CHAPTER II

SHAPING OF THE US POLICY

IN PANAMA
The United States' political prospect in Latin America was closely linked to the decline of the Spanish American colonial regime. In the early 19th century, when the wind of freedom in Latin America began to expose the crumbling Spanish 'manifest destiny' in the Americas, the Western Hemisphere's imminent balance of power crisis became a matter of intense speculation. It was this power vacuum in Latin America that brought opportunity for the United States to think beyond the existing territorial limitations and look towards the south. Taking advantage of the Latin American political uncertainties, when in 1822, the United States recognized the emergence of five new republics in the region, it was the United States first diplomatic step to the sphere of Latin American politics.¹

¹ By 1822 continental America from Great lakes to Cape Horn was independent of Spanish occupation and emerged as five new republics i.e. Mexico, Central America, New Granada, Rio de la plata (Argentina) and Chile. USA recognised their independence immediately. See Harold Blakemore Latin America: Essays in Continuity and Change (BBC London: 1974), Pp.46-55.
The historic Monroe Doctrine of 1823 however, laid the foundation of the United States policy visions for Latin America and for the first time unequivocally declared the end of the regions tryst with the colonial masters of Europe. While espousing the geographic contiguity of the Americas, the doctrine also laid the claim of the western hemisphere’s political inviolability and in the same token, cautioned the European colonial masters to refrain from further extra territorial designs beyond the Atlantic. It was indeed the United States first serious political step towards the building and institutionalisation of the United States sphere of influence in the Americas – the pan-American notion of the contemporary time.  

Ever at the cross road, Panama, more than a political identity of its own, as a result of the geographic location and strategic strength, assumed political and economic prominence. In 1821, Panama declared her independence from Spain. However, for security reasons and also

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influenced by the charismatic Simon Bolivar – the liberator, Panama joined the confederation of Gran Colombia as a province. Destined to be the centre-stage of the American politics, Panama, soon was conceptualised as the capital of the Americas. Simon Boliver's grand political vision of unifying the whole of Latin America through the instrument of Pan-Americanism, projected Panama as the future seat of governance of the region. Had Bolivar's vision materialised, Panamanian political history would have been so different than it is today.³

The US & The Isthmus

Along with the political initiative towards Pan-Americanism, the United States also expanded her attention

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³ Starting from his famous Jamaican letters, Simon Bolivar visualised the Latin American unification without the United States. In the Panama Congress of 15 July 1826 the main item that was attended to was the treaty of Perpetual Union, League and Confederation between the republics of the Americas which crystallised Bolivar's ideas. Bolivar was more oriented towards Europe and was suspicious of the United States. See Inter American Institute of International Legal studies The Inter-American System: Its Development and Strengthening (New York: 1966), pp. Xv-xix.
to the isthmus of Panama. In 1826 when the first Pan-American meet took place in Panama, the United States, more than any thing else, sent two emissaries with the express instruction of discussing the prospect of an inter-oceanic canal in Panama. 4 Prior to the United States canal proposal in the Pan-American meet, very interestingly, a group of New York businessmen, in their private capacity had announced the creation of a canal company to look into the prospect of building a canal in the Central American region. Though there was no definite action to materialize any canal initiative, yet, such proposal in private as well as the United States government circles, kept the canal proposal alive for the next twenty years. 5

Within the framework of the Monroe Doctrine, the United States' isthmian policy during this period however,

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4 The US Secretary of State Henry Clay had instructed the two US delegates to encourage the delegates of Panama Congress to discuss the canal subject and had proposed that in the event of the construction of any canal, the benefit should not go to any individual country. See Denison Kitchel, op.cit., pp.32-3.

5 A group of wealthy businessmen taking advantage of the vacillating political situation in Central America, in their own accord discussed the canal building proposal with Central American governments, particularly with Nicaragua and Honduras. See Walter LaFeber, Op.cit., pp.8-9.
remained more focused in discouraging external forces to
consolidate in the Central American region. In the process,
when Panama showed the signs of cession from Gran
Colombia, reportedly, the United States without being active,
took advantage of the developments. In the direction of canal
building, it is important to mention here is that, during the
presidency of Andrew Jackson, there was a notable
development where the President of New Granada offered
contracts for a possible isthmian railroad or a canal for ship
passage. Taking advantage of this offer, Jackson sent
emissary to New Granada to negotiate. However, he had to
call back the negotiator upon learning that the emissary,
underscoring the United States interest, pursued for a
private concession with the Granadian leadership.6

The 1840s and 1850s however, are very important
decades for the isthmian politics. Given the British position
in Nicaragua, the United States had the daunting task
of neutralising British empire building designs in Central

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6 At the request of the Senate, President Jackson had sent Charles A.
Biddle who wanted to negotiate a personal passage concession. See
Ibid.
America as well as forestalling the British from pursuing any unilateral canal concession in the region. Propitiating the British government towards a course of consolidation in Central America, a group of London businessmen, like the New York business group had done earlier in 1820s, declared their intentions of venturing into the isthmus of Panama. It is understandable that having gone through a difficult political process where provinces threatened of deserting the union government, Colombia did not find the British ascendancy in Panama as a welcome development. 

Quite contrary to the declarations of Monroe Doctrine, the British position in Central America was indeed alarming for the United States too. However, capitalising on the Colombian fear of British expansion, the United States in 1846 entered into a tacit understanding with Colombia that while Colombia would retain territorial control over the

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7 See the previous chapter.
8 Eversince the United States got Florida and as a result, got opening to the American Gulf, it opened the American door towards Caribbean and Central America. At the same time, Britain also wanted to take advantage of Latin American political situation by consolidating in Central America. It was for this reason, Central America appeared to be the first test ground of the Monroe Doctrine. The businessmen of the United States and Britain pursued their respective countries cause by taking lead in business or investment opportunities in Central America.
Isthmus of Panama, the United States would have the right of transit as well as the right of building canal in the area in future. Benjamin Bidlack, the US diplomatic representative in Colombia, in this crucial negotiation with Colombia, got the first ever legal concession over any possible canal course in Panama. 9

**Clayton-Bulwer Treaty**

Britain and the United States dominated the isthmian politics of 1840s. Nicaragua and Panama having emerged as the two prospective contestants for the future canal course, the peace and the security of the region now greatly hinged on the two contesting powers convergence of interest as well

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9 The Bidlack concession in Colombia was crucial from the point of view of checkmating British expansion in the region. It is interesting however to note that the US Congress, till that time had not been convinced of the United States political entanglement with Latin America as the later had displayed no matured political culture. As a result of this Congressional perception, the Bidlack concession was viewed in suspicion in the Congress; and the Senate debated over it for more than a year. On the other hand, the possibility of colliding with formidable Britain in Central America made the Bidlack concession appear further suspicious. Britain, while pursuing her colonial design in Central America, also searched for a possible canal course through Nicaragua. For details see Walter LaFeber, op.cit., pp.8-11.
as their ability of conflict management. British consolidation in Nicaragua was only encouraging tension in the region and now, the Bidlack concession over Panama, intensified the contest and both the powers headed for an apparent collision course in Central America. Under these circumstances, the Central American republics themselves, based on their assessment of the situation, extended their support or opposition to either Britain or the United States.

It is in this background, the United States and Britain on 15 April 1850 signed the famous Clayton-Bulwer treaty which greatly defused the tension and provided that neither the United States nor Great Britain would go for a canal course unilaterally nor would they try to control or fortify any such venture exclusively and if at all any canal course were to be chalked out, both the countries would cooperate with each other in the endeavour.¹⁰

¹⁰ Prior to the Clayton-Bulwer treaty the United States and Britain indeed pursued a series of diplomatic exchanges to contain each other and in the process, both the countries tried to have secret understandings with Central American countries to bolster their own position. It is in this background, Clayton-Bulwer treaty helped in defusing the tension between the US and Britain. See William R. Manning _Diplomatic Correspondence of the United States: Inter-American Affairs 1831-1860_ (Washington D.C. 1936) Vol. VII, Doc 2672-3127, pp.30-84.
Californian Gold Rush & The Canal

While the Clayton-Bulwer treaty resolved the crisis and brought peace to the Central American region, the discovery of Californian gold in 1848 and the consequent gold rush, instantly added a new twist to the canal politics of the region. Tens and thousands of gold prospectors from all over, started their greed march to California to try their luck. The need of the hour therefore was an easy and time saving route to the treasure trove of California. While the United States was yet to develop an east-west rail-line to take the eastern United States gold prospectors quickly to California, it is the isthmus of Panama as well as the Nicaraguan proposed canal route that now provided the answer to this mad gold rush. Coinciding these developments, between 1851-1855, Panama city and the Atlantic coast were joined by a 48 mile railway line – the first ever in the entire isthmus that connected the two oceans. Based on the Colombian concession and undertaken by private New York businessmen, the construction of the railway line brightened the United States political prospect in the region.
The Panamanian railroad was the key to the eldorado. The United States subsidised steamship service highly reduced the gold prospectors problems. Steamship service from New York brought people to the Atlantic coast of Panama and then reaching Panama city through the railroads, they again took steamship service in the Pacific to San Francisco. Reportedly, in the first fourteen years of the opening of the rail road in Panama, six lakhs of travelers used the service and as many as US $ 750 million in gold bullion was transported from California to the eastern United States along the Panama route.\textsuperscript{11}

Nicaragua however, did not lag behind the Panamanian way. Matching to the transit service through Panama, the Nicaraguan route was also being promoted to compete with Panama and to stake claim as the most viable canal course of the future. It was again another American private initiative where the Accessory Transit Company under the auspices of the New York financial expert, Colonel Cornelius Vanderbilt, started plying steamship services

\textsuperscript{11} Walter LaFeber, op.cit., p.12.
between New York and the Atlantic coast of Nicaragua and again in the Pacific, a similar service took the fortune seekers to San Francisco. They came to the Caribbean port of San Juan del Norte (Greytown) and then boarded a river boat for about 122 miles in the San Juan river and then a lake distance of 55 miles through the lake Nicaragua and finally disembarked at the lake side port of La Virgen. From here it was only 15 mile bumpy road to San Juan del Sur on the Pacific coast. Inspite of the zig-zags, the prospectors took only three days to cross the Nicaraguan isthmus.\textsuperscript{12}

In a comparative performance, both the routes scored equally well and indeed competed with each other till the next half century to prove their respective viability. In 1853, for example, 10,062 prospectors transited through the Nicaraguan way while Panama registered 15,502 travelers. While the Nicaraguan route was far more distance and time saving, the Panamanian route was comparatively inexpensive.\textsuperscript{13}

\textsuperscript{12} Gerstle Mach, \textit{The Land Divided} (New York: 1944), pp.190-1.
\textsuperscript{13} Ibid.
It is however interesting to note here that, till this time, the United States officially had not evinced any strong desire to build any canal passage. It had only supported the American private initiatives in this direction and wherever necessary had extended helping hand from behind. On the other hand, in the diplomatic front, the United States, through the Bidlack concession and Clayton-Bulwer treaty had only prevented the formidable Britain to further consolidate British influence in the region and as a result, indirectly ensured the American unilateral role in deciding the Central American maritime crossroad of the future. By 1860s, it was evident that the United States remained as the only power of consequence in the western hemisphere and the future initiative to develop an inter-oceanic water passage therefore greatly depended on the willingness and the vision of the country.\footnote{At the time when the Monroe Doctrine was declared, Britain had two bases i.e. Belize and the Bay Islands, Honduras in Central America. Also, Miskito, Nicaragua, was a British protectorate. By 1848 however, the Nicaraguan eastern terminus which Britain perceived as the possible way for a ship canal, had became independent. Clayton-Bulwer treaty further clipped the British wing in Central America. Further, as a consequence to a local brawl in Grey town, involving a Minister from the United States, the town was bombarded by the US marine and the British demand for reparation was ignored. Between 1859-60, the cession of Bay Islands to Honduras and Mousquitia to Nicaragua virtually saw the end of British influence building in Central America. See Samuel Eliot Morison, op.cit.,pp.580-82.}
As much as the French history, Ferdinand de Lesseps Panama canal fiasco speaks of an equally important epoch of Panamanian history -- thousands died, millions of dollars washed away and the dreams did not see the light of day. Panama having traversed through the designs of too many actors and too many visions had virtually become like a hat that had lost its shape as a result of too many wearers. While Panama continued to be the neglected jungle province of Colombia and the Colombian central administration, as a result of its own economic morbidity always looked for the isthmian revenue support; the canal vision of each of the foreign actors left their own important imprint in the regions canal politics and further strengthened the isthmian canal resolve.

Philip Bunau-Varilla however, was the destiny maker of Panama. An young French engineer, Bunau-Varilla single handedly gave a definite shape to the isthmian politics, defined the political future of Panama and more so, chalked
out the canal course putting an end to the centuries old speculations. The history of Panama indeed would be greatly incomplete without the mention of the French engineers role and the rapaciousness in shaping the destiny of Panama. Throughout the 20th Century, for the American diplomats engaged in the formulation of isthmian policy, the name Bunau-Varilla was the source of inspiration. On the other hand, for the Panamanians, it is odious to hear the name that within too short a time, decided too much for Panama and became the source of all evil that Panama were to endear in the indefinite future to come.

Philip Bunau-Varilla had the distinction of being the Chief Engineer of Panama canal project at the age of twenty six only. He had joined Lesseps in the Panama canal project in early 1880s but after a small stint, he too became a victim of Caribbean hostile weather conditions and had to return home sick.

In 1892 however, he was back in Panama not with the objective of reviving the Panama canal project, but with the
exclusive mission of salvaging whatever possible from the sunk Panama canal company in Panama - a daunting task in fact. Taking the string of canal politics from here, Bunau-Varilla began to pursue his mission. The Panama canal company's net disposing value was in the neighbourhood of US $ 109 million and the company was in the lookout for a prospective buyer.

As it appears, in 1890s when the United States was beginning to emerge as a global power, Bunau-Varilla's obvious target should be the United States. However, reportedly, he tried elsewhere in Europe to persuade the British, the Russians and who so ever he found, could possibly be willing to hold the key to one of the important maritime highways of the future. Having failed to generate the European powers interest in the western hemisphere, he finally had to pin his hopes on the Americans.

15 Bunau-Varilla tried to convince the European powers about the prospect of holding the key to the pacific maritime highway. Particularly to the Russians, he reportedly impressed of the future where the Anglo Saxons would control the Suez as well as the Central American water way which would put the Russians under the wishes of the Anglo-Saxons. However, Bunau-Varilla failed in generating European powers interest. Britain was busy in Asia and Africa. Russia failed to appreciate the advantage. See Walter LaFeber, op.cit., pp.20-1.
Very interestingly, the United States was not really interested in Bunau-Varilla's project. When Ferdinand de Lesseps started his canal venture in Panama, it was the United States who perceived the project as a strategic threat and viewing the Clayton-Bulwer treaty of 1850 as an impediment, argued for the United States unilateral claim over any such project in the western hemisphere. So much so that, ignoring the British claim, and at a point of time when de Lesseps was busy building the canal in Panama, the United States signed a treaty in 1884 with Nicaragua which gave the United States the necessary rights to build a canal in Nicaragua. 16

The United States canal interest in Nicaragua, therefore, rendered Bunau-Varilla's mission doubly difficult. Neither the United States would allow any European power to lead the canal project in Panama, nor the United States herself would take interest in the Panama canal project. Suffice to say therefore that, in order to salvage the value of the French Panama Canal company, Bunau-Varilla had the

16 Ibid. p.15.
task to promote the Panama canal route over the Nicaraguan one and make the PCC price reasonable and attractive enough so that the Americans could be persuaded to buy it.

**Nicaragua Versus Panama: The Canal Route Diplomacy**

It is in the fitness of things to mention here that, in the early 1890s, anybody who had interest in following the canal initiative in the Central American region, had virtually taken to presume that Nicaragua holds the key to the future water way. The impression became further strong when the United States acquired the canal construction right from Nicaragua and the government of Nicaragua too willingly surrendered her natural resources for the purpose. It also so happened that, in 1887, a group of American financiers formed the Maritime Canal Company of Nicaragua and like Lesseps, raised a sum of US $ 250 million and even started the construction work. The Nicaraguan canal builders sustained
for far less time than the French did in Panama and met the same fate that happened to the Panamanian construction.  

It is at this juncture that Bunau-Varilla entered into the scene to dispose off the French canal property. In 1896, a New York lawyer William Nelson Cromwell joined Bunau-Varilla as the Panama Canal Company's agent in New York.

Till the end of the 19th century however, the United States canal attention remained more focussed on the Nicaraguan project and Panama continued to trail behind for many reasons. In 1897, President William McKinley instituted a commission known as Walker Commission to go into the canal route question and shortly there after, the commission gave a report favouring the Nicaraguan route.  
The Walker Commission findings indeed strengthened the Nicaraguan case. The case however was further built up by a

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17 The builders of Nicaraguan route borrowed instruments from the Panama project which by that time had already headed for the fiasco. In Nicaragua, they built a break water at the mouth of San Juan river, a hospital and finally a 280 ft. wide 17 ft. deep and ¾ of a mile long canal which became the part of the entire Nicaraguan canal vision. See Donald B. Chidsey The Panama Canal – An Informal History (New York: 1972), p.106.
18 Denison Kitchel, op.cit., p.42.
host of domestic political developments. In the American Congress, Senator John Tyler Morgan, Democrat, Alabama, for the past couple of years was promoting the Nicaraguan canal proposal. Now being the Chairman of the Senate Committee on Inter-oceanic affairs, Morgan indeed was in a position to direct the United States canal vision in Central America. Followed by the Walker Commission's favourable report, Morgan introduced a bill calling for construction, operation and fortification of the Nicaraguan canal by the United States government.19

The Spanish-American war of 1898 was a shot in the arm of the all those who were the proponents of the inter-oceanic canal in Central America. Till now, it was all private initiatives supported by various government or private agencies that had kept the canal proposal vibrant. The United States government however, till now had neither declared the intention of building an inter-oceanic canal nor

19 Inter-oceanic canal and Nicaraguan canal route were identified as Morgan’s obsessions. His involvement in this direction was so much so that his colleague Senator John C. Spooner observed of Morgan that "Upon whatever route an isthmian canal shall be constructed, the Senator from Alabama will forever stand in the memory of the people as the father of the isthmian canal". See Congressional Record, July 18, 1902, p. 6984.
had joined the route war that had been unleashed for over the past half century. Interestingly enough, more to display to the world the necessity of an inter-oceanic canal for the benefit of the global trade and commerce and also to generate favourable Congressional opinion for a canal in Central America, the United States battle ship U.S.S Oregon steamed out of San Francisco harbour to respond to the crisis in Cuba — a distance of thirteen thousand sea miles round the cape of Horn and finally, the battle ship, after a sea voyage of sixty eight days reached the Caribbean waters. The high drama of Oregon's voyage however, convinced one and all that there must be an inter-oceanic water passage to cut-short the sea distance. In its own merit, the event therefore became an important mile stone in the course of canal building.20

Now, it was the Nicaraguan route which virtually had surged ahead and here came the United States governmental

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20 The high drama of sea voyage was more to build Congressional consensus in the United States that the govt. of USA should be directly involved in building a canal in Central America. Secondly, it was also to show to the world that, but for the necessity of bridging the sea distance, the United States has no other political motive behind building a canal. See Robert H. Ferrell American Diplomacy: A History (New York: 1975), pp. 395-405.
willingness to lead the future canal project. It was here that Cromwell and Bunau-Varilla introduced a new facet to the canal route politics and rescued the Panama canal proposal almost from a lost ground. First and foremost, the duo prevailed upon the French Canal Company to devalue their assets to US $ 40 million instead of US $ 109 million so that the Americans could possibly be interested to buy it. Secondly, working behind the scene, reportedly Cromwell purchased the Republican support for Panama route by contributing for their party fund.\footnote{Walter LaFeber, op.cit.p.19.} These developments built at least the minimum ground to argue the Panamanian case.

Till 1901 however, Nicaraguan route continued to be the favoured route. Interestingly, those who opposed Morgan and were equally on powerful position to influence the Congressional opinion were also proponents of Nicaraguan route themselves. The case in point was of William P. Hepburn, Iowa, who was the Chairman of the House Committee on Inter-State and Foreign Commerce, and was wanting to lead the Nicaraguan route himself than joining
the Morgan bandwagon. Hepburn in fact scored impressively over Morgan by passing a bill in the House of Representatives in favour of the Nicaraguan route by 308-2.

Bunau-Varilla and Cromwell acting from behind, pushed a Republican sponsored amendment to the Hepburn bill. Senator John C. Spooner, Republican, Wisconsin, in his amendment, required President Theodore Roosevelt to purchase the French canal property in Panama for US $40 million and negotiate the canal right from Colombia failing which, the President was required to pursue the Nicaraguan route. The Panama team then kept exploring all possibilities to collect sufficient votes for the Spooner amendment to be passed. Very interestingly, the whole canal route war now took a dramatic turn. In May 1902, at the height of the sensitive canal negotiation, a volcano erupted on the Caribbean island of Martinique flashing a point to the canal builders about the safety of their project. Seizing the opportunity, Bunau-Varilla highlighted the Nicaraguan routes susceptibility to natural disasters like volcanoes and to some extent strengthened the Panamanian case.
Things had indeed changed and along with the Spooner amendment, the prospect of Panama canal route definitely improved. Incidentally, shortly before the introduction of the Spooner amendment, the second Walker Commission, surveying the feasibility prospect of both the routes, finally favoured the Panama canal route on the grounds of economy. Standing at this point of strength, the canal proponents when fired their volcanic apprehensions, Nicaragua appeared to be loosing. The government of Nicaragua desperately issued statements saying that Martinique is around thousand miles away and the canal route through their country is absolutely safe. To make their claims convincing, they also claimed that their country has not been the victim of any active volcano for over half a century. In reality however, two years ago, the Nicaraguan government had issued a postage stamp portraying a volcano in full eruption with lake Nicaragua, the principal canal feeder being in the background.

22 The Second Walker Commission even in the preliminary report favoured the Nicaraguan route. However, shortly there after, in a comparative feasibility report, favoured the Panamanian route as, already there had been some work there and the total project was said to be much less expensive in Panama.

the Senate voting on 16 June, there appeared this magnificent stamp in each Senators table.

The Volcano conscious Senators then did not have difficulty grasping the virtues of the Panamanian canal proposal. On 19 June 1902, the Spooner Amendment was passed authorising the President to pursue the canal negotiation. Nicaragua lost out permanently leading to the beginning of a new chapter in the political history of Panama. President Roosevelt signed the document to law on 28 June and the canal building proposal was finalised.

**Colombian Reaction**

A fundamental point to be noted here is that, Nicaragua had been ever willing to offer the canal building title. On the other hand, Colombia during 1840s, was apprehensive of the British expansion in Central America and Panama, and being concerned of the territorial security of her isthmian province had offered the United States
transit rights across the isthmus of Panama and in return, the United States had guaranteed Colombian territorial sovereignty over Panama. Now at the end of the century, Colombia no more appeared to be threatened by British colonial aspirations. Rather, the United States itself had emerged as a strong power to influence regional as well as international affairs and the Colombian leadership had reasons to apprehend a deal of trans-oceanic canal with the United States. Apart from the United States strategic strength, Colombia also had at hand, an isthmus of promising economic fortune and Colombia wanted to exploit the opportunity.

Once the canal proposal was finalised in the United States Congress, President Roosevelt and Secretary of State John Hay opened negotiation with Colombia. In January 1903, both the governments arrived at a tentative agreement where the United States got a 99 year lease over a six-mile wide canal zone. The United States in return, were to pay US $ 10 million and an annual payment of US $ 250,000 to
Colombia. In August, the Colombian Senate unanimously rejected the lease. Benefiting from the hindsight, it is understood that a combination of greed and apprehension of losing the isthmus to the USA worked negatively and Colombia rejected the proposal throwing the canal as well as the isthmian future to uncertainty.

Birth of a Nation

The canal diplomacy from the beginning of 19th century had been full of surprises. Developments after developments kept the observers guessing throughout the century. However, the refusal of Colombia for a canal treaty now introduced the most spectacular period of canal history and indeed became the most eventful period of the isthmian politics.

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24 Known as the Hay-Herran treaty, the US-Colombian agreement nearly completed all the legal formalities for an inter-oceanic canal. On 17 March 1903, the United States Senate ratified the treaty by 75-4. For details see Gerstle Mach, op.cit., p.443.
Bunau-Varilla and Cromwell who had been consistently pushing the Panama canal proposal at all levels and by any means, now were aghast at the prospect of losing the deal at this juncture. Their canal concession with Colombia was to expire in 1904 and if the proposal does not materialise, the whole property and the effort becomes totally waste. Colombian rejection equally shattered the American zeal and optimism of canal building. Perceivably there remained only two options to come out of this impasse -- one, pursue the Nicaraguan route with all the apprehensions of volcanic eruption. The second, which of course were to involve temporary political embarrassment to the United States, the military seizure of the isthmus of Panama.

The second option gained more prominence but did not take off without proper window dressing. In the initial stage after Colombian rejection, President Roosevelt dispelled the apprehensions of employing underhand means by

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25 In the United States, most of the leading statesmen and legal experts like John Bassett Moore, Francis B. Loomis, John Hay, Philander C. Knox, President Roosevelt, were of the opinion that the Colombian rejection was a technical hurdle and because of this technical hurdle, a visionary work of inter-oceanic canal need not be stopped. See Walter LaFeber, op.cit.pp.22-35.
observing that "I cast aside the proposition made at this
time to foment the secession of Panama. Whatever other
governments can do, the United States cannot go into the
securing by such under hand means, the secession." 26

Suddenly however, their surfaced a rebellion -- a few
Panama's oligarchs led the banner of rebellion, the isthmian
chronic runaway tendency was chronologically presented to
convince the world how Panama has a history of struggle
against the union government of Colombia. The
revolutionaries were headed by Dr. Amador Manuel who later
became the first President of the republic of Panama, and
were ostensibly supported and guided by the high stake
holders of Panama canal who even reportedly prepared their
national flag. 27 On 3 November 1903, Dr. Amador declared
the independence of Panama. Colombia responded with
marine dispatches to suppress the belligerents in Panama.
In the whole process, only one man died and many of the

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26 Ibid. p.23.
27 Dr. Manuel Amador was the official physician of the Panama Railroad. Along with him, joined Jose Agustin Arango who was the Attorney of the Railways and James R. Shaler, the Superintendent of the Railway. In reality, Phillip Bunau-Varilla and Cromwell spotted the revolution in Panama and coordinated the entire revolution till independence.
Colombian naval personnel were reportedly kept silent for a price or were arrested.\textsuperscript{28}

In the entire development, it is however interesting to know what role the United States played in making the small isthmian country independent. At the time when the wind of freedom was sweeping the isthmus of Panama and Bunau-Varilla was busy spotting the revolutionaries, President Roosevelt, shortly after a meeting with Bunau-Varilla wrote to a friend saying "of course, I have no idea what Bunau-Varilla advised the revolutionists... but I do know ... that he had no assurance in any way, either from Hay or myself or from anyone authorised to speak for us. He is a very able fellow, and it was his business to find out what he thought our Government would do. I have no doubt he was able to make a very accurate guess, and to advise his people accordingly."\textsuperscript{29}

\textsuperscript{29} Walter LaFeber, \textit{op.cit}, p.23.
Rightly so, Bunau-Varilla and Cromwell guessed accurately what the United States role would be and accordingly organised the Panamanian hand picked revolutionaries to declare independence. When Dr. Amador declared the Panamanian independence, the United States warship U.S.S. Nashville and U.S.S. Dixie anchoring off the coast of Colon, Panama, ensured that the occasion go without any trouble. Next day, the US marine went ashore to protect the American railroad in Panama. On 6 November, the United States recognised the independence of Panama.

US- Panama Sign the Canal Treaty

Times have changed but Panama has traditionally functioned as a cross road. Transporting the economic and political fortunes to nations and regions of the world, Panama truly has served to be the link road to prosperity. The isthmian country's own political and economic fortune however, greatly hinged on the development of the proposed maritime highway in Panama. Now that the United States guaranteed Panamanian independence and emerged as the
future builder of the inter-oceanic canal, the political and economic prospect of Panama virtually rested on the United States canal interests.

Along with the United States recognition of Panamanian independence, both the nations embarked on a future relationship that neither the Panamanians ever liked nor could they ever define. It was the formative years of the building of the United States sphere of influence and expansion towards south. Viewing from the Atlantic as well as from the Pacific, Panamanian strategic location perfectly matched the United States political and strategic ambitions for the future. As a result of these considerations, in the process of building the inter-oceanic Panama canal, the United States virtually carved a nation within the nation state of Panama.

The tragedy began along with the independence of Panama. Phillip Bunau-Varilla being the fore runner of Panamanian independence, as a matter of gratitude was immediately appointed as the new republics first Minister
Plenipotentiary to the United States. Needless to say, the French Panama Canal Company's agent Bunau-Varilla neither was a Panamanian nor had the inkling in sharing the ethos of Panama. He had the ultimate interest of disposing off the canal property in Panama. Upon being appointed as the Panamanian diplomat in Washington D.C., he took extra-ordinary advantage of the diplomatic position. The Panama canal treaty was to be signed forth with.

On 15 November, John Hay presented to Bunau-Varilla the United States' official Panama Canal treaty draft. Hay's draft was more or less on the line of the United States earlier negotiation with Colombia. It may be noted here that, after the declaration of independence in Panama, Bunau-Varilla had been telegraphed in the United States to negotiate the canal treaty with the United States. However, he had further been notified that the front ranking leaders of Panama were heading towards the United States and Bunau-Varilla may negotiate a canal treaty on behalf of Panama but not sign any treaty as the Panamanian leaders are reaching there to conduct the official formalities.
On 17 November when Dr. Amador had already reached New York, he was deliberately detained in New York under some pretext and meanwhile, Bunau-Varilla presented his own draft treaty to John Hay and also wanted to sign the treaty on behalf of Panama. Strange however it may sound, reportedly John Hay himself was puzzled and bewildered to see the draft treaty Bunau-Varilla had prepared. Next day John Hay and Bunau-Varilla signed the historic Panama Canal Treaty of 1903 which tied the destiny of Panama with the whims and fancies of the United States in perpetuity.30

Precisely saying, Bunau-Varilla acting as the Panamanian Minister, granted all such rights and privileges that the United States had neither asked for, nor ever imagined of getting. On the other hand, viewing from Panamanian point of view, Bunau-Varilla granted all that

30 The 1903 canal treaty as a result of Bunau-Varilla’s haste and desire of serving the French Panama Canal Company’s interest, highly compromised the interest of Panama. In the first three articles of the treaty, Bunau-Varilla surrendered extra-ordinary privileges in Panama to the United States. Being a legal document, the treaty became the source of the American hegemony over Panama. Panamanians in a documentary prepared on this subject, subsequently referred the 1903 canal treaty as a treaty that no Panamanians ever signed. Reportedly, Dr. Amador was deliberately delayed in New York so that the canal treaty can be signed in Washington D.C. Next day when Amador reached Washington D.C, Secretary of State, Hay and Bunau-Varilla had come to receive him on the railway station. He was presented the treaty at the station itself and the shocked Panamanian leader allegedly fainted after seeing the treaty provisions.
rights to the United States that virtually disrobed Panama of her territorial integrity and amounted to depriving Panama of her sovereign status as a country.

Viewed from legal and technical point of view, since the canal treaty was signed between two sovereign nations through their designated and competent authorities, it became a legal document and became the fait accompli for Panama. Nearly a century has elapsed since the signing of the 1903 Panama Canal Treaty. However, it is undoubtedly rare in history where the fate of a sovereign nation has been decided in so bizarre a fashion.