

# The Hudson's Bay Company's French Government Business in World War I: The Limits of French capitalism in the British World Empire

Erik Thomson, The University of Manitoba

2e Congrès International d'Histoire des Entreprises en France

Paris, 14-16 Juin 2023

In the wake of Avner Offer's 1989 book *The First World War: An Agrarian Interpretation*, historians have deepened his argument that, although the First World War "is often depicted as a great industrial war...primary commodities were more decisive. Germany did not run out of rifles or shells. It suffered badly from shortages of food. Likewise the Allies: their agrarian resources decided the war."<sup>i</sup> Whether in France or in the British Empire, however, the history of supply tends to emphasize the creation of national or inter-allied government committees. This reflects the persistent influence of politicians and bureaucrats who wrote memoirs or histories of these institutions, often contributing volumes to the Carnegie Endowment for International Peace's monumental *Economic and Social History of the First World War*. Many of these men—whether ministers such as Etienne Clémentel or lower level officials such as Arthur Salter or Jean Monnet—had often developed substantial commitments to government management of the economy.<sup>ii</sup>

As a consequence of this concentration on institutions, the role of private firms played in the provision, shipping, and financing of commodities and other goods has fallen into the shadows. Yet, before the creation of the elaborate bureaucratic structure of inter-allied economic cooperation in the last half of the war, the Hudson's Bay Company (HBC) facilitated the purchase and shipping of a wide range of goods, and particularly bulk commodities including wheat and sugar, on behalf of the French government. It organized a fleet of vessels to ship these goods, as well as a regular service connecting France with the Northern Russian port of Archangelsk, moving weapons, bulk commodities, and troops to and from Russia and Romania. HBC officials represented the French government on some early inter-allied committees meeting in London. Even after the creation of bureaucracies managing commodities, shipping and relief, the HBC would continue to play a central role in providing material to France and Belgium. The HBC was a crucial source that provided the the French government, along with other Allied governments, access to the financial, insurance, commercial and shipping information, resources and networks needed to organize supply from across the British world empire.

Although histories of the HBC have briefly mentioned its wartime business, it has not been the object of extended study.<sup>iii</sup> It is most often referred to in biographies of the "father of Europe", Jean Monnet.<sup>iv</sup> The HBC had long purchased cognac from the Monnet family firm. When serving a commercial apprenticeship in London at the age of 16 to 18, Jean Monnet met some of the HBC's directors. He then travelled to North America, meeting with the staff of number of Canadian HBC forts and stores, including the "hommes rudes dans un climat rude" in Winnipeg. At the outbreak of World War I, Monnet returned to France, where he convinced a family acquaintance to introduce him to René Viviani and convinced him to use the HBC as a purchasing agent.

The company's Secretary Frank Ingrams travelled to Bordeaux, and on the 9 October 1914, signed a contract with the Minister of Finance Alexandre Ribot and the Minister of War Alexandre Millerand.<sup>v</sup> In it, the HBC promised to purchase goods, agricultural products and whatever else might be needed, and deliver them in the French port designated by the French Military Administration. The HBC would earn a commission of two percent on most agricultural goods, three percent on frozen meat and canned food, four percent on cloth, and five percent on custom fabrications. Initially, the French government's credit was limited to two and a half million pounds, though, by December 4<sup>th</sup>, the two parties agreed to increase this to three and a half million pounds—before moving away from a hard-cap to credit.<sup>vi</sup>

On first glance, it is not obvious why Monnet, Viviani, Ribot and Millerand thought that the HBC would be a suitable firm to take on the role of a global purchasing agent. The HBC was London based, but with most of its operations in Canada, directed by a "Canadian Committee" based in Winnipeg. Originally chartered by Charles II in 1670, the HBC had played a major part in the colonization of Western North America. In 1870, the firm transferred ownership of Rupert's Land and the North-Western Territory from the Company to the newly created Dominion of Canada, in exchange £300,000, one twentieth of the agricultural lands opened for settlement, and the title to the lands on which it built trading establishments. It had developed three lines of business. It continued its fur trade business. It also operated a chain of sales stores. Many of these were trading posts connected to the fur trade, but the firm had recently begun to construct department stores in some Canadian cities. Most of all, the HBC profited from real estate. As the *Economist* magazine noted, "the speculative interest of the Hudson's Bay Company depends upon the land"; profits from selling farms and town lots were usually ten times those of the fur and sales departments.<sup>vii</sup> Although it owned two small steamers to take stores to its Hudson's Bay and Arctic posts, it was neither a major shipping firm, nor a major commodities broker.

Viewed more closely, however, the HBC possessed rare assets, which made its services particularly valuable after in the financial chaos in the months following the war. Stock markets remained closed, and despite extraordinary action from the Bank of England and Treasury, commercial credit and the exchange market remained weak.<sup>viii</sup> When France's default or even defeat was not unimaginable, the HBC's millions of acres of Canadian lands, provided a valuable foundation for the firm's credit. While historians have documented that City firms' directors formed a tight and interconnected circle, the HBC seems to have been extraordinarily well connected to the City elite.<sup>ix</sup> In some sense, the HBC's Committee represented a coalition of merchant banking firms. The incoming Governor, Robert Molesworth Kindersley, had been largely responsible for the Lazards Brothers & Co. becoming a serious City Bank after he joined them in 1905, and would become a director of the Bank of England in 1915.<sup>x</sup> Lazards, of course, had connection to Lazards Frères, in Paris, as well as its filial Lazards Brothers in New York. Another director, Leonard Daneham Cunliffe, operated the merchant bank Cunliffe Brothers, with his brothers—one of whom, Walter, had become the Governor of the Bank of England in 1913.

The first contracts were signed before the end of the Race to Sea and the stabilization of the Front, and thus at a moment when the French Government and the HBC could not imagine how long the war would last. They involved a wide range of goods, which initially the HBC attempted to fill in England, Canada, and the USA, using the company's current personnel. The *Département de Guerre* placed its initial order on 20<sup>th</sup> October: 400,000 wool blankets, two

million meters of flannel for shirts, a million meters of cloth for uniforms, another million meters of cloth for tents, three hundred thousand pairs of socks, one million *quintaux* of oats, and one million kilograms of corned beef, all to be delivered before the end of December, if possible.<sup>xi</sup> In North America, the relatively newly appointed Fur Trade Commissioner Nathaniel Bacon was sent to arrange purchases in Montréal and New York City, drawing upon previous contacts in the garment and textile trade, as well as approaching new firms. He also began to charter ships in both cities, initially on a per voyage basis.

In the early winter of 1915, these temporary arrangements were swamped by a rapid increase in the quantity and range of business, causing the HBC to put in place the structure for a more permanent shipping and commodities business. The French government soon requested orders for wheat and flour so large that Bacon noted that “these transactions are not on plane of ordinary commerce and are for quantities in enormous excess of commercial consumption.”<sup>xii</sup> He made errors of paperwork; understandably so, for he was procuring goods as diverse as socks, cloth, grain and flour, benzol, picric and sulphuric acid, cattle and camping equipment, for shipment from ports from Montreal to Galveston.

Kindersley, accordingly, made changes. First, he recruited Charles Vincent Sale to be the HBC’s deputy governor. Sale was an capable merchant banker, with global business interests; his family firm Sale & Co. was an experienced ship broker and chandler, where Sale himself had founded a Yokohama based partnership, Sale and Fraser, which had worked together with Kindersley in placing Japanese state and industrial bond issues in the city. On Sale’s recommendation, Nanton and Cunliffe travelled to New York and Montreal, where they investigated matters, and decided that Bacon was not incompetent, but merely overworked, and so hired additional staff to assist him.

At the same time, the HBC’s role as a French purchasing agents shifted. In January 1915, H.P. Davison of J.P. Morgan signed an agreement, making that bank the British purchasing agent for war supplies in the United States. Later in the spring, Davison also approached the French minister of commerce, Gaston Thomson, who agreed to Morgan serving as French purchasing agent in the US as well, undercutting the HBC.<sup>xiii</sup> After complaints from the HBC that the North American shipping and grain markets were truly continental, Morgan and the HBC agreed upon “methods for preventing needless competition” so that Morgan acted as financing and purchasing agent for armaments and manufactured goods from the United States, but the HBC handled grain and some other bulk commodities.<sup>xiv</sup> At the same time, the Imperial Munitions Board was erected to coordinate the production of weapons and ammunition in Canada. As a result, the HBC came to act as the French global purchasing agent for grain and other bulk commodities, and, in Canada, for non-munitions manufactured goods, ranging from textiles and corned beef, to barbed wire, railway wagons and locomotives, and telephone equipment.

As a consequence of the HBC’s specialty in bulk commodities, the French government asked it to start a shipping service from Brest to the Russian White Sea port of Arkangelsk, which because of the closure of the Baltic and the Black Sea to Allied shipping, was the only practical shipping route for Russian or Romanian grains and supplies. (Of course, the failure of the Gallipoli expedition would eventually make this route seem even more crucial.)<sup>xv</sup> The White Sea voyage was exceptionally risky, even by wartime standards, and it appeared difficult to find steamer owners willing to risk their vessels on this route. At the same time, rates for voyage and time charters were rising, in the face of wartime demand. The HBC began to purchase a few

steamers for the Russian trade in the summer of 1915, which led it to propose purchasing a fleet of vessels for the *Service du Ravitaillement Civil*—which had, among other advantages, that steamers would not have to be reflagged, which the Admiralty was not likely to accept even for an ally during wartime. Jean Monnet took the lead structuring a deal which appeared to pose no risks to the French government, while shielding the HBC from UK Super Tax, aimed to recover wartime profits, and yet guarantee profits—and substantial ones—to the HBC.<sup>xvi</sup> The new Minister of Commerce, Etienne Clémentel, agreed to the proposal, and the HBC formed a new subsidiary, the Bay Steamship Company in January 1916 to own and manage the fleet.

By the late summer of 1916, the HBC was engaged in planning, in close collaboration with Clémentel and other officials in the *Service du Ravitaillement Civil*, the needs for grain and other goods for the next six months and years, and drawing up dispositions for shipping needs to meet those demands. Of course, such plans could not be perfect, for, among other hazards, 110 of the ships owned or chartered by the HBC would be sunk by submarine, storms, icebergs and fires during the war. Clémentel, at the least, valued the HBC's personnel enough to allow Charles Sale and Kindersley to serve as French representatives on inter-allied economic meetings; he also used them to contact British cabinet ministers including the Chancellor of the Exchequer, Reginald McKenna, and Walter Runciman, president of the Board of Trade.<sup>xvii</sup> When pressure was put on officials in the Ministry of Commerce to make their purchases via an inter-allied economic bureaucracy—the “International Commission”, based in London—rather than the HBC, the French officials defended the HBC's independence vigorously, noting that the HBC not only provided materials faster, but at lower cost, and more regularly than the fleets organized by the commission. “If we had counted upon the International Committee,” the memorandum concluded, “France literally would have gone short of wheat.”<sup>xviii</sup>

The HBC's French government business would involve hundreds of merchant vessels transporting over thirteen million tons of goods responding to over 6,600 contracts. One weekly status report from November 1916 suggests the scope of the HBC's French government business. Three ships from North America had just discharged 10,840 sacs of flour and 72,000 *quintaux* of grain, and another seven were discharging another 300,000 *quintaux*, plus another 60,500 bags of flour and a substantial quantity of wine for the Ministry of War. Another 12 ships were on their way to France from North America, and another 17 were loading in US and Canadian harbours. One ship was discharging wheat from Argentina, with another two en route, and another dozen loading in La Plata. 27 vessels were discharging cargos from Archangelsk in French harbours, with 15 en route and another nine preparing to leave the Russian harbour; they mainly carried wheat, but also alcohol, beet seeds, and other goods. Five ships had finished unloading timber from Archangel, and another 15 were unloading. Four ships had finished unloading paper pulp from Chicoutimi in Rouen, and another was still unloading. Four ships were discharging sugar from New Orleans, New York, and Cuba, with another three from Cuba en route to France, plus another six from Java; five ships had finished unloading sugar from Mauritius, with another dozen on their way, and fifteen more designated to load in December and January. Finally, seven vessels were discharging in Archangelsk, with fourteen on the way; they carried a wide range of cargos, including airplanes and parts and Italian rifles and ammunition for the Rumanian government.<sup>xix</sup>

The HBC increased the tonnages of cargos procured and delivered each year the war lasted, to peak in 1919. While the formation of interallied economic committees might have helped ease problems of supply, it seems likely that private contractors, such as the HBC, played

a far more important role in providing France with access to the commercial services and shipping provided by the British Empire. The alliance between the French and their allies did not just rest on official connections, but relied upon commercial structures fluid enough to reshape in order to take advantage of the new problems and opportunities presented by the war. Avner Offer was right to offer an agrarian interpretation of the First World War; the Hudson Bay Company's French government business shows that private firms played a crucial role in responding to the crisis of global supply.

---

<sup>i</sup> Avner Offer, *The First World War: An Agrarian Interpretation* (Oxford: Clarendon Press, 1989), 1.

<sup>ii</sup> Jamie Martin, *The Meddlers : Sovereignty, Empire and the Birth of Global Economic Governance*. (Cambridge, MA: Harvard University Press, 2022), p. 22-35.

<sup>iii</sup> Jean Monnet, *Mémoires*. (Paris : Fayard, 1976), 47. William Schooling, *The Hudson's Bay Company, 1670-1920*. (London: The Hudson's Bay Company, 1920), 119-127), and Peter C. Newman, *Company of Adventurers, III: Merchant Princes* (Toronto: Penguin/Viking Canada, 1991), 268-271

<sup>iv</sup> François Duchêne, *Jean Monnet : The First Statesman of Interdependence*. (New York: W.W. Norton, 1994), 32-39, Eric Roussel, *Jean Monnet, 1888-1979*. (Paris: Fayard, 1996), 48-76.

<sup>v</sup> See Provincial Archives of Manitoba (PAM), Hudson's Bay Company Archives (HBCA), Cables Out, No 1. 5 Nov 1914-15 May 1915, H2-49-1-11/(AFG 6/2/1), Ingrams to Nanton 22 Sept .14, & 24 Sept 1918.

<sup>vi</sup> "Entre le Gouvernement français représenté par M.M. Ribot, Ministre des Finances, et Millerand, Ministre de la Guerre, d'une part, Et la Compagnie de la Baie d'Hudson représentée par Frank Charles Ingrams...d'autre part... « Bordeaux, 9 Octobre 1914, PAM, HBCA, Contracts with French Government, RG22/2/1, #1. See in same folder, "Avenant au contrat", signed by same representatives in Bordeaux, 4 Décembre 1914, #2.

<sup>vii</sup> "Canada and the Hudson's Bay Company", *The Economist*, 73 (Saturday, 15 July 1911).

<sup>viii</sup> Richard Roberts, *Saving the City : the great financial crisis of 1914*. (Oxford: Oxford University Press, 2013).

<sup>ix</sup> John Selwood, "An early example of globalization: the Hudson's Bay Company's interlocking directorships," *Prairie Perspectives: Geographical Essays*. 3 (2000); 1-16.

<sup>x</sup> Guy de Rougemont, *Lazard Frères : Banquiers des Deux Mondes (1840-1939)*. (Paris : Fayard, 2010), 327-339.

<sup>xi</sup> Orders 1-7, PAM,HBCA, RG22/2/1, #4-11.

<sup>xii</sup> Bacon, Montreal Telegram no 8 to Hudson's Bay Co, London, 7 March 1915, PAM, HBCA, H2-48-4-4 (RG22/6/1/1).

<sup>xiii</sup> John Douglas Forbes, *J.P. Morgan, Jr., 1867-1943*. (Charlottesville: University of Virginia Press, 1981), 89-95, Kathleen Burk, *Britain, America and the Sinews of War, 1914-1918*. (Boston: George Allen & Unwin, 1985), and Martin Horn, *Britain, France and the Financing of the First World War*. (Montreal: McGill-Queen's University Press, 2002). None of these works mention the H.B.C.

<sup>xiv</sup> See "File J.P. Morgan" "H.P. Davison to J.P. Morgan and Co" 8<sup>th</sup> July 1915, in PAM, HBCA, AFG 5, 3996, 1-2.

<sup>xv</sup> Nicholas Lambert, *The War Lords and the Gallipoli Disaster: How Globalized Trade led Britain to its Worst Defeat of the First World War*. (Oxford: Oxford University Press, 2021).

<sup>xvi</sup> See the correspondence in PAM, HBCA, AFG 5, 627, "Jean Monnet, inward, 2 August 1915-29 December 1915", with the steamship correspondence mostly from October, f. 48-55, and 72-75. .

<sup>xvii</sup> For examples of meetings, see PAM HBCA, AFG, 5, 1133, Sale to Clémentel, 26 Septembre 1916, reporting two meetings in September, and then 155, 'Memorandum d'une conference qui eut lieu à India House...27 Septembre 1916', PAM, HBCA, AFG 5, 1143, 103 'Confidentiel, le 12 octobre 1916 : Memorandum d'un meeting officieux (sic) qui eut lieu au Service des Transports, le mardi 10 Octobre 1916'. For intermediary work, see PAM, HBCA, AFG 5, 1138, Vilgrain to Sale, 1 Octobre 1916, 1.

<sup>xviii</sup> Ernest Vilgrain, "Raisons pour lesquelles le Ravitaillement Civil ne peut pas accepter de faire faire ses achats par la Commission international de Londres," 6/7/1916, rec. C.V.S. 17 Aug. 1916, PAM, HBCA, AFG 5, 1119, French Government, Commerce, Inward, 1 July 1916-15 July 1916, f 52-56, quote 55 "Si nous avons dû compter sur la Commission Internationale, la France aurait littéralement manqué du blé."

<sup>xix</sup> Compiled from PAM, HBCA, AFG 5, 1136, French Government, Commerce, Charts, 13 November 1916-29 December 1916, 1-16.