

Excerpts from:

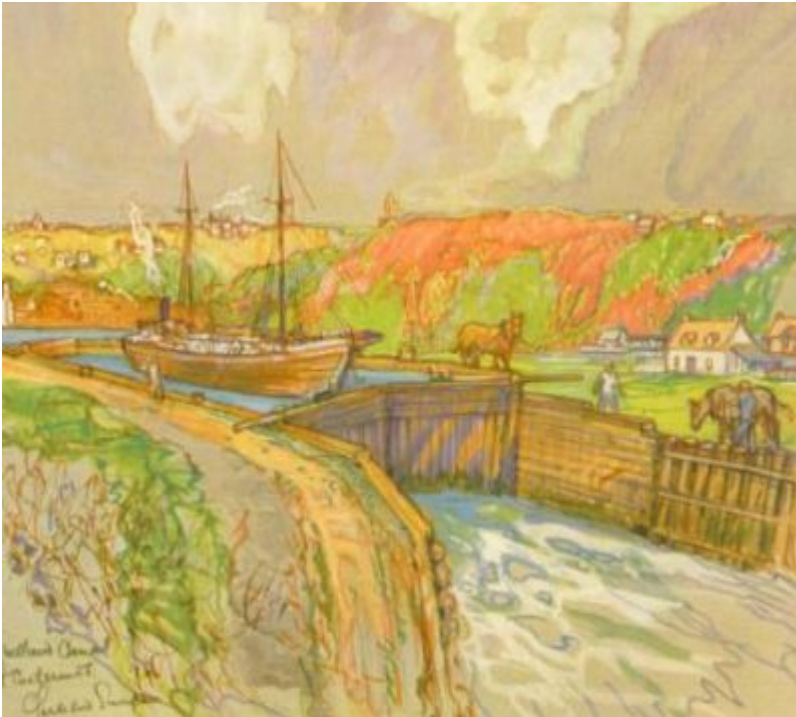
MERRITT: A Canadian before his time.

A Biography of William Hamilton Merritt, by Jack Williams © Stonehouse Publications 1985

The stage was set for the opening. The Lieutenant-Governor, Sir John Colborne, was to officiate, accompanied by a detachment of the 71st Regiment, complete with band. Arrangements had been made to assure vessels being on hand to enter Lock One at Port Dalhousie. Merritt rode the length of the canal on a last minute inspection of locks and embankments.

Then the uncertain weather of late November intervened. A storm swept Lake Ontario, making the crossing highly uncomfortable, if not impossible. The directors, most of who resided in York, decided the opening should be postponed until spring.

No one was more disappointed than Merritt. The storm soon abated and on 26 November the American schooner "R. H. Boughton" sailed into Port Dalhousie harbour ready to move up the canal. She was



followed the next day by the "Annie and Jane" out of York. Her captain, J. Voller, was well prepared. He hoisted an assortment of flags and bunting, including a silk banner reading "The King, God Bless Him."

Merritt decided that— ceremony or no ceremony—the canal should be opened to traffic; and so on the morning of Friday, 27 November 1829, the two little schooners started their upbound passage, the 'Annie and Jane' in the lead.

It was not an easy trip. Part of the way the ships used their sails, part way they were hauled by oxen. The temperature had dropped and lock gates were jammed with

three inches of ice. Strong headwinds further slowed the passage. But along the banks little clusters of spectators gathered to cheer the mariners on and see history made. Three days later—30 November—the ships cleared the canal at the Chippawa River and the way was open to Lake Erie. The barrier of Niagara Falls had been overcome. For the first time ships had passed from Lake Ontario to Lake Erie. A new route to the west had been opened.

From Chippawa Merritt dispatched a letter to Catharine reporting their safe arrival, despite difficulties: "On the whole we have been successful, and have demonstrated to my satisfaction that a vessel will pass on the canal in twenty-four hours."



On Wednesday — 2 December — the schooners entered Buffalo Harbour to an enthusiastic reception. An artillery unit fired a welcoming salute. The occasion was regarded of such importance that the newspaper REPUBLICAN published a special edition, reporting that, once the ships had docked, "the enterprising projector of the Welland Canal, William Hamilton Merritt. . . and the gentlemen passengers" went to the Eagle Tavern to celebrate their achievement. There they were greeted by many villagers "who called to shake the hands of the navigators of the Deep Cut. The canal through which the schooners passed differed markedly from that originally planned, with the 110 foot locks and eight foot draught double the initial specifications. It was even more remote from the canal now in use. The fourth and present Welland Canal has only seven lift locks, each 858 feet in length, 80 feet in width, with 30 feet of water on the sills and a lift of 48 feet. In addition there is a guard lock, 1,380 feet in length at the Lake Erie end.

The passage of the "Annie and Jane" and "R. H. Boughton" had demonstrated that the canal was practical; but it had done little to relieve the troubles of the Welland Canal Company. Among those who celebrated the opening few realized that the Company, at that moment, had on hand only £152 to meet an indebtedness of £15,467.

It was the end of the season and the real test was to come in 1830. All along, financial problems plagued the project with its future constantly in jeopardy. Some even suggested that it be abandoned for navigation and used simply as a source of water power. The company was mortgaged to its limit; the Bank of Upper Canada had cut off all credit. To further complicate matters weather conditions in the winter of 1831-2 caused considerable damage.

While traffic in the first two years of operation was disappointing it improved in 1832, partially as a result of the movement of American grain, business Merritt had solicited from Lake Erie ports.

At this stage in his life, Merritt became an active politician, being elected the member from Haldimand in 1832. He regarded this as only a temporary change in his activities, simply providing a means of advancing the interests of the canal project.

Canal matters did not stand still. The government appointed a commission to supervise canal affairs and engaged an eminent American engineer, Benjamin Wright, to advise the commissioners. Wright made several major recommendations, including the construction of stone locks to replace the rotting wooden

structures, as well as deepening the feeder canal and harbours. All these improvements were far beyond the capacity of the destitute company, which still owed contractors £12,000. In addition outstanding land claims totaled £8,000 and immediate repairs and maintenance required £6,000.

These developments again brought up the whole issue of public or private ownership. The government's commissioners, in a strongly worded report, made clear their position favouring a government take-over: The canal ought to become entirely public property. The great navigable communications of the country, like its highways, should belong to the Province, and be entirely and solely subject to the control of the Legislature. Under this impression the Commissioners respectfully suggest that the interest of the private stockholders should be purchased by the Province and that the canal should be rendered in name, as it always has been in fact, and must be in effect, a national concern. The American shareholders hesitated to support the proposal, fearing they would lose their investment. Yates strongly opposed selling out to the government, a suggestion he found "particularly painful." He was still confident it could remain viable as a private enterprise.

The Board of Directors was in a state of turmoil. John H. Dunn, the president, tendered his resignation, complaining that he had been personally involved beyond his authority. Merritt was well aware that by continuing to seek government assistance the Company was pursuing a course which would inevitably lead to complete government control. The canal company bought back to hydraulic rights held by Yates, thus removing one possible complication should the government decide to buy out the shareholders.



Still Yates remained confident that the company could hang on. Merritt went to New York to consult Yates personally. A short time later the Company formally asked the Lieutenant-Governor on what terms the government's interest in the canal could be purchased. It appeared there were legal complications.

However, no further government assistance was forthcoming that year. The canal was rapidly deteriorating; the locks were falling apart and other equipment was badly in need of repair. The 1836 navigation season was scheduled for 184 days; the canal operated only 93 days.

From the very early stages the undertaking had been closely related to two personalities — Merritt and Yates. On 10 July 1836 Yates died. It was a sad ending. His primary interest had been in financial profit; but it developed beyond that. Yet he died disillusioned and bitter. A few months before his death he had written Merritt: "I am tired out and wish I had never seen the canal, or anything connected with it. It has embittered my life here and there. They must do as they please."

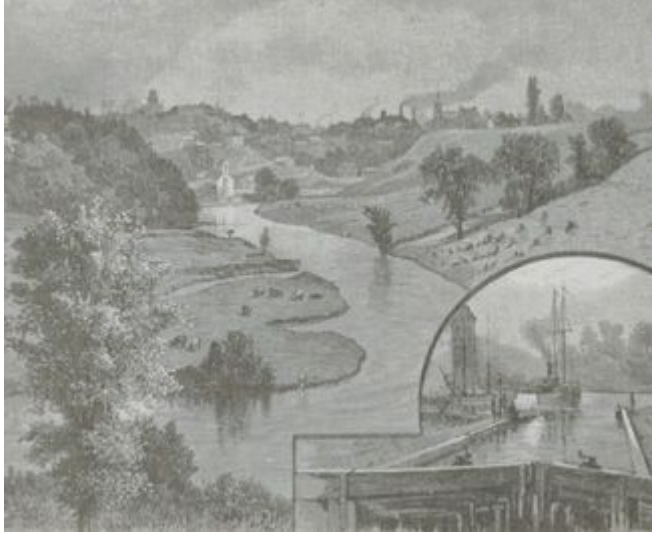
With Yates went any lingering possibility of the canal being preserved as a private enterprise. The financial situation was hopeless. The Company had only £295 on hand to meet immediate obligations which totaled £10,101. The Directors resorted to a legally questionable device — issuing private notes for use as currency. Talk of a new parallel canal being built on the United States side created a new sense of urgency and the shareholders authorized their directors to negotiate with the government for the sale of their shares.

Meanwhile the government converted its loans into shares and increased the Company's capitalization to £597,300, of which the provincial government held £454,500. The sum of £245,000 was allocated for reconstruction, including the building of stone locks. At the same time the Board of Directors was reduced from seven to five, three of whom were government appointees. In effect the government had taken over complete control of the canal.

Then outside developments interfered with the Legislature's plans. Not only was 1837 the year of the abortive rebellion led by William Lyon Mackenzie; it was also the time of a severe economic downturn and only a portion of the proposed new capital became available.

An army engineer described the sad state of the waterway in a report to Lord Durham shortly after he became Governor General in 1838: It is quite impossible, in the present state of the work, to ensure the navigation be kept open much longer unless the whole canal be immediately put into an efficient and permanent state of repair ... If permanent and efficient measures be not adopted without delay, there is great danger this highly important communication will soon become impassable. At this point a government commission — reporting an average annual loss of £14,000, with little likelihood of improvement recommended consideration be given to abandoning the canal as far as navigation was concerned and using it only as a source of water power. A horrified Merritt declared: "The abandonment would be a justifiable on public grounds as suicide in a private individual."

The situation represented a serious threat to the shareholders, and those in the United States were particularly concerned about their investment. In 1839 the government introduced and passed legislation providing for the purpose of the privately-held shares by means of debentures, payable in twenty years with interest on a sliding scale of two to six per cent. Back interest to the time of the original investment was to be paid when the income from tolls reached £30,000 a year. There was some delay in receiving approval from the Crown, but the Welland Canal Compensation Bill finally became law as one of the first measures dealt with when the parliament of a United Canada held its first session at Kingston, Ont., in 1841. Not until 1852, however, were shareholders able to collect back interest.



First Canal and Lock at St. Catharines

When the legislation for government purchase was adopted Merritt wrote the shareholders advising them of the terms. A short time later he went to New York and met with a group of American shareholders who commissioned him to go to England in an effort to dispose of their shares which, because of the depressed state of the economy, were worth only a fraction of their face value on the open market.

In this connection Merritt wrote Chief Justice Robinson asking for introductions to some influential financial figures in London. The Chief Justice's reply was a curious document, indicating some concern as to Merritt's possible activities as a "stock jobber" — a wheeler and dealer in stocks. Following profuse declarations of admiration concerning Merritt's honesty, Robinson went on to caution that English shareholders should be made aware that by holding the stock they stood to eventually benefit. He appeared to fear that Merritt might take advantage of their ignorance of the circumstances. In any event his concerns were ill-founded. Merritt was unsuccessful even in disposing of the American's shares. The Legislature later amended the legislation to provide six per cent interest throughout, and on that basis the canal became a public work. The Welland Canal Company went out of existence.

Merritt had been relieved of responsibilities which had been his almost exclusive interest and concern for eighteen years.