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XI.—THE NATIONAL CANAL POLICY.

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## THE NATIONAL CANAL POLICY.

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The question of isthmus transit has been before the civilized world since the discovery of America. From this time to the present four different canal policies have been elaborated and to some extent applied. In the order of their historical succession these canal policies may be named: The national European policy, the Anglo-American policy, the international policy, and the national American policy. It will be enough if I set forth the historical antecedents and indicate the political consequents of the four canal policies in the order named.

### THE NATIONAL EUROPEAN POLICY.

The national European policy can only be called a canal policy by stretching the phrase to include all the varied schemes of isthmus transit that were then devised. Among these, canals figured as projects, but in practice interoceanic communication was effected by means of river routes, pack trails, and wagon roads. To appreciate the canal policy of these days we must call to mind the motives making for mercantilism and consider the conditions of absolute monarchy. To establish their mercantile systems and succeed in their struggles for political supremacy, it was imperative upon the absolute monarchs to maintain communication by sea with their colonial sources of supply and establish factories in distant countries for the acquisition of raw produce and treasure of all kinds. At first Europe's efforts were directed entirely toward the East, with a view to acquiring the wealth of the Indies. Newly discovered America was consequently regarded, in first instance, as a barrier land before Asia. With this idea in mind the Spanish monarchs sought first to solve

the secret of the strait, and when this was found impossible to establish some artificial means of communication across the isthmus. Soon, however, the Spaniards discovered the New World to be rich in gold and silver, and henceforth interoceanic communication became a local expedient for the better acquisition of American supply. Routes were accordingly opened up—into Mexico and Central America to bring the products of these countries to the seaboard and across Panama to transport the wealth of Peru from the Pacific to the Atlantic coasts. The occupation of the country made effectual by these means of access and egress gave Spain the monopoly of Mexico, Central America, and trans-Andean South America. But monopoly always arouses competition, and it was not long before buccaneers of other lands began to intercept the richly laden Spanish galleons and to harry the coasts of the Central American mainland. These freebooter raids were soon followed by legitimated government expeditions, and eventually Spain found herself forced to defend her monopoly against her European rivals. England was the chief aggressor and by her pertinacity succeeded in establishing outposts in the West Indies and along the Spanish main, where she could best secure a share of the Caribbean sources of supply. The Darien settlement, of which so interesting an account has been given here this morning, was not sufficiently supported by the Crown to maintain itself, but in the West Indies and here and there along the Caribbean coast of the Central American mainland footholds were established so firmly as to be maintained till modern times.

So much in brief for the historical antecedents of the national European canal policy. As for the policy itself, it found expression in Spain's demand to maintain her American monopoly, and in England's efforts to secure a share in such monopoly for herself. America was not considered in this policy, except as a source of supply to be exploited for the benefit of the European monarchs who succeeded in securing control; nor was any regard given to Europe as a whole. On the contrary, each of the two countries concerned was bent upon defeating the other, what though their commercial interests would have been better subserved by sharing the vast sources of supply. In short, the national European canal policy was simply the mercantile policy applied to the Ameri-

can isthmus; its principle was the monopoly of the West Indies and Central America, together with the means of access thereto and egress therefrom, with a view to enriching the powers that secured control and impoverishing the powers that were excluded. That such a policy when consistently pursued should lead to continuous warfare until one of the contestants succeeded in wearing down the other was inevitable, and that in the course of the conflict thus engendered exploited America should suffer and her wealth-producing capacity decline, was also inevitable.

#### THE ANGLO-AMERICAN POLICY.

The United States took up the transit question with the idea of assuming exclusive control of the route, but the realization of this idea was interrupted by British plans, with the result that between the original establishment of the national American canal policy and its final application in our day, an Anglo-American policy prevailed. It came to pass in this way. During the days of the mad rush to the newly discovered California gold fields an American company succeeded in opening up a provisional transit route, by boat and stage, across Nicaragua, and was planning to complete the system by the construction of an interoceanic canal. The English settlements along the Caribbean seaboard had been limited, but not obliterated, by the treaty of Versailles, and in the meantime, meeting with no opposition except from the Central American States, British agents had succeeded in extending these settlements until the southernmost, Mosquitia, included the mouth of the river San Juan, the Atlantic outlet of the proposed canal. United States diplomatic agents, Hise and Squiers, proposed in return for the right of way through the country to assume exclusive control of the route for their Government and guarantee Nicaragua's rights of sovereignty from sea to sea. This, however, was impossible so long as England remained in de facto control of the Atlantic terminus of the route, so the treaties drafted to this effect by Hise and Squiers were set aside and the United States entered into negotiations with Great Britain on the subject.

There were three courses open to us at this time: We might have called Great Britain to account for overstepping the

boundaries laid down in the treaty of Versailles and, by making her amenable to the Monroe doctrine, cleared the way for the application of the national American canal policy; or we might have insisted that the Isthmus be excluded from the control of any power and placed under the joint protection of all by applying an international canal policy. Or, finally, we might have accepted the situation as it was and, by admitting Great Britain as a partner in the undertaking, established an Anglo-American canal policy. The first plan was difficult, the second was impracticable, and the third was comparatively easy of execution. Preferring present peace to future advantages, we proceeded along the line of least resistance, and by the ratification of the Clayton-Bulwer treaty committed ourselves to an Anglo-American alliance in the canal project. According to the terms of this instrument Great Britain and the United States agreed to further the interoceanic undertaking and jointly to guarantee the neutrality of the transit route. In this way was the Anglo-American canal policy established.

By adopting this policy England disassociated herself from the other European powers as far as the canal question was concerned and entered into a partnership with the United States, while the United States in return admitted Great Britain's territorial rights in Central America and extended the Monroe doctrine to include England as an interested party in the supervision and control of the American waterway.

#### THE INTERNATIONAL CANAL POLICY.

The lines of the international policy were laid down in Europe in connection with the Suez Canal, and only later applied to the American waterway. Finding their lines of communication with the Orient obstructed by the isthmus of Suez the Europeans were determined to overcome the obstruction by the construction of a canal to connect the Mediterranean with the Red Sea. The isthmus in question was situated on foreign soil and separated from the European system by the Mediterranean. Furthermore, the barrier cut off all the maritime nations of Europe alike from easy access to the Orient. Consequently none could claim peculiar benefits from the proposed canal. Under these conditions the project was regarded theoretically as a European affair and not as

the particular prerogative of any one power. As a matter of fact, however, France and England were the only countries immediately interested—France because she took the initiative in the enterprise, and England because she saw her Eastern empire threatened by foreign ownership of the transit route. In the older days of the absolute monarchy this issue would have been fought out, but under the newer constitutional régime the logical resort was to diplomacy. So England allowed France the glory of constructing the canal, and quietly proceeded to secure legal control of the company by buying out the majority of the shares. Having already secured possession of Gibraltar, Malta, and Cyprus on the Mediterranean side of the canal, Great Britain also acquired the island of Perim at the Red Sea outlet, and completed her protective system by the occupation of Egypt. In this way England secured economic and political control of the Suez Canal to the practical exclusion of the French. These matters of fact in no wise interfered, however, with the theoretical neutralization of the route, which proceeded through the necessary stages and was eventually proclaimed as a triumph of international diplomacy and cited as a precedent to guide those who in the future should undertake an enterprise of similar character in America.

Not long after the completion of the Suez Canal De Lesseps was induced by an irresponsible group of promoters to lend his name and fame to their project of constructing an interoceanic canal across the Isthmus of Panama. Funds were soon raised, for the most part from French savings, and the enterprise was inaugurated with characteristic enthusiasm, but with woefully inadequate knowledge of the technical difficulties involved. Having successfully initiated their project, the promoters endeavored to enlist the support of all nations and make the enterprise in name at least international. An International Scientific Congress was called together in Paris for the purpose, upon which the French plans were foisted, and the promoters then appealed to the governments of Europe with a proposal to neutralize the canal under an international guaranty. Outside of France there was little confidence in the success of the undertaking; still the powers of Europe were ready enough to accord their formal approval of the principle of an international guaranty.

From the European standpoint the international neutralization of the Panama Canal was a natural corollary of the international neutralization of the Suez Canal. Like the Isthmus of Suez, the Isthmus of Panama was situated on foreign soil and separated from the European system by the open sea. Furthermore, the barrier cut off all the maritime nations of Europe alike from easy communication with western America, the Pacific, and the Far East; consequently none could claim peculiar benefits from the proposed canal. Under such conditions, therefore, the European powers were willing enough to regard the Panama Canal project also as a European affair subject to international neutralization. But in this instance there was another factor to be considered—the United States, which nation not only did not belong to, but had deliberately cut herself off from, the European concert and proclaimed herself the special guardian of the destinies of the Western World. So the international canal policy in being applied to the American Isthmus met with its rival, the national American canal policy as supported by the United States.

#### THE NATIONAL AMERICAN CANAL POLICY.

The lines of the national American canal policy were laid down, as I have said, by the United States when the project of interoceanic communication first came up among the American republics. The question was to have been considered by the Panama Congress in 1826, but, owing to the failure of this congress to convene, the United States was obliged to proceed on her own account. In the treaty with New Grenada (subsequently the United States of Colombia) in 1846, in return for the right of way across the Isthmus of Panama, the United States undertook to guarantee the neutrality of the route. But in attempting to apply the same policy in Nicaragua the United States was confronted by British claims, and the outcome was, as we have seen, the substitution of the Anglo-American policy as set forth in the Clayton-Bulwer treaty.

Even at the time of its execution this policy met with little favor among the American people; and after the reconstitution of the Union as a result of the war of the rebellion the

opposition became more marked. Americans then began to realize more fully what their position in the New World was. Their country stretched from sea to sea, but their coast lines were divided by the interposition of the Isthmus barrier. Railroads might bind the several sections of the country into a commercial unit and so maintain the political union recently reestablished, but only an interoceanic canal could connect the seacoasts and round out the natural frontiers on the east, south, and west. Furthermore, as a nation the United States had promised to protect the southern republics, and so long as the Isthmus barrier prevailed it was difficult to communicate with these countries and keep them within her commercial and political system. With these ideas in mind the people of the United States looked with increasing distrust upon the Anglo-American alliance cemented before the war, but, being bound by treaty obligations, nothing could be done, though much was said. But when the French plan for an international guaranty of the Panama Canal was mooted, the United States felt herself in no way estopped by the Clayton-Bulwer treaty from objecting to the proposals and expressing herself strongly in favor of exclusive control. President Grant was the first to speak officially: "I commend an American canal on American soil to the American people," he said. President Hayes, in his strong message to Congress on the subject, next concluded: "The policy of this country is a canal under American control. The United States can not consent to surrender this control to any European powers." The opinions thus expressed officially at home led Blaine finally to address a circular letter to the European governments on the subject, in order to give the national policy international effect. In this letter Blaine was able to point to our exclusive guaranty of the Panama route and to add:

Any attempt to supersede that guaranty by an agreement between European powers whose interests in the canal and its operation can never be so vital and supreme as ours, must partake of an alliance against the United States.

The attitude assumed by the United States was sufficient to put a quietus upon the proposed application of the international policy to the Panama Canal, but it had not the least effect upon our relations with England. These relations were

fixed by the Clayton-Bulwer treaty and, in answer to Blaine's circular letter, the English secretaries made it perfectly plain that whatever was done about the international neutralization, Great Britain considered herself still a party to the control of the transit route. The obligation became more embarrassing as time went on, for an American company was already engaged in Nicaragua preparing to construct a canal through this country, and both the Government and the people were desirous of assuming exclusive control of the route. Indeed, Secretary Frelinghuysen went so far as to negotiate a treaty to this effect with Nicaragua, without regard to the obligations incurred under the Clayton-Bulwer treaty; but President Cleveland, not wishing to precipitate a conflict, withdrew the instrument from Senatorial consideration.

Such was the situation when we went to war with Spain. The effect of this war upon the canal question was most marked. In the first place, the enforced trip of the *Oregon* around the Horn served as an object lesson of the urgent need of more adequate means of interoceanic communication, and convinced everyone of the necessity of constructing an isthmus canal. In the second place, the acquisition of dependencies in the Pacific and the consequent entry of the United States into the commerce and politics of the Orient impressed upon the nation the importance of maintaining political supremacy along the sea route thither. This involved the holding of strategic points along the line and above all the exclusive control of the isthmus canal.

Thus as one of the results of the Spanish-American war the canal question again came up for decision, and the Clayton-Bulwer treaty was once more, and for the last time, made the subject of discussion. Fortunately for the United States, England had also learned some lessons from the war; she appreciated now, what she had failed to appreciate before, that the United States was bound to become a world power, and that her claim to the control of her continental base was justified in fact as well as in theory. To have insisted upon her rights under the Clayton-Bulwer treaty must certainly have aroused American animosity, and probably been ineffectual in the end. Moreover, a cordial Anglo-American understanding was of great importance to England's purposes. As

a result, Great Britain recognized in the necessity an opportunity of showing her regard for the United States and so cementing the friendship she desired. The task before Secretary Hay was consequently not so difficult as those that confronted his predecessors, and his diplomacy was ultimately crowned with success. The Clayton-Bulwer treaty is now abrogated, and under the Hay-Pauncefote convention the United States is free to protect and control the isthmus canal. So, finally, after many vicissitudes the national American canal policy is established.

#### THE APPLICATION OF THE NATIONAL POLICY.

In conclusion you will allow me to suggest some of the duties and responsibilities the application of this policy will inevitably involve. As I see it, there are three interests the United States will be called upon to guard: First, her own; second, those of the Spanish-American Republics; and third, those of the European powers. Let us consider these interests in the reverse of the order named.

In accepting the Monroe doctrine and admitting America's right to exclusive control of the Western waterway, the European powers certainly have the right to expect the fairest sort of treatment on this side of the sea; and in assuming this responsibility, the United States is in duty bound to provide safe transit and equitable conditions for the commerce of all nations passing through the canal. It should, in short, be made perfectly clear from the start that the United States has insisted upon exclusive control of the transit route because she considers such control essential to her national interests, and not because she is seeking thereby to discriminate against European commerce and secure monopoly advantages for herself. The old national European canal policy was worked out, as we have seen, along monopoly lines; but the new national American canal policy proceeds, or should proceed, upon the principle of fair trade and no discrimination.

But fair dealing with the European powers will, I fear, involve firm dealing with the Spanish-American republics. We have an example before us at present. Relying on the promised protection of the United States, these republics, or

one of them in this particular instance, appears to have avoided responsibility for its acts and repudiated obligations incurred. We can not allow Europeans to seize territory on this continent, and in this way we weaken their powers of enforcing their claims. In return it is certainly incumbent upon us to subject the Spanish-American States to discipline on our own account and see to it that the Monroe doctrine is not made a cloak for repudiation and unjust dealing. But this is by the way. Firm dealing we shall find especially necessary with those States which possess natural monopolies along the transit routes. In the past, and even at the present, the Central American States have shown themselves ready to sell out their rights again and again to the highest bidder, and they seem to have but little realization of the obligations of canal contracts. We are having all sorts of difficulty even now in securing the proper rights and franchises for the construction and control of the transit route, and I feel we must take a firm stand now in the matter to avoid all chance of complications in the future. The one important lesson to be learned from this is that we must certainly secure and own in our own right the strip of territory through which the canal will pass and remove this strip so acquired from Spanish-American control.

This last point brings me to a consideration of our own interest in the matter. It should be clear by this time, or if it is not a glance at the map must convince anyone, that the Isthmus canal will constitute to all intents and purposes a continuation of our coast lines. This waterway will not be situated on foreign soil—as the Suez Canal is situated in reference to Europe—on the contrary, the Isthmus canal will round out our own domain and form our southern frontier. These conditions lead to two conclusions. The first is already recognized in the Hay-Pauncefote treaty, namely, that the United States must be free to protect and defend the canal route as she would her own seacoast. The second conclusion has not become so clear. If the canal is to become our southern frontier, where shall it be constructed, across Panama or through Nicaragua? If the Panama route is chosen, then our southern frontier will be attenuated to the last degree, and, owing to natural conditions, there must always intervene a long line of inhospitable seacoast backed by a narrow strip of

tangled tropical forest between our base and our boundary. Adequately to protect such a seacoast and successfully to maintain such a frontier will be a task indeed for our Army and Navy. Besides, in selecting this route we leave another route open in the rear. It is not at all probable that other nations will wish to construct a second canal, but suppose they did, what attitude could we assume toward the undertaking except that of the dog in the manger?

On the other hand, if the Nicaragua route is chosen this possible difficulty will be avoided, and, what is more, our frontier will be rounded as it should be. The upland territory running south through Mexico, Guatemala, Honduras, Salvador, Nicaragua, and Costa Rica is a wonderfully fertile region, bound to be occupied before long by American colonists and developed by American capital. This region will eventually be traversed by continuations of the Mexican-American railroad system, and even now its seacoasts are dotted with trading posts and points of call for American steamers and sailing vessels. In short, this country is, in the nature of things, sure to come within the sphere of our economic and commercial interests, and perhaps eventually under our political control. Put the canal through this territory and you will bring Lake Nicaragua, one of the finest sheets of fresh water in the world, in line with the future trade route of the West, and, if history teaches us anything, Napoleon's prophecy will come true, here will rise the Constantinople of the New World, the entrepôt and trading center of the two continents.

Picture to yourselves, then, the two situations. The Panama route traversing an unwholesome tropical forest, deserted except for the constabulary guard, constituting a detached frontier, cut off from our southern base by hundreds of miles of tangled undergrowth and long lines of inhospitable seacoast; with its outlets in low-lying lands far south of the natural course of our coasting trade—a canal under American control, but cut off by land and sea from American influence. Or, on the other hand, the Nicaragua route traversing a salubrious country, rich in minerals and with abundant opportunities of agricultural development; a route that carries us through Lake Nicaragua with all its facilities for local trade

and interoceanic exchange; a route that will be met by our railroad system reaching down from the north; a route that will round out our natural frontier, join our seacoasts, and facilitate our coasting trade and our growing commerce with South America and the Pacific. Between the two routes the technical difficulties and advantages are about on a pair, but the political and economic advantages of the Nicaragua route are so far superior to those of the Panama route as to make our interest in the Nicaragua route, in my opinion, overwhelming.



