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NICARAUGA CANAL IN ITS
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THE NICARAUGA CANAL

In its relations to

CHICAGO and the NORTHWEST

[Given to the Press April 28, 1900.]

Since the incorporation of the Maritime Canal Company of Nicaragua in the year 1889, the proponents of that scheme, in Congress and out of Congress, have persistently opposed any thorough and impartial official investigation designed to make known the probable cost of the canal, the relative merits of rival routes, the commercial possibilities of any American interoceanic canal, or even the military value of the project. At the present time they are putting forth strenuous efforts to forestall and defeat investigations, in progress, in the hands of a commission appointed a year ago by the President under an appropriation of one million dollars for the purpose of determining these vital questions. This persistent opposition constitutes a confession of the weakness and unworthiness of the scheme.

One of the most important of the neglected phases of the canal scheme is its probable effect upon the commercial interests of Chicago and the Northwest. No Committee of Congress, and no officer of the government has ever investigated and reported upon this subject, and no Senator or Member of Congress has ever attempted to prove from geographic, economic and commercial data that a Nicaragua Canal would be of benefit and not an injury to that particular section of the country. I beg leave to invite public attention briefly to a few of the more important facts bearing upon this particular subject.

When the rush of immigration to California began in the year 1849, the American isthmus presented the only practicable route from Atlantic Seaports to El Dorado. The completion of the Panama Railroad in the year 1855 greatly enhanced the value of the isth-

mian route ; but upon the completion of the Union-Central Pacific Railroad in 1869, the carriage of passengers, the mails, bullion, express goods and fast freights generally, passed, at once and forever, to the transcontinental route. At the present time there are seven transcontinental railroads in the United States. The efficiency of these important highways of commerce has been enormously increased as the result of improvements in track, locomotives, cars and facilities generally. To-day the 90-ton locomotive hauling a train of freight cars over a 90-pound steel rail is the grandest, and the most efficient instrument of commerce ever seen on this planet, not excepting any ship that ever sailed the seas. If there were a river a mile wide and twenty feet deep from Chicago to San Francisco it would be inferior, as a highway of commerce, to any one of the rail lines now connecting those cities. The sooner this important economic fact of the age is acknowledged the better it will be for the country.

Astonishing reductions in rates have accompanied the phenomenal development of transcontinental commerce. According to data recently published by the Bureau of Statistics of the Treasury Department, the average rate per ton per mile on transcontinental railroads fell from 4.50 cents in 1870 to .99 cents in 1898, a fall of 3.81 cents per ton per mile. In other words, the rate in 1898 was less than one-fourth the rate in 1870.

The growth of the transcontinental rail traffic may be inferred from the fact that the overland traffic of the Southern Pacific system increased from 98,657 tons in 1872 to 1,867,750 tons in 1898.

The fruits of California, Oregon and Washington are found to-day in every grocery store and at every fruit stand from the Sierra Nevada range to Eastport, Maine. This traffic moves entirely by rail. The eastward shipments of green fruit increased from 2,896,530 pounds in 1873 to 262,294,170 pounds in 1897, and of dried fruits from nothing in 1873 to 142,575,660 pounds in

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1897. An enormous transcontinental traffic in lumber and timber has also been developed, and can never be diverted to any isthmian canal route.

Eight years ago, as the result of careful computation, I ascertained that the value of the commerce of the so-called Arid Region with other parts of the United States amounted, in a single year, to \$440,000,000, exceeding the total value of the foreign commerce of the United States with Asia, Oceanica, South America and the West Indies Islands combined. This internal commerce was a creation of the facilities of transportation by rail.

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The total value of the products of all industries in the Pacific Coast States and in the Arid Region now amounts to fully \$700,000,000 annually. This has given rise to an enormous overland commerce where only 40 years ago were the homes of savages and the solitude of the desert. Chicago has become the chief commercial centre of the vast internal commerce thus created.

Now the question arises, What benefit can possibly accrue to Chicago, or to the hundreds of towns and cities of the Northwest from the construction of the Nicaragua Canal? I answer, that canal can have no relation to the commerce of the Northwest with the Pacific Coast and the vast interior except the relation of competitor. I have wondered much and have waited long to learn from the chief advocate of the Nicaragua Canal in the House of Representatives—Mr. Hepburn—the grounds upon which he bases his expectations of advantage to the Northwest from the construction of the Nicaragua Canal, but all in vain. At last I have been led to suspect that there may possibly be revolving in his brain some plan for establishing a line of prairie schooners between Greytown, Nicaragua, and Clorinda, Iowa. Surely he is laboring under some sort of delusion; for the idea of promoting or in any way benefiting the commercial, industrial or transportation interests of Chicago, of the Northwest, or of the vast inte-

rior, through the construction of the Nicaragua Canal has no other basis than "such stuff as dreams are made of."

It is easily demonstrable that if the Nicaragua Canal were completed to-day, at rates for tolls now charged on the Suez Canal, the overland rail routes would still control all traffic between the Pacific Coast and the Appalachian Range, or say a line embracing Chattanooga, Tenn., Parkersburg, W. Va., Wheeling, W. Va., Pittsburg, Pa., and Buffalo, N. Y. Besides the all rail lines would continue to secure all the passenger traffic, the mails, express goods and all fast freights between Atlantic and Pacific ports of the United States.

Mr. Hepburn has recently discovered a new way of attacking the commerce of the Northwest with his Nicaragua Canal project. He proposes to make the Nicaragua Canal a free canal. In that event, the overland routes and all interior markets would be handicapped by enormous governmental subsidies. First, the Northwest and the great interior would be taxed their full share of fully \$200,000,000 for the construction of a route at rivalry to those routes which have built up their vast wealth and enormous commerce, and for the promotion of the commerce of trade centers rivals to Chicago and to the towns and cities of the Northwest. Besides the great West and vast interior would be taxed their full proportion of about ten million dollars a year for interest and the cost of maintaining and operating this rival route.

The natural commercial entrepots of our growing Asiatic and Oceanic commerce are San Francisco and other Pacific Coast ports. Do the people of Chicago and the Northwest desire to have this promising commerce deflected from them through the power of enormous governmental subventions of which they will be called upon to pay their proportional share?

In this connection the question might also be asked—why should the people of California desire to see a large proportion of the Asiatic and Australian com-

merce of the country directed from San Francisco to the Nicaragua route?

But there stands the self-convicting admission to the whole world on the part of the advocates of the Nicaragua Canal that they have for ten years bitterly opposed any official inquiry as to its commercial possibilities or its military value. As an officer of the government and as private citizen I have proved that the Nicaragua Canal could not under existing circumstances, and at toll rates equal to those charged on the Suez Canal, secure over 300,000 tons of shipping annually as against 6,000,000 tons claimed by the canal advocates. They do not even attempt to prove the incorrectness of my figures, nor the correctness of their own. They have shirked the issue when challenged to meet it. On page 4 of his report of Feb. 17, 1900, Mr. Hepburn virtually confesses that he and his committee are utterly at sea in regard to the amount of tonnage which would pass through the canal annually. In the year 1880—twenty years ago—as chief of the Bureau of Statistics in the Treasury Department, at the earnest request of the American Society of Civil Engineers, I computed the probable amount of tonnage which would pass through any American isthmian canal. The proponents of the Nicaragua Canal project appear to have lacked the courage, either to have this report officially reviewed or to make a fresh investigation. They have however, deemed it to their interest to deny the correctness of my report of 1880, and to impeach my capability in the line of a profession which has become the occupation of my life.

Two serious charges confront the advocates of the Nicaragua Canal :

First, in the pending bill in the House of Representatives they seek to forestall and evade the possible result of investigations as to route, traffic and military value instituted by the government at a cost of one million dollars appropriated less than a year ago. This is bad policy and abominable politics.

Second, they seek to repudiate a solemn treaty obligation. There are three ways of opposing an objectionable treaty. The first is to alter or annul it through diplomatic procedure. The second is to abrogate it by due notice and procedure conformable to the usages of international law. The third method is to repudiate it. The latter involves, in the case of the objectionable Clayton-Bulwer Treaty, a compromise of the national character.

There is another aspect of the case worthy of notice. The original amount proposed to be appropriated in the House of Representatives was \$140,000,000. When the Hay-Pauncefote Treaty appeared on Feb. 5, 1900, this amount was suddenly (on Feb. 17, 1900) reduced to \$10,000,000. The first expenditure for any canal would naturally be for the right of way. This is ostensibly held by the Maritime Canal Company, of Nicaragua, and its putative successor. These companies hold, or profess to hold, franchises on property rights, declared by them to be worth about \$10,000,000. Here is a coincidence. The whole scheme demands investigation. At any rate, it is to be hoped that after wasting ten years in the policy of preventing any official inquiry as to the commercial, military, and international aspects of the isthmian canal question, the honorable course of thorough and impartial investigation instituted a year ago will be allowed to prevail.

I sincerely hope that the people of the Northwest will demand, that, in so far as relates to their interests, the policy of secrecy and evasion shall cease, and that they shall be informed by their Senators and Representatives in Congress as to the exact status of the Nicaragua Canal project, especially in its relations to their vast commercial and industrial interests.

JOSEPH NIMMO, JR.

WASHINGTON, D. C.,

April 25, 1900.

The Historic Status of the Nicaragua Canal Scheme.

The root of the whole matter may be stated in a paragraph. In the year 1850, two great nations—The United States and Great Britain, united in a compact, known as the Clayton-Bulwer Treaty, to guarantee protection to private capital which might embark in the construction of the Nicaragua Canal. But knowledge of the inadequate commercial value of the undertaking has prevented private capital from investing in it. Men of large experience and practical knowledge of commercial enterprise in that quarter of the globe, have thoroughly investigated the Nicaragua Canal project, and condemned it on commercial and economic grounds. Among this number is the late Col. North of England, the so-called “Nitrate King.” Since the year 1850, the Suez Canal, a sea-level canal, formed by excavating mud and desert sands, has been constructed, and forms a short interior line, without railway competition, between the ports of Europe and the ports of Asia and Oceanica. This route is also greatly superior to the Nicaragua route for trade between Atlantic ports of the United States and the ports of Asia and Oceanica. Railroads have also been constructed across the American continent, each one of which, as already shown, affords a better solution of the commercial question involved than does the Nicaragua Canal.

But a set of men—enthusiasts, dreamers, retired politicians and speculators—seeing the failure of the trans-isthmian scheme as a commercial enterprise, undertook to carry it through by means of a political propaganda. At the very beginning they recognized the fact that the truth in regard to the commercial economic and military aspects of this scheme would be fatal to it. Accordingly they have pursued the policy of suppressing official information which might expose the falsity of

their pretensions. In this they have been wonderfully successful.

A last desperate attempt is now being made to forestall official information actually in course of preparation, and well advanced toward completion, at an expense of one million dollars to the government of the United States. Besides, as I have shown, the project involves unjust and flagrant discrimination against vast commercial and industrial interests, the outcome of heroic effort and of indomitable enterprise. Viewing the whole project as a senseless raid upon the public treasury I plead once more that the light of truth may be permitted to shine upon this unworthy scheme.

JOSEPH NIMMO, JR.

WASHINGTON, D. C.,

April 26, 1900.



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