employees who entered the service in the year 1904. Another is called the Society of the Chagres, and is composed of men who have seen six years of service. A third society has recently been organized, known as the Association of Panama Canal Builders, to which any gold employe may belong.

A lunch hour scene at Gorgona shops, before they were destroyed to avoid inundation by the rise of Gatun lake.

All gold employes who have served two years under the Canal Commission are entitled to a medal. This souvenir is the outcome of the thoughtfulness of ex-President Roosevelt, who, just before he sailed from the Isthmus on November 17, 1906, said: “I shall see if it is not possible to provide for some little memorial, some mark, some badge, which will always distinguish the man who, for a certain space of time, has done his work well on the Isthmus, just as the button of the Grand Army distinguishes the man who did his work well in the Civil War.” The medal is of bronze, one and one-half inches in diameter, and is made from brass, copper, and tin taken from old French scrap. On the reverse side is a bust portrait of ex-president Roosevelt, with

Labor train arriving at dry dock, Cristobal. A great many employes live at a distance from their work, and are transported to and from their homes in labor trains.
space underneath for the service record, and around the rim the words "For two years' continuous service on the Panama Canal." On the obverse is a picture of Culebra Cut with ships passing through, the Seal of the Canal Zone, a name plate, and the words "presented by the President of the United States,"

Interior of Mount Hope printing plant. The majority of the Canal Commission's printing, including The Canal Record, is done here.

cut into the rim. A bar is awarded for each two years' additional service, and there are employees who have earned not only the medal, but three bars as well. The medals are made at the Philadelphia mint, and are distributed yearly. No duplicates are issued.

*The Canal Record*, published weekly under the supervision of the Canal Commission, contains a résumé of the progress of canal work, official circulars, social and church notes, etc. It is distributed free to all gold employees of the Commission and the Panama railroad; in fact, so widely has it become known that its circulation, between 16,000 and 17,000 weekly, extends to people inter-

General storehouse at Mount Hope, near Colon, from which supplies are drawn by smaller store houses established in all the principal Canal Zone settlements. A large amount of material is required to be kept constantly on hand.
The Hotel Tivoli at Ancon, a picture familiar to anyone who has been on the Isthmus. It is the principal stopping place for tourists, and is owned and managed by the United States Government.

Lobby of the Hotel Tivoli. One of the hotel's first guests was ex-President Roosevelt, and the suite he occupied is known as the President's suite.
FEEDING AND CLOTHING THE CANAL ARMY

It is estimated that with employees and their dependents there were about 65,000 persons depending upon the Canal and Panama railroad work for their source of income during the height of activity, and these people had to be supplied daily with food, clothing and other necessaries. It was early realized that the demand for food and clothing could not be satisfactorily filled from local sources, for prices advanced steadily as the demand increased, so the Subsistence Department was created. This department is divided into two branches, commissary and hotel. The first commissary store was at Colon and was maintained by the Panama Railroad Company for the benefit of its employes. The commissary division does a general merchandising business, while the subsistence end has in charge the hotels or mess halls for the American employes and messes for the laborers. It also maintains the Hotel Tivoli at Ancon, patronized chiefly by transients. About 85 per cent. of the supplies for the commissary and subsistence departments are purchased in the United States, 10 per cent. in Europe, and five per cent. in Panama.

In addition to the store at Cristobal each canal village has a branch commissary. Everything that an employe or his family usually requires, such as household goods, men's and women's clothing, groceries, meats, vegetables and fruits are supplied. In addition to the retail stores, cold storage, ice making, coffee
Public market at Culebra. These markets are located in many of the Zone towns, where the tropical fruits and vegetables may be obtained.

Ice and cold storage plant, Cristobal. Ice is sold at 40 cents per 100 pounds, and cold storage articles are cheaper, in many instances, than they are in this country from which they are imported. This is largely due to the system of buying in bulk and, in the case of meats, to the placing of contracts.
roasting, ice cream and laundry plants, and a bakery are operated at Cristobal. From this point a supply train, partly composed of refrigerator cars, crosses the Isthmus each morning, stopping at the different stations along the line where ice, meats, and other perishable articles are delivered. These goods are then distributed to the houses of employes and to the mess halls and branch commissaries by the Quartermaster’s Department. No cash sales are made, all payments being made by the employes in the form of coupons ranging in value from one cent to 25 cents from books issued ranging in value from $2.50 to $1.5. The same method of payment is used in the hotels. These books are obtained by the employes for cash at stated places, or are supplied by the timekeepers, and the amount deducted from the employes’ salary at the end of the month. They are not transferable, and in order that the privilege will not be

The Government hotel at Corozal, the first one erected by the Americans. These Government hotels are established in all of the Zone settlements. In them a white employe is served a better meal for 36 cents than he can usually procure for that price in this country. In one part of the dining room, employes are permitted to eat without their coats; in the other they must keep them on.

abused, infractions of this rule is punishable by confiscation of the book and ten days’ suspension for the first offense, and discharge for a second offense.

Due to the fact that the commissaries are not run for a profit, except to cover in the cost of the various plants, improvements, etc., and to the fact that the Government buys in large quantities under favorable contracts, the consumers on the Isthmus have not felt the high cost of living to the extent of people elsewhere. This is especially true of beef, the price of which during 1912 reached a point never before equalled in the United States. With but a few exceptions, the price of beef at the commissaries during this period was kept down to the previous price. During a single year, 6,453,138 pounds of fresh
The Commission laundry at Cristobal. It is equipped with up-to-date machinery and presents a busy appearance at all times.

The Commission bakery at Cristobal. During a single year the bakery used 20,233 barrels of flour, producing 6,014,667 loaves of bread, 651,844 rolls and 114,134 pounds of cake. Each loaf of bread weighs 16 ounces and costs the consumer three cents.
meat and 976,445 pounds of cured and pickled meats were brought to the Isthmus.

By printing 333,658 pounds of a total of 427,683 pounds of butter bought, the commissary was able to save in the price and also present it for sale in a much better condition than when purchased in the United States already printed. The price of coffee was also saved by the commissary operating its own roasting plant. In this plant 341,780 pounds of green coffee, producing 280,909 pounds of roasted coffee have been turned out in a year. The ice plant, with a capacity of 100 tons a day, delivers ice for 40 cents a hundredweight, or 20 pounds of ice delivered at the employees' door for eight cents. Another instance of effective manufacture and distribution was the operation of the bakery which during a single year used 20,233 barrels of flour producing 6,014,-

The principal street in Gorgona. This was one of the largest towns in the Canal Zone, but the buildings have all been removed as the waters of Gatun Lake will cover the original site.

667 loaves of bread, 651,844 rolls, and 114,134 pounds of cake. Each loaf of bread weighs 16 ounces and costs the consumer three cents. In addition, the bakery enables the employee to purchase strictly fresh bread, cakes and rolls which he would otherwise not be able to obtain. The Americans on the Zone are great ice cream eaters, for a total of 138,351 gallons valued at $110,993.68 were consumed in a single year. The ice cream which is sold for 25 cents a quart is as good as can be obtained, fresh milk and cream being imported from the United States, in refrigeration, for its manufacture.

In the industrial and experimental laboratory maintained by the commissary, extracts, talcum powder, soap, witch hazel, hydrogen peroxide, bay rum, tooth powder, and toilet preparations of various kinds are manufactured and sold to the employees at a considerable saving in cost. The experimental
Tennis court, Ancon. Tennis is a favorite pastime and tournaments are held frequently.

Opening game Athletic Park, Empire. The national game has held sway each dry season with at least one league made up of four or more clubs. Field meets are also held occasionally.

There are several excellent bathing places on each side of the Isthmus. A large pavilion has recently been erected fronting the beach Pena Prieta, Panama Bay, to which the street cars run. Sea bathing is enjoyed at 'Xmas time the same as on the Fourth of July.
department is maintained to insure the quality of all the goods sold in the stores.

There are three classes of hotels and messes maintained where the labor force is fed, one for the white American employees where meals are served at 30 cents each, one in which Spanish laborers are served three meals for 40 cents, and one where negro laborers are served three meals for 27 cents. The food in all three cases is good and wholesome. The meals served in the American hotels, or mess halls, are substantial rather than dainty, but could hardly be duplicated in the United States for double the price charged. Although the laborers' messes serve wholesome food very cheaply, the greater part of the Spaniards prefer to eat at the little restaurants maintained near the construction camps by their fellow countrymen. The same has been true of the negroes

The residence section at Gatun. The three great twin locks near the Atlantic entrance of the Canal are located here.

who had much rather live in the "bush" or in the cities of Panama and Colon where they are less restricted.

During a single year the total number of meals served in the hotels was 2,075,335; the total number of rations served in European laborers' messes was 1,108,175 and the total number of rations served in the negro messes was 584,457.

THE CANAL ZONE

The Canal Zone does not come under the Constitution of the United States, but is governed by orders made by the President or the Secretary of War, and laws especially enacted by Congress. Its official seal bears the motto, "The Land Divided—The World United," and consists of a shield, showing in base a Spanish galleon of the fifteenth century under full sail coming head on between two high banks, all purpure, the sky yellow with the glow of sunset;
A view of the town of Gulebra from Mount Zion as it appeared several years ago. The buildings to the right along the edge of the Canal, have all been removed on account of the slides at this point.

A group of four-family houses for American married employees, Empire. Large verandas are built on each side of the houses and all are screened.
in the chief are the colors of the arms of the United States. Under the shield is the motto. It was adopted in 1906 after a design of Tiffany & Co.

Up to September 1, 1904, the six municipal districts in which the Canal Zone was divided were governed under the laws of Panama. On the latter date, the Canal Commission by law created five municipal districts, each with a mayor, municipal council, secretary, and treasurer. These five municipal districts were abolished April 15, 1907, and four administrative districts were created. On November 17, 1906, the Department of Sanitation was separated from the Government of the Canal Zone, and the latter then became the Department of Law and Government of the Canal Zone under Mr. Richard

Reid Rodgers, General Counsel. This department was abolished on April 2, 1907, and the authority of the chief executive of the Canal Zone was vested in the Chairman of the Isthmian Canal Commission. The Chairman, on May 9, 1907, delegated that authority to a member of the Commission, and the President, by an Executive Order dated January 6, 1906, created the Department of Civil Administration.

The work of the Department of Civil Administration, in addition to the diplomatic correspondence between the Commission and the Republic of Panama and the representatives of foreign governments in Panama, is partitioned, as follows: Posts, customs and revenues; police and prisons; fire protection, schools and the office of the treasurer of the Canal Zone. The
School for white children at Empire. Twelve white and fifteen colored schools are maintained. The white schools are in charge of women teachers from the United States; the colored schools are taught by male West Indians.

Ancon high school class, term of 1912-13. There are two high schools for advanced scholars.
judicial branch includes a Supreme Court, three Circuit Courts, and four District Courts. Up to July 16, 1913, the Division of Public Works, which had in charge the maintenance of streets, roads, trails, water works and sewers in the Canal Zone and in the cities of Panama and Colon, and also the public markets in the Zone, was made a part of this department. On the latter date, it became merged with the newly created Division of Municipal Engineering, under the office of the Chief Engineer.

THE POSTAL SERVICE

The Division of Posts, Customs and Revenues, as its name implies, has charge of all post-offices in the Canal Zone, the customs service at the ports of Ancon and Cristobal, and the collection of taxes and license fees. It also looks after the administration of the estates of deceased and insane employes of the Commission and Panama Railroad Company.

The postal service was inaugurated on June 24, 1904, under the supervision of the Treasurer of the Zone, with Panama railroad station agents acting as postmasters in nine offices. There are now 20 offices in charge of regular postmasters appointed by the Director of Posts.

From June 24, until July 17, 1904, Panama postage stamps (which were Colombian stamps surcharged "Panama"), having the words "Canal Zone" overprinted with a rubber stamp were used. The use of this rubber stamp kept stamp collectors on the lookout for mistakes in the surcharging which would tend to make the stamps valuable. On July 17, a supply of United States stamps, surcharged "Canal Zone," was put into use and, on December 3,
1904, these were replaced by the Panamanian stamp surcharged “Canal Zone,” in use at the present time. Domestic rates of postage have always applied between the Canal Zone and the United States, and for this reason the postage stamps are purchased from Panama at 40 per cent of their face value.
$3,917,899.30 was payable in the United States and foreign countries, and orders amounting to $965,724.83 were payable in the Canal Zone.

Parcels post has not yet been introduced, and there are no letter carriers and, in these respects only, is the Canal Zone system behind the service in the United States. A count of the mail matter received and dispatched or handled in transit on the Canal Zone during the month of August, 1912, showed that 30 per cent of the total was official matter.

ZONE CUSTOMS SERVICE

The customs service of the Zone includes the entry and clearance of ships at the two ports, Ancon and Cristobal, the signing on and discharge of seamen, the enforcement of the Panama Chinese, Syrian and Turkish exclusion law. No customs duties are collected, as no goods are allowed to be imported at Ancon and Cristobal, except those necessary and convenient for the construction of the Canal and for the use of employees of the Commission, fuel for sale to vessels, and goods in transit. During the fiscal year ending June 30, 1913, 281 vessels entered the port of Ancon, representing a total tonnage of 553,767, and 283 vessels cleared with a total tonnage of 556,306. At Cristobal, 280 vessels entered representing a tonnage of 849,702, and 283 vessels cleared with a total tonnage of 858,703.

THE ZONE "DRY"

Up to July 1, 1913, saloon licenses formed a large part of the internal revenues of the Zone. On that date the Canal Zone went "dry" in accordance with an order of the Commission, and 35 saloons went out of business. The
Central fire station at Cristobal. Fire stations are maintained at all important points, their size and equipment depending on the amount of property to be protected.

Canal Zone automobile fire engine. The department is equipped with two, one stationed at Cristobal, and the other at Ancon.
license fee was $1,200. On January 1, 1913, the distillation of liquor and the manufacture of rum upon which taxes had been levied was prohibited in the Canal Zone by Executive Order. The taxes now include a real estate rental tax, and miscellaneous fees. Fines and costs also constitute taxes.
volunteer companies composed of Commission and Panama railroad employees. In November, 1906, the first paid company, composed of experienced firemen from the States, was established at Cristobal. The organization consists of 37 firemen in addition to a chief, assistant chief, six captains, six lieutenants, and 15 volunteer companies with a total membership of 252. The equipment includes two modern automobile fire engines, one stationed at Cristobal, and the other at Ancon. The department answers alarms in Panama and Colon when property belonging to the Panama railroad or to the United States Government is in danger, or upon the request of the Panama authorities. The Canal Zone has been remarkably free from fires, but a well organized fire system is necessary, as the Government and the Panama Railroad Company do not carry insurance on their property. The largest and most expensive fire in the Canal Zone was that when the storehouse at Mount Hope burned in 1907, with a total loss of $417,548.09.

**Educational Facilities**

The Zone public school system was organized in 1904, but no action was taken until December, 1905, when a census of children of school age, six years and over, was taken. The first school was opened at Corozal on June 2, 1906. There were 29 schools on June 30, 1913, fourteen for white children and 15 for colored children. The school year covers the period October 1 to June 30. A total of 1,369 white children and 1,580 colored children were enrolled in the schools at the close of the 1913 term. In the high school maintained for white pupils there were 93 students, seven of whom graduated. Children living in towns where there are no schools are provided with free railroad or wagon transportation to the nearest school town. At the close of the school year there
were 47 teachers employed in the schools for white children and 32 in the schools for colored children. These teachers received monthly salaries of either $90 or $110, according to their length of service.

THE LAW DEPARTMENT

The Department of Law of the Canal Commission has charge of all of its civil cases, as well as the government of the Canal Zone. It attends to the prosecution of all crimes and misdemeanors in the Supreme and Circuit Courts of the Zone, and its head and his assistants furnish opinions when called upon to the Chairman and Chief Engineer and the various departmental chiefs. Land matters of the Commission and the Panama railroad are under the jurisdiction of the department, managed by a land agent, and in addition, the department head looks after the legal affairs of the railroad. Since the organization of the Joint Land Commission, the department has represented the interests of the United States in the adjustment of claims. Judge Frank Feuille, who has held a number of important posts in the legal departments of Porto Rico, and who was connected with the Department of State and Justice in Cuba during the administration of the affairs of that island by Judge C. E. Magoon, is Counsel and Chief Attorney for the Commission and Panama railroad. His assistants are W. K. Jackson, Prosecuting Attorney, and C. R. Williams, Assistant Prosecuting Attorney.

PAYING THE CANAL FORCE

The Department of Disbursements has charge of the disbursements of all funds in connection with the Canal work on the Isthmus.

Present Court House at Empire. The United States possesses all authority over the Canal Zone, policing the territory and holding complete judicial power.
In 1904, when only the fluctuating Colombian silver currency was available for the payment of silver employees, it was customary to advertise for this money in such sums as were required. The bid which gave the best return was accepted. The premium paid varied from 117 on May 23, 1904, the date of the first sale, to 110 in August, 1904, and rose from then to 115 in January, 1905, the time the last sale was made under this plan. This made the old Colombian peso vary from $4.606 (expressed in United States values), to $4.755, it being worth $4.64 at the time of the last sale. The requirements of the Disbursing Office at that time were much more limited than now, a total of $523,000 sufficing for expenditure from May 23, 1904, up to the time Panama money was introduced in March, 1905, an amount less than one-third of the total of one month’s pay roll in 1913. During this period American employees exchanged a part of their gold for Colombian currency and paid their local obligations in that money, in that way netting a profit of about $7.50 gold on each $100 in gold exchanged. In other words he would get $215 silver for $100 in gold, and as local prices, board, etc., were based on silver, he was the gainer in the transaction. The situation was much simplified when the United States minted the money for the national currency of Panama, by fixing the value of the Panama peso at the ratio of two for one, but the profits on exchange were at once lost, for local prices immediately reverted to the gold basis, and employees who were formerly paying $50 silver for board, less the profit on exchange, then paid $25 gold flat.

The gold payments were first made in United States paper, but this was found to be both expensive and inconvenient, for the reason that the local merchants and others shipped these bills out of the country as fast as they were brought in, as they made a cheap means of exchange. On May 1, 1905, an agreement, which had previously been made by the Secretary of War with bankers in Panama City, commonly spoken of as the “Bankers’ Agreement,” became effective. Under this arrangement, the Commission secured from four banking firms in Panama all the United States money necessary for the work on the Isthmus upon the payment of a premium of 3 cent per cent. This agreement expired by limitation on April 30, 1906, and was not renewed. Shipment of gold coin from the United States was then begun. On account of the export

Offices of the Disbursing Officer, and of the Examiner of Accounts, Empire.