

# Killing premiers to build a canal

## McLeod Stewart and the Montreal, Ottawa and Georgian Bay Canal

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Résumé de l'article

Pendant plus d'un siècle, de nombreux Canadiens défendirent l'idée de construire un canal reliant Montréal à Ottawa, et de là à la baie Georgienne. L'un des plus ardents promoteurs de ce projet, fut certainement McLeod Stewart. Ancien maire d'Ottawa, il était engagé dans de nombreuses entreprises et jouissait d'un réseau important de relations. Il se consacra pendant plus de vingt ans à la recherche de soutiens aussi bien privés que publics pour ce projet, persuadé que ce canal attirerait à lui la majorité du commerce entre le Canada et l'intérieur de l'Amérique du Nord. Sans doute McLeod Stewart a-t-il échoué, et n'a pas pu réaliser son rêve; mais son optimisme, cette ambition impérialiste, nous rappellent l'esprit qui régnait alors au Canada à l'époque de Laurier.

# Killing premiers to build a canal

*McLeod Stewart and the Montreal,  
Ottawa and Georgian Bay Canal*

By Daryl White

*Sault Ste. Marie, 1878. Thunder  
Bay Historical Museum  
Society, 972.239.5*

A few days before Christmas 1917, Sir Robert Borden received a letter from an Ottawa resident. It began:

I have, (metaphorically speaking), killed six Premiers of Canada physically, over the above project, viz. Sir John Macdonald, Hon. Alexander McKenzie [sic], Sir John Abbott, Sir John Thompson, Sir Charles Tupper, and Sir MacKenzie Bowell,<sup>1</sup> and one Premier, politically, viz. the Right Hon. Sir Wilfrid Laurier, G.C.M.G.<sup>2</sup>

It would be the last such letter a prime minister received;<sup>3</sup> after more than two decades of advocating a canal linking Montreal, Ottawa, and the Georgian Bay, McLeod Stewart's pen fell silent.

## Stewart's Background

From 1893 until 1917 Stewart was a leading advocate of the canal. He was instrumental in securing a charter for the Montreal, Ottawa and Georgian Bay Canal Company (of which he became the chief spokesman) and pressed for government support for the project. Although Stewart failed to secure the canal's construction, his efforts are illustrative of the turn-of-the-century optimism that "was Canada's most striking characteristic during the Laurier years."<sup>4</sup> Unlimited faith in progress led Canadians to the construction of two transcontinental railways and innumerable other ventures, all of which,

<sup>1</sup> Bowell had died only seven days earlier.

<sup>2</sup> McLeod Stewart to R.L. Borden, 17 December 1917, Library and Archives Canada (hereafter cited as LAC), RG13, Series A-2, vol. 223, file 1918-1153.

<sup>3</sup> A nearly identical draft letter dated October 1920 to Arthur Meighen is in the William Stewart Papers, but was apparently never sent. McLeod Stewart to Arthur Meighen, October 1920, LAC, MG24, D101, William Stewart and Family fonds, vol. 5, "Montreal, Ottawa and Georgian Bay Canal Company, Open Letters."

<sup>4</sup> Ramsay Cook and Craig Brown, *Canada 1896-1921: A Nation Transformed* (Toronto: McClelland and Stewart), 1974, 49.

## *Abstract*

*For more than a century, Canadian promoters encouraged the construction of the Montreal, Ottawa and Georgian Bay Canal. No individual brought more passion to the cause than McLeod Stewart. A well-connected man, he was a former Mayor of Ottawa and involved in a number of ventures in the city. He devoted more than two decades of his life to raising private and public support for the canal he felt would capture the trade of the North American interior for Canada. Stewart may have failed to realize his dream, but his optimistic imperialism reminds us of the spirit which infused Canada in the Laurier years.*

**Résumé:** *Pendant plus d'un siècle, de nombreux Canadiens défendirent l'idée de construire un canal reliant Montréal à Ottawa, et de là à la baie Georgienne. L'un des plus ardents promoteurs de ce projet, fut certainement McLeod Stewart. Ancien maire d'Ottawa, il était engagé dans de nombreuses entreprises et jouissait d'un réseau important de relations. Il se consacra pendant plus de vingt ans à la recherche de soutiens aussi bien privés que publics pour ce projet, persuadé que ce canal attirerait à lui la majorité du commerce entre le Canada et l'intérieur de l'Amérique du Nord. Sans doute McLeod Stewart a-t-il échoué, et n'a pas pu réaliser son rêve; mais son optimisme, cette ambition impérialiste, nous rappellent l'esprit qui régnait alors au Canada à l'époque de Laurier.*

it was believed, would be justified by the enormous growth that always seemed to lie just over the horizon. These were years when promoters and proprietors were thought to be building the Canadian nation<sup>5</sup> and McLeod Stewart sought to be counted among them.

Born in 1847, McLeod was the son of William Stewart, a member of the assembly of the United Canadas and prominent in the Ottawa lumber industry. McLeod Stewart received his education at the University of Toronto, earning a B.A. and M.A. He served as an

officer in the Governor General's Foot Guards and entered the legal profession. By 1886, he was sufficiently prominent to merit entry in George Maclean Rose's *Cyclopædia of Canadian Biography*. The entry declared "If he could be won away somewhat from his present engagements and induced to enter the political arena, he would be a very valuable acquisition to the political life of Canada."<sup>6</sup>

It proved a prophetic statement. Stewart

was elected mayor of Ottawa for the following two years. He ran for re-election in 1888 and while he defeated his opponent by a vote of 1,959 to 1,642, his election was suspect.<sup>7</sup> Two months later, he and some of his election agents were charged with bribery, and Stewart was barred from municipal office.<sup>8</sup> The incident would eventually block Stewart's imperial as well as municipal ambitions. When John A. Macdonald later promised to request a knighthood for Stewart, he noted to Charles Tupper that he had forgotten that Stewart had been "disqualified for municipi-

<sup>5</sup> Michael Bliss, Introduction to Alan Sullivan's *The Rapids* (Toronto: U of T Press, 1972), vii.

<sup>6</sup> George Maclean Rose, ed., *A Cyclopædia of Canadian Biography* (Toronto: Rose Publishing Co., 1886), 759.

<sup>7</sup> "The Municipalities," *Toronto Globe*, 3 January 1888, 1.

<sup>8</sup> "Alleged Bribery at the Capital," *Toronto Globe*, 29 February 1888, 8.

pal office on account of personal corrupt practices.” Macdonald instructed Tupper to “put him [Stewart] off the best way you can without ‘giving me away.’”<sup>9</sup>

Stewart inherited considerable Ottawa property from his father. The streets of what was once Stewarton still bear the names of family members.<sup>10</sup> His Ottawa home, which included a conservatory, was appraised in 1902 at over \$20,000.<sup>11</sup> Stewart embarked on a number of business ventures in Ottawa, including the construction of the Molson’s Bank building on Metcalfe Street and the Chaudière Hotel Company. Although the history of the Château Laurier makes no reference to the Chaudière Hotel, the prospectus for the latter outlines a building of identical appearance that was to be built on the spot the Grand Trunk Railway later constructed the Château Laurier.<sup>12</sup>

By training, Stewart was a lawyer and early on a partner in the Ottawa firm of Stewart and Chrysler. However, at various times he was also president of Dominion Savings and Loan, the Canada Atlantic Railway, the Stewart Ranch Company, and the Canada Anthracite Coal Company.<sup>13</sup> The last may have been

his most successful venture. The Stewart family purportedly owned half of the coal company when Stewart arranged its sale to an English syndicate for \$1.5 million in July 1889.<sup>14</sup>

Stewart’s boosterism did not end with his business ventures. In 1910 he published *Ottawa: The First Half-Century*, a glowing account intended to remove all doubt of the city’s future as a major industrial centre. Socially, Stewart was president of the St. Andrew’s Society, an active member of the Caledonian Society, and a supporter of both the Protestant Orphans Home and the Protestant home for the aged. He and his wife were frequent guests at Rideau Hall and corresponded with several former Governors-General. In one illustrative note, Lord Grey invited Stewart for an afternoon discussion and suggested that he bring his children along for tea.<sup>15</sup>

Stewart was evidently a figure of some means and was connected to prominent figures in Canadian and British public life. Thus he seemed ideally suited to press the cause of the Montreal, Ottawa and Georgian Bay Canal in Canada’s corridors of power and the financial houses of London.

<sup>9</sup> LAC, MG26 A, Sir John A. Macdonald fonds, John A. Macdonald to Charles Tupper, 16 November 1889.

<sup>10</sup> McLeod, Catherine (McLeod’s mother), Flora (McLeod’s sister), are all street names in the city blocks between Bronson, the Rideau Canal, Gladstone Avenue and Highway 417, the piece of property formerly owned by William Stewart.

<sup>11</sup> LAC, MG24, D101, vol. 3, C. Edey to McLeod Stewart, 14 October 1902.

<sup>12</sup> *Ibid.*, Prospectus of the Chaudière Hotel Company Ltd.

<sup>13</sup> “McLeod Stewart Died Suddenly in 80th Year,” *Ottawa Evening Journal*, 11 October 1926, 17.

<sup>14</sup> “At the Capital,” *Toronto Globe*, 20 July 1889, 1.

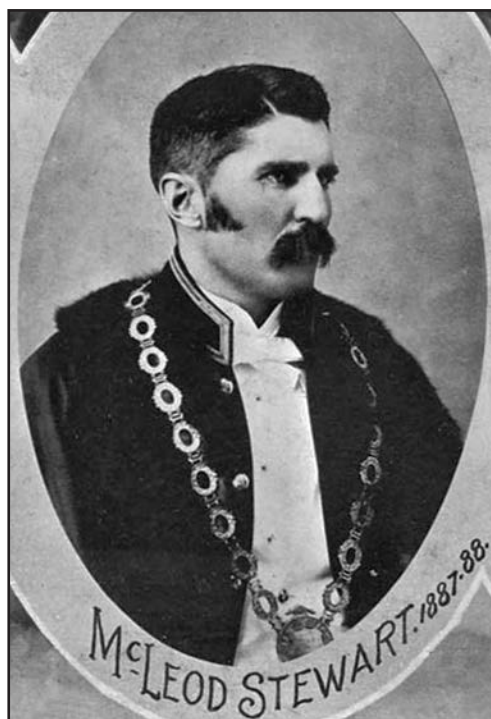
<sup>15</sup> LAC, MG24, D101, vol. 3, file 8, Grey to Stewart, n.d.



## Georgian Bay Canal Project

A waterway cutting across Ontario along the Ottawa, Mattawa, and French rivers was by no means an original idea. It was the route by which French explorers first ventured into the continent. Improving the waterway was examined during the first Canadian canal-building era. In 1829, Charles Shirref, a spokesman for Ottawa's timber interests, proposed canalization.<sup>16</sup> Seven years later, the government of Upper Canada appointed the first of many government commissions to investigate the project.

The advent of railways and British free trade had temporarily diminished the Canadian enthusiasm for canals, but it resurged as Western traffic began to saturate the existing transportation system. During this second canal era, a number of potential routes across Ontario were considered, including one linking the St. Clair River to Lake Erie and the Welland Canal, and one along the Trent River Valley. There was also renewed interest in the Montreal, Ottawa and Georgian Bay Canal. Walter Shanly and T.C. Clarke, two prominent civil engineers, were commissioned to survey the canal route and provide cost estimates. This step was taken in the hope of channeling traffic to Montreal despite Eric Jarvis' assertion that by the 1850s it had become obvious that the trading patterns had been "irretrievably



*McLeod Stewart, Mayor of Ottawa, 1887-1888.*  
Library and Archives Canada / C-002050

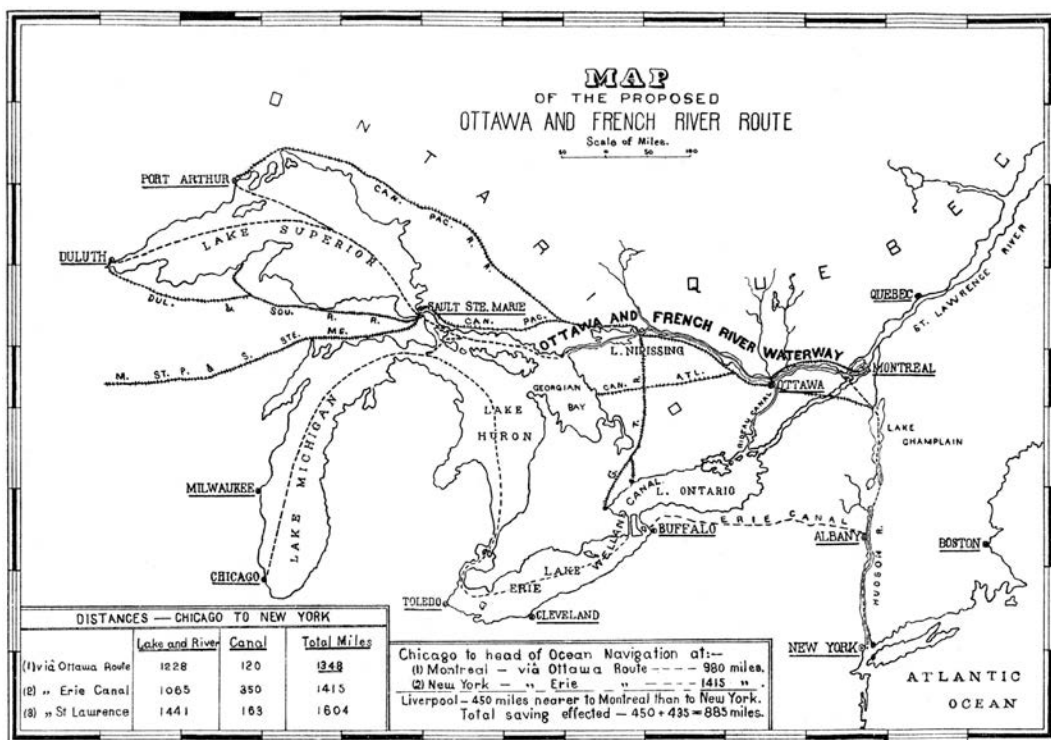
set by the superiority of New York over Montreal as an ocean port.”<sup>17</sup>

When McLeod Stewart took up the canal's banner in 1893, the idea was already some sixty years old. As it had in the past, the timing seemed favourable to the project. There was a growing belief that a deep inland waterway was necessary to serve the development of North America. Both the Canadian and American governments had taken an interest and in 1895 they appointed a Deep Waterway Commission to study the question.<sup>18</sup> The commission would recommend an

<sup>16</sup> Robert Legget, *Ottawa River Canals and the Defence of British North America* (Toronto: U of T Press, 1988), 243.

<sup>17</sup> Eric Jarvis, "The Georgian Bay Ship Canal: A Study of the Second Canadian Canal Age, 1850-1915," *Ontario History* 69:2 (1977), 126.

<sup>18</sup> Roberta Styran and Robert Taylor, *The "Great Swivel Link": Canada's Welland Canal* (Toronto: The Champlain Society, 2001), xxvi.



*Library and Archives Canada, Sir Wilfrid Laurier Papers, P8809*

expanded Welland Canal, but this did not discourage Stewart or his supporters from proffering the Georgian Bay Canal as an alternative.

Stewart himself came to the project through inheritance. His father had been a leading advocate of the canal. The first indication of Stewart's interest in the Georgian Bay ship canal is an 1891 letter from T.C. Clarke. Clarke informed Stewart that he and Arthur Forward, an Ottawa lawyer and associate of Stewart's in the canal project, had reviewed Clarke's original plans. There had been substantial changes that would require consideration. In particular, Lake Nipissing could no longer be raised as had been proposed, for it would mean flooding the

newly constructed town of North Bay and a section of the CPR. Clarke would therefore prepare a supplementary report.<sup>19</sup>

Stewart was gathering information to prepare for a public call for the canal's construction. In November 1893, he addressed the Ottawa Board of Trade in a speech entitled, "Ottawa An Ocean Port, and the Emporium of the Grain Coal Trade North-West." Calling for the construction of a canal from Montreal to Ottawa, Stewart asked the government to undertake the work and declared that "nowhere are a people more deserving of public recognition and favour" than in Ottawa.<sup>20</sup> He pointed to the \$20 million spent on the lumber trade in recent

<sup>19</sup> LAC, MG24, D101, vol. 4, T.C. Clarke to McLeod Stewart, 2 December 1891.

<sup>20</sup> McLeod Stewart, *Ottawa An Ocean Port And The Emporium Of The Grain And Coal Trade Of The*

years and suggested that a canal would only increase access to the forests of the Ottawa Valley. It would also harness the hydro-electric power of the rapids along the Ottawa River, to the benefit of industry.<sup>21</sup> Finally, Stewart gave an account of his last interview with John A. Macdonald, which had taken place a few months before the prime minister's death. Macdonald had placed his hand on Stewart's shoulder and told him "If you live to be as old as I am now, you will see a double track around Lake Superior, together with a ship canal by the Ottawa."<sup>22</sup>

Stewart's proposal did not go unchallenged. One member of the board wondered if "the extreme cost would make the scheme impossible of accomplishment." Another thought that shipping traffic patterns dictated that a ship canal would only work on the St. Lawrence.<sup>23</sup> Little did the gentlemen realize that they had made the recurring arguments that would forever doom the Georgian Bay Canal.

In the following weeks, Stewart re-examined the plans of the 1850s and grew convinced that he had been mistaken in restricting the canal. This smaller project was inextricably linked to the larger goal of a canal from Montreal to Georgian

Bay. Stewart believed that the larger project fell within the bounds of reason and would benefit not only Ottawa, but large sections of Canada as well.<sup>24</sup>

Apparently Stewart also decided that private enterprise rather than government should take up the project, and he sought an act of incorporation for a canal company. George Macdonell, M.P. for Algoma, introduced the bill on 12 June 1894.<sup>25</sup> It proceeded without debate and, with formal assent in July, the Montreal, Ottawa, and Georgian Bay Canal Company was created. Among its provisional directors were merchants from Ottawa, Pembroke, Arnprior, Aylmer and Port Arthur. Notables included Senator Francis Clemow of Ottawa, Charles Ramsay Devlin, a Canadian trade commissioner and later a minister in the Gouin Government in Quebec, and Francis McDougal, Stewart's predecessor as mayor of Ottawa. The company was empowered to construct a navigable channel of not less than nine feet depth from Montreal along the Ottawa, Mattawa, and French Rivers to Georgian Bay, subject to government approval of its plans. It was permitted to sell surplus hydroelectricity generated by the project and to issue bonds in the amount of \$30 million to finance construction.<sup>26</sup> The company was

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*North-West: A Paper Read Before The Ottawa Board Of Trade On Tuesday The 7th Of November, 1893*, 2nd ed. (Ottawa: Thoburn & Co., Printers, 1895).

<sup>21</sup> *Ibid.*

<sup>22</sup> "With Ocean Bottoms At Its Docks," *Ottawa Evening Journal*, 8 November 1893, 1.

<sup>23</sup> *Ibid.*

<sup>24</sup> Stewart, *Ottawa An Ocean Port*.

<sup>25</sup> The bill originally referred to the Montreal, Ottawa and Huron Canal. Its name had changed by the time of the third reading. Canada, House of Commons, *Debates*, June 1894, 4101.

<sup>26</sup> Robert Morgan, asserts that the known capacity of the river at the time was one million horsepower.



*Junction of the Ottawa and Mattawa Rivers, 1905. Canada. Dept. of Public Works/Library and Archives Canada/C-022118*

required to spend at least \$50,000 within two years and complete the canal system within eight.<sup>27</sup>

With this new vehicle for construction, Stewart set out to raise the necessary capital through an aggressive pamphletting campaign. In 1895, he published *Prospectus of the Montreal, Ottawa and Georgian Bay Canal Company*, describing the advantages of the new canal route. All current traffic, the pamphlet noted, entered Lake Huron at Sault Ste. Marie and subsequently diverted south to use the St. Lawrence and Erie Canal routes. The Georgian Bay Canal would enable traffic to continue along the 46th parallel to Montreal, providing a saving in distance of 368 miles over the St. Lawrence route to Montreal and 435 miles over the Erie Canal route to New York.<sup>28</sup> Moreover, the Georgian Bay Canal route would have only 29 miles of canal as opposed to

71 on the St. Lawrence and 351 on the Erie route. Ships would spend less time in constricted waterways where their speed was restricted. The result would be a savings of one and a half and four days over the St. Lawrence and Erie routes respectively, which would enable shippers to offer much lower prices. Stewart projected a price for shipping grain of three and a half cents per bushel, two and a half cents lower than the prevailing rate.<sup>29</sup>

As for concerns about the colder climate and a shorter shipping season, Montreal was practically the most northerly point on the system and the season would be about 210 days, or the same duration as the Sault Ste. Marie Canal through which all Lake Superior traffic flowed.<sup>30</sup> In fact, the cooler weather would be beneficial, permitting grain to travel under better conditions than alternate routes.

er. *The Georgian Bay Canal*, (Masters thesis, Queen's University, 1964), 57-58.

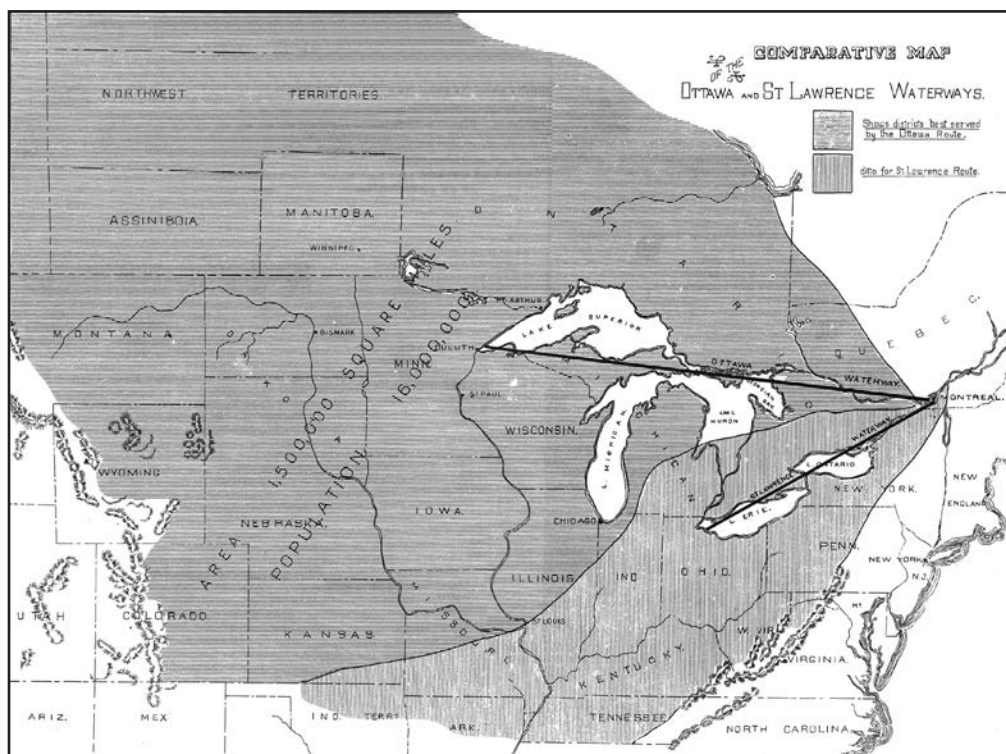
<sup>27</sup> Canada, *Statutes*, 1894, 57-58 Vic., c. 103, 12.

<sup>28</sup> *Prospectus of the Montreal, Ottawa and Georgian Bay Canal Company*, n.l., s.n., 1895.

<sup>29</sup> *Prospectus of the Montreal, Ottawa and Georgian Bay Canal Company*.

<sup>30</sup> The assertion of Montreal as the most northerly point is, of course, mistaken. North Bay is nearly an entire degree of latitude (46°20' as opposed to 45°32') north of Montreal. North Bay is south of Sault Ste. Marie, which suggests that the assertion about the season may be accurate.





*Comparative maps produced for the company consistently demonstrated that the canal would capture the vast majority of trade from the American Northwest and the Canadian West and funnel it through Montreal. Library and Archives Canada, Sir Wilfrid Laurier Papers, P8882*

Finally, there was an element of national security to the Georgian Bay Canal. The St. Lawrence routes all ran very close to the United States. The Georgian Bay Canal, would be completely controlled by Canada. The inevitable expansion of the canal (once the commercial benefits had been realized) to twenty-foot depth would mean that ships of the Royal Navy could pass through and arrive at Chicago from Montreal in about 100 hours.<sup>31</sup>

The canal would open access to millions of acres of timber and rich farmland in Northern Ontario. The ever-increasing uses of electricity meant that the power

the canal would generate would prove a “resource of inestimable value.”<sup>32</sup> Clearly, the prospectus suggested, while the canal would cost \$25 million, a conservative estimate of five million tons of traffic at a toll of fifty cents per ton would yield ample revenue to pay four per cent interest on the bonds, provide for maintenance and operation, a sinking fund, and dividends.

Certainly the Montreal, Ottawa and Georgian Bay Canal was beginning to attract attention. On 16 July 1895, the *New York Times* ran an editorial entitled “The Ottawa River Canal.” Given the overwhelming population growth in the area

<sup>31</sup> *Ibid.*

<sup>32</sup> *Ibid.*

of the Great Lakes and the advantages of time and distance to be offered by the canal, the paper estimated it was a project of great commercial significance.<sup>33</sup> To stir up public interest further, Stewart prepared a circular on the project in February 1896. It reiterated many of the arguments made in the company's prospectus, but in one paragraph, it outlined a vision of the future in which the canal could not but succeed. Canada had the potential for enormous development, it proclaimed, a potential that had barely been glimpsed. Along the entire line of the canal was a wealth of resources requiring only "the advent of cheap transportation to give rise to industries of great magnitude and supporting a large population."<sup>34</sup> The Canadian prairie was "on the eve of a progress in development more rapid than any it has hitherto known." Minerals lay along the north shore of the Great Lakes in a belt that stretched into Quebec. "Interspersed among the ridges of rock" could be found "many intervals of fertile land well adapted for agriculture."<sup>35</sup> The circular reached the only possible conclusion that "Everything indicates that NOW is the time for the Ottawa River to be

opened for traffic."<sup>36</sup>

Although he had managed to arouse public interest, Stewart was having difficulty finding investors. To entice them further he sought a government guarantee to pay the interest on the company's bonds. To this end, he submitted a petition to the Governor General in Council on 18 March 1896 and a revised version in May. The petition argued that the advantages of the Ottawa route had been recognized and that it was "the only possible *all-Canadian* route from the Great Lakes to the Atlantic."<sup>37</sup> It asked that the Government extend a twenty-year guarantee of four per cent interest on \$25 million in bonds. The petition asserted that Sir John Thompson had, as prime minister, supported such a guarantee, but his untimely death had prevented the issue from being raised earlier.<sup>38</sup>

Stewart also wrote directly to Prime Minister Wilfrid Laurier and urged the granting of the guarantee. Stewart stressed the amount of foreign capital that would be brought into the country and the number of men who would be employed by the project.<sup>39</sup> For Laurier's edification, Stewart enclosed several reports made by Marcus Smith, a prominent Canadian

<sup>33</sup> "The Ottawa River Canal," *New York Times*, 16 July 1895, 12.

<sup>34</sup> LAC, RG20, vol. 1133, file 3626, The Montreal, Ottawa & Georgian Bay Canal Company, Circular, 26 February 1896.

<sup>35</sup> *Ibid.*

<sup>36</sup> *Ibid.*

<sup>37</sup> LAC, RG6, vol. 92, file 1851, Petition of the Montreal, Ottawa and Georgian Bay Canal Company.

<sup>38</sup> *Ibid.* Stewart always maintained that Thompson had been a strong advocate of the project. In his December 1917 letter to Borden, he described his last meeting with the Prime Minister before he left for England and stated that Thompson had promised to provide a guarantee upon his return. However, there is no mention of the canal in the correspondence with Stewart in Thompson's Papers.

<sup>39</sup> LAC, MG26 G, Sir Wilfrid Laurier Papers, McLeod Stewart to Laurier, 12 November 1896.

engineer,<sup>40</sup> on the cost and feasibility of the canal. Four days later, Stewart again wrote to Laurier, enclosing a copy of the company's prospectus and assuring him that the project

has already been laid before the first bankers & capitalists in London, Edinburgh & Glasgow and there is only one opinion of the enterprise and project and the countenance, support and encouragement of the Government is all that is needed to make the enterprise the first in importance in the Dominion today.<sup>41</sup>

By January, Stewart had obtained a provisional agreement with S. Pearson and Son of London. The firm was responsible for major dock construction at Southampton and Halifax as well as the Hudson River tunnel in New York and the Grand Canal in Mexico. Stewart advised Andrew George Blair, Minister of Railways and Canals, of the agreement, noting that Pearson and Son would construct the canal in accordance with plans to be approved by the government. The agreement provided that only Canadian labour would be used, that all sub-contracts would be awarded to Canadians, and that in so far as was possible, the materials would be procured in Canada. Stewart urged that all that was needed to proceed was the requested guarantee.<sup>42</sup>

While he waited for the government to grant his request, Stewart continued

his public advocacy campaign. In February 1897, he issued an open letter to Clifford Sifton. In it, Stewart called the Canadian Northwest "the finest heritage God ever gave to a free people" and that while Canada had "the physical basis for an empire . . . the vital problem is the problem of transportation."<sup>43</sup> Rhetorically he asked if Sifton was aware of the agricultural potential of Northern Ontario, stating that "there are one million acres of land unoccupied which can grow fruit finer than anything in the Niagara peninsula" or of the million acres of spruce which would "command the pulp business of the whole civilized world." Stewart closed with the same expansionist tone, calling on the minister to "inaugurate a bold, vigorous and energetic immigration policy."<sup>44</sup>

By April, Stewart had not yet received a reply to the company's petition. He wrote again to Laurier emphasizing the urgency of the request and assuring the prime minister that with a letter from the cabinet, he could have the bonds underwritten by "people whose names are household words for wealth throughout the World." With the revenue from electricity and tolls, the bonds would be repaid in twenty-five years.<sup>45</sup>

In the summer of 1897, Stewart traveled to England to, as he described it

<sup>40</sup> Smith had worked on the Intercolonial Railway and been a senior engineer on the CPR.

<sup>41</sup> LAC, MG26 G, Sir Wilfrid Laurier Papers, McLeod Stewart to Laurier, 16 November 1896.

<sup>42</sup> LAC, MG27 II D15, Clifford Sifton Papers, vol. 296, file Stewart, M. 1897, McLeod Stewart to A.G. Blair, 3 January 1897,

<sup>43</sup> *Correspondence, Etc., Relating to the Montreal, Ottawa and Georgian Bay Canal* (Ottawa: Paynter & Abbott, 1897).

<sup>44</sup> *Ibid.*

<sup>45</sup> LAC, MG26 G, McLeod Stewart to Laurier, 10 April 1897.

to Laurier, “get in a ‘little fine work’” with the Imperial government with respect to the canal.<sup>46</sup> Before Stewart sailed, he wrote another open letter, this one addressed to A.G. Blair. The letter described the advantages to the Ottawa Valley if the canal were completed. The enormous hydroelectric powers, the availability of large quantities of spruce and hardwoods as well as minerals, would turn the Ottawa Valley into an industrial heartland driven by pulp and furniture manufacture. It would become, as Walter Shanly had predicted, “the workshop of America.”<sup>47</sup>

From England, Stewart wrote again to Laurier. He had met with former Canadian Governors General Lords Lorne and Lansdowne and both expressed support for the canal. Moreover, Lorne had promised to press the matter with Colonial Secretary Joseph Chamberlain. Stewart also had an appointment to meet with Lord Shelburne, the permanent Under Secretary of State for the Colonies where he expected to be a “persona grata.”<sup>48</sup>

Despite the apparent lack of response from the Canadian government beyond simple acknowledgement of Stewart’s letters, he had continued to press his case. However, after three years, the company had made little headway and expenses had been incurred. In November 1897, Stewart made an indenture agreement

with Francis Durant of London, England, for a £2,000 loan charged against the company’s charter.<sup>49</sup>

T.C. Clarke’s letter of 10 December must have come as some encouragement to Stewart. Clarke had reviewed the existing plans (from the 1850s) for the canal and determined that, with a few additional surveys “of no great amount or cost,” they could be put into a state for tendering contracts. Moreover, the improvements made in power drills and explosives meant that the work could be completed in less than the projected five years. Clarke also expressed tremendous confidence in Pearson and Son and in their engineer, Sir Benjamin Baker, describing him as “at the head of the Engineering profession in the British Empire. No engineer could be found whose opinions carry more weight, both with the Government and with investors.”<sup>50</sup>

On 18 February 1898, Stewart received additional encouragement from Parliament. Francis Clemow (one of the Canal Company incorporators) and Charles E. Casgrain, two Ontario members of the Senate, from Ottawa and Windsor respectively, moved to appoint a select committee to investigate the feasibility and advantages of a canal from Lake Huron to the St. Lawrence via the Ottawa River. The motion passed and a

<sup>46</sup> LAC, MG26 G, McLeod Stewart to Laurier, 14 August 1897.

<sup>47</sup> *Correspondence, Etc., Relating to the Montreal, Ottawa and Georgian Bay Canal* (Ottawa: Paynter & Abbott, 1897).

<sup>48</sup> LAC, MG26 G, McLeod Stewart to Laurier, 14 August, 1897.

<sup>49</sup> LAC, MG27 II D15, Clifford Sifton fonds, vol. 296, file Stewart, McLeod 1900, Ernest Salaman Fort & Co. to Messrs. Blackwell, 17 March 1899.

<sup>50</sup> LAC, MG24, D101, vol. 4, T.C. Clarke to McLeod Stewart, 10 December 1897.





*Virtually all of the produce of western Canada and the mid-west U.S.A. moved to eastern ports via canals. Thunder Bay Historical Museum Society, 972.239.8*

committee of nineteen was appointed.<sup>51</sup>

The committee met to hear evidence on 23 March 1898 from S.A. Thompson, the former secretary of the Duluth Board of Trade. As Robert Legget has noted, the committee's hearings took a rather unusual form. McLeod Stewart, although not a member of the committee, was permitted to ask questions of the witnesses and enter statements into the record.<sup>52</sup> Thompson spoke at length on freight rates, the advantages of water transport and the error of presuming canals to be at conflict with railways. Moreover, he believed that the development of the North American west would proceed at such a pace that it was not a matter of the Georgian Bay Canal competing with the St. Lawrence or Oswego routes, rather, all three would be needed to manage the

to compel universal peace.”<sup>53</sup>

On 3 May, the committee heard from Major General Sir William Julius Gascoigne, the senior army officer in Canada, and engineer Marcus Smith. The general asserted that the proposed waterway of fourteen-foot depth was sufficient and that British military officials strongly supported the project. Marcus Smith spoke on the construction of the summit section of the canal at Lake Nipissing. He maintained that the changes since 1860 could be worked around without great difficulty and with sufficient water for navigation.<sup>54</sup> He placed the total cost for a twelve-foot canal at \$15 million, but explained that additional surveys would be required before he could determine the cost of a fourteen-foot canal. He expected it

<sup>51</sup> *Report And Evidence Of The Senate Special Committee On The Feasibility And Advantages Of A Waterway Connecting Lake Huron With The St. Lawrence Via The Ottawa River, The Montreal, Ottawa And Georgian Bay Canal*, Ottawa: (S.F. Dawson, Printer to the Queen, 1898), 3.

<sup>52</sup> Legget, *Ottawa River Canals*, 259.

<sup>53</sup> *Ibid.*, 16.

<sup>54</sup> *Ibid.*, 22.

would not exceed \$25 million.<sup>55</sup>

The committee heard evidence for the final time on 12 May. James Meldrum, the head of the foreign department of S. Pearson & Son, confirmed that the company was prepared to undertake the project if the financial position was satisfactory (if the government provided a bond guarantee). Although he was not yet in a position to determine the cost, he was receiving information from McLeod Stewart to be able to do so.<sup>56</sup> Ormond Higman, the Chief Dominion Electrician, described the canal's electrical advantages.<sup>57</sup> He stated that the Ottawa River was "infinitely superior" to the Niagara for electrical purposes. Electricity was expected to come into use on long distance railways, and the canal's proximity to the CPR would make it useful for railway traffic.

While the committee drafted its report, Stewart wrote to Laurier and enclosed a draft of *An Act Respecting The Montreal, Ottawa and Georgian Bay Canal Company* for the prime minister's consideration. The Act provided for the government to pay up to \$340,000 per year as a guarantee of interest on the

company's bonds if its revenues were insufficient to meet the obligation.<sup>58</sup>

Laurier soon received additional prompting to grant the guarantee. On 31 May, W.J. Poupore<sup>59</sup> rose in the House of Commons to press the case of the canal company. In a thirty-minute speech, he reminded the House "We are not asked as a Government to put our hands into our pockets and to give to somebody else the money with which to construct this route."<sup>60</sup> Rather, the government would not be called upon "to pay one single cent until that project is completed."

N.A. Belcourt also spoke in favour of the canal. He acknowledged that while he had looked upon the promoters as "visionaries and dreamers," he was now satisfied that the project was "deserving."<sup>61</sup> The canal scheme was "no dream, no castle in the air, it is there in black and white."<sup>62</sup> He praised Stewart as a man of "tenacity, splendid courage and persistency" who "has devoted almost every hour and day of his life for years in bringing this subject to the attention of the public and Parliament."<sup>63</sup>

Not all members of the House sup-

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<sup>55</sup> *Ibid.*, 24.

<sup>56</sup> *Ibid.*, 30.

<sup>57</sup> The Chief Dominion Electrician, apart from having a curious title, seems to have been largely occupied with setting standards for the use of electricity.

<sup>58</sup> LAC, MG26 G, McLeod Stewart to Laurier, 24 May 1898.

<sup>59</sup> Poupore was the Conservative member for Pontiac. He was a Montreal businessman with various interests and would later become vice-president of the Canadian Federation of Boards of Trade and Municipalities, a group formed to lobby for the construction of the Montreal, Ottawa and Georgian Bay Canal.

<sup>60</sup> Canada. House of Commons, *Debates*, May, 1898, 6470.

<sup>61</sup> *Ibid.*, 6488.

<sup>62</sup> *Ibid.*, 6496.

<sup>63</sup> *Ibid.*, 6487.

ported the canal. One member challenged the wisdom of constructing a fourteen-foot canal as the class of cargo ship in use on the Great Lakes had a twenty-foot draft. Others suggested that without improving the port of Montreal, there was little point in building a canal to channel traffic there.<sup>64</sup> Israel Tarte, the Minister of Public Works, declined to comment<sup>65</sup> on the Georgian Bay Canal, but Laurier rose to respond.

Having listened with interest to the discussion, Laurier felt that Poupore had “jumped rather quickly at his conclusions.” “Have we before us the evidence that this canal can be built for the sum of \$17,000,000, and have we the evidence further that it would be a commercial success?”<sup>66</sup> Certainly, the project seemed feasible from an engineering perspective, but without confirmation that the canal could be built for the cost stated and would prove a commercial success the prime minister asserted that the Government should not “give even its moral sanction or authority to a sheme[sic], and thereby invite British capitalists to invest their money in it, unless there is a reasonable certainty that the money thus invested will yield a fair return.”<sup>67</sup> He cited the failed Chignecto

Ship Railway Company<sup>68</sup> as a recent example where investors had been induced to purchase bonds by the moral sanction of the Canadian Government. He did, however, believe that the project should not be “dismissed contemptuously” and that the government would be prepared to investigate the Georgian Bay Canal when there was reasonable assurance of its commercial success.<sup>69</sup>

The next day, the Select Senate Committee issued its report that “the construction of such a canal as that proposed by the Montreal, Ottawa and Georgian Bay Company is, beyond a doubt, feasible and practicable.”<sup>70</sup> Moreover, the canal would be “of great commercial advantage to the trade of Canada” and that the development of the water powers along the route would be useful for the growth of industry.<sup>71</sup> The committee strongly recommended that the government provide the necessary support to get construction underway.

Undoubtedly strengthened by the support of the Senate Committee and perhaps to answer Laurier’s call for information, Stewart sent the prime minister a business synopsis of the canal project on 6 June.<sup>72</sup> This was followed by a letter explaining the arrangement that Stew-

<sup>64</sup> *Ibid.*, 6500.

<sup>65</sup> Robert Morgan has asserted that Tarte was opposed to private ownership of the canal, preferring that it be a public work. Morgan, *The Georgian Bay Canal*, 36.

<sup>66</sup> *Ibid.*

<sup>67</sup> *Ibid.*, 6509.

<sup>68</sup> The railway’s history has strong parallels to that of the Georgian Bay Canal. See C.R. McKay, “Investors, Government and the CMTR: A Study of Entrepreneurial Failure,” *Acadiensis* 9:1 (1979).

<sup>69</sup> Canada. House of Commons, *Debates*, May, 1898, 6510.

<sup>70</sup> *Report of Special Senate Committee*, 7.

<sup>71</sup> *Ibid.*, 7.

<sup>72</sup> LAC, MG26 G, McLeod Stewart to Laurier, 6 June 1898.

art had made with S. Pearson and Son.<sup>73</sup> W.J. Poupore, the member who had introduced the subject in the House, also wrote to Laurier, enclosing a copy of T.C. Clarke's 1898 report, which he hoped would persuade the Prime Minister of the commercial viability of the project.<sup>74</sup> All Stewart received from Laurier, however, were simple acknowledgements of his letters.

### The New Dominion Syndicate

For six years, McLeod Stewart had lobbied to secure the necessary financing for the Georgian Bay ship canal. However, despite his political connections and support from the communities along the proposed route, the Laurier Government was not disposed to grant the company's request. In fact, Stewart felt his political connections were a hindrance. A lifelong Conservative, he later recounted to Prime Minister Borden that "in 1896 when the Laurier Government came into power it was given out by interested parties politically opposed to me . . . that as long as I was in the forefront of the Georgian Bay Canal the Laurier Government would do nothing."<sup>75</sup>

It seemed impossible to raise the nec-

essary capital without the government's guarantee of the company's bonds. The farthest Stewart appears to have progressed is a draft agreement with the B.N.A. Syndicate Ltd. of London, which would have seen the syndicate provide the \$50,000 CDN to meet the canal company's charter obligation.<sup>76</sup> However, there is no additional reference to the agreement and it appears that it was not executed.<sup>77</sup>

In light of such difficulties, in April 1899 Stewart concluded an agreement for the charter of the Montreal, Ottawa and Georgian Bay Canal Company to be sold to George Grote Blackwell of England. Stewart and the other incorporators would receive £5,000 when the government guarantee on the company's bonds was granted. Stewart would personally receive 20% of the stock in any new company to be formed for constructing the canal. He was also required to continue his efforts to secure a government bond guarantee for the company.<sup>78</sup>

Blackwell did not hold the charter long and the next month sold it to a group called the New Dominion Syndicate for £350 and stock in the venture.<sup>79</sup> Thus began a new era in the Georgian Bay

<sup>73</sup> LAC, MG26 G, McLeod Stewart to Laurier, 20 June 1898.

<sup>74</sup> LAC, MG26 G, W.J. Poupore to Laurier, 5 July 1898.

<sup>75</sup> LAC, MG26 G, McLeod Stewart to R.L. Borden, 17 December 1917.

<sup>76</sup> LAC, MG24, D101, vol. 4, Indenture of Agreement between McLeod Stewart and B.N.A. Syndicate Ltd. of London, 1897.

<sup>77</sup> LAC, MG24, D101, vol. 4, Memorandum of Agreement between Incorporators of the Montreal, Ottawa and Georgian Bay Canal Company and George Grote Blackwell, 18 April 1899.

<sup>78</sup> LAC, MG27 II D15, vol. 296, "Stewart, McLeod 1900," Memorandum of Agreement Made the 18th Day of April 1899,

<sup>79</sup> LAC, MG27 II D15, vol. 296, "Stewart, McLeod 1900," Memorandum of Agreement made the 2nd day of May 1899.



Canal project's history, for the New Dominion Syndicate would hold the charter for the next twenty-seven years. The new company also meant new investors and availability of capital. Already on 26 May 1899, James Malcolm, the manager of the New Dominion Syndicate, wrote to Stewart to inform him that to comply with the requirements of the company's charter £40,000 had been deposited with the Canadian Bank of Commerce.<sup>80</sup>

In June, Stewart cabled Malcolm informing him that Laurier wanted additional surveys completed before he would consider granting the guarantee and that additional funds were required for the purpose.<sup>81</sup> Malcolm was evidently frustrated and reminded Stewart that he had given him a plan for disposition of the funds, and asked Stewart not to attempt to rush the matter. Despite this frustration, Malcolm did believe that things were progressing rapidly. On 27 June, he cabled Stewart that he expect-

ed the next message would inform him that the government guarantee had been granted.<sup>82</sup> However, the syndicate's chairman, Sir Edward Thornton<sup>83</sup> had written Laurier on 19 June requesting a guarantee of two and a half per cent on \$30 million in bonds, and the prime minister had responded as he had to Poupore in the House. The information the government had received was too vague for serious consideration to be given to the guarantee. Detailed plans were required.<sup>84</sup>

The syndicate sought to provide those plans. On 4 July, Malcolm informed Stewart that £1,700 had been transferred to an account held jointly by Stewart and C. Johnston Edgerly, the syndicate's agent. Of this, £1,000 was to pay for a survey of the summit section of the canal, £200 was for Messrs. Pugsley and Tweedie,<sup>85</sup> and the remaining £500 was for general purposes. Malcolm asked Stewart to be careful in his expenditures, as the survey had been "sprung" on the

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<sup>80</sup> LAC, MG27 II H21, "Financial – Georgian Bay Canal, Correspondence with J. Edgerly, J. Malcolm, W. Pugsley, G. Elkin, R.W. Perks, 1899-1900," James Malcolm to McLeod Stewart, 26 May 1899.

<sup>81</sup> LAC, MG27 II H21, Stewart to Malcolm, 8 June 1899.

<sup>82</sup> LAC, MG27 II H21, Malcolm to Stewart, 27 June 1899.

<sup>83</sup> Sir Edward Thornton had been the British Ambassador to the United States for thirteen years and had helped negotiate the 1871 Treaty of Washington. He had remained in the diplomatic service until 1887 retiring to pursue various commercial ventures. T.H. Sanderson, "Thornton, Sir Edward (1817–1906)," rev. H.C.G. Matthew, *Oxford Dictionary of National Biography*, Oxford University Press, 2004, <<http://www.oxforddnb.com.proxy1.lib.uwo.ca:2048/view/article/36511>> accessed 8 Dec 2005.

<sup>84</sup> LAC, MG26 G, Laurier to Edward Thornton, July 3, 1899.

<sup>85</sup> Lemuel Tweedie at the time was Provincial Secretary of New Brunswick and would become premier the next year. William Pugsley was a former Solicitor General of New Brunswick and like Tweedie, would later become premier and Lt. Governor of the province. The two men were likely paid in this case because of their connections to the Dominion Minister of Railways and Canals and former New Brunswick Premier Andrew George Blair. Stewart would later claim to Sir Robert Borden that Tweedie and Pugsley had demanded several thousand dollars each to "handle" Blair. LAC, RG13, Series A-2, vol. 223, file 1918-1153, McLeod Stewart to R.L. Borden, 17 December 1917.

syndicate unexpectedly.<sup>86</sup>

By October, Henry Macleod, the engineer charged with the summit survey presented his report and Stewart forwarded a copy to Laurier in mid-December. Stewart also sent the prime minister a copy of the latest petition made to the government.<sup>87</sup> This petition increased the guarantee request to two and a half per cent on \$35 million for twenty years.

However, Stewart's relationship with the New Dominion Syndicate was rarely amicable and rapidly soured. On 10 August, the New Dominion Syndicate's secretary, George Elkin, had asked for receipts for the money cabled to Stewart. By 4 October, Elkin still had not received the requested receipts and warned that if the directors were not informed how their funds were being spent, no further monies would be sent.<sup>88</sup> James Malcolm's tone was one of exasperation with both Edgerly and Stewart,

Surely you don't consider a list of items such as ink pots, blotting paper and pens sent Mr. MacLeod, and unsigned, can with any possible stretch of imagination be accepted by the Directors as a voucher for outlays made. What we require are proper receipts from parties to whom you have made payments. Surely both of you must know what a receipt is.<sup>89</sup>

On 30 March 1900, George Elkin informed Stewart that as the syndicate had already paid Stewart £5,700, or £700 more than his agreement with Blackwell stated, the syndicate would not send further monies for Stewart's personal use.<sup>90</sup> Stewart was outraged. He responded on 14 April that only £3952.15.10 had been sent to him personally, the remaining funds being on joint account. Of this, he had spent £1360.08.00 on behalf of the syndicate. Therefore, the sum of £2207.12.2 remained due to him and he requested that it be remitted.<sup>91</sup>

In September, Sir Edward Thornton reiterated Elkin's earlier assertion, that as far as the syndicate was concerned, Stewart had been paid in full.<sup>92</sup> Money was not the only point of contention. Thornton admonished Stewart for sending a letter to William Pugsley that was "quite uncalled for" and which could not fail "to greatly prejudice the interests of all concerned." Further, he had learned that Stewart had been in contact with various ministers and members of parliament, and requested that Stewart not contact anyone regarding the enterprise without the permis-

<sup>86</sup> LAC, MG27 II H21, "Financial – Georgian Bay Canal, Correspondence with J. Edgerly, J. Malcolm, W. Pugsley, G. Elkin, R.W. Perks, 1899-1900," Malcolm to Stewart, 4 July 1899.

<sup>87</sup> LAC, MG26 G, Stewart to Laurier, Dec. 15, 1899, 20 December 1899.

<sup>88</sup> George Elkin to McLeod Stewart, Oct. 4, 1899, MG27 II H21, "Financial – Georgian Bay Canal, Correspondence with J. Edgerly, J. Malcolm, W. Pugsley, G. Elkin, R.W. Perks, 1899-1900," LAC.

<sup>89</sup> Malcolm to Stewart and Edgerly, 4 October 1899, *ibid.*

<sup>90</sup> LAC, MG27 II H21, "Financial – Georgian Bay Canal, Correspondence with J. Edgerly, J. Malcolm, W. Pugsley, G. Elkin, R.W. Perks, 1899-1900," George Elkin to McLeod Stewart, 30 March 1900.

<sup>91</sup> There is an apparent £200 error in Stewart's calculation. Presumably he meant that £1160.08 had been disbursed on the company's behalf. LAC, MG24, D101, vol. 4, Stewart to New Dominion Syndicate, 14 April 1900.

<sup>92</sup> LAC, MG24, D101, vol. 4, Sir Edward Thornton to McLeod Stewart, 11 September 1900.

sion of the syndicate “in whose hands alone the matter rests.”

Undoubtedly frustrated, Stewart took steps to sever his ties with the canal company. In December, he offered an option on his common stock in the Montreal Ottawa and Georgian Bay Canal Company to James Malcolm. Nominally valued at \$2 million, Stewart offered Malcolm a three-year option to purchase it for £25,000. The option's purchase price would be £3,000. On 13 March 1901, Malcolm and Sir James Kenneth Douglas Mackenzie took out the option.<sup>93</sup> Stewart also signed a second agreement with the New Dominion Syndicate. The 1899 agreement had required Stewart to use “his best endeavours” to secure the bond guarantee for the company. The new agreement stated that such action had now “been deemed undesirable,” and that the syndicate therefore released Stewart from this requirement. For his part, Stewart agreed to refrain from such action.<sup>94</sup>

However, Malcolm and Mackenzie failed to exercise their option, and two years later, in 1903, Johnston Edgerly approached Stewart about disposing of his entire interest in the project. He stated that the syndicate had decided that as no money was apparently forthcoming from

the Canadian government, it would consolidate the charter interests and transfer it to a group of English capitalists. He offered Stewart £350 upon the signing of the agreement and £6,000 more due on or before 13 March 1904.<sup>95</sup> A slightly modified agreement was signed five days later; Stewart would receive the £350 immediately, but the remainder would now be paid when the syndicate sold its interest in the charter, a modification that would later prove contentious. Stewart would also receive thirty per cent of any sum realized beyond the obligations and expenses incurred by the syndicate.<sup>96</sup> After nearly a decade, it seemed that McLeod Stewart had severed his connection with the Montreal, Ottawa and Georgian Bay Canal Company.

Stewart disappeared from public life for some two years. When he returned, he openly rejected his 1903 agreement with the syndicate and resumed his public advocacy of the canal with a speaking tour in Boston, Winnipeg, and Minneapolis/St. Paul on the waterways of Canada. He even sought a government grant of four or five hundred dollars to carry out the work.<sup>97</sup> On Dominion Day, 1906, Stewart wrote what would be the first of four open letters to Wilfrid Laurier on the Georgian Bay Canal project.

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<sup>93</sup> LAC, MG27 II D15, vol. 296, “Stewart, McLeod 1900,” McLeod Stewart to James A. Malcolm Esq., 3 December 1900.

<sup>94</sup> LAC, MG27 II D15, vol. 296, “Stewart, McLeod 1900,” Agreement Made This 13<sup>th</sup> Day Of March 1901.

<sup>95</sup> LAC MG24, D101, vol. 4, Edgerly to Stewart, 15 March 1903.

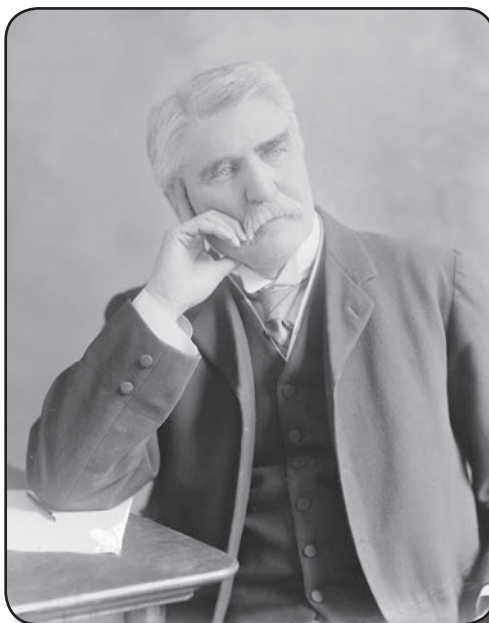
<sup>96</sup> LAC, MG27 II D15, vol. 296, “Stewart, McLeod 1900, Agreement Made This 20<sup>th</sup> Day Of March 1903.

<sup>97</sup> LAC, MG26 G, Stewart to Laurier, 10 March 1905.

Stewart's letters did not go unnoticed by the New Dominion Syndicate. In March 1907, N.A. Belcourt and J.A. Ritchie, lawyers representing the syndicate, approached Stewart's attorney, R.V. Sinclair, about the open letters that Stewart had printed and which were being widely circulated. They noted that such action was "at variance" with Stewart's March 1901 agreement. Moreover,

Stewart was allegedly making false statements. His 1 July 1906 letter identified him as the original promoter and principal owner of the canal charter, although he had sold his interest to the syndicate in 1903. Belcourt and Ritchie stated that they would have no choice but to initiate proceedings against Stewart if he continued.<sup>98</sup> However, Ritchie wrote to Johnston Edgerly three days later expressing the sentiment that it would be impossible to enforce the agreement.

In view of the fact that Mr. Stewart's mental condition is apparently such as to indicate that his mental faculties have



*Active in the Caledonian Society and an advocate of the "All Red Route," Stewart, seen here in 1911, is the picture of a Canadian imperialist. Topley Studio/Library and Archives Canada/C-116233*

become seriously impaired and of the fact that it is common knowledge hereabouts that he has only lately returned after spending nearly two years in the Asylum at Verdun,

Ritchie felt nothing Stewart said would be taken too seriously.<sup>99</sup> Seeking enforcement of the agreement would only generate public sympathy for Stewart. Ritchie hoped, therefore, that R.V.

Sinclair would be able to persuade Stewart to abide by the agreement.

Stewart, however, would not yield. He claimed to be the principal owner of the canal charter because he disputed the 1903 agreement he had signed with the syndicate. Stewart stated he had been under the impression that the final agreement reflected the earlier terms that the syndicate would pay Stewart the £6,000 by 13 March 1904 rather than when it sold the charter. To clarify his legal position, Stewart sought the advice of his former partner, F.H. Chrysler.<sup>100</sup> Chrysler suggested that reasonable time had

<sup>98</sup> Belcourt and Ritchie to R.V. Sinclair, 4 March 1907, MG27 II D15, vol. 296, "Stewart, McLeod 1900," LAC.

<sup>99</sup> S.J. Ritchie to Edgerly, 7 March 1907, *ibid.*

<sup>100</sup> Opinion of F.H. Chrysler, 28 February 1907, MG24, D101, vol. 4, "Georgian Bay Canal: McLeod Stewart vs New Dominion Syndicate," LAC.



elapsed for the conclusion of the agreement, and on 5 July 1907, Stewart sent the syndicate notice that the sum of £6,000 remained due to him and that he would consider the agreement rescinded unless payment was made by 1 November.<sup>101</sup> The syndicate refused to pay and in 1918 Stewart filed suit in Ontario's High Court of Justice.

Clearly, Ritchie's allegation that Stewart was mentally ill requires a measure of elaboration. Ritchie's description of Stewart's time in Verdun concurs with the claim Stewart filed with the secretary of state that he spent fifteen months in Verdun hospital after falling on a ragged piece of carpet.<sup>102</sup> Such a condition would also serve to explain Stewart's often-eccentric behavior. However, Stewart's letters to his wife Linnie during his time at Verdun are largely descriptions of daily life at the hospital and only refer to his being "sad and sore." They portray a man more exhausted than erratic.<sup>103</sup>

William Lyon Mackenzie King was familiar with McLeod Stewart. King had fancied Stewart's daughter Mina, and spent considerable time at the family home. In a telling 1914 comment in his diary, he observed that Stewart's wife

and daughters were a "brave and fine lot of women" in a "home shattered through a man's vanity and drink, – a generous nature wasted into imbecility, and the innocent made to suffer." Of McLeod Stewart, he declared "it was prosperity that was harder on him than adversity. He is in the asylum today, his brains wasted by liquor."<sup>104</sup>

King's is the only reference to Stewart's drinking, but the depositions in Stewart's lawsuit against the syndicate offered further insight into his health. In his claim, Stewart asserted that he was ill at the time of the 1903 agreement and "unable to understand or appreciate the terms of the said agreement."<sup>105</sup> In his 1918 deposition in the suit, Johnston Edgerly, the syndicate's Canadian agent, affirmed that he had heard Stewart had been ill for a long time. He observed that Stewart was a "peculiar man," and although he avoided a direct characterization, he hinted at Stewart's illness in a comment that Stewart's habits "were once, were very – I don't know what I would say; I think everyone in Ottawa is familiar with Mr. Stewart."<sup>106</sup>

In his own deposition, Stewart was examined by syndicate attorney J.A. Ritchie. When Ritchie questioned him

<sup>101</sup> "Statement of Claim as Amended by Order dated the 27th day of June 1918," MG24, D101, vol. 4, "Georgian Bay Canal: McLeod Stewart vs New Dominion Syndicate," LAC.

<sup>102</sup> RG13, Volume 1915, file 1908-813, LAC.

<sup>103</sup> MG27 II H21, file "12 Personal and Social correspondence," LAC.

<sup>104</sup> MG26 J13, William Lyon Mackenzie King Fonds, Diaries, 6 January 1914, 2414-5.

<sup>105</sup> "Statement of Claim as Amended by Order dated the 27th day of June 1918," MG24, D101, vol. 4, "Georgian Bay Canal: McLeod Stewart vs New Dominion Syndicate," LAC.

<sup>106</sup> Examination of Johnston Edgerly, 1 June 1918, MG24, D101, vol. 4, "Georgian Bay Canal: McLeod Stewart vs New Dominion Syndicate," LAC.

about his health, specifically Stewart's "mental trouble," Stewart affirmed that he had been ill and described his condition as "a trouble relating to the nerves" and that "some Doctors call it the graves."<sup>107</sup> If, as Stewart appeared to assert, he was afflicted with Graves Disease, it would certainly account for his eccentric behaviour. The teetotaler Mackenzie King may have hastily attributed Stewart's problems to alcohol.

While the precise cause of Stewart's difficulties is unknown, his condition and the syndicate's efforts did not prevent him from issuing a fourth open letter on the Georgian Bay Canal in 1908. In it, he wrote to Laurier, "For nearly 35 years you and I have been personally and socially acquainted and although we have not been able to see eye to eye politically, yet nevertheless I feel satisfied that our visions are the same from a national and imperial standpoint."<sup>108</sup> He declared the canal to be "An All Red Route," one of enormous potential for Canada.<sup>109</sup>

Stewart's writing grew increasingly aggressive towards the New Dominion Syndicate. On 3 October 1908, he wrote to William Pugsley in Saint John, now the Dominion public works minister, who had earlier pressed the syndicate's case with the government. Stewart claimed to

have told Laurier about Pugsley and L.L. Tweedie and threatened that when that information came to light, it would drive Pugsley from public life and have Tweedie impeached as Lieutenant Governor of New Brunswick. Stewart declared "You will be on the refuse dump on the 26th instant or in a stone house near Kingston known as Earl Gray's boarding house. I challenge you to come to Ottawa and meet me on the hustings."<sup>110</sup> A similar challenge for public debate was issued to N.A. Belcourt though there is no indication that either accepted, and Tweedie served out his term.<sup>111</sup>

In December 1908, Stewart sent what would be his last letters to Laurier regarding the canal. He forwarded some recent magazine articles on the canal and on 13 December, he informed Laurier that he had

a proposition to submit to you . . . which will relieve your Government of any present liability but which will ensure the immediate construction of that great work which is so near to my heart and is fraught with such immense possibilities for all Canada.<sup>112</sup>

Unfortunately, Stewart did not elaborate on his plan. He requested an immediate interview to discuss the matter, but the reply from Laurier's private secretary suggests that one was not granted.

<sup>107</sup> Examination of the Plaintiff, 1 June 1918, MG24, D101, vol. 4, "Georgian Bay Canal: McLeod Stewart vs New Dominion Syndicate," LAC.

<sup>108</sup> Stewart to Laurier, Open Letter No. 4, 1 February 1908, MG26 G, LAC.

<sup>109</sup> *Ibid.*

<sup>110</sup> MG4, D101, Stewart to Pugsley, 3 October 1908, MG24, D101, vol. 4, LAC.

<sup>111</sup> Stewart to Belcourt, 18 October 1908, *ibid.*

<sup>112</sup> Stewart to Laurier, 13 December 1908, MG26 G, LAC.

## Hopes Raised and Dashed

Laurier's defeat in the 1911 election had little to do with the Georgian Bay Canal, but it was certainly cause for celebration in Stewart's mind. F.D. Monk, the new Minister of Public Works, represented Montreal, and was an avid supporter of the canal. The new Minister of Railways and Canals, Frank Cochrane, represented the Nipissing district along the route, and presumably would also prove himself an ally.<sup>113</sup> Jubilant, Stewart wrote to Prime Minister Robert Borden, in September. A Conservative himself, Stewart was happy that the party had returned to power and predicted; "Now I will get fair play in the Georgian Bay Canal now I will be dealing with honourable men." Stewart also offered Borden the benefit of his wisdom: "I was glad you were able to go & see your mother. I am seven years older than you and want to give you advice. Be good to your mother because you can only have one mother but you can have as many wives as the law allows."<sup>114</sup>

However, just as opportunity seemed to knock, Stewart's health impeded his work. He returned to the asylum for an

extended period. Although undated, his letters to his wife from the hospital refer to the recent sinking of the Titanic in April 1912, and King's diary states that Stewart was in the asylum in January 1914.<sup>115</sup>

In Stewart's absence, the canal project found other champions. In late November 1911, a group of MPs representing ridings along the canal route visited Prime Minister Borden to urge prompt construction.<sup>116</sup> Two large delegations visited Borden in March to advocate support for both the Georgian Bay Canal and the improvement of the rival Welland Canal. However, the prime minister insisted that swift action was impossible and further study required.<sup>117</sup> The New Dominion Syndicate, anxious to realize a return on its interest, also pressed the government for construction. Sir Robert W. Perks,<sup>118</sup> the syndicate's spokesman, was a frequent correspondent of Borden's.

Despite this intensified lobbying, in 1912, the Department of Public Works decided to pursue the expansion of the Welland Canal instead of the Georgian Bay Canal.<sup>119</sup> To mollify the supporters of the Georgian Bay project, the Canadian

<sup>113</sup> Morgan, *The Georgian Bay Canal*, 54.

<sup>114</sup> Stewart to Robert Borden, 24 September, 1911, MG26 H, LAC.

<sup>115</sup> MG27 II H21, "file 12 Personal and Social correspondence" and MG26 J13, 6 January 1914, 2414-5.

<sup>116</sup> "Asked Premier to Build Big Canal," *The Star*, Toronto, 22 November 1911, 1.

<sup>117</sup> Sir R.L. Borden to R. Reford, 5 March 1912, MG26 H, LAC

<sup>118</sup> Sir Robert W. Perks was a Lincolnshire MP, who as a young lawyer, had established a reputation for steering company bills through British Parliament. He had also been associated with railways and other large engineering schemes including the Manchester Ship Canal and the Severn Tunnel. O.A. Rattenbury, "Perks, Sir Robert William, first baronet (1849-1934)" *Oxford Dictionary of National Biography*. OUP, 2004.

<sup>119</sup> Styran and Taylor, *The Great Swivel Link*, xl.

Government's supplementary estimates of March 1912 included \$100,000 for the Georgian Bay Canal and, in February 1914, a royal commission to study the project was announced by Robert Rogers, Minister of Public Works.<sup>120</sup> Perks became convinced that the government would never support the project and began to lobby for government purchase of the charter and compensation for the New Dominion Syndicate.<sup>121</sup>

McLeod Stewart did not abandon his cause so readily. In December 1917, he sent his final letter on the subject of the Georgian Bay Canal. Entitled Open Letter No. 1, it was presumably intended to form part of a series of such letters. In it, he outlined the efforts he had made over the previous decades to secure the canal's construction. He also attacked Sir Robert Perks as having made "a miserable fizzle" of the project. He described the \$800,000 expenditure by the Laurier government on a survey of the canal<sup>122</sup> as veiled patronage, some \$250,000 being spent on the eve of the 1904 general election.

Stewart also described rumours he had investigated that Laurier had delayed

the project because of Stewart's involvement. On confronting Laurier, Stewart explained, the prime minister had merely smiled and remarked that "The Georgian Bay Canal without you would be like the play of Hamlet with Hamlet left out."<sup>123</sup> Stewart described N.A. Belcourt and William Pugsley as twin brothers in graft, and claimed to have provided \$50,000 in stock and over \$5,000 in cash to secure their cooperation in assuring Laurier's and A.G. Blair's support for the canal. Stewart closed his letter, declaring,

I desire to inform you, as you are already aware, that I have never released my interest in, nor divested myself of my rights to the above project, and furthermore I will unfold to you in the next letter positive and unshakeable evidence of a dastardly and diabolical conspiracy to deprive me of my rights herein in which Messrs. Pugsley, Belcourt, and a divorced American of New Hampshire, U.S.A., named Edgerly were three of the chief conspirators; others will be named hereafter.<sup>124</sup>

Stewart never pursued the matter with the prime minister. His 1918 lawsuit against the New Dominion Syndicate hinged on a tenuous argument. During the depositions, the syndicate established that Stewart's attorney, R.V.

<sup>120</sup> "To Spent 33 Millions the Very First Year in Power," *The Star*, Toronto, 27 March 1912, 2 and Morgan, *The Georgian Bay Canal*, 68.

<sup>121</sup> Morgan, *The Georgian Bay Canal*, 71.

<sup>122</sup> From 1904 to 1908, the Canadian Government conducted a survey of the Georgian Bay Ship Canal as a public work. However, the estimated \$100 million cost of a twenty-foot canal was found to be excessive.

<sup>123</sup> McLeod Stewart to R.L. Borden, Dec. 17, 1917, RG13, Series A-2, vol. 223, file 1918-1153, LAC.

<sup>124</sup> Stewart's claim not to have divested himself of his interest is certainly at odds with his agreements with Pugsley and Malcolm and his affidavit that a sale of his interests was executed in 1908. (William Stewart and Family Fonds, Affidavit of McLeod Stewart, 20 May 1908). However, Stewart received shares in the Great Lakes Securities Corporation when the Sifton interests incorporated it to oversee the Canal project. It seems that Stewart had maintained some financial interest in the company until his death. *Ibid.*

Sinclair rather than Stewart himself had handled the negotiations, undermining Stewart's case. Ultimately, the suit was dismissed with costs on 6 June 1918, and a subsequent appeal was dismissed in November of that same year.<sup>125</sup>

For the remaining nine years of his life, Stewart apparently abandoned the cause that had consumed him. On 9 October 1926, he died suddenly at the age of 80. The list of mourners who attended his funeral indicates that he was still well-connected in Canadian society. Sir George Perley, former Borden cabinet minister and High Commissioner to Great Britain during the First World War, Sir Percy Sherwood, former Chief of Dominion Police, and General C.H. Maclaren, a celebrated Canadian artillery commander of the First World War, all attended, along with a number of parliamentarians.

### The Canal Company's Final Years

Fittingly perhaps in the same year, Parliament refused to renew the Georgian Bay Canal charter.<sup>126</sup> After Stewart had sold his interest, the Montreal, Ottawa and Georgian Bay Canal Company had ceased to be interested in transportation improvements. The New Dominion Syndicate, for all their initial efforts, ultimately abandoned the idea and sought to sell the charter back to the Canadian

government. In 1926, they thought they had recouped their losses when Winfield Sifton, son of Sir Clifford Sifton, created Metropolitan Securities Limited to purchase the charter. The Siftons also had no desire to construct the canal, and said as much publicly. Their interest lay in the enormous hydroelectric potential of the Ottawa River, and the license to develop and sell it conferred by the canal charter. Public opposition to private power, particularly from the Ontario government, was largely the reason why the charter renewal of 1926 was defeated and the charter allowed to lapse.

Undaunted, the New Dominion Syndicate spent another nine years seeking £180,000 compensation for the government's refusal to approve the company's plans. Sir William Van Horne's 1907 warning to Sir Wilfrid Laurier that Perks was not interested in building the canal, only in receiving payment for his interests, had proved prophetic.<sup>127</sup> For its part, the government maintained that the company had never submitted detailed plans. Confident in its legal position, the government refused to offer compensation.

### Doomed from the Start?

Ultimately, Robert Morgan has argued, the canal was doomed for several reasons. First, it had powerful opponents. The goal of drawing traffic

<sup>125</sup> Stewart vs New Dominion Syndicate, Brief for the Plaintiffs, MG24, D101, vol. 4, "Georgian Bay Canal: McLeod Stewart vs New Dominion Syndicate," LAC.

<sup>126</sup> The time limit imposed by the charter meant that every two years, the Company was required to seek renewal unless it had begun construction. Until 1926, the renewals were simply routine with little or no debate.

<sup>127</sup> Morgan, *The Georgian Bay Canal*, 45.



to Montreal and the potential diversion of resources away from expanding the Welland Canal were both at odds with the interests of Southern Ontario's municipal and business leaders. Moreover, the Welland was a proven project and was thus easier to fight for.<sup>128</sup> The estimates for the cost of the Georgian Bay Canal varied widely with figures ranging from \$12 million to \$100 million being offered for a range of different channel depths.<sup>129</sup> Laurier's concern about a lack of evidence that the canal could be built for the estimated amount was likely well-founded.

The basic premise of the canal may also have been flawed. The Borden Government's royal commission on the canal concluded that traffic flowed to Montreal or New York based on oceanic shipping factors rather than inland transportation facilities.<sup>130</sup> Finally, in an era when private ownership of natural resources, especially hydro, was under increasing attack, the canal's failure to become a public rather than private project meant it was unlikely to receive public support.<sup>131</sup>

The forces that prevented its construction could not destroy the dream. The Georgian Bay Canal continued to capture the imagination of Canadians into the 1970s, when a delegation visited the minister of transport to press its con-

struction. The Department of Transport subsequently drafted a memorandum on the subject for the minister. Estimates showed that the toll revenues would be insufficient to cover even the maintenance costs of the canal.<sup>132</sup>

To the Canada of the early 1970s, the canal could not seem anything but a ridiculous proposition, "a castle in the air" as Belcourt had put it in 1898. It was a product of a different era, of the boundless optimism that marked turn-of-the-century Canada and as such, offers us a glimpse into Canada's vision of its own future at that time.

### A Means to Empire

McLeod Stewart's assertions that fruit finer than in the Niagara could be grown in Northern Ontario, that the Rainy River gold fields would prove richer than those of South Africa, and that the Ottawa Valley could be the workshop of North America, were all expressions of that optimism. As advocates of the canal often said, it was not a question of which canal should be built. All would be needed to move the production of the booming Canadian economy. Sir Wilfrid Laurier's expression that Canada would "fill" the twentieth century remains the most famous elucidation of this unbridled enthusiasm.

<sup>128</sup> Morgan, *The Georgian Bay Canal*, 96.

<sup>129</sup> \$12 million is the figure Marcus Smith gave the Parliamentary Committee in 1898 for a 12 foot canal. \$100 million was the figure the company gave in 1908 for a 26 foot canal.

<sup>130</sup> *Ibid.*, 75.

<sup>131</sup> *Ibid.*, 98.

<sup>132</sup> Montreal to Georgian Bay Waterway: A Report, 6 February 1970, RG 12, vol. 364, file 4284-9 Part 5, LAC.

Bound up in this optimism was the question of empire, both political and economic. An active member of the Caledonian Society and an advocate of the "All Red Route," Stewart is the picture of a Canadian imperialist. George Foster, later a Borden cabinet minister, once likened him to Cecil Rhodes (a comparison that Stewart was certainly flattered by).<sup>133</sup> Concerned with titles, he sought a knighthood and later pressed Ontario Premier James Whitney to name him a King's Counsel.

It is unsurprising that Stewart's rhetoric parallels that described by Carl Berger in his classic study *The Sense of Power*. Berger describes imperialist faith in material progress and explains that such thought existed at a time "when men so easily assumed that the spectacular rate of growth would continue almost indefinitely into the future that their accounts betrayed the excessive optimism characteristic of the faith in progress."<sup>134</sup> Stewart's speeches were rife with examples of such thinking. The imperialist notions of the environment and the national character which Berger documents also appear in Stewart's writing. Berger's conclusion that it was believed to be "all to our advantage that 'we have a rigorous winter and that the climate is a bit hard

at times' for from struggle would come strength and from strength, superiority,"<sup>135</sup> finds parallels in Stewart's 1896 circular. Speaking of the Ottawa Valley, Stewart asserted that "it has been learned that the whole of this region has a fine, if rigorous climate, capable of producing the best type of physical manhood."<sup>136</sup>

The Montreal, Ottawa and Georgian Bay Canal was as much a means to economic prosperity as to political empire. In his examination of the various projects to construct a ship canal into Georgian Bay, Eric Jarvis comments that the common theme of such efforts was to "establish a Montreal based trading network capable of defeating the challenge of the Erie Canal-Hudson River route to the port of New York," to restore "the great St. Lawrence commercial empire."<sup>137</sup> As to the Montreal, Ottawa and Georgian Bay project, Jarvis and Robert Morgan are in complete agreement on this point.<sup>138</sup> Of all the reasons given for construction, a shorter distance for shipping to Montreal was paramount. Comparative maps produced for the company consistently demonstrated that the canal would capture the vast majority of trade from the American Northwest and the Canadian West and funnel it through Montreal.<sup>139</sup>

<sup>133</sup> George E. Foster to McLeod Stewart, 17 January 1899, MG24, D101, vol. 4, LAC.

<sup>134</sup> Carl Berger, *The Sense of Power* (Toronto: UofT Press, 1970), 113.

<sup>135</sup> *Ibid.*, 129.

<sup>136</sup> The Montreal, Ottawa & Georgian Bay Canal Company, 26 February 1896, RG20, vol. 1133, file 3626, LAC.

<sup>137</sup> Jarvis, "The Georgian Bay Ship Canal: A Study of the Second Canadian Canal Age, 1850-1915," 125, 145.

<sup>138</sup> Morgan, *The Georgian Bay Canal*, 2.

<sup>139</sup> Comparative Map of the Ottawa & St. Lawrence Waterways, RG20, vol. 1133, file 3626, LAC.

William Lyon Mackenzie King had remarked that Stewart “might have been one of the great men of Canada” but for his illness.<sup>140</sup> In 1898, W.J. Poupore declared: “The future historian of this country will write a page in golden letters chronicling the work of McLeod Stewart.”<sup>141</sup> This article shows that his work was something less. In his final letter to Borden, Stewart claimed to have gone to extraordinary lengths in support of the project, even so far as metaphorically “killing” prime ministers with his inter-

minable lobbying. Despite such efforts, he made little headway. The Welland Canal was a proven project, and in the wake of other failures such as the Chignecto Marine Railway, there were few in Ottawa who wished to gamble on a larger scheme. Ultimately, Stewart himself is more important than his work. He is a potent illustration of the Canada of the Laurier boom. Stewart, like his greatest project, was the product of a vision of the future that never came to pass, of a century that belonged to Canada.



<sup>140</sup> MG26 J13, 6 January 1914, 2415.

<sup>141</sup> Canada, House of Commons, *Debates*, 31 May 1898, 6468.