

# Reflections on the Morris Canal

## Occasional Information of Local Historical Interest

Number 56

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Autumn-Winter 2016-17

(REVISED VERSION — REFERENCES CORRECTED)

*Between 1836 and 1839 the Morris Canal & Banking Company's bank became a major player in the extraordinary financial world of those times. Apparently little fazed by the depression that began after the Panic of 1837, it was responsible (along with Nicholas Biddle's Second Bank of the United States — later the Bank of the United States in Pennsylvania) for multimillion-dollar internal-improvement loans to Indiana and Michigan, as well as for large investments elsewhere. But the complicated international credit system that the Biddles used so successfully eventually collapsed — in the case of the MC&BCo. revealing a hidden layer of corrupt bargains.*

## Another Tangled Web — III

BY 1839 the Morris Canal's bank probably was second in international importance only to the Bank of the United States. The latter no longer had a federal charter but was still the country's most important financial institution. It operated under a state charter as the Bank of the United States in Pennsylvania, with branches in New York City and other places.

In the late 1830s the Morris Canal & Banking Company could have been characterized as being under the control of the extended family of the Philadelphia Biddles. The best known of these was Nicholas Biddle, sometimes "Old Nick" to his critics, long the president of the Second Bank of the United States (and Andrew Jackson's protagonist in the destabilizing Bank Wars of the mid-1830s). While some may have considered Nicholas Biddle the personification of the devil, his intelligence, influence, and careful stewardship were, in those days, indisputable. Biddle's bank was closely allied with the MC&BCo. in important domestic and foreign investments. In 1839 he retired as president of the Bank of the United States, leaving it in charge of a son-in-law, Thomas Dunlap.<sup>1</sup>

One of Nicholas Biddle's cousins was Thomas Biddle, who had founded another Philadelphia investment house, Thomas Biddle & Company, which also was closely allied with the MC&BCo.<sup>2</sup> And Thomas Biddle's youngest brother, Edward Robert Biddle, a commission merchant and a partner in his eldest brother's company,<sup>3</sup> joined the MC&BCo. board of directors in De-

cember 1836.<sup>4</sup> By mid-1837 Edward R. Biddle essentially ran the canal company as vice president (a position created specifically for him that year) under figure-head company president Samuel L. Southard, United States senator from New Jersey (who had been brought into the canal company by Nicholas Biddle) and became company president himself in January 1839.<sup>5</sup>

Late in 1836 the company officers and directors, mostly preoccupied with the increasingly large operations of the Morris Canal bank, had contracted to lease the canal itself for five years to the Little Schuylkill and Susquehanna Railroad Company, thereby leaving the canal's operation and maintenance in the hands of that company.<sup>6</sup> The LS&S Railroad was mostly still on paper, but its future looked promising: It would be a necessary link in the chain of transportation routes carrying anthracite coal from Pennsylvania's interior to the eastern seaboard.<sup>7</sup>

One of the caveats of the railroad company's contract with the canal company was that the Morris Canal be turned over to the railroad company in good, usable condition. But when the time came for the LS&S to take over, its engineer, Edward Miller, had serious complaints about the canal's condition. Miller called for remedial action on a number of items: excavating silt deposited at the canal's outlet at Phillipsburg; "renewing" 160 bridges; "renewing" the trunks of 10 aqueducts; "renewing" lock gates and repairing locks; rebuilding the Newark outlet lock (probably the original outlet lock in the downtown area);

repairing and "renewing" waste weirs and stop gates; walling and strengthening canal banks and graveling towpaths; and obtaining new chains for the inclined planes.<sup>8</sup>

Presumably Miller's requirements were complied with, though the lease must have gone into effect before all renovations possibly could have been made. At any rate, early in 1839 the canal company annulled the renewable five-year agreement with the LS&SRR in a new contract that gave the canal company LS&SRR stock, ownership of its coal lands, and a healthy amount of cash as assets.<sup>9</sup> It may be that Edward Biddle realized the potential value of the coal lands as well as the value that the stock and cash would have if the canal company would not be able to meet its installment payments in the near future, the economy being what it was.

By then the states of Indiana and Michigan had placed millions of dollars in credit loans with the canal company, which were being paid off in installments. The spectacular success of New York's Erie Canal after 1825 had set off frantic internal-improvement programs in other states, most of them inadequately planned and recklessly funded. Indiana and Michigan were two such states, each negotiating huge loans on credit through the MC&BCo. to banking houses in England — a common practice in those times. Before long the bonds themselves were disbursed among foreign (and domestic) investors.

By the beginning of 1839, however, the system began to unravel. The U.S. economy had rebounded slightly the



*Shown on this page and the next are examples of the “small-denomination post notes” issued by the canal company in 1841 to help finance the cost of the canal’s enlargement. The company collapsed before the stipulated “Twelve Months after date,” so these notes saw limited circulation during 1841 and ultimately became worthless as currency. Many survivors reside in paper-money collections today. [RRG collection]*

year before, but by 1839 that small recovery was erased by new calamities. The details are too complicated to address here, but it’s fair enough to say that the depression deepened and spread.

That July the canal company found itself in dire straits and defaulted on its August installment payment to Indiana. Work on Indiana’s portion of the Wabash and Erie Canal, the Whitewater Canal, and other projects abruptly came to a halt.<sup>10</sup> By April 1840 the canal company also defaulted on its payments to Michigan.<sup>11</sup>

All this financial mayhem in the country came at a particularly frustrating time. The “modern” world as we know it was then just beginning, largely fueled by anthracite coal — vast beds of which existed in northeastern Pennsylvania. By the late 1830s anthracite had been used successfully to fuel iron furnaces — first across the Atlantic, in Wales, then, conveniently, in northeastern Pennsylvania, close to the supply.<sup>12</sup> Some men already had begun making

their fortunes in the revitalized iron industry as well as the transportation business; others would follow.

The anthracite breakthrough and its consequences had been anticipated for a long time. The potential of anthracite was to a large degree what drove George P. Macculloch’s advocacy for the Morris Canal a couple of decades earlier.<sup>13</sup> By the late 1830s Macculloch was long gone from “the scene of action,” (as he himself once put it)<sup>14</sup> but others — New York merchants and Philadelphia entrepreneurs — were poised to take advantage of what promised to be a lucrative industrial future.

Among the active participants was Edward R. Biddle. He had been watching the ups and downs of the Morris Canal & Banking Company as a financial enterprise for some time by the late 1830s, occasionally seeking investment advice from his cousin Nicholas.<sup>15</sup>

Even before he joined the canal company’s board in December 1836, Biddle probably had a hand in negotiating the original purchases of Indiana’s state bonds earlier that year;<sup>16</sup> by 1838

he was the negotiator of the five-million-dollar loan to the state of Michigan.<sup>17</sup> (The company’s board minutes also record many large investment negotiations in other states during the late-1830s.)

Somewhere along the way Biddle became close with another director on the canal company’s board, Edwin Lord, whose early misfortunes already have been described (see *Reflections* 54). When Biddle became company president early in 1839 the vice-presidential position was left open until Biddle nominated Edwin Lord to fill it nearly two years later. Lord was elected vice president in October 1840.<sup>18</sup>

From mid-1837 into 1841 it was primarily Biddle and Lord who steered the MC&BCo. through the hard times of the depression, all the while with an eye on the transportation system and iron and coal industries developing in northeastern Pennsylvania and northern New Jersey. The MC&BCo. was still standing as the 1830s ended, but its stockholders (and its creditors in Indiana and Michigan, we may assume), were not happy.

Making matters worse, it was painfully clear that the Morris Canal as it then existed would be a bottleneck in that great transportation network being built eastward from the anthracite fields of eastern Pennsylvania to the metropolitan area: The canal had been built too small and could not accommodate the larger boats of the Lehigh Navigation, the main route by which Pennsylvania anthracite would reach the western end of the Morris Canal. Clearly the Lehigh Coal & Navigation Company recognized this. By 1840 that company was already building 54-ton boats in two sections, anticipating a time when its boats could travel through an enlarged Morris Canal and, with their two sections disconnected, traverse the canal’s inclined planes.<sup>19</sup>

The MC&BCo. embarked on a complete enlargement of its works in 1840, the depression notwithstanding. The enlargement (and the prospect of great benefits to accrue from the success that year in fueling iron furnaces with anthracite coal) was announced by Biddle in an address distributed to canal-company stockholders at the end of 1840. To make this happen in a time as depressed as 1840 was — when whole pages of newspapers were regularly filled

with notices of bankruptcies and sheriffs' sales — required considerable financial legerdemain.

Part of the solution was in a sense ironic, considering the canal company's recent history: In September 1840 the company mortgaged the canal to Indiana, one of the states that had approached the canal company for the wherewithal to carry on its own internal improvements.<sup>20</sup> (The canal was also still mortgaged to financiers in Amsterdam as a result of the "Dutch Loan" of 1830, which had never been paid off.)

Along with this second mortgage, the company undertook other measures to finance the planned enlargement. Among these, it issued special small-denomination post notes, specifically redeemable for tolls on the canal. These began to be signed and circulated late in March 1841.<sup>21</sup> The catch was that these post notes were only redeemable "Twelve Months after date." The canal company was no doubt buying time, hoping the economy would recover sufficiently by 1842 that the promises of its post notes could be fulfilled.

(The canal company made exceptions for the stated requirements of the post notes when they were first issued: While the enlargement work was in progress, the company allowed these notes to circulate as regular banknotes — receivable on demand at their par value for payments to contractors and other transactions. The notes were also authorized to be used for "building 100 Boats, suitable for the enlarged Locks."<sup>22</sup> No doubt surviving examples of these post notes with considerable wear saw circulation in the spring and summer of 1841 — more than likely among people who were in some way working on the canal or building the new boats.)

Edward R. Biddle hired Edwin A. Douglas, chief engineer on the Lehigh Navigation, to act as the MC&BCo. chief engineer to superintend the Morris Canal's enlargement.<sup>23</sup> (As with a number of other major decisions, Biddle did this on his own and brought it up before the board afterward for approval.) The enlargement was to follow this plan:

1. The Locks shall be enlarged so as to be 100 feet long and 11 feet wide in the chamber of the lock.
2. The Planes shall be so modified by widening the cars and regulating the Tracks as to admit the passage of the



Lehigh Scow Boats in Sections carrying 27 Tons each.

3. The water in the Canal shall be deepened to 5 feet, commencing wherever the additional depth may be required, and continuing throughout the ensuing season; and that such points as may present any obstruction to the free navigation of the large Boats shall be suitably widened during the present Winter.<sup>24</sup>

(It's intriguing to imagine what those 100 new boats looked like. If they were designed for an enlarged Morris Canal — on which the inclined planes would have been modified to accept widened plane cars in pairs that could carry the two 27-ton sections of 54-ton section boats — these boats may have been the first section boats used on the canal.)

In his December 1840 address Biddle noted that "a thousand men" were

already at work on this enlargement.<sup>25</sup> The original target date for completion was the beginning of April that year. However, a storm in January 1841 did a great deal of damage to the Lehigh Navigation near the Delaware River, where the Lehigh Navigation and the Morris Canal joined. (The Morris Canal itself suffered no serious damage from the storm or the resultant flood.)<sup>26</sup> Repairs in Pennsylvania didn't begin until after March 19;<sup>27</sup> work on the Morris Canal enlargement didn't resume until around the same time. An item announcing the resumption of work appeared in the *Newark Daily Advertiser* on March 26; a new target date for completion was set for July.<sup>28</sup>

While this work was progressing in New Jersey, several iron furnaces were put in blast with anthracite coal — one a furnace along the line of the Morris Ca-

nal west of the summit, at Stanhope — the first in New Jersey to use anthracite successfully as a fuel.<sup>29</sup> This pioneer furnace was built by the Stanhope Iron Company, owned by Edwin Post, a New Yorker who had cast his lot in the New Jersey hills; he became a director in the MC&BCo. in March 1841, about the time that his Stanhope furnace was first successfully put into blast with anthracite coal.<sup>30</sup> Other furnaces already had been put in blast with anthracite in eastern Pennsylvania in 1840 — one a furnace owned by Biddle, Chambers & Company at Danville. (The “Biddle” of this company was Edward R. Biddle, president of the canal company.)<sup>31</sup> Specimens of anthracite iron from the Danville furnace were sent to Peale’s Museum in Philadelphia in July 1840.<sup>32</sup>

Work on the canal enlargement continued through the summer of 1841 and probably ended, with some exceptions, by early fall. (The last post notes were signed on September 21, and the board minutes for the meeting on September 24 refer to “the final settlement with the Contractors on the Canal.”)

Meanwhile, there were indications that the company was having difficulty coming up with needed cash. The 1830 Dutch Loan was still outstanding and continuing to demand interest payments. In July president Biddle conveyed various lots in Jersey City owned by the canal company to John A. Willink, a New York representative of the Willinks in the Netherlands who held the original mortgage on the canal, as payment to cover the next installment due on the mortgage.<sup>33</sup> Tactics like this probably were beginning to make some of the directors uncomfortable.

Up until the early fall of 1841, the board seemed perfectly willing to go along with whatever Edward Biddle proposed — sometimes, as mentioned, after he had already taken the action for which he was asking approval (such as the sale of the Jersey City lots to John A. Willink). But, by the fall of 1841, there began to be pushback.

At the September 24 meeting director Abraham W. Kinney brought up the matter of the small-denomination post notes, all by then in circulation and amounting to a total face value of \$102,300. He “doubted the power of the Company to issue these Post Notes” (based on an 1837 New Jersey law) and offered a resolution that “the power of

the Company to issue Post Notes under the sum of \$300 be referred to the Counsel of the Company & to report to the Board.”<sup>34</sup>

The next board meeting was held on October 7, a meeting that president Edward R. Biddle didn’t attend. The canal company’s counsel, former president Samuel L. Southard, had told the company’s bank cashier, Isaac Gibson, that he saw nothing wrong with the issue of post notes under the denomination of \$300 and would give a written opinion when he had the opportunity.

After some other business was discussed, director Kinney presented a number of resolutions suggesting alterations to the company by-laws. Among these were the following:

Rule 11 of the by-laws was amended to say that “Every Director of the Company shall be permitted to examine all the accounts in the Books of the Company.”

Rule 16 amended how vacancies in the board would be dealt with.

Rule 17 was to be amended “by striking out the word ‘Vice President’ in the second line after the word ‘President.’”

Rule 18 proposed amending the methods used in electing officers and directors (with the exception of the President) and significantly called for “striking out the word Vice President wherever it occurs.”

Amendations were proposed as well for Rules 19, 25, and 37, all of which dealt with procedures to be followed during board meetings.

The significant feature of these proposed revisions was that Kinney was suggesting the removal of the office of vice president. He then offered another resolution: “That the Cashier of this Institution be hereby instructed and required to permit any individual Director of the Board to examine any Books, accounts or papers of the Morris Canal & Banking Company and to give him any information he is possessed of in relation to the same.” This resolution was passed unanimously with the unsurprising exception of Edwin Lord, the vice president.<sup>35</sup>

(As this story draws to a climax, I will give much of it in the actual words of the company minutes. While some of it may be antiquated and stilted prose, it is a remarkable account all the same.)

The next meeting at which a quorum could be assembled was on the afternoon of October 8, and this one was attended by president Biddle and vice president Lord. Biddle declared that

in his opinion, the Meeting of Thursday the 7th inst was an illegal one, and in consequence of that opinion he would not recognize the adjourned meeting of to-day. He had endeavored to obtain the opinion of the Counsel of the Company as to the correctness of his determination but had not been able to see him. He would consult him on the subject and call the Board for Thursday next. Mr. [Edwin] Post then requested the President to state his reasons for coming to this conclusion; the President answered that he declined giving any further reasons therefor. The President then retired.

Director Simeon Draper attempted to continue the meeting with vice president Lord in the chair, but

Mr. Lord stated that for the same reason given by the President, he should decline presiding. Mr. Draper then appealed to Mr. Lord that for their own honor and protection the President and Vice President, should remain and with the Board enter into a calm & cool discussion upon the subjects intended to be brought forward.

Lord then said he would “follow Mr. Biddle and induce him to return.” Biddle returned and proposed to

have an interview with Mr. Southard & return in a few minutes. In the course of a short time he did return, and stated that the Counsel of the Board had sanctioned his course, and that therefore he begged to confirm what he had previously stated & begged to retire. Mr. Lord was again called upon to take the Chair, but [he] declined, stating that he felt it to be his duty to adopt the same course which the President had taken — and accordingly retired.

The remaining members of the board then formed a committee of three

to wait upon the Counsel and obtain any explanation in his power to give.

(The minutes of this meeting are untypically not in cashier Isaac Gibson’s handwriting.) As the meeting proceeded, it was recorded that

Whereas statements have been made by the Cashier upon interrogation of the Board, that transactions of a character requiring immediate investigation have been made by the Executive officers of the Institution it is therefore, Resolved — That a committee of two be appointed from this Board to examine into the

proceedings above alluded to, with full power to take such legal steps as they may deem necessary for the protection of the interests of the creditors and Stockholders of this Company.

Former president Col. James B. Murray (at that time a director) resolved

That the Cashier of this Company be directed not to allow any of the assets [*sic*] or property of any description belonging to this Company to pass out of his possession except by a judicial order or under the written sanction of at least three members of the Finance Committee

also

That all former resolutions granting power to the Executive Officers of this Co. or either of them to dispose of the Assets [*sic*], or make any settlement or compromises whatever on behalf of this Company be and the same are hereby rescinded and that notice [of] this rescinding be communicated to such parties, as may be necessary under the direction of the Finance Committee.

The meeting went on with other business, including a resolution

That the Cashier be authorized to tender to Mr. Biddle one thousand Dollars in Cash and to receive therefor one thousand Dollars in the Bank Bills of this Bank — A Promissory note of the Bank for One Thousand Dollars at 60 days, his own th[ree] notes to the amount of about Seven Thousand Dollars and the Bill of sale of his Furniture which securities it is understood Mr. Biddle send to raise One thousand Dollars in Cash for this Bank.

Another resolution authorized the Stanhope Iron Company to spend up to \$3000 for “the completion of the enlargement of the Morris Canal.” (The enlargement work in Stanhope apparently had not yet ended.) A resolution also was passed unanimously

That with a view to rigid economy in the management of the affairs of this Company, the office and salary of the Vice President be and the same is hereby suspended from this date.<sup>36</sup>

A special meeting of the board was called by three directors on October 14. Much ongoing business was discussed, and it was also resolved

That considering the position assumed by Messrs. E. R. Biddle & E. Lord towards the other members of the Board, precluding the possibility of any harmonious cooperation & taking into view the facts which have recently come to the Knowledge of the Board in regard to the appropriation of large amounts to the individual use of these Gentlemen, it is

deemed indispensable that they should resign their situations as Directors of this Company.

Biddle and Lord, neither of whom were at the meeting, were to be notified of this.<sup>37</sup>

On October 15 the board met again, Biddle and Lord still being absent. Both had seen the resolution of the previous day, and the following was entered into the minutes:

Whereas This Board has received from Messrs. E. R. Biddle and E. Lord such a reply to their communication of yesterday’s date made through a Committee as leads to a conviction that it is not their intention to withdraw voluntarily from their present situations in this Board, and whereas it is evident that their official conduct has been such as to entirely prostrate all confidence in them, and in the Institution, while under their management, and it being evident that the present situation of the Company requires immediate action in relation to the subject — Therefore

Resolved That Edward R. Biddle be and he is hereby removed from the office of President of The Morris Canal & Banking Company.

Resolved That Edwin Lord be and he is hereby removed from the office of Vice President of The Morris Canal & Banking Company.

Director George B. Fisk was appointed President Pro Tempore, and the meeting went on with other business. The superintendent (Wilson Knott) was authorized “to proceed in the enlargement of the Canal to completion so far as funds have been provided for that purpose.” The amount of \$450 was authorized for the

completion of the Lock at Newark [which one isn’t stated], from any funds that may be in the hands of the Company, beyond the amount requisite in the opinion of the Finance Committee to protect the Circulation of this Company.<sup>38</sup>

Whether all of the work remaining to be done was done is not certain. The canal, which had been out of commission since late 1840, was not opened again from end to end until nearly the close of the 1841 boating season.<sup>39</sup> (Some Morris Canal boats, sent by way of the Delaware & Raritan Canal, carried Lehigh coal from the area of the Pennsylvania mines to Philadelphia during September 1841.<sup>40</sup>)

The news was out in a short time that Biddle and Lord had been removed. The day following their removal, a por-



*During his tenure as an executive officer in the MC&BCo. Edward R. Biddle lived with his family in this town house in New York’s Greenwich Village. In his time the location was 20 Washington Square; it later was re-numbered 19. The building has become a landmark known as the Albert Shattuck House, for Albert Richardson Shattuck, a wealthy banker whose wife purchased the property in 1901. [Photograph courtesy of Tom Miller’s interesting blog, *Daytonian in Manhattan*; used with permission.]*

tion of Biddle’s furniture was sold at auction at his town house at 20 Washington Square (now No. 19) in Greenwich Village.<sup>41</sup>

After the president and vice president had been removed, Samuel Southard contacted the company directors by letter regarding the interview he’d had with Biddle (and Lord) about the legality of the October 8 board meeting. He wrote

That there may be no misapprehension as to my own course, and the opinions which I gave, it may be proper to state —

Mr. Biddle & Mr. Lord called on me, while I was taking some refreshment, with some friends, at my own house, in a short recess of the Court of only twenty minutes, while engaged in the trial of Thompson’s cause, in which I was to close the argument for the Defendants [*sic*] when the Court met.

They hastily propounded to me the following questions — & received the following answers — I being at the time, entirely ignorant of any difficulty between them and the Board —

1. Can a person not a stockholder, be legally elected as a Director?

Answer, No.

2. Can a meeting of the Board be legal, if such person be necessary to make a quorum?

Answer, I think not.

3. Can such meeting adjourn to another day and the meeting be legal?

Answer, I think not — unless the day be the regular one, or those things required by the by-laws, be done to call it.

No other questions were put. I was ignorant of the use intended to be made of the inferences intended to be drawn from my answers — and also of any action to be formed upon them.

I gave the answers, according to my understanding of the Law to the Executive officers who had right to propound the questions, and it was my duty, as Counsel, to answer them. I neither approved nor disapproved “the course” of Mr. Biddle & Mr. Lord. I was not furnished with the facts necessary for the formation of any opinion on the subject.<sup>42</sup>

In November the Finance Committee reported that they had dismissed the bank’s porter (William James Martin), “having no further use of his services,” and that they had notified clerk Walter Betts (who had repeatedly asked for a raise in times past but had been always refused) that after the end of November they would “dispense with his services” as well.<sup>43</sup> The company was clearly winding up its affairs.

By November 3 a detailed investigation of Biddle and Lord’s activities had been made. The results were reported in a meeting on January 10, 1842. The committee had come to

conclusions most unfavorable to the prospect of any resuscitation so far as the interests of the present Shareholders are concerned and that this state of things has been produced by great mismanagement and misapplication of funds on the part of the Executive Officers to whom their disbursement has been but too blindly confided.

The Bank never recovered from the transactions of the years 1836 & 1837 when the prospects of large profits caused by dealing in foreign and domestic exchanges entailed upon it losses which have proved to be the primary causes of its present condition.

Its agency for the sale of the Bonds of the States of Indiana & Michigan furnished the means of postponing the fatal effects of that period, but they have

come at last with a force increased in the proportion to the delay.

In the meantime however efforts have been making to enlarge the capacity of the Canal and increase the means of trade on its line, which have afforded to its officers a pretext for operations with its means of a most unfortunate character.

It appears that Messrs. E. R. Biddle the late President and Mr. Edwin Lord the late Vice President have had a personal interest in several purchases of mineral and other lands in Pennsylvania and New Jersey on which they have made extensive improvements for their private benefit, with the funds of the Company and that they have otherwise appropriated them to their own use and to that of their immediate connexions in a way which calls for the strongest censure of the Board.

There follows a description of the projects in which Biddle and Lord were involved with company money.

Leading the list is the Montour Iron Works — the pioneering anthracite-fueled iron furnace at Danville, Pennsylvania, from which samples of iron had been sent to Peale’s Museum in Philadelphia the year before — as well as similar facilities at Wilkes-Barre, Pennsylvania. These were owned by Biddle, Chambers & Company, “a firm in which it is understood Messrs. E. R. Biddle & E. Lord are or were partners.” Biddle and Lord apparently had illegally spent \$174,986.10 of the canal company’s money on these facilities, and a detailed accounting of how that came to be is included. (In 1845 the Montour Ironworks again made history, under different management, by producing what may have been the first rolled-iron railroad T-rail made in the United States.<sup>44</sup>)

Next on the list is Edwin Post’s Stanhope Iron Company, in which Biddle and Lord were involved to the extent of \$122,594.91. Both were described as being “the principal Shareholders . . . who have paid nothing in on the score of Capital except as obtained from the Morris Canal Company . . .”

These items are followed by debts to C. S. Dickerson (\$127,628.08), the Mount Hope Mining Company (\$46,939.06) and various other accounts in descending order of magnitude.

Many pages of details follow describing property, stocks, and other securities, some of them involving the multi-million-dollar Indiana and Michigan

loans, one concerning stock in the Apalachicola Land Company on the Gulf coast of Florida (a real-estate venture of which former company president Louis McLane had been a founding member, long before the Biddle regime came to be<sup>45</sup>); another, interestingly, a saw mill property in Beavertown (Lincoln Park/Towaco), probably at the site of Plane 10 East, which had by then been “assigned to the State of Michigan,” no doubt as security toward the company’s large outstanding debt on the \$5,000,000 loan. (The value of this property was stated to be \$7861.61). A fleet of “about 200” canal boats, valued in total at \$131,249.03, was assigned as security to the canal company’s other large creditor, the state of Indiana. And on and on.

Toward the end, the investigating committee reflected about how all this had come about:

In recapitulation it will be seen that the late President & Vice President of The Morris Canal & Banking Company have directly and indirectly withdrawn in some form from the resources [*sic*] of the Company and given in exchange unavailable or valueless assets now in possession of the company or assigned under its guarantee the following [followed by a list of loans and shares of stock totaling \$1,516,971.84].

And later,

The Committee in order to avoid as far as possible doing injustice to Messrs. Biddle & Lord and to afford them an opportunity for explanation have furnished them with copies of the various items of indebtedness embraced in this Report and in answer to an application from them offered them access to such Books and papers as they might deem necessary for their justification, but they have not thought proper to avail themselves of the offer.

And still later,

The entire prostration of credit and repeated disappointment sustained by the public in relation to the financial affairs of this Company leaves no room to hope that any renewed subscription could be obtained to rebuild it in its present state of dilapidation.

Proceedings have already been commenced for the foreclosure of the Mortgage held in Holland involving the Canal and its franchise under which it is most probable it will pass into the holders of that Mortgage.

In the meantime the period appears to have arrived which has been anxiously

waited for by the friends of this undertaking.

It is a point now conceded that the Planes are capable of conveying Boats of Fifty tons burthen and a small additional expense will enlarge to that extent the capacity of the whole work while the increasing consumption of coal and the various manufacturing establishments which have sprung up in its vicinity must gradually and greatly increase its trade.

Be the consequences therefore what they may to individuals the great public interest of the region through which the canal passes as well as the City of New York its point of termination will be greatly benefitted by its completion.

Your Committee feel constrained here to say a few words in explanation of what may appear to be unaccountable that such a course of mismanagement should have been so long going on without an earlier decisive interference on the part of the Directors. It must be borne in mind that the great balance of power lay with the Shareholders in Philadelphia who confided it with their proxies exclusively to the late President Mr. E. R. Biddle.

He was placed in that position by their direct interference although known at the time to be a large debtor to the Bank, and as the former Directors retired from the Board simultaneously with the ebbing tide of its pecuniary prosperity produced principally under the management of its finances in 1836 and 1837, the present Board, most of whom are new members holding but a small interest in the Stock and have not been sufficiently conversant with the course of proceeding to take these ulterior measures to wrest from the Executive officers the unlimited powers with which their predecessors had invested them. It has been done at last but too late to prevent the wreck which now presents itself to our view.

At the January 1842 meeting where this report was presented it was also recommended that the Morris Canal be leased "subject to the legal rights of the Mortgagees & other Creditors, so as to prevent the evils likely to result by a total suspension of the Canal."<sup>46</sup>

Recriminations abounded in the creditor states as well. Many of the transactions undertaken on behalf of the state of Indiana were considered illegal or foolish. Fund commissioners Isaac Coe and Gen. Milton Stapp were severely censured.<sup>47</sup> In Michigan, partisan politics magnified the perception (not entirely unfounded) that Stevens Thomson Mason had been too inexperienced

to negotiate the \$5,000,000 loan. He had intended not to run for reelection anyway, and, during the investigations that followed the loan default, he openly blamed Theodore Romeyn for the theft of \$4360 from the trunk of banknotes carried back to Michigan from New York in 1838. Mason and Romeyn once had been friends and intended to enter a private law practice as partners after Mason's tenure as governor ended; that was no longer possible. Mason and his family moved to New York, where his young wife's family still resided, and he opened a law practice there. It was not successful. He died in 1843, still young himself but evidently a broken man.<sup>48</sup>

Indiana endured litigation that wasn't settled until at least mid-century. (The canal-company minute book from which all the quotations in this article were taken was itself an exhibit in Indiana's lawsuits.)

Would the canal company have failed if Biddle and Lord had not done their dirty work? Probably. The times were hard for every venture in the early 1840s; the Bank of the United States, admittedly no longer under the firm hand of Nicholas Biddle, itself failed in 1841.<sup>49</sup>

The canal company went into receivership, and its canal was leased during the 1842, 1843, and 1844 seasons. In the fall of 1844 the company was reorganized and, under the legal name of "Morris Canal & Banking Company of 1844," survived into the 20th century.

Edward R. Biddle and Edwin Lord, ousted in disgrace, went on with their lives in different ways. Neither received much punishment, if any — not surprising for well-to-do men then or now.

Biddle was back on the board of the new Morris Canal & Banking Company of 1844 by June 1845 and served into 1849 — the year when (coincidentally?) the MC&BCo. surrendered its banking powers.<sup>50</sup> In 1846 he spearheaded an effort to originate a railroad in Pennsylvania's Lehigh Valley, which ultimately became the original line of the Lehigh Valley Railroad.<sup>51</sup> For some time in the 1850s Biddle owned the Mount Hope Mining Company near Rockaway, New Jersey.<sup>52</sup> All the while he maintained an office in New York's financial district, continuing to operate as a stock broker at least into the late 1850s. By 1860 he had moved to Elizabeth, New Jersey,

still engaged as a "broker." As late as 1872 he was listed in Trow's New York directory as an "agent" with an office on Dey Street, New York, and a residence in Elizabeth.<sup>53</sup> He died late in 1876, aged 78,<sup>54</sup> having lived an active — albeit sometimes shady — long life.

Edwin Lord followed a different path. From the scant evidence available, he seems to have gone into retirement after leaving the canal company. Abandoned by his own parents, disowned by his adoptive uncle, bankrupted by the great New York fire in December 1835, and dismissed from the canal company in 1841, he nevertheless seems to have been comfortably well off. Over succeeding years he lived at various locations in Greenwich Village and Gramercy Park; during these years he seems to have been able to afford a summer house uptown, near what is now Riverside Drive. He moved farther north, to Fordham, in 1858, and died relatively young, at age 55, in 1860.<sup>55</sup>

For reasons unknown he was in Matagorda, Texas, in early 1847. While there he wrote a long letter of fatherly advice to his 15-year-old daughter Jane Maria, who was about to leave from New York for a tour of Europe. There may be a few clues in this letter to his thoughts about how he had conducted his own affairs in years past:

The conscience, he advised his daughter, is an entity of utmost importance. It is, he wrote

the soul itself made perceptible within us . . . It is the action of the Soul, and this action is the evidence that the soul exists, and it can be accounted for upon no other principle whatever. It is distinguished from every other faculty we possess, reason for instance, by its perfect independence. Reason we can employ on either side, pro or con, for the good or bad, as the lawyers do, and the reason may be satisfied sometimes with the wrong — the conscience never, and it never forgets, and it is wounded if action proceed upon the plea of reason for the wrong.

Lord's advice concerning conscience goes on much longer. Later in the letter he reflects on his own experience:

I possess some amiable though should be corrected weaknesses which oppose a realization of the character in myself, one of which is an unconquerable (hitherto) aversion to do anything which may be disagreeable to others, and if an amiable, it is a great weakness, for it undermines

the principle of independence in the character and conduct, the very most essential one for a man of action. Many reverses and many sufferings have come upon me from this, and I am deeply impressed with the belief that had I had the clear perception I now have of the part the conscience plays in our nature, my character would in my action have developed itself far otherwise.<sup>56</sup>

This letter is reproduced in a short biography of Edwin Lord by a grandson, Kenneth Lord, in a genealogy of the Lord family. Although the major incidents are there — Edwin Lord's abandonment by his parents, his adoption and later disowning by his uncle Rufus, his great loss in the 1835 New York fire — there is, perhaps significantly, no mention at all of his star-crossed connection with the Morris Canal & Banking Company.



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47. Esarey, 1912, pp. 124-127; Reginald C. McGrane, *Foreign Bondholders and American State Debts* (N.Y.: The Macmillan Company, 1935), pp. 131, 132. Dr. Isaac Coe has been mentioned before. Another Fund Commissioner was Gen. Milton Stapp, of whom it was said, (as McGrane quotes), "You can deem it impracticable to test the conduct of this gentleman by the rigid rules of right and wrong. The task would be interminable, for the enquiry would not be, what he has done wrong, but what is there in his whole business correctly done." Esarey suggested that Stapp was "deceived by the New York broker [the MC&BCo.] and Dr. Coe. It looks very much as if he [Stapp] was the lamb and Dr. Coe the shears in the hands of those early Wall street shepherds."
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*Published and distributed by the Canal Society of New Jersey  
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