

Accompanied by the Past

By Karen Gray

History is the witness that testifies to the passing of time; it illumines reality, vitalizes memory, provides guidance in daily life, and brings us tidings of antiquity. **Marcus Tullius Cicero (106–43 BCE), *Pro Publico Sestio***

1889: After the Flood

“The canal was a total wreck.”¹ So writes Walter S. Sanderlin in his classic history of the C&O Canal. It is an opinion that he would have encountered in company records, reports, and newspaper articles for more than a year after the great flood that had peaked on June 1, 1889. Although widely regarded as a matter of fact today, the statement is more relevant to the canal company’s finances than the state of the canal. But that is a story for a subsequent column. Here we will look at the canal company’s financial condition and what was done in the second half of 1889 in response to the extensive (but by nowhere near total) damage the canal had suffered.

In 1888 there had been a significant political and legal effort to lease the C&O Canal to the Western Maryland Railroad that was rejected by the Maryland legislature in January

1889. Then, on January 9 at a meeting of the directors and stockholders, C&O Canal Company President Stephen Gambrill submitted a major report stating that for the first time since 1883, the canal had earned enough to pay its expenses (not, of course, including any payments on its huge debts).²

However, President Gambrill also reported that “The inability of the canal for some years heretofore to pay its current expenses greatly affected its credit, and consequently many suits were brought against the company.” While the company was able to pay off the resultant findings against it, the remaining funds for operating expenses created a “hard and vexatious” situation for the canal’s employees. Nevertheless, the canal was said to be “in comparatively good condition.”

Another critical admission in the report was that the last four coupons for the interest on the 1878 bonds that mortgaged the assets of the canal, had not been paid. Under the act authorizing the bond issuance, the bond holders could foreclose on the mortgage. However, Gambrill stated that the majority of the 1878 bonds at that time were held by the



The 1889 flood, viewed from Harpers Ferry. The C&O Canal is under water on the left side of the image. – Photo courtesy of the National Park Service, Harpers Ferry National Historical Park

B&O RR interests and he did not anticipate that they would take such action “in the near future.” There was no assurance, however, that other bondholders would not do so or that the B&O wouldn't do so at some future date.

In late March a break occurred in the canal in the vicinity of Lock 39 that was 30 ft. long and 20 ft. deep and restricted navigation for some distance on either side of it for about 10 days. Then, in early April, a rockslide below the Paw Paw Tunnel closed the canal there. Rocks weighing up to a ton or more and that filled the canal above the waterline for a distance of 60 ft., restricting navigation again for a lengthy period of time. Throughout the spring, shipping on the canal was significantly below that of the previous year.

Then, on May 31st and June 1st, the great storm hit—in the Hagerstown area it was heralded by a destructive wind-storm or tornado that destroyed buildings and killed at least two people in its path. The scenes described in the newspaper were not significantly less horrific than those of the devastation at Johnstown, Pa. due to a sudden and massive flood that was a result of the collapse of a former Pennsylvania Canal dam high in the mountains northeast of the town, releasing the lake behind it.

Within two or three days the papers were describing the C&O Canal with terms such as “ruined,” “virtually gone,” or its condition as “unrepairable.” Even U.S. Senator and former canal company President Arthur Pue Gorman stated:

The flood no doubt means the abandonment of the Chesapeake and Ohio Canal. I don't think it is possible for the directors of the canal company to raise one-hundredth part of the money that would be required to restore the works. Owing to the manner in which the Maryland constitution is framed, their hands are practically tied, and it will necessarily be some time before its future can be settled.

As to the extent of the damage, it will be impossible to state for several days. But from present indications it is safe to say that it will be much greater than in 1877. The loss of the canal traffic will be seriously felt by Georgetown, and, in fact, the whole District. It was a great highway for the products of western Maryland, and its abandonment will throw a large number of men out of employment.”³

Georgetown's Disaster

The canal crisis exacerbated the problems of towns up and down the Potomac and its tributaries. However, none more than Georgetown, which experienced severe damage from the flood, especially to waterfront wharves, stores, and businesses.

Along the Towpath, December 2020

For example, the three lime burning companies announced that they would shut down, and Alexander Godey stated:

I cannot stay in business now. My closing will throw about forty men out of employment. I shall go into the business again, though, but I will get away from the floods. I own a valuable piece of property in West Virginia, up above Harper's Ferry, right on the line of the Baltimore and Ohio road.⁴

Of course, with the loss of the canal, the port of Georgetown lost one of the major cargoes shipped from it. While 150,000 tons of Cumberland coal were used locally in the Federal District at that time, by far the largest amount of coal was carried away in schooners or colliers, headed for the Atlantic ports to the north of the bay, as well as distant points elsewhere in the world.



Georgetown waterfront, with tug boat – Photo courtesy of the National Park Service, C&O Canal National Historical Park

The shipping relationships that were affected are sometimes surprising, as we see in an article on the impact of the damage and the canal's shutdown on the ice-coal trade:

Sailing vessels bring to this city every year quantities of ice, anthracite coal, plaster, cement and paving material, the aggregate tonnage of which exceed 500,000 tons. An example can be made on the ice traffic. To bring one ton of the frigid-ity from Kennebec [Maine] costs 60 cents. The vessel-owners are satisfied to charge such rates that the single trip will pay the expenses out and home again. The profit from this city has heretofore been made on the cargo taken on the back trip [i.e., that delivered to the port by the canal], for which the tonnage charge is \$1.15, exclusive of port charges. If there is nothing here to make a cargo of, and there cannot be, now that the

canal is wrecked, vessel-owners will charge \$1.75 for the single trip. This means an increase cost to Washington of \$500,000 only on such freights as comes by sailing-vessels.”⁵

As one citizen is quoted saying: “The destruction of the canal cuts off one means of transportation that in turn checks river transportation and puts us right in the hands of the B&O” and, as a consequence, suffering a significant increase in transportation costs.⁶ (It is important to keep in mind that the B&O at this time did not serve Georgetown.)

The Mills Crisis

Among the major losers were the Georgetown mills. They relied on the canal for the water to power their machinery and the ships that came up the Potomac to Georgetown that brought grains, etc. from elsewhere, supplementing what came down the canal. Almost immediately the mill owners began to push for the repair of the Georgetown level from Inlet #1 to at least make it possible for their mills to work.

Not until June 15th, however, did the millers take action. On that Saturday evening a conference took place with Canal Company President Gambrill present. At that meeting, the millers proposed collecting funds to repair the Georgetown level, which Gambrill said would cost *at least* \$15,000. The proposal to the canal company was that, if they, the millers, raised enough to repair the level, the canal company would not subsequently charge them water rents until they had recovered their investment.

At that time, the water rents amounted to about \$8,000 a year and the millers’ relief from paying them for a couple years or more after they got their mills working again was highly desirable. The following Monday morning Gambrill stated that the more likely cost for repairing the level was \$30,000, but the canal company and millers ended up agreeing to the arrangement—with the canal company assigned to direct the actual repair work by contractors paid with funds the millers raised.

The restoration of the Georgetown level to get the mills working was confronted with multiple difficulties. One of the last tasks was the removal of some 40 boats in the canal, some still carrying coal that needed to be unloaded before the boat could be floated or broken up for salvage. Nevertheless, by October 3rd, water was once again flowing to the mills in Georgetown and, while the arrangement was likely mutually beneficial when the millers began to pay water rents again, the agreement proved to be an additional complication in the legal actions the next year.

The Bond Proposition

The Georgetown level agreement did nothing to alter the damage here and there along the rest of the canal, and little happened until a large public meeting was held on June 19th. In attendance were canal company and Maryland state

officials, and delegations of men from along the length of the canal—mostly influential businessmen, and many with some wealth. Among those present were men such as: Cumberland boat builder Frederick Mertens; Williamsport’s businessman and owner of several canal boats, Victor Cushwa; and Dr. Edward Wooton of Edwards Ferry.

The focus of the meeting was how to find the funding to restore the canal, the cost of which President Gambrill estimated at \$200,000 to make it navigable, although with much left to be done after achieving that level of repair. He thought work could begin as soon as they

had \$50,000. After a fruitless morning with no agreements on a way forward, the decision was made to form a committee with two men from each county through which the canal passed who would meet during the lunch hour and return with a proposal. The committee proposed:

The president and directors of the canal company would issue the bonds of the company for \$300,000, to be secured by a mortgage; that the approval of the board of public works of this issue



1889 flood damage at Lock 33 – Photo courtesy of the National Park Service, C&O Canal National Historical Park

be obtained, and also the recommendation of the board of public works to the next general assembly to place these bonds on the same footing as the bonds issued under the act of 1878, so far as the same may lawfully be done, and that these bonds shall be used as collateral security for raising the money necessary to restore the canal to navigation.⁷

An alternate proposal was ultimately withdrawn. It would have given the officers of the canal company 30 days to accomplish something in terms of arrangements for the canal, but if they failed “the stockholders were requested to give their consent to turning the control of the canal over to a syndicate of capitalists who would repair and run it.”⁸ Everyone realized such a proposal would have further damaged any value the bonds might have.

Col. James G. Barrett, a director of the canal company who had been appointed to chair the meeting, assured those present that the approved proposal met with the unanimous approval of the canal company management. At the same time, Mr. John B. Poe of Baltimore expressed his certainty that the Maryland Board of Public Works (which represented Maryland’s majority holding of canal stock, giving the state control of the management of the company) was certain to be sympathetic to the proposal.

Of course, the major issue was what could secure the bonds for purchasers. Col. Barrett said he hoped the Maryland legislature would indeed “put them on a footing with the bonds of 1878, which constitute a lien on the corpus of the canal,” but the legislature would not be meeting for months. Although the Maryland Attorney General took the position that the repair bonds could be issued, by the end of July the canal company executives had found no buyers interested in the bonds. Clearly the canal company not only had no money, but it also had no credit.

On July 27, the *Baltimore Sun* reported that President Gambrill:

... has announced his intention of calling the directors together and laying the true situation of the canal’s affairs before them officially. If they can suggest no remedy, as seems probable, they will report their helpless condition to a general meeting of the stockholders. The next step, unless measures for relief can be found, will be the appointment of a receiver.⁹

Initiative and Compassion

By June 24th, Frederick Mertens had, at his own expense, put work crews at the task of repairing the canal between Okonoko, opposite the mouth of the Little Cacapon River at Mile 159.6, and Cumberland. That work quickly made it sufficiently navigable that his boats could again use it for bringing lumber from his lands in that region. Ultimately it was noted that there was not a great deal of damage on the upper end of the canal, and indeed, here and there all the way down the canal, there were sections that were little affected as well as ones with extremely serious and costly destruction.

The closure of the canal and its uncertain future was a disaster for many of the boatmen. Erroneously implying that the canal company hired and paid the boatmen, one lengthy newspaper article included a section on the condition of some 300 boatmen (by its estimate) and some boating women and children, predicting dire poverty and hardship as winter comes. It declared that:

A railroad may supersede the canal, but THESE PEOPLE MUST BE ASSISTED AT ONCE. They will starve before the right-of-way could be transferred.¹⁰

One report referred to Messrs. Moore and Mitchell, who collected funds in Georgetown to enable the boatmen who were stranded there to get away to where they could find work. (Georgetown, of course, was filled with its own newly unemployed.) Subsequent newspaper coverage detailed multiple efforts to assist those facing poverty due to the closure of the canal including, interestingly, canaller-benefiting baseball games.

Notes:

1. Sanderlin, Walter D., *The Great National Project*, p. 257.
2. The report was printed in the Jan. 11, 1889 issue of the *Baltimore Sun*, as Supplement 1. This and other information in this column can be found in William Bauman’s transcriptions of newspaper articles related to the C&O in his “*Canal Trade 1889*” pdf file. Bauman’s “*Canal Trade*” files are available at: candocanal.org/newspaper/
3. *Alexandria Gazette*, Mon. June 3, 1889, p. 3.
4. *Washington Evening Star*, Wed. June 5, 1889, p. 4
5. *Ibid.*, Fri. June 7, 1889, p. 5
6. *Ibid.* p. 2.
7. *Ibid.*, Wed., June 19, 1889, p. 5.
8. *Ibid.*
9. *Baltimore Sun*, Mon., July 22, 1889, supplement p. 2
10. *Washington Evening Star*, Thu. June 6, 1889, p. 5.