as collateral for its own investments. Within three years, both the Morris Company and the Pennsylvania Bank went broke, leaving Michigan with a $5 million debt scattered among European investors.

The Clinton-Kalamazoo Canal

An even greater disaster were the projects Michigan built. First was a canal that was to begin in Clinton Township near Detroit and extend 216 miles west to Kalamazoo. The Clinton-Kalamazoo Canal began with high hopes and much fanfare. Mason broke ground in Mt. Clemens in 1838 to celebrate the start of digging. Bands, parades, speeches, and a 13-gun salute commemorated the occasion. Then came reality. The Board of Internal Improvements, which Mason appointed to supervise the projects, hired different contractors for each mile of the canal, and these contractors each had different ideas on how to build a canal. One thing they all did wrong was to make the canal only 20 feet wide and four feet deep—too shallow for heavy freight and too narrow for easy passing.

After seven years and only 16 miles of digging, the ledger for the unfinished canal read: "Expenses $350,000, Toll Receipts $90.32." With funding scarce, the board decided sometime around 1843 to cut its losses, abandon the canal, and focus on the two railroads. When construction on the canal stopped, some workers went unpaid and they stole materials from the three locks on the canal. Soon even the completed parts of the canal were ruined.

The Michigan Central Railroad

The two railroads also had problems. The Michigan Central was to go from Detroit west through Ann Arbor, Jackson, and Kalamazoo and on to St. Joseph on Lake Michigan. Boats at St. Joseph could then take freight or passengers to Chicago and back. The route went through prosperous wheat farms and the state's larger cities, but poor construction and management of the road drained most of its profits each year. The Central was built with strap-iron rails, which consisted of thin strips of iron strapped onto wooden rails. These rails were too fragile to carry heavy loads. Rather than switch to the more expensive and durable T-rails, the Board of Internal Improvements chose to run regular heavy shipments over the existing tracks and repair them frequently. Not only was this practice dangerous, it was more costly to the state in the long run.

Robert Parks, who wrote a detailed book on Michigan's railroads, found a deplorable situation on the Central:

> [O]verloaded locomotives were run at twice the recommended safe speed. Under the strain of continuous operation and jarring impact of high speed on strap-iron rails, locomotives and cars were shaken to pieces, and the cost of operation mounted dramatically. Rails were broken and timbers crushed under the heavy loads bouncing over their surface.

By 1846, the Central had been extended only to Kalamazoo. It had technically been profitable each year, but did not earn enough to pay for needed repairs and new rails.

The Michigan Southern

The second railroad, the Michigan Southern, was to parallel the Central in the southern tier of counties from Monroe to New Buffalo. Financially, the Southern was a stunning failure. It had the same problem as the Central, with heavy loads on strap-iron rails. What's worse, the Southern was built poorly: the roadbed was shaky and the curves too sharp for locomotives. Monroe, on Lake Erie, proved to be too shallow a port for heavy freight to enter or exit. Also, the towns west of Monroe were too small to send much traffic on the Southern. By 1846, the road had only reached Hillsdale, about half-way across the state. It had cost over $1.2 million to build that far and its earnings were small. The road did little to move goods or people across the state; it drained capital that could have been used more wisely.

Michigan spent almost $4 million on the Clinton-Kalamazoo Canal, the Michigan Central, and the Michigan Southern. The state

Stevens T. Mason

spent about $70,000 surveying the Michigan Northern Railroad, from Port Huron to Lake Michigan, before abandoning it. It also spent $47,000 clearing the route for a canal and turnpike near Saginaw. Officials soon quit the project, and the materials "either rotted or were expropriated by local residents."

Many of these problems occurred after Mason's terms as governor, but he received most of the blame because he had touted the projects and signed the loan. In 1837, he had narrowly won re-election, but in 1839 his Whig critics were loud and brutal. Mason chose not to seek a third term. By that year he had begun to consider if the problems with the projects were more than just bad luck or poor management. Maybe the state should never have drifted into economic development. In Mason's final address as governor, he said:

> [T]he error, if error there is, was the emanation of that false spirit of the age, which forced states, as well as individuals, to over-action and extended projects. If Michigan has overtasked her energies and resources, she stands not alone, but has fallen into that fatal policy, which has involved in almost unparalleled embarrassments so many of her sister states. Now, however, the period has arrived, when a corrective should be applied to the dangers which seem to surround her.

A "false spirit of the age," Mason said, may have moved states into the "fatal policy" of funding state projects. Michigan had too many railroads and canals and too few people to pay for them. But, as Mason had begun to realize, in a state-supported system this result would have been hard to avoid. The funding must come through the legislature, and the legislators naturally wanted projects in their districts. Jobs and markets were at stake. Some historians have suggested that if the Michigan Central had been the only project built, the strategy of state funding might have worked. But this was politically impossible. The legislators in the towns along the Central—Detroit, Ann Arbor, and Kalamazoo—needed votes from elsewhere to have their railroads built. The price for these votes was a commitment to build canals in Mt. Clemens and Saginaw and a railroad in Monroe and Hillsdale.

Political Manipulation

Mason actually saw this problem early and tried to stop it by centralizing power in the Board of Internal Improvements. The board's decisions, however, proved to be just as politically motivated as the legislature's. Many legislators pressured (and possibly bribed) members and some secretly made money from projects.

The story of Levi Humphrey is a case in point. Mason appointed Humphrey, a key Democrat in the state, to the board. When Humphrey took bids for constructing the Michigan Southern, he manipulated the results to assure that his friends in the firm of Cole and Clark won the contracts. Cole and Clark then charged three to four times the market price for supplies. When the complaints reached the legislature, Cole and Clark used some of their profits to bribe witnesses. The Whigs complained loudly, but when they won the governorship in 1839, they did not do