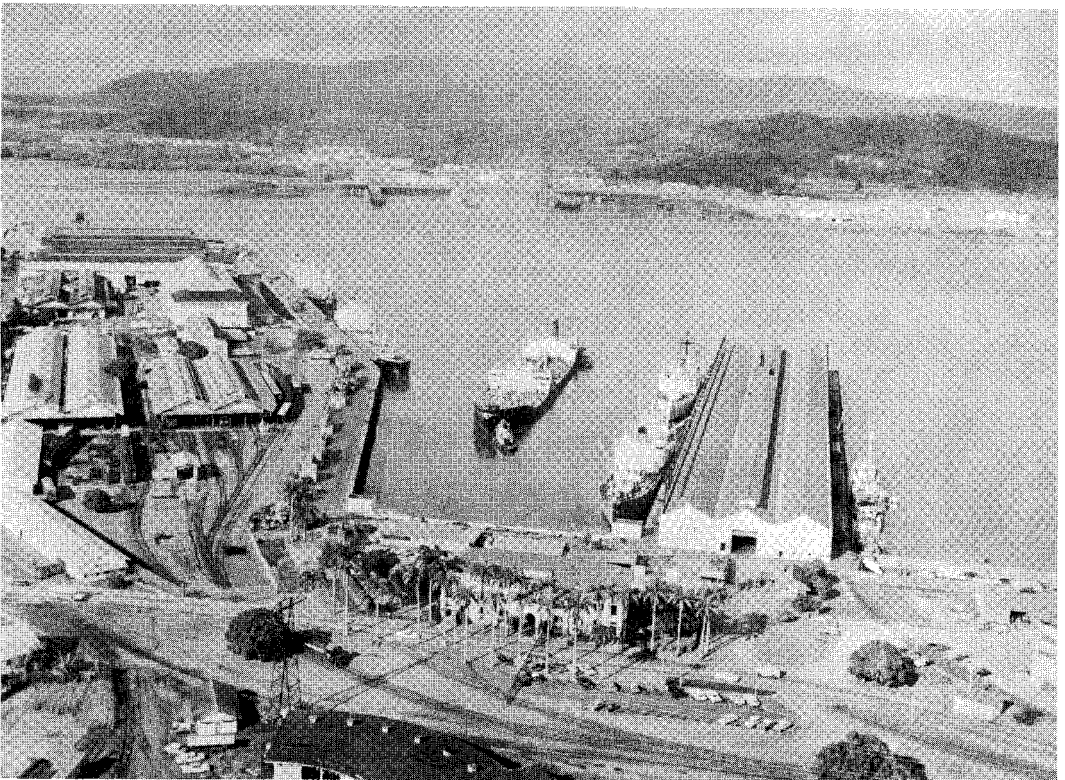


Gaillard Cut is one of three major construction feats that made the Panama Canal possible. Over 168,000,000 cubic yards of earth and rock were removed during its construction. This ship is assisted by a tug, as it passes through the cut between Gold Hill and Contractor's Hill.



Balboa Harbor at the Pacific Terminal of the Canal offers excellent pier facilities to ships "transiting" (passing through) the waterway. These piers were built during the construction of the Canal. Across the water in the background are the piers of Rodman Naval Station.



In 1513, Vasco Núñez de Balboa travelled across the Isthmus of Panama and discovered the Pacific Ocean. He claimed all the lands on which the Pacific touched for Spain. This statue of the Spanish conquistador is in Panama City.

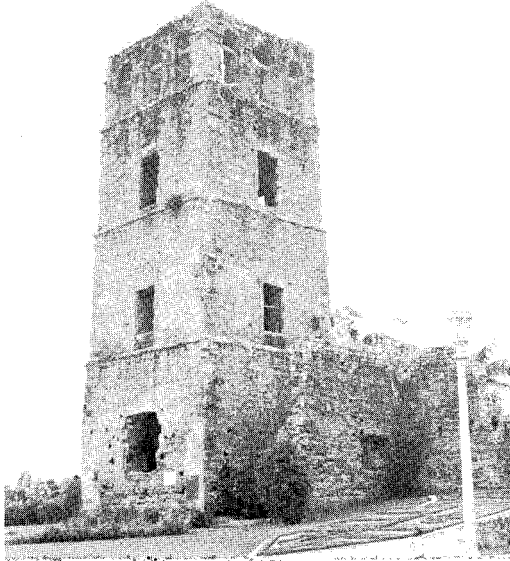
2. HISTORY

SCHOLARS KNOW LITTLE ABOUT the history of the Indians who lived in Panama before the first Europeans arrived. In 1501, a Spanish explorer, Rodrigo de Bastidas, became the first white man to visit Panama. As a result of his explorations, Spain sent colonists to Panama in 1509 and established settlements along the Atlantic coast after fierce struggles with the Indians. The Spaniards first called the colony Castilla del Oro, or Golden Castile, thus combining the name of the principal region of their homeland with the precious metal which they

sought in Panama. In 1513, Vasco Núñez de Balboa, governor of the colony, became the first white man to travel overland to the shore of the Pacific Ocean.

In 1519, the Spaniards founded the city of Panama on the site of an Indian fishing village. The name Panama comes from an Indian word meaning "fishermen," or "plenty of fish." For about 200 years, the city was the starting point for Spanish expeditions to Peru. Gold, silver, and Inca Indian treasures were carried to the town of Portobelo on the Caribbean Sea and

then shipped to Spain. The colony's commercial importance declined in the 1700's, when ships carrying Peruvian treasures sailed around the tip of South America to avoid the pirates who were then numerous in the Caribbean.



PROGRESS AS A NATION

The construction of the Panama Canal brought prosperity to Panama in the early 1900's. However, political unrest grew during the early 1930's, caused by government corruption and the effects of the world-wide economic depression of the period. In 1931, a nationalist group overthrew President Florencio Harmodio Arosemena (1873-1945) and Harmodio Arias (1886-1962), a nationalist, became president in 1932.

Panama declared war on the Axis nations in 1941 (although Panamanian troops did no fighting during World War II) and the country became a charter member of the United Nations in 1945. A new, more liberal constitution went into effect in 1946, giving women the right to vote.

EARLY HISTORY OF THE CANAL

Hundreds of years before the Panama Canal was completed, men of many lands envisioned

a waterway across Central America. As early as 1517, Vasco Núñez de Balboa, the first European to cross the isthmus, saw the possibility of a canal connecting the Atlantic and Pacific Oceans.

Throughout most of the 1800's, Nicaragua was considered the most likely place to build a canal, and both the United States and Great Britain planned a canal there. During the 1840's the two nations almost went to war to resolve a dispute over which one would control the proposed canal. In 1850, in the Clayton-Bulwer Treaty, they agreed on joint control of a canal to be built somewhere across Central America.

During that period, Colombia, which governed Panama, feared that Great Britain would try to seize the isthmus for use as a canal site. To forestall such an action Colombia signed a treaty with the United States in 1846, whereby the United States agreed to guard all trade routes across Panama and to preserve Panama's neutrality.

THE PANAMA RAILROAD

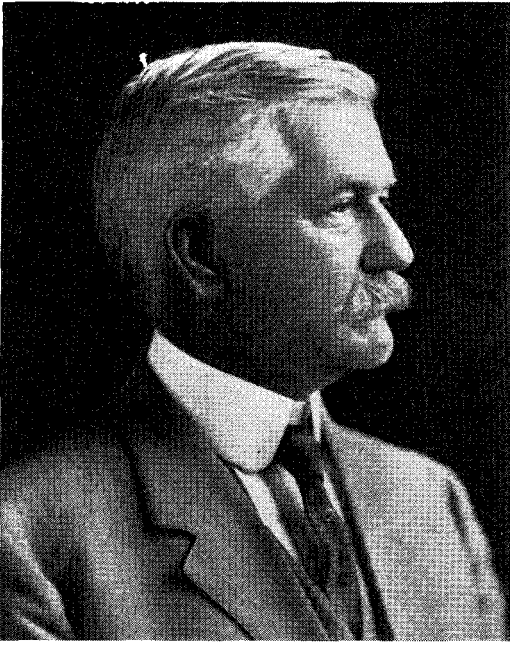
During the California gold rush that began in 1849, the Isthmus of Panama became an important route between the eastern United States and California. Many prospectors sailed from Atlantic Coast ports to Panama, crossed the Isthmus by river boat, on mules, and on foot, and then took another ship for California. In 1850, Colombia permitted a group of business men from New York City to build a railroad across the Isthmus. The line was completed in 1855 at a cost of \$8,000,000. It linked Colón on the Atlantic side and the city of Panama on the Pacific side.

THE FRENCH FAILURE

In 1878, Colombia granted a French adventurer, Lucien Napoléon Bonaparte Wyse (1844-1895) a franchise that gave him the right to build a canal across Panama. He sold the franchise to a French company headed by Ferdinand Marie de Lesseps, who had directed the construction of the Suez Canal. The French also bought control of the Panama Railroad for

Pablo Arosemena, whose statue stands in Panama City, was president of the Republic from 1910 to 1912.





Colonel William C. Gorgas (1854–1909) is remembered for having rid the Canal Zone of yellow fever.

THE UNITED STATES AND THE CANAL

A group of United States businessmen began work on a canal across Nicaragua in 1889. But like the French groups, they ran out of money soon after beginning the excavation and tried to sell their rights and property to the United States government. American railroads, however, opposed construction of any Central American canal because they feared competition from shipping lines that would use the waterway. Consequently the United States government took no action on either project.

During the Spanish-American War in 1898, the United States Navy sent the battleship *Oregon* from San Francisco to Cuba to reinforce the Atlantic Fleet. The *Oregon* had to sail nearly 13,000 miles around the tip of South America. This voyage would have been only about 4,600 miles long through a canal. This helped convince the United States Congress that a Central American canal was essential for the defense of the country.

A SUCCESSION OF TREATIES

In 1899, Congress authorized a commission to survey possible canal routes. The commission favored Nicaragua, because a canal there would require less digging than one across Panama. But the French company offered to sell its Panama rights and property and the Panama Railroad for \$40,000,000. Philippe Bunau-Varilla, of the French company, persuaded leading Americans that Nicaragua's volcanoes presented the danger of earthquakes, and that Panama was safer. In 1902, Congress gave President Theodore Roosevelt permission to accept the French offer if Colombia would give the United States permanent control of a canal zone. Congress acted after the United States and Great Britain had replaced the Clayton-Bulwer Treaty with the Hay-Pauncefote Treaty.



*A notable achievement during Canal construction was the eradication of malaria, which is transmitted by the *Anopheles* mosquito. Here a larvicide is applied to a ditch as part of a mosquito control technique.*

This treaty gave the United States sole right to build and operate a canal across Central America.

In 1903, Secretary of State John Hay signed a new canal treaty with a Colombian representative, Tomás Herrán. The treaty provided that the United States would give Colombia an initial payment of \$10,000,000 plus \$250,000 annual rent for the use of the zone. But the Colombian legislature refused to approve the treaty, because it felt that this was not enough money.

THE HAY-BUNAU-VARILLA TREATY

In the meantime a group of Panamanians feared that the commercial advantages of a canal across the isthmus would benefit Colombia more than Panama, while the French company feared that it would lose the sale of its property to the United States. The Panamanians, with the help of the French and some encouragement from the United States, revolted against Colombia on November 3, 1903, and declared Panama independent. In accordance with its 1846 treaty with Colombia, the United States sent ships to Panama to protect the Panama Railroad. Marines landed in Colón, and prevented Colombian troops from marching to the city of Panama, the headquarters of the revolution. On November 6, 1903, the United States recognized the Republic of Panama. Less than two weeks later, Panama and the United States signed the Hay-Bunau-Varilla Treaty, which gave the United States permanent, exclusive use and control of a 10-mile-wide Canal Zone. In return for the use of the Zone, the United States gave Panama the same terms that Colombia had earlier refused—an initial payment of \$10,000,000, plus \$250,000 a year, beginning in 1913, and also guaranteed Panama's independence. The United States formally took over the French property in May, 1904.

VICTORY OVER DISEASE

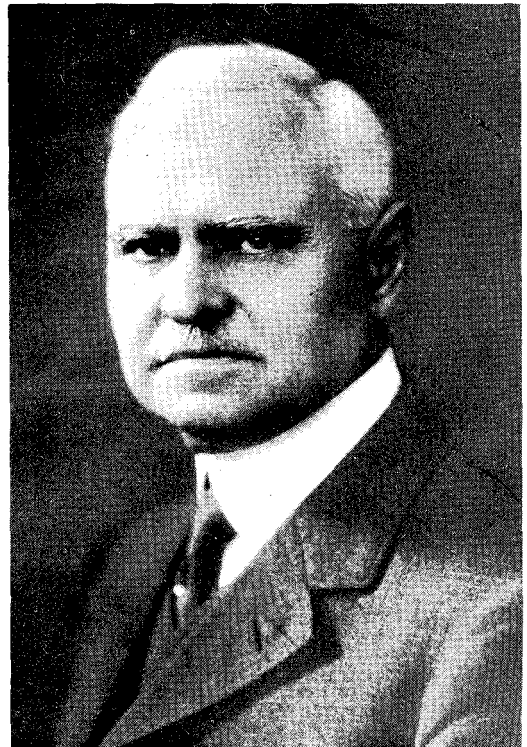
The greatest obstacle to building the canal was not an engineering one—the Isthmus of

Panama was one of the most disease-ridden areas in the world. In 1904, Colonel William C. Gorgas took charge of improving sanitary conditions in the Canal Zone. Gorgas, a physician, had gained fame by wiping out yellow fever in Havana, Cuba, after the Spanish-American War. He began a campaign to destroy the types of mosquitoes that carried malaria and yellow fever. The first two years of canal building were devoted largely to clearing brush, draining swamps, and cutting out large areas of grass where the mosquitoes swarmed.

By 1906, Gorgas had wiped out yellow fever and eliminated the rats that carried bubonic plague in the Canal Zone. By 1913, he had also reduced the rate of deaths caused by malaria.

CUTTING THROUGH THE ISTHMUS

President Theodore Roosevelt appointed a Canal Commission and a board of consultants to plan the Canal project. Engineers believed that a canal with locks would be cheaper and faster to build and would more effectively control the flood waters of the Chagres River which



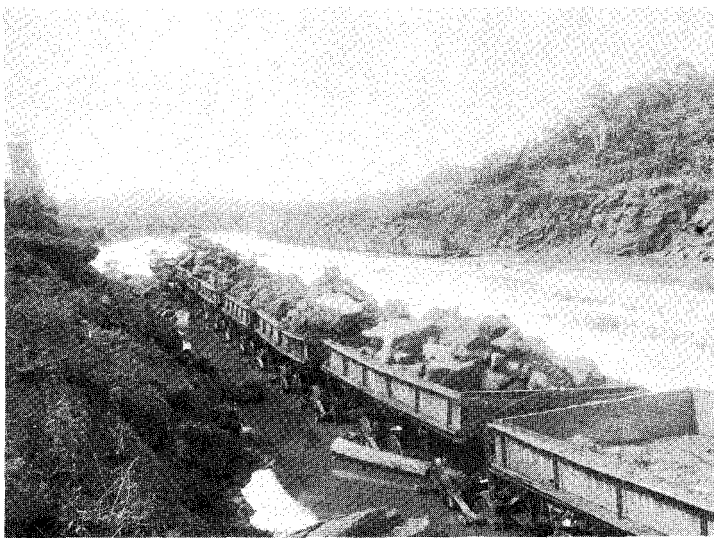
George W. Goethals (1858–1928), chief engineer of the Panama Canal, served as governor of the Canal Zone from 1914–1916.

flowed through the proposed Canal Zone. Their advice prevailed and in 1906, Congress, which originally advocated a sea-level canal, such as the French had originally planned, decided to build a canal with locks. The work progressed slowly at first, chiefly because of disagreements among the commission members. In 1907, the President put Colonel George W. Goethals, an army engineer, in charge of the project and the Canal Zone, and construction proceeded much more rapidly from then on.

The construction task involved three major engineering projects. The builders had to excavate the Gaillard Cut, build a dam across the Chagres River to create Gatun Lake, and construct the canal's locks. The biggest task was the digging of the Gaillard Cut. The hills through which the Cut runs consist of soft, volcanic material, and digging into them was much like digging into a pile of grain. As soon as workers dug a hole, more rock and earth would slide into the space or push up from below. The engineers originally estimated that they would remove about 95,000,000 cubic yards of earth and rock to build the canal. Engineers actually dug out well over twice this amount before they finished the canal. Some of the excavated material was later used to build Gatun Dam.



Known during construction as Culebra Cut, Gaillard Cut is about 8 miles long and was cut out of solid rock most of the way. Named for Colonel David BuBose Gaillard, the engineer in charge of this phase of construction, the cut was often the scene of colossal land slides which slowed its completion. It has been widened since the original construction and equipped with modern lighting for safe night-time operations.



This flood, photographed in 1906 during construction of the Gaillard Cut, is an example of the obstacles which hampered construction of the waterway.



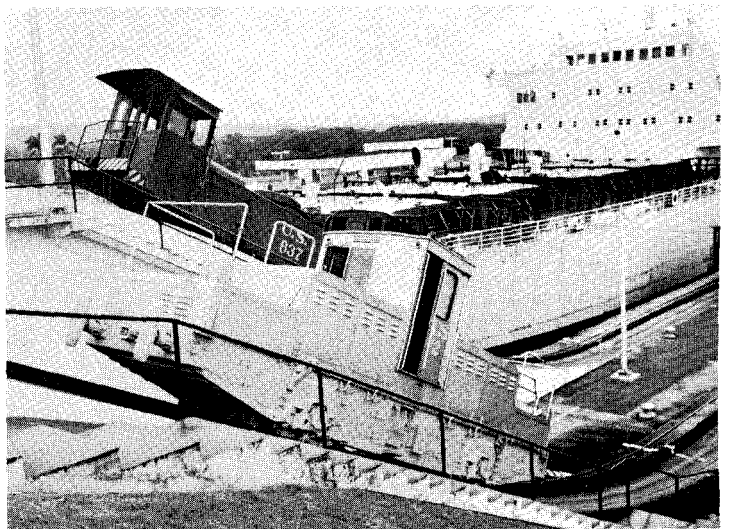
A steam shovel is hard at work on the west bank of Gaillard Cut in June, 1914. Cucaracha slide can be seen in the distance.

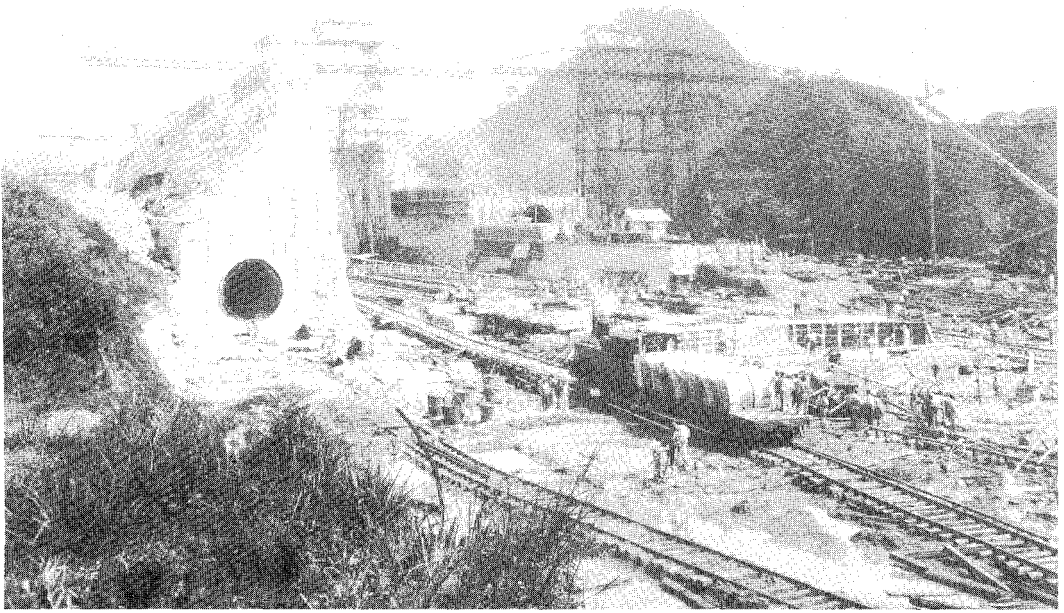
At the height of activity in 1913, more than 43,400 persons worked on the Canal. Three-fourths of them were Negroes from the British West Indies; the rest came mostly from Italy and Spain. Most of the more highly paid clerical and skilled workers came from the United States.

THE OCEANS ARE JOINED

The main work of building the Canal was completed in 1914, and on August 15 of that year, a passenger-cargo ship owned by the Panama Railroad Company, the *S.S. Ancon*, made the first complete passage through the Canal. It sailed from the Atlantic to the Pacific

The towing "mule" or locomotive in the background—used for pulling ships through the waterway—has been replaced by newer, faster, and more powerful machines like the one in the foreground.





Construction of the Pedro Miguel Locks was well advanced in August, 1910. This view is north from the west bank.

and made the words on the official seal of the Canal Zone a reality—"The Land Divided, the World United." A giant landslide in the Gaillard Cut closed the Canal for several months in 1915 and 1916. It was the last major interruption in the operation of the Panama Canal. President Woodrow Wilson proclaimed the official opening of the Canal on July 12, 1920, a ceremony delayed by the events of World War I.

The Canal cost the United States about \$380,000,000. This included the \$40,000,000 paid to the French company, the \$10,000,000 paid to Panama, and \$20,000,000 for sanitation. The remaining \$310,000,000 was spent for actual construction work.

THE CANAL SINCE 1920

The chief improvement on the Canal since 1920 is the Madden Dam, completed in 1935, which holds back the waters of the Chagres River, east of the Canal. It created 22-square-

mile Madden Lake, which stores water for use in Gatun Lake. The dam also serves to restrain the floodwaters of the Chagres River during the rainy season.

Also noteworthy was the widening of the Gaillard Cut from 300 to 500 feet during the 1960's.

In 1939, a new Canal treaty went into effect between the United States and Panama, increasing the annual payments to \$430,000. The pact ended America's guarantee of the independence of Panama, and also covered defense measures and the control of highways, radio stations and air fields.

Congress re-organized the administration of the Canal Zone and the Canal in 1951. Before that the Panama Railroad Company had operated various enterprises in addition to running the railroad. Congress changed the name of the Panama Railroad Company to the Panama Canal Company, and gave it control of the Canal and activities relating to its maintenance and the provision of housing and

other facilities for Canal employees in the Canal Zone. Congress also established the Canal Zone government, the independent agency which administers the Zone's civil affairs and is responsible for safety, health, education, postal service, highways and other public matters.

The United States signed another Canal treaty with Panama in 1955, this time raising the annual payments to \$1,930,000. The United States government also agreed to ask Congress for laws that would allow federal agencies to pay Panamanian workers in the Canal Zone the same wages that Americans earn there for the same type of work—previously, Americans had received higher wages. In return, the Panamanian government permitted the United States to use and control a military training area on Panamanian soil.

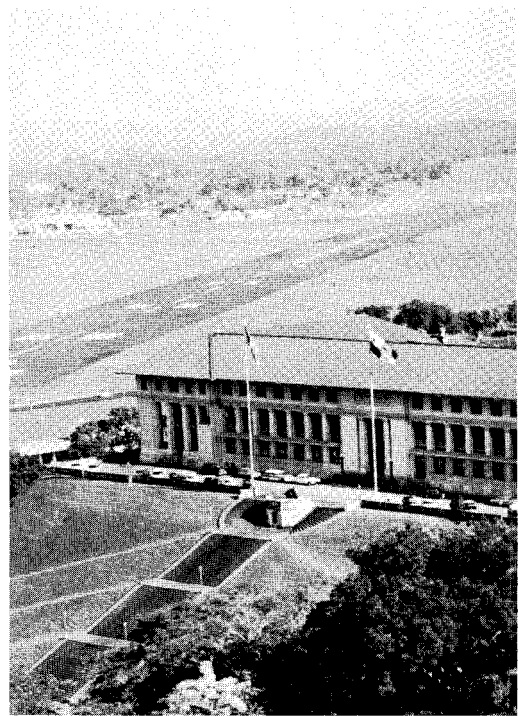
TROUBLES DEVELOP

In 1952 Panamanians elected as president the former chief of the national police José Remón. Remón was assassinated in 1955 and the first vice-president, José Ramón Guizado, then became president. But the National Assembly impeached Guizado and convicted him of taking part in Remón's killing. He was free in 1957 on the basis of new evidence. The people elected Ernesto de la Guardia as president of Panama in 1956. Roberto F. Chiari succeeded him in 1960.

In the late 1950's, Panamanians grew increasingly unhappy over United States control in the Canal Zone: they wanted a greater share in its administration for themselves. When riots broke out in 1959, the United States agreed that the United States and Panamanian flags would fly side by side in one place in the Zone as a symbol of Panama's sovereignty. After more riots broke out in 1962, the United States agreed to let both flags fly side by side throughout the Zone. The United States also gave Panamanians employed by the Panama Canal Company equal job opportunities and wages, and encouraged Panamanian business in the Canal Zone.

Riots broke out again in 1964 when United States students in the Canal Zone tried to raise a flag over their school. The United States and Panama had modified their agreement so that both flags would fly only at certain places and no flags would fly elsewhere in the Zone. Four United States soldiers and about 20 Panamanians died in the fighting. Panama broke diplomatic relations, charging the United States with brutality. President Chiari also asked that the Canal treaty be redrawn. But diplomatic ties were resumed later and the two countries agreed to discuss the causes of the problems existing between them.

In June, 1964, the International Commission of Jurists decided that the United States was not guilty of Panama's charges of brutality in



The flags of the United States and the Republic of Panama fly side by side at the Panama Canal Administration Building at Balboa Heights in the Canal Zone. In the background is Albrook Air Force Base, home of the famous Air Force School for Latin America.



The Dredging Division of the Canal, located in Gamboa, at the approximate mid-point of the waterway, includes such equipment as the 250-ton floating crane "Hercules," the crane boat "Atlas," the dipper dredge "Paraiso," a drill barge, tugs, launches, and 1,000-yard-long scows used to transport dredged material.

putting down the riots. But the International Commission said that both countries were guilty of a lack of judgment. In December, 1964, President Lyndon B. Johnson said that the United States would negotiate a new treaty for the Canal. Also in 1964, Marco Aurelio Robles was elected to succeed Chiari as president.

RECENT DEVELOPMENTS

One factor complicating the sensitive nature of relations between the United States and Panama is that some United States legislative leaders fear the ability of the small but zealous Communist Party in Panama to cause disruption in Canal operations. The Communist

Party is outlawed in the Republic, and the last two Panamanian government administrations have been firmly anti-Communist. But the party—which numbers only some 300 members—still operates in an underground way in the Republic and has considerable influence on the youth of Panama.

Another factor helping Communist Party influence in the Republic is the very real feeling in Panama that the United States obtained so much power over the Canal by the treaty of 1903 that Panamanians, in regard to the waterway and the Canal Zone, were relegated to the status of second-class citizens.

Behind the riots of 1964 lay the feeling by some Panamanians that the United States has continually taken advantage of Panama during

the entire history of the Canal arrangement, and some Panamanian politicians feel that the United States should give up sovereignty and control of the Canal Zone to Panama.

The Canal is extremely important to Panama economically, but that country, however, lacks the money, skills and military force necessary to operate and protect the Canal. On the other hand, the United States has a very important stake in the waterway and must maintain a major role in its control.

Accordingly, both countries, following the 1964 riots, entered into negotiations which lasted for two and a half years. In June, 1967, Presidents Lyndon B. Johnson and Marco A. Robles announced that three new treaties had been drawn up to replace the original 1903 treaty, which had caused so much bitterness.



The Guide Service for tourists maintains this platform for viewing the operations at Miraflores Locks.

The first treaty would give effective recognition to Panama's sovereignty over the Zone and increase its economic benefits. It also would establish that the United States was making no "perpetual" claim to the territory. The second treaty deals realistically with the need for United States forces to remain in Panama to protect the waterway. The third treaty outlines conditions under which a new sea-level canal across Panama might be built. Conflicting feelings in both countries about the treaties, however, along with other delays, have held up ratification of these carefully worked-out agreements.

A number of difficulties delayed the ratification of the new treaties, however, and in May, 1968, the extremely popular politician Dr. Arnulfo Arias was elected president of Panama to succeed Mr. Robles. Eleven days after he was inaugurated the following October, however, the new president was ousted by the Panamanian National Guard, and took refuge in the Canal Zone. A principal reason for this action was the fact that Dr. Arias had aroused the Guard's resentment by trying to weaken its hold on the political life of the country.

The National Guard had forced Dr. Arias out of power on two other occasions after he had been elected president. After their third such action in 1968, the leaders of the National Guard set up what they called a "provisional two-man junta" to govern Panama until, they said, a new electoral law could be drawn up and elections held for the presidency and the National Assembly.

Internal rivalries, dissensions and power struggles, involving Dr. Arias, the National Guard and others, continued to impede Panama's progress as a nation and to postpone a resolution of the many problems surrounding the Panama Canal.



The Presidential Palace is a major tourist attraction in Panama City.



This serene tiled fountain is part of the beautiful interior of the Presidential Palace.