

## The Panama Canal

### The French

Ferdinand de Lesseps, the builder of the Suez Canal, is one of the great heroes of the nineteenth century. Almost single-handedly, he organized the company, raised the money, hired the engineers, and personally led the entire project to completion. De Lesseps was an excellent salesman. Beyond that, he had charm, a youthful personality, and a strong desire to get on with what he set out to do and see that it got done. When his company ran out of money, he was able to get more. After years of frustration and setbacks, the Suez Canal was finished, and it is a lasting memorial to Ferdinand de Lesseps, his life's achievement.

After finishing his work in Egypt, de Lesseps turned his attention to the Isthmus of Panama. He wanted to build a canal that would be good for all the people of the world, and it would show French genius, culture, and civilization.

### The French Concession

1. The United States of Colombia gave the Societe Civile the exclusive right for 99 years to build a canal across the Isthmus of Panama.
2. To guarantee "good faith," the "grantee" (Societe Civile) would deposit 750,000 francs in a London Bank no later than 1882.
3. "Good engineers," composing an international commission, would look over the land.
4. Three years would be allowed for looking over the land.
5. Two years would be allowed for organizing a company to build the canal.
6. The company would be given 12 years to build the canal.
7. Colombia would get five percent of the money earned from the canal for 25 years; six percent for the next 25 years; seven percent for the next 25 years; and eight percent for the final years of the deal. The minimum payment was never to be less than \$250,000.
8. Colombia gave up 1,235,500 acres of public lands to the French company, plus giving an additional piece of land 219 yards wide on each side of the proposed canal.
9. In 99 years the canal would be given back to Colombia.
10. The ports at both ends, Colon and Panama City, would be neutral.
11. The deal (as outlined above) could be transferred or sold to other individuals or groups, but it could never be sold to another foreign government.

### The French in Panama

Ferdinand de Lesseps formed the Compagnie Universelle and his company began the canal, but they would never finish. The French did not have enough money, and the right tools and equipment were not available at that time to get the job done right. The French tried to raise enough money a few more times, but they just couldn't do it. De Lesseps wanted to build a sea-level canal, and that was not a good idea. Later, when the Americans took over, the engineers figured out that locks would be needed to carry the ships over the *cordillera* (the mountains) that ran through the isthmus. The French sent their best engineers to Panama, and labor gangs were hired from the islands of the West Indies. They worked in the broiling heat and humidity of the tropical rainforest, and many died from malaria and yellow fever. The project turned into a nightmare, as tropical disease killed thousands, the money ran out, and efforts to raise more ended in failure and scandal.

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### The Americans Are Interested

The French company had almost no money left. A French court ordered the company to reorganize and place the little money it had left in the hands of a new company, the *Compagnie Nouvelle*. The Colombian government gave the French permission to sell the job of building the canal to the United States government. The United States discussed taking over the job with the *Compagnie Nouvelle*. At the same time, the United States talked to the Colombians, telling them that the U.S. was interested in building a canal through Panama. For many years, the Americans had wanted to build an isthmian canal through Nicaragua, but the United States finally realized that Panama was the better place to build a canal. The land they would have to dig through in Panama was shorter and straighter; and less work, time, and money would be needed if the Americans took over where the French left off. The American talks with Colombia resulted in the Hay-Herran Pact. Listed below are points on which Colombia and the United States agreed.

### The Hay-Herran Pact

1. The *Compagnie Nouvelle* could sell “rights, privileges, properties, and concessions” to the United States.
2. The United States was given a canal zone six miles wide, from Colon to Panama City.
3. This would not include the two cities. They would remain under the rule of Colombia.
4. This franchise (a right or privilege given by the government of Colombia) was granted for 100 years.
5. The franchise was renewable. This was a choice given to the United States.
6. To give the agreement the “seal of approval,” the United States was to pay Colombia \$10 million in gold in one full payment.
7. The United States would pay an annual rent of \$250,000.
8. Colombia would continue to rule, as stated in Article IV of the treaty. The United States would be allowed its own courts in the canal zone and would be able to make and insist that others follow whatever rules were needed to run the canal, the ports, and the railroad.
9. Police protection would be provided by Colombia. If, for whatever reason, Colombia could not give enough police protection, the United States could do whatever it had to do with Colombia’s approval, or without it, in case of an emergency.

Colombia was not happy with the original agreement with the United States. The people who ran Colombia’s government felt that too much was given and not enough was received in return. Colombia wanted an additional \$10 million payment from the French *Compagnie Nouvelle*, and they wanted to increase the annual fee of \$250,000, which they thought was too small. Colombia would not accept the original agreement.

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### Panamanian Rebels Approach the United States

A small group of rebels in Panama organized a rebellion to break away from Colombia. If the United States agreed to recognize this group as a new government and help protect it from Colombia, the rebels were willing to give the Americans the right to build the canal across the isthmus. This plot began in Panama City, but powerful people in both New York City and Washington, D.C., had a part in it, too. If a revolution were to take place, American cruisers would go there and protect the land from Columbian troops. Within hours the United States would give official recognition to the Republic of Panama, and within days a new canal agreement would be made.

### The Hay—Bunau-Varilla Treaty

John Hay was quick to plan and sign an agreement with the Panamanian rebels, and he was pleased with what the United States agreed to. The Hay—Bunau-Varilla Treaty said the following:

1. The United States was given power to build a canal through a zone that was 10 miles wide.
2. Colon and Panama City were not a part of the canal zone.
3. Four islands in the Bay of Panama were given to the United States.
4. The United States had the right to take any additional land or water areas it needed for the operation, construction, sanitation, or defense of the canal.
5. The United States would hold the canal in “perpetuity.” (“Perpetuity” means a long time and could mean forever.)
6. Under Article III of the agreement, the United States was given “full rights, power and authority” in the canal zone, and Panama was specifically denied these rights, power, and authority.



## Chart Comparing the Different Offers for the Panama Canal

Ownership: Ports			
Ownership: Canal			
Amount of Land			
Payment to the Original Country Per Year			
Down Payment			
Length of the Right to Rule the Canal Zone			
<b>Colombians to the French</b>	<b>Colombians to the United States</b>	<b>Panamanians to the United States</b>	