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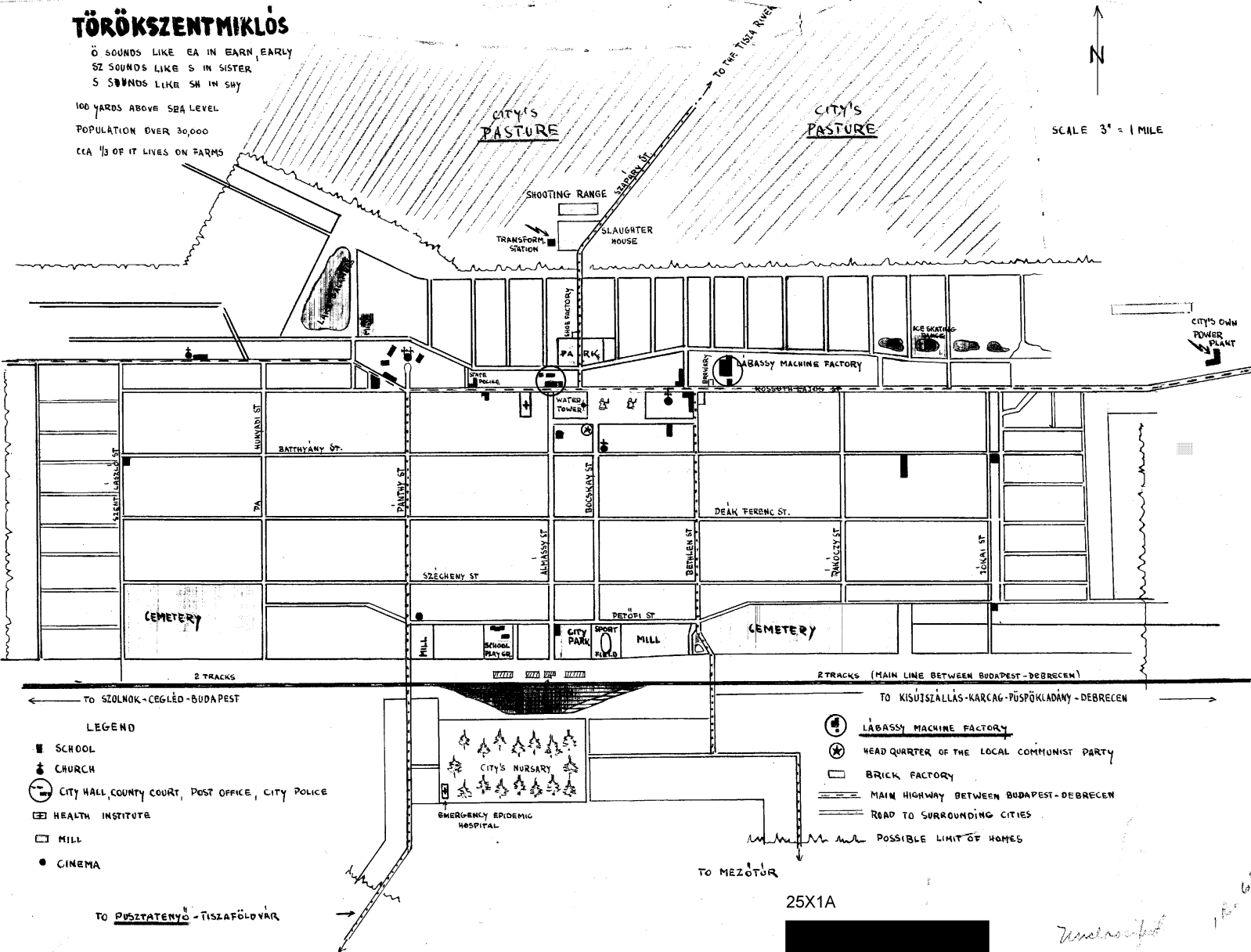
TÖRÖKSZENTMIKLÓS

Ö SOUNDS LIKE EA IN EARN EARLY
SZ SOUNDS LIKE S IN SISTER
S SOUNDS LIKE SH IN SHY

100 YARDS ABOVE SEA LEVEL
POPULATION OVER 30,000
CCA 1/3 OF IT LIVES ON FARMS



SCALE 3" = 1 MILE



SEE BOTTOM OF PAGE FOR ADDITIONAL SPECIAL CONTRACTS, IF ANY.

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CENTRAL INTELLIGENCE AGENCY

Panama/Canal Zone

Background Factors Affecting Panama-US Relations/ Discrimination

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DATE ACQUIRED (By source)

DATE OF INFORMATION (Date or dates, on or between which, events or conditions described in report existed)

• About early Feb 55

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US citizen, a professional political and economic observer of Panamanian affairs.

He has furnished previous information and is considered reliable. Source received the following background material from an experienced and competent observer in Panama whom he believes reliable.

1. As to relations between Panama and the US, historically, it is generally conceded that US intervention and help enabled Panama to become a republic in its revolt and separation from Colombia, 2 Nov 1903. The US intervened, of course, because Colombia was not willing to permit the US to build a Canal at Panama as it desired -- Panama then being a province of Colombia.
2. Almost immediately after the revolt, the US recognized Panama, which gave Panama status among the other nations of the world. Then, very quickly, the US made a treaty with Panama which enabled the US to build the Panama Canal and which at the same time provided some cash (US\$250 thousand in gold annually) to Panama, which needed the money to get going.
3. In that first treaty Panama gave the US many concessions, the former being desperate. Panama didn't have anything to offer except a strategic physical location for a canal; it could not contribute engineering, skilled labor, capital, supplies or sanitation facilities. All Panama did was offer a "piece of itself", that is, the 10-mile strip through its middle which became the Canal Zone -- land which was, per se, practically valueless. The US assumed the responsibility of providing for the health (through water systems, sanitation systems, garbage collection, mosquito control, etc.) of the two terminal cities, Panama City and Colon. In this connection, it is interesting to note at the present time that no other town in Panama has ever made much progress and that it has been only these two which were protected by the US and nurtured by it toward the US ways of cleanliness, etc, which progressed.
4. At the present time the people of Panama want more remuneration for their transfer of the Canal Zone land which took place in 1903. The current demand is not the first, for at intervals of every 15 to 20 years there has been a demand in Panama for "justice" from the US. Each time the US has made concessions to Panama and some Zonians feel the situation is comparable to a buyer purchasing the same real estate half a dozen times with the price rising higher each time the land is purchased.
5. No one here in Panama or in the Canal Zone really feels that the current treaty is the last one. When the benefits of the current treaty have been absorbed, a new demand will be made by Panama.

MAR 22 1955

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6. Actually, Panama's highest hope would be to have the US turn the Panama Canal over to the Republic of Panama -- free, of course! Then Panama would presumably have to sell it, possibly to some friendly nation, perhaps to the USSR, perhaps back to Uncle Sam!
 7. One thing is clear -- Panama cannot run the Canal itself. Too often Panamanian administrative incompetence has been demonstrated in small things; and running an international canal is just beyond Panamanian ability at this time.
 8. It is worth noting that Panama in the current treaty negotiations asked that the Panama Canal concession be limited to 99 years instead of in perpetuity which the US bought and paid for in 1903 -- and for which the US has been paying in increased quantity throughout the years. The US of course flatly rejected this demand. The US also rejected a request for a more clear definition of US authority, power and control in the Canal Zone. The US apparently believes this is clearly stated in the original treaty which gave the US the same sovereignty over the Canal Zone which it would have if the Canal Zone were a part of the US. (The exact wording of the original treaty is not immediately available here).
 9. The US, further, has been unwilling to accede to Panamanian demands that the Panama flag be flown in the Canal Zone and that ships going through the Panama Canal fly the Panamanian flag, and that Panamanian stamps be used in the Canal Zone; nor has the US been willing to agree to make Spanish as well as English the official language of the Canal Zone.
- * * * *
10. One thing of considerable interest and importance is that President Arias in his message to the Panamanian people on the treaty spoke of the tremendous economic gains which will result from the salary increases to be granted Panamanian workers in the Canal Zone under the new treaty. Actually, I have been reliably informed that such a provision definitely is not in the treaty and, in other words, there is positively no promise of salary increases in the treaty.
 11. What has happened is that Panama is promised equality of salary and opportunity for Panamanians and US citizens working in the Canal Zone. This had been promised for years but was never carried out. At one time about 20 years ago (about 1935) there were only about 25 Panamanian citizens on the gold payroll of the Canal, although the treaty called for equality of treatment even then. Now there are a couple of hundred Panamanians on the payroll. If followed, the treaty would require replacement of at least half of the US citizens in the Zone with Panamanians. This is not expected to happen as promised, the principal drawback being security, there being many "sensitive" positions in the Canal Zone which must be cleared by the Office of Internal Security before an employee can be hired. It is doubtful that any sensitive position could be filled by an alien. How many positions you can declare "sensitive" without getting into a row about noncompliance with the treaty remains to be seen.
 12. Equality thus has been written in the books but it just has never worked out. US employees in the Canal Zone fight the employment of Panamanians tooth and nail in any classified or skilled job. This fear of losing their jobs has been behind the anti-Panamanian feeling for years. It is expected that once the Panamanian employees get a toe hold, the US workers must get up and move out.
 13. Color is another problem. If Panamanians were given US-type jobs, at US-type salaries, they would live in the same quarters, share the same schools and stores with the US workers....Less than 10 per cent of the Panamanian people even claim to be white; and many of that 10 per cent are mistaken about it.

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14. Many US workers hate to visualize Negro and brown and Indian Panamanians living with them, playing with their children, the young people intermarrying, etc, but that is just what is happening to a considerable extent already and the results are not good.
15. Discrimination between US and local workers started with the construction of the Panama Railroad in 1949. Even in those days native workers were not worth their hire; and they have not improved much. To build the Panama Railroad in Panama, workers came from China, England, Ireland, India, etc, just as day laborers. Panamanians were too risky. Chinese and West Indians provided the bulk of the labor force. Then these West Indian Negroes stayed here and darkened Panamanians by marriage. Thus when building the Panama Railroad, the US white workers got one wage scale and the illiterate, untrained laborers got another. There were two strata of employees. When the Panama Canal was started in 1904, the same conditions prevailed. Panamanians could not do anything; or if they could, they didn't. Hence, labor was imported from foreign countries to do the work which the Panamanians could have done if they would have tried it. During the Panama Canal construction days, the US white supervisors, superintendents, etc, were paid in gold coins while the miscellaneous workers, mostly Negroes, were paid in silver coins. Paper money was not popular in those days on the Isthmus of Panama.
16. As the Panama Canal was completed and the permanent structure set up, there were two payrolls -- GOLD (for white workers in supervisory positions) and SILVER (for miscellaneous workers needing constant supervision). The payments were made by pay receipts and gold and silver coins were discontinued but the classification GOLD or SILVER stayed until the last decade.
17. In 1955, as in 1904, there is a GOLD and SILVER setup in the Canal Zone. It is not marked by regulations. The SILVER employee can use a GOLD toilet, eat in a GOLD restaurant, shop in a GOLD commissary store or attend a GOLD movie, but he doesn't! He has his own SILVER toilets, restaurants, movie halls, etc. The names have been changed. The current payment is US rate for US workers and LOCAL rate for non-US citizen. There is no GOLD or SILVER in finance officially.
18. When the Canal Zone abolished official discrimination, it did not abolish the dual system of quarters, stores, etc, for the two classes. This discrimination still exists, a little less than before, but 80 per cent, perhaps, of what it was 10 years ago still exists. There is now a voluntary discrimination. The Blacks know they can use White facilities but they just don't do it because:
 - (a) They are not wanted;
 - (b) They feel uncomfortable because they are not among their own kind either socially or economically;
 - (c) They may consider that their actions might lead to retaliation in the employment field in the long run; and
 - (d) They are reasonably content in their Canal Zone local-rate community which is at least 100 per cent better than that which they would have in Panama.
19. The actual local workers as such have seldom complained. It is the provincial agitators, the CIO-Communist-tinged organizers, who get them to scream for more, and a few provincial agitators among the LOCAL-rate workers themselves have asked for better positions, more pay-- but not effectively or loudly. The salary scale, housing and working conditions, and life protection of the LOCAL-rate workers of the Canal Zone are considered not less than 100 per cent improved in the past 20 years. This has been voluntary on the part of the Canal Zone government. It is slow, but there is constant, steady improvement. The Negro workers of the Canal Zone have a two-year junior college comparable approximately to a white American junior college.

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20. As suggested, discrimination is indicated in the schools. The system is composed of LOCAL-rate schools called Latin-American schools, and the US citizens school.
21. Negro-US citizens attend the so-called white or American School this year [probably school year starting September 1954] for the first time. Thus there is no discrimination educationally among US citizens this year for the first time.
22. It is the honest opinion of observers in this area [Panama and the Canal Zone] that the new treaty between the US and Panama will call for elimination of the discrimination between US and local workers, but that will not be accomplished in a hurry. Several years at the minimum will be required to see any actual diminution of the discrimination on an individual basis. On an employment basis the Panama Canal Company will have to yield on the lower jobs and there grudgingly and only if forced. One more point relating to the average Panamanian's lack of qualifications to do the work of the average US worker is that he lacks education, often has a language barrier and a general background which does not fit him for the work. There are plenty of exceptions, of course.
23.Panama itself has a law against discrimination, but discrimination does exist in Panama. Negroes only recently have had any high offices; the best top clubs have no Negro members. Negroes are not seen at such places as the Hotel El Panama, etc.
24. Incidentally, exception of Panama from the "buy American" act will not mean much. The canal is honestly trying to buy everything it needs which is produced in Panama from Panama. In four years this has totalled US\$8,500,000 which is a lot for this area....
25. Increased business in Panama resulting from the treaty will not really benefit the Panamanian people. Only a tiny handful of Panamanians, real Panamanians, are in business here. The great majority of businessmen are from Syria, Lebanon and the Near East, Curacao and the West Indies, plus many Chinese merchants. Jewish refugees flooded Panama about 15-18 years ago (about 1937-1940) and promised to farm. None did. They are all in business now....
26. If the treaty provision for equal opportunities is followed in the employment field, Panama will have to demonstrate whether or not she can produce educationally trained people for the crafts, provisional and supervisory positions of responsibility. Most US workers in the Zone think not....
27. The following are the remarks of a US employee which is illustrative of the general problem:

"I am not anti-Panamanian or anti-Negro in any active sense. I have dogs. When white Americans walk by my house, the dogs do not bark. When Negroes or Panamanians walk by, the dogs rush out and bark at them day or night. Why? I have not trained them to do so and neither has anyone in my family.

"Those dogs seem to sense that these passers-by are not part of the community where we live. They sense their 'difference' from us. I believe that this illustrates the discrimination in the Canal Zone which is so actual that even the dogs are opposed to Negroes and Panamanians without being taught to be.

"A poor Panamanian (poor in funds, that is) walking through the Canal Zone is always on the defensive. The police patrol cars are apt to slow down and look him over if he is in a US residential district; the same is true for a Negro. Panamanians who drive cars are less subject to scrutiny, but a man who hasn't a car gets 'the eye'. There are many thefts in the Canal Zone and at least 99 per cent of them are estimated to be by non-US citizens. This makes police suspicious."

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