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ANALYSIS OF A CONFLICT IN PANAMA

A Research Paper prepared by
Lieutenant Colonel William K. Carey, United States Army
School of Naval Command and Staff, 1967

INTRODUCTION

The word Panama, over the years, has come to represent a variety of things: A republic, a canal, a U.S. colony, a progressive Latin American ally, and, more recently, a thorn in the side of American diplomacy.

The relationship between the United States and Panama has been characterized by many disagreements. In the opinion of many U.S. citizens, Panama is an unstable, ungrateful, and opportunistic recipient of "Uncle Sam's" generosity. On the other hand, many Panamanians portray the United States as the villain, midwifing the Republic for the purpose of building a canal and subsequently permitting that country nothing more than the status of a ward supporting U.S. colonialism.

These disagreements were brought to world attention in January 1964 when violent and prolonged hostility erupted between the United States and the Republic of Panama. This event was expressed by loss of life on both sides, property damage in the millions of dollars, and the breaking of diplomatic relations between the two countries.

Analysis of this incident produced a point of agreement among statesmen, journalists, and political scientists. The crisis of January 1964 was not an isolated or spur-of-the-moment manifestation of grievances. Although a relatively minor incident triggered the major confrontation, something more,

whether it was national policies and attitudes or individual acts of statesmanship and intrigue, propelled and sustained this event into tragic proportions.

The purpose of this paper is to present an analysis of the events leading to the riots of January 1964 and to explore the reasons for the violence from firsthand observation. It will deal with the birth of Panama and United States involvement therein, treaties between the United States and Panama, United States colonialism in the Canal Zone, Panama's growing sense of nationalism, and the declared obsolescence of the present canal, which all play vital parts in the present-day setting of strained diplomatic, economic, and cultural relationships between the two countries. Finally, this paper will attempt to explore possibilities for future settlement of these differences between the two countries.

I — HISTORICAL BACKGROUND

At the Isthmus of Panama the two great oceans, together comprising more than half of the world's surface, come nearest to each other except at the poles. It is the junction of continent and continent, of sea and sea, of north and south, of east and west. It is the meeting place of the old and the new. It is the pivot of the world.¹

It was by no means a matter of

chance that in 1528 Alvaro Saavedra prepared plans for a canal across the Isthmus of Panama. A year later Hernando Cortes presented these plans to Charles V of Spain. When submitting them Cortes wrote: "We have not yet found a passage from Iberia to Cathay, but we must cut it. At no matter what cost, we must build a canal at Panama."²

This was the first recorded statement of an idea or desire that was to burn at various intensities for nearly four centuries. During the following decade the entire landmass of Central America was looked upon as offering sites for a manmade east-west waterway which would unite the seas. It is interesting to note that those early sites, paced by foot and sighted by eye, correspond very closely with the present-day sea level sites now under consideration after exhaustive technical and scientific surveys.

Two principal factors stood out as obstructions to any attempted canal development for the next 350 years. The first was that the Spanish, who dominated Central and South America, were so preoccupied with the exploitation of that area that the royal ambitions for the fabled "short passage" to Cathay were set aside in favor of acquiring Inca and Aztec gold which could be carried across the Isthmus by mule and slave and then shipped to Spain. The second was the sheer magnitude of a canal undertaking in terms of the construction and environmental technology of those times.

For 250 years the Spanish on the Isthmus went about their business of draining the gold and silver coffers of Central and South America. Their efforts were hindered by pirates, a war with England, and their own decaying empire. The British became acutely interested in the Isthmus, not for its geographical possibility, but for the gold already gathered by the Span-

iards, neatly stacked in storehouses at Porto Bello and Panama, awaiting shipment to Spain. The highlights of foreign attack in this area were the sacking of Porto Bello in 1669 and the original city of Panama in 1670 by British pirate Henry Morgan.

Dwindling gold supplies and the pressures of anticolonial movements for independence throughout Latin America forced the Spanish to vacate their last stronghold of Fort San Lorenzo at the mouth of the Chagres in 1828, leaving Panama to the Creoles, Mestizoes, and Indians.³ With independence from Spain, the Territory of Panama found itself in a vacuum. Too poor to remain independent, the new Republic voluntarily became the northernmost part of New Granada, later renamed Colombia. The world knew this was the logical area for the long thought-about canal, but until someone could discover how to construct it, the potential canal did not offer a basis for a self-sufficient economy.

It was gold in California that put Panama once again in the spotlight. Vast numbers of Americans were looking for a rapid way from the eastern seaboard to the new frontier of the Pacific coast without having to face the prolonged and hazardous transcontinental journey by stage or covered wagon. Similarly, an ocean voyage around Cape Horn was hazardous and time consuming. This stimulated a group of American businessmen to conceive the idea of a railroad across the Isthmus of Panama.

The legalities for this undertaking were based on the Treaty of 1846 between the United States and New Granada. New Granada, fearing that Great Britain or some other European power might seize the Isthmus of Panama, granted the United States important transit rights in that region. In return, the United States bound itself to maintain strict neutrality of the area so that

"free transit of traffic might not be interrupted."⁴

The Panama Railroad was chartered under the laws of the State of New York and opened for traffic in 1855.⁵ For 5 years men toiled with limited machinery against dense jungle, swamps, a formidable river, and disease to complete the first transeontinental railroad. When considering the obstacles which were overcome during construction, this engineering feat rivals the building of the transcontinental railroad in the United States. The hazards encountered are evidenced by the cost in human life. Although accurate figures are not available, it is estimated that the 48-mile route took a toll of 6,000 lives.⁶

The Treaty of 1846 and the completion of the Panama Railroad greatly alarmed the British. The success of the railroad brought the commercial potential of a future canal into sharper focus. Great Britain and the United States negotiated the Clayton-Bulwer Treaty of 1850 which was designed to prevent the sole control of a canal route by either party. Many critics felt that the United States had bowed to the British in that the Treaty had devitalized the Monroe Doctrine by permitting Britain to keep British Honduras which she had already seized in Central America. The real accomplishment of the Treaty was the checking of British expansion in that area until the United States was in a position to dictate the course of events in the Isthmus of Panama.⁷

Thus, by the middle of the 19th century, the United States had become involved in the Isthmus of Panama both commercially and diplomatically. Although the construction of the canal was still obscured by the future, the demands of ocean commerce, together with advancing technology and geographic suitability of the Isthmus, had advanced the idea of the "short passage

to Cathay" from a dream to actual planning.

II — FOREIGN INTEREST AND THE BIRTH OF A REPUBLIC

In 1876 a French commercial adventurer, Lucien Napoleon Bonaparte Wyse, visited the Isthmus of Panama with the hope of securing a concession for a canal route. His most important discovery was the fact that no one, including the Panama Railroad Company, had ever sought such a concession. Wyse soon obtained exclusive canal rights from the Colombian Government and hastened back to France to find a bidder. In 1879 the concession was signed over to Count Ferdinand de Lesseps for the sum of 10 million francs.¹

With the formation of *Compagnie Universelle du Canal Interoceanique* began the valiant and costly French failure to dig the Panama Canal. The cost of the French venture was approximately 20,000 lives and 1,200 million francs.² In 1889 the project collapsed under the weight of extravagance, mismanagement, and poor planning.

The United States, with an ever-increasing capability to exert influence in the Western Hemisphere, gave official expression of its intentions regarding such a canal. In 1880 Secretary of State Evarts protested to the Colombian Government:

This Government cannot consider itself excluded by any arrangement between other powers or individuals to which it is not a party, from a direct interest, and if necessary, a positive supervision and interposition in the execution of any project which, by completing an interoceanic connection through the Isthmus, would materially affect its commercial interests, change its territorial relations of its own sovereignty, and impose upon

it the necessity of a foreign policy, which, whether in its feature of war-like preparation or entangling alliance, has been hitherto sedulously avoided.³

In March of that year President Hayes announced the official policy of the United States regarding a canal in his message to Congress: "It is the right and duty of the United States to assert and maintain such supervision and authority over any interoceanic canal as will protect our national interests."⁴ This address by President Hayes implied officially that the United States had now outgrown the respite offered under the terms of the Clayton-Bulwer Treaty of 1850. United States national interests were brought into sharp focus in 1898 by the 90-day voyage of the battleship *Oregon* from a Pacific port to Cuban waters.⁵

By 1900 the question of an east-west passage was underscored by four important factors: the French concession on the Isthmus was up for sale; the United States, as an ever-growing power, knew it must have an inter-ocean waterway; the United States was very interested in a canal route through Nicaragua; and the restrictions, as applied to a United States canal through Panama, still existed under the terms of the Clayton-Bulwer Treaty.

The French had regrouped under the charter of the New Panama Canal Company and had kept their canal effort on a caretaker basis in order to eventually sell their assets to an interested party. They had hoped to recoup some of their losses by asking \$109 million for their holdings.⁶ The French cause was kept alive by Philippe Bunau-Varilla, the chief engineer under De Lesseps, and a New York lawyer, William Nelson Cromwell, who had been retained by the New Panama Canal Company as its chief counsel.⁷

During the last decade of the 19th century, the United States, while on

the verge of building a canal through Nicaragua, still had not ruled out completing the French project. Obstacles to the Isthmian enterprise were: the Clayton-Bulwer Treaty with Great Britain, the high price asked by the French for their holdings, and the absence of an agreement between the United States and Colombia for such an undertaking. The first obstacle was overcome with the signing of the Second Hay-Pauncefote Treaty of 1901, which nullified the terms of the Clayton-Bulwer Treaty and gave the United States exclusive rights to build, control, and fortify an Isthmian canal.⁸ The second obstacle was overcome when the French directors, fearing the United States would go ahead with its Nicaragua plans, dropped their price to \$40 million. This reduction, plus very skillful lobbying on the part of Cromwell and Bunau-Varilla in Washington, brought about authorization from Congress in June 1902 for President Roosevelt to acquire the French holdings for \$40 million and to acquire from Colombia a strip of land six miles wide along the route of the canal. The President was further authorized to proceed with the Nicaragua project if the French could not give a satisfactory title or the Colombian Government would not grant control of the required land.⁹

On January 22, 1903, Secretary of State Hay concluded the Hay-Herran Treaty with the Colombian chargé d'affaires, Thomas Herran. In consideration for the strip of land, the United States would pay Colombia \$10 million in addition to a \$250,000 annuity.¹⁰

It was at this point that the actions by the Colombian Senate set in motion a series of events that profoundly altered the course of history.

When the Hay-Herran Treaty was submitted to the Colombian Senate for ratification, delaying tactics immedi-

ately appeared. In addition to opposition by a nationalistic faction, the Colombian Government, well aware of the importance of the canal site, set about to obtain more money for such a valuable concession. Rather than bargain with the United States, the Colombians reasoned that by stalling until October 1904, when the French concession expired, they would be in a position to collect the \$40 million agreed upon between the United States and the New Panama Canal Company.¹¹

Colombia's tactics seemed an outrage to everyone who wanted to build the canal—to the French, to Cromwell and Bunau-Varilla, to the majority of the United States Senate who voted for it, and to President Roosevelt himself, who had been converted from skepticism to a growing enthusiasm for the project. They also enraged the leading citizens of Panama, to whom the canal had always been a promise of prosperity.¹²

In September 1903 the United States had reached an impasse with Colombia regarding the Hay-Herran Treaty but was nevertheless determined to have a canal in Panama. The New Panama Canal Company was faced with the loss of \$40 million if this impasse continued through October 1904 when its concession expired. The elite of Panama viewed the termination of a canal project as a serious blow to the future economy of that area and were alert to the fact that, as an independent country, Panama would be in a good position to receive a payment similar to that authorized Colombia under the terms of the Hay-Herran Treaty.

By the end of October 1903 the stage for independence was set. The Government of Colombia had dispatched troops to the Isthmus, as their intelligence sources had confirmed rumors of an impending revolution, and President Roosevelt had ordered naval vessels to the ports of Panama to "main-

tain free and uninterrupted transit" of the Isthmus in the event of disorders.¹³

Mr. Cromwell of the Panama Canal Company and Bunau-Varilla had their headquarters in Washington, a convenient area for lobbying, persuading, and any other activity which would promote a revolution in Panama. Both Cromwell and Bunau-Varilla had a financial stake in the New Panama Canal Company, but beyond that, their interests in a canal or a revolution were in sharp contrast. While Cromwell maintained an impersonal and business-like attitude, typical of most lawyer-client relationships, Bunau-Varilla was very much involved emotionally. The French engineer felt that the United States, by buying out the New Panama Canal Company and completing the canal, would, in part, salvage a measure of French glory. Also, the greater the impact that he could have personally in this endeavor, the greater his personal prestige and satisfaction. "To realize the Panama Canal and to vindicate the honor of France, I was constrained to make myself responsible for the creation of a new independent state in Central America."¹⁴

The detailed information concerning Bunau-Varilla is presented in order to establish his credibility for the final act which was to have such a profound effect on the future relations of Panama and the United States.

William Cromwell had left for Paris, leaving Bunau-Varilla free to manipulate with accountability to no one. He maintained contact with a Dr. Manuel Amador Guerrero in Panama by secret code. Dr. Amador, medical officer of the Panama Railroad Company, had been designated as the President of the new Republic by the prominent citizens of Panama. Accurately second-guessing the actions of the United States and Colombian Governments, Bunau-Varilla was able to translate

his intuition into promises to Amador, giving the doctor the impression that he, Bunau-Varilla, was representing the U.S. Government. An important item of information which he sent Amador was in reply to a coded message from Panama requesting U.S. warships to counter the impending arrival of a Colombian naval vessel with armed troops aboard. The Frenchman told Amador that U.S. warships would be forthcoming and even predicted their arrival to the day — November 2, 1903.

However, Bunau-Varilla's actual relationship with Washington was indicated by President Roosevelt in a letter to John Bigelow of New York:

January 6, 1904 — Of course I have no idea what Bunau-Varilla advised the revolutionists, or what he said in any telegrams to them as to either Hay or myself; but I do know, of course, that he had no assurances in any way, either from Hay or myself, or from anyone authorized to speak for us. He is a very able fellow, and it is his business to find out what he thought our Government would do. I have no doubt that he was able to make a very accurate guess, and to advise his people accordingly. In fact, he would have been a very dull man had he been unable to make such a guess.¹⁵

On November 2nd the Colombians unsuccessfully attempted to prevent Panama from declaring its independence. After 4 days of bloodless confrontation between U.S. naval forces and troops from New Granada, the Colombians withdrew from the Isthmus. On November 7, the United States recognized the de facto government of Panama.¹⁶

The timely interest and active intervention by the United States in the secession of Panama from Colombia brought loud cries of complicity by the United States from opposing political salons and, of course, from the Government of Colombia.

BIOGRAPHIC SUMMARY



Lieutenant Colonel William K. Carey, Intelligence and Security Branch, U.S. Army, is a graduate of the University of Maryland with a B.S. in Military Science. He attended the Defense Language Institute, the Army Intelligence School, and the Army School of the Americas at Fort Gulick, Canal Zone.

A qualified parachutist, diver, and Special Forces officer, Lieutenant Colonel Carey has commanded a combat engineering company and an engineering topographic company and technical intelligence detachment, and was Operations Officer of the 610th Intelligence Corps Detachment, 8th Special Forces Group at Fort Gulick.

Lieutenant Colonel Carey is a 1967 graduate of the School of Naval Command and Staff, Naval War College, and is presently assigned to the 517th Military Intelligence Battalion.

U.S. interest and intervention were obvious, but complicity was never proven. President Roosevelt had this to say on both subjects: "Especially as regards what was done in Panama, I want to say that while I was most anxious to deserve the approval of my countrymen, and while I was very glad to be elected President, I would without one moment's hesitation have given up the second term in the Presidency rather than not to have begun the Panama Canal."¹⁷

I hesitate to refer to the injurious insinuations which have been made of complicity by this Government in the revolutionary movement in Panama. They are as destitute of foundation as of propriety. The only excuse for my mentioning them is the fear lest unthinking persons might mistake for acquiescence the silence of mere self-respect. I think it proper to say, therefore, that no one connected with this Government had any

part in preparing, inciting, or encouraging the late revolution on the Isthmus of Panama, and that save from the reports of our military and naval officers, given above, no one connected with this Government had any previous knowledge of the revolution except such as was accessible to any person of ordinary intelligence who read the newspapers and kept up a current acquaintance with public affairs.¹⁸

The U.S. interest in securing canal rights and aiding the revolutionary junta in gaining independence from Colombia were both welcomed and encouraged by the Panamanians. Prior to treaty negotiations, discussed later, the United States was looked upon as a benefactor by the residents of the Isthmus. Not only was the United States backing their independence, but it was going to provide them with an enterprise which promised a prosperous and lasting return.

At this point the injured party was Colombia. Not only had they been dispossessed of their northern department, but they had lost all financial benefits connected with the canal rights. It should be noted that in 1922 the United States paid \$25 million "conscience" money to the Colombian Government to help heal strained relations between the two countries which had persisted since 1903.¹⁹ On the other hand, the underwriting of Panama's independence by the United States together with Washington's avowed intention to construct a canal where the French had failed were eagerly received by the Panamanians.

III — TREATY RELATIONS BETWEEN THE UNITED STATES AND PANAMA

With independence proclaimed and recognition by the United States ex-

tended, Bunau-Varilla made his profound move. Amador had met with the French engineer in New York in October 1903, and an agreement was reached whereby Bunau-Varilla would make available to the revolutionary junta the sum of \$100,000 of his own funds on the condition that he be appointed Envoy Extraordinary and Minister Plenipotentiary to the United States with treaty-making powers, once independence was declared.¹ The title and position which he had requested were received from President Amador on the 7th of November.² With this goal in sight, Bunau-Varilla was immediately faced with two problems. It was known that a Colombian delegation was on its way to Washington with authority to ratify the Hay-Herran Treaty by decree, providing the United States would help suppress the revolution. Also, the newspapers reported that a delegation had left the Isthmus for Washington to negotiate a Panama-United States treaty. In order to satisfy personal vanity or possibly the honor of France by having his signature on a historical document, Bunau-Varilla reasoned that he must enter into treaty negotiations at once with a document so favorable for the United States that no delay would be encountered in Washington.³

On November 13, President Roosevelt received Bunau-Varilla and extended formal recognition to the new Republic. Two days later Secretary Hay gave Bunau-Varilla a copy of the rejected Hay-Herran Treaty, modified to apply to Panama.⁴ Within 24 hours the Frenchman had redrafted this Treaty to include important changes concerning the question of sovereignty.

After mature thought I recognized that if I enumerated in succession the various attributes of sovereignty granted, I ran the risk of seeing, in the Senate, some other attributes asked for. To cut short any possible

debate I decided to grant a concession of sovereignty en bloc.⁵

With his document thus written, he advised Hay of the necessity for rapid action in obtaining the Secretary's signature. "So long as the [Panamanian] delegation has not arrived in Washington, I shall be free to deal with you alone, provided with complete and absolute powers. When they arrive, I shall no longer be alone. In fact I may perhaps soon no longer be here at all."⁶

On November 18 at 6:40 p.m. the Hay-Bunau-Varilla Treaty was signed at Secretary Hay's home in Washington, D.C., 2 hours before the delegation from Panama arrived in that city. From 1904 to the present this Treaty has remained in force, modified by three amending treaties. The original treaty consists of 26 articles which define the rights and duties of both countries with respect to territorial delimitations, construction, operation, payments, and protection of the canal. The Treaty appears mainly to be a series of grants and concessions made by Panama to the United States, while the United States, in return, agrees to maintain the independence of the Republic of Panama, guarantee the neutrality of the Canal Zone -- by armed defense if necessary -- and to pay Panama a lump sum plus annuities for canal rights. The numerous grants made by Panama concerning territory, importation, use of ports, and tax exemptions were required in order that the United States could efficiently construct and operate a canal complex of such large proportions. However, the concession which later became the focus of so much dissatisfaction to Panama concerned the right of sovereignty over the Canal Zone. Article III of the Hay-Bunau-Varilla Treaty states:

The Republic of Panama grants to the United States all the rights, power and authority within the zone men-

tioned and described in Article II of this agreement and within the limits of all auxiliary lands and waters mentioned and described in said Article II which the United States would possess and exercise if it were the sovereign of the territory within which said lands and waters are located to the entire exclusion of the exercise by the Republic of Panama of any such sovereign rights, power or authority.⁷

In contrast, article IV of the Hay-Herran Treaty states:

The rights and privileges granted to the United States by the terms of this convention shall not affect the sovereignty of the Republic of Colombia over the territory within whose boundaries such rights and privileges are to be exercised.

The United States freely acknowledges and recognizes this sovereignty and disavows any intention to impair it in any way whatever or to increase its territory at the expense of Colombia or of any of the sister republics in Central or South America, but on the contrary, it desires to strengthen the power of the republics on this continent, and to promote, develop and maintain their prosperity and independence.⁸

The second important difference between the two treaties was that the Hay-Bunau-Varilla Treaty granted the Canal Zone rights in perpetuity, whereas the Hay-Herran Treaty granted these rights for a term of 100 years, renewable at the option of the United States. The term perpetuity was used in the latter treaty only in reference to the neutrality of the canal.

A question arises as to why, if the Hay-Bunau-Varilla Treaty was so unfavorable to Panama, did their provisional junta ratify it on December 2, 1903? Their acceptance was the result of several factors. The revolutionary government was desperately in need of funds. Article XIV of the Treaty specified a payment by the United States of \$10 million upon exchange of ratifications and an annuity of \$250,000 beginning 9 years after

said exchange.⁹ The Panamanians reasoned also that to repudiate this treaty or to bargain for more favorable amendments would have run the risk of the United States resuming negotiations with Colombia. Withdrawal of recognition of Panama by the United States would have meant a Colombian firing squad for the revolutionary junta. The Treaty, therefore, was the lesser of two evils.

After several weeks of debate the U.S. Senate ratified the Hay-Bunau-Varilla Treaty on February 23, 1904. Coincidental with this date, Bunau-Varilla resigned his purchased diplomatic post and retired to France. This act seems to give additional emphasis to the personal motives of this vain but shrewd Frenchman. Nearly 10 years later, he wrote:

Two strokes of a pen were sealing forever the Destiny of the Great Thought which had haunted Humanity during four centuries . . . I had fulfilled my mission, the mission I had taken on myself; I had safeguarded the work of French genius; I had avenged its honor; I had served France.¹⁰

The heart of the problem, conveyed by the Treaty, exists in article III, where it is stated: "which the United States *would* possess and exercise *if* it were sovereign of the territory."¹¹ (Emphasis added.) Panama's interpretation was made clear in 1904 when the Panamanian Minister to the United States, Jose de Obladia, stated that sovereignty over the Canal Zone was not ceded to the United States and that if Panama had intended to cede sovereignty, the Treaty would have explicitly so stated.¹² An early U.S. opinion on the question was voiced in 1909 by William H. Taft, then Secretary of War: "[Article III] is peculiar in not conferring sovereignty directly upon the United States, but in giving to the United States the power which

it would have if it were sovereign. This gives rise to the obvious implication that a mere titular sovereignty is reserved in the Panamanian Government."¹³ Thus, early interpretation of article III by statesmen of both countries does not indicate that the question of sovereignty was a problem during canal construction days as it was in later years when nationalism had become a worldwide cause celebre.

The Hay-Bunau-Varilla Treaty received minor modifications between 1904 and 1955 by three amending treaties. In 1909, with the signing of the Root-Arosemena Treaty, the United States would commence annuity payments 5 years earlier than specified in the Treaty of 1903.¹⁴ In 1936, with the signing of the General Treaty of Cooperation and Friendship, Panama gained several commercial advantages. The United States increased the annuity to \$430,000 and renounced the right of "eminent domain" and intervention in the cities of Panama and Colon.¹⁵

The questions of money and sovereignty have been the motivating factors behind these revisions. While Panama has gained considerable monetary advantages with each amending treaty, the sovereignty problem is essentially unchanged. Under the stimulation of nationalism the Panamanians have found it increasingly difficult to accept the idea of a foreign privileged enclave existing forever in the middle of their country.¹⁶

During the period of World War II, Panamanian nationalism, with its expression for clear sovereignty of the Canal Zone, entered a dormant period. In the global conflict and hemispheric defense, the Canal had a very high priority. This preoccupation with an external threat, together with a wartime economic prosperity, permitted comparative harmony on the Isthmus. This was a time when Panama gladly

stood in the shadow of security cast by the Stars and Stripes.

At the end of World War II tensions rose once again. With the Axis threat eliminated, Panamanian nationalism once more asserted itself. Panama became particularly aroused by the United States failure to withdraw from the additional defense sites constructed for the protection of the Canal during the war. In addition to added defense sites, there was also a far greater number of U.S. military forces in the Canal Zone than was necessary for its defense.

An incident in 1946 caused Panama's grievances to be made a matter of record in the United Nations. In August of that year, Alger Hiss, then Director of the Office of Political Affairs of the State Department, included the Canal Zone in a list of nonautonomous territories of the United States in a report required by the United Nations. This uncoordinated action brought a quick reply from the Panamanian Foreign Minister, Ricardo J. Alfaro. In addressing the Political Committee of the United Nations in November 1946, Senor Alfaro stated that: "... the inclusion of the Panama Canal Zone on the list of non-autonomous territories is a manifest error that the Republic of Panama expects to be corrected through the appropriate means."¹⁷ His speech contained the same interpretation of article III of the 1903 Treaty concerning sovereignty as had been made by Obladia in 1904, and he subsequently used this material as a text when he occupied the Chair of International Public Law at the University of Panama.

In 1953 negotiations began for a third amending treaty. It was during these preparations that a statement was made in Panama which indicated that, after 50 years, the Panamanian government was accepting the events of 1903 with a more accurate perspective.

Prior to departing for the United States to enter into treaty negotiations as Special Ambassador for the President of Panama, Octavio Fabrega stated:

Fifty years of the Bunau-Varilla treason will soon be observed, fifty years in which the people have been the yoke of an enslaving treaty. No Panamanian signed that treaty, no Panamanian seal was affixed to it. The treaty was signed twice by the United States. Panama gave away the monopoly of the treasure of its geographic position in that treaty. Panama has not received adequate compensation for the sacrifices it has made and is making here at the Canal. The people of the United States are making noble sacrifices for the defense of freedom in the world against the Communist menace. With all due respect for that tremendous undertaking, the Panamanian people are here demanding justice from the fairminded people of the United States. Through our hands will not pass, nor will President Remon sign, any treaty which is harmful to the interests of the Republic.¹⁸

The Treaty of Mutual Understanding and Cooperation was concluded on August 23, 1955. Among the concessions, Panama obtained a fivefold increase in annuities, the receipt of certain improved lands no longer required by the Canal Zone, the right to levy income taxes on Panamanian citizens working and residing in the Canal Zone, the pledge of the United States to establish equal wage and employment practices applying to both United States and Panamanian Canal Zone employees, and a U.S. commitment to construct a bridge across the Pacific entrance to the Canal.¹⁹

Referring to Fabrega's remarks, this Treaty was not "harmful" to Panama in view of the advantages gained, but it was not helpful in the sense that the sovereignty issues remained unchanged. The following were six concessions asked by Panama during the negotiations of 1954-1955. All were rejected by the United States as

being in conflict with the basic rights of the United States under article III of the Hay-Bunau-Varilla Treaty:

(a) Panamanian flag could be flown as well as the U.S. flag in the Canal Zone, including on vessels.

(b) Spanish language to be the official language in the Canal Zone along with the English language.

(c) Foreign consuls in the Canal Zone to be accredited by Panama rather than the United States.

(d) Panamanian citizens before Canal Zone courts to be tried by mixed tribunals, American and Panamanian judges.

(e) Panamanian postage to be used on all mail matter dispatched from the Canal Zone.

(f) U.S. to wholly recognize Panamanian sovereignty over the Canal Zone.²⁰

The signing of this treaty by Panama indicated that the sovereignty issue, at that time, was not really a matter of life or death. Referring again to Fabrega's remarks, the "enslaving" aspect of the original treaty remained in force, but the advantageous concessions, plus \$1,930,000 per year, had made the "yoke" fit a little more comfortably for the time being.

IV — UNITED STATES "COLONIALISM" IN THE CANAL ZONE

The Americanization of the Canal Zone began on May 4, 1904. On that date a young lieutenant of the U.S. Army met with officials of the Republic of France in the old French Hotel in Panama City. After reading the official document for the transfer of all French property and equipment of the New Panama Canal Company to the United States, the lieutenant signed "Mark Brooke, 2nd Lieutenant, Corps of Engineers, USA," thereby ending the 24-

year French effort on the Isthmus.¹

It is not the intent of this research to investigate the actual construction and operation of the Panama Canal. This is not to minimize the enormous planning, cost, and contribution of this world-famous sea link but, rather, to focus on another aspect that has engendered the hostility of Panama toward the United States.

In order to construct and operate a project of the magnitude of the Panama Canal, the United States was required to build elaborate and complex facilities on the Isthmus. Within the 648 square miles of the Canal Zone reside some 38,000 U.S. citizens. This body is composed of Panama Canal employees and their dependents; U.S. military and their families; and a number of other Federal agency employees. Sixty years of planning, construction, and improving of the support and defense activities of the Canal Zone have resulted in a vast complex of military posts, shopping centers, marine industry, golf courses, housing areas, schools, and hospitals. By the very nature of its existence this "little America," dividing a country in which the annual per capita income for 1965 was \$450.00,² is a source of constant resentment by the people of Panama.

Over the years natural inequities have developed between the United States and Panama, based primarily on the differences in standards of living and sense of values. The desire of the United States to remedy these inequities has been evidenced in many ways: By progress toward fair wage and employment practices for native employees of the Canal; increased annuity payments; military and technical assistance; and the respect and promotion of the Panamanian language, customs, and traditions within the Canal Zone. In these ways the United States is officially doing everything possible in the spirit of mutual cooperation, short

of permitting the sovereign control of the Canal by the host country.

An important factor in the resentment toward the Canal Zone is the person-to-person dealings between Americans and Panamanians. The U.S. citizens in the Canal Zone should be divided generally into two groups: the Canal employees, living in their own communities; and the military and their dependents, living for the most part on the various posts and bases. The following analysis is from personal observation over a 3-year period and attempts to give a general impression recognizing, of course, that exceptions are numerous.

Any community, rich or poor, government-controlled or a product of private enterprise, assumes a personality which is a reflection of the people who populate it. In the case of the Canal employees, hereafter referred to as Zonians, many of the attributes required of "goodwill ambassadors" are notably absent. To understand this, one must attempt to understand the Zonian. On the surface he is a fellow American in a foreign country. After association with these people, certain traits become evident which tend to aggravate the hostility of Panamanians to the American presence. The heart of the problem lies in the U.S. employees permanency in the Zone. Their employment is generally patterned after the civil service program which establishes a 30-year tenure with an age limit of 65. In addition to a lifetime career, the Zonian is usually replaced after retirement by his children. This is evidenced by the following statistics: "Of the U.S. citizens accessions in fiscal year 1964, only 156, or about 20 percent, were recruited from the United States, and 722, or 80 percent, were recruited locally."⁴ This is to the advantage of the Panama Canal Company from the standpoint of employee permanency, as those workers who were

born and raised in the Zone are more content to spend their employable years in familiar surroundings. On the other hand, this permanence produces undesirable side effects regarding their attitudes and relations with the Panamanians. Living a lifetime within the confines of their outpost-type communities has resulted in an ultra-American attitude based on a less than accurate interpretation of U.S. rights and duties under the current treaties. At the same time the Zonian dissociates himself from the language, customs, and people of Panama. In 1963 I made the acquaintance of one Zonian couple who had come to the Isthmus in 1938. Their housing area is located approximately 2 miles from Colon, the second largest city in Panama. I was informed that the wife had not been to Colon for 13 years! It should be added to their credit that, after 25 years in Panama, they had finally enrolled in a beginners' Spanish class offered at the local YMCA. This attitude of ultra-Americanism and isolation only aggravates the issue of sovereignty among the Panamanians.

The image of the Zonian is projected, to a large degree, by his desire for, and ability to surround himself with, material possessions. This trait of materialism only adds to the resentment of the less fortunate natives. Perhaps because it is prohibited to own property or build a house in the Zone, as the Panama Canal Company is owned and operated by the U.S. Government, the Zonian sublimates this limitation by surrounding himself with an abundance of expensive consumer items. Observation of a particular Pan Canal housing area revealed that the residents on a single block owned a Rolls Royce, two Lincoln Continentals, and two Mercedes-Benz sports cars. It is further estimated that 1 out of 3 Zone families has an expensive pleasure boat and trailer parked in its driveway.

This trait of materialism is nothing new on the Isthmus. The following is an account of Zone life around 1914:

The badge of progress up the social ladder was variety of living room furniture. Families of employees receiving less than \$400 a month were assigned quarters with one kitchen range, one double bed, two pillows, two kitchen chairs . . . one bedroom mat, three wicker rockers — no more nor any less.

To employees receiving over \$400 went three additional dining chairs, a second chiffonier . . . one Morris chair, and a porch double seat.

Folks boasting of a Morris chair and a porch swing did not hobnob with neighbors whose porch furniture was limited to three wicker rockers. Moreover, the breadwinner earning a salary of \$415 a month rated a separate bungalow with a front yard, whereas an unfortunate engineer getting only \$395 might have to put up with a flat in a four-family tenement.⁴

Although the size of quarters and amount of issue property from the Panama Canal Company are still regulated according to the individual's job position, the Company's retail stores serve as an equalizer. The selection of merchandise available permits all employees to furnish and decorate their quarters, limited only by their individual tastes and what they are willing to spend.

Dr. Garcia Mora of Panama, in his assessment of the Zonian, stated:

The average Zonian — and by this denomination I mean the American, born and raised in the Canal Zone, who has lived there for two or three generations — is generally narrow-minded, full of racial arrogance and superiority, completely oblivious to the people in whose land he has lived for generations. He regards the Canal Zone as part of his personal patrimony, and naturally does not like to see his privileged position damaged. Moreover, the Zonian has lost contact with the social reality of the United States and, in so far as the world is concerned, he fancies himself still

living under the world conditions which prevailed when the Canal was built. . . .⁵

One might ask how, if these people live in such isolation, do these attitudes and images reach the Panamanians? It is accomplished in several ways: On the job with fellow Panamanian Canal employees; in their quarters by association with Panamanian maids, gardeners, and carwash boys; at the various shopping and service centers, all staffed by Panamanians; and, finally, by residents of Panama driving through the Canal Zone housing areas. Article VI of the Hay-Bunau-Varilla Treaty stipulates that: "The grants therein shall not interfere with the rights of way over the public roads passing through the Zone."⁶

In considering the U.S. military population in the Canal Zone, several important differences exist between this group and the Zonians. The major difference is the transitory nature of the military families. The average stay on the Isthmus of this group is 3 years. The majority of these families treat a tour in Panama as any other overseas assignment. They are aware that they are in a foreign environment, and, because of the short stay, they tend to get out and see and experience the country.

A second factor is the comparative seclusion of their housing areas. To be sure, the military families enjoy many material luxuries, but they are not exposed to continual inspection and comparison by the Panamanian population. A third factor is the Spanish language training received by many of the military members prior to their assignment in that area. This training permits conversation with the Panamanians in their own language. Although native merchants, businessmen, and Canal employees who do not speak English are in the extreme minority, the recognition and use of their country's

language is good medicine for the unpleasant side effects of their growing nationalism. The Panamanian makes a distinction by referring to the Zonian or the military. If both categories are in their disfavor, the collective term "gringo" is used.

The term United States "colonialism" was chosen to convey the popular reaction of the Panamanians toward the Canal Zone, as well as the attitudes of many Zonians within the Canal Zone. The United States certainly does not practice colonialism in the sense of exploiting the Republic of Panama. If Panama's interpretation of sovereignty over the Canal Zone is correct, then the United States has indeed colonized, developed, exploited, and controlled 648 square miles of the Republic of Panama for over 60 years. If the United States interpretation of their charter is correct, then the Panama Canal Company is merely exercising its full rights according to the Treaty of 1903. The Zonian seemingly regards the Canal Zone as his property and an extension of the United States. The Panamanian, with increasing expression, regards the Zone as sovereign territory of his Republic. Thus, the intricate problem exists, founded by the existence of the "haves" in the midst of the "have-nots," compounded by the political instability and rising nationalism within Panama which confronts the 60-year old sense of belonging and ownership on the part of the Zonians.

V — THE ISSUE OF THE FLAGS

When analyzing the principal external factors that have affected Panama's attitudes and actions toward the United States, consideration must be given also to Panama's record of domestic activities. To say that the present difficulties experienced between the two countries

exist only because of a contested treaty and the presence of the Canal Zone with its American image would be to disregard the attitudes and traits of the Panamanian people and their government.

Latin American countries all share a history of political instability and anarchy, and Panama is no exception. Two key words are generally agreed upon by Latin American historians when describing political life in those countries: "*Personalismo*, a doctrine which disregards constitutions, political parties, and ideals, and exalts the anarchic rule of the demagogue who can outshout reasonable men."¹ "*Caudillismo* . . . the curse of the *Caudillo* or [political] boss . . . he manipulates elections . . . and regulates the activities of citizens, rewarding those who are obedient and striking down those who rebel. . . . Some of these bosses are reasonably amiable and wise, others are brutal killers."²

A brief summary of Panama's political instability is given in the following examples extracted from a Congressional Report by Representative Daniel J. Flood:

November 14, 1904: Mutinous conduct of the Panamanian National Police. The discovery of a plot to arrest President Amador, which was averted by diplomatic representations of the United States.

October 11, 1925: A riot in Panama City, resulting in the death of one citizen and the wounding of 11 others. The U.S. Army was called upon to assist in quelling the disorder.

January 2, 1931: A revolution in Panama in which the President and other officials were held prisoner by the National Police. Intervention by the United States Minister to Panama resulted in a restoration to order.

October 9, 1941: A bloodless revolution ousted President Arnulfo Arias and installed Ricardo de la Guardia in his place.

November, 1944: The suspension of Panama's constitution caused 14

Panamanian Assemblymen to take refuge in the Canal Zone.

December 1, 1945: An armed revolt occurred in which former President Arnulfo Arias was sentenced to prison for his participation.

November 18, 1949: President Charris accused Colonel Remon, Chief of the National Police, of operating illegal monopolies and dismissed him. Two days later, the National Police forced the President to resign and Vice-President Chiari became President.

November 24, 1949: Arnulfo Arias ousted Chiari with the help of the National Police and became President once again. The following day, the United States suspended relations with Panama due to the overthrow of constituted authorities. (This is the same Chiari who was President during the 1964 riots, and the same Arias who ran against Chiari's successor, Marco Robles.)

December 14, 1949: The United States recognizes the Arias regime.

May 7, 1951: President Arias suspended the constitution and dissolved the National Assembly. Three days later, the people of Panama revolted against Arias' acts. He was arrested by Colonel Remon and impeached by the National Assembly. Alcibiades Arosemena was sworn in as Provisional President.

October 1, 1951: Colonel Remon became President. (Bolívar Vallarino became Chief of the National Police and has held that powerful position to date. In 1966, he was elevated to the rank of General, in order to give him more prestige in the diplomatic and Armed Forces circles in Latin America.)

January 2, 1955: President Remon was assassinated. The following day, Vice-President Jose Guizado was sworn in as President. Twelve days later, Guizado was removed from office and arrested for being implicated in the assassination of Remon.³

In 1940, a former President, Ricardo J. Alfaro, issued a public statement in New York regarding his government:

Democratic government has ceased to exist in Panama. It is outright oligarchy. Trickery and corruption

had fixed things so that the government party alone was represented at the voting booths. In the assaults against suffrage and the rights of people, clubs, bayonets, machine guns, and over-crowded jails got the upper hand.⁴

Throughout this history of instability and chaos the *caudillos* and oligarchy always had a very convenient whipping boy — the United States and the Canal Zone. Thus, nationalism came to represent the combining of internal and external grievances which was expressed in terms of persistent denunciation of the United States intrusion by the existence of the Canal Zone. Somehow, they reasoned that if Panama's sovereignty could be established in the Zone, all the Republic's internal difficulties would be solved.

In 1958 Panamanian feeling was given expression through "Operation Sovereignty." Under this banner, dissatisfaction was organized against the failure of the 1955 Treaty to establish Panama's control over the Canal Zone. The substantial increase in annuity payments by the United States was denounced as not amounting to a "fair share" of the Canal revenues.⁵

This ignorance regarding the material benefits actually received from the United States was summarized by Dr. Garcia-Mora:

The average Panamanian believes that the Canal is of little benefit to Panama; he only thinks in terms of \$1,930,000 which the United States pays Panama annually for the use of the right to operate the Canal Zone. And when he thinks of the millions of dollars that the United States pays other nations for military bases, he inevitably concludes that the United States has behaved very meagerly toward Panama. The truth is, however, that the Canal produces immense benefits to Panama. Thus, according to official Army publications, in 1962, the Republic of Panama received an estimated total of \$84,395,000 in pur-

chases and payments from the Canal Zone, which is about \$17,000,000 larger than the Panamanian national budget. In addition, income from tourists, mostly Americans, reaches the total of about \$14,000,000 every year. Also in the fiscal years of 1961-1963, United States loans and grants (excluding military assistance) to Panama totaled \$39,000,000. This sum includes \$9,000,000 from the Alliance for Progress. And under the Alliance for Progress, the United States has built schools in many parts of the country, and vitally-needed housing in Panama City and Colon. Loans from international lending institutions, mostly financed by the United States, added \$24,000,000. And, finally, in the last 20 years, the United States has transferred to Panama without charge lands and improvements with a market value of \$40,000,000. All of these are over and above the \$1,930,000 paid by the United States for the use of the Canal Zone. These figures are largely unknown by the Panamanian people. Apparently, the Government, the press and the radio do little to inform the people of these benefits, which if known, undoubtedly would greatly help to create a better atmosphere toward the United States.⁶

Between 1961 and 1963 the United States extended \$39.2 million in economic aid to Panama.⁷ In 1962 the economic benefits realized by Panama as a result of the Canal were estimated to be \$84,395,000.⁸ These figures verify those cited by Dr. Garcia-Mora.

The dissatisfaction of the Panamanians was translated into action under "Operation Sovereignty" by demands for flying of their flag in the Canal Zone. The first major incident of the flag issue occurred on November 3, 1959, the 56th anniversary of Panama's independence. On that date former Foreign Minister Aquilino Boyd led a "peaceful invasion" into the Canal Zone with flags and banners in order to demonstrate Panamanian sovereignty over the Zone. The peaceful march quickly turned into a violent

confrontation between Panamanian mobs, mostly students, and the Canal Zone Police, finally reinforced by U.S. Army troops using tear gas and bayonets. The Panamanian National Guard made no attempt to disperse the mobs on its side of the border.⁹ The border where the demonstrations occurred is defined only by a principal street, Fourth of July Avenue. This "peaceful invasion" caused injury to several Canal Zone policemen and 30 Panamanians, in addition to several automobiles and one railway coach being burned near the railroad station.¹⁰ At that time the Pacific terminal of the railroad was located about two blocks across the border into Panama City.

As a result of these disturbances, President Eisenhower sent Deputy Under-Secretary of State Livingston Merchant to Panama to discuss the problems with President De la Guardia. On November 24, 1959 Secretary Merchant's statement appeared in the official weekly newspaper of the Panama Canal Company:

During the course of our discussions, in response to a question by the President of Panama, I assured him that the policy of the U.S. Government with respect to the status of the Canal Zone remains as it had been stated more than 50 years ago to the effect that the *United States recognizes that titular sovereignty over the Canal Zone remains in the Government of Panama.*¹¹

Following Secretary Merchant's return to Washington, President Eisenhower, in a press conference, stated that he did "in some form or other believe that we should have visual evidence that Panama does have titular sovereignty over the region."¹²

Sparked by Representative Flood, the Subcommittee on Inter-American Affairs conducted hearings between January 15 and February 2, 1960 to examine any dangers connected with

the Executive and State Department's intentions to permit the Republic of Panama some "visual evidence" of its sovereignty of the Canal Zone. These hearings resulted in the Subcommittee Chairman, Representative Armistead I. Selden, introducing the following House Concurrent Resolution, No. 459:

Resolved by the House of Representatives (the Senate concurring). That it is the sense of the Congress that any variation in the traditional interpretation of the treaties of 1903, 1936, and 1955 between the United States and the Republic of Panama, with special reference to matters involving the provisions of such treaties concerning territorial sovereignty, shall only be made pursuant to treaty.¹³

This resolution was adopted by the House of Representatives on February 2, 1960.¹⁴

Despite the adoption of this resolution, President Eisenhower directed that the Panamanian flag be flown at one location in the Canal Zone, to be effective on September 21, 1960. In the Department of State Note informing the Government of Panama that its flag would be flown, it was advised that: "This determination is no wise to be considered as modifying in any way the treaties and agreements in force between the United States and Panama."¹⁵

Analysis of this concession, granted almost 56 years after Lieutenant Brooke signed the French out of the Isthmus, indicates that this step by President Eisenhower was based more on hemispheric considerations than on "a reflection of genuine friendship between our two Governments and peoples."¹⁶ It should be recalled that the period of the late 1950's marked a low point in United States-Latin American relations. This was vividly demonstrated in May of 1958 when Vice-President Nixon was stoned in Venezuela and Peru. While planning how

to salvage the too-little-with-too-late situation, the United States was faced with a new problem of consequence—the Castro takeover of Cuba in January 1959.

The Panama disorders of November 1959, although a relatively small incident, could not be viewed as such from Washington when considering the overall Latin American picture.

The Panamanians, viewing the "visible evidence of titular sovereignty," must have related it exclusively to their "Operation Sovereignty" campaign with its objectives as stated by Ernesto Castillero, former Vice Minister of Foreign Relations and later Professor of Diplomacy at the University of Panama: "First, economic concessions from the United States and the right to fly the flag over the Canal Zone. Second, move for a 50-50 split for Panama's revenues. Third, when this is realized, demand the Canal itself."¹⁷

On June 13, 1962, President Kennedy and Chiari issued a joint communique stating that they were appointing a joint high-level commission to discuss points of dissatisfaction existing between the two countries. The communique also stated that both Presidents agreed that their representatives would arrange for the flying of Panamanian flags in appropriate locations in the Canal Zone. Again, the overall United States-Latin American relations should be noted. With Kennedy's Alliance for Progress underway, the hemisphere was enjoying a new era of cooperation and warm understanding.

On January 10, 1963, in a second joint communique, Presidents Kennedy and Chiari made public the agreement concerning the dual flags in the Canal Zone. The heart of this agreement was that the "flag of the Republic of Panama will be flown together with the flag of the United

States of America on land in the Canal Zone where the flag of the United States of America is flown by civilian authorities.”¹⁸

In October 1963 the Governor of the Canal Zone began implementing the provisions of the Presidents’ joint communique. This required the installation of dual flagpoles at 17 sites designated by the U.S. Ambassador to Panama, Joseph S. Farland, and approved by both Panama City and Washington.¹⁹

Up to this point the issue of the Panamanian flag seemed to be settled. It was the provisions of the joint flag communique of January 10, as applied to the approved list of dual flag sites, that set off the issue of the U.S. flag. The site list contained no Canal Zone schools, therefore the American flag would not be flown outside of any Pan Canal schools.

On December 30, 1963 the Governor of the Canal Zone issued a press release explaining the dual flag implementation procedures which would become effective on January 2, 1964. On that date the schools reopened without the raising of the U.S. flag. For the following 6 schooldays, Balboa High School, located some five blocks from the scene of the 1959 disorders, became the site of “Operation Sovereignty,” U.S. style. Here was observed the results of adult, flag-waving Zonian permanency, expressing itself through the actions of the students.

Between the 2nd and 9th of January these Canal Zone high school students continued to raise the American flag over the protests of school officials. With each passing day this action received increased attention and encouragement from the students’ parents. By January 8th, this movement had spread to other schools throughout the Zone. The Canal Zone Government made no move to prevent the students’ actions in order to avoid phy-

sically preventing the students from raising the American flag outside their schools and pledging allegiance. It was expected that these protest demonstrations would run their course in due time.²⁰

On January 9, 1964, at about 5:00 p.m., a group of some 200 Panamanian students with their flag marched into the Canal Zone to Balboa High School.²¹ Two factors should be considered in accounting for their actions. First, their notion of success associated with the flag march of 1959, and, secondly, the hands-off policy concerning the U.S. student flag demonstrations decided on by the Canal Zone Government 2 days before. Therefore, all the differences, frustrations, and misunderstandings of 60 years confronted one another, each side represented by a group of teenage students.

VI—JANUARY 9-12, 1964

The confrontation at Balboa High School between Panamanian and American students was symbolic in many ways. Each group was there because of their respective flags, and to each group their “mission” represented something far bigger than a school rivalry or related issue. To the Panamanian students this was an assertion of their sovereignty in the Zone. To the American students, it was an assertion of their “colonial” rights in the Zone. Neither side was supported by any legal or diplomatic position as this site was not included in the dual flag list, therefore neither flag should have been flown.

During a scuffle at the flagpole in front of the high school, the Panamanians claimed that their flag had been torn by the Zonians.¹ This flag quickly became the object of national attention when it was delivered by student leaders to the President of Pan-

ama for his inspection. Concerning the torn flag, Captain Gaddis Wall, of the Canal Zone police, stated:

None of the police officers touched the [Panamanian] flag. No student . . . no Balboa High School student touched the flag. . . . On the way over, [to the flagpole] when the six students came through the police line, one of my sergeants saw that the flag was torn; and he tried to find a pin—he tried to assist in the pinning of the flag. He even offered to use his pin on his shoulder on his sergeant's chevron, to pin the flag.²

By the time the students crossed back into Panama City, large crowds of Panamanians had gathered on their side of the border and a number of cars on Fourth of July Avenue had been overturned and set on fire. Within one hour the crowd had increased to several thousand and, armed with "Molotov cocktails," began a general assault into the Canal Zone along the nearly 2 kilometers of border, burning and destroying property as they proceeded. At about 9:00 p.m., across the Isthmus, a crowd of approximately 2,000 Panamanians marched into the Zone from Colon, also burning and destroying any property identified with the United States or the Canal Zone. At about this time in the city of David, some 250 miles to the north, anti-American demonstrations broke out causing Americans to take refuge across the nearby Costa Rican border. At 10:30 p.m. the U.S. Army took over the defense of the Canal Zone. This was the setting of death and destruction that was to continue for the next 72 hours.³

The actions of the U.S. Army forces are well documented and were upheld by the Investigation Committee of the International Committee of Jurists.⁴ The following is a brief summary of the participation by the U.S. troops.

Their mission was to clear the Canal Zone of demonstrators and as-

sume defensive positions along the border facing Panama City and Colon. At no time did these troops cross these borders. Weapons employed by these forces were: 12-gauge shotguns, loaded with bird shot; tear gas grenades; and selected and controlled caliber .30 rifle fire used by especially trained marksmen in a countersniper role. A majority of the U.S. troops were transported to their defensive positions opposite Panama City by armored personnel carriers. After discharging the troops the carriers withdrew from the border. These vehicles are armed with one caliber .30 machine gun. No ammunition was issued for these weapons.⁵

Radio, television, and press coverage are considered pertinent in their effect on the riots and subsequent negotiations. By 7:00 p.m. of January 9th, commercial radio stations in Panama had interrupted their regular schedules and were giving highly distorted accounts of the disorders along the border. Some of the announcers were becoming so emotional that it was difficult for our native linguists to understand the text of their broadcasts.

The following example of the broadcasts of that evening represents generally the type of information being transmitted throughout Panama and, of course, being monitored throughout the world:

[Radio Tribuna, Panama City] . . . to offer the latest news coming from the front, from the war front, the firing line . . . at this moment, six war tanks of the U.S. Army have just come upon the scene to try to stuff out the patriotism and the fervor of the Panamanian people . . . they are moving along Kennedy Avenue [formerly Fourth of July Avenue] pointing their cannon towards the Panamanian sector. . . . We repeat—Panamanian people, we have just been informed that U.S. Army tanks are in Panamanian territory . . . and behind

them is a heavy concentration of U.S. Army troops and the people have had to fall back to avoid the brutal aggression by the North American Army against the Panamanian people . . . and a platoon of Panamanians, in a suicide move, have just attacked one of the tanks, and they threw themselves upon the tanks, and they threw a Molotov cocktail against the tanks. . . . For if we were armed, we would be in the heart of Quarry Heights [the area containing the headquarters of the Canal Zone Government and U.S. Forces, Southern Command] demanding the head of Fleming [the Canal Zone Governor] and all other traitors and bums of U.S. politics. Here all we Panamanians, *units under the national flag, with no partisan differences* will be on the firing line at every moment to battle those who believe our country is a protectorate. . . . The Panamanian people today have taught a lesson to the North American fools, to the Latin American people, that it is a country willing to defend its sovereignty, the Canal Zone . . . *it is not possible for the people to remain in their homes. It is necessary to come forth and defend the country in these difficult times.*⁶ [Emphasis added.]

The television coverage was no better. In addition to similar commentaries, cameras were on hand at the local hospitals to record the injured Panamanians being brought in. Close observation of these video recordings indicated that many of the *same* injured would be wheeled past the cameras as many as three or four times to give the illusion of a greater number of victims.

It was to be expected that the Panama newspapers would follow a similar line of exaggeration and distortion. Later analysis of the pictures of the dead and injured revealed that many of these people were automobile accident victims dating back as many as 5 years. A photograph was printed by many of the Panamanian newspapers and also made up as a post card which did show a number of U.S.

Army troops in battle dress across the border in Panama territory. Again, later analysis of the equipment worn and carried by these troops indicated the date of the photograph to be 1959. These troops were proceeding to the former location of the Panama Canal Railroad terminal to prevent further damage by the demonstrators of November 2nd of that year.

What was more harmful to the U.S. position was the inaccurate and one-sided reporting by such respected newspapers as *The New York Times*. The following are examples of reports and pictures carried in that newspaper. The reports selected carried no byline:

January 10, p. 1:8. . . . Bursts of machine gun fire were reported coming from the Zone. . . . Twenty-five soldiers were firing from behind a tank and another [tank] was visible further away. Machine gun fire was being answered by revolver fire from the Panama side of the border.

January 10, p. 10:1. . . . Students defied an order to fly their flag only alongside the Panamanian flag. In an effort to appease the parents of the students, most of whom are employed by the Panama Canal Company, U.S. officials decreed that no flags would be flown in front of the schools. . . .

January 10, p. 10:3. . . . U.S. troops used shock grenades and tanks to drive the rioters back to the border. . . .

January 11, p. 1:4. Principal photograph on front page. "Fight over Panamanian Flag." . . . Panamanian students struggle with Canal Zone police during rioting. . . . Photo shows students facing the police near the Balboa High School flagpole.

January 12, p. 1:5. Principal photograph on front page. "Funeral procession in Panama City." . . . Thousands following the coffin yesterday bearing the body of a Panamanian student killed in Thursday's rioting near the Canal Zone. . . .

Foreign correspondents were in great abundance throughout this crisis. One correspondent, believed to be West German, was observed paying Pana-

manian children to entangle themselves in the barbed wire barricades erected by the U.S. troops. Thus posed, he would take their picture.

A second contributing factor to the violence which deserves consideration is the complete absence of the Panama National Guard in the areas of conflict. Between 6:00 p.m. to 8:00 p.m. on January 9th, seven calls for assistance were made to the National Guard Headquarters by the Lieutenant Governor of the Canal Zone without results.⁷ The National Guard did not attempt to restore order until the morning of January 13th.⁸ Once on the scene, the National Guard was able to neutralize the snipers and disperse the mobs. Although a relatively small force, they are equipped with modern U.S. equipment and periodically receive riot control training from U.S. Army personnel.

A third factor contributing to the intensity of the riots was the presence of Communist agitators who should be given credit for keeping the mobs aroused at the scene. In both Panama City and Colon these agitators could be observed rallying the crowds. Subsequent analysis of photographs taken of the mob actions or rallies showed that, in every instance, a known Panamanian Communist was directing or influencing the activity. A majority of these key agitators were known to have received training in Havana or Moscow.

An additional factor which contributed to the intensity of the riots, as well as to subsequent diplomatic difficulties, was the political activity within Panama at this time. The Republic's presidential elections were scheduled for May 1964. Running against President Chiari's National Liberal Party was Chiari's old enemy, Arnulfo Arias, as a candidate of his Panamenista Party. Arias' grassroots popularity was gaining at an alarming

rate, as viewed by Chiari. During the weekend of January 4, 1964, Arias had attracted a crowd estimated at 30,000 for a political rally in Panama City. This popularity was later substantiated in the May elections in which Arias received 123,186 votes while Chiari's successor, Marco Robles, won by a small margin of 11,541.⁹

Applying this political climate to the conduct of the riots and the issues at stake would offer some explanation for the riots being allowed to get out of hand, for the charges of aggression, etc., to be leveled at the United States, and the breaking of diplomatic relations until the United States would agree to negotiate a new treaty recognizing Panama's sovereignty over the Zone. A national crisis with burning issues was tailor-made to unite the country behind one banner and divert attention from Arias' growing popularity. As the National Guard is an instrument of the Panamanian Government, this would account for its conspicuous absence on the 9th of January when its presence would have certainly minimized the loss of life and property.

In terms of life and property this crisis was no small matter. U.S. casualties suffered were: Military killed by rifle or pistol fire, 3; killed accidentally in connection with riot duties, 1; wounded by rifle or pistol fire, 24; injured as a result of rocks, glass bottles, and clubs, 20.¹⁰

Canal Zone property damage amounted to \$960,732.¹¹ This does not include the extensive damage to U.S. diplomatic and USAID properties within the Republic of Panama.

The loss on Panama's side is difficult to assess. In their appeal to the International Commission of Jurists, the United States was charged with the deaths of 15 Panamanian citizens.¹² The number of injured in connection with the riots has never

been accurately established. This is due to the inaccuracies by Panama in reporting them, and even if an exact count of the injured for that 3-day period was obtained, it would be impossible to establish which of the casualties were, in fact, riot connected. The majority of the property which was damaged or destroyed in the Republic was U.S. or foreign-owned. Actual loss or damage to Panamanian property was confined to shopkeepers' windows and merchandise as the victims of looters. The biggest economic loss for Panama occurred after the riots had ceased. As a result of these hostilities, the U.S. citizens in the Canal Zone were "gun-shy" about shopping in the Republic for many months. In addition, many tourists cancelled their plans to visit Panama in 1964, thereby appreciably reducing the \$14 million per year tourist revenue. Although precise figures are not available, Panama remained off the tourist circuit until after diplomatic relations were resumed with the United States in April 1964. Three months, therefore, could represent approximately one quarter of the annual tourist revenue, or about \$3,500,000.

VII — CONCESSIONS AND COMPROMISE

The period from January through September 1964 was a time of concession or reappraisal by the United States, depending from what side of the Canal Zone-Panama border the events were viewed.

The United States took immediate steps to have dual flagpoles installed at the Canal Zone schools, and by January 15, 1964 the flags of both countries were flying in front of all 17 schools, *without incident*.¹

The breaking of diplomatic relations by Panama and the charges of

aggression against American forces produced a situation between the two countries that Dr. Garcia-Mora referred to as "reverse imperialism." The United States was placed in an unfamiliar position of being accused and investigated of charges involving the violation of human rights.

President Chiari hoped to use this "reverse imperialism" to gain immediate treaty concessions from the United States, as his price for the resumption of diplomatic relations was a commitment by the United States to agree to such concessions. The United States, on the other hand, considered restored relations as a precondition to the discussion of any problems between the two countries. On January 23rd, President Johnson issued the following statement:

We have set no preconditions to the resumption of peaceful discussions. We are bound by no preconceptions of what they will produce. And we hope that Panama can take the same approach. In the meantime, we expect neither country to either foster or yield to any kind of pressure with respect to such discussions. We are prepared, 30 days after relations are restored, to sit in conference with Panamanian officials to seek concrete solutions to all problems dividing our countries."²

On April 3, 1964 both countries reached agreement which was announced in a Joint Declaration:

1. To re-establish diplomatic relations.

To designate without delay Special Ambassadors with sufficient powers to seek the prompt elimination of the causes of conflict between the two countries, without limitations or preconditions of any kind.

2. That, therefore, the Ambassador designated will begin immediately the necessary procedures with the objective of reaching a just and fair agreement which would be subject to the constitutional processes of each country.³

With diplomatic relations restored and provisions made for the study and elimination of causes of conflict, attention for the moment shifted from the international scene back to Panama. "United under the National flag with no partisan differences," President Chiari's successor won the national election and was inaugurated as President of Panama on October 1, 1964.

In the fall of 1964 it became evident that the January riot with its sovereignty issues and martyrs had given a very real expression to Panamanian nationalism. Distortions and exaggerations, as were illustrated by the radio broadcast of January 9th were still used as a basis of truth by the Communist agitators, especially in the University of Panama and secondary schools. By early December 1964 it was becoming apparent that the first anniversary of the riot was going to result in an attempted repeat of "reverse imperialism" against the United States. Although President Robles promised to control his people,⁴ tempers were still short and memories were still fresh from the events of the previous January.

On December 18th, President Johnson announced:

First, I have decided that the United States should press forward with Panama and other interested governments in plans and preparations for a sea-level canal in this area.

Second, I have decided to propose to the Government of Panama the negotiation of an entirely new treaty on the existing Panama Canal.⁵

This statement, in addition to indicating progress toward solving the causes of conflict, conveys much more. From a standpoint of timing, it was announced just 3 weeks before the expected trouble of an anniversary riot. The statement contained two messages. By implying the possibility of a new canal in a country other than

Panama, it served notice to President Robles that he had better keep his people in line. The second part of the message gave Robles a pacifier with which he could accomplish this. Two days later the Panamanian President announced to his people: "The U.S. proposals will virtually abrogate this accursed treaty and put a halt to the odious policy of perpetuity."⁶

During the period of January 9-12, 1965, the Communists and student agitators were fairly effective in setting in motion a repeat of the previous year, but there was one important difference—the presence and controlling influence of the Panamanian National Guard. The interests of the United States were intimately involved during this period as Washington's Latin American image could ill-afford anything approaching a repetition of January 1964.

In September 1965 Presidents Johnson and Robles announced a U.S.-Panama agreement in principle on a new treaty that would effectively recognize Panama's sovereignty over the Canal Zone. Provisions of the proposed treaty were:

1. The area in the Canal Zone operation would be integrated with the rest of Panama politically, economically, and socially.

2. Panama would share jointly with the United States the responsibility in the administration, management, and operation of the Canal.

3. The changes envisaged in the pact would be made over a period of time to avoid abrupt and possibly harmful dislocations.

4. The rights of the U.S. and Panamanian workers on the Canal would be safeguarded by appropriate arrangements.

5. Bilateral study of possible construction of a new sea level canal in Panama would continue.

6. The new treaty would terminate after a specified number of years or on the date of the opening of the sea level canal, whichever occurs first.⁷

At the present time, treaty negotiations are still underway and the United States has still not announced a site selection for a sea level canal. These tactics could be viewed as what the Latins call "*pan o palo*" (bread or the stick), first implemented by President Johnson's statement of December 18, 1964.

The second and third anniversaries of the 1964 riot were observed, each with less popular support than the previous one. Both sides of the border have been very careful to prevent a combination of events which would lead to another uncontrolled disorder.

VIII — CONCLUSIONS

A point of departure in arriving at certain conclusions would be to say: As long as the status quo exists between the Canal Zone and the Republic of Panama, there will continue to be problems, and those problems will revolve around the issue of sovereignty. The United States claims under the Treaty of 1903 are upheld from a legal standpoint, but as growing Panamanian nationalism demands reappraisals, the U.S. position from the practical point of view becomes questionable. It has been shown that the United States did not invent or force this Treaty on Panama but, instead, capitalized on the shrewd dealings of a French schemer against a background of a naive infant government. The fact that the United States was perfectly willing to accept the conditions of the Hay-Herran Treaty leaves little doubt that "sovereignty in perpetuity" was not a precondition for its entrance into the Isthmus.

The subsequent treaty revisions always favored Panama economically, but the billion dollar investment with its strategic value to the United States and commercial value to the entire

world were the facts of life that always overruled the handing over of such a vital establishment to an emerging nation with its history of internal instability.

It can be argued for the United States that even though a contrast does exist between the economies of the two countries, Panama does claim the highest per capita income of any Latin American country and in 1965 could boast of a balanced budget.¹ It is an established fact that the Canal and associated activities are responsible for this fiscal soundness. The impasse was reached in the early 1950's when the rising nationalism in Panama reached a point where sovereignty was no longer for sale.

The complaint of colonial practices by the United States in the Canal Zone is valid if considered exclusively from the standpoint of attitude and image. There is little doubt that the Zonians have contributed in a very negative fashion to any warm understanding and mutual respect between the two countries, but colonialism, as associated with the practice of exploitation by the urban state, does not apply to the United States presence in Panama.

In the case of the present Canal Zone it is reasonable to assume that the settlement of the sovereignty issue by itself will not remove the problem of envy and covetousness which will continue to cloud the partnership of the "haves" and "have-nots." A 1903 convention patterned after the Hay-Herran Treaty would not have appreciably prevented the Canal Zone from becoming the "little America" that it is today.

Most Panamanians fail to realize that even if the United States had entered into such an agreement, North Americans would still be operating and maintaining the Canal. There is a widespread feeling in Panama to-

day that after relinquishing sovereignty over the Zone all the Zonians would pack up and go home, leaving the prize to be managed, or mismanaged, as a national institution.

The flag issue at Balboa High School, although involving national banners rather than school colors, should have ended as just another student demonstration rather than as a major diplomatic and military incident. Blame for permitting that confrontation to occur should be borne by the U.S. Government acting through its Canal Zone agency. Had the Canal Zone schools been included initially in the list of dual flag sites, or had the Governor of the Canal Zone acted on his own initiative by ordering both flags to be flown, it is doubtful that a situation would have developed that could have been exploited as it was. The fact that there were no incidents at the 17 Canal Zone schools when the Panamanian colors were hoisted alongside the Stars and Stripes on January 15, 1964 indicates that the demonstrations at Balboa High School were against *no* flag, rather than two flags.

To conclude that the Balboa High School incident involving the Panamanian students was not exploited by the Panamanian Government would be to deny the citywide reaction which commenced *before* all the facts of the student confrontation were known. The notable absence of the Panamanian National Guard, in addition to the distorted and exaggerated reporting by the Panamanian news media, strongly indicated the Government's desire to escalate the event for purposes of internal political consolidation and international diplomatic blackmail.

Many Panamanian Communists were positively identified in organizing and inciting crowds to increased acts of violence against the Canal Zone, but these disorders were far from a Communist takeover. The vast majority of

individuals who contributed to the violence, whether it was a radio announcer claiming "U.S. Army tanks were invading Panama City," or the students with "Molotov cocktails" or rocks, were certainly not conscious agents of Havana or Moscow. It was the combination of basic resentments against the Canal Zone, heightened by the confusion and false reports, that made the man in the street so responsive to the agitator's efforts. For the vandals it was an opportunity for countless acts of destruction under the banner of patriotism.

After the January riot the United States intentions regarding the present canal were made clear in several ways. On January 14, 1964 President Johnson announced: "The United States cannot allow the security of the Panama Canal to be imperiled. We have a recognized obligation to operate the Canal efficiently and securely. And we intend to honor that obligation in the interests of all who depend on it."²

The intentions have also been made clear in an indirect manner. The willingness to negotiate a new treaty with Panama is certainly genuine, but the concluding of negotiations appears to be tied directly to the announcement of a site and tentative completion date of a sea level canal. It becomes obvious that the new treaty with Panama will be concluded after the life expectancy of the existing canal can be predicted with reasonable accuracy. If, for example, a sea level canal can become operational within 10 years, a very favorable treaty for Panama will, no doubt, be ratified phasing out the last of the U.S. interests in the present Canal Zone to coincide with the opening of the new canal.

Concerning the future sea level canal, there are two major unknown factors at the moment. First is the selection of the site, and second is the method of construction: nuclear or

conventional digging. As the political and technical questions pertaining to the method of construction are beyond the scope of this paper, it is sufficient to say that when a site is chosen and approved, it will be excavated one way or the other. The factor which is pertinent to this research is the location of such a canal. The preceding information presented together with recent demands and actions by Panama are of considerable influence in the selection of the canal site.

Although Panama is favored geographically,³ her attitude and reaction to such an undertaking are much different than in 1903. If one of the sites within Panama is selected, very definitive agreements and treaties will have to be drawn up which will guarantee a waterway serving world commerce at reasonable rates and immune to national politics and disputes.

Whether the new canal is a U.S. enterprise, a multi-nation corporation, or a truly international organization, the "*pan o palo*" tactic will have to be applied again to Panama prior to a site decision. What this means is, the *pan* will be a very favorable financial agreement for the use of Panama's territory if she agrees to the international or external control of the new canal. Persisting in a "canal for Panama" objective would result in the *palo*, that is, no canal at all through that country.

The safeguards against a recurrence of the tragic events of January 1964 cannot be established by merely saying that more understanding and goodwill is required of both countries. The responsibility of the United States is twofold. In the Canal Zone, with

its present life expectancy of 10-15 years, the task will be to effect an orderly withdrawal while, at the same time, weaning Panama's economy away from its dependency on the Canal and associated revenue. Ideally, this should be done with a view towards Panama's utilization of the real assets of the Zone, such as the harbors, marine industry, and hydroelectric facilities. The second responsibility will be for the United States to profit from the past mistakes of hasty and shortsighted negotiations which have resulted in 60 years of misunderstanding and resentment. Hopefully, by the very nature of the sea level canal, in contrast to the very complicated lock canal, there will be no need for the vast operating, maintenance, and support activities which have created the "little America" as it is today.

Panama's responsibilities could be identified in two broad areas. The first is to get over the notion that the United States owes her a living, which certainly is not in keeping with that Republic's assertion of independence and claim of national maturity. The second is to be willing to accept and help design an economy which does not depend on a canal or associated activities.

For Panama it is really a situation of double or nothing. The Republic finds itself at a junction, with one course leading to a new economy and an excellent chance of the new canal in her territory. Persisting in a "canal for Panama" doctrine could lead that country on a course where it would find itself with an economy based on bananas and guided tours through the "Panama Canal Monument."

FOOTNOTES

I — HISTORICAL BACKGROUND

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3. Minter, p. 195.
4. Thomas A. Bailey, *A Diplomatic History of the American People*, 5th ed. (New York: Appleton-Century-Crofts), p. 288.
5. Earl Harding, *The Untold Story of Panama* (New York: Athene Press, 1959), p. 2.
6. Minter, p. 273.
7. Bailey, p. 292.

II — FOREIGN INTEREST AND THE BIRTH OF A REPUBLIC

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2. *Ibid.*, p. 208.
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10. U.S. Treaties, etc., *Canal Treaties* (Washington: U.S. Govt. Print. Off., 1914), art. XXV, p. 71.
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13. Bishop, v. I, p. 281-282.
14. Philippe Bunau-Varilla, quoted in W. Storrs Lee, *The Strength to Move a Mountain* (New York: Putnam, 1958), p. 29.
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16. Harding, p. 38.
17. Theodore Roosevelt, speaking at Dallas, Texas, 5 April 1905, cited in Bishop, v. I, p. 297.
18. Theodore Roosevelt, in a Special Message to Congress, 4 January 1904, cited in Bishop, v. I, p. 292-293.
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2. Harding, p. 38.
3. Howarth, p. 236-237.
4. Harding, p. 39.
5. Bunau-Varilla, quoted in Harding, p. 39.
6. *Ibid.*, p. 40.
7. U.S. Treaties, etc., *Canal Treaties*, p. 75.
8. *Ibid.*, p. 60.
9. *Ibid.*, p. 80.
10. Bunau-Varilla, quoted in Howarth, p. 241-242.

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12. U.S. Congress, House, Committee on Foreign Affairs, Subcommittee on Inter-American Affairs, *Report on United States Relations with Panama* (Washington: U.S. Govt. Print. Off., 1960), p. 17.
13. *Ibid.*, p. 19.
14. U.S. Dept. of State, *Diplomatic History of the Panama Canal* (Washington: U.S. Govt. Print. Off., 1914), art. I, p. 315.
15. Jules Dubois, *Danger over Panama* (Indianapolis: Bobbs-Merrill, 1964), p. 204.
16. Lyman M. Tondel, Jr., ed., *The Panama Canal* (Dobbs Ferry, N.Y.: Oceana, 1965), p. 30.
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V — THE ISSUE OF THE FLAGS

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VIII — CONCLUSIONS

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