

132

~~CONFIDENTIAL~~

Section	3
Envelop	2

Year 1904

No. _____

Author: *Pepper, Chas. M. esq.*

Contents: *The intercontinental railway project and pan american affairs, lecture delivered June 19, 1904. 2 maps. 2 drawings.*

LIBRARY ARCHIVES OF NAVAL WAR COLLEGE
U. S. NAVAL STATION, NEWPORT, R. I.

To be returned

DECLASSIFIED IAW DOD MEMO OF 3 MAY 1972, SUBJ:
DECLASSIFICATION OF WWII RECORDS

Panama Canal

132

CONFIDENTIAL

Section	3
Envelop	2

in envelope

Year 1904

No.

Author: Pepper, Chas. M. esq.

Contents: The Intercontinental Railway Project and Pan American Affairs.

Lecture delivered session 1904, June 10th.

ARCHIVES OF NAVAL WAR COLLEGE

U. S. NAVAL STATION, NEWPORT, R. I.

DECLASSIFIED IAW DOD MEMO OF 3 MAY 1972, SUBJ:
DECLASSIFICATION OF WWII RECORDS

Section	10
Envelop	6

To be returned

THE INTERCONTINENTAL RAILWAY PROJECT AND PAN AMERICAN AFFAIRS.

Lecture by Charles M. Pepper

Before the Naval War College at Newport, June 10, 1904.

Mr. President, and Gentlemen of the Naval War College:

It was my privilege two summers ago to address you among other topics on the new relation of the navy which would grow out of the construction of the Isthmian Canal. Those of you who heard that lecture may recall that it related more to the semi-civil functions and to the value of preparation in dealing with contingencies which were likely to arise than to geographic and strategic knowledge.

Last November it happened that after a long journey in and out of South America I reached Panama on a merchant vessel. A new flag was floating and a new Republic was three days old. The same day it was my good fortune to see the "Boston" as she steamed towards the bay and to hear the thankfulness of the foreign sailing-master of a ship of another nationality that the American navy was on hand. The commanding officer of the "Boston" knew nothing of the conditions which confronted him. He had left the northern port only with the knowledge that

another revolution was in progress on the Isthmus. Happily he found a situation which was simple compared with previous occasions when it had been necessary for our warships to appear in Panama waters. On going ashore I noted among the foreign nationalities the same thankfulness for the presence of a small section of the United States navy that had been shown by the commander of the merchant ship.

Crossing the Isthmus to Colon I learned of the more threatening aspect which had obtained there and listened to the praises of the official representatives of foreign nations for the great service which had been rendered to peace and humanity by the opportune arrival of the "Nashville" and the readiness with which her Commander took the grave responsibilities that had to be met. Those incidents are now well known yet it is not out of the way to repeat the testimony that it was the timely action of the "Nashville" which avoided a condition similar to that which obtained in 1885. By the course taken the United States was enabled in a day to solve the intolerable situation which otherwise might have lasted for a year with infinite bloodshed and interference with commerce and yet which at the end of such a period only could have been determined as it was solved in the beginning.

I was a spectator of most of the developments during the acute stage that followed the recognition of the Republic of Panama and was able to note not only the utility of the strategic and geographic knowledge resulting from previous study on the part of the navy, but also to observe how satisfactorily the semi-civilian functions were discharged and how well the emergencies were met. The events in the Caribbean were a real triumph of naval diplomacy and naval readiness.

It is fitting to take a leaf from this recent history in considering the value of preparation in every phase of the work in the navy. Therefore I preface my address with it the more especially since at the suggestion of the President of the War College I am to talk on Pan American affairs and the Pan American Railway project. Both subjects are correlated with the Panama Canal. Before venturing on the broader field of diplomatic and international political questions perhaps it would be well for me to give an outline of the railway project and its possible influence on the affairs of this Hemisphere.

The scheme in its entirety contemplates ultimate through rail communication from the United States to the extremity of the southern continent. I say ultimate because those of us who are interested in propagating the idea cherish no illusions

regarding what is immediate and what is remote. We are trying to facilitate that which is immediate.

At this time 4700 miles are lacking of a through line between New York and Buenos Ayres. The total distance being about 10,500 miles. That gap which is wanting is a long stretch, greater by one-half than the whole of the Canadian Pacific from Montreal to the Pacific and greater by one-third than our own transcontinental roads. It is less than the Trans-Siberian line which is approximately 6000 miles, but the projected extension of that line to Pekin, when peace comes, will make a through journey from Paris to Pekin possible by traveling 7600 miles. There is also the fact that these links must be built not by one authority as with the Czar in Russia, or the Dominion of Canada, but by a dozen or more governments coöperating. If the United States extended from Mexico to the Straits of Magellan this country might build the Pan American railway both for strategic reasons and for purposes of commerce and development. But that political condition does not exist and for one I hope it never will exist. The moral protectorate which flows from the Monroe Doctrine is sufficient responsibility for us as a nation.

What is practicable is for the United States to encourage

the other governments to build the sections of the intercontinental trunk line and feeders within their own borders so that some day the links will form a railway chain as complete as the chain of the Andes. As the result of an official mission extending over a year and taking me through all the countries interested, I was enabled to report that progress was being made and to call attention specially to the nature of this progress which is at each end; that is, from the northern limits of the Argentine Republic north and from Mexico south. That is the way the through trunk line will come to be constructed as a whole - the extremities first, and then the intervening sections.

It is unnecessary for me to summarize the engineering features of the project. These are contained in the reports of the engineering corps that made the intercontinental surveys from the northern border of Guatemala to the southern limit of Peru. All this is available in printed form and I can only add that not only the maps made by the engineers, but also the topographical, geographic and commercial information which they gathered is of especial value. A hundred volumes of travels and explorations by individuals would not give the continuous and systematic information which is contained in that Report. To those of you who feel that it is desirable to know the

interiors of the countries bordering on the Pacific coast I would particularly commend the Report of the Intercontinental Railway Commission.

Now as to the project in detail. I have surprised many people by telling them that they would be able before many years to take a trip by rail from New York to Panama. It will not be as short in distance or as comfortable as by sea, but the idea of an intercontinental trunk line bears little relation to freight or passenger traffic merely between terminal points. It looks to internal development and commerce as its basis. On such foundation there is reason to encourage filling in the gap between the southern end of Mexico and Panama. Actually not much more than a thousand miles of railway is necessary to do this. Under a concession granted by the Mexican government the present lines, which reach Tehuantepec, are to be extended to the frontier of Guatemala. The contractors have four years in which to do this work but the probability is that for national reasons the government will hurry them. In Mexico City a few months ago I was told that the line would reach the little port of Tonalá this year. After it gets to the Guatemala border, or even before, a section of thirty miles will be closed up and then Guatemala City and Mexico, which is to say Guatemala City and

New York or San Francisco, will have through rail communication. The real problem in the general Pan American plan is to get the lines built from Guatemala through the other Central American countries.

It is not well to pass over Mexico and Central America without noting something of strategic as well as of commercial importance. This is the system of interoceanic lines by which the Gulf ports will be placed in communication with those of the Pacific. At present there is through rail communication from Vera Cruz across the isthmus of Tehuantepec to Salina Cruz, though it is not of a very satisfactory kind. The harbor works instituted by the Mexican government at Salina Cruz appear to meet with fresh obstacles every year, but the policy of the government is liberal and the engineering difficulties which stand in the way of creating a harbor seem likely to be overcome. Further north at Manzanillo in January the works apparently were much further advanced. Later I read of the destruction caused by earthquakes or volcanic disturbances so that perhaps their completion has been retarded. Yet they are bound to be completed. The gap between existing railway lines in that section of Mexico is only 50 miles and it is certain to be closed within a reasonable period. So the two interoceanic or trans-

continental lines most immediately available in Mexico will be from Tampico to Manzanillo and from Vera Cruz or Coazaco~~los~~ to Salina Cruz. Their value from the naval standpoint you are able to judge. You may know, further, that Manzanillo is to be the entrepot for the Orient with which a large trade is expected. Acapulco with its splendid harbor and its advantages as a coal-
ing station, is not likely to enjoy the benefit of through rail-
way connection for a number of years. The railway lines are stretching out in that direction and it is the policy of the Mexican government to make sure that one of the arms reaches Acapulco, but the engineering difficulties in the section that is lacking and the great cost of this line have caused its post-
ponement.

In Central America I think there is little doubt that within three years those of you who may want to leave your ship at San Jose and go across to Puerto Berrios will be able to do so. The contract recently celebrated by the Guatemalan govern-
ment with American capital ^{ists} insures the through rail connection of the capital with Puerto Berrios, and a railway now runs from the capital to the Pacific.

In Nicaragua if the present administration continues in power for a few years more there is a reasonable probability

that the Atlantic slope railway will be built to some point on Lake Nicaragua or on one of the navigable rivers. Bluefields or Monkey Point will then have through communication with Corinto.

In Costa Rica the gap is only fifteen miles. It is an expensive link to fill in and the government is not rich. However, the commercial reasons and considerations of State policy will combine to insure its building within the next few years. It is a certainty that by the time the Panama Railway becomes taxed in addition to its transit freight with the business growing out of the canal construction there will be railway lines in operation across both Costa Rica and Guatemala which will afford relief to international transit traffic.

These facts in relation to Central America and Mexico are given for general information as in the limits of a single lecture it would not be possible for me to discuss their political and strategic bearing without ignoring a more important subject. This is that of South America. That continent is important from economic, political and strategic considerations. I shall therefore discuss Pan American affairs and the intercontinental railway project with reference to it.

Taking it in geographical order let me say that the

railway link from Panama east and south through Colombia has very important commercial advantages, but that as a through line its immediate realization is not likely. What is possible is that Buenaventura may afford a means of reaching Bogota by rail for the anthracite coal deposits there and the richness of the agricultural product make feasible the rebuilding of the old line from Cali and the through extension. Information is that if Gen. Rafael Reyes is peacefully inaugurated as President in August in addition to encouraging interior railway building down to the canal zone his policy will be to secure the construction of this Buenaventura line and bring the capital into connection with the Pacific. State policy will make such a course almost inevitable for if the Department of Cauca does not secure some such encouragement the central government at Bogota always will be confronted with the threat of a secession similar to that of Panama. But these are matters which may be left for the present.

Ecuador also is in a backward condition, as we recognize it, in relation to railway building. Some data given me leads me to believe that the road from Guayaquil which now reaches as far as Guamote will be continued on to Quito, as originally planned, in spite of financial difficulties into which the

company has fallen. National necessity will force the government to secure railway communication with the only good harbor that exists on its coast.

It is to Peru that I wish to direct your attention more especially, both in relation to the Pan American railway and to that country's position as the theatre of future events.

The railway project in Peru is on a very definite basis. The government has a distinct policy which, from the indications, it will be able to carry out. While there a few months ago it came within my mission to make some suggestions regarding the legislation which would insure the revenues that would invite capital to engage in railway construction. A law was passed creating a special fund for this purpose and specifying as measures of national policy the two systems of communication which should be adopted. One of these related to the immediate links in the trans-continental route and had the object of making through rail communication from Lima to the borders of Lake Titicaca. Immediate measures were taken and surveys are now under way for lines from Oroya, the present railroad terminus up in the Andes, to Huancayo which is to the south. There are also surveys from the end of the line of the Southern Railway at Sicuani to Cuzco. From Cuzco to Huancayo by the shortest

engineering route that can be devised is at least 300 miles. It will be difficult and costly. The policy of the Peruvian government is to build up to the edges on either side where the existing traffic makes railroads a feasible commercial proposition and then by State aid close this section which independently would not afford sufficient traffic to justify its construction. All this is part of the general plan of securing through railway connection from Buenos Ayres to Lima by the friendly coöperation of the Argentine and the Bolivian governments. It is a national policy of vast scope and is to be studied in that light fully as much as in the industrial sense for it means that by the time the Panama Canal is finished the great Andean section of South America will have an outlet to the Pacific.

The Amazonian region which lies within the borders of Peru is of enormous consequence to that country for its industrial wealth, especially in crude rubber. The highest considerations of patriotic national policy make it desirable for the government to secure easy communication with these undeveloped regions. So it happens that the legislation which was passed by the Peruvian Congress a few months ago provides specifically for this purpose leaving the Executive some discretion in choice as to the routes. The controlling idea is to bring the Amazon

port of Iquitos as close to the central government, and that is to say as directly to the Pacific ocean, as can be done. The expeditions and explorations of Tucker, Wolff, Wertheman, Father Sala and others have opened the courses of navigation. A glance at the map shows that a number of streams are navigable up to the slope of the great central range of the Andes, or the eyebrow of the mountain as it sometimes is called. At your leisure you may find it interesting to study the maps of Peru in relation to the interior and the coast. That of Raimondi is the most authoritative and is the basis of all others including an official one recently issued by the Peruvian government. The route which usually is given preference in reaching Iquitos is to Puerto Victoria at the confluence of the Pichis and Pachitea rivers or to Port Bermudez a little further up the Pichis. This course utilizes the Ucayali river for a great distance. From Iquitos to Port Bermudez, roundly stated, it is 1500 kilometers or 930 miles. The real problem for the Peruvian government is to secure the rail connection between Port Bermudez and Oroya or some point along the existing railroad from Oroya to Cerro de Pasco. Actually there is a highway, of a kind, traversable by man and beast though in the case of the mail carriers it is found easier to dispense with the beast and

depend entirely on human energy. This is known as the Central Road.

Some years ago the railways of Peru were leased from the government by an English company known as the Peruvian Corporation. This company received very extensive land grants and had full plans for colonization. It also was expected to extend the railway to the Ucayali. But differences of opinion with the authorities and financial reasons caused its plans to be abandoned. Then the government itself undertook to build the Central highway and did so, but in order to avoid crossing the lands granted to the Peruvian Corporation a detour was made which, as I have been informed, increased the engineering difficulties of the road and also the expense of maintaining it. However, a way was opened by which an army marching in single file could be transported to the navigable waters which lead to Iquitos and I believe some troops actually were marched over the route. The road was constructed chiefly under the direction of the Peruvian Engineer, Joaquin Capelo. A telegraph line also was built and is today in operation.

When the military reasons became less urgent and when the colonization plans failed of realization so that there was less need for a through highway it fell into disuse and was not kept

in good repair. Yet it is still practicable and is utilized to some extent. Mr. Auguste Plane, the representative of French commercial societies who has made recent studies in that region, gives his opinion that this is the most practicable route for reaching the Amazon country. He estimates that the railroad, which would be between 340 and 350 kilometers or 275 miles in length, would cost \$13,000,000. While as a commercial proposition he does not think it immediately feasible because the returns from traffic would not meet the expense yet he is of the opinion that the Peruvian government would be justified in constructing the railway for reasons of national policy. That seems to be the view of the government also for its first measure under the authority conveyed by the law of the Congress was to provide for surveys and estimates on this route from Oroya to the river ports, Bermudez and Victoria. These surveys may show that the cost can be lessened.

There are other means of reaching the Amazon country from the Pacific. One plan which is exploited is for a railroad from a point on the Huallaga river at Yurimaguas along the banks to Huanuco and then across to some point on the Cerro de Pasco railway. This, however, has not met with much support. The Huallaga is the twin of the Marañon or Upper Amazon.

Yurimaguas is on the historic route from the Pacific at Pacasmayo and is the short cut across to the Amazon and its affluents. It is 610 kilometers, 380 miles, from the Pacific coast to Yurimaguas and then 269 miles by water to Iquitos. The Jesuit fathers and the Spanish gold hunters knew this way. The Peruvian government under the recent legislation has authority to survey this route with a view to a construction of the railway, but the project does not seem to be received with favor by the engineers. Pacasmayo never will be a harbor unless by the expenditure of much money and the prospective commerce does not justify such expenditure.

If the Amazon ever is reached by rail connection in the north of Peru it is more likely to be from Paita through the Piura region to the Pongo or Cascades de Manserriche. The distance in an air line is 420 kilometers, 260 miles. The railroad will have to traverse about 700 kilometers, 434 miles. Then from the Pongo to Iquitos is 420 miles and the big ships can come up the Amazon and the Marañon to that point. The highest elevation which is to be crossed by this route is 2300 meters as against nearly 5000 meters over the Central road. The estimated cost is about the same as that of the Central. In the economic sense this highway might prove commercially profitable

as the irrigation of the Piura desert is now considered feasible and that means a great increase in cotton production. There are also gold washings in this region and the claim is made that iron ore exists in quantities which show a commercial value, though this statement has not been satisfactorily demonstrated. The spacious bay of Paita and the ships which can ride at anchor there are facts already known to you. That bay seems to assure a commercial port of importance in the future.

I should say also a word in relation to Chimbote since it is a possible United States naval station. The bay is six miles by four miles across and is situated a little more than half the way from Panama to Valparaiso. Its availability for naval purposes is unquestionable. Among the railway enterprises is one which seeks to extend the present short spur as far as Recuay and later make a connection with the Cerro de Pasco line. Whenever that is done the Central highway from the Amazon region will have an outlet not only at Callao but also at Chimbote. The existence of bituminous coal not more than 75 miles inland from Chimbote seems to be fully determined. The mining engineer sent out by a London company to examine the deposits told me that there was no question of their commercial value. The importance of these coal veins is readily understood.

In the hasty sketch of railway routes I have overlooked mentioning this great economic fact of coal production which is of consequence industrially, commercially, and navally. In the Cerro de Pasco region there are also coal deposits which are believed to be very extensive. The American capitalists who are working the copper and silver mines there are fully satisfied on this point. They expect to be taking out the product within two years.

From this summary it will be seen that Peru has strong reasons for developing its share in the supply of the world's fuel and opening up the Amazon country to bring the crude rubber for which the world's demand is growing out to the ~~Atlantic~~ ^{Pacific} ocean. If by means of a thousand miles of river navigation and three or four hundred miles of railways this rubber product can be brought through its own territory, that is much better than to have it go through 3000 miles of Brazilian territory to the mouth of the Amazon and then across the Atlantic to Europe or New York. In spite of temporary political uncertainty I have no doubt that the causes which now are at work will insure the carrying out of the national policy and that by the time the Panama Canal is open to traffic, if not sooner, the montaña or forest region on the eastern slope of the Andes will be sending

its products to the Pacific coast. By that time also Peru is likely to have made some progress in extending its railway systems north from Oroya towards Ecuador along the line of the Intercontinental trunk.

With reference to Chile, the direct relation to the Pan American project is not apparent yet there is a relation. Moreover, it cannot be ignored that Chile is a factor in all South American affairs, both commercial and political. The country is carrying forward a consistent policy of a longitudinal railroad line paralleling the coast so that the nitrate provinces will be joined with Santiago and the South. It also expects to build into Bolivia either from the nitrate port of Iquique or further north. A year ago negotiations were on foot by which Chile agreed to advance to Bolivia the money necessary for the construction of roads leading down from Bolivia to the Chilean coast. At present there is only one line. This is the one to Antofagasta and it does not penetrate the region which is most important. Though these negotiations were broken off they are liable to be resumed at any time and carried through.

In the meanwhile the Chilean government has let the contract for tunnelling the Andes and joining the two broken ends of the present railway system which now leave a gap in through

communication from Valparaiso to Buenos Ayres. This tunnel is expected to require for its construction anywhere from three to five years. It will be of corkscrew or spiral form and it presents some unique engineering features. When completed it will not only place Chile in direct connection with the Atlantic but also with the network of Argentine railways which are now being prolonged into Bolivia.

That Argentine prolongation is in line with the Pan American project and, in fact, is part of it. The Bolivian government has \$10,000,000 available for early railroad construction. This is the indemnity received from Brazil for the Acre rubber territory. The government expects to get another \$10,000,000 on the credit of this fund and with the total amount it can build all the railroads that are necessary. As a mid-continent country it is seeking all means possible to reach the sea and is anxious to have the advantage of going down through the Argentine Republic to the Plata and up through Brazilian territory and the Amazon to Para. But these routes cover long distances and the fact is fully recognized that its real outlet must be on the Pacific coast. The national policy is to encourage the railway enterprises which secure this outlet. The country has not given up the hope ultimately of securing the

cession of a zone of territory from either Peru or Chile which will give it its own port. As to the intercontinental route Bolivia only has to construct 250 miles of railroad, in addition to the fifty miles that the Argentine Republic is to build in its territory under a treaty stipulation, till its links in the route will be completed.

Now you have in outline the Pan American railway project and the progress towards its realization. Those of ~~us~~^{us} who are seeking to further the enterprise are doing so almost entirely on the ground of its advantages as a means of peaceful commercial and industrial development. It is gratifying to state that we find much encouragement in this endeavor. We have reason to know that it is promoting the cause of arbitration and we believe that in the future it will do even more for this cause. At the same time we recognize what you call in the work of the Naval War College, eventualities. We do not shut our eyes to international situations and it is especially on that account that we who are engaged in civilian duties and who are interested in the fruition of civilian policies, appreciate the advantage of the preparedness which the ~~Naval~~^{Naval} College secures and which when the test comes may prove the strongest moral force in preventing war.

Having stated this much I propose to discuss briefly and with the freedom that would not be desirable in a public address the international situation in relation to South America and the United States. All my own observations have led me to distrust the vague notions which have obtained concerning the Monroe Doctrine. My conviction is that we cannot be absolutely sure always of maintaining it as a mere theory. It was only while visiting various countries that I was able to appreciate the deep impression which the British-German demand on Venezuela had made. Our National Administration took the correct ground in making it clear that the Monroe Doctrine was not to be used as a shield to prevent creditors from collecting their just dues. At the same time the real situation was not changed. Debt collection never could be allowed to cover territorial aggression. Throughout South America there was a feeling that a sinister purpose was behind this European demonstration. Support was given this belief by the general public discussion and even the advocacy of some persons in the United States of the claim that the Monroe Doctrine had lost its usefulness and that we ought to abrogate it so that the European powers would have a free field for spoliation and colonization. It would be a dangerous step for us as a nation to let a condition arise where the European

nations would be wrangling over a South American balance of power. That, of course, would be independent of any rights South America might have. As you are well aware, there has been distrust of the United States on that continent and there is distrust today. But though it has not all gone it is disappearing. The South American objection to the Monroe Doctrine has been to the form as much as to the fact. They disliked the patronizing way in which we promulgated it. But if the test had come we would have found them taking advantage of the fact of the pledged protection of the United States and not stopping to protest against the form. Under its recent interpretation the Monroe Doctrine implies that this country will not permit European military establishments adjacent to South America. That is an international situation which is not yet fully realized by some of the Powers.

With reference to colonization I made inquiries which satisfied me how utterly hopeless it would be for any European Power to depend on its own people settled in South America as the basis for political control. The German colonies of Southern Brazil, while they preserve the language and the memories and most of the customs of the Fatherland, have no more sympathy with the political policy attributed to the Kaiser than have

the Germans in the United States. Political allegiance could not be forced on them by an army of their own brothers. They are rapidly merging into the Brazilian nationality.

There are more Italians than any other class of Europeans in South America. In some sections they form a very compact mass. The Italian government never has been suspected of political designs, but if it did ever attempt to establish a dependency in South America it would meet with no encouragement. These matters are worth knowing whenever the idea is promulgated that South America only can be developed by dividing it up into European colonies and withdrawing the assertion of the paramount influence of the United States.

Now, concerning the international situation with Europe eliminated.

In furthering our Intercontinental Railway project various phases of this international or inter-American situation have been impressed on us.

When the First Pan American Conference in Washington made its recommendations for the Pan American railway the resolution included an article stating that the railroad should be declared forever neutral for the purpose of securing freedom of traffic. No objection was raised to that declaration and nothing

insidious was seen in it. When we came to adopt resolutions on the same subject at the Mexican Conference we found that several of the delegates from South American countries were strongly opposed to the proposed neutralization. They did not want to stand for any assertion which might imply a limitation on their own sovereignty over railways within their territory. As it was an abstract rather than a practical proposition, this recommendation was not pressed.

Some of the countries have taken to the railway project as a means of mutual defense and have frankly stated their opinion that it would be useful for them to have through railway connection with the United States and also an understanding for mutual defense. Others have looked upon it somewhat askance and have thought they saw in it a hidden purpose of territorial absorption. This view was brought to my attention in an unexpected quarter. During an official interview with the Chief Executive and Cabinet officials of Brazil the President remarked that he could see wherein the railway would be of great advantage to the United States in enabling it to transport an army to South America free from such interruption as might come from transports which could be harassed by a naval enemy. The inference was that possibly we expected to have United States

territory there to defend.

It is somewhat curious that Brazil with an area almost equal to our own, should have this spectre before it. Sixty years ago when the diplomatic controversy over the free navigation of the Amazon was at its height Brazil was refusing it and was seeking a South American concert of action in the fear such ~~action~~ ^{free navigation} would establish a United States colony in the heart of that continent and would result in territorial annexation. Navigation has been free for nearly forty years, but the colony is not yet in existence. There are only 420 citizens of the United States within the vast domain of Brazil.

Two years ago when a European syndicate under American guise was seeking to exploit the Acre rubber region Brazil's apprehensions again were aroused. That was purely a commercial speculation, but belief in a political motive back of it caused the government to buy the syndicate's claims and then make a treaty with Bolivia by which the disputed boundaries were fixed and Brazilian sovereignty established so that no foreign foothold can be obtained. I refer to this Brazilian attitude as illustrating a national tendency, and not as criticism of the government for that is quite friendly to the United States.

As I have stated the prospects for continued peace among

the countries of South America are all the time improving, but they do not dispel the possibility of the stage of war being arrived at or at least the verge of war being reached. It has been assumed that Chile is the possible peace disturber. This is hardly a just view. While there were Chileans who sincerely believed that their destiny was to push on to Panama and that they had the power to do so there were others who entertained no such illusions. I found even before it was known we would have the Panama Canal that a strong Chilean party believed in its construction. This in spite of the commonly understood fact that Chilean influence was predominant in Colombia and Ecuador and that this influence would be lessened by the building of the Canal. This also was entirely aside from the supposed commercial loss from diverting the traffic that now passes through the Straits of Magellan. The party that believed in the waterway was in the minority and did not influence the national *sentiment* for Chile was slow to recognize the actual situation when the United States acknowledged the Republic of Panama. The influence of Chile is still strong in Ecuador yet it was not strong enough to prevent that country and Peru from agreeing to submit the boundary dispute over the Napo river to arbitration.

The one question which may concern the United States

relates to the Galapagos Islands. In the strategic sense they are of far less consequence to us than a year ago since our control of the Pearl Islands off Panama gives us the necessary base. But there are other considerations. I do not imagine that if the Ecuador government were to send another Commission to Europe offering them for sale any European nation would make a bid without first asking the views of the United States. The views of the United States hardly could be favorable to the establishment of a European ^Power as a naval base off the coast of Ecuador especially in the light of the interpretation of the Monroe Doctrine which forbids the setting up of European military establishments in American waters. It is perfectly well understood that Ecuador is ready to sell those Islands and that the Congress a few months ago proposed to authorize the Executive to make the sale. I have not received information whether the authority actually was granted, but should a good offer be made there is no question that the Congress would acquiesce and possibly at much lower figures than the absurdly high price at which they were offered to the United States. It is not a secret of State policy that some Chilean statesmen and naval officers have advocated buying the Islands and the South American countries have never given great faith to the diplomatic denials of such

a purpose. The Chilean Naval Board a year or two ago published the report of its commissioner who was sent to study the strategic value of the islands and advised their purchase. Most of the newspapers in Chile a few months ago were agitating in favor of this purchase. This was just after our recognition of the Republic of Panama. What would be our policy in that event is perhaps a question for the State Department and also of public sentiment regarding national policy, yet it seems to me that the views and wishes of the navy should receive careful consideration. As respects the international situation it would perhaps be difficult to find legitimate ground of objection to one South American country trading off a group of islands to another South American country. The eventuality to determine would be whether the latter, out of antagonism to the United States, would be likely to serve as a mask for some European Power with which we might become engaged in war. That contingency is so remote that it hardly needs considering though in the past situations have existed in which it could not have been ignored. The real bearing of the subject would be chiefly with reference to the South American countries themselves and how they would look upon a Chilean naval base so far north. None of them would be able to prevent it. In view of the Galapagos question it is not hard

to understand why Peru, which so warmly welcomed the construction of the Panama Canal, wants the United States to have at least a coaling station off the Peruvian coast and is ready to enter into negotiations to enable us to utilize Chimbote.

The feeling between the two countries is not likely to be cordial so long as the ~~Tacna~~-Arica question remains unsettled. Last fall there seemed to be a prospect of ending the controversy by mutual concessions which meant a division of the territory and the creation of another port below Arica. How far diplomatic negotiations were attempted I do not know. Extremists in both countries protested against a compromise agreement and unfortunately no measures were taken by Peru and Chile respectively, to accredit ministers to each other which would have been the first step. So the subject remains in statu quo.

The condition and efficiency of the Chilean navy are known to you all even better than to myself and I need not dwell on those matters. During a long voyage I was interested in the opinion of a technical observer whose judgment has value. My travelling companion was Lieutenant G. de Faramond, the naval attache of the French Embassy in Washington. He was making a professional trip for his government and was accorded not only the customary courtesies but unusual facilities for judging the

various naval establishments in South America. Apparently he did not share the common view as to the pronounced superiority of the Chilean over the Argentine navy. Yet in the matter of personnel his impression was more favorable to the Chileans. That was due to the homogeneous character of the Chilean population and to the aptitude of the people of the coast for marine service.

It is possibly known that when war was thought to be imminent between Chile and Argentina, Chile proposed to seize Callao and make it the base of naval operations with 10,000 troops. The justification for the plan was that if this course were not taken Peru would form an alliance with Argentina which would have Callao if its warships could get there. It is not my business to discuss the probability of this happening or the ethics of the subject, but simply to state the fact. It is furthermore permissible to state that the Chilean military strategists had planned to throw a hundred thousand men across the Andes into Argentina. There were seven passes according to their surveys which could be utilized for the passage of troops even at the height of the winter season. Chile it was understood also expected to seize that portion of the Antofagasta railway which lies within Bolivian territory and use it as the

basis of land operations.

In spite of the thoroughness of their preparations I was informed some of the Chileans were not confident of their ability to defend their own seacoast against the Argentine fleet. They hardly could undertake aggressive operations against the Argentine coast for there is so little to attack. They could not get their warships up to Buenos Ayres and the military port of Bahia Blanca was so well advanced that its advantage to Argentina could not be gainsaid. Aggressive as the Chileans naturally are the expectation was that their aggressiveness only could be shown by offensive measures of defense. Some of the Chilean officials were disposed to complain that they were not allowed by the great Powers to fortify the Straits of Magellan only because they were a small nation. Of course, there was no ground for this complaint because if the Suez Canal is not fortified and if the Panama Canal is not to be fortified, the world at large is hardly doing an injustice to Chile in refusing to permit the Straits of Magellan to be so treated. I do not know that strategically the fortifications would have been of so much importance to the Argentine fleet since Chile could not control the passage around Cape Horn.

The Chilean military policy as affects both the army and

navy cannot be considered entirely separate from economic conditions. I found a growing opinion that the limit had been reached of what the nation could sustain and that it must be content with the high state of efficiency of both the army and the navy. An influential party recognized that to keep on meant to overburden the country with taxation and the amount of revenue to be had from the nitrates cannot be materially increased. In a few years it may begin to fall off. There was much popular discontent and the pride in the deeds of the navy was not enough to secure acquiescence in heavier taxation. The naval establishment which a nation of 3,000,000 inhabitants can sustain has definite bounds no matter how intense their patriotism. Having known these matters I always have believed that the Chilean government was sincere in seeking a market for the battleships under construction the sale of which was to be made in accordance with the terms of the Argentine peace treaty in order to insure the naval equivalency between the two republics. Recent advices from Santiago have recited an offer, credited to the Turkish government but perhaps coming from some other quarter, to buy the armored cruiser "Esmeralda" and the protected cruiser "Chacabuco". There also has been an offer to purchase the battleship "Captain Prat". To those who have had occasion

to study the internal affairs of Chile and the political tendencies, the growth of the national sentiment which acquiesces in such propositions and perhaps positively approves them, is very important. It means lack of popular support for the militant war party which was charged with wanting to go out and conquer the rest of South America in order to continue its own supremacy. A policy of public works has been adopted which seems to insure the sorely needed improvement of Valparaiso harbor. This will absorb a portion of the revenues that heretofore has been devoted to the navy. This public works policy and the universal objection to further taxation may also interfere with the agitation in favor of buying the Galapagos Islands. There would be not only the purchase price, but the permanent cost of their maintenance as a naval base which would be considerable.

Do not understand from this that the Chilean people ever will let their navy fall into neglect for they will not. They always will support it up to the full measure of their ability. The significance of present tendencies is the recognition of what this capacity is and, further, of the great overshadowing fact that the United States is the only nation on the Western Hemisphere whose growth in population and wealth makes its naval

policy the one which must control.

Now a few words in conclusion. From my account of the Pan American railway and the commercial and economic aspect of South American affairs doubtless you have noted my belief that the great Andean and Amazonian interior is opening towards the Pacific. When you consider that the construction of 300 miles of railway at a cost of \$10,000,000 or \$12,000,000 will give Peru that outlet it does not seem to be a far-off prospect. Another 300 miles in Bolivia will bring not only the interior of that country to the western coast, but also the northwestern provinces of the Argentine Republic. In Buenos Ayres a high official called my attention to the fact that those provinces are as near to the Pacific as to the Atlantic and stated that their national policy was, by cooperation with Bolivia and Peru, to have access for them to the western coast in order that they might share in the benefit of the Panama Canal.

We know how slowly the internal development of the great Amazonian and Andean regions has proceeded and we know also how poorly the opportunity for commercial expansion has been appreciated in the United States. But a change does sometimes come and it appears to be coming now. The future which Humboldt prophesied for the South American continent appears at last to

be dawning. As a nation we must share in that development and our international responsibilities broaden with it.

The tremendous factor that the Panama Canal becomes in relation to the Orient and the whole Pacific does not need a word on my part. You know it better than I do. But I have sought to call your attention particularly to the problem of the Pacific that relates to the coast line from Panama to the Straits of Magellan. The Asiatic fleet keeps watch and ward for that as well as for the Orient. I would urge the importance of knowing not only the strategic situation but of studying the resources, the topography, geography and the political conditions of the interior to and beyond the Andes. By such study you will be providing for those eventualities which are the special sphere of the Naval War College.

COMPAGNIE NOUVELLE DU CANAL DE PANAMA

ACHÈVEMENT DU CANAL

PROJET D'UN CANAL A ECLUSES



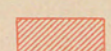
avec Plafond du bief de partage

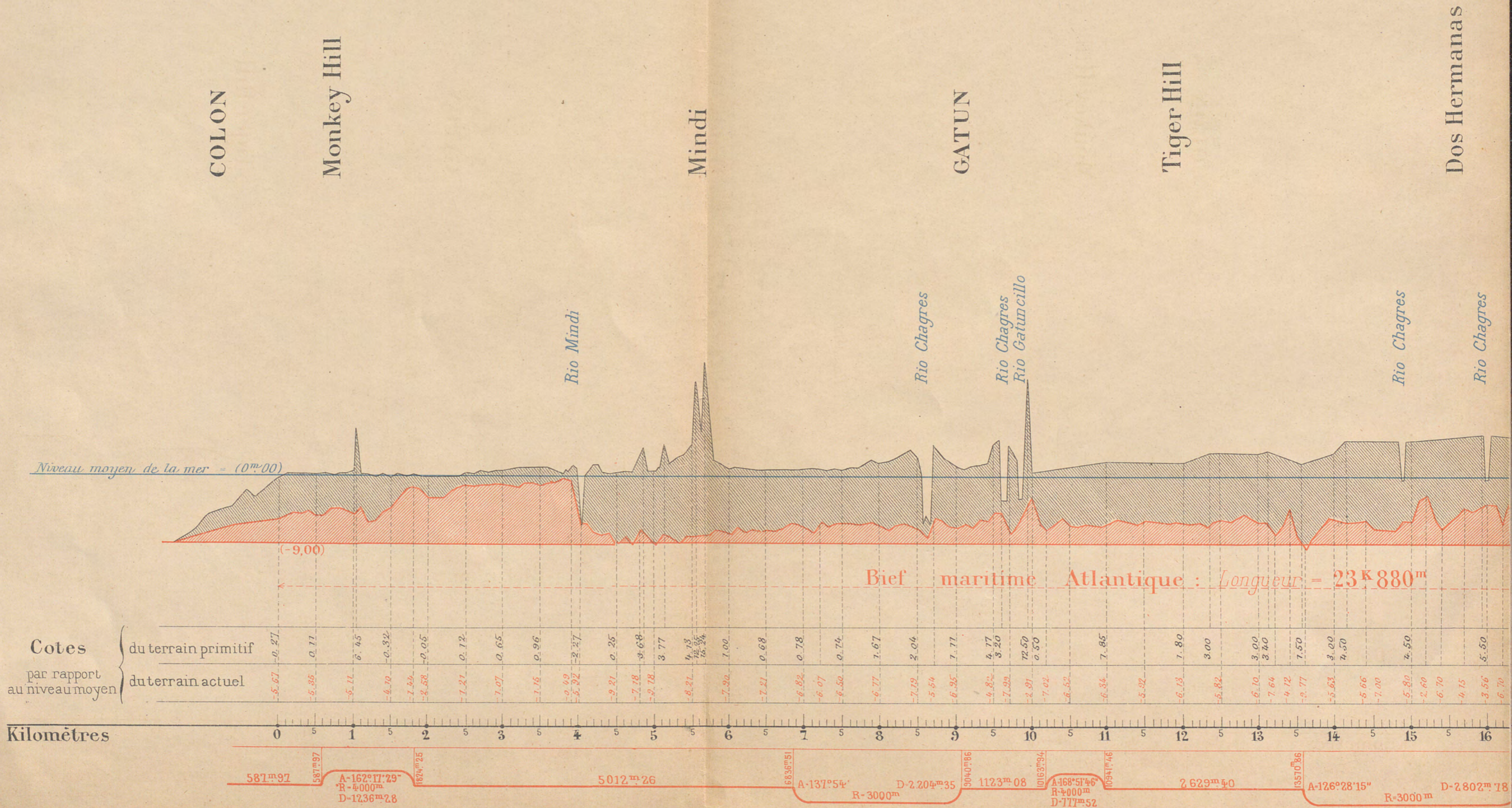
à la Cote (20^m75)

PROFIL EN LONG

Echelles { des longueurs $\frac{1}{50.000}$ (0^m002 pour 100 mètres)
des hauteurs $\frac{1}{500}$ (0^m002 pour 1 mètre)

Légende

-  Déblais exécutés par l'ancienne Compagnie.
-  Déblais exécutés par la Compagnie nouvelle
-  Déblais restant à exécuter



587 ^m .97	A-162°17'29"	5012 ^m .26	A-137°54'	D-2.204 ^m .35	1123 ^m .08	A-168°51'46"	2.629 ^m .40	A-126°28'15"	D-2.802 ^m .78
587 ^m .97	R-4000 ^m		R-3000 ^m			R-4000 ^m		R-3000 ^m	
1874 ^m .25	D-1236 ^m .28					D-777 ^m .52			

Mamei

Juan Grande

GORGONA

MATACHIN

OBISPO

Ecluses d'Obispo

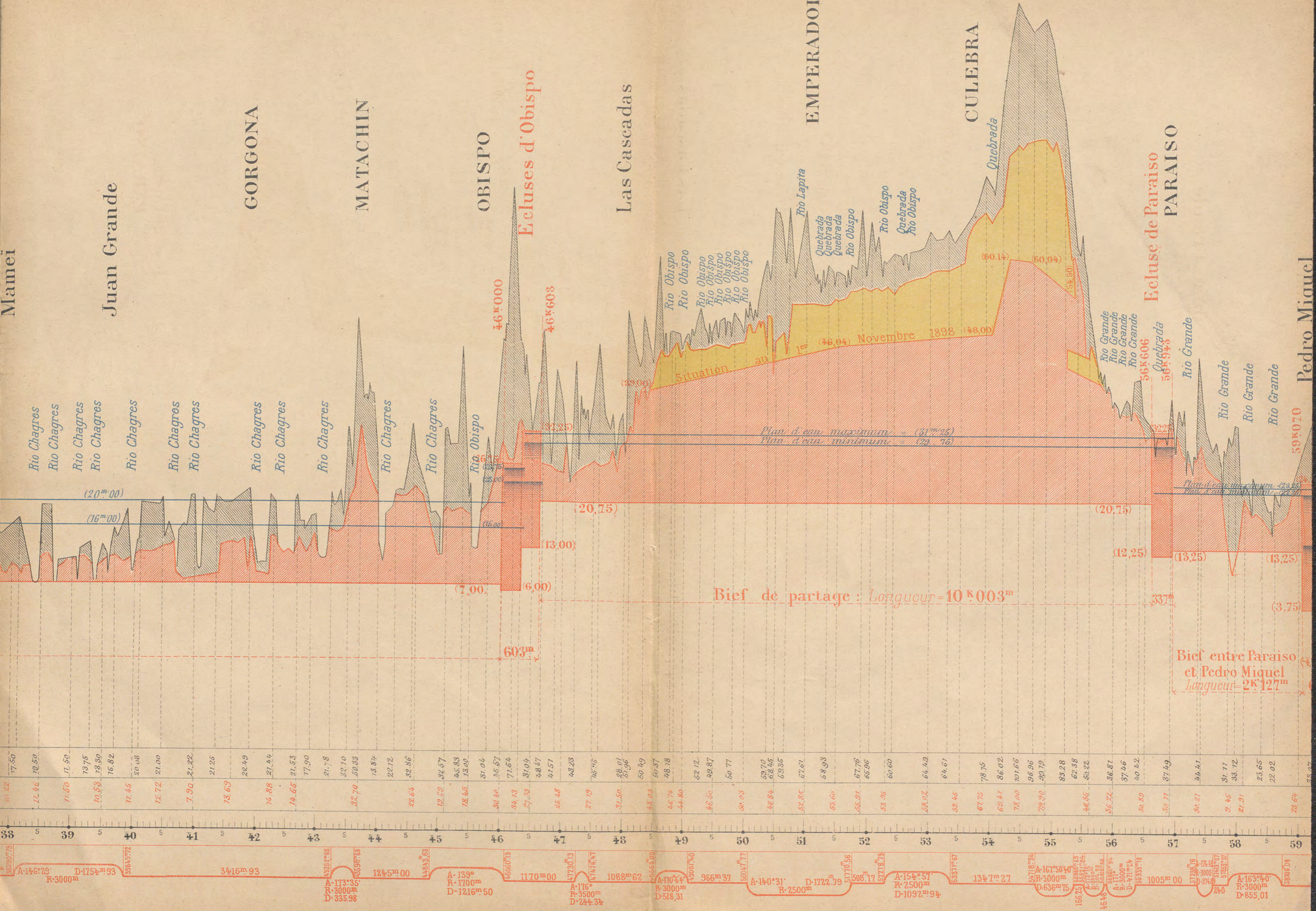
Las Cascadas

EMPERADOR

CULEBRA

Ecluse de Paraiso
PARAISO

Pedro Miguel



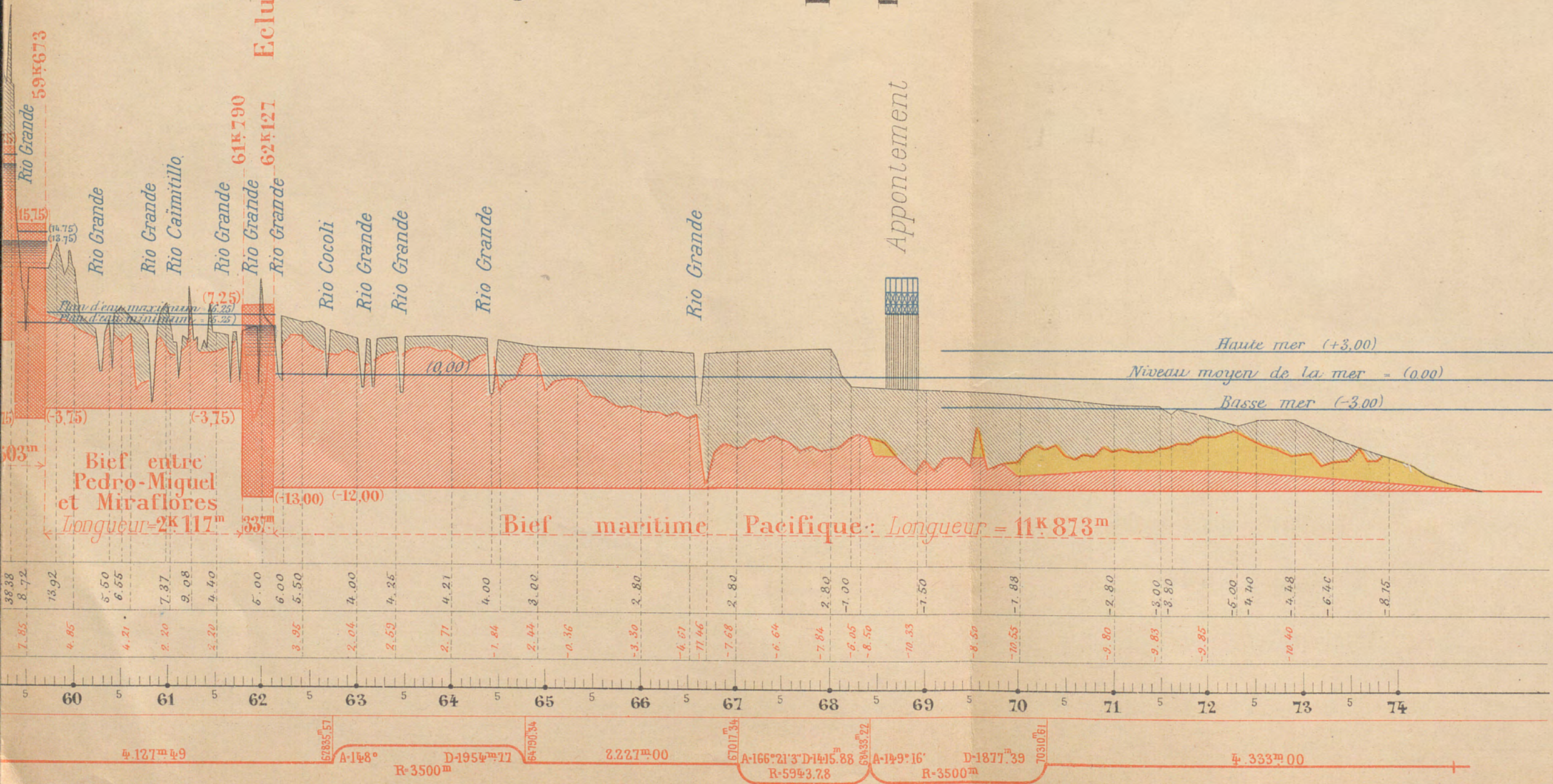
Ecluses de Pedro Miguel

**Miraflores
Ecluse de Miraflores**

Corozal

La Boca

PANAMA



PROFIL EN LONG DU PROJET AVEC BIEF DE PARTAGE A LA COTE (9^m75)

Légende

- Déblais exécutés par l'ancienne C^{ie}
- Déblais exécutés par la C^{ie} N^o
- Déblais restant à exécuter

