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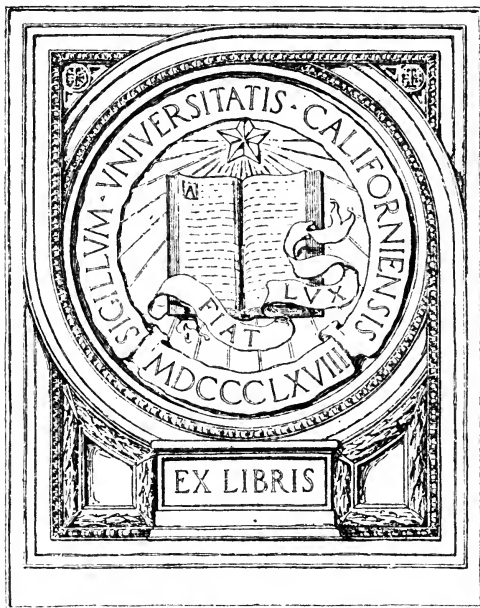
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SPEECH OF THE HON. THEODORE P. SHONTS
CHAIRMAN OF THE ISTHMIAN CANAL COMMISSION
BEFORE THE COMMERCIAL CLUB
CHICAGO
ON THE EVENING OF JANUARY 26, 1907



WASHINGTON
GOVERNMENT PRINTING OFFICE
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SPEECH OF THEODORE P. SHONTS, CHAIRMAN
OF THE ISTHMIAN CANAL COMMISSION, BE-
FORE THE COMMERCIAL CLUB, AT CHICAGO,
ILL., JANUARY 26, 1907.

*Mr. President and Gentlemen of the Commercial
Club:*

It has been suggested to me by one of your members who is a valued friend of mine that I can not do better in speaking to you this evening about the Panama Canal than to tell you—

First. The amount of work done by the French;

Second. The amount of work done by the Americans since the French abandoned the task; and

Third. What the actual conditions on the Isthmus are to-day.

With your permission, I will follow this outline in my earlier remarks, though in doing so I may repeat some of the statements which I made before the Knife-and-Fork Club at Kansas City on Thursday evening.

The French were altogether about twelve years on the Isthmus, about ten years of which were devoted to the active work of construction. During that

period they spent over \$250,000,000 and accomplished a total excavation of about 88,000,000 cubic yards. It is generally believed that a large portion of this money was misappropriated, and a great deal of it was squandered undoubtedly in the purchase of useless machinery. As the greater part of the excavation was for a sea-level canal, much of it will be of no value in the construction of a lock canal. Roughly speaking, however, it may be said that one-half the excavation was in the backbone of the divide and was useful work. A substantial part of the excavated material was so deposited along the proposed line of canal that it will have to be moved again in the present work, because the canal we are constructing will be more than twice the width of that proposed by the French. Their sea-level plan contemplated a canal 72 feet wide and 29.5 feet deep; their subsequent lock plan was for a canal 98 feet wide and 29.5 feet deep.

The canal we are constructing will have through the great cut a bottom width of 200 feet and a depth of 45 feet. For two-thirds of its entire length it will have a width exceeding 500 feet. If the French had finished either one of the canals contemplated by them, it would now be so inadequate to the demands of existing shipping that it would be closed to navigation and be in process of reconstruction into a canal of double width and depth. As the French left the

great cut, the distance across from the highest point on each side was about 750 feet. When our canal is completed this distance will be about 1,000 feet. The additional 250 feet must be taken from the slopes on either side for their entire distance, and whatever the French placed there or elsewhere within the lines of our canal prism will have to be rehandled.

The French had on the Isthmus when they gave possession to the Americans about 2,000 buildings, mostly houses for the employees, some excellent hospitals, and some storehouses and machine shops. Many of these buildings were capable of repair and have been put into service. They left a vast quantity of machinery, all of it twenty or twenty-five years out of date and virtually worthless. Their locomotives and rolling stock for the railway, as well as the rails of the road, were also out of date, too light for modern use, and utilized only because no others were available. They had constructed only such docks and wharves as were absolutely necessary for the discharge of material and machinery shipped from abroad, and they had no terminal or switching yards on the railway worthy of the name.

Aside from erecting fine hospitals, they had done nothing for the preservation of health. Modern methods of preventing disease were unknown in their time. Yellow fever was believed to be due to a poison, ever present, to which a certain propor-

tion of newcomers, especially Europeans and Americans, were expected to succumb, as they had always done. The disease was believed to be contagious and to be transmitted by personal contact. Malaria was believed to be caused by a miasma exhaled from the soil or by decaying vegetation, and to be spread by newly upturned earth. Nothing was done in the direction of supplying pure water or providing sewerage. The men were poorly housed and poorly fed, and the mortality among them was so appalling that it spread throughout the world the belief that the Isthmus of Panama was the pest hole of the earth—a veritable hell of disease and death.

When the United States purchased from the French Company its rights, privileges, and property, it paid the sum of \$40,000,000 for them. This was not a poor bargain, as is sometimes popularly supposed. It was a reasonable estimate of the value of the property of the Panama Canal Company. The offer to sell at that price came from the French Company itself, and was not suggested by any official of the United States. For two years the Isthmian Canal Commission had tried to get from the French Company a specific statement of the amount it was willing to accept for its property, but could not. Finally when it became evident that the United States was going to have a canal of its own, either at Panama

or at some other point on the Isthmus, the French Company concluded to sell for \$109,000,000. As this was far in excess of the value of their unfinished work that proposition was not favorably received and the House of Representatives promptly passed a bill for the construction of a canal in Nicaragua.

This bill passed the House by such an overwhelming majority that it was evident to the French Company, and to the world at large, that the Government was in earnest in its intention to build a canal of its own. As the amount of commerce in prospect was not sufficient for two canals, it looked as though the French Company would have to abandon their canal at Panama if the United States built one alongside of it at Nicaragua. The company became alarmed and, fearing the loss of all their property, they offered to sell for \$40,000,000. This amount was the estimated value to the United States of the French work, as made by the Isthmian Canal Commission in 1901. It consisted of the following items, viz:

1. The excavation done by the French companies, valued at about \$27,500,000.
2. The Panama Railroad, nearly all the stock of which was owned by the French Company, and valued at about \$6,850,000.
3. The maps, drawings, and records, which were valued at about \$2,000,000.

4. The buildings, storehouses, hospitals, land, equipment, and everything of that nature, which were valued at about \$4,000,000.

I have described to you what the situation was when the Americans came into possession. What have we done since that date? I shall not weary you with the details of what was done, but shall sketch for you very briefly the results as they exist to-day. We have in the first place made the Isthmus as safe a place to work in and live in, so far as danger from disease is concerned, as any other tropical country, and even safer than many parts of the United States.

We have definitely settled the question as to the origin and transmission of yellow fever and have entirely stamped out that dreaded disease on the Isthmus. There has been no authentic case there for fourteen months. As the life of the *Stegomyia* has been demonstrated to be only three months, it is impossible that any "loaded" mosquito of this character is there. It is, therefore, impossible to have a recurrence of yellow fever except by importation from abroad. To guard against this we maintain a most rigid quarantine service.

The entire scientific world now recognizes the correctness of the mosquito theory as to yellow fever. The theory that malaria is conveyed only by means of another species of mosquito is not yet so generally received. We are demonstrating, however, the cor-

rectness of this theory, and believe that in a few months we will be able to submit such proof to the scientific world as will establish it as conclusively as has been done in regard to yellow fever. We have already shown that just in proportion as we destroy the malaria-bearing mosquito to that extent does the prevalence of malaria decrease. We now examine the blood of all West Indian negroes as they land and find that 98 per cent have malaria in their systems. When we began to compel these new arrivals to sleep behind wire screens and to keep them out of the reach of mosquitoes during the hours that the mosquitoes were active, it immediately resulted in a decrease of malaria among the white employees.

To illustrate further: When the first installment of laborers from Spain arrived they came in the dry season and were allowed to live in unscreened quarters. A considerable per cent of them got malaria. A later installment, arriving during the rainy or supposedly unhealthy season, were placed in screened quarters and only a very few of them got malaria. From the moment all employees were housed behind screens the sick rate began to drop, and the death rate with it.

Still another illustration: The regular marine garrison at Bas Obispo, which has been on the Isthmus for nearly two years, living in screened houses, has enjoyed good health, with only a small percentage of malaria. When, however, fear of possible trouble at

the time of the recent election in Panama induced the Government to send several hundred additional marines to the Isthmus for temporary duty, this additional force was encamped in temporary tents, not properly screened. Although they were on the Isthmus only five or six weeks, practically the entire contingent succumbed to malaria.

General health conditions have so improved under Doctor Gorgas's scientific methods for the prevention of disease and the effect has been so remarkable among white employees as to cause us to revise our former opinion as to their ability to withstand the rigors of the climate. We have had since the 1st of March, 1906, an average of 300 Spanish laborers on the rolls, and of them only one has died from disease. They have malaria in about the same degree as the white Americans, but not at all to the extent that the negroes have it, and there has not been a single case of yellow fever among them. Their general condition is about as good as it was in their homes in Spain, and they stand the climate very much better than the negroes.

During the three and one-half months at the height of the rainy season, supposed to be the most sickly, among 6,000 Americans, including 1,200 women and children, no death occurred from disease. During October, among 5,500 white employees of all nationalities, there were but 2 deaths from disease, as

against 86 deaths from disease among the negroes. If the negro employees had possessed the power to resist disease as effectually as the white employees did, there would have been but 6 deaths instead of 86 among them.

In view of these statistics down to October 31, and of the gradual decrease in both sickness and death rates among all classes of employees, we feel justified in announcing to the world our belief that we are now in a position to invite white labor in any quantity from the States to assist in the construction of the canal, and at the same time to promise them an immunity from disease equal to that which they would enjoy in our southern States under like conditions of employment.

Inasmuch as some of you gentlemen are contemplating making an early trip to the Isthmus, I beg leave to say that personally I have no more uneasiness about going down there than I have about going to many other parts of the United States. As an evidence of my good faith, I will say that I have taken my family there for a visit of several weeks during the close of the rainy season. They had a thoroughly good time while there, and returned to this climate without experiencing the least injurious effect. Never in the history of the world has any government or any corporation made such comprehensive and exhaustive arrangements for the health and comfort

of its common laborers as has the Government of the United States on the Isthmus, and nowhere else on earth have the sanitary rules been so rigidly enforced, with such successful results.

In addition to making the Isthmus a healthy place in which to live and work, we have accomplished many other and scarcely less difficult tasks. We have established a system of government for the preservation of law and order with the result that, notwithstanding we have a mixed population drawn from all quarters of the earth, serious crime is unknown, and arrests are mainly for petty offenses and violations of the sanitary laws. We have erected for employees of all kinds towns and villages, varying in population from 100 to 5,000, composed of buildings constructed in accordance with the principles of sanitary science, provided with modern sewerage systems, and with abundant supplies of pure water. We have established—by means of refrigerating plants on the Government's steamers, a cold-storage plant at Colon, and refrigerator cars on the Panama Railroad—a continuous line of food supply between the markets of the United States and the dwelling and eating places of every employee on the Isthmus.

We have established commissaries and mess houses and placed it within the power of every employee to obtain good food, cooked and uncooked, at cost prices plus the actual cost of transportation. We have nearly

completed the task of converting the Panama Railroad, which was a decrepit single-track road, twenty-five years behind the times in personnel and equipment and without terminal yards or docks, into a double-track road with modern personnel and equipment, terminal and switching yards that would be a credit to any railway anywhere, and docks and piers with modern hoisting and unloading apparatus adequate to the demands of greatly increased ocean traffic. We have converted the city of Panama, which was without pavement or sewers or water supply, into the best paved, best sewered, and best watered city in the northern half of South America. We have supplied the city of Colon and its neighboring town of Cristobal with an abundant supply of pure water, have paved its main street with a model modern brick pavement, and are raising and covering the surfaces of its other streets with crushed rock. We have assembled the larger part of the great plant with which the canal is to be constructed, and we have completed the engineering plans upon which the work is to be carried forward.

There are other features connected with the construction of the canal which materially affect the United States. First, there is the added stimulus to trade caused by the purchase of supplies entering into this work; and second, the reduction in freight rates and increases in ocean tonnage which have resulted from this enlarged volume of traffic afford better

opportunity to our manufacturers and producers than has heretofore existed for establishing closer trade relations with the South American peoples.

Under the Government's policy of buying all our supplies from American producers, we are adding approximately \$12,000,000 per year of additional business to the industries of the United States over and above what they would have had if the construction of the canal were not in progress. The purchase of materials and supplies for use in the construction of the canal and the competition on the part of railroad and steamship lines, brought about in connection with the delivery of these purchases, have caused reductions in rates from the United States to the Isthmus and at the same time have added considerably to the volume of ocean tonnage going thither. Within the last year two important steamship lines sailing under foreign flags have established regular sailings between New York and Colon, while through lack of adequate facilities over 50 per cent of the Commission's supplies has been carried in tramp steamers.

With increased steamship facilities from the ports of the United States to the Isthmus and awakened feeling on the part of our manufacturers and merchants as to the possibilities in the way of trade development in the Latin American countries, there is no reason why the volume of trade between the United States and these countries should not be very largely in-

creased each year, so that by the time the Isthmian Canal is completed the people of the United States will be ready to reap all the advantages which it has in store for them.

The trip of Secretary Root has done a great deal toward removing from the minds of South Americans false ideas and prejudices concerning the attitude of our Government and people toward their Governments and peoples. I think the people of those countries now realize that the only desire we have in regard to them is to aid their efforts, political and commercial, to secure a more enlightened and stable government and a larger measure of material prosperity. The statement has been made, however, that but 5 per cent of the population of the earth to-day exists south of the equator, and that but $1\frac{1}{2}$ per cent exists on the west coast of South America. The question has been asked, therefore, whether or not, from a commercial point of view, the expenditure for the canal will be justified by the benefits that may be reasonably expected to result from it.

If conditions were to remain permanently as they are to-day, there might be a doubt as to the wisdom of this expenditure; but when we look around and see the rapidly increasing population and resulting density of traffic in our own country, when we observe that our vast transportation facilities, which made possible our country's wonderful expansion and form the under-

lying basis of our prosperity, are simply swamped with the traffic which they are called upon to handle, and when we contemplate the enormous amount of money that must be raised to adequately provide facilities for taking care of the increased volume of business, we are compelled to conclude that the superfluous population of the earth will soon be forced into other channels than the United States, and is not unlikely to move into the vast fertile plains and rich regions of our South American neighbors.

It has been said that the population of the earth one hundred years ago was, in round numbers, 800,000,000, whereas in 1900 it was 1,600,000,000. In other words, during the last hundred years the population of the world has grown as much as in all the previous thousands of years of history. This has been due in a measure to the development of the science of preventing disease and to the near approach of Tennyson's dream, when the "War drum throbs no longer, and the battle flags are furled." In other words, science has made such strides and the idea of the brotherhood of man has made such progress that the devastating wars and plagues of ancient times, with their attendant slaughter of men, women, and children, are things of the past, making the depopulation of the earth from those causes no longer possible.

As we know from contemporaneous history, European countries are already establishing colonies in

South America and are seeking to cement so strongly their hold on these people as to control their commerce. Hence it is our duty, if we expect to get our share, to set forth immediately and systematically to develop means to acquaint ourselves with their needs, so that when the canal is opened and ships can go from our home ports to the ports of the west coast of South America without breaking bulk we may be able to take advantage to its maximum possibility of this physical transformation of the earth.

The United States has in the last few years made such giant strides in industrial development as to become one of the great export nations of the world. Notwithstanding our phenomenal growth in population, our capacity to produce in both field and factory has more than kept pace with our growth in numbers. If our prosperity is to continue, we must have wider markets for our goods—what better fields for exploitation exist than the territory of our next-door neighbors in Central and South America? But while it is necessary to have the markets in which to sell our goods, it is equally necessary to have the facilities with which to transport them. I mean by this that the volume of our export trade to-day is seriously hampered by the overtaxed condition of our railways, especially at terminal points; in fact, it is a serious question whether it has not reached its limit under present conditions. Many of the important railway

systems in their desire to provide more adequate accommodations are going so far in their efforts to raise money for this purpose as to well nigh imperil their credit. The managements of these corporations realize fully the serious nature of the steps they are taking, but because of their extreme anxiety to perform properly their duties toward the traffic interests of the country they have assumed the responsibility.

Port terminals are already so scarce and valuable as to render adequate relief in that direction improbable, in fact, impossible, at any reasonable cost. It is therefore suggested that there be created a vast interior harbor reaching from Chicago to the Gulf. The idea is not new to you, but present conditions should bring it home to the minds of all of us with greater force than ever before.

The beneficial effects of such a harbor are many and obvious. In the first place it would furnish opportunities for the creation of terminal facilities along its entire length. These would be utilized to relieve the congestion at and take care of the overflow from our present port terminals. In the second place it would build up and develop the entire Mississippi Valley by giving it the advantages of terminal ports brought close to its doors. In the third place, and this has a most direct bearing on our canal proposition, it would give the people of our great Middle West, with their geographical proximity and these superior transporta-

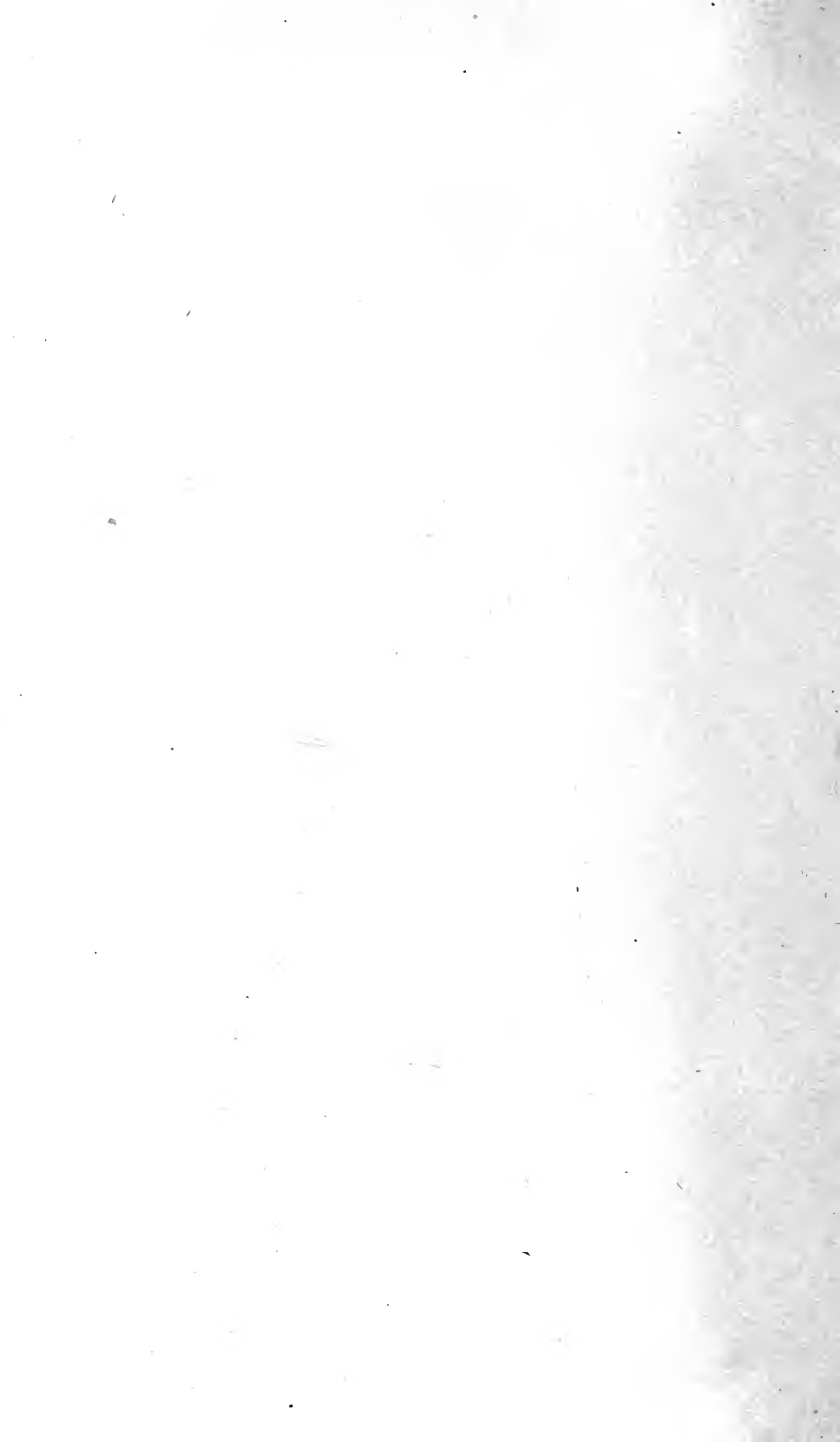
tion facilities, a distinct advantage over the rest of the country in commanding the South American trade.

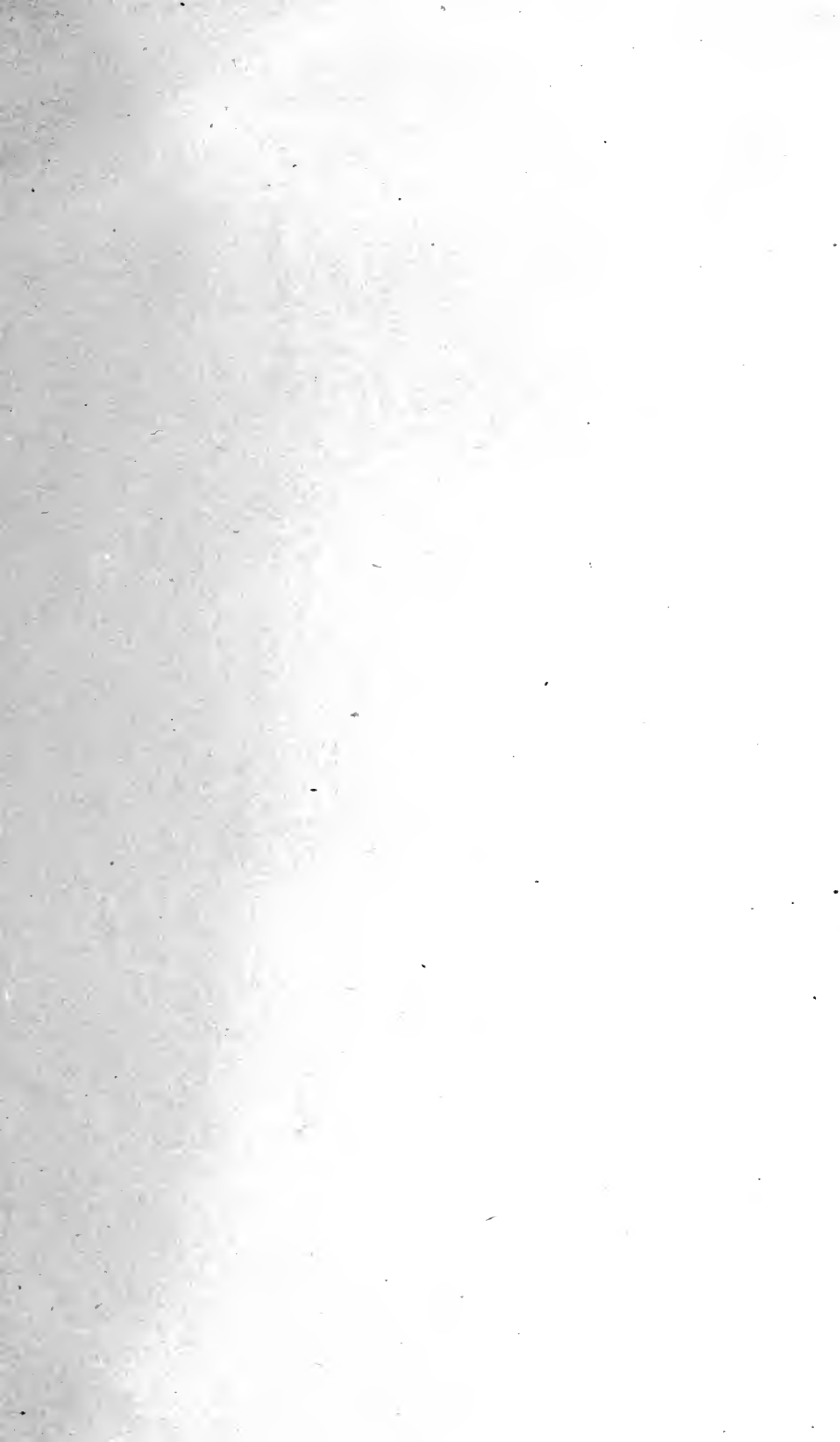
Where are the American ships, you may ask, in which to float this commerce? That opens a subject quite too large for more than cursory treatment at this time, but I have no hesitation in saying that, with Secretary Root, I think we should recognize the fact that "we are living in a world not of natural but of subsidized competition," and should "overcome the artificial disadvantages imposed upon American shipping through the action of our own and foreign governments by an equivalent advantage in the form of a subsidy or subvention." That is not merely the surest, but is the only way visible to bring about a revival of our shipping and the consequent development of our foreign trade. There is a bill now before Congress, framed upon the report of the Merchant Marine Commission, which provides for such compensation. It has been passed by the Senate and has the approval of the President. If you gentlemen desire to reap for American trade and industry the fullest benefits which are to be afforded by the Panama Canal, you should impress upon your Representative in Congress your wish to have this bill become a law.

What is the use of expending millions of American money in the construction of a new highway for American commerce when we have no American ships in which to carry that commerce? What is the use of

canvassing for trade in South America when we have no means, save in foreign ships, to transport our goods after we have secured a market for them? Gentlemen, the answer to these questions rests with you and with other American citizens.

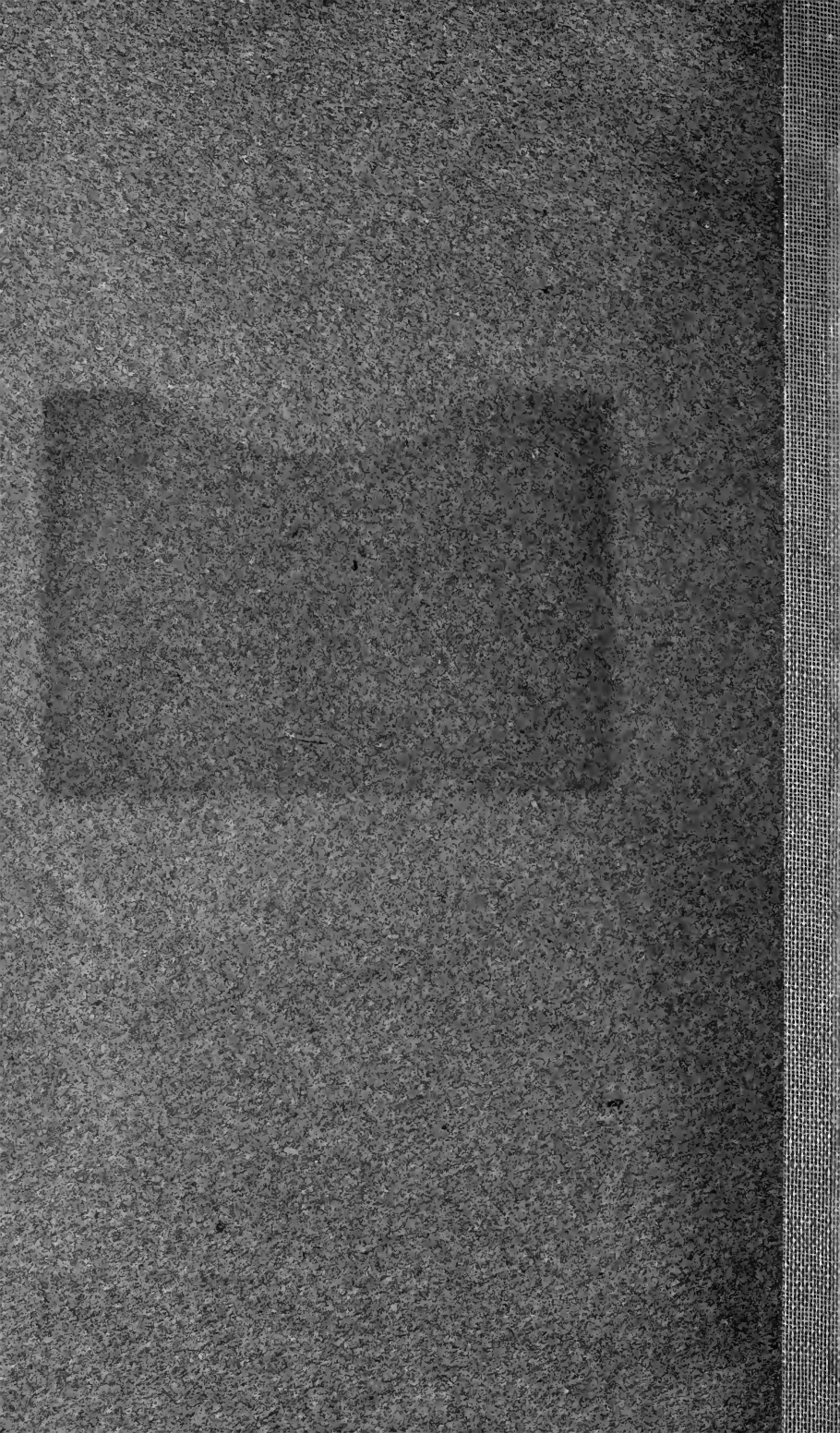












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