

1st draft

CHAPTER I

WHO ARE THE METIS?

On the surface, the question - who are the Metis? - seems an eminently reasonable enquiry that might illicit an equally brief and reasonable response. Since the term "Metis" is a word from the French language, a visit to the French-English dictionary provides the following definition: "Metis - half-breed". Unfortunately, this definition does little to inform the reader as to the original question, other than to re-phrase the French term "Metis" into its exact equivalent in the English language. Indeed, the same negative, almost subconscious, racist connotations appear to be present in both languages, although among the Metis people of Canada, the French term is acceptable while, for the most part, the English term "Half-breed" is not.

This trip to the French dictionary represented the only attempt at a quick answer to the original question. It did little in the way of providing such an answer. Indeed, it posed yet another problem that must be addressed before a serious answer can be given. Why is the French term acceptable while its exact English equivalent is rejected by the Metis? There are other questions that must be asked as well, questions that will require an understanding of past historical events, and present economic and social circumstances, before the original question can be answered in depth. Here are a few of the obviously pertinent questions: Why do the terms "Metis" and "Half-breed" contain negative racial connotations? Can one really be only "Half-bred"? Does the term mean half-human and half something

else? Are the Metis a mixture of races, or do they constitute a separate race? Do the Metis belong to the Indian cultural heritage, or to the European cultural heritage, or, do they have a unique cultural heritage of their own? Are the Metis Natives? Do the Metis see themselves as a separate nation within the Canadian confederation? Are the Metis Canadians? Contradictory though it may appear, an equivocal answer to these questions appears to be in all cases, yes.

We shall shortly return to these questions concerning the identity of the Metis by attempting to present a working definition of the terms "Metis" and "Half-breed". First, however, let us examine the sources of these contradictions that were underscored by our brief reply in the affirmative. In order to do this, a brief discourse must be undertaken of the history of modern man's obsession with questions of "race". As well, a discussion of the effects of racism must be undertaken.

Is the concept of "race" viable in academic circles today? What is more important in determining human behaviour patterns, one's race or one's cultural heritage? How does human behaviour change over time? Why do Metis and Indian people behave differently in modern Canadian society than other ethnic groups?

Although these questions do provide a further "muddying" of the waters", they too must be addressed so that a clearer understanding of the terms "race" and "culture" can be achieved, particularly as they apply to the Metis. We will look at these questions by taking a brief sojourn into the past and see how history has come to bear on the present Native situation.

## RACISM: ITS ORIGINS

Oliver Cox, professor of sociology at Lincoln University, argues that racism - the belief that certain races of people are genetically inferior to other races - is a very recent historical phenomenon. Cox contends that racist doctrines came into being in response to the labour requirements of the European bourgeoisie during the early stages of colonialism. This doctrine legitimized the use of slaves in the plantations of central America. Cox wrote:

Sometimes, probably because of its very obviousness, it is not realized that the slave trade was simply a way of recruiting labour for the purpose of exploiting the great natural resources of America. This trade did not develop because Indians and Negroes were red and black, or because their cranial capacity averaged a certain number of cubic centimetres; but simply because they were the best workers to be found for the heavy labour in the mines and plantations across the Atlantic. If white workers were available in sufficient numbers they would have been substituted. As a matter of fact, part of the early demand for labour in the West Indies and on the mainland was filled by white servants, who were sometimes defined in exactly the same terms as those used to characterize the Africans.

Cox is saying here, that slavery, as a dominant mode of production during the mercantile epoch preceded the racist ideology that eventually legitimized the practice. Indeed, white workers had been pressed into service in the plantations prior to black slave labour. Slaves were taken from Africa when it was found that they could tolerate the heat and the tropical diseases better than the white indentured labourers could. Cox continued:

But the fact of crucial significance is that racial exploitation is merely one aspect of the problem of the proletarianization of labour, regardless of the colour of the labourer. Hence racial antagonism is essentially political-class conflict. The capitalist exploiter, being opportunistic and practical will utilize any convenience to keep his labourer and other resources freely exploitable. He will devise and employ race prejudice when that becomes convenient. As a matter of fact, the white proletariat of early capitalism had to endure burdens of exploitation quite similar to those which many coloured peoples must bear today.

Here Cox argues that racial conflict, as it developed through the slave trade in Africa was essentially a class conflict that was part and parcel of the proletarianization of tribal and feudal cultures throughout Europe and its colonies abroad.

Indeed, the process of internal colonization that preceded Great Britain's across-the-seas colonial adventures set the stage for racist interpretations of all the pre-capitalist populations who were to be conquered and colonized.

Although capitalism in England was far more advanced than was the case with competing nation states such as Spain, Portugal, France, and Holland, these countries were serious contenders in the struggle to establish colonies around the world. In fact, England's dynamic middle class revolution and the resulting transformation of the state through the implementation of parliamentary democracy was some two hundred years in advance of France, its nearest competitor.

Although Spain and Portugal were eventually defeated by France and Britain in the struggle for colonies, these backward feudal states were the first to attempt colonization in Africa,

India and the New World. The Spanish and Portugese merchant ships were the ones that "discovered" both the incredible riches of the Far East, and the New World - North and South America. The Pope supplied the necessary rationalization for the exploitation of these colonies by these nation states that were under the ideological domination of Rome. One year after Columbus "discovered" America, Pope Alexander VI proclaimed that these distant lands should be placed at the disposal of Spain and Portugal;

Pope Alexander VI's bull of demarcation issued under Spanish pressure on May 3rd, 1493, and its revision by the Treaty of Tordesillas (June 7, 1494), arrived at through diplomatic negotiations between Spain and Portugal, put all the heathen peoples and their resources - that is to say, especially the coloured peoples of the world - at the disposal of Spain and Portugal.

The Spanish inquisitions, the destruction of the ancient Inca civilization, and the eventual enslavement of the peoples of South America were thus made legitimate by the Pope. But the Pope also decreed that in return for the right to exploit the labour and resources of these colonies, the European nation states had the duty of converting the heathen populations to Catholicism. Not so with the British colonizers who had long ago ended the ancient religious imperialism of Rome by creating their own religion that was contained within the boundaries of their own nation-state. The new Protestantism of the British did not impose many impractical religious demands upon its rapidly expanding merchant class. The British relationship with

colonies was overtly and explicitly exploitive. Among the British, there was no great need felt to provide a religious excuse for military and economic conquest. To the British middle class, the Natives of the pre-capitalist societies were frankly seen as racially inferior beings who were of little or no consequence. By the mid-nineteenth century, Britain had defeated all the other would-be European colonizing powers and had obtained an empire covering nearly two-thirds of the world's surface. The slave trade, the conquest of America, India and Africa had established a sense of racial superiority for the British that did not require much religious or mystical support. In 1880, Lord Earl Grey made the following statement regarding the Kaffir population of Britain's colony in India:

Throughout this part of the British Dominions, the coloured people are generally looked upon by the whites as an inferior race, whose interests ought to be systematically disregarded when they come into competition with their own, and who ought to be governed mainly with a view of the advantage of the superior race. And for this advantage two things are considered to be especially necessary: First, that facility should be afforded to the white colonists for obtaining possession of land heretofore occupied by the Native tribes; and secondly, that the Kaffir population should be made to furnish as large and as cheap a supply of labour as possible.

The intent of this message was clear. The colonized people living in tribal societies were quite simply racially inferior to the British, therefore, their resources and their labour could be exploited at will by the British. Here, colonization, the need for a cheap supply of labour and the racist attitudes of the ruling English middle class are inseparable historical components.

Clearly, as Oliver Cox indicated, racism began when European nation-states began to exploit the peoples and the resources of colonies around the world, in order to provide capital for industrial expansion in the European heartland.

THE FUR TRADING EPOCH, 1500 - 1870:  
SUPER-EXPLOITATION AND BENIGN RACISM

The European arrogance and their doctrines of racial superiority that accompanied the acquisition of colonies around the world found expression in what is now Canada through the fur trade. While slavery and the East India trade remained the main sources of English merchant capital, the fur trade of North America became a very important source of profits for both imperial France and England.

Both France and England pursued the fur trade in North America through the chartering of private companies. The chartered company was the seventeenth century embodiment of the union of the merchant classes and the state. Through the chartered company, the merchant class (particularly in England) and the state became one-and-the-same in the colony. The company had the right, indeed the obligation, to govern the colony, not with a view to justice, but with a view toward the enhancement of company profits. These profits were to be used to create industry and a mighty military machine at home, and to expand the power of the nation-state through further colonization. The Natives of the colonies were to provide the labour for the creation of wealth in Britain through the fur trade of

North America.

The most famous of the chartered companies was the Hudson's Bay Company. Charles Stewart, King of England, simply granted a trade monopoly covering "all the lands draining into Hudson's Bay" to his nephew Prince Rupert, in the year 1670. The aim of the Hudson's Bay Company in Rupert's Land was simply to earn profits from furs. Settlement and agricultural development were inimical to the fur trade and were to be avoided at all costs. For some two hundred yearz, the Hudson's Bay Company creamed immense profits from Rupert's Land ans shipped them home to England. Slaves were not required for the gathering of furs in North America, as they were in the cotton plantations of the south. Instead, what was required was a free labour force, and a merchant-client relationship with the Native tribes. This was not to be a reciprocal relationship however. The Indian tribes of the north soon became dependent on the metal technology that they obtained from the fur trading companies in exchange for furs.

Soon the whole communal economy of the Indian tribes was transformed, and they found that their very existence was chained to the fur trade. After a dependency was created, the fur trading companies could exploit the Indian labour most efficiently through the fur trade exchange system. Profits of one thousand percent and two thousand percent were often obtained. For the colonists of the ancient French regime, clinging tenuously to the land along the St. Lawrence River, much the same methods were used. The French colony, like the Hudson's Bay Co., depended upon the



fur trade and consequently, upon Indian labour for its existence.

The Indians living along the St. Lawrence River were not as dependent on the fur trade however, as was the case with the northern tribes who traded with the British company in the regions of the Hudson's Bay. The southern Indians had developed an agricultural economy which gave them some degree of autonomy. Unlike their northern neighbours, they could not be as easily goaded into a dependency on the fur trading market. However, the southern tribes eventually became dependent on the fur trading companies because of the necessity to obtain fire arms. The only source of fire arms for the Indians of both the north and southern regions was as exchange objects for their furs. Thus, they were all dependent on the colonizing powers and the foreign technology, to some extent. However, this degree of independence enjoyed by the southern Indians because of their agricultural successes, placed them in a much better bargaining position with the French than was the case with their northern relatives who had to bargain with the British.

Lacking the means by which they could create a total dependency on behalf of their fur trading tribes, the French had to resort to less aggressive methods with their Indians. The French, unlike the British, developed a marked religious tolerance for the Indians. In New France, where furs provided the economic basis for colonial development, the French priests led one of the most ambitious penetrative missionary endeavours in history, christianizing thousands of members of the Indian tribes.

Both the French and English chartered companies pursued the fur trade in much the same manner. They both created a situation

where the tribes came to be more or less dependent on the trade for their very survival. They both prevented settlement in their respective regions, and they both exploited the Indian's labour and resources without consideration for the welfare of the Natives. Both regimes were, in turn, dependent on Indian labour for their profits. The British only developed a tolerant attitude towards the Indians when intermarriage became necessary between company officers and Indian women. According to the customs of the northern tribes of Indians, trade relationships were cemented through gifts of women, and marriage. It was determined by the British that many trade relationships could be secured with certain of the Indian tribes by accepting such gifts. Furthermore, in the north, with its harsh climate and primitive technology, the traditional skills of the Indian women were absolutely necessary to the short term success of the fur trade. The lower class Scottish and English employees of the Hudson's Bay Company were eventually allowed to marry Native women, because of the valuable contribution that these women could make to the operations of the company. Thus, the "Half-breed" population of English-speaking Natives came into being as a work force for the Hudson's Bay Company.

The courier du bois of the old French regime married Native women for all the same trade related reasons. In fact, the attitude of the Catholic church made intermarriage easier for the French fur traders than was the case with their British counterparts. Once a Native woman had turned Catholic, moreover, there were few if any feelings of racial animosity between

the two groups. The traditional French Catholic relationship with the Natives was carried on after the formal defeat of the French by the British in 1763. Following France's handing over of her American colonies to the British through the Treaty of Paris in 1763, Scottish merchants in Montreal took over the trading infrastructure of the old French regime. Several of these small competing companies eventually merged under the name of the Northwest Company. This powerful fur trading company continued the fur trade using mainly French-speaking Quebecois as the mainstay of their labour force. These workers continued to marry Native women and lived much the same lifestyle as their *courier du bois* ancestors had done. From these marriages came "Les Metis". As competition developed, both companies expanded rapidly westward in search of better trading relationships and richer fur-bearing regions. This constant expansion demanded an ever larger labour force. Accordingly, both the Metis and Half-breed population grew rapidly as the fur trade spread across the west. But the competition over the fur trade took on a vastly different dynamic following the defeat of France by the British. Instead of the fur trade being part and parcel of the military struggle between imperial powers for colonies abroad, it now became a deadly competition between an imperial power (the Hudson's Bay Company) and an emerging colonial nation, engaging on its own in the exploitation of local labour and resources. However, the Northwest Company, like its predecessors and its competitor, depended on Metis and Indian labour for its profits.

As competition between the national company and the foreign monopoly increased, sporadic fighting occurred. Frequently parties of one company or the other would be ambushed and killed by their competitors. The employees of the two companies were eventually engulfed in the struggle of the corporations. In particular, the Northwest Company played upon the French Catholic nationalist sentiments of its largely Metis work force. When Lord Selkirk attempted to lay claim to the land at the branch of the Red and Assiniboine Rivers by establishing an agricultural colony at this location, the Metis were goaded into committing an atrocity against the settlers. Twenty-one of the settlers were killed by the French-speaking Metis at a place called Seven Oakes. This action did much to stir up long lasting racial animosities in the west. More immediately, it resulted in the amalgamation of the two warring corporations. The massacre of Seven Oakes in 1812 gave the British Parliament an excuse to intervene in the war of the corporations. The British Parliament eventually forced the two companies to amalgamate as a means of securing peace and, perhaps more importantly, of ending the competition that had driven both companies to the edge of bankruptcy. The formal merger occurred in 1812 resulting in an almost perfect monopoly over fur supplies in North America. This had a profound impact on the mixed-blood work force for both companies. By 1822, only one year after the merger, approximately one-half of the work force that had been in place prior to the merger was laid off. Most of these people were French-speaking Metis. Most of the loyal English-speaking

Half-breeds were retained by the Hudson's Bay Company as a work force in the newly reorganized company. The company moved the unemployed away from all the remote outposts of Rupert's Land and resettled them at Red River, where they could, it was hoped, be controlled by the church and if necessary, by a military force that would be brought in from Great Britain. The English-speaking Half-breeds who were laid off after reorganization eventually joined the French-speaking Metis in a struggle to establish free trade in Rupert's Land.

The company monopoly ruled Rupert's Land through its own appointed body, the Council of Assiniboia. The Council members of Assiniboia were appointed by the governor of the Hudson's Bay Company. Because the Hudson's Bay Company had disallowed any kind of settlement or industrial growth over the previous two hundred years, the people who had been unemployed by the merger of 1821 found themselves unable to make a living at all within the legal confines imposed on them by the company. So the free trade movement developed as an inevitable result of the company's own restrictive policies. Through the free trade movement the Metis were drawn away from Red River, out onto the Plains. The Metis became the best organized and most productive buffalo hunters of all time. They shipped millions of buffalo hides to Minneapolis, and carried on a lucrative illicit free trade in furs with the American merchants. This illicit trade created the economic base for the growth of a small Metis merchant class. At the same time, the free trade movement drew the French-speaking Metis into closer contact with the nomadic Indian tribes

of the Plains. Consequently, Metis nationalism united French Catholicism to the lifestyle of the Plains Indians. While the French-speaking Metis became nomads and hunters, much like their Indian cousins, the English-speaking Half-breeds still employed by the Hudson's Bay Company became sedentary wage labourers and subsistence farmers. Thus, the gulf widened between the Metis and the Half-breeds after the amalgamation of the two fur trading companies in 1821.

There were other factors at work that tended to separate the Half-breed population from the Metis. The Hudson's Bay Company had infused its rigid, almost feudal, class system into the very genus of its Half-breed work force. The officers of the Company had been more prolific than the working class men in the creation of the Half-breed people. While marriage with Indian women had been required of the officers in order to cement trade relationships, the working class had been forbidden to marry or have intercourse with Native women. Eventually, the company's enlisted men did marry Indian women and fathered many Half-breed children. When the fur trade began to wane in the late 1860's, the Hudson's Bay Company officers did their best to have their Half-breed children accepted as assimilated whites in the new society. Their daughters were sent to finishing schools in Britain, while their sons were educated as clerks and lower echelon company functionaries. The working class Half-breeds were encouraged to settle down on subsistence level farms, so that they could survive as a work force when profits began to fall and the company reduced wages or paid them only with trade

goods. This farming experience, together with the sedentary lifestyle of the wage labourers of the Hudson's Bay Company, provided the English-speaking Half-breeds with the necessary background for successful adaptation to the new agricultural economy after it replaced the fur trade in 1870. The French-speaking Metis, unlike their English-speaking cousins, found themselves in conflict with nearly all aspects of the sudden social change that occurred in Rupert's Land during the late 1860's. The entire Metis economy and culture had been irrevocably linked to the fur trade and the buffalo hunt. These Metis were devout Catholics. The new Canadian state that was expanding across the west was controlled by Protestants who depended upon the Orange vote in Ontario for their political success. The end of the fur trade in 1870, the scarcity of buffalo and the encroachment of settlers presented serious problems for the Half-breeds of the North West Territories. For the Metis however, these events presented the spectre of economic disaster and cultural collapse. For both groups, the only hope for survival was the attainment of a land base, along with the acquisition of sufficient capital to launch them into the new agricultural economy that was being planned for the West.

## CANADIAN INTERNAL COLONIALISM: THE AGE OF INSIDIOUS RACISM

In modern times, Adolf Hitler, in Chapter one of Mein Kampf, described the ideological basis of his program for German national territorial expansion. Hitler wrote that, "Moral right can only arise from the need of the people to acquire foreign territory. The plow is then the sword, and the tears of war will produce the daily bread for the generations to come." In this statement the most effective and deadliest racist of the twentieth century recognized that the "moral right" of a people, in this case, the doctrine of German racist superiority, must be created and connected to the German nation's military attempts to acquire foreign lands. In other words, Hitler recognized that a program of popularized racism was the necessary prerequisite to military territorial expansion.

It was this same need for territorial expansion that led to the conflict between the Canadian government and the Natives of the Canadian West in 1870, and again in 1885. The Canadian nation had either to expand westward to the Pacific, or die. The French Metis had, through the free trade movement, created both a small merchant class and a small nationalistic intelligentsia of their own. This petite bourgeois class provided both the economic and ideological foundations for the Metis nation. In 1870 and again in 1885, these two young nations, in competition for territory, entered into armed conflict with each other. This was neither new nor unusual for that age. The American government had from the beginning pursued a policy of armed aggression against its Native tribes. On the other hand, Great Britain and Canada



obtained the resources of the Natives through manipulation, political coercion, diplomacy and deceit. These were tricks that had been learned by the English through some three hundred years of world wide aggression. Armed force was only used as a last resort by Britain. Political manipulation was both cheaper and more efficient. The rulers of the young Canada of the early 1860's had learned from their British mentors most of the fine arts of political manipulation and divide and rule tactics that had proven so successful in establishing outposts of the British Empire around the world. Britian had always ensured that its colonies would remain underdeveloped and dependent on the mother country for manufactured goods. In this way the colonies provided not only the raw materials that contributed to industrial growth for Great Britain, but a captive market for its manufactured goods as well. Eventually however, the colonies came into conflict with the mother country when a national middle class developed and attempted to industrialize and develop resources for its own purposes. In this way, the American revolution became an important historical landmark. The American revolution of 176 threw off the yoke of foreign monopoly. No such revolution occurred in Canada however.

In fact, the British Empire loyalists poured into Canada during and after the American revolution, infusing British loyalty and British institutions into the genus of the developing Canadian nation. Lacking the nationalistic fire and aggressive determination of the new republic to the south, the Canadian merchant class entered upon a less honorable, but perhaps safer path, to self-sufficiency. The method chosen by the Canadian

merchants of Toronto and Montreal was to "do unto others as had been done unto them." Having been the victims of British colonialism, these merchants determined to create a colony of their own - a colony within a colony - to be exploited in precisely the same way as the British had done with both Upper and Lower Canada. This time, however, the Canadian West would be the victim while the Eastern merchants would be the middlemen who would derive the profits from this exploitive colonial relationship. The eastern merchants intended to systematically underdevelop the West, which, as a wheat producing colony would provide a captive market for goods manufactured in the east, at the same time providing further profits through the grain marketing system. These plans were developed by the Canadian merchant class in the decade prior to confederation. The plans took on form and substance under the conservative government of Sir John A. Macdonald. This form and substance was embodied in the Canadian National Policy. This term refers to an historically specific national policy that determined the way in which Canada would develop the West. The national policy contained detailed plans for the exploitation of the West's agricultural economy by the merchants of Toronto and Montreal.

The development of the West was to be rigidly controlled by the conservative government so that both profits from immigration and the surplus value of the western wheat economy would be appropriated by the eastern merchant class. This was to provide the capital necessary to launch Canada into its own industrial revolution.

The need for such a national policy had become apparent to the Canadian merchants as early as 1850. Canada had for too long existed as a colony of Great Britain. Because of Britain's historical mercantilist policies, industry was never allowed to develop in the colony. By the mid-nineteenth century, both Great Britain and the United States of America were well advanced in the processes of capital intensive industrial expansion. Canada's merchant class of the 1850's had already acquired a fortune from the fur trade of the previous two hundred years. However, with its backward technology, and an unhealthy agrarian economy located mainly in Upper Canada, the merchant class found it impossible to compete in the international markets with either Great Britain or the United States. These countries, advanced in technology, equipped with modern transportation infrastructures, were advocating free trade on the world market, knowing full well that they had all the advantages.

After the utter failure of the Canadian merchants to penetrate the rapidly expanding American agricultural market of the western frontier, they turned to Great Britain in the hope that Britain's ancient preferential trade agreement could be maintained with Canada. However, with the end of British colonial mercantilism, Great Britain lost much of its interests in commercial trade relationships with Canada. The India and China trade was, by the mid-nineteenth century, far more lucrative for Imperial Great Britain than the remaining fur trade could possibly be with Canada.

Given the inability of the Canadian merchant class to competitively enter new international markets, this class was faced

with a dilemma. There was simply no where to invest Canadian merchant capital. Where then, could sufficient profits be earned to build the necessary modern industrial technology that was so necessary to compete successfully in the international market? Clearly, an internal agricultural colony had to be created. The surplus value from this colony had to be expropriated by the merchant class so that it could be used to build industry in the eastern provinces.

A system of protective tariffs would also be required so that the western farmers would be forced to buy the more expensive farm machinery that was to be produced in eastern Canada. Before this system could be put in place, however, something else had to be established. The two colonies, Upper and Lower Canada had to achieve hegemony over the northern half of the continent of North America. There was some urgency in the drive to obtain political control of this region. The United States was exhibiting dangerous expansionist tendencies. Indeed, the Native inhabitants of the North West regions might not be willing to part with the lands that they had occupied for centuries. Since Great Britain, during the 1860's, had been unable to fulfill its military obligations in Canada, the need for a Canadian nation state, complete with its own military and police force asserted itself. Thus, the creation of a nation-state and the control of a military force became necessary before the Canadian Merchant class could hope to see its plans fulfilled. Vernon C. Fowke wrote:

The central government, to be created by the act of confederation would, so it was reasoned, assume responsibility for defense

on a national basis...The British North America Act of 1867 established the political constitution, the first step needed for the elaboration and implementation of the national policy, and created the federal government, the major instrument by means of which the plan was to be carried out.

There were, of course, two other preconditions for the successful launching of the national policy. The lands of the west had to be freed of all encumbrances, including Native land claims and, secondly, a transportation infrastructure had to be created to bring settlers in, and to ship their agricultural products out to the international markets. Daniel Drache wrote:

In Canada, the key to economic takeoff was the opening of the west. But before its leading commodity [wheat] could be exported and the west settled a transportation system was needed. Transportation was the link that connected Canada to its overseas markets, facilitated settlement, stimulated the expansion of home industries, and brought the economy into the industrial age.

The construction of the Canadian Pacific Transcontinental railway was so crucial to the aims and goals of the national policy that it dominated and overshadowed every other political and economic event in Canada, until its completion in 1885.

The capital required to build the railroad was to come from the sale of lands in the west, lands already occupied by people of Indian and Metis ancestry. As well, a small number of European settlers lived, and farmed the land, near the settlement of Red River. The federal government had the task of wresting control of these lands from the present inhabitants, so that the land could be turned into capital through speculation in the land settlement business. In order to achieve this end, resentment,

even hatred for the local inhabitants had to be stirred up. Ill feelings were created and fueled by the "Red River Rebellion" of 1869 - 70.

When the Hudson's Bay Company departed, Rupert's Land was sold to Canada for a handful of silver (£300,000) plus one-twentieth of the land in the fertile belt. Louis Riel's attempt to establish a local government that would be responsible to the people of the west failed during the first Red River Rebellion. Riel's execution of the Orangemen, Thomas Scott, provided the basis for a campaign of hatred designed to inflame the predominantly Protestant population of Upper Canada.

When Riel was defeated and banished in 1870, the Canadian government achieved three of its major prerequisites for the implementation of the Canadian policy. First, the government had gained the necessary political support from the voters of Upper Canada through the Red River Rebellion. Second, it had smashed the only serious attempt by the Metis to establish a government that would be responsible to the Natives of the west. Finally, when colonel Garnet Wolseley's troops terrorized the people of Red River and drove Riel out of Canadian territory in the fall of 1870, the way was paved for the acquisition of all of the Native lands in the west - possibly, without firing another shot.

## THE SCRIP SCANDAL

The Canadian government of 1870 had learned some valuable lessons from the American frontier experience. The American military extermination of the Plains Indians was both expensive and crude. Canada simply did not have, and could not afford to maintain, a large standing army. Therefore, the Canadian government settled the Indians on reserves through peaceful though ruthless and unfair tactics. Perhaps an even more valuable lesson for the Canadian government was the lesson it had learned from the Americans regarding the use of scrip. The American use of scrip, as a means of extinguishing Metis and Half-breed land claims, seemed the most efficient and expedient method. Indeed, scrip served a two-fold purpose in Canada. It was used to extinguish all the Metis and Half-breed land claims without the expense of a major military conflict. At the same time, scrip generated bank capital with an almost "magical" capacity.

Although Riel's provisional government had been smashed by the small armed invasion of Canadian troops in 1870, the Metis resistance in Red River did achieve some recognition through legislation. The Manitoba Act of 1870, allowed the Metis to be taught in the French language in Manitoba schools. This was the only item of lasting benefit to the Metis from the Manitoba Act. However, this Act did set aside one million four hundred thousand acres of land in the newly created province for the extinguishment of Metis and Half-breed land claims. For the Half Breeds and the Metis, the use of scrip as a means of extinguishing land claims, amounted to a compromise that, in the end,

did virtually nothing for the Natives. Without a responsible government in the west, scrip could not, and did not, benefit the Metis and Half-breed people.

There were two kinds of scrip issued by the federal government, land scrip and money scrip. Land scrip was directly exchangeable for a parcel of open Dominion Land. Money scrip was made out to the bearer, who could either sell it or use it to acquire open Dominion Land to the value of the scrip note. Land was normally valued at one dollar per acre, until about 1890.

Under the terms of the Manitoba Act, Metis and Half-breed heads of families received scrip for either one hundred and sixty dollars or one hundred and sixty acres. A similar issue of scrip was made to the Selkirk settlers and other "old settlers" who, like the Natives, had acquired lands without title under the old Hudson's Bay Company regime.

"Half-breed" money scrip was considered by the government as personal property. Land scrip, however, came under real estate laws. The name of the person to whom the land scrip was issued always appeared on the face of the scrip note. Consequently land scrip was not popular with banks and speculators buying up scrip, because there were certain regulations contained in the laws regarding real estate that had to be circumvented. Nevertheless, most of the land scrip issued to the Metis in Manitoba was quickly purchased by speculators, for a fraction of its face value.

The federal government's Department of the Interior became its administrative arm in the west. This department appointed



scrip commissioners and generally oversaw the scrip purchasing procedures. The department officials simply turned a blind eye to the rules that were being blatantly broken or circumvented by the speculators and bankers involved in the purchase of scrip. The Department of the Interior officials were not simply acting as a paternalistic or disinterested party in the scrip affair. The use of scrip by the government was intended to take ownership of land away from the "mixed-blood" people and place it into the hands of speculators and bankers.

From the beginning the speculators and bankers were the real beneficiaries of scrip. Often wrapped in the verbiage of patriotism, the scrip transactions of the bankers earned them a fortune at the expense of the hapless Metis and Half-breed people of Manitoba.

By following the careers of two of Manitoba's most illustrious entrepreneurs, the whole purpose behind the government's use of scrip becomes clear. W. F. Alloway and H. T. Champion came west as soldiers with Colonel Garnet Wolseley's second military expedition that was sent out to crush Riel's provisional government. W. F. Alloway was an Irish aristocrat of the radical Protestant sect, the Orange Order. In fact, his family traced its roots directly to William of Orange, the conqueror of the Irish Catholics, for whom the Order was named. H. T. Champion, though not an aristocrat, was both wealthy and well educated. These two "soldiers" stayed on as speculators after the provisional government was destroyed. They speculated heavily in Metis and Half-breed scrip, earning such profits that

they soon entered the banking business themselves. By 1879, they had established the banking firm of Alloway and Champion in Winnipeg. This bank in turn, merged with the Canadian Bank of Commerce, in 1919.

Alloway and Champion were by no means the only successful entrepreneurs dealing in scrip. However, a brief look at their career indicates just how profitable scrip speculation could be. The lands that were purchased at a fraction of their true value from the Natives through the use of scrip were used to create "paper money". The majority of scrip purchased from the Natives went, not to Entrepreneurs and speculators, but to the Chartered Banks and for a very good reason. It provided them with a license to create paper money. Bank regulations, until the crash of the 1930's, were designed to produce capital from this kind of land speculation. The loose rules that had existed to safeguard small depositors were not enforced by the government, particularly during the 1870's and 1880's. As a result, banks often loaned amounts vastly in excess of their total deposits. The following scenario indicates how the banks often loaned amounts in excess of, perhaps, thirty or forty times their assets. This created an exponential growth of money from a trivial investment in scrip;

- Banks were granted the power of attorney to apply for patents and to issue quit claim deeds, issued in the name of the person selling the scrip
- Banks used land scrip as an asset, as capital. It enabled them to make loans, as follows:

- scrip valued at one dollar provided one dollar's worth of currency, but one dollar's worth of assets produced a minimum of ten dollars, perhaps much more, in loans.
- bank regulations, if they exist at all, were not usually enforced.
- scrip was normally purchased at half its face value or less. For example, scrip worth one thousand dollars was purchased for, say, five hundred dollars. Thus, five hundred dollars provided the basis for one thousand dollars times ten, or ten thousand dollars of loans. This loan, with an interest rate of over five percent over five years worked out

as follows: principal	\$10,000.00
interest	1,800.00
total	\$11,800.00

We see that the initial five hundred dollar investment has grown to eleven thousand eight hundred dollars in five years. The initial investment would have been recovered in the first year. This eleven thousand eight hundred dollars, however, provided assets to enable a loan of one hundred and eighteen thousand dollars at six percent. This works out as follows:

principal	\$118,000.00
interest	21,240.00
total	\$139,240.00

In ten years, the original five hundred dollar investment could generate a hundred and thirty-nine thousand, two hundred and forty dollars. This in turn, provided