PANAMA

APPOINTMENT OF AN AMERICAN FISCAL AGENT AND OF AN AMERICAN INSPECTOR GENERAL OF POLICE

819.00/707

The Secretary of State to the Secretary of War (Baker)

WASHINGTON, August 28, 1918.

Sir: I have the honor to inform you that I am in receipt of a despatch dated July 15, 1918, from the American Legation at Panama City, in which the Legation suggests the advisability of preparing for introduction in the National Assembly of Panama at its session beginning in September, drafts of bills providing for the following objects: (1) The appointment of an American Police Commissioner who shall have full power to control, instruct, and guard the police force of the Republic and (2), The appointment of an American Fiscal Agent who shall have control and charge of the National Treasury.¹

If you approve these suggestions, I beg to request you to be so good as to instruct Judge Frank Feuille,² who is familiar with the laws of Panama, and has ready access to them, to prepare drafts of the legislation suggested, and to submit the drafts to your Department and this Department for their consideration.

I have [etc.]

For the Secretary of State:

ALVEY A. ADEE
Second Assistant Secretary of State

819.00/782

The Secretary of State to the Panaman Minister (Porras)

WASHINGTON, September 23, 1918.

Sir: Your friendly note of September 16, 1918, reciting certain matters in which you intend particularly to interest yourself has been read with the deepest interest.³ It is a source of regret that the

¹ In the despatch, which is not printed, the Minister added: “These two radical reforms, I understand, have long been desired by the Department of State.”
² Special attorney for the Panama Canal.
³ Note not printed; Dr. Porras had been elected first designate to finish the term of President Valdez of Panama.
shortness of time intervening between the date of its receipt and the date of your departure for Panama does not permit of as comprehensive an answer, point by point, as the importance of the matters discussed should properly receive.

The administrative and executive reforms, the sound projects for the development and betterment of the condition of the people, both urban and rural, of Panama are the fruit of the lofty intellect of a statesman. A sympathetic acceptance of such ideas is assured by their very nature. Actuated by the frank and friendly spirit of sympathy and cooperation which has ever marked your relations with this Department and by your very evident intention to do your utmost to forward the happiness and peace of Panama, it does not seem inappropriate while discussing as a whole plans for the betterment of conditions in Panama to put forward a suggestion with regard to the Panaman police system.

Were the American Instructor of the Panaman Police placed under the direct orders of the President of the Republic, entirely independent and apart from the control of the Department of the Interior and were the police force as well as the Police Courts absolutely and irrevocably removed from political influence throughout the Republic, a great step toward assuring better conditions would have been made. The police of the entire Republic should be under the Instructor and the Instructor should have complete control over the punishing, rewarding and training of his force. These powers are obviously necessary to him. He and his force must be absolutely and permanently withdrawn from all political influences. This last suggestion should also be true of the Police Courts whose efficient functioning is a necessary corollary to the preservation of public order. The reform of the Police Courts should, it is believed, be undertaken only after consultation and in cooperation with the American Police Instructor.

In commenting on the plans you have for the future welfare of Panama, in the carrying out of which you desire the Government of the United States to assist materially, this single suggestion respecting the public order of the Republic is put forward as a much to be desired step.

The observations you make relative to the vice, drug and liquor evils and of your intention to use your best endeavors to make Panama as wholesome and attractive a spot as possible cannot fail but awaken a responsive echo. Your statement that the Government of the Republic of Panama will suppress every lottery of the country meets with the hearty approval of the Department of State.
The thought which you put forward looking to the rehabilitation of the finances of Panama through the creation of some form of financial commission would seem to offer a method of supervision adequate to Panama's present needs. From your conversations it would appear that this commission would be composed of one Panamanian member of the Permanent Group Committee for Panama, organized at the time of the Pan-American Financial Congress in Washington in 1916 [1915], together with one American member, on which commission Governor Harding of the Canal Zone would act as member _ex-officio_, to be called upon only in the case of a want of accord between the other two members. This commission is to be vested with adequate powers to carry out any reform which, after consultation between the President of Panama, the Financial Expert and the Commission is found necessary for the economic well-being of the Republic.

In conjunction with this Financial Commission the suggestion was made that the Government of the United States suggest the name of a financial expert who would aid in the reorganization of the Panamanian finances. In commenting upon these ideas of yours, and while granting that no financial expert alone is infallible and that a Financial Commission would more fully guarantee the interests of the Republic, it is suggested that no method not giving adequate legal powers to the final authority to carry into effect the reforms suggested is likely to achieve all that is desired. Not only should the Financial Expert be dependent directly and solely upon the President of Panama alone, but it would undoubtedly be necessary for the Government of Panama to make special arrangements whereby the Financial Expert would be in a position assuring that any suggestions which he might deem necessary would bear practical results. The enactment of adequate legislation is in the last analysis the crux of the entire plan and in the study of the drafting of this legislation the Government of the United States would be most happy to lend any assistance desired through authorizing the Canal authorities to assist in the work, or in such manner as might be thought desirable by the Government of Panama.

The Government of the United States will be pleased to suggest the names of two customs appraisers of recognised probity and experience to aid the Government of Panama in arriving at a just evaluation of the merchandise imported into Panama, should the Government of Panama formally express such a wish.

With reference to the statement of the Acting Chief of the Latin American Division, which was made in an informal conversation, I take pleasure in confirming his utterance; namely, that were an
adequate financial control put into being along the lines suggested by you, the Government of the United States would use its good offices in an earnest endeavor to interest private bankers in Panama's assistance. As a fact, the Government of the United States is not permitted to make loans itself to foreign nations, except as provided for under the law of 1917, which permits of the limited granting of certain credits for war purchases; obviously not applicable in the case of the Republic of Panama. The Government of the United States, however, approves heartily in principle of your Commission and Financial Expert plan and there is reason to hope that American bankers will come forward to assist the Republic of Panama in the establishment of a better banking system in the Republic. An expert from the foreign loan banking system of the United States might even be sent to Panama to aid in founding a chain of branch banks throughout the rural districts of the Republic, with headquarters at the Capital.

With respect to the various other propositions put forward by you, namely provisions for an adequate system of roads; the anticipation of the Canal annuities to the extent of $3,000,000; and $1,000,000, payment on certain rights or equities; these questions are of such a nature as to require more thorough study and consideration than the limited time before your departure permits being given them, for which reason they will not be commented upon in this communication but will be reserved for further discussion. It seems appropriate, however, to state that they will receive the most sympathetic consideration,—the more so in view of the very evident desire entertained by you to do everything possible for the betterment of the peace, public order and general well-being of the Republic of Panama. You may rest assured that the sincere affection which is entertained by the Government of the United States for Panama and her people causes it [to] sympathise heartily with your desires for the betterment of your country.

Accept [etc.]

ROBERT LANSING

819.00/784

The Minister in Panama (Price) to the Secretary of State

No. 2116

PANAMA, October 3, 1918.

[Received October 18.]

Sir: I have the honor to report that pursuant to the Department's communication of August 28th, last, from [to] the Secretary of War and the reply of the War Department of September 6th, which

* Not printed.
were forwarded to the Governor of the Panama Canal with directions to have Judge Frank Feuille, Special Attorney of the Canal, in the event of concurrence with the suggestions from this Legation, to prepare drafts of bills for presentation to the National Assembly of Panama providing for: "(1), The appointment of an American police commissioner, who shall have full power to control, instruct, and guard the police force of the Republic; and (2), The appointment of an American fiscal agent, who shall have control and charge of the National Treasury", Judge Feuille and I have held several conferences, going over the files relating to these matters in the past, and in addition calling before us Mr. A. R. Lamb, the American Instructor of the Panaman police force, to secure the benefit of such observations as he had [to offer] resulting from his practical experience in connection with the force.

Judge Feuille is at work on the draft of these proposed bills, attempting to provide in them all the powers possible for the contemplated officials consistent with the Constitution of Panama, and with due regard to Panaman public sentiment.

I have already let the Panaman Foreign Office know in more than one conference the expectation of our Government with reference to the several reforms that have been proposed to them and, in fact, to the leaders of both political elements.

I have [etc.]                             WM. JENNINGS PRICE

819.51/159: Telegram

The Minister in Panama (Price) to the Secretary of State

PANAMA, October 28, 1918, 4 p.m.
[Received 7:43 p.m.]

Panama President writes me that "the arrival of the financial expert that we urgently need and which has been suggested or recommended by the State Department is anxiously awaited," to [which I] have replied that I understood that his coming would follow the passage of such law by Panama as would enable him to render satisfactory service. While [waiting] upon such suggested law I suggest that steps be taken to locate such expert that he may come as promptly as possible following passage of law. Panama President to-day asks prompt response to the question of appointment of General Guardia as Secretary of the Treasury submitted by my cablegram of October 25th 4 p.m.⑤

Price

⑤ Not printed.
The Secretary of State to the Minister in Panama (Price)

WASHINGTON, November 5, 1918, 3 p.m.

Your October 28, 4 p.m.

The Department has had presented to it the names of several very experienced persons who would be qualified to act as Financial Adviser to the Government of Panama. Before making any definite recommendation regarding this matter it is necessary to know what would be the terms of the contract between the Panaman Government and the Financial Adviser and the amount of his salary. It would appear that $10,000 a year would be adequate.

LANSING

The Minister in Panama (Price) to the Secretary of State

PANAMA, November 10, 1918, 3 p.m.

[Received 5 p.m.]

Supplementing my Nov. 9, 2 p.m.° Panama President held Cabinet meeting yesterday afternoon and informs me salary $10,000 will be paid Fiscal Agent and that he will instruct Panama Chargé d’Affair[s] Washington to conclude arrangements with the Department regarding selection. Panama President further agrees to submit to the National Assembly and exercise all his influence for approval [of] the bill drawn by Judge Feuille 7 with a few minor changes which others and I approve consisting of following mainly: Article 6 [to be] changed to read “The Executive Power is hereby authorized to appoint the auxiliary personnel which he may deem necessary to help the Fiscal Agent in the discharge of his duties.” Further, Fiscal Agent is required to keep record of accounts and vouchers and to countersign every treasury warrant. If Department will give its approval the bill will be presented to the National Assembly immediately.

PRICE

* Not printed.
7 Not printed; copy received, Nov. 9, from the Secretary of War (File No. 819.51/158).
The Secretary of State to the Minister in Panama (Price)

WASHINGTON, November 19, 1918, 4 p.m.

Strictly confidential.
Your November 11, 4 p.m. 8 Department regrets that Jenks 9 is unavailable for work in Panama and suggests Ruan 10 as Fiscal Agent in that country. Ruan is at present Financial Adviser to the Haitian Government. He is one of the most experienced men along these lines who has been in the employ of this Government. He has laid the foundation for economic development in Haiti and could be spared for the same constructive work in Panama. Department believes that Ruan is more suitable than any other person it can suggest and feels that Panaman Government should accept. Ruan will be asked if this will be agreeable to him upon receipt of reply.

LANSING

The Secretary of State to the Minister in Panama (Price)

WASHINGTON, November 19, 1918, 5 p.m.

Your November 9, 2 p.m. 8. Your November 10, 3 p.m.
Department perceives no objection to bill drawn by Judge Feuille for the appointment of a fiscal agent or to the amendments provided they are satisfactory to the Canal Zone Government.
No objection occurs to Department as to the bill drafted by Judge Feuille relating to the national police of Panama.

LANSING

The Minister in Panama (Price) to the Secretary of State

[Extract]

No. 2198

PANAMA, December 2, 1918.

[Received December 27.]

Sir: Continuing my reports upon the matter of Fiscal Reform for Panama and the Bill pending in the National Assembly to provide for an American Fiscal Agent, I have the honor to enclose . . . a printed copy of the Bill as introduced in the National Assembly, . . .

I have [etc.]

WM. JENNINGS PRICE

* Not printed.  
*Jeremiah W. Jenks.  
*Addison T. Ruan.
Fiscal Reform Bill Pending in the National Assembly of Panama

THE NATIONAL ASSEMBLY OF PANAMA

DECREES:

ARTICLE 1. The Executive Power is hereby authorized to appoint a Fiscal Agent in the Republic, or to engage his services; the appointee may be either a national or a foreigner, who must be skilled in financial matters and in public bookkeeping. The Executive Power shall ask the good offices of the Government of the United States in securing a candidate for the post.

The Fiscal Agent will be under the direct orders of the President of the Republic.

ARTICLE 2. The Fiscal Agent will have an assistant who may not be a Panamanian and who will also be appointed by the President of the Republic. The assistant will take the place of the Fiscal Agent in cases of absence or temporary incapacity, and will have other functions and duties which the Fiscal Agent may delegate to him not contradictory to the provisions of this law.

ARTICLE 3. The Executive Power is hereby authorized to appoint the auxiliary personnel which he may deem necessary to help the Fiscal Agent in the discharge of his duties.

ARTICLE 4. The Fiscal Agent within the least possible time, will present to the Executive Power a detailed report on the financial conditions of the Republic, in which will be stated the internal and external debt and the actual revenues and their source. The Fiscal Agent will also help the Secretary of the Treasury in drafting the Budget and the fiscal laws that are to be submitted to the National Assembly.

ARTICLE 5. It shall be the duty of the Fiscal Agent to give to the Executive Power, when deemed necessary, information on the measures which should be adopted to increase the revenues and diminish the expenditures of the Treasury; on the manner in which the public funds should be kept and managed in order that the state of the Treasury may be known at any moment and to prevent the expenses from exceeding the income.

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22 Supplied by the editor.
23 Approved Dec. 30, 1918, as Law 30 of 1918, with art. 8 amended to read as follows: "ARTICLE 8. The decisions of the Fiscal Agent with reference to the interpretation of the laws and fiscal regulations, will be with the advice of the Executive Power, who may revoke them or not; but the definitive decisions of the latter are appealable before the Supreme Court of Justice within the period of ninety days counting from the date when the interested party is notified. The appeal will be heard like the pleadings and proceedings of a law suit; but the final decision will be pronounced by the Court in full. The decisions of the Court will be definitive and will be exactly executed." (File No. 819.51/249.)
ARTICLE 6. The Fiscal Agent has the high inspection of the accounting system in the Republic and will see that the laws and the regulations that the Executive may give on the subject are complied with. It will be his duty also to examine all the accounts and claims of any nature from the different Departments and lower offices, taking into consideration the necessary data for the verification and adjustment of same, and to certify the balances for their remittances to the Department of the Treasury. Furthermore the Fiscal Agent will keep the records of all the bills and their vouchers, legalize according to the law the orders of payment issued by the Secretary of the Treasury, and discharge all the other duties that the laws and regulations may disclose to him.

ARTICLE 7. The Fiscal Agent is hereby authorized to reject any bill or claim against the Treasury, whenever the disbursement has not been duly authorized by law or because the prices of the articles to which the bill refers, or the claim, may not be the same as those on the market, or for any other reason that finds force in the law or regulations.

ARTICLE 8. The appeals against the decisions of the Fiscal Agent relative to the application or interpretation of the laws and fiscal regulations shall be taken to the Supreme Court of Justice within the period of ninety days, counting from the date when the interested party is notified of the decision. The appeal in these cases will be in conformity with the procedure which the Executive Power may establish. If the interested party does not make his appeal within the designated period, the decision of the Fiscal Agent will be definitive and obligatory for the interested parties and the authorities. And in case of appeal the decision of the Supreme Court of Justice will be definitive and obligatory.

ARTICLE 9. Once the Fiscal Agent considers that the system of accounts which this law provides are sufficiently efficient to no longer necessitate the services of the Auditor General, the Fiscal Inspector, the Judge of Accounts, and the Court of Appeals, the Executive Power will abolish these employments, and the business that may remain pending in all or any of the offices mentioned will continue under the jurisdiction of the Fiscal Agent in order that he may dispose of them in accordance with the provisions of this law and the expediting decrees and regulations.

ARTICLE 10. The Fiscal Agent, his assistant, and the other inferior employees to whom this law refers, will have the salaries that the Executive Power will assign to them.

ARTICLE 11. The provisions of this law are extended, in so far as they may be applicable, to the revenues and expenses of the municipalities.
ARTICLE 12. All laws and regulations contrary to the present law are hereby repealed.

ARTICLE 13. This law will be in force thirty days after its promulgation.

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819.51/182: Telegram

The Minister in Panama (Price) to the Acting Secretary of State

PANAMA, December 31, 1918, 5 p.m.

[Received 8.40 p.m.]

Panaman President requests me to telegraph that he has just signed the Fiscal Agent bill and to ask that Mr. Ruan be sent as quickly as possible. Sessions of National Assembly will be extended until January 20, and there may be other extensions to the middle of February. It will prove advantageous if Fiscal Agent can come before final adjournment.

Price

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819.51/190: Telegram

The Minister in Panama (Price) to the Acting Secretary of State

PANAMA, February 6, 1919, 4 p.m.

[Received 8.51 p.m.]

Panaman Secretary of Treasury yesterday signed contract effective as of February 1st with Fiscal Agent Ruan with assurance of approval of Panaman President providing for a two years term and an American assistant at a salary of $6000. Panaman authorities attempted to reserve right of dismissal at any time by payment of two additional months salary but this was changed so as to require payment of salary for balance of term. I gave dinner at Legation last night to Fiscal Agent, Panaman President and Cabinet, officials of Canal Zone, of association of commerce, of Panama railway, and managers of all banks being present.

Price

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819.1052/154

The Minister in Panama (Price) to the Acting Secretary of State

No. 2272

PANAMA, February 20, 1919.

[Received March 19.]

Sir: Referring to my cablegram of this date, 8 a.m. reporting the appointment of Mr. A. R. Lamb by the Panaman Government as Inspector General of the National Police, I have the honor to enclose

*Not printed.*
(enclosures Nos. 1 and 2) a copy of the contract made with Mr. Lamb, and its translation. The contract was concluded yesterday and Mr. Lamb placed in charge of the Corps. It will be seen that he is constituted as head of the police of the Republic in accordance with the provisions of the new police reform bill, which I sent to the Department with my unnumbered despatch of January 16th 1919; that his salary is to be $325.00 per month and certain perquisites, and that in addition to the right reserved to dismiss him for cause, the further right is reserved to dispense with his services at any time by paying as much as three months advance salary, and that his return expenses to the extent of $150.00 must be paid upon dismissal for any reason. The contract is for two years.

I have [etc.]

WM. JENNINGS PRICE

LOAN PROJECTS FOR THE FUNDING OF INTERNAL OBLIGATIONS AND FOR THE ESTABLISHMENT OF AN AGRICULTURAL BANK

819.51/191: Telegram

The Minister in Panama (Price) to the Acting Secretary of State

PANAMA, February 20, 1919, 2 p.m.

[Received 7:16 p.m.]

Fiscal Agent Ruan finds from reports made to him that external debt of the Republic of Panama amounts to $3,190,000 and internal indebtedness to approximately $1,500,000. Latter includes approximately $400,000 due Panama Canal and approximately $500,000 due for salaries and current expenses. In order to relieve critical situation more promptly than reform in taxation and economics [economies] could do, Fiscal Agent has recommended to Panaman President that he secure from National Assembly before adjournment authorization to borrow $1,000,000 and to pledge for loan any of the national revenues, including the unpledged balance of canal annuity and the unpledged balance of income from $6,000,000 invested in New York. Fiscal Agent suggesting to Panaman President that he request the good offices of the United States in procuring such loan from banking institutions.

PRICE

819.51/202: Telegram

The Minister in Panama (Price) to the Acting Secretary of State

PANAMA, April 2, 1919, 10 a.m.

[Received 3:56 p.m.]

Referring to my despatch of March 3 number 2287. The efforts of Fiscal Agent Ruan were successful in preventing provision being

15 Not printed.
incorporated in bill for agricultural bank for a large appropriation for its establishment and conduct but at insistence of Panaman President the bill as passed provides for investigation preparatory [to] successive establishment and authorizes Panaman President to employ expert in agricultural banking to make investigation and recommendations. Pursuant thereto Panaman President has employed Clarence J. Owens of Washington at expense of $10,000 and it is understood he will come to Panama at an early date under urging of Panaman President.

PRICE

819.51/205

The Acting Secretary of State to the Director of the Economic Survey of Panama (Owens)

WASHINGTON, April 25, 1919.

Sir: The Department has received with interest your letter of April 19, addressed to the Secretary of State, informing the Department that you have been called by President Porras to conduct an economic survey of the Republic of Panama.15

The Department desires very much to see the finances of Panama placed on a solid basis and is glad to hear of any action tending toward this end. With this aim in view, the Government of Panama, acting upon the suggestion of this Government, appointed Mr. Addison T. Ruan Financial Adviser to the Republic. The Department hopes that you will cooperate with and be guided by Mr. Ruan in your work in Panama.

I am [etc.]

For the Acting Secretary of State

ALVEY A. ADEE
Second Assistant Secretary

819.51/230

The Director of the Economic Survey of Panama (Owens) to the Secretary of State

WASHINGTON, August 4, 1919.

My Dear Secretary Lansing: I have the honor to submit to you herewith for your information and for the information of the Department, a copy of the preliminary report17 that I submitted to

15 Letter not printed; it enclosed a statement issued to the press by the Panaman Legation, under date of Mar. 27, 1919, of which the first paragraph read as follows:

"Senor Don J. E. Lefevre, Chargé d'Affaires of the Republic of Panama today announced that Dr. Clarence J. Owens, Director General of the Southern Commercial Congress has been called by President Belisario Porras of the Republic of Panama to direct a survey of the Republic with the view of solving the internal economic problems of the Country, with especial reference to agricultural finance."

17 Not printed.
Hon. Belisario Porras, President of the Republic of Panama following the economic survey that I directed at his call and under law 42 of the Republic.

Based on the report, President Porras has issued to me credentials for certain services on behalf of the Republic of Panama which include the following plans.

1. The negotiations for a loan for the Republic.
2. The study of America and other foreign countries as a field for Panamanian bonds of the proposed agricultural bank.
3. Negotiations with the War Department as to the building of military roads in the Republic of Panama by the United States Government.
4. The negotiations with corporations in the United States and elsewhere for the construction of highways in the Republic of Panama and also for the land survey of the Republic.
5. Negotiations with the United States and private interests for the purchase of ships for coastwise domestic commerce of the Republic.
6. The organization of a Pan-American College of Commerce at Panama City, to be a training camp for the foreign field of business, with the Director General of the Pan American Union, the Dean of the Latin-American Diplomatic Corps and the undersigned as the organization committee.

I have the honor to report to you that I have submitted to the advisory council composed of Hon. W. P. G. Harding, Governor of the Federal Reserve Board, Senator Duncan U. Fletcher, Senator from Florida, and member of the International High Commission, Commissioner George W. Norris, of the Federal Farm Loan Board, and Hon. John Barrett, Director General, Pan American Union, the law as to the proposed farm loan bank for the Republic of Panama and have received the unanimous approval of the Council as to the law submitted.

On all, or any part of the foregoing, I shall be pleased to confer with you at any time, or with any official of the Department of State you will designate.

I beg to assure you, Mr. Secretary, that I shall report to you promptly the progress of my work on behalf of the Republic of Panama.

With high esteem [etc.]

CLARENCE J. OWENS

[text]

The Chargé in Panama (Offutt) to the Secretary of State

PANAMA, August 24, 1919, 2 p.m.
[Received 10.03 p.m.]

My June 30th 6 p.m. and July 15th 10 a.m. Star and Herald today announced that President Porras has received cablegram from

"Neither printed."
Clarence J. Owens stating that Owens has secured necessary loan for proposed agricultural bank and that provisions of contract under which loan was secured are being sent. Owens is working in matter of this loan independently of Legation and Fiscal Agent, Ruan, requests that Department withhold its sanction of loan for bank until he has had opportunity of submitting his views on project, the conditions of which are unknown to him at present. Fiscal Agent considers loan of $1,000,000 for refunding internal debt of prior and pressing importance and earnestly recommends that Department lend its aid to negotiations therefor being conducted by Panaman Chargé d’Affaires in Washington.

OFFUTT

819.51/233: Telegram

The Secretary of State to the Chargé in Panama (Offutt)

WASHINGTON, August 27, 1919, 4 p.m.

Your August 24, 2 p.m.

Department will withhold its sanction of loan proposed by Owens until Fiscal Agent Ruan has had ample opportunity to consider the project and report to the Department. Department is taking up with Panaman Chargé d’Affaires question of million dollar loan for refunding internal debt.

LANSING

819.51/233: Telegram

The Minister in Panama (Price) to the Secretary of State

PANAMA, September 12, 1919, 9 a.m.  [Received 11 p.m.]

Following is sent for Fiscal Agent Ruan:

"Panaman Chargé d’Affaires, Washington, sent a cablegram August 30 stating that at the request of Doctor Owens he had not up to that time initiated negotiations for million dollar loan which he had been empowered by Panama to contract for payment of interior debt. On September 1st he was instructed by Secretary of the Treasury, under authority of the President, to proceed immediately with negotiation of this loan. On September 6 he cabled that situation is favorable to obtaining loan necessary for the reorganization of fiscal and economic conditions in the Republic, but haste will prejudice negotiations to this end and that he will have further conference with Doctor Owens. It is evident that Owens is influencing Panaman Chargé d’Affaires in the interest of his proposals for larger loan
which will also afford capital for proposed agricultural bank. Fiscal situation already has been recommended [reorganized] by Secretary of the Treasury and myself and only needs million dollar loan for payment [of] internal debt to put Government on sound fiscal basis. Project of bank has nothing to do with fiscal reorganization and should be determined later. As a proposition I request respectfully that the Department make clear to Panaman Chargé d’Affaires that it has confidence in my recommendations; that it appreciated the million dollar loan as recommended by Secretary of the Treasury and myself and will lend its good offices toward obtaining it immediately but that project of Doctor Owens must [a]wait future consideration. Secretary of the Treasury and myself both feel that the work we have done in reorganizing fiscal situation will be to a large extent nullified unless our promises of early liquidation of internal debt through the medium of this loan can be fulfilled.”

PRICE

819.51/235: Telegram

The Acting Secretary of State to the Minister in Panama (Price)

WASHINGTON, September 22, 1919, 2 p.m.

Your September 12, 9 a.m.

Panaman Chargé d’Affaires informs Department he is working under instructions from Panaman Secretary of the Treasury for million dollar loan and for no other.20

PHILLIPS

OIL CONCESSION OF THE SINCLAIR-PANAMA CORPORATION;
EXTENSION OF EXPLORATION PERIOD

819.6363Y23/-

The Minister in Panama (Price) to the Secretary of State

[Extract]

No. 1348

PANAMA, April 21, 1917.

[Received May 7.]

Sir: I have the honor to report, for the information of the Department, that Mr. Lincoln G. Valentine has recently executed with the

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20 The outcome of this negotiation is indicated by the following extract from despatch No. 2640, Mar. 26, 1920, from the Minister in Panama: “The action of the Panaman Administration, as I have referred to in my reports, in deciding to pay out of the accumulated surplus in the treasury the sum of $500,000. upon Panama’s local indebtedness, and to apply to the indebtedness of the Panama Canal the balance of the Canal annuity and of the income from the mortgage investments in New York for this year, instead of borrowing the one million dollars, which has been under negotiation for the purpose, seems to have been a popular move.” (File No. 819.51/265.)
Government of Panama, a contract authorizing him to inspect, explore and exploit the whole of both coasts of the Republic of Panama, to the extent of a zone of fifteen miles parallel to, and along said coasts, for petroleum.

I enclose a copy of a translation of said contract,²¹ being (enclosure No. 1) contract No. 27, of the date of April 14, 1917.

Mr. Valentine represents the Sinclair-Central American Petroleum Interests, which he assures me is thoroughly an American corporation with an undivided fealty to the interests of our Government.

I have [etc.]

WM. JENNINGS PRICE

819.6363V23/3: Telegram

The Acting Secretary of State to the Minister in Panama (Price)

WASHINGTON, March 24, 1919, 2 p.m.

Reference your despatch 1348, April 21, 1917.

Sinclair Panama Oil Corporation states that it is owner of Valentine's rights under contract of April 14, 1917 with Government of Panama for exploration and exploitation of petroleum deposits; that, owing to war conditions, corporation has not been able to complete within two years' period fixed by Article 5 of contract, work of exploration so as to determine areas which Company will not desire to exploit, and therefore has requested Panaman Government to extend this period for one year.

If you perceive no objection, use your good offices in aid of extension requested.

PHILLIPS

819.6363V23/5

The Minister in Panama (Price) to the Acting Secretary of State

No. 2302

PANAMA, April 2, 1919.
[Received April 15.]

Sir: I have the honor to report compliance with the Department's cable instruction of March 24th, 2 p.m. to lend good offices to secure an extension of a year in which the Sinclair Panama Oil Corporation might make selection of areas in this Republic which they would not care to exploit.

²¹ Not printed.
After taking the matter up informally with the Secretary of Foreign Affairs I addressed him an informal note, a copy of which I enclose (enclosure No. 1). He did not express himself upon the matter but agreed to consider it.

The Secretary of Finance and Treasury has cabled the corporation in response to their direct request of the Panaman Government in the matter, that he considers that their request should be made in a formal manner by a legal representative, and that time would be given until the 15th of May for that purpose. The Secretary also stated to them that he felt that they should comply with Article 3 of the Contract, which is an enclosure with my despatch No. 1348 of April 21, 1917, and which article provides that at the option of the Panaman Government the contractor or concessionaire should deliver to the public Treasury either five hundred thousand dollars in shares of stock of the corporation exercising rights of exploration and exploitation of oil fields under the Contract for the purpose of guaranteeing the obligations of the Contract, or should deliver a guaranty bond of one hundred thousand dollars.

I have [etc.]

WM. JENNINGS PRICE

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S19.6963V23/6

The Minister in Panama (Price) to the Acting Secretary of State

No. 2372

PANAMA, May 15, 1919.
[Received June 3.]

Sir: I have the honor to refer to Legation's despatch No. 1348 of April 1 [27], 1917, and Department's telegram of March 24th, 2 p.m., 1919, regarding the desire of the Sinclair Panama Oil Corporation to extend the time allowed them in their contract for the work of exploration to determine the portions of land which the company does not desire to exploit, and to report that according to a decree of May 12, 1919, an extension of one year has been granted. Mr. C. F. Elder is on the ground representing this concern and I also spoke to the Sub-Secretary of the Treasury in their behalf. I have also had several interviews with Mr. Elder who now expresses himself as perfectly satisfied. With reference to this subject, there are enclosed herewith two clippings from the Star and Herald, (enclosures Nos. 1 and 2), one of May 9th boosting Panama's petroleum possibilities, and one of May 13th giving the above-mentioned decree.

I have [etc.]

WM. JENNINGS PRICE

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22 Not printed.
BOUNDARY DISPUTE WITH COLOMBIA

(See volume I, pages 73 ff.)

CONVENTION WITH THE UNITED STATES FOR THE ESTABLISHMENT OF AN INTERNATIONAL GOLD-CLEARANCE FUND

(See volume I, page 42, footnote 42.)

CONVENTION WITH THE UNITED STATES FOR FACILITATING THE WORK OF TRAVELING SALESMEN

(See volume I, page 45, footnote 47.)