

## PANAMA IN WORLD WAR 2



### PART 13 – TRANSPORTATION, RAILWAY AND SHIPPING

#### TRANSPORTATION PROBLEMS

Congestion at the port of Cristobal, at the Atlantic end of the Canal, was frequent throughout 1941, but it affected the commercial lines rather than the Army Transport Service. Army cargo had priority discharge, and no undue delay was reported despite the scarcity and reported inefficiency of dock workers. In fact, a recommendation that troops be used was rejected by the Caribbean Defense Command on the ground that the docks were not under exclusive military jurisdiction. Apart from creating a housing problem, it was considered undesirable to use US soldiers alongside native dock labour.

At the end of 1941, although the situation was not serious, the Army's Panama Canal Department quartermaster still complained of the very inefficient labour and the obsolete equipment of the Panama Railroad Company, which also controlled all port facilities and did all stevedoring for the Army in the Canal Zone. Movements within the Canal Zone, along the line of the Canal, were performed chiefly by the Panama Railroad (the trans-isthmian road not being completed until later in 1942) – see below for more on the railway system. Use of air transport was limited to emergency shipments.

When the US entered World War 2, Army transportation in the Canal Zone, as elsewhere overseas, was a responsibility of the Quartermaster Corps. The creation of the new and separate Transportation Corps in July 1942 brought no immediate change. In February 1942 the Panama Canal Department quartermaster had set up an Army Transport Division, which dealt with ocean-going shipping and rail transportation, and an Area Transportation Division, which operated and maintained the smaller ships and harbour craft employed locally to forward troops and supplies to outlying stations.

The Army Transport Division relied extensively upon the facilities and personnel of the Canal establishment, with its modern piers and warehouses at Cristobal and Balboa and upon the Panama Railroad.

The Area Transportation Division, on the other hand, had to procure, man, operate, and maintain its own local fleet. Its primary mission was to serve US military installations that could be reached most conveniently by water. Although it functioned at both ends of the isthmus, serving numerous isolated airfields, air warning stations, and other installations, its activity centred on the Pacific side where US bases extended from Guatemala as far south as the Galapagos Islands and Peru. The Division established its headquarters at Balboa, where it secured pier, marine repair, and storage facilities. From a small nucleus of boats already in the Canal Zone, it ultimately developed an adequate fleet of shallow-draft freighters, tugs, barges, and other small craft. A number of larger vessels, including tankers, were also acquired to supply the more distant outlying bases.

Aside from 50 purse seiners fishing boats, procured by the Chief of Transportation on the US West Coast for the Aircraft Warning Service and delivered to Panama in the Spring of 1942, most of the newly acquired vessels were forwarded to the Canal Zone from the New Orleans Port of Embarkation.

By 1 June 1942, the Panama Canal Department had 197 harbour boats in operation. However, a problem, never completely solved, was the procurement of competent crews. Many of the civilians who delivered the craft from the US were unwilling to remain, since their families could not be brought to Panama and the pay scale was not attractive. Others

stayed a while but left as soon as possible. The local activation in July 1942 of the 160<sup>th</sup> Quartermaster Boat Company, stationed at Corozal, afforded some relief and, despite a general lack of seafaring experience, these men are said to have developed into competent marine officers after a period of training under licensed personnel. The manning problem was eased in 1943, however, as the construction programme began to taper off and new men became available who were willing to remain in Panama rather than return to the US and risk possible induction into the forces.

In 1943, to meet the unexpectedly heavy demands for transshipment of cargo to the outlying bases, the Area Transportation Division had to charter and borrow additional vessels. But this was only a flurry, for the construction work was nearing an end, and the command was soon in the process of reduction.

There were other difficulties involving racial friction. Where separate living quarters could be arranged aboard the vessel, a native crew could be employed under white licensed personnel. It was also usually desirable that the vessel complement be either entirely military or entirely civilian, since the great disparity in pay made the average soldier unhappy if he worked alongside better paid civilians.

Motor transport, although restricted by the poor roads and rough terrain, still had a significant role in Panama. The Panama Canal Department depended upon a motorised Quartermaster regiment, which by March 1942 operated an Atlantic and a Pacific motor pool, together with a dispatch pool of staff cars. The tractor-trailer combinations used by this regiment proved valuable at the piers and for large shipments going to the Quartermaster sub-depot at Rio Hato. The Trans-Isthmian Highway, supplementing the railroad and the Canal, was subsequently to permit rapid movement of troops and supplies by motor transport between Cristobal and Balboa. Connecting Colon to Madden Dam in Panamanian territory, and completed in 1941, its original purpose was to provide an alternate means of travel to the Panama Railroad in the event of bombing or sabotage<sup>1</sup>.

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<sup>1</sup> <https://www.fhwa.dot.gov/candc/candc2016.pdf>

Transportation was heaviest at the Canal Zone in 1942 when the construction work was greatest. A total of 738,839 measurement tons of Army cargo was received at Cristobal and Balboa during the year, the bulk of it arriving on military transports, with minor tonnages carried by commercial vessels.

Intensive U-boat operations in the Gulf of Mexico (detailed in an earlier Part) were to cause the cancellation of numerous sailings from New Orleans, and a congestion of cargo developed at that port. Nonetheless, monthly deliveries of Army cargo to Cristobal and Balboa reached a peak of 85,286 measurement tons in September 1942. The subsequent downward trend of shipments that followed was halted temporarily in the first quarter of 1943, when some additional construction work was undertaken.

In 1945, Operation *Transit* (of which more in a later Part) was the final flurry of military and naval activity during the war. The first redeployed troopship to pass through the Panama Canal was the USS *Uruguay*, which docked at Cristobal on 20 June with 4,400 men aboard, direct from Leghorn, Italy. Altogether, 36 ships passed through the Canal Zone carrying approximately 125,000 troops being redeployed from the European and Mediterranean theatres, headed for the Pacific theatre of operations. The last redeployment vessel, the USS *Hawaiian Shipper*, arrived on 14 August 1945, just in time for its passengers to get news of the Japanese surrender and to find their destination changed to New York.

## **THE PANAMA RAILROAD AND ITS SHIPPING LINE**

Complementing the Canal there was a trans-isthmus railway, and also an associated shipping line, both of which were to play important roles during World War 2.

The trio of sister ships, delivered just before the war, quietly operated as troopships throughout the war, returning to their normal service postwar and for many years afterwards.



*Railroad train following tracks beside Panama Canal in 1939  
(Photo by Thomas D. Mcavoy/The LIFE Picture Collection via  
Getty Images)*

The Panama Canal Railway (*Ferrocarril de Panamá*) was (and is) a single-track railway line linking the Atlantic to the Pacific across Central America. The route stretches 47.6 miles (76.6 km) across the isthmus from Colon on the Atlantic to Balboa on the Pacific. It cost \$8 million and was built by the US (when Panama was still a province of Colombia) and involved the loss of 5,000 to 10,000 workers, preceding the Canal by a half century.

As the Panama Railroad Company, it was formed in the 19<sup>th</sup> Century, and it still operates today as the Panama Canal Railway Company. Since 1998 it has been jointly owned by US companies, Kansas City Southern and Mi-Jack Products, and leased to the government of Panama, operating chiefly freight trains, but with daily passenger trains for tourists.

The incentive for its construction was the boom in traffic following the 1849 California Gold Rush<sup>2</sup>, being begun in 1850, with the first revenue-earning operation in 1855<sup>3</sup>. However, the completion of the Central Pacific – Union Pacific railroad across the US in 1869 was the turning point in the fortunes of the original railroad<sup>4</sup>, and by 1877 it was essentially bankrupt<sup>5</sup>.

When the Frenchman de Lesseps set out to oversee the construction of the Canal, it turned out to be cheaper to buy the railway from its American owners than to pay their exorbitant freight rates. It was therefore bought in 1879 for \$25 million.

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<sup>2</sup> Between 1855 and 1867 more than \$700 million in gold was carried on the railroad without the loss of a single dollar: <http://www.panarail.com/en/history/index.html>

<sup>3</sup> For more on the history of the railway, and those involved in its creation, see <http://www.panarail.com/en/history/index.html>

<sup>4</sup> Including the valuable US Mail contracts, until it was possible to send the mail overland on the new transcontinental railways: <http://www.panamarailroad.org/mail.html>

<sup>5</sup> <http://www.panarail.com/en/history/index.html>

Improvements were made and record numbers of passengers, and record amounts of freight, were carried but (and this is something that too often has dogged events in Panama), “Graft and corruption continued until the French spending spree [on the Canal development] could not continue”. In February 1889, the Canal Company went bankrupt and work on the Canal stopped<sup>6</sup>.

“The situation of the Panama Railroad was an anomalous one. Here was a transcontinental line owned by the United States Government, operating under a concession of the Republic of Colombia<sup>7</sup>, connecting the principal cities of the Republic of Panama, and doing business under a charter of the State of New York. Still further to add to the peculiarities of the situation, the government of Colombia claimed that when the concession of the railroad should expire its property would revert to Colombia. If that were so, then, since the railroad owned the land on which the city of Colon is built, Colombia would reacquire the property rights of one of the cities that had thrown off the yoke of her dominion”<sup>8</sup>.

History of the Panama Canal by Ira E Bennett (1915)

After the US bought the Panama Canal Company in 1902, it set up the Isthmian Canal Commission to oversee construction and the railway came under this Commission. Much of the railway lay where the Canal was to go and required moving. The railway was rebuilt, improved and in some cases rerouted, reopening in 1912 (at a cost of \$9 million, more than its original construction cost)<sup>9</sup>.

The Panama Railroad Company also owned a significant shipping line (see below), connecting to New York and San Francisco, as well as a Central America network linking

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<sup>6</sup> <http://www.panarail.com/en/history/index.html>

<sup>7</sup> The Panama Railroad had been built with a concession from Colombia, a contract that specified that Colombia had the right to purchase the road in 1875 for \$5 million. A new contract with Colombia in 1867 saw The Panama Railroad paying Colombia \$1 million and promised to pay \$250,000 a year in return for a 99-year franchise. When the French bought the railroad, this arrangement remained in place, but the railway functioned as an integral part of the canal construction company. when the US Government acquired the PRR, it was kept functioning as a separate corporation, yet a part of the Canal:  
<http://www.panamahistorybits.com/htmlfiles/2014-08-14P.pdf>

<sup>8</sup> History of the Panama Canal by Ira E Bennett (1915): <https://www.czbrats.com/Builders/Bennett/prr2.htm>

<sup>9</sup> <http://www.panamarailroad.org/history2.html>

Nicaragua, Costa Rica, El Salvador and Guatemala to Panama City. One of its own ships, the *SS Ancon*, was in fact the first-ever ship to transit the completed Canal in 1914.

During World War 2, improvements and expansion meant that it was calculated that the railway system could, in theory, have handled the cargo moved through the Canal, albeit at greater cost, if the Canal had been closed or damaged.

As mentioned above, the Railroad also provided the stevedore services for the commercial ports on the Canal.

In 1948, when the US passed The Panama Railroad Act 1948, amending the Canal Zone Code 1934 with the addition of a new Article 3. This Article re-incorporated the company making it the official operating arm of the Canal.<sup>10</sup>



*Train leaving the station at Plaza Cinco de Mayo*

However, following World War 2, few improvements were made and, by the time of the Carter-Torrijos Treaty of 1977 (which provided for the transfer of the Canal to the Panamanian Government), the railway was in a bad state.

In 1979, the US Government handed the railway over to the Panamanian Government, but by 1986, its condition was so poor that US authorities forbade its use to transport any US civilians or service personnel<sup>11</sup>.

Up until 1997 only minimal maintenance was carried out. Then, in 1998, control was turned over to the privately-owned Panama Canal Railway Company, and a project launched to

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<sup>10</sup> <http://www.panamahistorybits.com/htmlfiles/2014-08-14P.pdf>

<sup>11</sup> <http://www.panarail.com/en/history/index.html>

develop the line to chiefly handle container traffic<sup>12</sup>, with 2 new container depots created, and the railway reopened in 2001.

Today there are just the 2 container depots, one at either end of the line, and passenger terminals at Colon and Corozal.

## THE SHIPPING LINE



As mentioned, the Panama Railroad Company also owned a significant shipping line, connecting to New York and San Francisco, as well as a Central America network linking Nicaragua, Costa Rica, El Salvador and Guatemala to Panama City.



*USS ANCON being launched, 24 September 1938<sup>13</sup>*

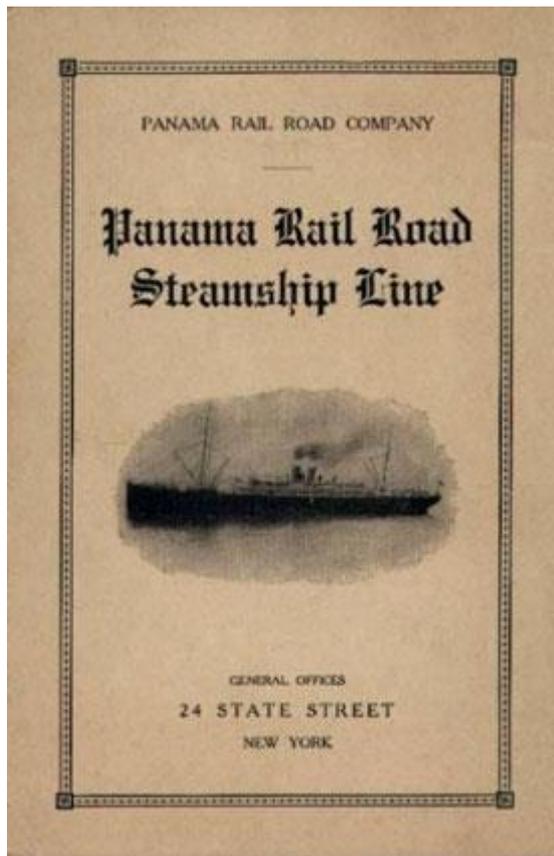
In 1893, the Panama Railroad had formed its own shipping line as the Colombian Line, operating between Colon and New York using chartered vessels. Re-named as the Panama Railroad Steamship Line on 1 January 1896, the Line passed in 1904 into the control of the US Government after it had assumed responsibility for the Canal project. It was to be operated by a Board of Directors appointed by the US Secretary of War, and the Line played a critical role in the construction of the Canal<sup>14</sup>.

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<sup>12</sup> The extensive work included changing the gauge from 5-feet (still used by the locomotive “mules” at the Canal locks) to the same 4 feet 6-inch standard gauge used in the US.

<sup>13</sup> [https://www.pinterest.ch/pin/326862885436562785/?nic\\_v2=1a3NOL46b](https://www.pinterest.ch/pin/326862885436562785/?nic_v2=1a3NOL46b)

<sup>14</sup> Journal of The Steamship Historical Society of America (1991) <https://www.czbrats.com/Builders/liners.htm>



After the US Congress overruled President Hoover's in his desire to disband the Line in 1932, plans were made for new tonnage, but this proposal came under attack from privately-owned companies opposed to a government-owned line diverting commercial trade<sup>15</sup>.

The plans for new ships were revived in 1936, and this coincided with legislation in the US intended to revive and strengthen the US Merchant Marine. A new Federal Maritime Commission had been created, and this subsidised the construction and operation of US vessels. However, the Merchant Marine Act 1936 had also reaffirmed US Government support for private shipping companies, and this prompted criticism of plans to

upgrade what was, in effect, a Government-owned shipping line.

The Panama Railroad replied by citing a US Supreme Court decision from 1935 -

"We attach no importance to the fact that the railway company has utilized both its ships and railroad to carry private freight and passengers. The record shows that this is done to a limited extent compared; and that it is only incidental to the government operations".<sup>16</sup>

Plans were eventually finalised for 3 new vessels designed by the noted naval architect George G Sharp, to offer 52 passenger sailings a year compared to the 26 then being offered.

At the outbreak of World War 2, the Steamship Line had in service its small fleet of new passenger-cargo liners, all built in the US by the Bethlehem Steel Company in

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<sup>15</sup> <https://www.czbrats.com/Builders/liners.htm>

<sup>16</sup> <https://www.czbrats.com/Builders/liners.htm>

Massachusetts<sup>17</sup>. This group of 3 sister ships were designed to accommodate passengers or cargo at a speed of around 17 knots.

All 3 ships were of 10,021 gross tons and 14,206 tons displacement; and designed to accommodate 202 passengers, as well as 292, 410 cubic feet of general cargo - with 90,460 cubic feet of refrigerated cargo capacity.



*SS Ancon as USS Ancon (AGC-4) at anchor in Chesapeake Bay in May 1943, after conversion from a troop transport to an amphibious command ship (AGC). Note that some of her civilian bow ornamentation, although painted over, is still visible. US Navy photo # NH 95389.*

One of the ships was the SS *Ancon*, which had been launched in 1938 and only delivered in

June 1939. Until Pearl Harbor, she continued to undertake her peacetime civilian service, linking New York and Cristobal.

In January 1942, SS *Ancon* was taken over by the Army Transport Service and, after modification in San Francisco<sup>18</sup>, she was used for 4 months ferrying US troops to reinforce Australia. Then, in August 1942, in the build-up to Operation Torch, the Anglo-American landings in North Africa, she was transferred and commissioned into the US Navy as USS *Ancon* (AP-66), for use again as a troopship. Later, during 1943-45, she was to become Auxiliary Amphibious Force Flagship (AGC-4)<sup>19</sup>.

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<sup>17</sup> Who had won the contract with a tender of \$4,.04 million per ship:

<https://www.czbrats.com/Builders/liners.htm>

<sup>18</sup> Including over 1,500 metal standee type bunks. Troopships of World War II by Roland W Charles (Army Transportation Society), 1947. [https://history.army.mil/documents/WWII/wwii\\_Troopships.pdf](https://history.army.mil/documents/WWII/wwii_Troopships.pdf)

<sup>19</sup> [https://history.army.mil/documents/WWII/wwii\\_Troopships.pdf](https://history.army.mil/documents/WWII/wwii_Troopships.pdf)

Amphibious command ships were fitted as flagships for the Chiefs of Combined Forces with accommodations for Marines or Army units. The *Ancon* was also fitted with elaborate radio and radar equipment.

### **SS ANCON**

Laid down, as SS *Ancon* for the Panama Railroad Co, at Bethlehem Steel Co., Quincy, Massachusetts. Launched 24 September 1938. Delivered to the Panama Railroad Company, 16 June 1939.

Acquired by the Army Transportation Service, 11 January 1942 and commissioned as an Attack Transport as USAT *Ancon*. Acquired by the US Navy, 7 August 1942, and it was commissioned USS *Ancon* (AP-66), 12 August 1942, Commander David H Swinson USNR in command.

Reclassified USS *Ancon* (AGC-4), 26 February 1943.

Converted to an Amphibious Force Command Ship, 16 February 1943 - 21 April 1943, at Norfolk Naval Shipyard, Portsmouth, VA.

USS *Ancon* was first assigned to the Europe-Africa-Middle East Theatre and then reassigned to the Asiatic-Pacific Theatre and participated in – Algeria-Morocco landings (November 1942); Sicily (July 1943); Salerno, Italy (September 1943); Normandy as part of Task Force 122, Assault Force Q (June 1944); Okinawa Gunto (April-June 1945).

Following the end of the war, USS *Ancon* was assigned to Occupation service in the Far East September – November 1945.

Decommissioned, 25 February 1946, at New York Naval Shipyard, Brooklyn, N.Y.

Struck from the Naval Register, 17 April 1946.

Returned to the Panama Railroad Co. in July 1951 for commercial service until, 20 April 1961.

Title returned to the Maritime Administration by the Panama Railroad Company, 29 June 1962.

Loaned to the Maine Maritime Academy, 29 June 1961, for use as the schools training ship; renamed TS *State of Maine*, 14 July 1962

Returned to the United States Maritime Administration (MARAD), 25 May 1973.

Sold for scrapping, 9 May 1973 to North American Smelting Company, delivered 25 May 1973; scrapping completed 22 August 1975.



*USS Ancon as a command ship*<sup>20</sup>

In January 1946, she was returned to the Steamship Line and continued in use until 1961. Renamed *State of Maine*, she then became a training ship for the Maine Maritime Academy

in the US, later being turned over to the US Maritime Administration before being scrapped in Maryland in 1973<sup>21</sup>.

The SS *Cristobal* was also built in 1939 and acquired by the Army after Pearl Harbor. Like her sister ship, she was also used to transport US troops to Australia in 1942, before crossing the Atlantic and operating with the British. After modifications in a US shipyard in late 1942, she made numerous crossings to and from the UK, transporting US troops to the UK.



In January 1946, she was modified at Newport News and used to carry 119 war brides and 101 dependent children from the UK to the US. She continued in this role until

returned to the Shipping Line in June 1946<sup>22</sup>.

<sup>20</sup> Ships Monthly (October 2013)

[http://www.czimages.com/CZMemories/pdfdocs/Panama%20Line%20article\\_2.pdf](http://www.czimages.com/CZMemories/pdfdocs/Panama%20Line%20article_2.pdf)

<sup>21</sup> Ships Monthly (October 2013).

<sup>22</sup> [https://history.army.mil/documents/WWII/wwii\\_Troopships.pdf](https://history.army.mil/documents/WWII/wwii_Troopships.pdf)

Postwar, she resumed her position as fleet flagship<sup>23</sup> and continued a passenger/cargo service between New York and Panama until 1961, after which she operated a New Orleans-Panama route until her final voyage in September 1981<sup>24</sup>. She was scrapped in Texas the same year<sup>25</sup>.



*SS Panama*

The *SS Panama* was the third of the 1939 constructions by Bethlehem Steel. She was taken over by the Army Transport Service earlier than the others, in June 1941, while in New York.

After trips to Bermuda and the Canal Zone, she underwent conversion to a troopship at a New York shipyard and renamed USS

*James Parker* as a US Navy vessel. She went on to make several voyages between New Orleans and Cristóbal before returning to New York and, in March 1942, sailed from there, via the Canal, to Bora Bora, Australian and New Zealand. Returning to the US, she travelled more widely than her sisters, venturing as far as Ascension Island and French Equatorial Africa, as well as to Cape Town. From December 1942 until 1945 she began making frequent journeys between the US and the UK and North Africa.



*SS Panama heading for sea trials in 1939*

In January 1946, she was converted like the *Cristobal* to carry US dependents from the UK,

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<sup>23</sup> She was flagship for a total of 42 years.

<sup>24</sup> <https://www.czbrats.com/CuPA/Everson/sscris.htm>

<sup>25</sup> Ships Monthly (October 2013)

and was used for this role until returned to the Steamship Line in May 1946<sup>26</sup>.

Unlike the *Cristobal*, which continued in service with the Shipping Line to 1981, the *Panama* was disposed of in 1957, and she operated with 3 different cruise lines before being scrapped in Turkey in 1985, the last of the sisters to go.

## **THE PANAMA SHIP REGISTER AND FLAGS OF CONVENIENCE**

Just a note on what, perhaps, Panamanian shipping is best known for now.

The use of “Flags of Convenience”, such as that of Panama, was “of little practical significance until after the Second World War” and, for the ships that were flying foreign flags in the interwar period, the original main motivating factors in the first half of the 20<sup>th</sup> century for re-flagging were for avoidance of US alcohol prohibition laws and attempts to keep crew wage levels low.

In any case, the extent of the use of such arrangements was very limited, and this situation – where Flags of Convenience were a minor institution – continued in the first years after World War 2, before gradually becoming more significant.<sup>27</sup>

The growing tendency to register ships in Flag of Convenience-countries in the first postwar decades was far from universal, but confined to shipping companies of a handful of countries. It is said that ships under “Greek, US and Italian ownership accounted for at least 70% of all tonnage under flags of convenience” by the end of the 1960s, followed by owners from Hong Kong (around 5%) and Formosa (Taiwan).<sup>28</sup>

Panama was the first open registry to be given full international legal recognition in the 1920’s, largely supported by the US Government, the incentive being the ability for shipowners to employ cheap labour.

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<sup>26</sup> [https://history.army.mil/documents/WWII/wwii\\_Troopships.pdf](https://history.army.mil/documents/WWII/wwii_Troopships.pdf)

<sup>27</sup> <https://openaccess.nhh.no/nhh-xmloi/bitstream/handle/11250/2393499/DP12.pdf?sequence=1>

<sup>28</sup> <https://openaccess.nhh.no/nhh-xmloi/bitstream/handle/11250/2393499/DP12.pdf?sequence=1>

In 1939, the US Government signed a treaty with Panama whereby profits from shipping were exempted from taxes, which made it attractive to US shipowners to take advantage of freedom of employment while obtaining tax benefits.

Panama's neutrality at the start of World War 2 was an additional encouragement for shipowners from the US and worldwide, to then use the Panamanian flag. Over 100 US-controlled ships traded under the Panamanian and Honduran flags during the war and these flags of convenience were said to have proved beneficial "because of the war situation".<sup>29</sup>

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<sup>29</sup> <https://core.ac.uk/download/pdf/10874137.pdf>