# Yesterday in Stamps: Canal Zone Philatelic History

by Rudolph B. Weiler (From STAMPS Magazine, January 10, 1942)

United States acquired from the Republic of Panama for \$10,000,000 a strip of land 10 miles wide across the Isthmus of cities of Colon the assets of the bankrupt French Canal Company including the Panama Railroad, for the sum of \$40,000,000. This country took possession of the newly named Canal Zone on May 4, 1904, and at once proceeded to organize the area. The postal

The

received early attention. Under the French regime there were no postal facilities worthy of the name. Each morning a train left Colon going South and another left Panama going North. A messenger on each train took what mail there was for points along the "line" and delivered it to the Station Agent or

arrangements



Panama (the cities of Colon and Panama excepted) and <sup>1</sup> Stampless cover with Panama Railroad Company Nov 17 1891 Colon cancel in blue, corner card in black, used locally.



1895 French Canal Company stampless cover to Colon with printed company address at top, Panama 26 Mars 95 Canal de Panama cancel in black.



Cover to Bordeaux, France, with blue "Consulat de France, a Panama" with eagle cachet and British Post Office "Panama Sp. 6, 1856" double-circle backstamp, red London transit, red boxed "Colonies Art 18" handstamp and Calais transit, rated "15" decimes due, an example of an Anglo-French Postal Convention use.

to the policeman at each stop. If neither were present, he left the mail on the station platform. He also accepted what mail was handed him and delivered it to the post offices at either Colon or Panama.

This, of course did not suit the requirements of the U.S. so the Zone authorities cabled Washington on June 20, 1904, asking that certain towns or stations along the "line" be announced as post offices, and asking for a supply of U.S. stamps be forwarded, same to be overprinted "Canal Zone."

An executive order by the President at once established these offices, and on June 22 a copy of the order was sent to the Minister of Foreign Affairs of the Republic of Panama, accompanied by a request that he supply the government of the Zone for temporary use, with the then current postage stamps of the Republic overprinted, before delivery, with the words "Canal Zone." Mr. Arias, the Foreign Minister, promptly responded, and on June 24, 1904, U.S. Postal Service was established throughout the Zone.

O n July 13th the supply of postage stamps was received from Washington and the use of the Panama stamps discontinued.



The Ca Panama Ca stamps used (Sc during this can 23 day period ma were 2 cen- c.a tavo Panama Yo

Canal Zone 1904 2c-10c First Issue complete (Sc. 1-3) tied (5c left uncancelled) by purple bar cancellation on postcard to San Jose Cal., with matching "Canal Zone \* Ancon Jun 28 1904" c.d.s., the reverse with Cristobal and New

tavo Panama York transits. #77, 5 cen-

tavo #78, and 10 centavo #79, which became by overprinting, Canal Zone #1, 2 and 3, respectively.

The overprint as noted above, was applied before delivery to the Zone authorities by use of a rubber hand stamp. The three values were equivalent to 1, 2 and 5¢ in U. S. money, and numbers issued were 2,600, 7,800 and 4,940, respectively. With the order establishing the Post Offices was an order ruling that domestic rates of postage would apply between the Canal Zone and the U.S. This had the effect of at

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Canal Zone 5c blue (Sc. 2) tied to piece by full "Matachin Canal Zone/Jun 25 1904" c.d.s. first day cancel.

once greatly reducing the rates. The following quotation from the First Annual Report of November 1, 1904, of the Governor of the Canal Zone is interesting. Canal Zone 1904 5c Blue (Sc. 2) tied by violet barred "Canal Zone" with matching "Canal Zone, Ancon, Jun. 27, 1904" circular datestamp on cover to Cristobal, arrival datestamp also ties stamp, also with violet "U.S. Public Health and Marine Hospital Service" handstamp, the fourth day of use.



EMANUEL LYONS | A la Ville de Paris MADURO 6 HIJOS BAZAR FRANCES PANAMA. rcaderías nuevas recibimos j Asenii Hermanos & Co El surtido de fer ería más comple use hay en el Ista cada vapo FARMACIA CENTRAL & Fauti Estinta B. GUARDIA & Co Lotería de Panamá PANAN GABRINL DUQ Via Via Aew-Fork IMODENTS LA PANAMEÑA La Estrella de Pana Cannetall Farmacia y Drogues CATEDRAL ARTERO KONPCKE. Memoria Empresa de Avisos Postales de Urrego & Herbrug PAHAMA. Apartado 120.-Can de Bolivar.--Pana ICAN TRADE Francisco Gimez Fe A la Ville de Pari "LA IBERICA" DEVELOPING COMPANY pápdez



Canal Zone 1c-5c Second issue (Sc. 4-6), singles of each along with Panama 1c Green (Sc. 76b) tied by magenta Ancon Jul 21, 1904 seven-bar cancels on picture postcard to Germany, with Cristobal transit, New York Foreign Branch c.d.s. and German receiver.

10c Yellow (Sc. 3) tied by "Canal Zone, Cristobal Jul. 8, 1904" circular datestamp on visual all-over advertising cover, both front and back includ-

Canal Zone 1904

on visual all-over advertising cover, both front and back including 33 different advertisements on the reverse, addressed to Germany, magenta boxed Ancon on front.

Canal Zone 1904 1c-5c Overprints (Sc. 4-6) tied by purple rectangular grids, with matching " C a n a l Zone Aug.



10, 1904" circular datestamp on legal-size cover to Croydon, England, "Upon the discontinuance of the use of Panama with 1904 New York and receiving backstamps.

over-printed stamps there was left on hand 700

5-cent stamps and 304 10-cent stamps. These were destroyed by burning in the presence of a board appointed by the governor, to whom the board reported the result as above.

"In view of the fact that charges have been made to the effect that counterfeit Panama Zone postage stamps have been



Left, a genuine 1904  $2^{\circ}$ , Sc. 1; right, a counterfeit, from www.PhilatelicFoundation.org, where they state, that the counterfeit lacks the typical dot after "C", the first "A" of Canal is too tall and the serif of the bar of "E" is straight instead of having the angled shape of a horn.

Below, also from the PF site, is a piece from a cover with the counterfeits postally used and cancelled.



sold to stamp collectors, the statement seems appropriate that no officer of the Zone government ever had anything whatever to do with the surcharging of the Panama stamps, or ever had in his possession any unsurcharged stamps that were owned by the Zone government, or ever had in his possession any of the rubber stamps or type used in surcharging.

"The postal service has been a great convenience, and appears to have been patronized somewhat by the merchants and other residents of Panama and Colon, who could forward their mail to the United States at the rate of 2 cents United States currency per ounce, instead of 10 cents local currency per half ounce."

The rather mild comment contained in the last sentence discloses a situation which the Governor greatly played down. With the advent of the new rates the citizens of Colon did their mailing across the street in Cristobal in U. S. Territory, and at Panama, they walked over to Ancon, likewise for this purpose. The wholly unforeseen result was that the Postal Revenues of the Republic of Panama practically vanished as the two cities of Colon and Panama constituted almost all of the population of the Republic. Long and vigorous complaints were made to the Canal Zone authorities about this as well as some other matters. The situation became so serious that President Roosevelt sent the Secretary of War, Wm. H. Taft, down to the Isthmus to arbitrate these difficulties. The result was a series of executive orders, known to historians as the Taft Agreement. The only one of interest to Philatelists is dated Dec. 3, 1904, as follows-

"All mail . . . shall bear stamps of the Republic of Panama properly crossed by a printed mark of the Canal Zone Government and at domestic rates. The authorities of the Canal Zone shall purchase from the Republic of Panama such stamps as the authorities of the Canal Zone desire to use in the Canal Zone at 40 per cent of their face value  $\ldots$ ."

The author has in his possession a copy of #3 on cover expertized by a leading continental dealer as genuine, also a letter from a leading U. S. dealer stating it is counterfeit. Of course, the Panama stamps being readily obtainable at the Panama Post Office for a considerable time, there was nothing to prevent an enterprising individual from getting a rubber stamp made, and manufacturing Canal Zone stamps galore. The genuine stamps were sold in very limited quantities, only enough for actual postal needs of the individual, so that blocks are practically nonexistent, and dealers had no opportunity to stock up.

The Cover franked with #2, from the author's collection tells a very interesting story. It is a Washington House envelope. This hotel was originally built by the Panama Railroad Company for use of travelers over the system and came into possession of the U.S. with the purchase of the railroad from the bankrupt French Canal Company. It notes "P Canavaggio, Manager." He was undoubtedly a substantial citizen as his name appears on the Real Estate Tax Assessor list for the city of Colon at that time. The hotel address on the envelope is given as "Colon R.C." The last two letters stand for Republic of Columbia which indicates that it was printed prior to the Panama revolution of November 3, 1903, which made Colon a part of the Republic of Panama. The rest of the story is clear. The sender wrote the letter in the lobby of the hotel in Colon and addressed the envelope to Dr. Pierce at Ancon. Then to save postage as explained above, he walked across the street into Cristobal, bought a stamp at that post office and mailed the letter the afternoon of July 3, 1904. The back stamp shows its receipt at Ancon post office at the other end of the Isthmus on July 4, the next day.

1904 5c blue (Sc. 2) tied by 7-bar Killer on cover from Cristobal to Panama, Jul 3, 1904, "Washington House" Panama Railroad Co. corner card, backstamped Ancon and Panama, an example of



the purchase of stamps in Colon, Columbia, but carried to and mailed from the Canal Zone. This is the cover described in this article.

The first three stamps are interesting from the fact that in a period of seven months the same stamp has served three nations. Originally engraved for the Republic of Columbia they were overprinted "Panama" in red for use of the Panama Republic established November 3, 1903, and were later hand stamped as described for use on the Canal Zone.

The second issue, #4, 5, 6, 7 and 8, overprinted "Canal Zone/Panama" at Washington are the only stamps showing the word Panama in connection with the words Canal Zone. Even today, if mail addressed to Canal Zone reaches the Panama City post office in error it is returned to sender marked with the comment that no such place exists. The Panamanians are fussy about their titles. The address should end with the words "Canal Zone."

In compliance with the executive order the Canal Zone government bought #9, 10, 11, 12 and 13 from the Panamanian Government at 40 per cent of face and overprinted them "Canal Zone." While these stamps are marked in Centavos, they were used for the same number of cents.

In the following eight years the Zone Government paid the Republic of Panama over \$280,000 for stamps under the Taft agreement,. solely as a "good neighbor" gesture.

The value of the Columbian currency in use in Panama in 1904 fluctuated widely. In order to stabilize it, an agreement was entered into June 24, 1904, between Panama and the United States to fix the value of the Peso at 50c gold. In accordance

with this agreement 4,000,000 "Pesos" in silver were coined at the Philadelphia mint for the Republic of Panama and put in circulation February 12, 1905. A new unit of currency was established known as the "Balboa" whose value was \$1 in United States money. This coin, however, was entirely fictitious, the largest coin being the half Balboa, equivalent to 50¢ in United States money.



The color line was very sharply drawn as follows-

White Canal employees were paid in United States gold, hence were known as "gold" employees. Sums under \$5.00 were paid in this new currency. All others were paid in above described silver and were known as "silver" employees. No paper money was in use on the Canal Zone. The 50c coin was facetiously referred to by American Canal employees as "one dollar, tin," to distinguish it from "one dollar, gold." It was also known as "one dollar, spiggotty." All stamp issues of the Republic of



A line of non-whites waiting to get paid.

Panama beginning in 1905 are marked "centesimos de Balboa" or hundredth of a Balboa. Thus 2 centesimos de Balboa was 2c in regular money.

Every employee, whether "Gold" or "Silver" had to present a brass identification check in order to draw his pay.

The first Postmasters on the Canal Zone were the Railroad station agents and the Post Offices were at the Railroad stations of the Panama Railroad Company. The offices were neither Registration nor Money Order offices. In 1905 the Post Offices were put in charge of regular full time Postmasters and removed from the Railroad stations to separate quarters. They were also made registration offices at this time. The registration fee was 8c, and to get this amount, with stamps then in use, required the use of a minimum of three stamps, so requisition was made on the Republic of Panama for 8c stamps. Evidently the Panama post office was overstocked on the 50 centavo item, so these were overprinted 8c (Sc. 14, 15, 28, 29, 30, see p. 33).



Canal Zone 1904-06 Third series (Sc. 9-10, 12-14) tied by magenta 7-bar killers on cover from Cristobal to New York, with Cristobal c.d.s. Mar 29, 1905, sent by steamer Finance (upper left directive), backstamped NY May 5.



Canal Zone 1904 8c on 50c bister brown (Sc. 14) tied with 2¢ (Sc. 11) on registered Isthmian Canal Commission penalty envelope from Empire to New York, with Jun 6, 1906, handstamp Cristobal registry "etiquette", Cristobal (Jun 7), and New York (June 18) registry postmarks on reverse.



1904 8c on 50c (Sc. 15) used with 1c on 20c Violet (Sc. 16), tied by "Tabernilla Apr. 24, 1906" duplex cancels on Canal Zone Commission corner card cover with "Official Business" crossed out, one of only two recorded examples of the 8-cent on 50-cent surcharge used on cover.



This photo from Panama and the Canal" (Abbot) shows Main street at Gorgona in 1909. The post office is the building on the left with flagpole (arrow). The building on the right with flagpole is the



1904 5c blue (Sc. 2) tied by purple Gorgona July 6, 1904 circular datestamp with bars cancel on blue cover to Culebra, one of only eleven First Issue covers recorded from Gorgona.

mess hall or "hotel." The building in the foreground is one end of the Gorgona railroad station. It was here the storekeeper piled his excess stock of coffins in the early days. The tracks in the foreground are the road bed of the original Panama railroad. On payday evening the line of employees, including the Author, waiting to go into the post office to deposit their money would extend across the railroad tracks (page 32). The post office was very accommodating, staying open until all had been served. The next day Uncle Sam had nearly all his money back, after charging 30¢ per \$100 for the accommodation. All of the area shown is now under the waters of Gatun Lake. The Author experienced a peculiar sensation when he first walked under the U.S. flag over the entrance of the post office shown and under a sign marked U.S. Post Office and put down \$5.00 in gold for a few stamps at the stamp window, and received stamps printed in Spanish and for change nine "tin" dollars in Spanish and a hand full of similar chicken feed.



Canal Zone Sc. 21-26

The 1906 issue #21 to 26 was the first full set printed for the Republic of Panama. It was the product of the Hamilton Bank Note Company. This issue as well as the following one by the American Bank Note Company were issued without gum, due to the difficulty in keeping the stamps from sticking in the hot, humid tropics. It was therefore necessary to apply adhesive, Library paste, to the stamps. This gave rise to the "Stampless Covers" of the period. The Isthmian cockroaches which were gargantuan in size—local reports were that they could bite a violin string in two in one bite, and after having seen some of these animals in action the author doesn't think this an exaggeration—would completely eat up the stamp for the paste on the back.

The author has a number of envelopes showing this. One cover was dropped in the Gorgona post office slot July 16, 1909, after the stamp was pasted on by the author; it arrived in the United States with the stamp missing. On the original, the teeth marks of the animals are distinctly visible. It was customary for employees to use penalty envelopes. The stamps being eaten off, the words "penalty for private use \$300." would show as indicated. This was a great worry. Finally the Canal Zone Government forbid the use of penalty envelopes by employees for private correspondence, not because of the trouble with the stamps, but because frequently misdirected mail would come back to the Isthmus, and even the letter inside would give no clue to the writer, it would begin "Dear Bill" and would be signed "Joe." [Note: Scott lists these stamps with original gum. JFD.]

The canal was opened to traffic in 1915. The Republic of Panama got out a set of stamps to commemorate the Panama exposition and the opening of the canal.



Canal Zone 1915-1920 Pictorials complete set (Sc. 42-45, 49-51, 58-59)

On May 28th, 1924, President Coolidge by proclamation abrogated the Taft Agreement as of June 1, 1924, and after having used the issues of a foreign nation for more than 19 years, the Canal Zone started to use for the second time U.S. overprints #70 to 81 flat top As and #84 to 104 Sharp top As.



Canal Zone Unissued 5¢-\$1 Coat of Arms (Footnoted by Scott after Sc. 69), complete set of seven. These stamps were not issued when the Taft Agreement was abrogated.

Rare Canal Zone 1924 12¢ brown violet with "ZONE" inverted (Sc. 76a), one of two unused and seven used examples.



Canal Zone 1924 12¢ brown violet, flat "A" in overprint (Sc. 76) tied along with 1¢ green (Sc. 71) by barred el-

lipses on Canal Zone Official Business penalty envelope with Official Business and Penalty crossed out, sent registered to Detroit Mich., postmarked "Balboa Heights Registered Jul 1 1924" on the first day of issue, with Cristobal and Detroit backstamps.



Canal Zone 1925-28 2c-\$1.00 Type B Overprints (Sc. 84-95) cancelled or tied by handstamps, used with few additional stamps and with 2c and 5c Panama Lindbergh labels, also with purple "Balboa C.Z. Registered, Feb. 8, 1929" back-stamps on legal-size 2c entire to Whitneyville Conn., also with blue "Air Mail First Flight Canal Zone-U.S.A." cachet and various transit backstamps.

In 1928 for the first time in its existence, the Canal Zone got stamps that were truly its own, the famous Isthmian Canal Commission issue, #105-114. It is quite surprising that on no stamp engraved for Canal Zone use is there a likeness of the man whose foresight and driving force made the Canal possible—Theodore Roosevelt (see page 35).



Sc. 105-112, 114

The twenty-fifth anniversary of the opening of the canal on August 15, 1914, was celebrated with the "before" and "after" issue, #120-135, showing excellent views during construction and after completion of many points of interest.

The last stamp issued was the 30¢ Williamson stamp, #113, issued in 1940 and treated as part of the Isthmian Canal Commission set. Al-



Sc. 113

Sc. 133, a stamp for Teddy Roosevelt, was issued in 1949

though he was a Colonel at the time of his death he was a civilian while a member of the Canal Commission. and was paid \$4,000 less per annum than the Army and Navy men in comparable positions.





Canal Zone (Sc. 120-135)

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to prevent their access to other parts of the office....Or- Columbian stamps. The 10-cent orange was not discontinued

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