of state capital in corporate stock and the exaction of revenue or services from its somewhat captive corporate creations—the state was able, for a while, to meet two–thirds of its ordinary, and rather modest, expenses.[14]

The reliance of the legislature on corporations as a source of revenue, either through special taxes or borrowing, continued with the progression of the War of 1812. In fact the state's cost of that war was financed primarily through loans from the state–chartered banks rather than through general taxation. By Acts of 1813, chapter 22, the legislature authorized state–chartered banks to lend the state up to one–third of their paid–in capital.

Unlike tax revenue, however, these war loans had to be repaid, and that required the state to liquidate some of its capital investments. Unfortunately the postwar depression had already lowered the value of those investments, thereby worsening the state's plight. The resulting deficit required the General Assembly to reimpose taxation, which it did with great reluctance. As Hanna explains:

> The ideal of a non–taxing state government still held sway. The new taxes imposed were for long regarded as temporary, a necessary evil to be borne until some streak of fortune should restore the treasury to its former condition of surplus. The heavy investment made by the state in internal improvement companies was, in one view, but an expression of this desire—a means by which the fallen fortunes of the state might be restored.[15]

What ultimately led to the creation of a board of public works was the state's growing interest in and involvement with various "works of internal improvements." As will shortly become evident, this was an interest that was, from its inception, closely associated with the desired interdependent relationship described above between the state and its corporations. Those corporations, chartered by the legislature and viewed as the potential source of investment income, undertook the actual construction of the improvements. Unlike some of her sister states, the Maryland state government was not to become directly involved in the undertakings but was, instead, to play the role of capitalist.

Even during the colonial period internal improvements had been contemplated as the means by which to stimulate and expand Maryland's economy. Settlement of the territories in the West and development of a mining industry there offered substantial trade benefits if those areas could be linked by transportation systems to the coast. To that end serious efforts to improve the navigability of the Potomac River had begun as early as 1749 with the establishment of the Ohio Company.

Maryland was, however, not the only state that offered trade routes to the West. As Walter S. Sanderlin has stated:

> For routes of trade, communications, and migration the early pioneers depended for the most part on the rivers and trails which penetrated the first range of mountains. In New York, the Hudson and Mohawk valleys were the main route to the new West. In Pennsylvania, the Juaniata River and Forbes Road provided the easiest access to the Western territories. To the south the Potomac, the James, and the South Carolina trails served settlers and trappers alike. Each one had its advantages and disadvantages. The central routes, in Pennsylvania and the Chesapeake Bay colonies, were shorter and served a greater number of settlers. On the other hand, the extreme northern and southern paths, in New York and South Carolina, had topographical advantages arising from their location at either end of the Appalachian Mountains.[16]

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14. Acts of 1813, ch. 122; Randall, *Farmers National Bank,* p. 20.
15. Hanna, *Financial History of Maryland,* p. 45.
16. Walter S. Sanderlin, *The Great National Project: A History of the Chesapeake and Ohio Canal,* JHU Studies, ser. 64, no. 1 (Baltimore: Johns Hopkins University Press, 1946), pp. 16-17.