

THE PANAMA CANAL AND THE  
PROBLEM OF SECURITY

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REPORT

OF THE

SUBCOMMITTEE TO INVESTIGATE THE  
ADMINISTRATION OF THE INTERNAL SECURITY  
ACT AND OTHER INTERNAL SECURITY LAWS

OF THE

COMMITTEE ON THE JUDICIARY  
UNITED STATES SENATE  
NINETY-FOURTH CONGRESS

SECOND SESSION



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### SUBCOMMITTEE TO INVESTIGATE THE ADMINISTRATION OF THE INTERNAL SECURITY ACT AND OTHER INTERNAL SECURITY LAWS

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## RESOLUTION

*Resolved, by the Internal Security Subcommittee of the Senate Committee on the Judiciary, That the report entitled, "The Panama Canal and the Problem of Security" be printed and made available for the use of the Committee on the Judiciary.*

JAMES O. EASTLAND, *Chairman.*

Approved: September 24, 1976.

**LETTER OF TRANSMITTAL**

U.S. SENATE,  
COMMITTEE ON THE JUDICIARY,  
SUBCOMMITTEE ON INTERNAL SECURITY,  
*Washington, D.C., July 7, 1976.*

JAMES O. EASTLAND,  
*Chairman, Senate Subcommittee on Internal Security, Judiciary Com-  
mittee, Dirksen Senate Office Building, Room 2241, Washington,  
D.C.*

DEAR MR. CHAIRMAN: Earlier this year you requested that I visit Panama for the purpose of making an appraisal for the Subcommittee of the internal security problems affecting the Zone and the Panama Canal itself.

I have the honor to submit herewith my report entitled, "The Panama Canal and the Problem of Security".

With every best wish,  
Sincerely,

HAROLD E. HUGHES.

Enclosure.

(III)



THE PANAMA CANAL  
and the  
PROBLEM OF SECURITY

A report submitted to  
Honorable James O. Eastland,  
Chairman  
Senate Internal Security Subcommittee  
by  
Harold Hughes  
Special Assistant to the Chairman

## INTRODUCTION

Pursuant to the directive of Senator James O. Eastland, Chairman of the Senate Subcommittee on Internal Security, the Honorable Harold Hughes, Special Assistant to the Chairman, former member of the U. S. Senate and Alfonso L. Tarabochia, Chief Investigator for the Subcommittee, visited Panama in early March to conduct an investigation into certain related matters that might pose a threat to the security of the Panama Canal. In Panama, they had extensive conversations with the Governor of the Canal Zone, the Honorable Harold R. Parfitt, with the U.S. Ambassador to Panama, the Honorable William Jordan, with the Deputy Commander of the Southern Command, General J. Breedlove, with Mr. William Le Brun, the Internal Security Chief for the Canal Zone, and with other officials.

Aware of the fact that the negotiations between Panama and the United States are at a very delicate stage, the Subcommittee established prior contact with the State Department, the Panama Canal Zone Administration, and the military authorities of the Southern Command, and it made it clear to them that the proposed investigation would be limited to areas falling within the mandate of the Subcommittee.

The report that follows has been submitted to the Chairman of the Subcommittee by Mr. Hughes.

## THE PROBLEM OF SECURITY

There are few issues of international policy that have produced sharper differences in Congress and among the American people than the issue of the Panama Canal.

There are many members of Congress who feel that it would be in our national interest to abandon the claim to sovereign powers "in perpetuity" which is written into the original Panama Canal Treaty. They argue that insistence on the status quo would constitute a dangerous irritant to our relations not only with Panama but with the whole of Latin America; and that our national security could best be served by agreeing to transfer sovereignty over the Canal Zone to the Panamanian government after a stated period of years, and full operational and military control over the Canal after a further period of years.

There are other members of Congress who believe just as strongly that we cannot afford

to turn the control of the Canal over to the Panamanian government because they feel that so small a country could not guarantee the security of the Canal - that it might fall prey at any time to Soviet-Castro infiltration leaving the control of the Canal in hands completely hostile to the United States. They therefore argue that we must not retreat from the language of the original treaty, which, they say, ceded the Canal Zone to the United States "in perpetuity".

It is not the function of the Subcommittee to come up with findings designed to resolve this dispute in one direction or the other. In the final analysis, this will be the responsibility of the Administration and of Congress.

What is clear, however, is that, no matter what the course or the outcome of the current negotiations, the United States will retain responsibility for the operation and the defense of the Canal for a very long time. As long as it retains this control, it will have to confront an array of problems that have a

bearing on the security of the Canal Zone and the Canal.

The interest of the Subcommittee is justified by the fact that the foreseeable threats to the security of the Canal fall primarily under the heading of internal security. There is little or no danger that any nation will seek to seize the Canal through overt military action because such a challenge would almost certainly be regarded as a casus belli by any administration. Among the foreseeable threats to the security of the Canal are:

(1) The continuing danger that Castroite elements and other extremists could seize on some incident to incite anti-American riots in the Canal Zone, similar to the riots of 1964;

(2) The possibility of terrorist actions directed against the locks of the Canal, or against the retaining dams;

(3) The possibility - hopefully remote - that the Castro government would seek to take control of the Panamanian government by infiltration and subversion - or by means of a coup

on the style of the attempted subversive coup in the Dominican Republic in 1965.

Some General Observations:

Americans in the Canal Zone, with whom we discussed Panamanian Nationalism, from Governor Parfitt on down, told us that all Panamanians - conservative and middle-of-the-road as well as radical - are united in the desire to reassert Panamanian sovereignty over the Canal Zone sometime in the not-too-distant future, and that this is a simple fact of life with which we must reckon in our policy decisions.

The secrecy surrounding the current negotiations on the Panama Canal has - perhaps inevitably - generated speculation and apprehension. Convinced that this was having an impact on the morale of the employees under his jurisdiction, Governor Parfitt told us that he had sought the assistance of the U.S. Embassy in an effort to allay the anxiety of his employees. Apparently because secrecy is regarded as essential to the conduct of

the negotiations, Governor Parfitt said that he had been unable to obtain specific answers to many pressing questions - with the result that those who had expressed concern on one ground or another still continue to do so.

Economic and Social Problems and Their Bearing on Security:

The security of the Canal Zone is clearly linked to the morale and loyalty of the work force, both American and Panamanian. This is an exceedingly delicate situation because the Panamanian employees, quite understandably, insist on complete equality of treatment with the American employees, and on the elimination of certain inequities that are a heritage from the past and smack of colonialism.

Governor Parfitt has approached this situation with courage, tact and understanding. He frankly concedes that Panamanians in the Canal Zone have had many legitimate grievances, and that there has been a tendency on the part of U.S. Canal employees to look down upon the Latin American employees and to seg-

regate them socially. He says that this mentality is now being overcome, despite the lingering suspicions of the Panamanians. He admits, however, that many American employees are strenuously opposed to any improvements in the living standards, educational or employment benefits for non-American employees, if these improvements are to be achieved, as they perceive the matter, at their own expense.

In an attempt to deal with this situation, Governor Parfitt has recently taken a number of initiatives dealing with Canal Zone schools, employment policies, housing policies, and security positions.

In the case of the school system, Governor Parfitt has recommended the termination of separate schools for Latin American students. While these schools were well-intentioned in the beginning, the Governor now says candidly that today this separate school system is un-  
animously rejected by the Panamanians. American employees of the Canal Zone strongly protest that the proposed integration of the school

system will drastically affect the quality of the schools. To this, the Governor has replied that it is his intention to fully protect the quality of the schools.

Under Governor Parfitt's proposed plan, the Latin American schools in the Canal Zone would be phased out in two stages. In phase one, the Latin American students entering grades K-4 in March 1976 would be given a choice of attending the U.S. schools in the Canal zones or in schools in Panama. If they elect to go to schools in Panama, the school costs, including transportation, would be taken care of by the Panama Canal Company and the Canal Zone government. However, if they elect instead to go to U.S. schools in the Canal Zone, they would be given four months of transitional training from April through July of 1976, and in August they would be assigned to a U.S. elementary school. In the second phase of the plan, terminating in December 1979 and December 1980, students in higher grades would also be given the option of attending Canal Zone U.S. schools, or going

to school in Panama, or, if they so desired, they could continue to attend Latin American high schools in the Canal Zone until the last of the current student body graduates in December 1979 or December 1980.

The proposal also stipulates that Latin American teachers qualified under the Canal Zone U.S. schools certification requirements will be transferred to the U.S. schools.

Governor Parfitt has also recommended greater job opportunities for Panamanians and enhanced opportunities for advancement. This has resulted in apprehension among the American work force that the new policy will result in fewer job opportunities and promotion opportunities for Americans in the Zone. Tension has been reduced somewhat on this score by assuring American employees that no individual will lose his job, and that changes will be effected only as jobs are vacated through retirements, promotions, and so on. The effect of the new employment policy on the mix of U.S. and non-U.S. employees will be

minimal for years to come.

Opportunities for advancement for Panamanians have in the past been seriously restricted by the stipulation that only Americans could fill the many so-called "security" positions, which have traditionally included a majority of all positions, as well as all senior positions in the police force, fire force, and Canal security force. It is Governor Parfitt's position that this requirement is an anachronism. He believes that the non-U.S. citizens are rightfully proud of the part they play in the Panama Canal team and that they are resentful of any challenges to their loyalty. They are, in consequence, disposed to regard the limitation on security positions as a strategem for assuring that all the better paid positions go to U.S. citizens, in violation of treaty commitments calling for equality of employment opportunity. I would be inclined to agree.

In the revised security criteria he has proposed, Governor Parfitt has made certain recommendations designed "to achieve a balance

between providing upward mobility for Panamanian employees and maintaining an adequate level of security." In the case of the approximately 185 positions now designated as "security" because they involve access to classified information, the proposed new security criteria says that "an effort will be made to reduce the number of such security positions to the lowest number possible, commensurate with safeguarding national security information." The Governor's paper agrees that any individual having access to classified information must possess an appropriate security clearance. It points out that this is not the same thing as designating the position a "security position", which has had additional restrictive implications.

In the case of the Police Department, the Fire Department, and the Canal Protection Department, the proposed new security criteria, in the interest of upward mobility, establishes maximum percentages of security positions for the different grades. In the

case of the Fire Department, for example, only 25% of the class 4 positions - (class 4 positions are sergeants) - will be considered "security"; 75% of the class five positions - (lieutenants) - will be considered "security"; and 100% of the class 7 - (captains) - will be so classified. Roughly similar percentages are suggested for the Police Department and Canal Protection Department.

The new criteria would certainly help to improve the lot of Panamanian employees of the Canal Company and the Canal Zone government. However, they could be regarded by the Panamanian employees as a continuation, at a lower level, of the discrimination to which they have been subjected in the past. Regardless of this, the new criteria represent a major step in the right direction.

Acknowledging that some of his proposals are highly controversial, Governor Parfitt underscores the fact that they were the subject of prolonged and painstaking deliberations. He believes we must seek to avoid any lengthy

open confrontations between Americans residing in the Zone and Panamanians. He points out there is no possible way in which the relatively small number of American employees could independently operate the Canal efficiently for a prolonged period of time. "We must depend," he says, "on the earned loyalty and support of all of our employees during times of distress and disturbances."

The willingness of the American employees of the Panama Canal to accept an upgrading of Panamanian employees that may be partly at their expense has been adversely effected by certain planned economies in the operation of the Canal. The proposed economies have been justified on the ground that the Canal has been losing money for the past two years. According to the Canal Zone local of the American Federation of Government Employees, these economies include the elimination of the 15% tropical pay differential for Panama Canal employees, certain reductions in the generous leave system heretofore in force, and cuts in personnel and services in areas of community life, including

the schools and health services.

Instead of cutting back on operating costs in this manner, the local urges that serious consideration be given to increasing Panama Canal tolls. They point out that more than half the ships using the Canal are foreign flag vessels, that the cost of Canal tolls is a very small percentage of the total cost of carrying goods by sea, and that, despite a 20% toll increase in 1974, the overall increases, compared to a 1950 base, lag far behind price increases in other sectors. They say that, in effect, this puts the Panama Canal employees in the position of having to subsidize shipping.

In arguing in the favor of maintaining the privileged salary and leave systems of the past, the Union points out:

"The U.S. citizen employees of the Panama Canal Company are, in a sense, captive employees. The Personnel Director of the Company has stated that Company policy is to hire individuals for a career, not for a job, and that he

looks for someone who will stay with the Company throughout his working life. The multitude of specialized jobs required by the Canal take training and time to learn, and don't provide the kind of varied experience that would permit an employee to easily transfer back to the States. Making a career with the Panama Canal Company has traditionally required commitment, and the recruitment incentives of the tropical pay differential, the leave system, and a stable community life provide the necessary attraction for making that commitment."

The facts set forth above will help to illustrate how delicate and complicated the situation is. A policy designed to satisfy the essential aspirations of the non-American employees in the Canal Zone has produced concern and some resistance in the ranks of the American employees. But despite the resistance he has encountered, Governor Parfitt feels - quite rightly, in my opinion - that we have to move, with all deliberate speed,

towards a policy of equality. He believes this to be morally right and essential to the tranquility and security of the Canal Zone.

Security and the Need for Restraint:

The security of the Panama Canal Zone can be adversely effected by statements and actions on either side reflecting a lack of restraint.

Because of this, inflammatory rhetoric or inflammatory actions can be difficult to manage. The situation was not helped, for example, when General Omar Torrijos, Supreme Revolutionary Leader of Panama, exhorted his people, on the occasion of anti-Imperialist week, in these terms:

"The present North American negotiators have told us that now we have come up with the business of sovereignty that has never been reaffirmed before with so much vehemence and that they have never been told here was a people that was ready to make a sacrifice in order to have its flag flying over this territory of ours.

"Apparently this is a language to which they are not used. It appears that we have taken them by surprise, because our country is not talking to them about financial benefits but is telling them that the Canal problem is a sentimental problem and that we give much more importance to the flag than to any economic benefit.

"Undoubtedly the economic benefits have to come to us by force of gravity because the Canal is a necessary passageway that the world has used and a property through which the whole of humanity benefits. And if the whole of humanity benefits, it is also logical that the country that gave its entrails for the construction of this passageway has to receive economic benefits."

And then Torrijos made it clear what the intentions of his government were with the regard to the peaceful flow of communications between the government of Panama and the United States:

"Because if there is no satisfactory

treaty for our nation and for our people, there is something inevitable that is going to happen. It will come by internal combustion and it will be an explosion of the Panamanian people. The National Guard has two alternatives. There are two alternatives left to Omar Torrijos as a head of the National Guard - to suppress this patriotic rebellion of the people, or to lead it. And I will not suppress it."

The key phrase in this statement seems to be "if there is no satisfactory treaty for our nation"; but in view of past occurrences affecting the Panama Canal Zone, one must examine this statement and its implications carefully.

The Incidents Involving the Panamanian National Guard:

Certain actions taken by the Panamanian National Guard in late December 1975 and early January of this year also had a highly destabilizing effect. At the very least, President Torrijos must have had knowledge of

these actions. Before discussing these incidents, it might be useful to say a few words about the structure, role, and history of the Panamanian National Guard.

As a military organization, the Panamanian National Guard, which is also Panama's law enforcement agency, is not large numerically; nor is it well-equipped. It has a logistical system which is not capable of maintaining a line of supply and communications for more than a few days at a time. Translated into practical terms, it has a reserve of fuel and food supplies for approximately 76 hours for most of its posts.

The most important role of the Panamanian National Guard is riot control, a role for which it is very well-trained and has demonstrated its capabilities in the past. We have had good cooperation with them most of the time, but should there be a decision not to cooperate, the effect could be quite troublesome. This is a fact that cannot be overlooked when the internal security of the

Canal Zone is at stake.

During the 1964 riots, the Panamanian National Guard abstained from intervening at the initial stages of the riots, thus allowing the ringleaders to take over a situation that could have been otherwise managed by a joint effort of the Panama Canal Zone police and the Panamanian National Guard. When it finally intervened, the riots stopped almost instantly. This erratic performance on the part of the Panamanian National Guard has several times characterized its handling of demonstrations against the United States.

Because of the career and promotion system, the officer cadre supports General Torrijos and thus represents the support base for the government. Most of the high ranking officers of the Panamanian National Guard are the product of training in U.S. military schools in the Panama Canal Zone and are intimately familiar with methods used by the U.S. military.

The series of incidents involving activities of the Panamanian National Guard within the Canal Zone was described in a lengthy newsletter put out by the Police Union in early January 1976. For some reason, these events were not carried by the American press. According to this newsletter, Captain Ferrufino of the Panama National Guard, on December 23, 1975, presented a formal written request that the Republic of Panama be allowed to post Panama National Guards within the boundary areas of the Canal Zone. On the following morning, December 24th, while Governor Parfitt and other Canal Zone officials were meeting to discuss the request, the Panama National Guard, acting unilaterally, posted 10 to 14 of its traffic patrolmen along a border road which is in the Canal Zone. A short while later, the PNG patrolmen started issuing "courtesy" citations and parking tickets to passing motorists and to Canal Zone vehicles legally parked within the Zone. According to the Police Union newsletter, the PNG had

arranged to have photographers on hand to take pictures of the citations being issued.

When Major Gordon of the Canal Zone Police Division met later that morning with Major Garrido, Chief of the Panama Traffic Section, he strongly protested the intrusion of the members of the Panama National Guard and he asked Major Garrido to remove his men from the Canal Zone. Major Garrido, in reply, agreed that his men had overreacted, but he told Major Gordon that he could not comply with the request for removal - although he did remove some of his men. Major Garrido said that the Panama National Guard had information that leftist Panamanian students were planning demonstrations in the area, between Christmas and January 9, 1976, and that the National Guard would like to have "observers" on the Canal Zone side of the border during that period of time only.

The matter was taken up with Governor Parfitt, and the Governor agreed that, beginning December 24th through January 9th,

two National Guard patrolmen would be permitted to accompany Canal Zone policemen in their patrol cars as "observers".

According to the Police Union newsletter, the two Panama National Guardsmen assigned as observers engaged in several provocative actions. (For more details, the Police Union newsletter is attached as an appendix.) These incidents generated a good deal of tension at the time, but thanks to Governor Parfitt's firm but diplomatic handling of the situation, things never really got out of hand - and it is my understanding that there has been no repetition of such incidents since January.

#### The Canal Zone Police and the Question of Security:

The Canal Zone Police are the first line of defense against the possibility of violent demonstrations, originating in the Canal Zone or on the Panama side.

In conversation with the Internal Security Chief of the Panama Canal Zone, Mr.

William Le Brun, regarding the employment of the Panama Canal Zone police, the following information was obtained.

At present there are 262 policemen employed by the Panama Canal Company. A breakdown of the positions is attached, divided by U.S. and non-U.S. citizens and their location of employment. Because the new proposals for the integration of the Panama Canal Police force are discussed extensively in the proposals of Governor Parfitt, this section will cover only the operational activities of the Panama Canal police as it relates to riot control.

The police force is organized in ten-man riot squads, equipped with riot control equipment. The use of firearms is authorized only in extreme situations and by the Governor. It is obvious from the numbers available and the size of the territory that the Panama Canal Zone police could not secure the borders of the Zone in the event of a crisis. For this reason, there is a

special contingency plan to be implemented in time of emergency. Under Panama Canal Zone law it is the responsibility of the Governor to call for assistance from the military command, which would be placed on alert and the primary operational responsibility would be turned over to the military while the civil forces picked up support roles. In the Governor's absence, his duties would be taken over by the Lt. Governor.

According to the operational plans, the police are prepared to respond immediately, and a simultaneous alert can be implemented in 5 to 10 minutes when there is available intelligence regarding impending disorders. This reaction time is lengthened to 1½ to 2 hours when there is no intelligence. It should be pointed out that we consider our intelligence systems to be adequate.

Great emphasis is placed on training, and the military forces to be utilized have

had daily exercises to familiarize themselves with the locale and installations because the Governor can ask the military to supply guards for the Canal installations. Some military personnel are presently utilized as guards at locks and power stations.

The operational plan by both the Canal Zone police and the military is obviously sound, and is based on an excellent system of intelligence, supported by daily contact with the intelligence community. There is a Joint Intelligence Committee which includes the Ambassador, the Governor, and the planning officer of the Southern Command. It is chaired by the intelligence officer of the Zone.

The Question of Cuba and the Security of the Panama Canal:

Castro Cuba has the capability of posing the principal threat to the security of the Panama Canal. This is so because of Castro's continuing hostility to the United States, because of his continuing commitment to rev-

olution throughout Latin America, because of his training programs for Latin American guerrillas and terrorists, and because of his recently demonstrated willingness to project Cuban revolutionary power thousands of miles across the ocean for the purpose of installing a pro-Communist regime in Angola.

There has been a continuing effort on the part of Castro to infiltrate Panama politically and at least one effort to infiltrate an insurrectionary commando group was reported by the press.

The inordinate interest displayed by the Cuban government in the Panamanian situation finds another expression in the fantastically inflated size of the Cuban Embassy in that country, which is now reported to be operating with a personnel of approximately 60 staff members. It must be assumed that many of these are members of the DGI and that their real activities

have little to do with their diplomatic status. There is also a continuing flow of travelers from Cuba to Panama and vice versa.

President Torrijos is certainly not a Castroite; he has even expelled from Panama certain leftist radical elements he considered too extreme. The relationship between President Torrijos and the Communist left is probably aptly summarized in the following paragraphs from the U.S. Communist Party organ, "Peoples World", of January 17, 1976:

"Torrijos' government is regarded by Panama's Marxist-Leninist party, the Peoples Party of Panama (PPP) as 'petty bourgeois in composition and nationalist in essence.'"

"The new government took on an anti-Imperialist stand under the pressure of democratic forces,' Galdomero Gonzales, a leading member of the PPP, wrote in the June 'World Marxist Review'."

The Subcommittee has evidence that a significant number of men holding important positions in the government have, over the

years, either been involved with the political left in Panama, or have been involved in the disturbances of 1959, 1964 and 1965, or have openly professed their sympathies for Castro Cuba.

The Subcommittee has evidence that at least three officers of the Cuban General Directorate of Intelligence were invited by Colonel Manuel Noriega Moreno, Assistant Chief of Staff for Intelligence, to act as advisors to the Panamanian National Guard for a period of two months in 1973.

With Panamanian nationalism as such, an accomodation acceptable to both sides seems possible. It seems highly questionable, however, that the Castroite elements in Panama would be prepared to settle for any solution that the United States would find acceptable.

Most responsible Panamanians - and these are by far the majority - seek to achieve their objectives primarily through peaceful methods and negotiations - but it would be

prudent to anticipate that the Castroite elements, many of whom may have been trained in the Cuban schools for guerillas and terrorists, may be committed to the course of violence.

I believe most Panamanian nationalists desire a continued American presence to be worked out through peaceful negotiations. Any Castro influence, on the other hand, in Panama will be committed to the total eviction of the American presence - economic, political and military - from Panama.

American policy should therefore strive to help the moderate Panamanian nationalists extricate themselves from the embrace of the Castroites who masquerade under the guise of nationalism. There is reason to believe that this can be done.

SUMMARY OF FINDINGS:

1. I believe that Governor Parfitt has made excellent judgements in recommending changes in the areas of schools, housing, and job opportunities for our Panamanian employees in the Zone. Though this creates tensions within the American community, it should relieve tensions between nationalist Panamanians and the Zone authorities.
2. Our intelligence community there has an excellent grasp of what is taking place overall, and we can have confidence in their capacities.
3. Overall, there is an attitude of cooperation in controlling any Zone border disturbances. In the case the cooperation is lacking, the U.S. has more than adequate capacity to respond to any need ultimately.
4. Our military capacity is such we need not be concerned with any military action from the outside. Terrorist action on a local basis against locks or dams would be

more difficult to control, but I believe we have the best possible contingency plans to cover any problem. I have confidence in our military, political, and intelligence groups there.

5. There will be constant attempts by Castro elements and other leftist groups to bring pressure against the U.S. presence in Panama. Overall, I believe the Panamanians do not want this. The negotiations underway should work to our advantage in this situation. However, constant alertness and awareness to what they are doing is essential for the future.



# APPENDIX

REPORT ON LATEST  
REPUBLIC OF PANAMA - STATE DEPARTMENT  
PRE-TREATY ACTIONS  
CANAL ZONE POLICE UNION

William R. Drummond, President  
Canal Zone Police Union  
Local 1798, AFGE  
P.O. Box 1994  
Balboa, Canal Zone

December 31, 1975

## POLICE UNION NEWSLETTER

On December 20, 1975, Major Gordon of the Canal Zone Police Division was informally approached by Captain Ferrufino of the Panama National Guard who stated that "higher Panama Officials" requested that Panama be allowed to post Panama National Guardsmen within the Canal Zone along the RP-CZ boundary.

This request was denied by Major Gordon and ignored by higher officials of the Company/Government based on the fact that it was not a formal request and that to agree to it would be in conflict with the present treaty agreements between the United States and the Republic of Panama.

On December 23, 1975, Capt. Ferrufino presented a formal, written request of what he had presented earlier indicating that the basis for his request was due to the fact that vehicular traffic from Panama had backed up into the Canal Zone.

On December 24, 1975 about 11:25 a.m., while the Governor of the Canal Zone (Gen. H. R. Parfitt), the Civil Affairs Director (P. Castles), and the Chief of the Canal Zone Police (W. Kessler), and other members of the Governor's staff were meeting to discuss this matter, the Panama National Guard arbitrarily posted ten to fourteen of its traffic patrolmen along the Canal Zone-Republic of Panama border within the Canal Zone. These men were stationed at each intersection between the area known as the "Frangipani extension" to the area known as the "Far-Fan entrance", on the Pacific Side of the Canal - a distance of about two miles.

A short time later, these PNG issued "courtesy" citations and parking tickets to passing motorists and Canal Zone vehicles legally parked on the border between the city of Panama and the Canal Zone, within the Canal Zone.

One C.Z. resident, who resides in Margarita was given a traffic citation by the PNG for an alleged violation INSIDE the Canal Zone. Just as the PNG patrolman handed her the citation, he motioned for a photographer who had been waiting on the Panama side of the street to come over to take a picture of the citation being issued.

That same morning, Major Garrido, Chief of the Panama Traffic section, met with Major Gordon and informed him that there had been an over-reaction by his subordinates.

When Major Gordon requested Major Garrido to remove his men from the Canal Zone, he was told that this request could not be complied with, but that he,

Major Garrido, would remove the men stationed at Far-Fan intersection which was subsequently done.

Major Garrido indicated to Major Gordon that the Panama National Guard had information that the leftist students in Panama were planning to stage demonstrations during the period between Christmas and January 9, 1976, and the National Guard would like to have "observers" on the border during that period of time only.

After consultation, and approval from the Governor's office, it was agreed that starting at 3:00 P.M. on December 24, 1975, one National Guard patrolman would accompany the Canal Zone Policeman assigned to the area known as the "Ancon beat" and one National Guard Patrolman would accompany the Canal Zone Policeman assigned to the Canal Zone border patrol car as "observers" within the Canal Zone.

On December 29, 1975 (Monday) the Canal Zone Police Union President met with the Acting Police Chief, Major Gordon, the Civil Affairs Director and the Governor of the C.Z. to discuss this matter.

The Police Union President informed Major Gordon and those higher Company/Government officials that the Union had been directed, by a meeting held the night before, to gather information on the matter; solicit support from the Congress based on previous State Department assurances that there would be no pre-treaty agreements implemented without Congressional approval as outlined by the Panama Canal Sub-Committee resolution of April 23, 1975; and to present several collateral problems that had surfaced in the short period of time that these National Guard patrolmen were assigned to their duties as "observers".

The Union brought out numerous incidents instigated by these Panama National Guard "observers", such as:

1. Numerous incidents of abusive and obscene language directed at the general public while on patrol by the National Guard assigned as an "observer" in the Canal Zone patrol car.
2. Numerous sexual entreaties and gestures towards females within full view of the general public, while these National Guard "observers" were on duty in the Canal Zone.
3. Numerous incidents of abusive and obscene language directed at motorists who had been stopped for traffic violations or license checks by National Guard "observers" in the C.Z. police boundary patrol car.
4. On December 29, 1975, one of these PNG "observers", Corporal Cano decided to spray the Ancon Beat PNG "observer", PNG Private Prado, with MACE in order to test its effectiveness in full view of the general public.
5. Issuing Panama traffic tickets in the Canal Zone by National Guard patrol vehicles passing through the Canal Zone.
6. Assigning known anti-U.S. Panama National Guard "observers" to these duties within the C.Z.

Several of the above incidents were extremely dangerous.

1. On December 24, 1975, Corporal Cano drew his revolver and apparently was prepared to shoot a Panama resident of the Chorillo housing area because the man ran from him. He was persuaded not to shoot this man by the Canal Zone Policeman who accompanied him and the man, while trying to escape, was thrown to the ground when his neck became entangled in a set of clothes lines in his path. As far as is known, this "fugitive" had committed no offense in the Canal Zone.

2. On or about December 28, 1975, between 4:30 a.m. and 5:00 a.m. one of these "observers", Sgt. Guevarra, joined in a Canal Zone police chase of two suspected burglars that had abandoned their vehicle and were trying to flee into the Republic of Panama in the area known as the Avenue of the Poets, near the "mud flats". After the Canal Zone police had effectively cornered one of these men in this area, and having no knowledge of this alleged burglar's prior actions, other than he was being chased, this "observer" shot at the man and obviously attempted to kill or wound him.

One of the Canal Zone policemen who was between this "observer" and the alleged fugitive, turned to see who had fired the shot and effectively prevented this "observer" - who was aiming directly at the man - from shooting again. The "observer" protested by stating: "De he, yo lo voy a quemar", which in English means "move, I am going to burn him". The "observer" further stated in Spanish that "in Panama we burn them" (slang for "shoot them").

As this action was taking place, or very soon after, three PNG patrol trucks arrived on the scene and demanded to take custody of the alleged burglar. Since the chase had ended just inside Panama, the fugitive was released to the Panama National Guard.

On numerous routine incidents, when the normal duties of the Ancon beat and border patrol car could be effectively used, it was necessary to assign alternate beat men and cars, whose areas of responsibility were left unprotected until they had completed these additional assignments.

The Police Union brought out that the general attitude the Panama National Guard has toward the public is not conducive to reasonable Canal Zone law enforcement. Several examples were given:

1. The National Guard have recently been issued rubber hoses with general instructions to liberally use them.

2. The National Guard have a proven record of shooting first and asking questions later or not at all. In one instance, similar to the one above, they are alleged to have shot and killed several street thieves who, cornered in an alley in the city of Colon, Panama, attempted to surrender to custody. There have been a rash of these type shootings in the city of Colon where human life is considered cheap and unemployment is high.

Major Gordon stated that he would assign additional police personnel to the border to alleviate the problem of having these PNG "observers" participate in Canal Zone police enforcement. He further stated that the Canal Zone police had no information in respect to student demonstrations. The Police Union stated that they also had checked this out with their informants in

Panama and the Army security section with the same negative results. It was felt that any demonstrations would come at the instigation of the National Guard, and not by any spontaneous student action. The Union stated that the "Guard" was able to turn these students on or off with ease and gave as a clear example the aborted student riots planned on October 11, 1975.

The Police Union informed the Police and the Governor that they had information that the Army and the State Department (Embassy) had not objected to the PNG course of action during December 24, 1975, and requested to know what influence they had on the Governor's decision in this matter. The Governor firmly stated that he had made the decision, and that the action taken was solely his responsibility.

The Police Union stated that they had firm information that the "Guard" had no intention of withdrawing from the Canal Zone on January 9, 1976 unless they were pressured to do so.

Major Gordon stated that, unless he got orders to the contrary, he intended to issue orders not to allow the Panama National Guard to ride in the Canal Zone patrol car after January 9, 1976.

The Governor stated that he would not extend this cut-off date, and if the "Guard" refused to remove themselves, he would have to reassess the problem when it should arise.

Mr. Eisnor, Administrative Assistant to the Governor, assigned by the State Department, who had sat in on the Governor's meeting, asked the Union what could be done under the circumstances; would the Union recommend using force in order to remove those men.

The Police Union stated that it was obvious that the "Guard" action on December 24, 1975 was politically motivated to show that they could forcibly show sovereignty within the Canal Zone. Although it was not a prudent idea to use force in a case such as this, the problem was serious enough for the State Department to call in Panama's Embassy Officials and inform them that if they do not remove the "Guard" from within the Canal Zone, the United States would cut off all aid to that country.

The Police Union further stated that this "Guard" action was a flagrant violation of present treaty agreements with the United States, and that if Panama couldn't or wouldn't honor present treaty agreements, how could the United States reasonably expect that Panama would honor future treaty agreements now under negotiation.

It was brought out that Panama felt that the United States had also violated the present treaty; specifically in respect to the "School of the Americas", located within the Canal Zone.

Not caring to argue this matter with our own government officials (based on the fact that Panama, through the years has at least acquiesced to those type schools, and have gladly sent a great number of their own Guard officials to them, including their Chief of Government Omar Torrijos, and the fact that,

aside from its legal validity, it would appear that the only time Panama voices this complaint is when they wish to embarrass the United States) the Police Union stated that this argument was hardly sufficient to justify the other more serious violation that the "Guard" had taken. (Challenging U.S. sovereignty and weakening effective police protection within the Canal Zone.

When the Police Union asked if any protest on this matter was being contemplated, it was stated that the Company/Government was formulating one and would deliver it to the U.S. Embassy for final decision.

It was brought out that the State Department did not lodge a protest after the recent Embassy riots that took place earlier this year, and it was doubtful that they would do so in this matter, and certainly not with any effect.

The Police Union brought out that the State Department had assured the Congress, in writing, as late as April 1975 that there would be no pro-treaty executive agreements with Panama. It was obvious that this action was part of the State Department-Panama pro-treaty proposals that had generated such concern in the Congress in April 1975.

It was further brought out that this problem had surfaced several times since 1973, and that at each such time, this Union, at least, had been assured, orally and in writing, that all parties concerned would be consulted prior to any implementation of this so-called "joint patrol agreement". Not once have those assurances been honored.

The Police Union brought out that it had been informed by contacts in Washington, D.C. that this type action might surface during the Christmas Holiday, when the Congress was in recess.

The Union asked the Governor if he was satisfied that the Army would respond if called upon to do so. (Referring to January 9, 1976 if the PNG refused to remove themselves from the Canal Zone border.) The Governor stated that he had complete confidence that they would do so if requested.

It was brought out that, so far, there had been a complete news blackout in Panama and the United States in respect to this incident, although they - the Panama Government - had dispatched a public relations camera team to the area soon after the "Guard" were posted on the Canal Zone border. It was further brought out that, although these Panama officials could not be reached by Canal Zone Police Officials, Colonel Moreiga, Chief of the Panama G-2 (secret police) and Colonel Garcia, second in command of the Panama National Guard, had been seen in their official vehicles on several occasions on the border apparently inspecting the progress of the actions taken by Panama.

The Governor stated that the Company/Government was formulating and would dispatch a newsletter to the United States shortly.

The Police Union brought out that the AFSCME and the IMU had an open door to the treaty negotiations in Panama and the United States, while the Central Labor Union, of which this Union is a part, was forced to expend what little funds they had each time problems such as this one came to the surface. They had no information in which to inform their members until, as in this case, the action had already been taken.

The Police Union had, with permission and support of the Central Labor Union, sent its President to the States at least four times in the last year, at a great expense to the CLU and the Police Union; as well as great personal expense to the Police Union President. It was brought out that the Company/Government had at least a joint responsibility to their employees to provide an independent source of treaty information, especially since they had been promised and denied this sort of information by our own government up to the present time.

It was brought out that the Company/Government's assistance in this area could be of benefit to management as well. The Company/Government's budget crises was cited as an example.

It was brought out that it should be obvious by now that there would be no quick turn-around in Canal traffic which if not effected soon would cause the Company/Government to seek Congressional assistance or further budget cuts that would reflect on personnel displacements.

It was brought out that the National Unions and the shippers were against implementing any "admeasure" changes making this short-term budget relief appear bleak.

The Police Union stated that another possible solution to the problem could be effected by a major Canal Improvement (Terminal-Lake, Third Locks Project) which the Company/Government, because of their position could not advocate.

As another matter of interest, possibly directly related to this problem; during the past several months, the U.S. District Court in Ancon has been crating and sending their court records back to the United States. This Union was told that they "have decided to reduce their records to micro-film, for ease of storage".

Also related to the above. For the past several weeks, the Government of Panama has refused to permit Canal Zone Police Liaison Officers to perform their traditional duties and even went so far as to deny them access to the DENI Headquarters.

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The above information is a true reflection of what this Union tried to convey to these Company/Government Officials and what we were able to gather from the statements made; it is not a transcribed version of those meetings.

William R. Drummond

During preparation of this report, the following incident occurred.

On January 4, 1976 between 3:00 P.M. and 4:00 P.M., full Lt. Urania, P.M. Chief of the Vera Cruz Substation (Republic of Panama) assigned two Panama National Guardsmen, Martinez and Gonzalez, to plain clothes overtime duty. Their purpose was to arrest marijuana smokers and burglars within the Venado Beach, Canal Zone area (located at Howard Air Force Base/Kobbe).

In carrying out their prescribed orders, and with weapons drawn, Martinez and Gonzalez came upon several women (one with a small child) and several men, all Panamanian residents of Panama City.

Several within the group protested the actions of the National Guard, stating that they cannot make an arrest in the Canal Zone. An altercation took place. ~~Gonzalez~~ <sup>Martinez</sup> discharged his weapon, shooting one of the men in the group, named Ayala, who is a nephew of Col. Ayala, the Chief of the Guardia National Police Force. Two Air Police Sgts. arrived on the scene and arrested both Guardsmen.

The Guardsmen were transported to Balboa Police Station and booked for:

1. Assault with a deadly weapon (a felony)
2. Carrying firearms within the Canal Zone without a permit (misdemeanor)
3. Acting in the capacity of a Federal Officer (felony, U.S. Code)

Both men were given preliminary hearing on January 5, 1976 and the hearing is continued until January 8, 1976. Major Garrido, Chief, Panama Traffic Section, was informed of the incident on January 4, 1976 and sent a Sub-Lt. to investigate.

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## BREAKDOWN OF SWORN PERSONNEL (PL)

	<u>Pacific (Inc. Penitentiary)</u>		<u>Atlantic</u>	
	U.S.	Non-U.S.	U.S.	Non-U.S.
Police Privates	113	23	37	17
Detectives	8	4	4	2
Sergeants	24		8	
Lieutenants	9		6	
Captains	3		1	
Majors	1		1	
Chief	1			
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	159	27	57	19

TOTAL SWORN PERSONNEL - 262

Canal Zone Police Division  
March 5, 1976