

COMMISSARY—QUARTERS—SUBSISTENCE

These importations do not represent the total transactions of the commissary for that year, as the stock on hand, and bought on the Isthmus, ran the volume of business to \$5,754,955.69. Of this amount the Commission paid \$1,625,348.77 for supplies used in the hotels, messes, kitchens, and elsewhere; and \$3,609,358.01 represents the amount of the total which was paid by employees using coupon books. Nineteen stores were operated in as many settlements and towns and the average monthly business was \$479,579.69.

No cash sales are made at the Commissary. Employees are issued coupon books in value from \$2.50 to \$15.00 and containing coupons ranging in face value from one cent to twenty-five cents. Enough coupons are torn out by the clerks to cover each purchase. At the end of each month the value of the coupon books is deducted from the employee's salary. In 1912 the practice of selling coupon books for cash was extended to the employees. Formerly no books would be issued after the 28th nor before the 4th of each month, and a gold employee could only ask for books to the extent of 66 $\frac{2}{3}$ per cent of his salary, or a silver employee for not more than \$15 in any one month. While the old method still is in vogue, by selling books for cash the employees who thoughtlessly failed to provide books to run them through the month may supply their needs. The books are not transferable.

The quantities of various articles handled by the commissary in the year being reviewed were as fol-

THE AMERICANS IN PANAMA

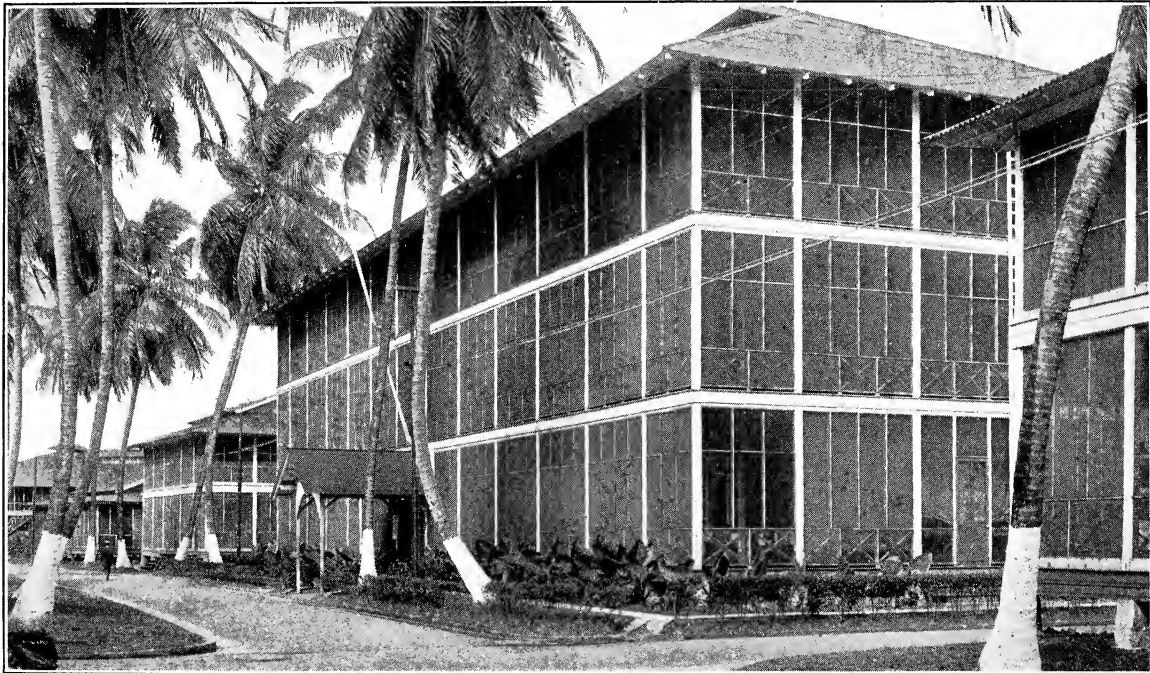
lows: Eggs, 692,060 dozen; butter, 429,267 pounds; meats, 9,241,858 pounds; poultry, 554,028 pounds; milk and cream, 86,466 gallons; coffee, 320,491 pounds; flour, 16,638 barrels; ice, 33,267 tons; ice cream, 110,208 gallons.

At 4.30 o'clock each morning a special train of from fourteen to eighteen cars leaves Cristobal with fresh supplies for the towns in the Canal Zone. The branch stores usually have small cold storage facilities to preserve such meats and perishable goods as may be necessary for the day's operations. Once a month the Commissary Bulletin is issued, with price lists and announcements of special sales on various articles. The feminine instinct for bargains thus is not atrophied by residence in the Canal Zone.

While the cost of living has been a rampant issue in the United States, the canal employees have enjoyed comparatively lower prices, as well as a greater purchasing power because of higher pay.

One central laundry is operated for the white, or gold, employees. In 1911 there were 7,260 patrons and 3,581,923 pieces were laundered. Patrons deposit their bundles at the branch commissaries in the respective towns and they are collected for shipment over the railroad to Cristobal. By this centralization of work the cost is from 30 to 50 per cent lower than for similar work in American cities. Cleaning and pressing are done for both men and women's clothes at correspondingly low rates.

Panama hats are not as extensively worn by the Americans as one might imagine, and they are not a



Photograph, Underwood & Underwood, N. Y.

HOTEL AND QUARTERS FOR AMERICAN EMPLOYEES.

COMMISSARY—QUARTERS—SUBSISTENCE

great deal cheaper than in the United States. Contrary to popular belief, Panama hats are not made in Panama. They are made in Colombia, Ecuador, and Peru, the finest coming from Montecristi, Ecuador. Years ago traders from those countries were in the habit of bringing the hats to Panama to sell to ships bound for the United States or Europe, and so they came to be known as Panama hats. Imitations are made in Jamaica and Porto Rico and many frauds are perpetrated upon the American people by dealers who profess to have genuine Panama hats at prices sometimes lower than our tariff would be on the real article. Prices vary according to the length of the fibers used in their manufacture, the finest ones being without any seams, and cost as high as \$150.

QUARTERS

Early in 1905, the Commission advertised free quarters to both married and bachelor employees as a special inducement to come to the Canal Zone. Thus, in addition to high pay the employees have no house or room rent to pay. This alone constitutes a sharp increase in an employee's income over what he could earn in the United States for similar work, but this is not all he receives gratis.

It has been figured that in six years the Commission grants to each married employee gratuities that cost it \$3,000; and to a bachelor employee gratuities that cost \$750. The monthly service, such as commissary, fuel, and distilled water deliveries, removal of garbage, etc., to a married employee costs \$12; and

THE AMERICANS IN PANAMA

janitor service, and other service to a bachelor employee costs \$2.25 monthly. In six years an average force of 5,000 employees has been entitled to these gratuities and it is figured that the total investment by the Commission in that period for all free service and gratuities runs between ten and twenty million dollars.

To a married employee the free allowance is as follows: An individual house, or an apartment in a building with two or four families; a range, a double bed, two pillows, six dining chairs, two kitchen chairs, one chiffonier, two center tables, a mosquito bar, a refrigerator, a double dresser, a double mattress, a kitchen table, a dining table, sideboard, bedroom mat, and three wicker porch chairs.

The Quartermaster's Department delivers purchases from the commissary and ice; the fuel used in the kitchen stove is free, as are electricity and hydrant and bathroom water. Telephones are free if the employee needs one in connection with his duties. Housekeepers must buy their own tableware, bedclothes, light furniture and bric-a-brac.

Married quarters were assigned, in 1905 and 1906, on the basis of one square foot for each dollar of salary, with extra allowances for the wife and children. This method was abandoned and quarters are assigned without regard to salary, except that officials receive first consideration. There are one, two, and four family houses, entirely screened on the outside. As a rule there has been a scarcity of married quarters and occasionally of bachelor quarters. Every

COMMISSARY—QUARTERS—SUBSISTENCE

house, or apartment, has its shower bath, tubs not being used, and each town has a complete sewer system.

Bachelors, whether men or women, are treated correspondingly well. Quarters with two, three, or four in a room, and janitor service are free. In the early days there was unpleasant crowding because of the scarcity of buildings, but only occasionally has there been congestion in late years. These buildings shelter from a dozen to sixty men and like the married quarters are screened on the outside. A war was waged until vermin practically was eradicated. They are electrically lighted and have the usual shower bath and sanitary arrangements. Barracks of a less pretentious architecture are provided for the silver employees.

Hotels operated by the Commission are the boarding places for the bachelor employees. The wide verandas are screened and tables here are reserved for the bachelor girls, and for the men who wear coats at meal time. Inside the employees may eat in their shirt sleeves. The meals cost thirty cents each and are paid for by coupons that come fifty to the book. These books cost \$15, and the amount is deducted from the employee's salary at the end of the month, so that no cash is handled at the hotels, except from nonemployees, who must pay fifty cents for a meal.

The fare could not be duplicated in the United States for seventy-five cents a meal. A typical thirty-cent menu includes soup, two kinds of meat, four kinds of vegetables, hot rolls or light bread, a salad, tea,



COMMISSARY—QUARTERS—SUBSISTENCE

and some lunch, so the stewards prepare food for an average of two meals per employee.

The Tivoli Hotel at Ancon, on the Pacific side, is the tourist hotel operated by the Commission. Its rates, American plan, are \$5.50 a day and up. During the dry season it is crowded with guests, in 1912 about 14,000 tourists having visited the Canal Zone. There are 218 rooms and a dining room that will seat 750 persons. An addition was finished in 1912 at a cost of \$57,000. At Colon, on the Atlantic side the Commission is building the Washington Hotel, to cost \$500,000, for the use of visitors to the Canal Zone.

In 1911, the hotels for American employees showed a loss of \$20,905.44; European messes, a profit of \$39,236.63; colored laborers' kitchens, a profit of \$14,461.95; and the Tivoli Hotel, a profit of \$26,227.05.

Still another factor that makes living in the Canal Zone cheaper than in the United States is the result of the climate. With a uniformly warm temperature, the quality of clothes does not vary the year round. For the women, light summery goods, largely white; for the men, duck or linen suits or light staple cloths. The saving from not having to buy new clothes with the change of seasons is important, and the employees generally try to arrange their vacations so as to be in the United States in mild weather. Class distinctions are not drawn rigidly, so that there is not a furious competition in dressing or keeping up appear-

THE AMERICANS IN PANAMA

ances, but there decidedly is no "slouch" in the Canal Zone.

A bride starts out life there on a basis that means a rude jolt to her when the canal is finished and she returns to the United States. Young couples who have been treading the easy path of high salary, free rent, free water, light and fuel, cheaper food, clothes and furniture, elastic class distinctions and plentiful though not efficient servants, must ever look back upon their Canal Zone experience as the particularly bright period in their careers. The withering blasts of social competition, high cost of living, and salaries from one to two thirds lower in the United States, will make the easy-going, over-generous life at Panama seem the "temps de luxe" in their lives.

Transient writers visiting the canal dilate on the happy demeanor of the employees. A perusal of the foregoing conditions of employment would suggest that a good many million dollars of government money have been spent to buy that joyousness. The employees have a very happy time at the expense of the American people, yet it has been a better way of investing money than maintaining useless navy yards, or \$100,000 Federal buildings at Western prairie hamlets!

CHAPTER XVIII

CIVIL ADMINISTRATION

HAVING undertaken an eleven-year task in Panama, the Americans realized at the outset that it must be gone about with the deliberation of a permanent settlement in the tropics. The problem was to duplicate the civilization of the United States on a scale suitable to the Canal Zone, so that the employees and their families would not lack for anything essential to their happiness and normal advancement.

In the first conception of the needs of the situation, the position of Governor was created, with Maj.-Gen. George W. Davis as the head of civil government. His powers were coextensive with the Chief Engineer and the Chairman of the Commission. During the year he spent in the Canal Zone as Governor, Maj.-Gen. Davis was occupied with engineering problems and in settling disputed points with the Republic of Panama, but substantial progress in organizing the powers of government was made.

Charles E. Magoon was appointed Governor on April 1, 1905, to succeed Maj.-Gen. Davis, and he served until September 25, 1906. Gov. Magoon had powers as extensive as Gov. Davis, and the present civil government was rounded into form under his direction. Ex-Senator Jo C. S. Blackburn, of Ken-

THE AMERICANS IN PANAMA

tucky, became the head of civil government with the Goethals Commission on April 1, 1907, but the President had transferred the vital powers of the office to the Chairman and Chief Engineer, and thenceforward the Governor was known as the Head of the Department of Civil Administration. Gov. Blackburn resigned on December 4, 1909, and was succeeded on April 12, 1910, by the Hon. Maurice H. Thatcher, also of Kentucky.

This department conducts the diplomatic affairs of the Commission with the Republic of Panama and the representatives of foreign governments in Panama. It is organized as follows: Division of Posts, Customs, and Revenues; Division of Police; Division of Schools; Division of Fire Protection; Division of Public Works; Division of Courts.

The Division of Posts, Customs, and Revenues has the supervision of the Canal Zone post offices, the entrance and clearance of ships at Cristobal and Balboa, the leasing and taxing of government lands, and the laying and collecting of taxes on houses, occupations, and businesses. Every settlement has a post office, which the employees used as a bank until the opening of the postal savings system on February 1, 1912. Since the opening of the money-order department on June 1, 1906, the Canal Zone post offices have sold more than \$25,000,000 in money orders. Out of this amount more than \$5,000,000 was for money orders payable in the Canal Zone and represents a practice of buying the orders to have a safe depository of surplus earnings. When an employee

CIVIL ADMINISTRATION

desired his money, he presented the money order payable to himself. In 1911 the money-order business was \$5,304,906.60, divided among 214,000 orders. The great bulk of the orders was payable in the United States. Postage rates are the same as in the United States, but Panama stamps are used.

Spanish taxing methods were followed, so far as was practicable, by the Americans in dealing with the natives. The sixty or seventy saloons that the Commission licensed in the Canal Zone are regulated strictly and pay an annual license, each, of \$1,200. Selling liquor on government property is another instance where the Canal Zone is an exception to the rules followed in the United States. Only revocable leases for lands are issued to the natives now, so that the Canal Zone may be cleared of all but employees on short notice.

The Division of Police was organized by George R. Shanton, a Western type of rough-and-ready sheriff, specially selected by President Roosevelt. The division now is a well-disciplined body of officers and men, numbering forty-one of the former and 233 of the latter, of which all the officers and 117 of the privates are white. Each town has a police station, and, considering the conglomeration of races, the Canal Zone is conspicuously law-abiding.

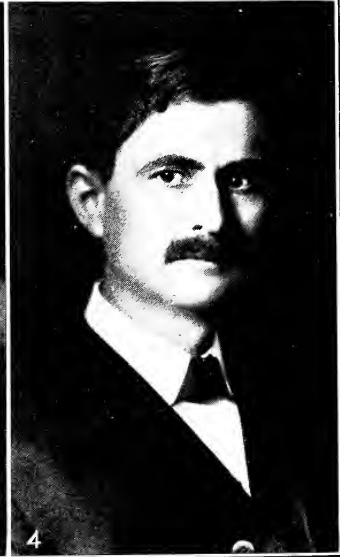
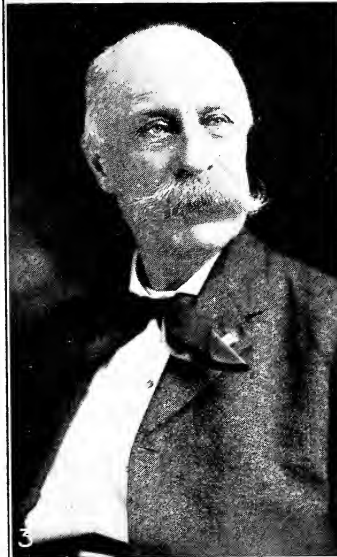
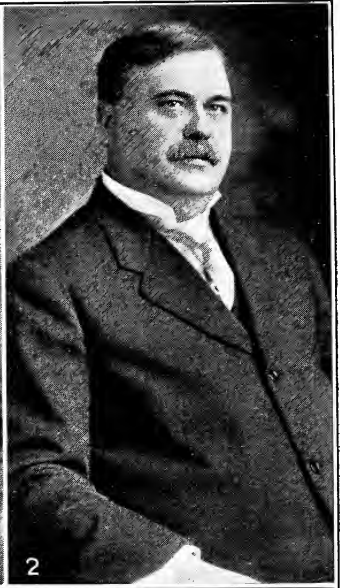
The judiciary system as developed for the Canal Zone includes a Supreme Court at Ancon, circuit courts and district courts, with right of appeal to the Federal courts of the United States. It was not until February 6, 1908, that jury trials for capital offenses

THE AMERICANS IN PANAMA

were granted, as President Roosevelt wanted "frontier" justice to prevail, on the idea that discipline among the employees and population best could be maintained thereby. The first execution for a capital offense was on November 20, 1908. The first jury trial was on March 19, 1908. The natives found American ideals of justice somewhat exacting, especially the one requiring all those of opposite sexes who lived together to be married formally. Free love was a practice of long standing. A penitentiary, maintained at Culebra, will be relocated on the east side of the canal for the permanent organization. The native people have been nick-named "spiggoty" by the Americans from their expression "speeka-da-Englesh," which finally was contracted into "spiggoty."

Fires have been unusually rare occurrences in the Canal Zone, where all construction is frame. The largest and only fire of consequence was at Mt. Hope on April 1, 1907, when the quartermaster's storehouse was destroyed at a loss to the Commission of \$100,000. There are sixteen officers and forty-six firemen on the regular pay-rolls, and there have been as many as eighteen volunteer companies with 295 members. The equipment is of the most modern American type.

Gov. Magoon opened the first public school in the Canal Zone on January 2, 1906. In 1912 there were 25 buildings for both white and colored pupils, with 46 white and 28 colored teachers, an enrollment of 1,240 white and 1,524 colored pupils, and an average



*Photos, 1, 2, 3, Harris & Ewing, Washington, D. C. ;
4, International News Service.*

1. MAJ.-GEN. GEORGE W. DAVIS. 2. CHARLES E. MAGOON.
3. JO C. S. BLACKBURN. 4. M. H. THATCHER.

CIVIL ADMINISTRATION

attendance for the former of 904, and of the latter, 688. The schools have a number of disadvantages to overcome, not the least of which has been the epidemic of matrimony that has raged unremittingly among the teachers. Sometimes the personnel changes 40 per cent from this factor alone. Another factor has been the diversity of standards and nationalities. In one year the teachers were from 16 different states, bringing as many systems of education into their work; 732 pupils had come to the Canal Zone from thirty-six states, and there were twenty-one nationalities other than American. To weld all these heterogeneous elements into a uniform system has been a difficult task. Transportation over the railroad to and from the schools is free to the pupils, as are the books and other materials used. High schools are maintained at Gatun and Ancon.

Social life in the Canal Zone expresses itself in weekly dances at the clubhouses and Tivoli Hotel, in woman's clubs, lodge auxiliaries, church societies, and the usual round of parties. The Commission has furnished houses for use by the lodges and religious denominations, many of which are represented in regular meetings and services. The clubhouses, under the supervision of the Y. M. C. A., are the social centers of each community, as the women are given limited privileges. Soft drinks, tobacco, and lunches may be obtained at the clubhouses at all hours. The annual cost of operating them is about \$150,000, the Commission paying the deficits where the membership fees do not cover the expenses.

THE AMERICANS IN PANAMA

The Panama Lottery has found in the canal employees generous patrons. It was started in 1883, with a provision in the concession that 64 per cent of the income should be paid out in prizes. When the President, in 1904, forbade the sale of the tickets in the Canal Zone, the Lottery Company thought they had been damaged several million dollars' worth, but the Americans have been able to get all the tickets they wanted, either by going into Panama and Colon for them or sending others. A full ticket costs \$2.50 and may draw a prize of \$7,500. A fifth of the ticket may be bought for fifty cents and, if of the winning number, draws \$1,500. There are smaller prizes for approximations of the right number. Each Sunday at Panama a boy draws a number from a box, and there has never been complaint of unfairness in deciding the winning number. It is difficult to estimate the amount invested each week in the lottery by the Americans, but it runs well into the thousands of dollars. Many of them have won capital prizes. In view of the fact that the moral sense of the nation has condemned lotteries, this free participation in the one at Panama does not constitute a praiseworthy feature of the American occupation.

Each Sunday afternoon or evening in some Canal Zone town the Commission band gives a concert. This pleasing organization has a director who is paid \$2,000 a year and the members receive slightly more than \$3 each for a concert. The band members are canal employees.

The first census of the Canal Zone was taken in

CIVIL ADMINISTRATION

1908, and a population of 50,003 was reported. In February, 1912, another census was taken, and the population had increased to 62,810. However, there were 8,871 employees living in Panama and Colon, which brings the population to 71,682, not including the native populations of the cities of Panama and Colon. The white persons numbered 19,413; the colored, 31,525; yellow, 521; mixed, 10,323; miscellaneous, 1,028. Great Britain had 30,859 subjects; the United States, 11,850, and the remainder was distributed among thirty-eight other nationalities. Of the American citizens, 9,770 were born in the United States, mainly from eight States, as follows: Pennsylvania, 1,375; New York, 1,372; Ohio, 692; Illinois, 453; Massachusetts, 386; Indiana, 382; Kentucky, 369; Virginia, 338. Gatun was the largest town, Empire second, Cristobal third, Gorgona fourth, Paraiso fifth.

Dr. Belisario Porras, as President of the Republic of Panama, will play a decisive part in the next four years in guiding the relations of his country with the United States.

CHAPTER XIX

THE SOCIETY OF THE CHAGRES

“**C**ARAMBA,” exclaims the native Panaman, as the torrential rains soak him through and through, and he wonders what reason Providence has in the prodigal tropical showers. He watches the river Chagres rise under the stimulation of the rainy season from a puny creek, fordable almost anywhere, to a stream as masterful almost as the Mississippi on a rampage.

Balboa saw the same thing, and so did the pirate Morgan, and many Spanish seekers after El Dorado. It was not until the engineering mind began figuring on a canal connecting the Atlantic and Pacific oceans that the tremendous rainfall began to possess utility, and then the river Chagres assumed a significance, and the heavy precipitation a beneficence, which causes orators nowadays to see the hand of God in the forming of the natural conditions of the Isthmus. Thus does man change his conceptions of Deity to suit his needs!

In a lock-type canal, such as the Americans are completing, the river Chagres absolutely is indispensable. Without this river only a sea-level canal could have been built at Panama. For the engineers have harnessed this stream so as to form the great Gatun Lake, comprising all but fifteen miles of the

CHAGRES SOCIETY

Panama Canal. The floods, which for centuries have emptied unrestrained into the Caribbean Sea, will lave the impregnable Gatun dam, or be spilled, at the pleasure of the Americans, through turbine engines to generate power, or flow at their will through the locks to lift or lower the commerce of the world across the Isthmus.

It is not hyperbole, therefore, to say that the Chagres River is the greatest single factor in the success of the Panama Canal. The locks and the Culebra cut are no more than preparations for the utilization of the river.

When the time came for selecting a name for a society which should embrace in its membership the canal workers who had been with the job at least six years, the object of which should be to keep alive the memories of those years in the future, it seemed peculiarly appropriate to name such an organization **THE SOCIETY OF THE CHAGRES.**

The idea of an organization of this kind first was exploited in December, 1909, when a "Panama Canal Service Medal Association" was organized, with membership limited to employees who had earned the Roosevelt Canal Medal, and having an insurance feature. This movement failed. In August, 1911, William F. Shipley, of the Subsistence Department, initiated a new movement, which reached a head on October 7, 1911, with the organization of the Society of the Chagres and the selection of Col. W. C. Gorgas as the first President. Tom M. Cooke, a canal

THE AMERICANS IN PANAMA

veteran, and head of the division of posts, customs and revenues, is now President.

The Society is thoroughly democratic in its membership, any employee, of either sex, who is white and an American citizen, and who has worked for six years continuously on the canal, being eligible. An applicant must have earned the Roosevelt medal and two Commission service bars, and thereby hangs a tale.

Col. Roosevelt, in a speech to the canal employees at Colon, on November 16, 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 idea here expressed did not reach fruition until October, 1908, when a ton of copper, bronze, and tin taken from old French locomotives and excavators, was shipped to the Philadelphia Mint to be made into medals. Victor D. Brenner was the designer, the medal showing on one side a likeness of President Roosevelt, and on the reverse side a ship in the Culebra cut. They are about the size of a dollar. The first order was for 5,000 medals, and by January 1, 1911, 4,487 had been earned. By the time the canal is finished more than 6,000 will have been earned, every employee who has worked for two years on the canal being entitled to a medal.

For each successive two years the employee works

CHAGRES SOCIETY

he receives a bar, made from the same material and presented by the Commission. Thus, a Roosevelt medal and two bars mean an employee has worked for six years on the canal, and is eligible to membership in the Society of the Chagres.

Col. George W. Goethals' eligibility dates from April 1, 1913, from which date he will have completed the sixth year of his connection with the project. It undoubtedly is true that this medal, which intrinsically is of little value, has held many a man to two years in Panama from a sentimental desire to have something officially attesting his connection with the great task.

There has been much more changing in the personnel of the American force than the public knows, and to have been six years an employee means that one came when conditions literally were rotten and stuck it out until to-day, when they are nearly ideal. The Constitution provides for an annual meeting on the Isthmus until 1915, and then in some American city, or the Canal Zone, as may be elected. On January 12, 1912, the first annual banquet was held at the Tivoli Hotel.

The emblem of the Society is a circular button, nine sixteenths of an inch in diameter, showing on a black background, surrounded by a narrow gold border, six horizontal bars in gold.

A determined effort was made to make Col. Roosevelt the only honorary member, but this has not been accomplished. It would be necessary to amend the Constitution, and as every member, in whatever part

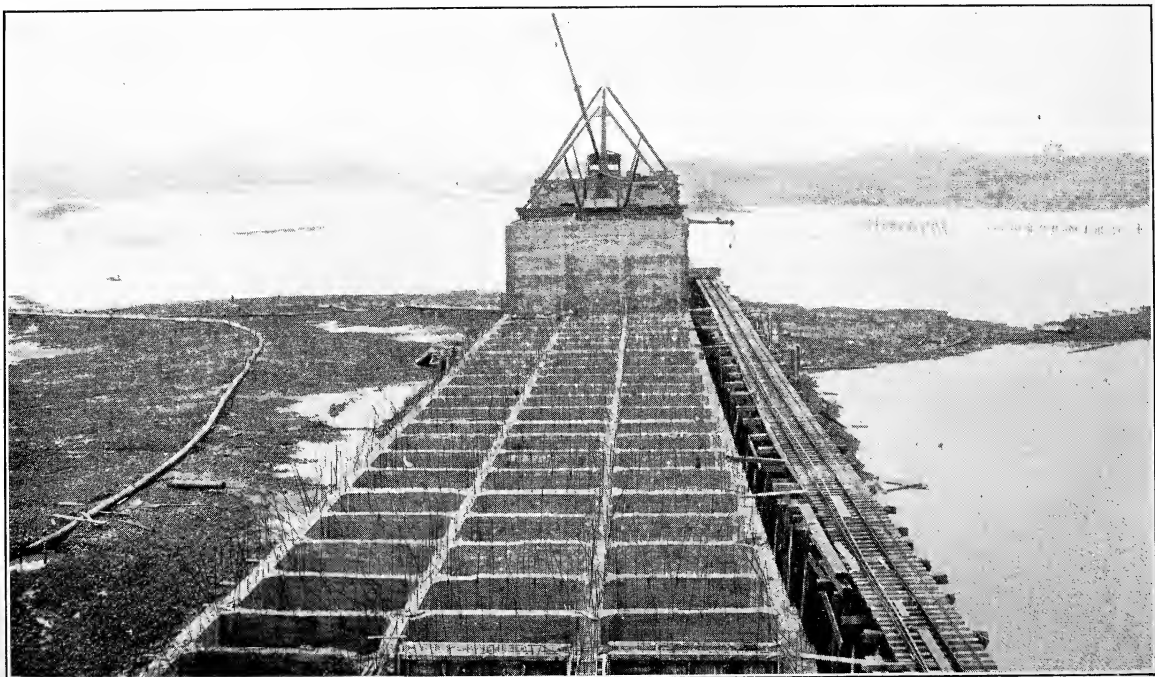
THE AMERICANS IN PANAMA

of the world, has a vote by letter, the two-thirds vote possibly never will be registered.

The first Year Book of the Society was published in January, 1912. It is a volume of 145 pages and contains brief biographies of the members, the Constitution, speeches by Presidents Roosevelt and Taft, in the Canal Zone, and by Chief Engineers Stevens and Goethals. The six-year men all worked under Mr. Stevens and loved him well.

Forty States were represented in the membership of 304 in July, 1912. The following States were not represented: Arkansas, Colorado, Delaware, Nevada, New Mexico, North Dakota, South Dakota, Wyoming. As some of the members have not turned in information as to their native States, the exceptions noted may be represented in the Society. Members who are American citizens, but who were born abroad, represented the following countries: Canada, England, Germany, Russia, Greece, Italy, Ireland, Scotland, Sweden, and South Africa.

Among the biographies the one of Alexander A. Lundisheff perhaps is the most picturesque. He was born in Russia, ran off to sea, joined a circus, became a sailor, crossed the Isthmus in 1888 as an American bluejacket, fought in Mexican revolutions, guarded convicts in Africa, enlisted in our Navy in the Spanish-American War, worked in the Alaska Coast Patrol, helped to fight the Panama revolutionists in 1902 and had his life saved by a beautiful Panaman girl, whom he married, and when the Americans came to Panama went to work under Col. Gor-



Photograph, Underwood & Underwood, N. Y.

PART OF GATUN LAKE—CAPACITY, 1,632,000,000 GALLONS.

CHAGRES SOCIETY

gas, in the sanitary department, where he has since remained. He had the unique record of working eight years for the Commission without being sick a day or losing a half hour from work, and had not taken a vacation in that period. Other members, women as well as men, have seen service in all parts of the world.

President Taft, in a speech to the employees in November, 1910, said of the older ~~men~~: "As the great creation, which was so clear to the professional men who designed it, opens itself in concrete mold to the observation of the layman, the eagerness with which we all look forward to the completion of the work grows apace, and we envy the record of the men to whose skill and courage and energy, persistence and foresight, the canal will forever form an enduring monument!"

The time of the departure of the canal workers is near at hand. The old-timers feel that they have fought a good fight and that henceforth there is laid up for them the admiration which President Taft expressed. In a space of time now measured in months all will have left except those who remain with the permanent operating force. Already they are scattering to the four ends of the earth, whence they came. The Society of the Chagres will become one of the historic organizations of the United States, along with the Grand Army of the Republic, the United Confederate Veterans, the Spanish-American War Veterans, and the Sons and Daughters of the American Revolution.

THE AMERICANS IN PANAMA

THE INCA SOCIETY

This organization includes in its membership only those employees who came to the Canal Zone in 1904 and have been with the job ever since. At the annual banquet at the Tivoli in May, 1912, the eighth anniversary of American occupation, there were found to be only 63 such employees in the Canal Zone.

I. O. P. K.

Recreation ever has been the least satisfactorily solved problem at Panama. In 1904, 1905, and 1906 the employees did not have the Y. M. C. A. club-houses which, after 1907, became the centers of social activities. State Clubs and various social organizations were formed, but most of them passed out of existence, the University Club in Panama being a conspicuous exception.

One night, a few of the boys, who congregated in the box cars connected with the wrecking train, authorized several of their number to arrest an employee suspected of having some cash on his person. He was brought to the cars and placed on trial, on trumped-up charges, before a Kangaroo Court. He was fined the amount of money found in his pockets and the sum was invested in refreshments at the nearest saloon and grocery.

This proved to be so interesting that the events became weekly, no employee knowing when he might be arrested and fined to pay for the refreshments. Out of this incident grew the Independent Order of Pana-

CHAGRES SOCIETY

manian Kangaroos, the only original lodge started successfully among the white canal employees.

The first meeting was on October 10, 1906, and subsequently Kangaroo Courts were organized in Tabernilla, Gorgona, and other Canal Zone towns. A Supreme Court was organized, with a supreme justice, two associate justices, prosecuting attorney, defendant attorney, chaplain, comptroller, clerk, and sheriff. The order was incorporated under the laws of the State of Tennessee, and the Constitution, adopted on March 18, 1908, forbids membership to liquor dealers, gamblers, or procurers, and requires American citizenship, white color, legal age, a belief in a Supreme Being, and an honorable means of support in those accepted. The first Sunday in December is Memorial Day. Clinton O. Simmons was Chief Justice in 1912.

This order has done a great amount of charity work among members, or their families, and others who got in hard lines in the Canal Zone. It is significant of the character of the employees in the sterling ideals maintained. The membership is more than 800.

CHAPTER XX

THE TRADE OUTLOOK

TIME and space, if they will not be annihilated, certainly will be tremendously lessened by the Panama Canal.

On February 11, 1912, a tug and three barges lay at the wharf in Cristobal, on the Atlantic side of the canal. They were needed at Balboa, on the Pacific side, only forty-seven miles across. There were two methods of getting the craft and barges to the desired point, one being to take them to pieces and transport them by the railroad and reërect them on the other side, and the other method being to send them around Cape Horn.

They started on the journey of 10,500 miles on that date, and arrived safely at Balboa on June 16, 1912, consuming 126 days in the trip. If the canal had been finished, the distance of forty-seven miles could have been traversed in ten hours! This is only one graphic illustration of the utility of the Panama Canal.

San Francisco is now 14,000 miles from New York around Cape Horn. Through the Panama Canal it will be 8,000 miles nearer, or a little more than 5,000 miles distant. From New York to Valparaiso, by the Straits of Magellan, the distance is about 9,000 miles. Via the canal it will be less than 5,000 miles.

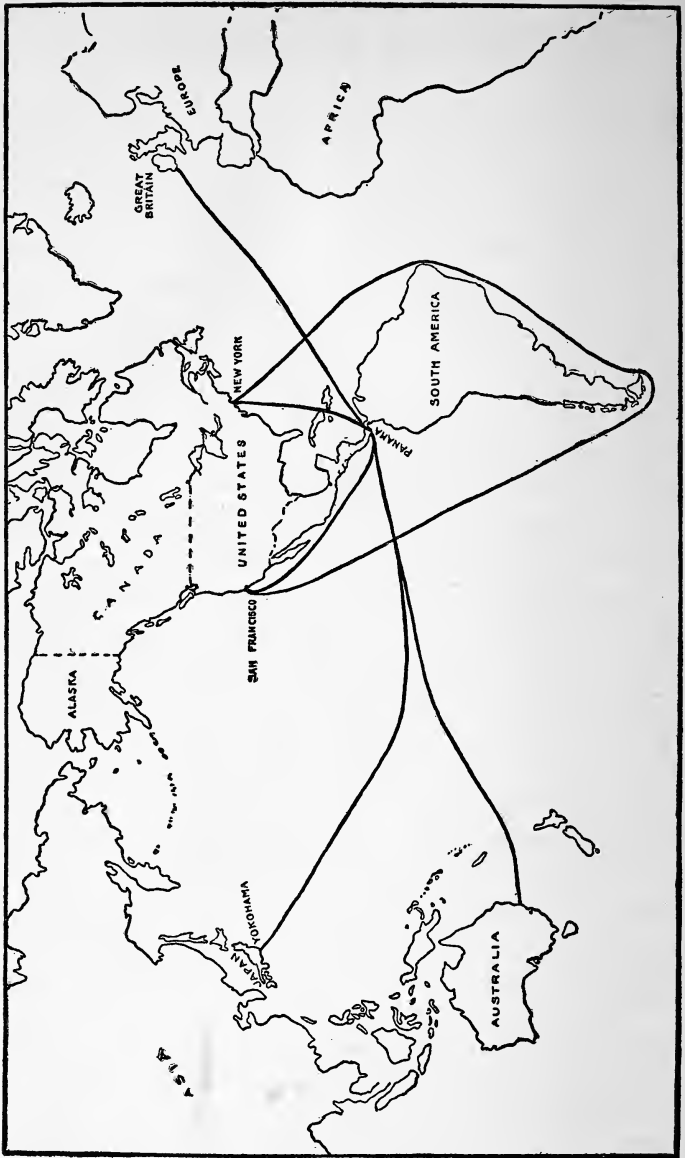
THE TRADE OUTLOOK

Our Atlantic coast will be brought 4,000 miles nearer to Australia than by the Suez Canal, through the Panama Canal route. New York will be 5,000 miles nearer to New Zealand via Panama than around the Cape of Good Hope. The distance to the Philippines will not be materially reduced from Eastern Atlantic ports, but the Panama route will make Hongkong, Yokohama, and San Francisco ports of call for our own and European vessels, which the Suez Canal does not readily permit.

Equally great advantages in shortened trade routes will come to the Gulf and Pacific ports of the United States. San Francisco, Seattle, and Portland may place their products on our Atlantic coast, the West Indies, the east coast of South America, and in Europe at correspondingly great savings in time and distance.

For coal- or oil-burning ships this saving in time represents an impressive lowering in freight rates. Sailing vessels will not feel the fuel saving, but the difference in time effected by the Panama Canal doubtless will serve to hold that slow-transit method much longer in use than it otherwise would be held for those commodities, like lumber, which do not require speedy delivery.

Already the United States does a larger coastwise trade than any other nation in the world, and the canal will give this a spurt that cannot be measured accurately at present. Pacific coast wheat, wines, lumber, barley, hops, wool, dried fruits, and mining products may be laid down in Gulf and Atlantic ports



HOW TRADE ROUTES ARE SHORTENED BY THE CANAL.

THE TRADE OUTLOOK

through the canal much more cheaply than by the continental railroads. Atlantic and Gulf coast machinery, manufactures, textiles, and finished products generally, likewise may be delivered to the Pacific ports at a lower cost.

The great staple products of the South, cotton, tobacco, lumber, iron, and coal, when destined for Asiatic ports, will have an immense advantage by the Panama route, and much of the ocean freight which has been shipped long distances to Eastern ports to ships will go through the Gulf ports. There necessarily will be a radical readjustment of our whole internal freight movements, but the increase in volume still will leave the railroads their proportionate share.

Geographically, the United States is magnificently situated, facing as it does the Atlantic and Pacific oceans and the Gulf of Mexico. The natural flow of commerce will be southward to the republics which so far have bought more in Europe than they have in America. The intensely self-centered industrial development which has characterized the United States to date seems to have reached a turning point, with the nation, after the first great attack at our own resources, ready to look around and participate more extensively in foreign commerce. It is true, of course, that our foreign commerce already is stupendous, but it will be immeasurably greater when our enterprise is directed as absorbingly toward that phase of industrialism as it has been toward internal development.

The Panama Canal is bound to affect the politics of the United States, with especial regard to the tariff

THE AMERICANS IN PANAMA

policy. So long as we were engrossed in our own provincial affairs, taking such foreign trade as voluntarily came our way, the exclusiveness of the high protective tariff was beneficial. When we get out into the realm of international trade with our full capacity, it is inevitable that we must modify that policy as the particular demands of commerce may require.

The United States has been too busy farming, mining, manufacturing, and exchanging these products among its own people to care whether the national flag floated on few or many ships. It must be different when international competition becomes so keen that a nation operating its own ships would have a substantial differential in freight rates over a nation that must depend upon foreign bottoms for its carrying business.

England has had an absurdly disproportionate share of the world's shipping, due partly to our tariff policy, but more largely to the fact that its smaller internal resources made it necessary for its citizens to develop shipping as a main industry. Following the opening of the Panama Canal an increase in American registry will be noticeable.

If we simply are anxious to see ships running about the oceans flying the American flag, Congress has acted effectively by throwing down the bars and allowing American capital not only to build its ships abroad, but to import ship-building materials duty free. It is obvious, however, that such a method of building up our merchant marine will enrich European ship-

THE TRADE OUTLOOK

yards rather than our own, because Congress has set its seal of approval upon the practice of buying abroad if it can be done more cheaply than in the United States. Coastwise ships still must be built in America.

Congress will be called upon to provide some way for handling the passenger traffic that would prefer to go to the San Francisco Exposition through the canal from Atlantic and Gulf ports. This will be coastwise trade, and there are no American ships adequate for the probable traffic. Unless Congress grants a special dispensation allowing the foreign lines to handle this traffic during the Exposition, it is likely that they would have to relay the Atlantic traffic to Bermuda Islands and the Gulf traffic to Cuba, and so make it, by reëmbarkation, travel from a foreign port to San Francisco.

There has been speculation as to whether the canal would pay. Congress has authorized a maximum freight rate of \$1.25 a ton and a rate of \$1.50 for each passenger that passes through the canal. The President has the power, through proclamation, to reduce these rates to any point that will still supply sufficient revenues to pay operating and maintenance expenses. The Suez Canal pays for itself every four years, but it cost less than a third as much as the Panama Canal, which also will require 2,500 employees as a permanent operating force.

Operating and maintenance expenses for the canal in Panama will be, annually, about \$4,000,000. Interest on the investment, part at 2 per cent and part at 3 per cent, will be around \$10,000,000 a year.

THE AMERICANS IN PANAMA

Thus the canal must bring in approximately \$14,000,000 a year to be self-sustaining. Traffic experts estimate that the possible tonnage by 1914 will be 10,000,000 tons. At the \$1.25 rate, the income, therefore, would be \$12,500,000, or \$2,500,000 less than operating cost, but this loss would be reduced by the tolls from passengers. It is possible that the canal may not pay right at the start, but ultimately there is no doubt that it will.

Suez may be expected to fight for its business by reduced rates. This will not be so formidable as our own short-sighted management. Congress, by exempting American coastwise ships from tolls, deliberately affronted England, the largest prospective patron of the canal, because the greatest maritime nation. And England, it should be remembered, controls Suez. Misguided patriotism alone dictated the exemption of our coastwise ships. They already have a natural monopoly of coastwise trade. If the nation desires to give a special industry a gratuity, it should be done without antagonizing the best customer we are likely to have at Panama—England. The American people show an inconsistency in sanctioning this treaty violation, inasmuch as the whole cry for the last ten years has been against special interests and private monopolies fostered by the government. To deliberately subsidize the shipping business, as much a private industry as Standard Oil, not only violates the spirit of the times but inevitably will result in a great economic loss at Panama, if the present method is continued.