

The Lehigh Coal and Navigation Company

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THE PROJECT

The assignment was to develop and investigate a thesis pertaining to a major method of transportation used before 1850 and its relation to American or local economic development.

My hypothesis was that the Lehigh Canal was inherently unprofitable and succeeded as a business entity only due to fortuitous and unforeseen circumstances.

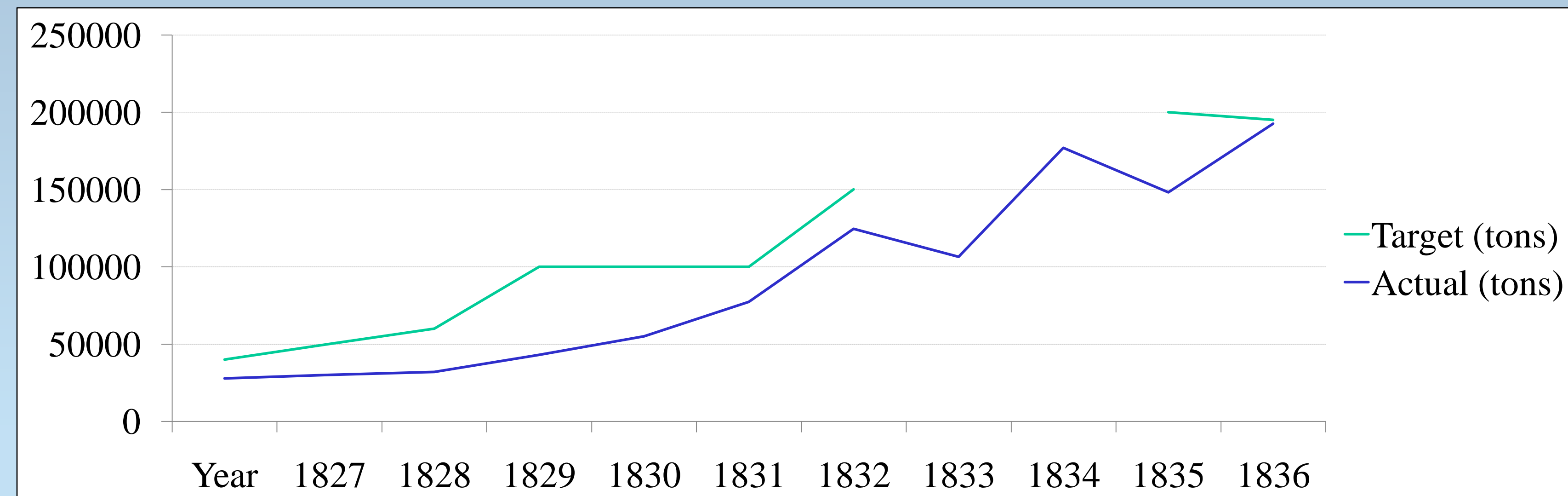
HISTORY OF THE CANAL

- 1817 – Erskine Hazard and Josiah White lease coal mines in Mauch Chunk
- 1820 – Granted rights to improve Lehigh River navigation by Pennsylvania legislature
- 1822 – Lehigh Coal and Navigation Company incorporated
- 1826 – First shareholder report outlines investment potential and future plans of company
- 1831 – LCNC begins to sell water power rights and town plots along the canal
- 1836 – Morris Canal to Jersey City completed and LCNC ends retail sales in Philadelphia
- 1838 – Upper Grand Section of Lehigh Canal completed
- 1840 – LCNC founds Lehigh Crane Iron Company in Catasauqua
- 1841 – Massive flood destroys much of the navigation
- 1846 – LCNC begins to produce substantial returns

FURTHER READING

- The Story of the Old Company, 1941
- History of the Lehigh Coal and Navigation Company, 1840, W.S. Young
- Informational Video, Jim Thorpe Museum
- The Death of a Great Company, W. Julian Parton
- Proceedings and Collections of the Wyoming Historical and Geologic Society, The Construction of the Lehigh Canal and the Early Development of the Lehigh Valley Region, 1984, Thomas Dinkelacker
- Report of the Board of Managers of the Lehigh Coal and Navigation Company to the Stockholders, 1826-1846
- Report of the engineers of the Lehigh Coal and Navigation Company, 1826-1846
- Lehigh Coal and Navigation Company, List of Water Rents, Deeds and Agreements of the Lehigh Coal and Navigation Company, January 1904
- Mark Edwards, A History of the Glendon Iron Works, Unpublished Senior Thesis, Lafayette College, 1947
- Proceedings of the Canal History and Technology Symposium Volume II, March 26, 1983, Influence on the Lehigh Canal on the Industrial and Urban Development of the Lehigh Valley, Charles A. Waltman, MD
- Arthur J. Brzyski, The Lehigh Canal and its Effect on the Economic Development of the Region Through Which it Passed. Unpublished Ph.D. Dissertation NYU 1957

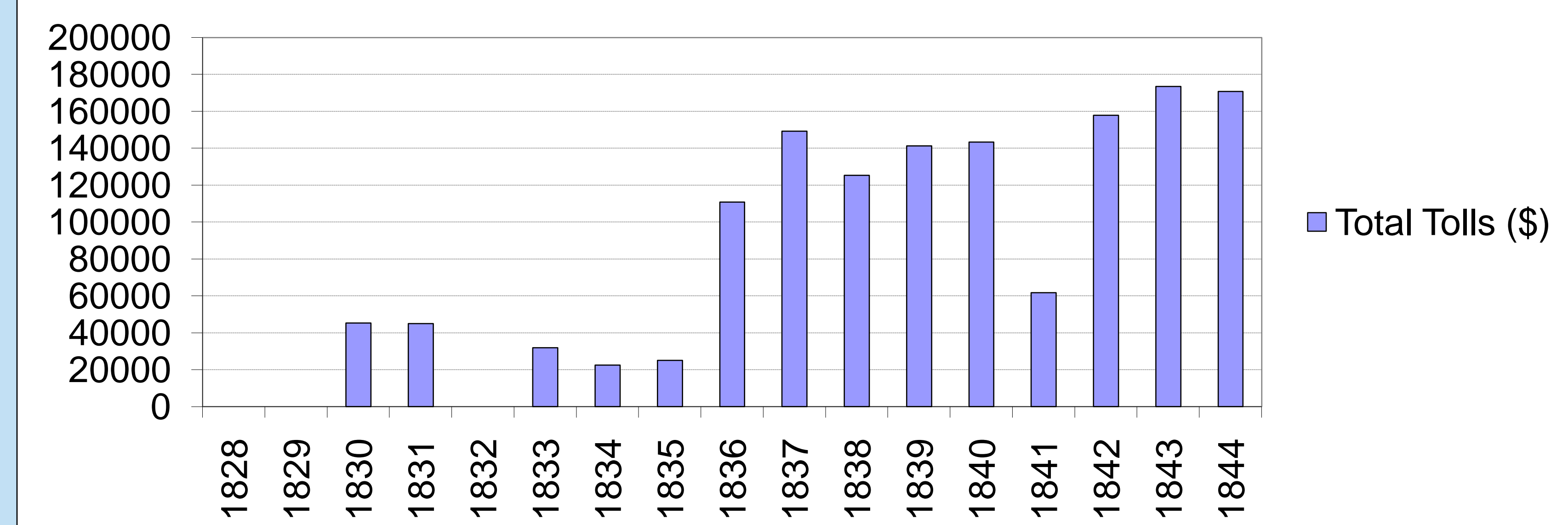
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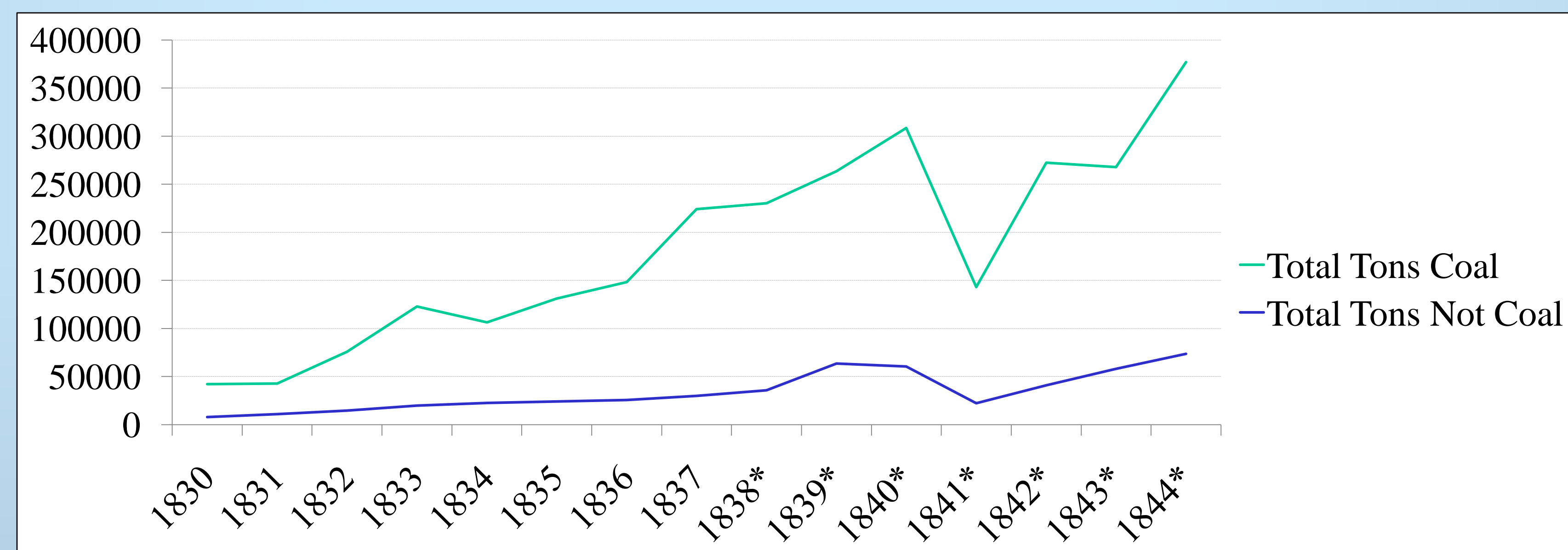
ANALYSIS

I began by examining earnings guidance provided by the Lehigh Coal and Navigation Company in their annual report to the shareholders to determine the method of profitability. In its first ten years, actual tons sold never matched LCNC's previous years' projections, though total tons did increase over this period. Despite these increases, they were continually outpaced by rising costs and retail sales were halted in 1836.

Total Tolls (\$)



Since retail sales were evidently not the source of revenue for LCNC, I expanded my search to analyze other sources of income for the company. Primary to these was revenue generated from charging tolls to the traffic up and down the navigation. In 1836, the profitability of the company suddenly jumped.



Over this time period, between 15 and 25 % of the total freight shipped was not coal. Additionally, of the coal shipped, nearly 50% was produced by companies other than LCNC. With few sources of revenue, other than tolls, and between 65 and 75% of the total traffic on the canal due to industries which had not been anticipated by LCNC at their incorporation, success is clearly not attributable to their original business plan.

