur industry producers:

"Ultimately, the resource bases upon which these specialized economies developed were destroyed due to over-exploitation. Significantly for Western Canada, this occurred before extensive European settlement began." 257

256. Innis, The Fur Trade in Canada, 397.

257. Ray, Indians in the Fur Trade, 228.

VII. Renewed Underdevelopmenta. Continued underdevelopment

Post-Confederation mercantile expansion did not require an immediate, revolutionary social change in the forest areas of the Hudson Bay basin. Rather, the undermining of local economic initiative by fur trade capital continued on into the 20th century. The process was increasingly supplemented by new forms of commercial raw resource extraction.

The development of a capitalist fish industry was one of the first new avenues of resource depletion. Fish were abundant when in September, 1858, Henry Yule Hind visited a Swampy Cree camp on the Dauphin, or Little Saskatchewan, River (flowing eastward into Lake Winnipeg):

"They had an abundance of white-fish, and told me the river was "full of them". Anxious to test the statement I intimated a wish to purchase a score of fresh fish, and offered an Indian some tea and tobacco if he would catch them immediately. He accepted the offer, entered his canoe, and crossing over to a well-known eddy, in fifteen minutes brought back twenty white-fish, weighing on an average three pounds each." 258

The situation deteriorated rapidly with the expansion of commercial fisheries after the sale of Rupert's Land:

"Lake Winnipeg and other large lakes of Manitoba had been fished commercially since the 1870's, to the point where evidences of depletion by 1890 were causing serious concern. The arrival of railways to Prince Albert and Edmonton, capable of transporting fish to the Chicago market, led commercial operators to begin fishing the lakes near these centres, typically in winter when fish could be hauled in sleighs to the railroad." 259

258. Hind, Expeditions, II, 26.

259. Zaslow, Opening of the Canadian North, 92.

In January, 1890, E. Dewdney, Supt. Gen. of Indian Affairs, reported on conditions in Manitoba and the District of Keewatin:

"The only cause of discontent was owing to an apprehension on the part of the large majority of the Indians.. that the lakes and other waters from which their food supply has always, for the most part been derived, may, owing to the extensive operations of large fishing establishments.. cease to furnish them and their children after them with a sufficient quantity of food to sustain life. It may be likewise stated that similar fears are entertained by the Indians of the western portion of the Province of Ontario in regard to the waters of the Lake of the Woods, Lac Seul and Rainy Lake, and their tributary streams, and in respect of the other lakes and waters in that region. ..

"The lower portion of Lake Winnipeg and portions of Lake Manitoba have ceased to be good fishing grounds, after having been operated upon by the large fishing establishments for a comparatively short period of time." 260

In the fur trade, employment opportunities were disrupted in a number of woodland localities by continuing automation and shifting of supply lines.²⁶¹ Conservation of wild life was undermined by merchant rivalry with the Hudson's Bay Company,²⁶² and by increasing numbers of transient, full-time trappers from the south.²⁶³ Northern railways, mines and lumber camps caused further dislocations in native communities, with only temporary and seasonal employment opportunities as compensation. In the main, forest residents continued as fur trade producers, living off the natural produce around them. With increasing difficulty,

260. I.A.: Report...for 1889, xxv-xxvi.

261. Innis, The Fur Trade in Canada, chap. 11.

262. Ibid.

263. Zaslów, op. cit., 235.

they more or less managed to revert to independent life-styles in response to periodic downward vacillations in capitalist markets and stocks of fur-bearing animals.

In the south-west section of the basin the process of underdevelopment was much more abrupt. The new mercantile colonization of the prairies centered upon railways, wheat fields and ranches. Accordingly, it was incompatible with the buffalo-based economy of the plains Indians and Metis. Conveniently, at the time when the prairie treaties were being formulated the buffalo herds were dwindling rapidly. In the 1870's the eastern North American demand for hides replaced that for robes as the final commercial inducement for buffalo hunters. On the plains it marked the end of the buffalo resource base and an end to the comparative advantage of Indian and Metis labour:

"Because of the different character of this trade, ..the Indians faced increasingly severe competition from white hunters. Whereas formerly the robes had to be taken during the winter season and took a considerable amount of know-how to prepare, hides were secured in summer and required little skill to make them ready for trade. As a result large numbers of non-Indian groups became involved." 264

The disappearance of buffalo was accompanied by famine which forced dependence upon government rations (another source of business for the H.B.C.). After the abortive 1885 uprising, Métis leader, Gabriel Dumont, described the social and psychological demise which accompanied the end of economic independence:

"You would not know the Canadian Indian. He is all changed. Pride, vigour and sturdy independence all gone. The loss of the buffalo made the change. His living is gone. His very life is gone. He does not like the rotten pork the government gives him. He is sick! Smallpox and other white men's

diseases kill them in hundreds. He talks of uprisings but he does not have it in him any more. He is just full of grievances. The only difference between the Métis and the Indian is that the Indians have a treaty." 265

Treaties nos. 1, 2 and 5, covering most of present-day Manitoba, prescribed Indian reserves proportionate to 160 acres per family of five. The four other treaties of the 1870's allowed 640 acres per family of five. Perpetual annuities were promised at \$3.00 per person in the case of nos. 1 and 2 and at \$5.00 per person (plus sharp bonuses for "chiefs" and "head men") in subsequent cases. Some provision was made for annual band allotments of ammunition and twine, for initial grants of farm tools, seed and cattle, and for treaty-signing "presents" of from \$3.00 to \$12.00 per person (for "good conduct and behaviour"). Beginning with Treaty No. 3, the government also promised schooling upon request. These terms, were supposed to bolster efforts aimed at reversing the process of economic underdevelopment in Indian communities.

In the forest belt unsuitable terrain negated the idea that reserves and farm aids would foster agricultural settlements. In underlining the significance of fish depletion, Supt. Gen. Dewdney observed: "The sterile character of the soil in most of the reserves inhabited by the Indians to whom fish are of the greatest importance forbids the thought that they can ever become so successful as agriculturalists as to be able to wholly sustain life on the fruits of their labour as such."²⁶⁶ Floods played

265. Gerald Walsh, Indians in Transition, McClelland & Stewart, Toronto, 1971, 82-83.

266. I.A.: Report..for 1889, xxvi.

havoc with many attempts at farming and cattle raising along the banks of woodland lakes and rivers:

"The circumstances in which the Indians whose reserves are situated on Lakes Manitoba, Winnipegosis and St. Martin are found, are similar to those of Indians of Lake Winnipeg. The soil on these reserves is rendered for the most part uncultivable through the inundations to which every spring these tracts are liable from the highwaters of the lakes." 267

b. Respite

By contrast, on the prairies and plains farming and ranching proved to be very plausible. In 1871 Manitoba Indians were already working on farms. Commissioner Weymess Simpson noted:

"Although many years will elapse before they can be regarded as a settled population, settled in the sense of following agricultural pursuits, the Indians have already shown a disposition to provide against the vicissitudes of the chase by cultivating small patches of corn and potatoes. Moreover, in the Province of Manitoba, where labour is scarce, Indians give great assistance in gathering in the crops. At Portage la Prairie, both Chippewas [Ojibwa] and Sioux, were largely employed in the grain field, and in other parishes, I found many farmers whose employes were nearly all Indians." 268

Sioux had entered Canada as refugees from the United States. In March, 1874, Dep. Supt. Gen. William Spragge reported:

"In addition to those tribes of Indians with whom treaties in Manitoba were made, there was found to be a migratory Band of Sioux, for whom it was deemed very advisable to make provision. Their case being reported upon, locations of 80 acres to each family

267. Ibid., xxvii.

268. I.A.: Report of the Indian Branch of the Dept. of the Sec. of State for the Provs., 1872, 31.

were authorized. They have proved themselves to be expert hands at harvesting, when employed as they have been by the White settlers." 269

In 1881, although noting signs of discontent among prairie bands, Prime Minister John A. MacDonald, in the capacity of Supt.-Gen. of Indian Affairs, wrote:

"The progress made in agriculture and building operations by the Indians of the Saskatchewan, especially in the Carlton and Prince Albert Districts, as well as on the reserves near Battleford, is most gratifying. Many of the bands in the Qu'Appelle, Fort Ellice, Touchwood Hills, and Swan River districts, as well as a fair proportion of the Blood Indians on the Belly River, have also exhibited commendable zeal and industry, and the Blackfeet appear determined to profit by the opportunity afforded them to learn the white man's ways of making a living." 270

Progress and variety in agriculture on Indian reserves is illustrated by Agent W.S. Grant's description of "mixed farming" on the Assiniboine Reserve. He reported that in October, 1893, the following "grain and root crops, in good condition" were harvested: - wheat: 1,320 bu., barley: 60 bu., oats: 250 bu., potatoes: 1,350 bu.; turnips: 1,720 bu., carrots: 60 bu., onions: 37 bu., hay put up for stock: 420 tons.²⁷¹ Herding also appeared promising. The communally owned animal stock as of June 30, 1894 included 45 work oxen, 21 cows, 21 steers, 18 heifers, 7 bull calves, 3 heifer calves, and 71 sheep. Indians of the agency also privately owned 1 cow and 56 ponies. The stock were "all in good condition and .. well looked after".²⁷²

269. I.A.: Report..for the year ended 30th June, 1873, 5.

270. I.A.: Report..for..1881, viii.

271. I.A.: Report ..for the Year Ended 30th June, 1894, 69.

272. Ibid., 69-70.

By the turn of the century, economic advance appeared general among Indians in the treaty areas. In 1900 James A. Smart, ^{Supt.} Dep. Gen. of Indian Affairs, wrote that among Indians of the Dominion, "in the main the year has been one during which prosperity and progress have been everywhere in the ascendant":²⁷³

"The following remark which the Commissioner [of Man. & the N.W.T., David Laird] makes .. serves as an apt illustration of what is meant. He says: 'True, comparing one year with another lately preceding it, the advancement may not appear very marked, but looking back as I can over a quarter of a century of Indian history in this western country, the transition is wonderful'."²⁷⁴

It is noteworthy that agriculture on western Canadian Indian reserves developed significantly during a prolonged decline in world wheat prices. This coincided with a commercial glut of wheat, encouraged by the rapid advance of highly mechanized, large-scale farming in the United States. It also paralleled an extended, international slump in capitalist markets.²⁷⁵ The monopoly power of Canadian railway, real estate and banking interests represented a substantial imposition on new settlers. Coupled with it, the depressed world wheat market severely dampened the flow of settlers and commerce to the Canadian west. In Arthur Lower's words:

273. I.A.: Report..for the Year Ended June 30, 1900, xvii.

274. Ibid.

275. The U.S. price per bu. of wheat fell from \$1.05 in 1870-1879, to 83¢ in 1880-'89, to 51¢ in 1895. (Luxemburg, The Accumulation of Capital, 405.) With the exception of the "short boom" of 1889-'90, capitalist markets remained depressed from the crash of 1873 to 1895. (Th. Vogelstein, in Lenin, "Imperialism, the Highest Stage of Capitalism", Selected Works, Progress Pub., Moscow, 1971, 180-181.)

"It had been expected in the 1880's that once the C.P.R. was built there would be a great migration to the new lands. That did not occur; there was fair progress, nothing more. . . Without much question the single most significant condition lay in the course of prices. After the American Civil War a long decline had begun: from 1865 to 1896, producers might normally expect to sell for a little less than they had bought for." 276

Thus, in the latter part of the 19th century agriculture and cattle raising on prairie reserves took root in somewhat of a commercial vacuum.

Beginning in the late 1890's, the large-scale onrush of land speculators and immigrant farmers increasingly re-involved plains Indians and Metis in capitalist economy. Meanwhile, in the southern woodlands of the Hudson Bay basin the advance of the forest industry supplemented fur trade capital as a provider of intermittent wage employment for local residents. Alongside optimistic reports on reserve agriculture and ranching, 1902 Indian Affairs reports indicate increasing involvement of Indian communities in external industry and commerce:

"Cattle-raising is the industry to which these Indians [Seekaskootch Band, north of Fort Pitt on Sask. R.] principally turn their attention, and the local demand for beef was almost entirely supplied from Indian cattle. Grain-growing is not followed to any great extent, but one hundred and fifty-three sacks of flour were ground from Indian wheat at the agency mill, which was no little help; over \$300. was realized by the sale of oats and barley, the greater amount of which was expended on flour, other provisions and clothing.

"These Indians are not slow to take hold of any opportunity that presents itself of earning money by working for traders and others, resident or passing through the country; they also earn a good deal from the missions who generally employ Indian labour in preference to hiring outside help." 277

- W. Sibbald, Indian Agent, Onion Lake Agency, District of Saskatchewan, July 1, 1902.

276. Lower, Colony to Nation, rev. 4th ed., Longmans Can. Ltd., Don Mills, 1964, 423.

277. I.A.: Report..for the Year Ended June 30, 1902, 155.

"The Qu'Appelle and File Hills Indians will have about 70,000 bushels of grain, mostly wheat, and will consequently have several carloads to dispose of. Birtle Agency will thresh about 35,000 bushels and Crooked Lakes about 25,000 bushels of grain. The two former agencies will be able to pay with their surplus grain and cattle large instalments on the new machinery which they have obtained, the Qu'Appelle Indians having purchased several binders and a seventeen horse-power engine and separator, and the Birtle bands fifteen new binders. .. Agent Aspdin of the Assiniboine reserve in his September report says: 'The Indians made energetic efforts to get the grain cut before the frost came. Their two binders were cutting many times both by day and night, as there was a good moon to work by; and as soon as one Indian's ponies got tired working in the binder, another Indian would hitch and go on with the work'. The same agent also reports that his Indians bought with the proceeds of their industries last year articles to the value of over \$1,310, among which were four new wagons, five binders, one seed-drill, fifteen factory bedsteads and four cooking stoves.

"While the Indians on the above-mentioned reserves have worked to some purpose in regard to this year's crops, they have not neglected preparing for the future. In the Qu'Appelle agency 1,115 acres of new land have been broken up; in the Birtle agency over 300 acres, and in the Assiniboine agency 225 acres. As breaking costs about \$3 per acre, these Indians have added a considerable value to their improvements. ..

"Besides agriculture and stock-raising, there are several other industries of civilized life from which some bands of Indians earn no small part of their support. In addition to putting up sufficient hay for their own use, the Blackfoot Indians this year cut and stacked hay for the ranchers around to the value of \$2,500. They have also coal on their reserve, which they have mined at times in a primitive way. ..

"The Blood Indians, besides providing hay this year for the necessities of their own cattle, the agency stock, and two hundred and fifteen tons for the keep of the bulls during the winter, filled contracts for over twelve hundred and fifty tons to ranch companies, the Mounted Police and settlers in the neighbourhood. In the Peigan agency saw-mill operations were begun in April and completed early in July. Some 3,281 logs were manufactured into over 340,000 feet of lumber. For freighting the lumber to Macleod and other points

the Indians received from \$3 to \$5 per thousand, payable in lumber to whatever extent they could be induced to accept it for the building of houses for themselves. Six hundred and thirty tons of hay were also cut for contractors.

"On Lake Winnipeg fishing has been successful during the past year, and the Indians have shared in the prosperity. Many of them have also had other employment. Agent Semmens reports that their earnings so far as he has been able to compute them amount to \$60,000, obtained from labour in the mills, on the steamers and from the sale of fish and fur. In Clandeboye agency, Inspector McColl reports that the St. Peter's band of Indians earn a large revenue in winter by cutting and hauling to market dead and dry cord-wood from the reserve, and the large quantity of hay which cannot be utilized by the band for its own stock. A large source of income is also found in wages earned by working at Selkirk and throughout Lake Winnipeg for the fish, lumber and transportation companies, from whom the Indians receive good wages. Agent Wright of Fort Frances, after completing the payments in his agency on September 6, writes: 'In no reserve was there any destitution, as all those who wish to work can find employment at good wages, and the hunting and fishing are good. . . All the garden crops are good, and plenty of hay has been put up for their stock.' "

- David Laird, Indian Commissioner,
Manitoba & Northwest Territories,
October 15, 1902. 278

James Smart, Dep. ^{Supt.} Gen. of Indian Affairs, wrote: "In Manitoba the main opportunities afforded the Indians for earning wages are in connection with the fisheries, although some of them get work from the lumbermen and miners in the district."²⁷⁹ Also writing in 1902, Inspector S.R. Marlatt described conditions among the Ojibwa and Swampy Cree in the Manitowopah Agency of the Lake Manitoba Inspectorate:

"The fishing and lumbering industries give employment to many of them, wages are high, and labour in great demand. Quite a number of the able-bodied men are now [Sept.] down in this locality assisting in harvest operations. The money thus earned will be largely expended in procuring the winter's supply of provisions and clothing. The Indians are contented, we found very few cases of destitution, they themselves acknow-

278. Ibid., 185-187.

279. Ibid., xxiii.

ledge that they have never been so prosperous. The Fairford, Little Saskatchewan and Lake St. Martin bands obtain almost constant employment at the gypsum mines in their locality." 280

Drawing on Indian Affairs reports, Zaslow provides the following pre-World War I picture of Indian labour in the southern woodlands of the Hudson Bay basin and along its border with the Lake Superior drainage region:

"At Chapleau, Ontario, the Crees were reported as having "profited largely by the advantages offered them of getting their children educated in the public school, as a result of which they speak English fluently, can read and write well, and are able to fill more or less responsible positions with the Canadian Pacific Railway Company. The women and girls are busy cleaning and doing laundry work and quite a number of the latter engage as servants, thus earning good wages." The younger men of the Long Lake band "find employment as packers and guides with the Hudson's Bay Company and [fur trade rival:] Revillon Bros., and also along the line of the Transcontinental railway and Canadian Northern railway construction work". ..

"At Fort Frances, as in Kenora, new occupations included working in sawmills, on steam-boats or farms; river-driving, guiding, taking out dead and fallen timber on their reserves. The agent commented that "the majority of the Indians are industrious and law-abiding, and as a rule becoming richer, as they live and dress better, and have better houses, than they did a few years ago." " 281

c. Erosion of progress

The above accounts demonstrate that when the opportunity arose, Indians undertook both self-employed farming²⁸² and a variety

280. Ibid., 96.

281. Zaslow, Opening of the Canadian North, 234.

282. Although an "Indian problem" outlook was evident among many Indian Affairs officers, their descriptions of progress contradict the notion that Indians were unsuited

of wage labour. However, 20th century expansion of commercial agriculture and of short-term and seasonal wage labour, signalled prolonged, renewed underdevelopment ahead. As Zaslow notes with special reference to the Pacific coast, "even when Indians were successful workmen, they still were not masters of their own economic destiny; they worked mainly for wages or sold their produce to middlemen who reaped most of the benefits".²⁸³

Further, a rapid rise in the demand for labour did not mean stronger bargaining power for Indian workers, because mass immigration to Canada provided a "cheap labour force of the largest dimensions".²⁸⁴ According to an Indian Affairs estimate, in 1900 there were "approximately 22,500" Indians in the area of the present-day prairie provinces.²⁸⁵ By contrast, in the southern half of this region the total population amounted to 219,305 in 1891, and 419,512 in 1901. In 1911 the three prairie provinces had 1,328,121 people, and in 1921 the figure reached 1,946,082.²⁸⁶ Between 1901 and 1910 in the provinces which together include most of the Hudson Bay basin population totals rose by: 21.6% in Quebec, 15.8% in Ontario, 80.8% in Manitoba, 439.5% in Saskatchewan, and 412.6% in Alberta. From 1911 to 1921 the respective growth rates were: 17.7%, 16.1%, 32.2%, 53.8%, and 57.2%.²⁸⁷

282. Cont'd. for farming. This notion appears even among authors who attempt a sympathetic treatment of the historical role of Indians. Gerald Walsh, for example, writes of the plains tribes: "When the buffalo disappeared..the Indian way of life collapsed. The skilled hunter sat on the reserve and recalled the great days of the hunt that were gone forever. He was no farmer, nor did he wish to become one." (Walsh, Indians in Transition, 79.) He says nothing of the impressive beginnings at reserve agriculture and ranching.

283. Zaslow, op. cit., 234.

284. Arthur Lower, Colony to Nation, 429.

Agrarian wage employment clashed with efforts at independent reserve farming by luring Indian labour away from reserves during the most crucial agricultural seasons. Thus, in 1902 Agent S. Swinford reported: "Many of the best workers on all these reserves [Portage la Prairie and Manitowapah agencies] can get such steady work at good wages with the settlers that it is difficult to keep them on reserves long enough to look after their own little farms in a proper manner."²⁸⁸

In woodlands and on some plains sites²⁸⁹ relatively poor terrain has contributed to seasonal employment away from reserves. Moreover, even where fertile reserve lands exist, by thwarting self-initiative the colonial terms of wardship set out in the Indian Act have encouraged off-reserve employment. For example, section 32 of the current edition of the Act states: "A transaction of any kind whereby a band or a member thereof purports to sell, barter, exchange, give or otherwise dispose of cattle or other animals, grain or hay, whether wild or cultivated, or root crops or plants or their products from a reserve in Manitoba, Saskatchewan or Alberta, to a person other than a member of that band, is void unless the superintendent approves the transaction in writing."²⁹⁰

285. I.A.: Indians of the Prairie Provinces, 1969, 25.
286. Totals derived from figures in Census of Canada: 1890-91, vol. I, 1893, 366 & 369, and in 1966 Census of Canada, vol. I, 1969, 1-1.
287. 1966 Census of Canada, ibid.
288. I.A.: Report .. for the Year ended June 30, 1902, 88.
289. The Indian Tribes of Manitoba, Wahbung, 5-8.
290. I.A.: Indian Act, 15.

The reserve system is superbly suited to the needs of seasonal employers as it provides for the politically convenient withdrawal of unemployed labour from employment centres during off-seasons.²⁹¹ The role of migrant farm labourers has continued as one of the hallmarks of Indian participation in capitalist economy.

The distraction of seasonal wage jobs was only one of several external factors which conflicted with reserve agricultural development. Another was expropriation of reserve lands. This began even before mass European settlement. In 1874 Dep. Supt. Gen. Spragge wrote:

"The fact cannot be disguised that in too many quarters an intolerance of Indians as a race is continually manifested, and the limited number of acres which a humane care of them demands, are begrudged them; and efforts to effect their removal from the reserves guaranteed them by solemn treaty and contract are not infrequent. The knowledge which reaches them of attempts made to transfer them from their reserves to remoter localities, is to them both harrassing and prejudicial. Fortunately, they are protected by Statute. But they are not unaware that law does not always remain the same." 292

Amid mass agrarian immigration in the early 20th century, the law was changed to promote the sale of reserve lands. In the 1907-'08 Indian Affairs report prairie commissioner, Laird, wrote:

"The amendment in the new law which permits of fifty per cent of the money derived from the sale of surrendered lands being immediately used, and the investment of the returns in outfitting Indians for work and enabling them to improve the conditions in which they live, has led many of the Indians to make surrenders."²⁹³

291. Similarly, it can serve capitalist industry in general by drawing off excess workers during recessions and by adding to the labour force in boom periods (thus restraining the bargaining power of the employed).
292. I.A.: Report..for the Year Ended 30th June, 1873, 5.
293. Zaslow, op. cit., 232-233.

Laird attempted to rationalize government encouragement of private purchases of reserve lands by stating that the Indians were unable to make use of all the reserve lands. In addition to the sale of uncultivated reserve lands, some Indians were persuaded to move away from prime agriculture land to new reserve sites. According to Zaslow: "By a move that gave rise to much long, bitter controversy, the historic St. Peter's Reserve (above, p.107), near Selkirk, Manitoba, was exchanged for another at Fisher River along the coast of Lake Winnipeg, which was deemed better suited to the Indians occupational interests and threw fewer urban temptations in their way."²⁹⁴

In the south-west corner of the Hudson Bay basin the expropriation of reserve lands peaked near the end of World War I. Ostensibly supporting the wartime "Greater Production" campaign, federal government agents used a variety of legal and illegal pressure tactics to coerce Blood Indians into leasing and selling portions of their southern Alberta Reserve. The details of this blatant underdevelopment at the hands of the government in the interest of private enterprise were recorded in 1921 by R.N. Wilson of Standoff, Alberta. Wilson was Indian Agent on the Peigan and Blood reserves from 1898 to 1911. Following are a few excerpts from his lengthy memorandum, "Our Betrayed Wards"²⁹⁵

"In 1917, Mr. Meighen became Superintendent General of Indian Affairs. That year marked the abandonment by the Indian Department, so far at least as the Blood Reserve was concerned, of the traditional Canadian

294. Ibid.

295. "If one examines the Annual Reports of the Department of Indian Affairs, if one looks into the ethnohistory of the southern Alberta region, one is inevitably led to the conclusion that Mr. R.N. Wilson is essentially correct on all counts." - A.D. Fisher, "Introduction to "Our Betrayed Wards" ", WCJA, IV, I, Jan., 1974, 21.

policy of Indian administration, and it marked the end of the prosperity of the Blood Indians, who, from that time forward, were not to be permitted to enjoy the peaceful possession of their Reservation as guaranteed to them by Treaty. The established and successful Canadian policy of advancing the Indians on their Reserve was abandoned in favor of a policy of Indian Reserve exploitation in the interests of covetous white men. ..

"The first measure taken to force the Bloods to sell land was to stop the development of their farming enterprise, to appropriate and use for other Agency purposes .. lease funds upon which the farming extension was dependent, and to inform the Indians that no more land would be broken up for new farms until they sold part of the Reserve.

"Thus, in 1916 and 1917, when western Canada was being "stumped" by public speakers urging greater production of grain, the Blood Indians, while they had a good crop from their old land, were not permitted to respond to the greater production appeal, though they had the land, machinery, horses, plenty of willing men and the necessary capital to operate their traction breaking plow outfits.

"There was no reason for holding back the farming development at that time other than the determination of the officials in charge to "freeze" the Indians into a land sale, it being understood, of course, that the more they utilize their Reserve the less likely are the Indians to sell it. ..

"The Indians .. were then making good use of their Reserve and had for many years shown not only willingness but genuine eagerness to extend their farming and stock-raising industries to the utmost."

"The policy of ruthlessness .. adopted by those in authority and still in force on the Blood Reserve is quite inexplicable unless we believe that it was deliberately planned to put the Blood Indians out of the cattle business and to otherwise reduce them in order to force them through poverty to sell land, the peaceful enjoyment of which was guaranteed to them in solemn treaty by the Dominion of Canada." 296

296. R.N. Wilson, "Our Betrayed Wards", WCJA, IV, I, Jan., 1974, 37-38 & 41.

The squeeze on reserve farming undermined Indian bargaining strength in dealings with outside merchants. And, as secondary industry was not significantly developed on western reserves, external commerce was inevitable.

As with merchant capital generally, it was in the interest of the joint ^{British and} Canadian ruling class to diffuse the potential bargaining strength of producers. In the contest with eastern monopoly capital, individualistic, agrarian family farming was at a sharp disadvantage. Nonetheless, the federal government failed to promote corporate or collective farming on reserves (although this also would have complemented tribal ideals). Instead, Indian Affairs actively opposed communal production in favour of private competition. In 1874 Spragge noted: "A persevering effort has for a number of years been made to prevail with each head of an Indian family to establish a homestead, to be transmitted to those who succeed him as its head."²⁹⁷ The rationale offered for this policy reflected capitalist ideology. A quarter century later, ^{Supt. Gen.} Dewdney wrote:

"One of the most assuring indications of the growth of advanced ideas among the Indians recently taken in hand is the willingness, and in some cases preference, shown by many of them to accept of separate lots of lands, over which they can exercise individual control as locatees. ..

"The ownership within recognized bounds of a location inspires the holder of it with a desire to improve his holding, and with a wholesome spirit of emulation, to which, under the prevailing system of community of ownership, he was previously a complete stranger." ²⁹⁸

The divisive promotion of permanent, private land holdings was pressed in spite of objections among Indian bands. In Dewdney's

297.I.A.: Report..for the Year Ended 30th June, 1873, 5.

298.I.A.: Report..for the Year Ended 31st Dec., 1889, ix.

ethnocentric terms:

"It is greatly to be regretted that any Indians should be so lacking in intelligence as not to recognize the advantages which must accrue to their people by the introduction of such a manifestly correct system among them. Yet it is a fact that the proposition to introduce it is met with strong opposition from Indians who, from the length of time they have had the benefit of enlightened instruction, might be expected to advocate the change instead of opposing it." 299

Instead of channelling communal sharing into collective economic planning, government officials supported individualistic, bourgeois culture. Hence, drawing on the 1895-'96 Indian Affairs annual report, Zaslow notes:

"Gradually these northern [north of the N. Sask. R.] reserve Indians began putting in crops, and some even began to show a change of outlook that caused Agent John Ross of Saddle Lake Reserve to rejoice: "they are displaying more thrift and the former custom of sharing with their neighbours and of giving feasts when their supplies were in a flourishing condition, has nearly altogether ceased, and they now put in practice the maxim of 'every man for himself' ". 300

Private lots and individualistic culture minimized potential economies of scale and collective bargaining power. Thus they facilitated the severe subordination of Indian communities to state and capital. (Compare with the Metlakatla story, below, pp.184 -186.)

In contrast, Mennonite settlements, which initially appeared in Manitoba during the 1870's, have experienced steady, relative economic success alongside community economic cooperation. (The same may be said for Hutterite colonies, first established on the Canadian prairies during World War I, with their communal production systems.) Moreover, as a reaction against monopolistic surplus appropriation,³⁰¹

299. Ibid., x.

300. Zaslow, Opening of the Canadian North, 93.

301. Fostered by the C.P.R., by 1900 "almost three-quarters of the grain elevators in western Canada were owned by five companies". (Seymour Martin Lipset, Agrarian Socialism, Doubleday Anchor Books, N.Y., 1968, 58.)

other farmers increasingly relied upon collective marketing and political lobbying. In 1901 the Grain Growers' Association was launched and in 1906 it formed a farmers' cooperative grain handling agency. Over the next two years the Saskatchewan, Manitoba and Alberta branches each passed resolutions in favour of nationalization of all grain elevators. In 1909 Saskatchewan Grain Growers also voted for public ownership of "timber, coal, oil or other mines," which should be operated so that "the profits and benefits be shared by all alike". Their 1913 convention added public utilities, transportation, and banking to the list. By 1916, 28,000 out of 104,000 Saskatchewan farmers belonged to the G.G.A.³⁰²

Meanwhile, despite the large ratio of independent farmers in the population, on the prairies labour union locals as a per cent of the national total nearly matched the region's share of population. The percentage of Canada's population in the prairie provinces was 5.2 in 1891, 7.8 in 1901, 18.5 in 1911, and 22.3 in 1921. The percentage of union locals on the prairies was 5.0 in 1891, 5.8 in 1901, 17.8 in 1911, and 18.9 in 1921.³⁰³ The 1919 Winnipeg General Strike marked a culmination of working class struggles for collective bargaining rights.

Thus, both self-employed farmers and wage labourers relied upon collective action in their struggle against monopoly capital. In so doing they made much use of electoral political pressure. By contrast, because of the terms of wardship imposed upon "registered Indians", they did not even have citizen voting rights.³⁰⁴

302. Ibid., 73.

303. H.C. Pentland, The Western Canadian Labour Movement, 1897-1919, unpub. paper, Nov., 1973, Table I.

304. In 1960 they were granted the right to vote in federal elections.

To gain greater legal independence, including voting status, it was necessary to sacrifice community ties and all aboriginal claims. In the words of Harold Cardinal, president of the Indian Association of Alberta, with reference to today:

"The only recourse allowed victims of the [Indian] act is enfranchisement, whereby the Indian is expected to deny his birthright, declare himself no longer an Indian and leave the reserve, divesting himself of all his interest in his land and people. This course of action is one that any human being would hesitate to take. To the Indian it means that he must leave his home, the community of his family, to which neither he nor his wife nor his children may ever return. All this to enter a society which he generally finds prejudiced against him." 305

For many Indians that prejudice (rationalized by "Indian problem" premises) has helped to limit employment opportunities to cheap and seasonal labour. Thus, early in the 20th century:

"The [Ind. Affrs.] Education Branch and the churches which operated schools for Indians realized that there was little value obtained from teaching the Indians such trades as tailoring, shoe-making, etc., because the Indians could not compete with the whites in pursuing these trades. Employers preferred white to Indian labour as a rule, and thus the Indian graduates could find little demand for their trades in white communities." 306

The immigrants who entered western Canada in the late 19th and early 20th centuries mainly came from the United States, southern Canada and various parts of Europe. Most arrived with agricultural or modern industrial backgrounds and tight ethnic bonds. These, plus collective producer associations and citizen voting rights, enhanced their competitive commercial strength relative to that of

305. Harold Cardinal, The Unjust Society, Hurtig, Edmonton, 1969, 45.

306. H.J. Vallery, A History of Indian Education in Canada, M.A. thesis, Queen's University, April, 1942. (Micro film)

most aboriginal descendants in the region. Consequently, it seems reasonable to conclude that, alongside capitalist land grabs and merchant oligopoly, the sudden swelling of the labour force after the turn of the century helped to stifle economic advance among native residents engaged in post-fur trade adjustments. Moreover, given the large pool of competitive cheap labour, it is not surprising that ethnocentricity, coupled with racially discriminatory hiring practices, flourished.

All this helps to explain why disproportionate numbers of Indians and Metis remained within or were drawn back into the lowest social-economic layers of capitalist economy.

IX. Conclusion

In the Hudson Bay basin, neolithic technology and the absence of draught animals kept accumulation of wealth at minimal seasonal levels. The arrival of European merchant capital meant a great qualitative advance in the means of production. However, it also signalled the erosion of tribal economic independence. Coupled with improved technology, the ensuing class relationships ensured unprecedented surplus production, but in the interest of foreign merchants rather than native residents.

Beginning in the late 17th century, local fur producers increasingly relied upon foreign fur companies for European manufactures. On the other hand, the merchants were almost entirely dependent upon the labour of native producers for profits.

The weakening of tribal and band independence was facilitated by the development of externally oriented commodity relations, liquor traffic, and credit arrangements. The latter device entailed the separation of producers from full ownership of their means of production. It became particularly significant in the effective monopoly period of the 19th century.

Further, the pressure of commercial fur production caused animal depletion and tribal migrations, increased and intensified inter-tribal conflict, and the erosion of self-reliant, neolithic craftsmanship. Thus, scope for local economic initiative was progressively straight-jacketed by merchant accumulation of capital. Concurrently, the livelihood of basin residents generally remained precarious. Their communities became increasingly underdeveloped relative to the wealth and influence of the merchants.

In 1870 jurisdiction over the Hudson Bay drainage area was transferred from the Hudson's Bay Company to Canada. A new government-backed system of merchant dominance then went into effect. It involved the addition of mass agrarian settlement, railways, mine sites and lumber camps. Accordingly, small tracts of land were designated by treaty as reserves for stationary Indian settlement.

The treaties also ⁿsactioned the loss of tribal sovereignty over the regions affected. However, the British crown, and through it the Hudson's Bay Company, had already claimed title to the basin for two centuries. In all Dominion treaty areas the Canadian government claimed jurisdiction prior to negotiations with the native inhabitants. Indian acceptance of the treaties was forced by forewarnings of inevitable westward expansion of commerce and settlement, and by fur trade erosion of tribal self-sufficiency. On the plains, the rapid, final dwindling of buffalo herds in the 1870's severely undercut Indian bargaining power.

In the ensuing era there was strong continuity between the success of fur trade capital and new, lucrative lines of monopolistic accumulation. Parallel to this, poverty persisted among thousands of continuing and former fur trade producers.

In the late 19th and early 20th centuries some promising starts were made at reserve agricultural development. However, commercial land pressure, divisive Indian Affairs policy, concentrated merchant bargaining power, and sudden mass immigration, stifled the progress. New primary industries created a variety of wage employment for Indians and Metis. But the underlying pattern was one of temporary or seasonal, low paying jobs. Meanwhile, in forest regions

fur trade capital continued to dominate the livelihood of many resident producers.

In sum, underdevelopment has long been characteristic of native communities caught up in capitalist-dominated, social relations of production and trade.

* * * * *

Appendix A: "Indian Problem" Perspective

a. "Indian problem" reasoning

The expression "Indian problem" reflects the orthodox view that destitution among Indians is caused by Indian characteristics which impede integration into advanced civilization. The expression dates back to at least the 19th century. After cultural studies among Blackfoot communities, John McLean (Ph.D.) wrote the Indians: Their Manners and Customs, published in 1889. Under the chapter heading, "the Indian Problem", and the sub-heading, "the Civilizing of the Indian", he says:

"Political and ecclesiastical leaders earnestly desire the speedy and permanent civilization of the Indian race, but they differ in their conception of what is included in the term "civilization," and in their methods of elevating the people. It must be acknowledged that there is such a thing as an Indian problem, which requires years of study and experience to train the mind to grasp fully its difficulties, and even then it is a problem that wears a different aspect for different tribes." 1

McLean's concern over how to secure "civilization of the Indian race" is similar to the current government aim "to help the Indian, caught in an age of transition, to adapt to a larger and more complex society" (above, p. 2).

As expressed by a Winnipeg-produced, Community Welfare Planning Council newsletter, "countless social workers, missionaries, policemen and Indian agents have thrown up their hands in anger and despair at the "Indian problem", criticizing the Indians for not conforming to middle class Canadian values."² Despite such frustrat-

1. John McLean, The Indians, Wm. Briggs, Toronto, 1889, 261.
2. Community Welfare Planning Council Letter, I, No. 35, Winnipeg, 1968, 3.

ion, the Department of Indian Affairs and Northern Development perseveres in promulgating the belief that rewarding opportunities would unfold for Indians if only they would shake off old values and integrate into the predominant Canadian society. This was a premise of its 1969 "white paper" on Indian policy (which ran aground in face of Indian opposition):

"Opportunities are present today in Canadian society and new directions are open. The Government believes that Indian people must not be shut out of Canadian life and must share equally in these opportunities. . .

"We can no longer perpetuate the separation of Canadians. Now is the time to change.

"The Government believes in equality. It believes that all men and women have equal rights. It is determined that none shall be shut out of Canadian life, and especially that no one shall be shut out because of his race." 1

In essence there is nothing new about this platform. In 1877, David Mills, Minister of the Interior, quoted from a report by the Supt.-Gen. of Indian Affairs, David Laird:

"I am firmly persuaded that true interests of the aborigines and of the State require that every effort should be made to aid the Red man in lifting himself out of his condition of tutelage and dependence, and that is clearly our wisdom and our duty, through education and every other means, to prepare him for a higher civilization by encouraging him to assume the privileges and responsibilities of full citizenship." 2

I question the "Indian problem" approach on three counts. First, to what extent are Indian, Métis and Inuit communities really isolated from the rest of Canada? Second, does the surrounding economy really offer rewarding opportunities for people of native

1. I.A.: Statement on Indian Policy, 1969, 6.
2. Report of the Department of the Interior for the Year Ended 30th June, 1876, xiv.

ancestry who choose to integrate? And, third, how real and how entrenched are their purported, uneconomic values (below)? - Where they exist, are they primarily causes or effects of destitution?

b. "Improvvidence"

There are a variety of supposed Indian traits which have been characterized as central obstacles to economic progress. These include improvidence, laziness, communal sharing, attraction to liquor, lack of consumer motivation, and non-punctuality. (All blend well with standard, imperialist explanations of poverty around the world.) Foremost among these is the charge of improvidence, wastefulness, non-accumulative habits, shortsightedness, or a high time preference for present rather than future consumption. It dates well back into the classic fur trade era and has continued into the present:

"I have found frequently Indians to kill some scores of Deer, and take only the tongues or heads, and let the body or carcass go a Drift with the tide, therefore I think itt's no wonder that godalmighty shou'd fix his Judgement upon these Vile Reaches, and occation their being starvd. and in want of food, when they make such havock of what the Lord sent them plenty of, - their ignorance may perhap's Justifie them something." 1

- James Isham,
H.B.C. factor on Hudson Bay
coast, 1743

"They [N.Am. Indians] .. afford a striking instance, of the effects resulting from a great deficiency of strength in the accumulative principle. They have skill, adequate to the formation of instruments, capable of ministering to the necessities and comforts of a numerous population, for with the powers of fire, the axe, and the hoe, the great agents in converting

1. Rich, ed., James Isham's Observations..., 81.

the forest to the field, they are well acquainted; they have industry, content with a very moderate, if immediate reward; yet, from inadequate strength in this accumulative principle, these all lie inert, and useless, in the midst of the greatest abundance of materials; and the means for existence in the time to come not being provided, as what was future becomes present, want and misery arrive with it, and these tribes are disappearing before them. The white man robs their woods and waters of the stores with which nature had replenished them, and the arts, by the communication of which he would compensate for the spoliation, are despised." 1

- John Rae, British Canadian economist, 1834.

"Their [French voyageur's] aim was not so much that of gain as of pleasure, and the enjoyment of present life..

"In their lack of care for the morrow, which in a measure characterized the French "voyageur", and in their continual effervescence of animal spirits, open-heartedness, and joviality, they agreed fully with the like characteristics possessed by the Ojibways." 2

- William W. Warren, Minnesota Senator of Ojibwa, French and Anglo-American descent, 1852.

"The North American half-breeds..are rather a fickle people, who act according to the impulse of the moment." 3

- Alexander Ross, Red River farmer, historian, and ex-fur trader, 1852.

"The Indian is so improvident that if he were paid in the spring he would waste everything before winter." 4 (Rationale for H.B.C. credit system.)

- John Rae, (M.D.), 1857

"If Indian habits and customs would permit of the accumulation of wealth, our host [hunter between Dauphin and Ebb and Flow lakes] might soon become a rich man." 5

- Henry Yule Hind, 1858

1. John Rae, Statement of Some New Principles, 138.
2. Warren, History of the Ojibway Nation, 133.
3. Ross, The Red River Settlement, 232.
4. RSCHBC, 1857, 29.
5. Hind, ..Expeditions, II, 62.

"Our poor Indians here are at best a thriftless and improvident class of people. With little or no care to provide for the future, many are at times reduced to extreme want." 1

- William Chisholm, Indian Agent, Dist.5, Antigonish, Nova Scotia, 1876.

"Another impediment to progress is their seeming inability to manage their own affairs beyond sufficient for the day." 2

- S. Swinford, Indian Agent, Portage la Prairie & Manitowapah Agencies, Man., 1902.

"The Indian's traditional attitude towards making a living is often different from the non-Indian. In the past - and still prevalent to some extent - is the idea of living only for today. The meat prepared for today is eaten today and shared with others; tomorrow someone else will have food to share. The non-Indian ideas of putting money in the bank for a rainy day, of saving today in order to buy desirable goods tomorrow, seem confusing and somehow unacceptable." 3

- Indian Affairs Branch, 1964

"In most non-industrial cultures, the standard of living of most groups remains relatively static at a customary near-subsistence level, and the class or status structure is commonly ascribed rather than achieved. There is little or no incentive for individuals in such societies to work harder or longer to acquire money and accumulate goods to attempt to achieve higher status. Hence the time-worn complaint, familiar to many colonial areas as well as among employers of Indians in Canada, that "if you pay them more they simply quit that much sooner, once they have all they need". (This is not infrequently offered as a justification for paying Indian workers lower rates than Whites, for doing the same kinds of jobs. ..)" 4

- Hawthorn report (for I.A.B.), 1966

Contrary testimony also exists. Thus, after earlier referring to "the ignorance and stupidity of the Natives",⁵ Keith wrote of a band of Beaver Indians:

1. Walsh, Indians in Transition, 74.
2. I.A.: Report for the Year Ended June 30, 1902, 89.
3. I.A.: Indian Today, 6-7.
4. Hawthorn, ed., A Survey of the Contemporary Indians of Canada, 57.
5. Masson, ed., Les Bourgeois de la Compagnie du Nord-Quest, II, 66.

"In general, they are pretty industrious and good economists in many respects. Their principal amusement is dancing, being generally averse to gaming unless rich in ammunition, when they will venture to stake a ball or so against its value." 1

- George Keith, N.W.Co. trader,
MacKenzie R. Dept., 1807.

Among the Saukteaux receiving initial treaty payments:

"It was a noticeable fact that many took home with them nearly all their money. When urged to buy goods there, a frequent reply was: "If we spend all our money here and go home and want debt [credit], we will be told to get our debt where we spent our money." "

- Record of events surrounding
initiation of Treaty No. 3, 1873
(Above, p.147.)

The above (VIII, b) references to general progress and stockpiling of fodder in the late 19th and early 20th centuries, also run counter to the "improvidence" charge. Laird, for example, reported that in the Qu'Appelle, Birtle and Assiniboine agencies:

"While the Indians..have worked to some purpose in regard to this year's crop, they have not neglected preparing for the future."

- David Laird, 1902 (Above, p.160.)

And, speaking of the period of relative independence and prosperity which accompanied the arrival of horses among the plains tribe, Oscar Lewis says: "The accumulation of wealth, the manipulation of property, spending, buying and selling, dominated Blackfoot life." (Above, p. 82.)

However, as the main body of this study indicates, aboriginal descendants in the Hudson Bay basin commonly have been deprived of a continuing opportunity to improve their welfare. - First by the limits of neolithic technology, and later by capitalist underdevelop-

1. Ibid., 69.

ment. Accordingly, the real issue is not improvidence, or lack of concern for the future, but lack of faith in the future caused by an absence of control over the future. (See III, g and V, e and i, above.)

Even leading authorities on the fur trade have missed (or ignored) this point. Thus Rich cites depletion of beaver and buffalo as grounds for his contention that Indians "certainly" were guilty of "improvidence".¹ By contrast, it is argued above (V, d) that the diminution of fauna was essentially engendered by merchant accumulation of capital.

c. "Laziness"

Closely associated with the characterization of Canadian Indians and Métis (and people in underdeveloped communities around the world) as indolent, is the accusation of laziness:

"Would not the Natives kill more Game, if more Goods were sent to them for their Fur?" "They might, but they're too lazy to take any Extraordinary pains, suppose they have their Bellyful." " 2

- Questioning of Capt. Spurrell at Parliamentary Enquiry, 1749.

"No people have a greater aversion to hard labour [than Saulteaux around Rainy Lake].. "Their wants are very few, they can the more easily part with their superfluities and put less value on property; this they have in common with most savage nations." 3

- Peter Grant, N.W.Co. trader, circ.1804

"If you ask either [Métis or Fr. Canadians at Red River] to work, they will demand unreasonable wages, or even refuse altogether; preferring indolence to industry, and their own roving habits to agriculture or other pursuits of civilized life...["They live a ragged life, which habit has made familiar to them. Knowing no other

1. Rich, "Trade Habits..", 46.
2. Ibid., 49.
3. Masson, ed., op.cit., 327.

condition, they are contented and happy in poverty."¹

- Alexander Ross, 1852

"The [Indian] child...who goes to a day school, learns little, and what he learns is soon forgotten, while his tastes are fashioned at home, and his inherited aversion to toil is in no way combatted." 2

- A Manitoba inspector of Indian agencies, circ. 1879

"The hard, steady work necessary to keep the land free from weeds and prepare it for the next year's crop is so contrary to the Indian nature that it makes grain-farming a distasteful occupation." 3

- S. Swinford, Indian Agent, Portage la Prairie & Manitowapah Agencies, 1902.

Despite Swinford's remark, events of the day provided plenty of evidence of successful Indian involvement in agriculture. (Above, VIII, b.) Among contemporary views which conflict with the aversion-to-hard-labour thesis, were the following:

"These Indians [Long Lake Band] are intelligent and industrious; they show great interest in anything new."⁴

- J.F. Hodder, Indian Agent,
Ojibbewas of Lake Superior, Western Div.,
1902

"These Indians [Seekaskootch Band] are not slow to take hold of any opportunity that presents itself of earning money by working for traders and others, resident or passing through the country." 5

- W. Sibbald, Indian Agent,
Onion Lake Agency, Sask. Dist., 1902.

"The most satisfactory and encouraging feature of the situation is the demonstration of the possession by the Indians of a spirit of independence and of sufficient self-reliance to enable them to hold their own under comparatively difficult conditions." 6

- Frank Pedley, Dept. Supt. Gen. of Indian Affairs, 1908.

1. Ross, op.cit., 194-195.
2. The Indian Tribes of Manitoba, Wahbung, 112.
3. I.A.: Report..for the Year Ended June 30, 1902, 88.
4. Ibid., 31.
5. Ibid., 155.
6. I.A.: Report..for the Year Ended Mar. 31, 1908 , xix .

The notion that aboriginal descendants prefer idleness to sustained labour has been particularly common in reference to lumpenproletariat groupings around fur trade posts and in urban slums. An understanding of how capitalist relations have generated such conditions reveals the misleading character of the "laziness" charge. A thesis of capitalist underdevelopment runs throughout the above study. For a note on lumpenproletariat encampments near fur trade depots, in particular, see above, pp. 110 - 111 .

d. Sharing

Perhaps the most ironic item on the "Indian problem" list of vices is communal generosity. Instead of reinforcing feelings of community responsibility and encouraging cooperative economy (as attempted, for example, in China's "Great Proletarian Cultural Revolution"), Canadian governments have fostered the individualistic culture and economy of capitalism among Indian tribes. (Above, pp. 168 - 169 .) The results have been abominable for Indian communities as a whole. (Above, p. 1, f.n.; below, pp. 195 - 196 .)

In contrast, on the Pacific coast communal motivation and collective economic power have been hallmarks of success in the Tsimshian community of Metlakatla. In 1862 the Protestant missionary, William Duncan, and an Indian congregation of "about fifty" Tsimshian settled at Metlakatla. In 1881 Duncan wrote that the population had risen to about 1,100. The community had a system of municipal self-government, with its own police, firemen and musicians. Self-imposed village taxes, payable either in cash, goods or labour, went toward community projects. In addition to an emphasis

on social responsibility, or "a general feeling of brotherhood", economic independence was fostered by a program of economic diversification:

"We have a large store, a sawmill, a planing machine, a lathe and other pieces of machinery all managed by Indians. In our work-shops good boats, window sashes, panel doors, and furniture are being manufactured. Our Indian blacksmith can furnish us with all we need in iron and steel for our mill. Our females have been taught to card and spin wool; and last winter commenced weaving with three looms. ..

"We are just now commencing a brick yard." ¹

After visiting Metlakatla, J.W. Powell, Indian Superintendent in British Columbia, reported in 1883 that:

"In addition to the large store, which I was told belonged exclusively to the Indians and was a co-operative arrangement, Mr. Duncan is devoting his spare energies to the establishment of a salmon cannery which he informed me was to be placed upon the same footing. .. Mr. Duncan, with Indian labour alone and without even a white foreman, has put up, during the sixty or ninety days run of fish, 6,500 cases of canned salmon." ²

The successful start of co-operative fish packing is particularly noteworthy in view of the already existing, vigorous (non-Indian) capitalist fisheries along the coast. According to Zaslow, the village also secured "a schooner, set up a community store, and opened up an export trade independent of the Hudson's Bay Company."³

However, the development of Metlakatla was jeopardized by internal church pressures and federal-provincial government rivalry over Indian lands. Eventually, "caught up in a long, angry clash

1. Letter from Duncan to Supt. Powell, Metlakahtla, Aug.13, 1881; I.A.: Report..for..1881, 146.
2. I.A.: Report .. for .. 1883, 107.
3. Zaslow, Opening of the Canadian North, 36.

with his superiors over doctrinal and policy questions", Duncan took "himself and his followers out of the Church of England, and out of Canada, too, to found a New Metlakatla one hundred miles farther north, on Annette Island, Alaska".¹ There, the fertility of cooperative economic action was once again demonstrated. Thus in 1947 former U.S. Commissioner of Indian Affairs, John Collier, wrote:

"We go down to the warm southeastern Alaska coast and discover the Metlakatlans, a west-coast tribe which, within the memory of the living, was uprooted and driven in migration from Canada. We find a social organization which is an all-embracing co-operative commonwealth, wholly modern in its forms. Fishing and canning are a corporate enterprise; the municipality owns and operates all of its utilities, including electricity. When, here and there around the world, relief needs present themselves, Metlakatla sends its check unsolicited. Complete modernity, embracing the unforgotten past!"²

Today, in face of widespread merchant monopolization of retail and wholesale markets (Safeway, Weston's, Hudson's Bay Company, etc.) many Canadian Indian organizations are using collective power in their search for a viable form of independent economic enterprise. Thus, for example: "By 1973, Indian Rice Producers Inc. [owned by 16 bands] had taken over most of the Manitoba wild rice producing lakes, crowded out the competition, was doing \$2 million worth of business, had established its own processing plant, and was planning to move into international marketing."³

Conventional Indian watchers have habitually overlooked the role of collective action in maximizing social incentive and efficiency. Instead, they have promoted the idea that sharing among

1. Ibid.
2. Collier, Indians of the Americas, 185.
3. Lorne Keeper, "Profile" (of Dave Courchene), The New Nation, vol. 2, no. 17, Winnipeg, June, 1974, 8.

friends and relatives destroys individual economic initiative:

"They [Indians working for settlers] appear to be happier, more healthy and contented when working for others and receiving their wages weekly, that they can spend as they like and not have a lot of their lazy relations hanging around to help them eat it up, as is the case when living on the reserve." 1

- S. Swinford, 1902

"This security system [communal sharing] may also have the effect in many cases of discouraging the accumulation of capital and the development of successful business, as well as dampening any ambition, the individual may have for enhancing his income. For the reciprocal of the individual's claims against kinsmen are their claims against him, particularly when he has the ability or good fortune to earn a superior income. Such claims tend to reduce the standard of living of the higher income individual and his family, and the temporarily successful individual whose "family and kinfolk move in on him and eat and drink him out of house and home" has become a widely quoted item in the folklore about Indians." 2

- Hawthorn report, 1966

Such views frequently override consideration of the material factors behind the culture involved. Consequently, the surface phenomena of apparent cultural traits are often blamed for poverty. As David Wyatt put it when paraphrasing several books (pub. in 1971 and '72) on the life of Canadian Indians and Inuit:

"Both the poor and the savage are uncivilizable - not successful in city civilization and not easily made successful. For both, the failure to be civilized is attributed to the failed themselves: savages remain savages because they lack culture; the poor remain in the culture ["of poverty"] because its values, rules, and expectations are learned early in life. Outside influences are never cited as causes for failure." 3

Is present-day communal sharing among many reserve and ghetto Indians essentially a matter of "traditional" culture, or of forced inter-dependence caused by externally generated poverty?

1. I.A.: Report..for the Year Ended June 30,1902, 88.
2. Hawthorn, ed., op. cit.
3. Wyatt, "New Stereotypes for Old", Canadian Dimension, vol. 9, no. 4, Winnipeg, March, 1973, 45.

It has been observed above (pp. 38-40 & 79-80) that the precarious nature of neolithic and fur trade economy among Indian bands made sharing with destitute persons a law of survival. Cannot the same be said for subsequent situations where Indians (or non-Indians) have been locked into the bottom levels of a competitive class society?

e. "Non-industrial" habits

One of the most sweeping, most common, and least precise explanations for poverty among Indians is a purported lack of industrial values. Frequently interchanged with "industrial" v. "non-industrial", are "modern" v. "traditional" and "Indian" v. "white". Hence, H.J. Vallery, for example, wrote in 1942: "The Indians in many parts of the country are not yet mentally and temperamentally equipped to compete successfully with the white population in the modern struggle for existence."¹

The main common denominator in the minds of those who bemoan "non-industrial" habits seems to be the concept of time. Indian Affairs has been harping on this theme for at least close to a century. In response, early in the history of schools for Indian children regular, mundane chores, called "fatigue work", were built into their curricula:

"The value of time is practically exemplified to him in the [boarding school] class room, at recreation, or in any fatigue work which he may be required to perform, by the recurrence every day of the hour at which each duty has to commence and again of the time by which it should be completed. The importance to an Indian child of such instruction cannot be overestimated, as innate in him, inherited

1. Vallery, A History of Indian Education in Canada, 56. A footnote indicates that this statement reflects opinions expressed by the Hon. T.A. Crerar, Minister of the Interior, in a document entitled "Canada's Indian Problem" (1940).

from his parents, is an utter disregard of time, and ignorance of its value." 1

- E. Dewdney, Supt. Gen. of Ind. Affrs.,
1890

Written in a sympathetic vein, the following is a recent example of the "non-industrial" argument:

"The industrialization of Canada in the twentieth century had tended to keep the Indians off balance and disoriented. Modern industry has certain essential requirements. Workers must have specialized skills, and these require special education and training. A modern factory, office, or other business operation, in order to be successful in a competitive world, has to be efficient; efficiency requires that workers are on the job regularly, at specific times and for specific periods. Production schedules have to be achieved and deadlines have to be met. These requirements are rigorous enough for those reared in the white culture, but they are specially difficult for the Indians. For many reasons Indians have not benefited greatly from the education provided for them. As to the question of time - punctuality and regular attendance - Indians often find it difficult to adjust to the white man's sense of time. Furthermore, they have less tolerance to the boredom of the humdrum routine of the dull, repetitive jobs which are a part of the industrial way of life." 2

- Gerald Walsh, Faculty of Education,
University of British Columbia, 1971

This picture is directly contradicted by the following case example:

"The construction engineer for Dominion Bridge in charge of the Nelson River transmission line project [Man.] regarded the Indian personnel as hard working and reliable. The job superintendent considered the crews to be as good, probably better, than any other crews with which he had been associated. .

"Absenteeism throughout the course of the project has been negligible."

"There was no presentation of what is now commonly called "industrial life skills". Indeed, the Indian chief instructor, Mr. Andrew Anderson, was convinced of the superfluity of an industrial life orientation designed to teach Indians punctuality and related aspects of individual discipline. He responded with incredulity to any suggestion that the Indians could only perform within a very loose time scheme." 3

- Paul Deprey & Glen Sigurdson, Dept. of
Economics, University of Manitoba, 1969.

1. I.A.: Report..for the Year Ended 31st Dec., 1889, xi.

2. Walsh, Indians in Transition, 108-109.

3. Deprey & Sigurdson, The Economic Status of the Canadian Indian,
Centre for Settlement Studies, U. of Man., Dec. 1969, 45 & 77.

A romantic vision of the non-materialistic Indian is also held up as a point of conflict with "modern economy":

"The Culture of the Reserve ..

"Our modern economy is characterized by an elaborate structure of status and prestige positions, and a wealth of goods, services and activities that provide satisfaction or escape by way of compensations generated by the types of work that have to be done. The rewards offered require money, and people are motivated to work, to varying degrees, largely by the money to be earned.

"To people of most non-industrial cultures, however, such rewards may be intangible or meaningless, and thus fail to provide effective incentives for participating more actively in the economy." 1

- Hawthorn report.

This argument is disavowed by Harold Cardinal, president of the Indian Association of Alberta:

"Through generations of justifying their positions to the Canadian public and to Canada's political leaders, the bureaucrats within the department [of Ind. Affrs.] have come to believe their own propaganda. They have fostered an image of Indians as a helpless people, an incompetent people and an apathetic people in order to increase their own importance and to stress the need for their own continued presence."

"However idealistic some Indian dreams may be, there remain everyday hopes that come right down to earth. Indians are like anyone else. We look around and see a very affluent society. Just like our non-Indian neighbours, we want a share, a new car, a well-built home, television. These represent surface things, but it hurts deeply to see the affluence of our country and not be allowed to benefit from it. We want better education, a better chance for our children and the option to choose our own pathway in life. ..

"An aspiration that seems to puzzle and disturb the white man remains common to every Indian I have ever talked to who is on welfare. This aspiration is simply to get off relief. You'll never find a prouder Indian than one who can say, "I've never been on welfare." The fact that such a high percentage of Indians are on welfare at any given moment only sharpens the point." 2

1. Hawthorn, ed., op. cit., 56.

2. Cardinal, The Unjust Society, Hurtig, Edmonton, 1969, chap.1: "The Buckskin Curtain: The Indian-Problem Problem", 9 & 15.

Finally, somehow the conspicuously inter-racial habits of despair associated with urban slums have been linked to a supposedly "inherent" inability among Indians to adapt to city life:

"As Indians usually find little sympathy among the better class of white people, that is, social sympathy, they find association with the lowest type of white man an easy thing, and presently there is a case of supplying liquor to Indians, and in many cases Indian women are in this way inveigled into the habits of common prostitution. Especially is this so among ex-pupils of boarding schools, where the girls are made too smart for the Indian villages and are not fitted (because of inherent hereditary tendencies) for city environment."

- From 1910-'11 Indian Affairs annual report. 1

It is interesting that the author considered those with "little sympathy" for Indians to be the "better class of white people". The association of the "lowest type" with Indian difficulties already has been criticized in Chapter I (p. 4). Following is an updated view of "personal disorganization" among Indians:

"A widely accepted popular explanation and perhaps one that is valid, for the failure of individual Indians and bands to develop economically, could be lumped under the general heading of personal disorganization. Under this heading would be included the various combinations of attitudes, behaviour patterns and limitations of character and personality that prevent the individual and the group from making an effective adjustment to, and participating successfully in, the larger society, with consequent economic deterioration, dependency, and demoralization. Behaviour patterns widely attributed to Indians as proof of personal disorganization are those of drunkenness, sexual promiscuity, shiftlessness or laziness, irresponsibility, neglect of family, and the like." 2

- Hawthorn report

In turn, claims of unreliability among Indians have often been used to explain limited and inferior job opportunities. However, not all business executives agree. According to a recent article in the Financial Post:

1. Zaslow, op. cit., 235.
2. Hawthorn, ed., op. cit., 127.

"Ingrained prejudice is the basic reason Canadian business has been so notoriously unsuccessful with Indian workers, says the chairman of a company that employs them in Manitoba.

"Harry C. Paul, chairman [and a principal shareholder] of [Japan-based] Sekine Canada Ltd., says the experiment of employing Indians to build bicycles..has worked out well, both for the community and the business. The plant, at Rivers, Man., first employed Indians a year ago. ..

"Paul..says he has run into blatant hostility of businessmen toward Indian workers. For example, when he was trying to obtain financing for Sekine Canada, financial institutions were reluctant to sponsor it.

" "The moment you said you were employing Indians, everyone shied away. There is a terrible prejudice," Paul explains.

" "The reaction at the major Canadian banks was the same. ..

" "They all wanted to know how I was going to keep all those drunken Indians at work," Paul recalls. ..

" "The Indian has always had to move into a hostile world to get a job and we wonder why he gets sick of it and abandons it to be with his family again." " 1

Undoubtedly, there is a vicious circle of despondency and self-destructive response among economically and psychologically degraded people - regardless of race. Further, it is plain that a radical change in cultural attitudes is a necessary part of profound economic transformation. But that is very different from saying that (indigenous) cultural traits explain economic underdevelopment and social degeneracy. It is this contention which is challenged by the above study.

In contrast to a thesis of capitalist underdevelopment, the Hawthorn report says: "Personal disorganization, where it does follow similar patterns among large numbers of a particular ethnic or cultural minority group, presumably arises from a failure of the

^{Susan}
1. ✓ Hoeschen, "Old Prejudice vs. Indian Workers", Financial Post,
Nov. 16, 1974, 12.

minority group to adjust to the dominant culture."¹ On the other hand, earlier the report states:

"The main reasons for the economically depressed and under-employed status of Indians in this sample [of representative Canadian bands] seem readily apparent from their distribution by types of employment. . . Almost one-half or 49.3 per cent of all the jobs they performed during 1964-65 were concentrated in.. forestry, trapping, guiding, food gathering and handicrafts. These are fields of employment that for various reasons yield inadequate incomes for most workers. They are highly seasonal by nature and a number of trends have tended to reduce employment opportunities rather sharply in recent years." 2

This does not support the idea of a "minority group failing to adjust to the dominant culture". Rather, it suggests that now, as in the past, many aboriginal descendants have adjusted to, or been integrated into, the dominant economy at its lowest levels. Should attention be focussed primarily on helping some individuals escape from deprived economic classes, or on restructuring the overall economy in order to eliminate such categories?

As Leo Johnson observes:

"Concentration on poverty [or the supposed culture of the poor] rather than [the political economy of capitalism] allows the analyst to focus exclusively on the problems of the individual who is currently poor rather than to observe the continuum between those who are poor and those who are not yet poor but are being impoverished. The end result of such an approach is to divide the interests of the poor from those of the general working population, and to set up polarizations between those who are taxed for welfare programs and those who receive benefits." 3

1. Hawthorn, ed., op. cit., 127.
2. Ibid., 53.
3. Leo Johnson (U. of Waterloo, Ont.), Incomes, Disparity, and Impoverishment in Canada Since World War II, unpub. paper, 1972, 22.

f. Education

If "non-industrial" habits were the cause of the under-developed state of many Indian and Métis communities, then practical education in modern work skills and attitudes should alleviate the situation. This is a popular current notion. However, there is nothing new about it:

"Their [Indian children's] education must consist not merely of the training of the mind, but of weaning them from the habits and feelings of their ancestors, and the acquirements of the language, arts, and customs of civilized life. It is by means of Industrial or Manual Labour Schools..that a material and extensive change among the Indians of the rising generation may be hoped for."

- William Rawson, John Davidson & William Hepburn, "Report of the Commission on Indian Affairs of 22nd January, 1844." 1
(Province of Canada)

In reference to these remarks, H.J. Vallery adds:

"Such schools, they said, should teach the rudiments of farming and industry for the boys, and domestic economy for the girls. ..

"They advocated the introduction of manual labour into Indian education, because it would train the Indian into habits of industry, and therefore attain the best possible results." 2

In 1874, William Spragge, Dep. Supt. Gen. of Indian Affairs for the new Dominion, wrote that "the training of some considerable number of young Indian people to industrial pursuits" was necessary "if it be accepted as a duty that the Indian population are not to be left to stagnate, but must be improved, by introducing among them some such educational machinery, as public opinion everywhere proclaims must be provided for those who have a whiter skin than the Indian".³

1. Quoted in Vallery, A History of Indian Education in Canada, 56.
2. Ibid.
3. I.A.: Report..for the Year Ended 30th June, 1873, 5-6.

W.C. Bompas was the first Anglican bishop for each of Athabasca (beginning in 1874), Mackenzie River and Selkirk. His writings show that, as within government ranks, so within church organizations assigned responsibility for conducting schools for Indians, a practical skills approach to education was advocated in the late 19th century:

"In these desolate wilds the gospel must be known by its fruits & that by teaching the Indians to cultivate their land we may win their hearts to seek God's grace for their souls also to produce fruits of righteousness. A missionary here ought to be either a school teacher, a farmer or a doctor, or else endeavor to combine all three with the preachings of the gospel." 1

After over a century of occupation-oriented education programs for Indians, what is their economic situation today? According to Wahbung (1971), "only 32% of the employable people on reserves have significant earned income and only 4% of those earn in excess of \$4,000 per annum.... Some 68% are consistently unemployed"² A survey of 35 sample Indian bands across Canada was undertaken in 1964-'65 as part of the national survey of Indian communities sponsored by Indian Affairs. Although the sample was "weighted on the side of the larger, higher income and more economically developed bands..the general picture..is one of serious unemployment or under-employment". Among 6,327 employable men surveyed, "only 28.5 per cent were employed more than nine months of the year, while 61 per cent were employed less than six months, and 23.6 per cent less than two months". "Average yearly earnings per worker were similarly inadequate at \$1,361 compared to the general Canadian average of almost

1. Quoted in Zaslow, Opening of the Canadian North, 74.

2. The Indian Tribes of Manitoba, Wahbung, 151.

\$4,000."¹

At several points in the 20th century (most recently the 1940's) the emphasis on urban industrial trades temporarily faded from Indian Affairs education programs. The reason is that such training was commonly wasted because the capitalist market often found it convenient to reject skilled Indian labour:

"During the years 1910 to 1922-23, the essential differences between the industrial and boarding schools largely disappeared. The Education Branch [of Ind. Affrs.] and the churches realized that there was little value obtained from teaching the Indians such trades as tailoring, shoe-making, etc., because the Indians could not compete with the whites in pursuing these trades. Employers preferred white to Indian labour as a rule, and thus the Indian graduates could find little demand for their trades in white communities. As a result, they were forced to return to their homes on the reserve, and were generally unable to make a suitable living. The boarding [as opposed to industrial] school graduates were usually more successful because their training in farming allowed them to return to their natural [!] habitat - the reserve - and take up farming." 2

Similarly, Vallery writes that at the turn of the century, "the curriculum in the industrial schools attempted to prepare the children to compete with the white population in rural and town economy". "But, the Indian children were peculiarly unsuccessful in competing with the white population in those trades in which they had been trained at the industrial schools."³ From a pluralist viewpoint this must indeed seem "peculiar". But with an abundance of competitive labour grouped along ethnic lines, such as existed early in the 20th century (above, pp. 163 & 171), it is logical that

1. Hawthorn, ed., A Survey of the Contemporary Indians of Canada, 46.
2. Vallery, op. cit., 142.
3. Ibid., 139.

racial prejudice would be strong. From a capitalist point of view, racist commercial policies (conscious or unconscious) may enhance profit rates by helping to diffuse potential class solidarity among producers. They are particularly well suited to the preservation of a reserve pool of unemployed and underemployed labour.

As indicated above, there is a long history of attempts to promote Indian education programs which stress occupational training. Nonetheless, economic deprivation and high student drop-out rates persist. According to Manitoba Indian Brotherhood figures, "of those who entered school in 1957-58, 5.4% of the Indians reached Grade Twelve compared to 60.5% of other Manitobans".¹ "To be effective", says Wahbung, "education must be nurtured in relevancy, commitment, motivation, and identifiable purpose".² The above study suggests that capitalism breeds extensive economic deprivation. If so there must be a basic transformation in our economy, or a strong movement in that direction, before education becomes generally "effective" for currently deprived social classes, including large clusters of aboriginal descendants. Technical skills and conscientious work habits have been and are being featured as goals of Indian education programs. By themselves, they have proven to be highly inadequate.

1. The Indian Tribes of Manitoba, Wahbung, 104.

2. Ibid., 130.

Some research which explicitly challenges "Indian problem" precepts has emerged previously. Hence, in a study of "Cumberland House in 1960"¹ J.E.M. Kew wrote:

"The community is depressed mainly because of political, economic and social forces originating "outside", and for overshadowing the effects of native Indian culture.

"The people of Cumberland House are not primitive, nomadic or naive. Most of them read and write; they live in permanent homes; and many of them have lived outside in cities and towns."

"We should keep in mind that the "local economy" is not something that exists in isolation. For northern trading posts have never been, since they came into existence, economically independent of national and international trade." 2

Further, Kew's report indicates that economic deprivation in the region cannot be attributed to a lack of an economically viable natural resource base:

"In Northern Saskatchewan, the mining industry is highly developed, and yields high incomes for a small segment of the population. Underdevelopment persists in spite of the mining, because the major part of the population obtains no benefit from the industry and remains heavily dependent on primary renewable resources." 3

In 1972 Wallis M. Smith traced the 19th century absorption of Carrier Indian communities (B.C. interior) by capitalist economy. In response to the monopoly policies of the Hudson's Bay Company their economic latitude narrowed in terms of scope of production, tribal and band relations, and control of means of production. After outlining this process, Smith argues that "in the period 1870-1910 the Carriers began to assume the characteristics of a surplus labour

1. Economic & Social Survey of Northern Saskatchewan, Centre for Community Studies, U. of Saskatchewan (Saskatoon), March, 1962, Report no. 2.
2. Ibid., 11 & 29.
3. Ibid., 27.

force". At Necoslie (east end of Stuart Lake), for example, in the 1890's the native population provided the Hudson's Bay Company "with a convenient and stable labour pool of approximately 35 men".¹ As in the Hudson Bay basin, Indian wage employment embraced a variety of seasonal and irregular operations, such as transportation and land clearance. At other times native residents would rely solely on fur trapping. "With no control over economic forces, and with the domestic unit's self-sufficiency broken the Indians had no alternatives to exploitation and impoverishment."²

In a thesis finalized in 1974 Doug Elias examines the role, not only of the cyclically unemployed, but of the "permanently unemployed" in relation to capitalist needs.

His extensive case study of Churchill, Manitoba, shows a disproportionate number of Chipewyan, Cree, and, to a lesser extent, Inuit, in the ranks of the unemployed. Moreover, "the jobs that Natives are most likely to get, if and when they can get work, are those that pay the poorest, have the least responsibility attached to them, and are considered....to be the least desirable".³ This situation is typical of many northern Canadian settlements.

1. Smith, The Carrier Indians in the Nineteenth Century: A Study in Metropolitan - Satellite Relations, unpub. paper, National & Historic Parks Branch of the Dept. of Indian Affairs & Northern Development, Nov., 1972, 43 & 45.
2. Ibid., 50.
3. Peter Douglas Elias, Metropolis and Hinterland in Northern Manitoba, Ph.D. thesis, Dept. of Anthropology, U. of Toronto, 1974, 61. (Elias' study, together with the abovementioned one by Wallis Smith, and The Political Economy of Indians by Doug Daniels, is to be published under the auspices of the Manitoba Museum of Man & Nature.)

Elias notes that many potentially employable people, particularly among aboriginal descendants in economic hinterland areas, face continuous unemployment. His figures show that in the Canadian economy as a whole "the body of permanently unemployed persons¹...continuously grows in absolute terms and does not vary much in times of general economic change." This is very different from the widely fluctuating expansion and contraction of the effective "industrial reserve army" - persons actively seeking employment (exclusively classified as "unemployed" by federal statisticians).

Elias concludes: "It appears as though the permanently unemployed are a constant thing in capitalist economy and once a segment of the population drops into this position, it is there to stay."² He suggests that this is due to "the inevitable "progress" of capitalism, with its accompanying concentration of wealth and mechanizing of production" which "continuously limits the real need for labour". In contrast, the reserve pool of temporarily (or officially) unemployed labourers "serves capitalism by "standing-by", ready to provide labour in times of profit-making expansion, and by keeping the price of labour down through competition on the labour market".³

1. "It is recognized that the permanently unemployed includes many persons besides Natives. Also included are many Maritimers and Prairie province citizens, as well as the handicapped and, frequently, housewives." - Elias, *ibid.*, 316.
2. Significantly, "on-reserve, unemployed Indians are excluded from their [fed. govt.'s] periodic computation of national unemployment rates". (*Ibid.*)
3. Ibid., 323-325.

Elias details how "the Native underclass, even the permanently unemployed, are incorporated into the structures and processes of local capitalism". This he sees as the bottom of a ladder whereby: "the United States metropolis seeks out its hinterland in Canada; Eastern Canada is a metropolis to the West; the south is a metropolis to the North".¹ He notes that in Churchill all the dominant institutions are externally-based, and gives ample evidence of how the "Native underclass" directly and indirectly provide a basis for the operations of many businesses and agencies. He also examines the process by which numerous northern job vacancies - especially in the more lucrative sectors of the labour market - are routinely filled by outsiders. In all this, racial prejudice provides a convenient rationalization for the structured plight of the poor:

"An understanding of the social problems now being experienced by Native peoples must be sought...in their relationship within Canadian society and the structures and processes of that society, not in cultural and psychological differences often assumed to distinguish Native from non-Native." 2

1. Ibid., 129.

2. Ibid., 309.

Appendix B: Marxist View of Economic Underdevelopmenta. Merchant capital

Marx used the term 'metamorphosis' to describe the expansion and change in form of capital from money to commodities to money (M - C - M'). The metamorphosis of merchant capital is promoted by the contrast between the commodities at its "extremes". Accordingly, merchants have been able to capitalize on different contemporary stages of economic development. Moreover, the more primitive a society, the more susceptible it is to domination by the merchant. This supports the view that the prominence of European merchant organizations from the 16th to the 18th century entailed obstacles to the development of productive processes in general, and to the rising capitalist mode in particular. Such development threatened to disrupt established trading patterns and merchant social power.

"The law that the independent development of merchant's capital is inversely proportional to the degree of development of capitalist production is particularly evident in the history of the carrying trade, as among the Venetians, Genoese, Dutch, etc., where the principal gains were not thus made by exporting domestic products, but by promoting the exchange of products of commercially and otherwise economically undeveloped societies, and by exploiting both producing countries. Here merchant's capital is in its pure form, separated from the extremes -- the spheres of production between which it mediates. This is the main source of its development. But this monopoly of the carrying trade disintegrates, and with it this trade itself, proportionately to the economic development of the peoples, whom it exploits at both ends of its course, and whose lack of development was the basis of its existence." 1

1. Marx, Capital, III, ch. XX, 328-329.

On the one hand, mercantilism stunted development by throwing up monopolistic barriers to the maturation of diversified productive processes. On the other hand, it inadvertently fostered generalized capitalist production in western Europe by massing together large amounts of commercial wealth, by expanding markets, and by encouraging commodity production.

But, in varying degrees, market promotion has always been a feature of merchant capital -- a form of capital several thousand years old. Why did capitalist production not ripen earlier? How is it that merchant activity finally and in spite of itself ushered in industrial capitalism during the mercantilist period? Marx answered that the extent to which commerce "brings about a dissolution of the old mode of production depends on its [old mode's] solidity and internal structure". "And whither this process of dissolution will lead, in other words, what new mode of production will replace the old, does not depend on commerce, but on the character of the old mode of production itself."

"In its first period -- the manufacturing period -- the modern [capitalist] mode of production developed only where the conditions for it had taken shape within the Middle Ages. And when in the 16th, and partially still in the 17th, century the sudden expansion of commerce and emergence of a new world-market overwhelmingly contributed to the fall of the old mode of production and the rise of capitalist production, this was accomplished conversely on the basis of the already existing capitalist mode of production."

"Merchant's control .. presents everywhere an obstacle to the real capitalist mode of production and goes under with its development. Without revolutionising the mode of production it only worsens the condition of the direct producers, turns them into mere wage-workers and proleterians under conditions worse than those under the immediate control of capital, and appropriates their surplus-labour on the basis of the old mode of production." 1

1. Ibid., 325, 333 & 334-335.

The premise here is that prior to a mature stage of feudalism, producers lacked the technological and social combination required to nurture the capitalist mode of production into being. Once the necessary historical stage had been reached, there still remained the stifling, underdevelopment tendency of merchant capital. But by then some of the artisans, grouped together in burghs, had enough sophistication and independence to take advantage of the ages-old merchant erosion of barriers to commodity circulation.

This infant producer bourgeoisie carried capital-based production forward in the direction of wage labour and toward the technological and military superiority which paved the way for European mercantilism. In turn, accelerated merchant activity expanded markets and fostered hoards of commercial wealth, on an unprecedented scale. This meant a rising merchant demand for enlarged output and the means of achieving it on a capitalist basis.

b. Monopoly industrial & finance capital

The "classical" political economists, who generally championed the cause of capitalist manufacture in the wake of the industrial revolution, exposed the underdevelopment tendency of merchant monopoly. Their analysis reflected a period when industrial capitalists were toppling mercantilist barriers to economic progress. A century after Smith's Wealth of Nations, Marx's Capital spoke of the decline of this largely progressive phase of capitalism - when "the monopoly of capital becomes a fetter upon the mode of production

which has sprung up and flourished along with, and under it".¹

The basis of this view can be summarized as follows: In the leading industrial capitalist societies the bulk of the working population becomes dependent on the sale of their individual labour power (physical and mental capabilities). Capitalist expansion then proceeds essentially on the basis of monopolization of industry and extension into outlying, world economies. Concurrently, productive processes become more and more intermeshed so that individuals become objectively, increasingly dependent on society as a whole. The high and ever-rising degree of social coordination accompanying monopolized production clashes with private ownership of the means of production -- i.e. with a fundamental hallmark of capitalism. Like mercantilism before it, industrial capitalism turns into an international "fetter" interfering with balanced economic development and general social advance.

Industrial monopoly capital becomes even more vigorous than merchant capital before it in locking relatively undeveloped economies into patterns of underdevelopment. An explanation of this view can be drawn beginning with Marx's interpretation of the triumph of producer capital over merchant capital:

"As soon as manufacture gains sufficient strength, and particularly large-scale industry, it creates in its turn a market for itself, by capturing it through its commodities. At this point commerce becomes the servant of industrial production, for which continued expansion of the market becomes a vital necessity." 2

1. Ibid., I, ch. XXXII, 763.
2. Ibid., III, ch. XX, 336.

In other words, in leading capitalist centres monopoly producer capital eventually relegates merchant capital to a subordinate position. This occurs partly through direct integration of trade capital into the pool of industrial capital. But, even where merchant activity continues and revives as a separate line of business, it becomes generally subordinate to the designs of industrial monopolists.

Whether directly or indirectly under the sway of industrialists, merchant activity, as always, continues reaching for greater market control. Moreover, the penetration of capital into relatively primitive economies is greatly facilitated by unprecedented advances in technology and military might, generated by the capitalist mode of production. But now it is not established trade patterns as such which are to be preserved above all; rather, it is trade patterns suited to developing, advanced industrial capital. General development occurs in the leading sections of the international, capitalist economy, but the straight-jacketing of economically less developed areas becomes more severe than ever as they are transformed to suit the needs of dominant capitalist centres. Instead of realizing rounded, economic maturation, the relatively undeveloped economies are actively underdeveloped -- i.e. they become structured in a manner which impedes local prosperity.

With the prominence of mechanized industry, the monopolistic tendency of capital goes far beyond traditional trade concerns. In line with the evolution of industrial monopoly, leading financiers and industrialists send producer capital abroad and monopolize primary and transportation industries in more primitive economies. New markets for capitalist manufacture plus new sources of raw materials and semi-processed goods become principal objects of pursuit.

"On the one hand, the immediate effect of machinery is to increase the supply of raw material in the same way, for example, as the cotton gin augmented the production of cotton. On the other hand, the cheapness of the articles produced by machinery, and the improved means of transport and communication furnish the weapons for conquering foreign markets. By ruining handicraft production in other countries, machinery forcibly converts them into fields for the supply of its raw material." 1

International capitalist expansion increasingly entails the quest for cheaper materials of production and labour. Further, industrial integration, owing to monopoly, reduces possibilities of competitive disruptions of supply lines. Economic monopoly intrinsic to capitalist development replaces the mercantilist, monopoly privileges granted by state.

The ensuing, rigid patterning of economies constitutes a new chapter of capital-based underdevelopment.² It is most pronounced within economies which never produced capitalist roots of their own. However, it also proceeds in "developed" economies where the rise of monopolistic production exacerbates uneven development. In such cases, underdevelopment appears in the form of relatively backward, sectors of industry and geographical regions. But it is also expressed by the narrowing of the effective consumer base relative to the productive capacity of industry. The result is visible

1. Ibid, I, ch. XV, 451.

2. "The claim is often made that imperialism plays a progressive role in developing the colonies. But what needs emphasising is the large extent to which this investment goes into developing production for export and the small extent to which it develops production for the home market in the colony. In many cases, if it goes beyond primary production (mining, plantations, etc.), the industry it creates constitutes an 'island' in the colonial area that is linked with the economic system of the imperial country rather than with that of the colonial country as a whole. ..That most foreign capital went into export industries seems to have been true in the case of British investment in the 19th century; but this is particularly true of American investment in the present century." --Maurice Dobb, Capitalism Yesterday and Today, Monthly Review Press, N.Y., 1962, 50.

as "excess" productive capacity arising from imbalance in capitalist distribution of wealth. Moving even farther from pre-capitalist production where output was mainly geared to direct consumption by the producers or their masters, under capitalism "the more productiveness develops, the more it finds itself at variance with the narrow basis on which the conditions of consumption rest".¹

The problem of converting surplus produce into cumulative profit through sale and re-investment -- the capitalist problem of surplus absorption -- indicates that even in metropolitan areas of capitalist development, "the monopoly of capital becomes a fetter upon .. production" (above, p.204). On the other hand it heightens the need for new outlets for industrial capital, and thus becomes a driving force pushing monopoly capital into all parts of the globe. It becomes a critical factor leading to the over-powering and underdevelopment of more backward economies.

Along with industrial monopolization, increasingly elaborate and centralized credit dealings develop. Marx wrote that, in turn, concentrated banking stimulated the rise of absentee, speculative, coupon-clipper capitalists associated with stock companies, cartels, and joint-stock companies or corporations.² Thus, the era of monopoly finance capital is ushered in.

In its international, all-embracing form, monopoly capital constitutes a new basis for imperialism, whether overtly or covertly involved in political empire building. The most famous exposition of its underdevelopment or "parasitic" characteristics was written by V.I. Lenin:

1. Marx, Capital, III, ch. XV, 245.
2. Ibid., III, ch. XXVII: "The Role of Credit in Capitalist Production".

"The uneven and spasmodic development of individual enterprise, individual branches of industry and individual countries is inevitable under the capitalist system."

"To the numerous "old" motives of colonial policy, finance capital has added the struggle for the sources of raw materials, for the export of capital, for spheres of influence, i.e., for spheres of profitable deals, concessions, monopoly profits and so on, economic territory in general. When the colonies of the European powers, for instance, comprised only one-tenth of the territory of Africa (as was the case in 1876), colonial policy was able to develop by methods other than those of monopoly -- by the "free grabbing" of territories, so to speak. But when nine-tenths of Africa had been seized (by 1900), when the whole world had been divided up, there was inevitably ushered in the era of monopoly possession of colonies and, consequently, of particularly intense struggle for the division and re-division of the world. ..

"Monopolies, oligarchy, the striving for domination and not for freedom, the exploitation of an increasing number of small or weak nations by a handful of the richest or most powerful nations -- all these have given birth to those distinctive characteristics of imperialism which compel us to define it as parasitic or decaying capitalism." 1

c. India

Palme Dutt has compiled one of the classic Marxist studies of the impact of foreign capital on an area now regarded as underdeveloped. The above view of underdevelopment is heavily supported by his far-reaching, empirical investigation of the effect of British commerce in India. But his historical revelation of underdevelopment is not the only aspect of his work which is of special interest to the main body of this study.

When Columbus reached the Caribbean islands he called the inhabitants "Indians" because he thought he had reached islands leading to India. In his day all the "Indian" societies of the area

1. Lenin, "Imperialism, the Highest Stage of Capitalism", 212, & 259-260.

now named Canada featured various levels of production which were relatively primitive by international standards. By contrast, India contained a major portion of the world's most advanced (handicraft) industry. But today both the "Indians" of Canada and the population of the Indian sub-continent face general, material backwardness. As in the case of their accumulated wealth and productive capacity, their respective climates and population densities also differed in the 16th century. But these two factors still remain different. Along with poverty, what now stands out as common to both groups is a history of several hundred years of overwhelming, foreign capital.

On the one hand both groups share current hardships and an historically common, foreign element. On the other hand, their indigenous circumstances are markedly different. This situation, coupled with Dutt's Marxist approach, makes his study of India doubly interesting here. In India Today Dutt draws the following conclusions:

"The internal wars which racked India in the eighteenth century after the decline of the Mogul Empire represented a period of inner confusion (comparable in some respects to the Wars of the Roses in England or the Thirty Years War in Germany) necessary for the break-up of the old order preparing the way, in the normal course of evolution, for the rise of bourgeois power on the basis of the advancing merchant, shipping and manufacturing interests in Indian society. The invasion, however, during this critical period of the representatives of the more highly developed European bourgeoisie, with their superior technical and military equipment and social-political cohesion, thwarted this normal course of evolution, and led to the outcome that the bourgeois rule which supervened in India on the break-up of the old order was not Indian bourgeois rule, growing up within the shell of the old order, but foreign bourgeois rule, forcibly superimposing itself on the old society and smashing the germs of the rising Indian bourgeois class. Herein lay the tragedy of Indian development, which thereafter became a thwarted or distorted social development for the benefit of a foreign bourgeoisie." 1.

No matter how long it might have taken a native bourgeoisie

1. Dutt, India Today, 98.

to flower in India in the absence of foreign capitalist conquest, Dutt's study clearly indicates that autonomous economic development of any kind was blocked by the rise of foreign capitalism. The result has been national subservience and unsurpassed, long-term social misery. The development of west Europe's proletariat also has been accompanied by large-scale human tragedy, although of lesser dimensions, and there is no reason to believe that if capitalism had first matured in Asia that the Asian proletariat would not have met a similar fate. But this fate -- that of the working class of dominant capitalist societies -- has been cushioned during the past century by the material gains won by pressuring the ruling class into passing on some of the prosperity generated by imperialism.¹

d. Latin American Indians

Capitalism and Underdevelopment in Latin America by Andre Gunder Frank was an important source of inspiration for the above study. It explicitly offers a model of the process of underdevelopment. Moreover, the section, "On the "Indian Problem" in Latin America",² illustrates the applicability of such a model to native Indian communities in Latin America:

1. "The Empire, as I have always said, is a bread and butter question. If you want to avoid civil war [in England], you must become imperialists." - Cecil Rhodes, 1895 (Quoted in Lenin, op.cit., 225.)
2. Andre Gunder Frank, Capitalism and Underdevelopment in Latin America, Monthly Review Press, N.Y., 1967, 121-142. (This chapter originated as part of a study for the U.N. Economic Commission for Latin America.) In general, Frank has been strongly influenced by Paul Baran's extensive pursuit of a "morphology of backwardness" (Baran, Political Economy of Growth). Baran's key argument is that the critical characteristic of underdeveloped economies is not a lack of surplus produce or an intrinsic inability to enlarge it, but rather a lack of local, social control over it.

"The "Indian problem" in Latin America is in its essence a problem of the economic structure of the national and international capitalist system as a whole. Contrary to frequent claims, the problem is not one of the Indian's cultural isolation, still less one of economic isolation or insufficient integration. The problem of the Indians, like that of underdevelopment as a whole, has its roots in the class and metropolis-satellite structure of capitalism." 1

"The Indian settlements of later times, and least of all their structure and relation to the larger society, are not then survivals of pre-conquest times. They are, on the contrary, the underdeveloped product of capitalist development. Since then and still in our day, insofar as the corporate Indian community has been isolated at all, this reflects the self-chosen retreat which is the Indians only available means of protection from the ravages and exploitation of the capitalist system." 2

Frank's model of economic underdevelopment reflects the Marxist conclusions sketched above:

"The metropolis expropriates economic surplus from its satellites and appropriates it for its own economic development. The satellites remain underdeveloped for lack of access to their own surplus and as a consequence of the same polarization and exploitative contradictions which the metropolis introduces and maintains in the satellite's domestic economic structure. The combination of these contradictions, once firmly implanted, reinforces the process of development in the increasingly dominant metropolis and underdevelopment in the ever more dependent satellites until they are resolved through the abandonment of capitalism by one or both interdependent parts.

"Economic development and underdevelopment are the opposite faces of the same coin. Both are the necessary result and contemporary manifestation of internal contradictions in the world capitalist system. Economic development and underdevelopment are not just relative and quantitative, in that one represents more economic development than the other; economic development and underdevelopment are relational and qualitative, in that each is structurally different from, yet caused by its relation with, the other. Yet development and underdevelopment are the same in that they are the product of a

1. Ibid., 123. With reference to the Inca civilization, John Collier wrote: "A population possibly denser than that of today in the same area used the land and its water. None were in want, where today millions are in chronic want." (Indians of the Americas, 41.)
2. Ibid., 128.

single, but dialectically contradictory, economic structure and process of capitalism. Thus they cannot be viewed as the product of supposedly different economic structures or systems, or of supposed differences in stages of economic growth achieved within the same system. One and the same historical process of the expansion and development of capitalism throughout the world has simultaneously generated -- and continues to generate -- both economic development and structural underdevelopment."

"Even the indigenous peoples of Latin America, whose supposed non-market subsistence economy is so often said to isolate them from national life, find themselves fully integrated into this same capitalist structure, albeit as super-exploited victims of capitalist internal imperialism. Since they thus are already fully integral parts of the capitalist system, the all-too-common policy of trying to "integrate" the Latin American Indians into national life, through one community development project or another is therefore senseless and condemned to failure." 1

1. Ibid., 9 & viii.

Appendix C: Labour-time Measure of Value & Profit

a. Social labour time

In Karl Marx's models of commercial reproduction, the real "value" of a commodity is measured by the average "labour-time socially necessary¹ for its production".²

Adam Smith asserted that "the propensity to truck, barter, and exchange" is an inherent aspect of "human nature"³ and assumed that commodity relations have, therefore, always existed. In contrast, Marx emphasized the historically-specific requirements of mature commerce:

"Exchange, when mediated by exchange value and money, presupposes the all-round dependence of the producers on one another, together with the total isolation of their private interests from one another, as well as a division of social labour whose unity and mutual complementarity exist in the form of a natural relation, as it were, external to the individuals and independent of them. The pressure of general demand and supply on one another mediates the connection of mutually indifferent persons." ⁴

In Marx's main, theoretical schema labour is depicted as purely social in character because capitalist production is uniquely geared to an impersonal, social market.⁵ The abstraction from specific

1. "What determines value is not the amount of labour time incorporated in products, but rather the amount of labour time necessary at a given moment." - Marx, Grundrisse, 135.
2. Capital, I, I, 39.
3. The Wealth of Nations, I, ch. II, 13.
4. Grundrisse, 158.
5. By contrast, in tribal hunting societies production was highly personalized. See below, III, e.

types of labour parallels the actual job transferability introduced by mature capitalist production. Skilled labour resulting from specialized training is weighted into common homogeneous labour units. Thus, necessary training is included as part of the "socially necessary labour time" required for the production of commodities by skilled labourers. Monopolized capacity to perform skilled labour, like monopoly of all other types of commodity supply, is excluded from Marx's competitive models.

Joan Robinson points out that the "metaphysical", or non-verifiable, idea that "value is something different from price, which accounts for price, and which in turn has to be accounted for" enters into Marx's formulation of the labour theory of value.¹

However, the underlying factor - the scientific technique of using labour time as a real value measure of commodity production - offers critical insights into the nature of capitalist economy.²

b. Social relations of production

Defined as socially necessary labour time, "magnitude of value expresses a relation of social production, it expresses the connexion that necessarily exists between a certain article and the portion of the total labour-time of society required to produce it."³

1. Robinson, Economic Philosophy, 37-38.

"The conflation of the idea of labour as the measure of value and labour as the cause of value was taken over from Ricardo." - Joan Robinson, ibid.

2. "With...adjustments, the Marxian apparatus provides an invaluable instrument for analysing capitalist production, distribution and accumulation, and it provides the basis for a powerful critique of neoclassical theory." - Joan Robinson and John Eatwell, An Introduction to Modern Economics, 33.

3. Capital, I, ch. III, 102.

It is this social relationship which makes labour time as a real value measure an important tool for social ¹science. Paul Sweezy explains the significance of this measure as follows:

"The entire social output is the product of human labour. Under capitalist conditions, a part of this social output is appropriated by that group in the community which owns the means of production. This is not an ethical judgement, but a method of describing the really basic economic relation between social groups. It finds its most clear-cut theoretical formulation in the theory of surplus value. As long as we retain [labour time]value calculation, there can be no obscuring of the origin and nature of profits as a deduction from the product of total social labour. The translation of pecuniary categories into social categories is greatly facilitated. In short, value calculation makes it possible to look beneath the surface phenomena of money and commodities to the underlying relations between people and classes." ²

In Marx's words:

"To explain the general nature of profits, you must start with the theorem that, on an average, commodities are sold at their real values, and that profits are derived from selling them at their values, that is, in proportion to the quantity of labour realized in them. If you cannot explain profit upon this supposition you cannot explain it at all." ³

c. Social-economic meaning of profit

Measuring the real value of commodities by production time, it follows that "the production of surplus-value is entirely confined to the sphere of production".⁴ In other words, not only

1. "Political economy is not technology." - Karl Marx, Grundrisse, 86.
2. Sweezy, The Theory of Capitalist Development, Monthly Review Press, N.Y., 1964, 129.
3. Marx, Wages, Price and Profit, 53.
4. Capital, I, ch. VII, 195.

industrial profit, but also merchant profit and all forms of rent and interest (plus all other revenues of employees or unemployed people who consume but do not produce commodities) originate with relations of production.

Independent producers who own the means of production which they use may be able to create their own surplus by producing more than necessary to sustain themselves at the average level of workers' subsistence. However, mature capitalist economy is characterized by industrial capitalists who indirectly appropriate the surplus produce of their employees. Because profit is the object of capitalist activity, workers are hired to produce output with a value in excess of that of their wages plus depleted means of production. Thus, they create output with surplus value, all of which belongs to their employers. Workers must comply with these terms because of the collective, capitalist class monopoly of vital means of production, combined with competition among workers for jobs. The collective monopoly is enforced by state protection of private property. If capitalism exists, this class monopoly exists, no matter how competitive relations within the class might be.

Marx wrote that a capitalist who hires a worker in effect purchases labour power, or "a temporary disposition over..labouring capacity",¹ rather than labour per se. In the sphere of production it is then used for commodity creation:

"In order to be able to extract value from the consumption of a commodity, our friend, Moneybags, must be so lucky as to find, within the sphere of circulation, in the market, a commodity, whose use-value possesses the peculiar property of being a source of value, whose actual consumption, therefore, is itself an embodiment of labour, and, consequently, a creation of value. The possessor of money does find on the market such a special commodity in capacity for labour or labour-power.

1. Grundrisse, 293.

"By labour-power or capacity for labour is to be understood the aggregate of those mental and physical capabilities existing in a human being, which he exercises whenever he produces a use-value of any description." 1

Disposition over labour power can exist as a commodity only if workers, like the owners of any sort of commodity, are legally free to either sell or withhold it at their discretion. This condition is a fundamental hallmark of capitalism. But so is the complete divorce between labourers and ownership of the means of production. Thus, in practice workers are compelled to sell their labour power. Unlike capitalists, they cannot shift to another commodity line if they are dissatisfied with the price of their commodity.

In Engels' words:

"Labour power is intergrown with his [worker's] person and inseparable from it. Its cost of production, therefore, coincides with his cost of production [maintenance]."2

Thus, the real value of labour power is that of commodities consumed by the workers. (See above, p. 7.) Accordingly, capitalists can buy and sell at exact value and still end up with a profit, or surplus. All that is required is that the labour power which they contract be engaged to provide surplus labour (below).

In real value terms, as means of production are depleted during production their value is transferred to output. In other words, the labour time (currently³) socially necessary for their

1. Capital, I, ch. VI, 167.
2. Intro. to Marx, Wage Labour and Capital, 17.
3. Here, as with Marx, the real value of means of production is not equated with past labour time, unless this happens to coincide with the current time required for their production.

replacement is part of the labour time necessary for current output. The new value accompanying current labour accounts for the value of output consumed by workers, or the recovery of value lost by capitalists in the form of wages, plus surplus value. Thus, under competitive conditions to gain surplus value capitalists must engage labourers for a period longer than that required to replace the value of wages. This extra time is what Marx called "surplus labour^{time}".

All other forms of profit than non-monopolistic surplus acquired via the capitalist mode of production can be explained fully in terms of direct unequal exchange, or direct surplus appropriation. In such cases one party - eg. fur trapper or tenant - gives up commodities or payment of greater value than that of items received in return - eg. from merchant or landlord. Thus, in real terms the entire value, including surplus value, of commodity output stems from production time requirements. Profit gained outside of competitive production only amounts to a redistribution of previously existing surplus value, whereby one party's property gain is another's loss.

Appendix D: Monopoly Pricing in the Fur Trade

Question has already been cast on part of the reasoning leading to E.E. Rich's conclusion that a fixed price system, accompanying merchant monopoly, was inevitable because of a purported unresponsiveness of Indians to market forces of supply and demand. (Above pp. 84-85). Along with the healthy profit rates set out in Section VI, d, the following investigation of Hudson Bay Company monopoly price patterns throws more doubt on his conclusion. It shows that the Company had good reasons for price fixing which had nothing to do with supposed, peculiar trade behaviour of Indians.

In An Account of Six Years Residence in Hudson's Bay, 1733-6 and 1744-7, J. Robson wrote that to comply with the Company's standard of trade, the governors of company posts, "raise upon some of the goods, which they know the natives must or will take, a gain near 2000 l. per cent., computing by the value of a beaver-skin, which is made the measure of every thing else: so that a beaver-skin which is often sold for eight shillings, is purchased at the low rate of four-pence or six-pence".¹ Evidently, this "gain" is the difference between the London cost of some European trade goods and the London price of pelts received in exchange. It allows for total surplus value, expressed by the expansion of overall fur trade capital and government revenue, plus wage and depreciation costs.

In the decade following Michaelmas, 1738, the Company's total sales amounted to 273,542 l., 5 s., 9 d. (above, p. 125). The corresponding cost of trade goods adds up to 36,741 l., 11 s., 5 d.

1. Quoted in Innis, The Fur Trade in Canada, 146.

Accordingly the overall, average difference between what the Company paid for European goods exchanged for furs and provisions and what they received for the furs works out to 644.5%.

At the 1857 enquiry figures were cited from the "Indian tariff of the territory embraced within the Royal License, situated east of the Rocky Mountains" and west of Rupert's Land. They indicate that a gun which cost 22 s. in England was priced at 20 beaver pelts, worth 32 l., 10 s. on the London market. This means that the difference between the London price of beaver pelts and the cost to the company of the articles traded for them was 2,945% of the cost. Dr. John Rae (above, p. 86) maintained that the price of beaver had fallen to 13 s. per pelt but that 20 beaver pelts, worth 13 l. according to his updated information, were still exchanged for one gun. The corresponding differential would have been 1,081%.

Rae said that the cheapest pelt, muskrat, sold (in 1857) at "more" than 6 d. in London but that "they were from 3 d. to 4 d. for several years, and that it took "about" 200 of these in the Mackenzie River District, and "not much above" 100 elsewhere in the territory, to obtain a gun. From the Company's perspective the least favourable combination possible out of these figures would have been a London price of 3 d. per muskrat with a gun trading for "not much above" 100 skins. The London exchange value of muskrat traded under such abnormally low terms (from the Company's viewpoint) would still have been 13.6% higher than that of guns supplied in return.

The most expensive pelts mentioned were those of the silver fox. Five were required in exchange for a gun. According to the rate quoted by the "Indian tariff" and confirmed by Rae, together this number was worth 50 l. The London differential over the 22 s.

price of a gun would have been 4,445.5%.¹

The above-mentioned, widely varying costs to the fur producers of a standard gun show that the Company's officially regulated prices were highly arbitrary in terms of European market value. The more valuable the type of fur to the Company, the higher it priced the goods which it gave in return to the producers. That is, the more expensive a variety of fur in London, the poorer the rate of exchange fixed by the Company for the producers, or the higher it set its own rate of gain. Rae said that this was done with a view to conservation, a consideration which seems consistent with the Company's long-term monopoly interests:

"Were we not to pay them for the inferior skins higher than any person could do with a profit, they would not hunt up those skins, which are very numerous; they would follow up the others as they have done on the frontier, and destroy all the valuable animals without advantage to themselves." 2

According to Innis "the Company not only attempted to conserve its supply of furs by direct regulations but was also in a position to carry into effect regulations providing for the largest returns from sales".³

Rae's reference to the frontier, where the Company faced unrestrained competition from U.S. traders, indicates that in such areas the Company was unable to pursue this policy of paying less than the international market value for pelts in increasing proportion to their value. (This does not mean that full international

1. For prices mentioned at the 1857 enquiry, see RSCHBC, 1857, 36.
2. Ibid. While it is clear that the Company realized a much lower profit rate on low grade classes of furs than on higher grades, no definite evidence was presented to support Rae's inference that on some varieties there was no profit at all.
3. Innis, op. cit., 327.

market value was paid -- i.e. that no profit was achieved through trade. It simply means that the proportional gap between the market value of pelts and that of the goods traded for them tended to be the same for all furs -- standardized according to general, average profit rates.) It could do so only in areas where its monopoly claims were effectively enforced.

Similarly, the trade standards of 1749 applicable to the various posts on Hudson Bay, show that at York and Churchill the Company was able to charge generally higher prices than at the older James Bay forts where tribes had easier access to French merchants to the south.¹

Because of the sharp variation in rates of surplus value achieved on different kinds of furs, it is impossible to speak of a standard Company mark-up rate on the London prices of goods traded to the producers. Nonetheless, pressed for a general mark-up figure, Rae said he thought that it was "more than" 200%.² By comparison, the prices of goods supplied to Company employees included only a standard, 50% mark-up on their British cost price.

A 50% mark-up would mean that a gun costing 22 s. in England would sell for 33 s. at trading posts in North America. Apart from the above cited case of the abnormal, lowest rate of return on muskrat for the Company, the merchant value of all furs exchanged for one gun exceeded this sum. Moreover if, as Rae said, the 50% mark-up covered "loss of interest"³ (average profit on

1. RCHB, 1749, appx. XIX, 257.
2. RSCHBC, 1857, 34.
3. Ibid., 29.

Hudson's Bay Company capital) and "freight" (including profit for ship owners), then there was room for surplus appropriation at still lower mark-ups.

In addition to lack of competition, monopoly pricing was facilitated by the fur producers' ignorance of international commercial values. Rae said that some Indians were employed in the summer by the Company and accordingly could obtain Company trade goods at the preferential mark-up rate which was standard on all items for employees. However, he later testified that the local people "do not seem to be aware" that they paid higher prices than Company workers, and that "they are not told that they pay a higher value".

Because of the limited local awareness of the merchants' costs in acquiring European trade items, changes in fur trade profit resulting from changes in such costs would be largely undetected by the producers. Asked how the Company managed to maintain large profits "notwithstanding the great reduction in the value of beaver", Rae replied: "It arose I fancy from the fact that European goods got cheaper."¹

1. Ibid., 35.

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