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SAN FRANCISCO

AND

THE NICARAGUA CANAL.

Merry, William Lawrence

LEGATION OF THE UNITED STATES OF AMERICA,
SAN JOSE, COSTA RICA, CENTRAL AMERICA,
September 15, 1900.

HON. GEORGE C. PERKINS,
United States Senator,
San Francisco, California.

MY DEAR SIR:

Your valued favor of August 23d requests me to contest the argument of a mutual friend entitled to our personal esteem, in regard to the Nicaragua Canal, to the construction of which he objects. The admission made by him that his *argument is not made on very broad lines* would indispose me to reply, as the Nicaragua Canal is a national undertaking, not to be considered from a narrow standpoint. But, confident that even his narrow premises will not stand impartial investigation, I shall contest his arguments first from his restricted platform, and subsequently in the brief manner necessitated by the limits of this paper, on a broader and more patriotic basis.

In examining his statement of navigable distances I note some serious errors, consequently you will find herewith a statement thereof for which I can vouch as emanating from the United States Hydrographic office. During my Central American residence I have visited various United States naval ships on this station and have found one naval lieutenant opposed to the canal.

On urging him to candidly state his reason for this opposition, he at first stated that his reason was a personal one and like our friend's *not made on very broad lines*. He finally admitted that he opposed a canal because if we do not have one we shall need two navies, one on each side of the Continent; more naval officers would be necessary and his promotion would ensue much more rapidly! Although at first surprised at this view of the case I thanked him for his friendly candor, and replied that his argument as a *personal* one was on a sound basis, much more so than the railway magnates who oppose the Canal on the erroneous ground that their overland railways will be injured thereby when I challenge anyone to cite an instance where any canal has not benefited the railways nearest thereto: notably the St. Mary's and Erie Canals in our own country.

Our friend starts with the assumption that the canal is *to be constructed for the purpose of making money*. This I deny *in toto*. The United States Government will build a canal on a broader and more beneficent basis, for the *political and military safety* of our country, for the *development of its commerce and industries* and to secure a *short cheap water route* to and from our Pacific Ocean possessions. The Suez Canal which cost ninety-four millions was built to make money and earns 17 to 20 per cent. annually on a toll of about \$1.85 per ton, whereas our Government should not charge over one dollar per ton when the Nicaragua Canal is opened and when its traffic increases, probably half a dollar per ton will pay cost of maintenance and leave a small per centage for a sinking fund.

Secondly, he states "the Canal will have no business when first opened." Why not? Will freight continue to prefer ten thousand miles greater distance around Cape Horn or higher Panama Railway Route and overland railway charges? The business of the Canal will come from new interests which it will develop and from other routes which cannot compete with it in rates. Third. He asserts that it will cost no less than

\$150,000,000.00. How much the Canal will cost depends upon its capacity and its honest construction. Since the Maritime Canal Company figured on \$80,084,176.00 for a 28-foot canal, the majority report of the United States Commission has increased the *possible* cost, including a 20 per cent. contingency to \$118,113,790 for a canal two feet deeper and much wider, with duplicate locks of increased size. But experts who have investigated the question have no fear of financial results even at the cost of one hundred and fifty millions.

Fourth. I deny that it will *be much more expensive to operate than the Suez Canal*, which needs constant dredging to keep it from filling with desert sands, as against the nominal cost of operating modern locks at Nicaragua, proof of which we have in the cost of lockage at the Saint Mary's Canal, which now passes through its locks nearly three times the tonnage that uses the Suez Canal. Neither is there apprehension of difficulty in water control at Nicaragua. Nature has provided against this as any canal engineer who has examined the route can prove. *An abundance of fresh water under absolute control* is the *striking advantage* developed at Nicaragua, as against the Suez Canal built through an irreclaimable sand desert, constantly encroaching upon it and necessitating constant dredging. But I may remark that the Suez canal with an expensive staff expends only 8½ per cent. of gross receipts for management while the cheapest and most efficient railway in the United States uses 47 per cent. of gross receipts for operating expenses, and many of our railways between 50 and 60 per cent. This is one of several reasons why a canal can afford to carry cheaper than any railway; it has practically *no wear and tear*, and *no depreciation* to contend with.

Examining carefully the animus of the paper I find only two main points to contest. First: The Nicaragua Canal will divert commerce from San Francisco and other Pacific Coast Ports. Second: It is "outrageous and inexcusable" that the Government shall create a competing route which will injure railways over and which

it has already aided in construction. Having reasoned from a fallacious standpoint the conclusions are without foundation and the last one entirely regardless of the national and public interest. That the Nicaragua Canal will divert maritime commerce from San Francisco and other Pacific Coast Ports is a *fallacy* based upon the proposition that, with the advantage of five thousand miles navigation and canal toll in their favor the merchants of Pacific Coast Ports will be unable to compete with their Atlantic Coast and European rivals. Such proposition implies an *incompetency* which I am not disposed to admit. It is a fallacy for another reason connected with navigation. A steamship from Hong Kong to Western terminus of Nicaragua Canal, and vice versa, only increases her distance by calling at San Francisco *twenty* miles: from Yokohama *ninety-one* miles. The steam route from Yokohama to Brito (Western terminus of Canal) via Honolulu (practically on rhumb line) is *374 miles longer* and from Hong Kong *367 miles longer*. These two most important ports illustrate the same fact as applicable to all other Asiatic Ports within the distance attraction of the Canal, the *divisional line* of which from the United States Atlantic Coast is at *Singapore*. The carriage of fuel being a serious factor in steamship expense, and San Francisco being practically a *half-way port* on a run of over ten thousand miles it *must* become a port of call for coal and freight, for all steamships in the Atlantic Asiatic trade, unless such special limited business offers at Hawaii as will induce them to navigate nearly four hundred miles additional. Under these conditions these steamships will often handle California freight to be discharged and replaced with a *second* freight for the Atlantic or for Asiatic Ports while coaling. The increased tonnage using Pacific Coast Ports for this reason will cheapen freights and add greatly to the business of its Ports. It cannot be claimed that steamers will prefer the longest route. Even between New York and Europe, where the shortest (or "great circle" route) infringes upon

Cape Race, the transatlantic steamers run that dangerous, foggy and iceberg line, in preference to the longer *rhumb line* further south, to save a much less distance, and they will certainly do so on the Pacific where the saving is much greater. I beg attention to the subjoined third table of distances of proving the assertions above made.

That the canal will *divert* some overland traffic from the railways is an indisputable fact. There must be a new adjustment of conditions. But there will arise with this adjustment a full compensation which will soon become *vastly more important* than the long haul overland of a class of freights which are only carried overland to avoid the 15,000 miles Cape Horn route. In the increased, vastly more profitable *short haul* to and from Pacific Coast tide water and in the increased passenger travel consequent upon the rapid development of the Pacific Coast our overland railways will find full compensation—the Canal will be of great benefit to them. When the short and cheap water way is available, European shipping to Pacific Ports will be largely steam freight tonnage. These steamers will load holds with English cargo and between decks with immigrants, and the Pacific Coast will rapidly settle up with these to the exclusion of Chinese. To such desirable emigration the Pacific Coast will for the first time be accessible at reasonable rates. At present the few that have the means to start for the Coast by overland railways are induced to settle in the middle West, and consequently Pacific Coast population increases very slowly. The same freight steamships will then return to Atlantic Ports, with Pacific Coast products: Cape Horn will become a memory.

The United States Government has covered into its Treasury approximately \$113,000,000.00 which it loaned the overland railways; the enormous land grants they keep. What "injustice or outrage" is there in *again* using this money to build another transportation route, national in character, for the benefit of all the Repub-

lic? This is not even taxation of our people: they have been once taxed to build the overland railways. I have in mind an instance where 1,500 barrels provisions were shipped from Sioux City, Iowa, to Jersey City, lightered to the California bound ship in East River, New York; carried 15,000 miles around Cape Horn, paying rail freight Eastward, lighterage, Cape Horn freight, insurance, six months interest and San Francisco wharfage; after all these charges saving *one third on the rail freight* westward from Sioux City to the Pacific. Freight rates eastward on Pacific Coast perishable products are even higher. You are aware that, to save the onerous westward freight charges by rail, California merchants have repeatedly shipped heavy goods by steam from our Atlantic Ports to Antwerp: thence reshipped via Cape Horn to San Francisco, paying charges before named, and would be now doing so save for Customs regulations forbidding it. It cannot be expected that freight can be carried by rail across the continent more than three thousand miles over two mountain chains and compete in cost with water transportation which under conditions most favorable to rail transportation costs only one-fifth, while, with heavy grades, the ratio is one by water to fifteen by rail. In the effort to control such freight, the overland railways are *preventing the development of the Pacific Coast* to their own detriment and against the interests of our great country. The day will come when these railway managers will regard their opposition to the Canal as error born of *unfounded apprehension*. Even now one of the main overland railway systems is quietly friendly to the Canal. Water transportation has its limitations, mainly *cheapness at the expense of time*. Railway transportation also has its limitations, mainly *speed at increased cost*. One is the complement of the other—not properly its competitor, and by carriage of cheap and bulky freight which is frequently unprofitable to railways on a long haul, water transportation can and is being used to *aid* railways. Even Mr. Huntington frequently shipped his

railway iron around Cape Horn, as he would have done through the canal had it been available. While controlling a railway system from ocean to ocean, he bought out the "Morgan Steamship Company" between New York and New Orleans and with the advantage of this *one-third water route*, dictated terms to his railway competitors. Could he have better expressed his true appreciation of cheap water carriage and of the inter-oceanic canal?

The limits of this letter forbid a full discussion of navigation distances, and besides this, distances are not fully conclusive. Considerations of traffic, ocean currents, available coaling stations, and return cargoes must be taken into account. But I shall briefly allude to prominent points in connection with navigable distances which are proven by U. S. Hydrographic Tables. Considering New York as the starting point, the *divisional line* between Suez and Nicaragua Canal influence in Asiatic commerce is *Singapore*, which port is only 29 miles nearer New York via Suez than Nicaragua. Consequently *all Asiatic Ports north of Singapore* are within the attraction of the American Canal for United States commerce. The immense trade of these ports is an important factor. In Australia, all ports East of and including Melbourne are much nearer New York than via Suez. New Zealand, the coasts of North and South America on both oceans and all Pacific Ocean Island groups the same. No claim to important diversion from the Suez Canal can be made, as the distance from the United States to Port Said protects it. Nor is a claim to diversion from Suez Canal needed. The Nicaragua Canal had within its zone of attraction, as shown by careful estimates in 1890, 8,159,150 tons annually. The revenue attainable therefrom will depend upon rate of toll, but at one dollar per ton, with 10 per cent. for operating expenses (or $1\frac{1}{2}$ per cent. more than at Suez) it will leave a safe sinking fund even on \$150,000,000.00 cost, or, by an extension of time, on a greater amount. But the earnings will rapidly increase. You will note

that the Suez Canal merely diverted gradually an *ancient* commerce, the increase of which has been steady but comparatively slow. The Nicaragua Canal can depend upon an already large commerce, yet in its *incipiency*. The resources of the American continent are *undeveloped* and its population *limited*. No man can place a limit upon the future commerce of this great division of the habitable world. Another feature in favor of the Nicaragua Canal is *the region through which it will be built*. While its length is 169 miles, it has 121 miles of free slack water and lake navigation, through a territory of unsurpassed fertility, blessed with a healthy climate. Thus, *it is not only an inter-oceanic canal but a line of inland navigation* which will so develop the territory on each side that in a few yew years its commerce will pay the cost of maintenance. The benefit of a fresh water canal to ocean carriers of steel or iron will be obvious to experts: they will leave it with clean bottoms and boilers filled with fresh water. Its location is 11° North of the Equator and in the North East trade regions, an advantage that will enable sailing ships to avail of it. Cape Horn is twelve hundred miles South of the Cape of Good Hope and the American Canal consequently saves greater distances than the Suez or any other canal that can hereafter be constructed.

The *naval* and *political* advantage of the Canal is a technical question regarding which my opinion is given with deference. But I find that its opponents are not found in the Government service. Military and Naval officers discuss the *advisability of fortifying* the canal *never doubting its great importance to our country*.

Quotations are available to prove that many of our greatest statesmen have been its ardent advocates, but space forbids. I may mention among these Grant, Harrison, Hayes, McKinley and Bryan as well as a nearly unanimous Senate and House are recorded in its favor. Are all these great minds dullards on the Canal question? Are they not the men who *ought to under-*

stand the great interests of our country, *impartially* considered?

As my advocacy for this beneficent work for a quarter of a century may be regarded as warping my judgment in its favor, I will end this already too extended reply by quoting *Archibald Ross Colquhoun*, an eminent English Engineer and Government Administrator, who, having personally examined the Nicaragua Canal route and the plans adopted for its construction, wrote a standard work *The Key of the Pacific* (Longhams, London, 1895) which ends with the following conclusions (page 335):

1. It will render greater service to the New World than the Suez Canal does to the Old.

2. It will bring Japan, Northern China, Australasia and part of Malaysia nearer the Atlantic cities of the United States than they are now to England.

3. It will benefit America in an infinitely greater degree than it will Europe, which will only use the Canal in trading with the Pacific littoral of the two Americas, the South Sea Islands and possibly New Zealand.

4. It will divert little or no European traffic from the Suez Canal.

5. It will give an immense impulse to United States manufactures, especially cotton and iron, and will greatly stimulate the shipbuilding industry and development of the naval power of the United States.

6. It will cost more than the estimates show (\$80.-084,176.00 at that time) but it will have a traffic greater than is usually admitted.

7. In the interest of the world it must be neutralized, and the true policy of the United States is to forward that end and thus make this international highway a powerful factor for the preservation of peace.

To the eminently conservative and disinterested conclusions of this patriotic English expert, I may be permitted to give my adherence no less than to the publicly expressed opinions of the great American states-

men whose names I have mentioned and to the practically unanimous approval of the Congress of the United States, after having actively discussed the Canal question for twenty years.

With assurances of my highest esteem I beg to remain,

Sir:

Your most obedient servant,

WILLIAM LAWRENCE MERRY.

NICARAGUA CANAL DISTANCES.

NEW YORK VIA NICARAGUA COMPARED WITH LIVERPOOL VIA SUEZ.

New York to Singapore . . .	11,549 m.	29 m. more.
“ “ Hong Kong . . .	11,308 m.	2,363 m. less.
“ “ Yokohama . . .	9,363 m.	5,951 m. less.
“ “ Melbourne . . .	10,000 m.	4,920 m. less.

New York to San Francisco . . .	} 10,753 m. less than via Cape Horn.
New Orleans to San Francisco . . .	
	} 11,853 m. less than via Cape Horn.

Distances saved via Magellan Straits vary between different ports, but may be approximately stated at two thousand miles.

NICARAGUA CANAL DISTANCES

U. S. Hydrographic Office, proving San Francisco to be on Asiatic Route to and from Brito, the Pacific Terminus of Canal.

	Knots.	Knots.
The shortest practicable route from Brito to Yokohama.....	7145	.....
Brito to San Francisco	2700	.....
San Francisco to Yokohama	4536	.....
Therefore the distance from Brito to Yokohama via San Francisco is.....	7236	.....
Therefore excess of route via San Francisco over shortest practicable route is	91	.....
Brito to Honolulu	4210	.....
Honolulu to Yokohama	3400	.....
Shortest practicable route from Brito to Yokohama via Honolulu	7610	.....
Therefore excess of route via Honolulu over route via San Francisco is	374	.....
The shortest practicable route from Brito to Hong Kong	8740	.....
Brito to San Francisco	2700	.....
San Francisco to Hong Kong.....	6060	.....
Therefore the distance from Brito to Hong Kong via San Francisco is.....	8760	.....
Therefore excess of route via San Francisco over shortest practicable route is	20	.....
Brito to Honolulu.....	4210	.....
Honolulu to Hong Kong	4917	.....
Therefore the distance from Brito to Hong Kong via Honolulu is.....	9127	.....
Therefore the excess of route via Honolulu over route via San Francisco is	367	.....

The conditions as to the distances in Trans-Pacific Navigation apply approximately to all United States Pacific Coast Ports.

TABLE OF DISTANCES IN NAUTICAL MILES BETWEEN PORTS OF THE WORLD,

and Distances Saved by the Nicaragua Canal,
 Compiled from data furnished by the United States Hydrographic Office.

BETWEEN	Around Cape Horn for Sailing Vessels.	Via Magellan for full powered Steam Vessels.	Via Cape of Good Hope.	Via Nicaragua Canal.	Advantage over Sailing Route via Cape.	Advantage over Steam Route via Magellan Straits.
New York and San Francisco.....	15660	13174	.....	4907	10753	8267
" " Puget Sound .....	.....	13935	.....	5665	.....	8270
" " Hong Kong .....	.....	.....	13750	10692	3058	.....
" " Yokohama .....	.....	.....	15217	9227	5990	.....
" " Melbourne	13760	12860	12830	9862	3898	2998
" " Auckland, N. Z.	12600	11599	14069	8462	4138	3137
" " Honolulu, H. I.	15480	13290	.....	6417	7063	6873
" " Callao .....	.....	9640	.....	3744	.....	5896
" " Valparaiso	9420	8440	.....	5014	4406	3426
New Orleans " San Francisco	16000	13539	.....	4147	11853	9392
" " Callao .....	.....	10005	.....	2984	.....	7021
" " Valparaiso .....	.....	8805	.....	4254	.....	4551
Liverpool " San Francisco	15620	13494	.....	7627	7993	5867
" " Auckland, N. Z.	12130	11919	13357	11182	948	737
" " Callao .....	.....	9960	.....	6464	.....	3496
" " Valparaiso	9380	8760	.....	7734	1646	1026
" " Honolulu .....	.....	13610	.....	9137	.....	4473
" " Yokohama .....	.....	.....	14505	11947	.....	2558

