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Pan - U.S.*ACTIONS TAKEN TO SATISFY "PANAMANIAN GRIEVANCES"
SINCE THE JANUARY 1964 RIOTS*pick'ed
from
cont
7/8/65*

1. President Johnson's statement of December 18, 1964.
2. Flying Panamanian flags in the Canal Zone.

During the January riots, the decision was made to adhere fully to the agreement to fly the Panamanian flag wherever the U.S. flag is flown on land by the civilian authorities in the Canal Zone. Dual flag poles and flags were promptly erected at all schools in the Canal Zone. Flags of both nations are half-masted for either nation's days of mourning.

3. Disciplinary Action against US citizen employees.

R Two employees whose opposition to the Administration's policies exceeded normally acceptable standards have been discharged. These employees' acts included publication of libelous and inflammatory material and other acts of insubordination. The discharged employees have appealed to the U.S. Civil Service Commission and these appeals have been denied.

4. Wage increases to Panamanian employees.

A series of wage increases was approved in 1962 designed to eliminate the marked gap between wage levels in categories of jobs held primarily by non-US citizens and the categories held mostly by US citizens. Pursuant to that policy, wage adjustments have been made in 1964 and 1965. A further study is being made to determine what further adjustment may be appropriate. The program so far has increased annual labor costs in Canal Zone agencies by approximately seven million dollars.

5. Hiring of Panamanian Citizens for Canal Zone Police Force.

De The Government of the Canal has been authorized to employ, and has employed, 25 Panamanian citizens for the police force, previously manned exclusively by US citizens. This action has had a salutary effect in that it has opened a new category of jobs formerly closed to Panamanian citizens as "security positions" excluded from equal employment opportunity provisions of the Canal Zone Merit System.

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At the time of the establishment of the Canal Zone merit system in 1959 some 4000 jobs in the Canal Zone were classified as security positions, reserved for US citizens. Reviews since that time have reduced the number of such positions to approximately 2500. The Governor of the Canal Zone is continuing to study this matter with a view towards further decreasing this number.

7. Supply of Water to Panama.

In spite of a current Panamanian debt to the Canal Zone Government of \$2,027,616.66 for water provided to Panama, the Canal Zone Government continues to supply water and in fact has expanded its facilities in order to meet the increasing demand of greater Panama City.

A sum of \$1,391,736 has been expended between 1960 and 1965 on projects designed to meet this demand. In 1964 and 1965 alone the projects approved for this purpose amounted to \$566,000.

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