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Author(s): Peter Baskerville

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By Peter Baskerville
ASSISTANT PROFESSOR OF HISTORY
UNIVERSITY OF VICTORIA

Americans in Britain's Backyard: The Railway Era in Upper Canada, 1850–1880*

¶ Canadian lines that were spreading out over what would become the Province of Ontario looked forward, in the years before the American Civil War, to becoming important east-west carriers between the rapidly growing American cities of the eastern seaboard and the still-new cities of the American Midwest. Canada's small population and undeveloped industry would force her railroads to rely heavily on traffic going from one American city to another. Lines like the Grand Trunk and the Great Western struggled desperately therefore, to avoid American financial control. With the help of British capital, they succeeded. But America's contribution to Canadian railroading ran much deeper than money. Dominating the skilled engineers and experienced construction contractors who came from south of the border was more difficult for Canadian directors to manage. In the end, however, it was the early failure of top Canadian management to bury their rivalries, ignore their English creditors, emulate Americans like Vanderbilt, Thomson, and Garrett, and consolidate into an integrated line between New England, the Middle Atlantic seaboard, and the Midwest that doomed their railroads to becoming, as one Canadian put it, "side streets to the trade thoroughfare."

Reflecting upon some twenty years of promoting, financing, managing, and negotiating with Upper Canadian railroads, Boston financier Robert Forbes offered the following advice to an associate eager to dabble in Canadian affairs:

... but concerning the natural *cussedness* of the Canadian R.R. Directors and Legislators and all you have to deal with there. . . . I don't believe its in the power of man to manage a Road on that side as well as *Ours* is — To do it the cheapest way would be to get up a Fenian Corps — and (after hanging old Seward to keep him out of the way) annex Canada to Michigan! The obstacles to decent management are untold and untellible [*sic*].¹

With the exception of Forbes's comments little has been written on the pattern of American involvement in Upper Canadian railroad affairs.² In fact the history of American foreign direct in-

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¹ Detroit Public Library [hereafter DPL] *Joy Papers*, Forbes to Joy, January 2, 1867.

² The following contain some information: W.J. Wilgus, *The Railway Interrelations of the United States*

vestment and of American entrepreneurs “abroad” in the pre-Civil-War era has received only cursory attention. The reasons for this stem from the fact that total American foreign investment in this period was “negligible”; that Upper Canada’s share paled before the share of several Latin American countries; and that British capital and personnel seemed to dominate the Canadian economy in the mid-nineteenth century.³

If such neglect is understandable, it is nonetheless unfortunate. A study of American involvement in Upper Canadian railroad affairs suggests that the relationship was complex and multi-leveled: the impact of American direct foreign investment, the role of American contractors and civil engineers, and the influence of rate and traffic agreements must all be considered. Historians should consider the likelihood that between 1850 and 1880, the foundations were set for continued and relatively unhindered American penetration into significant areas of Canada’s economy. Until the early 1860s, local Upper Canadian railroad entrepreneurs controlled American capital inputs and manipulated American roads via rate and traffic agreements. The most serious problem faced by local entrepreneurs in the early period concerned the combination of capital and technical knowledge wielded by American contractors. The evolution of an international financial community and the development of an American transcontinental railroad system after the mid-1860s ended this period of local control and initiated an era of American dominance.

AMERICAN INVESTMENT

In the 1850s, paper charters fluttered in the breeze — by June 1853, the Canadian legislature had granted fifty-six railroad charters — as ribbons of iron slowly but systematically inched their way across the Upper Canadian peninsula. Before 1849, only ten miles of track existed in Upper Canada: by 1860, 1,360 miles served a population of 1,500,000.⁴ American involvement in this expansion occurred within a context of fixed geographical niceties and kaleidoscopic social, political, and economic change. No Upper Canadian railroad promoter could ignore the proximity of the American market. Whether running in a north-south or east-west direction, most Upper Canadian railroads existed in part to

and Canada (Toronto, 1937); A.W. Currie, *The Grand Trunk Railway of Canada* (Toronto, 1957); G.R. Taylor and I.D. Neu, *The American Railroad Network, 1861–90* (Cambridge, Mass., 1956).

³ Mira Wilkins, *The Emergence of Multinational Enterprise* (Cambridge, Mass., 1970), 13–32; quote, 31.

⁴ See T.C. Keefer and H.Y. Hinds, *Eighty Years Progress of British North America* (Toronto, 1864), 192; J.M. and E. Trout, *The Railways of Canada* (Toronto, Coles Edition, 1970), 35–36; Toronto, *Globe*, July 16, 1857.

expedite the movement of goods from one area of the United States to another. Acceptance of this proposition provided the motive for American foreign investment. Yet geographical considerations alone fail to account for the overall pattern of American participation. Coming as they did on the heels of significant political change, the acquisition of responsible government in 1847-8, and profound economic upheaval, following Britain's dismantling of her protective mercantile system in the late 1840s, the railways led more than one Upper Canadian to lament: "I find myself falling behind the age and cannot keep pace with the 'March of Intellect.' " ⁵

Against this backdrop Canadians were more receptive to American contribution than at any time since the War of 1812. Indeed, some Montreal merchants went so far as to sign an Annexation Manifesto. Britain no longer seemed to be the sole source of truth and wisdom. Upper Canadians, as the *Toronto Globe* slowly realized, were being forced to rely on alternative sources for development.⁶

While the early experience of the colony's railroad promoters underlines this general feeling, it ultimately suggests that at bottom British ties remained dominant. Between 1845 and 1847, numerous Upper Canadian roads attempted to obtain capital from private British sources. In part due to an economic recession, none succeeded. Most of these roads also attempted to tap official Imperial largesse. To arguments that railroads would provide jobs for poor British immigrants, strengthen traditional Imperial ties, and generally add to the wealth and glory of the Empire, the Colonial office turned a deaf ear.⁷ Warnings by some promoters that American investors and American products would dominate Upper Canada should the Imperial government fail to provide at least guarantees for private investors, were equally futile.⁸

Spurned, at least for the short term by Great Britain, Upper Canadian promoters turned to the local market for support. Despite imaginative attempts, they soon realized that money from that source would never be sufficient to finance their projects.⁹ With this in mind, the Canadian government did what the British Government had refused to do: it facilitated foreign investment

⁵ Queen's University Archives, *Macaulay Papers*, 1, L. Fraser to Macaulay, September 9, 1851.

⁶ *Toronto Globe*, January 2, 1847.

⁷ P. Baskerville, "The Boardroom and Beyond: Aspects of the Upper Canadian Railroad Community" (Ph.D. dissertation, Queen's University, 1973), Chapters 1 and 2.

⁸ Public Archives of Canada [hereafter PAC] *Colonial Office Records* [hereafter CO] 42, v.580, P. Buchanan and R.S. Atcheson to Grey, 1850 and Colonial Office comments, April 4, 1850.

⁹ PAC, *Buchanan Papers*, 94, address of the Directors of the Great Western Railroad Company, April 22, 1850.

by the passage of a Guarantee Act in 1849, which enabled it to underwrite the interest on one-half the bonded debt of all half-completed railroads over seventy-five miles long. The following year municipalities were also empowered to invest in railroads. By 1850, an institutional structure favorable to foreign investment was in place.

Taking advantage of this legislation, three of the four largest Upper Canadian roads acquired essential start-up capital from American investors.¹⁰ Some, like the Buffalo and Brantford and the Northern railroad, contacted American contractors and through them acquired significant initial capital. The dynamics of this type of participation can best be examined within the context of assessing the impact of American technical personnel on Upper Canadian railroads, discussed below. The largest single case of American direct investment in this period, however, developed separately from the initial hiring of American contractors and engineers. Buoyed by legislative support, the Great Western railway's merchant directors — Robert Harris, John Young, and Isaac Buchanan in Hamilton and Peter Buchanan in England, partners in an import-export firm — soon found themselves at the center of a swiftly evolving triangular relationship between the Canadian government, British investors and, initially most importantly, American financiers. A study of this interaction reveals much about the mechanics of capital raising in mid-nineteenth-century Canada and within that context, about the impact of one type of American direct investment on Upper Canadian development.

By the late 1840s two groups of American investors expressed interest in the idea of a railroad running north of Lake Erie across the Upper Canadian peninsula. Led by Erastus Corning, an iron merchant from Albany and mastermind of the evolving New York Central system, and Robert Forbes, a wealthy merchant financier from Boston and major investor in the Michigan Central, they desired a swift winter link between their respective termini at Buffalo and Detroit. In this way, a through route from Chicago to Albany could be created to rival a southern route running through Cleveland, Pittsburgh, and Philadelphia.¹¹

A particular investment strategy underlay this plan. Initially, Forbes had anticipated quick returns from his Michigan Central capital. In this sense he demonstrated what has been called an

¹⁰ The Great Western acquired \$800,000; the northern \$215,000; and, the Buffalo and Brantford, \$70,000.

¹¹ A.M. Johnson and B. Supple, *Boston Capitalists and Western Railroads* (London, 1967), 115–116; I. Neu, *Erastus Corning: Merchant and Financier* (New York, 1960), 79–83; D. Yaggy, "J. Forbes: Entrepreneur" (Ph.D. dissertation, Brandeis University, 1974), 292–301.

“opportunistic” approach to investment. According to A.M. Johnson and B.E. Supple, participation in the Great Western “indicated that a deliberate design for perpetuating and increasing . . . railroad investment in the light of western economic growth was definitely established.” No longer opportunistic, Forbes’s approach and, presumably, Corning’s, had become “a long run, developmental one,” an approach, allegedly well suited to the investors, their companies, and the regions through which their companies ran.¹²

Yet this strategy gave little emphasis to Upper Canadian regional development. The role of an Upper Canadian road was clear: it was the essential connecting link without which the system would be incomplete. Corning and Forbes are examples of those foreign investors described by Mira Wilkins who had investments that aided “American development.”¹³ Upper Canadian development was of concern only insofar as it related to the overall strategy.

It would, however, be wrong to view the northward movement of American capital in this period as simply part and parcel of American western development. As the following discussion will demonstrate, American ends were not necessarily those of Upper Canadian railroad promoters nor of Upper Canadian society in general. In fact, Canadian promoters initiated the discussions that led to investment by the Americans.¹⁴ Not surprisingly, then cross purposes characterized the interaction of the American financiers and the colonial railroad entrepreneurs. And of more importance, the structure of the international financial market at this period facilitated a surprising degree of local control over this American investment.

LOCAL CONTROL

The nature of this control can be indicated by an examination of the negotiations between the Great Western directors and the American financiers. Initially, the Americans preferred to support a rival to the Great Western, the Niagara and Detroit Rivers Railroad. As J.W. Brooks, general manager of the Michigan Central, argued before the Railway Committee of the Canadian Legislature, the Great Western, running from a point opposite Detroit

¹² Johnson & Supple, *Boston Capitalists*, 119–120.

¹³ Wilkins, *Multinational Enterprise*, 22.

¹⁴ Metropolitan Toronto Central Library [hereafter MTCL] *Allan Railroad Papers*, J. Wilkinson to O’Brien, September 15, 1845. PAC, W. H. Merritt Papers, 18, MacNab to Merritt, June 15, August 9, 1846; Merritt to MacNab July 7, 1846. Albany Institute of History and Art [hereafter AI], *Corning Papers*, J. Wilkinson to Corning, June 7, 1850.

to Hamilton and then to Niagara Falls, was not the most direct available route for linking Detroit and Buffalo. The Americans pressed for the straight linkage offered by the Niagara and Detroit road.¹⁵ The Hamilton connection, however, in addition to reflecting local metropolitan interests, allowed the Great Western to defeat its rivals by arguing that it was the true Canadian road: the others were simply adjuncts of American financiers. "The passengers and freight," explained Harris, the Great Western's president, to a British correspondent, "must all pass over the head of Burlington Bay in this City [Hamilton] whose every facility will be afforded to convey them down Lake Ontario and the St. Lawrence Canals." If American investors desired to use Upper Canadian roads for their own ends, Upper Canadian entrepreneurs desired to enlist American capital in the old dream of drawing American products through Canadian territory. Even in this period of intense instability, public distrust of things American could not be ignored. The Niagara and Detroit failed to attain a charter: American investors had to settle for what was from their point of view, a second rate route.¹⁶

Protracted negotiations between the victorious Great Western and Forbes and Corning ensued. Although Harris was promised a £250,000 investment in December 1850, the Americans consented to a final arrangement only in January 1852. For a stock subscription of \$800,000, less than one-sixth of the authorized capital, the Americans received the right to appoint three directors and two senior supervisory personnel plus guarantees of a terminus opposite the Michigan Central's Detroit depot and a gauge similar to that on the two American roads.¹⁷ On the surface, it would seem that the Great Western's merchant managers were bested in the deal. This conclusion, however, slights the merchants' skills and misunderstands the complex context within which the negotiations progressed.

In the first place, the American investors were under heavy attack from their state legislators — who had to approve foreign investment by railroad corporations — and by jealous competitors. Michigan refused to allow railroads to invest their funds in

¹⁵ Upper Canada, Legislative Assembly, *Journals*, 1850; AI, *Corning Papers*, Joy to Corning, July 20, 1850.

¹⁶ PAC, John Young *Letterbook*, 4, Harris to R. S. Atcheson, January 14, 1851. The Niagara and Detroit failed despite the fact that, or perhaps because, the Michigan and New York interests sent "delegates to Toronto, to aid in the struggle then going on in the Canadian Parliament." DPL, *H.H. Emmons Papers, Statement and Correspondence as to Arrangements Between the Great Western and Michigan Central Railway Cos.*, ND, [hereafter, *Arrangements*], 1.

¹⁷ PAC, *Buchanan Papers*, 30, Harris to Isaac Buchanan, December 20, 1850; AI, *Corning Papers*, J.W. Brooks to Corning, May 6, 1851; PAC, *J. Young Papers*, Young to T.G. Ridout, January 13, 1852; Young to Hincks, February 25, 1852, Private.

foreign territories and, as a result, individual shareholders and employees of the Michigan Central had to purchase Great Western stock. In New York's case the issue was more complex since the New York Central, in a preliminary stage of organization, consisted of five separate corporations, and ultimately the stockholders of each had to sanction the investment.¹⁸ Combined pressure from the three areas made the probability of American investment shaky indeed by December 1851.

Second, Harris had adroitly used the initial and tentative American promise of £250,000 to convince a previously reluctant Bank of Upper Canada to accept the company's account on terms extremely favorable to the railroad.¹⁹ More importantly, quite wary of "the Yankee stockholders" attaining "control of the road,"²⁰ Harris and Peter Buchanan, assisted by several British financiers known to Buchanan, parlayed the promise of American investment into a substantial commitment from British financiers. From that point, American participation became the linchpin for the road's successful capitalization. American capital became less an end in itself and more a means of prying open the much more lucrative British capital market.

Offered 200 shares at half-price, Samuel Laing and John Masterman, Jr., British capitalists who had been interested in the road in the 1840s, assisted Buchanan in placing a £200,000 convertible bond offering in London. To the British public, bonds seemed a more secure investment than stock and the option of converting to stock within five years still left open equity possibilities. The issue was made even more attractive by permitting the bondholders a premium of 11 per cent per share on conversion. Harris was willing to grant these concessions because he believed that British, rather than American or Canadian, investors preferred long term reliable investments to uncertain short term windfalls.²¹

If, however, as seemed likely in December 1851, the American subscription fell through, none of the £200,000 could be touched. The key to British investment had been the assurance that the Americans would fulfill their engagements. "All our movements in this Country [England] have been associated with this important fact," Peter Buchanan informed his fellow promoters in

¹⁸ *New York Times*, November 5, 22, 1851; PAC, *J. Young Papers*, Young to Corning, November 28, 1851.

¹⁹ PAC, *J. Young Papers*, Harris to T.G. Ridout, December 23, 1850; Harris to W. Proudfoot, November 3, 1851; Young to Proudfoot, February 20, 1852.

²⁰ PAC, *Buchanan Papers*, 30, Harris to Isaac Buchanan, December 20, 1850.

²¹ D. McCalla, "Peter Buchanan: London Agent for the Great Western Railway of Canada," in D. MacMillan, ed., *Canadian Business History* (Toronto, 1972), 202-203; PAC, *J. Young Papers*, Harris to Young, November 26, 1851, January 22, 1852.

Hamilton, "and I may say it has formed a principal feature in our prospectus and has been the ground work of the pledges which we have held out to the public." ²²

Hearing rumors of significant British involvement, Corning and Forbes became concerned as to how this would affect their plans for executive control.²³ Not realizing that their investment was the precondition for British participation and that they were in fact in an excellent bargaining position, they decided to stop pushing for further concessions and to expedite an arrangement before the British could enter the negotiations. That they were unaware of the complete nature of British involvement was in part due to the quick thinking of John Young. Informed by Buchanan that a delegate from England was proceeding to New York to confer with the American financiers, Young warned the agent by telegram to avoid such discussions. "We would prefer getting a few more installments from them. . . .," he explained, "[as] the greater their stake in the Company, the more likely they will go on with things as they are." ²⁴ By acceding to American demands in January 1852, then, the Great Western's managers mollified Corning and Forbes; gave the American capitalists necessary ammunition to convince reluctant investors to honor their commitments; and, most significantly of all, maintained the road's reputation in the extremely lucrative British investment market. At this stage, the colonial promoters, not the American financiers, were in control.

At precisely this point, demands made by the third major investor, the Canadian government, threatened to scuttle the whole enterprise. In 1851, the Guarantee Act had been amended to cover principal as well as interest but only on roads designated as main trunk lines. This was problem enough, but early in 1852 Francis Hincks, leader of the Upper Canadian section of the provincial government and promoter of the Grand Trunk, a rival of the Great Western, decided that all roads wishing aid must also be constructed with a gauge of 5'6". That the Great Western had already promised the Americans a gauge of 4'8" did not concern Hincks. "We cannot allow the Yankees to settle the gauge," Hincks explained, "recollect how you got L.C. [Lower Canadian] support so often for the Great Western when you pressed on them that it was to be a Canadian Railroad and the

²² PAC, *J. Young Papers*, P. Buchanan to Young, January 2, 1851 [sic] (Strictly Confidential); Harris to Young, January 9, 1852; Young to Hincks, February 25, 1852, (Private); Foster & Braithwaite, Great Western Railway of Canada, Prospectus, 1852.

²³ AI, *Corning Papers*, Forbes to Corning, December 8, 1851.

²⁴ PAC, *J. Young Papers*, Young to P. Buchanan, February 6, 1852; R. Acheson to Young, February 13, 1852, (Confidential).

other an American.”²⁵ While this overlooked the fact that American backers of the Portland-Montreal railroad, with which the Grand Trunk would connect at Montreal, had demanded the wide gauge in the first place, it was nonetheless effective. Foreshadowing the future, Hincks warned that should they “do without the Government aid” the Grand Trunk would build a parallel line to the Detroit River.²⁶

Initially, Young could see no way to unravel the conflicting needs of the various investors. “Bitterly annoyed,” Corning and Forbes threatened to withdraw from the arrangement. Hincks refused to budge. Harris and Peter Buchanan, preparing for another large British security issue, warned that the Great Western’s reputation continued to depend on American participation. Nor would “the Government giving the Co’y, the amount of the American subscription under the Guarantee Act . . . suit our purpose,” Harris explained, “as the three per cent sinking fund [required of the road by the Government] would prevent the bondholders becoming stockholders and in fact would cause a breach of agreement with them.”²⁷

Pressured by competition that threatened to provide “the Canada Road” with alternative connections in both Michigan and New York, the Americans resurveyed the situation and decided on a two-tiered plan. They asked the Great Western to ticket all passengers and baggage traffic to the Michigan Central and New York Central and never to any of their competitors. In return for this, Forbes informed Young, “we may perhaps feel safe in waiving the question of gauge.” Faced with little real alternative, the Great Western’s managers agreed. This was the first instance of the Americans employing structural or indirect means to attain their ends and Forbes, at least, was quite pleased with the idea.²⁸

At the same time the notion of direct control remained in the forefront of his mind. “If we pay in our 800,000,” he counselled Corning, “and work as a body and perhaps make our influence in England for proxies we can a year hence . . . secure the control

²⁵ AI, *Corning Papers*, Upton to Corning, July 10, 1851; PAC, *J. Young Papers*, Hincks to MacNab, January 16, 1852; Young to Hincks, February 25, 1852, (Private).

²⁶ A. W. Currie, *Grand Trunk Railway*, 56; G. R. Taylor & I. D. Neu, *American Railroad Network*, 17; PAC, *J. Young Papers*, Hincks to Young, March 3, 1852. For the origin of the Portland-Montreal link, see Brian Young, “John Alfred Poor,” *Dictionary of Canadian Biography*, 10 (Toronto, 1972), 590–92; M.J. Sheehy, “John A. Poor & International Railroads, the Early Years to 1860” (unpublished M.A. thesis, University of Maine at Orono, 1974); A.R. Stewart, “The State of Maine & Canadian Confederation,” *Canadian Historical Review*, 33 (1952), 148–164; A.D. Chandler, Jr., *Henry Varnum Poor, Business Editor, Analyst and Reformer* (Cambridge, Mass., 1956).

²⁷ AI, *Corning Papers*, Forbes to Corning, April 2, 1852; PAC, *J. Young Papers*, Harris to Young, March 18, 1852; Harris to Young, April 2, 1852; PAC, *Buchanan Papers*, 27, P. Buchanan to J.T. Gilkison, April 20, 1852.

²⁸ PAC, *J. Young Papers*, Forbes to Young, April 2, 1852, Young to Harris, April 15, 1852; AI, *Corning Papers*, Forbes to Corning, May 22, June 17, 1852.

of the running of the Road.” All this, he admitted, depended on whether “*we have the power.*” Yet, he concluded, “I cannot help thinking that if they see our \$800,000 made available to vote in a body, they will see that it will not do to treat us badly.”²⁹ Once again, however, Forbes’s plans were undercut by his imperfect understanding of British developments. Late in May, the Great Western had successfully issued a further £200,000 bond and stock issue in London.³⁰ This made the chance of American dominance slim indeed.

While the Americans were able to exercise some constructive control over the important engineering department during the road’s construction phase, all other managerial and executive positions were, by mid-1853, firmly in the hands of representatives of British capital. At the June meeting, Forbes, despite having collected all the proxies he could, was unable to hold even “the balance of power.”³¹ Pressed for liquid funds, he and Corning sold most of their Great Western stock and consequently resigned from the Great Western’s directorate in the autumn of 1854.³² Even then, however, they continued to maneuver via Canadian Parliamentary committees and British stockholders to exercise some control over the road’s management. The futility of such activity soon became evident. As Forbes advised Corning: “As to Mr. Brydges [the Great Western’s British general manager], if it is not worthwhile to attack him in London — why do so at all unless we can kill him off we had better be on good terms with him!”³³ Henceforth, American control depended on the ability to create structural constraints via the negotiation of rate and traffic agreements.

The Great Western’s directors exhibited timely aggressiveness and reactive skill in acquiring sufficient capital to complete their main lines (229 miles) by January 1854. To a great extent, the international financial structure within which they operated facilitated this success. The era on international banking and investment projects was some ten to fifteen years in the future. Financial links, while developing between Britain and the U.S., were only beginning to approach the level of joint and co-ordinated investment in a third country. The absence of such sys-

²⁹ AI, *Corning Papers*, Forbes to Corning, July 27, 1852.

³⁰ McCalla, “Peter Buchanan,” 203.

³¹ AI, *Corning Papers*, Forbes to Corning, May 21, 27, 1853; James R. Walter to Corning, January 26, 1854.

³² PAC, *Baring Papers*, C1368, Corning to Baring Brothers, August 14, 28, 1854; Clark to Baring Brothers, September 16, 1854.

³³ AI, *Corning Papers*, Corning to Forbes, December 28, 1854, February 9, 1855; Forbes to Corning, December 30, 1854 (quote from here); Corning to McNab, December 28, 1854; Coffin to Corning, January 23, 1855.

tematic liaisons permitted the Upper Canadians to play off one investor against another. It was this fact that kept the Canadians clear of greater American dominance. After roughly 1860, with the emergence of international banking houses, syndicate investment projects, and simply improved transatlantic communication, such opportunities were severely curtailed. New York–London investment banks, such as Morton Bliss & Company, were much better equipped to safeguard their investments in Canadian railroads than were their forerunners, Forbes and Corning.³⁴

In an indirect manner, latent Upper Canadian anti-Americanism also hindered the exercise by Americans of direct control. Just as the Great Western had crushed an early rival by allegations of American dominance, so too did the Grand Trunk railroad profit from the Great Western's American connections. By claiming to be a truly Canadian road, the Grand Trunk received significant public and political support in the early 1850s. As the Great Western realized, this stance provided an effective pretext for expansion. With Hincks constantly enquiring about the extent of American control, it behooved the Great Western to divest itself of as many such direct connections as possible.³⁵ The decision to opt for British rather than American dominance reflected the persistence of traditional ties and the more lucrative British market. Because of traditional sentiment and geographical separation, British capital and control was not commonly perceived as foreign dominance: similar American participation was.

AMERICAN CONTRACTORS AND ENGINEERS

American capital, then, played a fleeting, but formative role in Upper Canadian railroad development. At a different level, the activity of American contractors and engineers rivaled that of American financiers in importance. American technical expertise underlay the construction of 50 per cent of Upper Canada's railroad mileage. If the mileage of the Montreal based and British financed and constructed Grand Trunk railway is subtracted, the percentage reaches 75. Of the thirteen railways that opened for business in this decade, eight had had 75 per cent or more construction under American supervision: three of the remaining

³⁴ For the later period, cf., Dolores Greenberg, "A Study of Capital Alliances: The St. Paul & Pacific," *Canadian Historical Review*, LVII (1976), 25–29; Karen Anderson, "The organization of Capital for the Development of the Canadian West" (unpublished M.A. Thesis, University of Regina, 1974).

³⁵ PAC, *Baring Papers*, C1368, Hincks to Baring Brothers, October 1, 1853. *Buchanan Papers*, 31, Hincks to Harris, February 10, 1854.

hired a sprinkling of American professionals; a fourth, while under the command of a non-American chief engineer, hired a complete complement of "Yankees" as chief assistants; and the fifth had to buy out the claims of an American contractor before commencing construction under British aegis.³⁶

In part, capital requirements dictated the presence of this group. As the American contractors for the Northern railroad explained, large contracting companies accepted shares and bonds as well as cash for their work, and it is in this manner that "most of our [American] long and expensive roads have been constructed." ³⁷ To cash-poor Upper Canadian roads, this offer was irresistible. In part for this reason, the Great Western, Northern, and Buffalo and Brantford selected American contractors.

Although geographical proximity and changing social and economic attitudes also helped to set the general stage for an influx of trained American personnel, the nature of Upper Canada's engineering and contracting tradition provided the specific context. Before the 1850s, civil engineers in Upper Canada looked to canals for their employment and to a large extent for their education. Before 1840, such construction was dominated by nonresidents. Members of the Corps of Royal Engineers from Britain came, built, and generally left. Like their British counterparts, Americans, the second major source, seldom stayed beyond completion of their immediate task. Both groups concentrated on different canals and eschewed common endeavor. In this early period, a few Upper Canadian engineers acquired experience in subordinate positions; generally, however, the Upper Canadian was conspicuous only by his absence.³⁸

The real beginnings of an indigenous engineering/contracting tradition date from 1841. In that year, the government of the newly formed Province of Canada assumed control of the renovation and completion of the Welland Canal. To accomplish this, a Board of Works was created and under its supervision numerous small contracts were let to private companies on a low bid basis. In order to obtain maximum control, the government deliberately encouraged the development of many small contracting companies, rather than several large ones. Dismissal of

³⁶ The eight were: The Great Western, the Galt to Guelph, the Northern, the Buffalo and Lake Huron, the London & Port Stanley, Port Hope, Linsey & Beaverton, the Cobourg and Peterborough, and the Erie and Ontario. The three were: Grand Trunk Railroad, Brockville and Ottawa, and the Welland Railroad. The fourth was the Ottawa and Prescott Railroad. The fifth was the Hamilton and Toronto Railroad.

³⁷ PAC, *Canadian National Railway Papers*, 1414, M.C. Storey & Company to Directors [Northern] Railway, November 16, 1850.

³⁸ F. N. Walker, *Daylight Through the Mountain* (Toronto, 1957), 1; Bruce Sinclair, "Canadian Technology: British Traditions and American Influences," *Technology and Culture* (January 1979), 108-123. George Raudzens, *The British Ordnance Department and Canada's Canals, 1815-1855* (Waterloo, 1979).

troublesome personnel could then be more easily effected. On the eve of the railway era, then, the typical Upper Canadian contracting company was small, under financed, and dependent on rarely prompt government payments to make its ends meet.³⁹

Within this structure two engineering groups emerged. Composed mainly of Irish, British, and native Upper Canadians, the first and largest group was hired directly by the government. While often widely scattered and loosely controlled by the central Board, the government engineers developed a sense of fraternity and exhibited a strong collective unity in the face of any outside criticism. Consistent with government policy, these engineers rarely undertook direct construction assignments and consequently their relations to contractors tended to be that of inspector to worker. Of equal importance, since one of this fraternity sat on the Board of Works itself, there was no clear separation of executive and managerial responsibilities.⁴⁰ To the extent that this tradition conditioned future behavior, engineers emerging from within it tended to value their role as independent decisionmakers and accepted only reluctantly the type of close executive and/or contractor control that the private railroad corporation seemed to offer.⁴¹ While some — Walter Shanly is an important example — ultimately controlled this independent strain, few were able, or were perceived to be able to do so by potential employers in the crucial early years of Upper Canada's railroad development.

By contrast, the second engineering group associated with the Welland Canal played an immediate role in Upper Canadian railroad affairs. Possibly profiting from government legislation making Welland Canal debentures more liquid, one overextended American contractor consolidated his finances and, after completing four locks and an aqueduct, emerged from the project independently wealthy.⁴² Because of the size of his contracts, Samuel Zimmerman, a native of Huntingdon, Pennsylvania, hired his own complement of American engineers separate from those of the government.⁴³ Zimmerman and his trusted and suitably subordinate corps of engineers offered within Upper Canada

³⁹ Ruth Bleasdale, "Class Conflict on the Canals of Upper Canada in the 1840s" (unpublished paper presented to the Canadian Historical Association London, 1978), 1–3; Doug Owsram, "'Management by Enthusiasm,' the First Board of Works of the Province of Canada, 1841–46," *Ontario History LXX* (1978), 171–188.

⁴⁰ Owsram, "'Management by Enthusiasm,'" passim.

⁴¹ David E. Noble, *America by Design: Science, Technology and the Rise of Corporate Capitalism* (New York, 1979), 33–37.

⁴² Toronto, *Leader*, November 2, 1855.

⁴³ Walker, *Daylight*, 82.

a significant alternative to the main contracting/engineering tradition.

Initially, the Great Western Railway, one of the first to commence construction in Upper Canada, operated within the central contracting system. Plagued, however, by the problems of overseeing, high expenses, and numerous defaults, the managers turned from letting many small contracts to offering “the whole work” to Samuel Zimmerman and several smaller contracting firms. Acting on the advice of American contractors from New York State, the Northern railroad adopted the same policy. As those contractors explained:

The old way of making contracts for small sections under competing bids, was found to be too expensive. It formerly was (and with the inexperienced in such matters still is) deemed to be the true policy, to submit work to the competition of all, and let to the lowest bidder in small Sections. In this way a road of 60 or 80 miles would have to support the outfit and family expense of some 40 or more Contractors. Low prices do not secure cheap work.⁴⁴

Given the structure within which they had evolved, few local Canadian companies could compete and had instead to settle for crumbs in the form of sub-contracts.

Since early Upper Canadian railroad contracts tended to be open-ended and the chief engineer evaluated the worth of construction prior to payment, American dominance at the contracting level almost inevitably led to similar control of the engineering division. M.C. Storey, contractor for the Northern railroad, appointed the engineer and even offered to pay his salary. Not surprisingly, the engineer he chose was from his own home — New York — and was himself a large contractor.⁴⁵ As an employer, Zimmerman ran what amounted to a closed shop: a pattern of American exclusivity characterized all his ventures. “There was a chain of Yankee engineers and contractors on the whole line of the road,” one American engineer on the Great Western later reminisced, “and the visiting to and fro, and the feeling that we were compatriots in a strange land kept up an *esprits de corps* and hospitality such as I have never known equalled.”⁴⁶

This Zimmerman group came to dominate a large percentage of Upper Canada’s railway development. In addition to building

⁴⁴ PAC, *Buchanan Papers*, 94, Address of the Directors of the Great Western Railroad Company, April 22, 1850; PAC, *CNR Papers*, 1414, M.C. Storey & Company to Directors, November 16, 1850.

⁴⁵ P. Baskerville, “Professional vs. Proprietor: Power Distribution in the Railroad World of Upper Canada/Ontario, 1850–,” *Historical Papers*, 1978, 48–50; *Toronto Leader*, July 29, 1853.

⁴⁶ A.G. Bogue and L.R. Benson, “An Engineer on the Great Western: Personal Reminiscences of Lilas W. Burt,” *Western Ontario History Nuggets*, v.17 (1952), 10.

much of the Great Western's main line, they controlled contracts and construction on the Galt to Guelph and London to Sarnia branches; constructed the London and Port Stanley, Erie and Ontario, Port Hope, Lindsay and Beaverton, and the Cobourg and Peterborough railways; and obtained commanding interest in several ultimately abortive railroad schemes.⁴⁷ Through the distribution of much largesse and the control of several local constituencies, Zimmerman himself exercised immense influence over the legislature's railroad policies.⁴⁸ Invariably, people desiring charters or amendments that would affect roads in which he had an interest had to work through him.⁴⁹

While it is difficult to find an objective standard for measurement, the quality of American construction does not appear to have been high. On the Great Western's opening day, as a train packed with celebrities proceeded from Hamilton to Zimmerman's palatial residence at Niagara Falls, the track, "loose and insecure" gave way and the locomotive fell to the side. No freight could be carried on the line for upwards of a month after the official opening, which was itself two months late. More seriously, the Great Western was beset by a series of fatal accidents in the year after its completion, some of which stemmed directly from sloppy construction. Nor was construction of a much higher quality on the Zimmerman administered Cobourg and Peterborough and Port Hope Lindsay and Beaverton Railways.⁵⁰ Similarly, the Northern, constructed by Americans, was deemed unfit for use by government inspectors a scant four years after completion.⁵¹ The American-controlled Buffalo and Brantford road treated its laborers in such a callous fashion that even Upper Canadian newspapers rallied to the laborers' support.⁵² And, especially on the Northern and Great Western, American contractors took full advantage of the looseness of contracts and the naiveté of Canadian directors to pad their pockets at the railroad's expense.⁵³ At the very least, the standard of railroad construction in Canada was not elevated by the American presence. In fact, Americans went far towards setting that standard.

⁴⁷ Toronto, *North American*, January 20, 1853; *Hamilton Gazette*, August 1, May 30, September 15, 1853; *Hamilton Spectator*, March 19, 1857; *Toronto British Colonist*, October 7, 1851; PAC, *Provincial Secretary's Correspondence*, 800, Benedict to Secretary, October 2, 1854; PAC, *CNR Papers*, 2, May 23, 1856.

⁴⁸ In particular, he exercised great control over the Niagara area.

⁴⁹ PAC, *Buchanan Papers*, 39, Longsdon to Harris, April 17, 1855.

⁵⁰ PAC, *Buchanan Papers*, 10, Issac Buchanan to Peter Buchanan, October 15, 1853; AI, *Corning Papers*, Brydges to Vibbard, October 15, 1853, *Toronto Examiner*, November 9, 1853. To ballast the road after opening was common practice in the United States and was allowed in Canada until 1857, *Hamilton Public Library, Ferrie Papers*, Reid & Ridley to W. Powis, September 28, 1857.

⁵¹ PAC, *Department of Public Works*, 134, S. Keefer to Beattie, August 4, December 13, 1858.

⁵² *Hamilton Spencer*, December 1855.

⁵³ P. Baskerville, "Professional vs. Proprietor . . ." *passim*.

Reaction gradually set in. In response to the claim of an American newspaper that “fitting persons” for railroad work did not exist “North of the Lake,” the embarrassed editor of the *Hamilton Spectator* could only reply “It is quite possible that few ‘raised’ here are qualified . . . yet it will not be denied that among adopted Canadians at least ‘fitting-persons’ might be found. [anyway] Comparisons at all times are odious.”⁵⁴ A small coterie of government-trained engineers — both adopted and native born — viewed American participation with less restraint. As the six year veteran of government service, Walter Shanly informed his brother, he would not work for the Yankee engineers and contractors in Canada “so long as I could obtain a rodman’s berth anywhere else.”⁵⁵ Somewhat ironically, Shanly had to travel to the United States for initial railroad employment and reemerged in Upper Canada to assume several responsible positions later in the decade. Others stayed with the government service and through official inspections attempted — with only limited success — to upgrade construction procedures.⁵⁶ In fact, the presence in Upper Canada of such a large and cohesive American group made difficult the emergence of any homogeneous engineering outlook. Paradoxically, it also pointed up the need for just such a development, and in contrast to the quiet decade of the forties, engineers in the fifties began to engage in both public and private self-criticism.⁵⁷ In part in reaction to the tight knit bonds between American contractors and American engineers, the concept of an independent Canadian professional began to emerge.

By the mid-1850s, the directors of the Buffalo and Brantford, Great Western and the Northern had fired their American engineers and hired British replacements to fill all important internal supervisory and engineering roles. This reflected both changing investment patterns and the desire of local boards to assert more control over their road’s operation. If, however, some engineers resigned or were forced out before their term expired, the contractors themselves were more difficult to move. The case of M.C. Storey & Company is instructive. Even after their appointee had been fired and the British-born Frederick Cumberland installed as the Chief Engineer, Storey, operating through the ubiquitous Zimmerman, paid the new Engineer \$10,000 for the right to complete a contract, which various insiders estimated

⁵⁴ *Hamilton Spectator*, May 26, 1854.

⁵⁵ PAO, *Shanly Papers*, 85, Walter to Francis Shanly, December 1, 1850.

⁵⁶ Samuel Keefer was one, cf., P.A.C., Department of Public Works, 802, *passim*.

⁵⁷ Walter Shanly, privately and T.C. Keefer publicly, illustrates this tendency. Cf. P.A.O., *Shanly Papers* and V. Nelles, ed., *T.C. Keefer the Philosophy of Railroads* (Toronto, 1972).

to be double its actual worth.⁵⁸ Nor could Upper Canadians take credit for curbing Zimmerman, who died in a train wreck in March 1857, leaving behind him an estate — mostly in land — valued in 1856 at over \$3,000,000.⁵⁹ Contractors such as Zimmerman and Storey backed by substantial capital reserves, able to exercise political clout, and in possession of a large body of laborers and technical knowledge could not be easily displaced. As a result, and in spite of the swing to British capital, they were able to exercise direct power in Upper Canadian railroad affairs at a time when American financiers like Corning and Forbes were being forced to the sidelines.

RATE AND TRAFFIC AGREEMENTS

American influence in Upper Canadian railroad affairs did not end, however, with the exodus of American contractors and engineers and the supplanting of American by British capital. Those roads dependent on American sources for much of their traffic were subject to a further, albeit indirect, control: the structure of rate and traffic agreements. The two largest Upper Canadian roads — the Grand Trunk and Great Western — received from 40 to 60 per cent of their gross revenue from American sources.⁶⁰ The continued cultivation of this traffic formed the focus for development strategy on both lines. This focus left these roads open to the most exacting form of control exercised by Americans in this period.

For the first five years after commencing operations, the Great Western profited from aggressive negotiations with American feeder lines. In 1855, employing pressure from the Michigan Central, the Great Western convinced the New York Central to waive exclusive ticketing privileges and allow it to transfer goods and passengers to a second road, the Canandaigua and Niagara Falls railroad company.⁶¹ At its western terminus the Canadian road not only attempted to play off the Michigan Central and the Michigan Southern railroads, but it also undertook the construction of its one American subsidiary, the Detroit and Milwaukee line.⁶²

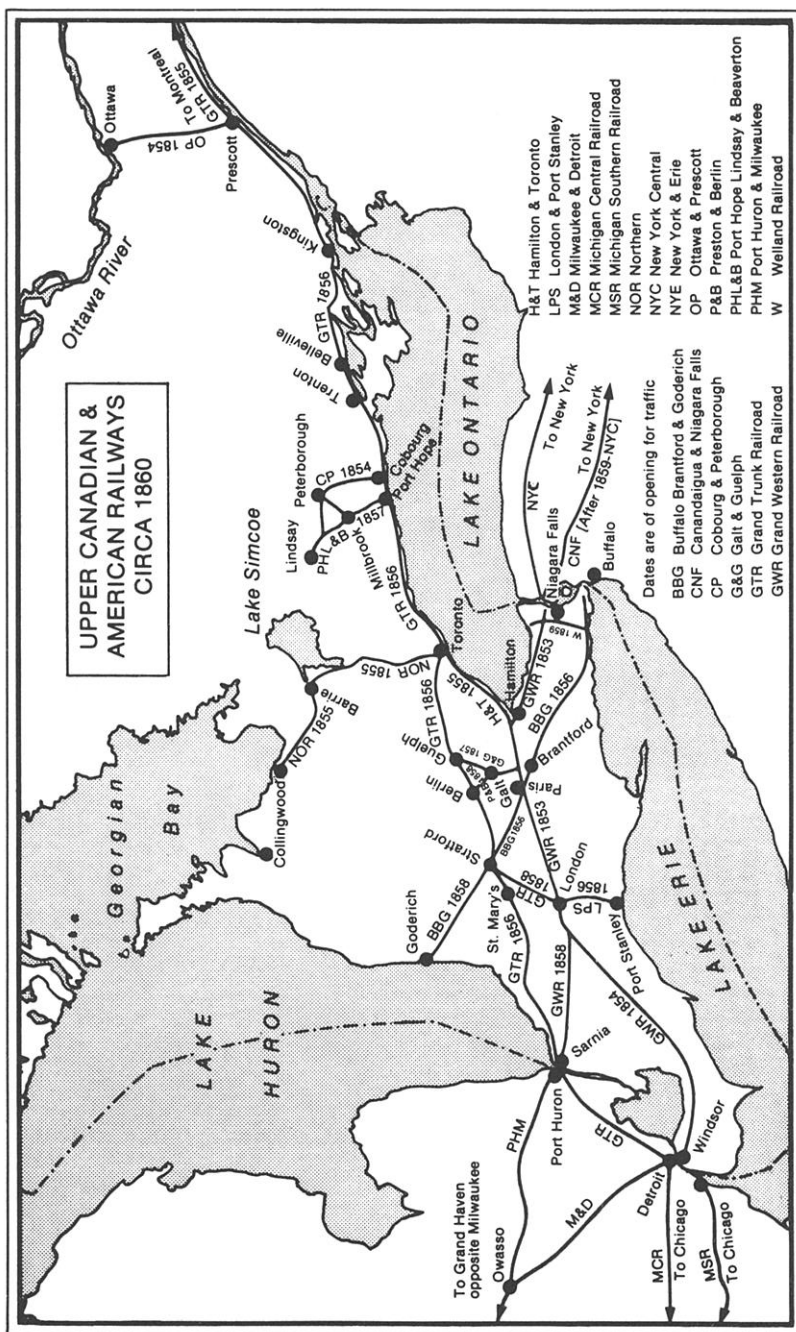
⁵⁸ PAC, *Fleming Papers*, A. Brunel, memo. on Northern Railway, 1857 (private and confidential); H.Y. Hind & S. Keefer, *Eighty Years Progress in British North America*, Toronto, 1863, 220–224; PAO, *Cumberland Papers*, Cumberland to Will, July 21, 1854.

⁵⁹ *Hamilton Spectator*, March 19, 1857.

⁶⁰ See, for example, *London Railway Times*, April 25, 1863; University of Western Ontario; [UWO], *Thomas Swinyard Papers*, LBI, Pennington to Swinyard, August 20, 1864.

⁶¹ DPL, H.H. Emmons *Papers, Arrangements*, p. 5; AI, *Corning Papers*, Brydges to Corning, May 13, 1854.

⁶² *Arrangements*, 4 ff.



These successes were, however, shortlived. Biding its time, the Michigan Central waited until the Grand Trunk reached Port Huron and then, through the donation of rolling stock and the promise of favorable traffic arrangements, encouraged the Trunk's management to build from Port Huron to Detroit thus providing the American road with a second Canadian outlet.⁶³ In 1859, the flexible position enjoyed by the Great Western at its eastern outlet — the Suspension Bridge — also came to an abrupt end. By purchasing the Canandaigua line, the New York Central cut the Great Western from its link to the Central's major competitor, the New York and Erie. At the same time — to the alarm of both the Michigan Central and the Great Western — it threatened to route much of its through traffic south of Lake Erie via the South Shore and Fort Wayne and St. Louis roads.⁶⁴

Two trends emerged from the changes in the late 1850s. With the development of alternative through routes to the east, Canadian roads began increasingly to lose control of both rate setting and traffic procurement. No longer could the Great Western play one road off against another. Now it was necessary to attend formal traffic conventions of ten or more railroads in an effort to hammer out acceptable agreements.⁶⁵ When concluded, such arrangements invariably swiftly collapsed. This, in turn, led to the formal establishment of rival through lines — in 1866 the Great Western became a member of the Blue Line — which, in addition to establishing common rates and interchanging traffic, also shared cars and other equipment.⁶⁶ By the late 1860s there were at least five such rival routes and in this context the Great Western and Grand Trunk had become very small cogs indeed.⁶⁷ After 1869 the independent position of Canadian lines was further weakened by the trend of through routes consolidating under one management. Opportunities for flexible and independent manipulation were even further curtailed. The Canadian roads were fast becoming, as A.W. Currie has pointed out, “side street[s] to the trade thoroughfare.”⁶⁸

The failures of the Grand Trunk and Great Western to iron out their competitive differences and merge operations under one management contributed to the erosion of their independence.

⁶³ Ibid., 10; PAC, *Baring Papers*, A834, Blackwell to Baring, August 10, 1858 (private and confidential); A835, Blackwell to Baring, December 4, 1858, January 29, September 19, 1859.

⁶⁴ PAC, *Baring Papers*, Gzowski to Blackwell, August 31, 1859 [extracts, copy].

⁶⁵ *London Railway Times*, September 22, 1860.

⁶⁶ DPL, *Joy Papers*, Blue Line Advertisement, June, 1866.

⁶⁷ *London Railway Times*, October 30, 1869.

⁶⁸ Julius Grodinsky, *Transcontinental Railway Strategy*, Philadelphia, 1962; Currie, *Grand Trunk Railway*, 225.

Throughout the 1860s and 70s, the Michigan Central took every advantage of conflict between the Canadian lines. In fact, it fostered such conflict. Thus in 1866, while a member of the Blue Line, the Michigan Central continued to exchange traffic with the Grand Trunk.⁶⁹ Near the end of the 60s, when the exasperated manager of the Great Western began to make overtures to the Grand Trunk for closer unity, the Michigan Central convinced the Western's London directors to fire their manager in Canada and allow the Americans to exercise operational control of the road.⁷⁰ Having achieved what would seem to have been its primary end — the nullification of any rapprochement between the Great Western and Grand Trunk — the American road then treated its new agreement with studied neglect. It continued to deal directly with the Grand Trunk and, as the Great Western's president admitted several years later: "After the first year so little did either company carry it [the agreement] out, that even the returns were not [exchanged]." ⁷¹

This American Policy was continued with even more effectiveness after 1877 when New York interests, headed by the Vanderbilt family, purchased both the Michigan Central and the recently constructed Canada Southern road to complement their New York Central operation. With New York and Michigan outlets and a short competing Canadian line under one management, the positions of the Great Western and Grand Trunk suffered a devastating blow.⁷² After several years of often bitter negotiation, the two roads finally merged in 1882. On the eve of that merger, the Great Western's deposed manager, Thomas Swinyard, had the last word: "the Great Western and Grand Trunk have been made cat's paws of to fight and weaken one another in the conflict for through business against the American lines proper." ⁷³

CONCLUSION

"Ours is not simply a Canadian road," Isaac Buchanan informed the Great Western's shareholders in 1855. Astute financial analysts in London, England also acknowledged the importance of the American presence.⁷⁴ At the same time, no Upper Canadian

⁶⁹ DPL, *Joy Papers*, Swinyard to Joy, December 8, 1866; Joy to Brydges, January 4, 1867.

⁷⁰ *London Railway Times*, September 20, 1879; UWO, *Swinyard Papers*, LB 1870 ff, Swinyard to Harris, May 2, 1882.

⁷¹ Grand Trunk Meeting, *London Railway Times*, October 28, 1871, November 30, 1872; Great Western Meeting, *ibid.*, April 20, 1872, April 24, 1875, November 13, 1875 (quote from November 13, 1875).

⁷² Grand Trunk Meeting, *London Railway Times*, November 2, 1878.

⁷³ UWO, *Swinyard Papers*, LB1870ff, Swinyard to Harris, May 2, 1882.

⁷⁴ *Hamilton Gazette*, September 8, 1853; *London Railway Times*, January 1, 1859.

road could afford to admit to too intimate an American involvement. Despite the changing attitudes of the late 1840s, anti-American sentiments continued to run deep. In one sense, railroad development simply reflected in microcosm a situation common to Upper Canada as a whole. How to balance the pull of British, American, and local needs formed a preoccupation of the elite.⁷⁵ It was in the forefront, too, of all economic policy.

That the colony's railroad managers achieved only short term success in balancing against American influence was due more to structural change than corporate policy. This change occurred at two levels. In the first place, the three-phase development of the American railroad system gradually eroded Canadian independence. Initially, aggressive managers could play off various American roads to the advantage of the colonial line. During the intermediate phase, before the creation of transcontinental lines under one management in 1869, this opportunity had been all but extinguished. American investors, such as Robert Forbes, realized that direct investment was no longer the only or perhaps even the most desirable avenue to managerial control.⁷⁶ Instead, the increased consolidation of American lines into competing through routes rendered local Canadian interests all but powerless to effect significant independent managerial decisions. In this period, skillful manipulation by the Michigan Central and local jealousies precluded the carrying out of the one viable option: to merge and present a united front *vis-à-vis* American pressure.

Forbes's response reflected the problems he had experienced with foreign direct investment in the first phase of railroad growth. And within the context of the intermediate stage, his response had merit. Continued consolidation, however, swiftly undercut his strategy and shunted him aside. In this third phase, through routes could not hope for success unless they were consolidated and rationalized under one management. When the Vanderbilts, reflecting this phase of development, consolidated under one ownership a route from Chicago to New York via Michigan and Canada, which excluded the Grand Trunk and Great Western (and ended Boston's control of the Michigan Central), the Canadian roads were more than ever "cat's paws" in American hands. When it came, the consolidation of the Grand

⁷⁵ On this see, for example, S.F. Wise and R.C. Brown, *Canada Views the United States* (Toronto, 1967); Allan Smith, "Old Ontario and the Emergence of a National Frame of Mind," in F.H. Armstrong *et al.*, eds., *Aspects of Nineteenth Century Ontario* (Toronto, 1974), 194–217.

⁷⁶ DPL, *Joy Papers*, Forbes to Joy, January 2, 31, April 5, 1867; *Ibid.*, Brooks to Forbes, March 11, 1867.

Trunk and Great Western was no longer an adequate response: and the proper strategy, expansion to the Pacific as a competing through route, had been initiated by others.

Paralleling the development of a highly centralized network of American railroads was the emergence in this period of a coordinated international financial market. In the early 1850s it was possible for merchant-financiers to take advantage of relatively undeveloped financial links between Great Britain and the United States and balance capital inputs from both to the colony's and railroad's initial benefit. In part because imported British managers helped rid Canada of American personnel, most Upper Canadians rested content with an ultimate balance dramatically favoring British investors. Thus, while American technical experts played a formative role in railroad development, by the end of the 1850s such personnel were rarities. Thanks to provincial government guarantees, and, ironically, in some cases to American investment, the British policy of indirect imperialism flourished in Upper Canada's railroad sector.⁷⁷

Yet it is significant that some British railroad investors attempted to establish closer relations with interested Americans in the 1860s and 70s. Perhaps reflecting the overall consolidation of the international financial community and, at a different level, of the American railroad network, investors in, for example, the Great Western began to encourage closer relations with American rather than Grand Trunk interests. American and British investors in the Northern railroad were, by the end of the 1870s, represented by the international banking firm, Morton, Rose & Company. To a degree not apparent in the early 1850s, international investors were beginning to act as an aware and identifiable community. The financing of the Canadian Pacific Railroad by an international syndicate of American, British, and European investors underlines the degree to which the rules of the game had evolved from mid-century. American investors took quick advantage of these changing circumstances. As Dolores Greenberg has pointed out, they were "intimately involved in the decisions affecting the Canadian Pacific, and those roads such as the Ontario and Quebec, the Toronto, Grey and Bruce, the Credit Valley, and the Soo which had ties to the transcontinental."⁷⁸ In ways unforeseen by Isaac Buchanan, the concept of a "Ca-

⁷⁷ For an interesting discussion of this policy as it related to the Intercolonial Railway, see Donald Roman, "The Contribution of Imperial Guarantees for Colonial Railway Loans to the Consolidation of British North America, 1847-65" (Ph.D. dissertation, Oxford, 1978).

⁷⁸ Greenberg, "A Study of Capital Alliances," 39.

nadian'' road and the reality of the American presence had undergone dramatic transformation.⁷⁹

⁷⁹ Canadian railroads, including the Grand Trunk, and Canadian railroad personnel, like George Stephen of the Canadian Pacific Railroad, continued, it should be noted, to be active in American ventures as well. See, A.W. Currie, *Grand Trunk Railway*; Albro Martin, *James J. Hill and the Opening of the Northwest* (New York, 1976); and, Heather Gilbert, *Awakening Continent: The Life of Lord Mount Stephen* (Aberdeen, Vol. 1, 1965; Vol. 2, 1977).