

NATION: Building the Panama Canal**Hay and Bunau-Varilla Write Panama Treaty**

Washington, D.C.,
November 1903

Panama's ambassador to the U.S., **Philippe Bunau-Varilla** and U.S. Secretary of State **John Hay** have signed an important treaty. This treaty comes only two weeks after Panama, with U.S. help, freed itself from Colombia.

The **Hay-Bunau-Varilla Treaty** gives the U.S. the right to build a canal [man-made river] in Panama.

The treaty says:

- The U.S. gets a 10-mile-wide piece of land in Panama for 99 years. The U.S. can build a canal on this land.

- Panama gets \$10 million from the U.S. now—plus \$250,000 rent every year.

**The Panama Canal—
How It Happened****Government:**

- President Roosevelt uses his "big stick" to get Panama.
- Secretary of State Hay and Ambassador Bunau-Varilla sign treaty to get Canal Zone.

Gorgas:

- Dr. William Gorgas fights yellow fever in Panama.

Goethals:

- Colonel George Goethals engineers the building of the canal.

Theodore Roosevelt Checks *His* Canal

Panama Canal Zone,
November 1906

Men and machines are digging the **Panama Canal** [man-made river that links the Atlantic and Pacific Oceans]. And President Theodore Roosevelt is here to watch them.

Roosevelt is the first presi-

dent ever to leave the U.S. while in office. But he wants to show workers and the American people that building the canal is important. So he is personally visiting the **Canal Zone** [the 10-mile-wide piece of land through which the canal runs].

Roosevelt had one big problem to solve before the canal could be started. Panama belonged to Colombia. Colombia did not want to let the U.S. have the land for a canal.

Roosevelt used his "big stick diplomacy" [letting the country with the most power make decisions for weaker countries] to get Panama. Here's what happened:

- A group in Panama planned a revolt against Colombia.

- Roosevelt sent the U.S. Marines to help the revolt.

- Colombia gave Panama its independence.

- Panama sent Philippe Bunau-Varilla to the U.S. with a treaty.

- The U.S. and Panama signed the **Hay-Bunau-Varilla Treaty**, letting the U.S. build the Panama Canal.



PEOPLE: Building the Canal

Dr. William Gorgas: Death to Mosquitoes



Dr. William Gorgas has started a war in Panama. Dr. Gorgas is fighting mosquitoes. Mosquitoes carry yellow fever. This sickness makes people too sick to work. Dr. Gorgas' job is to get rid of all mosquitoes in Panama. Then workers can start digging the Panama Canal.

Americans first got yellow fever in Cuba during the Spanish-American War. There, **Dr. Walter Reed** found out they were getting it from mosquito bites. Dr. Gorgas cleaned mosquitoes out of Cuba. Now he is cleaning them out of Panama by:

- Spraying oil on pools of water and draining swamps so mosquitoes cannot lay their eggs.
- Cleaning homes and spraying them with insect killer.

Dollar Diplomacy— U.S. Foreign Policy



Purpose: To police Latin America and Caribbean without going to war. To keep Europe out of the Western Hemisphere.

Step 1: American bankers loan money to Central American and Caribbean governments.

Step 2: These governments are too poor to pay back the loans.

Step 3: The U.S. government steps in to see that Americans will get their money back. Here are some ways the government steps in:

- Sends in U.S. Marines to watch over U.S. interest [money].
- Takes the country's customs duties [payments for foreign goods people are bringing back home].
- Tries to keep in power the government that favors the U.S.

Goethals—Military Man of the Hour



Panama, 1914
They said he could never do it. But **Colonel George Goethals** has finished the Panama Canal

almost a year before it was expected to be done.

President Theodore Roosevelt put Goethals in charge of building the canal. Goethals proved to be a good engineer.

He found ways to:

- Dig through jungles and mountains.

- Build dams.
 - Build locks [gates that let ships go from water at one level to water at another level].
- Goethals is also a good manager of people. He handled workers from 12 countries well. He listened to their problems. He kept them healthy. And he saw that they had good food, homes, and fun.

Goethals will stay on in the Panama Canal Zone. He has been named the first governor of the Canal Zone, which is run by the U.S.



First Ship Sails Through Canal— 40 Miles From Atlantic to Pacific

Panama Canal Zone,
August 1914

The **Panama Canal** has opened, linking the Atlantic and Pacific Oceans. It took less than 10 years to build the 40-mile canal [man-made river].

The U.S. Army was in charge of building the canal. All countries can use the canal. But each ship must pay a toll [money] to the U.S.

The U.S. started building the canal after the Spanish-American War. By then, the U.S. was a world power.

The canal will:

- Let U.S. ships move quickly between the Atlantic and Pacific Oceans. In the 100-day Spanish-American War, U.S. ships in the Pacific Ocean took 60 days to get to Cuba. If Spain had attacked the East Coast of the U.S., U.S.

ships in the Pacific would not have gotten there in time to help.

- Let the U.S. take better care of its empire. The U.S. now owns islands in the Pacific Ocean and the Caribbean Sea. It needs to protect these islands from other countries.

- Let the U.S. carry on trade more quickly with the Far East.

U.S. Gains Control Over Caribbean—Panama Canal Protected

Washington, D.C., 1917

The U.S. has bought the **Virgin Islands** from Denmark for \$25 million. The U.S. already has a Navy base in Cuba and owns Puerto Rico. By owning the Virgin Islands, the U.S. can control all ships going from the Atlantic Ocean through the Caribbean Sea to the Panama Canal.

PEOPLE: President Taft and Reforms

Taft Defeated for 2nd Term; First Term Marked by Major Reforms

Washington, D.C., 1912

William Howard Taft has lost his bid for a second term as president. He was first elected in 1908. He followed Theodore Roosevelt who wanted Taft to be president. Roosevelt believed

Taft would carry on Progressive reforms.

In his four years as president, Taft put through more reforms than Roosevelt did. Here is a look at some of Taft's reforms:

Mann-Elkins Act

1910

WHAT: Lets federal government oversee rates and make rules for telephone, telegraph, cable, and wireless companies.

HOW: Put these companies under the power of the Interstate Commerce Commission (ICC). This group controls business carried on between states. Now the ICC has more power.

16th Amendment

[Income Tax]

WHAT: Gives the federal government the power to tax a person's income. These income taxes can be used to pay for the government's new programs.

HOW: By constitutional amendment.



Post Office Services

WHAT: Helps the Post Office Department give better service.

HOW: Set up:

- A savings program in the Post Office Department. Now postal money can be kept safe.

- A parcel post service. Now packages can be sent at a low cost without getting lost.



Department of Labor

WHAT: Gives workers a representative in the cabinet. Lets workers bring their problems to the president. Also gives workers a say in how government should be run.

HOW: Set up a new cabinet department called the **Department of Labor**. This was made from the Department of Commerce and Labor (1903).

17th Amendment

[Direct election of senators]

WHAT: Lets the people from each state elect their state's senators. (Before this, state legislatures elected senators.)

HOW: By constitutional amendment.

Presidents and Their Terms in Office:

Theodore Roosevelt: 1901-1909 #26

William H. Taft: 1909-1913 #27

Woodrow Wilson: 1913-1921 #28

Bull Moose Party Gets Roosevelt To Run

Chicago, 1912

Angry Progressive Republicans have started a third party. Calling themselves the **Bull Moose Party**, they have chosen Theodore Roosevelt as their candidate for president for a third term.

Bull Moose Progressives do not want Taft to be president. They do not think he has carried on Roosevelt's reforms in tariffs and conservation. Here's why Progressives are angry:

- Taft signed the **Payne-Aldrich Tariff** of 1909. This raised tariffs [taxes on imported goods]. Progressives want lower tariffs so common people can buy more.

- Taft has sold some government land to private companies. This is land Roosevelt put in the conservation program. Progressives want the government to keep this land.

Democrat Wilson Elected President

Washington, D.C., 1912

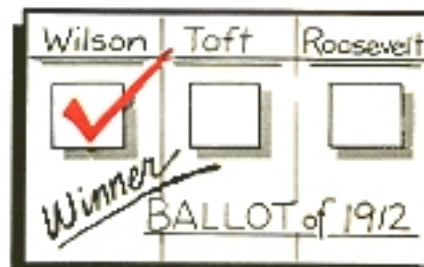
Reform Democrat **Woodrow Wilson** is the new U.S. president. He got fewer popular votes than Republican candidates. But Republicans split their electoral votes between conservative Republican William Howard Taft and Bull Moose Progressive Theodore Roosevelt. So Wilson won the election.

As president, Wilson says he

will work for a "new freedom" in the U.S. By "new freedom," he means that every person willing to work should have a chance to get ahead.

Wilson says that big business is hurting the common people. Wilson promises that government will step in to control business.

Government will also help common people with programs.



It will make money easier for common people to get. This help will give all Americans the "new freedom" to succeed.

PEOPLE: President Wilson and Reforms

Wilson Carries Out Progressive Plans of Roosevelt and Taft

Washington, D.C., 1916

President Woodrow Wilson is walking in the footprints of reform. They were left by Presidents Roosevelt and Taft. But Wilson is leaving his own footprints, too. Wilson believes government should step in to work out the problems in the U.S. So he has backed new laws. These laws will take care of problems in labor, big business, importing goods, banking, schools, and farming. Wilson thinks these laws will help to give every American the "new freedom" to succeed. Here's a look at some of the reforms passed since Wilson became president in 1913:



Reform: FEDERAL RESERVE ACT, 1913:

What: Federal government sets up banking rules.

How: Sets up a plan for 12 federal reserve banks (banks used by other banks).

These 12 banks can:

- Make loans easy to get when people do not have much money to spend.
- Make loans hard to get when people have a lot of money to spend.

Reform: FEDERAL TRADE COMMISSION, 1914:

What: Federal government watches big business.

How: Set up a board of five people. They advise and make rules for companies that do business between states and with other countries.

Reform: SMITH-LEVER ACT, 1914:

What: Federal government gives money to state schools.

How: Gives money to state-run colleges. The money is to be used for programs a college might not otherwise be able to pay for.

Reform: FEDERAL FARM LOAN ACT, 1916:

What: Federal government gives direct help to one group: U.S. farmers.

How: Started 12 farm loan banks where farmers can get loans at less cost than they can at regular banks.

Reform: CLAYTON ANTI-TRUST ACT, 1914:

What: Federal government can break up business trusts.

How: Made new laws saying what companies cannot do. They cannot:

- Lower costs only to some people.
- Force another business to sell only one company's goods.
- Buy another company if this makes a monopoly.
- Stop labor unions from trying to get more wages and better working conditions from companies.

"Ford Idea" Scares Other Manufacturers

Detroit, Michigan, 1914

Henry Ford, automobile pioneer, has announced a new "Ford Idea." Beginning now, the 13,000 workers in his auto plants will earn more—at least \$5 for eight hours of work.

Other factory owners are angry. They say their workers will want to make as much money as Ford workers do.

Ford wants to give his workers more money because:

- They will put out more and better goods if they are well paid.
- The union will not get into Ford plants if the workers are happy.

Reform: UNDERWOOD TARIFF ACT, 1913:

What: Federal government takes care of buyers of goods (the common people) instead of the sellers of goods (big business).

How:

- Cut tariffs (taxes) on many foreign goods.
- Sets an income tax on money Americans earn. These income taxes help to make up for less tariff money.

