

CANADA AND THE PANAMA CANAL

By Fred. W. Field.

I.—HISTORY OF THE CANAL

A short cut for the world's shipping will change considerably the geography of commerce. The halving of the American continent by the Panama Canal will mean fresh trade routes, the shortening of old ones, the creation of new enterprises, the adjustment of railroad rates, and a hundred other important incidents which must necessarily have a vital bearing on the world's trade and shipping. Those in charge of the Canal state that it will be open for shipping by July 1st, 1913. Others claim that it will not be ready before January 1st, 1915. The time of completion mentioned in the estimates is January 1st, 1915. Whatever the date, the event is sufficiently near for consideration of its relation to Canadian trade and development. On the other hand, many details in connection with the operation of the Canal have yet to be settled. This, together with the fact that certain effects upon commerce of the new waterway are not determinable until demonstrated by actual operation, make prediction a little risky.

Secretary of State P. C. Knox in an address at Panama said:—"Much has been said about the effect of the opening of the Panama Canal, but I believe it is given to a few of us to realize what magic possibilities are potentiated in that event. It will create for our Western world an entirely new situation, fraught with possibilities so vast as to daze the fancy."

Western Provinces Will Benefit.

At this time we may consider broadly some of the ways in which the Canal will give an impetus to Canada's commercial growth and general progress. Our Western provinces particularly are likely to benefit materially. They are already showing a keen interest in the matter and their efforts to meet the Canal by making proper preparations, cannot be too rapidly advanced. Those are the best trade channels which stand ready from the first to encourage and receive the flow of commerce. President Taft has said that the United States can afford to extend, "as one of the wealthy neighbors of all the other countries in helping them along, a world's avenue of trade that has been invented and paid for by the United States." Signs are not wanting that other countries will take advantage of the new avenue. Mr. Lewis Nixon, a shipbuilder and an authority in the United States on merchant marine, who recently returned from a visit to Panama, thought that the Canal would be much more used by Great Britain and Germany than by the United States. Wherever he went, Mr. Nixon heard a great deal about what the English and German steamship companies were going to do when the canal was completed, but little was said about American shipping interests. This caused "The American Banker," of New York, to remark, "It would indeed border on the farcical if the lion's share of the benefits of the Panama Canal should accrue to foreign countries after the United States had spent half a billion dollars in its construction." But we can trust the enterprise of the United States to take their full advantage of the Canal.

Frenchman Started the Project.

The history of the Canal is interesting. In 1825 a Frenchman obtained a franchise from New Granada, but failed to raise the necessary capital. In 1835 the United States sent an engineer to report on a canal project, but this came to nothing. In 1838 a concession was granted to France, but this concession lapsed. In 1848 a party of Americans secured a concession for a railroad across the Isthmus, and this road was opened for traffic in 1855, from Colon to Panama. Under this concession

the Panama Railroad Company held exclusive right to construct a railroad or canal through certain territory, which gave it complete control of the Panama route.

President Grant Appointed Commission.

From 1853 to 1895, inclusive, this company paid dividends amounting to \$37,800,000, or over 600 per cent. In 1869 the United States again considered the question of an Isthmian canal, and President Grant appointed a commission to investigate the matter. A treaty was entered into with the United States of Columbia in 1870, and as the Panama route was subject to the Panama Railroad Company's concession, the commission selected the Nicaragua route, and reported favorably upon it in 1876, but nothing was done, and France stepped in and remained in control until 1904.

Ferdinand de Lesseps formed a company in 1878, and secured a concession from the United States of Columbia. Surveys were made and the route from Colon to Panama was decided upon. The Panama Railroad was purchased for \$18,000,000 and work was started on a sea-level canal; \$240,000,000 was subscribed to the project and the time of completion was fixed as twelve years.

Stopped for Lack of Funds.

In 1887 it became impossible to secure more money and a lock canal was substituted for the sea-level project, but at last the whole work stopped for lack of funds, \$260,000,000 having been expended and 66,700,000 cubic yards of excavation having been removed.

In 1889 work was suspended and a receiver appointed. A new company was formed in 1894, and this company continued to do sufficient work to maintain its franchise, until in 1904 all of its rights were taken over by the United States. The total excavation by both French companies amounted to about 78,146,000 cubic yards.

The United States secured from the French company all of its franchise rights, the Panama Railroad, all the French surveys and maps, machinery, buildings, etc., and paid therefor \$40,000,000.

The United States has utilized 29,000,000 cubic yards of the French excavation in the present project, valued at \$27,500,000. The Panama Railroad, for which the French paid \$18,000,000, was valued at \$7,000,000. A total of 76,000 acres of land was acquired. The French surveys, maps, and data were valued at \$2,000,000. Up to the present, French machinery valued at \$1,000,000, and French buildings, valued at about \$2,000,000, are in use.

Treaty with Panama Republic.

The United States made a treaty with the Republic of Panama and paid \$10,000,000 for all rights conveyed, and agreed to pay \$250,000 per annum, after the expiration of nine years from the date of the signing of the treaty. Under this treaty the United States guarantees the independence of the Republic of Panama and secures absolute control of the canal zone, a strip of land ten miles wide, through the centre of which the canal passes. This zone has an area of about 448 square miles. It is a perpetual lease to the United States for this territory with all governmental rights and privileges, but strictly it is not United States soil, for residents therein acquire no rights of United States citizenship. The cities of Panama and Colon, while within the five-mile limit which bounds the canal zone, from the centre line of the canal, are not included in the zone, and are considered Panamanian territory, although the United States has the right to regulate sanitary matters within their borders and preserve order with armed forces if they consider it necessary.

From Atlantic to Pacific.

The Canal will pass through the Isthmus from the south shore of Limon Bay, in a southeasterly direction, to Balboa near Panama, on the Pacific side. Its length