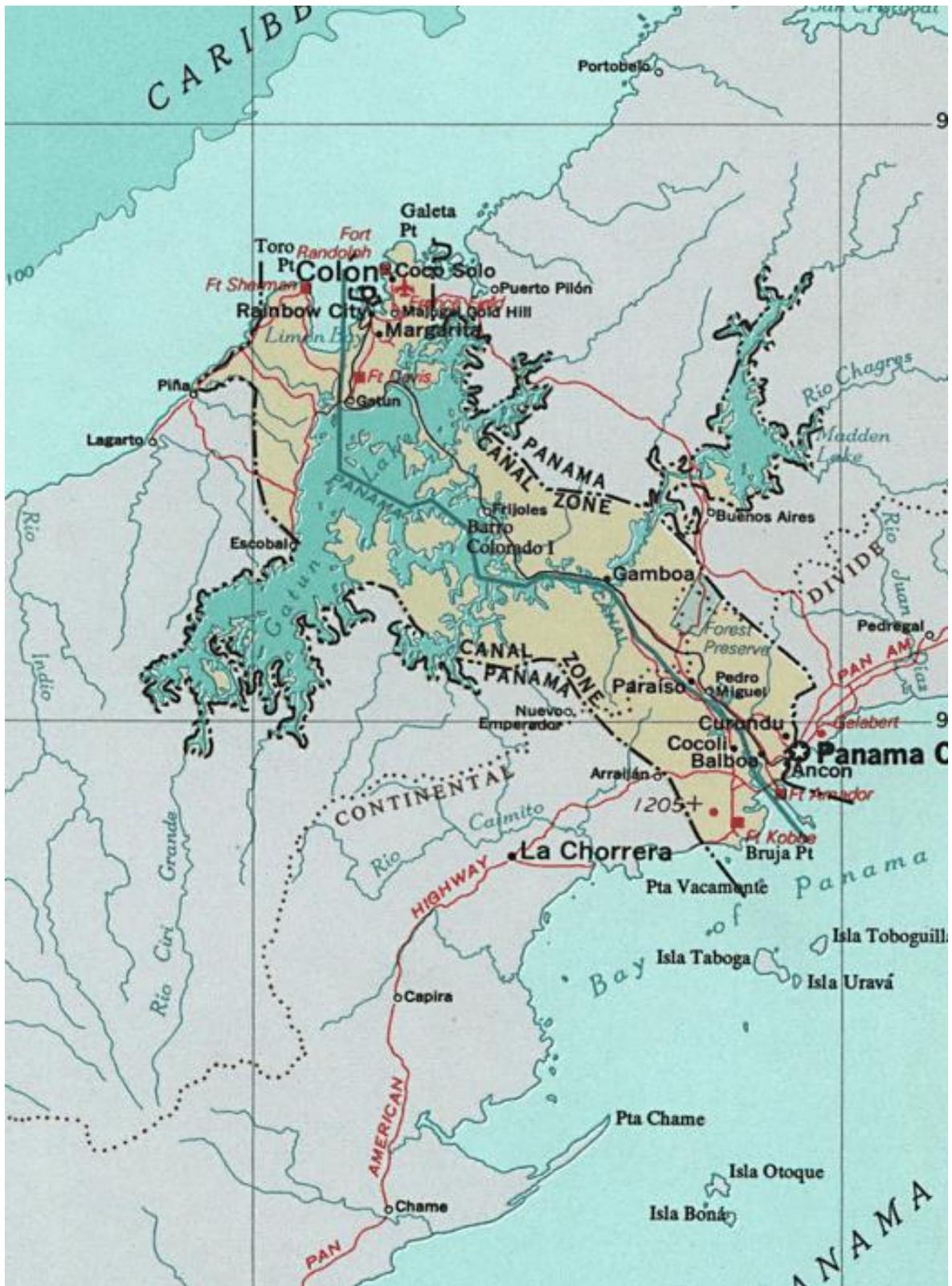


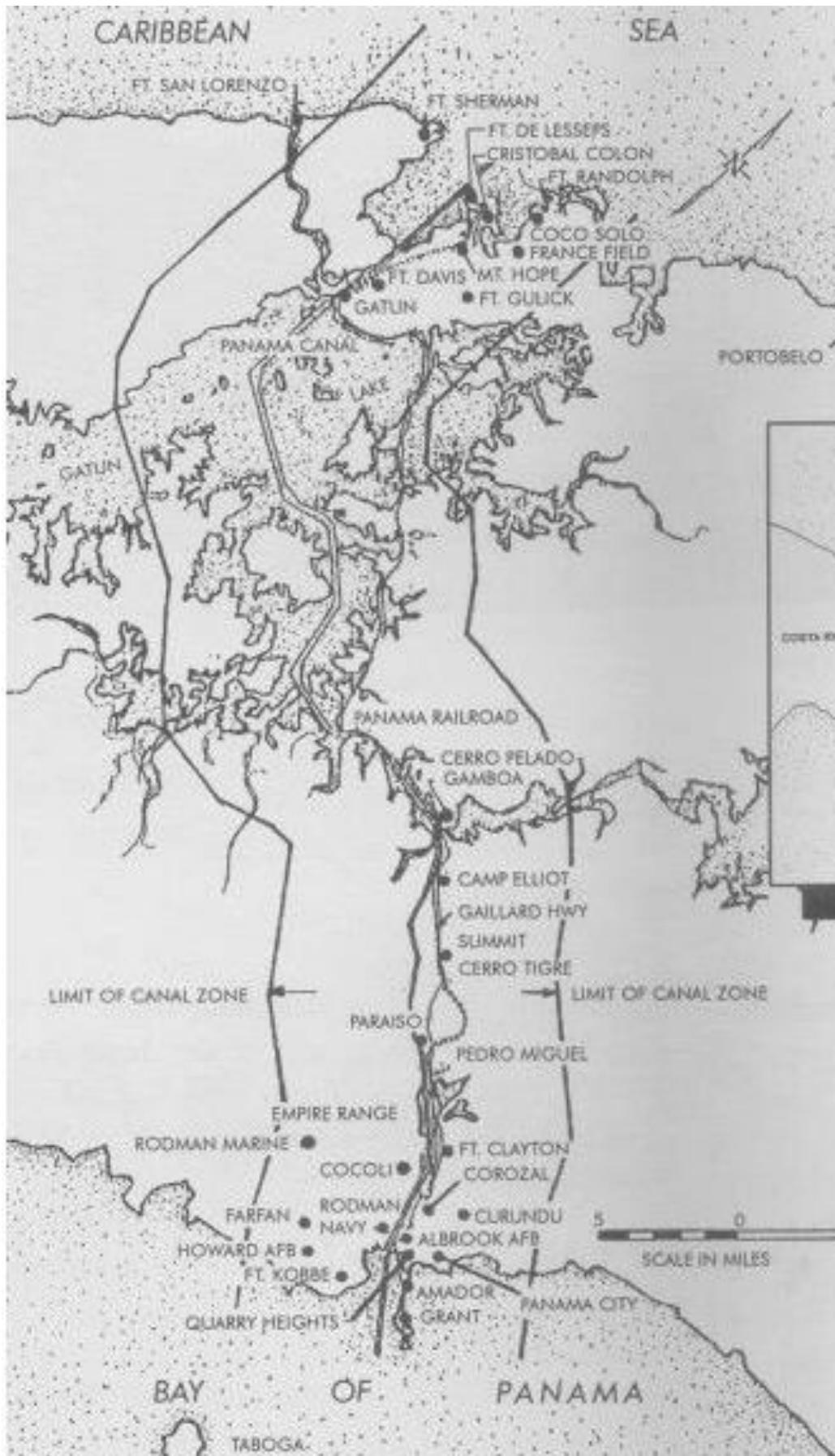


PANAMA IN WORLD WAR 2  
(A REVISED SCRAPBOOK)









## Chapter 1 An Introduction



*Panama City (Casco Viejo, the old city) in 1939*

The Republic of Panama is located in the Western Hemisphere and borders the Caribbean Sea in the north, the Pacific Ocean to the south, Colombia in the east, and Costa Rica in the west. It forms an isthmus (50 miles or 80 km wide at its narrowest section) that connects South America and Central America. It has an area of 29,761 square miles or 77,082 square km, with mountainous land towards the Caribbean coast and rolling hills and extensive savannas towards the Pacific. Spanish is its official language. Various native languages exist such as Kuna and Ngobe-Bugle.

The climate of Panama is tropical, and the temperature is practically uniform throughout the year with an average temperature of 27°C. The country has 2 seasons: the rainy season, which lasts from May to January, and the dry season, which lasts the remainder of the year.<sup>1</sup>

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<sup>1</sup> <https://www.nyulawglobal.org/globalex/Panama1.html>

Panama (more correctly *Panamá*) had achieved independence from Colombia prior to World War 1<sup>2</sup>. It did so with the assistance of the US, which gave its tacit approval to a rebellion by Panamanian nationalists, which began in November 1903. This also enabled the US to complete construction of the Panama Canal, which saw its first transit on 15 August 1914.

In 1903, the Republic of Panama, by means of the Hay-Bunau-Varilla Treaty, had granted to the US (in perpetuity) the use, occupation, and control of a zone of land and land under water for the construction, maintenance, operation, sanitation, and protection of the Canal<sup>3</sup>. This “Canal Zone” had an area of 553 square miles (1,430 square km) and its official status was as an unincorporated territory of the US. Panama itself became a “protectorate” of the US.

Panama only ceased to be an official US protectorate in 1939 when the US Senate eventually ratified the Hull-Alfaro Treaty of 1936<sup>4</sup>, which made significant modifications to the original 1903 Treaty<sup>5</sup>.

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<sup>2</sup> <https://www.history.com/this-day-in-history/panama-declares-independence>

Oddly, perhaps, its annual Independence Day on 28<sup>th</sup> November commemorates independence (as the now “lost province” of Colombia) from Spain. The National Day (or Separation Day) is 3<sup>rd</sup> November, which commemorates the country’s separation from Colombia in 1903.

<sup>3</sup> <https://www.dipublico.org/100531/panama-usa-convention-for-the-construction-of-the-isthmian-ship-canal-1903/>: 1903 Convention with Panama for the Construction of a Ship Canal.

Ratification was advised by the US Senate on 23 February 1904. It was ratified by the US President on 25 February 1904 and by Panama on 2 December 1903. The ratifications were exchanged at Washington on 26 February 1904 and the Treaty proclaimed the same day. The Hay-Herrán Treaty, negotiated between the US and Colombia in 1903 had allowed the US rights to the land surrounding the planned canal, but the Colombian Senate had refused to ratify the treaty – but by then Panama was already in the process of seceding from Colombia. The subsequent US/Panama Hay-Bunau-Varilla treaty contained the same financial terms which had been offered to Colombia for use of the territory involved.

<sup>4</sup> <https://www.britannica.com/place/Panama/Transcontinental-railroad-and-canal-projects#ref468289>

In 1931-32, a nationalist movement allowed Harmodo Arias Madrid become President, and he visited Washington in 1933, meeting Roosevelt and coming away with a commitment to review the 1903 Treaty. After 110 meetings 1934-36, the 1936 Hull-Alfaro Treaty was signed – although, as we have seen, it took until 1939 for the US Senate to ratify it: [https://www.jstor.org/stable/175020?read-now=1&seq=1#page\\_scan\\_tab\\_contents](https://www.jstor.org/stable/175020?read-now=1&seq=1#page_scan_tab_contents)

<sup>5</sup> A second amendment in 1955, included an increased annuity paid by the US (the 1936 Treaty had included an increase over the sums specified in the 1903 Treaty) and also relinquished title to property which the US held outside the Canal Zone. In 1964, an agreement was reached between the US and Panama to adjust the rights of each country in the Canal Zone, but it failed to win Congressional ratification in the US.

The 1903 Hay-Bunau-Varilla Treaty also provided that –

- “the Canal, when constructed, and the entrances thereto shall be neutral in perpetuity...in conformity with all the stipulations of, the treaty entered into by the Governments of the United States and Great Britain on November 18, 1901”<sup>6</sup>,
- the agreement involved also extended to US control of the trans-isthmus railroad, and
- “If it should become necessary at any time to employ armed forces for the safety or protection of the Canal, or of the ships that make use of the same, or the railways and auxiliary works, the United States shall have the right, at all times and in its discretion, to use its police and its land and naval forces or to establish fortifications for these purposes”<sup>7</sup>.

As with other insular possessions<sup>8</sup>, following a period of military government, the US Congress passed an Act for the Canal Zone. By then, the isthmian canal was almost complete. This Panama Canal Act<sup>9</sup> provided that the Canal Zone government was to be an

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<sup>6</sup> The Hay–Pauncefote Treaty of 1901 had been a treaty signed by the US and Great Britain as a legal preliminary to the US involvement in construction of the Panama Canal, overturning previous treaty agreements dating from 1850 that had provided that no one country should have control of such a canal. In fact, there had been 2 treaties, which sought to release the US from a previous commitment that any canal be “international”. After the first treaty was signed in 1900 the US Senate refused to ratify it because it still restricted US rights over any proposed canal. It was the second treaty in 1901 which finally fully abrogated the Clayton-Bulwer Treaty of 1850, which had sought to resolve conflicting US and British interests in Central America and provided for joint control and defence of any canal built across the isthmus of Panama. Britain, it should be remembered, had interests in the nearby Mosquito Coast (then a protectorate), British Honduras (now Belize) and the Bay Islands off northern Honduras.

<https://www.britannica.com/event/Hay-Pauncefote-Treaty>

<sup>7</sup> <https://www.dipublico.org/100531/panama-usa-convention-for-the-construction-of-the-isthmian-ship-canal-1903/>

The Hay-Pauncefote and Hay-Bunau-Varilla treaties implied, but did not specifically give, the right for the US to fortify the Canal Zone. However, central to America’s decision to fortify was Article 3 of the Hay-Bunau-Varilla treaty, which gave the US all powers, rights, and authority in the Zone:

<https://apps.dtic.mil/sti/pdfs/ADA319357.pdf>

<https://weaponsandwarfare.com/2019/11/18/panama-canal-zone-defences-i/>

<sup>8</sup> Insular possessions of the US are defined as American territories outside the customs territory of the US and now include the US Virgin Islands, Guam, American Samoa, Wake Island, Midway Islands, and Johnston Atoll.

<sup>9</sup> The Panama Canal Act of 24 August 1912, (incorporated into the Canal Zone Code, with effect from 19 June 1934).

independent agency of the US established by Congress and administered under the supervision of the US President by a designated Governor. This official would have formal control and jurisdiction over the Canal Zone and operate it as a civil state. Congress further enacted a statutory Bill of Rights for the Canal Zone, as it also did in its insular possessions<sup>10</sup>.

Long into the second half of the 20<sup>th</sup> Century the US Government remained of the view that the Treaty of 1903 had ceded sovereignty over the Canal and Canal Zone to the US. While by 1975 the executive branch had modified its stance, into the 1970s the US Congress still staunchly maintained the view that the US did, in fact, govern the Canal Zone as sovereign territory<sup>11</sup>. For example, in 1975, it was emphasised that “The Canal Zone is not a ‘leased’ area, as so often misstated in the press and n reference works, but a grant in perpetuity under our full sovereign rights, power and authority and, in fact, constitutionally acquired domain of the United States”<sup>12</sup>.

By 1930, there were 39,469 US Citizens resident in the Canal Zone, of whom 10,470 were associated with the Army (as we shall see, the US Army was responsible for the Canal Zone, its defence and its security)<sup>13</sup>. In January 1934, the Panama Canal Department (as the Army command was called) consisted of 419 officers and 8,884 enlisted men. This manpower level was considered too low, and by 1936 enlisted strength had increased to 12,990<sup>14</sup>.

The 1936 Treaty had ended the Panama Republic’s “protectorate” status by abrogating the 1903 Treaty provisions relating to the US guarantee of the Republic's independence and the US right of intervention. It substituted instead negotiation and the purchase of

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<sup>10</sup> <https://www.fedbar.org/wp-content/uploads/2016/06/Panama-Canal-Zone-pdf-1.pdf>

<sup>11</sup> *United States Sovereignty Over the Panama Canal Zone* by Howard Rubin (Brooklyn Institute of International Law) 1976:

<https://brooklynworks.brooklaw.edu/cgi/viewcontent.cgi?article=1445&context=bjil>

<sup>12</sup> US 94<sup>th</sup> Congress, 1<sup>st</sup> Session, 121 CONG. REC. H10417 (1975)

<sup>13</sup> [http://william\\_h\\_ormsbee.tripod.com/qh\\_legacy\\_report.htm](http://william_h_ormsbee.tripod.com/qh_legacy_report.htm)

<sup>14</sup> <https://weaponsandwarfare.com/2019/11/18/panama-canal-zone-defences-i/>

land outside the Canal Zone in place of the former of rights of expropriation available to the US. A dispute over the annual annuity payable by the US was resolved (Panama had stopped accepting payments in 1934 due to complaints over its valuation). Various business and commercial provisions of the new Treaty dealt with longstanding Panamanian complaints – for example, private commercial operations unconnected with Canal operations were to be forbidden in the Canal Zone and free entry into the Canal Zone was to be provided for Panamanian goods, with custom houses at entrances to the Zone to regulate the entry of goods whose ultimate destination was in the Republic<sup>15</sup>.

The “capital” of the Canal Zone was at Balboa<sup>16</sup>, where there was a port at the Pacific end of the Canal complex<sup>17</sup>. The Canal Zone consisted of the Canal itself and an area generally extending 5 miles (8 km) on each side of its centreline, but excluding the Panama City (on the Pacific coast) and the city of Colon (more properly “Colón”, on the Caribbean coast<sup>18</sup>) - that would have otherwise fallen partly within the 5-mile footprint<sup>19</sup>. The territory included the territorial waters out to the 3-mile limit at either end of the Canal. When reservoirs were created to assure a steady supply of water for the Canal locks, those lakes were also included within the Canal Zone.

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<sup>15</sup> <http://www.czbrats.com/treaty77/1936.htm>

However, the US Senate was reluctant to accept the amendments, such as the new Treaty providing that, in the event of any threat to the security of either country, joint measures could be taken only after consultation between them. Only after an exchange of diplomatic notes clarified that Panama was willing under to permit the US to act unilaterally, did the Senate give its consent on 25 July 1939.

<sup>16</sup> The Balboa is also the name of the national currency of Panama, which is tied to, and is interchangeable with (in Panama) the US Dollar. The town of Balboa, now a district of the sprawling Panama City (but unmistakably bearing the hallmarks of former US forces occupation), was founded by the US during construction of the Canal on land cleared, drained, filled and levelled by the US Army Corps of Engineers, in the hilly area north of Panama City at the Pacific end of the Canal. Like most towns in the Canal Zone, it was served by Canal Zone Government–operated schools, post offices, police and fire stations, commissaries, cafeteria, movie theatres, service centres, bowling alleys, and other recreational facilities and company stores, as well as several schools. It now has a substantial port, with container facilities (by 2012 the busiest container port in Latin America), Panamax-size dry dock and connections with the Panama Canal Railway.

<sup>17</sup> For brief summaries of the other towns in the Canal Zone, see the separate Chapter, and also: <https://www.czbrats.com/Towns/thetowns.htm>

<sup>18</sup> It sometimes causes confusion that the end of the Canal on the country’s Caribbean coast is referred to as the Atlantic end.

<sup>19</sup> The Panama Canal Zone was designated by an Act of Congress in 1914 as a strip of land “and land under water” 5 miles wide on either side of the Canal:

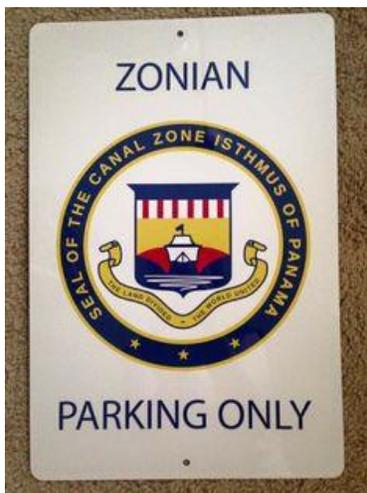
<https://ufdc.ufl.edu/AA00022175/00001/pageturner#page/25>



*Balboa in the early 1940s, looking up the street towards the Commissary, Club House and First National City Bank<sup>20</sup>*

US citizens living within the Canal Zone were known as “Zonians” (see the postwar parking sign below)<sup>21</sup> – or, in Spanish, *zoneíta* or *zoniano*, or *Zoneítas* in the plural) and only those connected with the administration, operation, maintenance, or the defence of the Canal (and their dependants) were allowed to live within the Canal Zone<sup>22</sup>.

Housing was provided for all persons employed by the US Government (with floor space based on the person’s ranking in the hierarchy – establishing a sort of caste system (for more information see the Chapters on the Gold Roll and Silver Roll system, and that on



racial discrimination in the Canal Zone), and private ownership of land within the Canal Zone was prohibited<sup>23</sup>.

Until 1955, the US authorities applied a “Jim Crow” discrimination system, with white US persons rated higher than non-whites and generally treated differently. In fact, the schools in the Canal Zone were only fully desegregated

<sup>20</sup> <http://www.czimages.com/CZMemories/Photos/photoof308.htm>

<sup>21</sup> The Panama Canal Society holds a reunion for Zonians each year in the US, usually in Florida.

<sup>22</sup> <https://ufdc.ufl.edu/AA00022175/00001/pageturner#page/25>

<sup>23</sup> <https://ufdc.ufl.edu/AA00022175/00001/pageturner#page/25>

in the 1970s, and the US Civil Rights Act enforced<sup>24</sup>, some 20 years after schools had been desegregated in the Continental US<sup>25</sup>.

For a long time, and certainly during World War 2, the Canal Zone was segregated between American and Caribbean workers, with everything from shops to latrines designated as "gold" (for Americans) and "silver" (for West Indian and Caribbean workers). White workers, including labourers, also received the better clinical care in the Canal Zone and their homes benefited from mosquito screens<sup>26</sup>.

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<sup>24</sup> As one black woman born in the Canal Zone after World War 2 said, "I was born in the same hospital as John McCain, but he walked out an American and I walked out a Panamanian"; and she did not come into contact with white Zonians until the schools were desegregated in the 1970s. Instead, she was raised separately, in a culture that drew from her Panamanian and Caribbean roots:

<https://www.bbc.com/news/magazine-28594016>

<sup>25</sup> <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC1497783/>

<sup>26</sup> <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC1497783/>

Until 1979, the Canal Zone territory remained wholly controlled by the US, which had purchased the land required from the private and public owners, built the Canal and financed its construction. The Canal Zone was finally abolished in 1979, under the Torrijos-Carter Treaties of 1977<sup>27</sup>; with the Canal itself placed under joint US–Panamanian control until it came under fully Panamanian control in 1999, when the US flag was lowered for the last time on 31 December 1999<sup>28</sup>.



*Calidonia (a corregimiento<sup>29</sup> within Panama City), which lay outside the Canal Zone, in 1940*

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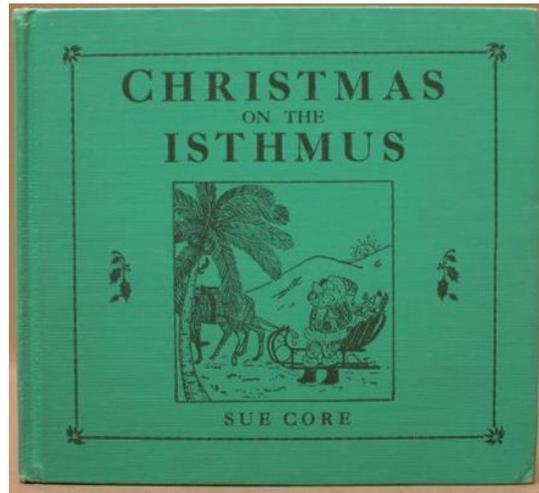
<sup>27</sup> <https://history.state.gov/milestones/1977-1980/panama-canal>

<sup>28</sup> <https://archive.defense.gov/news/newsarticle.aspx?id=42234> and <https://cms.uflib.ufl.edu/pcm/timeline/americaneraends.aspx>

<sup>29</sup> A *corregimiento* is the smallest administrative division level in the country, a subdivision of a district, which is in turn a subdivision of a province. Hence, Calidonia is a *corregimiento* within Panama District and Panama Province.



*US Navy Nurses sightseeing during World War 2 in the ruins of Old Panama, which was destroyed by the pirate Henry Morgan in 1671<sup>30</sup>*



Because of its unincorporated legal status, it used to be the case that individuals born in the Canal Zone were not automatically entitled to US citizenship, even though born on what was considered to be US soil. Under the Naturalization Act of 1795, children born of 2 US citizen parents were statutory US citizens. Others, however, held the legal status of “US nationals” and were not full citizens, like those born today in American Samoa.

<sup>30</sup> <https://www.history.navy.mil/content/history/nhhc/our-collections/photography/numerical-list-of-images/nhhc-series/nh-series/80-G-K-13000/80-G-K-13828.html>

In 1937, Congress changed things by providing that any children born in the Canal Zone after 1904 of at least 1 US citizenship parent were natural-born US citizens by virtue of their birth in the Canal Zone. Perhaps the most renowned case of such an individual having been born in the Canal Zone came to light in 2008, when Senator John McCain, born therein in 1936, ran for President<sup>31</sup>.

Between 1930 and 1943, in the wake of the Depression of the 1930s, US capital investments had dropped sharply in every Latin American country except oil-rich Venezuela and in Panama, and Panama enjoyed the higher percentage increase of the two, as investment multiplied threefold to \$514 million, mostly in banking and utilities. The number of US-controlled enterprises in Panama also increased, from 22 in 1929 to 79 in 1943.

In addition, an estimated 12.5% of the Panamanian pre-war workforce was employed in the Canal Zone - in 1939, there were 3,511 "Gold Roll" (US rate) workers in the Zone, and 11,246 "Silver Roll" (Local rate) workers, but by 1942 these numbers would grow to 8,550 and 28,686.

The influx of workers to the Canal Zone, and to Panama City and Colón in the Republic, would be so great that the Panamanian Government complained about the scarcity of teachers and other skilled employees. The Government did, however, try to take advantage of the situation by "strengthening" English language education in schools and emphasising vocational training in commercial and business administration so as to encourage the development of small businesses and to provide skilled employees for the increased number of commercial enterprises.

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<sup>31</sup> <https://www.fedbar.org/wp-content/uploads/2016/06/Panama-Canal-Zone-pdf-1.pdf>

## CANAL STATISTICS 1914-39

Between 15 August 1914 and 1 July 1939, no less than 104,417 oceangoing vessels of over 300 net tons (and 8,199 of less than 300 tons) had transited the Canal, carrying 499,077,200 cargo-tons of freight; and the total tolls had amounted to \$453,046,857.91 on a net capital investment of \$509,008,594.38 (which sum included \$128,991,063 compound interest on construction funds from 1904-20).<sup>32</sup>



*Plaza de Santa Ana, Panama City*

## MORE ON THE 1939 TREATY

In the 1930s, while the US was assuming a more conciliatory stance, Panamanians were losing patience, and a political base for virulent nationalism was emerging<sup>33</sup>.

For example, a dispute arose in 1932 over Panamanian opposition to the sale of 3.2% beer in the Canal Zone which was competing with Panamanian beers. Tension rose when the Governor of the Canal Zone insisted on formally replying to the protests, despite the

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<sup>32</sup> <https://www.usni.org/magazines/proceedings/1940/october/discussions-comments-and-notes>

<sup>33</sup> <https://apps.dtic.mil/dtic/tr/fulltext/u2/a210486.pdf>

Panamanian Government's view that proper diplomatic relations should involve only the local US Government Minister<sup>34</sup>.

In 1933, when unemployment in Panama had reached a dangerous level and friction over the Canal Zone commissaries was revived, President Harmodio Arias Madrid<sup>35</sup> went to Washington.<sup>36</sup> The result was agreement on a number of issues. The US pledged sympathetic consideration of future arbitration requests involving economic issues that did not affect the vital aspects of Canal operation. Special efforts were to be made to protect Panamanian business interests from the smuggling of cheaply purchased commissary goods out of the Canal Zone. The US also promised to seek appropriations from Congress to sponsor the repatriation of the numerous immigrant Canal workers, who were said to be aggravating the unemployment situation in Panama.

Most important, however, was President Roosevelt's acceptance, in a joint statement with President Harmodio Arias Madrid, that US rights in the Canal Zone applied only for the purposes of "maintenance, operation, sanitation, and protection" of the Canal. The resolution of this long-standing issue, along with a clear recognition of Panama as a sovereign nation, was regarded as a significant move in the direction of the Panamanian interpretation of the proper US position in the isthmus.<sup>37</sup>

This accord, though welcomed in Panama, came too early to deal with a major problem concerning the \$250,000 annuity payable by the US. The devaluation of the US dollar in 1934 had reduced its gold content to 59.6% of its former value., meaning that the annuity's value was nearly cut in half in the newly devalued dollars. As a result, the Panamanian government refused to accept the annuity paid at the new exchange rate.<sup>38</sup>

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<sup>34</sup> It would not be until March 1939 that the US Legation in Panama was upgraded to Embassy status, with a US Ambassador instead of a Minister.

<sup>35</sup> The brother of the more famous wartime President Arnulfo Arias Madrid, who was deposed in 1941 (see the Chapter on the wartime Presidents).

<sup>36</sup> <https://apps.dtic.mil/dtic/tr/fulltext/u2/a210486.pdf>

<sup>37</sup> <https://apps.dtic.mil/dtic/tr/fulltext/u2/a210486.pdf>

<sup>38</sup> <https://apps.dtic.mil/dtic/tr/fulltext/u2/a210486.pdf>

A visit to the Republic by President Roosevelt in the Summer of 1934 prepared the way to open negotiations on this and other matters. A Panamanian mission arrived in Washington in November, and discussions on a replacement for the Hay-Bunau-Varilla Treaty continued through 1935. In March 1936, Secretary of State Cordell Hull and Assistant Secretary of State Sumner Welles joined the Panamanian negotiators in signing a new treaty - the Hull-Alfaro Treaty, together with other 3 related conventions which regulated radio communications and provided for the US to construct a new trans-isthmian highway connecting Panama City and Colón<sup>39</sup>.

The 1936 Treaty provided a new context for relations between the two countries and ended the protectorate status of Panama by abrogating the 1903 Treaty's guarantee of the Republic's independence and the concomitant US right of intervention. Thereafter, the US would substitute negotiation and purchase of land outside the Canal Zone for its former rights of expropriation. The dispute over the annuity was resolved by agreeing to fix it at 430,000 balboa (the balboa being equivalent to the devalued US dollar), which increased the gold value of the original annuity by \$7,500, which was to be paid retroactively to 1934 – the year in which Panama had begun refusing the payments.<sup>40</sup>

Various other business and commercial provisions dealt with longstanding Panamanian complaints. Private commercial operations unconnected with Canal operations were to be forbidden in the Canal Zone. This policy and the closing of the Canal Zone to foreign commerce were to provide Panamanian merchants with relief from competition. Free entry into the Canal Zone was provided for Panamanian goods, and Panamanian custom houses were to be established at entrances to the Canal Zone to regulate the entry of goods whose final destination was in the Republic.

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<sup>39</sup> <https://apps.dtic.mil/dtic/tr/fulltext/u2/a210486.pdf>

<sup>40</sup> <https://apps.dtic.mil/dtic/tr/fulltext/u2/a210486.pdf>

The Hull-Alfaro revisions, though hailed by both Governments, radically altered the special rights of the US in the isthmus, and the US Senate was reluctant to accept the alterations<sup>41</sup>. Only after an exchange of interpretative diplomatic notes had permitted Senator Key Pittman, chairman of the Foreign Relations Committee, to advise his colleagues that Panama was willing to permit the US to act unilaterally for the defence of the Canal, did the US Senate give its consent on 25 July 1939.<sup>42</sup>

For more detail on negotiations leading to the 1936 Treaty, the agreement on highways (which was approved) and those on radio transmitters (which were not approved), see Annex 4.

### **THE WARTIME GOVERNORS**

In peacetime, the Governor of the Panama Canal was responsible for the operation and maintenance of the Canal itself, as well as the administration, sanitation, and government of the Canal Zone. He was also the President of the Panama Railroad, which ran along the eastern side of the waterway to connect the terminal ports of Cristobal and Balboa. The Panama Railroad Company also operated the Panama Line (see the Chapter on the railroad and its ships), whose 3 ships had been specifically designed for its needs<sup>43</sup>.

The Governor, by custom a retired US Army Engineers officer, reported directly to the Secretary of War. As an emergency measure, on 5 September 1939, the Canal Zone was placed under the jurisdiction of the Commanding General, Panama Canal Department (the Army command in the Canal Zone). However, the general's authority over operation of the Canal and governmental functions continued to be exercised through the Governor<sup>44</sup>.

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<sup>41</sup> The US military also opposed the changes.

<sup>42</sup> <https://apps.dtic.mil/dtic/tr/fulltext/u2/a210486.pdf>

<sup>43</sup> <https://media.defense.gov/2013/Sep/16/2001329866/-1/-1/0/AFD-130916-006.pdf>

<sup>44</sup> <https://media.defense.gov/2013/Sep/16/2001329866/-1/-1/0/AFD-130916-006.pdf>

Glen E Edgerton was Governor for most of the war (1940-44). A US Army engineer officer, he had previously served as Panama Canal maintenance engineer 1936-40 – and his eventual successor as Governor had also succeeded him in this post.

Edgerton had been preceded in 1936 to 1940 by Clarence S Ridley, another Army officer, who was notable for having supervised the construction of the Lincoln Memorial in Washington DC.

Following Edgerton in 1944, Major General John C Mehaffey, another Army engineer, was Governor 1944-48. Having already served in the Canal Zone 1911-12, Mehaffey was assigned to the Panama Canal Zone again in 1941 as maintenance engineer, succeeding Edgerton. Whilst Governor, Mehaffey conducted the Isthmian Canal Studies in 1947, producing what was called the Mahaffey Report. This proposed dispensing with the locks and constructing a sea-level canal at a cost of \$3.5 billion. Nothing came of the report, but more information on it can be found in the Chapter on reassessment of the value of the Canal to the US 1945-49.

## **A HISTORY OF CORRUPTION**

While the postwar period of the 1940s and 1950s, and the dictatorships that were only finally ended after the US invasion in 1989, are commonly seen as a time of corruption undermining business and community in Panama, in truth its roots go back to the origins of the country.

The impetus to create a separate state from Gran Colombia after independence from Spain in the 19<sup>th</sup> Century, and the separation from Colombia in 1903, was in large part driven by a wealthy elite. The elite were white and Catholic landowners, who were to be enriched by the US-built railway. It is reported that the elite even contemplated becoming a British protectorate before the deal with the US was done.

It is said that as well as sending warships, the US provided bribes, for support in obtaining both Panamanian independence and the deal allowing the US to acquire what became the Canal and the Canal Zone.

Once entrenched, patronage and nepotism were employed to control the country, such as by the distribution of public offices. Working class parties faced a high hurdle to entry into the power, later exacerbated by US anti-communism. The lower classes were also discriminated using the Gold and Silver Roll system.

When Arnulfo Arias Madrid was elected President in 1940 this was said to be the first time someone not associated with the Union Club elite had been elected President (although his brother had also previously been President<sup>45</sup> - and whose anti-corruption policies had antagonised many who had benefited from it). This breakthrough was, however, undermined by his authoritarian and racist policies, which included seeking to removing citizenship from those of ethnic origin he considered undesirable (for much more about him, see the Chapter on the wartime Presidents).

Ironically perhaps, it was a dictator, Omar Torrijos, who was to at least temporarily break the political stranglehold which the elite had on the country. A nationalist, from 1968. Torrijos increased public and social spending on infrastructure, education, health and social housing. That said, actual socialists were persecuted, and corruption continued, worsening considerably under Torrijos' successor, Manuel Noriega<sup>46</sup>.

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<sup>45</sup> Harmodio Arias Madrid had served as acting President in January 1931 (having been one of the leaders of the 1931 revolution, with his brother, that overthrew the government of Florencio Harmodio Arosemena) and as President 1932-36, after winning the 1932 presidential election. He was also responsible for the negotiations that led to the 1936 Treaty with the US.

<sup>46</sup> <https://www.jacobinmag.com/2021/11/panama-protest-elites-corruption-economic-model-democracy>



*The Happy Land Club on central Avenue, Panama City*

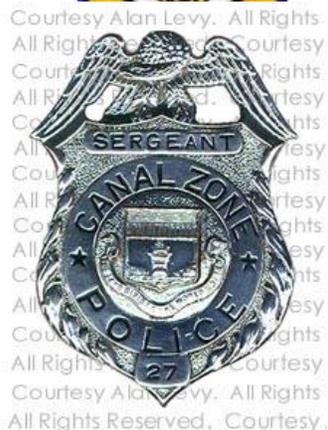


*The Panama Canal Press building at Mount Hope, Canal Zone in 1940*

## THE CANAL ZONE POLICE AND LAW ENFORCEMENT



The "Division of Police and Prisons" was first organized in June 1904, and Canal Zone Police uniforms were copied from the uniform the "Rough Riders" had used in the Spanish-American War, remaining unchanged until 1941.



By 1940 the police and fire departments came under one individual whose title was the Chief of the Police and Fire Division, although it was not clear when this merger took place or how long it lasted.

On 31 July 1943, the Division saw the term “first class policeman”, with the term “policeman” to be used for all officers, except those of rank. However, it continued the Gold and Silver Roll system.<sup>47</sup>

1943 also saw the force stop using horses, on 14 September all those owned and used by the Police Division were either released to other Divisions or sold or retired. The new Chief feeling that the horse had outlived its usefulness.<sup>48</sup>

On 30 April 1944, all police services provided for the Division Engineer ended, with the substations at Curundu, Camp Chiva and Camp Harrison turned over to the military police.<sup>49</sup>

On 12 June 1944, the Division adopted a radio-telephone system, allowing communication using UHF radio between patrol cars and stations and between stations. There were 13 radio patrol cars (including 7 in Balboa District and 3 in Cristobal District)<sup>50</sup>.

In 1945, the uniform was changed from khaki to steel grey, with service-style hats and Sam Browne belts, short-sleeve shirts and tie. They also wore jodhpur trousers, boots and leather puttees.<sup>51</sup>

The Canal Zone Police Force were disbanded on 31 March 1982, when law enforcement responsibilities for the former Panama Canal Zone passed to Panama.

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<sup>47</sup> On 1 May 1944, the Division had 54 officers of rank, 213 Gold Roll and 48 Silver Roll:  
<https://www.czbrats.com/Articles/czp.htm>

<sup>48</sup> Ibid.

<sup>49</sup> Ibid.

<sup>50</sup> Ibid.

<sup>51</sup> Ibid.



The Panama Canal Zone Police Station at Madden Dam in 1942.

This photo shows the Police Station at Madden Dam. It was a 2-storey building of an architectural style typical of the buildings built in the Canal Zone for residences in the civilian areas outside the military and naval air bases. At this station, there was the vehicular control of those who travelled through the sector adjacent to the then small town of Chilibre, which at that time did not have more than 250 inhabitants<sup>52</sup>.

The Canal Zone Fire Department had been established in 1905, initially manned by volunteers, with a fire chief appointed on 1 December and the first paid company established at Cristobal in November 1906<sup>53</sup>.

Meanwhile, in Panama itself, the Department of Corrections was established in 1940 to administer the country's penal system for the Ministry of Government and Justice. Operation of the prisons had previously been a direct function of the National Police. The intention of the government officials who established the Department of Corrections was to end the inherent abuses in the system, but the new department was never properly staffed, and police had to be used as jailers.<sup>54</sup>

As a US territory, the US Marshals Service also operated in the Canal Zone, and did so until its office closed in 1982, with the termination on that date of the jurisdiction of the US District Court in Panama, and marked by a closing ceremony in the District Court.

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<sup>52</sup> <https://es.paperblog.com/panama-canal-police-en-la-antigua-zona-del-canal-en-1942-6407901/>

<sup>53</sup> <http://www.coins-of-panama.com>

<sup>54</sup> <https://apps.dtic.mil/dtic/tr/fulltext/u2/a210486.pdf>

There were 10 marshals appointed to the Canal Zone between 1914 and 1982<sup>55</sup>.



*Panama Canal Zone District Courthouse*

The Panama Canal Act 1912 had created a US Federal District Court for the Canal Zone within the appellate jurisdiction of the US Court of Appeals for the Fifth Circuit in New Orleans. This was a logically dictated step, given the that court's familiarity with maritime law issues.

From 1914 until its formal closure in 1982, the federal territorial court was presided by several judges from the US. These jurists were not Article III judges<sup>56</sup>, but rather appointed for a term of years, as were judges in the federal courts in the US Virgin Islands, Guam, and the Commonwealth of the Northern Marianas.

Until 1979, a total of 12 judges had been appointed to the Canal Zone bench. In 1977–78, visiting Fifth Circuit judges also presided by designation. Finally, from June 1979 until March 1982, an Article III judge from the Eastern District of Louisiana, presided by designation. He was responsible for the termination of the court's 800-case docket, and for 3 years, he would sit for a full week every month in the Canal Zone federal court<sup>57</sup>.

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<sup>55</sup> <https://www.usmarshals.gov/history/panama/index.html>

Notably, the closure of the office in Panama marked only the second time in the nearly 200-year history of the Marshals Service that a Marshal's office has been deactivated

<sup>56</sup> Article III of the US Constitution governs the appointment, tenure, and payment of Supreme Court justices, and federal circuit and district judges. These judges are nominated by the president and confirmed by the US Senate

<sup>57</sup> <https://www.fedbar.org/wp-content/uploads/2016/06/Panama-Canal-Zone-pdf-1.pdf>



*A 1939 Canal Zone stamp*



*Grace Lines "Colombia" in a transit of Panama Canal. (Source: US Merchant Marine Academy Maritime Museum)*



*Plaza 5 de Mayo, Panama City in 1939*



*WW2 Military Police mascot dog, First Sergeant Sonny in Canal Zone<sup>58</sup>*



*One of the locomotive "mules" used at the Miraflores and Pedro Miguel Locks during World War 2. Built by GE in New York in 1914, one of a fleet of 40, it was only retired in 1964, and is now on display at the Miraflores Locks Visitors Center<sup>59</sup>.*

<sup>58</sup>[https://www.pinterest.ch/pin/531635931003492944/?amp\\_client\\_id=CLIENT\\_ID\( \)&mweb\\_unauth\\_id=%7B%7Bdefault.session%7D%7D&url=https%3A%2F%2Fwww.pinterest.ch%2Famp%2Fpin%2F531635931003492944%2F&from\\_amp\\_pin\\_page=true](https://www.pinterest.ch/pin/531635931003492944/?amp_client_id=CLIENT_ID( )&mweb_unauth_id=%7B%7Bdefault.session%7D%7D&url=https%3A%2F%2Fwww.pinterest.ch%2Famp%2Fpin%2F531635931003492944%2F&from_amp_pin_page=true)

<sup>59</sup> <http://www.panamarailroad.org/loco.html>

## GUARDING THE LOCKS<sup>60</sup>

Until the mid-1930s, except during World War 1, the locks had been guarded by the Canal Zone Police, not to prevent sabotage, but as part of its normal law and order function. The first subsequent use of the military for the role was during manoeuvres in 1934, when a company of the 14<sup>th</sup> Infantry Regiment was employed. This exercise proved the inadequacy of safeguards against sabotage and the Governor asked the commanding general of the Panama Canal Department to establish military guards at each set of locks, spillways and powerhouses.

In 1936, the local civilian watchmen used on the Canal were placed under the administration of the Canal Zone Police and Fire Division (see above), and in 1941 they were formally transferred to that Division. During the war, of course, Army guards were used (and supplemented the Canal Zone Police), but the end of the war in 1945 saw civilian watchmen being reinstated, with a new force comprising 30 guards and 2 sergeants under the Superintendent of the Locks Division. It had responsibility for lock security, and was backed up by the Canal Zone Police. The military was to return to the security role 1950-52, during hostilities in Korea.

The Military Lock Guard was established under a directive issued on 28 July 1934, with one company from each of the 33<sup>rd</sup> and 14<sup>th</sup> Infantry Regiments (with around 100 men from each). The specific sites named were the Miraflores Locks and its diesel-electric plant, the Pedro Miguel Locks, the Gatun Locks, Dam and hydro-electric plant.

The military shared the protection of the facilities with the Canal Zone Police. The latter being responsible for checking civilians entering, and the military controlling access of military personnel. The police did not operate between 2300 and 0600, when the locks

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<sup>60</sup> *Security and Defense of the Panama Canal 1903-2000* by Charles Morris, Panama Canal Commission: <https://original-ufdc.uflib.ufl.edu/AA00047733/00001/6j>

were not in operation (regular 24-hour operations did not start until the 1960s). It took some time for permanent barracks to replace tents used to house the military guards.

However, a report from the commanding general of the Pacific sector in early 1939 once again commented on the inadequacy of security. The guard was seen as inadequate, in terms of numbers and equipment (e.g. a shortage of automatic weapons).

The threats to the Canal in 1939 were seen as being –

- Ramming of the lock gates;
- Timed bombs being dropped overboard from transiting vessels;
- Blockships sunk in the locks;
- Explosives being dropped from passing ships; and
- Blockships sunk in the main channel.

The military considered that raids mounted from Panamanian territory were a strong possibility (bearing in mind the the Canal Zone only reached 2½ miles either side of the centreline of the Canal).

From 21 September 1939, a joint board was established consisting of an officer from the Panama Canal Department, the Department's Atlantic and Pacific Sectors and the Canal authorities. This board would meet regularly to discuss security requirements during the expansion of facilities in and around the Canal. For example, it recommended that the numbers of men allocated to the military guard were increased.

In addition to the guard on the locks there was the so-called Utility Guard. The number and type of facility included under its protection expanded from 1939, to include such things as filtration plants and, in 1940, transformer substations, the Mechanical Division

yards at Balboa and Cristobal, the Mount Hope and Balboa Tank Farms and even the length of the Panama Railroad. The Saddle Dams at Madden Lake were also guarded<sup>61</sup>.

From 16 February 1941, the Mobile Force would be given the role of protecting the locks and other facilities (for more on the Mobile Force, see the Chapter on ground forces).<sup>62</sup>

### **1931: INAUGURATION OF PANAMA'S INTRA-PROVINCE AIRMAIL SERVICE<sup>63</sup>**

On 29 November 1931, an internal airmail system was inaugurated. The aircraft used for the first flights of the airmail service was an Loening amphibian biplane christened “*3 de Noviembre*”<sup>64</sup>. The flying boat depicted on the new airmail stamp issued for these flights bears little resemblance to the amphibian biplane actually used<sup>65</sup>.

On 28-29 November 1931, the first intra-province airmail flights were made to or from the following towns (with the approximate quantities of letters received) within each western province of the Republic: Taboga (100), Santiago de Veraguas (1,000), La Chorrera (200), Puerto Armuelles (500), Bejuco (100), Bocas del Toro (1,500), Anton (500), Panama City (23,000), David (3,000), Penonome (500), Colón (8,000), and Aguadulce (1,000). The airmail intended for Bocas del Toro was flown from Folks River, Colón.

All the flights originated from Panama City; one travelled the Pacific route starting from Panama City and the other left Panama to Colón to travel the Atlantic route.

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<sup>61</sup> In November 1941, an exercise involving the Mobile Force demonstrated that a raiding party could attack to Dam, but that it would take an estimated 6,000 lb (2,725 kg) of TNT to rupture the Saddle Dam, which breach would anyway take weeks to drain the Lake.

<sup>62</sup> *Security and Defense of the Panama Canal 1903-2000* by Charles Morris, Panama Canal Commission: <https://original-ufdc.uflib.ufl.edu/AA00047733/00001/6j>

<sup>63</sup> [https://www.americanairmailssociety.org/wp-content/uploads/2018/08/APJ\\_Volume\\_084\\_Issue\\_0994\\_No\\_04\\_April\\_2013.pdf](https://www.americanairmailssociety.org/wp-content/uploads/2018/08/APJ_Volume_084_Issue_0994_No_04_April_2013.pdf)

<sup>64</sup> 3 November was the date of Panama's independence from Colombia in 1903.

<sup>65</sup> The stamp featured a much larger twin-engine Consolidated Commodore flying-boat of New York, Rio, and Buenos Aires Line (**NYRBA** or **NYRBA**) airline (flying over Manhattan!).



*First Day Cover dated 29 November 1931*

## **BRYAN-CHAMORRO TREATY AND THE POSSIBILITY OF A NICARAGUAN CANAL**

In August 1914, as the Panama Canal was seeing the first transit of the completed Canal, another treaty was signed between the US and Nicaragua. Under this treaty, the Bryan-Chamorro Treaty, the US was granted the right to construct a canal across Nicaragua, an option to build a naval base on the Gulf of Fonseca (where there would be a US Navy operation during World War 2 – see Chapter 28) and a long-term lease on the Corn Islands in the Caribbean<sup>66</sup>.

The full text of the Treaty is available (at page 169 onwards) at -

<https://ia802607.us.archive.org/4/items/untoldstoryofpan012635mbp/untoldstoryofpan012635mbp.pdf>

Echoing the 1903 Treaty with Panama, Article 1 of the Bryan-Chamorro Treaty, Article I provided that -

“The Government of Nicaragua grants in perpetuity to the Government of the United States, forever free from all taxation or other public charge, the exclusive proprietary rights necessary and convenient for the construction, operation and maintenance of an interoceanic canal by way of the San Juan River and the great Lake of Nicaragua or by way of any route over Nicaraguan territory, the details of the terms upon which such canal

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<sup>66</sup> <https://www.britannica.com/event/Bryan-Chamorro-Treaty>

shall be constructed, operated and maintained to be agreed to by the two governments whenever the Government of the United States shall notify the Government of Nicaragua of its desire or intention to construct such canal”,

Article II provided that -

“To enable the Government of the United States to protect the Panama Canal and the proprietary rights granted to the Government of the United States by the foregoing article, and also to enable the Government of the United States to take any measure necessary to the ends contemplated herein, the Government of Nicaragua hereby leases for a term of ninety-nine years to the Government of the United States the islands in the Caribbean Sea known as Great Corn Island and Little Corn Island; and the Government of Nicaragua further grants to the Government of the United States for a like period of ninety-nine years the right to establish, operate and maintain a naval base at such place on the territory of Nicaragua bordering upon the Gulf of Fonseca as the Government of the United States may select”.

Nicaragua’s neighbours El Salvador<sup>67</sup> and Costa Rica<sup>68</sup> protested, claiming that the Treaty endangered their security, and the Central American Court of Justice upheld the validity of their claim. However, both the US and Nicaragua ignored the ruling and the Treaty remained in effect, with the US Senate ratifying it in 1916<sup>69</sup>. In the end, the US used it only to allow it to build a lighthouse on the Corn Islands<sup>70</sup>. The Bryan-Chamorro Treaty was formally abrogated in 1970<sup>71</sup>.

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<sup>67</sup> El Salvador shared the Gulf of Fonseca with Nicaragua (and Honduras)

<sup>68</sup> Costa Rica was particularly concerned by the potential effects on the San Juan River, which formed a large part of its northern boundary: and an 1858 treaty with Nicaragua provided that it would not make any grants of rights without consulting Costa Rica.

<sup>69</sup> The refusal of the US to honour the ruling of the court destroyed the influence of that body, and in March 1918 the court formally ceased to exist

<sup>70</sup> In 1910, there had been attempts to cede Great Corn Island to Britain.

<sup>71</sup> <https://www.britannica.com/event/Bryan-Chamorro-Treaty>

It can be seen as an attempt by the US to block any potential European interest in an alternative canal through Nicaragua<sup>72</sup>. It had the bonus of enabling the US to add to the defences and facilities for the Panama Canal (though the option of the additional naval base and the lighthouse).<sup>73</sup>

While nothing came of the 1914 Treaty, the possibility of a second canal through Nicaragua would arise from time to time between the wars (and in the 21<sup>st</sup> Century a Chinese project is reportedly to make the idea a reality, although, at the time of writing, nothing has come of it).<sup>74</sup>

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<sup>72</sup> In June 1914, it was reported that Germany had offered to outbid the US for a canal route monopoly in Nicaragua

<sup>73</sup> *Interest in a Nicaraguan Canal 1903-1931* by Thomas A Bailly (Stanford University, 1936).

<sup>74</sup> Incidentally, I was briefly involved in discussions in the 2000s in another alternative to the Panama Canal, using Honduras. With ports on either coast and a high-speed rail link instead of a Canal.