

## *Chapter 1*

# *Antecedents of the Panama Canal*

Readers of schoolbook histories know that the opening of the Panama Canal in 1914 was the fruition of four centuries of searching for ways and means to link the Atlantic and Pacific Oceans. But the vital importance to the United States, to Latin America and to the world is not today so generally realized as it was when the Canal was completed.

Beginning with Balboa's first sight of the Pacific from the heights of Panama in 1513, every possible crossing of the land-strip between the oceans was explored. Eventually two routes were found most practicable for a ship canal — Nicaragua and Panama.

Details of the adventures and misadventures of canal searchers have filled volumes of histories. We shall concern ourselves here with a tightly condensed summary of events leading up to the Panama Canal and the early — and perhaps not yet ended — competition between the routes of Panama and Nicaragua.

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Primitive transit facilities across Panama and through Nicaragua by river and lake boats and connecting stage-coaches were served for many years by coastwise ships from New York and San Francisco. High transit dues collected at Panama led men of broader vision to look elsewhere. The distance between New York and San Francisco via Nicaragua, some 400 miles shorter than via Panama, was one incentive. Then the Mexican war, 1846, further emphasized the need for coast-to-coast transit, which railroads did not provide even in a limited way until 1869. So in 1849 Cornelius Vanderbilt and associates organized the American Atlantic and Pacific Ship Canal Company and made the first comprehensive survey for a canal via Lake Nicaragua.

Good relations with Nicaragua and the use of its primitive transit facilities were paralyzed by the filibustering expeditions of an American adventurer, William Walker, and the Vanderbilt concession was canceled in 1856.

Meanwhile the United States by its 1846-48 treaty with New Granada (later re-named Colombia) was getting relief from discriminatory transit dues and civil disturbances in Panama. In return, the United States guaranteed neutrality on the Isthmus and New Granada's "rights of sovereignty and property" in its province or Department of Panama.

This stabilizing treaty hastened construction of the Panama Railroad across the Isthmus by private American capital. This first transcontinental railroad was chartered by the New York State legislature in April, 1849. The incorporators were New York businessmen and financiers, John L. Stephens, William H. Aspinwall, President of the Pacific Mail Steamship Company, and Henry Chauncey, prominent New York capitalist.

Opened for traffic in 1855, the Panama Railroad enjoyed a near-monopoly until an investigating commission, appointed by President Grant in 1872, reported unanimously in 1876 that Nicaragua would be the preferable canal route. Panama, because of climatic and geologic conditions, was considered undesirable if not impossible. President Hayes,

following President Grant's initiative, sent a special message to Congress, March 8, 1880, announcing: "The policy of this country is a canal under American control."

While United States interest was centering on possibilities of a canal through Nicaragua, the French, inspired by their success at Suez in 1869, obtained in 1878 a concession from New Granada to build through Panama. This spurred the United States to get rid of the impediment to single-control of a canal, to which it had agreed with Great Britain in 1850. The Hay-Pauncefote Treaty of 1901 removed that obstacle.

In the three decades since President Grant named the first canal commission, public opinion and governmental policy in the United States had coalesced in favor of an all-American canal through Nicaragua. The United States Congress chartered the Maritime Canal Company of Nicaragua, May 9, 1889 and former Senator Warner Miller of New York, as president, started work with a subsidiary Nicaragua Canal Construction Company. The panic of 1893 dried up the flow of funds and left the Nicaragua canal enterprise in receivership.

Then came the war with Spain. The need for a canal was made still more obvious by the voyage of the *Oregon* around South America to join the United States fleet off Santiago. Public sentiment for a canal became clamorous. Friends of the Nicaragua project turned to the government for help. Bills for a Nicaragua canal were passed by both Senate and House, but mysterious influences held up the Senate bill in the House or the House bill in the Senate. Lobbyists of the then new and prosperous transcontinental railroads were credited with killing unwanted maritime competition.

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But other influences, equally mysterious for many years, were boring from within and without. The Panama Railroad, which had cost its American builders about \$5,000,000, was essential for canal building by the French.

Through the influences of an American syndicate the Panama Railroad was sold to the Panama Canal Company of France for something over \$20,000,000. The price seemed extortionate to the French, but they were helpless. It took about one-third of the French company's capital and contributed to its eventual bankruptcy.

Mismanagement, extravagance and graft, compounding an initial error in planning, brought suspension in 1889 of canal digging at Panama begun by the French February 1, 1881. To escape imprisonment in France for fraud and to salvage some part of their huge investment, the "penalized stockholders" of the first, commonly called the Old Panama Canal Company, organized in 1894 the New Panama Canal Company. Work at Panama was resumed, and was continued sporadically in order to keep alive the concession from Colombia and retain the canal company's title to its profitable Panama Railroad. But the new company was inadequately financed and its concession, which had been extended by the Colombian government by executive rather than by legislative action, would soon expire. The outlook seemed hopeless, since the United States was committed to building the rival canal through Nicaragua.

The French knew something of the capacity of a New York lawyer who had been a director and general counsel of the Panama Railroad since 1893. Ready to grasp any helping hand, the staggering Frenchmen retained him — William Nelson Cromwell — as their American attorney, January, 1896. They retained him in the belief that he could divert the United States from Nicaragua to Panama, guide them in obtaining more capital, and eventually assist them in unloading on United States taxpayers the French equipment on the Isthmus and their about-to-lapse Colombian concession.

Cromwell was successful — so much so that he billed his French clients for \$832,449.38 for fees and disbursements allegedly still due him up to December 23, 1907. In a bill of particulars or brief to support his claim, Cromwell said

his services had "involved almost every branch of professional activity — engineering, law, legislation, finance, diplomacy, administration and direction" — so extensive that "it would be altogether impossible to give details, even if it were proper to do so."

Some of the long-hidden details of Cromwell's services are an essential part of history which every United States citizen and every Panamanian should know when their respective rights and responsibilities are at issue and questions such as these demand truthful answers:

Did William Nelson Cromwell plan and promote and in part finance the Panama "revolution" of 1903 — or who did? Was Cromwell the real father of the little Republic or was he only midwife at its birth? Or did the Frenchman ~~Philippe Bunau-Varilla~~ perform part or all of these functions? Did either Cromwell or Bunau-Varilla in their voluminous writings and testimony tell the whole truth?

~~Who got all of the American taxpayers' \$40,000,000~~ which allegedly was paid in full to the French for their bankrupt property? Or did a speculating syndicate of United States financiers and politicians get a big share?

What interests and influences are behind the persistent campaigns for Panama to nationalize and for the United Nations to internationalize the Canal? United States taxpayers had a net investment in the Canal close to half a billion uninflated dollars when a reorganization audit was made by the Comptroller General of their government in 1952. What will happen to their investment and eventually to their freedom if the lifeline of their national defense is lost?

And how can American citizens who love their own country be alerted in time to these dangers, which are so much nearer to them than are the dangers in the Middle or Far East?

Fortunately some have been alerted — notably a few members of the United States Senate and House of Representatives; and among citizen groups the Daughters of the

American Revolution, who have sounded an alarm to their member chapters. Also thousands of readers of *The Christian Science Monitor* are aware, because the courageous and far-seeing correspondent of *The Monitor* in the Canal Zone, Ralph Skinner, has given that great newspaper more of the facts than press services have supplied their readers about the anti-American agitation that has been boiling in Panama ever since the Suez crisis of 1956.

Readers of *The Saturday Evening Post* of October 25, 1958 were alerted by a strong editorial, "The U. S. A. Can't Surrender Its Rights in the Panama Canal." Syndicated columnists Edward Tomlinson, Constantine Brown and Ruth Montgomery have given their readers some of the disquieting developments, but generally North American editors seem to have assumed that public interest did not focus on Isthmian problems.

Most alert of all has been the American Legion, nationally and through its Canal Zone branch, known as its Department of the Panama Canal. The *Legion Magazine* warned its readers in March, 1957 in bold headlines: "Let's Look at Our Own Canal; We May Lose It, Thanks to the Internationalists!" The *Legion Magazine's* writer, Maurice Ries, a veteran fighter against communism, summarized:

"The Panama Canal is our jugular vein, our lifeline. Cut it and the United States dies. Wrest it from our control and in matters of seaborne commerce and naval defense the U. S. east and west coasts again become, as once they were, months instead of days apart.

"Block it and our foreign commerce strangles. Take it away from us and we have no further right to establish defenses so far to the south.

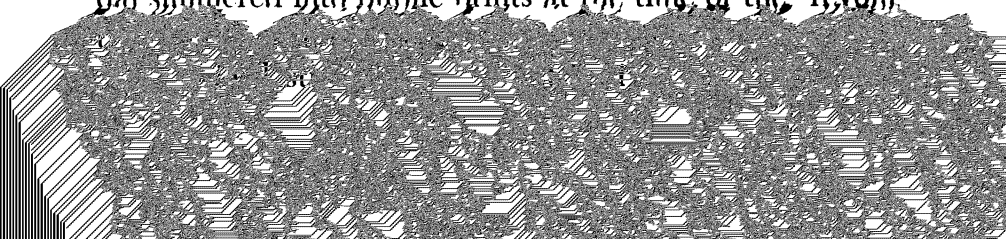
"The result will be that then our hemispheric relations will change, and our foreign policy must change, and no man on earth can say what might happen to this nation once that chain reaction is set in motion."

## *Chapter 2*

# *"Napoleonic Strategy" Applied to Panama*

Intimate details of the story of Panama would still be sealed behind iron curtains of disputed and distorted history if William Nelson Cromwell had not made the greatest miscalculation of his astounding career. Had he kept his nerve and remained silent instead of complaining to a public prosecutor against alleged "blackmailers," the Theodore Roosevelt prosecution of Joseph Pulitzer for alleged criminal libel would never have been initiated; and some individual, to this day unidentified, would have lacked incentive to plant secretly on the desk of a Pulitzer editor a copy of Cromwell's telltale brief or bill of particulars which revealed his hand in creating the Republic of Panama.

What history will always remember as the Panama scandal simmered into public prints at the time of the "revolu-



President Theodore Roosevelt fired it with his explosive language in 1908. Senator John T. Morgan of Alabama, supporter of a United States canal through Nicaragua, had fought with only partial success to expose what he believed to have been the illegal and immoral part of the United States in dismembering Colombia and setting up Colombia's Department of Panama as the Republic of Panama.

Pitiless publicity at times deepened public suspicion, but Senator Morgan could never pin down the evasive and defiant Cromwell. Today equivalent conduct of a witness before a Congressional committee would most likely bring citations for contempt. But influences bent on covering up the Panama scandal were so powerful that Cromwell could, and did, plead the privilege of a lawyer to protect the secrets of his client as glibly and successfully as subversives now take the Fifth Amendment.

Cromwell told his French clients soon after he accepted their retainer as general counsel in January, 1896 that "no one in the United States doubted that the Panama Canal in itself was an impossibility . . . . Public opinion demanded the Nicaragua Canal." He concentrated his early lobbying on defeating Nicaragua bills in Senate and House. By 1897 he projected "a vigorous policy of publicity, enlightenment and opposition" and in 1898 created a special press bureau for anti-Nicaragua and pro-Panama propaganda. "We must," he told his French clients, "make our plans with Napoleonic strategy."

Recruited for the Cromwell press bureau were Roger L. Farnham and Jonas M. Whitley. Both had won their journalistic spurs on the Wall Street staff of Joseph Pulitzer's *World* and were well equipped. Farnham, as press bureau chief, also doubled as adjunct to the several members of the Cromwell law firm who spent weeks on end in Washington enlightening members of Senate and House and Administration officials.

Cromwell's "Napoleonic strategy" was never fully described until he filed with French arbitrators, September 5,



1907, a 65,000-word brief to support his claim that the French Panama Canal Company still owed his firm \$832,449.38 for fees and disbursements. In their own words, quoted from the brief, this is how the Cromwell lobby started the propaganda that continued long after the Panama Republic was born:

"We write an elaborate pamphlet containing a full exposition of the Panama Canal and circulate it in Congress, throughout the press, and among all the influential classes in the United States."

"We obtain a public hearing before the Committee of the House and make a full exposition."

"We obtain the passage, March 3, 1899, of a bill appointing a new Commission to examine the Panama and other canal routes, and by this means we prevent the final passage of the Nicaragua canal bills."

Not content with getting a breathing-spell for his French clients by creation of a new Commission, Cromwell undertook to guide the selection of its personnel. President McKinley disregarded Cromwell's list of acceptable experts and on June 9, 1899, appointed to this, the second Walker Commission, three members of the first Walker Commission who had reported in favor of Nicaragua. They were Rear Admiral John G. Walker, Colonel Peter C. Hains, U.S.A., and Lewis M. Haupt. Supplementing them were eight appointees who had had experience with Isthmian transit problems.

Cromwell then "laid aside all his other business" and during the six months following the appointment of the second Walker Commission "devoted himself exclusively to the official presentation of the Panama matter to the Commission so as to convince it of the superiority of this route." He "urged the Commission to go to Paris in a body" — instead of going first to Panama and Nicaragua — and himself sailed for Paris on August 5, 1899, ahead of the Commission "to prepare and direct the presentation" of his case for the Panama route.

The Walker Commission's sessions in Paris continued into September, but Cromwell remained through October and "held absorbing daily conferences" on Company business, including "the formation of syndicates" and on "Americanization of the canal, an idea of our own."

Cromwell returned to New York November 1, 1899 with power of attorney from the French company to carry out his plan of "Americanization." He soon found that "to interest important capitalists in the United States in such an enterprise was an undertaking so arduous as to seem really impossible." Nevertheless, "by constant and continuous labor lasting several weeks many important financial groups in this country were brought into association with this undertaking." Cromwell then incorporated in New Jersey, December 27, 1899, the Panama Canal Company of America.

The incorporators were William P. Chapman Jr., Henry W. Clark and Francis D. Pollak, all clerks, later partners or associates, in Cromwell's law office. Capital was to be \$30,000,000, expandable to \$120,000,000, covered by 5,000,000 first preferred, 15,000,000 second preferred and 10,000,000 common shares.

*The New York World*, the *New York Tribune* and the *New York Times* all published on December 28, 1899 long stories from details supplied by Cromwell's press bureau. Cromwell and Francis Lynde Stetson, known then to be one of J. P. Morgan's attorneys, were listed as counsel for the new company. The following were listed as among its financial backers:

J. Edward Simmons, President of the Fourth National Bank; Kuhn, Loeb & Co.; E. C. Converse, President of the National Tube Company; Warner Van Norden, President of the Bank of North America; August Belmont, Levi P. Morton, J. & W. Seligman, Charles R. Flint, J. R. Delamar and Vernon H. Brown. Several of these names appear later as threads in the veils of mystery that through the years have shrouded the history of the Panama Canal and the Panama Republic.

Now while working up his "Americanization" program Cromwell was also busy getting the Republican Party to change its platform. In 1896 it was for building "The Nicaragua Canal." When he later billed his French clients for this political service he told them:

"We prevent the traditional endorsement of the Nicaragua route as a plank in the platform of the Republican Party, and we procure the substitution of the words AN ISTHMIAN CANAL . . . . This was an important step in our fight, since it freed the Republican Members of Congress from a party pledge and was the first occasion on which it was publicly recognized that a canal other than Nicaragua was possible."

What was done, and by whom, to "procure the substitution" of three words comes later in the untold story.

According to Cromwell, his on-paper Panama Canal Company of America never grew up because his "Americanization" project required final approval of the French company's stockholders and directors, and this was refused. Back of that refusal was the opposition of a French group headed by Baron Eugene Oppenheim. The Baron brought his own syndicating plan to New York. He got advice from the eminent attorney William M. Ivins, met Theodore Roosevelt's brother-in-law Douglas Robinson, and others; and returned to Paris to have the French Panama Canal management summarily dismiss Cromwell as general counsel. Cromwell's brief in 1907 gave only this explanation:

"July 1, 1901 – January 27, 1902: The Company, for reasons it deemed sufficient, ordered the cessation of all activities in the United States and itself took over the management, relieving us of all responsibility during that period."

It may be possible the French heard "rumors" that between May 25, 1900 and June 6, 1901 a "Memorandum of Agreement" was signed by sixteen American capitalists, banking houses and politicians to speculate in the securities of the bankrupt French Panama Canal Company, then

purchasable directly or indirectly in the Paris market. How the document, alleged to be the duly-signed and witnessed original of that "Memorandum of Agreement," came into possession of Joseph Pulitzer's *World* is a later chapter in the untold story.

Before his French clients suspended his services on June 30, 1901, Cromwell cabled them on June 25 that Admiral Walker had come to his office that day and would delay a final report of the Walker Commission if the French would submit an immediate and firm offer of outright sale instead of holding out for arbitration of price and terms. Cromwell had repeatedly urged this course.

The French again delayed, and the Walker Commission made its preliminary report, November 16, 1901, favoring Nicaragua. Cost of a canal at Panama would be prohibitive at the price suggested for arbitration. Besides, there was the question whether Colombia would consent to a transfer of the French concession.

Panicked by the Walker Commission's leaning toward Nicaragua, the French on January 4, 1902 cabled that they would accept the \$40,000,000 price which the Walker Commission had suggested. President Theodore Roosevelt, who had become a partisan of the Panama route, then reassembled the Walker Commission and asked it to reconsider. Because of the definite offer from the French, the Walker Commission reported on January 18, 1902 that in view of changed conditions Panama would be the "most practicable and feasible" canal. Commissioner Lewis M. Haupt still believed Nicaragua would best serve United States interests. How Theodore Roosevelt "persuaded" him to withdraw his dissent and sign with the majority is part of the untold story of Panama.

It was commonly reported at the time that Admiral Walker called Professor Haupt into the corridor outside the Commission's meeting and told him that President Theodore Roosevelt demanded a unanimous report because he feared that any dissent would be used to defeat all canal

legislation.

Professor Haupt himself told me soon after I began my search for the real history of the Panama "revolution" that he was summoned to the White House and that President Roosevelt himself demanded a unanimous report. Haupt signed — but insisted on putting into the minutes of the Walker Commission his reason, as follows:

"He still believed that the Nicaragua route was the better, but that the scope of the investigation had been expanded beyond the mere questions as to which route had the superior advantages, in view of the political situation and the great probability, if not certainty, of a divided report being used by the opponents of any canal to defeat legislation.

"It was a question, therefore, of Panama or nothing. And as he believed firmly in the necessity of an Isthmian waterway for the general good, he had concluded that his duty to his country would be best fulfilled by waiving his objections and signing the report, with the understanding that this statement of his reasons be entered upon the minutes."

Three days after the Roosevelt prosecution of *The World* was quashed in the Federal court in New York, and before appeal for final adjudication had been taken to the United States Supreme Court, Professor Haupt in a hand-written note, which I still treasure, said to me: "Coming so soon after our interview I was surprised that the Government had determined it was unwise to prosecute its suit and I hasten to contratulate you. Yet the exposure might have been of great service to the *people* of this great nation, whose eyes should be opened to a few political policies. Your issue being quashed I presume your investigations will be pigeon-holed."

When the Roosevelt prosecution was finally killed by the Supreme Court in 1911 Professor Haupt wrote me again on April 1, 1911, in his clear script:

Dear Mr. Harding:

"He is thrice armed who has his quarrel just" provided the Court is not packed.

Accept my congratulations and the hope that ere long the wheels of time may expedite the operations of the "law's delay" and give us a Government for the people and free from the interests — and the executive bureaus which control the patronage.

We need **Conservation** of mind as well as of matter. Our financial budgets might be **very** materially reduced **pro bono publico** and the appropriations expended with far greater efficiency for domestic commerce.

Very truly yours,

LEWIS M. HAUPT.

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Nine days before the Walker Commission made its final report in favor of the Panama route the Hepburn Bill, committing the United States to Nicaragua, passed the House on January 9, 1902 by 309 to 2. Again it became apparent to some, though not all, of the French that only the astute and resourceful Cromwell could save them from complete disaster. So a new management of the French company re-engaged Cromwell by cable, January 27, 1902.

According to Philippe Bunau-Varilla, French engineer and director-general of the Old Panama Canal Company on the Isthmus, this is how Cromwell was reinstated: Bunau-Varilla said he interceded in Cromwell's behalf with the politically and financially powerful Senator Mark Hanna of Ohio, and that Hanna was moved by J. Edward Simmons, who was banker for some of the Hanna business enterprises. Simmons was president of the Panama Railroad, Cromwell was its general counsel, and the railroad was still owned by the French canal company.

Cromwell's reinstatement as general counsel as c

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" . . . . But we require most expressly that no donations be made now or later, nor promises be made to anyone whomsoever which might bind the Company . . . . Result must be sought only by the most legitimate means; that in no case could we have recourse to methods as dangerous as they are unlawful, which consist principally in gifts or promises, of whatever nature they may be . . . . "

Why the injunction against "donations"? Liberal donations were never a strange toy for "Cromwell the Magnificent." Nor did liberal spending shock Bunau-Varilla, who worked intensively for the Panama cause while Cromwell was enjoying his seven months' suspension. Bunau-Varilla was both sentimentally and financially interested. Duplicating at Panama what Ferdinand de Lesseps had achieved for the French at Suez was Bunau-Varilla's lifetime ambition. He was also one of the "penalized stockholders" of the Old Panama Canal Company who had to subscribe for shares of the reorganization. With his brother Maurice he had a stake of 11,000 shares, par value 1,100,000 francs, in the New Panama Canal Company.

Bunau-Varilla spent a fortune during 1900 and 1901 cultivating influential Americans and lectured before business and financial groups from coast to coast on the advantages of Panama over Nicaragua. His efforts often paralleled those of Cromwell and his press bureau, particularly in spreading anti-Nicaragua propaganda by distributing Nicaragua postage stamps showing an active volcano near the route of the proposed canal. Later Cromwell fed the same volcano scare material into Senate debates.

Cromwell immediately after his reinstatement as general counsel, January 27, 1902, plunged into repairing the damages of seven months' hiatus in his lobbying and pressagenting. His first move was to induce Senator Hanna to delay action in the Senate on the Hepburn Nicaragua Bill which had passed the House on January 9. Senator Hanna called before the Committee on Interoceanic Canals each member of the Walker Commission and plied him with questions

which Cromwell said he supplied. "This," said Cromwell later, "monopolized our attention almost night and day for several weeks."

Cromwell also took credit for inspiring if not actually drafting the Spooner Bill as a substitute for the Hepburn Bill. Its enactment would require adoption of the Panama route provided a satisfactory treaty could be negotiated with Colombia. So Cromwell and several of his partners were continually in Washington supplying material for Senators' speeches in support of the "Hanna Minority Report" in favor of the Spooner Bill. The Hanna Report, said the Cromwell brief, became "the textbook on the Panama side" and "we had written the best part of it."

The Spooner Bill finally squeezed through the Senate, June 19, 1902, by 42 to 34 votes. "During every hour of this struggle," the Cromwell brief said in 1907, "at least two of the partners of our law firm, with other assistants, kept in constant consultation with Senators and assisted them . . . . We passed in review every detail of the debates and every move in the matter which were the subject of advice and suggestions on our part . . . . A slight difference of five votes would have killed the Panama Canal project and made the Nicaragua Canal the choice of the American people."

Then, after a struggle in conference, the House, which had been 309 to 2 for Nicaragua, gave in for the Spooner Bill because the attitude of the Senate conferees, coached by Cromwell and perhaps by Bunau-Varilla, was against any canal at all if not at Panama.

These were the circumstances under which — as President Theodore Roosevelt declared in his message of December 7, 1903 — the Panama route "commended itself to the deliberate judgment of the Congress"!

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Now while Cromwell was juggling American legislation with one hand he was manipulating Colombian diplomacy with the other. According to his later claim for fees and



disbursements, "one of the vital problems facing us" was to induce Colombia to bind itself by treaty to permit the New Panama Canal Company to transfer its about-to-lapse concession without paying over to Colombia as a transfer fee any portion of the \$40,000,000 which Colombia would receive from the United States if a satisfactory treaty could be negotiated.

So Cromwell "conceived the plan of inducing Colombia herself to intervene." The Colombian Government, he later said, "had no desire to assist in the sale" to the United States, so "Mr. Cromwell personally and without cooperation opened negotiations with the Colombian Minister" and "in the course of conferences which succeeded each other for whole weeks at a time Mr. Cromwell led the Minister to pledge himself as to various bases of a proposal."

Then Cromwell himself drafted a treaty in which he was careful to provide that Colombia would permit the French canal company to transfer its Panama concession to the United States. Then he re-drafted his first draft, "had it transmitted officially to the Secretary of State," and re-drafted it again at Secretary Hay's request. That was while Jose Vicente Concha, later President of Colombia, was its Minister in Washington. Concha refused to sign, and left his post in disgust.

Concha's successor, Dr. Tomas Herran, was instructed by his government to insist upon \$10,000,000 lump sum and \$600,000 annual rental. "At last Mr. Herran yielded to our arguments," said the later Cromwell brief, "and authorized us to offer to Mr. Hay a compromise on the basis of \$250,000." Cromwell hastily redrafted the proposed treaty, took it and Dr. Herran to Secretary Hay's house on the night of January 22, 1903, and there the Hay-Herran Treaty was signed. Cromwell, the sole witness, boasted that Secretary Hay gave him the pen and that he treasured it "as a precious souvenir of this incident."

The Cromwell brief in 1907 said: "The entire negotiation of the treaty with Colombia was conducted by Mr. Crom-

well with Ministers Concha and Herran and Secretary Hay, who held nearly all their official communications through his intermediary exclusively." Thus the historic Hay-Herran Treaty — whose later rejection by Colombia led to the birth of the Republic of Panama — was "initiated by Colombia" and was "entered into at the urgent solicitation of the people of Colombia." At least that was President Theodore Roosevelt's official version.

The day after the Hay-Herran Treaty was signed it was sent to the Senate on January 23, 1903. Many Senators demanded amendments to assure absolute control of the Canal Zone by the United States. Cromwell fought every change. He had been repeatedly advised by his agents in Bogota and had learned from Washington State Department cables — to which he claimed always to have access — that Colombia was preparing to exact from the French a fee of \$10,000,000 for the privilege of transferring their non-transferable concession.

"It appeared to us," said Cromwell in his 1907 brief, "that the only way to escape these exactions, to defeat these maneuvers, and to save the company from paying a tribute of many millions of francs was to convince the American Government that it should refuse to consent to any amendment or to permit that the treaty should depend in any way on a previous agreement with the Canal Company, as Colombia was demanding. To this end we had numerous interviews with Secretary Hay, Senators Hanna, Spooner and Kittredge, Congressman Burton and others, and on certain occasions with the President. We pointed out that Colombia had already pledged herself morally to consent, and that her consent should be imposed on her as being demanded by international good faith, and we thus created a feeling favorable to the support and protection of the company against these demands . . . .

"On several occasions the Secretary sent to the American Minister for transmission to the Colombian Government firm and positive refusals to consent to the amendment on

transaction proposed. Secretary Hay honored us with his confidence by permitting us to collaborate with him in writing these instructions."

Under these influences ratification of the Hay-Herran Treaty was jammed through the United States Senate March 17, 1903. Then came Cromwell's big problem: How to use the State Department to protect his French clients from having to give anything to Colombia for permission to transfer its property and concession to the United States.

The Colombian Congress was scheduled to meet on June 20, 1903 to consider the Hay-Herran Treaty. Cromwell "suggested" to Secretary Hay on June 9 that the American Government should "announce to the Colombian Government in advance of the meeting of its Congress and with absolute frankness and firmness" that the United States relied upon "Colombia's treaty proposals and on the consent to the transfer included in these proposals."

The Cromwell brief in 1907 boasted that Secretary Hay accepted Cromwell's views and submitted them to President Theodore Roosevelt; that a few days later the President "sent for Mr. Cromwell and after due consideration directed that instructions be sent to Colombia, which was done by Secretary Hay."

The Cromwell-inspired threat to Colombia, cabled from the State Department June 9, 1903, to A. M. Beaupre, American Minister in Bogota, carried this ultimatum:

"The Colombian Government apparently does not appreciate the gravity of the situation. The canal negotiations were initiated by Colombia, and were energetically pressed upon this Government for several years. The propositions presented by Colombia, with slight modifications, were finally accepted by us. In virtue of this agreement our Congress reversed its previous judgment and decided upon the Panama route.

"If Colombia should now reject the treaty or unduly delay its ratification, the friendly understanding between the two countries would be so seriously compromised

that action might be taken by the Congress next winter which every friend of Colombia would regret. Confidential. Communicate substance of this verbally to the Minister of Foreign Affairs. If he desires it, give him a copy in form of memorandum.”

Cromwell was convinced, even when he inspired the ugly ultimatum of June 9, that Colombia would not ratify the Hay-Herran Treaty without amendments. On the very day the ultimatum was dispatched to Bogota, Cromwell had a long conference with President Theodore Roosevelt, as reported in the daily papers. Immediately after leaving the White House Cromwell sent his chief press agent, Roger L. Farnham, to *The World's* Washington bureau to inspire a long story — which *The World* innocently printed on the morning of June 14.

Farnham insisted, as he invariably did in many calls on *World* bureau writers, that his name should not be mentioned nor the source of the information be disclosed. Charles S. Albert, long a competent and trusted member of the Washington staff, detailed in the Farnham-inspired dispatch of June 14 the plans for creating a new nation on the Isthmus. Farnham told him that a delegation of five or six would soon come from Panama and give details to the State Department. Farnham continued frequently to inform Albert of Cromwellian developments in Bogota, Panama and Paris, always enjoining secrecy as to source. Many of the stories Albert wrote were for the information of *The World's* editors and were not published.

Even the exact date of the “revolution” was forecast by the Cromwell press agent in his conversation in the Washington bureau of *The World* on June 13, 1903. He said the blow would be struck — as it was — on November 3 because that was Election Day in the States and newspapers would be so crowded with election returns that an episode in Panama would command less attention.

Rejection of the Hay-Herran Treaty in Bogota hinged on nine amendments reported to the Colombian Senate. The

main issues were: (1) over Colombia's insisting that the French should negotiate directly with Colombia for permission to transfer their concession, and (2) alienation of Colombia's sovereignty over the Canal Zone, which the Colombian Constitution forbade.

The Cromwell-inspired ultimatum of June 9 aroused a storm of indignation. Conservative members of the Colombian Senate, from whom I later obtained intimate details, said no part of the national territory could be alienated without a Constitutional amendment, and that this could not be put through before the next session of their Congress. So the Hay-Herran Treaty was rejected in Bogota on August 12, 1903. This news did not reach Washington by delayed cable until August 15.

The State Department was advised by cable from Minister Beaupre on August 31, 1903 that he had talked with a Senator who assured him that "if the United States will wait for the next session of Congress, the Canal can be secured without a revolution." But Cromwell and some others were not willing to wait.

On hearing that nine treaty amendments had been reported to the Colombian Senate, President Theodore Roosevelt summoned Senator Shelby M. Cullom, Chairman of the Senate Committee on Foreign Relations, to the Roosevelt summer-capital and home at Oyster Bay for conference on October 14. On leaving, Cullom gave an interview which the New York *Herald* printed: "We might make another treaty, not with Colombia but with Panama."

Propaganda spread the false story that the treaty amendments proposed in the Colombian Senate would require the United States to pay more than \$40,000,000 for the property and rights of the New Panama Canal Company and \$10,000,000 to Colombia. The American Minister's cabled summary of the nine proposed amendments reached Washington on August 12. There was no suggestion that a transfer fee, demanded by Colombia, would be added to the price to be paid by the United States. Yet the State Department

permitted the information to be broadcast through the press, uncontradicted, and with it built up sentiment against Colombia. Colombia was attempting to "hold up" Uncle Sam for more money! That misimpression persisted in the minds of millions of North Americans for a generation. Only to a very limited few, in midsummer 1903, went the order of the day: On with the revolution!