

made with the United States. The province of Panama, which formed part of Columbia, was most anxious for the completion of the canal, and on the failure of Columbia to ratify the treaty, arose in rebellion against the parent state. The rebellion broke out on November 3, 1903, and on the 10th of November, Panama was recognized as a separate republic by the United States.

On November 18 a treaty was formed between the United States and the new republic for the concession of a strip of land ten miles wide extending across the isthmus a distance of 41 miles, to be known as the canal zone. For this concession the United States paid \$10,000,000 in cash, and agreed to pay an annual rental of \$250,000, beginning nine years after the date of the treaty, and to be paid from year to year so long as the treaty remained in force. The French Panama Company, burdened by its financial difficulties, became discouraged, and agreed with the United States to sell its concession and all its plant, works and buildings for the sum of \$40,000,000. By these two transactions, viz., its treaty with Panama and its purchase of the French company's interests, the United States was in a position to take up this great project and to throw into it the characteristic force of the American nation in dealing with public undertakings. Accordingly, under the direct control of the government of the United States, work was begun in 1904, and from recent reports the canal is to be completed in 1915, at a maximum cost of \$400,000,000. In its treaty with Panama the United States agreed that the conditions of the Hay-Pauncefote treaty should apply to the canal. By Article 18, of the Panama treaty, it was agreed:

The canal when constructed, and the entrances thereto, shall be neutral in perpetuity, and shall be opened upon the terms provided for by Section 1 of Article III of and in conformity with all the stipulations of this treaty (the Hay-Pauncefote Treaty entered into by the Government, of the United States and Great Britain on November 18, 1901.

Having now brought down the record of the treaties entered into for the construction of the canal, we are brought face to face with the action of Congress at its last session and to the consideration of that action so far as it affects Canada. By message from the President of the United States,

Congress was asked to legislate for the maintenance and government of the canal, and also as to the proper charges to be made for its use. The discussion of this message took place principally in the Senate and naturally divided itself into two parts. (1) The tolls to be charged on the foreign shipping of all nations using the canal, and (2) the tolls to be charged on the coastwise vessels, i.e. of vessels trading from port to port of the coast of any nation using the canal. In regard to coastwise traffic, the United States, the republics on opposite coasts of South America and Canada were the only nations interested.

In order that we might understand clearly the condition imposed upon the United States government if it undertook the construction of the canal, let me quote from the Hay-Pauncefote treaty of 1901. By Article 3 of the treaty it was agreed between Great Britain and the United States that:

The canal shall be free and open to the vessels of commerce and war of all nations observing these rules on terms of entire equality, so that there should be no discrimination against any such nation or its citizens or subjects in respect to the conditions or charges of traffic or otherwise. Such conditions and charges of traffic shall be just and equitable.

Unless we adopt the aphorism of Talleyrand, that the use of language is to conceal our thoughts, Article 3, which I have just read, can only have one meaning, i.e., that 'all nations' have the right to use the canal on terms of 'entire equality.' Notwithstanding the unmistakable fairness of the conditions prescribed in this article, the President of the United States, in his message to Congress, said:

. . . I am confident that the United States has the power to relieve from the payment of tolls any part of our shipping that Congress deems wise. We own the canal, it was our money that built it. We have the right to charge tolls for its use. These tolls must be the same to every one, but when we are dealing with our own ships, the practice of many Governments of subsidizing their own marine vessels is so well established in general, that a subsidy equal to the tolls as equivalent remission of tolls cannot be held to be a discrimination in the use of the canal. The practice in the Suez canal makes this clear.

Speaking in the Senate to the Bill introduced on the advice of the President, Senator Lodge, of Massachusetts, said: