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The Panama Canal Tolls Controversy

OR

*A Statement of the Reasons for the
Adoption and Maintenance of the
Traditional American Policy in the
Management of the Panama Canal*

WITH INTRODUCTIONS BY

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BOSTON

CHAPPLE PUBLISHING COMPANY, LTD.

1914

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BOSTON, MASSACHUSETTS

R 57/57

Dedicated

to

PRESIDENT WOODROW WILSON

(DEMOCRAT)

who in his efforts to secure the repeal of the tolls-exemption clause of the Panama Canal act, took and successfully maintained as exalted moral, courageous and patriotic a position as was ever taken and maintained by any Executive of any nation;

SENATOR ELIHU ROOT

(REPUBLICAN)

former Secretary of State and authority on international questions, whose persistent efforts and unanswerable arguments contributed most in support of the President to secure the repeal of the foregoing statute; and

HON. OSCAR S. STRAUS

(PROGRESSIVE)

Minister and late Ambassador to Turkey; member of the Permanent Court of Arbitration at the Hague, succeeding Benjamin Harrison, ex-President; lawyer, author, statesman and authority on matters of diplomacy, for using his great influence in favor of the repeal of the foregoing clause repugnant to the Hay-Pauncefote Treaty.

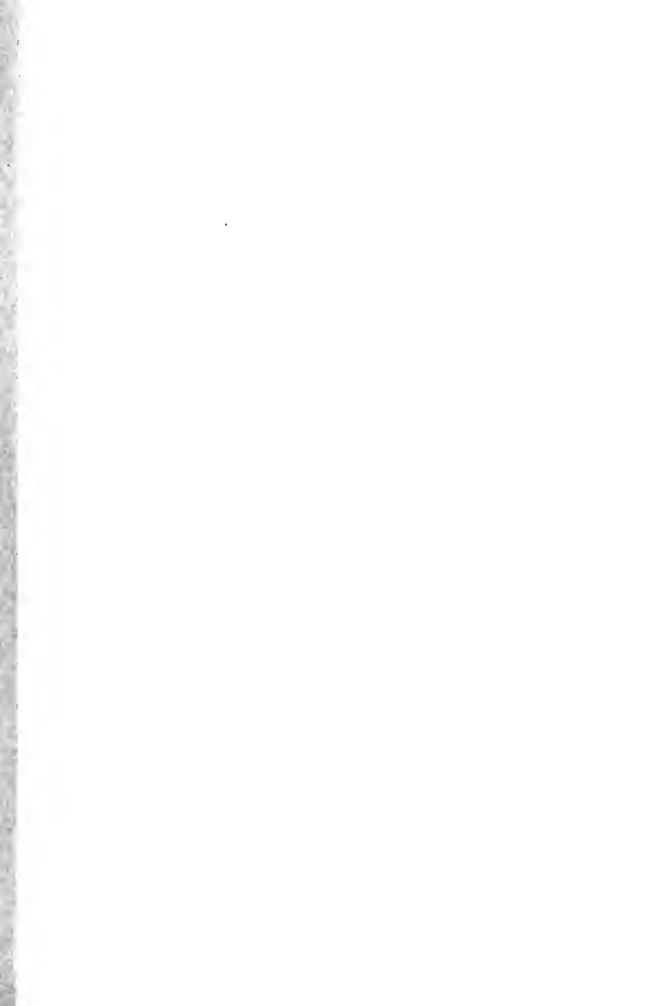


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PREFACE

THIS work was undertaken for the purpose of showing the meaning of the Hay-Pauncefote treaty; and, while the subject is uppermost in public attention, to give that meaning the widest possible publicity.

We concluded, upon examination of the record after President Wilson's brief message asking the Congress to repeal the tolls-exemption clause of the Panama Canal act, that many honest, sincere and patriotic American citizens had, as we ourselves had before examining the subject in a judicial frame of mind, assumed basic conditions contrary to the actual record, and that many had argued upon popular misconceptions of vital facts.

We aimed to present a conclusive statement of facts demonstrating that the United States cannot grant free transportation through the Panama Canal to its coastwise and foreign shipping without violating the Hay-Pauncefote treaty.

This work is primarily a source book. Chapter I contains the traditional documents and the sections of other treaties which assist one in ascertaining the real meaning of the Hay-Pauncefote treaty. The letters of the negotiators of the treaty supplement these data. By comments and the use of quotations, we aimed to weave this material into a connected whole so that the

real meaning of the Hay-Pauncefote treaty would stand out distinctly.

In Chapter II we assembled able arguments of public men in favor of the repeal of the tolls-exemption clause of the Panama Canal act. This Chapter and Chapter I are primarily designed to be sources of documents, excerpts from treaties, letters and arguments by others. It is believed that therein are assembled all the documents and arguments necessary to arrive at a correct conclusion. These documents and arguments are widely scattered. They are here assembled in one volume for the convenience of those desiring a correct understanding of this memorable controversy.

Chapters I and II contain the essential documents bearing on the meaning of the treaty and excerpts from convincing arguments in favor of the repeal of the tolls-exemption clause of the Panama Canal act. These are woven into a connected statement thus combining the source book and connected argument method. It seemed to the authors that this would be the most effective method of presenting the data having a bearing on the meaning of the treaty and the arguments showing that meaning.

Owing to the nature of the material used and the manner of using it, it was not always possible to give adequate credit. Readers of the able speeches of Senators Root, McCumber, Burton and Representative Stevens will readily see that great use has been made of their arguments. The addresses of these three Senators and of Representative Stevens are the principal source of the secondary material used in this work.

In Chapter III we have supplemented the meager data on the financial aspects of the question by an extended original discussion of the business and public utility aspect of the Panama Canal. The argument is based on the fact that our traditional policy, the clause of the treaty, "Such conditions and charges of traffic shall be just and equitable," and the method adopted in securing title to the Canal Zone obligate the United States to treat this international waterway as a public utility. The financial and commercial policy that the United States must adopt to conform thereto is outlined. It is shown that this policy is in complete harmony with the Hay-Pauncefote treaty.

The work contains some repetition. Because of the number of sources from which the material used was drawn, repetition could not have been avoided. It would not have been desirable to have avoided it entirely if it could have been easily done. All minds are not equally mature and so it may well be that the method of here a little and there a little from different standpoints is the way of correct understanding.

Fundamental principles and important documents are involved in the consideration of a question like this, and, as they have a bearing on the various standpoints from which the question was considered, repetition was inevitable. We aimed to assemble that which would be most effective from many sources and to weave it into a connected whole. This makes accessible in a single volume all that is worth while that has any bearing on the tolls-exemption controversy.

It is customary for quotations to be printed solid in order to set them apart from the context. It was not found feasible to do so in this work owing to the extent to which quotations have been used. Quotations within quotations are printed solid in order to differentiate them from the quotations of which they are a part.

This work was well advanced before the tolls-exemption clause of the Panama Canal act was repealed. Its tone is argumentative—urging repeal. The same arguments will apply if any attempt is made to re-enact the clause or a similar one. That is why this work was undertaken and prosecuted to its final conclusion—publication. Its sole object is opposition to tolls-exemption inasmuch as it would violate the Hay-Pauncefote treaty.

The tolls-exemption clause of the Panama Canal act is repealed. This is primarily due to the efforts of those members of the Democratic Party who loyally supported the President. Paramount credit is due to them. Able addresses in favor of the repeal of this statute were delivered by them in the Senate and in the House. To have used excerpts from these speeches would have resulted in needless repetition. Suffice it to say that excerpts therefrom could have been used in place of arguments actually used without impairment of the strength of the narrative.

The tolls-exemption clause of the Panama Canal act was clearly in violation of the Hay-Pauncefote treaty, and reversed the traditional policy of the United States. This work was prepared in the hope that it would assist in keeping tolls-exemption for our coastwise and foreign commerce in a state of innocuous desuetude.

During the McKinley administration the Hay-Pauncefote treaty was negotiated. Before it was signed Roosevelt had become President. His first public utterance as President was to the effect that he would keep unbroken the policies of William McKinley. Roosevelt kept the faith. The McKinley-Hay canal policy was kept unbroken.

Observe Roosevelt's own statement in its proper setting:

Mr. Hay, in transmitting the Hay-Pauncefote treaty to the President, writes:

"I submit for your consideration * * * a convention * * * to remove any objection which may arise out of the * * * Clayton-Bulwer treaty * * * without impairing the '*general principle*' of neutralization established in Article 8 of that convention."

President Roosevelt, in transmitting the treaty to the Senate, says:

"I transmit, for the advice and consent of the Senate to its ratification, a convention signed November 18, 1901, * * * to remove any objection which may arise out of the convention of April 19, 1850, * * * to the construction of such canal under the auspices of the Government of the United States without impairing the '*general principle*' of neutralization established in Article 8 of that convention."

The following is the "*general principle*" as understood at that time by those who negotiated the treaty:

"It is always understood by the United States and Great Britain that the parties constructing or owning the same—the interoceanic communication—shall impose no

other charges or conditions of traffic thereupon than are just and equitable, and that the same canals or railways, being open to the citizens and subjects of the United States and Great Britain on equal terms, shall also be open on like terms to the citizens and subjects of every other state."

The "general principle" had the unqualified approval of President McKinley. Note the following by Secretary of State Hay:

"The President was, however, not only willing but desirous that '*the general principle*' of neutralization referred to in the preamble of this treaty should be applicable to this canal now intended to be built, notwithstanding any change of sovereignty or of international relations of the territory through which it should pass. This '*general principle*' of neutralization had always in fact been insisted upon by the United States."

President Roosevelt kept the faith as stated above. Note the following:

President Roosevelt, in submitting the second Hay-Pauncefote treaty, said:

"It specifically provides that the United States alone shall do the work of building and assume the responsibility of safeguarding the canal and shall regulate its neutral use by all nations on terms of equality without the guaranty of interference of any outside nation from any quarter." * * *

Again, he says, on January 4, 1904, in a special message:

"* * * Under the Hay-Pauncefote treaty it was explicitly provided that the United States should control,

“‘It certainly was,’ he replied. ‘It was the understanding of both Governments, and I have no doubt that the Senate realized that in ratifying the second treaty without such an amendment it was committing us to the principle of giving all friendly nations equal privileges in the canal with ourselves. That is our Golden Rule.’”—*Harvey*.

Ambassador Choate confirms this construction of the Hay-Pauncefote treaty in the following:

“It is true that I had something to do with the negotiation of this treaty. In the summer of 1901—you will remember that the treaty was ratified by the Senate in November, 1901—I was in England until October and was in almost daily contact with Lord Pauncefote and was also in very frequent correspondence with Mr. Hay, our Secretary of State, under whom I was acting.

“As the lips of both of these diplomatists and great patriots, who were each true to his own country, and each regardful of the rights of others, are sealed in death, I think it is quite proper that I should say what I believe both of them, if they were here, would say today, that the clause in the Panama Canal bill exempting coast-wise American shipping from the payment of tolls is in direct violation of the treaty. I venture to say now that in the whole course of the negotiation of this particular treaty, no claim, no suggestion, was made that there should be any exemption of anybody.”

It is evident that Roosevelt as President, John Hay as Secretary of State and Joseph H. Choate as Ambassador to Great Britain gave Great Britain to understand and Great Britain did understand when the Hay-Pauncefote-

fote treaty was prepared and proclaimed that the "*general principle*" found in Article VIII of the Clayton-Bulwer treaty was preserved unimpaired.

The Roosevelt administration gave Great Britain to understand that the United States would construct and operate the canal "*for the benefit of mankind on equal terms to all*" as the mandatory of civilization. The Taft administration sought to deprive Great Britain of the foregoing right by the tolls-exemption clause of the Panama Canal act. The Wilson administration restored to Great Britain, in the repeal of the tolls-exemption clause of the Panama Canal act, her rights under the Hay-Pauncefote treaty.

President Wilson asked this of Congress in the following message, worthy of the occasion:

"Gentlemen of the Congress: I have come to you upon an errand which can be very briefly performed, but I beg that you will not measure its importance by the number of sentences in which I state it. No communication I have addressed to the Congress carried with it graver or more far-reaching implications as to the interest of the country, and I come now to speak upon a matter with regard to which I am charged in a particular degree, by the Constitution itself, with personal responsibility.

"I have come to ask you for the repeal of that provision of the Panama Canal act of August 24, 1912, which exempts vessels engaged in the coastwise trade of the United States from payment of tolls, and to urge upon you the justice, the wisdom, and the large policy of such a repeal with the utmost earnestness of which I am capable.

“In my own judgment, very fully considered and maturely formed, that exemption constitutes a mistaken economic policy from every point of view, and is, moreover, in plain contravention of the treaty with Great Britain concerning the canal concluded on November 18, 1901. But I have not come to urge upon you my personal views. I have come to state to you a fact and a situation. Whatever may be our own differences of opinion concerning this much debated measure, its meaning is not debated outside the United States. Everywhere else the language of the treaty is given but one interpretation, and that interpretation precludes the exemption I am asking you to repeal. We consented to the treaty; its language we accepted, if we did not originate it; and we are too big, too powerful, too self-respecting a Nation to interpret with a too strained or refined reading the words of our own promises just because we have power enough to give us leave to read them as we please. The large thing to do is the only thing we can afford to do, a voluntary withdrawal from the position everywhere questioned and misunderstood. We ought to reverse our action without raising the question whether we were right or wrong, and so once more deserve our reputation for generosity and for the redemption of every obligation without quibble or hesitation.

“I ask this of you in support of the foreign policy of the administration. I shall not know how to deal with other matters of even greater delicacy and nearer consequence if you do not grant it to me in ungrudging measure.”

The high moral purpose of this memorable state paper is recognized abroad. Sir Edward Grey, the British

Foreign Secretary, complemented it in a speech in the House of Commons. In the course of his remarks, he exposed misrepresentation, and, in so doing, revealed the exalted sense of justice of our President. The following excerpts from Sir Edward Grey's speech should have the widest circulation:

"It is due to the President of the United States and to ourselves that I should so far as possible clear away that misrepresentation. It was stated in some quarters that the settlement was the result of bargaining or diplomatic pressure. Since President Wilson came into office no correspondence has passed, and it ought to be realized in the United States that any line President Wilson has taken was not because it was our line, but his own.

"President Wilson's attitude was not the result of any diplomatic communication since he has come into power and it must have been the result of papers already published to all the world.

"It has not been done to please us or in the interests of good relations, but I believe from a much greater motive—the feeling that a government which is to use its influence among the nations to make relations better must never when the occasion arises flinch or quail from interpreting treaty rights in a strictly fair spirit."

The following is in harmony therewith:

"London, July 4.—Viscount Bryce, former British Ambassador to the United States, speaking at the Independence Day dinner of the American Society, held at the Savoy tonight, paid a high tribute to President Wilson. He said:

“‘Courage is a virtue rare among politicians. What we have all admired in the President is his courage in the matter of the canal tolls.’

“‘Absolutely no pressure was brought to bear by Great Britain to obtain repeal of the tolls-exemption clause of the Panama Canal act,’ he said. He (James Bryce) had told his Government that if President Wilson thought it right to repeal the clause or submit the matter to arbitration he would do it.

“‘Ambassador Page said the last British letter to the United States Government relating to the canal was written by Ambassador Bryce before the end of the Taft administration.’”

President Wilson’s attitude toward the tolls-exemption clause of the Panama Canal act was reaffirmed in his Fourth of July address at Independence Hall. It is reported as follows:

“I say that it is patriotic sometimes to prefer the honor of the country to its material interest. Would you rather be deemed by all nations of the world incapable of keeping your treaty obligations in order that you might have free tolls for American ships? The treaty under which we gave up that right may have been a mistaken treaty, but there was no mistake about its meaning.

“When I have made a promise as a man I try to keep it, and I know of no other rule permissible to a nation. The most distinguished nation in the world is the nation that can and will keep its promises even to its own hurt. And I want to say, parenthetically, that I do not think anybody was hurt. I cannot be enthusiastic for subsidies to a monopoly, but let those who are enthusiastic

for subsidies ask themselves whether they prefer subsidies to unsullied honor."

Tolls-exemptions is a question in which international and not domestic considerations are controlling. As such, political considerations should not have entered into or influenced its discussion. Therefore, a work of this character is properly prepared by persons not members of President Wilson's party but who are in complete agreement with him. The authors of this work are in complete accord with the President's interpretation of the Hay-Pauncefote treaty. As enrolled members of the Progressive Party, they were also politically qualified for the undertaking. This is one reason why preference was given, in the use of quotations, to arguments advanced by members of the Republican Party.

The controlling reason was the fact that Senators Root, Burton, Lodge, McCumber and Representative Stevens were, at the time, in an official way in touch with negotiators of the Hay-Pauncefote treaty and had first-hand knowledge of the intent of the negotiators. They were in a position to learn the truth and they did.

The then administration was Republican. They belonged to the inner political circle or were affiliated with a member or members of that circle. *Therefore, what they say in support of the tolls policy of the President is of such importance that it should be final with reasonable men.*

This work is published for the purpose of showing that the Hay-Pauncefote treaty is a world-pact, and, as interpreted by Sir Edward Grey, is an agreement without a flaw as far as concerns all parties in interest. It should be continued without modification as long as the Panama

Canal endures. If this work contributes aught to secure this end, the result will have justified its publication.

The notable introductions to this work by Secretary Bryan, ex-Ambassador Straus and Senator Hughes make this book to an appreciable degree their handiwork. The authors share with them whatever merit it has and whatever success it may attain.

We pause to record our deep appreciation for courtesies shown us in the preparation of this work by Senator Hughes of New Jersey. Words cannot adequately express the extent of our obligations and of our gratefulness to the Senator.

INTRODUCTION

DEPARTMENT OF STATE,
WASHINGTON,

September 4, 1914.

HON. HUGH GORDON MILLER and
PROFESSOR JOSEPH C. FREEHOFF,
220 Broadway,
New York, N. Y.

Gentlemen:—

I have read the preface to your proposed volume entitled, "The Panama Canal Tolls Controversy," and beg to commend both the purpose and the style of the work. From the outline of the book's contents, as set forth in the preface, I feel sure that the publication will be of great value to the public, and will assist American citizens to understand the merits of the question.

The position taken by the President on the tolls question aroused more opposition at that time than it would arouse today, subsequent events having completely vindicated the wisdom of his action.

The enviable position which our nation occupies today is due, in part, to the fact that it has allowed no doubt to exist as to its purpose to live up to the stipulations of its treaty.

There were economic considerations which weighed heavily in favor of the repeal of the free tolls law, but these were less important than those which affected the international standing of our nation.

A government must be above suspicion in the matter of good faith: no pecuniary advantage, even where such an advantage actually exists, can for a moment justify the violation of a treaty obligation, and violation must be the more scrupulously avoided if the question is one which is not to be submitted to arbitration.

In international matters the question is not whether we are ourselves certain of our Government's purpose in the position taken, but whether other nations, also, have confidence in our rectitude.

The President set a high standard and the support given to him in the Senate and House was as creditable to Congress as it was complimentary to him. The popular approval which is now accorded to both the President and Congress on this subject is proof positive that the people can be trusted to pass judgment upon the merit of international, as well as domestic, questions.

Your book will be a reference book to those who have already informed themselves, while it will furnish instruction to those who have not heretofore been in position to sit in judgment upon the principle involved and the facts adduced in support of the action taken.

Very truly yours,

(Signed) WM. J. BRYAN.

INTRODUCTION

There is no more honorable chapter in the highly creditable history of the diplomacy of our country than the repeal of the PANAMA TOLLS ACT under the present administration. Being a controversy affecting our international relations, it is gratifying that, aside from the leadership of the President, the repeal was effected not solely by the party in power, but by the help of leaders in all three parties, rising above the plane of partisan politics to the higher reaches of broad statesmanship, guided by a scrupulous regard for our international character in accord with "a decent respect for the opinions of mankind," as expressed in the Declaration of Independence.

The debates in Congress upon the subject of repeal proved to be of a quality in learning, ability and eloquence in keeping with the best traditions of our national legislature. Some of the leading Democratic members of the Senate and the House opposed the President's recommendations for the repeal, while some of the leading members of the opposition effectively supported the President. The debates in Congress and the discussion by distinguished publicists developed three distinct points of view. Former President Taft, who when President approved the Panama Act, held substantially that the Act did not violate our treaty obligations, and therefore we had a right to exempt our ships from tolls. A similar position was taken by Senator O'Gorman and Representative

Underwood, the Administration leaders in the Senate and the House, and other prominent Democrats, some of whom took the ground that there was no basis for arbitration because the question was clear and undoubted, that the provision of our score or more of treaties providing for arbitration when the construction of a treaty was involved did not apply, as there was nothing to arbitrate.

A second group of opponents to the repeal held with former President Roosevelt, who will be recognized in history as the father of the Panama Canal, and whose former action and justified course, when all the facts are taken in consideration, free from partisan bias, made it possible for us to build the Canal; he held, while we have the right under the treaties to exempt our coastwise ships from toll, yet, as the Panama Act involved the construction of treaties, it was our duty to arbitrate if arbitration was demanded by Great Britain.

A third group, led by Senator Root, whose speech in the Senate will be treasured as a classic in our Congressional debates, maintained that the Panama Act was so plainly in violation of our treaty obligations both in letter and in spirit as confirmed by the negotiators and the negotiations of the Hay-Pauncefote treaties, that it was our plain duty to repeal the exemption clause of the Act. The position of President Wilson, as taken in his Special Message to Congress, placed him in a group by himself. In his appeal on moral and international grounds to Congress he said: "The large thing to do is the only thing we can afford to do, a voluntary withdrawal from a position everywhere quoted and misunderstood. We ought to reverse our action without raising the question whether we were right or wrong, and so once more deserve

our reputation for generosity and for the redemption of our every obligation without quibble or hesitation."

President Taft, in signing the PANAMA CANAL ACT, which was approved by him on the 24th of August, 1912, filed a memorandum wherein he stated that in a message to Congress he had suggested a possible amendment by which all persons and especially British subjects who felt aggrieved by its provisions on the ground that they are in violation of the Hay-Pauncefote treaty, might try that question out in the Supreme Court of the United States. This raises a constitutional question about which there is much misconception, namely, the conflict between a treaty and a later act of Congress. Article II, Section 1 of the Constitution provides that the laws of the United States and all treaties made under the authority of the United States shall be the supreme law of the land. There have been many decisions of the Supreme Court upon the subject which, if read apart from the specific issues involved, are apt to confuse. This subject cannot be adequately considered in this introduction, and therefore I shall content myself with quoting from Justice Miller's decision in the Supreme Court, in the Head Money Cases, 112 U. S. He says:

"A treaty is primarily a compact between independent nations. It depends for the enforcement of its provisions on the interest and the honor of the Governments which are parties to it. If these fail, its infraction becomes the subject of international negotiations and reclamations, so far as the injured party chooses to seek redress, which may in the end be enforced by actual war. *It is obvious that with all this the judicial courts have nothing to do and can give no redress.*"

The authors of this book, by learning and ability, are equipped to present "THE PANAMA CANAL TOLLS CONTROVERSY" with an impartial spirit, and they have rendered a useful service in presenting in a clear and connected form this important chapter in our legislative history, together with its bearing upon our international obligations. In the repeal of the Tolls Provision of the Panama Act, we were not cringing or yielding to either Great Britain or to any other foreign power; we were actuated not by a spirit of weakness, as some of the opponents of the repeal charged, but by a spirit of conscientious righteousness and of conscious strength. We yielded to our own exalted sense of public honor to the credit of this and future generations of America.

The example we have set will not be forgotten. That it was rightly interpreted by the chancelleries of the world and by Great Britain is shown by the speech made by Sir Edward Grey, her Secretary of State for Foreign Affairs, in the House of Commons. He said:

"It has not been done to please us, or in the interest of good relations, but I believe from a much greater motive—the feeling that a Government which is to use its influence among nations to make relations better must never, when the occasion arises, flinch or quail from interpreting treaty rights in a strictly fair spirit."

This statement has a peculiar, if not prophetic significance in connection with the expressed reasons presented by Sir Edward Grey which impelled Great Britain to take part in this gigantic and deplorable war now devastating the European world,

OSCAR S. STRAUS.

INTRODUCTION

UNITED STATES SENATE

WASHINGTON, D. C.

In this work, the authors have established the correctness of President Wilson's Panama Canal Tolls policy. They hold that the Hay-Pauncefote treaty is a world pact, and, as now construed, is an international agreement without a flaw. In this they are in full accord with the late President McKinley and his great Secretary of State, John Hay, by whom the treaty was negotiated.

In the dedication they show their appreciation of President Wilson in the following:

PRESIDENT WOODROW WILSON

(Democrat)

who in his efforts to secure the repeal of the tolls-exemption clause of the Panama Canal Act, took and successfully maintained as exalted moral, courageous and patriotic a position as was ever taken and maintained by any Executive of any nation.

That the great Secretary of State, William Jennings Bryan—confronted in this great international upheaval and calamity with graver questions and greater burdens in actual labor than have confronted any Secretary since the Republic was founded (in which tremendous labor

I happen to know he is and has been engaged with all his soul, body and mental faculties, which were long ago dedicated to his country and the final and permanent peace of the world, a cause now so rudely and suddenly interrupted, leaving his Government apparently, and for the time being, at least, its only hope and repository), should pause those labors to write an introduction to the book and commend its purpose and style, shows its importance now and for the future. The same can be said of the introduction (a substantial contribution in itself to the value of the work) by Hon. Oscar S. Straus, member for the United States of the Permanent Court of Arbitration at the Hague, and, with the single exception of Colonel Roosevelt, the most prominent member of the leading minority (Progressive) party in the last national election; who, while the central figure at Washington, in an effort to bring about peace in Europe, paused to examine the manuscript and commend the work. No further comment on the importance or excellence of the work is necessary.

This book is intelligently conceived and well executed. It is on an important international question on which an enlightened public opinion is most desirable. It states the correct view on this question in a clear, logical and convincing argument. I commend it to the public as a creditable contribution to the discussion of the question.

The chapter which treats of the financial aspects of tolls-exemption is a novel contribution to the subject. It applies the principle developed in the regulation of national, state and municipal utilities to the management of the Panama Canal—an international utility whereof

the United States is merely trustee. It shows that the sentence of the Hay-Pauncefote treaty:

“Such conditions and changes of traffic shall be just and equitable” obligates the United States to manage it as a public utility, that is, for the benefit of mankind “on equal terms to all.”

This chapter alone makes the work one of merit and commends it to the considerate attention of the public.

The work as a whole makes a searching analysis of the data (historical and contemporary) bearing on the meaning of the Hay-Pauncefote treaty, and shows the meaning that the data reveal in forceful English. It makes effective use of the conclusions arrived at by others. Thus the reader will get a comprehensive survey of the whole question in a single volume.

The authors of this work are members of the Progressive Party. Their vigorous defense of an important policy of a President belonging to another party is remarkable, and shows a commendable spirit. They aim at the elimination of tolls-exemption from domestic politics. To further this object, they have quoted extensively from Republican addresses while recognizing the great merit of contemporary Democratic addresses in the Senate and the House. The Democratic Party is given paramount credit for the repeal of the tolls exemption clause of the Panama Canal Act.

The tolls-exemption clause of the Panama Canal Act is repealed due to the zeal, sustained effort of exalted moral purpose of the President, supported by the great majority of the members of his own party. Re-enact-

ment of such a statute should be made impossible. This book is a sane, forceful and unanswerable statement of the case against the right of the United States to exempt any of its shipping, coastwise and foreign, through the canal, as was proposed in the foregoing statute which was declared to be repugnant to the Hay-Pauncefote treaty.

This work should contribute much to the formation of a sound public opinion on this extremely delicate international question and thereby aid in eliminating it from domestic politics. Tolls-exemption is a dangerous question because of its susceptibility to the uses of the political demagogue. We own the canal and are sovereign in the Canal Zone. It is, therefore, only right and proper that we should manage it as we please. Why knuckle down to England? Such half-truths as these are more misleading than deliberate falsehoods, and make this question an annoying political issue because wrong may easily gain ascendancy. Therefore, all good citizens, regardless of party, should aid in forming a sound public opinion on this question. This is an admirable handbook for use in this connection.

Candidates for membership in the House of Representatives and the United States Senate who are opposed to the policy of tolls-exemption will find this work a great help in conclusively answering opponents who favor tolls-exemption. They can effectively point to its authorship by two members of the Progressive Party and quote therefrom unanswerable arguments taken from notable addresses in favor of the repeal of the tolls-exemption clause of the Panama Canal Act by members of the Republican Party.

Of the joint authors of this work, one is a distinguished member of the Bar of the Supreme Court of the United States, was a Federal Attorney under the McKinley administration and Special Assistant to the Attorney-General of the United States in charge of important cases in that Court and elsewhere under the administrations of both Roosevelt and Taft; was an important Commissioner of the State of New York under the administrations of Governors Higgins and Hughes, and held an important commission to go abroad under the Taft administration. He is a member of the State Committee of the Progressive Party in New York, one of the organizers and principal supporters of that party, and its choice in the fusion movement of 1913 for Supreme Court Justice. The other, also a prominent Progressive, and a former Professor of Political Economy in Cornell College, is now statistician with the Public Service Commission for New York City and hence as well qualified to discuss the financial, economic as well as the public utility phases of the Canal tolls problem as any other authority in the United States. Both authors, therefore, are peculiarly qualified, professionally and politically, to prepare the history of this vital and lately menacing problem without bias toward the President or the party happening to be in power at the time of the repeal of the tolls-exemption clause of the Panama Canal Act complained of by practically all of the maritime nations of the world.

Having been a member of Congress in 1912 when the Canal Act was passed with the objectionable clause, and a member of the United States Senate in 1914 when the

same was repealed, and having heard the notable and exhaustive debates on the subject on both occasions, I am justified in saying, after an examination of the work, that the essence of the whole matter is contained in this volume. In my judgment it will at once become the authoritative work on this great question, not only in the United States, but in all nations interested in the use of the Panama Canal.

I may also add that the manuscript of this book was shown to President Wilson, who examined it hurriedly. He then stated that it appeared to him "to have been most intelligently conceived and well executed," and that "it would stand securely on its own merits."

Further commendation of this work—*The Panama Canal Tolls Controversy*—is unnecessary. It should be as widely circulated as possible by those who believe that the United States should manage the Panama Canal in accordance with the *world-view design* embodied in the Hay-Pauncefote treaty.

WILLIAM HUGHES,

United States Senator from New Jersey.