

CHAPTER XVI

PAST ISTHMIAN PROJECTS

THE digging of an Isthmian Canal was a dream in the minds of many men in Europe and America from the day that Columbus found two continents stretched across his pathway in his endeavor to discover a western route to India. On his last voyage, as he beat down the coast of Central America, here naming one cape "Gracias a Dios" and there another "Nombre de Dios," testifying his thanks to God and his reverence for His name, he touched the Isthmus near the present Atlantic terminus of the Panama Canal. He little dreamed that some day ships 500 times as large as his own would pass through the barrier of mountains which Nature interposed between his ambitions and India.

The idea of a canal through the American Isthmus was in the mind of Charles V of Spain as early as 1520. In that year he ordered surveys to ascertain the practicability of a canal connecting the Atlantic and the Pacific. His son, Philip II did not agree with him about the desirability of a trans-Isthmian waterway, holding that a shipway through the Isthmus would give to other nations easy access to his new possessions, and in time of war might be of greater advantage to his enemies than to himself. He invoked the

Bible to put an end to these propositions to dig a canal across the American Isthmus, calling to mind that the Good Book declared that "what God hath joined together let no man put asunder."

The policy of Philip was continued for about two centuries, although in the reign of his father many efforts had been made in the direction of a ship waterway across the Isthmus. In fact, ships crossed the Isthmus nearly four centuries before the completion of the canal. About 1521 Gil Gonzales was sent to the New World to seek out a strait through the Isthmus. He sailed up and down the Central American coast, entering this river and that, but failing of course to find a natural waterway. Not to be outdone, he decided to take his two caravels to pieces and to transport them across the Isthmus. He carried them on the backs of Indians and mules from the head of navigation on the Chagres River to the ancient city of Panama. There he rebuilt them and set out to sea, but they were lost in a storm. Still determined to make the most of his opportunities, Gonzales built others to take their places and with these made his way up the Pacific coast through the Gulf of Fonseca to Nicaragua, where he discovered Lake Nicaragua. A few years later another explorer made a trip across Lake Nicaragua and down the San Juan River to the Atlantic.

Cortez, the conquistador of Mexico, at one time was ordered to use every resource at his command in a search for the longed-for strait. He did not find it, but he did open up a line of communication across the Isthmus of Tehautepec, following prac-

tically the same line as was afterwards followed by Eads with his proposed ship railway.

From those days to the time when the United States decided that the canal should be built at Panama and that it should be made a national undertaking, one route after another was proposed. In 1886, immediately after the French failure, the Senate requested the Secretary of the Navy to furnish all available information pertaining to the subject of a canal across the Isthmus, and Admiral Charles H. Davis reported that 19 canal and 7 railway projects had been proposed, the most northerly across the Isthmus of Tehauntepec and the most southerly across the Isthmus of Panama at the Gulf of Darien, 1,400 miles apart. Eight of these projects were located in Nicaragua.

In 1838 the Republic of New Granada, which then had territorial possession of the Isthmus of Panama, granted a concession to a French company to build a canal across the Isthmus. This company claimed to have found a pass through the mountains only 37 feet above sea level. In 1843 the French minister of foreign affairs instructed Napoleon Carella to investigate these claims. That engineer found no such pass and reported the claims to be worthless. He, in turn, advocated a canal along the route followed by the present Panama Canal, with a 3-mile tunnel through Culebra Mountain and with 18 locks on the Atlantic slope and 16 locks on the Pacific slope. He estimated the cost of such a canal at \$25,000,000. The first formal surveys of the Panama route were made in 1827 by J. A. Lloyd. He recommended a combination rail and

water route, with a canal on the Atlantic side and a railroad on the Pacific side.

The first serious proposition to build a Nicaragua Canal was made in 1779 when the King of England ordered an investigation into the feasibility of connecting the Nicaraguan lakes with the sea. A year later Capt. Horatio Nelson, destined to become the hero of Trafalgar, headed an expedition from Jamaica to possess the Nicaraguan lakes, which he considered to be the inland Gibraltar of Spanish America, commanding the only water pass between the oceans. His expedition was successful as far as overcoming Spanish opposition was concerned, but a deadlier enemy than the Don decimated his ranks. Of the 200 who set out with Nelson only 10 survived, and Nelson himself narrowly escaped with his life after a long illness.

In 1825 what now constitute the several countries of Central America were embraced in one federation — the Central American Republic. It asked the cooperation of the American people in the construction of a canal through Nicaragua. Henry Clay, then Secretary of State, favored the proposition, and, in 1826, the Federation entered into a contract with Aaron H. Palmer, of New York, for the construction of a canal through Nicaragua capable of accommodating the largest vessels afloat. Palmer was unable to command the necessary capital and the concession lapsed. A few years later an English corporation sent John Bailey to Nicaragua for the purpose of securing a canal concession. He failed to get the concession but was later employed by the Nicaraguan Govern-

ment, which again had become independent, to determine the most feasible location for a canal across Nicaragua.

The United States Government became deeply interested in Isthmian Canal projects during the Forties of the last century. The extension of the national domain to the Pacific coast made the building of an Isthmian Canal a consideration of prime importance to the United States, and made it a dangerous policy to allow any other country to acquire a dominating hand over an Isthmian waterway. The result was that the American Government advised the British Government that it would not tolerate the control of any Isthmian Canal by any foreign power. This later brought about the Clayton-Bulwer treaty, which made neutral the proposed Nicaraguan Canal.

In 1849 Elijah Hise, representing the United States, negotiated a treaty with Nicaragua, by the terms of which that country gave to the United States, or its citizens, exclusive right to construct and operate roads, railways, canals, or any other medium of transportation across its territory between the two oceans. The consideration exacted by Nicaragua was that the United States should guarantee the independence of that country — a consideration that was then paramount because of the effort being made by Great Britain to gobble up the “Mosquito Coast” as far east as the San Juan River. The United States was not ready to give such a guarantee — although a half century later it did give it to the Republic of Panama — and the Hise treaty failed of ratification in the Senate.

A little later Cornelius Vanderbilt became interested in a canal and road across Nicaragua under an exclusive concession running for 85 years. Modifications of this concession permitted the Vanderbilt Company to exercise exclusive navigation rights on the lakes of Nicaragua. As a result the Accessory Transit Company established a transportation line from the Atlantic through the San Juan River and across Lake Nicaragua, thence by stage coach over a 13-mile stretch of road to San Juan del Sur on the Pacific.

In 1852 Col. Orville Childs made a report to President Fillmore upon the results of his surveys for a Nicaraguan Canal; and, if the United States, in 1902, had elected to build the Nicaraguan Canal, the route laid out by Childs would have been followed for all but a few miles of the entire distance. In 1858 a French citizen obtained from Nicaragua and Costa Rica a joint concession for a canal, which contained a provision that the French Government should have the right to keep two warships on Lake Nicaragua as long as the canal was in operation. The United States politely informed Nicaragua and Costa Rica that it would not permit any such agreement — that it would be a menace to the United States as long as the agreement was in force. Upon these representations the concession was canceled.

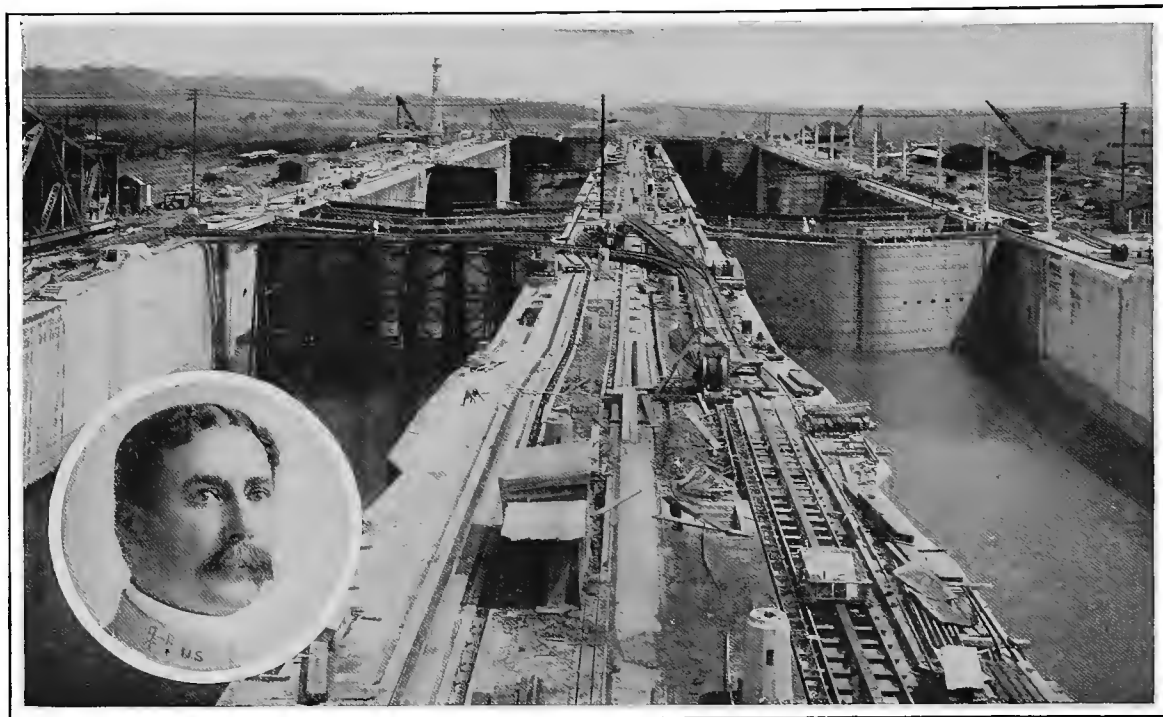
In 1876 the first Nicaraguan Canal Commission created by the American Congress made a unanimous report in favor of a canal across Nicaragua, after it had investigated all the proposed routes from eastern Mexico to western South America. It asserted that this route possessed,

both for the construction and maintenance of the canal, greater advantages and fewer difficulties from engineering, commercial, and economic points of view than any one of the other routes shown to be practicable by surveys sufficient in detail to enable a judgment to be formed of their respective merits.

When the first French Panama Canal Company began its work all other projects fell by the wayside for the time being, just as all other plans for inter-oceanic canals were abandoned when the United States undertook the construction of the present canal. After that company failed, however, the Maritime Canal Company of Nicaragua was organized in 1889 by A. G. Menocal, under concessions from the Government of that country and Costa Rica. The Atlantic end of this canal, as proposed by the Maritime Canal Company, was located on the lagoon west of Greytown. The Pacific end was located at Brito, a few miles from San Juan del Sur. This canal company built three-fourths of a mile of canal, constructed a temporary railway and a short telegraph line, but soon thereafter became involved in financial difficulties which led to a suspension of operations. Even to this day the visitor to Nicaragua may see many evidences of the wrecked hopes of that period for whatever town he visits he finds there Americans and Europeans who went to Nicaragua at the time of the opening of the work of building a canal by the Maritime Canal Company. They expected to find a land of opportunity. But, with failure of the canal project, they found themselves in the possession of properties whose value lay only in staying there and operating them.

When the first Isthmian Canal Commission, in 1899, undertook to investigate all of the proposed routes across the connecting link between North and South America, it placed on the Nicaraguan route alone 20 working parties, made up of 159 civil engineers, their assistants, and 455 laborers. The entire work of exploring the Nicaraguan route was done with the greatest care. The depth of the canal, as adopted by the commission, was 35 feet and the minimum width 150 feet. The locks were to be 840 feet long and 84 feet wide, and of these there were to be eight on the Pacific and six on the Atlantic side. This canal was to be 184 miles long. At the Atlantic end there was to be a 46-mile sea-level section and at the Pacific end a 12-mile sea-level section, while the water in the middle 126-mile section was to be 145 feet above the water in the two oceans. It was estimated that it would cost \$189,000,000 to build the Nicaraguan Canal.

Although the distance between the Atlantic and Pacific ports of the United States would have been more than 400 miles shorter by the Nicaragua Canal than by the Panama Canal, it would have taken about 24 hours longer to pass through the former than through the latter, so that, as far as length of time from Atlantic to Pacific ports was concerned, the two routes would have been practically on a par. The total amount of material it would have been necessary to excavate at Nicaragua approximates, according to the estimates, 228,000,000 cubic yards. This would have been increased, perhaps, by half, to make a canal large enough to accommodate ships such as



COL. CHESTER L. HARDING

THE GATUN UPPER LOCKS



LIEUT. COL. DAVID D. GAILLARD

CULEBRA CUT, SHOWING CUCARACHA SLIDE IN LEFT CENTER

Allegheny Mountains between Lewiston Junction and Pittsburgh on the Pennsylvania Railroad, or between Washington and Goshen, Va., on the Chesapeake & Ohio Railroad, he will have a very good idea of the difficulties which would be encountered in building such a railway. The present Tehauntepec railroad is 188 miles long. When crossing the Cordilleras there are numerous places on this road where the rear car of the train and the engine are traveling in diametrically opposite directions. The road is well-built, and, as one crosses the backbone of the continent, and beholds the engineering difficulties that were encountered in building an ordinary American railroad, he can not help but marvel at the confidence of a man who would endeavor to build across those mountains a shipway large enough and straight enough to carry a 7,000-ton ship. Yet Captain Eads estimated that his shipway could be constructed in four years at one-half the cost of the Nicaraguan Canal; that vessels could be transported by rail much more quickly than by canal; that in case of accident the railway could be repaired more speedily; and that it could be enlarged to carry heavier ships as business demanded.

He declared that he did not think it would be as difficult to build a ship railway across the Isthmus of Tehauntepec as to build a harbor at the Atlantic entrance of the Nicaraguan Canal. His confidence in his project was such that he proposed to build a short section of the road to prove its practicability before asking the United States to commit itself to the project. Commodore

T. D. Wilson, at that time Chief Constructor of the United States Navy, declared in a letter to Captain Eads that he did not believe the strains upon a ship hauled across the Isthmus, as Eads proposed, would be greater than those to which ocean steamers are constantly exposed. Gen. P. T. G. Beauregard, of Confederate Army fame, declared that a loaded ship would incur less danger in being transported on a smooth and well-built railway than it would encounter in bad weather on the ocean.

A prominent English firm offered to undertake the building and completion of the necessary works for placing ships with their cargo on the railway tracks of the trans-Isthmian line, declaring that they had no hesitation in guaranteeing the lifting of a fully loaded ship of 8,000 or 10,000 tons on a railway car to the level of the railroad in 30 minutes, if the distance to be lifted was not over 50 feet. The death of Captain Eads ended this picturesque project.

A proposition once was made to build a canal across the Isthmus of Tehauntepec. This would have required 30 locks on each side of the Isthmus of 25 feet each, and these locks alone would have cost, on the basis of the locks at Panama, perhaps as much as the whole Panama Canal.

One of the narrowest parts of the Isthmus is that lying between the present Panama Canal route and the South American border. Three routes were proposed in this section, known as the Atrato River route, the Caledonia route, and the San Blas route. It was found that a canal built along any one of these routes would require a

tunnel. The estimated cost of building a tunnel 35 feet deep, 100 feet wide at the bottom, and 117 feet on the waterline, with a height of 115 feet from the water surface, the entire tunnel being lined with concrete 5 feet thick, would approximate \$22,500,000 a mile. The cost of building a canal along one of these routes would have been greater than that of building either the Nicaragua Canal or the Panama Canal.

The question of an Isthmian Canal will probably be forever set at rest at no distant date. In an effort to forestall for all time any competition in the canal business across the American Isthmus, negotiations are now under way whereby the United States seeks to acquire the exclusive rights for a canal through Nicaragua, just as it now possesses exclusive rights for a canal through the Republic of Panama. The conclusion of the work at Panama will end the efforts of four centuries to open up a shipway from the Atlantic to the Pacific across the American Isthmus.

CHAPTER XVII

THE FRENCH FAILURE

ONE writes of "the French failure" at Panama with a consciousness that no other word but failure will describe the financial and administrative catastrophe that humbled France on the Isthmus, but at the same time with the knowledge that failure is no fit word to apply to the engineering accomplishments of the French era.

The French fiasco ruined thousands of thrifty French families who invested their all in the shares of the canal company because they had faith in de Lesseps, faith in France, and faith in the ability of the canal to pay handsome returns whatever might be its cost. The failure itself was due primarily to the fact that de Lesseps was not an engineer, but a promoter. The stock sales, the bond lottery, the pomp and circumstance of high finance, were more to him than exact surveys or frank discussion of actual engineering problems.

From the first, de Lesseps ignored the engineers. The Panama proposition was undertaken in spite of their advice, and at every turn he hampered them by impossible demands, and by making grave decisions with a debonair turn of the hand.

The next factor in the failure was corruption.

Extravagance such as never was known wasted the sous and francs that came from the thrifty homes of that beautiful France. Corruption, graft, waste — there was never such a carnival of bad business.

And then the French had to fight the diseases of the tropic jungles without being armed with that knowledge that gave the Americans the victory over yellow fever and malaria. It was hardly to be expected that the French ever would discover the necessity of substituting the Y. M. C. A. and the soda fountain for the dance hall and the vintner's shop, if the canal were to be completed.

But the engineers did their work well, as far as they were permitted to go. It may have cost too much — but it was well done. The failure of the French Panama Canal project was due, therefore, to moral as much as to material reasons.

Long years after the French had retired defeated from the field, one could behold a thousand mute but eloquent reminders of their failure to duplicate their triumph at Suez. From one side of the Isthmus to the other stretched an almost unbroken train of gloomy specters of the disappointed hopes of the French people.

Here a half-mile string of engines and cars; there a long row of steam cranes; at this place a mass of nondescript machinery; and at that place a big dredge left high and dry on the banks of the mighty Chagres at its flood stage, all spoke to the visitor of the French defeat. Exposed to the ravages of 20 tropical summers, decay ran riot, and but for the scenes of life and industry being enacted by the Americans, one might have felt him-

self stalking amid the tombs of thousands of dead hopes.

Almost as much money was raised by the French for their failure as was appropriated by the Americans for their success. From the gilded palace and from the peasant's humble cottage came the stream of gold with which it was hoped to lay low the barrier that divided the Atlantic and the Pacific. At first the French estimated that in seven or eight years they could dig a 29-foot sea-level canal for \$114,000,000. After eight years they calculated that it would cost \$351,000,000 to make it a 15-foot lock canal and require 20 years to build it.

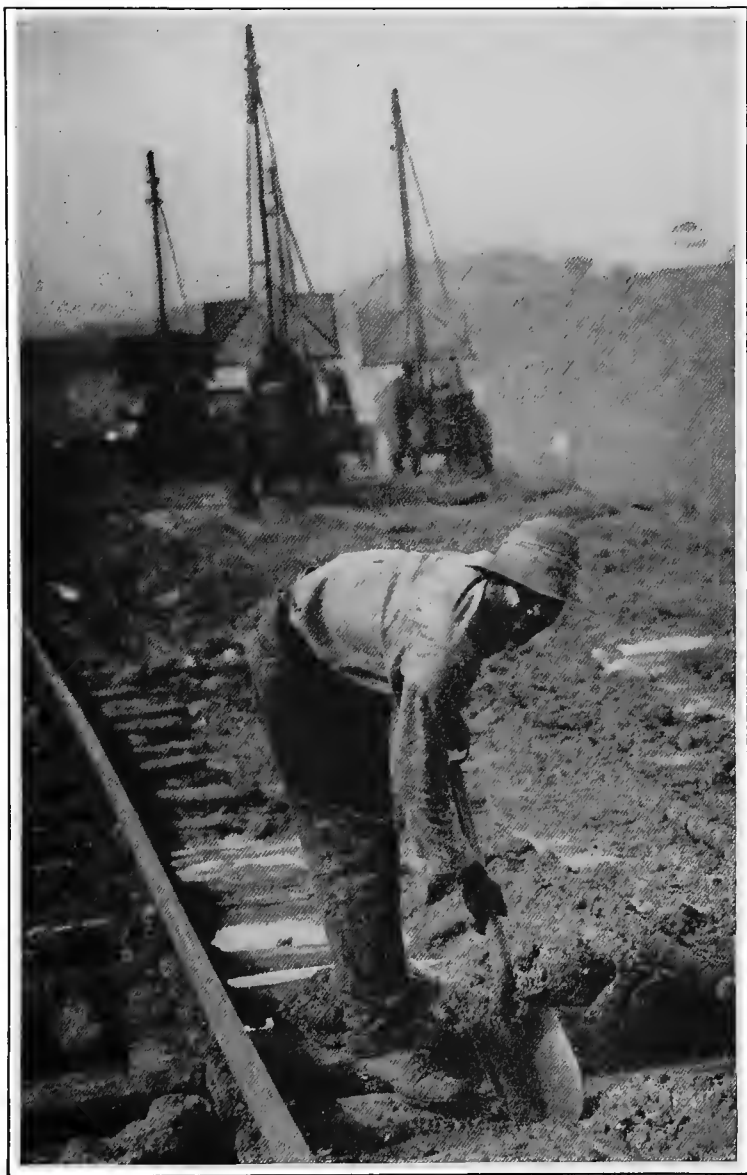
Never was money spent so recklessly. For a time it flowed in faster than it could be paid out — even by the Panama Canal Company. When the company started it asked for \$60,000,000. Double that amount was offered. The seeming inexhaustibility of the funds led to unparalleled extravagance; of the some \$260,000,000 raised only a little more than a third was spent in actual engineering work. Someone has said that a third of the money was spent on the canal, a third was wasted, and a third was stolen.

The director general at the expense of the stockholders built himself a house costing \$100,000. His summer home at La Boca cost \$150,000. It came to be known as "Dingler's Folly," for Dingler lost his wife and children of yellow fever and never was able to live in his sumptuous summer home. He drew \$50,000 a year salary, and \$50 a day for each day he traveled a mile over the line in his splendid \$42,000 Pullman. The hospitals at

iron steamer. It is said to have been the purpose of the canal promoters to put this little steamer on a small pond in Culebra Cut, and by the aid of a skillful photographer to get a picture showing navigation across the Isthmus. This steamer was hauled by the Americans to Panama, where during the years of the American construction work it did service in carrying the sick to the sanitarium at Taboga.

The different uses to which this steamer was put during the French and American régimes illustrates the different aims of the Americans and the French in connection with the Panama Canal. There was little concern about the health of the canal workers under the French, in spite of great liberality in the construction of hospitals. The construction work was let out to contractors, who were charged a dollar a day by the French Company for maintaining the sick members of their force in the hospital. Of course, the contractors were not over anxious to put their employees into the hospitals. The result was that the death rate at Panama reached almost unprecedented proportions.

This was aided to a very large degree by the manner of living obtaining there at that time. In 1887 Lieutenant Rogers, of the United States Navy, inspected the canal work and reported that the laborers were paid every Saturday, that they spent Sunday in drinking and Monday in recuperating, returning to work on Tuesday. A prominent English writer declared after a visit to Panama that in all the world there was not, perhaps, concentrated in any single spot so much





FERDINAND DE LESSEPS

AN OLD FRENCH EXCAVATOR NEAR TABERNILLA

PHILIPPE BUNAU-VARILLA

swindling and villainy, so much vile disease, and such a hideous mass of moral and physical abominations.

Add to these things the fact that no one then knew of the responsibility of the *stegomyia* mosquito for the existence of yellow fever, nor that the *anopheles* mosquito was the disseminator of malaria, and it is little wonder that the French failed. The hospitals, instead of aiding in the elimination of yellow fever, became its greatest allies. The bedposts were set in cups of water, and here the yellow-fever mosquitoes could breed uninterruptedly and carry infection to every patient. Wards were shut up tight at night to keep out the "terrible miasma," and the nurses went to their own quarters. When morning came there were among those thus left alone always some ready for the tomb.

The history of the French attempt to construct the Panama Canal begins, in reality, with the Suez Canal. In 1854 Ferdinand de Lesseps, a Frenchman connected with the diplomatic service, saw an opportunity to revive the plans for a Suez Canal that had been urged by Napoleon in 1798. His friend, Said Pasha, had just succeeded to the khedivate of Egypt, and his proposals were warmly received. The building of the canal, which presented no serious engineering problems, was begun in 1859 and completed 10 years later. There was a sordid side to its story, too; but as the losses were borne chiefly by the Egyptians, Europe ignored them and looked only to the great success of the canal itself.

As a result, de Lesseps became a national hero.

in France, and when it became known that he contemplated piercing another isthmus, the whole country rose to his support. In 1875, six years after the Suez Canal had been opened, and as soon as France had recovered her breath from the shock of the war with Prussia, a company was organized by de Lesseps to procure a concession for the building of a Panama Canal.

Already the world, as well as France, had come to regard de Lesseps as an engineer, rather than as a promoter of stock companies, and in this lay the germ of the disaster that was to overtake the whole scheme.

In 1876, Lucien Napoleon Bonaparte Wyse, a lieutenant of engineers in the French Army, was sent to Panama to determine the most feasible route and to conclude negotiations for the construction of a canal there. He made a perfunctory survey, commencing at Panama and extending only two-thirds of the way to the Atlantic coast; nevertheless, he calculated the cost in detail and claimed that his estimates might be depended upon to come within 10 per cent of the actual figures. However weak in engineering he may have been, he was strong in international negotiations, returning to France with a concession which gave him the right to form a company to build the canal, and which gave to that company all the rights it needed, subject only to the prior rights of the Panama Railroad Company under its concession. The concession was to run for 99 years, beginning from the date when the collection of tolls on transit and navigation should begin. The promoters were allowed 2 years to

form the company and 12 years to build the canal. The Government of Colombia was entitled to a share in the gross income of the canal after the seventy-fifth year from its opening. Four-fifths of this was to be paid to the National Government and one-fifth to the State of Panamá. The canal company was to guarantee that these annual payments should on no account be less than \$250,000.

When Wyse returned to Paris he got de Lesseps to head the project. The hero of Suez summoned an international commission of individuals and engineers, known as the International Scientific Congress, which met in Paris, May 15, 1879. There were 135 delegates in attendance, most of whom were Frenchmen, although nearly every European nation was represented. The United States had 11 representatives at this congress. After two weeks' conference the decision was reached that a sea-level canal should be constructed from Colon to Panama. Only 42 of the 135 men who met were engineers, and it has been stated that those who knew most about the subject found their opinions least in demand. M. de Lesseps dominated the conference. Several members who were radically opposed to its conclusions, rather than declare their difference from the opinions of a man of such great distinction and high reputation as de Lesseps enjoyed at that time, absented themselves when the final vote was taken.

After it was determined to build a sea-level canal, the canal concession owned by Wyse and his associates was transferred to the Compagnie

Universelle du Canal Interoceanique (The Universal Interoceanic Canal Company) of which de Lesseps was given control. The canal company was capitalized at \$60,000,000. The preliminary budget of expenses amounted to \$9,000,000, of which \$2,000,000 went to Wyse and his associates for the concession. The organizers were entitled to certain cash payments and 15 per cent of the net profits.

The canal company soon found it necessary to acquire a controlling interest in the Panama Railroad. That corporation insisted on charging regular rates on all canal business. In addition, it possessed such prior rights as made the Wyse concession worthless except there be agreement on all matters between the railroad company and the canal company. The result was that the canal company bought the railroad, and its rights, for the sum of about \$18,000,000.

The first visit of de Lesseps to the Isthmus was made in the early weeks of 1880. He arrived on the 30th day of December, 1879, and was met by a delegation appointed by the Government, and one nominated by the State Assembly. There was the usual reception, with its attendant champagne and conviviality, and a fine display of fireworks at night. The next day, with a chart before him, de Lesseps promptly decided where the breakwater to protect the mouth of the canal from the "northers" sweeping into Limon Bay should be located. He declared that in the construction of the canal there were only two great difficulties — the Chagres River and Culebra Cut. The first he proposed to overcome by sending its waters

to the Pacific Ocean by another route — a project which it has since been estimated would have cost almost as much as building the canal. The second difficulty he thought would disappear with the use of explosives of sufficient force to remove vast quantities of material with each discharge. There was a great hurrah, and an international celebration during de Lesseps' stay. The flags of all nations were prominently displayed, with the single exception of that of the United States.

Count de Lesseps was over 70 years old when he first visited the Isthmus, though he was still active and vigorous. Mr. Tracy Robinson described him as "a small man, French in detail, with winning manners and a magnetic presence. He would conclude almost every statement with, 'The Canal will be made,' just as a famous Roman always exclaimed, 'Delende est Carthago.' He was accompanied to the Isthmus by his wife and three of his seven children. Being a fine horseman, he delighted in mounting the wildest steeds that Panama could furnish. Riding over the rough country in which the canal was being located all day long, he would dance all night like a boy and be ready for the next day's work 'as fresh as a daisy.'"

On New Year's Day, 1880, de Lesseps formally inaugurated the work of building the canal. A large party of ladies and gentlemen visited the mouth of the Rio Grande where the first shovelful of sod was to be turned. An address was made by Count de Lesseps, and a benediction upon the enterprise was bestowed by the Bishop of Panama. Champagne flowed like water, and it is said that

the speechmaking continued so long that the party did not have time to go ashore to turn the sod, so it was brought on board and Miss Fernanda de Lesseps there made the initial stroke in the digging of the big waterway.

Some days later the work at Culebra Cut was inaugurated. Tracy Robinson thus described the scene: "The blessing had been pronounced by the Bishop of Panama and the champagne, duly iced, was waiting to quell the swelter of the tropical sun as soon as the explosion went off. There the crowd stood breathless, ears stopped, eyes blinking, half in terror lest this artificial earthquake might involve general destruction. But there was no explosion! It would not go! Then a humorous sense of relief stole upon the crowd. With one accord everybody exclaimed, 'Good Gracious!' and hurried away for fear that after all the dynamite should see fit to explode. That was Fiasco No. 1."

After de Lesseps left the Isthmus he toured the United States where he was everywhere welcomed although he did not find a market in this country for his stock.

The scientific congress estimated the cost of building the canal, whose construction de Lesseps had inaugurated, at \$214,000,000. M. de Lesseps himself later arbitrarily cut this estimate to \$131,000,000, and announced that he believed that vessels would be able to go from ocean to ocean after the expenditure of \$120,000,000. He declared that if the committee had decided to build a lock canal, he would have put on his hat and gone home, since he believed it would be

much more expensive to build a lock canal with twin chambers than to build a sea-level waterway. There were those who declared that six years was the utmost limit that would be required for building the big ditch. Others asserted with confidence that it could be done in four years.

During the first three years the company devoted its time to getting ready for the real work. By 1885 the profligate use of the money subscribed by the French people brought the funds of the canal company to a very low ebb. M. de Lesseps asked for permission to establish a lottery, by which he hoped to provide additional funds for carrying on the work. The French Government held up the matter and finally sent an eminent engineer to investigate. This engineer, Armand Rosseau, reported that the completion of a sea-level canal was not possible with the means in sight, and recommended a lock canal, plans for which he submitted. The summit level of this canal was to be 160 feet, reached by a series of seven or eight locks. After this plan was adopted, to which de Lesseps reluctantly consented, lottery bonds of a face value of \$160,000,000 were issued which were to bear 4 per cent interest. But the people failed to subscribe.

At the outset of the work de Lesseps established a bulletin for the dissemination of information concerning the canal; during the entire period of his connection with the project this bulletin was filled with the most exaggerated reports, and the most reckless mis-statements in favor of a successful prosecution of the work. By 1888 the confidence of the French people in

de Lesseps waned. Unable to raise more money, and now popularly dubbed the "Great Undertaker," he found himself in such straits that he saw the French Government take over the wrecked organization by appointing a receiver with the power to dispose of its assets. This proved a terrible blow to the people on the Isthmus. Untold hardships befell the small army of laborers and clerks. The Government of Jamaica repatriated over 6,000 negroes. The Chilean Government granted 40,000 free passages to Chile, open to all classes except negroes and Chinese, and for several months every mail steamer south took away from 600 to 800 stranded people from the canal region. Where good times and the utmost plenty had prevailed for years, the Isthmus was now face to face with a period of want and privation, its glory departed and its hope almost gone.

The receiver of the Panama Canal Company assisted in the organization of another company known as the New Panama Canal Company. With a working capital of \$13,000,000, it excavated more than 12,000,000 cubic yards of material. In 1890 it found itself in danger of losing everything by reason of the expiration of its concession. The services of Lieutenant Wyse were again brought into play, and he secured a 10-year extension of the concession. In 1893 another concession was granted, with the provision that work should be begun on a permanent basis by October 31, 1894, and that the canal should be completed by October 31, 1904. Toward the end of the nineties, it was manifest that the concession would expire before the work could be

finished, so, in April, 1900, another extension was arranged, which stipulated that the canal should be completed by October 31, 1910. The New Panama Canal Company, as a matter of fact, had no other aim in view than to keep the concession alive in the hope that it could be sold to the United States.

With all of their profligacy, however, the French left to their American successors a valuable heritage. What they did was done with the utmost thoroughness. The machinery which they bequeathed to the Americans was of immense value. There was enough of this to cover a 500-acre farm 3 feet deep, with enough more to build a 6-foot fence around it all. The French equipment was of the best. Dredges and locomotives that stood in the jungle for 20 years were rebuilt by the Americans at less than 10 per cent of their first cost, and did service during the entire period of construction.

Although the New Panama Canal Company at one time asked \$150,000,000 for its assets, it finally accepted \$40,000,000. An appraisal made by American engineers a few years ago showed that the actual worth of the property acquired, aside from the franchise itself, amounted to about \$42,000,000.

Count de Lesseps lived to a great age. His last years were saddened and embittered by the volumes of denunciation that were written and spoken against him. Certain it is that no man ever went further than he to maintain confidence in a project that was destined to fail, and yet his partisans declared that his sin was the sin of over-

enthusiasm and not of dishonest purpose. Under the torrents of abuse that fell upon his head his mind weakened, and, fortunately, in his last days he realized little of the immeasurable injustice his misplaced zeal and overenthusiasm had wrought against the people of France.

CHAPTER XVIII

CHOOSING THE PANAMA ROUTE

PROUD as Americans now are of the success of their venture at Panama, in the beginning there was by no means a general agreement that the United States would succeed where France had failed. Indeed, the French disaster had much influence in strengthening the position of those who favored building the American canal through Nicaragua.

Prior to the year 1900 little thought was given by the American people to any project for building an Isthmian Canal anywhere else than through Nicaragua. It is true that in 1897 the New Panama Canal Company became active in its efforts to induce the United States to adopt the Panama route, but these activities made little impression upon public sentiment before the outbreak of the Spanish American War. During that war interest in the question of an Isthmian Canal waned in America, and immediately after it the sympathy which France had given to Spain made it advisable for the Canal Company to postpone its propaganda.

In his annual message to Congress in December, 1898, President McKinley recommended the building of the Nicaragua Canal. Two days later Senator John T. Morgan, of Alabama, made

a vigorous speech in the Senate, in which he charged that the transcontinental railroads of the United States were making efforts to defeat the canal project. This charge was made repeatedly thereafter, and it was asserted that the railroads espoused the cause of the Panama Canal upon the ground of choosing the lesser of two evils, judged from their standpoint. Prior to 1900 both Republican and Democratic parties had repeatedly favored the construction of the Nicaragua Canal in their national platforms, and both branches of Congress had voted for the canal at different times.

In the early part of 1899 the Senate passed a bill authorizing the construction of a Nicaraguan Canal. The House refused to act on the bill, and, at the instance of Senator Morgan, the Senate attached a rider to the rivers and harbors bill, appropriating \$10,000,000 to begin the building of the canal. This passed the Senate by a vote of 54 to 3. The amendment was defeated in the House and the matter went to conference. If the House conferees stood pat in their opposition to the Senate amendment, the whole rivers and harbors bill would be defeated unless the Senate conferees yielded. The House conferees remained unshaken in their opposition to the Nicaragua Canal provision, and were willing to wreck the whole rivers and harbors bill rather than to authorize the beginning of operations in the construction of the Nicaragua Canal under the plan framed by the Senate.

According to Philippe Bunau-Varilla, the real secret of the defeat of the Nicaragua Canal proj-

ect at this juncture lay in a dispute between the House and Senate as to the manner of building the canal. The Senate wanted to do it by the reorganization of the Maritime Canal Company, with the majority of its board of directors appointed by the President, using that corporation as the agent of the Government for constructing and operating the canal. Representative William P. Hepburn, of Iowa, at that time Chairman of the Committee on Interstate and Foreign Commerce, contended that such a plan proposed that the United States should masquerade as a corporation, instead of doing the work in its own proper person, as it was in every sense capable of doing. He asked for what purpose the Government should thus convert itself into a corporation, making of itself an artificial person and taking a position of equality with a citizen? He further pointed out that as a corporation the Government might be sued in its own courts, and fined for contempt by its own judicial servants.

A compromise was adopted in the form of an appropriation of \$1,000,000 to defray the expenses of an investigation into all of the various routes for an Isthmian Canal. This investigation was to have reference particularly to the relative merits of the Nicaragua and Panama routes, together with an estimate of the cost of constructing each. The investigators were to ascertain what rights, privileges, and franchises were held, and what work had been done in the construction of the proposed canals. They were also to ascertain the cost of acquiring the inter-

ests of any organizations holding franchises on these routes. The President was directed to employ engineers of the United States Army and engineers from civil life, together with such other persons as were necessary to carry out the purposes of the investigation. A few months later he appointed the first Isthmian Canal Commission, consisting of Rear Admiral John G. Walker, Senator Samuel Pasco, Alfred Noble, George S. Morison, Peter C. Hains, William H. Burr, O. H. Ernst, Louis M. Haupt, and Emory R. Johnson.

Thus it came about that the House and Senate, divided only upon the issue of the proper method of building the Nicaragua Canal, reopened the whole question, and gave to the Panama Canal advocates a chance to make a fight in favor of that route. The advocates of the Nicaragua Canal were not satisfied, however, to await the discoveries of the commission Congress had created. On May 2, 1900, before the commission made its report, the House voted 234 to 36 in favor of the Nicaragua route. The bill went to the Senate, where it was favorably reported by the Committee on Interoceanic Canals. Senator Morgan made a formal motion for the immediate consideration of the measure, but it was lost by a vote of 28 to 21. He then had the 2nd day of December following fixed as the date for again taking up the matter. His committee made a report roundly scoring the representatives of the New Panama Canal Company for their activities in favor of the Panama route.

In December, 1900, Secretary Hay signed pro-

tocols with the ministers of Nicaragua and Costa Rica, by which those Governments undertook to negotiate treaties as soon as the President of the United States should be authorized by Congress to acquire the Nicaragua route. In the following February, Senator Morgan offered an amendment to the sundry civil appropriation bill authorizing the President to go ahead with the construction of the canal. When Theodore Roosevelt became President in September, 1901, he recommended the building of the Nicaragua Canal in his official statement of policy.

In the meantime the Isthmian Canal Commission had been repeatedly attempting to get the New Panama Canal Company to state for what sum it would sell its holdings to the United States. The figures finally presented placed a value of \$109,000,000 upon the property. After this, the Isthmian Canal Commission unanimously recommended the adoption of the Nicaragua route. Congress again took up the matter, upon a bill introduced by Representative Hepburn, making an appropriation of \$180,000,000 for the construction of the canal. This measure was favorably reported by the House Committee on Interstate and Foreign Commerce, and also secured the approval of the Senate Committee on Interoceanic Canals.

A few days later a formal convention was signed in Nicaragua by the minister of foreign affairs and the American minister, looking to the construction of the canal through Nicaraguan territory. A week later the Senate ratified the Hay-Pauncefote treaty with Great Britain. On

January 7 the House of Representatives again took up the matter and, in spite of the fact that the New Panama Canal Company had decided to accept \$40,000,000 for its property, this offer was rejected by the House of Representatives, which passed the bill authorizing the construction of the Nicaragua Canal by the overwhelming vote of 309 to 2.

After the rejection of the offer of the New Panama Canal Company by the House, President Roosevelt again called the members of the Isthmian Canal Commission together, and asked them to make a supplementary report in view of the offer in question. On a motion of Commissioner Morison the commission decided that, in consideration of the change of conditions brought about by the offer of the company to sell its property for \$40,000,000, the Panama route was preferable. It has been stated that Professor Haupt, Senator Pasco, and two other members of the commission were reluctant to abandon the Nicaragua project; that President Roosevelt had made it quite clear to Admiral Walker that he expected the commission to accept the Panama Canal Company's offer; that Commissioners Noble and Pasco had given in, but that Professor Haupt stood out; and that he was induced to sign the report only after Admiral Walker had called him out of the committee room and pleaded with him to do so, stating that the President demanded a unanimous report. Professor Haupt afterwards publicly admitted the truth of this story in a signed article in a magazine.

About this time the Senate Committee on In-

teroceanic Canals appointed a subcommittee of six members to study and report on the legal questions involved in the transfer of the New Panama Canal Company's title, and a majority reported that the company's title was defective and that it had no power to transfer. It was finally decided that the Senate Committee on Interoceanic Canals should make no report until all of the members of the Isthmian Canal Commission had appeared before it and testified. This delay permitted negotiations between the United States, the New Panama Canal Company, and the Republic of Colombia looking to a settlement of the question of title.

The New Panama Canal Company was now thoroughly in earnest in its desire to dispose of its holdings to the United States, but the Republic of Colombia, desiring to drive a good bargain, held aloof. The hope of the situation as far as the Panama route was concerned, lay in Senator Marcus A. Hanna, of Ohio, who had come to espouse the Panama route. He declared he would not recommend the acceptance of the proposals of the New Panama Canal Company unless a satisfactory treaty could be obtained, and unless the shareholders of the company would ratify the action of the board of directors in making the offer. A meeting of the shareholders was called in February, 1902, at which the Republic of Colombia, holding a million dollars' worth of stock in the company, was represented by a Government delegate. He served formal notice on the company that it was forbidden, on pain of forfeiture of its concession, to sell its rights to

the United States before that action was approved by the Colombian Government, there being a clause in the concession providing that in the event of such a sale to any foreign Government all rights, titles, and property should revert to Colombia.

When the Colombian Government took up the matter it showed a disposition to grasp the lion's share. Its minister was instructed to exact no less than \$20,000,000 from the New Panama Canal Company for Colombia's permission to transfer its concessions. This demand was based on the following reasons: First, because Colombia's consent was essential; second, because Colombia would lose its expectation of acquiring the Panama Railroad at the expiration of its concession — a road that was then valued at \$18,000,000; third, because under the proposed contract with the United States, Colombia was to renounce its share in the prospective earnings of the canal, which might amount to a million dollars a year.

Another proposition was drawn by the Colombian minister, proposing to lease a zone across the Isthmus of the United States for a period of 200 years at an annual rental of \$600,000. At another time the Colombian minister declared that, inasmuch as the New Panama Canal Company had taken advantage of the straitened circumstances of the Colombian Government to obtain a six-year extension of its concession, which was really what the canal company was about to sell for \$40,000,000, he thought Colombia ought to require the New Panama Canal Company to pay \$3,000,000 of the \$40,000,000, for

what the company gained by the extension of its concession.

On January 30, 1902, Senator John C. Spooner, of Wisconsin, introduced a bill in the Senate, authorizing the President of the United States to build an Isthmian Canal at Panama, if the necessary rights could be obtained. If those rights could not be obtained the President was required to build the canal on the Nicaraguan route. The Spooner bill provided the machinery for the construction of the canal, created the Isthmian Canal Commission, and authorized the expenditures necessary for undertaking the project. Some six weeks later the Senate Committee on Inter-oceanic Canals rejected the Spooner bill and presented a favorable report on the Hepburn bill, which authorized the Nicaragua Canal.

The final struggle in the Senate lasted from June 4 to June 19, 1902. Senators Morgan and Harris led the fight for the Hepburn bill, while Senators Hanna and Spooner championed the Spooner measure. The fight resulted in the passage of the Spooner bill by a vote of 32 to 24. The disagreeing votes of the two Houses were then sent to conference, and the House finally receded from its position in favor of the Nicaragua route, and the Spooner bill became a law. The situation as it now stood was that the Panama route was chosen on the conditions that the title of the company be proved and that a satisfactory treaty with Colombia be negotiated; with the alternative of the adoption of the Nicaragua route in default of one or the other of these conditions.

Whatever may have been his motives — in

the light of events which have followed it would seem unjust to question them — Senator Hanna was undoubtedly responsible for the revolution in Congress and in public sentiment which resulted in the selection of the Panama route. M. Banau-Varilla declares that he met Myron T. Herrick in Paris, converted him, and through him met Senator Hanna, whom he also convinced. In Crowley's "Life and Work of Marcus Alonzo Hanna," it is declared that a series of interviews between M. Banau-Varilla and Senator Hanna had much to do with Mr. Hanna's decision to make a fight in behalf of Panama. It was claimed by William Nelson Cromwell, in his suit for fees against the New Panama Canal Company, that he was responsible for converting Senator Hanna to the Panama project, and it was asserted, also, that he furnished the data from which Senator Hanna made his speech which converted the Senate, and the House, and the country, and led to the adoption of the Panama route.

At this juncture Providence seemed to lend support to the Panama route, for one of the many volcanoes in Nicaragua became active and did considerable damage. Occurrences since then have borne out the wisdom of avoiding the Nicaragua route. A few years ago the city of Cartago, only about a hundred miles distant from the site of the works that would have been installed to control the waters of Lake Nicaragua, was entirely destroyed by an earthquake.

With the Spooner bill enacted into law, the next proposition which confronted the United States Government was that of reaching an under-

standing with Colombia, which would permit the building of the canal at Panama. That country was reminded on every hand and in divers ways that unless an acceptable treaty were forthcoming the President of the United States would be forced to adopt the Nicaragua route. But, notwithstanding these reminders, Colombia still moved slowly in the matter. After being repeatedly urged to come to terms, and after one Colombian minister to the United States had been recalled and another resigned, the Hay-Herran treaty finally was negotiated.

Before Colombia reached the stage, however, where it would agree to enter into negotiations with the United States, it had been reminded by its minister in Washington that it was dangerous not to enter into an agreement. He had declared that if Colombia should refuse to hear the American proposal that a new treaty be entered into, the United States would, in retaliation, denounce the treaty of 1846, and thereafter view with complacency any events which might take place in Panama inimical to Colombia's interests. He had reported further that the United States would, at the first interruption of the railroad service, occupy at once Colombia's territory on the Isthmus and embrace whatever tendency there might be toward separation, in the hope of bringing about the independence of Panama. This, he had concluded, would be a catastrophe of far greater consequence to Colombia than any damage the Republic might suffer by the ratification of a treaty with the United States permitting the building of the canal.

His views in the matter were strengthened by a suggestion of Senator Shelby M. Cullom, of Illinois, that if Colombia should continue to refuse to allow the United States to build the canal, which the United States claimed was its right to do under the treaty of 1846, the American Government might invoke a sort of universal right of eminent domain, take the Isthmian territory, and pay Colombia its value in accordance with an appraisement by experts.

About this time President Roosevelt wrote a letter to his friend, Dr. Albert D. Shaw, of the *Review of Reviews*, in which he said that he had been appealed to for aid and encouragement to a revolution at Panama, but that as much as he would like to see such a revolution, he could not lend any encouragement to it. The Republic of Colombia was repeatedly reminded by Secretary Hay that if it did not act promptly the President would take up negotiations with Nicaragua and proceed to construct the canal there. Under these conditions Colombia finally agreed to negotiate the Hay-Herran treaty, which was afterwards rejected by the Colombian Congress.

It has been asserted that President Roosevelt took the view all along that under the treaty of 1846, Colombia had no right to prevent the United States from building the canal, and that, in spite of the provision of the Spooner Act requiring him to proceed with the construction of the Nicaragua Canal in the event of the failure of negotiations at Panama, he was determined to exhaust every possible effort before giving up the Panama route.

CHAPTER XIX

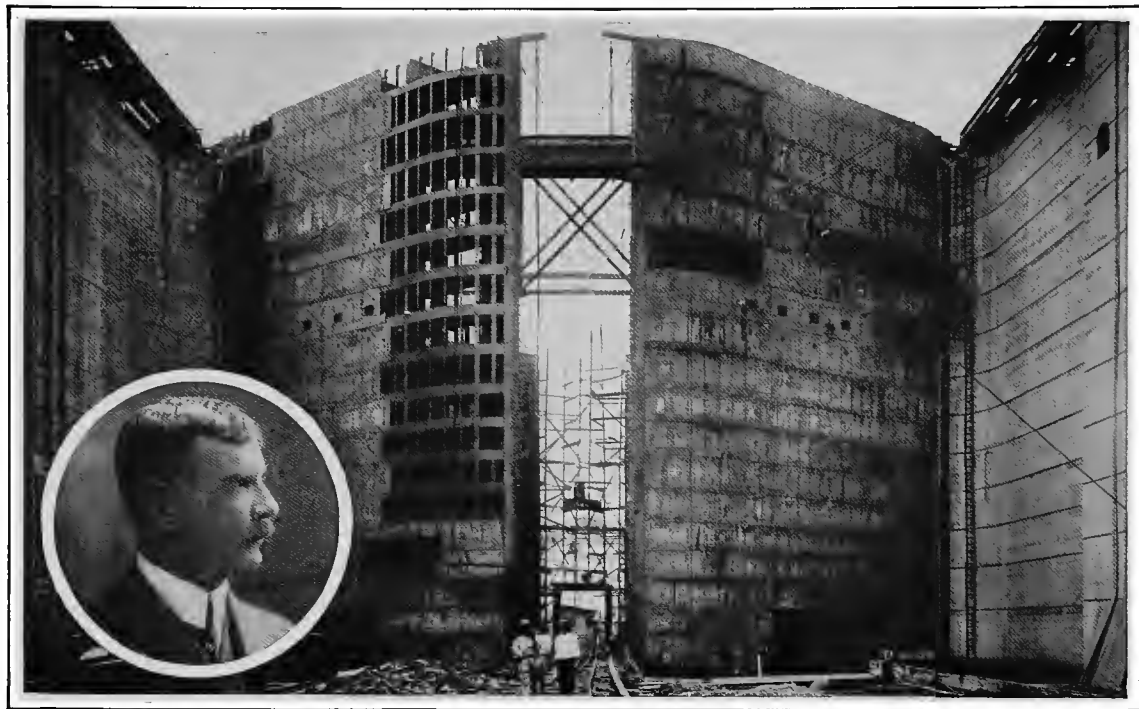
CONTROVERSY WITH COLOMBIA

SELDOM in the history of international relations has a controversy afforded more grounds for honest difference of opinion than the issue between the United States and Colombia, growing out of the revolution and formation of the new Republic of Panama. The most careful and unprejudiced study still may leave room for doubt as to the real merits of the case.

In 1903, after the United States had decided to build an Isthmian Canal, preferably at Panama, but if that route were not available at Nicaragua, a treaty was entered into at Washington between the Governments of the United States and Colombia. This Hay-Herran treaty, as it was known, in simple terms provided that the United States would pay Colombia \$10,000,000 in cash, and \$250,000 a year after the completion of the canal, if the Republic of Colombia would agree to permit the New Panama Canal Company to sell its concession and property to the United States. This treaty, according to President Roosevelt, was entered into under negotiations initiated by the Republic of Colombia. The treaty was ratified by the United States Senate, and was then sent to Colombia for its ratification.

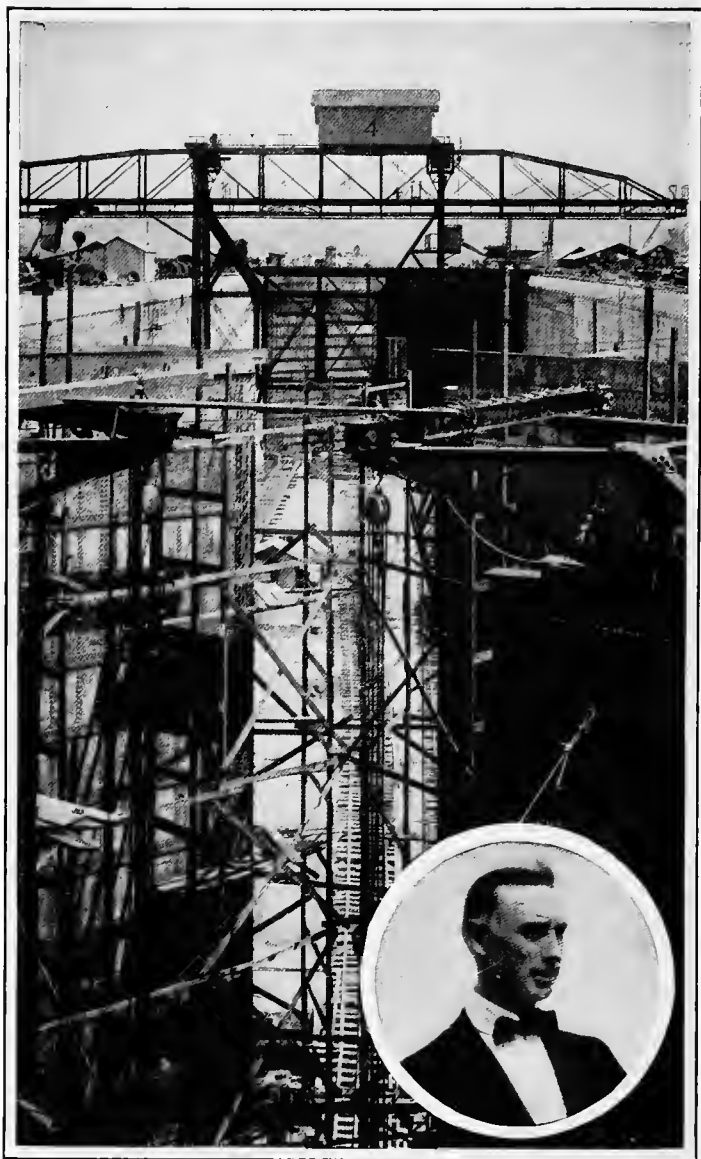
At the time the treaty was pending in the Colombian Congress, the President of the Republic was a man who had been elected Vice President, but who had kidnapped the President with a troop of cavalry and shut him up in an insanitary dungeon where he soon died. The Vice President thus became the head of the Government. Anyone who knows conditions in such countries as Colombia, understands that a President has no use for a Congress except to have it register his own will. The President of Colombia at first advocated the negotiation of the treaty, but he repudiated it after it had been signed, and then declared that if the Colombian minister to Washington were to return to Colombia he would be hanged for signing it. The result of this change of front was that the treaty was rejected by the Colombian Congress. All sorts of stories were put abroad in Colombia to arouse opposition to it. One was that the United States would make \$180,000,000 out of the canal deal the minute the treaty was ratified by Colombia. It was claimed by the Colombian Government that the constitutional prohibition of the cession of territory to a foreign state would have to be changed by amending the Constitution before the Congress could legally ratify the treaty.

How little the President of Colombia respected the laws of his country is shown by a dispatch received by the Government at Washington after the secession of Panama, in which it was promised that if the United States would assist Colombia in putting down the Panama revolution, the next Colombian Congress would ratify the rejected



S. B. WILLIAMSON

THE LOWER GATES, MIRAFLORES LOCKS



MIDDLE GATES, MIRAFLORES LOCKS

H. O. COLE

reaty. Or, failing that, the President would declare martial law, by virtue of vested constitutional authority when public order is disturbed, and ratify the canal treaty by presidential decree. If the Washington Government did not like such a proposal, the President of Colombia would call an extra session of Congress and immediately ratify the treaty.

The real cause of the failure of the Hay-Herran treaty is not difficult to discover. The concession of the New Panama Canal Company under one of its renewals expired October 31, 1893. It was then extended for a year, and, in 1894, was extended again for a period of 10 years. Still another extension was granted, which carried the date of expiration to October 31, 1910. This last extension was granted by the President without the consent of the Colombian Congress. In 1903, when the Hay-Herran treaty was pending, the validity of this last extension was denied, and the assertion made that on October 31, 1904, all of the rights and property of the New Panama Canal Company would revert to the Colombian Government.

The United States had agreed to pay to the New Panama Canal Company \$40,000,000 for its concession and property. According to Representative Henry T. Rainey, of Illinois, who for years led the attack in the United States Congress on the acts of President Roosevelt in connection with the Panaman revolution, the purpose of Colombia in defeating the treaty was to wait until the expiration of the concession, when all of the property of the canal company would revert to

Colombia, and it could then sell it to the United States and get the \$40,000,000, or any other amount it could persuade the United States to pay.

Of course, the New Panama Canal Company did not look upon such an arrangement with any degree of complacency. It felt that it was a deliberate scheme upon the part of the Colombian Government to mulct it out of its property and its rights. As a result it was naturally ready to lend aid and encouragement to any movement which would circumvent this purpose of Colombia. It found conditions in Panama just what it might have wished.

The people of Panama felt that they had the same sort of grievance against Colombia that the people of the American colonies felt they had against England in 1776. The governors of the province were, with few exceptions, sent there from Bogota, and were entirely out of sympathy with the people of Panama. The taxes collected at Panama were carried to Bogota, as a rule, and the voice that the people of the Isthmus had in the Government of Colombia was negligible. Furthermore, they felt that they were entitled to their sovereignty.

After the countries of tropical America had thrown off the yoke of Spain, Panama found itself too small to stand alone, and accepted an invitation from Bogota to put itself under the Government there with the understanding that it was to retain its sovereignty. It soon found that this agreement was not respected at Bogota. Almost immediately there were attempted revolts and, in

1840, the Isthmus again won complete independence. The Confederation of New Granada promised that the people of the Isthmus should have better treatment, and it was set forth in the constitution of New Granada that Panama was a sovereign state, and that it had full right to withdraw and set up an independent government at any time. In 1885 a new constitution was proclaimed by Colombia, which had succeeded New Granada, and this constitution deprived Panama of all its rights as a sovereign state, and made it a province under the control of the Federal Government at Bogota. Upon these grounds Panama claimed that she was a sovereign state temporarily under the duress of a superior government. After the defeat of the Hay-Herran treaty the inhabitants of Panama knew that if the treaty failed and no other steps were taken, the Nicaraguan route would be followed and Panama would become almost a forgotten region instead of a land of great opportunity.

The consequence was that the Panamans lent willing ears to the suggestion of the representatives of the New Panama Canal Company that they should undertake a revolution to be financed by the canal company. Two representatives of the New Panama Canal Company working along independent lines were trying to bring about the revolution. One of these was Philippe Bunau-Varilla, formerly chief engineer of the Old Panama Canal Company, but who had become estranged from the New Panama Canal Company. The other was William Nelson Cromwell, for years general counsel of the Panama Railroad Company,

and who, in his suit against the New Panama Canal Company for an \$800,000 fee, claimed to have engineered and directed the revolution. M. Bunau-Varilla had some stock in the canal company and a great deal of pride in seeing realized the undertaking to which he had committed the best years of his life.

Coming to New York on another mission, he met Dr. Amador, who was one of the Panamans desiring the independence of his country. According to the testimony of M. Bunau-Varilla, which is borne out by documentary evidence, he and Dr. Amador worked out the plan for the revolution. He declares that the documents were drawn in the Waldorf-Astoria Hotel and as far as they were written in Spanish, they were copied letter by letter by an English stenographer who knew no Spanish, in order that there might be no possibility of the secret leaking out. He declares that the whole project of the revolution as it was carried out was conceived by him in cooperation with Dr. Amador, and that William Nelson Cromwell, the other factor in the situation, knew nothing about what was going on. He also asserts that William Nelson Cromwell had promised to introduce Dr. Amador to Secretary of State John Hay, but that later Dr. Herran, the representative of Colombia, found out what was going on and wrote a letter of warning to Mr. Cromwell as to the consequences which would come to the Panama Railroad, of which Mr. Cromwell was the representative, if that organization should give aid or comfort to the projected Panama revolution. Thereupon, according to M. Bunau-

Varilla, Mr. Cromwell turned his back upon Dr. Amador, although it has been claimed by some that this was only a ruse on the part of Mr. Cromwell to shield himself and his company from responsibility. About this time M. Bunau-Varilla borrowed \$100,000 in France to finance the revolution, pending the recognition of the new Republic by the United States. Other money was forthcoming later.

The revolution itself, which took place in November, 1903, was bloodless. The world knows that President Roosevelt forbade the Colombian troops to move across the Isthmus, while at the same time he would not allow the revolutionists to make any move. A similar situation had arisen in a former revolution in 1902. At that time the Colombian troops were disarmed, and three days later insurgent troops were prevented by United States marines from using the railroad and were actually compelled to leave a train which they had seized and entered. The principle was enunciated and maintained that no troops under arms should be transported on the railroad, no matter to which party they belonged. That was because to permit such transportation would be to make the railroad an adjunct to the side using it, and to subject it to attack by the other party. In this way, if the Colombian troops used it, the insurgents would have attacked, and the United States would either have been forced to permit such an attack, which might suspend traffic on the transit, or to prevent it with force, which would make this country an ally of Colombia against the insurgents. On the other hand, if the insur-

gents were permitted to use the railroad, Colombia would attack it, and in that case the United States would have to help repel the attack and thus would become the ally of the insurgents. It was, therefore, held that the only way to make the road absolutely neutral was to allow neither party to use it.

This was the doctrine under which President Roosevelt proceeded in 1903. Of course, the world knows that this was tantamount to preventing Colombia from reconquering the Isthmus, if that were possible. It is claimed by some that if President Roosevelt had allowed the insurgents to use the railroad in 1902, Colombia would have been defeated in that revolution.

At the time of the revolution it is said that the Colombian garrison which espoused the cause of the Panamans was bribed to do so; that their commander two days afterwards was paid \$12,500 for his services, and that he is to this day drawing a pension of \$2,400 a year. It is also charged that some of the troops who could not be bribed were sent into the interior to repel an imaginary invasion from Nicaragua. It is asserted that when the governor of the State of Panama telegraphed the Colombian Government that Nicaragua was invading Panama, the Bogota authorities sent additional troops to the Isthmus to help fight Nicaragua, and that this accounted for the arrival of the gunboats from Cartagena on the eve of the revolution.

At the time of the *coup d'etat*, the United States was living under a treaty made with Colombia in 1846, guaranteeing the sovereignty of that coun-

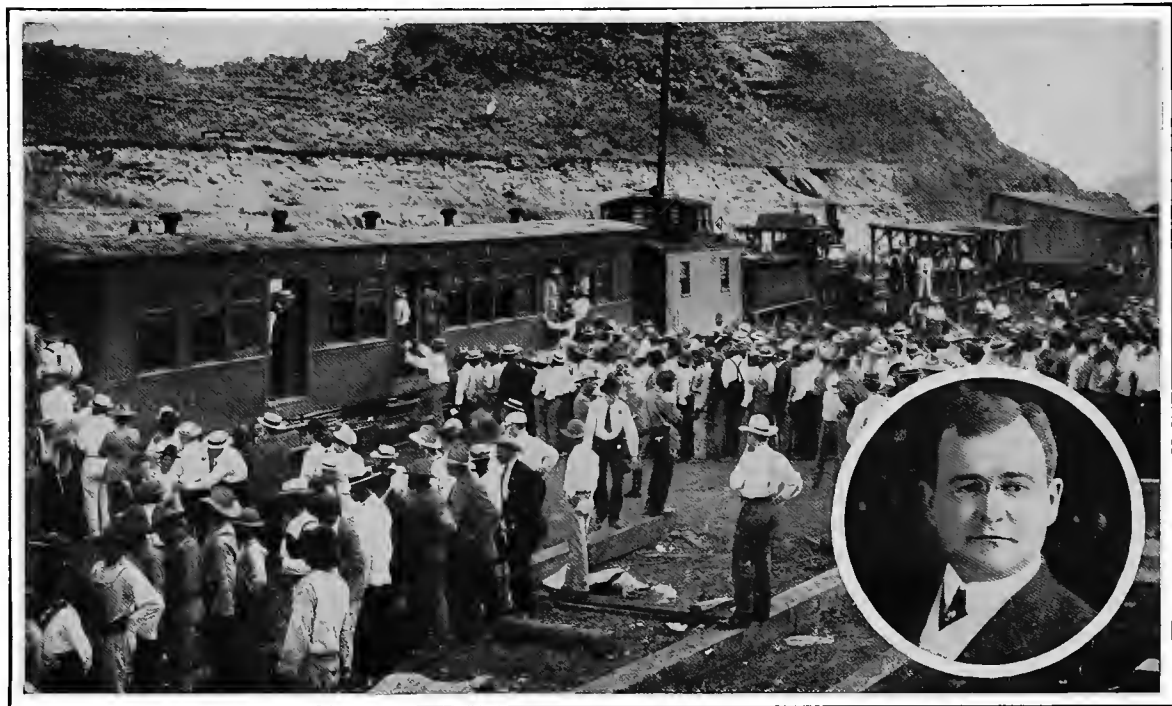
try over the Isthmus in return for the recognition of the rights of the United States, under the Monroe doctrine, in connection with the building of a canal. Under this treaty it was mutually agreed that the United States should keep the Isthmian transit free and open at all times. It was contended by President Roosevelt that he was only carrying out this provision when he refused to allow the revolutionists and the Federal troops to fight along the line of the Panama Railroad, although this was almost the only ground on the Isthmus on which military operations could be prosecuted. He admitted the justice of the contention of the Colombian Government that the United States undertook to guarantee the sovereignty of Colombia over the Isthmus so far as any alien power was concerned, but denied that it was ever intended that the United States should be called upon to guarantee it against the people of the Isthmus themselves.

Once the revolution was started three courses were left open to the United States: One was to force the Panamans back under Colombian rule; the second was to let the two sides fight to a finish; the third was to recognize the independence of the Republic of Panama and forbid Colombia to land troops on the Isthmus. President Roosevelt took the last course. A breezy Western congressman remarked in defense of that course: "When that jack rabbit jumped I am glad we didn't have a bowlegged man for President!" The result of the revolution, and the recognition of the independence of the Republic of Panama, was that Colombia, which had tried to

grasp everything and to get possession of the assets of the New Panama Canal Company, now found itself without anything.

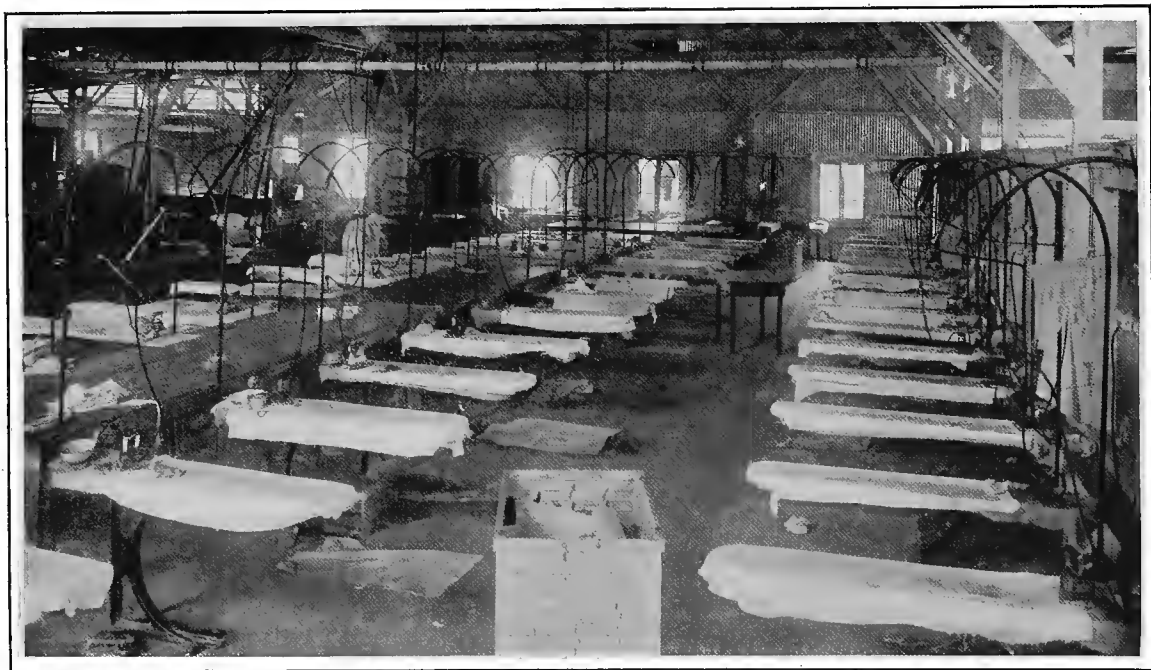
Colombia ever since has contended that the United States was under a solemn obligation to protect the Colombian sovereignty over the Isthmus — an obligation that has been assumed in return for valuable considerations — and that it had been despoiled of the Isthmus of Panama under the very treaty that had guaranteed its permanent control of that Isthmus. It further asserted that President Roosevelt had been a party to the revolution for the purpose of circumventing the stand of the Republic of Colombia. It made a long plea against the action of the United States and urged that in the event the two countries could not come to any agreement, the pending questions should be submitted to The Hague for adjudication. Secretary Hay at one time proposed that a popular election should be held on the Isthmus to determine whether the people there preferred allegiance to the Republic of Panama or to the Republic of Colombia, but Colombia would not agree to that. Secretary Hay rejected the plea of Colombia for arbitration, upon the ground that the questions that Colombia proposed to submit affected the honor of the United States and that these matters were not arbitrable.

After Elihu Root became Secretary of State, he declared that the real gravamen of the Colombian complaint was the espousal of the cause of Panama by the people of the United States. He said that no arbitration could deal with the real rights and wrongs of the parties concerned, unless it were to



THE PAY CAR AT CULEBRA

EDWARD J. WILLIAMS



UNCLE SAM'S LAUNDRY AT CRISTOBAL

pass upon the question of whether the cause thus espoused was just — whether the people of Panama were exercising their just rights in maintaining their right of independence of Colombian rule. “We assert and maintain the affirmative upon that question,” he declared. “We assert that the ancient State of Panama was independent in its origin, and by nature and history a separate political community; that it was federated with the other States of Colombia upon terms that preserved and continued its sovereignty, and that it never surrendered that sovereignty and was subjugated by force in 1885.” Mr. Root further asserted that the United States was not “willing to permit any arbitrator to determine the political policy of the United States in following its sense of right and justice by espousing the cause of the Government of Panama against the Government of Colombia.”

When Mr. Taft became President it was his desire to adjust our controversy with Colombia. His Secretary of State, Philander C. Knox, just before leaving office, declared that he had spared no efforts in seeking to restore American-Colombian relations to a footing of complete friendly feeling, but that these efforts had been rebuffed by the Colombian Government. He declared that it was undeniable that Colombia had suffered by its failure to reap a share of the benefits of the canal, and that the Government of the United States was entirely willing to take this consideration into account, and endeavor to accommodate the conflicting interests of the three parties by making a just compensation in money. In pursuance of

this idea three treaties were negotiated: One between the United States and the Republic of Colombia, one between the United States and the Republic of Panama, and one between the Governments of Colombia and Panama, all three being interdependent, to stand or to fall together. These treaties were negotiated at the instance of Colombia and were framed with every desire to accommodate their terms to the just expectations of that country. They were accepted by the Colombian Cabinet, but were not acted upon by the Colombian Congress.

In the Knox treaty negotiated with Colombia in 1910 that country proposed to agree to a popular election upon the separation of Panama and to abide by the result. The United States offered to sign an additional agreement to pay to Colombia \$10,000,000 for a permanent option for the construction of an interoceanic canal through Colombian territory, and for the perpetual lease of the Islands of St. Andrews and Old Providence, if Colombia would ratify the treaties with the United States and Panama. This proposition was refused. It was then proposed that in addition to the \$10,000,000 the United States would be willing to conclude with Colombia a convention submitting to arbitration the question of the ownership of the reversionary rights in the Panama Railroad — rights which the Colombian Government asserts that it possesses. In addition to this the United States offered its good offices to secure the settlement of the Panama-Colombia boundary dispute.

All of these propositions being rejected, the

Republic of Colombia was asked if it would be willing to accept \$10,000,000 outright, in satisfaction of its claims against the United States. This was also refused.

Acting upon his own authority, the American minister then inquired if Colombia would accept \$25,000,000, the good offices of the United States in its boundary controversy with Panama, the arbitration of the question of the reversionary rights in the Panama Railroad, and the gift of preferential rights in the use of the canal — all these in satisfaction of its claims. The Colombian Government replied that it would not do this and that it did not care to negotiate any further with the Taft administration, preferring to deal with the incoming Wilson administration.

CHAPTER XX

RELATIONS WITH PANAMA

WHEN the people of the Isthmus of Panama revolted against the Government of Colombia, they fully realized that almost their only hope of maintaining an independent government was to secure the building of the Panama Canal by the United States. Therefore, they were in a mood to ratify a treaty which would meet every condition demanded by the Government of the United States.

The treaty, negotiated and ratified in 1904, gave to the United States every right it could have desired or which it could have possessed had it taken over the whole Isthmus itself. It was negotiated by John Hay, Secretary of State, representing the United States, and Philippe Bunau-Varilla, representing the Government of Panama. As the latter was a stockholder in the New French Canal Company, whose assets could be realized upon only through the success of the treaty negotiations, it naturally followed that he would put nothing in the way of the desires of the United States.

The treaty gave to the United States most unusual rights. For instance, in no other country on earth does one nation possess ultimate jurisdiction over the capital of another nation; yet

this is what the United States possesses at Panama. The first consideration of the treaty was the establishment of the Canal Zone. This gave to the United States a territory 5 miles beyond the center line of the canal on either side, and 3 miles beyond its deep water ends, with the exception of the cities of Colon and Panama, to hold in perpetuity with all rights, powers, and authority that the United States would possess if it were sovereign, and to the entire exclusion of the exercise of any sovereign rights, powers, or authority by the Republic of Panama.

Further than this, it gave to the United States the same rights with respect to any land, or land under water, outside of the Canal Zone necessary and convenient for the canal itself, or any auxiliary canals or other works required in its operations.

Further yet, the Republic granted in perpetuity a canal monopoly throughout its entire territory, and also monopolies of railroad and other means of communication between the two oceans.

Under the terms of the treaty the cities of Panama and Colon are required to comply in perpetuity with all sanitary ordinances, whether curative or preventive, which the United States may promulgate. The Republic of Panama also agrees that if it can not enforce these ordinances, the United States become vested with the power to enforce them. The same is true with reference to the maintenance of order. The Republic of Panama agrees to maintain order, but gives to the United States not only the right to step in with American forces and restore it, but also to determine when such action is necessary.

The treaty between the two countries further provides that the United States has the right to acquire by condemnation any property it may need for canal purposes in the cities of Panama and Colon. The Republic of Panama also grants to the United States all rights it has or may acquire to the property of the New Panama Canal Company and of the Panama Railroad, except such lands as lie outside of the Canal Zone and the cities of Panama and Colon, not needed for the purposes of building the canal. The Republic guarantees to the United States every title as absolute and free from any present or reversionary interest or claim. It will be seen from all this that the United States did not overlook any opportunity to make sure that it had all of the powers necessary to build a canal.

It is also agreed by the Panama Government that no dues of any kind ever shall be collected by it from vessels passing through or using the canal, or from vessels belonging to the United States Government. All employees of the canal are exempted from taxation, whether living inside or outside the Zone. The Republic grants to the United States the use of all its rivers, streams, lakes, and other bodies of water for purposes of navigation, water supply, and other needs of the canal. It also agrees to sell or lease to the United States any of its lands on either coast for use for naval bases or coaling stations.

The Republic of Panama further agrees that the United States shall have the right to import commodities for the use of the Canal Commission and its employees, free of charge, and that it

shall have the right to bring laborers of any nationality into the Canal Zone.

In return for all of these concessions the United States gives to the Republic of Panama many valuable considerations. Most vital of all, it guarantees the independence of the Republic. This means that the Republic of Panama is to-day practically the possessor of an army and a navy as large as the United States can put into the field and upon the seas. The only aggressor that Panama need fear is her benefactor.

The second consideration involved the payment of \$10,000,000 cash to the Republic, and a perpetual annual payment of a quarter of a million dollars beginning with the year 1913. The ten-million-dollar cash payment gave the impoverished new-born government a chance to get on its feet, and from this time forward the Panaman Government can look to the United States for the major portion of its necessary revenues.

Under the terms of the treaty the United States undertakes to give free passage to any warships belonging to the Republic of Panama when going through the canal, and also agrees that the canal shall be neutral. It also agrees to provide free transportation over the Panama Railroad for persons in the service of the Government of Panama, and for the munitions of war of the Republic. It also allows the Republic of Panama to transmit over its telegraph and telephone lines its message at rates not higher than those charged United States officials for their private messages.

Another stipulation of the treaty provides that it shall not invalidate the titles and rights of pri-

vate landholders and owners of private property, nor of the right of way over public roads of the Zone unless they conflict with the rights of the United States, when the latter shall be regarded as superior. No part of the work of building or operating the canal, however, at any time may be impeded by any claims, whether public or private. A commission is provided, whose duty it shall be to pass upon the claims of those whose land or properties are taken from them for the purpose of the construction or operation of the canal.

In carrying out the terms of the treaty the first step taken by the Americans was to "clean up" the cities of Panama and Colon. Remarkable changes were wrought by the establishment of water and sewerage systems, and by street improvements. For several years preceding the acquisition of the Canal Zone, and the sanitization of the cities of Panama and Colon, the late W. I. Buchanan was the United States minister to Colombia. He was transferred to another South American capital and afterwards came back to the United States by way of Panama. Former Senator J. C. S. Blackburn was then governor of the Canal Zone or, more strictly speaking, the head of the Department of Civil Administration. As he and Minister Buchanan drove through the streets of Panama and surveyed the changes that had taken place, Mr. Buchanan declared to Governor Blackburn that if an angel from heaven had appeared to him and said that such a transformation in the city of Panama could be made in so few years he scarcely could have believed it.

When he was there the main streets of the city

were nothing but unbroken chains of mud puddles in which, during the wet season, carriages sank almost to the axles. When he returned he found those same streets well paved with vitrified brick, measuring up to the best standards of American street work. Where formerly peddlers hawked water from disease-scattering springs, there were hydrants throughout the town and wholesome water on tap in almost every house. Where there had been absolutely no attempt to solve the problems of sewage disposal, where the masses of people lived amid indescribable filth, absolutely oblivious to its stench and its dangers, now there was a sewerage system fully up to the best standard of American municipal engineering.

When one considers that the Republic of Panama is made up largely of the cities of Panama and Colon, with a large area of almost wholly undeveloped territory, it will be seen that this service was rendered to practically all the people of the Republic.

The relations which have existed between the Republic of Panama and the United States have not always proved wholly satisfactory to the Panamans. Like all other tropical Americans, the Panamans profess great admiration for a republican form of government, but the party in power seldom has relished the idea of a full and free accounting of its stewardship at the polls. When the time came for the first national election, the party in power sought to insure its return by the use of tropical-American methods; that is, by a wholesale intimidation of the opposition supporters. When the registration books were opened

the administration was unwilling to register the supporters of the opposition. The government forces always were relied upon to back up the registrars. This situation was resented by the opposition and the indications were that the usual civil war, the tropical American substitute for an election, was about to follow.

At this juncture Governor Blackburn called the Panaman authorities together and notified them that the United States did not care a continental which side won the election, but that it was very deeply interested in maintaining conditions of peace and amity on the Isthmus — conditions which could not prevail except there be a fair election. He reminded them of the right of the United States to maintain order in their two principal cities, and of the blood and treasure the United States had invested in Panama, all of which would be placed in jeopardy by any civil conflict. He therefore declared it the intention of the United States to see that there was a fair election.

Election commissioners were consequently appointed, and they saw to it that the voters were fairly registered, allowed to vote, and to have their votes counted. The result was that for the first time in Central American history there was a fair election and for the first time a real change of administration without a resort to arms. So successful was this plan that in the election of 1912 both sides agreed again to call in the United States to umpire their battle of the ballots, and once again the "outs" won over the "ins."

The French Canal Company has some very

unpleasant experiences with the Republic of Colombia when it, as a private corporation, undertook to build the canal. It was at the mercy of the Government and the Government seldom showed mercy. For instance, a Colombian owned 30 acres of swamp land which was needed for the construction of the canal. It was worth \$10 an acre; he demanded \$10,000. The canal company took the matter to the courts of the Republic and instituted condemnation proceedings. Here the owner admitted that the land was not intrinsically worth more than \$10 an acre, but claimed that he had as much right to demand \$300,000 for the tract as if it were located in the very heart of Paris; that in every case it was what the land could be used for that determined its value. The court shared his view and nothing was left for the canal company to do but to pay the \$300,000.

Shortly after the Americans took charge, the Central and South American Telegraph Company wanted to land the new "all American" cable on the Canal Zone. They applied to the United States for permission which was granted. The Panamans fought against it under every possible pretext, their desire being to have their consent regarded as essential, so that they could get a good fee for the concession, but the United States notified the Republic of Panama that it had no interest whatever in requiring compensation, and so the cable was laid.

While there has been substantial agreement between the two countries, it has been difficult to prevent some conditions which are contrary to American ideas of morality. For instance, while

the Canal Commission was strongly opposed to having a lottery on the Canal Zone, one is maintained just across the line in the city of Panama. The Panama lottery and the Bishop of Panama share the same house. One has to pass the lottery to see the bishop and, mayhap, a half dozen old women ticket sellers will try to intercept him before he reaches the church dignitary.

This lottery is a veritable gold mine to those who own it. Each ordinary drawing brings in \$10,000 — \$1 for each ticket issued. The grand prize takes \$3,000 of this, the next 9 prizes calling for a total of \$900, the next 90 for a total of \$450 and the remaining prizes for \$2,070. Thus, \$6,420 in prizes is paid out of the total of \$10,000 received. Out of the remainder, 5 per cent goes to the ticket sellers and 5 per cent to the Panaman Government. Once a month the drawing is made for a grand prize of \$7,500. Most of the money which the lottery people make is contributed by workers on the canal. Only 64 per cent of the money received from the sale of tickets is won back by the ticket buyer at each drawing. The net profits approximate a hundred thousand dollars a year.

On the whole, however, the relations entered into between the two Republics in 1904 have been such as to leave no serious ground for complaint. They have permitted the satisfactory construction of the canal, and they will permit its satisfactory operation. With the United States as the ultimate judge of every question vital to American interests, little is left to be desired. The fact is that the canal has been built

with less friction and fewer difficulties with the Republic of Panama than could reasonably have been hoped for at the outset. This has been due principally to the fact that the Americans responsible for the success of the work have approached the Panaman situation with tact where tact was needed and with firmness where firmness was essential.