

PROBING THE PANAMA CANAL PURCHASE

Some Peculiar Facts Have Come to Light as a Result of Mr. Roosevelt's Recent Epistle—So Many Suspicious Circumstances That Congress Must Investigate

Mr. Roosevelt stirred up a hornet's nest with his letter addressed to William Dudley Foulke and attacking the editor of the Indianapolis News and the editor of the New York Sun.

On the first day of the congressional session Representative Henry T. Rainey of Illinois presented a resolution providing for the investigation of the Panama canal purchase. The resolution was referred to a house committee.

But the New York World, which was not assailed in the president's letter, takes a hand in the controversy. The following Associated Press dispatch tells the story:

New York, December 8.—The New York World, to which Delavan Smith, editor of the Indianapolis News, referred in his reply to President Roosevelt's attack upon him, as the authority for the article on the Panama canal which appeared in his papers and called forth the president's letter, says today:

In view of President Roosevelt's deliberate misstatement of fact in his scandalous personal attack upon Mr. Delavan Smith, editor of the Indianapolis News, the World calls upon the congress of the United States to make immediately a full and impartial investigation of the entire Panama canal scandal.

The investigation of 1906 by the senate committee of the inter-oceanic canals was blocked by the refusal of William Nelson Cromwell to answer the most pertinent questions of Senator Morgan of Alabama. Since that time nothing has been done because after Senator Morgan's death there was no successor to carry on his great work of revealing the truth about Panama corruption.

The Indianapolis News said in the editorial for which Mr. Roosevelt assails Mr. Smith:

"It has been charged that the United States bought from American citizens for \$40,000,000 property that cost those citizens only \$12,000,000. There is no doubt that the government paid \$40,000,000 for the property. But who got the money?"

President Roosevelt's reply to this most proper question is for the most part a string of abusive and defamatory epithets. But he also makes the following statements as truthful information to the American people:

"The United States did not pay a cent of the \$40,000,000 to any American citizen. The government paid the \$40,000,000 direct to the French government, getting the receipt of the liquidator appointed by the French government to receive the same.

"The United States government has not the slightest knowledge as to the particular individuals among whom the French government distributed the same.

"So far as I know there was no syndicate; there certainly was no syndicate in the United States that to my knowledge had any dealings with the government directly or indirectly."

To the best of the World's knowledge and belief each and all of these statements made by Mr. Roosevelt and quoted above are untrue, and Mr. Roosevelt must have known they were untrue when he made them.

ONLY ONE MAN KNOWS ALL

As to the detailed distribution of the Panama loot only one man knows it all. And that man is William Nelson Cromwell. The two men who were most in Mr. Cromwell's confidence are Theodore Roosevelt, president of the United States, and Elihu Root, former secretary of war and now secretary of state. It was they who aided Mr. Cromwell in consummating the Panama revolution, arranged the terms of the purchase of the Panama canal, made the agreement to pay \$40,000,000 on the canal properties and an additional \$10,000,000 for a manufactured Panama republic, every penny of both of which sums was paid by check on the United States treasury to J. P. Morgan & Co.—not to the French government, as Mr. Roosevelt says, but to J. P. Morgan & Co.

The natural query of the Indianapolis News as to "who got the money?" was based on the World's historical summary of Mr. Cromwell's connection with the Panama canal. The inquiry was originally the World's, and the World accepts Mr. Roosevelt's challenge. If congress can

have all the documents in the case let congress make a complete investigation of the Panama canal affair, and in particular of William Nelson Cromwell's relation with the Panama company, with Panama and with the government of the United States. Let congress officially answer this question: "Who got the money?"

The old French company organized by Ferdinand de Lesseps in 1879 failed in 1899, years before Mr. Cromwell's relations with President Roosevelt began. As Mr. Cromwell testified before the senate committee on February 26, 1906: "We never had any connection with the so-called De Lesseps company. Neither did the United States government conduct negotiations with the old French Panama Canal company."

THE CROMWELL CONTROL

What Mr. Cromwell did represent was the new Panama canal company, the American Panama Canal company, and the \$5,000,000 syndicate which he formed to finance the new companies. After Mr. Cromwell had testified "I do not recall any contract," Senator Morgan produced a contract reading (Panama canal hearing, vol. II., page 1146):

"Mr. William Nelson Cromwell is exclusively empowered under the formal agreement with the board of directors of the Compagnie Nouvelle du Canal de Panama (new Panama Canal company of France), to effect with an American syndicate the Americanization of the Panama Canal company on the following basis:

The basis on which Mr. Cromwell was "exclusively empowered" in this contract was that an American Panama Canal company with a capitalization of \$60,000,000 preferred and \$45,000,000 common should be organized to take over the Panama canal concessions and all other property belonging to the new French Panama Canal company, which had bought the same from the old De Lesseps company. This company was incorporated in New Jersey with dummy directors. There was also incorporated in New Jersey with dummy directors the Inter-Oceanic Canal company.

Senator Morgan unearthed a copy of the \$5,000,000 syndicate agreement which provided that the subscribers should contract with William Nelson Cromwell to pay in \$5,000,000 in cash and to take their several allotments in the enterprise.

Five million dollars was more than ample to buy the majority of the old Panama stock. As the World said on October 25:

"Mr. Cromwell applied to the canal situation the methods of American high finance by which a syndicate takes over the property of a bankrupt concern, then creates a holding company and a recapitalization, keeping the majority control in a syndicate trusteeship."

Following that, to quote from Mr. Cromwell's testimony, "In May, 1904, I, representing the new Panama canal, and Judges Day and Russell, representing Attorney General Knox, consummated the transfer and sale to the United States."

ROOSEVELT'S MISTAKE

Mr. Roosevelt says, "the government paid this \$40,000,000 direct to the French government."

Mr. Cromwell testified that the United States paid the money to J. P. Morgan & Co.

Mr. Roosevelt says, "the French government distributed the sum."

Mr. Cromwell testified as to how he distributed it.

Mr. Roosevelt talks of "getting the receipt of the liquidator appointed by the French government to receive the same."

Mr. Cromwell testified: "Of the \$40,000,000 thus paid by the United States government, \$25,000,000 was paid to the liquidator of the old Panama canal company under and in pursuance of an agreement entered into between the liquidator and the new company. Of the balance of \$15,000,000 paid to the new Panama Canal company \$12,000,000 has already been distributed among its stockholders and the remainder is now being held awaiting final distribution and payment."

What follows is further eloquent testimony taken by the senate committee:

"Senator Talliaferro—There is \$3,000,000?"

"Mr. Cromwell—Three millions, yes, sir."

"Senator Talliaferro—Who holds that money?"

"Mr. Cromwell—The new Panama Canal company in its treasury."

And yet Mr. Roosevelt says that "the United States government has not the slightest knowledge" as to the distribution of the \$40,000,000 and that "this was the business of the French government."

As to Mr. Roosevelt's statement that "there was no syndicate," he could have read the "syndicate subscription agreement" on page 1150, volume II of the testimony before the committee on inter-oceanic canals—if he had cared for the truth.

That the United States government was not dealing with "the French government," or "the liquidator appointed by the French government," or with Colombia, or with Panama, or with any one else except William Nelson Cromwell and his associates, is made still more plain by the description of Senor J. Gabriel Duque as to the Panama revolution and as to the manner in which Mr. Cromwell got \$10,000,000 additional from the United States treasury, Senor Duque said:

HOW REVOLUTION WAS MADE

"Mr. Cromwell made the revolution. He offered to make me president of the new republic and to see me through if I would raise a small force of men and declare a secession from Colombia. He made promises that we should have the help of his government. It was accompanied by a liberal use of money. We bought this general and that one, paying \$3,000 to \$4,000 per general. The Colombian officers were all paid off and the Colombian general who was sent to stop the revolution was also bought off."

Then Mr. Cromwell, having been elected by the Panama republic as general counsel, and he and J. Pierpont Morgan having been appointed a "fiscal commission," negotiated with President Roosevelt by which the United States paid \$10,000,000 more to "the fiscal commission" for Mr. Cromwell's Panama republic. Of this money three-quarters is still under the control of "the fiscal commission."

Why did the United States pay \$40,000,000 for a bankrupt property whose control could undoubtedly have been bought in the open market for less than \$4,000,000?

Who were the Panama Canal company?

Who bought up the obligations of the old Panama Canal company for a few cents on the dollar?

Among whom was divided the \$15,000,000 paid to the new Panama Canal company?

Whether Douglas Robinson, who is Mr. Roosevelt's brother-in-law, or any of Mr. Taft's brothers associated himself with Mr. Cromwell in Panama exploitation or shared in these profits is incidental to the main issue of letting in the light.

Whether they did or did not, whether all the profits went into Mr. Nelson Cromwell's hands, or whatever became of them, the fact that Theodore Roosevelt, as president of the United States, issues a public statement about such an important matter full of flagrant untruths, reeking with misstatements, challenging line by line the testimony of his associate, Cromwell, and the official record, makes it imperative that full publicity come at once through the authority and by the action of congress.

WHAT MR. TAFT SAYS

The Cincinnati Times-Star, the paper owned by Charles P. Taft, prints this editorial:

"The New York World, the paper which was responsible for most of the talk about the 'Panama scandal' during the recent campaign asserts this morning: 'Whether Douglas Robinson, who is Mr. Roosevelt's brother-in-law, or any of Mr. Taft's brothers, associated himself with Mr. Cromwell in Panama exploitation or shared in these profits is incidental to the main issue of letting in the light.'

"This statement is intentionally mislead-