

May - w/U.S.

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OAP - Mr. Collins

July 8, 1963

OAP/P - Mr. Blaschke

Proposed United States-Panama Treaty of 1926.

The following information is submitted re the reasons why the Treaty between the Republic of Panama and the United States signed by the Commission on July 28, 1926, was not acceptable to Panama and, hence, not ratified by the Panamanian National Assembly.

In Panama, Fifty Años de Republica, Dr. R.J. Alfaro, a member of the 1926 Treaty Commission, maintained that the Treaty of '26 didn't assure the aspirations of the Panamanians as far as commercial activities were concerned. Even though the Treaty did place limits on commercial activities in the Zone and did give some guarantees to commerce and the Panamanian Government, it reclaimed the perpetuity of the Canal Zone to the interests of the United States. One of the main objections to the Treaty was the transference of jurisdiction to the U.S. of Nuevo Cristobal, a part of the city of Colon. For these reasons, the National Assembly abstained from the ratifications by unanimous vote.

While Dr. Alfaro's discussion is a valid summary, a detailed sequence of the happenings and protests are available in the Foreign Relations of the United States. In 1926, after the treaty was signed by the Commissioners, the Panamanians expressed their disappointment by requesting that the building of the road from Alhajuella to Colon be postponed until the Panamanians found a way to raise the \$2,672,000, which would be the estimated amount in excess of the \$125,000 the U.S. was to have contributed to the construction of the road. Transference of jurisdiction over the northern area of the city of Colon was also a point of contention. The Panamanian Commission said that they signed the Treaty knowing that the U.S. would enter the treaty with them only if this transference of jurisdiction stipulation was made. Those members of the National Assembly from the Colon area were inciting the greatest opposition. The Panamanians also argued that the U.S., by agreeing to pay for only part of the construction of the road was violating the spirit of a memo sent to Panama in 1917, at which time the U.S. agreed to build several roads paying the entire costs of the construction.

In reply to the Panamanian protests of the Treaty of '26, the U.S. maintained that it agreed in 1917, to pay the entire amount for road construction because of the military advantage which would be gained; however,

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