

prescribed by this act," for which the board was to account to the treasurer and the General Assembly.

This act establishing the Board of Public Works was apparently the product of a delicate compromise finally developed among regional interests in the General Assembly, under which each major area of the state would have a share of proposed internal improvements. As noted, the new board was to develop plans for (1) a canal connecting the Potomac River to Baltimore, (2) draining the marshlands, (3) a canal between the Potomac and Annapolis, and (4) improving the navigability of the major rivers on the Eastern Shore. This compromise was even more clearly reflected in the second of the two acts passed at the 1825 session—the one that, without question, committed the state to a network of internal improvements.²

The first part of this internal improvement act provided for the incorporation of the Maryland Canal Company, "so soon as the board of public works of this state shall by actual survey have ascertained and reported to the governor and council, the practicability of excavating a canal as hereafter described, from some convenient point on the Potomac River intersecting or continuing the Chesapeake and Ohio Canal, to the city of Baltimore." This, presumably, had reference to the first duty of the board under section 3 of chapter 166, to explore a route for the canal.

The stock of the company was to consist of an amount "which may as aforesaid, by the board of public works be estimated to be necessary for the execution of the works hereafter mentioned," divided into shares of \$100 each. The authorized capital could be increased by the stockholders if it proved insufficient. Actual incorporation depended upon subscription to at least half the authorized shares. The company was authorized, upon incorporation, "to cut canals, erect dams, open feeders, construct locks, and perform such other works as they [the directors] shall judge necessary and expedient, for completing a canal from the termination or other point on the Chesapeake and Ohio Canal, to be determined as aforesaid by the board of public works, to the city of Baltimore."

The General Assembly obviously expected the canal to be a financial success. Section 11 of the act required at least annual dividends of the net profits, "until the annual dividend [on the shares] shall have reached twenty per cent beyond which it shall never extend." If the net profits exceeded that amount for two successive years, the excess was to be applied to "strengthening, improving and extending the works of the canal"; and, if dividends continued to exceed the 20 percent limit, tolls were to be reduced. As a product of this optimism the act "instructed and required" the treasurer of the Western Shore to subscribe to 5,000 shares (\$500,000) of the company's stock. Having thus provided for this lateral canal to Baltimore, the act then provided for financing the primary canal—the Chesapeake and Ohio.

At this point a historical digression is in order. As noted earlier, the Potomac Company had been chartered by Maryland and Virginia in 1784 in order to make the Potomac navigable. By 1799, according to Sanderlin, "company affairs seemed to have come to a standstill and the company itself was on the verge of failure." Then the Maryland General Assembly "breathed new life into the enterprise" by subscribing to an additional 100 shares of stock at £130 per share. This infusion allowed the work to continue, and by 1802 the river was navigable for 220 miles, from the mouth of the Savage River to tidewater.³

After 1802, however, the company diverted its attention to improvements in the branches and tributaries of the Potomac, particularly the Shenandoah, which served to exhaust its resources. By 1822 not only was the company hopelessly in debt, but interest in developing a waterway transportation system through river improvements had given way to the alternative of constructing permanent canals. At least three

2. Acts of 1825, ch. 180.

3. See chapter 1; Acts of 1784, ch. 33; Sanderlin, *Great National Project*, pp. 35-36.