

the Republic called a conference of the Presidents of the principal rail-  
 an  
 road companies, which resulted in/agreement on the part of the companies  
 to form a joint organization for colonizing the lands served by their systems.  
 The new organization is formally incorporated, and managed by a Board elected  
 by the associated companies. The companies provide the desired capital by  
 subscriptions in proportion to their mileage, and each company is to provide  
 superintendence for the colonies located in its territory. They agree not to  
 seek any profit in the resale of lands to colonists. All terms of sale to  
 colonists are a subject of agreement in the consortium. Arrangements are  
 made to advance funds to families abroad who may not have sufficient funds  
 to defray the first year's expenses after arrival, including a sum sufficient  
 for indispensable working equipment. These funds are to be repaid before  
 any payments are credited on land. Cooperative societies will be organized  
 in each colony to furnish supplies, market the crops, etc. No reports are  
 available as to activities of the consortium.

The following table shows the Argentine immigration in the first ten  
 months of 1927 and 1928. It is interesting as showing the sources of immi-  
 gration, and the proportionate migration from the several countries:

<u>Nationality</u>	<u>1927</u>	<u>1928</u>
Italians - - - - -	55,641	22,080
Spaniards - - - - -	23,222	25,267
Poles - - - - -	14,085	16,050
Jugoslavs - - - - -	4,914	5,505
Germans - - - - -	4,285	3,309
Portuguese - - - - -	1,813	2,096
Czechoslovaks - - - - -	3,226	2,774
Austrians - - - - -	1,055	1,114
British - - - - -	820	779
French - - - - -	849	932
Letts - - - - -	1,695	1,797
Roumanians - - - - -	1,289	1,922
Russians - - - - -	817	977
Bulgarians - - - - -	566	739
Hungarians - - - - -	293	256
Swiss - - - - -	519	393
Danes - - - - -	597	335
Belgians - - - - -	137	123
Greeks - - - - -	567	1,035

<u>Nationality</u>	<u>1927</u>	<u>1928</u>
Other European nations - -	941	1,164
North and Central America -	366	356
South Americans - - - -	1,195	1,330
Africans - - - - -	69	71
Asiatics - - - - -	2,542	1,933
Oceanic - - - - -	12	20

The falling off of Italians, which formerly was above 40 per cent of the total, is attributed to opposition to ~~the~~ emigration on the part of the Italian Government. An increase in the number from Syria, Russia, Poland, Roumania and Bulgaria is a symptom of the last few years.

#### Immigration into Brazil. (C)

Brazil since the war has been pursuing an aggressive policy, until two years ago, when the State of Sao Paulo withdrew all offers for subsidizing immigration. An official report from the American Consul General at Sao Paulo, dated March 18, 1929, says:

"The Sao Paulo State Government for many years was accustomed to subsidize immigration to the extent of paying transportation of the immigrants from their homes in Europe to their destination in this State, with necessary assistance in the immigration receiving station in this city. According to figures published by the State Treasury, the cost of subsidizing immigration during 1926 was \$55 per immigrant and \$34 per immigrant during 1927. The present administration of the State Government, which came into power on July 16, 1927, has largely stopped the contracting of additional subsidized immigration, not only for motive of economy, but also believing that the subsidized immigrants do not represent as high a type as the immigrants who would come spontaneously."

An article published in the official "Monthly Record of Migration," for November, 1928, gives an extended explanation of this action, from which the following is taken:

"On taking office, the government of Dr. J.P.deAlbuquerque found that the authorization granted up to July 14, 1927, for the introduction of immigrants at the expense of the State entailed expenditure amounting in all to 25,000 contos, (\*) while the budgetary credits for immigration purposes did not exceed 2,000 contos. To restore equilibrium in the budget the Government decided to cancel the agreements for the introduction of immigrants and to discontinue refunding the passage money of the assisted immigrants. Economic and social considerations also

(\*) A conto is 1,000 milreis, and a milrei is worth about 12 cents.

urged this step; the Government, which grants large subsidies to coffee growers, feared that a crisis would arise owing to the overproduction of coffee, and as the prospective harvest promised to be the largest ever grown in the State, the necessity of limiting the importations of labor to the strict minimum became apparent.

In addition, it had been found in 1925 and 1926 that fluctuations occurred from time to time in the agricultural labor market, which sometimes made it difficult to place the newly arrived immigrants in employment. Finally, among the immigrants introduced in large numbers at the expense of the State there was a large proportion who were undesirable, either because they had been influenced by subversive opinions or because, being mentally depressed or in ill-health, they were not suitable for the work which was expected of them.

The message expresses the opinion that the State of Sao Paulo should abandon the system of subsidizing immigration and put the problem of labor and settlement on a fresh basis. Experience shows, moreover, that as soon as subsidized immigration decreases, spontaneous immigration of a better quality tends to increase. The message declares that the principal measures to be considered for the purpose of attracting immigration, while at the same time remedying the present situation, are:

- (1) The introduction of new crops (cotton, wheat, and other cereals) employing labor at different seasons, and the development of cattle-raising.
- (2) The development of agricultural credit and the encouragement of settlement.
- (3) The use of fertilizers and agricultural machinery in certain restricted areas where, owing to the exhaustion of the soil, the yield of the lands is insufficient and the laborers refuse to stay.

The message stresses the improved conditions that many plantation owners (fazendeiros) are now offering to the workmen and to the small settlers whom they employ. These improvements are not imposed by law, but granted under the pressure of economic circumstances, having regard to the volume of harvest and the inadequacy and, above all, the instability of the labor supply. The improvements mainly affect housing, comfort (drinking water, electric lighting), the maintenance of means of communication, the condition of the land placed at the disposal of settlers, and liberty for the settlers to sell their produce to the highest bidder. In addition, the contracts of employment are more precise and wages and other remuneration are paid more frequently and with less delay. Speaking generally, a tendency has been observed among the owners to install the requisite agricultural labor supply on their property and to settle it there permanently.\*

The States of Brazil act independently of the National Government and of each other in dealing with immigration. They all want immigration, and those which are outside of the coffee-growing area are particularly anxious for it

because they have been losing population to the coffee-growing states in recent years, on account of the good returns from coffee production and high wages in the coffee districts. The foregoing account relates only to the policy of the State of Sao Paulo.

A number of the States are pursuing the policy of giving land grants to colonies of immigrants. The Amazon State in 1928 entered into a preliminary contract with a Polish Company, giving an option upon 1,000,000 hectares of land, upon which the company agreed to settle at least 10,000 families of immigrants to follow agriculture and cattle-raising. The States of Minas Geraes and Rio Grande are encouraging immigration. The last-named contains approximately 400,000 Germans, 300,000 Italians, 50,000 Poles and Russians and total population of foreign origin of 950,000.

An unusual feature of the situation in Brazil is the movement from Japan, assisted by the Japanese Government. The latter began this policy in the year following the earthquake. In 1924 an appropriation of 600,000 yen (about \$300,000) was made for this purpose; in 1925 the same amount was expended, and in 1926 the amount was raised to 1,000,000 yen and in 1927 to 1,550,000 yen. In the latter year 7,750 Japanese were sent to Brazil. It is understood that the Japanese Government is actuated by desire to relieve the pressure of a growing population <sup>in the home country,</sup> probably counting that after Japanese colonies have been established in Brazil voluntary emigration will follow. The Governments of Brazilian States have been giving land concessions to promote the movement. One of the leading Japanese cotton-goods companies has obtained a land grant, and contemplates the cultivation of cotton.

Immigration into Brazil during 1928 amounted to 82,061 persons, as compared with 121,569 in 1926 and 101,568 in 1927. Portuguese immigrants numbered 32,882, Italians 5,493 and Japanese 11,169. <sup>the experience of</sup> If/Brazil is a proper criterion, it would seem that the number of immigrants ~~coming~~ to South

America from Europe is decreasing as conditions in Europe become more favorable. Japanese immigration, on the contrary, is showing a steady increase, with most of that race settling in the Amazon Valley, where there are at present two Japanese colonies. The 1929 emigration program of Japan provides for sending 15,000 settlers and laborers to Brazil. The settlers, representing 20 per cent of the total, will be sent by the Overseas Emigration Institute which buys land and resells it to those interested in becoming permanent residents.

#### Peru and Bolivia. (C)

The Governments of Peru and Bolivia are active in promoting European colonies in their regions east of the Andes. The Peruvian Minister of Development recently stated that 1,160 new colonists were located on new tracts in that region, and that to aid these people in coming in and getting settled in Peru the Government had expended about \$250 per person. A recent agreement signed by Peruvian officials and representatives of colonists calls for the placing of 3,000 families in the region of the Ucayali, a tributary of the Amazon. Among other striking facts related to the President and his cabinet by the Minister of Development was the planting by colonists of 250,000 coffee trees in the Satipo region during the past year.

#### Assisted Migration in the British Empire. (C)

Immigration into Canada was heavy in the years immediately preceding the war, aggregating 1,661,425 persons in the five fiscal years ended with March 31, 1914. This movement was stimulated by railroad building in the prairie provinces, which opened up areas of Government lands, easily put under cultivation and given free to settlers. The greater part of these immigrants came from Great Britain and the United States. The war reduced the movement to small proportions, and since the war unemployment in Great Britain has prompted efforts by the Government of that country to induce a transfer of

population from the home land to the overseas Dominions of the British Empire. The Dominions have cooperated in a degree, but with rather stringent restrictions upon the qualifications of the immigrants. They want settlers for their lands, but do not want an assisted movement of the unemployed class to swell the population of their cities. In Australia, particularly, the cities are considered already too large for the total population. They do not want unskilled laborers who have no experience in farm work. However, in the six years ended with the fiscal year 1927 the expenditures of the Canadian Government upon immigration aggregated \$15,949,333.

Under an agreement between Great Britain and the Dominion of Canada arrangements were made for assisting the settlement of 3,000 selected British families on lands in the Dominion. The families must be selected by the Canadian authorities and approved by the British authorities. The Dominion Government undertakes to provide farms in settled and established districts, such farms to have houses and a portion of the farm land in each case to be fit for immediate cultivation. Advances up to the sum of £300 (\$1,500) may be made at the discretion of the Dominion Government for the purchase of live stock and equipment. The average outlay per family is estimated to be £800 to £1,000 (\$4,000 to \$5,000) which is to be repaid in installments over a period of twenty-five years with interest at five per cent. Of this sum the British Government undertakes to supply up to £300, or approximately 37½ per cent, repayable with the total sum. The settler is required to have not less than £25 (\$125).

An agreement was entered into in 1925 between the Governments of Great Britain and the Commonwealth of Australia under which the latter agrees to float public loans not exceeding in the aggregate £34,000,000 (\$170,000,000) to be expended in ten years upon developments which tend directly or indirectly to increase the opportunity for settlement in the States or the Commonwealth

of persons from the United Kingdom. The British Government agrees to contribute to the purpose £150,000 for each £750,000 so raised and expended by the Commonwealth, and states -- or £1 to each £5. The project aims at the settlement of 450,000 persons from the United Kingdom in Australia in ten years.

Besides these specific agreements, arrangements have been made with steamship companies for very low passage fares to Canada, Australia, New Zealand and Rhodesia. The third class rate of Canada, for certain described classes, farmers and houseworkers, is £2 (B10) and children under seventeen, in families, free. Immigration has been moderately increased by these efforts, but the aggregate movement from Great Britain is not equal to what it was before the war. In assisting this migration the British Government has a double purpose in view, viz, to relieve congestion and unemployment at home and strengthen the overseas dominions.

#### General Conclusions Upon Immigration (C)

Numerous less important efforts by other countries might be mentioned, but need not be described in detail. All of the scantily populated countries want immigrants, provided they can get the right kind, but they do not want the floating, unqualified, venturesome class which has nothing to lose and is most willing to come. Generally speaking, they have enough traders and town laborers already. They would all like thrifty home-builders on the land, but this class is not very ready to move from where they are. Everywhere it is agreed that if any aid is to be granted to immigrants a system of selection must be maintained. As a rule, it is better for migration to occur along the lines of latitude or as closely thereto as may be, in order that the change of climate, customs, crops, etc., may not be so radical as to involve a serious loss of previous experience and risk of discontent.

Although some immediate relief for the labor situation in Panama might be had by lifting the embargo on West Indian negroes, the total of such labor

available is not large enough to be a final solution of the problem. If the Asiatic supply is also considered undesirable, recourse must be had to Porto Rico or ultimately Europe. There is <sup>little</sup> chance of an immigration of laborers from the United States, <sup>on account of the high wages prevailing there,</sup> but it is not improbable that with a system of highways connecting the two countries a considerable inflow of independent farmers may occur.

### THE RURAL POPULATION (B)

#### Possibility of Increased Earning and Purchasing Power. (C)

A partial substitute for immigration is to be found in the development of the capacities of the present population, and particularly of the rural population. The mass of the latter is of low-earning power. Its social inheritance has been small, its routine of life narrow, its wants few. It has had little stimulus to ambition or exertion. The sluggish mentality and limited range of knowledge are what might be expected in view of the state of isolation in which these people have lived from generation to generation. Men do not anywhere labor, study, invent and contrive for the purpose of increasing the production of things which they already have in superfluity, but for the purpose of obtaining other things, new and attractive to them, which are offered by other peoples. The contacts of trade and the exchange of products and ideas have been the great agencies of human progress, and these people in the interior of Panama have been without this influence. There has been no market for their labor or for anything they knew how to produce.

The late Honorable Eusebio A. Morales, in his Report as Secretary of State in the Department of Finance and the Treasury in 1922, stated as his opinion that the income of the average peasant -- referring presumably to adult males -- would not exceed the value of B60 per year. Undoubtedly this population has a labor capacity which if properly applied to the natural resources of the country would have a value much greater than that. The low income and state of ignorance

and inefficiency which Secretary Morales deplored was due to the fact that the labor-capacity, like the other resources of the country, was unemployed. The other resources -- the soil, the climate, the forests, the fruits and great variety of possible products -- will command values if utilized in the form of the comforts of civilized life, and it is possible for the present population, properly instructed and directed, to utilize them to an extent that will work a great change in present living conditions. To accomplish this would be a greater achievement than to increase production by immigration -- although immigration might also help to this greater purpose. For every reason, humane and economic, it is desirable to develop the capacities of this rural population.

Various influences are tending to accomplish this end. The isolation is disappearing as roads are built and communications are established. The outside world is invading the wilderness. Where nothing but trails existed a few years ago buses now are running regularly. It costs money to ride on the buses, and that is one inducement to work if work is offered, and road-building itself has been one of the first jobs offered. The roads lead to the cities and the cities suggest an endless variety of wants, none of which can be satisfied without money. The people are introduced to the "money economy," which is making the world into one grand industrial system, and their new wants will persuade them to join it.

New opportunities for gaining income and for spending it awaken ambition where it did not seem to exist. The policy adopted in road construction of letting small contracts to individuals and neighborhood groups, has demonstrated that where a definite incentive is offered the natives respond eagerly and with satisfactory results. This being so, only time and opportunities are needed to place these people on the highway of advancement. Another illustration is afforded by the policy of the United Fruit Company in buying

bananas of small growers. The person who heretofore has thought only of producing food for the consumption of himself and family now gains the idea of having a money income. The Fruit Company contracts for the production of bananas over a term of years, which gives a degree of assurance as to future income which he did not have before. He can plan for the future, and soon somebody will sell him a motor car on the installment plan. The Company gives instruction as to how he may produce good fruit and earn more money by improving the quality. This is the simple lesson by which all the progress of the race has been gained.

The motor bus, the phonograph, the moving picture, and the radio will make a radical change in the life of the interior. They do not mean so much for the adults, but they open a new world to the receptive minds of the children, and the world advances chiefly by the succession of the generations. Nothing stimulates mental development so much as new sights, new experiences and new wants.

#### The Rural Schools.

Of course, schools must be named as one of the principal agencies by which the efficiency of the population can be raised. The Republic has made great progress in providing for popular education since it succeeded twenty-five years ago to the Government of the Department of Panama under the flag of Colombia, and the progress has been accelerated in recent years, as indicated by the number of schools, pupils and teachers, and the growth of expenditures. In the biennial fiscal period which began July 1, 1919, and ended June 30, 1921, the total of expenditures for schools was B1,189,120, which was approximately ten per cent of the total National revenues for the period, while in the corresponding fiscal period from July 1, 1925 to June 30, 1927, (the latest complete fiscal period at this writing) the total of school expenditures was B3,573,461, an increase of 200 per cent over the period first-named and a rise to 25.3 per cent of the total National revenues for that period.

This is a remarkable showing in six years. Particulars as to the school system are given in the <sup>review</sup> of Government activities in the Fiscal Section, but the foregoing figures are given here to call attention not only to the growth of expenditures, but to the fact that even now the total number of pupils enrolled is only about two-thirds of the number shown by the census of 1920 to have been of school age. The law provides for compulsory attendance, when school facilities are available. In a country with as much scattered rural population as Panama, the proportion of enrollment to the total number of schools would not be as large as in countries of dense population, but apparently Panama is not even yet fully supplied with primary schools.

The situation presents a serious problem. Undoubtedly it is desirable that means shall be found to give the rudiments of a simple education -- reading, writing and simple arithmetic -- to all children. These are the means by which knowledge is communicated. They serve to afford the contacts with the world of affairs where the common fund of practical knowledge is in circulation. Whether a nation of limited financial resources, which describes the position of Panama at present, should attempt to do any more than this -- or at least until all children have this -- is a grave question. We have no inclination to discourage liberal expenditures upon schools, but even for this worthy purpose expenditures must be limited by the available revenues of the Government and necessity of maintaining other Governmental functions. Moreover, it must be considered that Education, in the large sense, cannot be conferred upon a people by schools alone, or by any sudden process. All social development is a gradual process, in which schools play an indispensable part, but in which economic development, as already indicated, also plays a necessary part. The rising generation must have economic opportunities as well as school opportunities, and, indeed, the teaching of the schools, in order to be effective, must be related to a progressive <sup>economic</sup> life.

It would seem that the proportion of the revenues devoted to the schools is as large as it properly can be.

for more primary schools. This raises the question, is it not possible somewhere to reduce the costs of the system without impairing its efficiency in the service of first importance. When a fundamental necessity exists a way usually can be found to meet it, although it may involve some change of practice.

The foregoing is said in no unfriendly or critical spirit toward the school system, but with appreciation of the enthusiasm and devotion which have achieved the results that are set forth. Nevertheless, everything that must be paid for by the taxation of a people must be adjusted to the ability of the people to bear the burden. Panama has been creating an educational system where almost none existed before, and school expenditures have been rising faster than other governmental expenses and much faster than the average incomes of the people, the revenues of the Government, or the productive capacity of the country. It is necessary, therefore, to study the situation analytically and consider whether it is necessary to reduce the services or possible to maintain them at lower costs.

In this connection it may not be out of place to note that the expenditures of Panama upon public instruction are now higher than those of any of the neighboring states, although the latter have greater ability to pay taxes, judging by the export value of their principal products, and also by their revenue receipts. This is shown by the following figures:

	Collected	Fiscal Year 1926	Expenditures Upon
	Revenues	Value of	Public Instruction.
		Exports.	
Colombia - -	\$55,649,000	\$109,986,000	\$3,781,000 (*)
El Salvador -	11,315,000	12,318,000	843,500
Costa Rica -	6,354,000	18,962,000	827,250
Panama - - - -	6,806,729	3,723,587	1,734,841

(\*) Includes "Public Instruction and Hygiene."

It will be seen that the only one of the other countries named which surpasses Panama in expenditures upon Public Instruction is Colombia, whose

statistics of expenditures for Hygiene are included with those for Public Instruction. In Panama the expenditures upon the Health Service, amounting to about \$150,000 per year are made under the Department of Agriculture and Public Works. Colombia has a population more than ten times that of Panama and in 1926 had a school enrollment of 462,487. The revenues of Colombia are out of all comparison with those of Panama, and so is the tax-paying capacity of the country.

El Salvador is a smaller country than Panama, but with an estimated population in 1927 of 1,680,000. School attendance is obligatory under the law, but the enrollment in the primary schools in 1926 was less than the total enrollment of Panama, to-wit, 51,933, against 57,792. The revenues and exports of El Salvador show much larger tax-paying ability than exists in Panama. The revenues of Costa Rica in the year named were slightly below those of Panama but the exports show higher ability to pay taxes. It is true that against low exports Panama has an income from ~~tourist service and~~ tourist travel in excess of what the other countries have, but exports which represent the products of a country yield a larger net income than can be had from selling goods imported from other countries.

We think the determination of Panama to educate her people is commendable and trust that it may be found possible to maintain the essential services without curtailment, but in view of the rapid increase of expenditures in the past and the possible need even now of additions to <sup>the</sup> number of primary schools, we feel that a word of caution is justified.

#### Loans an Improper Source of Funds for Recurring Expenditures.

Expenditures by a Government for social betterment have a strong appeal to an enlightened people, but however well they may be justified theoretically and practically they should be financed upon sound business principles. As a rule they should be limited to sums that can be provided from current revenues along with other regular expenses. They should not be met by loans unless

capital expenditures are required, and then only if the annual interest charges are clearly covered by permanent revenues not needed for other and indispensable ~~uses~~ ~~uses~~. It is true that expenditures of this character are expected to ultimately have economic results, but the time of realizing such results is too indefinite for the expectations to serve as the basis of credit.

Expenditures for all kinds of Government services which are regularly recurring, as for the maintenance of the Courts, the Police, the Highways, the Schools, the Health Service, etc., are met by current revenues in every sound system of public finance. They recur every year, and nothing but confusion and disorder can result from having the obligations of one year pile up on the obligations of the following year, and so on. If a community cannot meet them year by year there is no reason to believe that it can meet them later in aggregated sums with interest and compound interest added.

#### LAND TITLES

##### A Chaotic Condition.

A country desiring immigration, and particularly immigrants who will settle upon and cultivate land, should be able to give assurance that land titles in general are well established and not in a state of uncertainty and confusion. Nobody wants to make a home or involve himself in outlays for improvements upon land if there is danger that his title to the property will be challenged and that he will be put to expense and annoyance to maintain possession of it, with a risk of losing it. Nothing is more influential in deterring immigration or investments than reports that land titles are of doubtful validity or that inadequate protection is afforded to life or property.

Unfortunately it must be admitted that considerable confusion has existed over land boundaries and titles in Panama, and that in a number of instances purchasers in good faith have found themselves involved in protracted and

costly litigation. It is easy to understand how this has come to be so, for a more or less similar situation exists in many countries where lands have been neglected as of little value over a long time and where much of the area has passed from the State to private ownership.

Panama is an old country and over most of its history land outside of a few localities where population was gathered in numbers had little or no present value. The political status of the country was repeatedly unsettled by revolutions, which had an unfavorable influence upon property values and upon the ability of property-owners to pay taxes, with the result that in many instances taxes were neglected for long periods. Original descriptions in many cases were loosely or vaguely worded, rendering it difficult or impossible to locate the boundary lines, and it has frequently happened that the extent of areas named was inconsistent with the boundaries given. The country never has been completely surveyed or mapped, and for many years the law governing title records was such as to involve titles in great confusion. The Government itself has not always known what land it owned or been careful to know that it owned land which it assumed to sell. Not infrequently it has sold what it did not own, and the purchaser has been without redress, except by a process of costly litigation. At one time any person could file any deed for registration and it would be automatically registered, with the result that not infrequently title to the same real estate would be found registered in the names of two or more persons.

#### Corrective Measures.

The evils of this situation have been appreciated and the lawmaking authorities have taken steps to bring order out of the chaos which formerly existed, but much of the resulting confusion remains to be cleared up.

In 1913 the Assembly passed what is known as the Registration Law; this is Law #13 of 1913, now incorporated in the Civil Code, Book V, Title II. It went into effect January 1, 1914. The basic articles of the law are 10 and

15. Art. 10 (CC.1762) in substance provides that contracts executed by the recorded owner may not be invalidated even if the title of the said owner is found void for causes outside the record, and Art. 15 (CC.1767) provides that no document can be recorded when it affects an already recorded title. (Except of course with the consent of the record-holder of the title, or by judgment of court).

This legislation is based upon the Torrens system, but is not carried to the conclusion reached in the complete Torrens system, of providing indemnification to an injured party in case of irregular registration. Since titles are based absolutely upon the record there should be some protection for an innocent party against irregular registration. However, the present law is a great improvement over the lack of system which formerly existed, although in some instances new conflicts have arisen from the failure of owners to register their titles anew as required to do. Practically all real estate titles have now been recorded, and many conflicts of boundaries have been adjusted by the Courts. Some still remain, where the conflict cannot possibly be determined except by authoritative surveys and maps. Gradually the situation will be cleared up, but it is highly desirable that this procedure shall be expedited as much as possible, in order that general reports to the effect that titles in Panama are involved in uncertainty may be silenced. We regard the establishment of security for investments in real estate as the most fundamental thing that can be done for the development of the Republic of Panama.

#### Relief for the Courts.

Complaints about the annoyance and expense consequent upon litigation over land titles have directed attention to the delays experienced in obtaining action by the Courts. The suggestion has been made, and endorsed in quarters entitled to much consideration, that a special court should be

created to deal with land title cases. On general principles, we are not favorably inclined to the establishment of special courts for the disposal of particular classes of litigation, but where there is a long standing situation to be cleared up this may be the most effective method of doing it. The uppermost thought with us is that the development of the country is retarded by reports of long standing litigation over land titles, for oftentimes these reports, while having a basis of truth, are given a general application which makes the situation appear worse than in fact it is.

Pertinent to the question of how congestion in the Courts may be relieved is the comment that the Supreme Court of Panama is a trial court, in the sense of receiving new evidence, as well as a Court of Appeals. All cases in which more than \$150 is involved or \$250 for the cities of Panama and Colon, may be appealed from the Circuit Courts to the Supreme Court and new evidence introduced. The result is that defendants find it to their advantage to withhold evidence in the Lower Courts, making the defense there upon the plaintiff's showing and reserving their own evidence for the trial on appeal, if one must be taken. The effect is to throw a burdensome amount of labor upon the Supreme Court. This condition obviously affects other litigation as well as that over land titles, and is a matter of general importance to the business community.

#### Government Lands.

As heretofore stated, the Government itself in the past has been chiefly responsible for the confusion over titles. We think / it incumbent upon the Government to ascertain what lands it rightfully owns, and cease to be a disturbing factor in the situation. All lands not having at any time been privately owned are "public lands" under the law (tierras baldias, C.F.149) but at no time has any effort been made to determine (affirmatively) which are the public lands. Until recently it has been the practice of the Government to sell any land formally applied for and represented by the applicant to be public land.

If some one protested that he had a title to said property, the case had to go to the Courts, for determination, perhaps placing the record-owner at serious expense without good cause and without redress. In consequence of the manifest injustice thus inflicted, the Government now has suspended all land sales.

Law #63 of 1917, Arts. 46-51, provides a method for delimiting privately owned lands and public lands, but it has never been put into <sup>effect</sup>. Law #125 of 1928, approved at the last session of the Assembly, provides for a general survey of the country to determine its natural wealth and economic possibilities and the preparation of maps. With these two laws, the Government will be able to proceed in the preparation of complete topographical maps of the country, which will reveal overlapping boundaries, and enable would-be purchasers to know whether conflicting titles exist or not.

Inasmuch as the mapping of the entire country must be a task extending over a period of years, we suggest that it be begun in the provinces where, by reason of pending developments, the most pressing need for establishing order and certainty in regard to titles appears to exist.

#### "Non-visible" Property of the States.

No survey of land titles in Panama would be complete without reference to the "non-visible" property (Bienes ocultos) of the State. This question is regulated in Arts. 305 and 307 of the Fiscal Code, and amending laws, Law #62 of 1924 and #100 of 1928.

Although the laws refer to "property," as a matter of fact, the above provisions are being applied only to lands.

By "non-visible" property of the State is meant property of the State which cannot be readily identified as such; also any state property in private hands and not lawfully acquired (C.F. 305, Law #62 of 1924, Art. 1.). In practice this has come to mean that all lands are presumed to be the property of the State until the owner proves his title, even when recorded.

The procedure for reestablishing the title of the State is open to grave abuses. The law provides that any person informing the Government of defects in a title by which property has passed from the State, may, with the consent of the Government and upon entering into a contract therewith, bring suit in the name of the State for the recovery of the property, obtaining a power-of-attorney for this purpose. In the event of a successful issue the informer and prosecutor receives as compensation 25 per cent of the value of the property.

The practice of allowing private parties to prosecute suits in the name of the State has been generally discontinued by other countries as objectionable for various reasons. It lends itself to blackmail and also to covert attempts to obtain confirmation of a defective title.

I believe it to be the common opinion among attorneys of good standing that this law is a disturbing factor in the land title situation and that in the prosecution of any claims which the Government may hold the responsible law officers of the Government should direct and control the proceedings.

#### Squatter Lawlessness.

Aside from the cases of conflicting titles arising out of the confusion described above, numerous instances are reported of annoyance and losses to land-owners by the aggressions and depredations of squatters who have no shadow of title to the land involved, but locate upon it and refuse to get off. They destroy timber, grow crops to the detriment of the land and in numerous cases, after diminishing the fertility of the land, move on to a fresh tract and do the same over again. They build fences and houses which while of no real value to the property become the basis for claims on account of "improvements," in case they are ejected from the premises. All countries with unoccupied lands, and particularly countries in which the climatic conditions are favorable, have more or less of this semi-nomadic population.

It is said that district authorities fail to afford adequate protection to property rights, and particularly to the rights of non-resident owners, against aggression of this kind.

In mentioning this class of offences we are aware that a prejudice against non-resident ownership of land is not peculiar to Panama, but is manifested in greater or less degree wherever there are people without regular employment or means of obtaining a livelihood except from the land, and who see unoccupied lands about them. This is not the place for a discussion of the obligations of society or the State to deal with the subject of unemployment or poor relief. One may believe that such obligations exist and should be met in some systematic manner, and at the same time hold that it is in the interest of all classes that property rights shall be effectively protected. Law and order are the first requisites of social progress. Amelioration of the condition of the poor will come most effectually by the development of enterprise and industry and the demand for labor thus created, but this requires the assurance of law and order. Individual land-owners in some cases may do nothing with their land, and in the past many conditions beyond the control of owners have prevented development, but other owners may make their lands the basis of important industries. Eventually if property rights are respected, lands will pass to owners who will make use of them, but without protection in ownership development will be indefinitely delayed.

There is now less justification for tolerating this species of lawlessness than there may have been at times in the past, for there is no lack of employment for laborers in Panama if they want it.

#### TRANSPORTATION AND COMMUNICATION

Means of transportation present the most striking contrast between primitive and modern life and are among the most potential agencies by which backward communities are brought up abreast of the civilization enjoyed by

their more advanced neighbors. Knowledge is gained by observation and intercourse more readily than in any other way. It has not been many years since travel by muleback and horseback, or within limited areas by ox--cart, was the only means of locomotion in the interior of Panama, but since then the country has made substantial progress toward a modern transportation system.

#### The Panama Canal and Panama Railroad.

The Panama Railroad and the Panama Canal of course are the most important agencies of transportation on the Isthmus. The Canal affords shipping services which place the Republic of Panama in direct communication with all the principal markets of the world. These services in ~~due~~ time certainly will be of great value to the industries of Panama and in promoting the development of the country's natural resources. The economic value of the Canal to Panama in this way is incalculably great, but it is not much of a factor in the internal or coast-to-coast traffic of the country, for the reason that this traffic can be handled more economically by the Panama Railroad. The Canal, however, does provide an outlet for considerable quantities of timber and bananas from the region adjacent to Gatun Lake.

The Panama Railroad Company is a private corporation, organized under the laws of the State of New York in 1849, when there was urgent need of means of transportation across the Isthmus to care for the traffic between the Atlantic coast of the United States and California, which had been suddenly developed as a result of the gold discoveries. It was completed in 1855 and was a very profitable property until the first transcontinental railroad was built in the United States, when its business declined to small proportions. It was sold by the American owners to the French Canal Company in 1883 and by the latter to the United States Government with the French Canal in 1904, control in both instances passing by the transfer of stock.

The company operates about 47 miles of road, and including the Panama

Railroad Steamship Company and other United States Government enterprises related to the Canal has an invested capital of over \$33,000,000. After its purchase by the United States Government as an auxiliary in Canal construction and operation the road was almost wholly relocated and upbuilt, to conform to the Canal route and to obtain better grades. It is all located in the five mile strip of the Canal Zone lying east of the Canal, except that the terminal and freight house in Panama City and certain switch tracks in both of the terminal cities are in Panama territory.

The Railroad is of first class modern construction, well equipped and conducted, and at present handles practically all of the traffic between the two coasts of the Republic, excepting that which passes through en route to foreign ports.

#### Coastwise Traffic.

The shape and topography of the country are such as to make it probable that the movement of commodities between the more distant localities and the Canal cities always will be mainly by coastwise shipping. The country is not much more than 100 miles wide anywhere, ~~throughout its length,~~ and few localities are as much as one-half that distance from one ocean or the other. The rivers afford a number of small harbors, and by some of these streams boats of light draft penetrate some distance in to the interior at high tide, which on the Pacific coast gives a rise of approximately 18 to 20 feet.

On the Atlantic side the volume of coastal trade is small, for outside of Colon and the region about Bocas del Toro and Almirante, near the Costa Rican boundary, where the United Fruit Company has extensive plantations, there is almost no population but Indians. Almirante and Bocas del Toro are served by United Fruit Steamers and by small vessels to Colon. Almirante has excellent port facilities.

Sailing vessels serve a considerable trade between Colon and the San Blas Indians, who occupy the islands and mainland along the coast between