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ADDRESS OF
THE HONORABLE PHILANDER C. KNOX
SECRETARY OF STATE
AT THE ANNUAL BANQUET
OF THE
CALIFORNIA DEVELOPMENT BOARD
IN
SAN FRANCISCO, CALIFORNIA, MAY 7, 1912

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Mr. Chairman, Ladies, and Gentlemen:

On a recent official visit to the countries of the Caribbean I enjoyed the privilege and advantage of personal association with the men who control their destinies. I am filled with appreciative recollections of the good will with which those Latin-American peoples testified, through me, their warm feeling for the people of my country. Impressed with the deep interest there shown in the achievement of the centuries-old dream of an interoceanic waterway through Caribbean territory, it becomes now an even greater privilege, on returning home, to speak also to my countrymen of the Pacific coast of the great work which is soon to be appropriately commemorated here in your beautiful city---the Queen of the Eastern Pacific.

Seeing your noble bay, and thrilled by the impressive beauty of your Golden Gate, through whose august portal the wealth of the Orient finds a passage to our land, I am impressed anew by the fitness of choosing this spot above all others to celebrate the achievement of the stupendous task we are accomplishing in opening another Golden Gate to the interoceanic commerce of the world. The benefits of this titanic work are so far-reaching as to be well-nigh incalculable. Its completion crowns the wonderful progress which, within the lifetime of men still young, has been wrought in breaking down the barriers that divided the peoples of the Newer and Older Worlds, and brings together, in the unity of peaceful purpose, communities that from a remote past have existed aloof and apart, sundered by the seemingly invincible traditions of ages and kept in isolation by the vast wastes of the

ocean routes between them. Aside from the interminable route around Cape Horn, these tracks between the East and West have converged naturally toward a common center at Panama, there only to be arrested by the cosmic barrier of the Isthmus, involving the heavy costs of transshipment and land transit. It had become a vital need for the nations of the earth that the unobstructed freedom of interchange of thought and speech, effected through the time-annihilating agency of the electric waves, should be measurably approximated by effacing the existing obstruction to the material movements of commerce; that the steadfast and seemingly eternal rampart of the Isthmus should, like the wall of Jericho, fall before the bugle blasts heralding the irresistible march of enterprise, and that in its place should be an open pathway, accessible to all mankind---a veritable Golden Gate for peaceful world-trade.

Besides its high office as an avenue through which the far-divided productive agencies of the East and the West may flow unrestricted for their mutual advantage, the Isthmian Canal fulfills a local purpose of transcendental importance to the communities of the Occidental Hemisphere. I speak not only of the inestimable benefit to this country of making its Atlantic and Pacific coasts practically continuous for our mercantile and naval fleets, but of the change it is destined to produce in the relations of the peoples of the Caribbean and the tropical Pacific toward each other and toward their more northerly neighbors, Mexico and the United States. In the case of those States fronting on the two oceans, like Colombia, Panama, and four of the five Central American Republics, its immediate effect, like that so far as the United States and Mexico are concerned, is to give them a virtually con-

tinuous water frontage on both seas. Beyond this is the larger advantage of bringing the Pacific coasts of all the countries of America north of the Tropic of Capricorn into direct water communication with the Atlantic coasts of all. To you, of the Pacific coast, whose sea intercourse with the Latin-American communities has perforce been limited to the trade with the Pacific countries, the Canal means that the whole territory west of the Rocky Mountains is to be brought into touch with the Atlantic coast of South America; in short, that the trade of Venezuela, the Guianas, and Brazil is to be brought as nearly within your direct reach as that of Ecuador and Peru, just as our producers of the Atlantic and Gulf States and of the fertile Middle West, for which the Mississippi and its tributaries are water highways to the sea, gain direct commercial access to the western markets of Latin America. It is

this aspect of the matter that appears to have most keenly excited the interest of the Caribbean States I have so recently visited. The beneficial possibilities of the future are doubly enlarged by opening the Isthmian Golden Gate for the material and profitable interchanges of all the communities of the three Americas.

Intimacy of mutual intercourse between diverse peoples is one of the most active developing influences yet devised by man. The march of the old Romans toward universal civilization was, to put it practically, over good roads. They built time-enduring highways in and across every territory they invaded and conquered. They brought diverse and often hostile peoples together in a most businesslike way. While the direct purpose was the aggrandizement of imperial Rome, one of its effects was the better association of conflicting peoples and the implanting of

ideas of progress among them. The downfall of Rome was wrought, not by the peoples they had trained in the rudiments of civil advancement, but by the resistless hordes of far-northern barbarians who had never seen a Roman road or imbibed a Latin idea. Had Rome not yielded to luxurious indolence and fallen into the decadence that too often follows the success of the opulent conqueror, the nations of the earth might in time have been brought more closely together in pursuit of their common advantage, and progress toward a more enlightened era might have been uninterrupted. There might have been no Dark Ages to deplore, and no protracted agony of renaissance. The prophecy of the Cordovan Seneca, which I am glad to believe makes the quest for the Golden Fleece symbolical of the yearning of man for the "federation of the world" in peaceful concord, might have

been on the pathway to fulfillment as the intimacy of the peoples increased under a common favoring influence, leading up to an era when all boundaries should be effaced, and when the Hindu might indeed "drink of the waters of the chill Araxes and the Persians of the Elbe and the Rhine". The nations would have more intelligently understood one another through the commingling of ideas and purposes that follows from cordial intercommunication. The Canal can and should be instrumental in furthering such moral and material association and be an agent for the actual realization of Seneca's dream:

"The time shall come in the long course of years when ocean shall strike off the chains of earth and the vast world be opened."

The function of the Canal in promoting the good mutual relations of different communities is hardly to be exaggerated. It

can not be doubted that it will be a potential factor in cultivating the spirit of neighborliness among the Pan-American States, especially between those lying within the sphere of its influence and sharing in its immediate benefits. It has a noble mission in encouraging the internal development of all those countries, aiding each to attain by its own effort a higher degree of stability and prosperity alike beneficial to itself and to its neighbors. In this regard it will accomplish more good than the mere facilitation of transit across an inland border can effect.

History teaches that the prosperity of a nation is in almost constant proportion to its capacity for taking advantage of commercial water transit. The opulent era of Solomon was marked by the building of a "great navy of ships at Ezion-geber, which is beside Eloth, on the shore of the Red Sea, in the land of Edom", by which traffic was

so greatly stimulated that "the weight of gold that came to Solomon in one year was six hundred three score and six talents of gold"---nearly twenty tons. The merchants of Tyre were princes. Phoenicia and Greece conquered the world's trade with their fleets. "Many a distant land looked to the Winged Lion's marble piles" when Venice was the world's center of trade. Their commerce was, however, carried on within a confined sea area and in vessels of what are now called small-cargo capacity and of limited speed. In our days, when the productions of remote lands are carried by great steamers across vast regions of ocean, trading countries are brought closer together in point of time.

The Canal lessens the obstacle of distance by taking traffic through the backbone of the Western Hemisphere instead of leaving it to go around Cape Horn or around the world the other way. What will happen when a

goodly part of the total carrying trade of the world is saved thousands of miles of sea voyage is almost beyond conjecture. How the change will affect the yet inadequately developed commercial opportunities of the countries in and near the new pathway is more certainly predicable. It must stimulate them to make practical use of their enormous resources the better to meet the improved conditions of demand and supply. As Ophir contributed to Solomon's opulence and benefited by it, so should the resourceful countries of the Caribbean be advantaged by the enterprise of American traders. It is for you, my countrymen, to do your part in the great work of opening new worlds to the peaceful reign of commerce, now that the opportunity is within your grasp. It is the hope and wish of the Caribbean peoples that we shall do this. In my recent association with the representative men of those countries I found

them deeply impressed with a realizing sense of the benefits to accrue to them as a natural result of the successful achievement of the Canal.

My assigned topic being the Panama Canal and its relation to the commerce of the Caribbean, it is appropriate that I should draw attention to this particular phase of the matter, so far as I can do so without wearying you with a prosaic array of facts and figures.

The most immediate commercial benefits to the United States will come naturally to the Pacific coast and to the Mississippi Valley. As I have already said in other words, the opening of the Canal extends the Pacific coast line along the Caribbean, just as it extends the Atlantic and Gulf coast line down the west coast of South America. It may confidently be said that it also makes all the northern coast of South America, as far as Trinidad at least, and probably farther, com-

mercially tributary to the California coast, and includes the Leeward and Windward Islands within its affected area, not to mention British, French, and Dutch Guiana, and the upper reaches of Brazil. Although all these territories, being geographically nearer to Europe than to California even with the opened Canal, are likely to continue to draw from Europe the bulk of the supplies which the Old World habitually furnishes, and to send thither in return the staples peculiar to those tropical regions which Europe regularly consumes, still the door is opened for reciprocal and lucrative traffic in the products and commodities which the Pacific coast supplies and consumes. The opportunities for new trading ventures is not limited to the western Caribbean coasts. Colombia has a water front of 400 miles on the Caribbean, and Venezuela substantially a thousand miles. Behind them lies a vast region almost untrodden, rich in manifold

opportunities, which under the impetus of increased exportation must invite settlement and develop increased capacity for the consumption of the productions of other countries.

At present fully 80 per cent of the foreign commerce of Colombia, which ranges from \$25,000,000 upward, is through the Caribbean ports, chiefly Cartagena, Barranquilla, and Santa Marta. Of this foreign commerce about \$10,000,000 is with the United States.

Venezuela's total foreign trade averages about \$30,000,000 annually, and of this one-third is with the United States. When the Canal is opened the Pacific coast will be able to ship without breaking bulk to all the ports of Colombia and Venezuela. Those countries are especially good consumers of wheat flour. The Pacific coast, with the Canal open, will be able to ship flour to the north coast of South America just as easily

as it does now to the west coast. It may also count on a traffic in certain classes of lumber, in various forms of provisions, and many other things. There is no reason why its petroleum output should not also find a market along this coast, and some of its machinery an opening, since the present handicap of breaking bulk and transshipment would be avoided.

As for the West Indies, they form an integral and most important component of the zone immediately affected by the Canal. The north shore islands adjacent to the continent are also to be taken into account. The whole West Indian system will necessarily be part of the extended area which is made by the Canal commercially accessible to the Pacific coast line.

There is no reason why California and her sister States should not share in supplying all these countries, including Cuba, Jamaica,

Haiti, and Santo Domingo. Our own American territory of Porto Rico of course will be brought within the sphere of geographical accessibility. All these countries are good buyers of wheat flour. Cuba, for instance, is now taking annually \$5,000,000 worth of American flour. With the preferential tariff reduction of 30 per cent which we have under the reciprocity treaty, the market will continue to belong to the United States unless that treaty in the meantime should be abrogated. It seems certain that Pacific coast flour can be shipped through the Canal just as well as down the west coast, since the geographical radius as between, say, San Francisco and Cienfuegos, on the south coast of Cuba, is shorter than between San Francisco and Valparaiso.

The region lying between Mexico and the Darien Isthmus presents a field that may be made advantageous to the commerce of

the Pacific slope. The trade of the Pacific ports of Central America, which thus far has alone been directly accessible from our western shores, represents no more than the importation of such commodities as are demanded by a very limited actual necessity, and the exportation of but a small fraction of the resources of these countries.

When we consider the status of the national credit of Guatemala, Honduras, and Nicaragua, the three largest of the five Republics; the frequent revolutionary upheavals which render both foreign and local merchants averse to long-time commitments; the resultant weakness of their mercantile credit abroad; the low purchasing power of the people, owing to their comparative poverty through want of opportunity to take advantage of their great natural resources; the present lack of competitive steamship facilities; the resultant high rates and irregular

service; and the generally inadequate port facilities, we may immediately perceive why the trade of Central America is in its infancy. The natural resources and products of the Central American Republics are well known; their latent wealth of agriculture, mines, forests, and stock raising can hardly be estimated; their future demand for articles of foreign manufacture, such as dry goods, mining machinery, railroad equipment, hardware, farm implements of all kinds, road-making machinery, and lumber-mill equipment, may, under the stimulus of increased opportunity, become almost incredible.

In those countries of Central America where fraternal strife has left its scars (and I do not speak now of all of them) we find practical paralysis of natural resources. The native agriculturist dares not produce more than the amount actually necessary for his own

consumption, or at the most that of his nearest neighbors, for the fear of conscription in times of war, and the subsequent and inevitable destruction or appropriation of his property stares him in the face. Regions of incalculable fertility now lying idle will soon hear the stimulating call of improved transportation facilities for their products, if only domestic tranquillity and financial stability enable them to heed that call.

Foreign merchants resident in these countries can not, in the face of impending revolutions, with prudence commit themselves to mercantile purchases for future delivery, which may arrive when the country is in the throes of such conflicts. Their trade is therefore limited, their negotiations relatively small, and their credit, under such conditions, seriously affected; while present steamship facilities are inadequate, freight rates high, and time of transit unnecessarily protracted.

It is inconceivable that such local conditions can longer be suffered to restrain the economic development of certain of these countries, particularly when they find themselves ideally situated upon the highway of commerce between two hemispheres.

For the immediate amelioration of the local conditions we must consider, in the case of both Nicaragua and Honduras, the pending conventions between those countries and the United States. The national and commercial benefit that would thus accrue to them, and, by very force of example and by relieving all of the need of disproportionate military burdens, to their sister republics, is apparent. The inevitable effect upon the commerce of the United States with the Caribbean may also be judged.

With the establishment of stable conditions in these countries practically all present limitations to both import and export trade