Chapter II

Roosevelt's Article—"The Panama Blackmail Treaty"

We shall, in this chapter, subject to a critical examination an article by Roosevelt entitled "The Panama Blackmail Treaty," which appeared in the Metropolitan Magazine for February, 1915. The article advances an argument against the ratification of the treaty negotiated with Colombia by the Wilson Administration for the purpose of reëstablishing friendly relations and of compensating that country for loss suffered when the Province of Panama was wrested from her sovereignty by the United States. Not only is the article couched in language that is lacking in dignity, but it is positively offensive. Its principal arguments will be answered in this chapter and the remaining ones will be disposed of in other chapters.

We shall quote excerpts from this article as the discussion proceeds and follow them with an accurate statement of facts and of conclusions
based on them. The article opens with these paragraphs:

In 1903 a shameless and sordid attempt was made by the then dictator of Colombia and his subordinate fellow-politicians at Bogotá to force the United States by scandalously improper tactics to pay a vastly larger sum for the privilege of building the Panama Canal than had been agreed upon in a solemn treaty. As President of the United States I resisted this attempt, and prevented the United States from being blackmailed. Had I not successfully resisted the attempt, the Panama Canal would not now be built, and would probably never have been built. The attempt was blackmail then; and to yield to it now is to yield to blackmail.

Yet the present Administration now proposes to pay Colombia twenty-five million dollars, and to make what is probably an apology for our conduct in acquiring the right to build the canal. Apparently this is done on the theory of soothing the would-be blackmailers and making them forget the mortification caused them by the failure of their initial attempt to hold up the United States.

This article and the messages to the Congress as of December 7, 1903 (part devoted to Canal), and of January 4, 1904, are neither fact nor fiction. They are a gallery-playing farce intended to dazzle instead of to instruct the American people. They may sound like truth, but in reality they bear false witness against a sister Republic, retarding the formation of a correct public opinion on the question of our duty to Colombia. They are in reality a plea to
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keep our national honor in pawn so that the political crime of 1903 may not be officially disowned.

The charge of "blackmail" is, in reality, nothing more than a pretext to justify the taking of the Canal Zone by force. Realizing that there is no justification that can withstand the scrutiny of historical method, Roosevelt tries to withdraw attention from the real facts by this unwarranted counter charge. What proof has he offered? Or does he act on the principle that if you throw mud some of it will stick—at least in the minds of the unwary? His charge is serious, but searching inquiry shows that it is absolutely without foundation.

When it became evident that the compensation for the canal concession could not be satisfactorily arranged by diplomacy, Colombia suggested that the matter be referred for determination to an arbitral tribunal and offered to enter into an engagement which would provide for its determination in this way. This phase of the canal controversy is admirably stated in a paragraph of an article in the North American Review for January, 1904, by Señor Francisco Escobar, Consul of Colombia in New York:

The money consideration first offered by Secretary Hay was far from satisfactory. Minister Concha was
right when he said that the Secretary was trying to drive a sharp bargain. Yet it was the accepted opinion in the United States that Colombia was the “sharper”; but the best proof I can adduce to the contrary is that Minister Concha proposed to leave the money consideration to be adjusted by an arbitrator or by The Hague Tribunal.

Mr. Escobar was asked by the writer to secure confirmation of the foregoing from the then Minister Concha, now the President of the Republic of Colombia, which was done. It is contained in the following cablegram:

Bogotá, August 10, 1915

Francisco Escobar, New York:

By article XXV of the memorandum presented to the Department of State on April 18, 1902, the Colombian Legation proposed to fix by means of arbitration the amount of the annuity to be paid Colombia. On April 21, Secretary Hay accepted this proposal and promised to sign a covenant in accordance therewith, but on July 18, having changed his mind, proposed an option [$7,000,000 on final agreement and an annuity of $100,000 or $10,000,000 and an annuity of $10,000] instead of arbitration. The memorandum was published with other state papers by said Department.

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In article XXV of the memorandum, Colombia proposed a method for determining the value of the canal concession that was scientific. This article contains the following sections:

As the price or compensation for the right to use the zone granted in this convention by Colombia to the United
States for the construction of a canal, together with the proprietary right over the Panama Railroad, and for the annuity of $250,000 gold, which Colombia ceases to receive from the said railroad, as well as in compensation for other rights, privileges, and exemptions granted to the United States, and in consideration of the increase in the administrative expenses of the department of Panama consequent upon the construction of the said canal, the Government of the United States binds itself to pay Colombia the amount of $7,000,000 in American gold on the exchange of the ratification of this convention after its approval by the legislative bodies of both countries, and fourteen years after the date aforesaid a fair and reasonable annuity, that shall be agreed upon by the contracting Governments three years before the expiration of the above-mentioned term of fourteen years.

In fixing this fair and reasonable annuity there shall be taken into consideration the present price of the usufruct of the railway as well as the compensation that is to be stipulated for the use of the zone and for the additional administrative expenses that the construction of the canal will impose upon Colombia; and also the advanced payment of $7,000,000 and the comparative cost and conditions upon which the United States reasonably could have expected to acquire concessions satisfactory to it in respect of any other canal route.

Three years before the expiration of each term of one hundred years the annuity for the following term shall be fixed in a similar manner.

But in the event that the parties are unable to come to an understanding within the periods above referred to as to such fair and reasonable annuity, then before the second year prior to the termination of the periods above referred to, the contracting parties shall proceed to constitute a high commission, to be composed of five members, of whom two shall be appointed by Colombia, two by the United States, and the fifth (who shall be the president of such high commission) shall be the presi-
dent, for the time being, of the International Peace Tribunal of The Hague; and the determination reached by said commission, by a majority vote, concerning such fair and reasonable annuity that is to be paid to Colombia by the United States in conformity with this article, shall be binding upon the contracting parties. But no delay nor difference of opinion in fixing such amount shall affect nor interrupt the full operation and effect of this convention in all other respects.

Minister Concha accompanied the memorandum with a letter, which contains the following paragraph:

Confirming the conclusions reached as the result of the conference held between yourself and Mr. Cromwell, and adopting, as far as practicable, your valuable suggestions, I beg leave to hand you the concessionary convention or treaty (in Spanish and in English) embodying the amendments agreed upon in the conference referred to. My previous communication of March 31, 1902, proposing the concessionary convention in behalf of my Government, and the expository communications of myself and Mr. Cromwell under the same date, apply equally to the inclosures.

The following paragraphs are the contents of the letter of Secretary Hay, dated April 21, 1902.
I am directed by the President to inform you that I shall be ready to sign with you the proposed convention as soon as—

First. The Congress of the United States shall have authorized the President to enter into such an arrangement; and

Second. As soon as the law officers of this Government shall have decided upon the question of the title which the New Panama Canal Company is able to give of all the properties and rights claimed by it and pertaining to a canal across the Isthmus and covered by the pending proposal.

That Secretary Hay rejected Colombia’s proposal of April 18, 1902, for fixing the price of the canal concession by arbitration has already been stated. In January, 1903, Acting Minister Herran of Colombia renewed the proposal of his Government to have an arbitral tribunal fix the annuity to be paid Colombia. Our administration insisted that the annuity should be a fixed amount in perpetuity and that this amount should be stipulated in the treaty, and offered for the canal concession the sum of $7,000,000, and an annuity of $100,000 during the life of the engagement, or, $10,000,000 and an annuity of $10,000. Colombia asked $7,000,000 for the concession, and an annuity of $600,000. As there was a decided difference in the amount of the annuity offered and asked, Colombia proposed that it be settled by arbitration, but our Government refused.
America, the country which to-day has gone the furthest along lines of international arbitration, refused as recently as 1903 to arbitrate the price of an easement, as is done under similar circumstances in the exercise of domestic eminent domain if the matter is not settled by mutual agreement. America enforces upon her citizens what she declined to accept as a member of the family of nations.

The spirit in which Colombia acted during the negotiation of the canal concession is found in the following excerpt from a letter by Minister Concha, dated March 31, 1902:

The Republic that I represent realizes the importance of the contemplated interoceanic waterway for the civilization and progress of the world, and since nature has placed the shortest and most expeditious route within the territory of the Republic, Colombia widely and generously opens her doors so that the grand work may be achieved within the shortest possible time.

If the people of the United States evince an earnest desire that their Government apply its energies and treasure to the completion of the canal, Colombia not only will not place any obstacle whatever in the way of such a purpose or keep her concessions within the bounds of those previously conceded to private enterprise, but will enlarge those concessions to such an extent as to renounce a demand for the ownership after the lapse of a number of years of operation, as stipulated in the French company's contract; she will grant the use of a much more extensive zone than that originally conceded for the execution of the work; extend facilities in all the ports of
the Republic for coöperation in the work of the enterprise, relinquish her proprietary and usufructuary rights in the Panama Railway, and lastly, foregoes a fixed participation in the proceeds of the canal, confining her demands to a fee or annuity for the price of the zone, the revenues of the railway, and the heavier expenses put upon the public administration in the Isthmus by the increase of population and the traffic consequent to the work on the canal itself.

Thus does Colombia give fresh evidence of her long standing and cordial sentiments of friendship toward the United States and evinces in a clear and sincere manner the gratification with which she will receive the industrious and intelligent citizens of your Republic in her territory.

Colombia has no lust of unjust gain through the construction of the canal in her territory, and a final convention on this subject will not be hampered by pecuniary considerations. Her pride in the matter is bent on having the neutral waterway between the two oceans, that idea of universal peace and progress, become a reality on her territory and under the protection of her sovereignty. The compensations asked by Colombia have special importance only in that they will imply a practical and constant recognition of her sovereignty.

In the light of the foregoing official documents or of excerpts from documents, whose conduct comes under the dictionary definition of attempted blackmail? The Standard Dictionary defines this favorite term of Roosevelt's when he is discussing the acquisition of the canal title as "extortion by intimidation; especially, extortion of money by threats or accusations."

With this definition as a guide, it would be
more truthful to say that the manner in which our Administration secured the signature of Herran to the Hay-Herran treaty, and attempted to secure its ratification by the Colombian Congress, savors of blackmail than to say that those in official control of Colombia attempted blackmail. The characterization of their actions by this term is wholly inaccurate, and, as already indicated, is a deliberate attempt to conceal the fact that our Administration was guilty of a political crime. The facts upon which this statement is based are given in detail in chapters which follow.

Whatsoever evidence of attempted blackmail exists is contained in the gossip of the time. It can be duplicated at any session of our Congress or of the legislature at Albany. The council of the city of New York was shorn of important powers because of this practice. On the day of writing (March 23, 1915), Hamilton Fish charged in the New York Assembly:

The Republican Party here represented is acting on this bill in behalf of several men who get retainers from casualty companies and who pull down the levers that operate things here at Albany. You are acting for one or two men who are in the employ of the insurance companies. . . .

I demand an investigation. No one has told who is behind this bill that we rushed through without a hearing. I stand pat on my statement that improper influences
put the Direct Settlement bill through this House. You have the investigators named and I'll give the proof."

Van Benschoten, in the celebrated Barnes-Roosevelt libel suit, said:

Investigation after investigation had shown the absolute rottenness of the condition of many of the departments of the State. Public officials had been indicted and convicted for neglect of duty and for conspiring to defraud the State. Other officials had been removed from office. The newspapers and periodicals were filled with the details of the conditions which had for some time been existing.

"Blackmail!" Have not some United States Senators and Congressmen been convicted of crime? Others left inadequate footprints and so the legal evidence was wanting. We have our own "Black Horse Cavalry," and some of them have "done time." It would be a miracle if Colombia were entirely free from them.

We should not expect a virtue there that we do not ourselves possess. Guilt does not point to the Colombian Congress as a body. It is safe to say that in the history of civilized diplomacy there never was such an unwarranted and improper characterization of another nation's motives as is contained in Roosevelt's official and unofficial arraignment of Colombia.

Do not the official documents here presented
prove that Roosevelt has wantonly attacked Colombia's national character? Do they not show that he has ruthlessly assailed the character of her public men in order to conceal the theft of the Canal Zone by his Administration? A critical examination of the diplomatic correspondence between the United States and Colombia having a bearing on the Hay-Herran treaty convinced the writer that the following from the pen of Ex-Minister Du Bois is a correct estimate of the character of the governing class of Colombia:

An impartial investigation at Bogotá, running over a period of two years . . . convinced me that, instead of "blackmailers" and "bandits," the public men of Colombia compare well with the public men of other countries in intelligence and respectability, while the social life is as refined and cultured as can be found in any capital in the world. Bogotá is called the Athens of South America.

The New York World is authority for this statement:

It is noteworthy that of all the amendments introduced into the Colombian Senate, there was not one relating to the compensations, either in money or in any other form, that Colombia was to receive from the United States in exchange for the concessions granted by the former to the latter country. There is not the ghost of a shadow of justification for the oft-repeated falsehood that Colombia was trying to hold up the United States for more money.
Calling names does not alter facts. To shout "Blackmail!" from the housetops does not alter the fact that Colombia had vested interests in the Province of Panama for which she is entitled to compensation. If she deserved all the epithets hurled at her by Roosevelt, her infamy would not by a hair's breadth alter our duty. No man has a right to rob a person just because the latter contemplated blackmail.

The writer is not specially interested in Colombia, and has no ties whatever which bind him to her, but he is vitally interested in seeing a great power, in respect to whose policies he, like all citizens, has a right to be heard, deal justly with a small nation regardless of her character.

We are not aware that Colombia is a blackmailer. We are aware that the United States is in possession of a stolen canal title, which will remain tainted until our Government has made reparation. No amount of rhetoric, or of abuse of Colombia, will alter a single word in the indictment against the United States.

The charge of blackmail is reiterated by Roosevelt in the following:

In his message of July 21, Minister Beaupré reported that the Colombian Government had sounded both Germany and England to see if they could not be persuaded
to construct, or aid in the construction of, the canal in place of the United States. The Government of Colombia, therefore, not only sought to blackmail us and to blackmail the French company, but endeavored to put one of the great Old World powers on the Isthmus in possession of the canal. And because the then Administration refused to submit to such infamy on the part of Colombia, the present Administration actually proposes to pay the wrongdoer $25,000,000 of blackmail.

In short, it was a crime for Colombia to seek reasonable terms; it was, however, a virtue for the United States to do so. And, of course, Roosevelt—and not an impartial arbitral tribunal—was to decide what were proper terms. As already stated, Colombia offered to submit the entire question of compensation to an arbitral tribunal. Therefore, it is nearer the truth to say that the Roosevelt Administration sought through coercion and duress to secure an unduly advantageous bargain.

As to blackmailing the French company—no penetrating student of corporation finance and of stock exchange methods will lose sleep over the spoliation of the innocent investors in the French company; they had already been despoiled. It only remained to determine whether the "Black Horse Cavalry" of finance would get the actual value of the investment or whether Colombia would share it with them as compensation for the
right to transfer title to a sovereign state denied to them by charter.

It is safe to assume that at the collapse of the French company, the wreckers were "out from under" and that they repurchased the securities for a "song" when these reappeared on the market. "Set the table over again" has become an art in high finance—an art in which the small and innocent investors are fleeced. It is, therefore, not clear why our Administration should have been so much concerned about the holders of the securities of the French company. At its worst, malefactors of great wealth would have been shorn of only a fraction of their ill gotten gains. It was clearly not a case for the Roosevelt Administration to become excited over; and not a case that warranted the applying of epithets to a friendly nation.

The Roosevelt Administration voluntarily came to the relief of the investors—we call them by that name as a matter of courtesy—in a company chartered by France. It is nearer correct to call them financial buccaneers—who wrecked the project to despoil bona fide investors—and their political "pals." This anxious concern of the Administration does not have a holy look, nor does
it appear entirely disinterested. An impartial survey of all attendant facts and circumstances bars the inference that it was prompted by motives that were exalted.

Instead of there having been an official attempt at blackmail on the part of Colombia, there was ignorance, there was impatience, there was passion on the part of our Government. As for the White House at the time, one could hardly say that patience and calm cold reason were domiciled there. There was, however, no official attempt at blackmail on the part of the United States, any more than on that of Colombia. If Roosevelt insists that there was, we will not strenuously assert that his Administration was not guilty. As already stated, Colombia offered to submit the question of compensation to arbitration; our Administration rejected arbitration as a solution. Whose conduct looks suspicious? Is it the conduct of the country that offers to arbitrate the point at issue, or is it the conduct of the country that sidesteps arbitration?

Roosevelt seems incapable of thinking in terms of accounts, finance and sovereignty. If it were not so he would not inflict upon his readers state-
ments which destroy his prestige among the well-informed. The following is introduced merely as a sample of his reckless utterances:

A private French company had attempted to build a canal across the Isthmus of Panama, and had failed after making only a beginning of the work. Various propositions for a trans-Isthmian canal to be undertaken by the United States Government had been made. . . .

Congress only considered seriously, however, the Panama and Nicaragua routes, and was in much doubt between them. A commission of experts appointed by the President for that purpose had reported that if we could buy the rights of the French canal company for $40,000,000 we ought to take the Panama route, but that otherwise we should take the Nicaragua route. . . .

The French had real rights. They had spent hundreds of millions of dollars, and although much of this had been wasted, yet we received at least $40,000,000 worth of property and of accomplished work for the $40,000,000 we agreed to pay them. Colombia had no rights that were not of the most shadowy and unsubstantial kind; and even these shadowy rights existed only because of the action of the United States. . . . Ten million dollars represented the very outside limit which generosity could fix as a payment to Colombia for rights which she was impotent to maintain save by our assistance and protection, and for an opportunity which she was utterly unable herself to develop. Nobody of any consequence in the United States, within or without Congress, would at that time for one moment have considered agreeing to pay $25,000,000 or any sum remotely approaching it.

Sovereignty, the most important consideration, is not mentioned by Roosevelt in the foregoing excerpt. The Hay-Herran treaty provided for
the payment of $10,000,000 to Colombia. It must, however, not be forgotten that Colombia remained the sovereign owner of the whole Isthmus of Panama. The offer of $10,000,000 and the right to retain the Isthmus were worth more than the $25,000,000 which are now offered. The circumstances of the Hay-Herran treaty, by virtue of which Colombia was offered the $10,000,000 before she lost Panama, were entirely different from those which obtain now when she is to be paid $25,000,000, after having lost the Isthmus.

The $10,000,000 was to be paid for leasehold rights to a Canal Zone in the Province of Panama. The $25,000,000 is intended as part payment for the loss of sovereignty—sovereignty wrested from Colombia by the display of overwhelming force in Isthmian waters. It is part payment for the loss of a province and vested interests there located, such loss being the result of collusion between the Roosevelt Administration and a few separatists on the Isthmus. The Hay-Herran treaty provided payment only for rights to a strip of land. The present treaty provides payment for the loss of ownership of a whole province with its concomitant rights. The two propositions are as far apart as the two poles.
Colombia had other rights in the Province of Panama. One of these was the right stipulated in the contract with the French company to take possession of the partly completed canal if not completed by it. The contract provided specifically that if within a certain time and a generous extension of time, which the Colombian government granted, the French company failed to construct the canal, the whole work should become the property of the Republic of Colombia. By merely waiting the necessary time, the position of Colombia as owner of the work would have become absolutely solid. Colombia, however, did not take advantage of that right. This very important right she had at the time when the United States was negotiating the Hay-Herran treaty.

Further, in order that the French company might sell its assets to the United States, it was necessary, as already indicated, first to secure the consent of Colombia, because, in the concession granted by Colombia to that company, it was expressly stipulated (art. 21) that such concession could not be transferred to any foreign government. This was by itself a right, and, therefore, Colombia was entitled to refuse transfer to the United States Government unless a fair price was paid for her consent.
In addition to the foregoing rights, Colombia had a reversionary interest in the Panama Railroad. It was to become the property of Colombia at the end of the period for which the concession was granted. In the light of the foregoing, is it not apparent that the $25,000,000 is not blackmail, but only part payment for rights unlawfully wrested from Colombia—vested interests taken from her by force when we established the so-called Republic of Panama as a protectorate of the United States.

The bland assertion of Roosevelt in the article in question that the rights of Colombia (of the sovereign) were shadowy and that they existed only because of the protection afforded to her by the United States is interesting, but the vital fact is again omitted, and that is that the United States received for this protection a liberal quid pro quo. We received valuable commercial concessions, including transit across the Isthmus on the Panama Railroad on the same terms as those granted to citizens of Colombia, a concession that Roosevelt wanted to deny to non-nationals in the commercial use of the Panama Canal.
with the benefits which accrued to Americans under that treaty.

This point is well stated in a communication to our Department of State by the resident Minister of Colombia, dated May 3, 1913, in which, speaking of the obligation the United States assumed in the Treaty of 1846, he says:

And this solemn undertaking, to which the United States pledged its public faith, was not a burdening obligation, nor a gratuitous protection, in favor of the rights of Colombia. On the contrary, the undertaking to guarantee [the sovereignty of Colombia on the Isthmus] was established in compensation, IN PAYMENT, of the immense advantages which the United States obtained from Colombia by the said treaty. Your Excellency knows full well the history of your own country, and therefore, it is not necessary for me to remind you that the great development of California and of all the Pacific coast was principally due to the free and untaxed transit across the Isthmus of Panama which the United States secured under the Treaty of 1846.

In truth, it is not possible to find any other international agreement carrying such great advantages and concessions to one of the contracting parties as those that the United States obtained, and which were granted to it by Colombia, principally with a view to obtaining an impregnable guarantee of her undeniable rights of sovereignty and property over the Isthmus of Panama. Such was, on the part of Colombia, the object she had in mind, the intention with which she entered into the Treaty of 1846.

While it may be argued that the interests mentioned belonged to Panama, and that the rights
of Colombia became automatically vested in Panama after the establishment of the new Republic, such an argument is not supported by precedent. Colombian sovereignty on the Isthmus, however, was extinguished not by the revolt of Panama, but through the collusion of the Roosevelt Administration before the event, and the display of force before and after the event. This is the very heart of the question.

It was the solemn duty of the Colombian Congress to reject the Hay-Herran treaty as an unscientific instrument. The rights of neither party were set forth with sufficient definiteness to foreshadow harmony in the application of its provisions in administration. Who but the weaker nation would have had to suffer? Of friction, Colombia had an example in the new construction placed on the Treaty of 1846 in the fall of 1902. Simon Creel's statement in the New York Sun on April 3, 1914, is apropos:

A leetle country never misconstrues a treaty with a big one; that is contrary to self-preservation and the law of nations. A leetle country allus construes a treaty with a big one jest the same from fust to last, strictly in accordance with its original meanin' an' intent; but a big nation aint so gol blamed hide-bound ner bigoted, not by a long sight.

This reflection is suggestive, furnishing the key
which explains Colombia's anxiety—misinterpreted as roguery—during and after the negotiation of the canal treaty.

But the United States benefited enormously by Colombia's rejection as far as concerns its material interests. In the present treaty with Panama, the United States is the de facto sovereign of the Canal Zone, and will, in due course, probably become the de jure sovereign at the request of Panama. We should, therefore, as already stated, be more than willing to pay $25,000,000 additional to the amount stipulated in the Hay-Herran treaty for these additional benefits.

In the provisions embodied in the present canal treaty, Panama was generous to a fault. It is doubtful if a more one-sided treaty was ever negotiated. Secretary Hay, with the consent of the Junta, gave the United States so much latitude that it is almost equivalent to sovereignty. The United States may use any of the rivers and lakes in the Republic necessary to the canal, and it may acquire additional land outside of the Canal Zone if it is needed for canal purposes. These provisions are broad enough to permit the conversion of the Republic into an adjunct of the canal. If Panama cannot preserve order, the United States
may, at its discretion, use its own military forces to maintain it. The foregoing and other provisions make the so-called Republic of Panama a protectorate of the United States.

One would hardly argue that this increment in the value of the rights America finally acquired in the Canal Zone should be paid to Panama if paid at all. Panama was enabled to grant the rights to the Canal Zone and in the canal littoral that she did only because our Administration wrested her from the sovereignty of Colombia. Sovereignty alone has value. Because of the strategic importance of the Canal Zone, the sovereignty of the Isthmus has tremendous value. Of this value, the United States despoiled Colombia. I repeat, the $25,000,000, if paid to Colombia, will reimburse that country for only a fraction of the value of which she was despoiled.

This is not all. The $25,000,000 will only increase the cost of the canal as a business undertaking. As it is a proper charge to cost, it can be amortized out of revenues.

Roosevelt argues as though the $25,000,000 were a direct charge on the national treasury. It need not, ought not, and will not be if the canal is managed as a business enterprise. As he has only a superficial knowledge of finance, his dis-
cussion of this phase of the problem is especially weak and deserves serious attention only because of his prestige. An adequate title is a part of cost. The $25,000,000 payment provided for in the pending treaty is necessary to give the United States a clear title to the Canal Zone. It is therefore a proper charge to investment in the canal and can be amortized through revenues. The burden will then be borne by the commerce that uses the canal and the commerce of the United States will bear only its proportionate share.

Roosevelt maintains in his article that the $10,000,000 stipulated in the Hay-Herran treaty represented the very outside limit that generosity could fix. This observation presumably applies also to the annuity of $250,000. As the extent of future developments is unknown even to the wisest, it is impossible to say that the amount offered was liberal. The arrangement was, to say the least, grossly unscientific. The State is presumed to live forever and so must act on that basis. This fact alone, if properly understood, justified Colombia in considering the compensation stipulated in the Hay-Herran treaty as unsatisfactory. As already indicated, the Colombia Legation in Washington and the Colombian Senate suggested periodic revaluation of the con-
cession and adjustment by arbitration if not settled by diplomacy. That would have settled the question in harmony with the "square deal," as that expression is understood among experts in public utility finance.

Colombia was then receiving $250,000 a year from the railroad, which was merely continued in the Hay-Herran treaty. She had a reversionary interest in the railroad which would have vested in the United States had the treaty been ratified. Therefore, Colombia was to receive only $10,000,000 for the canal concession and for its reversionary interest in the railroad. This $10,000,000 could have been amortized through revenue so that it would ultimately have cost the United States nothing. The $250,000 would also have been a charge to revenue. Reliable data show that the whole outlay for the canal as a business enterprise can be amortized in about seventy-five years. Yet the income of Colombia, the sovereign, would have remained at $250,000 a year; that of the United States would have been limited only by the degree of its self respect.

The situation just described would have been the same as that found in those American municipalities where perpetual franchises have been unwisely granted, and where hoards of unearned
wealth are being appropriated by private concerns or individuals. Advanced municipalities now grant only indeterminate franchises subject to periodic revaluation, so that the unearned increment in the value of the franchise will be secured by the municipality. The aim is to allow only a reasonable return to the investors. The value of the franchise is created by the community; the return, over and above the reasonable rate on the investment, is therefore appropriated by the municipality. New York City has outstanding franchises of this sort amounting to some half a billion dollars, with reversion attached thereto. This city now makes terms with street-railway corporations less liberal than those that Colombia was willing to accept.

Only a person ignorant of the elementary principles of finance as related to franchises can fail to see that Colombia's suggestion of periodic revaluation was exactly in line with the methods of modern cities. The United States was entitled to a reasonable return on the actual investment. Colombia was entitled to reasonable compensation for the site and a reasonable annuity in proportion to the increasing value of the site. The remainder belonged to collective civilization—the actual creator of the surplus value. This
was the arrangement desired by Colombia, a solution suggested by common sense; our solution was that of the shot-gun—"Ratify the Hay-Herran treaty or you will regret it." In other words, Colombia was informed that if she did not accept dictated terms, our Administration would take the Canal Zone.

As already indicated, advanced municipalities grant only indeterminate franchises subject to periodic revaluation so that the unearned increment in the value of the franchise will be secured by the municipality. According to the Hay-Herran treaty, the increment in value was to be appropriated by the United States in perpetuity. Even Colombia’s sovereignty was to be impaired in perpetuity instead of only until she had advanced to stability in administration. She hesitated and desired time to think. She is now reviled for having thus attempted to safeguard her just rights. She was weak and so her sovereign rights were hurled into the scrap-heap by the use of our gunboats.

There seems to have been an obstinate and unreasoning belief on the part of the Roosevelt Administration that the terms offered to Colombia were liberal—generous to a fault. These it attempted to force Colombia to accept. They were
not liberal. They did not take into consideration the possibilities of the future. They ignored the fact that our municipal franchises granted in perpetuity in the past now plague us and that colossal sums of unearned wealth are being appropriated by private interests because of these unwise grants. Colombia was attempting to safeguard her permanent interests against such a blunder as a perpetual grant without periodic revaluation to determine the amount of the annuity to be paid for the said grant.

Clearly the stand taken by our Administration was highly improper. Colombia's attitude was right—was the only position that an intelligent and self-respecting nation could take. When we view the matter from the policy pursued by advanced municipalities in granting franchises—*the emphasis that they place on periodic revaluation*—we are driven to the conclusion that the Roosevelt Administration, in its attempt to force Colombia to accept terms that our own cities have outlawed, acted as a refined grafter.

 Territory, which belongs to future generations as well as to the present, should never be surrendered in perpetuity by any government, for otherwise the *dead hand* of the past will control the future, which should be left free and be
allowed to make its own arrangements. It appears conclusive that long-period revaluation of the concession was the only equitable arrangement. This Colombia proposed and our Government refused. In the light of the foregoing, who can reasonably be charged with having attempted blackmail?

Were a railroad company to do what the Roosevelt Administration perpetrated on the Isthmus, it would be summoned before a court of competent jurisdiction. Such a court would disregard the amount paid to the partner in crime and would direct that the value of the property taken from the lawful owner be paid to him with lawful interest. This is the way in which our brigandage on the Isthmus in the fall of 1903 would have been settled if there had been a tribunal with power to determine and enforce justice between sovereign states.

Ex-Minister Du Bois (to Colombia) is authority for the following statement:

It is a matter of record that Colombia never seriously intended to seize the French company's property, and everybody knows that Colombia wanted the canal dug and wanted the United States to dig it, and had urged it for fifty years.

Sovereignty adequately safeguarded, and such
compensation as an impartial and competent tribunal would determine, constituted the modest demands of Colombia.

The charge of blackmail is, I repeat, an unpardonable slander, trumped up for the purpose of concealing the robbery of a weak nation by one possessing the necessary brute force. The compensation provided for in the Hay-Herran treaty was not only not liberal but inadequate. The whole official correspondence shows that Colombia would have accepted financial terms that were less than reasonable, and that she would have been reasonable on the question of sovereignty. The meddling of the Roosevelt Administration in the affairs of Colombia and its concessionary companies was as improper as it was reprehensible, and I venture to add that it will always have a suspicious look.

One might ignore Roosevelt's utterances on the subject if it were not for the fact that our national honor and the interests of a sister Republic are involved. Absurdity reaches its climax in the following excerpt from the article under review:

Our people should also remember that what we were paying for was the right to expend our own money and our own labor to do a piece of work which if left undone would render the Isthmus of Panama utterly valueless.
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If we had gone to Nicaragua, or had undertaken to build a canal anywhere else across the Isthmus, then the right which Colombia was so eager to sell for $10,000,000 would not have been worth ten cents. The whole value was created by our prospective action; and this action was to be taken wholly at our own expense and without making Colombia or any one else pay a dollar, and this although no power would benefit more by the canal than Colombia, as it would give her waterway communication by a short and almost direct route between her Caribbean and Pacific ports.

It is difficult to believe that Roosevelt is merely ignorant. Would that it were so! It is a pity that one who has held the high office of President of the United States should use the prestige thereby gained to foist upon the public statements which are absolutely untrue. We will give here only a bird's-eye view of the actual facts, developing them in great detail in several chapters of another work entitled "America and the Canal Tolls."

In order to think clearly on this subject we must differentiate between the canal as a business enterprise and the canal as an annex to our protective system—military and naval. All outlays for the canal as a business enterprise should be made a liability of the canal and be amortized through its revenues. Therefore, if the United States properly manages the canal, the business end of it will ultimately cost nothing. It is only
a matter of loaning the country's credit until the entire cost can be amortized through charges to revenue. The outlay for canal fortifications and other means of protection is more apparent than actual because a given amount of protection with the canal will cost less than the same amount would cost without the canal.

The outlays of the United States for the canal as a business enterprise are not of the nature of an expenditure, but are an investment to be returned at compound interest. The actual outlay of the United States consists of the expenditures for the canal's protection. As the canal will increase the efficiency of our navy and therefore make possible a less expenditure for national protection than would otherwise be necessary, it follows that the canal is not a charge to the national treasury if business principles are adopted and maintained in its management.

As already stated, the United States will have merely loaned its credit to the enterprise, suffering no loss if she manages it properly, becoming, rather, the gainer because as large expenditures for protection as would have had to be incurred will not have to be incurred because of the canal.

Thus, if one scrutinizes the financial aspect, and substitutes the actual for the apparent, he
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will obtain a correct view of the relation of the United States Treasury to the canal. Colombia would have furnished the site; the United States would have furnished the *business ability for pay*, and have loaned its credit. Our outlay is more apparent than actual.

To sum up, Roosevelt beclouds fundamental issues when he discusses the benefits that were to accrue to Colombia, but prefers to remain discreetly silent as to the sacrifices Colombia was asked to make, as we have shown. In addition he exaggerates the sacrifices that the United States has made. His statements as to the financial aspects of the negotiations are grotesque, failing even to attain the dignity of half-truths. Colombia merely insisted on the right to control her own actions and her own possessions, subject only to the equal right of every other nation to do the same; the United States sought to coerce her into granting a concession of her most valuable possession without adequately safeguarding her permanent interests.

Even though the United States had proceeded with the construction of the canal by the Nicaragua route, the concessionary interest of Colombia in the railroad would have remained valuable. In addition to this her reversionary interest in it
would have had an increasing actuarial value. The route would have continued to have value as that of a potential canal. The United States is willing to pay a price for all available canal routes, as the pending treaty with Nicaragua shows, and as the effort to secure a concession on the Atrato route proves. Therefore the statement that the Panama route would not have been worth ten cents had the United States constructed the canal elsewhere is merely picturesque.

Colombia could have voided the Treaty of 1846 and then in the course of time, after a marked development, have disposed of the route to a European country. The United States could not have objected with good grace after refusing to pay for the concession the price determined by an arbitral tribunal.

Calling attention again to the statements of the foregoing excerpt, we will ask which is the more important—the canal site or the capital used in the construction of the canal? Capital, always subject to depreciation and obsolescence, must be renewed through charges to revenue. The amount invested can be amortized through revenue. The site is a permanent ensemble of values, the amount of which will fluctuate with the ebb and flow of commercial progress. As the site
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did not belong to the United States, it did not have the right to determine the price. To fix the price belonged to the owner, who, however, magnanimously offered to leave it to the arbitra-
ment of a neutral third party.

Roosevelt's argument that our large invest-
ment there alone made the site valuable is alto-
gether unwarranted. The site made the invest-
ment possible and therefore had coördinate im-
portance with the capital invested. Our former
President may know which blade of a pair of
scissors is the more important, but those of us
who are not equally gifted can only feel that
the two blades are of coördinate importance.

We prohibited European countries from co-
operating in the construction of the canal by the
Panama route, thus obligating ourselves to join
Colombia in submitting the question of the com-
pensation to be paid for the concession to an im-
partial tribunal if it could not be arranged by
mutual agreement. This our Administration re-
fused to do. We actually barred coöperation by
France in the construction of the Panama Canal
and insisted on sale of the route to us on terms
dictated by us. We refused to acquiesce in the
terms proposed by Colombia, though they seem
reasonable when intelligently scrutinized. What
is our attempt to force our own terms upon Colombia but an unconscious attempt at blackmail?

Not unlike the cry of "Stop thief!" on the part of the actual culprit who seeks to divert attention is the charge of blackmail in this connection. Resisting the encroachment of the United States, Colombia sought to preserve her sovereignty over the Isthmus, thus standing for the maintenance of international law and adherence to the fundamental principles of justice. The United States acted as the Captain Kidd of civilization. Colombia sought to safeguard her rights on the Isthmus and requested that our Administration join her in submitting compensation for leasehold rights to the Canal Zone to arbitration.

The solution of our Government was, however, that of the shot-gun—*gunboats in Isthmian waters*. Colombia was telegraphed: "Ratify the treaty [Hay-Herran] or you will regret it." In other words, Colombia was informed that if she did not accept the terms dictated by the Roosevelt Administration, the latter would take the Canal Zone. It was taken. The book now in the hands of the reader tells, in unvarnished English, the story of how "*I [Roosevelt] took the Canal Zone.*"
The financial terms pressed upon Colombia were unscientific. Determination by an impartial tribunal of the amount to be paid her was refused. The political terms insisted upon were humiliating. And these terms were to be in perpetuity, and not subject to periodic reconsideration with provision for arbitration if not mutually arranged. The critical student of institutions finds nothing in the conduct of the Roosevelt Administration to commend; rather does he find much to condemn. Under a veneer of respectability, it secured title to the Canal Zone, sandbagging Colombia and despoiling her of her choicest possession.

Is Colombia entitled at the present time to compensation for the group of values that we have enumerated? We will let Roosevelt furnish the key with which to answer this question. In a speech delivered at the University of California on March 23, 1911, he said:

I am interested in the Panama Canal because I started it. If I had followed traditional conservative methods I should have submitted a dignified state paper of probably 200 pages to the Congress, and the debate would have been going on yet. But I took the Canal Zone, and let Congress debate, and while the debate goes on the Canal does also.

"I took the Canal Zone!" This is the key;
argument is unnecessary; the political crime is admitted, leaving nothing to arbitrate, leaving only damages to be assessed. They should be assessed by an impartial tribunal. By paying the amount determined in this way the United States can restore her honor, refusing to be satisfied with paying less than the amount properly determined. Colombia ought not to be compelled to accept less. This is the reparation that a man of high character would make to another whom he had injured. Colombia is powerless. She cannot exact justice. Our adjustment of this matter is the measure of our national character. It pays to be just.

By way of closing our argument on the charge of blackmail, we commend to Roosevelt's prayerful attention the following excerpt taken from Shakespeare:

Who steals my purse steals trash; 'tis something, nothing; 'Twas mine, 'tis his, and has been slave to thousands; But he that filches from me my good name Robs me of that which not enriches him And makes me poor indeed.

The Panama route was merely an alternative one. Roosevelt discusses the provisions in the Spooner law which directed him to construct the canal by the Nicaragua route if he could not
secure satisfactory title for the one at Panama. He says:

I was directed to take the Nicaragua route, but only if within a reasonable time I could not obtain control of the necessary territory of the Republic of Colombia upon reasonable terms; the direction being explicit that if I could not thus get the control within a reasonable time and upon reasonable terms I must go to Nicaragua. Colombia showed by its actions that it was thoroughly acquainted with this fact, and eagerly demanded and entered into a treaty with the United States, the Hay-Herran treaty, under which $10,000,000 was the price stipulated to be paid in exchange for our acquiring the right to the zone on which to build the canal.

Are the facts concerning the agreement of the representatives of the two countries on the Hay-Herran treaty correctly stated by Roosevelt? What does the letter of Secretary Hay to the chargé d'affaires Herran of the Colombian Legation indicate? This letter is dated January 22, 1903, and reads:

I am commanded by the President to say to you that the reasonable time that the statute accords for the conclusion of negotiations with Colombia for the excavation of a canal on the Isthmus has expired, and he has authorized me to sign with you the treaty of which I had the honor to give you a draft, with the modification that the sum of $100,000, fixed therein as the annual payment, be increased to $250,000. I am not authorized to consider or discuss any other change.

Was it the United States, or was it Colombia
who entered eagerly into the agreement known as the Hay-Herran treaty? All has not yet been said. The New York World is authority for the statement that Cromwell, representative of those interested in the canal company, called on Herran the same day that he received the foregoing note and informed him that if he did not accept the terms offered by the United States, Colombia would lose everything, as the United States had decided to proceed with the construction of the canal by the Nicaragua route. How did Cromwell know? Who told Cromwell of the ultimatum? Again, how did he know the day, yea, and the hour, that the ultimatum was dispatched? Can it be that financial buccaneers and our Department of State were in collusion to dragoon the representative of Colombia into signing an unsatisfactory treaty?

Cromwell and Herran called at Secretary Hay's private residence that evening and there signed the Hay-Herran treaty. Three days later Dr. Herran received this telegram from his Government:

Do not sign canal treaty. You will receive instructions in letter of to-day.

The writer adopts the following comment of the New York World as his own:
The Colombian Government never in any way, shape or form approved the Hay-Herran treaty. It maintained the position it had taken from the first that the canal and railroad companies would have to pay Colombia for the right to transfer their concessions to the United States.

Through the omnipresent Cromwell it had been ascertained by our Government that the acting Minister of Colombia had instructions from his Government to sign the projected canal treaty if it was accompanied by an ultimatum. The Hay-Herran treaty was signed by Dr. Herran with the reservation that it would be submitted to the Colombian Congress for its untrammeled action. Our Government knew that the instrument when signed was unsatisfactory to the Colombian Government and that it would not be ratified by the Colombian Congress without pressure, if at all.

Roosevelt tells us that as early as August, 1903, he commenced to consider what course to advise the Congress to pursue in view of the fact that ratification of the Hay-Herran treaty seemed then improbable. He felt that several situations might develop. They are stated in his message of January 4, 1904. The portion of his statement that proves duplicity reads:

One was that Colombia would at the last moment see the unwisdom of her position. That there might be nothing omitted, Secretary Hay, through the Minister at
Bogotá, repeatedly warned Colombia that grave consequences might follow from her rejection of the treaty. . . . A second alternative was that by the close of the session on the last day of October, without the ratification of the treaty by Colombia and without any steps taken by Panama, the American Congress on assembling early in December would be confronted with a situation in which there had been a failure to come to terms as to building the canal along the Panama route, and yet there had not been a lapse of a reasonable time—using the word reasonable in any proper sense.

In January, 1903, the reasonable time had expired, and so Dr. Herran had to be overawed and had to be induced to sign a treaty without first consulting his Government. Seven months later the reasonable time had not yet elapsed and would not elapse until the Congress had been consulted. And this slippery method of securing the signature of Herran to the Hay-Herran treaty we are solemnly assured was in harmony with all the accepted canons of ethics!

Roosevelt feels indignant that his actions which eventuated in our securing the Canal Zone should be condemned. He gives voice to his feelings in the following:

There are in every great country a few men whose mental or moral make-up is such that they always try to smirch their own people, and sometimes go to the length of moral treason in the effort to discredit their own
national government. A campaign of mendacity was started against this treaty from the outset by certain public men and certain newspapers. One of the favorite assertions of these men and newspapers was that the United States Government had in some way or other instigated, and through its agents been privy to, the revolutionary movement on the Isthmus. The statement is a deliberate falsehood, and every man who makes it knows that it is a falsehood.

Even had I desired to foment a revolution—which I did not—it would have been wholly unnecessary for me to do so. The Isthmus was seething with revolution. Any interference from me would have had to take the shape of preventing a revolution, not of creating one. All the people residing on the Isthmus ardently desired the revolution. The citizens of Panama desired it. Every municipal council, every governmental body the citizens themselves could elect or control, demanded and supported it.

Not only does Roosevelt obstruct the restoration of national honor by opposing the making of reparation to Colombia, but he prevents the truth about the method employed to secure the Canal Zone from becoming known. Therefore, criticism of him persists. It will persist until our national honor has been taken out of pawn in which he placed it when he "took" the Canal Zone by force.

In another chapter we will show that no revolution on the Isthmus was projected or eventuated. The Province of Panama merely established a government independent of that of Co-
lombia after the details had been arranged. Our Administration used the navy to prevent Colom-
bia from exercising the right of sovereignty in this Province after its Declaration of Inde-
pendence, and interfered with its exercise before that date.

Let there be no misunderstanding. There was no revolution on the Isthmus in the fall of 1903. No revolution was projected and none eventu-
ated. The Province of Panama seceded from Colombia after assurance from our Administra-
tion that it would protect secession within forty-
eight hours after the Declaration of Independ-
ence. This protection was extended earlier than agreed to—on November 3–5, 1903. Colombia was overawed by the display of overwhelming force. The so-called Republic of Panama was organized as a protectorate of the United States under a pretense at revolution. Pretense at revolution, as that term is understood in history, is not revolution. It is the rape of a weak nation by a stronger one. It is international burglary under a veneer of respectability.

The Isthmus did not seethe with revolution. No real revolution had even been contemplated. Du Bois, our Ex-Minister to Colombia, states:

I say, and can prove it, that a handful of men, who
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were to be the direct beneficiaries of the revolution, conceived it, and not the hundredth part of the inhabitants of the Isthmus knew of the revolt until an American officer, in the uniform of the United States army, raised the flag of the new republic.

An excerpt from an American newspaper published in Colon throws light on the subject. It effectually disposes of Roosevelt's: "The Isthmus was seething with revolution." It reads as follows:

When the inhabitants awoke in the morning [November 4, 1903] after a night of undisturbed slumber, they little dreamt that their tranquillity would be disturbed ere the setting of the sun. But it is the unexpected that often occurs. It was so in the present case. With the assurance of peace in the country there was nothing known yesterday to the public of Colon to have aroused any misapprehension. But the disquieting news which had been flashed across the wire from Panama had leaked out, and in a very short time it had spread throughout the whole town. The news was to the effect that Panama had declared its independence on the afternoon of the 3d instant. To one and all the news came like a bolt from a clear sky. No one cared to talk or express an opinion. Such was the gravity of the situation.

This newspaper clipping is taken from a speech delivered in the Senate by the late Senator Carmack. His comment in connection therewith sizzles with irony, an excerpt from which follows:

That was the condition of the people who were rising there with unexampled unanimity, rising as one man
against the terrible tyranny of Colombia. The news that they were conducting a revolution came to that people like a bolt from a clear sky. No inhabitant dared to express an opinion about the revolution. They rose as one man . . . but the one man was in the White House.

Evidence of this character should be cumulative. Elsewhere we will give data which match so perfectly with those given here that the conclusion is irresistible. We will close this line of evidence with the following clipping from the New York Tribune, dated December 28, 1903:

The secessionist movement began with three men, and was executed under the supervision of those three and four others, the seven working under the advice and counsel of four Americans. Before the coup d'état others were, perforce, taken into the secret; but so closely were the plans guarded that those who were really in the secret and knew definitely the details might be counted on the fingers of the two hands. This brings us to the revolution itself, and introduces the strongest of all contradictions discoverable in connection with the birth of this national infant. The uprising took place on the 3d day of November, being initiated by the arrest of Generals Tovar and Amaya and Governor Obaldia, which took place in the City of Panama. That city knew, of course, what had occurred the moment the arrests were effected, but Colon was kept in ignorance of the secession until the following day. It was on the 4th of the month that the public meeting was held in the cathedral plaza, Panama, the independence of the Republic proclaimed, and the declaration of independence, or manifestation, as they call it here, was signed.

Bearing in mind the fact that seven men, aided by the soldiers and others whose support to the movement had
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been purchased with dollars, were alone responsible for the sudden revolution in the political status of Panama, one may wander away down a stretch of not uninteresting inquiries. Were the people of other provinces consulted as to what it was proposed by the secessionists to do? They were not. Were the people, speaking in general terms, of the Provinces of Colon and Panama let into the secret? They were not. They knew, by general rumor, that a revolution was on the tapis, but they had not been consulted nor their advice asked as to the wisdom or unwisdom of what was contemplated. Was a provisional Congress composed of delegates from the several provinces held for the purpose of debating the project and framing a bill of separation? Nothing of the kind was ever thought of...

The little band of secessionists let the members of the city council of Panama into their secret late in October, when it became evident that a blow would have to be struck very soon or be forever withheld. These city councilmen—eleven in number—were willing to further the project, so that when the public meeting was held in the Cathedral plaza, Panama, on November 4, they were all in attendance. They, too, were the first to sign the declaration of independence, and immediately after that formality they adjourned across the street to the municipal building and went into session behind closed doors. Their first act then was to pass the declaration, which had already been engrossed in a book of record, and to append their names to the engrossed copy. This done, the city council appointed the three members of the provisional governing junta, authorizing them to take charge of the affairs of the new Republic. The junta assembled at once and named the members of the provisional cabinet, and the new Republic became a fact. On the same day Porfirio Melendez had taken charge of affairs at Colon as provisional governor appointed by the junta; but outside of the Cities of Panama and Colon and along the line of the Panama Railroad the people of the new Re-
public were in entire ignorance of the fact that they were no longer subjects of Colombia.

It seems almost incredible that the municipal council of a city of fewer than 25,000 people should take unto themselves the right to create a Republic out of a territory equal in area to the State of Indiana [population 300,000]; but that was what was actually done in this case. Instead of a provisional congress, the city council of Panama passed the act of independence. Every legislative formality incident to the creation of this Republic was performed by these city councilmen, no portion of the new Republic, except the City of Panama, having a voice, by representation, in what was done. Nor has any other portion of the new Republic had such a voice to this day. No congress had been called to ratify the secession, nor has any one of the seven provinces been requested to assemble, in council or by mass-meeting, to pass an act of ratification. . . .

Immediately after the creation of the Republic and the appointment of the junta by the city council of Panama, the junta took steps to this end. Emissaries were sent into the different provinces to proclaim the establishment of the Republic. These emissaries were effective orators—as are nearly all the people of these southern countries. They toured along both coasts, east and west, and stopped at the principal cities. . . .

In each of these cities the emissary would, upon his arrival, employ the local band of musicians. Taking a stand in the principal plaza he would draw the crowd by the band’s efforts, and when a number sufficient for his purposes had assembled, he would read the declaration of independence. Following the reading would come his harangue, the burden of which was that the establishment of the Republic meant the construction of the ship canal by the United States across the Isthmus, and that the construction of this canal meant that the United States would have to pay to the Republic a sum of money sufficient to make all of the people rich and prosperous. . . .