

Chapter 4

How the US Obtained the Panama Canal

This is the story of how the United States obtained the right to build a canal through what was once part of Colombia. With the help of the United States, a revolution occurred in Colombia that led to Panama's proclaiming its independence on November 4, 1903. A scant two weeks later Panama signed a treaty allowing the U.S. to build, own, and control the Panama Canal. Read this chapter to decide if the United States acted properly and if the need for the canal justified the means used to get it.

de Lessup's Folly

In 1513, a Spanish explorer by the name of Vasco Balboa gazed at the mighty waters of the Pacific Ocean. He was the first white man to cross the thin strip of land separating the Atlantic and Pacific oceans. Ever since, men dreamed of building a canal to link these two bodies of water. But it wasn't until the California Gold Rush of 1849 that this dream began to become a reality. In six torturous years, Americans built a railroad across Colombia's isthmus of Panama to connect with two steamship lines — one on the Atlantic and the other on the Pacific. With several thousand railroad workers dying from their efforts to complete this connection, it was said to have been the most expensive railroad project of its day. Those who lived managed to survive an incredible number of dangers including malaria, yellow fever,



Major trade routes through the Panama Canal

poisonous snakes, seemingly bottomless swamps, and a river which rose a full 40 feet above its bed during the rainy season.

In the 1870's a brilliant French engineer by the name of Ferdinand de Lessups was put in charge of a project to replace the railroad link connecting the Atlantic to the Pacific with a sea level canal. De Lessups had won worldwide acclaim for completing the Suez Canal and he fervently believed that he was the best man to meet this new challenge. Paying scant attention to reports by the American Army engineers that the obstacles in the mountains and jungles of Panama were too numerous, the great engineer determined to build a sea-level canal like the one at Suez

De Lessups's attempt at canal building in Panama was a disaster from beginning to end. Malaria and yellow fever carried away the lives of French engineers, their families, and the hapless workers who took part in the project. Altogether 20,000 people died in the eight years including the best young engineers graduating from French universities. Nature itself conspired against the French canal builders. Within hours, slippery soil filled up holes, which had taken days to dig; machines rusted in the rains and broke under heavy loads. The river Chagres rose more than its normal 40 feet and even wiped out the railroad tracks built above it 30 years earlier.

De Lessups was forced to give up his projected sea-level canal project after eight torturous years. By this time it had already cost twice the original estimate of \$131,000,000. With less than one-third of the canal completed, the famous *Campagne du Canal* declared bankruptcy. When its financial dealings were

finally investigated three years later, appalling truths were uncovered. De Lessups and the Company's directors had lied about or covered up the many factors that plagued the canal's progress: its costs, the deaths, cave-ins, malaria, broken machinery, and the pickled corpses sent to French medical schools to help pay the bills. The directors had also bribed French politicians, reporters, editors, and businessmen to keep the bitter secrets regarding cost overruns from the public. The resulting scandal left the reputations of few Frenchmen, political and financial leaders, untouched and shook the French government to its moral foundations.

Strategic Thinking of Canal Advocates

America's interest in building an inter-ocean canal was voiced by some important U.S. leaders in the 1890's, including naval strategist Alfred Mahan, Senator William Lodge and Theodore Roosevelt. They claimed it would speed trade to bind the East and West coasts while saving millions of dollars in shipping costs. Furthermore, a canal would allow a single US fleet to shuttle through it and defend both the Atlantic and the Pacific coasts at great monetary savings. Included in this strategy was a plan for the U.S. to control the approaches to the canal. Thus, the U.S. would have a base in Cuba (assured by the Platt Amendment) and other islands in the region while denying European powers an opportunity to build coaling stations to refuel their war ships. In the Pacific, the U.S. needed Hawaii (which the U.S. had annexed in 1898) to prevent an attack from that direction. Control over either Colombia or Nicaragua was believed necessary depending on which of these countries was chosen for the canal.

Public interest in a projected canal peaked during the Spanish American War. The U.S. Battleship *Oregon* was stationed in San Francisco when the war broke out and its progress toward the war zone was duly reported in the newspapers as it sailed around the Straits of Magellan and north to Cuba. The absence of a canal increased a trip of 4,000 miles by an additional 8,000 and added an estimated twenty days at sea. The question was no longer whether the U.S. would have a canal, but where and when it would dig it.

Panama or Nicaragua

President Roosevelt was willing to allow Congress to decide whether the U.S. should build a canal through Colombia or through Nicaragua. Congress wanted to make the best possible choice for the United States. But it ended up listening to an agent for the New Panama Canal Company, a successor to the one ruined by de Lessups's immense miscalculations and blind self-confidence. The director of the New Company was Phillipe Bunau-Varrilla. By prior agreement, the New Panama Company had until December 31, 1903 before the areas improved by the old canal company, as well as the construction machinery, railroad track, locomotives and so forth would be deeded to Colombia. Then Colombia and not the New Panama Canal Company could sell these rights for which the New Canal Company was demanding \$40,000,000.

Congressmen serving on a committee to inspect the sites where the canal might be built were invited to talk with officials in France where they were entertained lavishly and presented with the French perspective on the doomed canal project for five weeks. Then their French hosts brought the Congressmen to Panama where Canal Company officials showed them only what the Company wanted them to see.

As luck would have it, a volcano in Nicaragua erupted in 1902 for the first time in 68 years. Bunau-Varrilla quickly made postage stamps as a reminder of the eruption, and sent them to members of Congress. Not surprisingly, Congress selected the Panama route. Influenced by reports of Army engineers, Roosevelt agreed with Congress. He sent Secretary of State John Hay to make a treaty with

Colombia giving the U.S. rights to build a canal through the northern tip of their country known as Panama.

The Hay-Herran Treaty, Negotiated and Rejected by Colombia

When the talks between Hay and Colombia appeared to stall, the U.S. threatened to build a canal through Nicaragua. The threat worked and a treaty was signed in the fall of 1902. The Treaty gave the U.S. the right to build a canal on a strip six miles wide and 53 miles long. The U.S. would have complete control over the entire area. But, the U.S. would be left on its own to negotiate for property belonging to the New Panama Canal Company. In exchange for these privileges, the U.S. agreed to pay Colombia \$10 million and an additional \$250,000 a year until the year 2000. Afterwards, the canal would belong to Colombia.

President Roosevelt approved of the Treaty and sent it to the Senate where it was quickly ratified. But, the Colombian senate delayed ratification thinking it could wait a year for the rights of the Panama Canal Company to expire and these rights, worth \$40 million, could be sold to the United States.

President Roosevelt Reacts and Panama Revolts

When Roosevelt heard that Colombia had delayed ratification, he exclaimed that the “jackrabbits” in Bogota, Colombia should not be allowed to “bar one of the future highways of civilization,” and predicted that “the state of Panama (in Colombia) will secede if the Colombian Congress fails to ratify the canal treaty.”

President Roosevelt was not making idle threats when he hinted at the possibility of secession. He spoke frequently to the man who had the most to gain by arranging for a revolution, Philippe Bunau-Varrilla. And Bunau-Varrilla often talked to Guerreo Amador, the man he was plotting to make the President of an independent Panama.

In mid-October, Panama’s future President sailed south from New York City. Shortly afterwards, the *U.S. Nashville* sailed to waters around the Colombian State of Panama. Two weeks later, on November 3, 1903, a cable was sent from Washington to the *Nashville* inquiring as to whether the revolution had started. The answer was, not yet. But 3 hours later, the revolution did start. The main revolutionary force was a fire brigade paid by the New Panama Canal Company. The *Nashville* quickly landed its troops to prevent Colombia from suppressing the revolution. The New Panama Canal Company bought off a Colombian admiral with \$8,000 of gold and two cases of champagne, and a Colombian General was paid \$65,000 for not stopping the revolution.

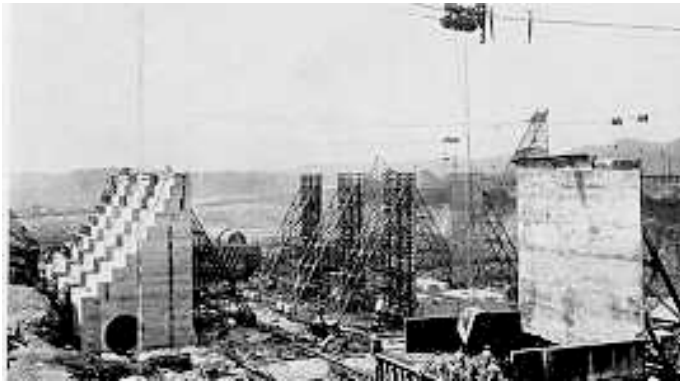
The Hay Bunau-Varrilla Treaty

Before Guerreo Amador left for Panama, Bunau-Varrilla had given him what he thought the new president would need to start a new country: a flag, a declaration of independence, a constitution, a secret code, and a promise for \$100,000. He also appointed himself ambassador to the United States. Three days after the revolution, the U.S. recognized the new nation, Panama. After another 12 days, on November 18th, ambassador Bunau-Varrilla signed a treaty with the U.S. Although much like the original Treaty with Colombia, the new one had several important differences, all of which favored the U.S.:

- This time the U.S. got a path through Panama 10 miles wide (the other was 6 miles);
- The rights to the area for the canal were ‘in perpetuity’ in the other they were to last until the year 2,000;

America's richest and most powerful banker, J.P. Morgan, was entrusted with forty million dollars to transfer to the New Panama Canal Company as payment for the digging rights, improvements, and machinery that otherwise would have been turned over to Colombia.

Aftermath



Construction of upper lock, February, 1915

Responding to criticism for the methods that he used to get the canal, President Roosevelt boasted that he took it, and he left Congress to debate him and not the canal. While that debate was proceeding, Roosevelt bragged, so was work on the canal. Completed just in time for World War I, the Canal took 10 years to build. Construction was a remarkable triumph of American ingenuity and it is counted as the world's most astonishing building project. Following the advice that de Lesseps had refused to heed, the U.S. built a 'lock' canal. Coming from either ocean, a ship would enter each lock when its water level was

low. Then water would be pumped into the lock, until the ship was high enough to be floated into the next lock. Upon reaching the high point, the ship would be taken through a lake in the middle of Panama. Then it would move to a full lock that would be gradually drained and in three stages get back down to sea level on the other side of the isthmus.

Americans may justifiably be proud of the engineering feat that built this canal and be confident that the canal had great practical value. Whether the U.S. should be equally proud of the way they obtained the canal is subject to debate.

Suggested Student Exercises:

1. Explain the advantages to the United States of having a canal that connected the Atlantic and Pacific oceans under US control and the reasons the US was in a far better position than any other country to build one.
2. Explain the role the U.S. played in the revolution against Colombia engineered by the New Panama Canal Company.
3. As your teacher directs, come to class prepared to debate the issue, whether the US in effect stole the canal from Colombia or merely behaved rationally in its own best interests. Students involved in the debate may wish to look at the issue from the perspective of either a Colombian or an American patriot.
4. Do you think the U.S. was wise to return the complete operation of the Panama Canal and the control of the canal zone to Panama by the end of 1999? Why or why not?