TO: C - Mr. Reinhardt
FROM: ARA - Mr. Rubottom
SUBJECT: Panama and the Canal Zone
(Briefing Paper for OCB Meeting, December 2, 1959)

The attached memorandum to the Secretary dated October 9, 1959, contains
a brief but complete picture of the Panama Canal Company-Canal Zone Government
organization, which you will find informative.

In the overall context of United States relations with Panama, there
exists an anomalous situation. The United States Ambassador is charged with
the responsibility for the conduct of our relations with the Government of
Panama. However, there are other figures which have considerable impact on
our total posture in Panama. The Governor of the Canal Zone is the chief
executive of the Canal Zone Government and at the same time President of the
Panama Canal Company, whose principal is the Department of the Army. Commander-
in-Chief, Caribbean Command, is the third element in the complex of the United
States presence in Panama, and he receives his directives from the Joint
Chiefs of Staff and the Joint Staff as well as the Department of Defense (Int-
ernational Security Affairs). While the Ambassador is nominally the official
channel for communication with the Government of Panama, there are occasions
when the Canal Zone Governor and CINCARIB become directly involved with the
local government. This creates a confusing situation for Panamanian officials
dealing with one another of the three in knowing who, in fact, speaks official-
ly for the United States Government. This situation is one not clearly covered
by the Presidential directive to American Chiefs of Mission (Department’s
Circular Airgram 261) (October 19, 1959) and the preeminence of the Ambassador
to Panama seems to require clarification and acceptance in all quarters. The
relations between the present incumbents are on an excellent basis but too
much depends on the presence of three congenial and mutually respectful perso-
nalities.

In the circumstances and given the unique situation which exists in Panama
and the Canal Zone, which is Panamanian territory under United States juris-
diction, I believe it not only desirable but imperative that the appropriate
agencies of the Executive Branch review not only United States operations in
the Canal Zone, but, in addition and primarily, the entire United States posture
vis-a-vis our foreign relations with the Government of Panama and the Panamanian
people.