

"Wall St. and Nation Building"

April 4, 2005 Henry P. Briggs Literary Club Talk:

Twenty-seven years have passed since David McCullough published his breakthrough book called "The Path Between the Seas: The Creation of the Panama Canal: 1870-1914," a fascinating account of a momentous international event and a worthy precursor to his subsequent prize-winning biographies of Harry Truman and John Adams. I first read his book two years ago when Charlin and I took a cruise through the Canal-15 nights between Fort Lauderdale and San Diego-a wonderful adventure we highly recommend.

The adventure had for a long time been a dream of ours because the General who had completed the Canal's construction was a West Point-trained engineer named George W. Goethals, an acquaintance of my father, and General Goethals' son was my favorite teacher at Harvard's Graduate School of Education, full of stories about the challenges his father faced completing the project, his own experiences growing up as a boy in the Panama Canal Zone. My father often talked around our dinner table about the opening of the Canal. For him, an ardent outdoors man, the conquest of Mt. Everest by the English team of Irving and Mallery, was the only other story that approached it.

There were awful accounts of the excruciating deaths resulting from malaria and yellow fever in Panama, accounts of how the U.S. and French governments ignored for ten years the visionary advice of a brilliant doctor at the Johns Hopkins Medical School, General William C. Gorgas, who had uncovered the diseases' secrets while combating them in Africa, Cuba, and the Philippines. There had been at least 25,000 deaths, spanning 30 years, during the initial French, and then American attempts to build the Canal, only 3,000 of which were officially recorded, these reported deaths limited to Americans and Europeans, because, after all, the 22,000 others were only Caribbean blacks, mostly recruited from islands such as Aruba, Bonaire, Curacao, and Martinique, plus a smattering of itinerant Asians.

There had been the amazing saga of the charismatic French engineer and entrepreneur, Ferdinand de Lesseps, who had overseen the construction of the Suez Canal in the 1860's, on schedule, with virtually no loss of life, proving wrong thousands of experts around the world who had believed his project was impossible, celebrating one of the proudest moments in French history, now convinced that he was divinely called to do something similar for France and the world in Panama. "The Panama Canal will be easier to begin, easier to complete, and easier to keep, than the Suez," de Lesseps had told his exuberant countrymen, as they proudly poured money into his project, rich people, poor and in between. Ferdinand de Lesseps had been a charismatic and romantic hero, bearing five children before his first wife died, and then as a widower, at the age of 54, persuading

the most beautiful young woman in France to marry him, when she was 19, love at first sight, having twelve more children with her. He had organized his Universal Company of the **Interoceanic** Canal, based in Paris, the successor to the Suez project, not only for rich investors such as the Rothschilds, but also for laborers throughout France, investments as small as \$25 and \$50, attracting an incredible 70% of the French population, extraordinary demonstrations of patriotism, not unlike the investments our parents made when they gave their children millions of war bonds during **WW II**. When shrewd investors from other countries asked if they could invest, too, **de Lesseps'** response was clear: "It is in France alone, where we are determined to work for the civilization of the world, that I shall raise all the funds necessary for this new project."

It had not occurred to Ferdinand de Lesseps that he was exchanging the soft sand and clay of the Suez for a thin strip of Panamanian continental divide consisting mostly of hard and impregnable rock, located in an oppressively hot and humid tropical climate. Frustrated by his repeated failures to conquer Panama, he would suffer a complete physical and psychological breakdown as he kept going back to the French public for 20 years for more and more financial support, a total of \$287 million at a time when \$287 million was real money, while battling torrential rains and mudslides, earthquakes, malaria and yellow fever, full of suspicion and paranoia when he finally refused to accept the advice of his French investors that the only thing that would save his project would be to bring in recently developed and advanced American machinery to help. When he finally gave up, a broken and reclusive man, after 20 years of frustration, his company bankrupt, the French public cynical and disillusioned, it was the swashbuckling American journalist, Richard **Harding Davis**, who wrote his epitaph: "Like a general pipe-claying his cross-belt and polishing his buttons after his army has been routed and killed, Ferdinand de Lesseps has lost everything in Panama, including his honor. It is now my considered opinion that this new Canal must be a national undertaking, and that the United States is the only nation that can undertake it."

The only thing de Lesseps had left, it significantly turned out, not much solace since it seemed meaningless at the time, but was still accepted by international courts, was the formal agreement he had made those years earlier, with the sovereign country of Colombia, which owned the Isthmus of Panama, that only his French company would own in perpetuity the legal rights to build and maintain a canal in Panama.

Many of you know about the varied challenges that made the Panama Canal such a remarkable engineering and construction feat close to 100 years ago - the need, for instance, to move 153 million cubic meters of materials during its construction - had all those materials been placed on railroad **flatcars**, it was pointed out, they would have circled the globe four times; the oppressive weather; the rampant disease; the fact that over 900,000 vessels have passed through the Canal since its opening; that it takes 197 million liters of fresh water to operate its machinery every time

one ship passes through its locks; that the same hydraulic locks that were installed when the Canal opened in 1913 are still in use, hydraulic locks that are 25 meters high, weigh 730 tons each, a total of 80 such locks spanning the distance between the Atlantic and the Pacific; that it is only because the Canal's prodigious rain forest generates an average of 6 inches of rain every 24 hours every day of the year that the Canal can function in the first place. [De Lesseps'](#) original proposal, understandable in the circumstances, had been to use salt water from both the Atlantic and Pacific Oceans to enable the canal's locks to open and shut, but biologists and meteorologists are now convinced that these same timeless locks that have operated the Canal for 90 years would have rusted out in months had salt water been used to operate them, and that the world would have perhaps suffered catastrophic environmental calamities if the ocean waters of the Atlantic and Pacific had been merged.

It was in the 1970's and '80's that Presidents Jimmy Carter and Bill Clinton finally turned over the Panama Canal to the country of Panama, of course, including the narrow Panama Canal Zone itself, which had been entirely American for 65 years, with its own schools, churches, currency, post offices, port exchanges, voting rights, hospitals, everything. What is especially fascinating, [Charlin](#) and I realized after we got off our cruise ship to tour the Canal, is that the Panamanians themselves don't think there is a prayer that they can protect their Canal by themselves from attacks by organizations such as [Al Qaeda](#), and they are a soft target, or even new attacks by their combative neighbors, the Colombians, who have remained bitterly resentful about their loss of strategic territory ever since the Americans built the Canal. Theodore Roosevelt had anticipated all this when he established the Panama Canal Zone as a totally owned entity of the United States, completely separate from the newly created country of Panama. His original belief in manifest destiny had stressed the idealistic importance of America's trying to christianize and democratize countries around the world, rhetoric similar to what we hear from President Bush, but he had been startled and disillusioned by events in the Philippines, and had concluded that it would be disastrous to attempt nation-building in dangerous and far-off lands that he and his colleagues knew so little about.

Which brings me to a fascinating and only recently unearthed financial and historic footnote about the Panama Canal that prompted me to write this paper, involving a Secret Syndicate of twelve of America's most prominent business tycoons of the early 20th century, some of them still household names today, a dozen entrepreneurs who not only understood at the turn of the century what the building of the Panama Canal would do for the United States and the world, but would also mean for their own business enterprises, a dozen men who considered their personal financial interests to be at least equal in importance to those of the U.S. Government, and who were clearly justified in holding such a high opinion of their preeminence in American commercial and

political affairs. Simply stated, these twelve men devised an ingenious scheme to enrich themselves by means of exerting their immense influence to insure that the Panama Canal happened, over the Isthmus of Panama, under the control of the United States, following the failure of Ferdinand de Lesseps. There were long-standing rumors for years that this Secret Syndicate had somehow functioned far beneath the government's radar, but there was no absolute proof of it until five years ago. These widespread suspicions had been expressed most prominently at first by a venerable Alabama Senator named John Tyier Morgan, no relation to the self-righteous Episcopalian financier, J. P. Morgan, in the early 1900's. Senator Morgan had held committee hearings in 1903 to investigate these charges, conducting hearings at which the twelve culprits who were household names either nimbly took the 5th or lied through their teeth, or sent underlings to perform these tasks for them.

The story is a simple one: When the Canal was built, \$70 million from the U.S. Treasury that was supposed to pay a few Panamanian politicians (\$10 million), and the remaining investors in Ferdinand deLesseps' ancient Universal Company of the Interoceanic Canal (\$60 million), simply disappeared, and no one still knows exactly what happened to it after the Secretary of the Treasury delivered it into a bank vaults in J. P. Morgan's Paris office. This \$70 million had been earmarked to pay for our country's purchase of the international rights to build the Panama Canal, and it was the biggest single purchase the U.S. had ever made, the biggest single check our treasury had ever written, to pay for a piece of property one-third the size of Long Island, an acquisition one third again larger than the combined costs of the Louisiana Purchase (\$15 million), the Philippines (\$20 million), and Alaska (\$7.2 million). Dozens of American newspapers had repeatedly asked questions, and expressed outrage, about the disappearance of this \$70 million, but had met with stonewalled resistance whenever their reporters tried to interview members of the secret syndicate to find out what happened to it. The two geniuses behind it all were J. P. Morgan and William Nelson Cromwell, the founding partner of the prestigious New York law firm of Sullivan & Cromwell. J. P. Morgan and Cromwell threatened to sue the newspapers for slander, and ruin them financially, and introduced the practice of hiring public relations firms to assure the public what generous and trustworthy citizens they were. There were also dozens of members of Congress who owed Morgan and Cromwell dearly, and who were not about to participate in probes of what may have happened.

David McCullough naturally acknowledged the existence of these rumors in his "Path Between The Seas" in 1977, but he was careful to explain that they were only rumors, never substantiated. "Perhaps the matter for which William Nelson Cromwell is best known was his unselfish and patriotic work in helping to gain for the United States the Panama Canal," McCullough had written: "Cromwell's exact role in this has never been clear to historians, some of whom have

tended even to vilify and malign him, for he himself always took the position, apparently without regard to the consequences to himself, that professional confidences prevented disclosure. He was always correct with questioners but tended to be curt with them too. With his great love of theater and the dramatic, it is quite possible that Cromwell rather enjoyed being a man of mystery... fifty years of meticulous research, however, have tended to magnify rather than to diminish the constructive and patriotic role he played in obtaining the Panama route for the United States and in drafting the numerous treaties and agreements leading up to its acquisition."

John Foster [Dulles](#) and Arthur [H. Dean](#), [protégés](#) of William Nelson Cromwell, his successors as senior partners of Sullivan & Cromwell, and later leaders, of course, of both our country's CIA and State Department, collaborated on an official history of their law firm, back in 1957, nine years after Cromwell's death, acknowledged these recurring rumors suggesting his leadership of a Panamanian Canal Secret Syndicate, and dismissed them as "slanderous, irresponsibly impugning the integrity of one of the most respected attorneys in American history, and of his closest friend and most important client, the eminent church and civic leader, [J. P. Morgan](#)." The preface of that 1957 [Dulles-Dean](#) history succinctly summarized the firm's mission: "In the course of our extended history, Sullivan & Cromwell has proudly placed itself in intimate financial and legal relations, susceptible of being used to advantage by men possessing influence and power..."

The original Chief Engineer of the Panama Canal, who preceded General [Goethals](#), the brilliant and enormously popular John [Stevens](#), the acclaimed genius of the Canal's construction, and a man of enormous integrity, suddenly resigned, in the early stages of the project, at the peak of his powers, without a single word of explanation, and declined to be interviewed even once for the rest of his long life, including by a bewildered President Theodore Roosevelt. Indeed, he remained silent about his reasons until his death in North Carolina, at age 90, 35 years after the fact. It was John Stevens who had built the Great Northern Railroad for the famous James J. Hill, a monopolist and builder of cartels, who had been Hill's right hand man for years, a laconic American hero, in the Gary Cooper mold, a small town [midwesterner](#), up from the bootstraps, a man who went to great lengths to stay out of the public eye. His descendants are convinced that his discovery of the Cromwell-Morgan Secret Syndicate was the only thing that could [have](#) caused such a man to resign his position so mysteriously and so precipitously, but that he never saw a way to do anything about it, and feared the scandal's exposure could kill the project.

[Woodrow Wilson's](#) Secretary of the Navy, a close confidante to the President, secretly wrote to [Wilson](#) in 1920, it was revealed years later, that "Stevens was not a quitter. He could not have been driven off the Canal with a club, if it was a question of fighting for what he thought was the

right thing. . . What clearly happened, I now believe, was that Stevens had come upon certain incriminating information concerning the activities of William Nelson Cromwell and James J. Hill with respect to the financing of the Canal, information that would blow up the Republican Party and disclose the most scandalous piece of corruption in the history of the country.

I need to take a few minutes to set the stage for this Secret Syndicate, now that it is clear that it existed, and was indeed an enormous conspiracy. Ken Lay, [Bernie Ebbers](#), Frank [Quattrone](#), Richard [Scrushy](#) and similar boys at Citibank, Marsh [McClellan](#), [AIG](#), Morgan Stanley, [Merrill Lynch](#), [World Com](#) and [Tyco](#) would have felt right at home with these twelve men.

The first point, of course, is that Theodore Roosevelt and the U.S. Congress had known by 1900 that the United States urgently needed to build an [Isthmian](#) Canal between the Atlantic and Pacific Oceans, sooner rather than later, and that it was unthinkable that a foreign power such as France should be allowed to build it in our hemisphere. Indeed, Theodore Roosevelt had said something fascinating about this need for U.S. leadership soon after he became President: "We should no more continue to allow France to build this canal in our hemisphere than we should expect the French to encourage the United States to make inroads in Eastern Europe or the [Middle East](#)."

Senator John [Tyler](#) Morgan had believed the Canal should be built through Nicaragua, where we could reach a new understanding with a more trustworthy and accommodating group of political leaders than the rascals operating the government of Colombia. His reasoning was that Nicaragua's terrain would be easier to traverse than Colombia's stubborn Panamanian isthmus, as Ferdinand [de Lesseps](#) had reluctantly come to believe, too, so the cost of construction would ultimately be less than going through Panama, even though the distance between the Atlantic and the Pacific would be twice as long, about 120 miles versus 60 miles. Impressed by Senator John Tyler Morgan's logic, the U.S. Congress came within 24 hours of overwhelmingly supporting a [Nicaraguan](#) solution after its select joint committee recommended its adoption.

At which point, mysteriously, there was an [unpredicted 11th-hour](#) development as Senator Mark [Hanna](#) of Ohio, heir to the [Hanna](#) Mining Company in Cleveland, and Chairman of the Republican National Committee, rose to address the Congress, and announced that he had changed his mind, based on evidence that had only recently come to his attention, namely that it had been learned that there were active [volcanos](#) in Nicaragua, [volcanos](#) that were spewing forth lava as he spoke, so that the matter of the Canal's exact location would need to be revisited, and the anticipated Nicaraguan vote postponed. He reminded the Congress that American ships would have to negotiate an additional 1000 miles per trip if the Nicaraguan Canal was built. (It turned out later that there never were any active volcanos in Nicaragua.)

At the same time that Senator Hanna was speaking, William Nelson Cromwell, who had quietly been for years, oddly enough, among his many responsibilities, the President and legal counsel of a little railroad owned by J. P. Morgan that crossed the Isthmus of Panama, carrying passengers and supplies between the oceans, also called on Theodore Roosevelt to recommend that the proposed route of the canal be reconsidered, and provided the President with the names of several people he thought ought to serve on a new blue ribbon commission to **restudy** the project. A colorful and mysterious Frenchman called **Phillipe Bunau-Varilla**, who, it subsequently turned out, was an expensive minion of Cromwell and J.P. Morgan, was invited to talk with President Roosevelt and his Secretaries of State and War, John Hay and **Elihu** Root, about the history of Ferdinand **de Lesseps'** miscalculations, and what he, J. P. Morgan, Cromwell, and Senator **Hanna** thought should happen next. It was the crafty **Bunau-Varilla** who somehow persuaded President Roosevelt and Secretaries Root and Hay that he had figured out a way to persuade the residual owners of **de Lessep's** nearly bankrupt French company to release their Colombian "franchises and property to an American enterprise to make a Panamanian Canal possible." Theodore Roosevelt's newly appointed Commission needed only two weeks to recommend the Panamanian solution, as the Congress changed its mind and adopted the new recommendation, although just barely, reversed the vote accompanied by abundant cynicism in the national press, outrage from Senator **John Tyier** Morgan, and legitimate claims of betrayal by the government of Nicaragua.

Armed with **Bunau Varilla's** assurances that he could somehow deliver the support of the share holders of **de Lesseps'** original company, Theodore Roosevelt began new negotiations with Colombia, which still owned Panama, of course, even though he had no respect at all for the Colombian government. He had to issue several diplomatic apologies, for instance, after he became frustrated with the pace of the negotiations, and, was overheard referring to Colombia's leaders as "contemptible little dark-skinned creatures who remind me of the **Filipinos.**" The inaccessible Colombian capital of Bogota was 8 hours from the nearest port of Cartagena, further, and the country's telegraph system was invariably broken. Colombia's leaders kept changing their minds, repeatedly switching their ambassadors and ministers; when they did, they naturally raised the price they expected to be paid to give their approval before the United States could begin construction.

Theodore Roosevelt's patience with the Colombians was at its end when Senator Hanna, attorney Cromwell and **Bunau Varilla** paid him another visit and persuaded him that the only solution to the problem was for the United States to help some Panamanian aristocrats they knew to create a revolution that would result in Panamanian independence. This shouldn't be hard to do, they argued, because the proud Panamanians had for a long time felt estranged from the far distant governing Colombians. The plans obviously would have to be kept secret. It was arranged,

therefore, that representatives of the insurrectionists would meet with Bunau Varilla and a few clandestine American liaisons in a suite in the [Waldorf Astoria Hotel](#) in [NYC](#), paid for by J. P. Morgan, exchanging international messages conveying their plans by means of hilarious codes, and then gathering in black tie in five star restaurants for drinks and dinner. Soon after, four American ships sailed into Panama City Harbor, to be met by a dozen Colombian military officers who took one look at the show of force and who were quickly bribed with cash to pack up their troops and go home. The actual coup took place on November 3, 1903, a date the planners chose because it was the day Theodore Roosevelt would be elected President, on a day the plotters knew the Revolution would receive little or no publicity in the American press. The U.S. paid the eight Panamanian leaders \$10 million for their support, right after the coup, an amount which was turned over by Secretary of State Hay to Cromwell and Morgan for safe keeping. After depositing the money, Cromwell and Morgan sent the Panamanian insurrectionists quarterly interest payments of 5% for several years, until their leader, one [Manuel Guorroro Amador](#), who was now the President of the new Republic, got sick of asking them what happened to the principal. When he was later invited to visit Washington for an official state visit. President Amador [snuck](#) away one day to New York, unaccompanied by bodyguards, for an unannounced visit to Cromwell's office to find out why Cromwell was ignoring his inquiries. Cromwell angrily met the President of Panama at the door to his office, shouting that he didn't have a clue where the money had gone, and was grievously insulted by what President Amador was implying. He finally had a Sullivan & Cromwell security guard throw Amador out into the street. There were two fatalities in the Panamanian revolution, one of which resulted from the fact that a drunken Colombian Naval officer had not gotten the word that his bribed colleagues had left Panama City to sail home. Before the officer was shot to death, he had foolishly fired three bullets at someone on a pier, mistaking a Chinaman, who was fishing off the end, for an enemy, and wounding a cow that had somehow strolled out there to see what was going on.

An assistant to Cromwell hand-delivered news of the Revolution to newspapers in Boston, New York and Washington on Election night, November 3, for release the next day. Cromwell had an editor of the New York Sun fired when he insisted on publishing the news as a scoop before the authorized release time. Cromwell's message read in part: "The people of Panama, by an apparently unanimous movement, have dissolved their political connection with the Republic of Colombia." The greedy Colombian leaders in Bogota, who had been offered \$20 million by the U.S. for the Panama Canal Zone, but were holding out for at least \$30 million, never got a dime. Within 24 hours of the coup, the U.S. entered into formal diplomatic relations with Panama; an event made possible because the new revolutionary leaders in Panama, who would need two weeks to get to Washington by ship to approve a treaty between the two countries, inexplicably

and magnanimously decided to grant the artful [Bunau Varilla](#) the delightful title of "Envoy Extraordinaire and Minister Plenipotentiary from the Republic of Panama to the United States of America" for a period of two weeks. When Theodore Roosevelt asked his White House legal counsel and the Secretary of State exactly what that title meant, he obtained the answer he wanted, which was that "Mr. Bunau Vanilla is for 14 days the authorized party to make treaties for Panama during his term of office."

Bunau Varilla and Secretary of State Hay needed only 13 of the allotted 14 days to agree on the [famous-or infamous-Hay-Bunau-Varilla](#) Treaty that made possible the Panama Canal Zone, and gave the U.S. a free hand, in perpetuity, to build, maintain and operate the Canal.

At the public ceremony announcing the Treaty, Panama was welcomed into the international community of nations without a single word being exchanged in Spanish, and without a single Panamanian present. Mr. [Bunau](#) Varilla, who had been Secretary of State Hay's guest for dinner the night before the ceremony, realized during the dessert course that there was no Panamanian flag to display the next day. His wife and daughter came up with a design over coffee, and his wife sat up all night sewing it when Secretary Hay was able to find a bolt of appropriate cloth at a nearby store that the owner came in from her home to open. The Panamanian revolution began and ended on November 3, and the Hay-Bunau Varilla Treaty was signed on November 17. When the Panamanian leaders reached Washington on November 18, as scheduled, Bunau Varilla greeted them with the good news of what he had accomplished, without their knowledge, in their absence, and they were so angry that President [Amador](#) punched him in the mouth on the railroad platform at Union Station as photographers' flash bulbs exploded. The final step of the process, only minutes after the signing of the Treaty, was for Secretary Hay to deliver the U.S. government check \$60 million directly to the Paris office of [J.P. Morgan & Co.](#), which was specifically named "Special Disbursing Agent" in the treaty, the arrangements to be handled personally by [J. P. Morgan](#) and his duly appointed New York and Paris counsel, William Nelson Cromwell. The expectation was that the [J.P. Morgan & Co.](#) office in Paris would distribute the \$60 million among the remaining shareholders of [de Lessep's](#) nearly defunct 35-year-old French Company. What had been kept a deep secret, known only by a handful of bankers in Paris and New York and the twelve conspirators, was how few shareholders there really were, and who they were.

What had quietly happened was that [de Lesseps'](#) original French Company, organized in 1870 and based in Paris, had been legally and quietly reorganized in France by its remaining shareholders, and had been renamed The New French Company of the Canal of Panama. The lawyer who had handled the reorganization for the shareholders of the new company was William Nelson

Cromwell, assisted by a couple of discreet French barristers. Although it was not commonly known at the time, 97% of the shares in the New French Company of the Canal of Panama were now held by the twelve rich Americans who had been recruited as partners by Cromwell and J. P. Morgan to help them buy as many shares as possible from de Lesseps' original French shareholders at only 2 cents on the dollar, these same shares that had been so pricey during the euphoric years following the wildly successful completion of the Suez Canal.

What happened, it turned out, was that J. P. Morgan had recruited, as he did every summer, several interns, all of them recent [Princeton](#) graduates who were charming and handsome and bilingual, and had sent them off to France on a strange errand, which was to buy up all the shares they could of the original de Lesseps company they could, not only from prominent businessmen and bankers in Paris, but also from farmers, laborers, and storekeepers, traveling from village to village, even door to door, all over the country.

[Phillipe Bunau Varilla](#) ultimately wound up in Paris a rich man for the first time in his life, although he never explained where his money came from, and no one ever found out. He became an instant national hero when he got off the boat in [Le Havre](#), announcing to the press: "I have fulfilled my mission. I have safeguarded the work of our French genius, Ferdinand [de Lesseps](#), and I have avenged France's and his honor. I have served France."

One next needs to remember that captains of American industry such as [J. P. Morgan](#) and [William Nelson Cromwell](#), firmly believed they were more important forces than their national government at the beginning of the 20th century, and that the U.S. government served them, rather than vice-versa. The fact was that they had ample reason to believe this was true, as they were normally able to manipulate just about everyone and everything that got in their way. There had been a recently passed [Sherman](#) Antitrust Act, for instance, but no President or Supreme Court had been able or had dared to enforce it, even once, until Theodore Roosevelt became President. [J.P. Morgan](#) summoned Presidents and other political figures to Manhattan to meet with him, not the other way around; it is astonishing to remember that this man controlled, in 1901, among other enterprises, all five of the biggest banks in the country, plus his own international House of Morgan, Western Union, the Pullman Car Company, Aetna Life Insurance, General Electric, Britain's Leyland Steamship Lines, and 21 railroads.

He and his friends were convinced, based on their own long experience, with the indispensable help in Congress of Senator [Hanna](#) that they could manage any President of the U.S. Since [Hanna's](#) choice to be President in 1900 had been [William McKinley](#) of Canton, Ohio, a leader of profoundly modest attainments, it was clear that the status quo for big business would remain

unchanged, and it didn't seem worrisome, either, that Senator Hanna decided to round out his electoral ticket, at the 11th hour, nominating as Vice President the governor of the populous state of New York, Theodore Roosevelt, to insure victory. What Senator Hanna and his cronies couldn't anticipate was that their new president would get himself assassinated in Buffalo after just six months in office, and that the aristocratic young upstart from Oyster Bay, Groton School, Harvard College and New York, was that their new president would go get himself assassinated in Buffalo after just six months in office, and that the aristocratic young upstart from Oyster Bay, Groton School, Harvard College and New York, not beholden to any of Senator Hanna's financial backers, not afraid of anything or anybody, would become President at age 42 (it's fascinating to remember that Theodore Roosevelt had still not turned 50 when his seven years in Presidential office concluded). This was the same Theodore Roosevelt, after all, who in seven years created America's national parks, set about to protect the country's precious environment, built the Panama Canal, first enforced the country's Sherman antitrust legislation, and thereby established himself as a sworn and dangerous enemy of the robber barons. Theodore Roosevelt would clearly bend international law in order to build his canal, but if someone was going to engage in financial chicanery around him, it was clear that person was going to have to do so in absolute secrecy, because this was a man who belonged to their same clubs, and attended their same colleges and churches, and was almost as rich as some of them, and saw through them, and wasn't afraid of any of them. When William McKinley was assassinated. Senator Hanna clearly understood this when he stood up in front of what he thought was an off-the-record black tie dinner at the University Club in New York. and lamented that: "It is a disaster that is Goddamn cowboy is now the President of the United States." A closely affiliated Cincinnati named Henry W. Taft, transplanted to New York, the brother of William Howard Taft, who would succeed Theodore Roosevelt as President, and Horace Taft, the founding Headmaster of the boarding school in Connecticut that bears the family's name, sent a similar written warning to influential friends: "Theodore Roosevelt is an exceedingly dangerous man, and he practices a pronounced type of socialism. He shows prejudice against railroad owners, beef packers, coal mine operators and banana growers. He has persuaded the Supreme Court to find illegal James J. Hill's Northern Securities suit. He has stirred up Booker T. Washington and the Negroes in the south, and now he is protecting foliage and threatening to strengthen public lands laws. His professed truce with our trusts will last as long as it takes him to win the Presidency in his own right in 1904. Once this man gets the executive bit between his teeth again, there will be no holding him."

So no one ever doubted that Theodore Roosevelt would prosecute anybody who was part of a Panama Canal scam. In addition to William Nelson Cromwell, J. P. Morgan, Senator Mark Hanna, Henry W. Taft and Phillipe Bunau Varilla, the other conspirators who were part of the Secret

Syndicate included James Stillman, James J. Hill, E. H. Harriman, Chancey M. DePew, Henry W. Taft, Isaac Seligman and George J. Gould. Each of these bankers, railroad owners and industrial magnates had invested anywhere from \$200,000 to \$1 million each in the scam after a mandatory five year waiting period that Cromwell and Morgan imposed, to keep the larceny secret. \$1 million investments yielded \$5 million each and \$200,000 yielded \$1 million each. Bunau-Varilla, Cromwell, Hanna and Morgan voted themselves \$5 million each, even though they did not invest any of their own money, citing their arduous preparation, legal and financial expertise, and governmental connections, as equivalent payment.

As the Secret Syndicate members' deposits and the payments to the new Panamanian leaders were received, prior to the Panamanian uprising, Cromwell meticulously initialed all appropriate documents, and instructed his team members to keep the documents under lock and key in their personal safe deposit boxes. When they received their payoffs five years later, and no one is exactly sure how that was handled, they were carefully instructed to destroy all the documents, it was a young man who decided in 1998 to research what had happened to the \$70 million who laboriously gained access from family members to eight or ten of these family safe deposit boxes, and, finally unearthed a document in one of them that was the property of the prominent investment banker, Isaac Seligman, in whose name mutual funds can still be purchased on Wall St. No one knows why Isaac Seligman kept these records when Cromwell was so forceful about urging him to get rid of them. Indeed, Cromwell's admonition was still attached to the document. The young man researching the Secret Syndicate hired three handwriting experts who unanimously confirmed the signatures of the members, and the identity of the man carefully initialing "W.N.C." beside their names on the documents.

The young man was a Panamanian, Ovelio Diaz Espino, who was the talented and aristocratic descendant of the founding President Amador, and educated in boarding schools and universities in England and the U.S., including Princeton and Columbia, who had gotten himself a job in 1995 in the international department of Morgan Stanley. What had happened to his great-grandfather after the coup had long been part of his family's folklore, so Mr. Espino found himself outraged when an inebriated Senior Vice President regaled a group of young executives at an office party in 1998 with his stories about Cromwell and Morgan and their Wall St. cronies and Panama. Espino was so enraged by the Senior Vice President's story that he went to the company's library and started digging. It was ultimately Mr. Espino who was able to persuade a family member to open the Seligman safe deposit box.

A final disclaimer:

Some of you may see in parts of this paper certain situations resembling recent events in the U.S.

and the world, history repeating itself, and I can only respond to that: "Shame on you!" How dastardly of you to believe that our current political leaders and captains of industry would behave this way when they have taken oaths of office and signed strict ethical behavior codes and are so articulate and look so good on television. Our country is way past such shenanigans, as last November's Presidential election clearly demonstrated. Indeed, I will see to it that the Department of Homeland Security and the IRS keep a close eye on any of you who even harbor such thoughts about this country's hard-working corporate leaders, and their lawyers, who are simply trying to make their way forward in a complicated society, and to do whatever they can to help bring about a better and fairer world.

Henry P. Briggs