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Briefing Paper for December 3 Session of
National Advisory Committee on Inter-American Affairs

12/2/59

SUBJECT : Recent Developments in Panama.

DISCUSSION:

Relations between the United States and Panama have since their beginning in 1903 been habitually and inevitably subject to varying degrees of strain and in recent years Panama has consistently sought to chip away at the United States position in the Canal Zone.

Unfortunately, Panamanian reaction to the presence of foreign jurisdiction astride its national territory is, by and large, emotional. Panama's political figures play on easily aroused public opinion and use the United States presence in the Canal Zone to whip up this emotion. The present campaign against the United States, in which members of the regime as well as the opposition have taken the lead, has been primarily designed to extract economic concessions from the United States which the Government of Panama failed to achieve by negotiation. While the relations between the two countries have been characterized by Panamanian clamors for increased benefits from the Canal Zone and United States resistance to those desires, on some but not all questions, recent public denunciations of the United States, and the violent demonstrations in Panama on November 3 and 4 as well as November 28, have brought these differences sharply into public focus. A consideration which contributes to the present increase of Panamanian pressure on the United States is the current political campaign which will culminate in a presidential election in May 1960. Further public statements appealing to nationalistic sentiment against the Canal Zone can be anticipated throughout the coming months. Critical observers of the scene have often held the view that Panamanian emotionalism toward the Canal Zone is further aroused by the rather legalistic approach of our Panama Canal and Zone authorities, the quasi-colonialist attitude of many of its United States employees, and the rigid attitude of the military in the Zone, but it is only fair to say that even if these factors did not exist, the Panamanians would be hard people to get along with.

Since its economic life is to an important degree dependent upon the provision of goods and services to the Canal Zone, Panama seeks at every turn to increase its participation in that enterprise. In fact, no matter what other economic benefits the United States might offer for its well-being, Panama's interest in gaining further Canal Zone benefits would probably persist and politicians would make use of the issue.

In the overall context of United States relations with Panama, an anomalous situation persists. Three men ostensibly speak for the United States in Panama: (1) the American Ambassador who is charged with the responsibility for the conduct of our relations with the Government of Panama; (2) the Governor of the Canal Zone, who is the chief executive of the Canal Zone Government, and at the same time President of Panama Canal Company; and (3) Commander-in-Chief, Caribbean Command, who commands and controls the military establishment in the Canal Zone. These three figures operate under the direction of three different executive agencies, whose terms of reference, attitude, and approach to the problem of our relations with Panama are at times not

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only different, but opposed to each other.

This situation hampers the Department of State in dealing with Panama and makes it most difficult to devise a viable policy toward that country. It seems necessary that the preeminence of the American Ambassador to Panama be clarified and accepted in all quarters.

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