

# Panama canal exploitation by the united states history essay



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The United States foreign policy in Latin American countries is often based on the United States desire to protect its economic interests. "Manifest Destiny," had come of age by the beginning of the twentieth century as imperialism and expansionism were in full force. This could especially be seen after the Spanish-American War ended in 1898, when the United States had obtained the Philippines, Guam, Hawaii, Puerto Rico and territory in Cuba (Liss 26). Shortly after, President McKinley stated that "an American-controlled canal in the Central American isthmus was indispensable" and that statement only added to United States imperialist view of Latin America (Liss 28). To the United States, a canal was essential do to the growing trade with the Far East and the military benefit that it would also hold for the country. While it was clear that the United States needed a canal, it became an issue of how to build it as the Clayton-Bulwer Treaty prevented either the United States or Great Britain from constructing a canal without checking with the other (Liss 28). Eventually in 1901, the United States was able to approve a treat that gave the United States the exclusive right to build and fortify a canal with military bases in Central America (Summ 5).

President McKinley was assassinated before any canal negotiations took place and Theodore Roosevelt then became President. President Roosevelt was a firm supporter of the United States expansion to obtain a canal in Central America and he was the main man for demanding an "American canal" (Summ 4). Roosevelt was in the Navy in his younger years and was a firm believer that the, "greatness of nations are judged by sea power" (Summ 5). To Roosevelt that statement meant that the United States had to easily be able to control the Atlantic and Pacific oceans which demanded a

canal to be built. In 1821, led by Simon Bolivar, when Central America rebelled against Spain, Panama declared its independence from Spain and joined Colombia who had already declared its independence (Donnelly 48). The United States attempted to negotiate with Colombia to build a canal through Panama but Colombia refused the terms of the treaty to build a canal through Panama. Roosevelt was furious with the decision made by the “bandits in Bogota” on the canal and even stated that “we may have to give a lesson to those jack rabbits” (Summ 5).

However, the United States realized that the rejection of the treaty actually worked in their favor. Panama had been attempting to break away from Colombia for over 80 years and was unsuccessful every time (Watson 2). So in 1903, the United States realized they could manipulate the poor neglected “backwater” province of Colombia which was Panama. The United States had sent warships in support of Panamanian independence from Colombia, this support allowed Panama to finally break away from Colombia on November 6th 1903 (Watson 2). Nevertheless, in most respects, Panama had simply “traded one master for another” and again Panama regretted dealing with the United States as was the case with Colombia (Watson 2). Less than two weeks after Panama declared independence, the United States tricked Panama into signing a canal treaty that allowed the United States to build a canal and gave it perpetual control over the zone surrounding it (Watson 2). “No territorial possession of the United States is of greater strategic importance than the Canal Zone. No property of the United States is of greater economic importance than the Panama Canal” (Watson 5). Over time though, the existence of the Canal Zone which was a territory of the United

States with its own government, became a huge cause of conflict between the two countries. While the United States interest in a canal brought Panama its independence, it ironically kept the country from fully exercising it as the United States controlled the Canal Zone and continued to exploit the country for its own economic interests.

“ For the Panamanians, relations between their republic and the United States have been duplicitous and unfair from the beginning of the independent republic” (Donnelly 34). The most prominent aspect of the exploitation of Panama for the United States own economic interests was the laws and governance on the Canal Zone. The Hay-Bunau-Varilla Treaty of 1903 was the beginning of the United States unfairness towards Panama once they gained their independence (Watson 3). The treaty was an act of deception by the United States as they used dishonest methods to trick the new republic of Panama into undesirable legal matters (Watson 3). A Frenchman named Philippe Bunau-Varilla was the temporary Panamanian representative for the United States who disobeyed his orders from the new Panamanian government to wait for the new Panama officials to arrive before negotiating a treaty with the United States (Farnsworth 25). Bunau-Varilla instead presented a treaty to the United States that was so appealing, it essentially gave Panamanian authority to the United States (Farnsworth 25). John Hay who was the United States Secretary at the time took advantage of the opportunity and signed the treaty very quickly before the new Panamanian government could force changes. “ The new Panamanian government reluctantly accepted it, fearing either Colombian or United States military intervention if it didn’t” (Watson 3). The U. S gave Panama

the impression that they were going to free the new republic, but instead the U. S treated Panama as another conquered territory. The U. S formed a military dictatorship in the Canal Zone where the Panamanians had absolutely no power. " The zone was a military socialist society," as the treaty gave the U. S rights to control, manage, defend and fortify any part of the zone (Liss 33). Even outside the Canal Zone, the U. S controlled most of the public services in Panama, which included sanitation in Panama City. The relationship between the U. S and Panama was an imperialistic one from the start, as Panama had very little control over its own destiny.

" The United States guarantees and will maintain the independence of the Republic of Panama" (Farnsworth 9). While that statement held to be true, the United States expressed how different the two boundaries were, which were the Republic of Panama and the Panama Canal Zone. To the Panamanians, the zone was a closed society where people lived a completely different life that became superior to the republics society (Farnsworth 10). The monopoly that the United States created always favored the U. S and deliberately exploited the new Republic of Panama. The first thing the U. S did to better their position for financial exploitation of the region was to expand the Canal Zone. The U. S was first given the right to obtain 5 miles on either side of the canal for the Canal Zone (Donnelly 16). However, the U. S also took control of any other land or water that was outside of the Canal Zone that may be needed or even convenient for the canal or any other secondary canals or projects (Donnelly 16). Essentially anything the U. S wanted, they were able to take one way or another, which even included all the islands within the zone's range which provided no need at all for the

canal or its operation (Donnelly 16). This also included the right to use any body of water that was needed or convenient. The United States was able to do whatever was needed across Panama's territory between the Caribbean Sea and the Pacific Ocean. With the U. S control giving complete judicial and police power within the Canal Zone and essentially the whole country, there was nothing that could not be done that benefited the U. S.

In 1912, the United States Congress created the Panama Canal Company to govern the Canal Zone. The Panama Canal Company did many things to make sure that Panama could not use its independence. " The U. S actively discouraged Panamanian self-determination, for Washington saw its interest as the maintenance of a compliant Panamanian government" (Watson 4).

The U. S took over control of immigration into the whole country of Panama which allowed them to import thousands of minority workers to work on the canal and other projects (Summ 10). In 1904, the young Panamanian Army was disbanded on the grounds that the U. S Army was all the protection that the Republic needs (Summ 11). This act alone completely eliminated any Panamanian uprising against anything that the U. S decides to do within the country. " Foreign soldiers and foreign laws controlled the zone;

Panamanians could be arrested by foreign personnel, tried in foreign courts, and punished by foreigners, all on Panamanian soil" (Watson 4). This came to show how unethical and unjust the U. S was towards the new Republic of Panama and its people. With the disbandment of the Panamanian Army, the U. S army was able to store its arms and ammunition in the Canal Zone (Summ 11). Since the Panamanian Army was disbanded, the country of Panama had no other choice but to become dependent on the U. S for its

military protection, especially as Panama was still fearful of Colombia. The U. S then proceeded to build fourteen military bases within the Canal Zone, most of which were for purposes completely unrelated to the canal (Donnelly 36).

The U. S also forced Panamanian currency to be tied to the U. S dollar while at the same time developing its own customs, tariffs and postal services with the zone (Farnsworth 23). Once again, everything worked in the favor of the United States. The zone accepted mail at rates that were significantly lower than in Panama. U. S businessmen were allowed to set up shop in the zone, without paying Panama any tariffs and selling products at cheaper prices to drive Panamanian merchants out of business (Farnsworth 23). Panamanians were always treated unfairly economically in every aspect. Panama was given no right to tax in the Canal Zone or to set toll rates. However, the U. S was able to import any goods directly into the zone and avoid both Panamanian taxes and merchants (Farnsworth 24). Whereas if any imports leave the Canal Zone, they will be subject to the same taxes administered under Panamanian law (Farnsworth 24). The Panama Canal Company was initially set up as a supply depot for the canal construction, but it quickly expanded into a vast network of services that also controlled most of the public services outside the zone as well to exploit the country and its people.

In all, the United States spent over 993 million dollars on all the expenses for the canal excluding the cost of the military bases. This cost included everything from the canal itself to schools and hospitals that were built. “

The United States claimed that revenue from the canal covered only the expense of operation and interest on the outstanding debt for the canal  
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construction, while only occasionally showing a profit" (Farnsworth 84). Despite this high cost and the continuous cost of maintenance, the Panamanians were once again manipulated at the hands of the United States. To begin, the rent paid to Panama for obtaining the Canal Zone was fixed by the treaty and therefore made it very hard to change. Without change to the amount paid, inflation reduced the value of the rent paid every time it was added to the amount (Liss 45). " The Panamanian response to the economic input argument was that the canal made so little money or had deficits because tolls were deliberately kept low in order to subsidize United States and world shipping at Panama's expense" (Farnsworth 85). That held to be true and the money paid to Panama was basically a bribe to keep Panama from saying too much and it was only a small fraction of what should have actually been paid. " Panama felt that the investment argument differed little from arguments presented in other colonial relationships" (Farnsworth 85). Which was a true assumption, In the case of Panama; the U. S had made an investment in the past that could be used as justification for future exploitation until the investment was returned. This was the usual argument for similar cases, however the investment that the U. S made could never be returned as long as the tolls were kept low by the U. S (Farnsworth 85). This example proved why in fact the manipulation that the U. S took part in caused so much conflict in Panama as the U. S used such examples to exploit the country financially.

While manual labor was extremely important in the construction, maintenance and daily activities for the canal project, it too suffered extreme discrimination and manipulation as well. The U. S administered pay rates to



the workers within the Canal Zone. " Panamanians or black West Indians were paid at the silver rate whereas U. S citizens were paid at the higher gold rate." (Watson 16). These separate pay scales, " gold" and " silver" guaranteed American citizen's better pay than any other workers for the same work. The labor issue was an issue that affected not only the Panamanians but also the over 40 listed nationalities that worked in and around the Canal Zone (Scott 115). The percentage of the American work force on the canal was estimated to be about 1/7 of the entire workforce from the beginning of the project until the end. However, the United States workers obtained all of the supervisory or skilled labor jobs (Scott 115). This included mechanics, carpenters, plumbers, masons, and electricians. " They also are the steam shovel, locomotive and marine engineers, railroad conductors, time inspectors, firemen, policemen, all branches of civil administration, office forces, sanitary and hospital officers, foremen, civil engineers, and the like" (Scott 118). Racism was a tool used to suffice the need for manual labor as West Indians, Chinese coolies and native Panamanians were used to fill the positions that no Americans would take. " Chief Engineer Stevens in his first annual report estimated the native labor to be about 33 percent as efficient as common American labor" (Scott 189). False statistics like this were used to support the " silver" and " gold" pay rates. Mr. Stevens even created a bidding market where Chinese coolies were treated like cattle and the contracts with the most coolies at the lowest price won the bid (Scott 189). In Panama, the U. S government attempted to draw the " color line" in any way possible. This even went as far as having second-class coaches on the trains, special windows in post offices and

separate dining and living places for the silver employees, it was nothing short of racism in all aspects (Scott 194).

The life cost was a direct connection to racism and manipulation in the labor force. By 1912, over 5, 000 people were killed while building the canal, which was a direct correlation to the savings in money and time on the project (Scott 16). While diseases such as malaria and yellow fever caused many deaths during the canal construction, more people were actually killed by accidents and violence (Scott 16). Working conditions for the “ silver” workers were always more hazardous when compared to the conditions for white workers. “ Silver” rate workers handled a majority of the explosives and were often not informed of the proper handled techniques and the laws on the Canal Zone (Scott 16). Minorities were given less attention and thus had much higher deaths rate in, “ drowning, suicide, dynamite explosions, railroad accidents, poisonings, homicides, electric shocks, burns, lightning, and accidental traumatism of various kinds” (Scott 14). With the lack of law order among the minorities, it caused much chaos and in 1908 alone, over 50 workers were killed from dynamite explosions. In the same year between October 8th and October 10th, 14 minority workers were killed by premature explosions (Scott 15). Regulations were strict on dynamite handling when any whites were around, but were rarely enforced among the minorities because dynamite was so cheap at the time. In one instance, two workers “ knocked an iron pipe against a railroad track to dislodge some dynamite” and were blown to pieces (Scott 21). The lack of law and order also caused a lot of violence, in 1909 and 1911 alone; over 350 people were killed because of violence (Scott 17). It is astounding to see how almost every aspect of the

canal was racist in one way or another and how much law and order was lacking when referring to the minorities, especially the native population. The U. S even shipped any minority patients who seemed to not have long to live off of the Canal Zone so that their deaths would not be put against the zone (Scott 23).

There is no question that the United States was the reason for why Panama gained its independence from Colombia. However, that independence was short lived, when two weeks later the signing of the Hay-Bunau-Varilla Treaty essentially kept Panama from fully exercising its independence, as the United States controlled the Canal Zone and many other aspects of the country to exploit for its own capital and economic gains. Racism, manipulation, exploitation, capital gains, political sovereignty and so on were all aspects of the United States influence in the new Republic of Panama. From treaty manipulation to unfair pay rates, there is no question that the United States interest in Panama was in no means for the benefits of the country or its people. But instead for the sole purpose of the United States building a monopoly based on greed and world power.