

F 1567

. B28





V
C
THE COLOMBIAN TREATY

HOW THE INDEMNITY OF
\$25,000,000

—AND MANY TIMES THAT SUM—
WILL COME BACK IN PURCHASES OF
SUPPLIES FOR PUBLIC WORKS, AND
IN A GREATLY INCREASED GENERAL
COMMERCE — — —



3
3
3
3
3
3
3

F1567
.B28

21-20663

©Cl. A617431

JUN 22 1921

THE COLOMBIAN TREATY

By WALTER H. BARTHOLOMEW

Assistant General Manager, Colombian Commercial Corporation

Why has the United States Government, by its ratification of the Treaty with Colombia, agreed to pay to that country a total of \$25,000,000 as an indemnity for the loss of Panama? A correct answer to this question makes clear our true economic and political relationship to Colombia, and the possibilities of future trade with her.

The loss of Panama was a great blow to Colombia, and has seriously interfered with her prosperity and growth for eighteen years. Since the United States has benefited and will continue to benefit tremendously by what Colombia lost at Panama, it seemed—regardless of differences of opinion as to responsibility—only just that Colombia should be reimbursed. We profited greatly, she was appreciably injured; a balancing of accounts was highly desirable. Without it there could have followed only continued recrimination and friction.

Let us analyze what the loss of Panama meant to Colombia. She is the only country in South America having a seacoast on both the Atlantic and the Pacific. The Panama Canal is the connecting link between her two seaboard. When the trans-Isthmian railroad was built prior to the digging of the Canal, Colombia reserved certain preferential rights in its use, besides which she was to receive \$250,000 a year rental until 1966, when the railroad was to become her property.

Also, in the concession to the French company under the management of the famous De Lesseps for the construction of the canal across the Isthmus, Colombia reserved certain rights to the use of the canal for her commerce, her warships and her armies, and she was to receive a percentage of the tolls to be collected. It should be remembered that when Colombia lost Panama she lost a present income from the railroad and a potential income from both the railroad and the canal, the ultimate worth of which can hardly be computed. And she lost as well the right to use the canal unless she paid for it as other nations must.

It is exactly as if Florida extended to the mainland of South America and a railroad had been built across it to connect the Atlantic with the

Gulf of Mexico, and a canal was planned and partly constructed to connect these two bodies of water; and then Florida seceded, and some foreign nation prevented our using our army and navy to force her back into the Union. We would thus have our Gulf ports separated from our Atlantic ports, and a barrier set up which would operate as a fatal obstacle to the free intercourse between our people. One can imagine the feeling which would have arisen in the United States.

No matter what our individual opinions may be as to the right of our Government to take the steps it did at Panama, it goes without saying that Colombia could easily have defeated the little province of Panama in a war, and thus retained possession of that valuable territory. This was prevented by the interference of the United States. If we visualize the wave of indignation which would have swept over this country had the same thing happened to us, we will get some idea of the way the Colombians felt about it.

The payment of \$25,000,000 to Colombia is in fact small recompense for her actual and potential loss. Fortunately, the Treaty accords to Colombia certain preferential rights in the use of the Panama Canal and the Panama Railroad calculated to restore to her the strategic and commercial advantages which she lost. The Treaty specifically grants her the right to use the Canal on equal terms with the United States, and opens the Canal Zone to her products free of duty. This is a greater benefit than at first appears, as Colombia has rich deposits of petroleum and coal which eventually can be furnished to the ships of the world passing through the Canal. Also her cattle and fruits will find a ready market there, and it means a good deal to her merchants that these articles can enter the Canal Zone duty free.

In accordance with the established principles of international law, Panama will now be required to assume her just share of the national debt of Colombia, and this the United States, under a clause of the Treaty, agrees to bring about. Thus Colombia's financial burden, already the smallest per capita of any South American country, will be further lightened, probably by several million dollars, and she will have just so much more money available for her own development.

Undoubtedly the Panama episode prejudiced our commercial relations in Colombia, and what happened during the World War did not

contribute toward alleviating the bitter feeling. Rather the reverse was true in some respects. Colombia, prior to 1914, did a large business with Europe, and had been accorded the usual courtesies and accommodations extended by England, France and Germany to their foreign customers. Europe being closed as a market for her products as well as a source of supply for manufactured goods, Latin America turned to the United States. While we may be able to explain satisfactorily to ourselves, and make excuses on the ground of necessity, it still remains a fact that during this period when our southern neighbors were compelled to buy almost exclusively from us, the prices they had to pay were the highest ever heard of and the terms demanded the shortest ever known, and with this all too often went short courtesy of speech and manner. We charged all the traffic would bear, and demanded cash or gave short credit.

With the return of normal conditions, our European competitors will be back on the job with their usual far-sighted willingness to please the South American and meet his views. The average American house has a long way to travel before its service and the consideration it accords its foreign customers match those of European exporters.

The prevalent belief in the minds of thousands of Latin Americans that the United States wilfully wronged Colombia—whether the belief be justified or not by the facts—created an almost insurmountable wall of prejudice which would have taken many years for American houses to live down not only in Colombia but elsewhere in Latin America, for the feeling had spread far.

Fortunately many Colombians have felt almost from the beginning that the American people as a whole knew nothing of and were not to blame for the Panama affair, and they are willing to forgive and forget the incident, now that a reasonable amount of justice has been accorded their country under the terms of the Treaty.

It was right, from the standpoint of both justice and expediency, that this source of irritation and fear should be removed by the payment of a reasonable indemnity to Colombia. When we consider the proximity of Colombia to the United States—only half as far from her northern ports to New York as to Europe—and that geographically and economically we constitute the logical market for her products and the source

from which she should supply her needs, it is clear that very neighborly relations should exist between the two countries. The payment of the indemnity opens the door for resumption of cordial relations, but it remains for the American business man to use tact and intelligence in cultivating the Colombian market.

The \$25,000,000 gives Colombia a borrowing power of at least \$100,000,000 which she contemplates using in public works. This will open to the American manufacturer a new market for transportation and public utility supplies, and will result in a general stimulation of business within Colombia which will be reflected in an increased demand for all commodities.

There is an era of phenomenal development ahead of Colombia, and the American manufacturer interested in the upbuilding of his export department on sound, constructive lines, will do well to investigate thoroughly this market, and to make use of the present moment, when export business generally is stagnant, to prepare for the proper handling of this rich territory.

SP-286.



COLOMBIAN COMMERCIAL CORPORATION

56-58 Pine Street

NEW YORK CITY

TELEPHONE
JOHN 0400

CABLE
"COLOCOMCOR"

Branches: BOGOTA and BARRANQUILLA.

Agencies: MEDELLIN, CARTAGENA and BUCARAMANGA

—We are specialists on Colombia—

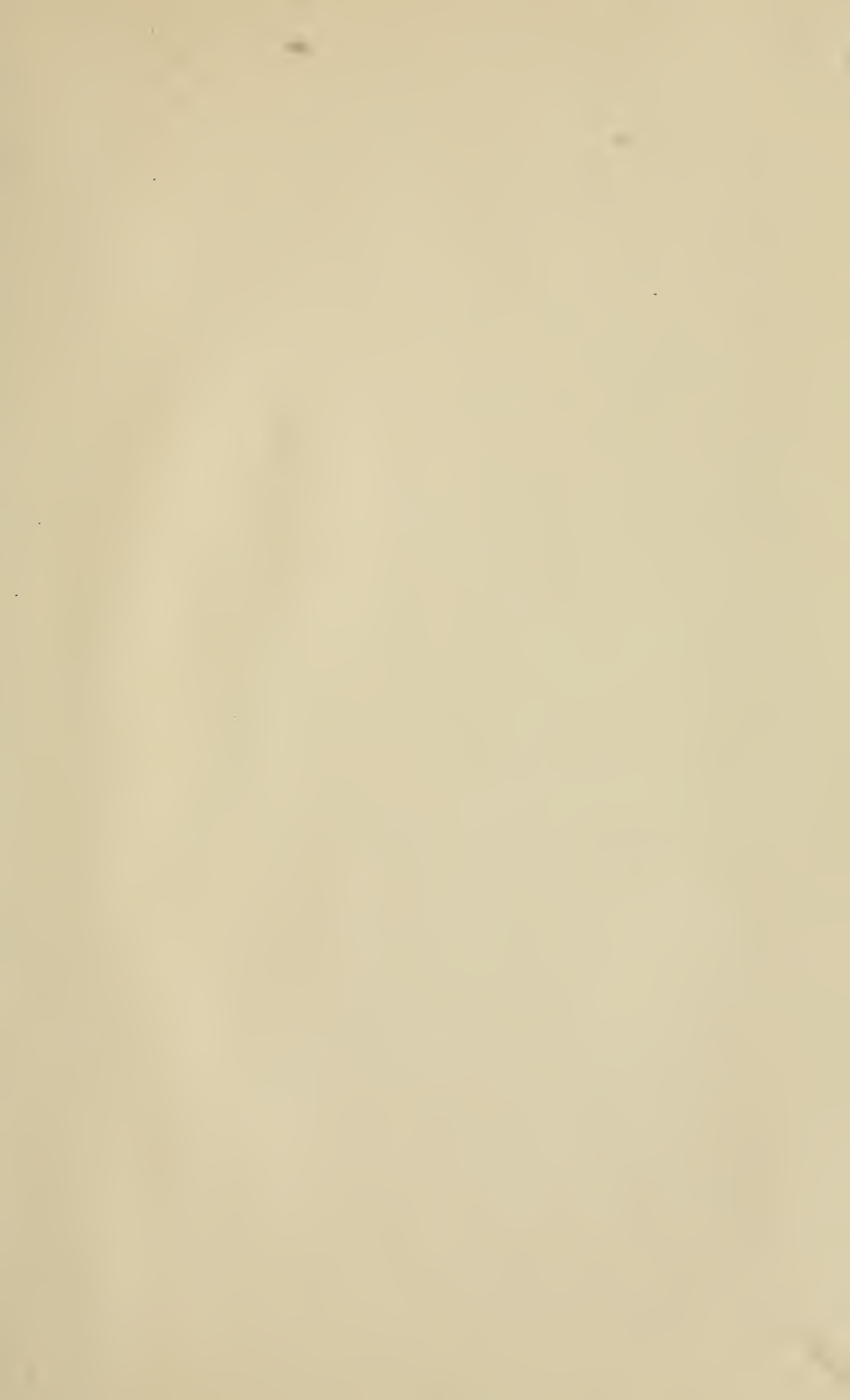
The personnel of our New York Office is well informed on all Colombian matters and will welcome inquiries as to any phase of business there.

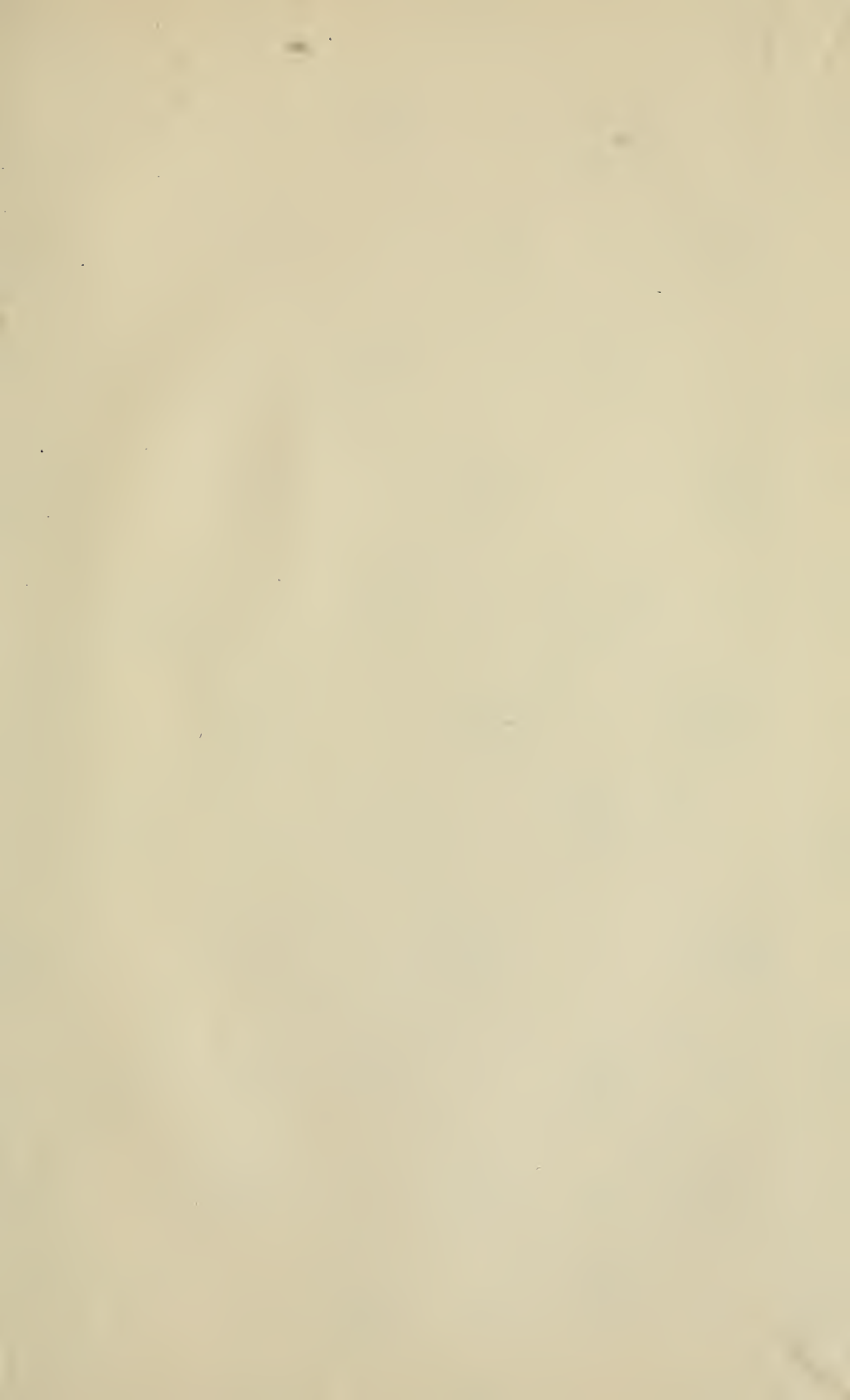
Exports

Imports

Associate Engineers

WOOD, HULSE YATES CO., Inc.









DOBBS BROS.
LIBRARY BINDING

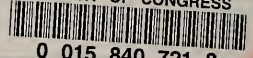
JUN 76

ST. AUGUSTINE
FLA.



32084

LIBRARY OF CONGRESS



0 015 840 721 8

