

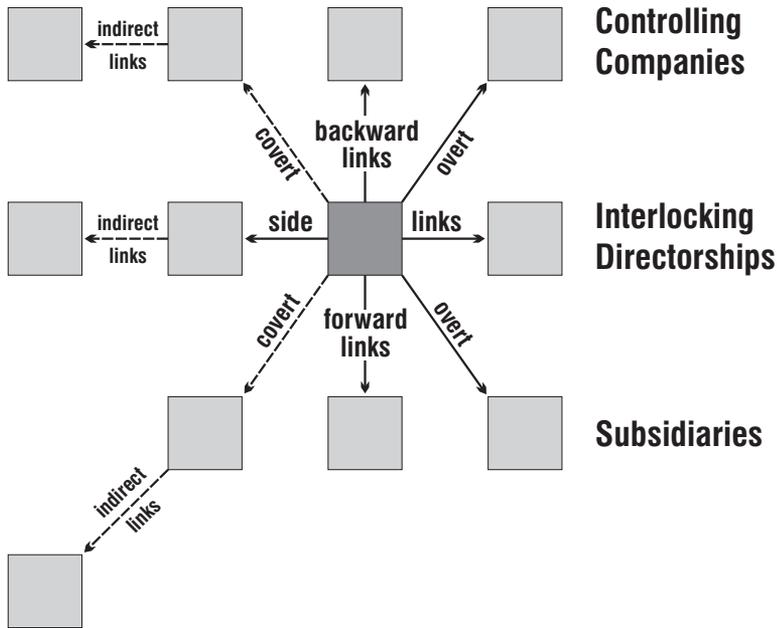
# An early example of globalisation: the Hudson's Bay Company's interlocking directorships

**John Selwood**  
University of Winnipeg

**Abstract:** The interlocking directorships of Hudson's Bay Company directors are examined for a period of fifty years straddling the beginning of the twentieth century. Throughout the period they exhibited high levels of inter-connectivity with a broad spectrum of business enterprises that had interests over widely dispersed parts of the globe. Further investigation indicated that the nature of the inter-connectivity was complex, sometimes to the Hudson's Bay Company's advantage, but sometimes the reverse. Thus, while interlocking directorships can be a useful indicator of the potential relationships between companies, they do not in themselves necessarily reveal much more than that.

## Introduction

Contrary to current popular opinion, globalisation of the world's economy is not an outgrowth of the post-modern era. It has been a force to be reckoned with at least since the main period of European colonial expansion and the onset of the industrial revolution. The Hudson's Bay Company (HBC), which boasts of being the world's longest surviving corporate entity, is a prime example of an early trans-national commercial institution with extensive ties to other economic entities through its own activities and those of other organizations linked to it through its directors' interlocking directorships. Although the HBC was engaged in an extensive range of commercial activities and exploitation of resources at an international level, this paper will focus on the scope and nature of the global linkages formed by the multiple directorships held by



*Figure 1: Forms of cross company linkages.*

the various Court members (directors) of the company over a period of some fifty years spanning the turn of the twentieth century.

Cross company linkages can occur in a variety of ways (Figure 1). They can be formal or informal, overt or covert (although not necessarily clandestine), strong or weak, backward, forward or sideways. Based on the methodology adapted and used very effectively in a Canadian context by Semple and colleagues (Semple 1973; Semple 1985; Semple 1996; Green and Semple 1981; Semple and Phipps 1982; Rice and Semple 1993), this paper deals primarily with the HBC's overt formal linkages with other companies through its directors' directorships in other companies as listed in the British *Directory of Directors* (Skinner 1880-1924) published annually since 1880. These cross listings, in effect, represent only the horizontal, or sideways linkages. That is, they imply an association between otherwise independent enterprises. However, the relationships are not necessarily equal. One enterprise may well

**Table 1:** *HBC subsidiaries*


---

Winnipeg and Western Transportation Co.  
 Red River and Assiniboine Bridge Co.  
 Vancouver Coal Mining Co.  
 Puget Sound Agricultural Society Ltd.  
 Russian American Co.  
 Hudson's Bay North Russian Trading Co.  
 Canada Land and Irrigation Co.  
 Nascopi Steamship Co.  
 Northern Traders Ltd.  
 Northern Traders Reindeer Co.  
 Northwest Exploration Co.  
 C.M. Lampson and Co.  
 Revillon Freres Trading Co.  
 H.B.C. Overseas Settlement Co.  
 Hudson Bay Oil and Gas Co.

plus Agreements

---

exert control over the other. A subsidiary company is generally answerable to its parent. From the perspective of the parent, its relationship with the subsidiary company is that of a forward or downward linkage. Conversely, the subsidiary, or company that is controlled, maintains a backward or upward linkage with its parent or dominant partner. The interlocking directorships do not always reveal these relationships, and to appreciate them, it is necessary to investigate further.

One complication is that most of the HBC's subsidiary companies are not listed – possibly because they were not registered in England and, as a result, not incorporated into Skinner's *Directory*. Table 1 identifies companies that were subsidiaries of the HBC during the period under discussion. However, not all of them had boards of directors that included serving members of the parent board. One example is the Red River and Assiniboine Bridge Company, which was fully controlled by the HBC, but in the trusteeship of Charles Brydges, the Company's Land Commissioner in Winnipeg. Here is an example of a forward linkage that does

not appear in the list of cross-directorships. This is not an isolated case. Other examples are the Hudson's Bay Distillers and the Hudson's Bay Russian Trading Co. The HBC also from time to time entered into "Agreements" with other companies wherein the parties committed to managing their affairs to mutual advantage. This could entail an exchange of shares, but need not generate an interlocking directorship. (Hudson's Bay Company Archives (HBCA) Search File, Job and Sons). Some of these associations were of relatively little importance - even failures - as was the short-lived Red River and Assiniboine Bridge Company (Selwood 1981). However, others, such as Hudson's Bay Oil and Gas, would later become major assets of the company. These subsidiary companies are examples of formal, yet sometimes covert, linkages that provide additional insights into the extent of the company's operations.

## **The Interlocking Directorships**

Figure 2 lists the HBC's directors for the period from 1876 to 1924 and indicates the years through which they held that position with the company. The period was interesting in that it contained times of stability and change. The latter not only represent changes in personnel, they also represent significant transformations in company policy that had considerable bearing on its role in the global economy. In the 1870s the HBC was essentially a company trading largely in furs and other primary resources in exchange for simple trade goods manufactured in Europe, much as it had done for the previous century. Its linkages with other enterprises were also comparatively straightforward. With Canadian confederation, the company found itself in a completely different environment both politically and financially. It was no longer so autonomous and its range of potential assets increased dramatically (Galbraith 1949; Tway 1963; Selwood et al 1980; Newman 1985; Newman 1987; Newman 1991). It became a major landholder and could look forward to servicing a growing population of European settlers in the Canadian west. However, more importantly, it had lost its virtual monopoly in the region and now had to contend with other aggressive business interests muscling in on its territory. These

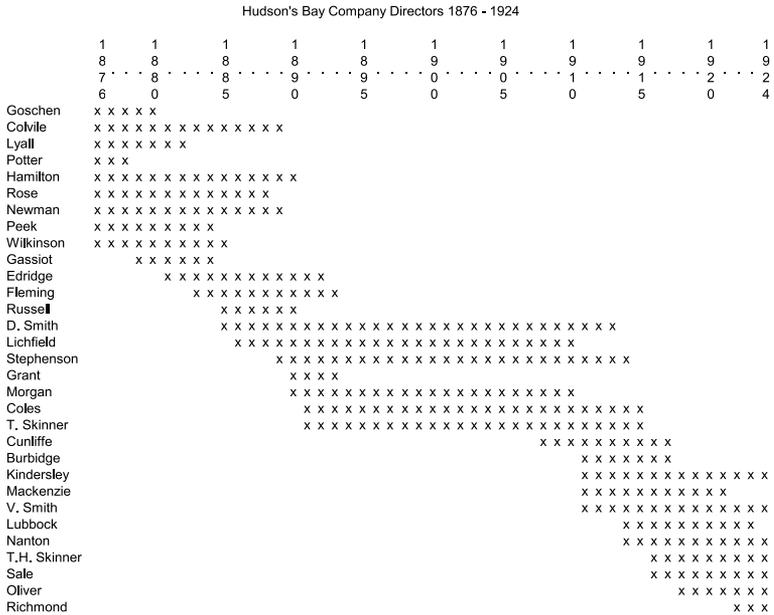


Figure 2: Hudson's Bay Company directors, 1876-1924.

largely externally induced events resulted in the wholesale replacement of the HBC's board of directors. After a short transition period, the new board remained intact and in control of the company for over a decade. Subsequent to this period of stability, came another time of transition when the board again underwent a thorough shakeout with a fresh slate of directors taking control and a series of new initiatives being implemented.

Even at the beginning of the period under discussion, the global nature of the HBC directors' interests is immediately evident. All members of the board held directorships in other corporate bodies. George Joachim Goschen, the Governor (Chairman) of the HBC, was the eldest son of William Henry Goschen, a "leading merchant of London", a member of the merchant banking house of Fruhling and Goschen, a governor of the Bank of England, and was himself a director in the Alliance Marine Assurance Company (HBCA Search File Goschen). Eden Colville, the Deputy Governor had extensive shipping interests (Skinner 1883; Newman 1991, 87n).

George Lyall, of Hedley Epsom, held directorships with the Bank of England, the East Indian Railway Co. and New Quebrada Co., a mining venture in Venezuela (Skinner 1877, 198). Richard Potter was a railway magnate of considerable stature. Chairman of Britain's Great Western Railway, and a director of the Great Eastern Company, the Canadian Grand Trunk Railway and the International Financial Society, he also held directorships in other companies with a strong interests in postal and telegraph systems (HBCA Search File, Richard Potter). Edward William Terride Hamilton was Governor of the Australian Agricultural Co., Chairman of the Bank of Australasia, and a director of Crown Life Assurance Co.. Thomas Holdsworth Newman, of Newman, Hunt and Co. (merchants) was also a director of the Imperial Fire Insurance Co.. Sir John Rose was a merchant banker in the house of Morton, Rose and Co. with additional directorships in several other banks. Francis Peek was a tea merchant with Francis Peek, Winch and Co.. The final member of the HBC board as it was constituted in 1876 was Montague C. Wilkinson of Crawford, Colvin and Co., also merchants. In addition, Wilkinson held directorships in the Imperial Continental Gas Association, and the Royal Exchange Assurance Co. (Skinner 1880). Between them, the HBC directors had interests extending over six continents. In addition to their fur trade interests, they were involved with a variety of other ventures in resource development and exploitation, transportation and communications, and, in particular, banking and finance at an international level. Their interests in international finance, centred in London, at that time the world's undisputed financial capital, made them potentially a formidable force to reckon with. On paper at least, the HBC's directors had the capacity to integrate their various company interests to a considerable degree.

Appendix 1 (page 11) illustrates just how extensive the interlocking directorships were over the next five decades. The appendix lists all named companies associated with the various HBC directors through five decades. Duplicated names identify companies on which more than one HBC director held a directorship. Thus the Bank of England is listed three times, indicating that three different HBC directors: George Lyall, Cecil Lubbock and Robert M. Kindersley, served on the Bank's board

on various occasions during the period under discussion. Some of the HBC's directors, particularly those who were Canadian based, held similar positions in more than a dozen other companies.

Listed companies with immediate linkages to the HBC through interlocking directorships have been classified into seven broad groupings. These illustrate very clearly both the breadth and depth of the inter-connections. Virtually all elements of the business spectrum are represented. Thus the HBC is just one of a number of land and resource based enterprises in which its directors had interests. The same can be said for merchandising and transportation. Manufacturing and power generation companies are also well represented among the directors. Again, there is widespread representation on a global scale.

However, by far the highest number of connections is with the financial sector, where there continue to be abundant linkages with banking and insurance companies. Without capital it is virtually impossible to survive, let alone grow, or take advantage of investment opportunities as they arrive. It would appear then that the HBC was in a good position to obtain capital according to its needs. Conversely, the weighting of the Company's directors in the financial sector suggests that the HBC was perhaps not at the centre of their concerns, but merely one of a multitude of investments controlled by the financial houses of London. Stanworth et al (1975) and Kotz (1979) have thoroughly documented the widespread and increasing control of other major corporations by the banks at around the turn of the twentieth century. It appears that the HBC was similarly affected. According to Wheeler (1986) and Semple (1996), this general pattern of control persists.

The HBC's linkages with other companies through immediate cross-directorships do not fully divulge all potential relationships between the HBC and other enterprises. Important indirect business linkages through family ties are also of considerable significance. Many of the HBC's directors had close family relationships with other eminent business leaders who in turn had multiple directorships in a variety of operations. For example, several members of the Goschen family had more extensive links to other companies through their association with Fruhling and Co., and

similar extended links existed between family members in the firm of Morton and Rose. Both the Roses and the Grenfells had more than one family member with significant banking interests in the City of London. (Bowsfield 1977, 100n; Skinner 1880). The Cunliffes were yet another family with widespread interests in the London financial community (Skinner 1907). It seems reasonable to expect that these family ties and their extended inter-connections and interests would, on occasion, influence business decisions.

The mere presence of linkages, whether they are direct or indirect, provides few insights as to the strength of the linkages: these could be strong, or even purely nominal in nature. Nor do they give any indication of the relative power in whatever relationships may exist. As such they can go only so far in explaining the true nature of the linkages.

Indeed, at times the formal relationship can be the reverse of what might be expected. To illustrate this one needs only to examine the position of long-term Governor Sir Donald Smith, who one might think would have used his multiple directorships on other companies to the HBC's advantage. However, my own research suggests very much the opposite (Selwood et al 1981). Smith certainly used his joint directorships to personal advantage, but it also becomes evident that he quite deliberately sought to prevent the HBC from competing effectively with the Canadian Pacific Railway (CPR) in the potentially lucrative market for townsite lands on the Prairies. By trying to prevent the HBC from collaborating with other railway companies and insisting that the HBC either withhold its land entirely from the market, or price it well above the going rate, Smith ensured that the CPR would profit more readily from its operations. Smith had a much higher stake in the CPR than in the HBC and both he and the railway company stood to benefit immensely from its operations. Peter Newman (1991, 70-130) reaches similar conclusions about Smith's governorship of the HBC.

However, there are several instances where the HBC did benefit from its directors' associations with other companies. Of particular value to the HBC was the appointment of Charles Vincent Sale (Newman 1991, 268-270; HBCA Search File, Sale). Through him, the HBC at one point came to control the world's third largest

commercial shipping fleet, becoming responsible for the movement of all supplies into France during the First World War. Although there are conflicting opinions about the benefits afforded the HBC by its linkages with Harrods, the Bay did nevertheless use the London based retailer's expertise in expanding its chain of modern department stores across Canada during the period (Newman 1991, 168). These are but two examples of where the HBC's business linkages and the global nature of its directors' interests are clearly apparent.

Although the London directors did delegate certain responsibilities to their senior officers in Canada and, on occasion, the Canadian officials did act autonomously, they were still answerable to the board. An early example of this was the Board's reaction to their Land Commissioner, Charles Brydges reaching agreement with the Northern Pacific Railway to locate its terminal on the HBC's central Winnipeg property. Brydges was summarily dismissed for taking this initiative (Selwood et al 1980). Even after the establishment of a Canadian Advisory Committee, the more strategic policy directives required London approval. This committee, initially comprising: Augustus Nanton, later a London board member, Sir William Whyte and George Galt, both important shareholders and influential Canadian capitalists (HBC 1912), was given considerable authority, but London was still involved in important decision making. Thus, the decision to proceed with the sale by auction of the Company's remaining, but still very extensive landholding at Edmonton, was made in London - as was the later decision to build homes on the site in an effort to stimulate sales (Selwood et al 1995; Selwood et al 1997). The reversal of Smith's conservative stance on land sales and the massive investment into modern department store retailing were definitely policies initiated by the new members of the London board.

## Conclusions

First, examination of interlocking directorships using Hudson's Bay Company directors as a case study example does provide good *prima facie* evidence to indicate that globalisation was already

occurring to a significant degree a century and more ago. The HBC's directors were associated with a considerable range of industries in different economic sectors and in widely different locations on the globe. Second, the company linkages also imply that there was a fairly high degree of integration between the various operations, with individual companies standing to derive significant benefits from their association with others in the "family." However, there are severe shortcomings in the methodology, because the cross-directorships do not identify the actual, functional relationships. They are therefore very much open to misinterpretation.

Nevertheless, a more penetrating supplementary examination of the interlocking directorships of the HBC's directors demonstrates conclusively that there were indeed strong elements of globalisation apparent in the company's operations. The company itself was never at the apex of the power hierarchy: the real power lay in the hands of its directors who were, for the most part, concerned with much larger, more global aspects of development. With their connections in banking and insurance, they were able to marshal huge amounts of capital, directing it into a large variety of ventures that extended far beyond western Canada, into a broad range of endeavours at a greater scale of operations. The Hudson's Bay Company's activities around the beginning of the twentieth century must be interpreted in that global context. It can therefore be said that globalisation is not a particularly recent phenomenon, although the pace has undoubtedly accelerated more recently.

## Appendix 1: Linkages According to Economic Sector

### Finance and Insurance

#### **Banking houses:**

Bank of Montreal (Vice-President)  
Bank of England  
Bank of England  
Bank of Australasia (Chair)  
Bank of Montreal (London Committee)  
Capital and Counties Bank  
Dominion Bank  
Fruhling and Goschen & Co.  
Lazards Brothers and Co. (Chair)  
Lloyd's Bank  
London and Brazilian Bank Co.  
Morgan Grenfell and Co., London  
Morton, Rose and Co. - Merchant Bankers  
National Provincial Bank of England  
Union Bank of London (Governor)  
Whiteheads and Coles, Stockbrokers, London  
Yule, Catto and Co. (Chair)

#### **Insurance:**

Alliance Marine Assurance Co.  
Alliance British and Foreign Life and Fire Assurance Co.  
British Empire Trust Co.  
Central Canada Loan and Savings Co.  
Clerical, Medical and General Life Assurance Co.  
Council of Foreign Bondholders  
Crown Life Assurance Co.  
Debenture Corporation Founders' Share Co.  
Debenture Corporation  
Dominion Securities Corporation.  
Fire Insurance Association (Canadian Board)  
Fire Insurance Association Limited (Chair, Canadian Board)  
General Reversionary and Investment Co.  
Globe Telegraph and Trust  
Great West Life Assurance Co.  
Guarantee Company of North America  
Home Counties Public House Trust  
Imperial Life Assurance Company of Canada  
Imperial Fire Insurance Co.  
Laurentide Co.  
London and Canadian Loan and Agency Co.  
London and Lancashire Life Assurance Co. (Chair, Canadian Board)  
London and Lancashire Life Assurance Association (Canadian Board)  
Marine Insurance Co.  
Mercantile Investment and General Trust Co.

Metropolitan Life Insurance Company of New York  
 National Trust Co.  
 North of Scotland Canadian Mortgage Co. (Canadian Advisory Board)  
 Northern Assurance Co  
 Northern Trust Co.  
 Osler and Nanton Trust Co.  
 Provident Accident and Guarantee Co.  
 Royal Trust Co. CANADA \*\*\*\*\*  
 Royal Exchange Assurance Co.  
 Royal Exchange Association Co. (Governor)  
 Royal Trust Co.  
 Scottish Union and National Insurance Co. (President)  
 Second Mercantile Trust  
 Sun Insurance Office  
 Sun Life Assurance Society  
 Trust and Loan Company of Canada  
 Trust Houses  
 Union Assurance Society  
 Whitehall Trust (Chair)

### **Land and Resource Companies**

Australian Agricultural Co. (Governor)  
 Canada North-West Land Co.  
 Canada North-West Land Co.  
 Irish Land Purchase and Settlement Co.  
 South Australian Land Mortgage and Agency Co.  
 Formerly of Morgan Bros. Mercantile and Banking;  
 Anglo Persian Oil Co. (President)  
 Anglo Danubian Co.  
 Anglo Caucasian Oil Co. (Chair)  
 Canadian Collieries (Dunsmuir) (President)  
 Canadian Western Lumber Co.  
 Dominion Coal Co.  
 Dominion Coal Co.  
 Durham Collieries Electric Power CO  
 Imperial Continental Gas Association  
 Anglo-American Corporation of South Africa (London Committee)

### **Miscellaneous**

Anglo-Australian Assets Co.  
 Hedley Epsom  
 Lord Mayor of London  
 Mackay Companies (trustee)  
 Nation City Company  
 New Quebrada Co.  
 Bessler, Waechter and Co. (Chair)

## **Transportation**

### **Shipping:**

Allan Line Steamship Co.  
Bay Steamship Co. (Managing Director)  
Sale and Co. Merchants and Shipowners

### **Railways:**

Argentine Transandine Railway Co.  
Atlantic and North-West Railway Co.  
Brazil Great Southern Railway Co.  
British Columbia Electric Railway Co.  
Canadian Northern Railway Co. (President)  
Canadian Pacific Railway  
Canadian Pacific Railway  
Canadian Pacific Railway  
Canadian Pacific Railway  
Chilian Transandine Railway Co.  
Dominion Atlantic Railway Co.  
Duluth, South Shore and Atlantic Railway Co.  
East Indian Railway Co.  
Great Northern Railway Co.  
Inverness Railway and Coal Co. (President)  
Manitoba South-Western Colonization Railway  
Monterey Railway, Light and Power Co.  
New Brunswick Railway Co.  
Rio de Janeiro Tramway Light and Power Co. (Chair)  
Sao Paulo Tramway Light and Power Co. (President)  
St. Paul, Minneapolis and Manitoba Railway Co.  
Toronto Suburban Railway Co. (President)  
Toronto Railway Co. (President)  
Winnipeg Electric Railway Co.  
Winnipeg Electric Railway Co. (President)

## **Cable and Telegraph**

Commercial Cable Co.  
Commercial Cable Co.  
Direct West India Cable Co.  
Direct West India Cable Co.  
Eastern Telegraph Co.  
Halifax and Bermuda Cable Co.  
Halifax and Bermuda Cable Co.(Chair)

## **Merchandising**

Crawford, Colvin and Co. - Merchants  
Cunliffe Bros. Merchants  
Debenham, Gardiner and Co., New York  
Debenham and Freebody - costumiers, drapers and furriers (Managing Director)

Debenhams, Canada Debenhams, Continental Co.  
 Debenhams, Australia  
 Debenhams  
 Dickins and Jones Ltd. (Drapers)  
 Francis Peek, Winch and Co. Tea merchants  
 Harrods (Buenos Aires)  
 Harrods (Managing Director)  
 Harrods Stores Founders' Shares Co.  
 Harvey Nichols and Co. (Chair)  
 Mappin Store (Brazil) (Chair)  
 Marshall and Snelgrove (drapers)  
 Merchant Trading Co  
 Newman, Hunt and Co. - Merchants  
 Societe Anonyme Debenham, Paris (Chair)  
 Textile Securities (holding co. owning Debenhams and Marshall & Snelgrove)

### **Manufacturing**

British Metal Corporation (Chair)  
 Cockshutt Plow Co.  
 Columbia River Lumber Co.  
 Dominion Steel Corporation  
 Dominion Iron and Steel Co.  
 Edison and Swan United Electric Light Co.  
 Electrical Development Company of Ontario (Vice- President)  
 Ferro Concrete Ship Construction Co.  
 Manitoba Power Co.  
 Manitoba Bridge and Iron Works  
 Morgan Crucible Co, and Publisher of the "Ironmonger" "Chemist and Druggist"  
 Newcastle-Upon-Tyne Electric Supply Co.  
 Ogilvie Flour Mills Co.  
 Shawinigan Water and Power Co.  
 Standard Chemical, Iron and Lumber Co of Canada  
 Toronto Power Co. (President)  
 Western Canada Cement and Coal Co.(President)  
 Whitbread and Co.  
 Canadian General Electric Co.

## References

- BOWSFIELD, H. ed. 1977 *The Letters of Charles John Brydges: 1879-1882* (Winnipeg: Hudson's Bay Record Society) Vol. XXXI
- GALBRAITH, J. 1949 'Land policies of the Hudson's Bay Company, 1870-1913' *Canadian Historical Review* 34: 1-21
- GREEN, M.B. and SEMPLE, R.K. 1981 'The corporate interlocking directorate as an urban spatial information network' *Urban Geography* 2: 148-160
- HUDSON'S BAY COMPANY, 1875---- *Reports and Proceedings of the Governor and Committee of the Hudson's Bay Company* (London: Sir Joseph Causton and Sons)
- HUDSON'S BAY COMPANY ARCHIVES, Public Archives of Manitoba, Search Files
- KOTZ, D. 1979 'The Significance of Bank Control over Large Corporations' *Journal of Economic Issues* 13: 407-426
- NEWMAN, P. 1985 *Company of Adventurers* (Toronto: Viking Press) Vol. 1
- NEWMAN, P. 1987 *Caesars of the Wilderness: Company of Adventurers* (Toronto: Viking Press) Vol. 2
- NEWMAN, P.C. 1991 *Merchant Princes: Company of Adventurers* (Toronto: Viking Press) Vol. 3
- RICE, M.D. and SEMPLE, K.R. 1993 'Spatial Interlocking Directorates in the Canadian Urban System, 1971-1989' *Urban Geography* 14: 375-396
- SELWOOD, H.J. and BARIL, E. 1980 'The Hudson's Bay Company and prairie town development' in *Town and City: Aspects of Western Canadian Urban Development*, ed A. Artibise (Regina: Canadian Plains Studies) 61-94
- SELWOOD, J. 1981 'Mr. Brydges' Bridges' *The Beaver* Summer 14-21
- SELWOOD, H.J. and RICHTIK, J.M. 1995 'Bay Day, May 13, 1912: The Hudson's Bay Company's Land Sale in Edmonton' Unpublished paper presented at Edmonton's Bicentennial Conference, Edmonton, May
- SELWOOD, H.J. and RICHTIK, 1997 'Building a better class district: The Hudson's Bay Company's Edmonton housing scheme' in *The Estevan Papers*, eds B.D. Thraves, A.H. Paul and R.W. Widdis Regina Geographical Studies No. 6 (Regina: University of Regina) 221-238
- SEMPLE, R.K. 1973 'Recent trends in the concentration of corporate headquarters' *Economic Geography* 49: 309-318

- SEMPLE, R.K. 1985 'Toward a quaternary place theory' *Urban Geography* 6: 285-96
- SEMPLE, R.K. 1996 'Quaternary Places in Canada' in *Canada and the Global Economy*, ed J.W.H. Britton (Toronto: McGill-Queens University Press) 352-373
- SEMPLE, R.K. and PHIPPS, A.G. 1982 'The spatial evolution of corporate headquarters within an urban system' *Urban Geography* 3: 258-279
- SKINNER, T. 1875----- *The Stock Exchange Yearbook* (London: Cassell, Petter & Galpin)
- SKINNER, T. 1880-1924 *Directory of Directors* (London: Thomas Skinner and Co)
- STANWORTH, P. and GIDDENS, A. 1975 'The Modern Corporate Economy: Interlocking Directorships in Britain, 1906-1970' *Sociological Review* 23: 5-29
- TWAY, D. 1963 'The influence of the Hudson's Bay Company upon Canada, 1870-1899' Unpublished Ph.D. Thesis, University of California at Los Angeles
- WHEELER, J.O. 1986 'Corporate spatial links with financial institutions: the role of the metropolitan hierarchy' *Annals, Association of American Geographers* 76: 262-274