CHAPTER XI

THE ENMITY OF ENGLAND

CROMWELL AND SPAIN—PENN AND VENABLES TAKE JAMAICA—OPERATIONS OF BLAKE —TREATY BETWEEN ENGLAND AND SPAIN—CARDINAL ALBERONI AND BRITISH TRADE—HOSIER'S EXPEDITION—ITS DISASTROUS RESULTS—EXCITEMENT IN ENGLAND—TREATY OF SEVILLE—FURTHER BRITISH COMPLAINTS—ATTACKS ON WALPOLE—BRITISH TRADE WITH PANAMA—"JENKINS'S EARS"—WALPOLE'S NEGOTIATIONS—THEIR FAILURE—VERNON SENT TO PORTO BELLO —WAR PROCLAIMED—OGLE AND CATHCART SENT TO JAMAICA—ANSON SENT TO THE PACIFIC—DOMINION OF SPAIN IN AMERICA THREATENED—VERNON TAKES PORTO BELLO—REJOICINGS IN ENGLAND—CAPTURE OF FORT SAN LORENZO—REPULSE OF THE BRITISH AT CARTAGENA—VERNON FAILS TO MARCH TO PANAMA—HIS RECALL—ANSON'S PROCEEDINGS—HIS ACTIONS IN THE PACIFIC—HE CAPTURES A TREASURE SHIP—HIS CIRCUMNAVIGATION OF THE GLOBE—PEACE OF AIX-LA-CHAPELLE—TREATY OF MADRID—FIRES IN PANAMA—PEACE IN TIERRA FIRME—TROUBLE IN DARIEN—OPERATIONS OF ARIZA—DARIEN INDIANS UNSUBDUED.

THE antagonism between England and Spain, which had been marked during the reign of Queen Elizabeth and had flared up into mostly impotent manifestations once or twice under her two immediate successors, swelled into considerable volume in the time of the Commonwealth and again during the first half of the eighteenth century. In the plenitude of his power Lord Protector Cromwell demanded from Spain that no Englishman should ever be subject to the Inquisition, and that there should be free trade for all Englishmen with the West Indies and the South American continent. When the Spanish representative in London replied that such a demand was tantamount to asking for the King of Spain's two eyes, Cromwell, whose favorite dictum was that a ship of the line was the best ambassador, sent forth a gallant fleet under Penn and Venables, which, with the aid of the buccaneers, as already noted, took Jamaica in 1655, and made it, what it has ever since remained, a British possession. In September, 1656, one of the captains serving under Blake, the great English admiral and general at sea, captured a part of the plate fleet, and in the following April Blake himself with twenty-five ships ran in under the guns of the seven forts and the castle of Santa Cruz in Teneriffe, and demolished the plate fleet of that year which was lying at anchor in the bay.

In the reign of Charles II, after the English troops had materially helped the Portuguese to defeat the Spaniards, under Don John of Austria, at the great battle of Evora, there was concluded (1667) between England and Spain a treaty of commerce and navigation. This treaty was renewed by the Peace of Utrecht in 1713; but in 1717 when Cardinal Alberoni, the Spanish prime minister, was thwarted in the prosecution of his ambitious schemes for his adopted country by his failure to interrupt the good understanding between King George I and the Emperor Charles VI of Austria, he suspended the execution of the commercial treaty and permitted various vexations to be practised upon English merchants trading with Spain and her colonies. In 1720 the Assiento was conferred by the British government on the South Sea Company, and was one of the assets on which the gambling in the company's stocks which took place that year was based. War was formally declared by England on Spain on

December 17, 1718, and, after many disasters to the latter country, peace was made by the treaty of Madrid, June 13, 1721.

But the shifting policy of Europe did not allow the status thus established to be of long duration, and after Spain and Austria had combined against France and England in 1725, a British fleet under Rear-admiral Hosier was dispatched in 1726 to the West Indies, with orders to take or block up the Spanish galleons containing the treasures from Peru, the Isthmus, and Mexico. This proved to be one of the most fatal expeditions that ever left the shores of England. The ships had been badly provisioned and appointed, and some of them, already unseaworthy before they sailed, rotted and went to pieces in foreign waters. Hosier himself and a considerable number of his men perished miserably of yellow fever and other diseases off Porto Bello and the Spanish Main. In 1727 on the signing of preliminaries of peace in June, the British government recalled its ships from the blockade of Porto Bello, and thus allowed the plate fleet to return to Spain.

King Philip, however, did not ratify the preliminaries or relinquish any of his pretensions, and England and Spain continued in a dubious state between peace and war. By 1729 Spain, in fact, had interrupted the trade which had for some time been carried on by connivance, though not by actual permission, between the British colonies and the West Indies and the Spanish dominions on the South American continent, and the merchants of London and other English centers of business, suffering in their turn from this interruption, vented their complaints in petitions to parliament. The commons agreed in a declaration (1729) that the Spaniards had violated treaties, and also in an address desiring that King George II would be pleased to use his utmost endeavors to procure a just and reasonable satisfaction for these injuries, and to secure to his subjects the free exercise of commerce and navigation to and from the British colonies in America. The consequent representations resulted in the Treaty of Seville, November 9, 1729, by which Spain joined in a defensive alliance with England, France, and Holland, confirmed preceding treaties, revoked the exclusive privileges granted to the subjects of the emperor by the Treaty of Vienna, put the English trade in America on its former footing, restored all captures, and confirmed the Assiento.

In 1733, on the meeting of parliament, complaints were made that Spain had not yet made satisfaction for the depredations which had been committed upon British merchants during the last quarrel, and King George was obliged to confess that the meetings of the commissioners of the two crowns had been delayed, and that he could give no perfect account of their proceedings. The fact was that the Spanish court claimed that all or most of these British merchants had been engaged in an illicit trade to the Spanish Main, and, according to their principle, nearly all trade, except that in negroes licensed by the Assiento, was smuggling.

By 1738 public opinion in England was highly inflamed against Spain. Sir Robert Walpole, the British prime minister—"the cur-dog of Britain and spaniel of Spain," as he had been most unjustly called by Bishop Atterbury—was attacked by his opponents in parliament on the ground that he had not protected a trade which really amounted to smuggling, that he had not put down the guarda-costas in the West Indies, and that he had not declared war to compel Spain to admit the principle of free trade to her American colonies. Those attacks on the Minister were, of course, entirely political in their nature and were wholly unreasonable, for both by the general law of nations, which gave every independent power the right to regulate its trade and its colonies in its own way, and by recent as well as old-standing treaties, which recognized this right and in express terms required England to assent to the Spanish regulations in the New World, Walpole had been plainly prevented from pursuing the

course which he was now so glibly denounced for not adopting. If the treaty of 1670 on the one hand confirmed to England the possession of her colonies in North America and the West Indies, on the other it expressly provided that no British ship should approach the Spanish colonies in South America, unless through stress of weather or when authorized by a special trade license from the court of Spain. The treaty of Seville of 1729 did no more than put the matter of trading rights on its former footing. The second clause of the treaty of 1670 presupposed the right of search—a right which was exercised sometimes in a vigilant but more often in a very remiss manner. The result was that English adventurers, disregarding treaty obligations and acting very much as the buccaneers had done before them, plundered the coast towns of the Spanish colonies, and captured or defied any Spanish ships they might chance to fall in with.

The restriction as to allowing only one ship a year to trade to the Spanish possessions in America was eluded by every dodge and device which the ingenuity of British merchants could invent. They had indeed the excuse that they were supplying a keenly felt want, for the commodities they dealt in were sorely needed by the Spanish settlers, who could not obtain them so good and cheap in any other way. Accordingly English goods were found in every Spanish-American mart, and the annual Panama fair, at which the goods imported directly from Spain or supplied under license from that country were sold, gradually dwindled away until it was but a sorry shadow of its sometime greatness. As much would fain have more, the success of their illicit trading emboldened the English merchants to greater efforts, and made them more and more querulous whenever an English ship was captured or detained, or even subjected to search. Tales were invented of Spanish cruelty, and at every repetition the English people howled the louder for revenge.

The particular instance that fanned into flame the train of war that had been so long smouldering was what Edmund Burke afterwards characterized as "the *fable* of Jenkins's ears." Jenkins was master of a small vessel which plied from Jamaica, and he alleged that on one occasion, when he had been boarded and searched by a guarda-costa, he had been barbarously treated, that he and some of his crew had been tortured, and that the Spaniards had actually cut off one of his ears. All this had occurred seven years before, but in the then temper of the public mind such a consideration carried no weight. Jenkins was brought before the British House of Commons, and when he had told his tale and was asked how he felt under the inhuman treatment to which he said he had been subjected, he replied: "I recommended my soul to God, and my cause to my country." This answer electrified the nation and at once stirred it to ungovernable wrath. The irony of the situation is that, as is now generally believed, either Jenkins had both ears on, carefully concealed by his wig while he was giving his evidence, or, if he had really lost an ear, he had lost it as a felon in the pillory of England.

In face of all the storm Walpole, who loved peace, stood firm, and still endeavored to bring about an arrangement by negotiation before having recourse to war. But the two plenipotentiaries whom he sent to Madrid for the purpose found the Spaniards indisposed to ratify a convention made in January, 1739, for the indemnification of losses sustained by English merchants, and there seemed no prospect of an accommodation. Walpole accordingly issued in July letters of marque and reprisal, and, accepting a rather boastful offer of his enemy, Edward Vernon, to take Porto Bello with a squadron of only six ships, sent him, as vice-admiral of the blue and commander of the fleet in the West Indies, to that enterprise with the force he had named. Next, as a last resort as well as an ultimatum, Walpole de-

manded an absolute renunciation forever of the right of search and an express acknowledgment of all the British rights and claims in America. Those demands Spain rejected with all her old pride, and on October 19, 1739, war was proclaimed in London. The exultation of the populace knew no bounds: they ran through the streets shouting wild huzzas and rang the church bells as one method of expressing their joy. "They may ring the bells now," said Walpole, "but they will soon be wringing their hands."

The thing to do, however, was to make the war operations as effective as possible. Already in July, 1739, Vernon had sailed for America, and in 1740 Sir Chaloner Ogle, with a fleet of twenty-seven ships of the line and a number of frigates, fire-ships, bomb-ketches, tenders, hospital-ships, and store-ships, accompanied to Jamaica a large land force which was commanded by Lord Cathcart. At Jamaica they were joined by four battalions raised in the British colonies of North America. The object of this whole armament was to coöperate with Vernon against the Spanish settlements in and on the Atlantic. Commodore Anson was sent to the Pacific with a small squadron to assist Vernon by committing depredations on Peru, attacking Panama, and capturing the treasure fleet. It was confidently expected by most people in England that all these armaments would, between them, utterly overthrow the dominion of Spain in America.

Vernon, with his six ships, 2,735 men, and 370 pieces of ordnance, appeared before Porto Bello at dawn on November 21, 1739, and his fleet entered the harbor in line of battle. From daylight to dark a brisk battle was fought between the British ships and the Spanish forts. The issue was long in doubt, but eventually, after gallantly sustaining an almost point-blank bombardment, the city, the fortifications, and the ships in the harbor were surrendered to the British commander. The inhabitants were not molested, nor was the town pillaged, but some 10,000 pesos intended for the pay of the garrison were found and were distributed among the English sailors and troops. Having removed all the ammunition and the best of the cannon to his own ships, and spiked the other guns, Vernon demolished the fortifications that his batteries had left still standing, and sailed for Jamaica, where he refitted his fleet.

When the news of their fellow-countryman's success reached England the joy of the nation was boundless. London celebrated Vernon's birthday (November 12) in 1740 with public illuminations, 130 medals were struck in his honor, and he was reëlected—in his absence, of course—to parliament in February, 1741, and in the following May at a general election he was returned for three different constituencies and came near being elected by a fourth.

In the meantime the conqueror of Porto Bello had proceeded in February, 1740, from Jamaica to the mouth of the Chagre, and amused himself by committing depredations up and down the coast of Tierra Firme. In 1741 he joined Ogle's and Cathcart's forces at Jamaica, and was then in command of the greatest armament ever previously seen in those waters. He had thirty ships of the line, ninety other vessels, 15,000 sailors, and 12,000 soldiers. The capture of Fort San Lorenzo, demolished by Morgan in 1671 but afterwards rebuilt and much more strongly fortified, was easily effected, and then, toward the end of March, 1741, the whole British force bore down on Cartagena. The Spanish ships that lay athwart the harbor's mouth were soon destroyed or taken, the forts and castles on Boca Chica fell into the invaders' hands, their fleet sailed into the immense harbor, and the great outwork of Castillo Grande was abandoned by the Spaniards without striking a blow. Here, however, the success of the English ended. After a fierce and furious but unavailing attack by their land forces on Fort San Lorenzo, a council of war was called, and it was decided to abandon the

attempt on Cartagena as desperate and to go back to Jamaica.

In *Roderick Random*, Smollett, who was on this expedition, has left us a vivid picture of the famous but disastrous attack on Cartagena. The unhealthy climate had been more deadly to the men than even the guns of San Lorenzo: the 12,000 soldiers had been reduced to 3,000.

In July, in pursuance of orders from home, Vernon proceeded to Cuba, but failed again before Santiago in that island. A new reënforcing fleet of four ships of war with 3,000 more soldiers was sent to Vernon from England, but although in 1742 he sailed once more to Porto Bello, intending to land there and march to Panama, his plans were frustrated by the rainy season and by sickness and mortality among his troops, and he had effected nothing more when he was recalled. Sailing for England he landed at Bristol in January, 1743, with scarcely one-tenth of the number of men he had led from Jamaica to Cartagena.

In the meantime Anson, who with six vessels had left England in the autumn of 1640, had encountered in the Pacific a fierce storm which lasted fifty-eight days and scattered his little fleet, so that when they finally rendezvoused at Juan Fernandez in June, 1741, only three ships were forthcoming and most of the men died of scurvy. At Juan Fernandez Anson remained 104 days, and then bore up the South American coast, where he emulated the performance of the buccaneers by burning towns and villages and making prize of every vessel he met. Vernon's failure at Cartagena, which Anson learned from some of the prisoners he took, rendered coöperation across the Isthmus a practical impossibility, and so the Commodore decided to leave Panama alone. He finally started with only one ship, the *Centurion*, to cross the Pacific, and on the way he fell in with and captured a Spanish galleon on her passage from Acapulco to Manila, having on board nearly 1,500,000 pesos. Returning to England by way of the Cape of Good Hope he arrived at Spithead on June 15, 1744, having spent three years and nine months in his circumnavigation of the globe.

The total treasure he brought back amounted to £1,250,000 sterling, and this was conveyed in solemn procession from Portsmouth to London in thirty wagons guarded by the ships' crews and preceded by the officers with swords drawn, bands playing, and colors flying. It was really a great performance on Anson's part, and he was duly rewarded by being appointed rear-admiral of the blue and one of the lords of the Admiralty, with greater honors and dignities yet to come; but the treasure he brought back did not go to the nation, and, even had it done so, it would have made but poor compensation for the millions of pounds sterling and the thousands of valuable lives that the West Indian expedition of 1739–1742 had cost England.

The war dragged on in dilatory fashion until it was brought to an end by the Peace of Aix-la-Chapelle in October, 1748. By this peace England secured from Spain the concession of none of the main principles for which the war had been in the first instance undertaken—neither the satisfaction of her commercial claims, nor the abolition of the right of search, nor the free trade for British shipping with the Spanish Main. The sole gain appears to have been the renewal of the Assiento for four years. It comes, therefore, as a sort of anti-climax to learn that two years later, in a time of peace, part at least of the demand in connection with those much disputed restrictions on trade was conceded by international agreement. By the Treaty of Madrid, signed on October 5, 1750, the British were restored to sundry privileges and put on the most-favored-nation footing. At the same time they gave up the remaining term of the Assiento, and obtained for the South Sea Company £100,000 by way of compensation in lieu thereof. An extraordinary fact is that the treaty did not contain one word about the right

of search, which had been the immediate cause of the war of 1739 and of the consequent destruction of so much property and so many lives.

During all the turmoil the new city of Panama was fortunate enough to escape conquests by a foreign foe; but on different occasions during the course of the eighteenth century it received serious setbacks from disastrous conflagrations. A fire, which raged for two days and two nights in February, 1737, laid low two-thirds of the city; half of it was similarly destroyed in March, 1756; and in April, 1771, another fire wrought sad havoc among its buildings.

Outside these occurrences, the second half of the eighteenth century passed away uneventfully and fairly peaceably for Tierra Firme. To this state of affairs many causes contributed, such, for example, as the disbanding of the buccaneers, the establishment of new trade centers and routes, and the political conditions in Europe and North America. Doubtless, however, the chief cause was that falling off in importance and wealth which has been previously mentioned. The peaceful condition was on the whole an unhealthy symptom, because it was evidence of a rapid decline. The isthmian cities, ceasing to be prosperous, no longer offered rich spoils to the raider, and were therefore no longer objects of desire. For this reason, among others, Tierra Firme, as a province of New Granada, enjoyed an internal tranquillity that had been denied to it as an independent government or as a dependency of Peru, and was largely free from those struggles for supremacy and power, which, however disgraceful in themselves, made its earlier history so thrilling in fact and render it so fascinating in the reading.

There was, however, one section of the country, namely Darien, in which for a long time peace did not prevail, and in which the natives were never brought fully into subjection to Spanish rule. Missionaries failed to convert or civilize them; forts and strongholds were built among them in vain. The missionaries they derided or deceived or killed, the forts they pulled down and destroyed and put the garrisons to death. We have record of such happenings in 1751, 1756, and as late as 1773. In 1774 the governor, Andrés de Ariza, took active and skillful steps to cope with a situation that was always threatening and sometimes dangerous, and he gained greater success than any one who had preceded him; but the most that can be said of the result achieved is that his operations reduced the hostile native tribes to a sort of sullen submission that was more apparent than real. To this day many of the native inhabitants of Darien yield no allegiance to any government save their own tribal regulations, and in fact their territory is to all intents and purposes independent, and acts more or less as a buffer state between the present rival republics of Colombia and Panama.

CHAPTER XII

PANAMA REVOLTS AGAINST SPAIN

THE ISTHMUS IN 1801—ITS LETHARGIC CONDITION—FAILURE TO REVIVE TRADE—MOVEMENT FOR INDEPENDENCE—VICE-ROYALTY OF PEREZ—OF MONTALVO—ARRIVAL OF HORE—MACGREGOR'S RAID—ITS COLLAPSE—REPUBLIC OF COLOMBIA ESTABLISHED—PROGRESS TOWARDS INDEPENDENCE IN PANAMA—SAMANO'S VICE-ROYALTY —ACTION OF VICEROY MOURGEON—PANAMA PROCLAIMS ITS INDEPENDENCE—REPUBLIC OF NEW GRANADA ESTABLISHED—REVOLTS IN PANAMA—THE ISTHMUS GUARD—SUCCESS OF RAN RUNNELS—RIOTS IN PANAMA—FEELING AGAINST U. S. CITIZENS—NEW GRANADA BECOMES A CONFEDERATION—PANAMA BECOMES A STATE—PROMULGATION OF A CONSTITUTION—GOVERNORSHIP OF CALVO—OF OBALDIA—GUARDIA'S ADMINISTRATION—REVOLT IN NEW GRANADA—PANAMA JOINS THE UNITED STATES OF COLOMBIA—PANAMA PROCLAIMED A SOVEREIGN STATE—SANTA COLOMA MARCHES ON PANAMA—WITHDRAWAL OF GUARDIA—ELECTION OF MANUEL DIAZ—GUARDIA SLAIN—ADMINISTRATION OF DIAZ.

At the beginning of the nineteenth century Tierra Firme still formed part of New Granada, and was under the general sway of the viceroy at Santa Fé de Bogotá, but had its own immediate governor with headquarters in the city of Panama and with jurisdiction over the rest of the country. For administrative purposes it was divided into the three provinces of Porto Bello, Veragua, and Darien, each with its own governor, and into the two partidos of Natá and Alange, each under an alcalde mayor. There existed a judicial organization similar to that in force in other Spanish colonies, and a financial department, which included custom-houses at Porto Bello, Chagres, and Panama, a treasury with its dependencies, and the various offices in charge of the crown customs and monopolies. There was also a permanent military force stationed at the fortified towns of Panama, Porto Bello, and Chagres, at Natá, in different parts of Veragua, and elsewhere. Owing to the decline of commerce, agriculture, and mining, the public income was unequal to the upkeep of those various public services, and grants-in-aid had to be obtained from time to time from Peru. Correspondent to the depressed material state of the country, the people were also in a lethargic condition, were poorly educated, and led a care-free, ambitionless, somnolent sort of existence, easily finding means of livelihood in so luxuriant a climate, and devoting all the time they could to gambling, bull-fights, and other forms of amusement.

An attempt was made to give a fresh impetus to trade by the reëstablishment of the casa de contratacion de Indias, in January, 1803, and hopes were entertained that, as a result of this proceeding, Panama would once more become an important port of call and commercial center. But those hopes proved illusory, for during that year not one ship came from Spain, and the trade that was done was mostly of the smuggling order, and the principal beneficiaries were English merchants. It was not until 1809, when, for political reasons, permission was given by the governor of Panama to the inhabitants of Tierra Firme to trade with Jamaica, that any renewed commercial activity became apparent.

In the meantime ideas of liberty began to stir in the minds of the Panamans, as in those of the residents of other parts of Spanish America. Mexico and Central and South America had begun that move-

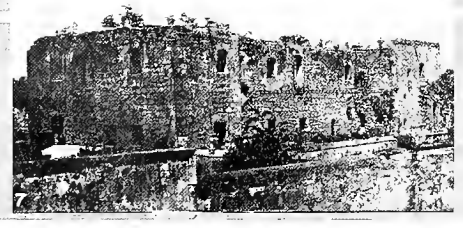
ment which was ultimately to result in their independence. Nor was New Granada much behindhand. In 1810 the governor of Cartagena was arrested by the popular party and sent to Habana, and later in the year, the viceroy himself was seized in his own capital, Santa Fé de Bogotá, and sent first to Cartagena and afterwards to Spain. The juntas, which had so deftly and yet with such a high hand carried out these enterprises, next invited representatives of all the provinces of the vice-royalty to a congress for the purpose of discussing the adoption of a new form of government subject to the mother country. As yet they had not envisaged the prospect of breaking wholly with Spain. This congress, which assembled early in 1811, had no delegation from Panama, for the governor of that country refused either to take part himself or to allow other representatives from Tierra Firme to be present.

When Benito Perez, the recently appointed viceroy of New Granada, arrived in America in February, 1812, he was unable to proceed to the seat of his government at Santa Fé de Bogoát, which was then held by the revolutionists, and accordingly he established himself, with his audiencia and all the other paraphernalia of authority, first at Porto Bello and afterwards at Panama. Perez proceeded to direct operations from Panama against the insurgents, but he was signally unsuccessful, and he was ere long deposed by the home government. Francisco Montalvo, his successor, removed to Santa Marta, and thus left Tierra Firme comparatively free to work for its independence. The desire for freedom rapidly spread there, and when, late in 1813, it was proposed to establish a confederation consisting of New Granada, Quito, Venezuela, and Tierra Firme, the people of the last-mentioned country were enthusiastic in its favor. They were held in check, however, by Joaquin Carrion, the senior oidor of the audiencia of New Granada, which was left behind at Panama by Montalvo when he went to Santa Maıta.

In 1815 Spain, seeing the danger of losing her hold on her American colonies, dispatched to the scene of hostilities an expedition of 15,000 men and a large fleet, well equipped with artillery and stores, under Mariscal de Campo Pablo Morillo, and soon afterward a fresh force under Alejandro de Hore was sent out to cooperate with Morillo and in particular to hold Tierra Firme. Hore was appointed governor of Panama and applied himself vigorously to the maintenance of Spanish rule throughout his province.

In December, 1818, an expedition was fitted out in England to abolish Spanish dominion on the isthmus. The moving spirits in this undertaking were Gregor MacGregor and José María del Real, and they succeeded in enlisting the sympathy and the financial support of some English merchants for their enterprise. On April 8, 1819, the invading force appeared with five ships before Porto Bello and easily captured it. José Elias Lopez and Joaquin Vargas Besgara were respectively proclaimed governor and vice-governor of Tierra Firme. Arrangements were then made for a march to Chagres and Panama, but the discipline of the newcomers was very lax, there were no funds to pay the troops, and sickness and death decimated their ranks. Hore, who was of a distinctly aggressive type, did not wait for the enemy to come to him, but carried the fight to them, and marching across the isthmus with about 500 men reached Porto Bello on April 29. Early the following morning an attack was made and Porto Bello was retaken, among those slain in the brief battle being the ill-starred newly appointed Governor Lopez. MacGregor escaped by rushing to the beach and swimming to one of his ships. After negotiation, the forts surrendered, and that was the end of MacGregor's raid.

The congress held in December, 1819, at Angostura, in Spanish Guiana, and presided over by Simon Bolivar, constituted New Granada, consisting of the modern Colombia, Venezuela, and Quito or Ecua-



1. Sally-port, Fort San Lorenzo. 2. Ruins of Cathedral, Old Panama. 3. Spanish Fort, Porto Bello.
4. Bridge on oldest highway across American Continent, Panama to Nombre de Dios.
5. Torre del Homenage, Santo Domingo. 7. Palace of Diego Colon, Santo Domingo. 6. Samaná Bay, Santo Domingo.

dor, into an independent state, to which was given the title of the Republic of Colombia. As the Isthmus of Panama or Tierra Firme at that time belonged to New Granada, it naturally formed one of the departments of this infant republic, and was itself divided into the two provinces of Panama and Veragua.

Concessions to popular sentiment now seemed to the home government to be a necessity, and accordingly a change in the administration was effected. The constitutional régime, granted in 1810, and finally adopted and promulgated in 1812 but abrogated by Fernando VII in 1814, was restored in 1820, and the people of the isthmus were for the first time allowed to exercise the right of suffrage. The ayuntamiento now established was regarded as being favorable to independence, and it is said that the changed aspect of affairs so painfully affected Hore, the sturdy champion of absolute monarchy, that it brought about his death, which occurred at this time. He was succeeded in the military command by Pedro Ruiz de Porras and in the civil governorship by Pedro Aguilar, of whom the former was friendly to constitutional government and the latter was lukewarm in defense of Spanish privileges. The cabildo was, therefore, free to demand, as it did demand, the full application of the various measures provided in the national constitution. Progress in this direction was, however, checked by the arrival of the viceroy, Samano, in Panama, with the avowed object of making the isthmus the center and seat of his government. In the carrying out of this determination he was opposed by the cabildo and by all in favor of constitutional principles, but by the aid of the military he succeeded in establishing himself at Panama. Uneasy at his presence, but nothing daunted, the city council, elected in 1821, renewed the demand for the enforcement of the constitution. Samano put them off by evasions, and a tense situation was relieved only by his death on August 3.

Samano's successor was Juan de la Cruz Mourgeon, who, however, received only the title of captain-general, with the understanding that he was to be made full viceroy when he had reconquered two-thirds of New Granada. Mourgeon also established himself on the isthmus, but completely reversed the policy of his predecessor by putting the new constitution in force. This action of his appeared to give so much satisfaction that he was deceived into the belief that the isthmus was safe for Spain, and applying himself to the task of gaining his viceregal title by making the necessary territorial gains, he got together four vessels and some infantry, cavalry, and artillery, and set sail on October 22, 1821, on what he hoped would be a career of conquest.

No sooner was his back turned than the movement for the independence of Panama proceeded apace: meetings were held, plans were made, the troops in the garrison were tampered with, and finally, on requisition from a number of citizens, there was held on November 21, 1821, an open session of the ayuntamiento, at which a resolution was adopted declaring the Isthmus of Panama independent of Spain. After discussion, in which some favored absolute independence and others union with Peru, it was finally decided that the isthmus should voluntarily annex itself to the Republic of Colombia. José de Fabrega, who assumed the title of Jefe Superior del Istmo, was entrusted with the task of organizing the new government and putting it on a permanent basis. A minute of the declaration of independence and of the various other resolutions passed was drawn up by a committee appointed for the purpose, and was signed by Fabrega, by the bishop, by twenty-five or thirty leading citizens, and by the public notary. Thus peacefully did Panama, after more than 300 years' subjection, pass forever from the dominion of Spain.

In 1829 Venezuela seceded from the republic of Colombia, and in 1830 Quito or Ecuador followed suit. In 1831 the re-

maining territory, corresponding to the modern Colombia, was organized into the republic of New Granada, of which the isthmus formed a part. In the following year a constitution was promulgated and the territory of the republic was divided into eighteen provinces, each of which was to have control of its local affairs. The provinces of the isthmus were Panama and Veragua. An attempt made in 1831 by Colonel Alzuru to detach these two provinces from New Granada ended disastrously, for a force from Bogotá defeated the rebels, and Alzuru was captured, tried by court-martial, and executed in the city of Panama. Another attempt at revolution in 1832 was easily nipped in the bud. For about nine years there was comparative quiet on the isthmus, and then, in 1840, the affairs of New Granada being chaotic, Panama and Veragua declared themselves independent under the title of the State of the Isthmus of Panama. A president and a vice-president were elected, and the machinery of government was set in motion. The new republic, however, was short-lived, for in 1841, on a threat of the use of force from Bogotá, the people of Panama peacefully submitted. For some sixteen years thereafter the relations between the isthmus and the other provinces of the republic appear to have been satisfactory.

A combined protest made in 1854 by the consuls of the United States, Great Britain, France, Portugal, Denmark, Ecuador, Brazil, and Peru to the governor of Panama set forth that passengers crossing the isthmus were not afforded proper protection, but the protest produced no official result except a denial of the neglect and a refusal by the governor to recognize the right of the consuls to make such representations to him. The facts, however, had been truly told, for the isthmus was crowded with criminals and desperadoes from every country, attracted thither by the prospect of plunder, and by them passengers were robbed, baggage was rifled, and women were insulted and outraged. In view of this deplorable situation the citizens themselves and some foreigners, with the acquiescence of the governor, organized a police force known as the Isthmus Guard, whose function it was to protect the route between Panama and Colon. At its head was placed a young Texas ranger with the peculiar name of Ran Runnels, who had authority to inflict even the death penalty on all found committing, or proved to have committed, crimes of violence. Runnels set to work quietly but determinedly, and having caught and executed some of the robbers, he so terrified the rest that they quickly left the country. When its work was done the Isthmus Guard was dissolved.

Of course the foreigners, other than bandits, who frequented the Isthmus, or passed through it, were not always impeccable, and they often gave great annoyance to the residents and provoked among them feelings of intense hostility. To this cause are to be assigned some minor riots which occurred in 1850 and 1851, and also the great riot which broke out in Panama city on April 15, 1856. The immediate origin of this disturbance was the refusal of one Jack Oliver, a drunken man, to pay for a slice of watermelon which he had taken from a fruit-stand. A fight between foreigners and residents, the latter mostly negroes, then ensued and lasted three hours, when the foreigners were obliged to take refuge in the railroad station. Here they were surrounded by an infuriated mob, who fired upon the building and hit one man. The doors were then closed and those inside were besieged. A force of troops was sent by the government, at the request of the United States consul, to quell the disturbance, but instead of dispersing the mob, they fired into the station and injured some of those who were there congregated. Finally the mob forced their way into the building, killed and wounded several persons, and stole everything they could lay hands on. The casualty list showed that of the foreigners sixteen were slain and fifteen wounded and of the residents two were killed and thirteen wounded. There was subse-

quently a long correspondence on the subject between the United States Government and the government of New Granada, and the outcome was that on September 10, 1857, a convention was agreed to between Secretary of State Cass and the minister of New Granada for a settlement of all claims, New Granada admitting its responsibility for the consequences of the riot.

One result of the whole regrettable affair was that American passengers, who were formerly wont to pass some time on the isthmus and to spend their money freely there, thenceforward hurried across the country with the least possible delay, and spent nothing, to the great detriment of the business people of Panama. Another result was that bad feeling was engendered and American citizens were frequently ill-treated, so that in February, 1859, the president of the United States found it incumbent on him to ask Congress for the necessary authority to protect Americans on the isthmus.

In 1853 the congress of New Granada made an important change in the constitution, by which the republic became a confederation, and each of its constituent parts was given the right to declare itself independent and to enter into merely federal relations with the central body. In 1855 this privilege was extended to the isthmus, which, as a member of the confederation, was made into a state consisting of the four provinces of Panama, Veragua, Chiriqui, and Azuero. Under this new dispensation the Estado or State of Panama promulgated through a constituent assembly its constitution on September 17, 1855. There was to be a legislature, and the executive of the state was to be a governor elected by popular vote. Until the time came for election to the latter office, the executive power was vested in a jefe superior provisorio.

The first election for governor took place amid stormy and exciting scenes on August 15, 1856. The votes were duly cast, but, as often happens, the real struggle was on the count. Here an extraordinary state of affairs was revealed, for the white section of the population claimed that Bartolomé Calvo, a colored man, had been elected by a substantial majority, while the negroes maintained that the choice had fallen on a white man, Manuel Diaz. So high did party and racial feeling run that many white people deemed it necessary to take refuge on a United States war-sloop, the *St. Mary's*, whose commander further took the decisive action of bringing his vessel inshore and landing marines to protect the whites. The legislature finally declared that Calvo had been elected to serve for two years from October 1, 1856. His administration was wise, prudent, and moderate, and he improved the financial condition of the state and fostered education. He had made himself respected by all parties when at the end of nineteen months, on his election to the attorney-generalship of New Granada, he resigned the governorship. The term was completed by Ramon Gamboa, the first designado.

The next governor was José de Obaldia, who held office from October 1, 1858, to September 30, 1860. During his incumbency an attack made by the negroes on the whites in April, 1859, was frustrated only by the intervention of a force of military sent to restore order. On this occasion also American marines were landed, but were not called upon to use their arms. Another similar attack in September, 1860, was put down by the landing of armed blue-jackets from the British ship *Clio*.

To Obaldia succeeded Santiago de la Guardia. Guardia's administration was disturbed by the imbroglio caused by the secession, in 1860, of the States of Cauca and Bolivar from New Granada and their formation of the independent confederation of the Estados Unidos or United States of Colombia, under the dictatorship of Mosquera. With the object of keeping his own state free from the civil war then going on, Guardia, on September 6, 1861, concluded with the representative of the new nation an agreement by which Panama was to become a member of the confedera-

tion without taking any active part in the struggle. The legislature having on October 15, 1861, approved of his action, the state of Panama was formally annexed to the new republic. In order to assert its own status Panama, in July, 1862, officially took the title of Estado Soberano or sovereign state. All Guardia's efforts to keep Panama out of trouble were, however, unavailing. In July, 1862, in contravention of the terms of the agreement of the previous year, an armed body of troops under General Peregrino Santa Coloma was sent from Cartagena to Colon, and thence proceeded to the City of Panama, whereupon Guardia, yielding to *force majeure*, removed the seat of government to Santiago de Veragua. Immediately, with Coloma's connivance, a meeting consisting nearly altogether of colored men assembled at the cabildo of Panama, declared Guardia deposed, and elected Manuel Diaz as provisional governor. In a conflict between the opposing factions on August 19 Guardia was killed. Diaz continued to hold office until in the following year Panama was definitely merged in the United States of Colombia.

CHAPTER XIII

THE UNITED STATES OF COLOMBIA

United States of Colombia Established—Panama a Federal and Sovereign State—Panaman Constitution Promulgated—Goitia Provisional President—Coloma President—Colancha President—Deposition of Colancha—Presidency of Jil Colunje—Presidency of Olarte—His Death—Rise and Fall of Juan José Diaz and Ponce—Presidency of Correoso—Succession of Neira—Aizpuru Deposes Neira—Cervera Made President—Restoration of Neira—Landing of U. S. Troops in Panama—Diplomatic Correspondence—Its Result—Neira's Resignation—He is Appointed Provisional President—His Deposition—Presidency of Miro—Election and Deposition of Arosemena—Aizpuru Becomes Provisional President—His Administration—Correoso Becomes President—His Resignation—Casorla Succeeds—Aizpuru Captures Casorla—Casorla's Restoration—His Resignation—Ortega Succeeds—Presidency of Cervera—He is Impeached and Suspended—Ruiz Fills the Vacancy—Suspension of Cervera Declared Invalid—Ibañez Deposes Cervera—Restoration of Cervera—His Deposition—Ruiz Again President—Martial Law Proclaimed—Intervention of Colombia—Cervera Restored—Lambert Elected President—Prevented from Taking Office—His Address to Colombia—Cervera's Resignation—Leon Made President—Meeting of the Convention—Vila Appointed President—He Gets Leave of Absence—Arosemena Becomes Temporary President—Aizpuru's Revolt—Arosemena Resigns—Aizpuru Proclaims Himself President—Affairs at Colon—Action of Preston—His Rout—Colon Destroyed by Fire—Preston's Fate—Aizpuru Surrenders—He is Sentenced to Exile—Punishment of Correoso.

To a convention held at Rio Negro, in Antioquia, in February, 1863, Mosquera resigned his dictatorship, whereupon a provisional government was appointed, and a constitution was drawn up and ratified in May, under which the nation of the United States of Colombia came formally into being, with the Isthmus as one of its federal and sovereign states. A Panaman constituent assembly, which began its sittings on May 6, drew up a constitution of 21 titles and 112 articles in conformity with the constitution adopted by the United States of Colombia. This Panaman instrument was promulgated on July 6. The president of the constituent assembly, Pedro Goitia, was appointed provisional president of the State to hold office until October 1, on which date the president elected by the voters of Panama was to take up the reins of government. Goitia, however, did not fill even his short term, for he was forced to resign, and Peregrino Santa Coloma was chosen by the legislative assembly in his room, and was afterwards declared to have been, by vote of the people, duly elected to the presidency. Coloma's tenure of office was also short, for it was terminated on his being chosen as a representative in congress at Bogotá. He was succeeded by the vice-president, José Leonardo Colancha, who was deposed by a military cabal on March 9, 1865. Colancha made a fight for his rights, but he was defeated in two battles and taken prisoner in the second.

The man who was brought to the front by this military *coup d'état* was Jil Colunje,

a colored man, and he acted as president *de facto* until a convention, which met on July 1, confirmed all his acts and appointed him president until September 30, 1866. Two small uprisings against his authority, at Panama and David, respectively, were without difficulty put down. His successor was Vicente Olarte Galindo, who had defeated Colancha's troops in the previous year. Olarte soon found himself at loggerheads with the legislature, but he overawed it by military force and drove it to submission. Although Olarte was liberal in his views and tried to establish peace and good feeling among the various classes, he failed to find favor with the negroes, who made several ineffectual attempts to break his power. Under circumstances strongly indicative of foul play he died at Panama March 3, 1868. The first designado not being on the spot, the second, Juan José Diaz, stepped into the vacant place, but his administration was of short duration, for a revolution, engineered by the negroes under General Fernando Ponce, succeeded on July 5 in bringing about the downfall of Diaz. Ponce was then made provisional president, but another revolution on August 29 forced his resignation.

Buenaventura Correoso, the first designado, succeeded. He, in turn, had soon to deal with another revolt, which, after a sharp engagement on November 12 at the Hatillo, near Santiago, he was successful in quelling. A constituent assembly, summoned by himself, then elected Correoso president for a four years' term ending September 30, 1873. He resigned, however, on October 1, 1872, and Gabriel Neira, who had been a partisan of Colancha's, succeeded, as was thought, for the remainder of the term. But Neira was the victim of another revolution headed by Rafael Aizpuru, the fourth designado and commander of the state troops, who marched into the city on April 5, 1873, and took Neira prisoner. The superior court thereupon called Damaso Cervera, the fifth designado, to the supposedly vacant presidency. The contest, however, was not yet over. A battalion of the national troops took up the cause of Neira, and, after some fighting and some negotiations, it was finally arranged that Neira should be reinstated, and he resumed his office in May. In September there was another rising under Correoso, but it was unsuccessful.

During both those disturbances it was found necessary to land troops from United States ships of war to protect the railroad transit across the isthmus. Later in the year official representations on behalf of the United States were made, embodying a protest of the Panama Railroad Company against the interference with traffic of which the disturbances were, or were likely to be, the cause, and demanding that the Colombian government should take the transit under its own direct protection, so as to safeguard it from the violence of local factions. The result was that the Colombian secretary for foreign affairs gave the required guarantee.

When the constituent assembly met on October 1, Neira tendered his resignation, which was accepted, but he was immediately appointed provisional president. At the same time the term for the president to hold office was reduced to two years. In November a new constitution of 7 titles and 144 articles was adopted. Two days later Neira started a revolution to get rid of the assembly, but, failing in his attempt, he was deposed by that body, and Gregorio Miro, the first designado, was appointed president for the term ending September 30, 1875. There were many conspiracies against Miro, the most serious of which was headed by Rafael Aizpuru, who attempted to set up a provisional government in opposition to that of the president. Miro had recourse to arms, but he had not succeeded in putting down the revolt before the expiration of his term of office.

The next elected president was Pablo Arosemena, who maintained his position for only twelve days—from October 1 to October 12, 1875—when he was deposed by the

federal troops under General Serjio Camargo, who placed Aizpuru in control as "jefe provisional del poder ejecutivo" and afterward as provisional president. In November the constituent assembly ratified Aizpuru's acts, and sanctioned his retention of the presidency until the due choice of his successor. On December 6 another new constitution of 126 articles was adopted, and on the same day Aizpuru was elected president and immediately entered on his duties. A year later a law was enacted changing the date for the inception of the presidential office from October 1 to January 1, and fixing the duration of its tenure at two years. During Aizpuru's administration the republic of the United States of Colombia was disturbed by a civil war, and, in compliance with a requisition from Bogotá, the State of Panama sent both the Colombian battalion and troops of its own to coöperate with the national government in restoring order.

Under the new regulations as to date, Aizpuru was succeeded, on January 1, 1878, by Buenaventura Correoso, but, worn out by oft-recurring disturbances, Correoso resigned in the following December, and the designado, José Ricardo Casorla, became president. Casorla had to contend against two revolts. The first was a military uprising, which was put down only after sharp fighting and much bloodshed. The second was caused by Aizpuru. Aizpuru had been elected to the congress at Bogotá as a senator from Panama, but leaving the national capital he proceeded to Colon on June 7, 1879, and declared himself provisional executive chief. At the same time, by preconcerted arrangement, Casorla was kidnapped at Panama and taken to Colon, where he was detained in durance by Aizpuru. After some indecisive fighting between the opposing factions, an arrangement was finally come to whereby Casorla was released and restored to his office, which, however, after three days he resigned in favor of the second designado, Jerardo Ortega. Ortega finished the remainder of the term.

On January 1, 1880, Damaso Cervera, the president-elect, entered on his office, and, though the butt of many an intrigue, succeeded in keeping order and completing his term. His successor should have been Rafael Nuñez, who had been declared elected, but, as the latter did not put in an appearance on January 1, 1882, Cervera, as first designado, was continued in power as acting president by successive votes during 1882, 1883, and 1884. In July of the year last mentioned he was impeached and suspended by a justice of the superior court, but appealed to General Wenceslao Ibañez, who was in command of the Colombian troops stationed in Panama, to maintain him in his position. When Cervera was suspended General Benjamin Ruiz, the second designado, was given control, but within four days a majority of the superior court decided that the decree of suspension of Cervera was invalid, and that Ruiz was therefore not entitled to the presidential office. Despite this decision, Ibañez within two days more forced Cervera out, whereupon Ruiz again took the presidency and was recognized by the Colombian executive. But at this juncture there arrived in Panama General Eloi Porto, whose rank in the Colombian army was higher than that of Ibañez, and through Porto's intervention Cervera was once more restored. Disturbances then took place in different parts of the Isthmus, and Cervera was deposed in September and Ruiz again made president. Cervera retaliated by proclaiming martial law. Between the warring factions there took place a sea conflict, in which Cervera and his forces were repulsed. The rebels having then carried the struggle into the provinces of the interior, the Colombian government commissioned the commander of its forces in the Isthmus to restore order and arrest those who were disturbing it. To strengthen his hands they directed an armed ship to proceed to Panama and sent General Santodomingo Vila to coöperate with him, In discharge of his instructions General Gonima, the officer in question, marched

to Aguadulce, where he induced Ruiz and his supporters to abandon hostilities and to recognize the government of Cervera.

For the term beginning October 31, 1884, Juan Manuel Lambert was elected president by an overwhelming majority in July, and was ratified by the assembly when it met on October 1, but by his opponents' intrigues, which General Gonima fostered and encouraged, he was prevented from assuming the duties of his office. Cervera tendered to the assembly his resignation on October 1 and again on October 20, but it was not accepted on either occasion, and on October 21 he was by almost unanimous vote requested to remain in power. On November 12 Lambert presented to the people of Colombia an address, in which he registered an emphatic protest against the unwarrantable interference of the federal government in the internal affairs of the sovereign State of Panama, by which his election by his fellow-citizens to the presidency had been rendered of no effect. At the same time he patriotically indicated that, in order to cause no complications or disturbance, he did not intend to emerge from private life. Cervera, on his part, tendered his resignation on November 25 to the superior court—for the assembly had adjourned on the 13th—stating that he had now held office for nearly five years, and that he was prepared neither to submit to nor oppose the interference of the federal government. Under those circumstances the resignation was accepted, and Vives Leon, as second designado, was summoned to the presidency, which he held until January 6, 1885.

In the meantime a convention, elected by direct popular vote in pursuance of a law passed by the assembly in the previous October, had met on January 1, 1885, and on January 6, it appointed General Ramon Santodomingo Vila president of the state, and he took office on the following day. Already on January 3 Benjamin Ruiz and his liberal followers had seceded from the convention, which, as they alleged, was improperly constituted. Owing to prevailing disturbances the president proclaimed martial law on February 9, and the convention brought its session to an end on the 11th. Six days later Vila went on leave of absence to Cartagena, where, as he truly enough represented, his presence as a military officer was required on account of a rebellion in Colombia, and Pablo Arosemena, as first designado, was inducted temporarily into the executive office. About a month later, on March 16, Aizpuru and some 250 men attacked and overran the city of Panama with much bloodshed and loss of life and great destruction of property. To protect the railroad transit, marines and sailors from the British battleship *Heroine* were thereupon landed. Arosemena summoned troops from Colon, and, arriving the next day under General Gonima, they drove the rebels out of Panama. The latter, however, did not retreat far and pitched an encampment at Tarfau. Arosemena, having received notification on March 24 that Aizpuru intended again to attack Panama, placed his resignation in the hands of the superior court and took refuge on the *Heroine*. As he had been the only designado named by the convention, there was no one legally entitled to take his place, and accordingly the federal general, Gonima, assumed to himself the whole direction of affairs, civil as well as military. Aizpuru, true to his word, delivered his attack on the 31st, and as Gonima had but a few soldiers, he surrendered after some street fighting, in which about twenty-five persons were killed and much damage was done to property. Aizpuru, by proclamation made on April 1, took on himself supreme civil and military power, to which he said he had been summoned by the advocates of freedom. By his request United States marines were landed on April 8 from the frigate *Shenandoah* to guard the transit.

In the meantime there had been hot work at Colon. Scarcely had the troops, in response to Arosemena's request, left that town for Panama, on March 16, when Pedro Preston, a mulatto from Cartagena,

placed himself at the head of a gang of desperadoes and marauders, took possession of the place, raided the establishments of several merchants, and levied a number of forced loans. On March 29 an American mail ship with a quantity of arms on board arrived at Colon from New York, but by direction of the government refused to deliver arms to the insurrectionists. Preston thereupon arrested the American Consul, two officials of the steamship company, and a lieutenant and cadet of the United States warship *Galena*. He also took possession of the mail ship and made a search for the arms, but failed to find them. His next proceeding was to send the cadet to the commander of the *Galena* with a message that he would hold his prisoners until the arms were given over to him, and that, if the *Galena* made any move to land men, not only would the boats be fired on, but also every American in Colon would be killed. The commander's activity was thus temporarily paralyzed. On a threat from Preston that, unless the arms were delivered, the four remaining American prisoners would be shot out of hand, the arms were, by direction of the American consul, surrendered, and the prisoners were released. Commander Kane of the *Galena*, however, recaptured the mail ship and sent a force of men and a few pieces of artillery ashore to secure the persons of the two officials of the steamship company, who had been again arrested and imprisoned. Just then, there arrived from Panama a detachment of Colombian national troops, who immediately engaged the rebels, and, after several hours' fighting, finally routed them. Before fleeing Preston and his men set fire to the town at different points and, as there was a strong wind, the flames spread rapidly, and nearly the whole of Colon and its contents were destroyed. The only buildings left standing were the offices of the railway, of the Pacific Mail Company, and of the Canal Company. Ten thousand persons were rendered homeless, eighteen lives were lost, and damage was done to the extent of £6,000,000. Preston was afterward captured, brought back to Colon, tried by court-martial, and hanged on August 18. Two of his principal accomplices had already suffered the death penalty on May 6. The cavalier treatment of the federal commander, Gonima, by Aizpuru so thoroughly incensed the federal government, that from Buenaventura they sent a force of 850 men under General Rafael Reyes to drive out the rebel leader and to place M. Montoya in civil and military control of Panama, until a government could be constitutionally set up. Through the friendly intervention of the foreign consuls a conflict was avoided, and an arrangement was made whereby Aizpuru covenanted to dismiss his troops, give up his arms, and abandon his political career. It was alleged, whether truly or falsely does not appear, that by May 2 he had not handed over all the rifles of his men, and on that charge he was arrested. He was removed first to Buenaventura and subsequently to Bogotá, where, on conviction by court-martial in November, he was condemned to ten years' exile with loss of civil rights and a heavy fine. Correoso, who had been commander of the state forces under Aizpuru's régime, was deprived of his new military rank.

CHAPTER XIV

THE PANAMA RAILROAD

TRANS-ISTHMIAN COMMUNICATION—VARIOUS SURVEYS FOR A RAILROAD—TREATY OF 1846—OREGON BOUNDARY DEFINED—UNITED STATES ACQUIRES CALIFORNIA—INACCESSIBILITY OF THE NEW TERRITORIES—STEAMSHIP LINES ESTABLISHED—NEW GRANADA GRANTS CONCESSION FOR PANAMA RAILROAD—THE BUILDING OF THE ROAD—ITS DIFFICULTIES—CONSTRUCTION OF DOCKS IN LIMON BAY—PASSENGERS CARRIED TO GATUN—CONSEQUENT IMPROVED CONDITION OF THE RAILROAD COMPANY—FOUNDATION OF COLON—WORK BEGUN AT PANAMA—THE BRIDGE AT BARBACOAS—THE RAILROAD COMPLETED—ITS GREAT EARNINGS—THE EXTENDED CONCESSION: ITS TERMS—DECLINE OF THE PANAMA RAILROAD—ITS PURCHASE BY THE COMPAGNIE UNIVERSELLE—ITS TRANSFER TO THE NEW PANAMA CANAL COMPANY—ITS ACQUISITION BY THE UNITED STATES.

COMMUNICATION across the Isthmus was, as we have seen, established at a very early date in the settlement of the province. The paved roadway from Panama to Nombre de Dios, and afterwards from Panama to Porto Bello, which came to be known as the Camino Real or King's Highway, supplemented as it was by river transportation from Cruces to the Atlantic, served its purpose for more than three centuries, and over this route passed the treasure trains and the merchandise which for so long made the isthmian cities, and especially Panama, such important centers of commerce and trade. But there arrived a time when a cheaper and more rapid mode of transit and one suited to handle a larger traffic became necessary, and then a railroad was built from sea to sea.

However, before this consummation was finally attained, there was much preliminary work to be done and there were many attempts and many disappointments. A survey under the auspices of President Bolivar of Colombia was made from 1827 to 1829 by J. A. Lloyd, a British engineer, and Captain Falmarc, a Swede, and a report was submitted by them showing that a railroad from Chagres to Panama was practicable; but circumstances at the time prevented the inception of such an undertaking. In 1836, in pursuance of a resolution introduced in the United States Senate by Henry Clay, asking the executive to negotiate both with the states of Central America and with New Granada for the drawing up of treaties to protect United States citizens who should try to establish connection between the two seas, President Jackson commissioned Charles Biddle to go to the Isthmus, survey the ground, and report on the different routes which had been proposed for interoceanic communication. Biddle, being greatly impressed with what he saw of the Panama route, did not carry out the whole of his instructions, but instead proceeded to Bogotá, where he succeeded in securing a franchise for a trans-Isthmian railroad. This project might have materialized, but it was propounded at an inopportune moment, for the panic of 1837 prevented it from being properly financed, and just then nothing further was, or could be, done. In the following year (1838) a French company was given a concession for the construction of highways, railroads, or a canal across the isthmus. Napoleon Garella, an engineer sent out by the French government to study and report on the whole situation, recommended a canal from Limon Bay to the bay of Boca del Monte, twelve miles west of Panama; but want of capital caused this canal project, as well as

the other projects envisaged by the concession, to be abandoned. W. B. Liot of the British Navy proposed in 1845 the construction either of a macadamized highway or of a railroad from Porto Bello to Panama. It remained, however. for United States citizens to build the railroad, as it afterwards remained for the United States government to complete the canal, across the Isthmus.

A treaty made between the United States and New Granada on December 12, 1846, guaranteed to the first named of the high contracting parties the right of way across the Isthmus of Panama upon any modes of communication that then existed or that might afterwards be constructed. The boundary dispute concerning Oregon had been definitely settled in the same year, and in 1848 Mexico ceded by treaty the whole of Upper California to the United States. All this new territory awaiting settlement and development attracted universal attention, and the nomadic population of the eastern states began to turn their eyes westward. There were at first but two ways of reaching the Pacific Coast. One was by ship around Cape Horn, a distance of some 12,000 miles, and the other by a journey of 3,000 miles in prairie schooners or other pioneer contrivances from the Missouri River across the plains. Either way was fraught with grave danger and required months for the passage. At sea tremendous storms were encountered both in the Atlantic and especially in the miscalled Pacific, and the transcontinental route lay through a vast stretch of desert, and soon every mile of the way from the Missouri to the Sacramento was marked by the bleaching bones of unfortunate emigrants. Under such circumstances Oregon and California were well nigh inaccessible to the desired class of settlers, and the administration of the laws was surrounded by a thousand difficulties owing to the great distance from the seat of authority and the slowness of communication.

It was therefore under such circumstances natural for the United States government to turn its attention to finding a safer, shorter, and less expensive route, for it was to its interest that its Pacific possessions should be peopled by its own citizens. Accordingly in 1848 Congress, after long and anxious consideration of the whole subject, authorized the running of two lines of mail steamships, one from New York to Chagres, and the other from Oregon and California to Panama, the connection between them to be made by transit across the Isthmus as already secured by the treaty of 1846. An essential part of the transaction was the appropriation of money to pay for the carriage of the United States mails by those ships. Responsible bidders for the contracts were long waited for in vain. At length two men of great wealth and judgment, George Law and William H. Aspinwall, came forward and took, the former the Atlantic, and the latter the Pacific, contract, and soon the steamers began to ply on both sides of the North American continent. In the Atlantic contract there was a prospect of gain with comparatively small risk, as the line connected with Savannah and New Orleans as well as with Chagres; but, at a time when gold had not yet been discovered in California, men wondered greatly why Aspinwall should take the risk of running a line of steamships from Panama to San Francisco and thence to Oregon. But it soon developed that for his future profit he was not looking to the mail boats alone, and that they were indeed only secondary to the vast project he had in mind.

Up to this time, as we have seen, nothing had been done to alter the old mode of transit across the Isthmus, which was effected partly by dugouts poled and paddled up the Chagres River to Cruces and thence by the old paved road, now much the worse for wear, to the city of Panama. The road was so rough that even sure-footed mules could travel it only with great difficulty, and four or five days were usually required for the journey. To remedy such conditions, and at the same time to make a huge profit, Aspinwall had conceived the

bold idea of building a railroad, which would not only cut the travel-time from the Atlantic to the Pacific from four days to four hours, but would thereby also shorten the distance from the Atlantic ports of North America to those on the Pacific, as well as to Australia, China, and the western ports of South America, by several thousand miles. Accordingly, Aspinwall with Henry Chauncey, a New York capitalist, and John L. Stephens, who had traveled and explored extensively in Central America, entered into a contract with the government of New Granada and secured from it the exclusive right for the construction of such a road. The contract stipulated that the railroad should be built within eight years, that it should transport passengers, live-stock, and merchandise on a fixed scale of rates, that all public lands lying along the line of the road were to be used gratuitously by the grantees, that the termini of the road on the Atlantic and the Pacific sides were to be free ports, that New Granada should receive three per cent. of the net profits, and that the concession should be in force for forty-nine years from the completion of the work, with this reservation, however, that, after twenty years, the government of New Granada was to have a right to purchase the railroad for $5,000,000.

The Panama Railroad Company was thereupon incorporated with a charter obtained from the legislature of the State of New York. The capital was fixed at $1,000,000, and the stock was quickly taken up, for, between the obtaining of the concession from New Granada and the charter from New York, a circumstance had occurred which changed the whole aspect of affairs, and led capitalists to believe that there would be a speedy and highly lucrative return on their investments. This auspicious occurrence was the discovery of gold in California in the latter part of 1848, which at once created a mad rush of emigrants through the Isthmus to the supposed El Dorado of the West.

The construction of the road was at first let to two contractors, Colonel George M. Totten and John C. Trautwine, but that very circumstance which argued so well for the future success of the railroad when built was the cause of delay in starting to build it. The contractors on arriving at the Isthmus found that the "gold-rush" had made labor so scarce and dear, and the procuring of materials so uncertain and costly, that it would ruin them to go on with the work. They asked, therefore, to be released from their contract and, their request being complied with, the company itself undertook the building of the road, retaining its former contractors as engineers. A survey, carried out under the direction of J. L. Baldwin and Colonel George W. Hughes of the United States Topographical Corps, discovered a new summit gap, and found it practicable in consequence greatly to lessen the grades and shorten the line. The Atlantic terminus was located at Limon Bay and the Pacific terminus at Panama City, the distance between the two points being some fifty miles.

In May, 1850, the first sod was turned on Manzanillo Island in Limon Bay. It was only a short line, but the difficulties surrounding its construction were enormous. The situation was near enough to the equator to make a sultry tropical heat prevail at all seasons. For nearly half the year the country was deluged with rain, so that the working gangs, in addition to being drenched from the clouds, were obliged to wade in mud and water from two to four feet deep. For the first few miles out from the Atlantic terminal the route lay through a deep morass covered with a dense jungle, reeking with malaria, and abounding in noxious reptiles and insects. Thence the greater part of the line was through a rugged country where chasms, turbulent rivers, and mountain torrents had to be crossed. Materials of all sorts as well as laboring men had to be brought from long distances. The workers were constantly attacked with fever and malaria, and, though the whole work-

ing party was changed every week, it was necessary to keep constantly importing others to take the places of those who fell sick or died. For this purpose agents were kept in Jamaica and elsewhere to engage men, particularly negroes, who of all races seemed best suited to requirements; but, despite every effort and the almost daily arrival of vessels bringing fresh laborers, there were times when owing to universal sickness the work was almost at a standstill. Dogged perseverance, however, succeeded in laying the rails and running work-trains as far as Gatun, seven miles out, by October 1, 1851. Meanwhile docks were being constructed in Limon Bay for the convenience of vessels tying up there.

These two factors soon gave rise to a new development. In November, 1851, two steamships, crowded with men bound for California, arrived in the open roadstead of Chagres. These passengers expected to cross the Isthmus viâ the Chagres River and the old paved road, but the weather was so tempestuous that several lives were lost in an effort to effect a landing by crossing the bar of the river, and the ships were forced to take refuge in Limon Bay. It was then suggested that the passengers, eager to be on their journey, should not wait for more settled weather to return to Chagres, but should be conveyed over the new railroad to Gatun, from which point they would be transported up the river in native boats as usual. At the time there was not a single passenger car on the line, nor could one be had nearer than Philadelphia; but the managers of the road decided to attempt the transfer on flat-cars or work-cars, and more than a thousand emigrants, glad of any method, however primitive, of avoiding delay, were disembarked and safely transported to Gatun, where they began their river journey. This fortuitous circumstance probably saved the whole railroad project from disastrous failure. The company's stock had fallen very low, for the original million dollars of capital had been spent and the road was far indeed from completion. The directors had in fact been carrying the burden for some time, and were keeping the work moving at enormous expense on their own individual credit; but now, keen business men as they were, they saw open to them a source of immediate revenue, which would give new life to the company, and they determined to work it for all it was worth. In conformity with this resolution they at once ordered passenger cars, and began the regular carriage of emigrants and others to Gatun, and to more distant points as the rails were laid. When one of the steamers, whose passengers had been transported by rail to Gatun, returned to New York carrying the news that gold-seekers and intending settlers en route for California had been landed at Limon Bay instead of at Chagres, the friends of the enterprise took heart afresh, the value of the stock quickly advanced, and it was no longer difficult to attract the sorely needed new capital. Thenceforward the mail steamers abandoned Chagres and plied regularly to Limon Bay, and the wisdom of the early building of docks for their accommodation was made manifest.

As the island was cleared a settlement had gradually grown up around the Atlantic terminal. On February 2, 1852, this settlement was formally inaugurated as a city, and named Aspinwall in honor of the originator of the road. This designation was never recognized by the authorities of New Granada, who took up the position that the place should be called Colon, the Spanish form for Columbus, the discoverer of Limon Bay. The two names persisted side by side for years, but the question was finally decided in favor of Colon, because the New Granada government refused to deliver mail addressed to Aspinwall. Thus Colon it became, and Colon it still remains.

The number of laborers was now largely increased, and every incoming steamer brought more hands, so that the work was pushed forward with renewed energy and zeal. By March, 1852, regular passenger trains were running to a station sixteen miles out from the terminus, and by July

to Barbacoas, twenty-three miles out. Men and material were also shipped around Cape Horn, and work was begun at the Panama end.

At Barbacoas a great bridge had to be constructed over the Chagres, a river at that point about 300 feet wide, running through a deep and rocky channel, and subject to a rise of forty feet of water in a single night. About this time the first president of the railroad company, John L. Stephens, died, and his successor let the building of the bridge and of the remainder of the line by contract. The bridge was nearly completed when a sudden flood swept it away. After a whole year had been wasted and the contractors were on the verge of bankruptcy, the company released them, and, under a third president, set out itself to complete, as it had begun, the work. Laborers had again become scarce, and again operations had to be temporarily suspended for want of them. Agents were then sent in haste to Hindostan, to China, to Ireland, and to all the countries of continental Europe, and a force of several thousand men was gathered together and taken to the Isthmus. Of these a thousand were Chinese coolies, of whom great things were expected, but some few of their number having died of fever, the rest were seized with nostalgic melancholia and developed a suicidal mania, and scores of them took their own lives. In the end scarcely 200 Chinese left the Isthmus alive. The other workers also fell victims to sickness, and many of them had to be reshipped to the points whence they came. Despite all difficulties, however, a massive timber bridge was eventually thrown successfully across the river at Barbacoas.

By January, 1855, the crest of the divide at Culebra, a distance of thirty-seven miles from Colon, was reached. Here the workers rested, and awaited the coming of their collaborators from Panama, who were pushing their eleven-mile section up the valley of the Rio Grande. On that side the engineering difficulties had not been so great, the route did not lie through swamps, and the workmen were less liable to fatal sicknesses. At midnight on January 27, 1855, in the midst of a torrent of rain, the last rail was laid, and the two ends of the road were connected. The next day a locomotive passed from sea to sea. It was a great engineering triumph and a great testimony to the push, energy, and faith of its originators. The summit grade was 258 feet above the sea-level. The entire length of the road was forty-seven and three-quarter miles, and it had required the construction of 170 bridges and culverts, one of the bridges being more than 600 feet in length.

Although the railroad was open, the company's work was by no means completed. For the great traffic expected, preparations had to be made, including additional tracks at each terminus, needed side-tracks at different points, and passenger and freight depots. Owing to the haste to get the road constructed through to Panama, much of the work had been temporary in character, especially bridges, culverts, and trestles. The trestles were converted into solid embankments; the wooden bridges were replaced with iron; the ties of native wood, which were already rapidly decaying, were removed and replaced with ties of lignum-vitae brought from Cartagena. This wood was so hard that it had to be bored before the spikes could be driven in, and so durable that, when taken up in 1910, because of the relocation of the line, the ties were found to be still unrotted. In addition to all this work, both of the new and the replacement order, additional engines and cars had to be provided.

To gain breathing space by checking traffic until the company was prepared to handle it in full volume, the superintendent recommended the charging of a prohibitive rate. He suggested $25 for the one-way journey for passengers between Colon and Panama, and more than fifty cents a mile per cubic foot for freight. These rates were actually adopted, and remained in force for more than twenty years, but they did not keep away traffic, and thus the Panama

Railroad Company became one of the greatest dividend-earners in the world, the stockholders receiving at one time as much as twenty-four per cent. per annum on their investment. The construction accounts were closed in January, 1859, and showed that, instead of $1,000,000, it had in reality cost $8,000,000 to build this railroad of less than fifty miles. But it had already earned $2,000,000 before the communication was open from sea to sea in 1855; by 1859 it had earned more than half enough to pay the entire cost of construction; and by January, 1865, its total profits were $11,340,000. These figures will not be so surprising when we remember that the rates were exceptionally high, and that the company had a monopoly of the Atlantic trade of the entire west coast of North, Central, and South America. It was a frequent occurrence to transport over the line in a single half day 1,500 passengers, all the United States mail, and the freight of three steamships.

The railroad was thus beyond question a source of wonderful profit to its fortunate owners; but the government of New Granada had by contract the right to purchase, in 1875, for $5,000,000, this property which it had cost $8,000,000 to establish, and which was paying twenty-four per cent. dividend on that amount. Some new arrangement was manifestly necessary. Accordingly in 1867 Colonel Totten went to Bogotá, and, in consideration of $1,000,000 in gold, cash down, of $250,000 a year, of promising to carry the New Granadan mails free, and of guaranteeing to extend the road to certain islands in the Bay of Panama, he obtained for the company a new franchise for ninety-nine years with additional large grants of public lands.

In 1869, on the completion of the Union Pacific Railroad, the Panama Railroad lost its Californian trade, but still retained its trade with South and Central America, which was borne to it almost exclusively by the ships of the Pacific Steam Navigation Company. This haulage, too, the railroad subsequently lost when, in consequence of a dispute, the Navigation Company was obliged to give up its shops and dockyards on the Island of Taboga, in the Bay of Panama, and send its ships by way of the straits of Magellan direct to England. The affairs of the railroad were for some years thereafter in a languishing condition and its stock was greatly depressed, until in 1879 it sold out both its stock and its rights to the Compagnie Universelle du Canal Interocéanique for $18,000,000. The railroad passed with the other assets of the Compagnie Universelle to the New Panama Canal Company in 1894, and from it to the United States in 1904, the valuation set upon it in the latter transaction being $7,000,000, the par value of outstanding stock. Since then the railroad, re-located and modernized at an expense of $9,000,000, has been profitably worked by the United States government.

Today the United States owns at Panama one of the finest railroads in the tropical world. It parallels the canal, and connects the principal cities of the Republic of Panama. It is a modern, single tracked, five-foot-gauge road, built on high ground in a low country. It has embankments as high as 78 feet, which settled from twenty-five to sixty feet on the soft subsoil.

At places the engineers had to make the foundations of the embankments twice as wide as engineering practice demands, because of the immense weight of the fills. There are 167 embankments in the forty-seven-mile road, and 160 cuts. One of the embankments is three miles long. The whole road required about 16,000,000 cubic yards of material for filling, or enough to make one fill all the way across the isthmus 9 feet high and 12 feet wide. The reconstruction cost the United States nearly $9,000,000, or approximately $170,000 a mile.

And yet, the road earned its way in returns, to say nothing of the powerful support it gave to the work of digging the Panama Canal. During the years between the acquisition of the road and the completion of the canal, it brought into the

coffers of the United States a net revenue of upward of $15,000,000—enough to pay for the old road and to build a new one.

When the United States bought the road it was worse even than the proverbial two streaks of rust and a right of way. The rails were the old fashioned hollowed out Belgian type, and the rolling stock was a nightmare of rust and ruin to the practiced railroad man. Built at a time when circumstances demanded that it follow the lines of least resistance, it was a road that led through marshes and over hills with little attention to grading.

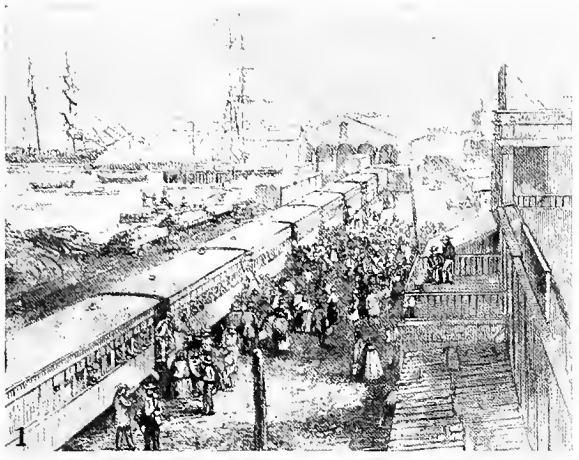
When the United States took over the road and the Canal Zone there was an attempt made to maintain the canal work and the operation of the railroad as separate and distinct enterprises, with the railroad lending what aid it could to the work of building the canal. But it was soon found that this was unwise, as it gave rise to conflict between the railroad management and the canal commission. It took a long time and the unwinding of much red tape to get matters through; and if there was not friction between the two enterprises, there at least was a lack of the spirit of "all things subsidiary to the building of the canal."

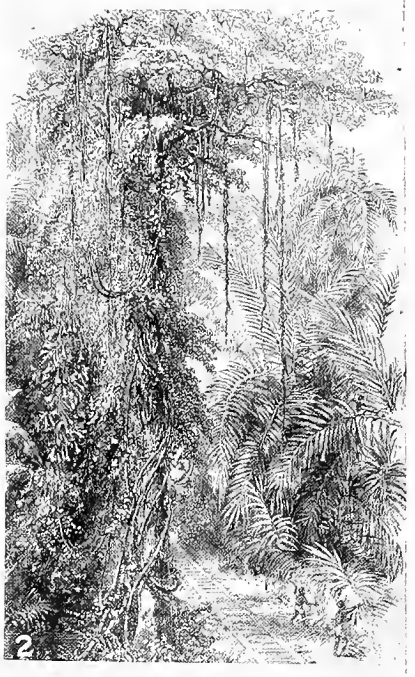
How to overcome the trouble and still to preserve the separate corporate existence of the Panama Railroad Company was a problem. Separation was necessary because of the terms of the concessions under which the railroad was operated, and because, also, of the fact that a railroad could not very well be operated under a law which required all of its passenger and freight receipts to be turned into the federal treasury instead of into its own treasury. At last the plan was hit upon of making the chairman and chief engineer of the canal president of the railroad, and the members of the commission its directors. This arrangement worked admirably, since it complied with all the terms of the concession, retained for the railroad the advantages of a separate corporate existence, and yet made it as much a part of the canal construction organization as though it had no trace of a separate existence.

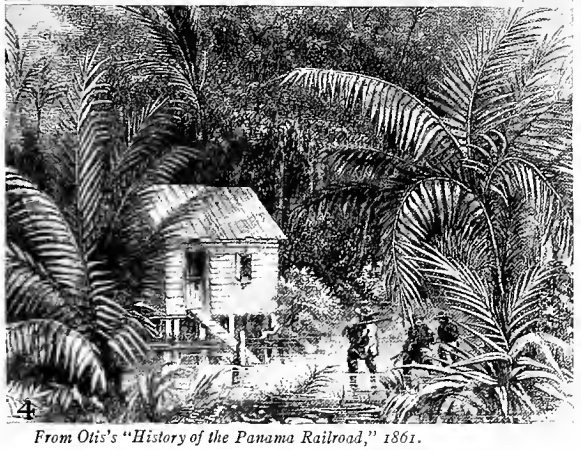
The situation of the Panama Railroad was an anomalous one. Here was a transcontinental line owned by the United States Government, operating under a concession of the Republic of Colombia, connecting the principal cities of the Republic of Panama, and doing business under a charter of the State of New York. Still further to add to the peculiarities of the situation, the government of Colombia claimed that when the concession of the railroad should expire its property would revert to Colombia. If that were so, then, since the railroad owned the land on which the city of Colon is built, Columbia would reacquire the property rights of one of the cities that had thrown off the yoke of her dominion.

As matters stand today the United States owns the railroad and will continue to operate it. Its operation will be more fully a part of the canal organization than heretofore. The treaty with the Republic of Panama gives to the United States the right to take over the road and expressly provides that whenever the concession ceases from any cause the United States is to enjoy all the rights that Colombia would have enjoyed had Panama not revolted. Under this treaty the United States will be the fee simple owner of the Panama Railroad when its concession ceases. This will be ninety-nine years from the time the road was opened.

As noted, the operation of the railroad during the period of the construction of the canal was very profitable. During that period it carried some twenty million passengers and many millions of tons of freight, with a new operating revenue of some fifteen million dollars. In a single year it carried three million passengers and over a million tons of freight. In addition to this it handled over its tracks about 40,000,000 tons of spoil a year, which served to make it the busiest line of railroad in the world. Although the road was only forty-seven miles long it had several hun-







From Otis's "History of the Panama Railroad," 1861.

BUILDING THE PANAMA RAILROAD

1. First train leaving Colon for Panama.
2. "Stephens's tree."
3. Surveying in the jungle.
4. The first shanty.
5. Col. George M. Totten, Chief Engineer.

dred miles of switch and other tracks to accommodate the vast amount of business handled over it.

The rates on the Panama Railroad fixed by the canal authorities were high in comparison with those in the United States, first class fares being at the rate of five cents a mile. But the service was the best to be found in any part of the tropical world. Second class fares were one-half the first class fares, and the second class passengers nearly trebled the first class passengers. Especially was this true after each canal pay day. The negro employees on the isthmus hugely enjoyed riding on the railroad trains, and they, with their families, added greatly to the traffic.

The difference between first and second class rates was sufficient to accomplish a separation of the races in travelling through the canal zone.

In addition to operating the railroad, the Panama Railroad Company operated a line of steamships from New York to Cristobal. This steamship line was a constant drain upon the finances of the railroad company, and was not able, during the whole time of its operation by the government, to make itself self sustaining. But at the same time it afforded so many advantages in the prompt handling of freight, mail, and canal supplies that it was not thought wise to discontinue the service during the construction of the canal. The steamship line made weekly sailings from New York and from Panama. Some years its operation would show a deficit of more than a quarter million dollars, thus emphasizing the inability of American ships to compete with those of other countries under our American high-wage standards. While the Panama Railroad Steamship Line was operating at a loss in a direct service, the United Fruit Line, with a large number of sailings from New York and New Orleans, with numerour ports of call, was operating at a fine profit.

When the matter of a permanent policy by the government towards the Panama Railroad came up, Chief Engineer Goethals recommended that the government go out of the steamship business, except for the carrying of its own supplies. He advised further that arrangements be made to sell the steamships on hand, and to substitute for them specially built coal carrying steamers, with which the United States could carry its coal from Newport News and Norfolk to the isthmus.

A question of operation which still remains to be settled is whether the Panama Railroad shall continue to be operated by steam or whether it shall be electrified. Sufficient water power is developed at Gatun Dam during ordinary seasons to furnish all of the power necessary for the operation of the canal machinery and for the Panama Railroad in addition. But it has not been decided whether sufficient power would be generated in dry seasons to run both the lock machinery and the railroad. However, since there is an auxiliary steam plant at Miraflores, where fuel oil from the California fields can be had at a low rate, it is probable that this power could be used to supply any lack of current that low water might cause. It is not improbable that the course ultimately decided upon will be to keep the present equipment of the Panama Railroad in commission so long as it lasts, and then to change over to electricity as the regular motive power of the railroad.

As soon as the United States took over the canal property plans were laid for improving the railroad. Chief Engineer Wallace wanted to make a three or four track road across the isthmus, but it was finally decided to develop the road just as the work of constructing the canal went forward. Under this plan of development the old Belgian rails were replaced by the best ninety pound steel rails, while a double tracked road with curves straightened and grades lowered was substituted for the old line. The rolling stock was changed and brought up to the best American standard, and with the engines and cars bearing the letters "P. R. R." one

might have thought himself in a region where there was a tropical edition of the Pennsylvania Railroad. It was necessary many times to change the location of parts of the road. When the Gatun Dam and Spillway reached the elevation that permitted the water to be impounded in the Chagres Valley, more than half of the original Panama Railroad right of way was put under water. But by that time the work of building the New Panama Railroad had reached such a stage as to make possible the abandonment of the old road across the bottom of what is now Gatun Lake. The new road now skirts the east bank of the lake, here and there crossing an arm of that great body of water. Whereas the old road crossed the canal a number of times, the new one keeps to the left of the big waterway the entire distance from Colon to Panama. The first section of the new road to be opened was the part from Gatun to Gamboa. At the latter place trains were switched across the canal over the crest of the Gamboa dike. From this point to Pedro Miguel the old line was used until the latter part of 1913, because all the principal towns were on that side of the canal. From this point to Paraiso the new line was used. Here the canal was crossed on a trestle and the run made into Panama over the re-location. When the time came to blow up Gamboa dike the entire new line was thrown open, and all that was left of the old Panama Railroad was the name and a shuttle service from Pedro Miguel to Bas Obispo. A floating trestle has been constructed above the locks at Pedro Miguel which permits trains to cross the canal and to keep up communication along the west bank of the waterway between Pedro Miguel and Bas Obispo, although after the abandonment of Culebra there will be very little use made of this line.

It was the intention of Colonel Goethals to run the new railroad through Culebra Cut on an offset in the bank some distance above the water line, but the slides made this out of the question. It was then decided to make a detour from Paraiso to Gamboa which carried the railroad back of Gold Hill and the other hills which border the east bank of the canal. This change in the alignment of the New Panama Railroad cost about a million dollars.

In addition to its work of doing a railroad and steamship business, and of furnishing trackage for the hundreds of thousands of dirt trains which had to move in and out of Culebra Cut in the disposal of spoil, the Panama Railroad Company also operated the commissary through which the employees of the canal commission were protected from the exactions of native merchants, and through which they could buy at a very small per cent. above wholesale prices. This work will be described in another chapter and needs only to be mentioned here. Still another activity of the railroad company was the operation of a hotel at Colon. For years it operated the old Washington House. This hostelry was better than the native hotels in Colon, but still left much to be desired both in size and in the character of its construction, especially in view of the demands of the large tourist traffic coming to the canal. Realizing the need of a really good hotel President Taft ordered Colonel Goethals to use a part of the surplus of the railroad company for the building of a modern hotel at Colon fitted for the accommodation of the tourist traffic. Colonel Goethals employed a good architect, and between them they designed a hotel that is, beyond question, the last word in tropical hotel architecture. Built of concrete, in a modified Mission style, and fitted with every modern hotel convenience, it is conducted on a scale which puts it on a par with the best hotels of the United States. Its wonderful ballroom, opening on three sides to the sea, is a thing of beauty and a joy forever. This ballroom and the one at the Tivoli Hotel at the other side of the isthmus perhaps have more to do with protecting Americans at Panama from the ravages of homesickness than any other condition on the Canal Zone.

It is probable that the patronage of the hotel in the future will be such as to make profitable the establishment of golf links at Gatun. In addition to this Gatun Lake will afford admirable fishing ground, and these things may make the isthmus an ideal tourist resort, to say nothing of their attractiveness to the passengers who pass that way on the ships of the world, and who will welcome a change during the day or two they must stay on the isthmus while their ships go through the canal, discharge cargo and take aboard supplies. The railroad will give the passengers who want a change, but who are on ships that do not stop, an opportunity to see the sights of the isthmus while their vessels pass through the canal. Passengers may take the cars and go across the isthmus in two hours, thus gaining from eight to ten hours for seeing the sights of the isthmus. The railroad will also be operated in such a way as to permit the commissary laundry to render efficient services to passing ships. A ship arriving at the Atlantic entrance from Europe can send its linen to the commissary laundry, which will launder it and send it to Panama in time to be taken aboard before the vessel leaves the Pacific end of the canal.

The Panama Railroad will be used in the future as an auxiliary in the operations of the big waterway. Closely paralleling the canal, it will move on short notice supplies and equipment from one point to another where they are needed. Built on high ground and in the most thorough manner, its cost of upkeep will not be heavy. When it is electrified its cost of operation will be very low. Under these conditions it will prove as useful to the completed canal as it proved to the construction forces in days gone by. In the prompt manœuvering of troops in case of hostilities the road will be invaluable to the United States.

Some writers have said that the building of the old Panama Railroad at a cost of $7,400,000 was a more creditable engineering achievement than the building of the new road for $9,000,000, in view of the advance in railroad engineering and the improvement of railroad building machinery. But this conclusion fails to take into consideration the tremendous amount of work done on the new road as compared with the old road. There is more material in a single fill on the new line than there was in all of the fills of the old line. There was as much excavation in a single three mile stretch of the new road as there was on the whole line of the old road; there is more steel in the rails of one mile of the the new road than there was in three miles of the old road. And so the comparison might be continued. The fact is, that the new Panama Railroad was built under those same standards of efficiency that characterized the construction of the canal, and as it takes its place alongside of the canal as a part of Uncle Sam's great interoceanic highway, it will but emphasize the wonderful success of the Americans at Panama.

CHAPTER XV

EARLY CANAL PROJECTS

ANCIENT BELIEF IN THE EXISTENCE OF A NORTHWEST PASSAGE—FAILURE TO FIND IT TURNS MEN'S THOUGHTS TOWARD AN ARTIFICIAL WATERWAY—SPAIN, HOLLAND, CENTRAL AMERICA, GREAT BRITAIN, AND AMERICA DEVISE PROJECTS ON VARIOUS ROUTES—WHY THEY FAILED—FAMOUS NAMES APPEAR IN CONNECTION WITH CANAL SCHEMES—UNITED STATES INCLINES TOWARD NICARAGUA ROUTE—FRANCE TAKES UP THE PANAMA PROJECT.

FROM a very early period in the exploration of the New World attempts were made to establish interoceanic communication by means of a natural waterway connecting the Atlantic and the Pacific. It will be borne in mind that the main object of Columbus's fourth and last voyage in 1502 was to discover a strait through which he could pass, as he thought, from the Atlantic to the Indian Ocean, and so sail around the world and get back to Spain by way of the Cape of Good Hope. This connecting water-passage he supposed to exist somewhere about Veragua or Nombre de Dios. He searched for it all the way from Cape Honduras to the cove of El Retrete, but of course he failed to find it for the very good reason that it did not exist; and then he turned back to Veragua to look for gold.

The belief in the existence of a strait in that locality or elsewhere long continued to exist. In 1506 Vicente Yáñez Pinzon, on the second voyage which he undertook on his own account, and in which he was accompanied by Juan Diaz de Solis, searched in vain for the strait from the Guanaja islands in the Gulf of Honduras to the Caria islands off Yucatan. Again, in 1508, Pinzon and Solis, with the celebrated pilot Pedro Ledesema aboard, went forth to seek in the south the passage which they had failed to find in the north and west. Sailing from San Lúcar on June 29, they reached Cape St. Augustine, and thence steered in a southwesterly direction as far as 40 degrees south latitude, and there gave up the quest, and returned to Spain in October, 1509.

Far to the south Magellan discovered in 1520 the strait which bears his name, but the remoteness of this passage prevented it from fully satisfying expectations. At a convention of the principal pilots and cartographers of Spain and Portugal, held in 1524, and usually spoken of as the Council of Badajoz, much was done to define more accurately the general shape of America; but the assembly was still obsessed with the belief in the existence of a waterway in a more central part of the continent. In accordance with this theory, Estevan Gomez, who had been with Magellan when he made his great discovery but had left him on entering the straits, was despatched by the Spanish government in 1525 to search for a passage in the north. He attempted to find it somewhere between Florida and Newfoundland, but of course he, like his various forerunners, was doomed to disappointment. After Cortés had conquered Mexico he was specifically enjoined by mandate from the King of Spain to use every means at his disposal to locate the waterway so much desired, and that was partly the object of the maritime expedition which he sent out along the Pacific coast in 1527. Gil Gonzalez Dávila and Andrés Niño, in their expedition of 1523, had also searched on the Pacific side for a strait through which the journey from the Atlantic to the Moluccas might be conveniently and directly made.

At length it was perforce, but grudgingly

Damaquiel, and also of that by the Gulf of Darien and the Atrato River to the Gulf of San Miguel; but nothing resulted, and it is not definitely known whether Velasco even sent in a report. The Tehuantepec route was surveyed on behalf of Spain in 1715 and again in 1774, as was that of Nicaragua in 1779, but without leading to the undertaking of any work in either case.

Spain came to the fore again in 1788 with a project for a canal on the Caledonian Bay route, but without accomplishing anything except having a survey made by Manuel Milla; and finally, apparently in a very earnest way, in 1814, with a decree for the construction of an isthmian canal, but the movement for independence among her American possessions rendered her contemplated action then and forever impossible to her.

Not to Spain, therefore, but to some other nation were to fall the task and the credit of the building of the much-talked-of artificial waterway. The British came into the project unofficially towards the close of the seventeenth century, for while Paterson was at New Edinburgh on Caledonia Bay, in 1698–99, one of his many aggrandizement projects was the construction of a canal; but the failure of his Darien colony involved the failure of all the subsidiary plans. In 1780 Great Britain came forward herself. In that year she planned an attack on Nicaragua with the double object of crippling Spain in her American colonies and of securing control of the direct communication between the two oceans through Nicaraguan territory. The expedition, which was under command of Major Polson, and had Horatio Nelson, the future hero of the Nile and Trafalgar, among its officers, had at first some success; but finally was so weakened in numbers and stamina by malaria and fevers brought on by the rainy season that it had to make an inglorious retreat.

Humboldt's suggestions and proposals in 1803–08 had, from the greatness of their author, attracted attention to the question anew, and not long after their emancipation, the countries forming the Central American Confederation invited the coöperation of the United States in building a canal. An envoy deputied in 1825 by Henry Clay, then Secretary of State, to investigate the practicability of constructing a canal through Nicaragua, reported that, owing to the unsettled conditions at that time prevalent, it would not be advisable to enter on the undertaking. In default of the coöperation asked for, the congress of the Confederation, anxious to have a canal constructed across Nicaragua, gave for that purpose a concession to one Beninski, a Frenchman, who, failing to do anything himself, transferred his rights to an American syndicate, known as the Central American and United States Atlantic and Pacific Canal Company. There were some eminent engineers and capitalists in this combine, but for want of government support they were not able to accomplish anything.

The next competitor was New Granada, and its objective point was naturally in its own territory. President Bolivar having in 1826 given to Baron Thierry, a Frenchman, a concession which came to nought for want of capital to work it, commissioned in the following year Lloyd and Falmark to make that exploration which resulted in the expression of their belief, already referred to, that at least a railway, and possibly a canal, was practicable between Chagres and Panama. It will be noticed that the route they examined and selected was nearly the same as that which the Panama Railroad Company utilized in constructing its line across the Isthmus. The political situation in New Granada was, however, unfavorable to the inception of either undertaking, and accordingly the matter ended with Lloyd and Falmark's report.

The King of Holland then stepped in, and his representative, Gen. Werweer, a Belgian officer, having secured a concesson in 1829, there seemed a fair prospect that at last a canal would be constructed; but the war which separated Belgium from

Holland soon afterwards broke out and compelled the abandonment of the Dutch project. Morazon, president of the Central American Confederation, caused a survey to be begun in 1837, but the work was interrupted by Morazon's fall. It was continued without result by Nicaragua on its own account.

In the meantime the United States had by 1835 become very thoroughly interested, and the Senate adopted a resolution in favor of a canal on the Nicaraguan route. Thereupon President Jackson sent Charles Biddle to make a survey and to negotiate for a Nicaraguan concession. Biddle, however, as has been already told, did not visit Nicaragua at all, but was so favorably impressed by what he saw of the Panama route that he hastened to Bogotá and secured a concession for a railroad across the Isthmus. This action on his part led to Biddle's being practically repudiated by the United States Government, and the panic of 1837 also supervening, he was, as we have seen, unable to go forward with his railroad project.

In 1838 Capt. Edward Belcher of the British Navy recommended the construction of a canal having its Pacific outlet in the Bay of Fonseca. This suggested route aroused attention in the United States, and in 1839 President Van Buren sent John L. Stephens on a confidential mission to Central America. His instructions were to investigate the feasibility of a canal on some one of the suggested routes, and, if he found conditions favorable, to negotiate for a concession. The conclusion Stephens arrived at was that, owing to the existing disturbances, it was not then advisable to attempt the construction of a canal. At the same time he recommended for future use the Lake Nicaragua route, and estimated that the cost of constructing a canal there would be $25,000,000.

A French company having obtained in 1838 from New Granada a concession for, among other things, the construction of a trans-isthmian canal, and having announced the discovery of a pass through the mountains only thirty-seven feet above the level of the sea, the French minister for foreign affairs in 1843 commissioned Napoleon Garella, an engineer, to visit and study the Isthmus and investigate this claim. Garella could not find a pass at any such height, and, condemning the project in hand, recommended, as related in the previous chapter, a canal from Limon Bay to the bay of Vaca de Monte. This canal would have required a tunnel over three miles long under the Ahogayuega ridge. At its summit it was to be 135 feet above the sea, and the ascent and descent were to be secured by thirty-five locks. The total cost was estimated at $40,000,000. This project failed to materialize.

Then, in 1844, Nicaragua tried to interest France in a canal through its territory, and sent Francisco Castellon to put the matter before Louis Philippe; but that monarch gave the matter only scant attention. In 1846 Louis Napoleon, having written in his prison of Ham an essay on the subject, continued his efforts to secure from the Nicaraguan government a concession to construct the "Canal Napoleon de Nicaragua," and offered to undertake the work, if released; but, fearing the consequences, the French government refused to grant the necessary condition. When Napoleon effected his dramatic escape from the fortress, other interests than distant Nicaragua naturally occupied him.

The seizure of San Juan del Norte and Tiger Island by Great Britain, followed by other British aggression in Central America, aroused the United States to offsetting action, and in 1849 President Polk sent Elijah Hise as a special envoy to Nicaragua. With that country Hise negotiated a treaty, by the terms of which the United States, or its citizens, were given the exclusive right to construct, operate and control a transit way of what sort soever across Nicaragua, the consideration being that the United States should guarantee to Nicaragua its independence. This treaty ignored certain claims set up by Great

Britain, and, the British minister having entered a protest, the treaty was not submitted to the Senate.

Treaties negotiated with Nicaragua and Honduras by Ephraim George Squier on behalf of the United States were also objected to by Great Britain and failed of ratification. Further complications were brought about in the same year (1849) when some New York capitalists organized the "Compañia de Tránsito de Nicaragua" for the construction of a canal through Nicaragua.

All the points in dispute were, however, settled in 1850 by the Clayton-Bulwer treaty, which provided that neither Great Britain nor the United States could occupy, fortify, colonize, or exercise dominion over Nicaragua, Costa Rica, the Mosquito Coast, or any other portion of Central American territory, except Belize, nor make use of a protectorate in any form, and further perpetually guaranteed the neutrality of the canal or other interoceanic transit which should thereafter be constructed. The entrepreneurs, whose affairs had helped to bring about this important international treaty, failed to construct the canal; but having amalgamated with other capitalists in 1851 under the title of the "Accessory Transit Company," they placed steamers on both oceans, and utilizing the river San Juan and Lake Nicaragua, and establishing a coach route of thirteen miles to connect the lake with San Juan del Sur on the Pacific, they did a brisk business, as well as providing a public utility, in transporting passengers, until 1869, when the company discontinued its operations.

Colonel Orville Childs, the engineer of the Accessory Transit Company, surveyed a new route in 1851, and in the following year he presented to President Fillmore a report in which he recommended a canal from the mouth of Lojas River, through the valley of the Rio Grande, to Port Brito. In 1852, also, S. Bayley proposed to construct from La Virgen to San Juan del Sur a canal along a route which followed in part an earlier one recommended in 1843 by John Baily. In 1853 Squier suggested a revival of Belcher's route, utilizing Lakes Nicaragua and Managua and passing through the Conejo valley and the Estero Real to the Bay of Fonseca.

In 1858 Felix Belly, a Frenchman, secured for his firm, Belly, Milaud, et Compagnie, a contract from Nicaragua for a canal along the Sapoa River to Salinas Bay, a route which had been recommended to Costa Rica by Orsted in 1848. This firm assigned its rights to the International Canal Company, but, as neither the original grantee nor its successor did anything, the Nicaraguan government cancelled the contract in 1868 and transferred it to Michel Chevalier, another Frenchman, who had for some years previously been prospecting in Central America on behalf of the Emperor Napoleon. Chevalier insisted, as an essential preliminary, that the contract should be ratified by the congress of Costa Rica, through a portion of whose territory the canal was to run. This ratification was granted, but not until 1869, and before anything was done to construct the canal, the great Franco-Prussian War of 1870–1871 broke out, and the downfall of the empire and the chaos which that event engendered in France swamped all Chevalier's hopes of success in financing his concession.

In 1850 Dr. Edgar Cullen, of Dublin, Ireland, received a concession from New Granada for a canal along the Caledonian Bay route first suggested by Paterson in 1698. The glowing, but, as afterwards appeared, unwarranted, reports given out by Cullen, and afterwards by Lionel Gisborne, as to the advantages of this route, induced the United States government to send Lieutenant Strain of the United States navy to survey that section of the country. Strain and his party started from Caledonia Bay for the Gulf of San Miguel in January, 1854, but met with such terrible hardships that several of their number actually died of starvation. The survey was made, however, and showed moun-

tains so high as effectually to prevent the construction of a canal without excessive tunnelling.

In 1857 President Buchanan sent Lieutenant Nathaniel Michler of the army and Lieutenant T. A. Craven of the navy to survey the Atrato River route. The report submitted by Michler was favorable, and estimated the cost of a canal at $134,000,000, while on the other hand Craven's report declared the route to be quite impracticable.

In 1869 President Grant enunciated the doctrine of "an American canal under American control," stating that he regarded it of vast political importance to the United States that no European government should hold such a work. He then appointed an Interoceanic Canal Commission, under whose direction four surveys were undertaken and carried to completion. The net result of these surveys was that the Caledonian Bay route and the San Blas route were condemned as impracticable; that one route in the Atrato River valley was pronounced impossible and another, that to Chiri-Chiri Bay, was highly recommended; that the Tehuantepec route was found to be practicable, but prohibitive as to cost; that the Childs route through Nicaragua with Brito as terminus was recommended; and that a lock canal from Limon Bay to Panama was declared practicable, but that the Chagres River made a sea level canal impossible on that route. Further surveys over most of those routes were then ordered; and finally, in 1876, the Interoceanic Canal Commission, after carefully considering all the rights of the various surveying parties, made a unanimous recommendation in favor of the Nicaragua route from Greytown to the San Juan River, through Lake Nicaragua, along the valleys of the Rio del Media and Rio Grande, to Brito on the Pacific coast.

Such, in brief, was the record made by the nations in their fruitless efforts to execute the work of constructing an interoceanic canal. Numerous other minor attempts were made by individuals, supported often by governments, but doomed to early disappointment, and hardly deserving even passing mention. At this juncture, in 1875, the active and ambitious spirit of France began to be aroused anew, and the success that had linked the names of de Lesseps and Suez together induced Frenchmen to believe that they could conquer the cordilleras of the New World.

CHAPTER XVI

DE LESSEPS'S COLOSSAL FAILURE

LIEUTENANT WYSE SECURES A CONCESSION FROM COLOMBIA—DE LESSEPS BECOMES INTERESTED—INTERNATIONAL SCIENTIFIC CONGRESS FOSTERS PANAMA ROUTE—ORGANIZATION OF COMPAGNIE UNIVERSELLE DU CANAL INTEROCÉANIQUE DE PANAMA—SEA-LEVEL CANAL BEGUN—BOUNDLESS ENTHUSIASM IN FRANCE—THE FIGHT WITH DISEASE—EXTRAVAGANCE AND GRAFT—THE BUBBLE BURSTS—CRIMINAL PROSECUTIONS—DE LESSEPS SENTENCED TO PRISON—NEW PANAMA CANAL COMPANY ORGANIZED—MARITIME CANAL COMPANY OPERATES IN NICARAGUA—UNITED STATES TURNS TO THAT ROUTE—CLAYTON-BULWER TREATY SET ASIDE—PLANS FOR NICARAGUA CANAL INITIATED.

THE Atlantic-Pacific canal question was fully discussed in all its bearings at the Congress of Geographical Sciences held in Paris in 1875. As a result, a French company, the Société Civile Internationale du Canal Interocéanique, formed for the purpose of making the necessary explorations, sent Lieutenant Lucien Napoleon Bonaparte Wyse and a party of assistants to decide on the best route and, having decided, to secure a concession. The route from Colon to Panama was selected, and on May 18, 1878, Wyse obtained from the Colombian government for his company the exclusive privilege of constructing a canal, subject only to the existing rights of the Panama Railroad Company. The concession was to last for ninety-nine years beginning from the first collection of tolls on vessels passing through the canal. Two years were allowed for the formation of a company, and twelve years for the construction of the canal.

Thereupon Ferdinand de Lesseps, who had gained great renown by the construction of the Suez Canal in 1859–1869, convened at Paris the International Scientific Congress, which met on May 15, 1879. After debating the subject for a fortnight and discussing seven separate schemes, the Congress, which was dominated by de Lesseps, decided that a sea-level canal should be constructed from Colon to Panama and estimated the cost at $208,000,000. To take over the Wyse concession, and carry out the work, the Compagnie Universelle du Canal Interocéanique de Panama was formed, with a capital of $60,000,000, and was placed in control of de Lesseps. On January 1, 1880, the construction of the canal was formally inaugurated; in February of the following year the engineers were at the work in earnest.

At the outset the company was confronted with difficulties in connection with the Panama Railroad, which refused to carry passengers and freight unless at the ordinary rates, and, in addition, held such rights as to make the canal concession of very little value unless there was cordial coöperation between the two companies. Under such circumstances there was obviously only one thing to do, namely, buy out the railroad, rights, building, and equipment; and this was done for a consideration of some $25,500,000.

In adopting a sea-level instead of a lock canal, de Lesseps and his associates had run counter to the deliberate opinion of many experienced engineers, and some of those most competent to judge thought they saw danger ahead. But all warnings were lost in the vortex of the popularity of the hero of Suez. With exuberant confidence de Lesseps waved every obstacle aside, and his reputation was so great and his optimism so infectious that the public gladly followed his lead. Hundreds

of thousands of his fellow-countrymen rushed to invest their savings in the company at the head of which was the great Frenchman. The construction of the canal was thus entered on with great enthusiasm and high hopes.

Several causes, however, conspired to militate against its success. The principal of these may briefly be described as lack of foresight, inability to cope with disease, extravagance, and bribery and corruption. Thousands of laborers were despatched to the scene of action without any adequate preparation for their housing or feeding; stores, supplies, and implements were recklessly purchased without due attention to actual needs. At that time it had not been discovered that one kind of mosquito was the disseminator of malaria and another of yellow fever, and, although two splendid hospitals were built, the loss of life from those diseases was phenomenal. In fact, owing to a pardonable want of knowledge of medical facts that were not fully established until 1898 and 1900, respectively, the hospitals themselves became propagators and disseminators of disease.

The expenditures in salaries, equipment, and expenses, especially for the higher placed officials, were boundless. Finally, as investigation afterwards brought out, there was so much money spent on secret commissions and in other corrupt ways that it has been said with some show of truth that not more than one-third of the total amount expended was actually laid out on the canal. With all these factors combined against success, the wonder is, not that the French failed, but that they achieved so much.

In 1887 it became evident that a sea-level canal could not be built at a reasonable cost nor within a reasonable time, and accordingly there was substituted a plan for a lock canal, estimated to cost $300,000,000. Work was continued along the latter line until December, 1888, when the company suspended payment and became bankrupt. It was dissolved by a judgment of the Tribunal Civile de la Seine on February 4, 1889, and a receiver was appointed by the court to take charge of its affairs. A sum of $262,000,000 had been spent, and in eight and a half years less than a quarter of the canal had been constructed. There was naturally a great scandal and a great outburst of popular indignation in France. Criminal charges were brought against de Lesseps, and in 1893 he was condemned to five years' imprisonment—a sentence which, owing to his advanced age and honorable record, was never enforced. Many others were also brought to trial; some committed suicide, others were fined and sent to prison.

Investigation proved that between 1881 and 1887 seven different directors general had been appointed; that white mechanics had been paid $5 a day, skilled black laborers $2.50 a day, and unskilled black laborers $1.75 a day. Disease and death scattered the working forces, and the supervising heads lost interest in the enterprise and transferred their activities to the pleasures of life in the city of Panama. The Dutch company which had contracted to do the work of excavation agreed to remove 793,000 cubic yards a month for the first eighteen months and 429,000 cubic yards a month thereafter. It was never able to handle more than 130,000 cubic yards a month.

The trial in Paris disclosed the fact that $400,000 had gone to the genius who proposed a lottery loan for the purpose of keeping the canal company afloat; $400,000 went for "publicity;" $580,000 was charged to "banking expenses;" and $280,000 was paid to politicians, journalists, and members of the chamber of deputies. The Minister of Public Works had demanded $200,000 for his services, and was paid $75,000. Baron Reinach was paid $1,200,000 to float a loan of $120,000,000, and only half of this loan was subscribed. M. Eiffel, builder of the famous Eiffel tower, was drawn in as the new contractor for the lock-type canal, and a lottery loan was floated. But the money was soon gone, and the collapse

followed. It was shown that of the $262,000,000 raised by the French people, less than $100,000,000 had been expended at Panama. Salaries and office expenses consumed $80,000,000; it cost $32,000,000 to float the loans; and the expenses in Paris were over $75,000,000.

The receiver having finally suspended the works in May, 1889, applied his energies to saving whatever was possible from the wreck, and for that purpose assisted in the reorganization of another company. But this was now by no means easy to do, and it was not until 1894 that the new Panama Canal Company with a capital of $10,000,000 was successfully established. In the meantime a fresh concession for ten years had been obtained from Colombia in 1890, and in 1893 a further extension had been granted on the understanding that the canal should be completed by October 31, 1904. In 1900 this term was finally extended to 1910 by the President, but not by the congress, of Colombia—a fact which at a critical juncture in a later period was seized upon to make the concession appear invalid.

The New Panama Canal Company did excellent work, and with a comparatively small capital excavated about 11,400,000 cubic yards, as well as making engineering surveys which were afterwards found to be of the greatest value. It was, however, hampered in many ways, principally for want of capital, and for some time towards the end it could do little more than the minimum amount of work required to save appearances and keep its concession alive.

In the meantime the United States, still anxious to build an isthmian canal, had sent Lieutenant Menocal in 1887 to survey the Nicaraguan territory once more, with instructions finally to determine the best route for a canal. The route selected ran from Greytown on the Atlantic to Brito on the Pacific. Concessions were obtained from both Nicaragua in 1887 and Costa Rica in 1888. A bill introduced in Congress in 1888, for chartering the Maritime Canal Company to work those concessions, became law in February, 1889, at a time when the failure of the first French Company operating in Panama was known to be absolute.

The Maritime Company was organized as speedily as possible with a capital of $150,000,000 preferred and $100,000,000 common stock. It commenced operations at Greytown in June, 1890, and erected wharves and warehouses, as well as actually constructing a temporary railroad, a telegraph line, and about three-quarters of a mile of a canal. The panic of 1893 then supervened, and the company, involved in financial difficulties, was obliged to discontinue its work.

In June, 1897, a Canal Commission was constituted by the United States Congress and the sum of $300,000 was voted for its expenses. This commission investigated the Nicaraguan route again, and in 1899 recommended its adoption; but Congress required more information before acting, and in June, 1899, appointed another Canal Commission with an appropriation of $1,000,000 to conduct investigations both at Panama and Nicaragua. Its report, submitted on December 4, 1900, discussed fully the merits of both routes. It recommended the Nicaragua route and estimated the cost of a canal there at $200,540,000. Its estimate for a canal through Panama was $142,342,579, but the commission had found no way to complete ownership or control thereof except at a cost that would make its total expenses much greater than the canal on the Nicaraguan route. This was because the New Panama Canal Company had placed a selling value of $109,000,000 on its property and rights, and at that time refused to accept less. Congress then proceeded to consider afresh the Nicaraguan project, and soon a convention was signed between representatives of the two governments having in view the construction of a canal through Nicaragua.

In the meantime Secretary Hay, under direction of President McKinley, began negotiations with Great Britain for the

modification or abrogation of the Clayton-Bulwer treaty of 1850. This treaty had been a stumbling-block in the path of the United States almost from the date of its ratification. It had caused friction between the two nations, and had prevented the United States from acquiring exclusive control of any canal route. Now that the way had been paved for a canal through Nicaragua, the United States was ardently desirous of beginning the work, since the voyage of the *Oregon* in the Spanish-American War had aroused the American people to the need of a short passage from one coast to the other.

Great Britain's foreign policy at that time was directed by Lord Lansdowne, who made known his willingness to come to terms with the United States. After much negotiation a treaty was drawn up and signed by Secretary Hay and Sir Julian Pauncefote, British Ambassador to the United States. It provided, however, that the United States should not fortify any canal which it might construct, and the Senate took exception to this provision. The treaty was amended by the Senate to conform to its opinions, and the British government thereupon declined to ratify the treaty.

Renewed negotiations were begun by Secretary Hay, which were continued after the death of President McKinley and the incoming of President Roosevelt. A new treaty, with the same plenipotentiaries as signers, was concluded. It met the approval of the Senate, and was duly ratified by both governments. This treaty gave to the United States the exclusive right to build and control an isthmian canal, and to defend it, with the proviso that the general principle of neutralization contained in the Clayton-Bulwer treaty should be maintained—that is, that the vessels of all nations observing the rules laid down by the United States should be permitted to pass through the canal on equal terms; that the canal should not be used for warlike purposes; and that belligerent vessels should be passed through in accordance with the general rules of neutrality.

With the Hay-Pauncefote treaty ratified, the way seemed to be clear for the construction of the Nicaragua canal. The commission had unanimously favored it, the diplomatic obstacles had been removed, Congress was ready to appropriate money for the work, and the people demanded it. Panama appeared to have been abandoned forever by the Americans.

CHAPTER XVII

HOW PANAMA TRIUMPHED OVER NICARAGUA

A New Figure Appears in Canal History—William Nelson Cromwell's Efforts in Favor of Panama—He Prevents Adoption of Nicaragua Route—French Company's Excessive Demand—Death of McKinley—Hay-Pauncefote Treaty Clears the Way for Nicaragua—Company Elects a New President and Submits a New Offer—House Passes Nicaragua Bill—Canal Commission Favors French Company's Offer—Senator Hanna Supports Panama—Attack Upon Validity of Title—Colombia Blocks the Way—Its Objections Removed—Senator Spooner Introduces Bill for Alternative Choice of Routes—It is Substituted for Nicaragua Bill.

At this juncture there appeared prominently in canal history a new figure—a man who had been busily at work for four years in behalf of the Panama route, but whose work was unknown to most Americans. Mr. William Nelson Cromwell, who combined in his makeup unusual and brilliant qualities as a lawyer, diplomat, and financier, had been retained in 1896 as American counsel by the Compagnie Nouvelle du Canal de Panama (New Panama Canal Company). He had thrown himself into a complex and disheartening task with remarkable tenacity of purpose and clearness of vision. His task was nothing less than that of inducing the United States to adopt the Panama route—to adopt it after the very name of Panama had become a synonym for disease, failure and disaster.

During the four years from 1896 to 1901, Mr. Cromwell had accomplished much. It was due to him that the dangers of the Clayton-Bulwer treaty were made clear, although, if he had stopped there, the net result of his labors would have been to facilitate the construction of the rival canal at Nicaragua. He fought the Nicaragua project in Congress, in the press, and through diplomatic channels, not in opposition to the building of a canal, but for the sake of obtaining a hearing for Panama. He succeeded in preventing the passage of a bill by the House of Representatives—already passed by the Senate—providing for the Nicaragua canal. He brought about the appointment of a new canal commission to study the Panama route and to confer with the New Panama Canal Company. He induced Colombia to enter a protest against the construction of the Nicaragua route until the international interests involved at Panama could be thoroughly studied.

Mr. Cromwell's efforts in behalf of the Panama route were nearly brought to nought by the refusal of the French company to sell outright its property and rights. He was confronted with the imminent failure of all his labors. He conceived the plan of Americanizing the company by obtaining a charter under the laws of an American state. This work occupied him many months.

Public sentiment in the United States seemed to be overwhelmingly in favor of the Nicaragua route. Mr. Hepburn, in the House of Representatives, and Senator Morgan, of Alabama, were champions of Nicaragua. They made every effort to push through an act providing for the Nicaragua canal, without waiting for the new commission's report. The House on May 2, 1900, had passed the Nicaragua canal bill, and Senator Morgan employed all his resources to bring it to a vote in the Senate. He was defeated by the narrow margin of twenty-eight to twenty-one votes, on May 14, 1900.

After the presidential election of 1900

and the reconvening of Congress in December of that year, the canal controversy was resumed. The French company had not been brought to make an out and out offer of sale; it insisted that its concession prohibited the sale of the property without the consent of Colombia; and it suggested that, if permitted to sell, the price should be fixed by arbitration or valuation. The American commission was not satisfied with this proposal; and again it appeared that the Panama route would be abandoned. Mr. Cromwell visited Paris and emphasized the fact that the United States would not deal with the company unless a definite price were fixed for an outright sale. He obtained from Colombia an expression of willingness to enter into a treaty with the United States, authorizing the transfer of the French company's property. But the company refused to fix a definite price, and on July 1, 1901, for reasons of its own, it undertook to carry on the negotiations with the United States without the assistance of Mr. Cromwell.

In September, 1901, President McKinley was assassinated. The advent of Mr. Roosevelt changed the situation somewhat; the canal commission delayed its report; public opinion was diverted for the time being. In October the president of the French company came to the United States, met Rear Admiral Walker, chairman of the Canal Commission, and made a conditional offer to sell the company's property for $109,000,000. This offer was greatly in excess of the commission's estimate of the value of the property. On November 16, 1901, the commission unanimously reported against Panama and recommended the Nicaragua route.

Congress met in the following month, and immediately the champions of the Nicaragua route became active. Col. Hepburn introduced a bill appropriating $180,000,000 for the construction of the Nicaragua canal. On December 10 a treaty between the United States and Nicaragua was concluded, providing for the construction of the canal. On December 16 the Senate ratified the Hay-Pauncefote Treaty, removing the last obstacle to the building of the Nicaragua canal. On December 17 the House, by unanimous consent, fixed upon January 7, 1902, as the date for consideration of the Hepburn bill.

The rejection of the French company's offer by the canal commission resulted in the resignation of the president of the company upon his return to Paris. The directors were aghast at the condition of affairs. The construction of the rival canal by the United States meant complete disaster to them. Their concession would have been worthless; their property at Panama would have become a junk-heap. They elected M. Bô president of the company, and immediately sought for means whereby the negotiations with the United States could be reopened. On January 4, 1902, three days before the date fixed for the canal debate in the House, the company cabled to the canal commission, offering to sell outright all its rights and properties for $40,000,000, the sum estimated by the commission to be a reasonable price for the property.

The House of Representatives, however, was in no mood to listen to the French company. It regarded the former offer as grossly excessive, and it looked upon the new offer as a ruse to gain time. Thereupon, on January 9, by the overwhelming vote of 309 to 2, it passed the Hepburn bill.

Senator Morgan, who was then chairman of the Committee on Interoceanic Canals, prepared to push the bill through the Senate. President Roosevelt, however, called the canal commission together on January 16 to consider the new offer from the New Panama Canal Company; the commission two days later reported that, in view of the reduced and more definite terms, the Panama route would be preferable; and on January 20 the President transmitted this report to Congress.

Thus the New Panama Canal Company was given a new opportunity. It immediately engaged Mr. Cromwell as its American counsel, and he took up again the task of

bringing all the conflicting opinions together in favor of Panama. He was confronted at the outset with a most determined opposition, which attempted to show that the French company's titles were invalid; that Colombia really owned the rights offered by the French company; that the question had been closed and that if the United States was ever to possess a canal, it must go on with the Nicaraguan project. And indeed, public sentiment in the United States seemed to support this contention, in spite of the commission's report in favor of Panama.

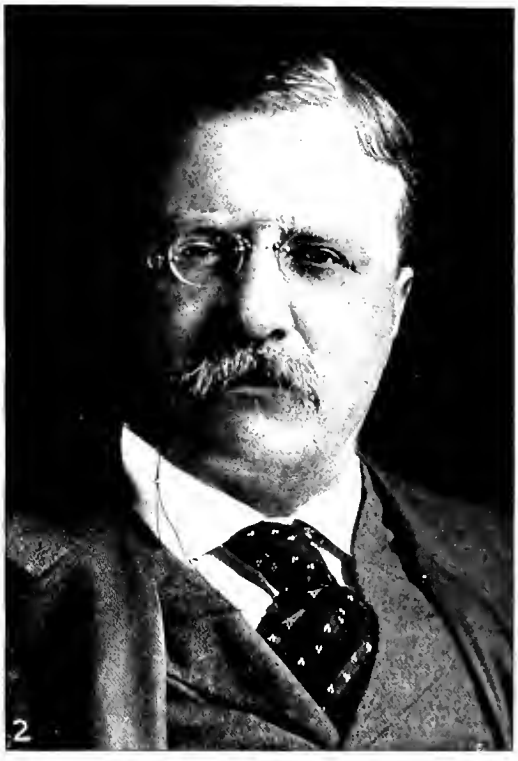
Mr. Cromwell was fortunate in finding a stalwart supporter of the Panama route in Senator Mark Hanna. The Ohioan was a member of the Committee on Interoceanic Canals, and he had carefully studied the question of building a waterway between the oceans. His practical turn of mind caused him to support the canal commission on intricate details as to routes, since he relied upon their technical training and personal knowledge. He favored the Panama route because it was more definitely known and its cost more accurately estimated; because it was shorter and more secure from accident; and he was ready to fight valiantly for it if he could be convinced that the title was perfect.

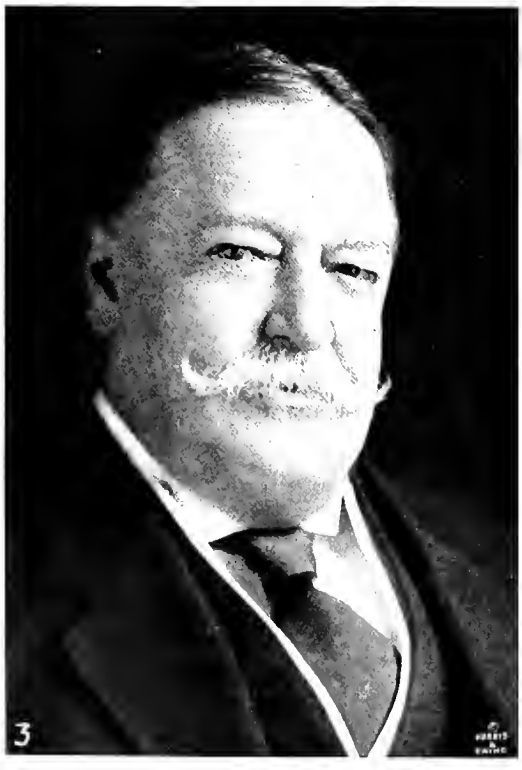
The chairman of the Senate committee, Senator Morgan, had begun hearings for the purpose of breaking down the weight of the canal commission's recommendation in favor of Panama. He contrasted this report with preceding ones in favor of Nicaragua, and insisted that one of the commissioners, Professor Haupt, had been virtually compelled to sign the report in favor of Panama.

It was vitally necessary for the cause of Panama that time should be gained. The Senate committee was in favor of Nicaragua; Colombia had not formally agreed to the transfer of the French company's property, and it was necessary to negotiate an agreement to that effect; and a vote in the Senate would have been fatal. Here the resourcefulness of Mr. Cromwell, aided by Senator Hanna, was most effective. They demanded that the hearings should be widened to include consideration of the Panama route and the reason why it was preferred by the canal commission. Senator Morgan was compelled to prolong the hearings which he himself had begun, and the sessions ran over several weeks. During this period Mr. Cromwell prepared an exhaustive defense of the New Panama Canal Company's titles, initiated a movement for the negotiation of a treaty with Colombia, and began to formulate a plan for the passage of an act which would permit the President of the United States to purchase the New Panama Canal Company's property, provided the title was found to be perfect and its transfer agreed to by Colombia.

Great difficulties began to appear. Senators were doubtful as to the validity of the titles; they insisted that Colombia should bind herself to agree to the transfer; and they also insisted that the stockholders of the French company should ratify the transfer. Senator Spooner, of Wisconsin, who favored a plan for empowering the President to choose either route, was insistent upon these points. Then came the announcement that Colombia had served notice upon the French company that it must not sell its property without Colombia's consent, to which was coupled a demand for an "indemnity" of $20,000,000 as the price of this consent. Colombia then sent a new envoy to the United States, whose mission it was to block the negotiations unless Colombia was paid an indemnity of from $10,000,000 to $20,000,000 and $1,000,000 a year. The alternative was a threat to annul the French company's concession on the ground that its extension had been made by legislative decree, and not by the Colombian congress.

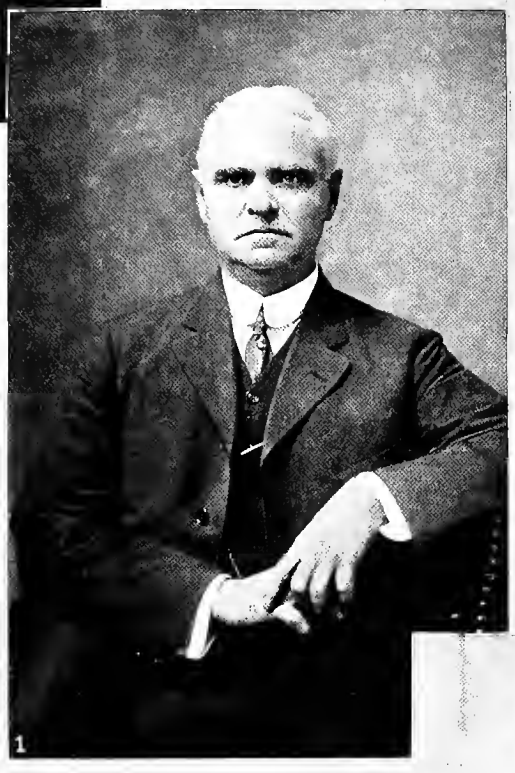
After long conferences between Mr. Cromwell and the new Minister, Mr. Concha, the latter made a statement that the notice served by Colombia upon the French company did not imply opposition to the sale of the property to the United





PRESIDENTS UNDER WHOM PANAMA CANAL WAS CONSTRUCTED

1. William McKinley.
2. Theodore Roosevelt.
3. William H. Taft.
4. Woodrow Wilson.



CHIEF ENGINEERS

1. Col. George W. Goethals, Chief Engineer, 1907-1914.
2. John F. Wallace, Chief Engineer, 1904-1905.
3. John F. Stevens, Chief Engineer, 1905-1907.

States, provided Colombia's interests were protected. This paved the way to an understanding between the company and the Colombian government, and then negotiations were opened between Secretary Hay and Minister Concha, resulting in an agreement under which the United States and Colombia signified their willingness to enter into a treaty which would provide for the transfer of the French company's property to the United States and the payment of a satisfactory sum to Colombia. This agreement was duly brought to the attention of Congress.

The hour came for a vote on the Hepburn bill in the Senate. Senator Spooner had previously introduced a bill placing the choice of routes in the hands of the President, and authorizing him to pay $40,000,000 to the French company after satisfying himself as to the validity of its title. The question in the Senate was upon the adoption of the Spooner bill as a substitute for the Hepburn bill; and after heartbreaking complications and delays, the die was cast. The vote was taken on June 19, 1902, and it stood forty-two to thirty-four in favor of the Spooner bill.

The Senate and House then locked horns. The House rejected the Senate substitute, and a conference committee was appointed. This committee labored for a week, at the end of which time the House conferees yielded. The House thereupon concurred in the Senate amendment substituting the Spooner bill—and the Panama Canal was brought into being. The President signed the bill on June 28, 1902, and negotiations were immediately entered into with Colombia for the conclusion of a treaty in accordance with the Hay-Concha agreement and the terms of the Spooner act.