CHAPTER VII

THE ROOSEVELT IMPETUS

THEODORE ROOSEVELT, upon assuming the office of President, promised to carry out the policies of President McKinley, and, so far as the canal policy is concerned, he succeeded so eminently that a deliberate judgment, formed from a perspective view of the whole undertaking, warrants the assertion that his energy, decision, and sound judgment made an interoceanic canal possible in this generation.

The moment his dynamic personality got behind the idea it received an impetus, and he bucked the line of obstacles that arose in the path of the project until he retired in 1909, when the enterprise was advanced beyond the possibility of failure.

It was to President Roosevelt that the Walker Commission reported in November, 1901. His first message to Congress urged immediate action, and, after a good deal of wrangling over the Hepburn act in favor of Nicaragua, the Spooner act was passed on June 28, 1902. The Nicaraguan route never has deserved the attention it received, for the natural drift of commerce and travel had gone unerringly for four centuries to Panama, like a flow seeking the course of least resistance. But the advocates of the Nicaraguan route created such opposition as to call forth from the President the exertion of the strongest

pressure to compel the selection of the Panama route.

The Spooner act, written by Senator John C. Spooner, of Wisconsin, provided for an Isthmian Canal Commission of seven members, and authorized the Panama route, if the French property could be bought for $40,000,000, and a right of way could be obtained from Colombia. In the event such conditions could not be met, it authorized the Nicaraguan route, and seemed to lean toward a lock-type canal. An immediate appropriation of $10,000,000 was made available for preliminary expenses.

President Roosevelt now had the authority he desired for going ahead with the project. Secretary of State John Hay and the Minister from Colombia, Jose V. Concha, immediately began corresponding over the granting of a strip of territory in Panama for the prosecution of the enterprise, with William Nelson Cromwell in the forefront of all the negotiations. The sale of the French property hinged upon securing the consent of Colombia.

A study of Mr. Cromwell and the important part he played throughout the whole career of the canal project leads to the conclusion that he did nothing more blameworthy than President Roosevelt did, while justice requires the admission that he gratuitously aided the government in a number of important particulars.

Minister Concha, with Mr. Cromwell's aid, drew up a treaty which was presented as a memorandum to Secretary Hay on April 18, 1902. This treaty, as

well as the Herran treaty that succeeded it, had a number of impossible provisions, viewed in the light of our canal experience. It authorized the French company to sell its property to the United States and authorized the United States to build, operate, and protect the canal, the concession to run for one hundred years, and be renewable at the discretion of the United States. A commission, jointly appointed by the United States and Colombia, was to govern the Canal Zone and supervise its sanitation, Colombia, however, remaining sovereign over the territory. One article bound the United States to a declaration that it had no ideas of territorial expansion in Central America; the United States was to build waterworks and sewers and pave streets in Panama and Colon; the United States guaranteed the sovereignty of Colombia and all its territory against all the world; Colombia retained the function of policing the Canal Zone, but in the event of its failure to do so, the United States could intervene until peace was restored, then withdraw. The canal was to be finished fourteen years after the adoption of the treaty with a possible extension of twelve years, everything to revert to Colombia if the canal was not begun within five years and completed within twenty-five years. Colombia renounced the $250,000 annually paid by the Panama Railroad, but was to receive $7,000,000 in cash. There were provisions granting the right to use any rivers and lands necessary for the canal, and admitting canal supplies free of duty, giving free

Clinedinst photo, Washington, D. C.

PRESIDENT ROOSEVELT IN 1903.

passage to Colombian warships, and insuring the neutrality of the canal.

Colombia sent a new Minister, Thomas Herran, in 1903, who negotiated a treaty along the same lines, except that Colombia was to receive $10,000,000 instead of $7,000,000 for the Canal Zone. Had the treaty been adopted, it is a safe conclusion to draw that interminable and exasperating friction would have developed between the two countries, for even under our one-sided treaty with the Republic of Panama, in 1904, there was a quarrel over sovereignty and other questions. The provision giving Colombia the police affairs was impossible. Only an extended visit to the Isthmus can give an adequate idea of how essential it has been to the United States to have absolutely a free hand in the Canal Zone.

President Jose M. Marroquin, of Colombia, in this year, 1902, asked the United States to maintain uninterrupted passage over the Panama Railroad, during a serious revolution in the province, and promised in return to give the United States a treaty for a Canal Zone. As a result of American intervention and good offices, peace was patched up between the insurgents and Colombia on November 21, 1902. We had performed our part of the agreement, and now looked to Colombia to perform its part.

President Marroquin was in good faith, but factional fighting in the Congress of Colombia, with his enemies in the ascendency, showed the chances of a treaty to be dubious. The American Minister delivered a warning to the government of Colombia, on

June 13, 1903, that it would be expected to live up to its solemn promise of 1902. The influences behind the opposition to the treaty in the Colombian Senate have not been definitely classified, but it is more than a supposition that certain American financial interests, which opposed any canal, took a hand to the extent of intimating that a country so "rotten rich" as the United States could pay more than $10,000,000 for a Canal Zone.

But there is another factor that is more illuminating. The concession of the French company would expire in 1910,* and by waiting seven years Colombia could get the $40,000,000 the United States was willing to pay for its property. There was one bar to this in the concession of the Panama Railroad which had many years to run, and which gave the railroad the right to decide whether a canal could be built across the Isthmus. Still, indisputably, the position of Colombia would have been strengthened immeasurably by the lapsing of the French canal concession, and the people of the United States have only to ask themselves what they would do if they had a property which in seven years would be worth $40,000,000 more than it was to-day. There is not a doubt that popular sentiment would say, as one faction said in Colombia, wait for the enhancement before selling.

On August 12, 1903, the Senate of Colombia killed the treaty after the House had passed it. President

* Acknowledgment for this and other facts is made to the *Canal Zone Pilot*, edited by W. C. Haskins.

Marroquin had exerted himself to the utmost to save the treaty, doubtless sensing the quality of the man in the White House, but to no avail, and another way out for the canal project was already taking form.

CHAPTER VIII

TAKING THE CANAL ZONE

ANYONE who expected Theodore Roosevelt to wait patiently and untie the Gordian knot of diplomacy that held the canal project in abeyance simply did not know the temperament of the Chief Executive.

His inherited administration was more than half gone. If he desired to make a real showing before the opening of the battle for the Presidency in 1904, decisive action was necessary. The course of Colombia indicated clearly to him, and to the people of Panama, that nothing could be expected in the immediate future in the way of a satisfactory treaty, and the enemies of the canal in that country seemed to be firmly intrenched in the Congress.

Just when the idea of a revolution as a means of obtaining what diplomacy had failed to obtain, originated, and who originated it, are not matters of clear record, but, in the spring of 1903, threats freely were made in Panama that if Colombia did not grant a treaty to the United States, providing for a canal, the province of Panama would consider that its interests had not been conserved by Colombia, and might proceed to act for itself.

Panama's relations with the parent government at Bogota, from 1821, the year of independence from

Spain, to 1903, the year of independence from Colombia, had been characterized by intermittent revolutions which never had attained a decisive and final result.

There had been fifty-three revolutions in fifty-seven years, the most sanguinary occurring in the years 1827, 1840, 1860, 1900, and 1902. But any advantages so gained by Panama had been lost by voluntary or involuntary resumption of subordinate relations to Colombia, with the net result going to prove that Panama, unassisted, never could hope to achieve independence from the mother country.

The United States, on many occasions, had intervened in these quarrels between Panama and Colombia, frequently on the invitation of Colombia, and always to maintain the neutrality of the Panama Railroad, as well as to preserve general American property interests. An American warship was a familiar sight in Colon or Panama harbors.

These interventions were based on our treaty with Colombia, ratified in 1846. As noted before, this treaty provided for the joint sovereignty of Colombia and the United States over any canal that might be built in Panama, and further guaranteed the neutrality of the Panama Railroad. By this treaty, and the Clayton-Bulwer treaty with England, over any canal that might be built in Nicaragua, the United States hoped to keep foreign governments out of Central America so far as an interoceanic canal was concerned.

Colombia, in 1902, appealed to the United States

under its treaty, to maintain the neutrality of the Panama Railroad, during the most important revolution that Panama ever had attempted, and the military intervention by the United States in that year largely enabled Colombia to crush the revolution.

It is important to note that, prior to 1903, the United States had maintained the attitude consistently that any action it took in Panama was in fulfillment of this treaty of 1846, and leaned toward the government of Colombia as a sovereign power engaged in suppressing the fitful insurrections on the part of Panama.

By maintaining the neutrality of the railroad, through the use of Marines, the United States kept the line open, and so enabled Colombia to get its troops across the Isthmus to strike down the revolutionists. Had not the United States thus assisted Colombia, it is doubtful if she could have retained sovereignty over Panama without the exertion of considerably stronger forces than were employed.

Colombia had promised, in consideration of the intervention of 1902, a treaty to the United States for a right of way for a canal in Panama. Weeks before this treaty was killed, on August 12, 1903, a few leading business and professional men in Panama saw the drift, and so did the French Panama Canal Company and the Panama Railroad Company. The Panamans wanted the prosperity that would come from the money the United States would invest in Panama, and the two companies wanted to sell out before their concessions should expire, and at a price, $40,000,000,

which the United States had agreed upon, and which was the highest offer they had any hope of receiving.

Simultaneously with the killing of the treaty by the Colombian Senate, a revolutionary Junta of wealthy Panamans and resident Americans were in New York and Washington broaching their plan of a revolution and separation from Colombia as a way for the United States to get a Canal Zone. They authorized one of their number, Mr. J. Gabriel Duque, owner of the Panama Lottery, and a daily newspaper, to visit Secretary of State John Hay to ascertain the part the United States would play in the scheme.

The plan proposed was that Panama should proclaim its independence from Colombia on a given date, to be followed by the recognition of its independence by the United States, and the signing of a treaty with the new republic which would give our government the desired right of way for a canal. Then the United States could buy the French canal interests and the Panama Railroad according to the Spooner act.

Mr. Duque was convinced by his conference with Secretary Hay that the United States was in a mood to try any plan that promised an early solution of the problem of securing a Canal Zone. Secretary Hay, of course, committed nothing to paper, and talked in a negative rather than a positive manner about the part the United States would play in a revolution, but he did suggest that September 22d, the date originally set for the revolution, was perhaps a trifle premature; that they might do better to wait a few weeks. September 22d was the day the Congress of Colombia

had intended to adjourn, and therefore the last day that this body might reverse its action and ratify the treaty. The Colombian Congress actually did not adjourn until October 30th, and the date of the revolution was accordingly advanced to November 4, 1903.

The Junta went back to Panama to make their preparations. Minister Herran, representing Colombia at Washington, immediately notified his government of this conference, and its import, and urged that the garrison at Panama be strengthened. President Marroquin, of Colombia, did not follow this advice, doubtless hoping for a change of sentiment in his country that would ratify the treaty. He instead showed his friendliness to Panama by appointing as its Governor, Don Domingo de Obaldia, a known friend of the treaty and of the province. This and other actions by President Marroquin seemed to create favorable conditions for the success of the revolution.

About four hundred Colombian soldiers, under Gen. Huertas, constituted the garrison of Panama. This commander was won over to the cause of the revolutionary Junta, thus giving them a clear field for their prospective operations, provided Colombia did not send fresh troops. Colombia could send reënforcements, either from Cartagena, on the Atlantic side, or from Buenaventura, on the Pacific side. But September and nearly all of October passed without any such action.

In the latter part of October, two gunboats of Colombia, in the harbor of Panama, on the Pacific side, asked the Panama Railroad to supply them with

coal so that they might go to Buenaventura for troops to add to the Panama garrison. J. R. Shaler, superintendent of the railroad, was acting with the Junta as the representative of the French interests in the revolutionary scheme. At the Junta's suggestion, he refused to supply the coal, although the railroad had followed such a practice from time immemorial. He evaded the request by saying that the coal was in Colon, on the Atlantic side. This action, therefore, headed off the arrival of troops from the Pacific port of Colombia.

All that remained to be done, to create perfect conditions for carrying out the secession, was to prevent the arrival of Colombian troops from the Atlantic side. This, it may be acknowledged, was the most vital task of the whole plan, and it devolved upon the United States. The understanding the Junta had with our State Department was that the United States would maintain the neutrality of the Panama Railroad, construing neutrality, in this instance, to mean that Colombian troops could not pass over the line.

Such a construction of the treaty of 1846 was unprecedented before 1903. The United States had undertaken, in effect, to prevent the passage of Colombian troops over a railroad which it had chartered and the concession of which expressly provided for the passage of Colombia's troops over the line at any time. It justified this unusual action on the argument that it was thereby maintaining the neutrality of the railroad as provided by the treaty.

Our State Department was kept advised of the

movement of Colombian troops, so that when two ships left Cartagena, on October 30th, for Colon, the gunboat *Nashville* simultaneously received orders to proceed to Colon, arriving there on November 2d. The Colombian troops, numbering about five hundred men, arrived on November 3d. Everyone recognized that the crucial moment of the revolutionary scheme had arrived..

Commander John Hubbard, of the *Nashville,* had orders to keep the Panama Railroad open, not allowing either Colombian or revolutionary troops to be transported over it. This was termed maintaining the neutrality of the railroad. It should be noted, however, that when this order was issued to the *Nashville,* no revolution had started, and, outside of a few Panaman capitalists, the people of Panama knew nothing about it except in the way of rumor. The Junta had appointed a committee to " let the people know of the impending event," but as the people were not necessary to the success of the plan, so long as the United States did its part, they were not specially considered or consulted by the Junta. Hence, the order to prevent the passage of revolutionary troops not only was premature, showing the thorough knowledge the United States had of the revolutionary plan, but it was likewise superfluous. Still, we hardly could have kept a straight face over the order if the nonexistent revolutionists had not been included.

Generals Tovar and Amaya, of the Colombian troops, left them in Colon while they went across ahead to take command of the Panama garrison. The ar-

rival of the reënforcements was a day earlier than the date set for the revolution, which was November 4th, so the Junta had to advance its plans a day. It hastily was decided to pull off the event on November 3d.

As a first step in this decision, the two generals were arrested, as also was Governor Obaldia. The Panama garrison under Gen. Huertas had been fixed weeks before, so no danger lay in that quarter. An ordinary street mob of a city followed the lead of the Junta in these actions. One of the Colombian gunboats in the harbor of Panama fired two shots over the city, one of which by chance struck a nonbelligerent Chinaman, who had the honor of being the only victim of the revolution. The land fort replied and the gunboat precipitately retired, leaving Panama in the hands of the triumphant Junta. All was lovely if the United States should perform its part at Colon.

The news of these proceedings in Panama did not reach Colon until the next morning, November 4th. Col. Torres, who had been left in command of the Colombian troops there, immediately demanded a train by 2 o'clock that afternoon, a refusal to grant which, he declared, would be followed by the death of every American in the city. Mr. Shaler, the railroad superintendent, following the instructions of the Junta, and the wishes of our State Department and the French interests, refused the transportation, and notified Commander Hubbard, of the *Nashville,* of his decision.

There only were 192 men all told on the *Nashville,* while the Colombian troops numbered 500, not count-

ing the assistance they would get from the native population, if the day seemed to be going against the Americans. The employees of the railroad, with 42 men from the *Nashville,* fortified themselves in a stone railroad shed, while the women and children were placed on steamers in the harbor for safety. The *Nashville* drew up close to assist with its guns in the defense.

It was a tense situation where the slightest overt act on either side would have precipitated a great loss of life. The Colombians outnumbered the marines ten to one, but when 2 o'clock came, they had thought better of their threat, and asked for a parley. It was agreed that both sides should withdraw from Colon while the Colombians sent an officer to Panama for a conference with the imprisoned generals. A special train was provided for the emissary.

The next day, on November 5th, the *Dixie* arrived with 400 additional marines. It became apparent to the Colombians that the full power of the United States was back of the railroad company's refusal to transport them to Panama, and so they agreed to take ship again for Colombia. On the 6th, the day following their departure, the *Atlanta* arrived, bringing the number of marines up to 1,000. The Navy Department also sent ships to the city of Panama on the Pacific side, but there was nothing for them to do there.

Fresh orders from Washington to the marines were to the effect that Colombia would not be allowed to settle the "revolution" by force. That lone Chinaman had been buried, so that it would have taken a microscope to find the revolution. But the orders

plainly enough showed where the United States stood in regard to the secessionary movement, and since by force was the only way Colombia could settle the revolution, the orders in substance meant that it was the United States, and not Panama, that Colombia would have to fight to regain sovereignty over her richest province.

The Colombian troops on November 4th might have wiped out the American defense in Colon, swept over to Panama and crushed the Junta and street mob there, and so summarily preserved sovereignty over the territory. And had it done all this, it would have been squarely within its rights as a sovereign nation. But they knew that such a triumph would be transient. They realized it would bring down upon Colombia the whole devastating force of the mighty United States, which the Spanish-American War so recently had shown was something truly to be feared. Hence, their withdrawal was prudent, though humiliating. It is superfluous, of course, to remark that the United States could not have played such a rôle with any nation capable of defending itself.

Commander Hubbard had no illusions about the vital part the United States played in making the revolution a success. He stated, in the following paragraph of his cablegram to the Navy Department on November 5th, that the critical time was when the marines stood between the Colombian troops and passage to the seat of insurrection at Panama. Said he:

"I am positive that the determined attitude of our men, their coolness and evident intention of standing

their ground, had a most salutary and decisive effect on the immediate situation and was the initial step in the ultimate abandoning of Colon by these troops and their return to Cartagena the following day."

On November 6th, two days after the "revolution," the United States recognized the independence of the Republic of Panama. This was two days before the news of the secession reached Bogota, the capital of Colombia. There was a popular demonstration against the United States in that city, but no attempts against American life or property. The faction which had favored the treaty recognized that the United States had grown tired of diplomatic dilly-dallying. The faction antagonistic to the treaty realized that the United States had stolen second base in the canal game. The Colombian government offered an immediate treaty if the United States would permit it to recover Panama, but President Roosevelt spurned the overtures.

Within twelve days after recognizing the independence of the new republic, the United States had secured a treaty which ceded to it a Canal Zone. P. Bunau-Varilla, of the French Canal Company, was made the Minister of the de facto Panama government, to negotiate this treaty with Secretary Hay. Thus the United States was assured of getting all that it had been promised by the Junta. The first article of the treaty signed on November 18th, at Washington, stated that "The United States guarantees and *will maintain* the independence of the Republic of Panama." Colombia thereby was notified that Panama, the his-

toric transit route of the new world, was lost to her sovereignty.

Extreme haste in signing the treaty before there was a regular legislative body at Panama had been necessary because President Roosevelt wished to get the whole affair safely accomplished before our Congress should open on December 7th. The Republic of Panama ratified the treaty on December 2d, but the American Senate, miffed a little that the Executive should take such important—and to many questionable—action without its knowledge or consent, debated for several months, then finally ratified the treaty on February 23, 1904. The American people have in this whole transaction an illuminating example of the power a President has to commit the United States to a radical policy during a recess of Congress.

President Roosevelt always had leaned strongly toward the Panama route for a canal. The setting up of a republic there had the effect of complying with the Spooner act, which made the selection of the Panama route depend upon securing a right of way at this point. He made the point to Congress in his message on December 7th, that as the new treaty provided this right of way, it became imperative that Panama be chosen, and thus the revolution was used as a club to force the selection of Panama over Nicaragua.

The advocates of the Nicaragua route already had been urging that as Colombia refused a right of way at Panama, the United States was compelled to turn to Nicaragua. President Roosevelt did not believe Nica-

ragua was the proper place for a canal, and his judgment on this point, in the light of later years as well as from all logical considerations of trade and topography, was eminently sound. His consent for the United States to go the length it did in securing the Panama route was prompted by his desire to prevent the nation from selecting a less advantageous route.

It has been charged that the President favored Panama so that the American financiers, led by Mr. Cromwell, who were interested in selling the French property to the government, could get the $40,000,000 the sale involved. This charge is not justified either by the character of President Roosevelt or by the natural advantages of the two routes. It is doubtful if the President gave any thought to the owners of the French interests, and it is certain that such ownership was not a factor in determining him in favor of Panama.

The French interests, of course, had staked all on the success of the revolution. Had it failed, Colombia would have forfeited their concessions forthwith, and Minister Herran had notified them to that effect. It is clear that Mr. Cromwell and associates were dead certain that the United States never intended that the revolution should fail. Their grasp on the situation is shown by the naming of M. Bunau-Varilla to negotiate the treaty with the United States for Panama.

With $40,000,000 hanging in the balance, the French interests were prepared to be generous in drawing a treaty. It is to be doubted if a more one-sided treaty ever was drawn. Secretary Hay,

with the willing consent of the Junta, gave the United States all the latitude we would have had, if, instead of taking a Canal Zone, we had taken the whole republic. Panama got all that had been promised to Colombia, including a cash payment of $10,000,000, and beginning in 1913, an annual payment of $250,000. The United States is to pay for any additional lands in the republic that may be needed for the canal and we may use any rivers or lakes in the republic necessary to the canal, two provisions broad enough to permit the conversion of the whole republic to the position of an adjunct to the canal. The cities of Colon and Panama were made subject to American sanitary measures, and if Panama cannot preserve order, the United States, in its discretion, may introduce troops for that purpose, a right which substantially robs the republic of sovereignty. The United States guarantees the neutrality of the canal but reserved the right to fortify it.

Nobody in the Canal Zone makes any pretense that the United States was disinterested in its part in the revolution. Most of the canal employees wonder why the President did not take the whole republic. Many confidently expect the United States to abolish the government there sooner or later, because it is clear that the republic cannot stand clear of American support. On three occasions already the Americans have prevented the disruption of the republic. In 1904, Gen. Huertas, who had assisted the Junta, became dissatisfied with his rewards, and started to overturn the administration by force. The marines had to dis-

arm his small army. In 1908 the United States had to interfere to insure a fair election, and in 1912 this writer saw the presidential campaign reach a point where the marines and infantry had to be placed at the Panama polls to prevent rioting and fraud. It was obvious that if the United States had not been present in armed force the usual Central American method of changing administrations by a revolution would have been employed. How long will the United States be patient with such conditions?

President Roosevelt did not appear in the revolution preliminaries because his part later on required the "Oh, this is so sudden" tone, in recognizing the independence of the new republic. He devoted himself assiduously to proving that the United States had done a righteous thing in that act and had closed his message with the high profession of friendly zeal to the effect that "he would not for one moment discuss the possibility of the United States committing an act of such baseness as to abandon the new Republic of Panama." But eight years later, in San Francisco, he threw off the mask thus assumed and declared: "I took Panama and left Congress to debate the matter afterward."

Did President Roosevelt know that his government deliberately aided and abetted a province of a sovereign power, with which the United States had a solemn treaty, to secede and set up an independent government, so that the United States might get territory it otherwise could not obtain?

Dear reader, you might just as sanely ask a Panaman if he thinks it will be wet in the next rainy season!

Was there anything, big or little, going on in Theodore Roosevelt's administration with which he was not fairly familiar? Secretary Hay had given the impression to the revolutionary Junta that if they would go through the trifling act of raising a flag, the United States would do the rest. When Secretaries of State begin assisting revolutions in foreign countries without the knowledge and consent of the President, it will be under a far less dominating Executive than Theodore Roosevelt!

With the ratification of the treaty, the decks at last were cleared for the long-dreamed-of project of building a canal. The people of the United States frankly were glad that such progress had been made, but they were inclined to believe that it would not be well to nose too deep into the method of acquiring the territory. They knew that the payment of $10,000,000 for the Canal Zone paid somebody for the right of way, though whether the rightful owner was a question the administration was very glad to let remain dormant. The *Saturday Evening Post,* speaking editorially in the spring of 1912, doubtless expressed the attitude of many Americans when it said:

> "It seems to be the part of statesmanship in this dilemma to talk loudly about the benefits we confer upon the world's commerce by digging the canal and to regard our acquisition of the canal a closed incident."

Yet, the American people never have solved any issue in which a moral question was involved, by thus seeking to obscure it. The true facts about the acquisition of the Canal Zone only came out by dribs, but events seem to conspire to bring the whole transaction to light. On June 26, 1912, Mr. J. Gabriel Duque, who had been a leader in the revolution, got into a controversy with Mr. Ricardo Arias, also a member of the 1903 Junta, and over his own signature in his paper, *The Star and Herald,* published at Panama, made the following admission:

> "Mr. Arias should know that I have friends in Washington, seeing that as far back as 1903 when we worked together for Panama's independence, I was in confidential treatment with Secretary Hay."

Mr. Tracy Robinson, author of a book on Panama, was another leading figure in the revolution. He declines to give the history of the affair, although so competent to reveal its inward processes, but tells his readers that "The details would afford material for a wonder story."

Since President Roosevelt has candidly confessed that he "took" Panama, there is no reason why the main actors in the play should not speak out and the immediate future is going to see the disclosure of much illuminating material about this "wonder story." The American people have had a vague idea of what did happen at Panama, but there is no longer any excuse for a pretense of virtuous conduct on the part of

the United States, except on the point of giving the world something essential to its convenience. It is hypocritical to profess that we made adequate compensation when we paid Panama for the Canal Zone. We must applaud President Roosevelt for taking the Canal Zone, but the failure to make reparation to Colombia is a conspicuous piece of self-deception and moral obliquity. We raised the *Maine*, however, and we will yet make amends to Colombia.

CHAPTER IX

THE GEOGRAPHY OF PANAMA

NATURE quietly, but imperatively, asked the engineers who favored a sea-level canal at Panama: Why will you insist upon the prodigious disarrangement of natural advantages that lie here awaiting the utilization of a lock type?

The geography of the Isthmus is adapted peculiarly to the lock type of canal. Aside from the obstacle to a sea-level canal that existed in the continental divide, the Chagres River followed a course which, at the same time, would have been a baffling problem in a sea-level plan, but the most beneficent arrangement for a lock-type canal.

The territory comprised in the scope of this book is the same as that within the boundaries of the Republic of Panama. In area, it is about 32,000 square miles, slightly smaller than the State of Indiana. On the Atlantic side it is 379 miles long, and on the Pacific side, 674 miles by the coast line. The population, native and foreign, is around 400,000 to-day, though considerably less in the days of exploration and conquest.

Our treaty with the Republic of Panama ceded us a strip of territory ten miles wide, from deep water in the Atlantic to deep water in the Pacific. This territory, officially designated the Canal Zone, is de-

termined by a line drawn five miles from each side of the center line of the route of the canal. Thus, the Canal Zone is not bounded by straight lines from ocean to ocean, but curves as the channel of the canal curves. The area of the Canal Zone is 448 square miles, of which 73 square miles are privately owned, but may be bought in the discretion of the United States. While within the limits of the Canal Zone, the cities of Panama and Colon, at the terminals, remain under the sovereignty of the Republic of Panama.

Some confusion is caused by the fact that the Isthmus of Panama runs nearly East and West, instead of North and South, as might be imagined, at the point where the canal traverses it. Panama city is almost due south of Buffalo, and is southeast of Colon, the Atlantic terminal. The canal route, therefore, runs in a southeastern direction from the Atlantic to the Pacific, and, to the astonishment of the tourist, the sun rises in the Pacific and sets in the Atlantic.

We are not building our canal at the narrowest point on the Isthmus. This point is found at the Gulf of San Blas, 60 miles east of Colon, where the Isthmus is only 30 miles wide, whereas, at Panama, it is 47 miles wide. Because the mountain barrier at San Blas has an elevation of 700 feet above sea-level, no serious thought of a canal there ever was entertained long. The absence of rivers makes the sea-level type the only kind of canal that could have been attempted at San Blas, involving a staggering task of excavation. Besides, it was in the complete grasp

of the jungle, while at Panama there was a beaten path, from ocean to ocean, four centuries old.

The Chagres River (pronounced Shag-gress) originates in the San Blas Mountains, and drains a basin of 1,320 square miles. After running parallel with the coast line, nearly midway between the oceans, it turns sharply at right angles and empties into the Caribbean Sea, a few miles west of Colon. The point where the Chagres makes this turn is within the Canal Zone, and about 30 miles from the Caribbean, running through the Canal Zone for that distance. From the Caribbean Sea to Bohio, about seventeen miles, the bed of the river is only slightly above sea-level, and from Bohio to about the entrance of the Culebra cut, it rises to 48 feet above sea-level.

Engineers were divided on the utility of this natural geographical situation. Those who favored the lock-type canal believed that the Chagres River could be dammed up so as to form the longest part of the canal, and thus save a vast amount of excavation that would be required in a sea-level type. While not denying the saving in excavation in a lock type, the engineers who favored a sea-level canal believed that the fixed limitations of the lock type made it inadvisable, when the expansion in the size of ships was considered. Their plan was to divert the Chagres and tributary rivers, of which there are 26 in the Canal Zone, by digging new channels for them, and so get them out of the way of the canal.

The French, in 1880, had started out on that theory. They thought of digging a great tunnel through

the mountains to divert the Chagres River into the Pacific Ocean. This tunnel would have been 10 miles long and, needless to say, a rather visionary undertaking. Five years after they began operations they abandoned the sea-level plan and adopted the lock-type canal. But their dam across the Chagres River was to be at Bohio, seventeen miles inland from the Caribbean, while the American engineers advised a dam at Gatun, only seven miles inland.

At Gatun, the natural formation of the mountains permitted the Chagres River to escape into the Caribbean Sea through a gap less than two miles wide. The lock-type advocates said this gap could be filled in and so create a basin to be filled by the stagnated water of the Chagres River. The idea was to build a dam high enough to back the accumulated river water toward the Pacific for a distance of 32 miles, and at an average depth, in the canal channel, of 45 feet throughout. Another dam would prevent the lake so formed from spilling down the Pacific slope. Thus, all but 15 miles of the canal would be made by an inland, artificial lake, 164 square miles in extent.

But even in a lock type there would have to be an impressive amount of excavation. Not only would the sea-level channels approaching this lake on either side of the Isthmus have to be dredged, but the mountain barrier, running lengthwise with the Isthmus, would have to be pierced with a channel so as to permit the waters of the Gatun lake to reach the point on the Pacific side where the locks would afford the descent to the ocean. As the surface of the lake was

proposed to be 85 feet above sea-level, the bottom of the channel through the mountains would have to be 45 feet lower than the surface elevation, or at 40 feet above sea-level.

The area to be excavated in this lake channel, 32 miles long, was from Gatun to Obispo, following the Chagres River in general, and requiring only about 12,000,000 cubic yards to be removed, in 23 miles. Then the mountains began, 45 feet above sea-level, and reached their highest point, in the center line of the canal, at Gold Hill, 312 feet above sea-level, thence sloping toward the Pacific, to the proposed lock site at Pedro Miguel, a distance of 9 miles. The average depth of the cut would be 120 feet throughout the 9 miles, and the deepest point of excavation at Gold Hill would require going down 272 feet.

The Culebra cut, as this channel through the mountains was called, was to be 200 feet wide. In 1880, the French had begun work there, and they removed 18,646,000 cubic yards that were useful to the Americans. Their machinery was used the first year of our occupation.

At Gatun, on the Atlantic side of the proposed lake, there would be locks to lift ships to the lake, and at Pedro Miguel and La Boca, on the Pacific side the locks would lower the ships to sea-level again. The Cocoli and other rivers could be used to form a second small lake between the Pedro Miguel and La Boca locks. The total excavation for the sea-level channels and the Culebra cut was estimated around 100,000,000 cubic yards.

Opposed to these considerations in favor of a lock type were the arguments advanced in behalf of a sea-level canal. The popular mind could see ships steaming or sailing uninterruptedly from ocean to ocean through a dugout channel that would not grow too small for the largest ships that time might develop, and the engineers who advised such a canal asserted that the difference in time and cost of building the two types was not materially in favor of the lock type. Time has developed that such a belief was widely erroneous.

The Americans came to the Canal Zone in 1904 with the question of the kind of canal to be built unsettled. They were to be there more than two years before the violently discussed issue was to be settled. It was like starting in to build a house without any definite plan in mind. Meanwhile, however, it was recognized that there was a vast amount of pioneer and preparatory work to be accomplished that would absorb the activities of the organization pending the solution of this problem.

What kind of a country, as to temperature, rainfall, vegetable and animal life, and healthfulness, had we secured? As to the first characteristic, Panama is only 9 degrees from the Equator. But it is far from being as hot as that proximity might suggest. Throughout the year the temperature averages about 85 degrees. The highest recorded temperature in the Canal Zone is only 97 degrees. At night the atmosphere falls sharply until, usually, light covering is required on beds, and the hot, sweltering nights of

American cities in the summer are unknown. Palm Beach, Florida, in the winter, is not a more desirable resort than Panama.

The northern mind, too, considerably has overestimated the effects of the rainy season at Panama. During January, February, March, and April there is practically no rainfall. By the 1st of May light showers occur daily, or every few days, and through June, with an occasional gusher. From then, on to December, the rains become more frequent and heavier, and have a way of coming up about the same time every day, sometimes in the afternoons, sometimes in the mornings. Between showers the sun is radiant. Construction operations have to be suspended during the violent downpours, and the canal employees call any rain that occurs in the noon hours, or after work, "a government rain."

On the Atlantic side the rainfall averages between 130 and 140 inches annually; on the Pacific side from 60 to 70 inches. At times it rains so furiously that it appears to be one continuous sheet of water falling. For one hour the record fall is 5.86 inches; for one day, at Porto Bello, 10.06 inches; in three minutes 2.46 inches fell at the same place; and at Panama on May 12, 1912, 6 inches fell in two hours. The years 1906 and 1909 were the wettest since the American occupation and 1912 the dryest.

This heavy precipitation makes the rivers of Panama torrential streams. The Chagres River has risen 25 feet in twenty-four hours. During every rainy season the records left by the French and kept by the

Americans since their occupation show that this river discharges enough water to fill the proposed Gatun Lake one and a half times. It is not expected that any lack of water for the lock-type canal ever will be experienced.

Except for the beaten paths and cleared spaces constantly maintained the jungle is king in Panama. One season's growth will cover an abandoned clearing with the luxuriant tropical vegetation. When the Americans entered the Canal Zone, most of the French machinery and even whole towns were covered by the jungle.

There are the usual tropical fruits, bananas, cocoanuts, alligator pears, papayas, mangoes, and other less well-known varieties. The vegetation includes the royal poinciana, palm, and other stately trees. The rare orchid is at home on the Isthmus, about seventy-five varieties being found, a dozen of which are of the most beautiful kinds. A dry season of four months does not parch the growth, but the rainy season gives it the most brilliant green coloring.

None of the big animal life of Africa is found anywhere in South America, and Panama has even less dangerous species than the mainland. The tarantula, coral snake, tiger cats, deer, and other larger, though not so dangerous, animals are found, and alligators abound in the rivers and bays, as well as sharks. The insect life is wonderfully varied, the birds are in infinite variety and most beautiful, while wild flowers of dazzling colors are in profusion. The Canal Zone,

where occupied in the canal operations, long since was freed of dangerous animal life.

Distinct, but inconsequential, earthquake shocks have been felt in Panama for centuries. The San Francisco earthquake, in 1906, was not recorded on the Canal Zone seismograph. In the seventeenth century a violent shock occurred, but none in the eighteenth and nineteenth centuries, nor has any been recorded in the twentieth century, although in Costa Rica, the republic adjoining Panama, a severe shock, in 1910, caused considerable loss of life and property. So far as past performance can indicate, the canal should not suffer from earthquakes.

The Atlantic and Pacific oceans are on the same level, but the tide on the Pacific side has a maximum lift of 21 feet, while on the Atlantic side the maximum lift is only 2½ feet. Allowance for this variation was made by providing a deeper channel for the canal on the Pacific side, so that the passage of ships will not be affected by the tides. The shape of the Bay of Panama causes the high tide on the Pacific side.

As there is not a favorable geographical arrangement at either end of the canal, in the way of harbors, the defects have been supplied by breakwaters. At the Atlantic entrance a breakwater more than two miles long runs from Toro Point to shield ships lying in the entrance from the violent Northers that occasionally sweep the coast. Another breakwater a half mile long, running out from the Colon waterfront, will protect shipping in that harbor from storms on

the east. At the Pacific entrance storms are not dangerous, but the currents deposited silt in the channel in such quantities as to make a breakwater advisable, and this one runs from the mainland to Naos Island, three miles out in the bay, and connects with the fortifications. It was built from material excavated in the Culebra cut, whereas the Atlantic breakwaters were built largely of rock quarried at Porto Bello.

Panama and Colon are cities of great interest to the tourist. The former has about 50,000 population and the latter 20,000. Panama is the capital of the republic, has a handsome national theater and institute, a street car system is in course of construction, and a number of old cathedrals are interesting sights. The canal employees travel for half fare on the railroad and are often in evidence in the quaint little victoria carriages that handle the street traffic, at ten cents a ride, in the two cities.

Mardi Gras comes in February in the city of Panama, and is a vivid exhibition of the Spanish temperament at play. For four days the natives abandon themselves to the festivities and business reaches a standstill. A queen is elected by popular vote and receives the homage of all the Panaman officials, as well as the higher American dignitaries. The parade of floats and carriages is a dazzling presentation of the Spanish fancy expressed in dress and decorations.

CHAPTER X

GETTING UNDER WAY

"WHAT this nation will insist upon is that results be achieved," wrote President Roosevelt in his order creating the first Isthmian Canal Commission that he appointed, on March 8, 1904; and that remained the keynote of his attitude toward the canal. The country was thoroughly convinced of the inefficiency of any government-built enterprise, so, after complying with the Spooner act in naming a representative from the navy and the army, on the Commission, he announced its full personnel as follows:

ADMIRAL JOHN G. WALKER, U. S. N., *Chairman,*
MAJ.-GEN. GEORGE W. DAVIS, U. S. A.,
WILLIAM BARCLAY PARSONS,
WILLIAM H. BURR,
BENJAMIN M. HARROD,
CARL EWALD GRUNSKY,
FRANK J. HECKER.

This Commission held its first meeting in Washington on March 22d, when preparations were made for a visit to the Isthmus, which they reached on April 5th. After three weeks of investigations they decided that such engineering records as the French left must be supplemented by fresh explorations and surveys;

that the sanitation of the Canal Zone, and the cities of Colon and Panama, was of the first importance; and that a period of preparation generally must precede effective construction operations. Surgeon-Col. W. C. Gorgas accompanied the Commission on this trip and made the preliminary plans for cleaning up the Isthmus which, when worked out, were to make him famous. The Commission returned to the United States on April 29th.

At a meeting between representatives of the United States and the French Canal Company, in Paris, on April 16th, the sale of the company's property, for $40,000,000 was signed, and was ratified by the shareholders in the company on April 23d. This ended the labors of Mr. William Nelson Cromwell, except that he tried, unsuccessfully, to get an additional payment for the work done on the canal, from the time the $40,000,000 was agreed upon as a price, in 1902, until the Americans formally took over the property, in 1904.

President Roosevelt was subjected to wide criticism for this deal, but of all his actions in connection with the canal it was one of the wisest. Without regard to who got the money it indisputably is true, to anyone who has visited the canal, that the United States got a dollar in value for every dollar it paid the French company. As late as 1911 Col. Goethals appointed a committee headed by J. B. Bishop, secretary of the Commission, to invoice the French purchase, and they reported the value of French excavation useful to the American plan of canal, the mechanical

equipment, buildings, and engineering records, to be $42,799,826, or nearly $3,000,000 more than was paid. At the same time it was a good sale for the French company because the United States was the only prospective buyer.

The item of largest value to the United States, as estimated in the report, was the excavation of 29,908,000 cubic yards, valued at $25,389,240. This mainly was in the Culebra cut. Next in importance was the Panama Railroad and subsidiary trackage in the Canal Zone, and the remainder was for quarters, hospitals, storehouses, machine shops, canal equipment, itemized in part as follows:

Three 2,000-ton steamers of the Panama Railroad Steamship Line; 30,000 acres of land comprising practically all the real estate in the city of Colon and a valuable part of the city of Panama; 625,000 acres of land with the canal concession; 2,265 buildings of all descriptions; 212 Belgian locomotives; 34 American locomotives; barges, yawls, launches, dredges, cranes, drills, dump cars, and vast quantities of steel rails, machinery parts, pumps, steam winches, and other equipment in profusion.

Much of the mechanical equipment and whole villages of houses used by the French employees were covered with a dense growth of jungle after years of idleness, but the machinery had been oiled and painted carefully before abandonment, and so was preserved in good condition when the Americans came. Had not the French buildings been available and capable of being speedily repaired for use, the early Ameri-

two months he had his residence on Culebra Hill, then in Panama. Operations were continued just as the French left them, until Mr. Wallace's arrival definitely marked the beginning of real construction.

CHAPTER XI

THE CANAL UNDER WALLACE

ANXIETY to dig dirt, the usual American desire to get things done right off, was the dominating idea in 1904. So, while Mr. Wallace kept up the surveying which would aid in determining the center line of the canal, as well as the choice of a type, he also pushed excavation operations in the Culebra cut, rehabilitating old French excavators and increasing the working force.

He had found 746 men at work with hand tools in the Culebra cut. His first inspection convinced him that the French machinery should be abandoned as fast as modern American equipment could be secured, and he expressed the opinion that two years would be required for preparations. At that time the main track and sidings of the Panama Railroad totaled 78.82 miles, while the trackage left by the French in the cut and elsewhere was 176.2 miles. The immediate substitution of heavy American rails for the Belgian type, and the double-tracking of the main line, were among Mr. Wallace's first decisions. Rolling stock and locomotives were ancient in design, and in a bad state of repair, but he rescued from the jungle and overhauled 58 locomotives and 980 dump cars.

It required stout hearts not to quail before the Isthmus of 1904. Not only the traditional unhealthfulness,

Chandlust photo, Washington, D. C.

JOHN F. WALLACE.

but the wretched condition of the railroad, after fifty years of noncompetition, the long distance from the base of supplies, the miserable living accommodations in Colon and Panama, where there were no sewers, no water and unpaved streets, into which was thrown all refuse and garbage; and the vexatious red tape that surrounded all government enterprises, made a situation that weaklings no sooner touched than they returned precipitately to the United States.

But, however staggering the obstacles were, the American people had set themselves the task of succeeding where the French had failed, to do it at any cost and in spite of all opposition, be that opposition in the form of disease, red tape, hardship or any other limitation.

To take care of the increasing number of workers, that every ship was bringing to the Canal Zone, was the most pressing problem. The interest of the whole world had been stimulated by the rejuvenation of the canal project by the Americans, with the result that restless spirits everywhere began bending their steps toward Panama. Men of excellent character in the United States also came, attracted by the pay and the romantic nature of the undertaking.

The houses left by the French were inhabited by natives or buried in the jungle growth. They necessarily were run down but could be made habitable once the carpenters and lumber to do the work were at hand. These, however, like everything else, were two thousand miles away with a spider web of red tape over them that paralyzed speedy movement. In his year

of service Mr. Wallace repaired 357 of these houses and built forty-eight new ones, still leaving the problem of housing employees unsolved. During that time more than 9,000 workers came to the Canal Zone, but the migration back to the United States, or adjacent islands and countries, was heavy.

Col. Gorgas had urged the prompt sanitation of Colon and Panama, and early in the American occupation the construction of sewers, waterworks, and paved streets was begun. The Americans advanced the money for these improvements on a plan of taxes that at the end of fifty years from their completion will repay the United States and turn them over to the respective cities.

One of the dredges left by the Slaven brothers was found to be, after twenty years, in excellent condition and was put to work in Colon harbor. The twenty miles of track in the Culebra cut occasioned derailments and wrecks with exasperating frequency until relaid with heavier rails, and this mileage was increased by an addition of fifteen miles during the first year. Machine shops existed at Colon, Matachin, and Gorgona where, when the jungle had been cut away, facilities were found for repairing machinery and rolling stock.

Mr. Wallace made his headquarters in Panama in a building that formerly had been occupied by the French Director-General. It is now the American Legation. The disbursing officer, sanitary officer, engineering parties, and clerical forces were centered in Panama, but a site for an American administrative

town was selected at the foot of Ancon hill just outside of Panama.

French towns at Culebra, Empire, and Gorgona were rehabilitated and systems of sewers and waterworks begun. There were settlements at Matachin, Bas Obispo, and Colon. Accommodations were of the crudest description. Powder boxes served for Morris chairs, furniture was scanty and of ancient design, tropical insects made life a misery, servants were worse than indifferent, there were no baths, no running water in the houses, and that which was used sometimes was caught from roofs on which the buzzards roosted, the native foods had to be eaten, and ice was a luxury that only occasionally could be obtained from the railroad ice factory at Colon.

Each ship that brought workers to the Canal Zone invariably carried the same or others back. Yet a percentage stuck and accepted the undesirable conditions gracefully. A few had vision enough to see that our great government would rectify everything if only given time. Others realized that the canal never would be built if the workers expected soft conditions right at the start and they accepted their sacrifices of comfort as a national necessity.

To add to the difficulties of the early days, magazine, newspaper, and other critics exploited the imperfections of the employee's environment from a hypercritical standpoint, whereas the government was bending its energies to the utmost to bring conditions to par. Many of these critics were inspired by a preference for the Nicaraguan route, others simply

were anti-Roosevelt and lambasted anything he championed, while still others were the hirelings of special interests that opposed any canal. These critics reached the climax of absurdity when complaint was made that men living only nine degrees from the Equator ought to have hot water baths. There was no let-up until the canal was so far advanced that it stood as a self-evident refutation of their dismal prophecies.

Every defect they pointed out had been noted long ago by the officials and was remedied in time more handsomely than any private contractor would have matched. The Americans were not attempting a pink tea performance in Panama and the torrents of abuse that were heaped upon the administration constitute the most disgraceful feature of the entire project.

Mr. Wallace came from a highly organized railroad system to an absolutely unorganized enterprise two thousand miles from the base of supplies. Government red tape to such a man was exasperating to the last degree. It was necessary for the government to advertise for bids, and this constituted the principal delay in securing orders, but barring that procedure, it has not been shown that a private contractor could have placed machinery and supplies on the ground with much greater celerity than the government.

The over-riding idea was to make a showing. President Roosevelt himself had set the pace for quick results. Congressmen who were expected to vote for canal appropriations frequently could not be impressed that the project was worth while if the dirt was not flying. Mr. Wallace therefore concentrated energies

on excavation work that more profitably could have been spent on preparations. He got out 741,644 yards in his year, a creditable showing with the equipment at hand. The first steam shovel was installed on November 11, 1904, and was No. 101, of the 70-ton class. It is still in use in the canal. On December 2, 1904, the second steam shovel was erected, No. 201, of the 95-ton class. By June, 1905, there were nine steam shovels at work, and the last French excavator was abandoned on June 16, 1905, the day Mr. Wallace left the Canal Zone as Chief Engineer.

All engines, cars, steam shovels, and other large equipment had to be brought to the Isthmus "knocked down." The cost of putting together a locomotive of the large type was $820 and for erecting a steam shovel of the 95-ton class, the cost in the Canal Zone shops, is $770. This work, with the repair work and original steel and iron construction work, required boilermakers, mechanics, blacksmiths, and machine shop workers of all kinds. Recruiting offices were opened in the principal American cities to engage them and sometimes conditions in the Canal Zone were pictured a little rosier than the facts warranted.

As Secretary of War, William Howard Taft had the immediate direction of Panama canal affairs. Every time he touched the project he manifested the high order of ability that made him so admirably equipped for the presidency later on, although the average canal employee will not agree with this opinion, because the Secretary actually acted as if the Republic of Panama was a sovereign power, entitled to consideration and

concessions in its complaints against the Commission. The canal employees were coddled by President Roosevelt and, besides, have no surplus of brotherly feeling at all for the Panamans, so that Secretary Taft's considerate treatment of them to many appeared a partiality at the expense of the canal employees.

Almost coincidental with the beginning of American operations, Panama began to feel how absolutely sovereign it had made the Americans right in the heart of the republic. The Canal Zone was being managed with complete independence from the republic, as much so as the Republic of Costa Rica to the north.

Gov. Davis had corresponded at length with the officials of Panama, over the question of sovereignty, the jurisdiction of the courts, the issues of the tariff, postage, customs, and currency, until it was deemed advisable for Secretary Taft in person to visit the Isthmus to arrange a working agreement on these differences.

Secretary Taft arrived on November 27, 1904, and remained until December 7th. He was assisted, in the conferences that were held in Panama, by William Nelson Cromwell, whose intimate knowledge of all Panama affairs made him a valuable adviser. On the question of sovereignty, which seemed to be especially delicate to the Republic, the treaty was peculiar in that it did not cede the Canal Zone finally to the United States, but gave the Americans all the powers they would exercise "if they were sovereign."

Panama contended that final sovereignty was vested in it, and Secretary Taft, being after the substance

rather than the form, did not quibble over this distinction without a difference, but later expressed the opinion that Panama sovereignty over the Canal Zone was a "barren ideality." Certainly it has proved so to be. The issue passed off in talk.

An agreement was reached on the currency question whereby the United States would accept the money of Panama at one half the value of American currency, that is, the peso, worth intrinsically only forty cents, would be exchanged with United States money at fifty cents, although it was in size and face value the same as our dollar. The same system was in vogue in the Philippines. To meet the needs of the canal paymaster, the circulation of pesos was increased from 3,000,000 to 4,000,000. Out of this grew the custom in the Canal Zone of referring to United States currency as "gold" and to Panama currency as "silver," and in the stores articles are priced in both currencies. The physical advantage of a high-value currency is demonstrated on the Isthmus, because the weight and size of the Panama silver money makes it cumbersome.

Stamps were selling in the Canal Zone for slightly less than in the post offices of the republic, with the result that the republic was losing revenue. Secretary Taft settled this just complaint by arranging for the Canal Zone to buy its stamps from the republic for sixty per centum of their value, the forty per centum remaining to be the profit of the Canal Zone offices. The stamps are surcharged "Canal Zone," which is the official geographical designation of the territory through which the canal runs.

On June 24, 1904, President Roosevelt had made the Dingley tariff applicable to the Canal Zone. This worked badly and Secretary Taft agreed to have the order revoked, so that the Canal Zone ever since has enjoyed the freest of free trade. All other issues were cleared up without the United States yielding any freedom of action as to importing materials, executing justice, operating ship terminals and supplying canal employees with the necessaries of life through commissaries and hotels.

While Secretary Taft and Chief Engineer Wallace were working in their spheres, Gov. Davis was instituting the various departments of civil government which to-day are noted with admiration by the tourist. Chief of Police Shanton was engaged in ridding the Canal Zone of its bad men and bringing a population long without any restraint under the control of regulations that the Americans considered essential to orderly existence. So far as practicable, the laws to which the natives were accustomed, which had been handed down the centuries by the Spaniards, were adopted in taxing lands and other property, but the court procedure was American with the exception of the jury system. The judges acted as juries.

From the first Mr. Wallace had kept close tab on the cost of excavating dirt in the Culebra cut. The type to be chosen being still an unknown factor, he was in some measure working in the dark, except that the material removed would be useful for any type, provided the dumps were selected so as not to later get in the way of any route chosen. In 1912, the

Copyright by Harris & Ewing.

PRESIDENT TAFT.

Americans had to remove a French dump near Culebra to prevent its slipping down into the cut. He finally announced a unit cost of 50 cents a cubic yard for either a sea-level or lock-type canal.

Messrs. Parsons and Burr, the engineering committee of the Commission, after a personal inspection of the Canal Zone, and taking Mr. Wallace's estimate, recommended a sea-level type of canal. It was to cost, exclusive of improvements in Colon and Panama, and civil government in the Canal Zone, $230,500,000. Mr. Wallace had caused surveys to be made for a lock type of canal, and he estimated the cost of such a canal, with a summit level of 60 feet elevation, to be $178,013,406; with a summit level at 30 feet elevation, the cost would be $194,213,406.

All three estimates missed the real cost of the respective types widely. Mr. Wallace's estimate of 50 cents a yard for excavation was far too low. As a matter of record, the cost reached 82 cents under Chief Engineer Stevens, rose to 91 cents under Chief Engineer Goethals, and only once fell below the 50-cent estimate, in March, 1911, when it fell to 47 cents a yard. The average for the period from 1904 to 1911 was 88 cents. The mistake was made because solid rock underlay the surface, necessitating continuous blasting before it could be handled by the steam shovels, while the working day, which had been ten hours under Mr. Wallace, was cut to eight hours under Messrs. Stevens and Goethals, and wages rose sharply as well.

Persistent and vigorous complaints from Mr. Wal-

lace, about the hindrances of governmental methods of doing business, found a receptive ear in President Roosevelt. The Executive was just as eager to make the dirt fly as Mr. Wallace, and readily agreed that a Commission of seven members was an awkward and ill-working management for the peculiar conditions of the job at Panama. Accordingly drastic action was decreed.

Secretary Taft, on March 29, 1905, asked the entire Commission to resign. His explanation exonerated the members of any blameworthy administration, but indicated that the Commission had been found an unwieldy body. Mr. Wallace was in Washington, and the President and Secretary Taft followed his suggestions almost to the letter, including the one that the Chief Engineer be made a member of the Commission.

On April 1, 1905, the second Isthmian Canal Commission to be appointed by President Roosevelt was announced. Heading it was a new figure in canal affairs, Theodore P. Shonts, who played a decisive part in the enterprise for the ensuing two years. The personnel of the new Commission was:

THEODORE P. SHONTS, *Chairman*,
CHARLES E. MAGOON, Governor of the Canal Zone,
JOHN F. WALLACE, Chief Engineer,
MORDECAI T. ENDICOTT,
PETER C. HAINS,
OSWALD H. ERNST,
BENJAMIN M. HARROD.