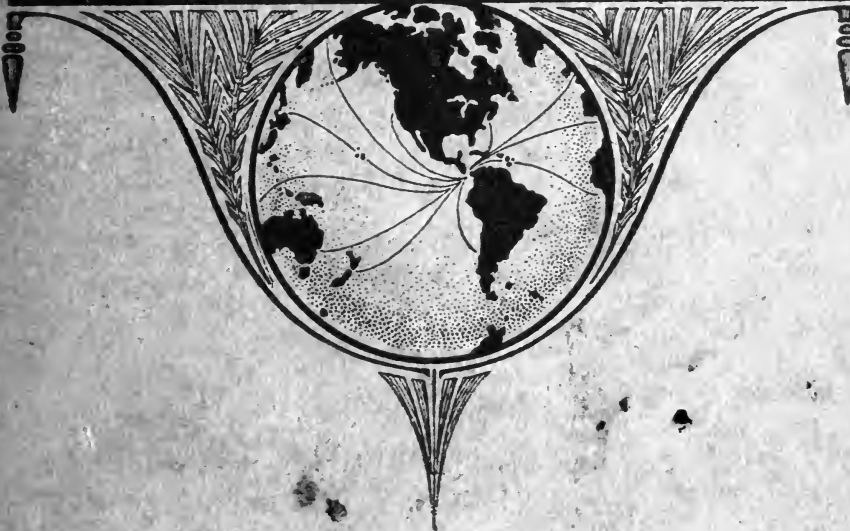


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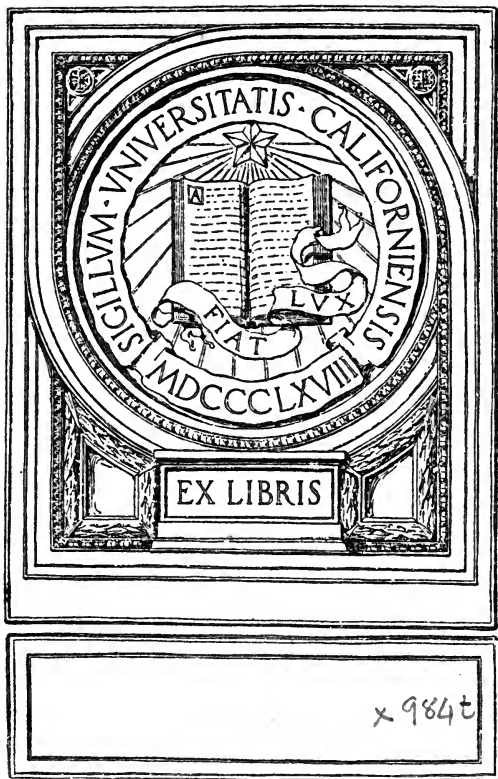
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THE PANAMA CANAL



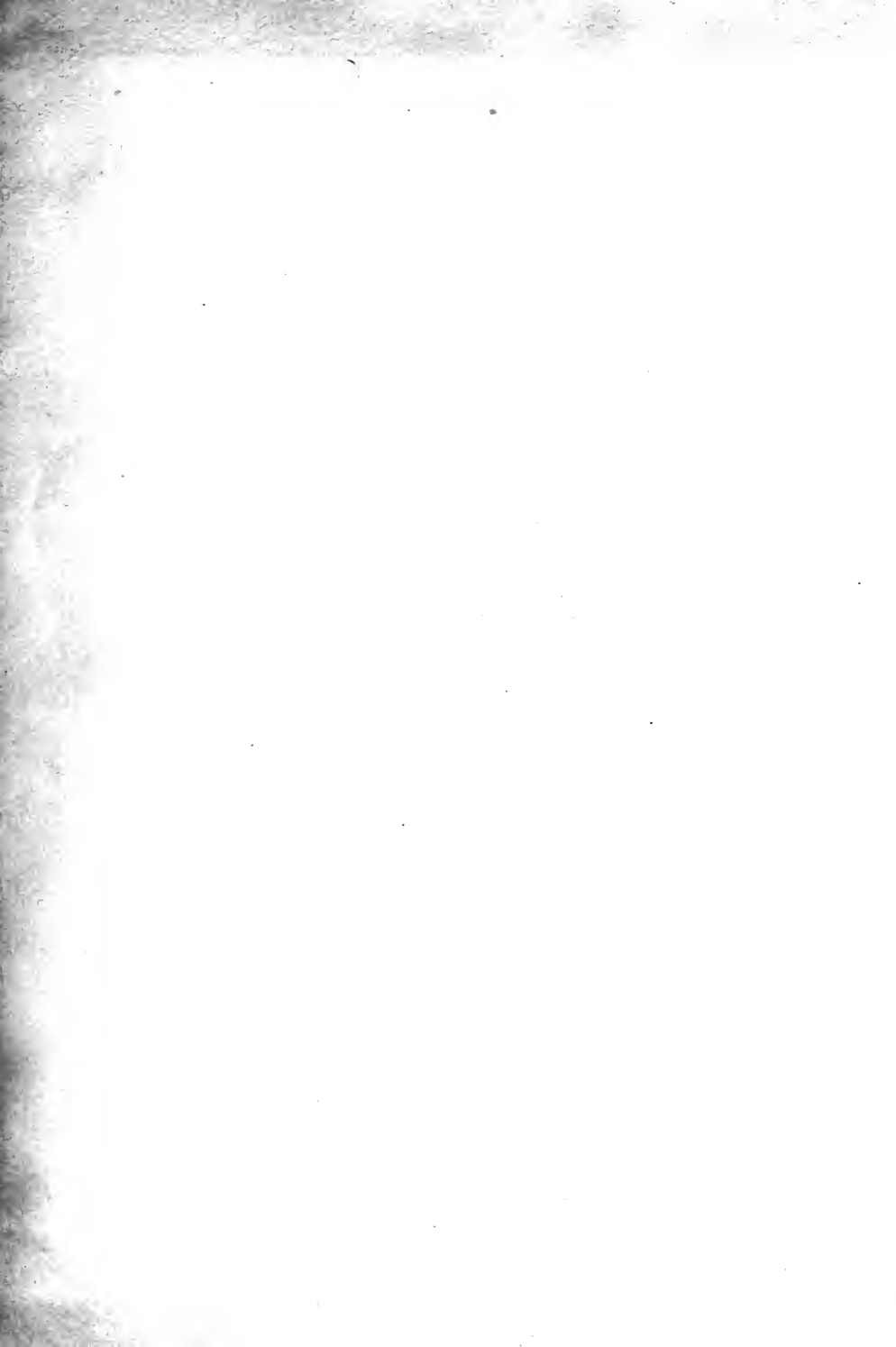
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DUNCAN E. MCKINLAY



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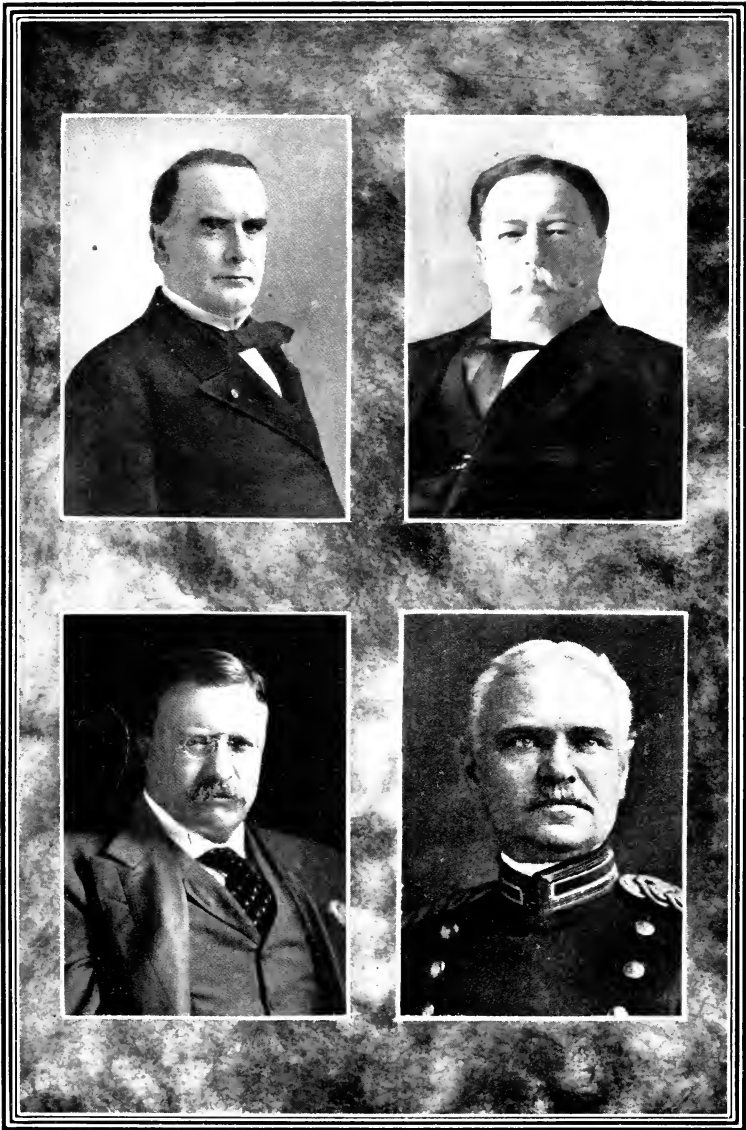


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DUNCAN E. McKINLAY
Who as a Member of Congress
Visited the Canal with the
Interstate Committee of
the House

THE
BIG
FOUR



THE BIG FOUR OF THE PANAMA CANAL—President William McKinley, President William H. Taft, President Theodore Roosevelt and Colonel G. W. Goethals.

THE
PANAMA CANAL

DUNCAN E. MCKINLAY
"

UNIV. OF
CALIFORNIA

1912
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DEDICATED
TO
PRESIDENT WILLIAM HOWARD TAFT
BY THE AUTHOR.

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THE PANAMA CANAL

Of all subjects now occupying the attention of the world at large, and of importance not only to the State of California, but to all the territory west of the Rocky mountains and the islands and coasts of the Pacific Ocean, over which the American flag floats in sovereignty, none is paramount to the construction of the Panama Canal. The completion of the canal, while a world event, will, of course, be of peculiar significance and importance to that portion of the globe which borders on the Pacific Ocean. Countries, islands, coasts and States that for centuries have been isolated and far distant by water routes from the centers of population of Europe and Eastern United States, will be brought thousands of miles nearer to, and consequently, into more intimate social, industrial and business relations with the more highly organized governments of Europe and America.

In effect, the opening of the canal in 1915 to the commerce and trade of the world will be the realization of the dream of Columbus, who sailed across the Atlantic in 1492 to discover a shorter water route between Europe and Asia, and the fulfillment of the prophecy of Baron von Humboldt, who, between the years of 1799 and 1805, explored and surveyed a great portion of Central and South America. Humboldt, as a result of his explorations, predicted that within a reasonable period of time the two largest oceans of the world, the Atlantic and the Pacific, would be united by an

artificial water-way. This water-way, in his opinion, as expressed in a letter to his friend, the German poet Goethe, would be constructed by the little republic at the north, the United States, even then beginning to take an important place among the powers of the world.

In 1867, the energy and foresight of Seward acquired Alaska as an addition to American territory; and though Seward was laughed at and reviled as a foolish dreamer because of his purchase of a so-called iceberg and a fog-bank, nevertheless, that able statesman and diplomat pointed out to the people of the United States that some day the Pacific Ocean must become the world's greatest sea of commerce and trade, and that in that day Alaska would become one of the most valuable possessions of the American nation.

Those dreams and prophecies today are reaching their culmination and fulfillment in the opening of the Panama Canal, which will be celebrated in San Francisco,—yes, not only in San Francisco, but throughout all California and the sister States of the western coast—by the greatest international exposition ever conducted in the history of civilization. It will be a jubilee celebration in which all the States and principalities, nations and empires of the world will join in proud and thankful participation.

The History of the Canal

The idea of constructing an artificial water-way between the Caribbean Sea and the Gulf of Panama is as old as the discovery of America. Christopher Columbus, in early life, became converted to the idea that the world was round, and his studies led him to believe that by sailing in a direct course and sailing far enough, he could circumnavigate the



RUINS OF SANTA DOMINGUE CHURCH, PANAMA.

globe and come back to the point from which he started, provided he could keep on that straight course. This belief naturally led him to the conclusion that by sailing westward from Spain, across the Atlantic, he could reach the coasts and the islands of Asia, which about that time were coming into great prominence as a desired market for the exchange of the wares of the producers and the manufacturers of Europe.

The only mistake made by Columbus was that he estimated the circumference of the world at about 8,000 miles, instead of over 24,000. Following his theory, Columbus embarked on his first and greatest voyage, and was successful, as we know, in discovering one of the islands of the West Indies. Columbus made four voyages in all to the newly discovered land, but it is doubtful as to whether or not he ever reached the mainland of America. One of his historians claims that on his last voyage he landed upon the coast of Honduras in Central America, and on the land now known as Venezuela, farther toward the south. This fact is of little importance to us at this time. We do know, however, that Columbus died in ignorance of the fact that he had discovered a great continent instead of some of the islands of the East Indies.

Immediately following the death of Columbus, his enterprising lieutenants, men like Vespucci, Ojeda, Balboa, and others of equal prominence, pushed their explorations farther westward, and Balboa, the boldest of the Spanish conquistadores, fitted out an expedition in Hispaniola, which island was then the base of operations of Spanish exploration and conquest, and sailed across the narrow sea to the coast of that portion of Central America we now call Panama.

Balboa established a rendezvous and base of supplies

and operations on the coast, and thence continued his journey inland, and on the 23rd of September, 1513, surmounted the heights of Darien, and from that eminence beheld the expansive stretches of watery waste known today as the Pacific Ocean. Balboa, continuing his explorations along the coasts of Panama, soon discovered that the land was not an island, but a continent, and becoming acquainted with the Indians who inhabited the country, he learned that there were two large bodies connected by a smaller body.

Balboa understood this statement to mean two large bodies of water connected by a smaller body of water, and therefore, naturally came to the conclusion that the Indians meant that the Pacific and the Atlantic Oceans were connected at some point or other along the isthmus by a natural water-way. What the Indians really meant was that there were two large bodies of land, to the north and south, and that these large bodies were connected by a long, narrow strip of land, part of which he was then exploring.

The Spaniards, naturally eager to extend their explorations into the great western ocean, began to search for the connecting water-way, and this quest was continued by them for nearly half a century; but they finally realized that the two great oceans of the world were separated by the impassable barrier of a continuous chain of mountainous land. The conquerer of Mexico, Cortez, after finishing the subjugation of the Indians of that part of the Spanish possessions, in 1526, was commanded by the King of Spain to proceed to the Isthmus and to assist in the search for the secret water-way.

Cortez answered the command of the King by saying that if he could not find the natural water-way he would proceed to make one. The brave old soldier, all his life

trained in the habit of surmounting great difficulties, declared that if there were obstacles and mountains, there were also men with brains and hands, and that if he could not find the water-way as commanded by the King, he would carry out the order by constructing a canal to connect the two oceans. And so, the idea of Columbus being to find a short water-route between Europe and the East Indies and coasts of Asia, by the completion of the Panama Canal, the United States is carrying out the original purpose of efforts of the discoverer of America and the orders of the King of Spain to Cortez, to make an artificial water-way which will shorten the lines of trade and commerce around the globe.

Between those early days and the present time every great maritime nation of the world has been interested in isthmian canal construction—Spain, Portugal, Holland, Germany, France, Great Britain and Italy have all, at one time or another in the intervening years, considered the advisability and feasibility of constructing a canal somewhere across the narrow territory between the Atlantic and Pacific.

Nine Different Routes Proposed

In all, nine routes have been surveyed or considered by some nation or some company. The first route to the north is known as the Tehuantepec route, which extends across Mexico from the Gulf of Mexico to the Pacific Ocean, a distance of nearly 200 miles, and over which route an English syndicate, headed by the Pearsons, is now operating a splendid railroad system. Captain Eads, one of the most prominent of American engineers of his time, advocated the building of a ship railway over this route, a railway

DECLARATION

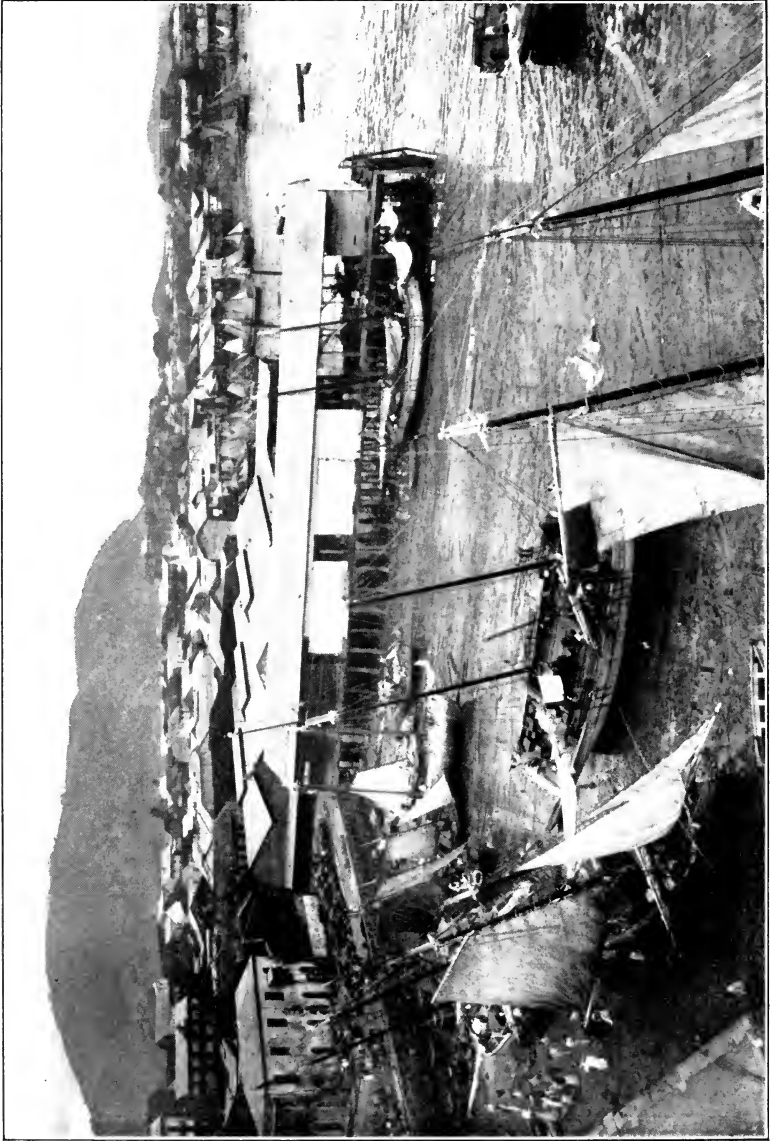
I, the undersigned, do hereby certify that the above is a true and correct copy of the original as the same appears in the records of the Board of Health of the City of New York, and that the same has been compared with the original and found to be a true and correct copy thereof.

In testimony whereof, I have hereunto set my hand and the seal of the Board of Health of the City of New York, at New York, this _____ day of _____, 19____.

President of the Board of Health of the City of New York

THE BOARD OF HEALTH

Attest: _____
Secretary of the Board of Health of the City of New York



WATER FRONT, PANAMA.

across to the separating lands an excavation would be required.

Of these nine routes only three have been seriously contemplated by the engineers of the various governments and companies who have examined them. The three are the Tehuantepec, the Nicaraguan, and the Panama Canal route.

In the year 1800 all South American territory, with the exception of Brazil and a few colonies, was under the sovereignty of Spain, but about the year 1811 a series of revolutions broke out in various parts of Central and South America, having for their object the establishment of independent republics, and by 1823 all Central and South American countries had achieved independence. The province of Panama secured her independence in the year 1823, maintained that independence for a short time and then merged with the Republic of New Granda.

Panama remained a part of New Granda for several years, and then became a part of the New Granadan and Colombian confederacy, and continued to be a part of that confederacy through various vicissitudes of fortune and misfortune arising out of revolutions and war until November 3, 1903, when she seceded from the Colombian confederacy, hoisted her old flag, and resumed her ancient nationality.

In 1825, the South and Central American Republics, desiring to bring themselves into closer relations and sympathy so that trade and commerce and industry might be better developed, conceived the idea of holding a convention in the City of Panama, in the year 1826. The United States Government was invited to participate and take a prominent part in that convention, and in order to induce the President of the United States to send his representatives, the sub-

ject of canal construction across the Isthmus was to be one of the most prominent subjects considered.

Henry Clay, the Secretary of State of the United States at that time, was at first very eager to participate in the Pan-American convention, but was prevented by objections of the President from sending representatives to Panama. However, he sent a note of felicitation and encouragement and promised the support of the United States in any mutual project that would be to the advantage of all the countries, and particularly pledged that support to any feasible project of canal construction. This was the first official interest taken by the United States in the construction of an Isthmian Canal.

Like nearly all conventions, the one that was held in Panama in 1826 met and resolved a great deal and indulged in much oratory, but adjourned without accomplishing very much of practical value. However, a congress composed of representatives of several of the South and Central American States authorized the construction of an Isthmian Canal, and actually went so far as to enter into negotiations with a prominent engineer for the purpose of having one constructed, at some point to be decided upon later; but owing to revolutions and disorders soon after developing, plans for the project were for the time abandoned.

In 1837 the Congress of the United States authorized canal surveys to be made and a commission was appointed for the purpose of surveying and exploring the Central American country so that data might be secured that would give the American Congress information as to the practicability of the different routes that might be utilized. From that time on, until today, the subject of Panama Canal con-

struction has been almost constantly before the American Congress.

Of course, action in that body was more or less sporadic. The subject would be taken up from time to time when some pressing need for quicker and cheaper transportation to the Pacific Coast made itself apparent.

In 1846 the United States entered into war with Mexico, which engaged the energies of the nation for the time being and canal legislation was forgotten. After the war with Mexico came the discovery of gold in California, and the rush of the argonauts to the Golden State made it necessary that quicker and cheaper routes be established than those around Cape Horn by water, or the long trail over the plains and mountains to the Pacific Slope. A company was organized in New York which established a line of transportation by means of steamers from New York to Greytown, thence through the San Juan River to the lakes of Nicaragua, and thence by the stage lines to the Pacific Coast, where again vessels were taken for San Francisco Bay and for the coasts of Oregon and Puget Sound.

The Panama Railroad

About the same time a railway company was formed in the United States which secured a concession from the Republic of Colombia for the purpose of constructing the railway system across the Isthmus, which is now known as the Panama Railroad. This railroad was completed in 1856, and this addition to the means of transportation to the Pacific Coast again indefinitely postponed the necessity for canal construction.

In 1861 the United States drifted into the Civil War,

and once more the subject of canal construction was forgotten. After the close of the Civil War the transcontinental railroads, headed by the Union and Central Pacific Companies, pushed their lines westward until they reached the Pacific Coast, and as soon as the first railroad had crossed the continent active opposition to canal construction began to show itself in the American Congress.

The transcontinental railroads, fearing opposition in transportation, from that day until the Spooner bill was passed, June 28, 1902, maintained an active lobby at Washington, and whenever canal legislation was suggested, having for its object the construction of an Isthmian Canal at any point, this railroad opposition manifested itself in every form, and no doubt canal construction by the United States was postponed for many years by that agency.

However, in 1889, Congress authorized the incorporation of a company known as the Maritime Canal Company of the United States, and under that authority Hiram Hitchcock, of New York, as president, together with Warner Miller and several other capitalists, proceeded to raise about six million dollars, which was actually used in obtaining franchises and concessions from Costa Rica and Nicaragua for a canal route through these countries. Some money was also spent in doing necessary preliminary work.

The Maritime Canal Company was a favorite in the United States for a great many years, principally because it was championed by Senator J. T. Morgan, of Alabama. Senator Morgan made this the dearest project of his later life, and no doubt his last years of public service were embittered by his failure to secure Government co-operation for the building of the canal through Nicaraguan territory.



PRESIDENT AMADOR'S RESIDENCE, PANAMA.

The French Company

In the meantime Count Ferdinand de Lesseps, the brilliant and successful French engineer, having completed the Suez Canal, turned his attention to the Isthmian country. After a thorough investigation of all the possible routes, through a series of negotiations, he succeeded in securing a franchise from the Republic of Colombia, giving him authority to organize a French company and the right to construct a canal between the little city of Aspinwall (now known as Colon) on the eastern side, and the City of Panama on the Western side.

So great was the popularity of de Lesseps that he had no difficulty in forming a strong company in France. The stocks offered to the French public were subscribed for rapidly. The French are a frugal people, and even the poorest of the French peasants and working men have always a little hoard of savings. The French people had such confidence in de Lesseps' ability to complete successfully his great American enterprise that the first issue of his stocks were taken almost at par.

De Lesseps' Plan

De Lesseps' plan contemplated the building of a sea-level canal, 42 miles in length, from shore to shore, 100 feet wide and 28 feet deep. His authority from the Colombian Government amounted to merely a right to excavate the canal, the Colombian Government retaining jurisdiction over the soil and the people. The estimate of the cost of the type of canal proposed was fixed by the French company at \$120,000,000. The work of construction was inaugurated on February 1, 1881, with ceremony by the

officers of the French company, and was participated in by officials of France, Panama and Colombia. But within a very short time, owing to the magnitude of the scale of operations, coupled with wasteful business methods, the first fund of \$120,000,000 was expended.

The company put out a second issue of stock which they offered to the people of France as the first issue had been offered. This second issue was taken up as the first had been, but with some suspicion on the part of the buyers. The second issue sold at a considerable discount; still they found purchasers, and again the coffers of the company were supplied with cash.

But the wastefulness and extravagance of the company continuing, the proceeds from the second issue of stock were soon exhausted and a third issue was offered. The sale of the third issue was made with a great deal of difficulty, and premiums were given to prominent men of influence or authority, or any line of business, providing they would use that influence in the marketing of the company's shares. So flagrant did these irregularities become that they culminated in criminal prosecutions.

The sum total of the capital stock subscribed to by the buyers of the French Panama Company's shares was \$393,505,100. This great volume of stock sold to the purchasers produced for the company only \$201,546,740, the difference of \$191,958,360 being lost in discounts and premiums paid in marketing the stock.

Wastefulness of the French Company

This appalling exhibition of criminal wastefulness and unlawful business methods caused the utter collapse of confidence in the success of the enterprise, not only of the in-

vesting public of France, but of the world as well, and hastened the time when such methods must reach their logical conclusion in bankruptcy. The old timers on the Isthmus will tell the inquirer that of the enormous sum of money raised by the French Canal Company, one-third was wasted, one-third grafted and one third probably used in actual work.

It seemed as if anyone who had any sort of influence might sell that influence to the Panama company for some kind of a consideration. On the Isthmus today they will show you a storehouse containing about half a ship's cargo of snow shovels which a manufacturing company in France succeeded in selling to the French Panama Company, no doubt in return for the influence they might be able to give in assisting in the sale of the French Panama Company's stocks. Of course, one can easily see the ridiculous side of the purchase of half a cargo of snow shovels to be used in the tropics.

Practical bankruptcy came in the year 1889, and from that time on the French Canal Company simply held its franchise and concessions from the Republic of Colombia for speculative purposes only. Then the officers of the French company, seeing that the United States Congress was beginning to take a lively interest in canal construction, and was showing signs of a disposition to pass legislation that would commit the United States as a Nation to the building of a canal, began to look toward the United States as a prospective customer for their uncompleted canal project at Panama. In the meantime the Nicaraguan company had gone upon the rocks of bankruptcy, and they, too, were offering their concessions and franchises to the American Government. And so with these two propositions before

Congress, time drifted on to the opening of the war between our country and Spain.

When the Spanish war was declared, it was reported in the United States that a Spanish fleet was cruising in Asiatic waters. Of course, it was not known how strong that fleet might be. There was no way of knowing whether or not it would be able to cross the Pacific and take San Francisco or some of the other cities or ports of the western coast of the United States. So the Secretary of the Navy ordered the crack battleship of the navy, the "Oregon," to maintain her station in San Francisco Bay with steam up, prepared to go into action at any moment.

Significance of the "Oregon's" Course

Everyone who lived around the Bay of San Francisco in those days remembers what relief the news in the papers brought on a bright May morning that Admiral Dewey, in response to an order from Secretary J. D. Long had proceeded to Manila and destroyed the Spanish fleet. This meant there was no longer any danger of the bombardment of San Francisco.

There was no longer any necessity for holding the "Oregon" in Pacific waters, and so quickly followed the order from the Secretary of the Navy that she should at once take her departure to the coasts of Cuba and join the American squadron operating there. The citizens of San Francisco swarmed the hilltops to see the departure of their favorite battleship. She sailed majestically out through the Golden Gate and turned her prow southward. The patriotic hearts of the men and women of California followed her course as they read each morning in the newspapers the description of her successful voyage down the western

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THE CULEBRA CUT, LOOKING NORTH.

coasts of Mexico and Central America, on past Panama and along the coasts of South America, through the Straits of Magellan, then to the northward to her station on the coast of Cuba. But they noted that this voyage consumed sixty-five days of time.

Then the President, the American Congress, and the American people awoke to the fact that if the safety of the cities of the seaboard of the Atlantic and the Pacific depended upon naval protection, and that if such a long voyage would have to be taken by ships stationed upon the opposite coast, it might mean the destruction of incalculable wealth.

The entire Nation began to realize that if the "Oregon" could have sailed from San Francisco to Panama and passed through the isthmus by means of a canal such as we are now constructing, she could have made the voyage from San Francisco to the coasts of Cuba, consuming three days at Colon or Panama to take on stores and ammunition, and still could have been at her station on the coasts of Cuba in sixteen days' time. The people of the country began to realize that the difference between sixteen and sixty-five days might mean the safety of the Nation, and especially so if we were at war with a maritime power such as Great Britain, Germany and Japan.

This startling demonstration of the absolute necessity for a Panama Canal from the standpoint of American national safety, at once swept aside all opposition at Washington to canal construction. Immediately a universal wave of sentiment in favor of a national American Isthmian Canal swept over the land and found its expression in instructions by every constituency in the Union to Congressmen and to Senators to do all in their power to assist in bringing canal legislation to a successful termination.