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Director General of the French Canal Company made his home, and it was here that the French held the brilliant banquets and receptions during the romantic and prodigal period that played such a dramatic part in the history of Panama, under the de Lesseps regime. After the arrival of the American Canal Commission the Chief Engineer, John F. Wallace, made his home here and later on the property was purchased by the United States and since has been the home of the American Minister.

The interior of the Legation is artistically and appropriately furnished with great distinction, and it is here that the affable American Minister, Dr. South, and his gracious wife, interpret in the finest sense the true meaning of Pan-Americanism. Notable among the many charming social events that center at the American Legation throughout the year is the annual reception given every Fourth of July to the American Colony in Panama.

Near the sea wall and overlooking the bay is the French Legation, an artistic building which faces a beautiful plaza, where France has fittingly erected an imposing monument to her sons who failed in that great pioneer project of building the Panama Canal.

The two main plazas, Santa Ana and the Plaza Independencia, frequently called Cathedral Plaza, are notable features of Panama and
are much frequented, particularly every Sunday night when the military bands play. Fronting the Plaza Independencia is the Bishop's Palace, built in 1880, also in the same building is the National Lottery, where the lottery drawing takes place every Sunday morning. The lottery is an institution in Panama that is patronized by all classes, including the residents of the Canal Zone. A portion of the money is given to the Panama Red Cross and to the Panama Charity Hospital, thus rendering the lottery ticket purchaser a volunteer contributor to these public charities.

There are numerous clubs and organizations in Panama, prominent among them being the Rotary Club which is composed of the most progressive business and professional men in the republic. This organization is doing splendid work for the advancement of Panama along all lines.

The Elks' Club is also an outstanding organization in the republic. A beautiful new Elks' Club Building is under construction at present.

An early morning visit to the native market should not be omitted, as it is one of the points of interest in Panama. Situated at the base of the steep incline where the historic old wall passed to the sea and housed in an open building, it is a model of cleanliness and order, due to the excellent supervision of the Health Officer of Panama City, Dr. Henry Goldthwaite. Both the cities, Panama and Colon, are under the complete control of the Health Department of the Panama Canal, which has in the past and is at present maintaining a high standard of progressive development along the lines of sanitation, rendering both the terminal cities, preeminent in Latin America as to excellent health conditions.

Looking out from Panama Bay can be seen the three small islands, Flemenco, Perico and Naos. The black line running from the islands
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is the causeway that connects with Fort Amador, one of the most beautiful of all the military posts on the Zone. It is difficult to realize that the broad acres, grass-grown and beautified by lovely trees, and the attractive quarters, are the result of the millions of cubic yards of earth and rock which were taken from Culebra Cut in the busy days of canal construction. Flemenco, the central island in the group, was formerly used for a cemetery, and here were buried a number of naval officers and sailors who had succumbed to yellow fever and other ill-

nesses while their vessels were lying in port. When plans were being formulated to fortify these islands the cemetery was removed to Ancon Hospital grounds and later removed to Corozal. All three of these islands are strongly fortified and are grim guardians of the Pacific entrance of the canal.

In the remote distance beyond the fortified islands can be seen the outline of Taboga Island, which is a delightful spot and well worth the visitor's time. As part of Panama, Taboga has her traditions. It was founded in 1549 by the King of Spain, who at the time of settlement freed all the Indians who were then slaves of the Spaniards. It is recorded that when the news reached Old Panama that Morgan and his men were crossing the Isthmus to attack the capital, the
"monks and friars, laded with heaps of tall candle sticks of purest silver, crosses, crucifixes and goblets of purest gold" and "very fair to look upon and sore to part with" put out to sea, and upon arriving at Taboga and the small adjoining island, Taboguilla, proceeded to bury the golden treasure. But Taboga of recent years has become famous as a pleasure island rather than as a treasure island, and the hotel which was built by the French and used as a sanitarium is open the year 'round and is the scene of many festive parties throughout the year.

In the "forties" Taboga enjoyed a period of great prosperity and affluence, and was considered a port of great importance with a large fleet of steamers calling weekly, and we find it listed in the old charts of the English Admiralty as "an island in the Gulf of Panama with a safe harbor, good water and an abundance of tropical fruits, pigs and fowls". How-
ever, with the advent of the French, the glory of Taboga waned and it was during their regime used as a health resort. The Americans also appreciated the benefits of the delightful climate, cool breezes and good water, and followed the example of the French. During the construction of the canal, they maintained a hotel there where patients were sent when dismissed from the hospital to convalesce.

The island is a popular resort and is much visited by tourists, Panamans and canal employees, who go there for a quiet and restful week-end. There is a quaint little village, an interesting old church, a palm-fringed coast washed by a scale of blue and ultramarine water, while in the background is the outline of the green hills, at the base of which nestles a beautiful grove of tamarind trees—the very name tamarind striking the ear like a note of music. Such is Taboga—the gem of the ocean.

Beyond Taboga, off the coast from Panama City, is the famous archipelago of known as the Pearl Islands. The Spaniards called them King's Archipelago, and from the pearl fisheries, which...
The return to Panama from Taboga is made quickly, and as we glance back at the green-blue slopes of the mountains, the coast of the tiny island is outlined against a golden rosy haze and its green shores soon become unreal like a far-away vision. Before us lies beautiful Panama City, embosomed in the curve of Panama Bay, with a sky of brilliant blue that melts into grey, misty clouds—a canvas of raw throbbing pigments backgrounded by grey-green hills and nodding palms, of which Pennel, the great artist, wrote—"Panama as beautiful as Naples or Tangier, yet hardly a tourist knows it." However, this was written when the work of building the canal was at its height and when the importance of the stupendous undertaking had blotted out every other interest in Panama. Today the tourists are coming here by the hundreds and Panama is destined to be as popular as Naples or Nice with her historic background, foreign charm, great natural beauty and numerous delights that it hospitably offers the passing world.
The Panama Railroad
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It would be difficult to over-emphasize the historic and economic importance of the Panama Railroad to the Americas and to the world, for its history is the history of a realized dream of thinking men who for centuries had recognized the importance of a free inter-oceanic communication at the narrow strip of land known as the Isthmus of Panama.

It is necessary, before considering the Panama Railroad as it exists today, to glance at the background of the historical forces which produced it. Its early beginnings antedated those of North America many years and our successful efforts were but a renewal of many previous attempts to construct a rail-and-water communication between the Atlantic seaboard and the Pacific Ocean.

England, inspired by the appeal of the benefits which would result from the shorter trade route to her possessions in the East, investigated the possibility of building a railroad or a canal, but the stupendous magnitude of such an undertaking discouraged her and the project was abandoned. France, ambitious also, entered into a contract to establish a railroad and a grant for this purpose was made by the Government of New Granada (the Colombian district was disrupted in 1831 and the region of Panama became known as New Granada)
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to Mateo Kline in 1848, but the many obstacles and huge sums of
money required for its completion discouraged the contractors to such
an extent that the contracts were defaulted within the year.

It was then, with the changing of the North American bound-
aries when we came into possession of Oregon, and the war with Mex-
ico giving us California, that the attention of North America was
properly aroused to the necessity of a shorter route to the almost (at
that time) inaccessible possessions.

Meanwhile the discovery of gold in California which attracted
the multitude of "Forty-niners" who, urged on by the true spirit of
the pioneer and a cupidity that was dauntless, flocked to the Isthmus
in such numbers that the need was infinitely increased for a regular line
of steamships between the Atlantic and Pacific ports.

Accordingly, to meet this suddenly increased need, the North
American Congress hastened to authorize contracts for the establish-
ment of two lines of mail steamships—one from New York and New
Orleans to Panama, and the other to connect with this by the Isthmus
of Panama to California and Oregon. Mr. William H. Aspinwall
secured the line on the Pacific side and Mr. George Law the line on
the Atlantic side. Aspinwall was a man of vision and in securing the
contracts for the steamship line it was his plan in the beginning to
build a railroad across the Isthmus. Together with his associates,
John L. Stephens and Henry Chauncey, they entered into a contract
for the construction of an "Iron Road across the Isthmus of Panama".

However, before the contract was ratified, the services of Mr. G. W.
Hughes of the United States Topographical Corps were engaged and he,
accompanied by a large party of engineers, came down from New York
for the purpose of mapping and surveying and locating the road.
Their report that a railroad across the Isthmus was a practical and
feasible proposition corroborated Mr. Stephens' own opinion. Mr.
Aspinwall immediately returned to New York and conjointly with his
partners, John L. Stephens and Mr. Henry M. Chauncey, incorporated
under the name of Panama Railroad Company and a formal contract
was entered into on April 15, 1850, with the Government of New
Granada for the exclusive privilege of establishing "an iron Railroad
between the two oceans across the Isthmus of Panama".

The route the engineers selected for the Panama Railroad crossed
the lowest pass to be found between the oceans in any part of the
Americas and also at the narrowest part of the Isthmus, the distance
by air line being little more than thirty miles. Geologists state that
the Isthmus has existed as land above water since the tertiary period
and that through the ages it eroded, greatly, until the Culebra Gap
was only five hundred feet above the sea; the topography consisting of a
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costal plain on the Atlantic side ascending to the mountains and then
the narrower coastal plain along the Pacific coast.

The Isthmus, as can be seen, is in the shape of an arc running east
and west convexing toward the north.

This contract was liberal in its terms and granted to this com-
pany the right of operating the road for a period of forty-nine years
from the date of completion. It was stipulated that the construction
should not occupy a longer period than six years. The engineers se-
cured on the construction of the road were Col. G. W. Totten and
John C. Trautwine, and under their capable guidance the work on this gi-
gantic undertaking was begun in May, 1850.

The inauguration of the actual beginning of the work was marked
with no "imposing ceremonial or
breaking of ground," but with a prim-
itive simplicity. Mr. Trautwine and
Mr. Baldwin with a few Indians armed
with machetes began work at the Island
of Manzanillo which is now known as
Colon. The first thirteen miles of the
road traversed dense jungles which
were a morass of pestilential dangers
infested with snakes and poisonous in-
sects. In Seeman’s "Voyage of H. M.
S. Herald" we find a graphic descrip-
tion of this region:

“In all muddy places down to the verge of the ocean are impen-
trable thickets of mangroves, chiefly rhizophoras and avicennias, which
exhale putrid miasmata. Myriads of mosquitoes and sand flies fill the
air, while huge alligators sun themselves in the slimy soil.”

Despite the discouragements, dangers, and seemingly insurmount-
able obstacles, these brave men pushed on and worked painstakingly and
methodically for the achievement of their ideal—a completed railroad.

The country was almost entirely without resources: the food and
materials had to be shipped thousands of miles. The natives, apathetic
and unaccustomed to labor, could not be relied upon and all labor
had to be imported. And from all points they came; natives from the
coast, West Indians, English, Irish, Germans, coolies and Chinamen,
and all with the same result. Death thinned their ranks until it looked
for a time as if the work would have to be abandoned. It became
increasingly difficult as the work progressed to get more men, for the gruesome and weird stories of the "Hell Strip" which had proven a graveyard for such a vast number had spread abroad. The plan to import a boatload of Chinese laborers was finally decided upon; and eight hundred eventually arrived. The story of their ill-fated expedition to a land where they expected high wages and an eventual triumphant return to China is one of the many tragedies connected with Panaman history.

Soon after their arrival in the unfamiliar land of strange customs, they became morose with homesickness and fear. Added to their misery was the fact that because of a Maine opium law which on some pretext had been enforced on the Isthmus, the use of opium was prohibited because of the "immorality of administering to so pernicious a habit", and they were deprived of their accustomed daily portion of the drug. A heavy melancholia settled upon them. In their ears they heard but one sound, the mournful dirge of death, and with that strange complexity of their natures, they brooded wistfully for their native land; the promised land of their fanciful vision had proven too terrible to even endure, and with that passive resignation so characteristic of the Chinese they committed suicide, choosing weird and unexpected ways. Some hung themselves with their queues, others cut their throats, and some paid their last money to their companions to shoot them; and again in groups they joined hands and walked out beyond the margin of the sea and met their fate stoically as the turbulent incoming tide bore them out to the ocean. A watery grave was preferable to the land they found so unbearable. The small remaining group, numbering scarcely two hundred, sick in body and spirit, were sent by the engineers to Jamaica.

The next importation of labor proved almost as unsuccessful as the Chinese. A shipload of Irishmen arrived from Cork, Ireland. Immediately upon arrival they succumbed to the fatal fevers and scarcely a day's labor were they able to perform. The few survivors were shipped to New York where most of them died from diseases contracted in Panama. The work was completed with laborers from Cartagena, Jamaica and East Indians.

From the beginning it was difficult to run the lines through the swamps and as the work progressed it became increasingly so. In the reports of the engineers under Col. Totten we find the statement that they failed to find the bottom of portions of the swamp at 180 feet but, undismayed, later repeated their efforts with renewed force and effected a causeway by throwing in tons of wood, rocks, brush, etc., and at last literally floated the tracks over the jungle swamps.

An interesting story found in the private papers of Colonel
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Totten tells of an incident in connection with filling the seemingly bottomless pit known as the Black Swamp, near Gatun, and is retold as follows:

The holes would not fill. William Thompson, who later became a passenger conductor on the railroad, was sent to Gatun Lake by Chief Engineer Totten with orders to fill in a designated part of the lake. Thompson kept running his cars to the lake, unloading and returning for more dirt and stone. Days and months passed. Still the measurements evidenced no material difference of depth of water where the dumping had been carried on. Thompson becoming discouraged, sought his chief, and after explaining his trouble, handed in his resignation. Totten leaned over his desk and put these questions to Thompson, the disconsolate:

"Have you any other job in view, Thompson?"
"No, sir."
"Are you tired of the job?"
"Looks that way, Col. Totten."
"Are you afraid that the Company has not enough money to pay you, Thompson?"
"It is not that, Col. Totten, but you see, sir, I've worked faithfully to fill up that . . . . . . hole and I don't seem to make any impres-
sion on it, and I thought it was my fault, and that you could find a man to do it better."

"Now Thompson," said Engineer Totten, smiling, "you go back to your hole, take your cars and keep on filling until you get the bottom covered and I will tell you when to stop, and you will find the bottom."

And he did.

Notwithstanding all of these difficulties and discouragements, the road was successfully completed in 1855, just five years from the date of the beginning of its construction, at a total expenditure of $7,407, 535.00. The frightful toll of death, evidenced by the hundreds of wooden crosses that marked the graves of those who succumbed, gave rise to the epigrammatic and gruesome statement that "every tie in the Panama Railroad represents the life of some man who paid the price of its construction with his life."

The honor due these intrepid engineers, who with their men held to duty when it was more reasonable to leave it, has never been given; and the tragic fate that befell many of them has not been written in epic, song, or story. Their only monument today is the Panama Railroad, the completion of which marked one of the greatest achievements of the age and will ever be a memorial to the dauntless courage of its brave builders and their story is one of the most gallant in the annals of commerce.

That Col. Totten was the dominating force back of this ambitious project is evident by the reports, and his energy and almost superhuman endurance in prosecuting the enterprise is amazing. Ten years he spent in Panama, the first five in construction and the second five years in operation. He was employed after the completion of the road as Manager. Shortly after its inauguration, Col. Totten was stricken with yellow fever. For days he lingered between life and death. At last his Spanish doctor told him and his family that there was no hope for him. Hearing this, Col. Totten roused himself and with the same indomitable courage that had marked every step of his work in building the railroad said, "You are mistaken, sir; not yet. What is to become of the road? Yellow fever can't kill a Totten. I am going to get well!" And he did.

The inauguration of the Panama Railroad is graphically described in the Daily Courier of Aspinwall, New Granada, February 24, 1855. There was a special train with guests and at all the stations floral arches were erected. The day ended with a grand banquet at the Aspinwall Hotel, the social center at that time of Panama. The editorial of this issue of the Courier is interesting:
"The communication between the two oceans (Atlantic and Pacific) by railway may now be considered permanently established. The iron was connected on the evening of January 27th and on the following day (January 28th) that sure harbinger of North American civilization and triumph, the ‘chariot of fire’, came thundering over the summit and down the Pacific slope. It was a glorious sight to witness the ‘iron horse’ and his rider pursuing his perilous journey over fearful chasms, through mountain gorges, along pleasant valleys, winding around hoary mountain tops and perched upon a narrow shelf of mountain rock in mid-air. On, on he went, over rivers, through dense forests, plunging clear through the awful swamps, and ever as he went there came up from the caverns of the hills strange sounds and echoes that had not been disturbed since that day ‘when the heavens and earth were finished and all the hosts of them.’

"The people of Panama who had been anxiously awaiting the arrival of this strange visitor greeted its approach with such a cheer of hearty good will as made the welkin ring again. Even the dimples on the placid face of the Pacific seemed brim full of happy smiles as her waves coquetted with the shore.

"Col. G. W. Totten, Chief Engineer of the Road, J. M. Center, Vice-President of the Company, Dr. T. C. Barker, one of the Medical
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Officers of the Company and a few citizens composed the party which left the summit and passed over the track on that occasion."

The following highly entertaining account of the inauguration of the road, as sophisticated New York viewed it, is worth copying. The Daily Courier, issued in Panama, in the issue of Friday morning, February 16, 1855, had the following from the New York Mirror:

"A SUBLIME BRIDAL—TWO OCEANS WED."

"Invitations are out for the most sublime and magnificent nuptials ever celebrated upon our planet, the wedding of the rough Atlantic to the fair Pacific Ocean. An iron necklace has been thrown across the Isthmus; the banns are already published and the bridal party will leave this city on Monday next, February 5th, to perform the august ceremony.

"Some seven millions of dollars have been spent in achieving this union, but the fruits thereof will soon show it has been money well invested. Across the bosom of the Isthmus the golden products of our Pacific borders and the incalculable treasures of the distant Orient are destined to flow in unremitting streams.

"The stupendous enterprise of uniting the two oceans which embrace the greater portion of the globe, we are proud to say, was conceived and executed by our own citizens in the frowning face of obstacles that none but Americans could have overcome. The swamps, the mists, and miasmata of the Isthmus drove all the engineers of Europe home in despair who contemplated the gigantic undertaking and the Herculean work was left to the hands and hearts of men in whose vocabulary 'there is no such word as fail.'

"The engineers of England and France pronounced the project utterly impracticable. To the late lamented Aspinwall, his associates and others, the world is indebted for the completion of the Great Bond—this commercial linking of the hemispheres—an enterprise so full of poetic sublimity and so fraught with interest coextensive with the whole earth may well command the attention of the whole world and deserves to be fitly inaugurated."

That the editor of the Aspinwall Courier was a loyal American is evidenced by the following:

"Passengers bound to California left here on the morning of the 16th and had an agreeable and expeditious transit across the line. To the United States belongs the honor of this work. From its inception to its consummation, it is purely American—American genius conceived

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the plan; American science pronounced it practicable; American capital has furnished the sinews; and American energy has prosecuted the gigantic enterprise to its completion in spite of the most formidable difficulties."

From the beginning of the Panama Railroad's history, to its offices have been delegated unique and unusual activities, perhaps none so strange as the enforcement of law in those early days of lawlessness when New Granada was too weak and unstable to safeguard the property and maintain order. Full power was given to the railroad by the government, and the railroad officials became the recognized police of the Isthmus. That they were successful along this line was due to the fact that they employed an armed guard of forty men who were placed under the command of a Texas Ranger, Ran Runnels, who was famous in his day for daring and fierce exploits in the cause of order, and on the Isthmus he became a terror to a group of outlaws who infested the place.

A description of his personal appearance, as related by a writer who visited Panama when Runnels' word was law is interesting:

"The casual observer would not mark anything very formidable in the delicate organization of the bold Ran. He is of short stature and of slightly-built frame. His hand is small and looks better suited for a lady's kid glove than to handle a bowie knife or revolver.

"His boyish, well-combed head and delicate features indicate little of the daring spirit of the man, but there is a close resolute pressure of the lips, a commanding glance of the eye, a sinewy wiryness of the limbs, and an activity of movement, all of which are in character with his bold determination and lively energies.

"His guard of forty are not very impressive in appearance. A military martinet might object to such a loose assortment of bravos of all colors, heights, and varieties of dress. A bare-footed, coatless, harum-scarum looking set they are, and might easier pass for the forty thieves than that number of honest guards. However, with Ran Runnels at their head, they have cleared the Isthmus of robbers and kept thousands of unruly laborers in wholesome subjection.

"Whipping, imprisonment, and shooting down in an emergency, have been liberally inflicted in the exercise of the powers delegated by
the Governor of New Granada to the Company which has the power of life and death on the Isthmus, without appeal."

The completion of the Panama Railroad marked a revolutionary period in the world’s traffic, and the immediate effects on transportation of the rapidly increasing demands of commerce were such that they could not be met at the beginning.

All the money the company had had been spent on the road’s construction; the equipment was inadequate and it was a grave question that faced the railroad officials—a definite curtailment of the road’s operations meant not only a great loss of money but also a loss of prestige. For this reason the management in Panama conceived the idea of getting out a rate card that would be so prohibitive in price that only a limited number would travel via this expensive route. The charge for first-class passage one way was $25.00; second-class $10.00; personal baggage 5 cents per pound and express $1.80 per cubic foot. The card, which was more or less of a joke and only intended to bridge over a critical time, was duly forwarded to the New York General Offices with the explanation that the tariff would be reduced to reasonable limits in the near future. It was with utter astonishment that the management in Panama received from the New York office the statement that the rates had been accepted without protest and, more astonishing still, is the amazing fact that for a period of twenty years these exorbitant rates were unchanged.

It is small wonder that during this time the company paid a 24% dividend with an occasional stock dividend. The gold seekers continued to come and Panama enjoyed a period of affluence and importance, and the eyes of the world were focused upon her, for the completion of the railroad had but served to stimulate the ambitious dream that nations had indulged in for over two hundred years, of a canal from ocean to ocean. With the increased revenues, progress manifested itself in every department of the road. Splendid terminal wharves were erected and many improvements made. New cars and engines were purchased, hospitals were established and medical attendance was free. A well equipped library and a billiard hall contributed much to the pleasure of the employee and it was the Panama Railroad that was administratively responsible for the quaint church known as Christ Church-by-the-Sea, erected in 1865, and which is today the most picturesque place of worship on the Isthmus.

The railroad was maintained by a highly specialized subdivision organization which was extremely simple in operation as compared with methods used today. Every four miles stations were erected, the house being used for the residence of the track master, and under his supervision there were ten laborers who looked after the intervening
road. There were twelve track masters and one hundred and twenty laborers, and it was in this manner that the road was kept in perfect condition. However, with the prosperity of the road at its height, there came a dark sequel which had two contributing factors. First, a change in the political life of Panama when New Granada was superseded by the Republic of Colombia, and the original concession given the railroad for a period of 49 years was modified August 16, 1867, to ninety-nine years with heavy impositions on the railroad company which made serious inroads upon its revenues. One million dollars was paid then to Colombia and a subsidy of two hundred and fifty thousand a year was exacted besides having to transport "free of charge troops, chief officers and their equipage, ammunition, armament, clothing and similar effects that may belong or be destined for the immediate service of the Government of the State of Panama." In the report for one year after this measure was put into effect we find there were 4,663 first-class paid fares, while 11,098 passengers and 6,601 troops were carried free.

The second cause of the road's waning glory was attributed to the fact that May, 1869, marked the completion of the Union Pacific Railroad, and travel to and from California was directed to this convenient transcontinental route. The business of the Panama Railroad
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began to decline rapidly, and until the French took up the problem of building a canal we find the finances of the company at a very low ebb. The stocks that had once sold for $335.00 could be bought for $60.00.

However, this depression in the road's affairs did not continue long, and a new impetus was given to all commerce in Panama with the arrival of the Compagnie Universale du Canal Interocanique on the Isthmus to construct a canal, and we find the Panama Railroad stock at this time listed at $100.00 per share. It was soon evident to de Lesseps, the French engineer who was at the head of the French Canal Company, that it was highly important to obtain full control of the railroad in order to construct the canal, and accordingly he began negotiations to buy out the Panama Railroad. Immediately the shares jumped to $291.00, but this fact did not deter de Lesseps, and in 1881 the French Canal Company bought 68,887 shares of the 70,000 outstanding stock, and thus the control of the Panama Railroad passed into the hands of the French Canal Company.

However, surprising as it may seem, there was very little visible change in the status of the road with the inception of the French control, which was due to the company's charter given in 1849 from the State of New York, which stated expressly that "... the Directors should be annually chosen in the city of New York and on such notice as shall be directed by the laws of said corporation." It was de Lesseps' intention to remove the New York office to Paris, and it was a blow to him when he learned that under the terms of the charter it would be necessary to continue the American organizations in New York. However, the policy of the railroad's affairs was dictated by the French Canal Company and appointments of the New York officials made by them.

The reign of extravagance that marked all of the French canal operations also affected the railroad; there were some improvements in equipment and terminals, and much unnecessary machinery was purchased, including snow plows. We find in the reports that the Director General rode in a car costing forty thousand dollars. The road was run on a correspondingly lavish scale; large salaries and much graft were the order of the day, and when the French Canal Company collapsed in 1888 the railroad organization went to pieces also and there was a demoralized condition generally in the road's affairs until the Canal Commission arrived in 1904.

The vicissitudes with which the past history of the Panama Railroad is so strongly marked came to an end with the arrival of the Canal Commission, and a new era began.

In 1904, shortly after the Republic of Panama was established, the United States Government paid the French Canal Company forty
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million dollars for its properties, and of this amount seven million was paid for the Panama Railroad with its franchise and all rights. This included about 43,000 acres of land that went with the railroad property and was included in the terms of the original franchise of the Panama Railroad property. This land, which includes practically all of the city of Colon, was to revert back to Colombia at the expiration of the franchise. Therefore it will be readily seen that this land can not be sold. However, the Republic of Panama, as a successor to the Republic of Colombia, transferred in the treaty between the United States and Panama in 1904 all of its rights to be acquired at the expiration of the franchise. Therefore the United States purchased the Panama Railroad from the French Canal Company with the complex result arising from this purchase that through the Panama Railroad the United States became the owner of much valuable land in Panama but can not sell it under the terms of the franchise given for 99 years and which does not expire until 1966. Meanwhile the Panama Railroad, as a successful real estate dealer, makes leases of the land in question to the highest bidders for the desired term of years.

With this complication of ownership it is not surprising then that the Panama Railroad as a historical creation, should baffle and defy definition—a corporation at times, a government organization, and again an institution—but at all times independent and a necessary and vitally important adjunct to the governmental interests in every department of its economic existence on the Isthmus.

The property of the railroad transferred to the United States Government from the French Canal Company consisted of 48 miles of single track with 26 miles of siding, thirty-five locomo-
tives, thirty passenger cars, and about 900 freight cars, all of which was more or less obsolete and greatly deteriorated. Engines, cars and machinery were scattered over the entire length of the road and overgrown in many instances with rank vegetation.

It was this state of affairs that confronted the famous engineer, Mr. John F. Stevens, who arrived on the Isthmus in 1905, and it was his genius, coupled with much hard work, that brought order out of chaos. Mr. Stevens had full charge of the railroad as well as the canal. The railroad was strengthened and double-tracked, and wherever it could be used to an advantage, was made an instrumentality in canal construction, which was not difficult because of the fact that the road was in general parallel with and close to the canal axis and connection between the canal and railroad, particularly in the "Cut," was easy to make.

With full government control, and as an adjunct to canal construction, we find the Panama Railroad assuming a new importance—its history fused and overlapping that of the canal and all of its activities, which were stupendous, subordinate to the important task of canal construction.

One of the most important achievements at this time was the reconstruction and relocation of an entirely new railroad, made necessary by the Isthmian Canal Commission in 1906, when plans were
made for a lock-type canal. The new relocation of the road was built on a higher level. It was finished in 1912 and is the present line of the Panama Railroad. Its length is 47.61 miles. The side tracks, yards and other operated tracks represent 183.664 miles.

Aside from the Railroad Company's many operations on the Isthmus, it owns and operates a splendid line of steamships plying between New York and Cristobal on the east coast, and on the west coast between Panama and Guayaquil and Buenaventura, Colombia. The important work accomplished by the railroad and steamship line during the world war is a definite illustration of the high degree of organization attained by the road in efficiency, which enabled them to achieve remarkable results.

As a great enterprise the Panama Railroad has and is rendering service to the public which has more than justified its corporate existence. It has dealt successfully with every problem of commerce, and as a part of the Panama Canal its interests are the interests of civilization.
The Panama Canal
THEODORE ROOSEVELT, who left to the world the enduring monument, the Great Panama Canal.
THE PANAMA CANAL

THE LAND DIVIDED, THE WORLD UNITED, is the motto of the Panama Canal, and one more fitting could not have been chosen, for in those few words are embodied the realized dreams of the ages, beginning with a period that stretches back to the time when the seas were uncharted and it was written that "the ocean encircles the ultimate bounds of the inhabited earth and all beyond is unknown."

In the years 1269 and 1295 Marco Polo, a Venetian, visited China. He brought back to his native land marvelous tales of the beauties and wealth of Asia which resulted in a vast trade being developed with the Orient, and for a time Europe enjoyed an uninterrupted intercourse, via the Mediterranean, thence overland via routes that later became closed. It was during this period that gunpowder, printing and the compass were introduced into Europe from China. These trade routes, even though difficult and circuitous, involving long periods of travel, were highly important. They were closed by the Turks, who were Mohammedan and hostile to the Christians. For two centuries the Christians had been trying to impose their faith on the Turks through crusades. When Constantinople, the free port, fell into the hands of the Turks in 1453, it was a religious barrier that deprived the great trade centers, Genoa and Venice, of the established route to India.
THE PANAMA CANAL

Genoa and Venice were rival cities and in 1298 they engaged in a naval battle. The Venetians were defeated and among the prisoners taken was Marco Polo, the great traveler whose "hobby was seeing the world," and it was while in prison in Genoa that he wrote his remarkable book, "The Travels of Marco Polo." This book was widely read and exerted a powerful influence upon subsequent discoveries when the necessity for opening a new route to India in the fourteenth century became the chief concern of Europe. Marco Polo's travels were read and re-read, and his thrilling account of the land of wealth and beauty fired the imagination of Christopher Columbus and aroused in him a desire to find a way to reach the shores of this land of promise. When Columbus started out upon his perilous voyage of discovery, it was to find Marco Polo's Cathay (Northern China) and it was his perseverance that caused him to press on in the face of discouragement. His companions believed they were sailing in a "shoreless sea of haughty winds." The story of this hazardous voyage that resulted in the discovery of a new world is old, but ever new in the retelling and invested always with the romance of the unexpected. That he did not discover the "secret strait" on his fourth voyage certainly was not due to lack of persistence—and he little realized when he touched the unpromising shores of the Island of Manzanillo that he had really discovered the shortest possible route to India and that on that spot would arise the terminal city of the great waterway which eventually would divide the land and unite the world.

Viewed across the years, the canal idea seems remote in the distance, but from the time of Columbus' discovery until the time of the completion of the canal project, the idea of a waterway across the Isthmus of Panama was germinating in the minds of men. The completed canal is but further proof of the statement that "All thought works out in action." The history of the attempts, plans, projects, examinations and surveys, beginning with Charles V, King of Spain, to construct a transisthmian canal would fill volumes and are the records of several ambitious countries, including the United States, who as early as 1825 made tentative steps along this line. The successful completion of the Panama Railroad in 1855 gave a renewed stimulus to the canal idea, and in 1877 we find Lucien Bonaparte Wyse of the French Navy in Panama making surveys and examinations for an interoceanic canal in Panama.

The Colombian Government granted Lieutenant Wyse a concession for excavating a canal between Colon and Panama along the Chagres River and following the same route as the Panama Railroad. In 1879 the International Canal Company was called together in Paris. This company purchased the concession that Lieutenant Wyse
had obtained from the Colombian Government, definite plans were formulated for a ship canal across the Isthmus of Panama, and Ferdinand de Lesseps, whose success in triumphantly completing the Suez Canal had given him a world-renowned prestige, was put at the head of the company. This company was known as the Universal Inter-oceanic Canal Company, and December 30, 1879, de Lesseps, past seventy, accompanied by his beautiful wife, a native of Mauritius, and the International Surveys Company, composed of brilliant and distinguished French engineers, arrived on the Isthmus of Panama.

This date marked the first definite beginning of the building of the Panama Canal. There was a thrill of activity and excitement in the air which was communicated to every portion of the Isthmus with the arrival of this magnetic and forceful, but impractical man. Receptions were given, toasts were drunk to the success of the enterprise, and the long periods of inactivity and melancholy that had hung over Panama since the prosperous days of the gold rush to California lifted, and Panama again became the stage on which was played another drama that had to do with linking together the commerce of the east with the west. All was excitement. A few who are yet living tell of the vivid impression made by de Lesseps as he answered positively the questions put to him about the method of constructing the canal. "The canal will be made," dramatically he would affirm in answer to every doubt expressed. "What will be done with the Chagres River?" timidly inquired an experienced engineer, to which question de Lesseps answered without hesitation, "It is the intention to turn the upper
river into the Pacific Ocean, thereby relieving the lower valley of floods.”
“Thus,” he added, “can be done without expense. Have no fears, the
channel will be made.”

The plan was adopted by vote of the International Survey Con-
gress held in Paris in 1879 for a sea-level canal. Many of the best
engineers were doubtful as to the ultimate success of this type canal,
but de Lesseps was persistent in his plans and overruled all objections.
With due ceremony the work was launched and the construction of a
sea-level canal began. Contractors, engineers and laborers thronged to
Panama. They worked terrifically. Their work was good, but they
were not equal to combating the “Hidden Forces” of a land that reeked
with disease. The enervating climate wore them out; the inevitable
toll of death, never ending but ever increasing, broke down their morale.
When the cataclysm came in 1888 it was the result of the combined
forces of the ravages of disease they were powerless to control, of dis-
sipations and mismanagement.

The French had failed: the story in detail is a picturesque, grim
and dramatic one, so gallant in its beginning, so tragic in its ending.
The failure that brought such dire disaster to the French Canal Com-
pany ruined thousands of unfortunate investors and resulted in Fer-
dinand de Lesseps being tried in the French courts. His son, Charles,
was tried also; both were convicted and sentenced to pay a fine and
serve five years’ imprisonment. Later the sentence against young de
Lesseps was reversed, and the charge against Ferdinand de Lesseps never
executed. His remaining days were spent as an outcast, forlorn, lonely,
a wreck mentally, physically and financially. His death occurred in
1893. Not only was de Lesseps on trial before the courts of France but before the world—the verdict then was harsh and his name was coupled with unkind epithets, but time has softened the verdict. His sincerity, his enthusiasm, his faith in himself—the qualities which had been instrumental in completing successfully his great achievement, the Suez Canal—are remembered. The opinion voiced by one writer is universal: "De Lesseps, having attempted great projects, must be measured by great standards."

After the complete collapse of the French Canal Company, all the affairs of the company were administered through the receiver that had been appointed. Lieutenant Wyse, in order to fulfill the terms of the charter, obtained from Colombia an extension of time on the completion of the canal. The receiver appointed a new company to complete the lock-type canal that had later been adopted. A committee appointed by the receiver and designated as the Comité Technique, composed of distinguished engineers, numbering among them two Americans, arrived on the Isthmus and began the systematic and comprehensive work of compiling surveys, estimates and scientific engineering information, all of which proved to be of inestimable value to the Americans when they undertook the construction of the canal. The new Canal Company was merely a means of holding the charter and very little actual work was accomplished. To put the project on a firm foundation required millions; there were no millions forthcoming to keep afloat the bursted bubble. So far as France was concerned her sun had set forever on the canal project and the only hope for the
Commission of the United States, made investigations of the whole canal problem, covering all possible routes in Central America. A smouldering activity began to manifest itself in North America and the possible development of the canal idea became the important topic of the day. North America was on the verge of launching the Nicaraguan Canal enterprise when the French Canal Company agreed to sell its Panama Canal concession and properties to the United States for forty million dollars. After much controversial discussion as to the most advantageous route, the Panama route was finally agreed upon. On June 28, 1902, what is known as the Spooner Law became effective. This law embodied the following points:

(a) The purchase of rights and property of the new Panama Canal Company at forty million dollars, in-