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# Obstacles lie in path of new Panama Canal

By James Nelson Goodsell  
Latin America correspondent of  
*The Christian Science Monitor*

Panamanian nationalism and an economy-minded United States Congress are likely to inhibit construction of a new canal to replace, at least in part, the present Panama Canal.

A proposal to construct the new canal, at a cost of \$3 billion, was contained in a report delivered Nov. 30 to President Nixon based on the findings of a special study commission named by President Johnson three years ago.

The proposal urges early construction of the new facility and favors a route in Panama west of the present canal. These recommendations did not come as a surprise, for the land route between the Caribbean Sea and the Pacific Ocean is shortest through the Isthmus of Panama—and building a new canal at this point is technically feasible and practical.

Politically, however, a new canal through Panama would probably prove difficult, at best, and perhaps impossible in light of that nation's growing hostility toward United States control of the present Panama Canal. In fact, any proposal affecting new canal facilities might well founder on the shoals of Panamanian nationalism.

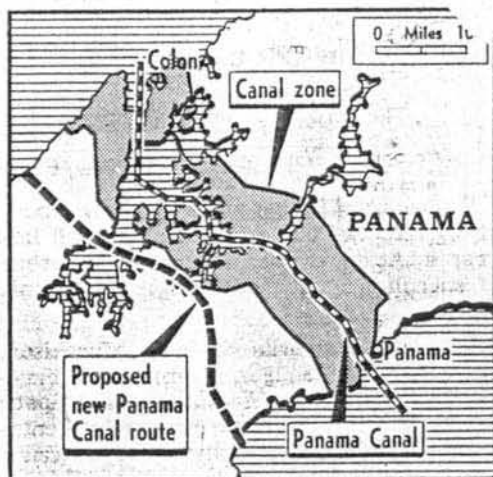
In 1964, following violent clashes along the Panama Canal Zone frontier, Panama broke relations with the United States and resumed them only after a difficult period of negotiations. Subsequently, three draft treaties were drawn up in 1967 providing for a new status for the Panama Canal—joint administration leading to a turnover of the present facility to Panama in 1999—continuation of United States military bases within the Canal Zone, and provision for construction of a new sea-level canal through Panama.

All three draft treaties were rejected by Panama's military government in early September of this year. Gen. Omar Torrijos Herrera, the nation's strong man and commander of Panama's National Guard, says that the drafts "do not go far enough in restoring sovereignty over the canal to Panama."

Under terms of the 1903 Hay-Bunilla treaty, by which the canal was built, Panama leased the 553-mile corridor across the isthmus to the United States "in perpetuity" and accorded the United States the right to act "as if it were sovereign" in the zone. The zone bisects Panama.

## Shipping problems

Panamanian observers say that the mood in Panama now is clearly against a new canal which would grant Washington even the right to manage a new canal. It is also doubted that General Torrijos and his nationalist government would accede to bi-



By Joan Forbes, staff cartographer

lateral arrangements toward construction of the canal.

A budget-minded Congress would probably also stand in the way of early approval of the \$3 billion or more needed to construct the canal. Washington sources earlier this year openly questioned whether Congress, knowing the attitude in Panama, would be willing to commit a sum of this sort to a project which easily could run into political difficulties even before construction begins.

Still, there is need for a new canal facility. The present canal, using three different sets of locks to raise and lower ships going across the continental divide, is 56 years old and cannot accommodate the large tankers and container ships now plying the oceans or on the drawing boards. Recent improvements in facilities through the present canal have provided for more rapid transit of the canal, but nothing short of building new and wider locks would permit the wide-bottomed new ships now on the oceans to use the canal.

A recent study by the Panama Canal Company has proposed a series of additional improvements costing up to \$93 million to expand and augment the present canal facilities, and it is expected some of these will be approved. If implemented, these changes would also speed transit time for ships using the canal.

Finally, there is also talk of construction of pipelines and conveyer-belt systems paralleling the present canal through the Canal Zone to carry oil and other cargo across the isthmus. The technical problems in this sort of operation would be numerous, but engineers both at the canal and elsewhere believe these problems could be worked out and that construction of such systems would be technically feasible.

Moreover, it is estimated that such an arrangement would cost upwards of \$300 million which, even if costs soared to half a billion dollars, would be significantly less than the \$3 billion envisioned by the study commission.

Gross construction, maintenance and operation..... \$864,000,000  
Gross defense and protection..... 4,305,000,000  
Total ..... 5,169,000,000

If these sums were converted into 1970 dollars the totals would be far greater.

Under the proposed sea level plan, as described in the newstories, the United States would be required to give military protection for the proposed canal in perpetuity at the continuing expense of our taxpayers but have no title to the new canal. Thus our country would have responsibility without authority in an area of endemic revolution and violence. I can think of no better formula for total chaos on the isthmus than the program evidently contemplated in the forthcoming report. Moreover, it is an invitation to national peril that ignores the Soviet menace; and this alone is enough to destroy the recommendations involved. We should not run the hazards of transforming Panama into another Cuba and the Panama Canal into another Suez.

None of the newstories so far read even note or discuss the major modernization of the existing canal, known as the third locks-terminal lake plan, for which legislation is now pending in both the House and Senate and which is strongly supported by independent experts as offering the only sensible solution of the canal problem. This plan would retain the fresh water barrier between the two oceans thus avoiding the danger of upsetting the marine ecological balance that many respected biologists fear would result from a sea level undertaking.

These dangers include the invasion of the Atlantic by Pacific sea snakes, which are as deadly as the cobra and related to it and might spread as far as Virginia and Brazil. Moreover, the major modernization of the existing canal is covered by present treaty provisions and a new treaty with Panama would not be required, thus enabling the United States to retain its indispensable sovereignty over the protective frame of the Canal Zone.

Mr. Speaker, the facts that I have enumerated are paramount considerations and cannot be ignored by the Congress. The present canal is not absolute but is approaching capacity saturation.

It is obvious from reading the newstories that their authors are not sufficiently grounded in the canal subject to provide the clarifications required. To meet this need I would recommend a 1966 volume of my addresses on Isthmian Canal Policy Questions—House Document No. 474, 88th Congress—and my testimony on August 3, 1970, before the House Subcommittee on Foreign Affairs in hearings on Cuba and the Caribbean, pages 203-231. In the latter, I quoted a 1970 "Memorial to the Congress" by the Committee for Continued U.S. Control of the Panama Canal, which gives in simple form the essentials of a highly complicated problem and what is required to increase its capacity and operational efficiency.

One point that I would like to stress is the fact that the much propagandized

and costly sea level proposal hinges, I repeat, hinges on ceding U.S. sovereignty over the Canal Zone to Panama before constructing any new canal. This makes imperative the adoption by this body of the Panama Canal sovereignty resolutions now pending and on which hearings have been held. This step should clear the way for action by the Congress on pending measures for solving the basic canal modernization problem by the economic and time-tested terminal lake solution.

In order that the indicated newstories may be readily available to the Congress and the Nation at large, I quote three of them as parts of my remarks: [From the Washington Daily News, Nov. 13, 1970]

#### CANAL AT SEA LEVEL URGED

(By James R. Whelan)

Nearly six years and \$21.2 million after beginning its work, a presidential commission is about to recommend construction of a sea-level canal in Panama by conventional means.

The Atlantic-Pacific Interoceanic Canal Study Commission will deliver its long-awaited report to President Nixon on Dec. 1, opening immediately the floodgates of debate likely to rage in Congress, international councils and scientific circles for years to come.

An official who has seen a draft of the 3,000-page final report said "it contains something for everyone."

Interviews with people close to the commission's work, plus study of commission and other documents, indicate the report will contain the following major recommendations:

Nuclear devices cannot be used to dig the canal because doing so would violate the test-ban treaty, because the proposed canal route is heavily populated and because not enough is known about nuclear cratering.

Fears of some scientists notwithstanding, the commission finds no solid evidence now to justify fears of massive extermination of marine species once the two oceans are joined by a free-flowing waterway. But much more study will be needed in measuring the full ecological impact of a sea-level canal.

Of 34 possible routes in five countries, the commission will come out flatly for one, known as Route 10. It is situated just 10 miles west of the present canal but five miles beyond the borders of the U.S.-controlled Canal Zone that slices thru Panama.

Target date for finishing the new canal should be around 1990, when the present canal and its system of locks will have outlived its usefulness. Interestingly, the commission debunks the once popular fears of imminent obsolescence of the present canal, pointing out that it is still usable for 95 per cent of the world's shipping. Significant exceptions are aircraft carriers and super-tankers.

Cost of building the new canal will range between \$2 billion and \$3.5 billion, depending mainly on when work finally starts.

The United States would operate the canal for Panama and provide the defense shelter, but Panama would retain full territorial sovereignty. Along with the question of division of revenues from canal operations and status of the present canal zone, this is one of the built-in nightmares of negotiating a treaty acceptable to the United States and Panama.

The present canal would continue to operate without interruption during the five to 10-year construction period, and then eventually could be ceded to the Republic of Panama.

The commission has been headed from the start by Robert B. Anderson, former secretary of the treasury and Navy. A four-man perma-

nent professional staff occasionally swelled to 800 contract scientists, engineers and others. The AEC and the Defense and State departments and other government agencies contributed to the study. The commission had been given \$24 million but spent only \$21.2 million.

[From the New York Times, Nov. 14, 1970]

#### ROUTE IS CHOSEN FOR NEW PANAMA CANAL

(By Richard Halloran)

WASHINGTON.—A Presidential commission has selected a route for a new sea-level Panama canal that runs across the Isthmus in Panamanian territory 10 miles west of the present Canal Zone.

The panel, known as the Atlantic-Pacific Interoceanic Study Commission, is scheduled to recommend that choice to President Nixon before Dec. 1.

John P. Sheffey, executive director of the commission, declined to confirm or deny the selection. But other informed sources close to the commission made clear what the choice was.

The commission, headed by former Secretary of the Treasury, Robert B. Anderson, ruled out the use of nuclear devices to build the new canal. The members were said to have feared that nuclear excavation might produce too much radiation and would be too close to population centers.

The elimination of nuclear excavation eliminated other possibilities, it was reported, that ranged from routes along the Nicaraguan-Costa Rican border in the north to a route through the mountains and jungles of Colombia in the south. Conventional excavation along those sites was deemed to be prohibitively expensive, it was understood.

The commission is scheduled to meet once more to review its selection and other recommendations before reporting to the President. It was charged with studying the canal question in relation to defense, foreign relations, shipping, finances and engineering.

The panel's recommendations as to who should build, own, operate and be allowed to use the canal could not be determined. Over the years, a variety of suggestions ranging from strict United States control to total internationalization have been made.

President Nixon would have to agree on the selection and then obtain Congressional approval of appropriations before construction could start. The commission will estimate costs of the new canal at between \$2-billion and \$3.5-billion.

#### CANAL OVERBURDENED

Just when construction would begin would be determined by Presidential and Congressional action. The present canal, overburdened by traffic and unusable by the world's largest tankers, is expected to become obsolete around the year 2000.

Representative Daniel J. Flood, the Pennsylvania Democrat who has made a specialty of Panama Canal Zone issues, expressed immediate and vigorous opposition to the commission's reported selection. Mr. Flood, reached in Wilkes Barre by telephone, said "there was never any doubt that when the commission finished that would be their conclusion."

He contended that the commission had "wasted bags of money" surveying areas it knew could not be used for the new canal. He has long been an advocate of enlarging and improving the present canal.

Mr. Flood said that he and his supporters would oppose senatorial approval of the treaty with Panama that would be necessary before construction could start. He said also that any move to dispose of the present Canal Zone would come under the purview of the House and he promised strong opposition there.

The United States has been trying to negotiate a set of new treaties with Panama to

cover defense, the building of a new canal and disposal of the present canal.

**TERRAIN SIMILAR**

The proposed route for the new canal runs through terrain similar to that through which the present canal runs. To excavate a sea-level canal would require cuts down to 600 feet in some places, compared with 500-foot cuts in sections of the existing canal.

The sources said that controlling the Caribbean and Pacific tides on either end of the canal was technically feasible. But they said the commission did not have enough knowledge to estimate whether the ecological balance in the two oceans would be upset by the sea-level canal.

The commission, which has been in existence six years, spent \$21.4-million of its \$24-million appropriation. In addition to Mr. Anderson, the members are Robert G. Storey, president of the Southwestern Legal Foundation in Dallas, Milton S. Eisenhower, president-emeritus of Johns Hopkins University; Brig. Gen. Kenneth E. Fields, a retired Army officer of Greenwich, Conn., and Raymond A. Hill, a consulting engineer in San Francisco.

[From the Washington Post, Nov. 14, 1970]

**STUDY SEEN URGING 2D PANAMA CANAL**

(By Thomas O'Toole)

A blue-ribbon presidential panel is expected to recommend that the nation construct a new canal across the isthmus of Panama to carry shipping between the Atlantic and Pacific oceans.

The Atlantic-Pacific Inter-oceanic Canal Study Commission, which was appointed by President Johnson in April, 1965, to explore the feasibility of a second Panama canal, will pass on to President Nixon on Dec. 1 its recommendation that the nation spend \$3 billion constructing a sea level Atlantic-to-Pacific canal that could be ready to handle shipping by the year 1990.

While commission officials refused to comment on their recommendations, it is understood they will offer the President the option of constructing a second canal inside the U.S.-owned Panama Canal Zone or just outside the Canal Zone through land held by the Republic of Panama.

Each option has sizable disadvantages to it, though both would require spending the same sums on canals almost identical in size—40 miles long, about 600 feet wide and 60 feet deep.

The disadvantage of a second canal inside the Canal Zone is that it would require the eventual destruction of the present Panama Canal.

A second Canal Zone canal would intersect the present canal several times, and since the new canal would be a sea level canal it would mean that the lake which makes up the heart of the present canal would have to be drained. The lake stands 85 feet above sea level.

The main disadvantage to a canal outside the Canal Zone is that it would run through the Republic of Panama, raising questions of ownership, royalty payments, construction delays motivated by politics and even disruptive riots like those that rocked Panama in 1964.

There is another obstacle to a sea level canal that has nothing to do with where it is built.

A sea level canal means mixing the waters of the Atlantic and Pacific in a location where they have never been mixed before, which raises scientific questions that are certain to rage on long after such a canal is built.

Some scientists feel that a sea level canal means certain death for many marine species in both oceans, either from unfamiliar predators who make their way from the other ocean or from sudden temperature changes that result from a mixing of the colder Pacific with the warmer Atlantic.

The presidential panel studying a second canal has looked into this question and claims it is not half as serious as many scientists make it sound.

"The Batelle Memorial Institute has evaluated these dangers," a source close to the commission said, "and has found no direct evidence that a sea level canal might harm marine life."

Despite all the obstacles, the commission is understood to feel that a second canal must be built to accommodate the growing numbers of large ships in the world's merchant fleets and in our own navy.

The present canal cannot handle ships larger than 65,000 tons, which means it cannot accommodate most of the supertankers being built today. The present canal is also unable to take on the large U.S. aircraft carriers, whose decks are too wide for the canal's system of locks.

**THE SPEAKER** pro tempore. Under a previous order of the House the gentleman from New York (Mr. LOWENSTEIN) is recognized for 30 minutes.

[Mr. LOWENSTEIN addressed the House. His remarks will appear hereafter in the Extensions of Remarks.]

(Mr. MADDEN asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

[Mr. MADDEN'S remarks will appear hereafter in the Extensions of Remarks.]

**HON. WARREN E. HEARNES, GOVERNOR OF MISSOURI, PLACED CAMPAIGN ISSUES IN PROPER PERSPECTIVE**

(Mr. PRICE of Illinois asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. PRICE of Illinois. Mr. Speaker, during the past campaign the American people were bombarded with rhetoric about what has been labeled the social issue, patriotism, and law and order. Fortunately, there were public officeholders who attempted to put the issues in proper perspective; one of whom I had the privilege of hearing at an October 22 testimonial dinner for Illinois State Senator William Lyons at Litchfield, Ill. The speaker for the occasion was the Honorable Warren E. Hearn, Governor of Missouri.

As Governor Hearn eloquently noted:

I do not believe that patriotism, or opposition to violence, is divided along party lines. I do not believe the people will follow any political leader who tries to divide them in that manner.

His prophecy indeed proved correct as the election returns came in. The American people exercised the sound judgment that some politicians had callously written off.

For the benefit of my colleagues, I include Governor Hearn's speech at this point in the Record. After reading it, I am confident many people will agree with me that we may well see Governor Hearn in a national political office.

The address follows:

**ADDRESS OF GOVERNOR WARREN E. HEARNES**

With the approach of the November election, it seems one of the developments I had looked forward to with great anticipation is now not very likely to occur. Perhaps I am old fashioned in my political beliefs, but I had hoped for a serious national discussion of our country's most pressing domestic problem—the condition of the economy.

Yes, before you ask the question, I am well aware of the life and death nature of an impressive list of social issues including poverty and pollution of the environment. But I also am aware of the fact that the solutions being discussed for those problems carry a large price tag. And there is no doubt in my mind that the first priority must be assigned to saving our national economy if we intend to do anything about other problems.

During this campaign, I had hoped to hear some answers from the political party of the Nixon administration. They are the ones who control the executive branch of the federal government, and they should answer for the combined inflation, recession and unemployment now sweeping the country.

Personally, I would like to hear their comments concerning the present unemployment rate of 5 and one-half percent. I would like to hear their reaction to the forecasts of economic experts both inside and outside the federal government who say the unemployment rate will reach six percent by next summer. And I know their answers would be of interest to the two million people who have lost their jobs since the Nixon administration took office.

The Vice President, however, is taking a different approach on the campaign trail. He chooses to ignore the economic plight for which the administration is responsible. Instead of answering to the people for economic blunders, he has chosen the theme of violent revolution and is attempting to blame it on the Democratic Party. Regrettably, the White House has stooped to echo his position.

In attempting to avoid their responsibility for the condition of the economy, these Republican leaders have attacked everyone else and tried to picture themselves as the only true, patriotic Americans. This has all the earmarks of a smear campaign.

I do not believe that patriotism, or opposition to violence, is divided along party lines. I do not believe the people will follow any political leader who tries to divide them in that manner. Members of both major political parties stand together in their love for our country and their determination to improve it through lawful means.

Tonight, then, let us look at the issue of order versus chaos not from the Vice President's viewpoint of divisiveness, but from the only basis on which this issue can be analyzed—that of Americans united.

Abraham Lincoln once wrote, "The dogmas of the quiet past are inadequate to the stormy present."

He was writing about events now a century removed—a conflict of ideas and deep-rooted beliefs which created a situation that obviously could not endure for long. As President of this nation, and charged with keeping it "indivisible with liberty and justice for all," he fulfilled his oath of office and resisted even to the degree of facing our country's only civil war.

In resisting efforts to forever divide these United States through violent disobedience of a government entrusted to foster freedom as well as law and order, Abraham Lincoln and his contemporaries strengthened all levels of government. For more than a century—and let us hope many centuries to come—Americans have benefited because this democracy proved its own ability to survive threats from within as well as without.

One of the greatest legacies each generation can provide those that follow is a free-

dom to accept or reject the democracy so many have sought to preserve and encourage. It is a governmental system designed to allow citizens to seek their own fulfillment within duly constituted, and agreed upon, restrictions and protections necessary to have it from the self-defeating status of a social jungle.

As Americans of each generation look for better and more enlightened avenues toward personal fulfillment, they also contribute to their democracy's continuation. One of the most important elements of this nation's strength through its democracy is its ability to allow for weakness, but this requires intelligent dialogues, debates and unrelenting self-appraisal.

At times, our citizens have reflected tendencies evident throughout all centuries—a tendency to recognize and claim their own rights, while at the same time ignoring or infringing upon the rights of others. True liberty cannot exist in this fashion, because true liberty is a product of sincere and effective recognition and respect for the rights of others.

It is logical that some segments of our population, inflamed over personal grievances or the desire for more rapid social change, should become resentful. It is logical that some of them find words of fiery promise attractive as final resolutions to their problems. Logic is cast to the winds, however, when they follow leaders who promise intellectualism through the closing of colleges; justice through the release of accused murderers; peace through the bombing of buildings; and freedom through the kidnapping and killing of public officials.

All of us here tonight know that somehow we must find proper antidotes to social ills such as poverty and unemployment—just as surely as we press our search for medical solutions to cancer and other diseases. With medicine we realize more money and more research must be combined with a third ingredient—the frustrating passage of time.

We must come to the same logical realization concerning social change. We will not clear away poverty tomorrow morning through a magic formula, and certainly not through violence. Revolutionary action will at best slow down the process of curing poverty and at worst will put a complete stop to it. More study, more enlightened and practical legislation, more years of an expanding economy—these are some of the ingredients for a successful attack upon this quiet and deadening plague gnawing at our greatness.

Until this attack results in poverty's unconditional surrender, we know hunger, as well as damages to human dignity and well-being, will continue in many places throughout this nation.

Let those of us who believe in the democratic way admit its processes move more slowly than a dictator's decree. And let others admit that a fire bomb does not destroy the root of whatever grievance they claim—but does destroy public willingness to work for the correction of grievances.

We must continue our search within a democratic structure for opportunities—not guarantees. These opportunities should provide every American with adequate shelter, food and other basic necessities for living—and fringe benefits of spiritual and physical fulfillment as well.

We must remain steadfast in our hopes and our prayers that logic will prevail and those pushing hardest for social change will realize that the sometimes slow pace of democracy still affords the best opportunity. If our prayers are not answered, every measure within our power will be taken to quickly and effectively quell any disorder, because we have no alternative.

As surely as Abraham Lincoln recognized the tragic consequences of his Presidential oath a century ago, others in positions of duly determined authority today know there can be no acceptable dissent outside obvious channels of law and order.

Violent revolution transcends any plausible label of justifiable grievance, because widespread tolerance of lawlessness denies understanding or faith in our democratic processes. These processes are not infallible, but they do allow more unfettered criticism and opposition to elected leaders than any government yet devised on this earth.

When radicals attempt to enforce their views through violence, the privilege of dissent becomes anarchy and it makes a mockery of the democratic constitution which guarantees it. None of us can be allowed to take at gunpoint or through intimidation what we lack or what we covet.

If we wish to enjoy the benefits of free citizens, we must also accept the responsibilities which make that freedom possible—sometimes we must even accept the fact that these responsibilities include offering an attentive ear to those whom we oppose. This nation is not composed of 200 million human islands. We are a vast and inter-related community, and certainly no responsible citizen of that community condones destruction of lives and property.

Equally, this principle applies to any unthinking persons who might attempt revenge upon those with whom they disagree or whom they believe to be in sympathy with radical leaders. This cannot be allowed because we all must be assured adequate protection under law and order. I must answer in the same fashion as each of you to this system of protection for our physical welfare. Law and order can never be a one-way street, I cannot bend it to my own purposes, or flout it, and neither must anyone else be allowed to do so.

No responsible person in this nation can be a partner in the dissolution of our moral strength or forget that in any civilization murder is murder, arson is arson and stealing is stealing—regardless of real or alleged reasons given for them. We cannot exist in chaos because it is weakening and debilitating to any society founded for mutual protection and progress.

No individual or group—regardless of their cause—can be allowed to contribute to chaos. Defiance of accepted and recognized laws only breeds suffering, terror and tragedy.

Our democracy and the citizen family it governs can be improved by orderly change. Never can it be made better and stronger by senseless violence and destruction.

These, ladies and gentlemen, are principles in which we believe. We may strongly oppose Republican leaders for what they have done to our economy, and they may oppose Democrats on other issues, but on the crucial matter of building a better nation within the law we stand as one.

I believe Abraham Lincoln, a Republican, gave us guidance along those lines a century ago which literally determined the fate of the nation. And I believe another man from Illinois, a Democrat, gave us inspiration and leadership on the same topic in this century.

I know all Americans look forward to the time forecast by the late Adlai Stevenson, the father of your distinguished candidate for the United States Senate, who envisioned a day when "no man rattles a saber and no man drags a chain."

(Mr. PATMAN asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

[Mr. PATMAN'S remarks will appear hereafter in the Extensions of Remarks.]

## THE AMERICAN BANKER URGES THE BANKING COMMUNITY TO FACE THE FACTS

(Mr. PATMAN asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. PATMAN. Mr. Speaker, the American Banker, a daily publication that goes primarily to the banking industry, has some good advice for the big banks concerning last week's excellent television show, "The Banks and the Poor."

In an editorial on Monday, November 16, the American Banker warns the big banks, the "public is coming to care more and more about what banks are doing to help solve its problems, much more than ever before."

The American Banker goes on to tell the banking industry that it should "accept the challenge head on." The editorial further states:

This involves a willingness to state their own case with candor and vigor, to say what is being done, what the objectives are, and what the difficulties are along the way, and to be willing to argue the merits of the course with those who will be most affected by its outcome. It involves also a willingness to hear out in full the hopes and gripes of those the banks are seeking ultimately to serve, and even to be held up for criticism by observers who are not impartial.

Many of us in the Congress have long sought this kind of candor from the banks. In most cases, we have not received it. Time after time, the big banks have dodged inquiries from the Congress and have attempted to block even the most basic studies of banking practices. On some occasions, the banks have failed to put in public appearances on important banking legislation at the same time that their lobbyists were hard at work behind the scenes.

Both the public and the banks would benefit from an open and free discussion of the financial issues before the Nation. Such a discussion, however, must mean a full revelation from the big banks; the public and the Congress are not willing to accept the public relations hand-outs as the final word on what the banks are doing.

The NET show, "Banks and the Poor," has hopefully opened a new channel of communication on these vital issues. I commend the American Banker for its forthright editorial on the issues raised by this television show.

Mr. Speaker, I place in the Record a copy of the editorial.

### TOUGH ORIENTATION COURSE

Bankers on the whole did not like the way they were treated on the recent National Educational Television broadcast "Banks and the Poor." But they still can learn some important lessons from the whole unpleasant experience.

One of the most important generalities, which became sharply focused into a specific example by this episode, is that the more an institution is involved with the public, the more vulnerable it is to criticism. This does not mean, of course, that exposure should be limited, but rather that a tougher hide and more resilient spirit is required than in more private affairs.

Given the fact that banks are committed, both by their own determination and by the

## THE CASE FOR A SEA-LEVEL ISTHMIAN CANAL

The building of a sea-level canal, either in the existing Canal Zone or at several other possible locations, has long been under study by the U. S. Army Corps of Engineers and the Panama Canal Company in coordination with the U. S. Atomic Energy Commission. Congress, in Public Law 88-609, authorized the establishment of a Presidential Commission to make an investigation of the feasibility of constructing such a canal and to formulate an appropriate recommendation for the President to forward to the Congress.

The Atlantic-Pacific Inter-oceanic Canal Study Commission, appointed by the President under Public Law 88-609, is currently engaged in evaluating the case for a sea-level canal. Its findings, when reached, will be forwarded to the President for transmittal to the Congress. Until that time, it is the Commission's policy to make no statements as to its own views as to the feasibility, location, or method of construction of such a canal. The statements in the following summary of the case for a sea-level canal have been drawn from previous studies, congressional hearings, and numerous other sources. They comprise the arguments that led to the initiation of the current study and are not necessarily indicative of its eventual findings yet some years off.

### Need for a Sea-Level Canal

A sea-level canal in the Central American Isthmus could provide many advantages over the present Panama Canal. The existing canal requires an extensive system of locks, together with dams and associated water supply facilities. It is vulnerable and has capacity limitations which will become serious in the future. The presence of a large U. S. operating staff and the U. S. control of the Canal Zone have long been sensitive issues in Panama. Negotiations with Panama are currently under way for new treaties to resolve these issues and permit the eventual construction of a sea-level canal, should it be determined to be feasible and necessary.

An analysis made in 1965 indicated that by about the end of this century, traffic through the Panama Canal will have grown from the current rate of 12,000 ships a year to about 19,000, but that the canal if optimized by certain improvements should usually be able to accommodate the traffic without critical delays until approximately that level is reached. However, as the volume of traffic approaches capacity the variations in numbers of ships arriving daily will result part of the time in substantial delays to shipping and a fluctuating backlog of ships awaiting transit. By the year

2000, or even sooner, the limitations imposed by the traffic capacity of the lock canal will result in substantial inconvenience to world shipping and particularly to the U. S. (60 to 65 per cent of the tonnage through the canal in recent years was to or from U. S. ports). Well before the year 2000 additional water, probably pumped sea-water, will be required to operate the locks. Even now the size of the locks prevents use of the canal by more than 50 existing commercial ships, and 24 U. S. Navy aircraft carriers. More than 500 other ships cannot transit the locks when fully laden. The numbers of out-size ships in both categories are steadily increasing. As a related point, the canal has been a limiting influence on the design and construction of larger ships, although it is impossible to state to what extent.

While construction of a new canal within the next 25 years might not be justified on the sole grounds of inadequate service to commercial shipping, it follows that a new sea-level canal would aid the world's commerce. By the turn of the century, if not sooner, the inadequacies of the present canal will undoubtedly become a real obstacle to commercial progress. A sea-level canal, with a channel sufficiently wide and deep and free of the numerous bottlenecks of the present canal system, could solve completely and forever all foreseeable commercial traffic needs for a transoceanic canal in the Central American area.

The present canal system is vulnerable to sabotage as well as a major overt attack, not only because of the locks but because of the associated vital dam and water supply facilities required for the operation of the canal. A sea-level canal would be relatively invulnerable to long-term interruption other than by a major nuclear attack.

The ability to transit readily between the Pacific and the Caribbean-Atlantic is of major strategic importance to the United States. Thus a sea-level canal would offer significant strategic advantages to the United States, because of the reduced vulnerability, and the ability to handle larger ships as well as move traffic faster.

The operation and security of the present lock canal requires the presence of a large number of Americans. Even though the U. S. employs Panamanians extensively (about 10,800 by the canal organization and about 4,000 by U. S. forces there), there are about 4,000 U. S. citizens (supervisory and support) currently employed by the canal organization. Many of these American employees and their dependents are long-term

residents, as distinguished from the U. S. military personnel, who come and go. A sea-level canal would require relatively few Americans for its operation, and their presence under mutually acceptable treaty terms should present no great problems for the host country.

Although economic, strategic, or political considerations taken separately might not now dictate early construction of a sea-level canal, when these considerations are linked together they make a very strong case. In summary, these factors provide a compelling basis for going ahead now with all of the necessary preliminary measures which will be necessary for final decisions as to the route, method of construction, costs and funding arrangements, and necessary treaty arrangements.

### Routes, Construction Methods, and Costs

Several possible routes have long been considered for a new canal. The most pertinent for current considerations are the present Canal Zone, the Sasardi-Morti route in Panama, the Atrato-Truando route in Colombia, and the Nicaragua-Costa Rica border route.

Besides conventional (non-nuclear) means of construction, the use of nuclear explosives for excavation now appears technically feasible and safe. This opens up exciting new possibilities for canal construction and promises substantial savings in time and money.

A sea-level canal in the present canal site would have to be by conventional means, since there the nuclear method could not be used. According to a 1960 estimate, converting the present canal to sea-level would take about 12 years and cost about \$2.176 million, less than half the cost of conventional construction at the shortest of the other sites. The canal could be kept in operation during construction, with some difficulty, except for a short shut-down of about two weeks at change-over time. The resulting canal would be narrow. Nevertheless, constructing a new canal at the present site would offer many obvious advantages.

Construction of a sea-level canal by conventional means at any of the other possible routes appears to be economically infeasible.

The feasibility and safety of nuclear excavation has already been demonstrated by actual experiments such as the PLOWSHARE series in Nevada

in 1962, although further work has to be done to develop the technology to a point where a canal project can actually be undertaken. The means of canal construction would be a great new application of atomic energy, but the fact that nuclear detonations are involved raises problems with respect to the 1963 Test Ban Treaty; apparently some internationally agreed solution will be needed.

Extrapolations from the PLOWSHARE data indicate, for example, that a sea-level canal could be dug across the Sasardi-Morti route in Panama with about 300 nuclear explosives of varying yields. Excavating the canal in sections, a number of devices would be simultaneously detonated in a row to produce a ditch. Careful measures would be taken to limit radio-activity and ensure safety. Detonations would be carefully scheduled, considering prevailing winds and other factors. There would be close coordination with the governmental authorities of the host country and with the local inhabitants. Provision would be made for resettling some people, by agreement of their government. The plans would assure that no person would be exposed to radioactivity in excess of internationally-accepted safety standards. Nuclear construction at any of the other possible routes would follow similar procedures, although the numbers and yields of nuclear devices needed and other details would vary with the site.

Below is a table of cost estimates from studies made between 1947 and 1954. New estimates are expected to vary considerably from these earlier estimates because of changes in construction costs and new developments in both conventional and nuclear excavation technology:

<u>Route</u>	<u>Length (Miles)</u>	<u>Cost of Conventional Construc- tion (Millions)</u>	<u>Cost of Nuclear Construction (Millions)</u>
Panama	46	\$2,176	-----
Panama (Sasardi-Morti)	48	5,132	747
Nicaragua (Greytown-Salinas Bay)	140	4,135*	1,850
Colombia (Atrato-Truando)	100	5,261	1,440

\*1947 estimate for lock canal only. No estimate has been made for a conventional sea-level canal through Nicaragua.

### Financial Arrangements

Because of the low operating costs of a sea-level canal, construction costs could be amortized in a reasonable period of time.

The present canal receives about \$65 million in tolls annually. After payment of the annuity to Panama and interest on the U. S. investment the canal barely breaks even.

By contrast, a sea-level canal earning \$65 million a year in tolls would, because of the small labor force and low operating costs, provide a far greater operating profit before interest, amortization, or annuity payments. Interest payments would take a considerable part of this, because of the large capital investment, but even after interest there should be a substantial amount left for amortization and an annuity payment to the host country. Thus, if construction cost is not too great, the United States could eventually be repaid for its capital investment in the new canal. The payment of a substantial annuity to the country in which the new canal is located should also be possible.

Panama is certain to demand a larger annuity for a sea-level canal. There the termination of the present canal operations would have a significant economic impact, due to the loss of employment in the Zone and the withdrawal of most of the American canal community other than military. On the other hand, the country in which the new canal is located will derive great benefits from the expenditure locally of a major part of the funds required for the new construction. Further, Panama will still derive revenues from the continuation of U. S. military installations in the present zone. Depending upon the exact arrangements made for the operation and support of the bases, Panama could continue to receive from the bases alone one-third to one-half the current total revenues accruing to Panama from the canal and bases combined.

### Conclusion

Much needs to be done in the preliminary work of site surveys, detailed studies, and experimentation before final decisions are made on whether the sea-level canal should actually be undertaken and, if so, on the route and method of construction, and the necessary international arrangements will have to be negotiated. Investigations will take at least three years from their initiation in mid 1965. Additional time will be required for U. S. legislation and negotiations with the host country. After that the total time for actual construction of the sea-level canal will be from 6 years (for the shortest nuclear canal) to 12 years (for conventional construction at the site of the present canal). Thus, the dream of a transoceanic sea-level canal could be materialized sometime in the period 1975-1981.

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OPERATIONS OF THE PANAMA CANAL

U. S. AND FOREIGN SHIPPING

TUESDAY, JULY 17, 1973

House of Representatives,  
Subcommittee on the Panama Canal of the  
Committee on Merchant Marine and Fisheries  
Washington, D. C.

The subcommittee convened at 10:10 a.m., in Room 1334,  
Longworth Office Building, the Honorable Robert L. Leggett  
(Chairman of the Subcommittee), presiding.

Present: Representatives Leggett, Murphy, Metcalfe,  
Ginn, Studds, Bowen and Snyder.

Staff present: Ernest Corrado, Esq., Chief Counsel and  
William Hamilton, Esq., Counsel to the Subcommittee.

Mr. Leggett. Gentlemen, I think we are ready to proceed.

This is the first regular meeting of the Subcommittee on  
the Panama Canal Zone. We are indeed pleased today to have  
members of the press here, the Governor of the Panama Canal,  
representatives of the Panamanian Embassy in the United States,  
and representatives from shipping associations which will be  
scheduled to testify, and we also have interested observers.

I see that Captain DuVall is here, a particular authority

1 should come up with some favorable responses or some  
2 practical responses as to whether or not they could deepen  
3 the canal.

4 Governor Parker. I think possibly you are addressing  
5 the possibility of the sea level canal, are you not?

6 Mr. Metcalfe. That is right.

7 Governor Parker. As to the impact of the movement of  
8 Biota back and forth between the Pacific and Atlantic.

9 This is a rather controversial subject and the studies  
10 undoubtedly, more studies would be necessary before one could  
11 embark upon a sea level canal project.

12 I am not capable of providing an estimate of how long  
13 such studies might take, but there are in fact various ways  
14 of handling the problem, such as installing a thermal barrier  
15 in the middle of a sea level canal.

16 Mr. Metcalfe, there is a wide range of opinion on the  
17 impact of a sea level canal, under harmful impact of such a  
18 canal that is somewhat outside my field of expertise, but I am  
19 familiar with some of the articles that have been published  
20 by the Smithsonian and others on the subject.

21 Mr. Metcalfe. Thank you.

22 Moving into another area, there is some feeling of  
23 discontent among the Panamanians about the educational program  
24 in the Panama Canal.

25 Have there been any changes in the educational system?

STATEMENT OF ALBERT E. MAY, VICE PRESIDENT,  
AMERICAN INSTITUTE OF MERCHANT SHIPPING,  
WASHINGTON, D. C.; ACCOMPANIED BY MISS  
BARBARA BURKE, LEGISLATIVE DIRECTOR, AIMS

Mr. May. Thank you very much, Mr. Chairman.

Mr. Chairman and members of the committee, I have  
accompanying me Miss Barbara Burke, Legislative Director for  
AIMS.

Mr. Leggett. Barbara, we are glad to have you here.

Miss Burke. Thank you, Mr. Chairman.

Mr. May. As you stated, I am Albert E. May. I am  
Vice President of the American Institute of Merchant Shipping,  
commonly referred to as AIMS, which is a national trade  
association of the United States-flag steamship industry.  
Our 34 member companies own and operate approximately 430  
oceangoing vessels of all types. These U.S.-flag vessels  
aggregate over eight million deadweight tons and are engaged  
in the foreign and domestic trades of the United States.

We appreciate this opportunity to present our views on  
the present and future commercial importance of the Panama  
Canal. Insofar as possible, we will comment in our testimony  
upon the subjects set out by Congressman Robert Leggett,  
Chairman of the Panama Canal Subcommittee, when he announced  
these hearings.

Our member companies operate a substantial number of

manufactured products, the rate of increase over the next 21 years should equal or exceed that of the past 21 years.

This projection will, of course, be affected by possible construction of a trans-isthmus pipeline and the success of the "landbridge" and other factors.

With regard to the "land-bridge", it is interesting to note that several of our liner company members question whether the concept is viable, as one company stated, "As container ships become larger and faster and they are introduced to the various routes, we think that the land-bridge traffic will continue to diminish and ultimately may even disappear."

A majority of AIMS member companies are of the opinion that the vessel size limitations of the present Canal are reasonably adequate to meet their needs. This is true in large part because companies trading through the Canal have constructed or are building vessels to meet existing size limitations.

Specifically all container vessels under the U.S. flag, and as far as we are aware, under all foreign flags, can transit the existing Canal as can LASH and SEA-BEE barge carrying ships.

Tankers and bulk carriers are primarily those affected by existing vessel size limitations. As a rule of thumb, only light loaded tankers of up to 70,000 DWT can presently transit.

As you have already heard, larger ships, depending upon the configuration of the ship itself, the volume of cargo it has, can transit.

During our 1971-1972 study, 17 of our member lines commented on whether construction of a sea level canal or the Terminal Lakes Third Locks Plan would increase their usage of the Canal.

The majority indicated that they did not believe that the construction would materially increase their use of the Canal in the near future.

The following reasons were given by these companies for their position:

The trades in which Canal transits are required in our petroleum movements employ tankers that are small enough to use existing Canal facilities without penalty. . . . There would probably be no increase in usage because the value of cargo and the route of the vessels between ports would not change. Loading and discharge port restrictions often govern the size of vessels used for transit of the Canal. . . .

Vessel usage is controlled by cargo availability and market distribution. . . .

Company vessels are in many cases built to transit the present Canal. . . .

Our companies' liner operations would transit the Canal approximately 72-75 times per year regardless of construction

1 of Terminal Lakes Third Locks Plan. . . .

2 Another company's basic marine supply pattern is from  
3 U. S. Gulf to East Coast Ports and there are no plans to  
4 alter this pattern. . . .

5 Do not believe this modification would affect our schedule  
6 except to minimize delays in transiting the Canal. . . .

7 Our usage of the Canal is determined by the volume of  
8 trade on our trade route between U. S. Atlantic and Gulf  
9 Ports and Australia and New Zealand. . . .

10 We are of the opinion that this construction plan would  
11 eliminate delays but doubt that this improvement would  
12 increase usage of the Canal. . . .

13 Time saved would not induce more voyages.

14 A sea level canal was preferred to the Third Locks Plan  
15 and six member companies felt that a sea level canal would  
16 materially change their usage as compared with the present  
17 lock canal.

18 Four of the companies answering in the affirmative are  
19 operators of tankers and other bulk carriers and the other two  
20 are operators of dry cargo vessels. The following reasons  
21 were given for their position:

22 Additional usage of the Canal would result if it was  
23 constructed to accommodate tankers up to 150,000 DWT transporting  
24 Alaskan crude oil to U. S. East Coast in excess of West Coast  
25 requirements. . . .

1 A sea level canal having greater depth and width than  
2 present lock canal and with no ship length restrictions would  
3 result in increased usage by bulk carriers. Large crude  
4 oil carriers designed for the Alaska to U. S. East Coast trade  
5 would be special beneficiaries of a sea level canal. . . .

6 Appreciable saving in time would result and expenses  
7 of tugs and lock line handlers would be eliminated.

8 AIMS believes that the United States must retain the  
9 option of being able to improve the physical capability of the  
10 Canal or build a new one.

11 Although the existing Canal is adequate for most who  
12 use it today, operational problems, such as the recent delays  
13 caused by labor difficulties, always have an adverse effect  
14 on commercial use of the Canal.

15 AIMS hopes that every effort will be made to assure that  
16 transits are expedited in the future. This is especially  
17 important in view of the fact that the Canal has almost  
18 reached its maximum potential for handling ships of the size  
19 that can transit the Canal.

20 Then we list a half-page of their comment, basically  
21 that you could take larger ships and would not have the delay  
22 in the locks.

23 Future requirements are difficult to predict because  
24 they are dependent upon a wide variety of factors, as Governor  
25 Parker has already discussed with you.

1 Mr. Murphy. I think it goes to the basic arguments  
2 that Mr. Flood used, and therefore it is probably in support  
3 of that position and not to go to the extent of the United  
4 States as spending a great deal of money for a sea level canal,  
5 because there is probably improvement in the present area.

6 Of course, the politics of the Canal many times outweigh  
7 the economic advantages of the Canal, and I just wanted, in  
8 the figures in the Governor's statement, as to the commerce  
9 of a country like Peru that is dependent upon the Canal and  
10 basic Canal tolls, and yet, Peru would go to the extent of  
11 supporting a Panamanian position that inevitably would cost  
12 their shipping, in fact, to price them out of business in  
13 their basic types of commodities, and there is where the  
14 political considerations far outweigh, in practical analysis,  
15 the economic considerations of the Canal.

16 Mr. Chairman, that seems to be the overriding point.  
17 We do have the change in Ambassadors now, whose responsibility  
18 is conducting those treaty negotiations, and whether or not  
19 they will open up again, I do not know.

20 I think the cost of living in Panama is probably more of  
21 a factor than the cost of living for operating American vessels  
22 or operating the Canal Zone, as such.

23 I appreciate the opportunity to engage in the colloquy  
24 with the committee, and we will be communicating.

25 Mr. Leggett. Thank you very much, Mr. Murphy.

Mr. May. Yes, especially the dry bulk carriers and tankers.

Mr. Hamilton. In regard to the sea level concept which has been stated as being enormously expensive, between \$3 billion and \$10 billion, if such a canal were built and provision through tolls made to pay for it, how would your member companies feel about these new tolls which would certainly be higher than those now being paid?

In other words, if asked a question about a sea level canal in the context of considerably higher tolls, would they still be in favor of it?

Mr. May. I believe its concern over just that point, Mr. Hamilton, that resulted in eleven of the seventeen of our companies who use the Canal stating that they thought that the present facility was adequate. We have only six companies who opted for a new canal. They all preferred a sea level canal because they felt that the Third Lock would also be expensive, and the sea level canal would permit the use of much larger ships, so that they would get economies during the voyage that would offset the higher tolls to some extent; and, in addition, they would have a faster transit time because of the elimination of the locks.

It would be, I suspect, the dry cargo carrier who may have come quite close to the optimum size ship that he can use that would be most affected by an over-all increase in

tonnage tolls on a new canal.

Mr. Leggett. If I can interrupt, that would leave, then, some seventeen companies, I guess, that had no opinion.

Mr. May. Yes, those companies, I believe without exception, Mr. Chairman, do not currently use the Canal. Those companies are perhaps trading from the East Coast to the Mediterranean.

Mr. Leggett. Was there any strong support for the sea level canal among the six companies that said they favored a sea level canal?

Mr. May. Far less than I had anticipated.

Mr. Leggett. Proceed.

Mr. Snyder. Can I pursue that a little bit?

Mr. Leggett. Yes.

Mr. Snyder. While six of your companies preferred a facility that would handle a larger ship, it is also consistent with your testimony, is it not, that such a facility, if constructed, would also eliminate roughly 21 percent of the traffic now handled through the Canal by the other eleven companies, because of the higher tolls which would be incident to the new facility; is that not correct?

Mr. May. It might well be, yes.

Mr. Snyder. That is what your testimony said.

Mr. May. Yes, sir.

Mr. Snyder. Thank you.

1       However, in the interest of brevity, I will try to  
2 summarize it as well as I can here, and simply say that the  
3 Canal in the past, of course, has been a very great value to  
4 our membership.

5       Mr. Leggett.     Your statement will appear in the record  
6 at this point as though given, and you may excerpt from it as  
7 you see fit.

8       Mr. Maskin.     Mr. Chairman and members of the committee:

9       My name is Alfred Maskin and I am the Executive Director  
10 in Washington for the American Maritime Association, which  
11 consists of 50 companies operating 166 American-flag merchant  
12 ships in the foreign and domestic commerce of the United States.

13       In behalf of these companies, I would like to express  
14 my thanks to the committee for the opportunity to appear here  
15 today to present the views of our association with respect  
16 to the Panama Canal.

17       To begin with, I might note that the canal, even as it  
18 exists today, has been of extreme importance to our members,  
19 both in the movement of breakbulk and containerized liner  
20 cargoes and in the movement of such bulk cargoes as oil, coal,  
21 ores, steel products and lumber, which move in the intercoastal  
22 and non-contiguous trades, as well as in the movement of  
23 Government-impelled military and foreign aid cargoes moving  
24 from the Atlantic and Gulf coasts to the Far East, Southeast  
25 Asia, and as far west as the east coast of India.

The movement of these cargoes, of course, has been facilitated by the significant reduction in voyage costs, and thus the reduction in freight rates which the canal makes possible.

It takes a vessel of 16 knots, for example, approximately 11 days to make a voyage from New Orleans through the canal to Los Angeles. It would take the same ship 34 days -- or nearly three times as long -- to make the same voyage around Cape Horn or through the Strait of Magellan; and the additional costs, occasioned not only by the longer voyage but by the need to carry less cargo because of additional fuel requirements, would be sufficient to drive at least marginal operators from the trades.

With the exception of some enlargement of the Gaillard Cut and some channel improvements, and despite the increase in traffic, the canal today is still pretty much what it was when it first opened half a century ago.

There have, however, been a number of proposals made over the years for modernization and expansion of the canal's facilities, including the proposals set forth in H. R. 958 and 4849, by Mr. Rarick, and H. R. 1517, by Mr. Flood, which have been introduced during the current session and referred to the Merchant Marine Committee.

All of these bills basically call for expansion and modernization of the present canal facilities by implementing

1 particularly through the provisions of the new Merchant Marine  
2 Act of 1970, to become competitive in those trades.

3 2. However, canal traffic has been increasing over the  
4 years and, according to all projections, will continue to  
5 increase. Thus, even if our members do not make greater use  
6 of the canal, they could face more severe transit delays unless  
7 steps are taken to deal with the problem of increasing traffic  
8 congestion.

9 It is not our wish to become embroiled in the controversy  
10 which seems to have arisen between proponents of modernization  
11 of the present canal and the advocates of construction of a  
12 new sea-level canal.

13 We believe, however, that no discussion of the canal's  
14 value can be meaningful without some reference to the  
15 proposed sea-level canal; and while we recognize that there are  
16 considerations beyond the parameters of our expertise --  
17 military considerations, ecological considerations, and  
18 considerations relating to the technical feasibility of such  
19 construction -- nevertheless there are a few points we would  
20 like to make:

21 1. Based on the considerations we have already pointed  
22 out, it would appear that expansion and modernization of the  
23 present canal facilities would be desirable, but there would  
24 appear to be no urgent economic necessity for the construction  
25 of an entirely new canal, particularly since, according to

1 be done at a cost which appears moderate compared with the  
2 cost of a new canal, reducing the possibility of substantial  
3 toll increases.

4 c) In any event, every effort should be made to keep  
5 tolls at their present levels or as low as possible,  
6 consistent with the requirements of the law that tolls shall  
7 be prescribed at rates calculated to cover as nearly as  
8 practicable all costs of maintaining and operating the canal.

9 Mr. Leggett. Let me ask you this. You represent some  
10 50 companies operating 166 American-flag merchant ships.

11 Do any of those 50 companies include the AIMS carriers,  
12 or is this a mutually exclusive organization?

13 Mr. Maskin. It is a mutually exclusive organization,  
14 save one.

15 I know of one company which is a member of both  
16 associations. That happens to be an intercoastal carrier,  
17 which makes great use of the canal, incidentally.

18 Mr. Leggett. What percentage of your 50 companies  
19 use the canal?

20 Mr. Maskin. Well, I believe virtually all of them.

21 Now, I should make clear, and it is not stated in the  
22 statement here, that up until the time of the passage of the  
23 1970 Act, what is generally considered to be the tramp segment  
24 of the industry was not eligible for subsidy.

25 As a result, all of our member companies were not

the Alaskan oil, then there is a possibility that a good part of the Alaskan output might be siphoned off and go to Japan.

I think expansion of the present canal facilities, as they have been spelled out in some of the legislation that has been introduced and pending in the House would be helpful to us.

Not only that, but this would permit not only the passage of larger ships through the canal and eliminate some of the bottlenecks, facilitate the canal transit and reduce some of the navigational hazards.

In so far as a sea-level canal is concerned, I have been unable to see, and I know none of my members who are able to see, any real compelling economic necessity for starting construction of sea-level canal.

The expansion of the present canal facilities would be helpful, but we do not see any overriding demand for an entirely new canal, particularly since my understanding is that according to present plans even a sea-level canal would only be able to take vessels of 150,000 tons or so; so that would not help with the very large ships.

Furthermore, Mr. Chairman, a sea-level canal would be considerably more expensive than modernization of the present canal, and that could result in an increased toll structure.

There are certain ecological and military considerations,

1 Mr. Leggett. Very good. Proceed.

2 Mr. Maskin. The only other point I want to make with  
3 respect to tolls is that if the canal were modernized and  
4 expanded according to present plans, it would both permit the  
5 transit of larger ships and facilitate the transit of a number  
6 of ships and so that since the toll structure is based on the  
7 ship's tonnage, this would have a double impact and you would  
8 be collecting money on larger ships and more ships, and this  
9 would have the tendency to reduce the need for toll increase.

10 In conclusion, I would make these observations.

11 First of all, the canal has been of great benefit to  
12 our members in the past and will continue to be of benefit to  
13 our members in the future if it can keep pace with our needs.

14 Expansion of the present facility would be helpful in  
15 enabling us to use somewhat larger ships in the canal and  
16 facilitating canal transit and reducing navigational hazards,  
17 and I see no purpose for the construction of a new sea-level  
18 canal, and I hope every effort will be to keep the tolls  
19 as low as we can possibly keep them.

20 Mr. Chairman, there is a provision of law that the tolls  
21 should cover the cost of operation and maintenance, but to  
22 the extent we can cover those with the tolls, I think we should  
23 attempt to keep the tolls as low as possible, and I agree with  
24 Mr. May that we should not use the tolls for a-ything else  
25 except that purpose and certainly not to achieve any political

about an existing limitation on the use of the canal of something like 26,000 annual transits.

What would be the capacity, or what would be the increase if those two programs were undertaken, or are you able to give an estimate?

Governor Parker. No, those programs are required to get to 26,800. That is with all the improvements that I talked about this morning are necessary to get to the 26,800.

The capacity of the canal, as it stands right now, would be limited in a couple of years if we did not start adding or doing some of these things, such as deepending, adding tugs and getting on with intermediate levels of locomotive purchase, until we get to the final merry-go-round solution.

Mr. Leggett. You feel the on-going program of modernization is a program essentially that keeps ahead of your demand curve as far as the needs of the canal; is that correct?

Governor Parker. Yes, sir.

Mr. Leggett. And now I indicated an item there that perhaps you would like to address yourself to, the Third Locks Project.

That normally concerns itself with, as I understand it, digging a set of locks both at Pedro Miguel and Mira Flores, the sites there, and at the Gatun site, and perhaps raising the level then of Gatun Lake.

Are any of these projects what you would call or consider

1 some extent, Mr. Chairman, and will be prepared to respond in  
2 some way.

3 I am not sure we could have a recommendation for you  
4 along those lines within a reasonable time period. But I  
5 understand the question and would like to review that further,  
6 and my organization will correspond with you further on the  
7 subject, if I may.

8 Mr. Leggett. And it might be even worthwhile that we  
9 keep the information confidential.

10 Governor Parker. I would like to review that further  
11 with my staff.

12 Mr. Leggett. I am going to have to vote on the Chair-  
13 man's bill, the DELTA QUEEN or I may not be in this position  
14 very long.

15 Do you have a few minutes more, Governor?

16 Governor Parker. Your pleasure.

17 Mr. Leggett. Very good. I will be back in exactly  
18 seven or eight minutes.

19 (Short recess.)

20 Mr. Leggett. The meeting will come back to order.

21 Counsel, I am going to let you ask your own questions.

22 Governor, what I would like to pursue is some of the  
23 things that we just finished.

24 Now, I believe that you indicated that you, like your  
25 predecessors in your position have supported formally the sea



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