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PANAMA CANAL BRIEFINGS

HEARING
BEFORE THE
COMMITTEE ON
MERCHANT MARINE AND FISHERIES
HOUSE OF REPRESENTATIVES

NINETY-THIRD CONGRESS

FIRST SESSION

ON

BRIEFINGS CONCERNING TREATY NEGOTIATIONS AND CUR-
RENT ACTIVITIES OF THE PANAMA CANAL AND CANAL
ZONE

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**BRIEFINGS CONCERNING TREATY NEGOTIATIONS AND
CURRENT ACTIVITIES OF THE PANAMA CANAL AND
CANAL ZONE**

FRIDAY, APRIL 13, 1973

HOUSE OF REPRESENTATIVES,
COMMITTEE ON MERCHANT MARINE AND FISHERIES,
Washington, D.C.

The committee met, pursuant to notice, at 2:40 p.m., in room 1334, Longworth Office Building, Hon. Leonor K. Sullivan (chairman of the committee) presiding.

The CHAIRMAN. The committee will come to order.

I would like to open this meeting with a very brief statement for the record.

Today's presentation marks the sixth of a series of oversight briefings which are intended to inform and educate the new Members of Congress, as well as the new members of the committee, and to bring the senior members up to date on the work problems and the issues of the organizations which administer the programs and laws coming under the jurisdiction of the Merchant Marine and Fisheries Committee.

I must apologize right now. Friday is not a good day to have this kind of a meeting. It was no better this morning, because those who were leaving town had already left by this morning, but we called it for today in order to accommodate Governor Parker who was in town this week. We were busy on the other days, so at least we can make a record, and see that today's meeting is called to the attention of the other members.

I just wanted to say at this time that in the five previous oversight briefings we have had a very good show of all of our freshmen members, and we have about 12 new ones on the committee. It has been very encouraging because this is the only way they can learn about the background of problems that confront this committee.

Having these briefings, the members should be better prepared to deal with the legislative activities of the committee, as well as being exposed to general activities and background information.

To date, we have been pleased to hear from Dr. Robert White, Administrator of NOAA, concerning the activities of that Agency, Ambassador McKernan of the State Department with respect to fishing rights and offshore limits, Helen Bentley, Chairman of the Federal Maritime Commission, Robert Blackwell, Assistant Secretary of Commerce for Maritime Affairs, and various witnesses from the State Department, who gave us an overview of the pending Law of the Sea Conference and maritime affairs and environmental matters as they relate to the responsibilities of the State Department and the jurisdiction of our committee.

Today we will receive an oversight presentation on the operations of the Panama Canal and the zone under the stewardship of the Panama Canal Co.

The briefing will be presented by Maj. Gen. David S. Parker, Governor of the Canal Zone and President of the Panama Canal Co.

We will be brought up to date also on the very important treaty negotiations by Ambassador David H. Ward, Special Representative of the United States for Interoceanic Canal Negotiations of the Department of State.

The basic jurisdiction of this committee is to oversee the maintenance and operation of the canal and facilities and installations connected with its maintenance and operation. However, the complexity of the problem in the canal area makes it very difficult to separate some of the other important issues from the basic jurisdictional considerations of the House Merchant Marine and Fisheries Committee.

For example, we must, of necessity, in considering the operation and maintenance of the canal be concerned with the course of the treaty negotiations, and for this reason we have invited Ambassador Ward to appear today to give us the latest information with respect to these treaty negotiations which apparently have been dormant in recent months.

In other years, the committee has sent a delegation down to Panama to get a firsthand account of the situation, and to examine the problem areas at the scene. This year the committee was not able to make one of these useful visits because of the formation of the 93d Congress and other factors, although Mr. Leggett, Chairman of the Panama Canal Subcommittee, recently made a quick trip to Panama and learned quite a bit.

Because of our lack of an on-site visit this year, the Governor's remarks will be more pertinent, and also since the Government of Panama has taken such a strident anti-American stand in the past year, and because of such activities as the U.N. Security Meeting in Panama, the operations of the Panama Canal Co. are of even greater concern.

All of the factors which have developed in Panama in the last several years seem to suggest that the Congress must keep a close watch on the course of the treaty negotiations and be sure that the rights and prerogatives of the United States in the Canal Zone, and with respect to the canal, are just not given away.

I think we must be very careful with the sovereignty and jurisdiction of the United States in the Canal Zone to see that they are not jeopardized by any foolhardy arrangements. The members of this committee view the situation in Panama with the greatest concern, and we are most anxious to hear from both the Governor and Ambassador Ward.

Since most of this audience today consists of directors of the Panama Canal as well as the Governor and Ambassador Ward, I wonder if it would not be good for all of us, if each of you people in the room would stand up just to identify yourself.

There are four directors here, and I think it would be a little easier since I do not have a list, and do not want to mispronounce your name, or to take your name and attach it to somebody different than the one it belongs to, let us start with the first director.

Mr. VIREN. I am Einar Viren.

Mr. TODD. I am Webster Todd.

Mr. PRICE. I am William F. Price.

Mr. JORGENSEN. I am Frank E. Jorgensen.

Mr. EVANS. I am S. Dean Evans, Sr.

The CHAIRMAN. Welcome to the meeting.

How about the gentleman next to Mr. Todd?

Mr. TURNER. I am Ed Turner from the Seafarers in San Francisco.

Mr. STEERS. I am Philip L. Steers, comptroller, Panama Canal Co.

Mr. CONSTANT. I am Thomas M. Constant, secretary of the Panama Canal Co.

Mr. SHEFFEY. I am John Sheffey, special adviser to the treaty office.

Mr. McCART. I am John McCart, Government Employees Council, AFL-CIO.

Mr. VOGEL. I am Mr. Vogel from Congressman Flood's office.

The CHAIRMAN. What about the other gentleman in the back?

Mr. WELCH. I am Gerry Welch from the Governor's staff.

The CHAIRMAN. And the rest are just visitors?

Mr. HORWITZ. I am Leonard Horwitz, State Department.

Mr. LEGGETT. And I have my father-in-law from Santa Barbara sitting over there.

The CHAIRMAN. I think the Ambassador from Panama is coming. Has he arrived, do you know?

Mr. LEGGETT. I have not seen him.

The CHAIRMAN. If he arrives I wish someone would let us know.

Well, for our first witness then we are going to have Ambassador Ward. I think he has a shorter statement than the Governor, and we said we would hear him first.

Mr. Ward, you may proceed.

STATEMENT OF AMBASSADOR DAVID H. WARD, SPECIAL REPRESENTATIVE OF THE UNITED STATES FOR INTEROCEANIC CANAL NEGOTIATIONS, DEPARTMENT OF STATE, ACCOMPANIED BY S. MOREY BELL, DIRECTOR, PANAMANIAN AFFAIRS, DEPARTMENT OF STATE, AND JOHN SHEFFEY, TREATY OFFICE, DEPARTMENT OF STATE

Mr. WARD. Good afternoon, Madam Chairman and members of the committee.

My statement will set forth the current status of the negotiations concerning the Panama Canal and briefly outline the events that have brought us up to this point.

I think I can best begin by explaining why we are engaged in negotiations. It is, of course, well known to all of you that the 1903 treaty affords to the United States very broad rights in regard to the operation and defense of the Panama Canal. For this reason the impetus toward change in the treaty has not come mainly from the United States.

We are, however, constantly put in mind of the fact that there are two parties to this treaty, and that our operations in regard to the Panama Canal are not conducted in a vacuum.

There is a community of interest between the United States and Panama in regard to the canal and an interdependency that must be taken into account when we are considering treaty matters.

Accordingly, in the negotiations we have sought a way for our defense and operational responsibilities to be carried out in a manner that is more acceptable to Panama, and less likely to result in the type of situation that is inimical to successful canal operations and our international relations generally. We have tried to keep in mind the changes that have occurred in the world since 1903 and to recognize that our real interest in Panama—the safe and efficient operation of the canal at reasonable rates—may be achieved in other and perhaps better ways than those now in use.

Negotiations looking toward substantial changes in our methods of operation in Panama began after the 1964 riots. After some consultation, a joint United States—Panama statement announced that certain areas of agreement had been found. Basically, the statement contemplated the replacement of the 1903 treaty with a new treaty intended to provide for “an appropriate political, economic, and social integration of the area used in the canal operation with the rest of the Republic of Panama.”

Negotiators for the United States and Panama reached agreement on three new treaties to replace the 1903 treaty in 1967. The canal operation would have been turned over to a corporation which would be independent of both governments, although the United States would have retained the right to appoint a majority of the corporation's board of directors.

Panama never submitted these treaties for ratification, and consequently they were never submitted to the U.S. Congress. The government of General Torrijos has formally rejected the treaties.

In June 1971 the negotiations resumed. The United States, having in mind the objections to the 1967 treaties expressed by Members of the Congress and by the Government of Panama, proceeded along a somewhat different route. We proposed that we would retain for a fixed period of time the right to operate the canal by means of a U.S. Government agency. It would function in Panama with the treaty rights it needed to do the job. Congress would control tolls.

We also proposed that we would have the responsibility for defending the canal, its personnel and facilities, and that we retain appropriate defense facilities in the vicinity of the canal.

At the same time we proposed that on the effective date of the treaty Panama would begin to exercise various civil governmental functions in the zone, these functions to increase with the passage of time.

We proposed that private enterprise be given an opportunity to replace most of the commercial activities of the zone now carried on by the U.S. Government, provided that our employees could be assured of the necessary services.

Further, we offered to reduce the zone by the release to Panama of zone lands no longer necessary for the operation and defense of the canal, and to encourage, within the remaining area, Panamanian land use consistent with operational and defense requirements. We offered a substantial increase in financial benefits to Panama.

Last, we sought continuation of our right to add a third lane of locks to the existing canal, and a new right to build a sea level canal about 10 miles west of the existing canal.

The negotiations proceeded at a rapid pace during 1971. By the end of that year the United States had submitted draft treaty articles or position papers on all of the major issues in the negotiations, and these, taken together, constituted a comprehensive and detailed U.S. offer.

Negotiations were specific, and were concerned with the details of drafting, as well as the broad principles of the treaty. In mid-December, 1971, the Panamanian negotiating team returned to Panama to consult with its government. For several months thereafter, although we had periodic discussions, we were unable to elicit any Panamanian position on our proposals, and no counteroffer was made by Panama.

In December 1972 we were invited to travel to Panama for negotiations. At this meeting Panama furnished us a disappointing statement of its position in the negotiations. It reflected Panama's maximum aspirations as put forward at the very outset of the negotiations and seemed to repudiate the tentative steps toward compromise which had been taken during 1971. Although we replied informally to and discussed the position paper at length, we were unable to persuade Panama to deviate from its terms in even the slightest regard.

The United States formally replied to the Panamanian position in February of this year and concluded with the suggestion that negotiations resume at the earliest possible moment. We have not yet received other than an interim acknowledgement.

However, we should recognize that Panama has taken a position far from our own. On virtually every major issue there are serious differences. Panama wants a much shorter duration for the treaty than we have proposed, full control of zone lands, financial benefits that would necessitate an inordinately large toll increase, and the complete cessation by the United States within 5 years of canal functions which could be construed as being of a jurisdictional or sovereign nature.

Nor does Panama offer tempting options in regard to the expansion of the existing canal, or the construction of a sea level canal.

As you know, the U.N. Security Council met in Panama during March. Ambassador Scali has already testified in considerable detail before the appropriate House Subcommittees concerning the events that took place there. I will not try to cover that same ground. I will observe, however, that the Security Council meeting did not improve the climate for negotiations.

I wish that I could, in conclusion, offer you a firm prediction as to when and how our differences will be settled. I cannot, for much depends upon the course that Panama chooses to follow. If Panama elects to return to the table and negotiate seriously, in a spirit of compromise, we may in time be able to submit to the Congress a sound proposal that protects the interests of both countries. You may be assured that we will continue to consult with the Congress, including this committee, as events in the negotiations unfold.

Thank you.

The CHAIRMAN. Thank you, Mr. Ward.

Would you like for the record to introduce your companion?

Mr. WARD. Yes; I should have done that earlier.

This is Morey Bell, the Director for Panamanian Affairs in the Department of State.

The CHAIRMAN. I have just three or four questions I would like to ask before I pass on to the other members.

Ambassador, on page 2 of your statement you talk about an independent corporation being set up under the proposed 1967 treaty.

As I recall, the board of directors of that corporation would have reported to the Executive but not the Congress, is that correct?

Mr. WARD. Well, it is my understanding, and I think I will have to check this again, Mrs. Sullivan, that the corporation was intended to be a self-governing body, and that the control that the executive branch would exercise over it would be dependent on discussions of issues with the members of the board of directors whom it had appointed.

The CHAIRMAN. Mr. Sheffy is here. I wonder if he can recall to whom that board would report.

Mr. SHEFFEY. The treaty did not prescribe that. Five members of the nine-member board were to be appointed by the President of the United States, and the treaty did not prescribe further.

The CHAIRMAN. We must have been terribly misinformed then, because I think it is the understanding of everyone is this committee who had any understanding of the 1967 treaty at all, one of the big complaints that was made was that Congress would have absolutely no jurisdiction over any of this any more, just the Executive.

Mr. WARD. As you see from my statement, Madam Chairman, we have sought to remedy that problem, and I think our current offer would completely cure that difficulty that was objectionable.

The CHAIRMAN. What kind of arrangement is being contemplated again for this authority?

Mr. WARD. The canal would be operated by a U.S. Government agency, and we have not contemplated that the treaty would specify what sort of agency it would be. It would remain in the discretion of Congress how to organize this company.

It might very well continue to be the Panama Canal Co., but in any case, it would be subject to legislative changes.

The CHAIRMAN. You mean you have not gotten as far in even a discussion as to whether any Panamanians would be on the board?

Mr. WARD. Under the system that we contemplate the treaty would not specify whether there would even be a board of directors. A government agency can take many forms, as is evident from the different types of government agencies we now have in the United States. There might be a board, or might not be, but the treaty would not say that there should or should not be.

The CHAIRMAN. On page 5 you indicate a very pessimistic attitude on the part of the Panamanian negotiators.

Do our negotiators intend giving in to their unreasonable demands on all, or most of these major issues?

Mr. WARD. Well, I would say this; we do not regard the offer that we made during 1971 as immutable. There are points in it that can be negotiated, and there are different ways of accomplishing an objective that we want, so there could be changes in our proposal.

However, we do not have any intention of making changes that would affect the overall ability to operate and defend the canal in its successful operation.

The CHAIRMAN. Would the United States lose more sovereign jurisdiction under the proposed 1967 treaty, or under the proposal recently under consideration?

Mr. WARD. It is hard to make a quick comparison of the two, but the United States would have lost, under the 1967 proposals, the power to issue direct orders to this canal operating authority. Whatever influence the executive branch wished to exert over the canal operation would have had to be through the Board of Directors and through suggestions or urgings to the Board. That was not true in the defense area, but it was true in the operations area.

Now, this will no longer be so under our proposal. There would be an organization that will be directly responsive to the President, and it will be an organization that is subject to change in its structure and method of operation by act of Congress, because the treaty will simply specify in very general terms that a U.S. Government agency will perform the operational functions, and the treaty will set forth the rights and powers of the operating authority.

Within that very broad framework of the treaty there can be considerable control by Congress and the executive, much more than under the 1967 arrangement.

The CHAIRMAN. You did say they would be directly responsible to the President, which means the answer to the question I asked you before, that they would be responsible to the executive rather than to the Congress.

Mr. WARD. The person who is in charge of the canal operation would be, as he is now, a person in the executive branch of the Government, and subject to the President's orders within the overall framework of law.

Now, Congress obviously can make changes that affect Government agencies in the United States through the passage of laws, and that would be true in regard to the Panama Canal organization.

Congress would exercise the same type of power over the canal operation as it would over domestic Governmental agencies, with one exception. There would be certain broad limitations in the treaty that would define the outer limits.

The CHAIRMAN. Is the rumor that we hear correct or not correct, to your knowledge, that advisers from Cuba and advisers from the U.S.S.R. are working with the Panamanian Government at this time?

Mr. WARD. Could I ask Mr. Bell to answer that one, Madam Chairman?

The CHAIRMAN. Can you answer, Mr. Bell?

Mr. BELL. Madam Chairman, I think the rumor that you refer to arose at the time of the Security Council meeting.

The CHAIRMAN. Where?

Mr. BELL. At the time of the Security Council meeting.

The CHAIRMAN. Oh, this has been a long time before that.

Mr. BELL. Most recently there were allegations to the effect that the Soviet Union and the Chinese and the Cubans were influencing the Panamanian position at the Security Council meeting. Our information is that that is not so.

With respect to the past, there have been cultural, sporting, and other exchanges between Panama and Cuba for some time. There has been no prior Soviet interest shown.

The CHAIRMAN. Do you mean that is just a rumor, and there is no basis to that, or do you not know?

Mr. BELL. To the best of my knowledge it is a rumor.

The CHAIRMAN. Well, the question that I want to ask takes this rumor more as fact than just rumor, and I would like to have an opinion from you at the Panamanian desk, as well as you, Mr. Ward.

Do you really believe there would be no trouble at all should the Panamanian Government have civil or civic control over the land now known as the Canal Zone?

Mr. WARD. Well, I think I could answer that a little bit better if I gave a brief description of what has been proposed in the treaty by our side.

We have always contemplated that there would be an area surrounding the canal in which we would have not only certain civil jurisdictional rights which would gradually become less extensive, but also defense rights.

We have taken the position that we should have the responsibility for defending the canal, but that we need to have a geographical area defined where this defense right can be carried out.

Now, it is our judgment that this will provide the security that we need.

The CHAIRMAN. We have never defined that area, have we?

Mr. WARD. Well, it is one of those things that has never been negotiated out. We have our position on what it should be and it is one of those matters that would have to be resolved before the treaty was concluded, and at such time as we did reach such a tentative agreement with Panama on the point, it would be appropriate for us to consult with your committee and other committees of Congress to explain exactly what it is.

At this moment the thing simply has not been worked out enough to really describe, but we do not plan to leave ourselves in a situation where we have no defense rights around the canal.

The CHAIRMAN. This is why it is hard to explain to people around the country who are terribly concerned, because I think there is more than just a rumor to the question I asked before.

How would we know should a treaty such as this go through where the civil government would be under the control of Panama, when we are on our own ground under the treaty that is in existence? We are in control of that ground.

Once we relinquish that right there would be no stopping at all, outside of armed forces, which certainly we never want to use, or intend to use, but what would stop the Government of Panama, whether it is this government or the next government, from expropriating the property on the land known as the Canal Zone or the Panama Canal Zone?

Mr. WARD. I think the answer is that the thing that would stop them would be what would stop them from doing it right now, and that is their willingness to observe the terms of the treaty which is in effect.

Now, under the proposed new treaty it would not be legal for Panama to expropriate the canal or the property of the United States surrounding the canal.

The situation really does not change as far as expropriation goes. It is illegal now, and would be illegal under the proposed new treaty.

The CHAIRMAN. Was it legal for the countries in Latin America to expropriate properties as they have done over these past years?

Mr. WARD. Well, I am not an expert on this, but it is generally said that a country is allowed to expropriate private property if it pays just compensation.

Now, the Panama Canal is not private property. If it were owned by a private corporation, it would be in a very different legal status from being leased or ceded to the United States under a treaty.

The CHAIRMAN. We have those rights right now under our treaty in the area known as the Canal Zone?

Mr. WARD. Yes. Under our proposed treaty, we would retain the rights necessary to avoid any expropriation.

The CHAIRMAN. I have other questions, but I will now pass on.

Before I call on Mr. Leggett, I believe the Ambassador from Panama has arrived, is that correct?

The AMBASSADOR from Panama, NICOLAS GONZALEZ REVILLA. That is correct, thank you.

The CHAIRMAN. I have never met you. We are happy to welcome you here, and I hope in the near future you can meet the members of this committee who are so concerned about the Panama Canal.

The AMBASSADOR from Panama. Thank you very much, I will.

The CHAIRMAN. Mr. Leggett?

Mr. LEGGETT. Thank you very much, Madam Chairman. On behalf of the Panama Canal Zone Subcommittee, I want to welcome Governor Parker and his distinguished group of Board of Directors, my good friend Ed Turner from California, and I would also like to welcome Ambassador Ward and Mr. Bell.

I would like at this time to introduce our special counsel, Mr. Bill Hamilton, newly appointed to the Panama Canal Zone Subcommittee. Bill has had extensive experience with NOAA, with the State Department, with the Department of Navy, and I think that with his experience in residing part time in the Panama Canal Zone, the subcommittee will benefit from his important expertise to that subcommittee.

I regret, as you do, Madam Chairman, that we do not have a full complement of our committee here this afternoon for this first general oversight briefing, but I do believe that we can make an important record here today that can be perused by the entire balance of the committee.

I do not intend to cross-examine fully the Ambassador with respect to treaty negotiations—but let us say this:

As I understand it, Mr. Ambassador, you did negotiate, I guess, at considerable length—either you or your predecessors—leading up to the tentative meeting of the minds back in 1967; is that correct?

Mr. WARD. In 1967, it went really beyond a tentative meeting of the minds. The treaty was initialed by both sets of negotiators and, of course, our negotiators would not have initialed the treaties if they had not been acceptable to the executive branch of the Government. It was a pretty firm arrangement on our side.

Mr. LEGGETT. Let me ask you this: How big a document was that—how many pages did it involve?

Mr. WARD. I think it might have been 40 or 50 pages, a very long treaty?

Mr. LEGGETT. Has that treaty offer ever been reviewed with the Panama Canal Zone Subcommittee?

Mr. WARD. I do not know.

Mr. SHEFFEY. Ambassadors Anderson and Irwin called on the committee many, many times in the course of the development of the treaty.

Mr. LEGGETT. I know the committee is generally apprised of the general terms of a proposed agreement, but I am wondering if the actual text has ever been reviewed by the subcommittee or counsel.

Mr. SHEFFEY. The U.S. Government has never officially released the text.

Unofficially, it was acquired by the Chicago Tribune to be published, and Mrs. Sullivan had it published in a committee report.

The committee report is in Ambassador Ward's hands right now, but there has never been an official submittal to the Congress.

Mr. LEGGETT. Thank you, Mr. Sheffey.

There was a failure of the ratification of the 1967 agreement. Then there was this long dry period where nothing happened until 1971. Then there was rather vigorous action during 1971, looking toward a new draft document, and that treaty or proposed series of treaties did not materialize at the end of 1971, and then that was followed by a long dry period through calendar year 1972, is that correct?

Mr. WARD. Yes; that is correct.

Mr. LEGGETT. And so then the last thing that has happened now, other than the Security Council meeting of which we have already been briefed in joint meetings with Mr. Fascell's and Mr. Frazer's committees, the primary thing that has happened has been a meeting in December which was followed by certain revelations, is that correct?

Mr. WARD. Yes.

Mr. LEGGETT. As I understand the revelations made in December, they were made by officials of the Government of Panama.

Mr. WARD. Yes; that is correct.

Mr. LEGGETT. I think the committee has been fully advised on the text of that revelation.

Now, having that in mind, has the United States confirmed or revealed the terms of the current negotiations subsequent to the action of the Government of Panama?

Mr. WARD. We have not taken any action since that time. We have been awaiting the response of Panama.

Mr. LEGGETT. Well, has the Chicago Tribune, or any other national syndicator or unsyndicated newspaper obtained the text of the pending negotiations?

Mr. WARD. No; not to my knowledge, and it is not in the form of a final treaty.

When the negotiations came to an end in December of 1971 there were, you know, many different drafts, and there were some U.S. proposals and counterproposals by Panama. You cannot just pick up a document and say this is the proposed treaty. It is more complicated than that.

Mr. LEGGETT. All right now, this committee has not been briefed on the precise text of our position or the position of the parties as of the end of 1972, is that right?

Mr. WARD. Well, not formally.

Mr. LEGGETT. Let me ask you this. Would the treaty negotiations be prejudiced if the United States were to further elaborate at this point on what we are prepared to offer and what we require?

Mr. WARD. Madam Chairman, in my statement I tried to state our proposal at a level of generality that we consider appropriate for negotiations which, if they are going to be successful, should really be confidential.

We were most disconcerted that the detailed positions of both sides were made public by Panama. We felt it was not helpful, particularly since these were not our positions, that negotiations were in flux at that time, and we simply feel that the most productive way to reach an agreement is to inform the public generally what our policy is, but keep the details between the negotiators until something is really crystalized.

Mr. LEGGETT. The United States has not confirmed the details that were revealed by the Panamanian Government?

Mr. WARD. No; and we do not consider the statement made by Panama to be an accurate statement of our position, although it is accurate in some respects.

Mr. LEGGETT. On page 5 of your statement you say to this committee that the status of the negotiations is not intended in any way to be definitive delineation of American position at this time other than a gross generality.

Mr. WARD. Well, it is intended, as you say, to be very general, and at the same time the generalities are accurate statements of the principles that we are trying to work with.

Mr. LEGGETT. Now, let me ask you this. Do you believe that there is a form of agreement, form of treaty which would be satisfactory to both the Panamanian Government, and would satisfy the requirements of the U.S. Congress?

Mr. WARD. I simply do not know at this time, Mr. Chairman. We will just have to wait and see what Panama considers to be in their best interest.

At this moment I think that the United States could not accept the position that Panama has suggested, and I would be very surprised if the Congress would accept it.

Mr. LEGGETT. Now, there is a saying, is there not, and the name escapes me at the moment, a compilation of very many laws enacted, I guess, by this committee and by the Congress and signed by the President?

Mr. WARD. The Canal Zone Code. It has no effect in Panama proper, only in the zone.

Mr. LEGGETT. How many laws are involved in that code?

Mr. WARD. Oh, I would not have any idea. It is a 3 volume set of books. That is a very extensive code of law.

Mr. LEGGETT. It is hundreds of laws, is that not correct?

Mr. WARD. I suppose it is.

Mr. LEGGETT. And were a treaty, in fact, negotiated and ratified by the Senate, that repeals by implication any of those laws, I presume the House of Representatives would have to participate in that repeal, is that correct?

Mr. WARD. I think it is certainly true that the House and the Senate will have to enact implementing legislation in regard to the treaty,

but we have not advanced to the point where we could say exactly what that legislation should be.

Mr. LEGGETT. The nature and extent of the repeal would be rather massive and extensive, it would appear to me.

Mr. WARD. I think you are right. There are a number of laws that would, over a period of time, have to go off the books.

Mr. LEGGETT. Now, you indicated in your statement that apparently on virtually every major issue there are serious differences between the Panamanian Government and the United States.

You talked about increased financial benefits to Panama that would necessitate an inordinantly large toll increase. What kind of benefits; in generalities again?

Mr. WARD. Cash.

Mr. LEGGETT. Okay, we are not talking in billions of dollars. I guess we are just talking in millions.

What kinds of millions of dollars are the Panamanian people talking about, and what kind of millions of dollars are we talking about?

Mr. WARD. We have proposed a royalty based on tonnage that would, at the current traffic rate, yield to Panama something in the neighborhood of \$20 million to \$25 million a year. Of course, as the traffic increases, their royalty payment would increase.

Now, they have not in their December statement, which is their definitive statement of position, or at least the most definitive one that we have, specified any figure, but during the course of negotiations, lots of figures have been thrown around, and it is evident that they have in mind a much larger amount than \$25 million.

Mr. LEGGETT. Do we have any kind of a ballpark figure as to what they have tossed around?

Mr. WARD. We have heard talk about, you know, \$75 million to \$100 million, figures like that.

Mr. LEGGETT. I will yield at this time back to the chairman. I do have other questions.

The CHAIRMAN. Mr. Mosher?

Mr. MOSHER. I have very few questions, Madam Chairman.

Mr. Ambassador, you conclude your remarks by observing that the Security Council meeting did not improve the climate for negotiations.

I judge you feel that the Council meetings damaged the climate. Of course, there was a lot of discussion, and a lot of newspaper talk in advance of the Council meetings that the climate might be very seriously damaged.

I do not know whether it is significant for you to express a further opinion here and now or not as to whether the damage was as great as some of them feel.

Let me ask you this. It is not irreversible, is it, or not permanent damage?

Mr. WARD. Well, I think we all recognize that the situation that exists in regard to the Canal Zone is still with us, and that, as we have tried to do something about it ever since 1964, the same need exists in the future to do something about it. You know, we are not going to pick up our marbles and go home because of the Security Council meeting, but I think it did have the effect of raising questions in the mind of people in this country, and in the mind of the President, and in the mind of the Congress as to just exactly how can we work this problem out—is it going to be easy or not?

Mr. MOSHER. It certainly did not clear the air. It muddied the water a little, made it a little more difficult.

Mr. WARD. I would say so, yes.

Mr. MOSHER. Would my layman's hunch be correct that a certain cooling off period right now would be very useful?

Mr. WARD. Well, we have had cooling off during all of 1972, but I think that it is not going to be possible to settle this matter in a week or two with or without a cooling off period. I think it will take a long time to work out this problem starting from where we are today.

Mr. MOSHER. Would it not be good maybe after these hearings to have the matter off the front pages for a while?

Mr. WARD. Oh, certainly I hope it will get off the front pages, and we would like to get back into serious and confidential negotiations.

Mr. MOSHER. I will perhaps reveal my ignorance here, but is there any reason, from either side, for a deadline? Are we approaching any deadline moment at all in any way?

Mr. WARD. No, sir, we are not. Our treaty runs in perpetuity, and so there is no compulsion to change at any particular time.

Mr. MOSHER. Well, there is no compulsion. Where is the greatest urgency, from which side, who is most anxious?

Mr. WARD. I think, as I said in my statement, that the main impetus for change has come from Panama, and I think that the offers that we have made go very far toward solving the problems that concern them.

Our financial proposals are generous and appropriate, and our proposals to make the zone into a more closely related part of Panama would also be very desirable from Panama's point of view. I feel that the urgency is on their side, and they would be very much benefited by accepting our proposals.

Mr. MOSHER. Was there enough steam released by the Security Council meetings? Was there enough steam released there to perhaps allow the Panamanians to negotiate more seriously in private?

Mr. WARD. I cannot guess how they assess that event, and what effect it will have on their negotiating policy.

I hope that they will feel that the matter has now been brought before the public and that this part of the ritual is completed and we can now go on with some effective negotiations.

Mr. MOSHER. In your references as to our treaty proposals beginning in 1971, as has been mentioned, in fact, you mentioned very general references here that we would retain for a fixed period of time the right to operate the canal by means of a new Government agency.

I judge you do not want to talk about any ballpark figures, and what you mean by a fixed period of time, or you did mention a ballpark figure for a substantial increase in financial benefits. You referred to about \$25 million. Then you talked about under the treaty Panama would begin to exercise various civil governmental functions.

The chairman mentioned that phase. Can you be a little bit more detailed?

Mr. WARD. I can be a little bit more detailed in public and, of course, we are quite happy to advise you in private of much more detail than that.

I would like to emphasize that when we talk about our proposal, what we are talking about is the proposal that was on the table when

the negotiations sort of tapered off, and the thing was in flux at that time.

I think we can be more specific by saying about the Zone Government that we have proposed that some jurisdiction would go to Panama forthwith and Panamanian law would apply immediately, particularly with regard to matters that are of particular interest to Panama, such as the affairs of their own citizens who work in the zone.

Mr. MOSHER. Can you just give us one or two specific examples of what you mean by that?

Mr. WARD. One specific example is that quite soon after the treaty would come into effect criminal matters between Panamanians that involved no U.S. interests would be tried by Panamanian courts, and private law matters would go into Panamanian courts quite soon. Panamanian private law would apply in the zone. Criminal law would apply more slowly, and over a period of time, and with some small aspects of it reserved to us for the duration of the treaty.

These were proposals, and they were not ultimatums. They were things that we were discussing at the time. In describing them to you I would not want you to feel that this is the way the final document would necessarily read.

Mr. MOSHER. Madam Chairman, I think you noted that he could discuss these matters in more detail with us in a private session at some time.

One more question, Mr. Ambassador.

What is the actual procedure followed by the United States in developing our position in these negotiations? Do you want to give us some idea of how the DOD, the NSC, and Members of Congress are involved as the administration develops a position?

Mr. WARD. The position is developed through the NSC system, and the interested agencies of the executive branch go through a process of trying to figure out what should be done. Then they discuss with each other, and then various proposals are submitted to the President, and he decides, and then he issues instructions to the negotiators which are broad and fairly general, and gives the guidelines.

The negotiators then attempt to work something out with Panama and at the same time they try to consult with Congress to find out if the sort of thing they are working on with Panama is also likely to be satisfactory to the Congress.

At the same time they are continuously consulting with principally State and Defense, and Defense in its two different roles, its military role and the role of the Secretary of the Army as supervisor of the Canal Zone and Company.

Mr. MOSHER. Do I understand there is a special committee of the National Security Council that conducts these considerations?

Mr. WARD. There is an interdepartmental group that meets from time to time. Basically, they meet to consider the problem of negotiating instructions. We have not had a change in our instructions for quite some time.

Mr. MOSHER. Would I guess now that the Security Council meetings are over, it would be a good time for that group to sort of get together and reconsider our situation there?

Mr. WARD. Well, that might well be. I think that is correct.

Mr. MOSHER. This seems to me to be a practical step.

The CHAIRMAN. Mr. Ward, I wonder if you and Mr. Bell would stay while I call on Governor Parker for his statement. I have to break away from here at 4 o'clock. The other two members would possibly like to pose some questions to you, but I think we ought to have the Governor come up at the moment.

Governor Parker, since there are so few members of the committee here, we are going to see that each one gets the whole copy of your presentation, and we do have questions to ask you, but I wonder if you would sort of summarize and get the important things out to us by picture then.

STATEMENT OF MAJ. GEN. DAVID S. PARKER, GOVERNOR OF THE CANAL ZONE AND PRESIDENT OF THE PANAMA CANAL COMPANY, ACCOMPANIED BY THOMAS M. CONSTANT, SECRETARY OF THE PANAMA CANAL COMPANY; PHILIP L. STEERS, JR., THE COMPANY'S COMPTROLLER; WEBSTER TODD, DIRECTOR; EINAR VIREN, DIRECTOR; WILLIAM F. PRICE, DIRECTOR; FRANK E. JORGENSON, DIRECTOR; AND S. DEAN EVANS, SR., DIRECTOR

General PARKER. I will try to move rather fast through this then, if you will let me do a little ad libbing with the statement. I will move on and try to hit the highlights.

Madam Chairman and members of the committee, I appreciate the invitation to bring the committee up to date on the operational activities of the Panama Canal. Your concern for operations cuts through to the canal's main reason for existence, and I am happy to be able to address myself to that area.

I am accompanied today by Mr. Thomas M. Constant, Secretary of the Panama Canal Company; and Mr. Philip L. Steers, Jr., the Company's Comptroller.

For the record, I would like to point out that I am a career officer of the U.S. Army Corps of Engineers, serving as Governor of the Canal Zone by appointment of the President, and ex officio as President of the Panama Canal Company. I assumed this position in March 1971.

Previously I had been assigned to Panama Canal duty on two other occasions, from 1952 to 1954 as Military Assistant to the Governor, and during the period 1963 to 1965 as Lieutenant Governor, and Vice President of the Company.

It is from this background of associations with the Panama Canal operations over 20 years that I want to share with you some perspective on canal operations.

I will use as a point of departure the last detailed presentation on canal operations to this committee, on April 22, 1970. That presentation was directed to the outlook for the 1970's regarding traffic, capacity, and tolls.

This morning I will discuss those three topics in the light of canal operating philosophy and the significant events of the intervening 3 years. Please feel free to interrupt me if any item needs clarification.

First, traffic. Traditionally, the measure of Panama Canal activity has been the annual number of transits. Over the years this figure has been an accurate barometer of the ups and downs of world com-

merce, with growth during the 1920's, a dip as the depression took effect, and more or less steady growth since World War II.

Before going into details of current transits, let me make two comparisons. The first shows the change in vessel registry between 1952 and 1972. This reflects not only the trend toward flags of convenience—Liberia and Panama—but also the resurgence of Japan in the shipping world.

This slide is possibly not too clear, but it shows 1952 versus 1972, 20 years of what has happened to the flags of the ships that were using the Panama Canal.

In the center you will see the United States in 1952, 32 percent of the traffic through the canal was on U.S.-flag ships, This year in 1972 it is 8.5 percent.

Similarly, on the left you can see how Liberia has shot up, and Japan and the United Kingdom dropped slightly, and Norway dropped a little bit, and Germany has picked up. Panama has picked up a little, and Greece also.

This is just a little indication of trends in flags using the canal.

For the second set of comparisons, let us look at some other statistics. Total oceangoing commercial transits in 1952; 7,324. In 1972; 14,238. Now, let us look at the work force for those years: 1952; 18,239; 1972, 14,985. There are several factors involved here: the canal organization has given up some supporting activities as Panama has developed the capability to provide things, and technological improvements have eliminated some positions, and made others more efficient.

But equally important, canal workers have met the rising workload with rising individual productivity. The increase in productivity has been enough to permit the canal organization to absorb all of the very dramatic pay increases during this period without any increase in tolls.

I bring this to your attention to show you that our work force, even though our transit and workload has gone up, our actual work force, the number of people we employ has dropped off significantly. We have been able to do this by using some automation and going to better processes, been able to do it by getting rid of a number of activities like the Tivoli Hotel and other things we were into, turning them back to Panama, and Panama has developed a capability to do it, and also we have increased productivity in our workers.

I cannot appear before you on the subject of canal operations without praising the skill and dedication of the thousands of workers, both Panamanian and United States, who have given the canal a 50-year reputation for dependability.

You will see, as my presentation unfolds, that the canal will be even more dependent upon them as traffic increases. We are training Panamanians on many levels to move up on this team, and our U.S. citizen employees are sharing their skills and their knowhow.

I am concerned about statements that have been made in the past about the attitudes of our U.S. citizen employees. It is unfair to judge them without considering first their dedication to the canal operation.

For them it is not just another job, but an engineering and management task of major importance to world trade, and they are determined to do it well. Further, they live in relatively modest circumstances in spite of occasional journalistic reports about luxurious living. And their

hobbies and pursuits take them throughout Panama, in contrast to comments that they live in isolation.

Many of the foremost reference books on the birds, gem collecting, molas, huacas, and other interesting features of Panama have been written by residents of the Canal Zone. You would have to hear the amount of Spanish our U.S. employees speak—though its quality might be somewhat dubious—to appreciate how much of an effort they make to be a part of the Isthmian environment.

At the same time, they never forget why they are there; they feel that the canal is too important to too many people in the world to be just another job.

We are seeing very dramatically in the canal today a very marked change in the character of ships coming through the canal. We are seeing more and more larger ships. Here is a specialized liquefied gas carrier carrying 15,000 long tons. This happens to be the *Kowloon Bay*, a British container carrier. This shows a Liberian bulk carrier carrying coal to Japan, \$15,000 in tolls.

Here is another British bulk carrier. This is not quite as large as the others, but this one is going through in ballast.

Here is the *San Juan Prospector*. This is when it went through a number of years ago when it was on the trade regularly; if you look at the forward bridge, I want to show you what has happened to it. That came back to us this week. This was considerably stretched out, and this set a new record last week, the longest ship ever to go through the canal, and paid the biggest toll. They stretched the ship out by 100 feet, so it is now 972 feet long. It has a potential draft of about 50 feet, but when it came through it came through in ballast.

This is the largest ship that used the canal, and it is going to pay tolls of about \$41,000. It is on its way to Peru to pick up oil to go to Japan, to go to Malaysia to pick up oil and to come back to the Caribbean.

In terms of a particular type of ship, a ship that is more and more using the canal, we have here a bulk carrier, and this one is specifically built to be the largest type of ship that can go through the canal, just barely. The average toll for this ship is \$40,000.

This happens to be the *Tokyo Bay*. Again, you can see how it fits in.

By comparison with this ship we had five smaller ships carrying the same amount of cargo. They pay about \$28,000 in tolls. This is taking the place of five ships. We are getting more tolls out of it. Right nowadays the container ships are not very heavily loaded. You can ask me why they don't charge for the containers that are above deck. This is one reason that indicates the balancing effect of this because of the low density of cargo loading on a per tonnage basis, and they are paying a fair amount.

The result of the larger ships coming through is shown here at the average toll per ship using the canal. This shows how much it has increased just in the last couple of years.

With the average ship figure the canal can put through a bigger given volume of cargo with fewer transits, that is as our cargo builds up through the years it is going to take fewer ships to get them through.

The top line here is shown to you 3 years ago and we are going to drop that down somewhat in transit even though the tonnage keeps up because of the larger ships.

This is both good news and bad news for us. The good news is that it assists us somewhat in keeping the canal from becoming saturated.

When you were briefed 3 years ago you were told about the canal improvement study, our step by step engineering, improvement in years ahead to reach an ultimate capacity of 27,000 ships.

We are putting through about 14,000 right now. So we have 50 more to go. We have this engineered out for the next 20 or 30 years, so that at each stage of the traffic pattern we know what we have to do to the canal to take care of the traffic.

Since the total number of ships per year is probably going to be somewhat less than anticipated, it means as of 3 years ago some of these improvements can be stretched out a little bit.

We have not evaluated this, and will have to do so during the next year. This is particularly important for the rest of the century, and that is our water supply.

This will save us on conserving water supply in years ahead, because we need fewer ships.

What this reflects is the accelerating change taking place in world shipping, a shift toward bigger and better and more specialized ships like the automobile carrier, *Dyvi Pacific*, designed to serve specific trade routes, and built big, *Dyvi Pacific*, *Gay Lussac*, *Kowloon Bay*, *Sankosun*, *San Juan Prospector*.

This new look in canal traffic is such a profound change that we put out a special edition of the Panama Canal Review featuring the new ships. We have some with us today for you.

Let me elaborate on the specific effects of this trend in terms of the *Panamax* class vessel, the ship that was designed to utilize the maximum dimensions of the Panama Canal. The average laden toll for one of the giant container ships is \$40,000. It is estimated that one of these container ships can replace three to five of the old cargo ships, depending on the specific trade route. For comparison, five average general cargo ships would pay a total of about \$28,000 in tolls.

This replacement (or displacement) of smaller ships by bigger ones is happening today. In fiscal year 1971 the average toll paid by ocean-going commercial vessels was \$6,946; in fiscal year 1972 it was \$7,175; and for the first nine months of fiscal year 1973 it is about \$7,960. With the average ship bigger, the canal can put through a given volume of cargo in fewer transits.

The impact of this is that even though cargo shipments increase as predicted, the canal will see a slower rate of growth in number of transits than we predicted in 1970.

For the Panama Canal this is both good news and bad news. The good news concerns the capacity improvement study reported in 1970. That study set up a series of improvements that could be made to the canal on a step-by-step basis to improve the capacity up to about 27,000 ships a year.

You will recall we are presently putting through about 14,000. These incremental improvements are keyed to increase in the number of transits so that the timing of capital outlays can be tied directly to demand.

The good news is that as the bigger ships slow the rate of growth in the number of transits, the longevity of each level of capacity is extended, generally stretching out the need for initiation of each

improvement further into the future. This is particularly important for our water supply.

The CHAIRMAN. Governor, let me interrupt you.

To those people in the back of the room, why not come up and sit in the chairs of the committee?

Mr. Ambassador, would you like to come up, and bring some of the other people with you?

General PARKER. I am just going to run through some of the slides, and am going to have to limit my comments on each.

We are going to show you historically that we had one ship that waited 2 months to go through the canal while a slide was cleared.

We are talking about the slides which could block the canal. We do have a lot of problems in keeping a 24 hour, 365 day a year operation. That is what you might call a capacity assurance program. Part of it involves our people.

The most vital element in the operation of the canal is its employees. The capacity assurance program has as its main thrust providing them with the necessary information, the necessary techniques, and the necessary skills to help them avoid errors that could slow down or interrupt traffic.

Part of the effort is to use the old hands to train new ones in the special skills needed to run the canal. To retain these unique skills we give every bit of support we can, every incentive.

As the size of ships increases, the flexibility and resourcefulness of the individual worker will become more and more important, and the Canal must attract and retain the best people available.

We cannot use in the Canal just the average electricians, average carpenters, and average pilots. We want good ones, and we need some incentive, and must keep up incentives. As the size of the ships increases, this becomes vital.

I have a couple of examples of some of the difficulties with our people who were not well trained. I will not go into detail. There was a fire in the locks several years ago when a ship carrying fuel struck the side of a lock and some sparks caught the oil on fire inside the ship. We were able to take care of this all right.

Then we had the *SS Sian Yung*, which struck the bank and started to sink in the channel. We were able to push her off to the side of the Canal. We did it before it could block the channel. We had a contractor raise this. It took him some time with some assistance from us, and we finally, last fall, took it out. The Panama Canal Company towed it out to sea and sank it.

The same thing happened to the *MS Sho zan Maru*, a larger ship that hit a rock in this location, and within a matter of a very short period of time, we had our equipment out on this project. It sank at this location in the Canal, only about 7 or 8 feet of water under it. There it is blocking the Canal. There is what it hit. But by a very rapid response on the ship we were able to refloat it, patch it, and get it out of the Canal, and the Canal was only blocked for 18 hours.

This could have been an expensive operation, of course, if we had not been able to move it out quickly. We took out that rock, and that cost \$1 million. That is what it cost us on that particular ship.

The pilot made a slight error in judgment, one of the better pilots we had, but it was a tight situation. The channel has now been widened to 500 feet, and the ships can now pass freely.

Our record still continues to be good, but the problem is with us.

For example, just a couple of weeks ago we had a ship come through the Canal at this location, a British motor vessel which lost its steering completely. This happens a surprising amount of time that the pilot is up on the bridge of the ship, when he tells the ship which way to turn, and nothing happens. This just kept on going, it kept on making its turn, and it could not get back into the channel, and went straight into the banks of the Canal and was beached like an LST.

This slide shows one of the dredges on the right hand side. We finally pulled it off with the five tugs and a crane boat. The ship signed a release that it was not our fault and went on its way.

Fortunately, in the last couple of years we have not had any major accidents in the Canal.

I am getting into some details in my statement that I will skip over as quickly as I can, Madam Chairman, but in order to make some continuity I have to explain in connection with our operations we are embarked on a program right now with computerization of a number of aspects of our operation which are going to help to some extent, in some activities like this.

Information about ship handling characteristics can be vital to a pilot. Under the capacity assurance program, the canal is putting the computer to work to supply the information requirements of the transit operation, as well as make reports to management. Dubbed the "Ship Data Bank," the computer based system became operational on October 1, 1972. It will permanently store in computer memory, and make available as needed, 240 separate data items, including 145 items on ship characteristics, such as beam, length, tonnage, operating peculiarities, and special canal requirements, such as number of tugs needed.

The other 95 items of information relate to each transit or canal port call the ship makes, and include tolls paid, lockage items, and cargo information broken down into 26 ship types, 124 commodity classifications, and 150 possible places of origin and destination.

The bank daily produces pocket-sized printout cards on each ship arriving, for working use by pilots and boarding officers; also information in other formats for use by canal admensurers and ship schedulers, and for tolls billings.

In addition, the Ship Data Bank is accumulating a library of detailed information about traffic and cargo movements through the canal. Analysis of this information assists us in forecasting traffic and planning operations.

In 1970 we reported on the tolls study that was made to predict the probable effects of a tolls change on Canal traffic. That was run on the computer using traffic data collected manually on a one-time basis, covering 3,812 ships.

The Ship Data Bank has already accumulated much more detailed information on 6,000 ships, and is adding new ones at a rate of 1,200 a year. The results of the tolls study as reported in 1970 appear to be still valid, but the new information will be used in our analysis of the possible effects of the adoption of the Universal Measurement System, which I will address more specifically later.

Further automated backup of operating personnel is under development. The Panama Canal exerts tighter control over the ships using the canal, and necessarily so, than any other major waterway. We have

our own pilots in command of the ships. They are in constant touch with the Marine Traffic Control Center, which uses a manual system to match traffic and resources as well as is humanly possible.

Two projects are underway to give them computer assistance, one to provide a working schedule as a starting point for the dynamic process of control, and another to give traffic controllers instant information on the status of all ships and resources, and to permit rapid transmission of information to all elements interested in the transit activity.

We broke ground for the building yesterday and are developing the specifications and requirements for the computer and the routines we will need to set up the traffic control center.

Now, this is an indication of a new type of transit schedule that will replace those we have done before. Obviously, I am not going to go into detail on this. We expect to have a display board developed which will permit us to know approximately where each ship is in the canal.

I am sure you have seen our marine traffic center down there, and on the old manual basis. It will be about 2 years before this one is operational, but I hope that we will be able to get it operating within that period of time.

Sophisticated technology is also being used under the capacity assurance program to eliminate physical hazards. For instance, radar is under study for use in the increasingly crowded conditions of the anchorages in which ships await their turn to transit, around the pier areas, and in the cut under fog conditions.

The company is also studying and experimenting with various fog dispersion techniques to see if there is any way to avoid the restricted capacity during the hours of fog in Gaillard Cut.

Gaillard Cut gets a great deal of attention because it presents many possibilities for things to go wrong. Delicate measuring instruments are being used in a bank stability surveillance program, which will be fully implemented by June 1977, to detect the slightest movement of the banks toward the canal.

Ever since the canal was under construction, slides have been a problem in the cut. Just last month the instruments in the Cucaracha slide area detected the movement, and the area was treated with lime. This will reduce the water content underground, and will slow, or hopefully, stop the slide.

In September 1972, before the surveillance program had been extended to the affected part of the cut, the biggest slide in a decade suddenly moved into the canal and restricted the 500-foot channel to a safe width of only 300 feet.

I am happy to report that our employees came up with a new idea on the use of a derrick barge to clear the channel in less than 1 month, with no serious delays to canal traffic.

The CHAIRMAN. You mean the number of ships would change that?

General PARKER. Our schedules are going to get tighter and tighter, 15 to 20 years from now. We want to be able to operate in fog when that day arrives. These are very unstable banks. We have been on a program for a number of years, an intensive banks surveillance program, using rather sophisticated instruments, drill holes, electronic measurement devices, so we can keep track of the movement of the banks on both sides of the canal.



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