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**New York vs. The Canadas:  
The Saint Lawrence, The Erie Canal, and the Race to Control the American Interior**

*Henry Ceffalio*<sup>1</sup>

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Montreal and Manhattan are the two islands in North America most advantageous to the construction of a society. New France held in Montreal the critical chokepoint that united Lake Ontario, the Ottawa River, and the Saint Lawrence to the great Atlantic Ocean. Dutch settlers in New York could access interior waters from Lake Champlain to Philadelphia, linking fertile interior land with the natural island port nestled upon the high seas.

But this could never have been enough—these cities needed to reach more. The United States entered the nineteenth century as an emerging nation free from British control. Upper and Lower Canada found themselves the prize New World possession of the most powerful empire globally. There was so much for the giants to gain by pushing, by whatever means necessary, further west. Canals were not in their infancy—Indus Valley Civilizations and the Roman Empire had constructed them. However, they were the best available technology to create transportation networks across the continent and thus garnered intense political and economic enthusiasm. The West was the goal. The canal was the tool.

There is no navigable water connection between the Atlantic and the interior Great Lakes.<sup>2</sup> Before the nineteenth century, there was no route by which a ship arriving via Manhattan or Montreal could reach Detroit or Sault Sainte Marie. A maritime link between the planet's largest group of freshwater lakes and coastal populations along the Atlantic Ocean would confer innumerable financial and geopolitical advantages. It was to join the most fertile soil on the continent with global markets. It was to expand the state westward into previously vacant hinterlands. It was to gain military security during a period of continental warfare. Both nations had to win the race and were prepared to build the canals to do it.

This essay considers canals conceived and built from 1815-1835, the heart of the historiographical "Canal Age." It examines canals built in the State of New York and the Saint Lawrence Lowlands, specifically the Rideau Canal, the Erie Canal, the Lachine Canal, and the Welland Canal. I argue that geopolitical anxieties and economic competition between the Canadas and the

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<sup>1</sup> Henry Ceffalio graduated from McGill University in Montreal with a Bachelor of Arts in English Literature and History. He is a native of Brooklyn, New York.

<sup>2</sup> This is except for the route via the Niagara River between Lake Ontario and Erie, which is impossible to navigate due to the Falls. I call the collection of Lake Erie, Lake Huron, Lake Michigan, and Lake Superior "the interior Great Lakes."

United States, engendered canal construction in both nations. Part I discusses the Rideau Canal's purpose to alleviate British military dependency on the Saint Lawrence. Part II pivots to New York, where I frame the Erie Canal as a tactic by New York business and government interests to deprive Montreal of its geographic monopoly as the sole connection between the Great Lakes and the Atlantic. Part III analyzes the Lachine Canal as Montreal's economic response to the existential threat the Erie Canal posed to its businesses. Part IV complicates the previous emphasis on militaristic and economic competition to explore moments of international cooperation during the construction of the Welland Canal.

### **The Saint Lawrence Dependency and the Rideau Canal**

The Canal Age overlaps with an era of tenuous peace between the two nations. Battles fought in the Canadas during the eras of the Seven Years' War and the Napoleonic Wars emphasized the poor fortifications of Britain's Canadian possessions. The British Empire had ample opportunities to squander their Canadian territories to their former colonies. They held firm in Lower Canada during the American Revolutionary War and defended Upper Canada successfully during the War of 1812. American land or water invasion remained a palpable fear of the British Empire throughout the early nineteenth century, well after the Treaty of Ghent and Napoleon's second abdication in 1815. The American invasions had exposed critical Canadian vulnerabilities; paramount among them was the inadequacy of the Saint Lawrence River's transport system. The river was the sole artery by which supplies, ordnances, and troops could be moved to Upper Canada from ports along the Saint Lawrence and the British Isles.<sup>3</sup> London, as such, vied to alleviate vulnerabilities to its insufficient water transportation networks with the construction of the Rideau Canal.

The Kingston Royal Navy Dockyard was the nucleus of the British Navy in Canada in the early nineteenth century. It was located where the Saint Lawrence becomes Lake Ontario.<sup>4</sup> Lake Ontario provided crucial naval access to the population centers in Upper Canada and the Niagara Peninsula, the latter of which the Americans had attacked during the War of 1812. But Kingston and Lake Ontario can only reach Lower Canada and the Atlantic via the narrow stretch of the southwestern Saint Lawrence between Kingston and Montreal, sometimes no more than a kilometre wide. An American blockade of the southwestern Saint Lawrence would cripple supply lines and communications between Upper and Lower Canada, as well as with the colonial offices in London.

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<sup>3</sup> Robert W. Passfield, "Ordnance Supply Problems in the Canadas: The Quest for an Improved Military Transport System, 1814-1828," *Journal of the History of Canadian Science, Technology and Medicine / HSTC Bulletin*, 5:3 (1981): p. 187.

<sup>4</sup> Robert W. Passfield, "*The British Ordnance Department and Canada's Canals, 1815-1855*. George Raudzens, Waterloo, Wilfrid Laurier University Press, 1979. Pp. xi, 204," *HSTC Bulletin*, 6:2 (1982): p. 114.

The other water and ground transportation systems in the Canadas were woefully insufficient, unlike their southern neighbors. The British had a rather creative solution: to contrive a north-south waterway to join Kingston with the Ottawa River and thus forge a second maritime link between Lake Ontario and the Saint Lawrence. The Colonial Office knew that actions made in advance to enable water communication with Upper Canada independent of the Saint Lawrence River would confer a salient benefit to the security of the Canadas in any future conflict with the United States.<sup>5</sup>

Construction began on the Rideau Canal in 1826, and it opened in 1832. The Rideau Canal is unique to North America's Canal Age because it was the only extensive route planned, funded, and built strictly for military purposes. Reconnaissance missions after the War of 1812 yielded a plan to connect Lake Ontario and the Ottawa River that would traverse existing lakes and rivers, dig new canals, and install locks along rapids and changes in elevation.<sup>6</sup> The plan was delayed in the British Parliament for years but ultimately passed in 1826. The leadership was composed nearly exclusively of British Engineers and veterans of the War of 1812.<sup>7</sup> London selected Lieutenant-Colonel John By to head the mission atop the crown's Corps of Royal Engineers. By was particularly focused on the Rideau's military utility. He ordered the construction of four blockhouses along the canal to enhance defensive fortifications.<sup>8</sup> Likewise, he petitioned to enlarge portions of the canal to ensure that steamboats and British naval vessels could float through, a strategy ultimately deemed much too expensive.<sup>9</sup> All facets of the Rideau Canal's construction reflected defense amelioration against the Americans. In all, £822,804 was spent on the Rideau project, by far the largest expenditure on an Imperial defense initiative of the nineteenth century.<sup>10</sup>

Yet the Rideau Canal fulfilled little of its intended purpose—a consistent theme throughout North America's Canal Age. The United States and Canada were never military opponents after 1815, and the Rideau Canal did not have the chance to move troops, ammunition, or supplies during the war. The Rideau Canal was nevertheless vital to Upper Canada's pre-Union demographic development. The critical issue during construction was that the area between Kingston and the Ottawa River was sparsely populated and densely forested.<sup>11</sup> War veterans and British emigrants received free passage, land grants, and agricultural tools to settle in the wilderness near the proposed

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<sup>5</sup> Passfield, "Ordnance Supply Problems," pp. 188-190.

<sup>6</sup> William N. T. Wylie, "Poverty, Distress, and Disease: Labour and the Construction of the Rideau Canal, 1826-32," *Labour / Le Travail*, 11 (1983): p. 7.

<sup>7</sup> Robert W. Passfield, "The Rideau Canal Waterway," *Water International*, 12:4 (1987): p. 189.

<sup>8</sup> Carl Benn, "The Blockhouses of Toronto: A Material History Study," *Material Culture Review*, 42:1 (1995): p. 23.

<sup>9</sup> Passfield, "*The British Ordnance Department and Canada's Canals*," p. 112.

<sup>10</sup> Passfield, "*The British Ordnance Department*," p. 111.

<sup>11</sup> Passfield, "The Rideau Canal Waterway," p. 189.

Rideau route.<sup>12</sup> When these schemes were discontinued, over 10,000 people had settled in the interior.<sup>13</sup> The construction of the canal brought in tens of thousands of Scottish, Irish, and French-Canadian laborers to settle most of the land. Bytown, for example, named after Lieutenant-Colonel By, was a meager fur and timber trading outpost until it was selected as the end point of the Rideau Canal in 1826. It would become Canada's in 1857 and renamed Ottawa. The Canal was crucial for immigration into the Canadas. In 1840 and 1841, 12,000 immigrants, most of whom traveled by steamship or barge bridge, were transported by the Ottawa River and the Rideau to settlements in the Province of Upper Canada. The following year, their number rose to 30,000, reaching a peak of 89,562 in 1847.<sup>14</sup> The Rideau Canal was also a major route for shipping heavy goods—timber, minerals, grain—from Canada's hinterland east to Montreal. Hundreds of barge loads of goods were shipped each year along the Rideau; in 1841, for instance, some nineteen steamboats, three self-propelled barges, and 157 unpowered or tow barges used the Rideau Canal.<sup>15</sup> These figures are significant in contrast with the canal's original intention and the paltry population figures of just two decades prior.

### **New York and the New West**

The land west of the Appalachian Mountains and around the Great Lakes was largely undeveloped, uninhabited, and unfarmed by Europeans until the beginning of the nineteenth century. The modern American Midwest had vast sums of fertile and adaptable soil that was beginning to see rapid settlement in the 1810s and 1820s. Yet, the United States lacked effective transportation between the West and the population centers in the former thirteen colonies. Western states just admitted to the union, like Ohio, Illinois, and Indiana, were growing exponentially in spite of exiguous transportation networks between raw agricultural goods and potential markets. The Erie Canal was the crowning achievement of the Canal Age because it achieved precisely this and in quite remarkable fashion. The 565km canal began construction in 1817 and finished in 1825. The Erie Canal flows east-west across New York to connect Buffalo with Albany, Lake Erie with the Hudson River and, for the first time in recorded history, the waters of the interior Great Lakes with the wide Atlantic Ocean. Transportation was an issue of national importance. I contend, however, that it was the fierce economic ambition of New York, specifically to counter Montreal, that induced construction.

The State of New York financed the Erie Canal to establish economic control over the emerging western markets along the Great Lakes. The port of New York rivaled cities like Boston,

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<sup>12</sup> Passfield, "The Rideau Canal Waterway," p. 189.

<sup>13</sup> Passfield, "The Rideau Canal Waterway," p. 189.

<sup>14</sup> Edward Forbes Bush, *La Navigation Commercial sur le Canal Rideau, 1832-1961*, (Ottawa, ON: Parks Canada, 1981), p. 94.

<sup>15</sup> Bush, *La Navigation Commercial sur le Canal Rideau, 1832-1961*, p. 72.

Philadelphia, and Baltimore along the eastern seaboard.<sup>16</sup> New Orleans, a port on the Gulf of Mexico, held sole access to the Mississippi River network and was thus considered a key domestic economic opponent of New York. This demonstrates that access to the interior was New York's greatest economic motivation.<sup>17</sup> The Saint Lawrence was the only vein between the Atlantic Ocean and the Great Lakes in the entire continent. This afforded Lower Canada and its business capital, Montreal, an unparalleled monopoly over all commercial traffic from the Atlantic world to the rapidly developing interior of North America. Joseph Ellicott, a businessman, member of the Erie Canal Commission, and financier of the canal, stated that it would be a "great advantage to make Montreal our market," meaning to redirect the Atlantic-Great Lake trade from the Saint Lawrence to the Erie. Montrealers viewed the Erie Canal as an existential threat to their businesses, a subject of later analysis.

The first canal proposal would have connected Albany with Lake Ontario, not Erie. New York scrapped the Ontario route because it afforded less access to the interior Great Lakes. Likewise, though the route was cheaper, New Yorkers worried about the advantage it might bring to Montreal. The Erie Canal Commission found that goods once on Lake Ontario would "generally go to Montreal."<sup>18</sup> Thus, a barrel of potash could reach Montreal from Lake Ontario for less than three dollars, a staggeringly low cost for 1820. Joshua Forman, a New York legislator, stated this plan would arouse "the danger of the whole Lake trade being diverted to Canada."<sup>19</sup> Montreal's potential access to waterways in New York was a concern eminent enough to warrant the cessation of a cheaper and more scientifically feasible plan. True, every domestic port from Boston to Charleston stood to lose traffic to the Empire State and the Erie Canal. However, Montreal was New York's primary target because of its formidable transportation monopoly.

New York State and City were the primary economic benefactors of the project. Western markets could purchase cheaper manufactured goods and access global markets for their exports. Yet, the totality of this trade *had* to proceed through ports on the New York archipelago and the waterways across the state. The Canal yielded an economic hegemony perhaps the most optimistic of New Yorkers could never have predicted. Tolls on the Erie Canal paid for New York construction debts in the first year of operation.<sup>20</sup> New York City, which had a smaller port than Boston at the beginning of

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<sup>16</sup> Peter L. Bernstein, *Wedding of the Waters: the Erie Canal and the Making of a Great Nation*, (New York: W.W. Norton, 2005), p. 324.

<sup>17</sup> Bernstein, *Wedding of the Waters*, p. 104.

<sup>18</sup> Ronald E. Shaw, *Erie Water West: A History of the Erie Canal, 1792-1854*, (Lexington: University Press of Kentucky, 1990), p. 42.

<sup>19</sup> Shaw, *Erie Water West*, pp. 42-43.

<sup>20</sup> Carol Sheriff, *The Artificial River: The Erie Canal and the Paradox of Progress, 1817-1862*, (New York: Hill and Wang, 1996), p. 52.



the century, easily became the biggest port in North America in the 1830s.<sup>21</sup> Cities along the canal, like the capital Albany and Buffalo, became economic hubs and international markets.<sup>22</sup> It was estimated one million people were carried up and down the Hudson each year. In 1833, New York City had double the flour imports as the second biggest port, Baltimore.<sup>23</sup> New York's economic ascendancy is difficult to overstate. Yes, Manhattan is a particularly excellent port, and the Hudson is a naturally navigable river. However, it was the fact that New York dethroned Montreal's geographic monopoly by providing year-round passage to the interior Great Lakes that gave her a boundless economic advantage.

It is tempting to think of the Erie Canal as a national project to compete with Canada. Early stages of planning considered the boost to military supply lines a canal across New York would confer in the event of another war.<sup>24</sup> American nationalism was at an apex after both Independence and the War of 1812. This nationalism can be seen in speeches, letters, and newspapers that emphasize the importance of westward expansion that would assert American dominance against the interests of British North America. It is critical to understand that nationalism was employed as a tool for New Yorkers to acquire funds from Washington or by federal interests to capitalize on the canal's success after it had already been funded.<sup>25</sup> Not a nickel from Washington was ever sent to New York. New York carried out the totality of planning and financing, and her economy and metropolis were the largest economic benefactors. New York State Governor Dewitt Clinton financed the project from a combination of state-issued bonds, private investors, and tax dollars.<sup>26</sup> Federal legislators had been quick to dismiss the project as economically and scientifically unfeasible: President Thomas Jefferson, for example, called the canal "a little short of madness" during its initial proposition in 1809.<sup>27</sup> America's national rivalry with Britain and its Canadian holdings were present. However, they were never impactful enough to inspire federal spending. The American-Canadian rivalry that inspired the Erie Canal was an economic race to control the American interior between Lower Canada and New York, Montreal and Manhattan.

### **Montreal's Response**

Outside of New York, Montreal was the most critical city to the planning of the canal, as well as the most economically threatened. Montreal and New Orleans, once sister cities in New France, were the

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<sup>21</sup> Bernstein, *Wedding of the Waters*, p. 366.

<sup>22</sup> Shaw, *Erie Water West*, p. 270.

<sup>23</sup> Shaw, *Erie Water West*, p. 284.

<sup>24</sup> Bernstein, *Wedding of the Waters*, p. 169. See also Shaw, *Erie Water West*, p. 13.

<sup>25</sup> Shaw, *Erie Water West*, p. 397.

<sup>26</sup> Shaw, *Erie Water West*, pp. 255-256. See also Bernstein, *Wedding of the Waters*, pp. 190-191.

<sup>27</sup> Bernstein, *Wedding of the Waters*, p. 23.

sole chokepoints between the ocean and the interior. Events during The Seven Years' War, American Independence, and the Napoleonic Wars made Montreal and New Orleans the chief ports of the British Empire and America's slave-based south. The cities were never competitors because the Saint Lawrence, Great Lakes, and the Mississippi River were narrow and isolated markets in different nations. The Saint Lawrence's geographic shortcomings were never detrimental simply because no veritable challenger could link the Great Lakes and the Atlantic Ocean like the Saint Lawrence could. When the Erie Canal opened, Montreal had to reckon with the defects of its river and do it fast. New York waters freeze substantially less than the Saint Lawrence, but usually not at all. Furthermore, much of the Saint Lawrence is too narrow or rapid for logistically seamless travel. The Lachine Rapids between the South Shore and the Island of Montreal was the Saint Lawrence's most pronounced impediment. The turbulence and standing waves required ships to be portaged across the island. The Lachine Rapids were always a logistical issue, but this obstacle only threatened to hinder trade when another inland route was opened. A canal through the island, from Montreal to Lachine, much smaller than either the Rideau or the Erie Canal, would offset the unnavigable southern rapids and reassert the city's economic prowess. This part will frame the construction of the Lachine Canal from 1821-1825 as a response to the Erie Canal, which was specifically aimed at revitalizing Montreal's economic vigor.

Lower Canada formed a commission to investigate the effects of the Erie Canal directly after its proposal passed the New York Legislature in 1817. The commission arrived at the rather self-evident conclusion that the Erie Canal would have a disastrous effect on Saint Lawrence trade but failed to agree on the necessary action to meet this threat.<sup>28</sup> Gerald Tulchinsky argues, "a fear akin to panic beset Montreal merchants who stood to lose the profits of trade in agricultural goods and manufactured articles, which would be carried on the Erie Canal."<sup>29</sup> There were even apprehensions that raw and finished goods from the Canadas would take the Erie Canal route to Europe or the United States. Immediately, Montreal newspapers projected an existential panic that Montreal's economy might be ruined. The editor of the *Montreal Herald*, William Gray, quickly published a lengthy tirade about the Erie Canal, the need for the Lachine Canal, and the necessity of other "internal improvements" to offset the threat.<sup>30</sup> The *Herald* and the *Montreal Gazette*, who had published "weak and sporadic" campaigns for the Lachine Canal before 1817, penned lengthy and frequent pieces about the Erie Canal and the need for one in Montreal.<sup>31</sup> Editorials designed to awaken fear and inspire counter

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<sup>28</sup> Gerald J. J. Tulchinsky, *The Construction of the First Lachine Canal 1815-1826*, (Montreal: Department of History, McGill University, 1960), p. 10.

<sup>29</sup> Tulchinsky, *The Construction of the First Lachine Canal 1815-1826*, p. 21.

<sup>30</sup> *Montreal Herald*, 26 April 1817. See also Tulchinsky, *The Construction of the First Lachine Canal 1815-1826*, p. 26.

<sup>31</sup> *Montreal Gazette*, 18 February 1818; *Montreal Herald*, 17 October 1818, 24 October 1818. See also Tulchinsky, *The Construction of the First Lachine Canal 1815-1826*, p. 26.

action appeared in profusion in all Montreal newspapers over the next two years.<sup>32</sup> Lengthy articles, some of them running in serial form in several issues, were printed on the value of canals and their particular importance to the commerce of contemporary Britain and Holland.<sup>33</sup> Montreal's monopoly was sabotaged; the need to obviate the Lachine Rapids was the highest it had ever been. This was precisely New York's intention.

The Erie Canal had catalyzed both a local and national interest in improving the Saint Lawrence's navigability. However, unlike with the Rideau Canal, it was Montreal's business interests that stood the most to gain. The Company of Proprietors of the Lachine Canal was established by an Act of the Legislature of Lower Canada in 1819 to plan and fund the Lachine Canal.<sup>34</sup> Thomas McCord and John Molson, two of Montreal's most influential businessmen and entrepreneurs, were called into a committee meeting. Molson suggested that the Lachine Canal would prevent "the injurious effects which the Great Western Canal of the United States of America is likely to produce on the trade of this Province."<sup>35</sup> This reflects how the post-Erie anxiety that was critically felt in the upper echelons of Montreal's business community directly inspired the Lachine Canal. Indeed, the principal organizers and funders of the canal belonged to this class of businessmen. The men authorized to sell shares were John Forsyth, Louis Guy, William McGillivray, Joseph Perrault, Thomas Porteous, Jacques Antoine Cartier, and David David, all of whom were influential in Montreal commerce. They sought subscribers from the Bank of Montreal, who also provided funding for the project.<sup>36</sup> The Bank of Montreal was the brainchild of many of the city's main businessmen and was crucial in the financing of the canal.

The Lachine Canal was a primarily economic endeavor, much like the Erie Canal had been. However, the primary benefactors were city businessmen, not the state government. The Lachine Canal was never associated with a man like Dewitt Clinton, a Governor who restlessly championed the canal. British colonial interests were present but largely inconsequential. After the American invasion of Quebec in 1775, the British investigated the possibility of an inland canal on the island of Montreal; these talks never materialized in London.<sup>37</sup> Lieutenant-Colonel Cockburn, Deputy Quarter-Master General, provided the military perspective at the committee meeting: that the Lachine Canal would make it much easier to transport troops and supplies between the Provinces in the event of war with

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<sup>32</sup> Tulchinsky, *The Construction of the First Lachine Canal 1815-1826*, p. 26.

<sup>33</sup> *Montreal Herald*, 17 October 1818.

<sup>34</sup> *Montreal Herald*, 17 October 1818, p. 34.

<sup>35</sup> Lower Canada, Provincial Statutes, 59 Geo. III, c. 6 (1819), "An Act for making and maintaining a Navigable Canal from the neighbourhood of the City of Montreal to the Parish of Lachine in the Island and County of Montreal," p. 42.

<sup>36</sup> Tulchinsky, *The Construction of the First Lachine Canal 1815-1826*, p. 36.

<sup>37</sup> Tulchinsky, *The Construction of the First Lachine Canal 1815-1826*, p. 13.

the United States.<sup>38</sup> The canal certainly would benefit the British military. Yet, they were never concerned enough about the Saint Lawrence's poor commercial and military suitability to direct resources to the construction of a canal on the island of Montreal. The Lachine Canal was only galvanized when Montreal's merchants panicked at the economic supremacy that New York might have taken from them.

### **Cooperation and the Welland Canal**

The Welland Canal connects Lake Erie to Lake Ontario and lands as far west as Thunder Bay with the high seas. In that sense, the Erie Canal, though more than twelve times its size, had a comparable geographic effect to that of the Welland Canal: they each married the totality of their nation's Great Lakes holdings with the Atlantic Ocean. The Niagara Peninsula had been the object of American invasion during the War of 1812, and the previous portage systems had been acutely insufficient for British troops. However, the Welland Canal, like the Lachine, was nearly entirely an economical endeavor. The Welland Canal Company received approval by the legislature of Upper Canada in 1824, the year before the Erie Canal reached Buffalo. It ultimately finished construction in 1829.<sup>39</sup> Like the Erie Canal, its construction can be traced to the ingenuity and dedication of one individual—though this time, not a governor—William Hamilton Merritt, a flour mill owner in Saint Catharines.<sup>40</sup> Upper Canada, however, decided not to use provincial capital to fund the company, likely because it represented too large a burden and a risk.<sup>41</sup> Merritt only sold one-third of the Welland Canal Company stocks in the Canadas. In fact, the Welland Canal Company was the first Canadian corporation to make a systematic attempt to place its stock with private investors in the United States.<sup>42</sup> American capital was “the most immediately helpful” to funding the Welland Canal.<sup>43</sup> The first five months of construction were financed almost entirely by calls on the New York stock.<sup>44</sup>

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<sup>38</sup> Tulchinsky, *The Construction of the First Lachine Canal 1815-1826*, pp. 34-35.

<sup>39</sup> Janet D. Larkin, “‘Mr. Merritt’s Hobby’: New York State Influence in the Building of Canada’s First Welland Canal,” *New York History*, 86:2 (2005): p. 172.

<sup>40</sup> Hugh G. J. Aitken, “Financing the Welland Canal: An Episode in the History of the St. Lawrence Waterway,” *Bulletin of the Business Historical Society*, 26:3 (1952): p. 135.

<sup>41</sup> Hugh G. J. Aitken, “Financing the Welland Canal: An Episode in the History of the St. Lawrence Waterway,” *Bulletin of the Business Historical Society*, 26:3 (1952): p. 137.

<sup>42</sup> Hugh G. J. Aitken, “Financing the Welland Canal: An Episode in the History of the St. Lawrence Waterway,” *Bulletin of the Business Historical Society*, 26:3 (1952): pp. 138-139.

<sup>43</sup> Hugh G. J. Aitken, “Financing the Welland Canal: An Episode in the History of the St. Lawrence Waterway,” *Bulletin of the Business Historical Society*, 26:3 (1952): p. 144.

<sup>44</sup> Hugh G. J. Aitken, “Financing the Welland Canal: An Episode in the History of the St. Lawrence Waterway,” *Bulletin of the Business Historical Society*, 26:3 (1952): p. 138.

Why were investors in the United States willing to purchase stocks in a Canadian canal? Less than a decade ago, the Niagara Peninsula had been a front in a deadly war. Of course, there were some aspects of the project that were likely to appeal to American investors right away, particularly in New York State. Direct shipments between ports on Lake Ontario and ports on Lake Erie would be possible if a canal was cut across the Niagara peninsula. This was equally as significant for New York and Albany as it was for Montreal.<sup>45</sup> John B. Yates of Chittenago, New York, for example, was the largest investor in the project. He was a landowner who had flouring and sawmills, lime and plaster mills, stores, and factories throughout New York State.<sup>46</sup> Yates had stated, “The outlet which the Welland Canal will open to the productions of the United States, as well as to the Province of Upper Canada, will be highly beneficial to the interests of both countries.”<sup>47</sup> The Welland Canal was unique in that it crossed a border region that would stand to benefit a significant number of businessmen on both sides. Both American investors and American personnel were instrumental in the Welland Canal’s realization. Many of the high-level engineers whom Merritt recruited were American veterans of the Erie project. Hiram Tibbets, David Thomas, Alfred Barret, and contractor Oliver Phelps were all Erie alumni who brought their engineering expertise to the Welland Canal.<sup>48</sup> The Welland Canal saw a marked degree of cooperation between businessmen and engineers on both sides of the border. This makes the Rideau Canal distinct from the Rideau, Erie, and Lachine projects.

### **Conclusion: The End of the Canal Age and the Life of the Canal**

In spite of American funds and workers along the Welland Canal, at large, the State of New York and Upper and Lower Canada constructed canals to compete with each other. The 1832 Rideau Canal was constructed specifically to expedite transportation capability and alleviate dependence on the vulnerable Saint Lawrence in case of another war with America. The 1825 Erie Canal was constructed for the State of New York to assert itself as the dominant commercial power in the Northeast, specifically ahead of the one city with access between the interior and the Atlantic: Montreal. This ploy worked—Montreal’s businessmen felt an immense panic at the prospect of the Erie Canal disrupting their geographical monopoly. The 1824 Lachine Canal was built to maintain Montreal’s status as the dominant route between the Great Lakes and the Atlantic Ocean. Economic opportunity chiefly

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<sup>45</sup> Hugh G. J. Aitken, “Financing the Welland Canal: An Episode in the History of the St. Lawrence Waterway,” *Bulletin of the Business Historical Society*, 26:3 (1952): p. 139.

<sup>46</sup> Janet D. Larkin, “‘Mr. Merritt’s Hobby’: New York State Influence in the Building of Canada’s First Welland Canal,” *New York History*, 86:2 (2005): p. 169.

<sup>47</sup> Janet D. Larkin, “‘Mr. Merritt’s Hobby’: New York State Influence in the Building of Canada’s First Welland Canal,” *New York History*, 86:2 (2005): pp. 174-5.

<sup>48</sup> Janet D. Larkin, “‘Mr. Merritt’s Hobby’: New York State Influence in the Building of Canada’s First Welland Canal,” *New York History*, 86:2 (2005): p. 178.

caused the financing of these projects. The investors in the Erie, Lachine, and Welland Canals all aimed to assert the economic supremacy of their region, whether they represented government or private interests. Nationalism was present but was consistently secondary to regional economic ambitions. Besides the Rideau Canal, each canal was funded primarily, and sometimes exclusively, by the businessman who might gain the most capital from the proposed route.

Each of these canals was a monumental step in the development of their region, yet their lives never closely matched their builders' intention. New York became the most powerful state in America in the nineteenth century, in part due to the biggest metropolis in the New World—New York City. Hundreds of thousands of immigrants used the Erie Canal to get to the American midwest, which itself saw a demographic and economic boom in this period.<sup>49</sup> The Lachine Canal inspired the construction of numerous factories along its banks, and its “industrial park” was the center of Canadian industrialization in the nineteenth century. Adjacent neighborhoods like Verdun, Saint-Henri, and Pointe-Sainte-Charles became hubs for Montreal's working-class immigrant base. The Niagara Peninsula and the land between Kingston and Ottawa had been, before the canals, largely unpopulated. The canals allowed thousands of workers, often immigrants, to live and settle in these areas, rendering settlements like Ottawa and Saint Catherines into critical Canadian cities. Indeed, each of these canals relied heavily upon immigrant labor, usually from the British Isles, and their descendants still populated the area immediately around the canal as well as the lands the canal afforded access to.

At the start of the nineteenth century, canals were the critical means for the Canadas and the United States to secure their borders, challenge their economic rival, and establish control of the West. A few decades later, the “canal-mania” that had struck America and the Canadas was replaced by an even greater enthusiasm for railways. The legislators, businessmen, engineers, and laborers who had built the canals turned to rail as the next great nation-building transportation initiative. This time, they would stretch across the entire continent. The canals were essential commercial and military arteries for no more than a few decades. Yet, their era fully embodied the geopolitical and economic rivalry between the Canadas and the United States, as well as between Montreal and Manhattan. The demographic and economic effect of canals upon the states and cities that built them remains today. The Canal Age ultimately had a much greater effect than the sum of its waterways.

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<sup>49</sup> Peter L. Bernstein, *Wedding of the Waters: the Erie Canal and the Making of a Great Nation*, (New York: W.W. Norton, 2005), p. 288.