

Most of the Atlantic states were aware that, in an era of interstate commercial rivalry, retention and exploitation of whatever competitive advantages each possessed could well be dependent upon providing access to the developing lands in the West. This required either roads or a system of rivers and canals, or both.

The Maryland General Assembly recognized the need for such improvements in several enactments beginning in 1783 and 1784. The first of these concerned the Susquehanna River. All but ten miles of that river was navigable, and, if improvements to that section could be effected, increased trade throughout Pennsylvania would be possible. Thus in 1783 the General Assembly granted a charter to the Susquehanna Canal Company. Entitled "An Act for making the river Susquehanna navigable from the line of this State to tide water," the charter authorized the company to construct a canal, at least thirty feet wide and three feet deep, from Love Island to tidewater in the Susquehanna, with a sufficient number of locks large enough to admit boats of eighty-foot keel and twelve-foot beam. Recognizing that the company would be incurring a great expense and risk of financial loss, the legislature gave it an exclusive right to the canal and to the gristmills and waterworks it might erect thereon.<sup>17</sup> The state made no direct investment in the enterprise, but merely encouraged the project by granting the company a monopoly, an exclusive franchise.

The state took a different approach with respect to the Potomac, which was a far more complicated matter—politically, economically, and from an engineering point of view. Efforts to improve the navigability of the Potomac had begun, as noted, in 1749 with the formation of the Ohio Company, and, although that company met with little success after 1764, interest in the project remained alive. Maryland became formally involved in 1784, when the General Assembly enacted a bill "establishing a company for opening and extending the navigation of the River Patowmack."<sup>18</sup>

Sanderlin gives an interesting background to this act:

The successful launching of the company was primarily the result of one man's efforts and influence. George Washington had long been interested in the improvement of the Potomac, and was completely convinced of the practicability and superiority of the route it provided. Indeed it has been said with considerable justification that the project had become almost an obsession, second only perhaps to his interest in the future of the Union. . . . After his glorious role in the Revolution, his influence in national affairs and particularly in Virginia and Maryland reached its zenith. Nothing these two states could do for him seemed too much. When Washington asserted his belief in the great possibilities of the Potomac route, Virginia legislators promptly passed an act incorporating the Potomac Company and subscribing to one hundred and twenty shares of its capital stock, fifty of which were placed in the hero's name. When Maryland, torn by internal dissension, hesitated to pass an act confirming the Virginia law, a visit from George Washington swept the Assembly off its feet. Maryland affirmed the charter and subscribed to fifty shares in the new company.<sup>19</sup>

The capital of the company was set at \$222,222.22, divided into five hundred shares of \$444.44 each, and actual incorporation was dependent upon subscription to at least half the shares. Section 20 of the act authorized the state to subscribe to (and pay for) fifty shares of the stock, contingent upon Virginia doing likewise. Thus, unlike the Susquehanna project, in this enterprise the state became a 10 percent investor.

The act authorized the company—the Potomac Company—to "cut such canals, and erect such locks, and perform such other works, as they shall judge necessary, for opening, improving and extending, the navigation of the said river above tide water to the highest part of the north branch to which navigation can be extended." It authorized the imposition of specific tolls at three places along the river, provided the river was navigable to certain points. Section 18 required that work commence within

17. Acts of 1783, ch. 23. Sec. 8 of the act provided that "no other canal shall be built, or the water drawn off between the line of Pennsylvania and tide water, to the injury of the navigation of the said canal, or the waterworks aforesaid erected thereon."

18. Acts of 1784, ch. 33.

19. Sanderlin, *Great National Project*, pp. 30-31.