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-
interoceanic 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 Inter-oceanic 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 Interoceanic 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.