

## PANAMA

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**EDWARD W. CLARK**  
**Consular Officer**  
**Panama City (1946-1949)**

**Deputy Chief of Mission**  
**Panama City (1960-1963)**

*Edward W. Clark was born in New York on October 9, 1917. He obtained an A.B. from Princeton University and then went to Cornell Law School. He was a diplomatic courier. He served in Panama as Consular officer and then as DCM. He also served in Asmara, Lima and Buenos Aires. He served in ARA, Personnel, and Congressional Relations in the State Department. He retired in 1973. He was interviewed Charles Stuart Kennedy on April 29, 1992.*

*Q: You went to Panama in 1946 and served three years there. What were you doing?*

CLARK: My first job there was as passport officer. We had three officers in the consular section...an officer in charge, one for visas and one for passports. I did that for about six months. Then I did a short stint in the visa section. There was then a big turnover of some kind and within a year I ended up in charge of the consular section which was a pretty big job for one of my inexperience.

*Q: Did Panama have a fairly large refugee population trying to get to the United States? I am thinking of people who got stranded there from Europe and other places.*

CLARK: No, that was not a big problem there. The main problem in the passport section was taking care of passports because there was a large American community in the Canal Zone who had to get renewals, or first-time passports, register children who were born there, etc. That was the main thing in the passport section. In the visa section it was mainly Panamanian, although there were a few refugees of various kinds from the war who would drift in. But that wasn't a major problem. There were a lot of protection cases there.

*Q: What were the Americans who lived in the Canal Zone like? Could you characterize them at this particular time?*

CLARK: Like any place. You had the good and bad. There was such a clash of cultures there between the Americans in the Canal Zone and the Panamanians. The standard of living was so different; the values were so different. It was just normal that there would be resentment. They had two different scales of pay...the gold standard and the silver standard. Also racially there were problems. Many Americans were from the South which made the problem of race more difficult. Quite frankly there were many people in the Canal Zone that I came to know very well and liked. But as a group they wanted their privileges and would fight for it.

*Q: Also it was not a period of time when one was trying to be culturally aware and operate in a less high handed fashion.*

CLARK: There was no pressure to do that. After all, the official situation was the gold standard and the silver standard. White people only in the gold bathroom and others in the silver bathroom and facilities. They got paid on different wage schedules. That was all official. I have seen some ugly scenes there, very embarrassing. But I have seen some in Washington, too, when I came in 1941. I will never forget that the first evening I was in Washington I got on a bus and all of a sudden the bus driver said, "Get back in the bus you black son of a bitch." I saw this scene duplicated many times in the Canal Zone. Same thing.

*Q: How did the Embassy relate to the Panamanian government? Was the relationship a little colonial?*

CLARK: I wouldn't say so. On the contrary. You had the colonial attitude in the Canal Zone. The Embassy was always trying to cope with that situation vis-a-vis the Panamanian government. The government would make their complaints through us. We would then have to see what we could do with the Canal Zone authorities to smooth things over. So, I think on the contrary the Embassy's job was to try to keep irritations to a minimum.

At that time, of course, we had a major problem with the bases that we had constructed all through the Republic of Panama during the war. We were renegotiating that agreement and it went on for a long time. It came to a head in 1948. The Panamanian national assembly rejected the agreement. We were asking to retain a number of bases. Secretary of State Marshall had warned them that if this did happen we would withdraw, which they didn't believe. But it was a very, very heated debate and a very critical time in our relationship. Within 48 hours we got everybody out of Panama...not the Canal Zone. We must have had 20 bases in Panama.

Q: *Which, of course, was a major source of work and income for the economy, etc.*

CLARK: It certainly was, but nationalism was at its peak and they didn't think we would carry out our threat. Unfortunately, the military had already reached the conclusion we didn't need them but didn't say it. So our relations suffered a severe setback for no good reason.

Q: *So we were fighting over an issue that really wasn't of major concern for us.*

CLARK: Right, we had already made the decision to phase out the bases. We were just forced to phase them out fast under pressure.

Q: *Did this result in any incidents against the Embassy?*

CLARK: *No, I don't think so. I certainly didn't feel any of this and I lived in the center of town almost across the street from the National Palace. It wasn't personal then, it became so later on when things got difficult over the Canal Treaties.*

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Q: *Then you did go back to Panama again from 1960-63. What were you doing there?*

CLARK: I was political officer first and then I was acting Deputy Chief of Mission.

Q: *What was the situation in 1960-63?*

CLARK: It was bad.

Q: *Cuba had boiled over by that time.*

CLARK: Yeah, we were a staging ground for part of that 1962 business.

Q: *Well, you say bad, what was the situation?*

CLARK: Their demands for negotiation of a new treaty was their top priority. We took the position that that wasn't advisable, nor necessary nor did we want to. Riots took place and there was an atmosphere of real animosity over this issue. The Embassy took the position that we should negotiate and the Department was adamantly set against it. Of course that means that you are a heel not just to the Department but to the guys across the way in the military command over there too--Canal Command and the Southern Command.

Although I must say that there were some who were understanding but wouldn't put their neck out. It was really putting your neck out at that time to go on record saying that was the route we had to take or suffer the real consequences of a big confrontation.

That's why my second tour of duty there was not a very happy one as the first one had been.

*Q: Did the Alliance for Progress, when the Kennedy Administration came in, help ease things? A show of more concern for Latin America.*

CLARK: I will just speak for Panama. It really had nothing to do with it. The Canal was it, forget about the rest of it. They would use the Canal problem to fleece us out of more money and aid. That was the way to get at us.

*Q: Was it that the Panamanians wanted to take over the Canal completely and run it or to reach some sort of compromise?*

CLARK: Well, they wanted their sovereignty recognized which then would eventually lead to the end of the treaty at some particular point. That was the issue. The treaty said we had this strip, five miles wide as though we were sovereign, in perpetuity. They wanted the perpetuity clause out and they wanted their sovereignty. Of course, if they have sovereignty they have control of it.

*Q: Even though the Embassy was making representations to Washington, I take it there was no move towards negotiations in those days?*

CLARK: Well, they realized there was a big problem there and had been one for a long time. They sent a fellow down, a special assistant to Kennedy by the name of Kaison, a very smart cookie, to case the joint. This was before the upcoming visit of Panamanian President Chiari to Washington. Carl Kaison came down and I was selected to take care of him. I went around with him and made his appointments and got to know him. I never saw his report but there was no question about the fact that he came away with the conclusion that it had to be done. If not today, pretty soon tomorrow.

What Kennedy was afraid of, why Carl Kaison was sent down there, was that during this meeting that was what the President was going to ask for, the negotiation of a new treaty, and what was Kennedy going to say to avoid a real problem. So what happened was that when Chiari came up here it wasn't agreed to negotiate a new treaty but there were certain things set up...I forget the details...that would put it off for a while. It at least met a few of their demands.

That occurred in 1962 and I left at the end of the year. So we had gotten over that hurdle. But in January of 1964 the big explosion took place, the one that would have taken place during that meeting if some concessions had not been made and put it off for a while. That was the big uprising where we had to call up our soldiers and people got shot and all that jazz. But that is another story that involves me too.

*Q: When was that? Was that later on?*

CLARK: That was in January, 1964.

*Q: How did that involve you?*

CLARK: I was called back and made Director for Panama.

Q: *You were supposed to go to Argentina?*

CLARK: I did go.

Q: *How long were you in Argentina?*

CLARK: Only a year and four months.

Q: *While you were in Panama, Joseph Farland was the Ambassador. How did he operate?*

CLARK: Well, Joe Farland was a nice fellow who we got to know very well. We had children the same age as his children. He was a public relations fellow essentially. He was very good at it...making friends, going places, dancing the tamborito, and all that. To a large extent he left the real running of the Embassy pretty much to the DCM.

Q: *With the Southern Command there did you find that the military was taking more of an active interest in what was going on in the continent as reflected...?*

CLARK: Well, of course, they had their requirements for military aid to the continent. There wasn't any of that with Panama, so speaking from the point of view while I was in Panama I was aware of these other requirements that they had, but it was outside of our relationship.

**WALTER J. SILVA**  
**Courier Service**  
**Panama City (1954-1955)**

*Walter J. Silva was born in Massachusetts in 1925. After serving in the United States Army from 1943-1945 he received his bachelor's degree from Harvard University in 1949. His career has included positions in Dakar, Panama City, Maracaibo, Beirut, Thessaloniki, Athens, Rome, and Naples. Mr. Silva was interviewed by Charles Stuart Kennedy in 1995.*

SILVA: At any rate, I got my RIF notice, as did the budget and fiscal person. She had come in about the same time I did. They paid us off, gave us a "no later than" date, paid back our retirement contributions, paid us for unused annual leave and our last salary payment. We were told not to return to Washington. That was it. I got a check for \$3,200, which seemed a lot of money at the time. I took the "Julio Cesare" from Dakar to Genoa, a marvelous trip, and in Genoa I bought an MG, paid \$1,200 bucks for it and drove around Europe for a while. I sold the car and came home, and when I got to Plymouth, there was a telegram waiting for me from the Department of State. It was an offer of employment! So then I discovered that I had been replaced in Dakar with a fellow from Malaysia who was married and had about five kids. They took this guy out of Malaysia, paid his travel and moved all his household goods to Dakar to replace me, and then two months later they wanted to hire me back. It didn't make any sense at all. So I called the Department, I think Roween Brooks was still there, and I talked to her and she



wanted me to go to Panama. I said, "Well, I tried this Foreign Service business and I like parts of it, but I'm not going to go back as a damn clerk, I'm going to take the exam." She said "Fine, but in the meantime take an appointment." So I agreed and asked when the next exam would be. It was nearly a year away. I went to Panama, where I worked in the regional office of the Courier Service for a fellow named John Powell, who is still around. I haven't seen him in months. Johnny Powell was one of the princes of the Foreign Service. General Services officer, never more, but a great guy. Anyway, he was the head of the office at the time they had a scandal of sorts. A couple of couriers were dismissed, one went to jail, for smuggling watches or something, from Buenos Aires. In Chile they used to buy wine and in Buenos Aires they bought Romano cheese, and then some of them also smuggled the innards of Swiss watches. The last stop before Panama was Miami where the watch market supposedly was. So we all enjoyed the wine and the cheese and didn't know about the watches, but I guess the FBI caught on to them. Anyway, that was the only excitement in that office.

I was married there. My wife had just arrived, I knew her about three or four months. She was a secretary at the Embassy. We were married in the Canal Zone. We were both living at the Tivoli in the Canal Zone on Cuatro de Julio street, which is the boundary between the Zone and Panama City. It was built in 1903 for the visit of Teddy Roosevelt and had not changed. The plumbing had been somewhat improved, but that's all. It was rickety and infested with vermin, but it was a charming place, a string trio played for dinner every evening. One of the guests was Mrs. Marsh, the widow of a Canal worker, who had lived in the Tivoli since Teddy's visit. That's where Mary and I both lived for a while, and then I got an apartment. After we were married I was informed that I was being transferred to Venezuela. I complained that it might interfere with my taking the Exam only to be told that the exam was not being given overseas that year, that I could try getting it next time in Venezuela.

**PETER S. BRIDGES**  
**Visa Officer**  
**Panama City (1959-1961)**

*Ambassador Bridges was born in New Orleans and raised in Chicago. He attended Dartmouth College and Columbia University and served in the US Army in France. He entered the Foreign Service in 1957 and held positions in Panama, Moscow, Italy, and served as Ambassador to Somalia. He was interviewed by Charles Stuart Kennedy in 2003.*

BRIDGES: Meanwhile, I hadn't gotten around to putting Oslo on my April Fool sheet. On my last sheet, beside Moscow I had put Bogota and some other Spanish-speaking post. One summer evening when I came home, it was very hot and we were living in a small apartment in the south end of Arlington, we didn't even have air conditioning, my wife said, "I don't care where they send us, just so it's not the tropics; that would just be more Arlington." About ten days later, I came home and said, "Guess what, it's the tropics, we're going to Panama." She took it very well; she figured it couldn't be much hotter than Arlington, and it wasn't.

*Q: You went to Panama in 1959 and you were there for how long?*

BRIDGES: I was there for two years. I was asked if I would like to extend for a third year, and I was happy to agree. The first year had its difficulties, because there had been riots against the Canal Zone soon after we got there. But then things got much better, and we made a lot of friends, we moved into a better, bigger, nicer apartment, and we changed ambassadors, and also as a change for the better my first boss was moved out; he was kind of a miserable type, and so things were better in every way and I was to stay a third year. But I still wanted to go to Moscow. My hope was that after I was promoted to Class 6 - I was then an officer of Class 7 - I would be sent to the Army Russian training school at Oberammergau, which was then called U.S. Army Detachment R and is now the George C. Marshall Center in Garmisch. In the spring of 1961 I was promoted to class 6, and soon after that an officer came traveling through from the Bureau of Personnel. The Deputy Chief of Mission, John Shillock, kindly invited me and several other officers to lunch to meet this guy, and he said, "Bridges, you've done well and congratulations on your promotion, and do you still want to go to Oberammergau?" And I said, "Yes, what do you think about '62? I've got one more year here." And he said, "Oh, no, you're down on the list for this year." I said, "Oh, my God, when does that start?" He said, "Well, the academic year starts at the end of August, and it's May now so you might be leaving pretty soon." So we left Panama after two years instead of three.

*Q: Let's talk a little about Panama. What job did you have in Panama?*

BRIDGES: For my first year I was the junior of three political officers. The head of the section was a man who was not a good officer. When I arrived there was no number two, but after a while the number two position was filled by Neil McManus. Neil and his wife Claire became very good friends of ours and we remained that until he died, and we're still friends with Claire. After the first year, or as the first year was ending, the Ambassador who was a career officer named Julian Harrington retired after some years in Panama. When the Panamanians had rioted against the Canal in the autumn of 1959, one of the leaders of the demonstrations was a man named Aquilino Boyd. He owed his un-Castilian name to a grandfather who was an Irishman. Boyd had been foreign minister when he was in his 30s, and Julian Harrington considered him to be sort of a young protégé. And here Boyd was leading demonstrations against the United States, and that was it as far as Mr. Harrington was concerned, and he retired the next year and was replaced by Joseph Farland, a political appointee who had been ambassador to the Dominican Republic. But he was a breath of fresh air, Joe Farland was. He didn't know Spanish, but he knew how to make friends and raise morale. He got off the ship - at that time there were weekly steamships from New York to Cristobal in the Canal Zone, run by the Panama Line which belonged to the Panama Canal Company, which belonged to the U.S. Department of the Army - anyway, Joe Farland and his wife got off the ship and they were met not just by us staff but by a bunch of Panamanian demonstrators saying, "Yankee don't go home, stay here." This meant that our only consulate in Panama, in Colon on the Caribbean side next to Cristobal was being closed by the Department for economy reasons. It was a small post, just two officers. And the Panamanians were saying, "If you close your consulate, we might riot just against the Canal Zone on the first anniversary of the 1959 riots, not to protest against the Canal Company, but in protest because you're closing your consulate and it means you're rendering a negative judgment on Colon." Joe Farland thought that was a very bad reason to riot against the United States. He appealed to the Department not to close the post, but the Department said, "Sorry, the consul and

vice consul have been transferred. It's done." Finally, though, they said, "If you've got somebody that you don't really need you can send him to Colon on a temporary basis, but the post is officially closed to the public." Mr. Farland decided that I could go over there and keep the flag flying. So for six months I commuted across the continent. I would get on the Panama Railroad in Panama City at seven in the morning and at eight I'd be in Colon, on the other side of the isthmus, and raise the flag, literally, at the consulate and take visa and passport applications and do what I could do in representation. It was a great job for six months, then I came back and for the last six months I was a visa officer in the embassy.

*Q: How was our embassy... It was your first post. You were the new boy on the block and were seeing things in a different light than you would after you'd been around for a while. How did you see our embassy work there? Was this a case of neo-colonialism?*

BRIDGES: We had enemies coming from both left or right, or maybe from east or west, which is to say that the Panamanians felt that almost everything that the Canal Zone, the Canal Company, was doing except running the canal, was a violation of the bilateral treaties between the United States and Panama. So we had very hard times; I'd almost say we had more difficulties with Panama than we did with the Soviet Union, at least in terms of numbers of problems. Besides the Panamanians, there were the people living in the Canal Zone, the so-called Zonians. The Panama Canal Company was a corporation with just one stockholder and it was the U.S. Secretary of the Army. The governor of the Canal Zone was always a major general from the Army Corps of Engineers. The Canal Company had what I thought, from the beginning, was a very unfortunate hiring policy; that is to say they would not place Panamanians in any professional position above the level of GS-7 or 8, for supposedly security reasons. So they hired- (end of tape)

*Q: We were saying the Canal Company hired locally. They would hire Americans for professional positions in the Canal Zone locally.*

BRIDGES: This meant that they were creating a race of people, the Zonians, who were permanent residents of the Isthmus although they had American passports; many of them were part Panamanian, ethnically because their fathers or grandfathers had some Panamanian in them. And because the Canal Company hired locally, there were many American employees in the Zone who were third generation Zonians. They were real colonials, and they often had the support of Members of Congress. The Panamanians were very bitter about U.S. policies in and on the canal, and on the other side you had the Zonians who were bitter because they didn't always get the treatment they wanted.

*Q: Socially how did you and your wife fit in?*

BRIDGES: After the demonstrations against the Canal on November third of 1959, the Panamanian national holiday, things got very different. It seemed that almost all Panamanians, no matter what their politics, no matter what their economic status, no matter what their ethnic-racial background, almost every Panamanian was anti-gringo. They all thought the United States was in the wrong. Let me get to the question that led to the 1959 riots. The US-Panamanian treaty of 1903, which established the Canal Zone, said that in the Canal Zone the United States should enjoy all the rights and privileges it would if it were sovereign there. And so from the

United States point of view, we had sovereign rights in the Canal Zone. But the Panamanians said, "No you're not sovereign, because the treaty says *if you were sovereign*; that means you're not." So we argued over this interminably, and one of the things the Canal Company was adamant about was that the Panamanian flag should not fly in the Canal Zone. And on November third 1959, Aquilino Boyd and a professor named Ernesto Castellero Pimentel led a group into the Canal Zone, to plant little Panamanian flags. Eventually the United States agreed that one Panamanian flag could fly in the Zone. We felt quite a difference in the situation after that, and by late 1960 we were quite happy in Panama. A very complicated country; ethnically as well as otherwise; there was a fascinating mix of people, not just people of Spanish origin but many with African blood, three groups of native Americans, and many people from India, from China, and indeed from the U.S.

*Q: Did you find sort of a younger group there?*

BRIDGES: Yes, quite a few. One, Carlos Arosemena Arias, was a young lawyer, and he and his wife were good friends with my wife and me. He worked for the most prestigious law firm in town, which had been started by a foreign minister. The last news I heard of him was not too many years ago, when somebody from the Financial Times tried to trace the funds that had been stolen from the Banco Ambrosiano in Italy. Something like two billion dollars had vanished. And the head of the bank had been found dead, hanging from the Blackfriars Bridge in London. Anyway, the Financial Times traced two billion dollars to two post office boxes in Panama, which belonged to a company represented by Carlos Arosemena Arias.

*Q: Was there sort of a cavern between the embassy officers and the Zonians? How did that work?*

BRIDGES: There was a divide between the embassy and Zonians, but the embassy of course worked closely with Canal Company officials. The secretary of the Canal Zone government was a man named Paul Runnestrand, and he and I were good friends. There was a U.S. federal court in the Canal Zone. That was one of the things Panamanians complained about; they said we had no treaty right to have a federal court. The judge was a man named Crowe, and he too he was a good friend. So we had friends in the Canal Zone, but by and large I would say the Zonians were disgusted with our embassy because they didn't think the embassy stood up for them the way they should, and indeed we didn't. Not always.

*Q: Were you feeling any repercussions at that point?*

BRIDGES: Yes, Margot Fonteyn, the British ballerina, was married to a man named Roberto Arias who came from a well-to-do family in Panama. He paid to have a kind of mini-invasion of Panama by one or two old landing crafts; God knows what was in his mind. They caught everybody that landed, maybe a hundred men, and Arias took refuge in a foreign embassy and eventually got out of the country. It was kind of kid stuff. The saddest thing I remember must have been taken place in 1960, when the Cuban Revolution was new; it had been a year since Castro took over his country. A group of high school students in Santiago, the capital of Veraguas, a province lying between the Canal Zone and the Costa Rican border, were very much taken by the Cuban revolution. There was a lot of injustice in Veraguas, and so the kids gathered up all the guns they could find, probably their fathers' hunting rifles, went up into the sierra,

which is not very high, and sent a message down to Santiago, saying “We’re declaring the Panamanian revolution.” I don’t know how many kids there were, maybe a hundred. Well, the Guardia Nacional, the combined military-police force, sent a couple of companies up into the hills and basically slaughtered all these poor kids. It made an impression on me; it was so hopeless, there was a lot of injustice in Veraguas but these kids didn’t have a clue as to how to promote reform. But they were influenced by Fidel.

*Q: How about the American military? Did you get involved one way or another with them?*

BRIDGES: We got to know some military officers, and we joined the officers' club at Fort Amador, and went swimming there pretty much every day. There was not a very heavy American military presence there. In World War II we had practically occupied the Isthmus of Panama; I think we had probably a hundred thousand troops stationed along the coast of Panama. But after the war the sixteen inch guns were decommissioned and shipped off and melted down, and the naval force we had in Panama by the time I was there amounted to just one minesweeper at each end of the canal. There were no combat aircraft in the Canal Zone. When we were still there they decided to send an Army battle group into the Canal Zone. Until that, there were no combat troops.

The minesweeper on the Caribbean side came in very handy when I was called on by a group from Nombre de Dios, a poor little town; this was when I was vice consul in charge of the consulate at Colon. The group from Nombre de Dios, about forty miles from the coast, came to call on me to ask for help. Back in the early 1900s, when the Americans were building the canal, they’d gone down the coast and found that the mouth of the river by Nombre de Dios had the best sand they could find, and dredged up tons of it for mixing to make concrete for the locks on the Caribbean side of the canal. Over the years the river had silted in. These were the years that we were proclaiming an Alliance for Progress in Latin America. “Alliance for Progress,” my visitors said, “if you could just bring your big canal dredge down the coast and dredge out our river again, that would be good for your public relations and it would be awfully good for us and our fishing boats.” I told the ambassador that it would be fun to go down and take a look; there was no road but I did know the commander of the minesweeper and maybe we could take the minesweeper. He said, “Sure.” The commander said, “Well, I’d love to do it but you’ve got to talk to my admiral.” So the ambassador talked to the admiral and we took a ride down the coast to Nombre de Dios, and it was a fascinating trip. I wrote a somewhat fictional account of the trip in a piece I did many years ago for the Foreign Service Journal. But the Canal Company never agreed to send their dredge down the coast.

*Q: Was the canal operating pretty well at this time?*

BRIDGES: I think it operated very efficiently. At that time the Atomic Energy Commission was still talking about peaceful uses of atomic energy, and still saying that we could build a new canal with nuclear explosions. Thank God that never happened, I don’t know what it would have done to the earth but anyway they were still talking about that. The size of the canal locks was a limiting factor and still is because they are one hundred and ten feet wide, and even at the end of World War II we were building carriers that were too wide to go through the Panama Canal. Work had begun on a third series of locks during the war but that was never completed. Anyway,

the canal was well run. I sometimes wonder how well it's run now by the Panamanians; I see no information on that at all.

*Q: This is probably a good place to stop.*

BRIDGES: I have one thing about the canal, though. I had a friend in the Atlantic division of the Canal Company. I told him one day about my Russian expertise, and he said, "You know, a certain number of Soviet freighters come through the canal, mostly carrying cargo out of Cuba to the Soviet Far East. We always put Marines aboard, as well as Canal Company sailors to handle the ship through the locks, and of course there is a Canal Company pilot". In the Panama Canal, unlike other bodies of water, the pilot has absolute control. He gives the orders to the captain. So, my friend said, "At some point when a Soviet ship comes through we might need an interpreter, would you like to go through the canal on a Soviet freighter?" And I said, "Oh, boy, yeah." And I did one time, and it was a lot of fun going from the Caribbean to the Pacific on the bridge of a Soviet freighter.

*Q: Today is the 30<sup>th</sup> of October, 2003. Peter, you wanted to add something about Panama.*

BRIDGES: I was going to say I published a number of articles of my experiences in one place or another and I published one about Panama which was called On the Isthmus, a Young American in the Panama Embassy 1959-1961. That came out in the U.S.-U.K. journal Diplomacy and Statecraft, in July 1998, and since then it has been republished in the electronic journal called American Diplomacy, along with a couple of other articles I had written.

**CLARENCE A. BOONSTRA**  
**Political Advisor to Armed Forces**  
**Panama (1959-1962)**

*Mr. Boonstra was born in 1914 and raised in Michigan. He earned degrees from Michigan State College and Louisiana State University and later pursued studies at the Universities of Michigan, Wisconsin and Chicago. An agriculture specialist, Mr. Boonstra served in Havana, Manila Lima, Buenos Aires and Rio de Janeiro, variously as Agriculture Officer and Agricultural Attaché. He served as Deputy Chief of Mission in Rio de Janeiro and Mexico City, and from 1967 to 1969 Mr. Boonstra was the United States Ambassador to Costa Rica. Mr. Boonstra was first interviewed in 1989 by Donald Barnes and again in 2006 by Allan Mustard, W. Garth Thorburn and James E. Ross.*

BOONSTRA: So, anyway, that's a painful memory. I stayed there for several years, but then my wife died in Washington and the State Department was very good to me. I wanted to get out of the State Department. I didn't know what to do, but I had lost my house, I had no money, I had a couple of children. They arranged very nicely for me to go as political adviser to the armed forces in Panama. At that time, we called it Caribbean Command, now the Southern Command. We changed the name while I was there.

I got along very well with them, and it gave me a chance to travel all over and to try to reform the School of the Americas, which I lectured at that school every week when I was in Panama. But I spent a couple of very profitable years there, and I met Margaret there, who was in the embassy, my wife, whom you've met. We didn't marry then. We married later.

**JOSEPH S. FARLAND**  
**Ambassador**  
**Panama (1960-1963)**

*Ambassador Joseph S. Farland was born in West Virginia on August 11, 1914. He attended the University of West Virginia, where he received his JD in 1938. He served in the US Army as a Liaison Officer from 1944 to 1947. His career has included positions in the Dominican Republic, Panama, Pakistan, and Iran. Ambassador Farland was interviewed by Charles Stuart Kennedy on January 31, 2000.*

*Q: We'll pick up Panama now. You came back from the Dominican Republic. It's still the tag end of the Eisenhower administration. What was waiting for you when you got back to Washington?*

FARLAND: I had definite indications that I was going to Panama. When I got back, I started being briefed on Panama. We sat around and waited. There were problems in Panama that I couldn't believe. I began to understand them better as I heard about them. In came a telegram from Harrington, who was then ambassador in Panama. It said, "Please don't ask me to leave until the head man here in the Canal Zone leaves," at which point Dulles blew up. He said, "Tell him to get out of there." So, Harrington then left. Did you know him?

*Q: No.*

FARLAND: He was very much a part of the State Department. He said that the ambassador there in Panama was a good man, but his wife was a definite detriment. But you can't put that in an efficiency report.

*Q: No, but this often can be a problem.*

FARLAND: I wish someone would tell me why you can't put that in an efficiency report.

*Q: It used to be and they took it out. But even when you allowed it in, it didn't get in.*

FARLAND: They've gotten an efficiency report... At least when I left, you had to show it to the man, get his approval before you sent the thing in. This is not the way to run a...

*Q: Anyway, you were ambassador to Panama from 1960 to when?*

FARLAND: To 1963, I think.

*Q: You were ambassador from 1960-1963. What were you told about the situation in Panama in 1960 before you went out?*

FARLAND: I was told that it was a mess and to clean it up. I was told that the ambassador was not speaking to the governor of the Canal Zone, the governor of the Canal Zone wasn't speaking to any of them, and no one was talking to anybody else. The Panamanians were playing against each other.

*Q: The governor of the Canal Zone was an American.*

FARLAND: That's right.

*Q: The general of the Southern Command was an American.*

FARLAND: Very much so.

*Q: And then you had the Panamanians. So, these were all three powers unto themselves.*

FARLAND: Three American powers there that were not talking to each other.

*Q: This was before you went out. Were you told why they weren't? Was it personality?*

FARLAND: Personalities. I brought this up with Eisenhower. I requested that when I went out and if the governor of the Canal Zone and I could not agree on the policy, then it should be referred to him for decision. He agreed to that. That was in the basis of my departure.

*Q: What about the general in charge of Southern Command?*

FARLAND: Generally speaking, of no particular effect on policy, although at the end, proved himself to be quite a pain, if you know what I mean.

*Q: Usually what happens when the American military (really any military) has its own zone, it tends to be rather oblivious to civilian desires, whether they're American or Panamanian.*

FARLAND: Well, generally speaking, we had one commander down there who was oblivious to most everything because he was on the bottle all the time. But while I was there, I'm glad to say that the governor of the Canal Zone and I had no difference of opinion. If we had, they were minor and they were solved between us. And that worked.

*Q: Since this is for the historical record, could you explain what the situation was when you went out there, how the situation in Panama was at the time in 1960?*

FARLAND: It was ready to explode again.



*Q: I'm talking about the actual governmental situation. Could you explain a bit about the role of the Republic of Panama and the role of the Zone? For the reader of this, they won't be as familiar with this as you and I are.*

FARLAND: I don't know how to even begin to explain that. It was a situation in which there had been a hiatus between all of them and [it was possible] for the locals, the Panamanians, to exploit and bid. I tried to heal that situation.

*Q: For somebody who is not familiar with the role of the United States at that time, there was this American sovereignty right in the middle of Panama called the Canal Zone.*

FARLAND: This is true.

*Q: I'm talking about somebody reading this later on.*

FARLAND: They're going to have to do a lot of studying to get a full understanding of it.

*Q: What was your understanding of the role of the ambassador and the role of the governor of the Canal Zone?*

FARLAND: The governor of the Canal Zone was supposed to be the governor of the Canal Zone. The ambassador of the United States was supposed to be the ambassador to the Republic of Panama. The people in the Canal Zone felt that the American ambassador was also their ambassador, which, in fact, he was in one sense of the word, but in reality he wasn't. The governor was interposed between us. It was a unique operation which no longer exists because of the change in status. But it didn't have to be that way. It didn't have to be as demarked as it was.

*Q: What was the government of Panama like at that time?*

FARLAND: The government of Panama was as it always was. Ernesto De La Guardia was then president. He was a delightful man who I enjoyed the company of. I liked him very, very much. The government was run by Anofson Blaya. It was a republic. It was not bicameral. It was one in itself, sometimes less than appropriate people, but mostly it was pretty well done. I don't know exactly how to get to your question.

*Q: What I'm trying to do is to paint a picture for somebody who is going to read this a century from now. We are trying to recreate what the situation was at the time there.*

FARLAND: They had an ongoing government that was operational.

*Q: Did we consider the government of Panama to be a friendly government?*

FARLAND: Yes. I did.

*Q: We'll talk about the Zone a little later, but let's talk about Panama to begin with. As you went there, what did you see as the major problem with our relations with the government of Panama?*

FARLAND: The problem always was the Canal Zone. That was the problem. We had no other basic problems.

*Q: With the Canal Zone, what was seen as the clash? Was it just that it shouldn't be there, that the Panamanians should take it over?*

FARLAND: No, no, no, no, no. I've said this a thousand times. I never once heard one responsible Panamanian request the turnover of the Canal to Panama while I was there. Never. Surprising as that may sound in view of the fact that it has been turned over.

*Q: What did they want?*

FARLAND: They wanted a partnership. President Shoddy, who was subsequent to the president we just discussed, kept saying, "I worked on the Panama Canal" and I had to go to the silver window and the Americans went to the gold window." We practiced a form of separation there-

*Q: Segregation.*

FARLAND: Precisely. That was in 1955. They attempted to get rid of it. It was not gotten rid of until I got down there and Bob Fleming, who became governor of the Canal Zone, and we pointed out some of the vestiges that were still hanging on and we eliminated them then, and not until then.

*Q: What had prevented getting rid of this blatant segregation? Wasn't it also a matter of toilets and drinking fountains?*

FARLAND: Everything.

*Q: It was really very much a deep South mentality, wasn't it?*

FARLAND: I'm a southern boy and I love the South. I love my fellow man. I love my fellow man regardless of his color. I was not going to stand for any of the continuation of these vestiges. I've talked to Bob about it. I said, "Look, these are still existing in these forms." He said, "We'll get rid of them immediately." He was completely cooperative. I couldn't have had a better partner in this.

*Q: How had this discrimination existed up to then?*

FARLAND: It just passed by. People were both ignoring it and practicing it in the State Department and the embassy.

*Q: There had been no pressure from anybody to...*

FARLAND: There was none coming out of the embassy. I can get very hot about this. This is one thing that I object to strenuously.

*Q: We're beginning to go through the segregation fight from 1955 on in the South, but there wasn't any reflection of that?*

FARLAND: It was once removed and the practices were still in operation. Many of them had been canceled. I don't mean to say that they weren't. In 1955, many were, but there were still vestiges of it there. When I pointed this out to Bob, he agreed wholeheartedly.

*Q: What was Bob Fleming's background? Was he a Zonian himself?*

FARLAND: No, he was a United States engineer and a one star general. He was from the Corps of Engineers.

*Q: When you arrived there, what was your initial impression? Here were these people who weren't talking to each other.*

FARLAND: Well, the absurdity of it was a major impression upon me. I decided I was going to do something about that immediately. In the first place, the three principals didn't do any talking to each other and left by that time. I arrived with a clean slate. We had the best possible relations. Bob Fleming, a military man, a feisty little guy in many respects, couldn't have been a better companion to my efforts.

*Q: How did you find the embassy at the time, your DCM, etc.?*

FARLAND: The DCM was an awfully nice man who wasn't the least bit happy about seeing a non-career officer come in. When he left, he made a speech saying that he was very much opposed to me arriving and that that attitude had completely changed and he appreciated the work that I had done.

*Q: Did you feel that you were going into a difficult situation?*

FARLAND: I didn't realize I was going into that much of a situation. I knew it was going to be difficult. Carl Davis- (end of tape)

Carl Davis was a very close friend in the Dominican Republic. He went to Panama. He was writing me, telling me what was going on in Panama.

*Q: What was his position?*

FARLAND: He was head of the USIS. There was much [discussion] about a former coal miner coming to Panama.

*Q: They must have had political appointees before that.*

FARLAND: Oh, they did.

*Q: And you were not coming straight out of East Oshkosh. You were coming from a difficult embassy. You were coming with professional credentials.*

FARLAND: That didn't make any difference. The head of the CIA over there and the ambassador spent long weekends up in Al Baliay, which was a watering spot up in the mountains, playing bridge. They were exchanging information between themselves and they didn't know any information. As a result, the embassy was going flat and the embassy was sitting there on their cans writing reports based upon the local newspapers. My first meeting... I had my spies there, let's put it that way. I knew what was going on. At the first staff meeting I had, a secretary came in and said, "The staff is ready." I said, "Let them wait 10 minutes" and I sat there. I said, "Tell them to come in" and I sat there. I didn't get up. They walked in. You've got to remember my background. I said, "My name is Joseph Simpson Farland and I don't have a damn thing to prove to any of you, but each one of you have a great deal to prove to me. I don't give a damn if you never write another report. If you're sitting here on your pots writing reports based upon what you read in the newspapers, it means nothing as far as I'm concerned or the Department is concerned. I want you to get out and meet the people and start showing them by the way you act and conduct yourself and the way you talk what makes the United States great. We have the greatest government in the world. Prove it to these people. Show them. That is what I expect. That is what you will do if you're going to stay at this embassy. I have more clout than you have. If there are no questions, this meeting is adjourned." That is virtually verbatim.

*Q: What was the reaction or your impression of it?*

FARLAND: There was a quiet that set over the entire embassy. One fellow I saw in the hall and I said, "Do you have a car?" He said, "Yes." I said, "I'd like to go down and see Fourth of July Avenue." He said, "Your chauffeur isn't here." I said, "You said you had a car." He said, "I have." I said, "Well, does it have four wheels." He said, "Yes." I said, "Can you drive?" He said, "Yes." I said, "Could you drive me down?" He said, "In my car?" I said, "Sure, why not?" He said, "Certainly." So, we drove down to Fourth of July Avenue. They didn't understand that I wasn't just striped pants out of nowhere. I meant what I said. I had one officer that couldn't take it. He went by the board. The rest of them came to. I had some good officers there. They just needed direction.

*Q: There had been nobody pushing them to get out and mix and meet?*

FARLAND: No. When the boss goes up in El Baliay for a weekend all weekend, what is their point in getting out working? You've got to set an example by working yourself. They didn't.

*Q: Can you talk a bit about arriving on the scene and getting to know people, getting involved?*

FARLAND: The first morning I got there, I went down to the embassy and walked in the front door. There was no American flag flying. That was a very important point. There was no American flag flying in front of the American embassy. This Marine was standing there and I said, "I have trouble finding this embassy. Usually, there is an American flag flying. This is the American embassy?" He said, "Yes, Sir." I said, "Why isn't there an American flag flying?" He said, "That is the ambassador's orders, Sir." I said, "Listen, Gyrene, I've got news for you. I'm the

American ambassador and when I present my credentials, I want that flag on that flagpole. Does that suit you?" He said, "Yes, Sir" and that is the way we had one upstairs. From then on, it was all history.

*Q: Why hadn't the flag been flown?*

FARLAND: The ambassador was afraid they'd tear it down. When I told Eisenhower that, he said, "What are you going to do about it?" I said, "I'm going to put the flag up." He said, "You'd better God damn well do that." I said, "I intend to. We've got a lot of flags to keep flying."

*Q: Eisenhower had actually served in the Panama Canal Zone.*

FARLAND: He did.

*Q: He had been there. This was a very formative period for him.*

FARLAND: Yes.

*Q: Was there the feeling that not only was undirected but also was hunkered down, too?*

FARLAND: It had hunkered down. We had a Foreign Service officer that was afraid, afraid of his title, afraid of the future, afraid of what was going to happen to him.

*Q: You mentioned the Fourth of July. What was this?*

FARLAND: This was sort of the dividing line between Panama City and the Canal Zone. It was a business section. It's still called Avenue de July Fourth. I had friends on it.

While I was there, Stuart, we never had a riot. When I got there, we were faced with one. I told the staff, "We have to work to prevent the riot. There is one coming up. We're all dedicated to preventing that."

*Q: Why was there going to be a riot?*

FARLAND: I don't remember exactly the reason, but it was very much in vogue at that time.

*Q: There were a series of riots coming up.*

FARLAND: Yes.

*Q: How did you go about preventing the riot?*

FARLAND: Well, in the first place, I called in a group of Americans that I had been told were key Americans in the community. I said, "What do we do to prevent this?" They gave me their opinion.

*Q: Which was basically what?*

FARLAND: Start being friendly. Start being partners. Start being neighbors. How do you become friends? You become a friend by being one.

*Q: How did you find the Panamanians? Had they been sort of ignored? I'm talking about both in the government and the people, opinion makers and all that?*

FARLAND: They felt like they were left out of it. Panamanians basically wanted to be considered part of the partnership. President Shoddy told me this one time. They wanted to feel like they contributed something to this. They didn't want to feel like the cousin that had an abortion or something. There was plenty of good feeling among the Panamanians. It was there, but it had to be corralled and it had to be supported.

Then I brought in all the Panamanians I could think of and we had a session. Then I got Americans and Panamanians together and we had a session. We talked. How else do you get to know people? You talk.

*Q: Looking at the other side, what was your impression of your initial meetings with the people from the Panama Canal Zone, the Americans? These have all been portrayed as being very insular.*

FARLAND: There was a small group in the Zone who were insular. It was headed up by none other than Judge Crowell. I use his name very carefully. The judge was a very important man in the Canal Zone. He had a judgeship and he ran it over the smallest territory. He did quite a job. He didn't like me and I didn't like him.

*Q: Did you see the American Canal Zonians as one of the groups you had to deal with?*

FARLAND: A small group, yes. The basic Zonian, no. Some of my best friends were Zonians who had been there for a couple of generations. They didn't have that feeling. They felt they were part of Panama. They did not. I can't stress that point too strongly. There were a few (and they had a constituency in the United States government in the Congress) and they were loud and made all kinds of noises, but it was a small group.

*Q: How did this affect you all and what you were trying to do?*

FARLAND: It didn't help in the least. He represented most of [what] was accredited to the Zonians.

*Q: Was it that he was prejudiced?*

FARLAND: Yes, he was highly prejudiced.

*Q: What was his background?*

FARLAND: I don't know his background.

*Q: When you arrived, were there ongoing problems of jurisdictional complaints between Panamanians and Zonians?*

FARLAND: Those were problems which could have been solved easily, but they weren't. But they weren't ongoing. This didn't represent a major problem. Looking at it from a Panamanian standpoint to be judged in an American court because you're on that territory particularly was aggravating, but that was not a fundamental problem. It became a problem. Now that's all passed. You're talking about "has been." But no, that was not something that raised any havoc.

*Q: I am told that one of the great irritants was the fact that a Panamanian, in order to go from the north to the south of his own country had to be stopped by military police and all that going through the Zone.*

FARLAND: They wanted a right of passage, which would have been a simple thing to do. We had some stubborn people in the United States that couldn't see the obvious. We agreed to build a bridge. That is a long, sad story. We didn't build it. We didn't build it. We didn't build it.

*Q: Was the bridge designed to sort of go over-*

FARLAND: Yes, it went over the Canal. There was a nice, wonderful old gentleman by the name of Thatcher. They named the ferry that ran across there "Thatcher Ferry" and then they wanted to name the bridge "Thatcher Ferry Bridge." The President of the United States, one of the speechwriters, and I were in conference. The President said, "Go see Mr. Thatcher and see if he will agree to taking his name off that bridge." Well, we went. I felt sorry for the old man, honestly. He was sitting there in an old office that had the dust of centuries in it. His breakfast for several years had been on it. He said, "I would like to acquiesce to the President's suggestion, but I have friends that won't understand. I will be letting them down if I take my name away from that." I felt sorry for him.

*Q: Why did they want to take the name away?*

FARLAND: So it could be named "The Bridge of the Americas" and have no connection with the Panama Canal. But Thatcher's Ferry was a name that was synonymous with the Canal. And there was almost a riot the day the bridge was [transferred]. They, the Panamanians, changed the name of it that day.

*Q: Was it built during your time?*

FARLAND: Yes.

*Q: It did get built, but did that mean that the Panamanian-*

FARLAND: Not during the time I was there, but it was promised in 1955.

*Q: Could a Panamanian then go across that bridge without touching-*

FARLAND: No problem. All you had to do was drive across it.

*Q: It later became a big problem. Were you concerned about the younger generation, particularly high school kids, in the Zone?*

FARLAND: Those younger kids were egged on by their parents. They wouldn't do that by themselves. Before that happened, Shoddy went to Washington to see the conference with Kennedy, a Washington trip. Kennedy (and I was in the meeting and heard it precisely) told him that he understood it was a marriage consummated with a shotgun, but be that as it may, we were considering the possibility of... He said, "First, right now, with politics being what it is, we can't very well do too much to change things. Secondly, we're considering the possibility of a sea level canal to be dug by nuclear energy. That would take about seven years to ascertain the "yays" and "nays" of that situation. So, we don't want to do anything during that period." Shoddy bought it.

Then we start home and Shoddy had only asked for so many hours to be away. We were flying back in a Panamanian plane from Miami. We got over Cuba and we lost an engine. Dickie Audies, a former president, came back to me and said, "Joe, we've lost an engine." I said, "Don't give me that stuff, Dickie! I'm tired. I'm worn out. I want to sleep a bit." He said, "No, I mean it. We're going back to Miami." I said, "Are we?" "Yes, we are." And back to Miami we came. Well, Shoddy came to me and said, "Look, if I don't get back to Panama, I will no longer be president. If I am not there by midnight, I am not going to be president of Panama. I know what those politicians are doing. They are down there figuring out who is going to be president. You've got to get a supersonic jet." I arrived back in Miami and got a hold of a phone. I think it was PanAm. I don't know who paid for it. But I called the White House, SAC, everyone. They wondered who the crazy guy was yelling about saving the president of Panama. And I'm yelling for a supersonic plane. Finally, somebody said, "Well, the plane will be at Helmeted Air Base." I said, "How in the hell do I get there?" He said, "We'll have a helicopter come and pick you up." I said to Nino (Charlie's nickname), "Nino, who do you want to go with us?" He said, "Well, I guess my foreign minister." "You mean Nyato Galileo Solis?" "Yes." So, the three of us get in this helicopter and go through all that traffic and out to Helmeted. We get off the plane and there are a couple of pilots in work clothes that had just been torn out of a cocktail party with a 707. Nino Shoddy said, "That's not a supersonic plane." I said, "No, that's not a supersonic plane." He said, "Take me back to Miami." I said, "Okay. Call that chopper back." It came back in. We got in and flew back over to the airport in Miami and dropped down into the traffic circle. At that point, Charlie is going literally out of his mind. He is no longer going to be president. I saw purely as a coincidence, one of these things that happen, a Panamanian flag on the tail of an airplane with the motors running. I said, "Nino, get your butt up on that plane. That is a Panamanian plane. As soon as it's three miles out, you're in Panamanian territory." He ran up to the plane, up the steps, and Galileo followed him. I went to bed. That actually happened! Nino Shoddy knows that I saved his presidency that night. That plane took off. I'm not sure it took off by twelve o'clock, but that's when it was recorded at.



*Q: You went out there in the summer of 1960 under the presidency of Dwight Eisenhower. By January 20, 1961, John F. Kennedy was president and here you were appointed by one president. Did you feel your position was precarious?*

FARLAND: I was probably ready to go home, if that's what you mean.

*Q: Normally, when a new president-*

FARLAND: They ask for your resignation. I was perfectly willing to resign... For reasons that I have been told, that a petition that was signed, the first name on it was Nino Shoddy was sent to the presidency asking that I be kept. I don't know. I don't think anybody did me a great favor by keeping me there. I got into nothing but trouble from there on.

*Q: Let's talk about the trouble. First, what sort of support were you getting when the Kennedy administration came in? Each time a new administration comes in, there is always a learning curve. The Kennedy one, as I recall, particularly in Latin American Affairs, was sort of an amateur takeover at the beginning.*

FARLAND: It was amateur. I sat back and enjoyed it. There was not anything I could do about it. I was there. Dean Rusk comes down and I take him to meet the President. On the way down, he told me in no uncertain terms that I was not his choice as ambassador and I'd better mind my Ps and Qs. I didn't appreciate those comments a bit.

*Q: It seems sort of grumpy on his part.*

FARLAND: It seemed grossly inappropriate.

*Q: Did you have any reason why he felt that way?*

FARLAND: I have no idea why he felt that way. I was a Republican, of which they were well aware. I was the only Republican they kept. I got along fine with Kennedy as far as person to person was concerned. I'm not quite sure at the end of it, but...

*Q: Who was originally the head of ARA at that time, the deputy secretary?*

FARLAND: Ed Martin was appointed by Kennedy. Ed Martin did not like me. He and Rusk must have had conversations about it before because he didn't like me a bit. It became mutual after a while.

*Q: Did you have words with Martin?*

FARLAND: I was told by Martin one day, "You will not go up on the Hill and talk to congressmen. You will not do that and I'm telling you right now." I said, "You're telling me that I cannot exercise freedom of speech? I intend to go up to the Congress and talk to congressmen. What do you intend to do about it?" He said, "I'm telling you not to?"

*Q: Why would you be going up there?*

FARLAND: I wanted to tell them what was going on. I wanted support for some projects that I had. Naturally, I wanted support. With AID, I was having all kinds of problems. AID had wanted to build superhighways from here to there with no traffic on them. I wanted to build little roads. I wanted to build little schoolhouses with people using a machine to make bricks, which could be built for about \$5.00. I came from West Virginia. I saw this done. In West Virginia, we had dirt roads. You don't have to have superhighways to open up commerce. I opened up Tro Bray, which opened up a whole new area of Panama. I don't know how many people came down to tell me I couldn't do it.

*Q: Where was the impetus coming from for the superhighways?*

FARLAND: Out of AID/Washington.

*Q: Was it that they were enamored with it?*

FARLAND: That's the way it should be, government to government on a big scale.

*Q: How about your AID director?*

FARLAND: He was a nice man. He had bulldozers, shovels, scrapers, jackhammers, and Ingersoll compressors all over the field. They were digging holes and filling them up. I said, "The hell with these apples. Let's get them in the line and build a road." That's what we did at between four and five thousand dollars a mile. We opened up a whole new section of country. We were told we couldn't do it and we did it.

*Q: I would imagine that the AID director would begin to feel conflicted.*

FARLAND: He was going back and forth to Washington. I don't know how much it cost every trip he made, but he told them that I was going ahead and doing this, that, and the other. They told me that we couldn't build houses because the people wouldn't work. Once they got their house built, they would... I said, "You don't understand how it's done. We will build five houses with these men working on them. We will supply the equipment. At the end of that time, we will have a drawing for who gets the house. All the houses are going to be built the same." It's simple. It was done by the pilgrims when they first came over here the same way. We were in virgin territory. There was no reason why we had to start big. We opened up a whole area which was a hotbed of communism down at Sonawa. I think it was about four or five thousand dollars a mile. They're now exporting rice from that area. Before, Panama was importing rice. This to me was so self-evident that I was willing to fight for it.

*Q: Did you feel that the administration was set to only do large projects?*

FARLAND: This was their policy. It was government to government. They didn't believe in government to people. And I did.

*Q: Under the Kennedy administration, there was the Alliance for Progress.*

FARLAND: Alianza Para El Progreso. It was a good thing, but there wasn't enough money in that to do what they were planning to do. There wasn't enough money. There wasn't enough money in the United States to rebuild Latin America.

*Q: Did it have any impact on Panama?*

FARLAND: Oh, I made some speeches to that effect and when I did, I said, "I'm going to put up some signs indicating what we're doing here." "You can't do that. They'll tear them down." I said, "You're nuts. They won't tear these signs down." As far as I know, they're still there. They weren't torn down while I was doing it. I had Alianza Para El Progreso, Panama and the United States joined in partnership shaking hands, building a road together. They're going to tear that sign down? No way. They didn't.

*Q: All during this time, particularly the Kennedy administration, you had almost a habitual Cuban crisis. What about the Bay of Pigs? Did that Cuba have any effect on Panama?*

FARLAND: I got rid of it early on. I got the Cuban ambassador kicked out of Panama by the government. Panama was a route that the communists were coming up into Latin America, especially into Mexico and across Cuba. Did that have an effect on Panama? Not particularly at that point. Things were pretty well under control by that time. I was settled in.

I want to tell you about the flag. President Eisenhower said, "What about the flag issue?" That is when I said there were two issues. He was talking about a flag in front of the embassy. He said, "I want you to go down there and give me your best opinion on whether or not we should raise the flag in the Canal Zone." I did and I talked to Panamanians, Americans, and those who the locals knew. Finally, I decided to raise a flag. I so indicated to the President. He decided that he would raise a flag to indicate "titular recognition of titular sovereignty in Shaylor's triangle." The Panamanians thought Shaylor's triangle was part of Panama anyway, so the impact was a little less than had been planned. I got a telegram to that effect. Either in that telegram or one that came immediately thereafter, I was informed that the president of Panama cannot touch the halyard when that flag of Panama is being raised. I couldn't believe it! We're doing a magnanimous act. We raise their flag. We're meeting their expectations. He can't touch the halyard? This didn't make any sense! I sent a telegram back to the Department saying, "I've been informed that there is going to be a riot if the President does touch that halyard." I got a telegram back saying, "He cannot touch the halyard because 'this might establish a precedent.'" I'll be damned if I understand where in the hell the precedent would be in such an event. But that is what I got from the State Department. I would like to know who formulated that telegram.

*Q: In other words, the president of the Republic of Panama was not allowed to touch it.*

FARLAND: He was not allowed to touch it. This was Ernesto De La Guardia. I had to go tell him that he couldn't touch the halyard. I'll tell you what I did. I had a copy of the prayer of Saint Francis of Assisi. I read it. I reread it and reread it. I carried it with me out to where his home was. The first line of that is, "Oh, Lord, make me an instrument of Thy peace." I sat down with

Ernesto De La Guardia and said, "This is the situation" and he cried. He said, "Not you, Joe, but those people in the State Department don't understand that we Panamanians think with our hearts and not with our heads. Foreigners mean so much to us. I'm crushed. I graduated from Dartmouth. I've lived in the United States more years than I've lived in Panama. I don't understand. I don't understand." I cried with him.

*Q: Did you get any feedback from the Department about why all this peculiar-*

FARLAND: Not a peep. This was tough.

*Q: Did the fact that the president didn't touch the halyard become common knowledge?*

FARLAND: He wasn't there. He didn't come to the flag raising. I had to do something. The only thing I could do to save the situation, which I knew was going to be a disaster, was say, "Ernesto, I know you won't come. I know you can't come under the circumstances. Will you invite me down to the presidencia for a drink after this is over?" He said, "Of course, Joe. Heavens, mi casa es su casa (my home is your home). Of course you can come down and have a drink." When the flag went up, I got in my car immediately and drove down to the presidencia and had a drink with him. I'm not only proud of that, but that is what I did. It saved a riot and it also buzzed up a situation to which-

*Q: Was the fact that you went down there-*

FARLAND: The question was raised "Why did the President invite him down?" So, there was enough buzz to give rise to a question.

*Q: This was high Castro time. Were the Cubans trying to take advantage of all this?*

FARLAND: They were shipping books into the campesinos, into their schools. Yes, they were definitely trying. There were some Panamanians, Margot Fonteyn being one, who tried to start a little revolution.

*Q: She was a very famous British ballerina who was married to a Panamanian.*

FARLAND: They thought they would have themselves a little revolution. It didn't work. They landed at the wrong place. I think that's a sad commentary on our policy.

*Q: How about members of Congress? Were you dealing with members of Congress coming down there?*

FARLAND: I saw quite a number of them that did. It was a nice place to come to when the snow was flying in Washington. I gave good cocktail parties for them. I would get these telegrams saying, "Senator So and So is arriving with two AAs (administrative assistants) or three AAs and would like to meet 100 representative Panamanians, business people, and 100 representative American businessmen, and is traveling with black tie. Does not expect any untoward

representation." I love those words: "any untoward representation." That meant two or more big cocktail parties at my expense. I did it.

*Q: Speaking of finances, how did finances work out for you there?*

FARLAND: It cost me a lot of money, but that wasn't the point. I was glad to do it.

*Q: I just wanted to say that a Foreign Service ambassador couldn't have done it.*

FARLAND: Not what I did, no. I had a big party for all the members of the local press and they drank copiously. But I got to know them and they got to know me. That was part of the job.

*Q: How did you find the local press?*

FARLAND: They were ready to chew me up. Then they were ready to embrace me. My wife had a wonderful idea. Because people in Panama City stayed right there or went up to El Baliay or went to Colon (That was the only route across the Isthmus.), the people in the interior never got to see the embassy. So, she suggested that we take the embassy to the people. (end of tape)

We went to Santiago and we went to other major capitals. We had an embassy party. People were delighted. I got to meet an awful lot of people and they got to meet me. That was part of it.

*Q: How did you find the political situation in Panama working? Was it a matter of some political leaders who would have cohorts following them around or was it corruption? What was the situation as you found it?*

FARLAND: Corruption isn't only limited to Panama. There was plenty of corruption in Panama. Candelio was still a part of Latin American heritage. It's one reason why Moralias was elected president three times and kicked out three times. No, they followed the leader and did the same things we do in the States. They had more of an English system. They would go to an area and say you wanted to represent that area and not live there. We require residency. They didn't in Panama.

*Q: How about the Panamanian national guard at that time? What role did it have?*

FARLAND: It was the national guard. They had no army. We took over the... Here is where the cheese is going to become binding today. I was at a cocktail party one time up in Colombia. A very intelligent, erudite woman said to me, "You give the Canal to the Panamanians and we'll come and get it because it is ours. That country belongs to Colombia. You helped take it away at one time. Now we'll take it back." Incidentally, as of today, the year 2000, Panamanians are having trouble in the Daliene because of the influx of Colombians into the Daliene area. I wouldn't be a bit surprised if someday they'll be screaming for the United States government to send troops in to save the Canal from the Colombians.

*Q: Was the national guard a political force at that time?*

FARLAND: Not particularly.

*Q: Were any of the figures who later became important, Noriega and Omar, coming to your attention?*

FARLAND: Not then. They were small fry when I was there.

*Q: Knowing what was going on in the country, how well did you feel the CIA station chief and his organization served you?*

FARLAND: I kicked the head of the CIA out.

*Q: Why?*

FARLAND: Because he was spending too much time in El Baliay playing bridge. He was spending the rest of his time in the Canal Zone where he had his offices. Seldomly did he attend even staff meetings. I thought "This is no good. This is not going to work" and I suggested his removal and [it he was removed].

*Q: When his replacement came, did it work better?*

FARLAND: We built additional facilities on the embassy and said "This is where you're going to have to do your business."

*Q: Let's talk about as things developed. Were most of your officers located in Panama itself? Were they attached to the Zone or not?*

FARLAND: Well, except for the CIA, they were all in Panama.

*Q: Their residences were in Panama, too.*

FARLAND: None of them lived in the Zone.

*Q: Did you find that there was too much attraction to the Zone, the commissary, etc.?*

FARLAND: No, they used the commissary, but... The line of demarcation there didn't exist really except in the way that one was cleaner than the other, the grass was greener than the other. They had the right to use it.

*Q: Who were the Panamanian leaders? Was it a small group of people located that divided up jobs among themselves?*

FARLAND: In any country, as you well know, you can go in and in a week you know who is running what and whose voice you're going to hear. Panama is a small country. There were some fine, educated, knowledgeable people there. Some of them were then... The Moda family was very influential. These were wonderful men. There were five of them. They were outstanding. There were two families Odias. I shant make the differentiation between them. There were two sisters. One of them was an Odias and one of them was a Herbomat. They were the social lions

of this town. But it didn't take long to know with whom you were dealing. One night at a cocktail party, you could meet almost everybody.

*Q: I'm told that the elite (not the social elite, but the political elite), that the majority are graduates of American universities.*

FARLAND: Many of them Notre Dame.

*Q: Was the currency the dollar?*

FARLAND: The currency was the American dollar. They called it the "balboa" for their edification.

*Q: At that time, was it a case of the Panamanians trying to differentiate themselves or to have equality with Americans?*

FARLAND: They thought they should have a national currency, but they wanted to use the American dollar. They certainly profited by the fact that they used the American dollar.

*Q: Were you keeping an eye on how the Canal was going or was it going so well that it was not a factor?*

FARLAND: You mean at that time?

*Q: Yes.*

FARLAND: It was running along smoothly. I've gone through the locks. I've been down in the locks. I've always been interested in mechanics. I wanted to see how it worked. I wanted to see how everything came together. I was down in there, up in the towers, and so forth. I saw the whole works. It was an unbelievable construction job. It was the greatest undertaking at the time. We spent more money, according to one history book I read, in buying that area which is about 1/4 or 1/2 of the size of Long Island than we did for the Louisiana Purchase, Alaska, and the Gadsden Purchase.

*Q: It came up at one point that people were talking in the Carter administration, the Canal Zone is ours. We stole it fair and square.*

FARLAND: That's like Teddy Roosevelt. He was always making comments just to make the dirt fly while they talked.

*Q: At the time, it's sort of appalling to think that we were considering putting off nuclear explosions, considering the radiation and the damage, to dig a canal, but this was a very serious-*

FARLAND: This is still under consideration.

*Q: Were nuclear explosions?*

FARLAND: It still is. It was in the agreements that they've signed here recently. There were three parts to that treaty. That was one of them. However, let me tell you a little story about this. While Shoddy was sitting there waiting to hear from Kennedy and while we Fleming and I were appointed ambassador and consultant to deal with Galileo Solis and another man whose name I don't remember, I go to a ball game one night with President Shoddy. I had heard that day over our wire that we had signed a non-nuclear defense agreement. That meant no Panama Canal by nuclear means. The fallout would be 50 miles or something. I don't know the exact wording anymore. I said to Nino that night, "You know, I had word today that you signed a nuclear agreement." He said, "I heard it on the radio." This didn't help our cause any at all.

*Q: Panama is not a very large area. To put a nuclear explosion in-*

FARLAND: There were virtually no people. There were some Indians down there, some people, yes, but they can be moved out. They could do a 50 mile stretch. A controlled blast could be done underground, no overeffect. But still, there is going to be something. It was a big deal.

*Q: How about the talk that had gone on prior to that? We're talking about the turn of the century. That is a Nicaraguan canal.*

FARLAND: There were those in Congress who were still fighting for the Nicaragua canal when Teddy Roosevelt took possession of Panama. They still believe it. As far as I know, they still think Nicaragua is it.

*Q: Did you get involved at all in the politics of the Canal?*

FARLAND: No.

*Q: It was something that hovered over everything, wasn't it?*

FARLAND: No. Actually, there it was. There was a small group in Washington in Congress who represented "the Zonians." Dr. Morgan in the House of Representatives was one of them.

*Q: Where was Morgan from?*

FARLAND: Pennsylvania.

*Q: What was his tie to-*

FARLAND: I don't know exactly, but he certainly had a very strong opinion about it.

*Q: This must have been a very difficult thing to deal with, wasn't it?*

FARLAND: Well, I didn't have any problems until I left. Then I was suddenly found to be most derelict in everything I did.



*Q: We'll come to that. Did you have an active program in getting the Zonians together with the Panamanians? Had this been a problem?*

FARLAND: That wasn't a problem. There was a great deal of association between them. There was a small group that were perfectly content to be totally separate, be antagonistic to Panamanians totally. There was a small group of Panamanians who were perfectly content to be antagonistic toward the Canal and were. This we had to deal with. We had some wonderful people in Panama who were understanding and were voices of moderation. We didn't have that many in the States at that time.

*Q: Did the Cuban Missile Crisis impact at all? We're talking about around October 1962.*

FARLAND: It didn't impact it. The warships came through there. Hubert Humphrey happened to be a guest at that time of the embassy. I took him over to the Canal and he wanted to know, "Is anybody there from Minnesota?" Nobody seemed to be. I said to my wife after dinner when we were up in the bedroom, "How did you get along?" She said, "I got along fine. Hubert said I was the best conversationalist he had talked to in a long, long time." I said, "What did you say?" She said, "I didn't say anything."

*Q: He was known for being extremely smart, but once he started talking...*

FARLAND: I thought I was going to die with him one day. He wanted to go over to the jungle training area on the east coast. He wanted a twin engine plane. Well, I had no planes. I didn't even have a boat. I finally got a single engine plane. He didn't like that. But we started to land over there and hit a crosswind and it turned up on the side. The pilot gave it the gun and we hung on the prop. I think Hubert thought we were going to crash. I wasn't too damn sure we weren't going to crash. We just hung there for a while and finally... He wanted to go home right then and there. He didn't want to see anything else. So, he went back to Panama.

*Q: During that time, did you have any dealings with the general training in the School of the Americas?*

FARLAND: I'm the guy that started the School of the Americas, but I had started it on a different basis than it ended up. Having been in the FBI and knowing that there was animosity between the police forces of each country, I wanted some place where you could get groups of these forces together and let them get drunk together, have a big time together, get into a canteen, and get to know each other. There would be unity and there would be the transfer of information between countries, which at that time there was not. So that was the basis for the organization of that. I went to J. Edgar Hoover and told him what I had in mind. He thought it was a good idea. He thought it was an excellent idea. He said, "But don't let the army get involved." Well, once I suggested it and started it, I had no control over it.

*Q: I know you have Panama City and then Colon.*

FARLAND: That was the only road across the Isthmus.

*Q: Did you feel that Panama was a viable country at the time?*

FARLAND: Yes, I thought it was a viable country. The lower end of it was the Dowdiene, which was nothing but jungle and was up against Colombia. The northern end is up against Costa Rica. There was David, which was a very energetic town. The Chiticanos up there wanted to separate themselves from Panama because they weren't getting proper treatment from Panama. But the Inter-American Highway, which I finally drove over all the way to Costa Rica, made it more united. David was a delightful little town with very prosperous, hardworking, and energetic people.

*Q: Did you see Panama as being a meeting place between North and South America, particularly commercial and that sort of thing?*

FARLAND: It was, but I didn't visualize that. I was too busy trying to make sure that we didn't have a riot. It obviously is. I'm going to get this little remark into the conversation. Through the help of the government, I kicked the Cuban embassy out of Panama.

*Q: How did you do that?*

FARLAND: By suggesting to the president that their presence was not conducive to the best relations and he agreed and out they went. The day I was leaving, I had about 50-60 people up in the embassy, dignitaries and government. A lady whose presence was not exactly [appreciated] in the embassy before I got there, but I saw no reason why she shouldn't be made a part in being invited was Thelma King, who was head of the Communist Party. She walks in. Well, I can't very well take her in to where the foreign minister is, so I take her into the library. Thelma says, "I just came back from Cuba." I said, "Really? Did you see Fidel?" She said, "Yes." I said, "How is he?" "Oh, he's fine." I said, "Did you tell him I was leaving?" She said, "Yes, I did." "What did he say?" He said, "It's a great, great, great day for Latin America." At one point, I got her to stop a riot.

*Q: You keep talking about riots and stopping riots. Was this a continuing problem of keeping order?*

FARLAND: Anytime there was a flashpoint which could suddenly arise, it would give rise to the possibility of a riot. The communists were pretty well organized there in Panama. They didn't like me a bit because I had taken away their voice, their publication, and gotten rid of their embassy. I was persona non grata as far as they were concerned. But they were still there. They were there at the time of the riots in 1964.

*Q: I can see riots taking place when an American military person or a Zonian has an automobile accident, particularly if they seriously injure a Panamanian. I would think that would be one of the standard things.*

FARLAND: Sure.

*Q: Was there a task force between you and the Panamanian government of how to deal with these?*

FARLAND: Yes. There was no formal setup, but we understood each other. It was in the best interests of both of us not to have a riot and to do everything we could to prevent it.

*Q: What could you do yourself? Most of these riots would be instigated by Panamanians.*

FARLAND: Thelma came in one day. As she was getting up, she said, "There is going to be a riot starting at the university." I said, "Thelma, come on back and sit down. I want to talk to you. You're a Panamanian. I most certainly am an American. We both have the interests of this country at heart. I'm here to help Panama. I'm not here to hinder it in any way. I want to help my country, but I'm certainly here to be of assistance to do what I can to bolster your country. A riot is not going to help the Panamanians. It's not going to help the United States. It's going to be a further detriment. It's going to injure a lot of people. It's going to hurt a lot of people. What is gained by it except publicity, tear gas, and problems? Why don't you join me in this and go back and talk to those students there at the university and tell them to call this one off for a change just to see how that would work?" She said, "I'll see what I can do?"

*Q: Who was Thelma King?*

FARLAND: She was a member of parliament, of the Asambleya. She was a very influential woman. She was quite a speaker.

*Q: Was she an American by origin?*

FARLAND: No, she was Panamanian. She was a woman that needed somebody to at least talk to her frankly and with some degree of understanding.

*Q: Was she able to talk them out of the riot?*

FARLAND: No riot.

*Q: There would be two things. One would be the flashpoint. I'm thinking particularly of an accident.*

FARLAND: I almost had a fight over one of the Marines chasing a little girl. The father came to me. I was able to put quietude to it. Otherwise, there would have been a riot over there, for sure.

*Q: Young American men-*

FARLAND: It was a rough situation.

*Q: And girls of another nationality. We have continual problems in Okinawa and elsewhere even to this day. Was our military working to keep this sort of thing from happening?*

FARLAND: I hope so. I don't know why they wouldn't be.

*Q: Sometimes what happens is, if there is a problem, the military tends to just get the person the hell out of there.*

FARLAND: Well, they ship them out, but that isn't a complete cover. It requires goodwill on the part of both sides to soften this thing down. It worked. That's all I can tell you. I know the way I played it worked.

*Q: Particularly in the Latin American context, but other places, too, any university is often a source of agitation. These are young men and some young women who want to sew their oats and they're almost supposed to do this. How did you deal with the university?*

FARLAND: Well, I knew a couple of the professors who were very instrumental in carrying the word from me to the students. I didn't make any appearances over at the university, although I lived close to it. I wasn't going to volunteer to go in. If I had been invited, I would have. I had enough other people to carry the torch.

*Q: During the Kennedy administration, both John Kennedy and his brother, Bobby Kennedy, there was tremendous emphasis on getting to youth, particularly picking out leaders and reaching out to young people. Every embassy had to have a youth officer. How did you deal with that?*

FARLAND: I tried to keep them away for a long time. I finally had a group come in. I was talking to one young lady in the group one night. I said, "Who do you consider to be one of the most important men in Latin America?" She said, "Fidel Castro?" I said, "Why do you say that?" She said, "Because he is a leader and I respect him." I said, "Where did you learn all this about Fidel?" She said, "That is what we were taught in our class before I came down here." I said, "Well, that's very interesting. I appreciate your position, but I don't agree with it. I think there are others that represent a better point of view, but I'm sure that your point of view has some merit, whatever it is." That was one indication that I had. Another indication was, I had one young man up at Tillo Bray, where I got a school started, built. It must have been a 12-14 room school, all handmade. He had sexual relations with every teacher in the place. I don't know how many children he squired. On the other hand, there was one girl in a village who was such a great asset to the other village that when her tour of duty was up, she went home and came back to that village of her own accord. She was a shining light in that area. So, there were some that did and some that weren't.

*Q: It simply came out at the time of Kennedy's assassination... You had left by that time.*

FARLAND: I was on an airplane when I heard it. I was coming down from New York.

*Q: Did you feel that the Kennedy mystique was striking a responsive cord with the Panamanian young people?*

FARLAND: I think they respected him and felt kindly of him. I didn't see too much...

*Q: Was there at all the problem that we certainly suffer in places like Greece, even in Canada, where it was "Oh, your country is so big and we're so small. You really have to understand us?"*

FARLAND: I didn't hear that.

*Q: This wasn't a Panamanian attitude.*

FARLAND: No. I didn't have any sense of that at all.

*Q: I don't know whether you can give an explicated version of your dealings with the brother of President Kennedy, Teddy Kennedy. It was not a happy occasion.*

FARLAND: It wasn't a happy occasion for me and he had no official position whatsoever, but I was told to roll out the red rug. He came to Panama and did not make much of an impression. The headlines of one paper said, "He came, he saw, and he left." The embassy did everything we could to make his stay worthwhile.

*Q: But this was a trip Teddy Kennedy made throughout Latin America. He was quite a young man, had not been elected to the Senate. So, he was obviously under 30 at the time, I think. From the descriptions, it was more a playboy's romp than a fact finding trip.*

FARLAND: Well, he paid no attention to the briefing which we gave to the group. They were more attentive. He was reading something in his briefcase most of the time. Then he finally just said, "Enough of that" and suggested everybody leave, so they left after being fed sufficiently.

*Q: Sometimes dealing with the relatives of the powerful is not much fun.*

*You mentioned Margot Fonteyn, who was the prima ballerina of the world, more or less, at the time.*

FARLAND: She was married to Inalos.

*Q: What was her role there?*

FARLAND: She was a known communist agitator. She agitated. I was surprised that Trujillo allowed her in the Dominican Republic, but he did. She tried at one time along with her husband to bring about a small revolution there, which failed utterly. They were chastised. But no one really gets hurt when everybody is related.

*Q: Yes. What was the role of the British embassy there?*

FARLAND: They were very active. At one point, the British ambassador when I was complaining about... I can't recall enough to tell the story, but he stuck it into me about "Well, why didn't you mention that when you started making callous remarks about England when we were trying to take over the Suez?" They were active. We were in best relations.

*Q: When you left there in 1963, you kept riots out of the headlines?*

FARLAND: Yes. But we're leading up to when I left. It was a very unfortunate situation.

*Q: Can we talk about that now?*

FARLAND: Yes. This is a very important aspect of it. There were two concerns. Kiel Kilbane Housing Project, which was very much on my mind. It was about a \$10 million project. According to the best Panamanian accountants, there looked like there was going to be about \$3 million left going to a senator here in the United States and to a Dominican who was part English. His father was American. That was of considerable concern to me. I was told to sign off on it.

*Q: Who told you to?*

FARLAND: A little man comes down. He said, "I'm here from the Secretary of State. The Secretary of State wants you to sign off." I said, "If you want to go back and have the Secretary of State put that in writing... Here I am in Washington. I don't have my staff with me. Therefore, I'm breaking a classic rule. But if the Secretary of State orders me to sign off on it, I will." He never showed up again. That housing project never came to fruition.

*Q: How did you get the feeling that this was a graft project?*

FARLAND: First, the two individuals who were sponsoring it. The senator, I knew, was involved in all kinds of activities. Second, the fact that, according to one individual who joined my embassy down there, who got very drunk one night and didn't know who he was talking to, he started telling me about how he happened to be sent to Panama and who was his mark. He was talking about the ambassador. Well, I was sitting there listening to all his comments with great enjoyment. It was pretty evident, the number of units and so forth that it couldn't be done and have a halfway kind of a house. You had tarpaper houses and with the first rain the thing would be gone. I don't have the figures. I can't go back on it. But I had them at the time and so did the Panamanians. They were opposed to it. I was opposed to it. I thought that \$3 million was too much.

*Q: This was supposedly part of an AID project?*

FARLAND: Well, it came through the AID program, yes. I presume it did. If I had to resign on that basis, I was going to resign. I was not going to let that go on. I got a call from President Shoddy. He said, "Go up to your residence and put on a sport shirt and I'll be up to pick you up." He drove up to see me. He was doing the driving. The two of us drove around for about four hours. He said, "Joe, I've got to have some more money." I said, "Nino, it isn't the \$1,930,000 that the United States pays in so-called 'rent,' but it's all this other money that- (end of tape)

We drove around. I kept talking about the millions of dollars that the army was bringing into this country, the payment to laborers, etc. He said, "I'm taking all that into consideration. You're paying \$25 million for this island down here over which you're flying on your flights out of Kennedy. I'm telling you a fact of life. I have to have at least \$2 million more. If you can see

your way clear as a country to provide Panama with \$2 million more, I will personally guarantee with all my honor and family honor that there will be no other request, there will be no agitation for anything further for at least seven years. I am using that seven year period because of what President Kennedy said, that it would take seven years to decide whether or not you're going to do a sea level canal."

*Q: What did he want the money for?*

FARLAND: To run his government. The more I thought about it, the more I thought that that wasn't too exorbitant a request since here we had paid \$250,000 for a long time and then we raised that to a total of \$1,930,000 a year and in light of the environment and the economy of today. It was within reason assuming that he would carry out his statement that there be no further agitation. I think he was a man of honor. I could trust him. Believing that, I asked for a consultation in Washington. I finally got it. I went up to Washington and had a meeting arranged in one of the Under Secretary's meeting rooms. I don't know whether there were 16 or 18 people there. I don't know how many. But there was a sizable number. I am sitting with my back to the entrance door. I had my papers there. I said, "I guess Ed Martin has been held up for some reason. It's almost 10 minutes past our time. Let me just give you a little background." I started casually to talk about a little background. The door opened with a swish and Martin walked in. He in a loud, raucous voice said, "I'm only going to say this once because I don't like to say it. We're not going to give those God damned Panamanians a God damned cent." So, I closed up my books and I went over to see Ed Dungan at the White House and told him that my activity in Panama was finished, what would be my next post. He said, "Oh, go and see head of Personnel in State." I went over to see the head of Personnel in State. He was about the color of your piece of paper there, bright red. I said, "Where is my next post?" He said, "I've been told (which meant that he had had a telephone call before I got there) to offer you lateral entry into the Foreign Service." I looked at him for a minute. I sort of smiled and said, "And what would I get out of that?" He said, "For Heaven sakes, don't ever say I said it, but maybe you would get a desk in the hallway on the first floor." I said, "That is what I thought. Thank you very much. You've done what you were supposed to do. Now I have to do what I am supposed to do." I went back to Panama and started to say goodbye. It took me three weeks to make my rounds and say goodbye. I don't know how many people in those various towns I talked to. There must have been 35,000 at the dock to say goodbye to me when I left. I am proud of the fact that I made some impression on Panama while I was there. We never had a riot. President Shoddy a couple of days before I left said, "You know, Joe, I'm glad you're leaving." I said, "I don't understand that. You were the one who not two days ago said how sorry you were that I'm leaving." He said, "You stayed two more weeks and you would have had my job." So, that is when I left Panama. I left with regret.

*Q: What did you see as Ed Martin's outlook on this?*

FARLAND: I have no idea. He had a deep abiding antipathy for the Panamanians. As a matter of fact, he came down and stayed at the embassy for a couple of days and I took him up to Rio Alto, where we had started with the financial help also of the Panamanians who had driven up there to be there when he arrived, to help the fishermen a Rio Alto preserve their catch. As it was, fish don't keep well in the tropics. If they didn't sell them that day, they're gone. They're not edible. What we did was a refrigerator plant, a small one. I think it cost maybe a little more than \$5,000.

Part of this money was put up by the Panamanian people. These businessmen were there. I couldn't get a conversation in the car with Ed. I tried to talk to him. We drove silent. We got there. He got out of the car. I introduced him to these Panamanian businessmen who were there. He looked at this building, which was about 20 feet by 11 feet, with a compressing unit that had a refrigerating unit in it. The first thing he said to a good friend of mine, a Panamanian, he looked around and said, "How is this going to be advertised?" He didn't say, "I think this is a nice idea. I think it's nice of you businessmen to come out here. I'm glad you're all taking an interest. I know you had to get up early to drive out." No, no. "How is this going to be advertised?" He was an economist. I think he was a good economist from all I could hear. But where was the feeling of empathy towards these people. They were interested in a project to help Panamanians. This is what I cannot understand and don't understand. I find it unfortunate.

*Q: To finish up this Panama period, would you tell what happened not on your watch but afterwards in 1964.*

FARLAND: In 1964, I am taking my younger son to try to get him enrolled in Lawrenceville and on the radio I hear about these riots. I said, "This is going to blow." It did. That night, my mother called me and was worried to death for fear that he son was going to be blamed for it. I had a hard time explaining to my mother that, no, I would have no part of it, that I had been long gone. As I told you, she died that night, too, so all this burns on me pretty badly.

*Q: What was the cause of the riot and what happened?*

FARLAND: The high school students, the Zonians, tore down the Panamanian flag. They had been egged on by, presumably, certain parents who didn't like to see the Panamanian flag flying. The riots were carefully orchestrated by the Communist Party. There is no question in my mind about that, but "The New York Times" had an article... To me, it was sickening. It didn't have to happen. That riot should never have happened. I still say if Washington had listened a little bit longer with a little bit more care to some of the things I was telling them, there would have been a better understanding. I felt terribly sorry about that.

*Q: What was the aftermath of the riots?*

FARLAND: Several people were killed. Several Americans and a number of Panamanians were killed. They had a large number, but they weren't all killed in the riots. Some of them fell down from someplace. They have a Day of the Martyrs now. It's now a cause celebre. This hurt. I spent almost three years working like the devil down there to bring about better relations. "We're not going to give the Panamanians a cent." Well, now we're given them billions and the canal to go with it.

*Q: So we're really talking about the middle of 1963 when you left. I think we should pick this up the next time with what you did between posts before you went off to Afghanistan.*

FARLAND: I didn't have much to do with the American government or want any part of it.

*Q: What did you do?*



FARLAND: My wife and I decided we would like an apartment in New York and finally decided against that and finally bought a place on Massachusetts Avenue in Washington. Like all ladies, she wanted to remodel it, so we remodeled it and moved in. Then came the riots in Washington.

*Q: This would be the Martin Luther King riots in 1968 or so.*

FARLAND: I decided to sell it. By that time, there was a possibility of Nixon coming in and possibly another post. We took two apartments over at the Watergate, two penthouses. We used one of them for storage and for servants to live in and one for us and were there when I was appointed ambassador to Pakistan.

*Q: Talk a bit about your dealings with the Nixon campaign and that and then we'll move to Pakistan.*

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FARLAND: I think it's important to add this. When Shoddy was there with Kennedy, they discussed what could be done within the context of the existing treaties, the original one and then as modified in 1955. Kennedy suggested the possibility of a four man meeting, two from the United States and two from Panama. Kennedy said, "I see no reason why an ambassador and General Fleming couldn't represent the United States." Shoddy suggested that the foreign minister, Galileo Solis, and a former foreign minister, Octavio Fabrega, could represent Panama. We met. Very formal, short. We met for 13 months. We accomplished absolutely nothing.

*Q: Why not?*

FARLAND: Anything that Panama suggested the United States turned down.

*Q: Was this on your part?*

FARLAND: This was out of Washington. Panama requested adjustments that actually were quite modest. They wanted a corridor (This is what you mentioned earlier.) to the canal zone on the populated Pacific side. Well, we finally got the bridge.

*Q: That was on the Caribbean side, wasn't it?*

FARLAND: No, that was on the Pacific side. But on the Colon side, it was so simple to put something across there. That could have been done, but that was not done. They wanted admittance into the Zone of Panamanian enterprise, which was kept out. "No way" said Washington. They wanted a small increase in their share of the revenues. It began with money, money, money. That was turned down. They wanted a portion of the 10 mile wide zonal strip not being used at this time by the United States. There were lots of areas that weren't being used. That was turned down. And a continual flag alongside as ordered in 1960.

*Q: Do you feel that this was Ed Martin?*

FARLAND: Look, when a telegram comes out of Washington, who has sent it? I don't know. I had plenty of problems in the Dominican Republic about this. Who sent that? Who said "Pay more attention to your client and less attention to Castro? Who wanted to send that? Those things can slip by very easily, but they're all signed by the Secretary.

*Q: Did you have any feeling for the Pentagon per se, the military? Pentagon lawyers are notorious for trying not to set precedents or give an inch. Did you feel that?*

FARLAND: I can't believe this came out of the... I know Bob Fleming was 100% behind all of this. It was part of the conference. When we sent that in [with] our recommendation [it came back] approved.

*Q: When you would sit around with your officers at the embassy and Governor Fleming, etc., was there the general feeling that, "Gee, at some point, we've really got to make adjustments. This situation isn't going to go on forever. Let's try to preempt it?"*

FARLAND: On the part of the embassy, yes. In good conscience, I couldn't say that this should continue in perpetuity the way it is now. The United States didn't put that in perpetuity into the treaty. That was Belo Beria, who whether they like it or not was the ambassador from Panama. It was also ratified by the Asemblaya twice, which I'm sure they'd like to forget, but it's a fact. They say he wasn't a Panamanian. Well, he wasn't. But he was their representative.

I know there was one other officer on Ed's staff, a lady, who was equally adamant against the Panamanians. I don't remember her name. She detested the Panamanians. Why this animosity? I don't know. I can't even think of anything funny to say about it.

*Q: No. Sometimes this happens. Sometimes, particularly Washington operators learn to throw their weight around. With some countries, you can't throw your weight around because the repercussions are pretty obvious and they aren't really sovereign. In a way, Panama was perhaps a little too helpless and it brought out the bully in some Washington operators who wanted to prove that they were real tough negotiators. Some of the African states, the smallest African states, sometimes have found the people in Washington saying, "Well, we really ought to sock it to Sierra Leone," whereas they wouldn't dare do it to Nigeria. It's sort of a nasty thing that is a personality problem of really the bully.*

FARLAND: I was appalled that my friend, a man named Champ Sourd, a Panamanian, was asked, "How is this going to be advertised?" The lack of friendship, the lack of love, in the broadest sense. Even if you're against it, you could congratulate the people on what they're trying to do, but if you only point out what was the matter, that is... It still disturbs me.

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*Q: Today is February 2, 2000. You've left Panama. You're back. What were you doing when you left Panama? You went back into business?*

FARLAND: Let me add just a few words. You asked me a question heretofore and I couldn't think of the man's name. The DCM in Panama when I arrived was John Shillock. John was a highly competent Foreign Service officer who in the beginning, unfortunately, had made an opinion that was not being particularly appreciative of my appearance on the stage. At the end, he and I became the closest friends. I have seen him subsequently and we still are. He was totally in accord with my policy at the end.

*Q: By the time you left there and from what you've heard subsequently, did you feel that the idea that the governor of the Canal Zone, the head of South Command, and the ambassador agreed that these three should really cooperate or did it just depend on personality?*

FARLAND: The three of us cooperated. Before I went down, I secured an agreement from the President of the United States that, in the event of a disagreement between me or the ambassador and the governor of the Canal Zone, the matter involved would be submitted to him for final judgement. We had to have some way of reaching an accord. Not talking was absolutely absurd. It played directly into the hands of the Panamanians.

**ARNOLD DENYS**  
**Communications Supervisor/Consular Officer**  
**Panama City (1961-1964)**

*Arnold Denys was born in West Flanders, Belgium on March 6, 1931. He emigrated to the U.S. during the Cold War. He attended Gonzaga University in Washington and the School of Foreign Service in Georgetown University. Mr. Denys served in Panama City, Alexandria, Athens, London, Hermosillo, Halifax, Antwerp, Tijuana, and Washington, DC. He retired in July, 1984. This is an excerpt from his memoirs.*

DENYS: December 20, I received my first Foreign Service assignment to the American Embassy in Panama City. As Panama was one of the centers for diplomatic Couriers, I received special training in communications. I was also enrolled in an intensive course of Spanish at the Foreign Service Institute. I was positive about my first post as it was in a vital geopolitical area of Latin America with American security interests in the Canal Zone.

I arrived in Panama City in late evening of February 27, 1962. When I stepped off the plane I could feel the humidity of the tropics, but I also noted the beauty of the tropical green and the many flowers in the background. It was a poignant moment for me to set foot on Panamanian soil, where I would start my first foreign service assignment. I was met at Tocumen International by members of the Embassy Communications Center. They helped me to get through Panamanian Customs and immigration officials. The Panamanian officials made me feel welcome in their country.

It was customary for new embassy arrivals to stay at the Tivoli Hotel, in the Canal Zone, until one could find permanent quarters. This had some drawbacks in that one was mixed with

Americans instead of Panamanians, but it allowed me to get to know the area and to get practical information on living conditions. The Tivoli Hotel is an old colonial wooden building built during the US construction of the Canal to house American employees of the Panama Canal Company. Our stay there was referred to as an "induction course." I was told an Embassy driver would pick me up to report to work the next day.

My duties at the Embassy were those of Communications (Pouch) Supervisor. I would be responsible for preparing all diplomatic pouches going to our foreign service posts in Latin America and Washington. Fred Kadera and Eugene Mewhorter worked for me. Helen Watson, my immediate boss, delegated a lot of authority and let me make my own decisions. She had told me it would be a pressured job but that social life at the post was such that we were all like a big family. I was determined to adjust to this rigid on-the-job discipline and busy after-hours social life. At early Embassy personnel meetings I learned that I would be on probation for two years, after which my performance would be reviewed. Then, if warranted, I would be retained on a permanent career basis.

My job put me in close daily contact with the diplomatic couriers of the Regional Courier office at the Embassy. Al Verrier, chief of the office, made sure that I got to know everyone on the staff. I learned a great deal about the life of a diplomatic courier. They were an active group of diplomats who saw to it that diplomatic pouches were securely transported from the Embassy to foreign service posts around the world. I was often invited for dinner at the homes of diplomatic couriers.

I thought that my stay in Puerto Rico would have helped me to understand Panama quickly. However, it was a completely different ballgame. Panama was (and is) a proud, nationalistic, and independent sovereign nation fighting to sever some of its paternalistic ties with the United States. It became clear to me that Panama would become the focus of my political and diplomatic interest. I would have to explore this complex country.

I was fortunate to have Ambassador Joseph Farland as Chief of Mission in Panama. He was the only Republican diplomat to stay on as President Kennedy's envoy. Ambassador Farland had a professional managerial style and a personal touch with the people of Panama. He would often drive alone in the Panamanian countryside to visit little villages and mix with local townspeople. He was a charismatic ambassador and loved by the Panamanians. When I first met him in his office he told me to get away from the Embassy and to take some rides in the country. He said, "It's the only way to become familiar with Panamanian social conditions and culture."

He had two young political aides on his staff: Steve Bosworth and Diego Asencio, who later became Ambassadors in their own right. Steve became US Ambassador to the Philippines and Diego served as Ambassador to Brazil and Assistant Secretary of State for Consular Affairs. I learned from both, as they often dropped by my office for a chat. Steve was very "up front" with me and we discussed international economic policies and the stability of the US dollar on world markets.

Gene Scassa, who came on board in Communications a few months later, was also from Pennsylvania, and we became good friends. He worked for me awhile and later became our

Ambassador to Belize in the early 1990s. Gene used to have Open House parties for the Embassy staff and he would invite Panamanian guests as well. At these parties it was possible to learn more about Panamanian political and cultural trends. From time to time Canal Zone residents were included on the guest lists.

Panama has always caught the attention of the world media. In 1961, the attention was on Panamanian sovereignty in the Canal Zone and the need for a revision of the 1903 Treaty. In the late 1980s Panama was the focus of world attention because of Manuel Noriega's removal from office because of his drug trafficking ties. Its geographical location near Cuba and Colombia, and the Panama Canal controlling world shipping, are factors which have put it on the political map of the world.

Early on in my first year in Panama I became acquainted with Dr. Aurelio Ocaña, a noted dentist and son of a Panamanian diplomat (his father had been Consul in London, Paris, and Santiago). Aurelio had also studied at the University of Bordeaux. We used to have dinner at the Union Club to talk about current events.

In March of 1962, I met Monsignor Antonio Pinci, the Papal Nuncio in Panama. My Georgetown friend Giuliano's uncle, Monsignor Vittore Righi, had suggested that I call on him. He enjoyed meeting me, he said, and we talked in French. He was fascinated by John Kennedy's image. He did not think that the President would be bluffed by the Soviets. He had a grasp of US foreign policy in Latin America which we discussed when I visited him from time to time.

In early 1962, President Kennedy reinforced the US military forces in Southeast Asia (Thailand, Laos, and South Vietnam) to show Khrushchev that the United States would not tolerate a Communist takeover in Asia. But our Embassy Communication Center was preoccupied with preparations for President Roberto F. Chiari's official visit to President Kennedy in Washington. The goal was to improve US-Panamanian relations and to take a good look at the 1903 Panama Canal Treaty.

If Secretary of State Dean Rusk was Kennedy's point man, others in the Department, such as Neil McManus, Panama Desk Officer; Lansing Collins, Director; and Assistant Secretary of State for Latin American Affairs Edwin Martin, were key players in consulting with Congress.

In the US Canal Zone, Major General Robert Fleming was the chief officer-in-charge. (He was appointed by the President and approved by the US Senate.)

Our strategic position in Panama was to guarantee the security of the Canal and its accessibility to world shipping. This longstanding policy was made possible by the creation of Headquarters Armed Forces in the Caribbean (COMCARIB), the US Army Caribbean 15th Naval District, and Fallbrook Air Force Command (UNARCARIB). These were vital to the protection of the Canal installations.

President Chiari's state visit to Washington was a success. Besides the usual official state courtesies it was agreed to set up a Commission of representatives to review the 1903 Panama Canal Treaty. Panamanian Foreign Minister Galileo Solis and Attorney Fabrega were part of the

Panamanian team. While all this was going on there was much press speculation about the future of the Canal.

The 1903 Panama Canal treaty was finessed by Bunau-Varilla, a diplomat of French origin who sold French stock in the Canal to Americans. My friend, Aurelio, said that because of this move, Varilla is considered a traitor in Panamanian history books. Panama was governed by Spain and Colombia before 1903, and owes its independence to US brokerage with Colombia and the for building the Canal.

One proposal was to build a sea-level canal by the 1980s which would replace the present Canal with locks. Engineering experts of the bilateral Panamanian and US Commission alleged that the Canal would be outdated by that time and would not serve increased world traffic. Panama and Colombia were often mentioned as likely sites for a sea-level canal.

Besides taking courses in Visa and Passport Law and attending a course in Panamanian history at the University of Panama, I was also a guest teacher of English at the North American Panamanian Institute. My contact with teachers and students was invaluable. I learned about subversive Cuban activities at the University of Panama. Also, the Panamanian daily, *Estrella de Panama*, often alluded to the Panamanian port of Bocas del Torro, used by Castro to supply arms. Castro subversion was not confined to Panama alone. Cuban infiltration was endemic in many other Latin countries. Bolivia, Chile, Venezuela, and Honduras were affected by Castro-type revolutionary movements.

Panama was a convenient stopover for US Congressional delegations and political leaders. Attorney General Robert Kennedy also visited the Canal Zone on his way to Brazil. I had wanted to meet him. I did not realize that a few years later I would have that opportunity when I was assigned as his assistant for a few days at our Embassy in London.

On August 28, 1962, Panamanian Major Hurtado led an uprising which lasted only a few days.

During my tour in Panama I wrote articles in *Tierra y Dos Mares*, a commercial magazine published by Marcela Barraza, with US political and cultural overtones. It had a wide audience.

In July, 1962, I took some time off to visit the Panamanian island of Taboga, seventy five miles from the capital, and Fort Kobe Beach near Colon on the Atlantic side. Most of our free time activities were concentrated on the beach. We also used the swimming pool facilities at nearby US military bases.

On September 8, 1962, I attended a graduation at the Morales School of Dancing and met prima ballerina Margot Fonteyn, the guest of honor. She was married to Panamanian politician and diplomat Roberto Arias, whom she met when he was in the Panamanian diplomatic service in London. Arias's father had twice been president of Panama. Miss Fonteyn talked about her ballet appearances in Bruges and the La Monnaie theater in Brussels. She told me that she often came to Panama to participate in charity performances.

Two events in 1962 overshadowed all other social and diplomatic news in Panama. On October 12, Under Secretary of State George Ball came to Panama to inaugurate the Panamanian bridge, which would forever link the United States with its Central and South American neighbors. Although I did not personally attend the ceremony, we, in the Communications Section, worked hard to make this visit run smoothly. We were on call for 24 hours, meeting diplomatic couriers bringing conference messages and receiving calls from Secretary Ball's party.

In October, 1962, the Cuban missile crisis caused a major international crisis which directly affected us in Panama. It reached its climax when President Kennedy officially blockaded Cuba in a showdown with Soviet Chairman Nikita Khrushchev to have Soviet missiles removed from Cuba. Our Embassy was on official alert for several days. Because of Panama's proximity to Cuba, personnel and dependents received evacuation instructions in case this became necessary.

The Cuban missile crisis proved to be one of the most tense periods of my foreign service career and prepared me for future assignments and events.

I had already prepared a reception for 60 members of the Embassy and numerous Panamanians and offered to cancel it, but security officers told me to proceed with the party. Since so many staff members were on duty, it was felt that it would look less conspicuous to go ahead with my plans. It proved to be an interesting party.

Carl Davis, Public Affairs Officer, and his family also attended. He had worked closely with Ambassador Farland in Santo Domingo, and encouraged us to be positive in such circumstances. Kennedy's stance in the crisis proved to be a breakthrough for the United States in its challenge with the Soviet Union. Morale at the Embassy was especially high during the crisis, and we were later commended for our efforts by Secretary of State Dean Rusk.

Ed Scott, a well known journalist from New Zealand, had said that Latin America had given President Kennedy a full mandate to invade Cuba in October 1962, and that he would never have that opportunity again. I remembered his comments when we went through the Falkland Islands crisis in 1982. Although the Latin American press took every opportunity to criticize the US political/military involvement in the hemisphere, Kennedy's defiance in the Cuban crisis, and the US stance during the Falkland Islands crisis (when Reagan supported Prime Minister Thatcher's invasion) were two instances where Western strength was needed to stop blatant aggression.

Matos Lindomir, a Third Secretary of the Brazilian Embassy in Panama, was my downstairs neighbor. We shared many experiences. Matos was a serious Vice Consul. We compared our foreign service personnel systems. I learned that Brazilian foreign service housing allowances were more generous than those in the United States. He focused on political affairs as well, and said that Brazilian University circles and labor unions were infiltrated by communists. He favored a stronger US position in Brazil and Latin America to counter attack this influence. He commented that the Communists were taking advantage of negative publicity directed against the US because of American companies in Brazil that had been paying low wages to their Brazilian workers. Matos was referring to food companies such as Swift and Armour. He also didn't think it was a good idea for the United States to negate loans to Uruguay and Brazil because they had

dictatorial regimes. He believed that the United States should use its political and economic leverage to improve its good neighbor policy.

At other receptions in town I would often talk in French with Mr. Vasse, the French ambassador and Mr. Guillas, secretary of the French Embassy. The French, because of their earlier attempts to build a canal, have had many years of diplomatic presence in Panama.

Panama City also offered good social amenities, such as operas at the Presidente Theater. I also attended a piano concert by Argentinean pianist Sciliano Escudero, and a concert by the famous Mexican cellist, Adolfo Odnoposoff, at the Bella Vista Theater. On the other hand, the Canal Zone had a good playhouse.

On November 9, 1962, we all attended a US Marine Guard reception on the occasion of the 187th birthday of the US Marine Corps. US Embassy employees have traditionally had cordial relations with US Marine guards because they loyally protect US property and personnel abroad.

Shortly thereafter, FSO Wallace Stuart arrived from our embassy in New Delhi to take charge of the Deputy Chief of Mission slot in Panama. He was a positive influence in our diplomatic relations with Panama. Mrs. Stuart was of Bolivian origin and was very active in embassy activities. Mr. Stuart would often chair Deputy Chief of Mission staff meetings during Ambassador Farland's absence.

I enjoyed my first Christmas in the tropics in 1962. I had been invited by some neighbors, the Icazza family, to see their *Nacimiento* (Christmas manger) on their patio. It is a tradition in Panama to display the manger in front of the home. This particular one represented all phases of Christ's life. Decorations and Christmas lights offered a colorful spectacle in the neighborhood.

On Christmas Eve many of us at the Embassy were invited to a réveillon party with a Panamanian family. On Christmas day our communications staff had a swimming party at the Hilton Hotel.

In January, 1963, Ambassador Farland attended a conference, in San Salvador, of the Chiefs of Missions of Central America. This was a prelude to President Kennedy's visit to San Jose, Costa Rica, in March. We all felt that our workload had gone up because of the preparations for this summit. Sargent Shriver, head of the Peace Corps and brother-in-law of the President, had stopped over. We also had a regional meeting in Panama City, of Public Affairs officers in the region, presided over by Edward R. Murrow, popular director of the United States Information Agency (USIA), whose World War II broadcasts from BBC Free London had touched the homes of many.

On March 15, 1963, President Kennedy and his Central American counterparts announced the Declaration of San Jose. It was a successful public relations event for the President. Ambassador Farland was there, too, and received instructions from the President to report back to him on the progress of the exploratory talks with Panamanian and Canal Zone officials on the future status of the Panama Canal.



A few days later I received word from Pittsburgh that my father had been hospitalized with a bleeding ulcer. It was hard to be far from him at this difficult time. I was able to get through to my parents by telephone and was relieved to hear that my father's prospects for recovery were good.

It had been Embassy personnel policy, work permitting, to let Embassy staff travel to adjacent countries to learn more about Latin American culture. On April 11, 1963, I flew to San Jose, Costa Rica, traveling with USIS officer Mary Kohler. It was particularly interesting since I arrived in the middle of Holy Week when there were many religious festivities. Most of the shops were closed. I stayed four days at the Pensione Villa Blanca and visited my foreign service classmate, Don Shannon, at our Embassy in San Jose. We had both entered the foreign service in 1961. He introduced me to Ambassador Raymond L. Telles, Jr. (1961-1967) and some other members of the Embassy staff.

The flag at the US Embassy was at half mast in honor of Navy personnel who had perished in a tragic submarine accident. Many public buildings and even small shopkeepers were displaying a photo of President Kennedy in remembrance of his historic meeting with other Central American presidents at the National Theater.

I visited the National Museum, the Cathedral, and the Costa Rican Foreign Office. I enjoyed a bus tour through the coffee plantation at Cartago, twenty miles from San Jose. There I entered the famous Catholic shrine, the Basilica of Our Lady of Los Angeles. Costa Rica, I was told, was a showcase of progress and democracy. Many German and US firms had invested in this stable political climate. I could appreciate the adequate infrastructure of roads, clean streets, and a sense of order everywhere. The Germans were buying a great portion of the Costa Rican coffee production. To this day Germany remains interested in Costa Rican and Latin American business deals. (If foreign investors were interested in Costa Rican political stability, the reverse was true in neighboring Nicaragua, where the Somoza family had an oligarchic grip on its people.) I also visited the modern University in San Jose where President Kennedy gave his farewell address in March, appealing for progress in the Americas.

In August of 1963, I had completed my two years probationary period in the Foreign Service as Communications Supervisor. Chargé d'affaires Wallace Stuart prepared my report and recommended my retention in the Service.

When I had completed the visa courses I applied for the citizenship and passport lessons. I was now beginning to acquaint myself with US Consular laws and, from time to time, I would sit in with Consular officers during visa interviews. When I was transferred to the Consular section in Panama, I was fortunate to work for a consular team headed by Consul Virgil Prichard, who encouraged Vice Consuls Frank Barrett and Don McConville to give me on the job training. Vice Consul Sam Karp and I had studied the visa manual together. (He was later reassigned to Nicaragua.) They encouraged me to extend my tour of duty in the Consular section until October, 1964, which I did. I quickly became acquainted with the laws on business and tourist visas when Frank, Don and I would go out to the Capri restaurant for Italian food and long talks on world events.

June 27, I was a guest of Matos Lindomir and Mr. Small, Deputy Chief of Mission of the Embassy of Brazil, to join them at a soccer game between Brazil and Panama at the National Stadium (Panama won 2-0). After the game, I joined the Brazilian diplomats in the dressing room where we were introduced to all the players. The sports event ended at a reception for them at the Brazilian Embassy.

I attended the official celebration of Library Week at the University of Panama for a special lecture on Cervantes. Rector of the University Narciso Garay and the Ecuadoran Ambassador to Panama also attended.

The Cresta Hill Section of Panama City is the focal point of society gatherings, and it was at the US Ambassador's residence that Ambassador and Mrs. Farland received the entire staff (US and Panamanian), private industry leaders, Panamanian government officials, and Ambassadors accredited to Panama, for the Fourth of July celebration. It was pouring rain, as it often did in the evenings. We could not find parking space in the gardens of the estate. The residence was decorated with white, red and blue flowers, a gift from the Foreign Chiefs of Mission. Officers' wives alternated in acting as hostesses.

Ambassador Farland bid farewell to the Embassy staff at a formal banquet in the Bella Vista Room of the Panama Hilton Hotel. When the Farlands had left, President Kennedy appointed Wallace W. Stuart as Chargé d'Affaires, Minister Counselor (a step below Ambassador) pending the selection of a new envoy. In November Frank Coffin, of Maine, was appointed to replace Ambassador Farland, but because of the assassination of President Kennedy, he was not confirmed by the Senate.

I drove with a few friends to David and Boquete in the Chiriqui Province. Because of the winding roads it took us ten hours. This bad road has now become a part of the Inter American highway that stretches from Alaska to Argentina. David is the capital of Chiriqui. At that time it had a population of 15,000, and was the third largest city in the Republic. It is rich in timber, coffee, cacao, sugar, rice, bananas and cattle. A river winds through town, which has numerous old churches. Inland from David are the deeply forested highlands of Chiriqui, whose highest point is El Volcan (11,000 feet). The most picturesque place is Boquete, at 4,000 feet, which is famous for its coffee plantations, bananas, orange groves and flower gardens.

As life seemed to become normal at our Embassy we were all stunned at the news that President Kennedy had died of a bullet wound to the head during his visit to Dallas, Texas, and that Vice President Lyndon Johnson had been sworn in on Air Force One as President. Many local employees shed tears. The American flag in front of our Embassy was hung at half mast and later was draped in black, according to military custom.

Panamanian Foreign Minister Galileo Solis was the first to arrive at the Embassy to pay his respects to our Chargé d'Affaires. Other Chiefs of Mission accredited to Panama also showed up. Visitors could sign a condolence register book in the lobby of the Embassy. The news of Kennedy's brutal assassination caused much emotion throughout Panama because the President was deeply loved in Latin America. Requiem masses were said in many churches throughout the Republic.

In accordance with President Johnson's declaration of official mourning until December 22, all social functions at the Embassy were canceled. I spent the evening at the home of Ellen Watson, a friend and co-worker, who had invited me to watch the events in Washington, DC on TV. Since we had to work the day of President Kennedy's funeral, we listened to the radio at the Embassy giving us details of the services at St. Matthews Cathedral.

When I returned to Panama on New Year's Eve I did not realize that January, 1964, would prove to be an ominous period in US-Panamanian relations. On January 7, some American students from Balboa High School, in the Panama Canal Zone, raised the American flag in front of their school. Two days later, Panamanian students organized a protest march. They entered the Canal Zone, caused property damage, and had a confrontation with the Canal Zone police.

This, my first foreign service crisis, started at four in the afternoon on January 9, and spread throughout Panama City and Colon. It did not reach its climax until midnight. I had gone to bed early that evening, and at 1:15 a.m. Doris Blaitry called to inform me that a revolutionary riot had broken out and that I was in danger. The Embassy had been stoned by a huge mob, she said, the USIS Library burned down, the PAA office sacked, and the Chase Manhattan Bank and the Goodyear plant both seriously damaged. "They are burning American cars and attacking Americans in the streets," she told me.

I called my neighbor and Embassy coworker Gene Mewhorter, who lived in the apartment below me, and we moved our cars out of sight behind the apartment building. Somehow we managed to get to the office where there were about 80 members of the Panamanian Guardia Nacional surrounding our embattled Embassy. They escorted us to the Embassy Communication Center where I worked with Chargé d'Affaires Wallace Stuart for the next several hours. He was in telephone contact with President Johnson and Secretary of State Dean Rusk. Secretary Rusk informed him that the government of Panama had broken diplomatic relations with the United States on January 9 and that we had to destroy classified files and prepare for evacuation. Panamanian diplomats in Washington were also ordered home.

The last minutes before we abandoned our Embassy I stood next to the Chargé when he sent out our last message to the State Department. For the next few days I stayed in seclusion at the residence of our administrative officer, Thomas Huff, whose house was guarded. In retrospect, I think the Panamanian National Guard did a good job protecting our embassy and staff.

The rioting ended January 12. Four American soldiers were killed and twenty Panamanian rioters were also dead. It appeared that Fidel Castro had helped the rioters with supplies and propaganda tools. Under pressure from University of Panama students, Panamanian President Roberto Chiari firmly stated that relations with the US would not be renewed unless it agreed to negotiate a new treaty with Panama on the Canal. The 1903 Canal treaty gave Panama its independence from Colombia and the US the right to run the Panama Canal in perpetuity. Thomas Mann, Under Secretary of State for Latin American Affairs, had been dispatched by President Johnson to talk things over with President Chiari.

January 17, we were all evacuated to the Canal Zone and I stayed nine days at the Canal Zone College. Although diplomatic relations were ruptured, consular relations with Panama were not affected. On January 19 I reported back to work. Consul Henry Taylor, appointed principal officer of our Consulate, told us to conduct business as usual. We issued visas, took care of crew lists, and rendered assistance to American citizens. Consul Taylor advised us to cooperate with the public to project a positive US image, which, in Panama, depended on how well the US Consulate would operate. Our post was the only non-diplomatic consular contact with the Panamanian public. It was a pressure filled job, given the confused state of US-Panamanian affairs.

January 23, 1964, the State Department cabled us that we could operate as a Consulate with eight consular officials and ten American staff, of which I was one. I could have asked for a transfer but I decided to stay in Panama to continue my duties at this critical time. Other embassy personnel would also remain in the Canal Zone. Some people were transferred to Washington, including my friend, Vice Consul Joe Martinez.

A few days later Consular personnel were instructed to return to their homes in Panama. We had to replace our American car plates with Panamanian plates for security reasons. All American cars in Panama were easy targets for terrorists and anti-US demonstrators. For a few more weeks we continued an inconspicuous social life. The situation remained sensitive as there were strong feelings on both sides. I was very concerned about the long range effects this crisis would have on any future relations with Panama. There were serious concerns in Panama and the Canal Zone that a coup d'état or Communist takeover were plausible possibilities. The US government was particularly concerned about the security of the Panama Canal itself. Many of the dependents of US military personnel in the Canal Zone had also been evacuated. This move caused an economic crisis of its own. Many US service families lived in Panama. Their sudden exit resulted in 1000 vacant apartments there.

I served with Virgil Prichard, Frank Barrett, Mark Cantolla, Joe Martinez, Don McConville, and Myra Hilpert. We were an effective team during a sensitive period in our relations with Panama. We became a closely knit family and would often visit each others' homes. One of our priorities was the preparation, in case of an emergency evacuation, of files on all US citizens living in Panama. We had many US citizens who had lived in Panama for many years. For example, there was Sven Fahlgen and his American wife, Angie. Sven was a local businessman and also Consul of Sweden. Angie was an American and a longtime employee at the US Embassy in Panama. Because of the rupture of relations between the United States and Panama, she was one of several jurists studying the conflict. She worked for the International Commission of Jurists, an organ of the Economic and Social Council of the United Nations, in Geneva.

Sven told me that the January riots had created an economic crisis in Panama. He pointed out that property values had decreased fifty percent and that foreign investors had been withdrawing their assets from the banks. Mr. Wedge, a British national who represented Rolls Royce, confirmed this.

In spite of the tension in Panama there were some good moments to reflect on. A good friend who was a medical student, Elly Abad, and his family, offered me friendship and hospitality.

During the first days of the crisis, when we were in physical danger, they opened their home to me for refuge and solace. We also had Toni Linares, our Spanish teacher, who was also a true friend. He continued to give us Spanish lessons. Toni made a special effort to improve our conversational Spanish and gave us deep insights into Panamanian culture and customs.

The fact that presidential elections were imminent in Panama did not resolve our problems. Candidates Marcos Robles, Galindo, and Dr. Arnulfo Arias were the front runners. Robles, of the Liberal party, and protégé of President Chiari, finally won the election. Arnulfo Arias claimed that there had been widespread fraud in the interior of Panama and that many votes had been bought.

It is normal diplomatic protocol overseas to communicate with the foreign ministry of the host country through an exchange of notes. Since the break of our diplomatic relations with Panama, Foreign Minister Galileo Solis had sent instructions that, effective immediately, all consular notes for the Foreign Ministry would have to be submitted in Spanish. We had always sent our notes in English and the Foreign Ministry would reply in Spanish. This was another move to press their sovereignty issue in the Canal Zone.

In early February, 1964, the US-Panamanian crisis was being debated in the Organization of American States (OAS) in Washington, in whose purview it was to try to mediate such conflicts in the western hemisphere. President Johnson's speech before the OAS was reassuring. The crisis had some repercussions in Latin America, like the burning of the US flag in Medellin, Colombia, in protest against visiting Canal Zone military personnel. There were also many high ranking Latin American military who came periodically to study at US military schools. The University of Panama, whose Rector, Narciso Garay, had resigned, was often a source of leftist minded students and anti-US feelings. This time around the unrest became more intense, thus I discontinued my evening course.

The Catholic Church in Panama had its influence on both politics and Panamanian life. In March, 1964, my friend Marcos McGrath, Bishop of Panama, was appointed as Bishop of Santiago, Veraguas, a growing province and hotbed of communism and left-wingers. Bishop McGrath had been very successful with the progressive elements of the church. In a strange *tour de force*, the Vatican had appointed Thomas Clavel of David, Chiriqui, to replace the late Dutch born Archbishop of Panama, Monsignor J. Beckmann. I always thought that Bishop McGrath would have been the favorite candidate for that job, given his excellent ties with both Panama and the Canal Zone. He has since returned to Panama City as Archbishop.

On April 3, 1964, Panama and the United States agreed to resume diplomatic relations and to discuss the differences which had arisen from the 1903 Canal Treaty. Panamanian Foreign Minister Galileo Solis sent a cable to Secretary of State Dean Rusk, who replied by telephone, thus constituting a formal exchange of diplomatic notes. This opened a new chapter in US-Panamanian relations and, consequently, there was much activity at our Embassy. An array of US officials arrived to confer with Consul Henry Taylor and Canal Zone authorities. President Johnson now appointed his own choice of Ambassador, Jack Hood Vaughn, former Peace Corps Director in Latin America, as our new Envoy to Panama. Now that we were functioning as an embassy again, principal officer Henry Taylor remained Chargé d'Affaires until Mr. Vaughn's

confirmation by the Senate. There was a feeling of relief in Panama, and we felt we could go on with our normal embassy duties.

It was generally felt that President Johnson had handled the crisis well. The big job lay ahead to narrow US-Panamanian differences on Canal Zone issues. The President sent former Secretary of the Treasury, Robert Anderson (a Republican), as special emissary for the bilateral talks. This was widely supported by the Panamanian press. However, it would take more than ten years before these issues were finally resolved during President Jimmy Carter's administration.

April 20, Ambassador Vaughn received us at the Ambassador's residence. His effort to speak to us in English and Spanish on the importance of the Alliance for Progress made a good impression on both US and Panamanian staffs.

A few days later I accepted an English teaching job at the North American-Panamanian Association, referred to as the Bi-National Center. It was an American-sponsored society to promote better relations between the United States and Panama. There are many such centers in Latin America and other countries. The two-month assignment was to teach two evening classes, Monday through Friday. There were thirteen students in each class. This, combined with my new Consular position, was a challenge indeed. My Panamanian students were very eager to learn English, many taking time out from their work to attend classes. It gave me the opportunity to exchange ideas with them during a critical stage of US-Panamanian relations. I had to correct papers and prepare classes until midnight, but the rewards were great. Until the end of July I was kept busy with teaching English. In addition to my regular evening schedule I had special classes for Carlos Rodriguez, Secretary General of the Ministry of Education in Panama. Irma Jimenez and Mrs. Smith, of the Bi-National Center, told me that I was one of the first teachers who made them study well. One student, who was a captain of the Guardia Nacional, was the grandson of former Panamanian President Arosemena.

Although Embassy operations returned to pre-January stability we had a few political skirmishes in Panama. One began with the First of May parade in Plaza Santa Ana, which is like our Labor Day rallies. It was, in part, related to the May 10 presidential elections. Terrorist acts were being directed against oligarchies and vested interests. The Panamanian Ambassador to the U.N., Aquilino Boyd, shot Mr. Calvo, the editor of *La Hora* paper. The feud between the two caused a stoppage of newspaper printing for twenty four hours. Diplomat Boyd had been a controversial political figure for years. He had lost in the 1959 election and was said to have desecrated the American flag.

There was also an assassination attempt on Tito Arias (husband of ballerina Margot Fonteyn). He had just been elected to the Panamanian National Assembly. The attacker was his best friend, Alfredo Jimenez. Arias remained in a coma for a long time, but survived. Margot Fonteyn canceled her scheduled performances in Bath, England, to be with her husband. He remained paralyzed as his wife took him to Europe for therapy, but he never left his wheelchair. Later they retired to their ranch in Panama.

On June 5, a bomb was thrown in front of the Peace Corps office. This was not an isolated incident and did not stop President-elect Marcos Robles from visiting Washington officials. We had issued him and his entourage official visas.

Many college disturbances were the order of the day in the United States and abroad. Our involvement in Vietnam caused protest marches in many large cities. President Johnson appeared the likely Democratic Party choice for President against Republican Senator Barry Goldwater, of Arizona. Goldwater had built a reputation for conservative leadership in his party and had received some acclaim from his book, *The Conscience of a Conservative*.

July 4, 1964, leftist students threw red paint on the façade of our Embassy. This incident did not interfere with our Independence Day celebrations. All Embassy personnel had been invited to attend the 4th of July "Classic" at President Ramon Racetrack. I chose to go swimming that day and to get some sun. Afterwards I visited the St. Augustine Church, near the Simon Bolivar Institute in downtown Panama City.

One of the prime social events of the summer was the Governor of the Canal Zone's invitation to our Ambassador and staff to join him on the governor's yacht to cruise the Canal and visit the Miraflores locks. It was an impressive cruise of the Panama Canal at night with a buffet dinner on board and Panamanian music. Bad feelings on both sides of the US-Panamanian political spectrum began to melt.

In late May, 1964, the Department had brought us up to date on how to implement the Supreme Court's decision in the celebrated *Schneider vs. Rusk* case. It involved a German-born woman who was living in Germany, but who would now be able to retain her US citizenship obtained through naturalization. The High Court had invalidated longstanding Sections 352 (a) (1) and (2) of the Immigration and Nationality Act of 1952. These sections of the law did not permit naturalized US citizens to live abroad without losing their US citizenship. Prior to this decision, a naturalized American citizen could lose citizenship after residing three years in the country of birth and five years in any other foreign country. This decision went into effect June 13, 1964. We tried to notify many persons in our Consular district and invited them to appear before a Consular officer for a reinstatement. This was a historic landmark case for naturalized citizens. It protected them from losing their US citizenship if, for compelling family reasons, they had to return to their country of birth. It did away with a second class US citizenship.

The State Department also notified me that I had been assigned to the American Embassy in London and would have to report for duty in September, following home leave. As with other departing foreign service employees, they scheduled a complete medical exam for me at Gorgas Hospital in the Canal Zone.

Virgil and Charlotte Prichard had arranged a large buffet dinner for me on July 29. Charlotte asked me for a list of persons I would like to have at this farewell party. I chose those who had worked closely with us in the Consular section in the past year and had contributed to American citizens' interests. Unfortunately, the reception had to be canceled at the last minute. The husband of one of our senior Panamanian employees, Mrs. Carmen Fabreza, had accidentally

shot himself while cleaning his rifle. He died instantly. We all attended the funeral service at Cristo Rey Church instead.

After two and a half years at my first post I felt that there was so much work to be done in Panama. It lies at the crossroads of the world. Much of the political and economic success in Latin America would depend on the strategic stability of Panama, given the importance of the Canal.

On July 28 I was invited for a *despedida* get together by my students at the Continental Hotel. This was preceded by a teachers' staff party at the Bi-National Center. It was sad to say goodbye to many good friends. I had a personal meeting with Ambassador Jack Vaughn and his Deputy Chief of Mission Ruphus Smith. I had lunch with my Brazilian friend Matos, and Eugene Klebenov, who was a political officer, hosted a cocktail party.

On August 1, 1964, I boarded the *Santa Mariana* (of the McCormick Line) in the Canal Zone. Virgil and Charlotte Prichard and some close friends came to my cabin to say farewell. The *Mariana* had 120 passengers on board -- mostly tourists and business and government officials. The first day we experienced rough waters after leaving Panama Canal. We were sailing through the Westwind passage between the islands of Cuba and Haiti. The cabins on Deck A were comfortable and the food was superb. At my table sat an interesting couple, Mr. and Mrs. Jordan, who had worked with the USAID mission in Quito, Ecuador, and were also going on home leave. I also met two women teachers from New York. Everyone felt relaxed and it was easy to make new friends. The "Gold" dinner with the Captain was the highlight of the trip. We all danced until one in the morning but were interrupted by an address by President Johnson on the North Vietnamese attacks on our ships in the Tonkin Gulf. He explained the US Government's reasons for retaliation. I could not remember such a firm presidential commitment since President Truman's speech on his military action in Korea in 1950.

**DAVID E. SIMCOX**  
**Political Officer/Principal Officer**  
**Panama City (1962-1966)**

*David E. Simcox was born on November 25, 1932 in Frankfort, Kentucky. He received his BA from the University of Kentucky in 1956. He joined the Foreign Service in 1956 and has served in many countries throughout his career including Mexico, the Dominican Republic, Panama, Ghana, Spain, Brazil, and El Salvador. Mr. Simcox was interviewed by Kristin Hamblin on August 26, 1993.*

*Q: Upon completion of your work in Washington you were sent to our Embassy in Panama, as a political officer, and then to the Panamanian Province of Chiriqui as the principal officer at the Consulate [in David]. How did these two jobs differ and what sort of things did you do?*

SIMCOX: Well, Panama is a strange country. I enjoyed myself there and the work, probably about as much as in any country that I was ever assigned to. The Panamanian people are a little



flaky but they're delightful and wonderful--and so unpredictable. In the Embassy I was a political officer. I was paired up with Diego Asencio, who was the other [political officer]. Diego subsequently went on to greater and greater things and ultimately became an ambassador and Assistant Secretary of State for Consular Affairs and head of the President's Commission on Immigration.

But in Panama the whole issue concerned the [Panama] Canal. It's a single issue country. Other things were developing, and we probably didn't give them as much attention as we should have. The old order was beginning to change then, and a new middle class was emerging in Panama that was even more nationalistic and more determined to take the reins of government into its own hands. But our principal interest--virtually our only interest, as we perceived it then--was the Canal. So after I had worked in the Embassy for almost two years, I was given a new assignment.

Ambassador Jack Vaughn came in, replacing Ambassador Joseph Harlan. The new ambassador arranged for the opening of a new consular post in David, in Chiriqui Province, the westernmost part of Panama next to the Costa Rican border.

David was the country's third largest city. "City" is probably a misrepresentation. I considered it a town, but its residents considered it a city. The whole consular district had about 50,000 people. David was chosen for a new consular post because, at that time, that our only Consulate outside the Embassy had been in Colon, about 30 miles away from the Embassy at the other [Caribbean] end of the Canal. It was felt that we needed to get out more, have a greater presence, and show the flag and our role in Panama. Therefore, a one-man post was opened at David. I was Principal Officer there for a little more than a year.

*Q: When you were there, what seemed to be the Panamanian attitude toward the United States?*

SIMCOX: In western Panama, in Chiriqui and Bocas del Toro Provinces, the issue of the Canal was much less important. They had other interests. They had to earn their living through more normal types of activity, like agriculture. So the big thing there was the banana plantations in the area. At that time the United Fruit Company had its share of public relations and labor problems. Also, the process of the radicalization of Panama--I use this as a relative term--was still going on. It was there that I got to know two of the people who subsequently became the most important in Panama. Omar Torrijos was a military officer commanding the Bocas del Toro-Chiriqui Military Zone, with his headquarters in David. I got to know him very well before he took over the government [in Panama City]. He had a young lieutenant working for him as an intelligence officer by the name of Manuel Noriega. So I knew Noriega "when," before he became "Mr. Power" in Panama.

*Q: So at that time was Panama trying to move toward a more democratic system--or was that how you perceived it?*

SIMCOX: Its government was not democratic. It was a government that had all of the trappings of democracy. There was a Parliament, a Supreme Court, and elections. But it was basically an oligarchy, controlled by the most powerful families, which managed somehow to make the

elections come out their way. When they couldn't, the National Guard would step in and dismiss the candidate who had been elected "incorrectly" and replace him with the candidate of the oligarchy. So it was an interesting process to watch there.

The biggest fly in the ointment for this oligarchical system in those days was a man called Arnulfo Arias, a spellbinding, charismatic leader--very erratic, and a very poor administrator. He was repeatedly elected President of Panama and repeatedly thrown out or denied the right to take office. But he lived up there, in that part of the country [David area]. I had instructions from the Embassy not to engage him in any sort of dialogue, which I respected. I did see him one day when I was in the back country up near Boquete. I was driving a jeep on a dirt road and I saw this figure on a white horse. When I approached him, I recognized that it was Doctor Arias. He was out, looking over his country plantation. So, in spite of the Embassy's objections, I stopped the car, got out and introduced myself, and talked to him while he sat on his horse.

*Q: That's pretty neat. Well, at the time you were in Panama, and the U. S. and Panama were having some problems, particularly concerning the Canal Zone, and I think that you were there during the time that--who was in charge of the Canal Zone who was murdered? I can't think of his name--I think it was David...*

SIMCOX: Well, I was there at the time of the very serious riots in January, 1964.

*Q: It began at the Balboa High School [in the Canal Zone]. The American students raised the American flag, and not the Panamanian flag, and the Panamanian students rioted. At the time did you think that there were any pro-Castro communists who were inciting the riots? Did you see any sort of connection with that?*

SIMCOX: I'm sure there were some Castro sympathizers out there, but the riot was a very special kind of process. There was a lot of rage in Panama, and it expressed itself that night--those nights--in direct attacks on the Canal Zone. Some of the rage was justifiable. The Panamanians involved in the riot were expressing their rage at the social inequality of conditions in the slums adjacent to the Canal Zone. So it's hard to say that the riot was conceived and directed by Castro communists. In fact I never felt that way.

*Q: During your time there did you see any sort of policy changes between the Kennedy and the Johnson administrations concerning how you were supposed to act [in dealing with Panama]?*

SIMCOX: It was the Johnson administration that finally took the major step of saying, "Enough of this fooling around with cosmetic trappings that try to give the impression that somehow the Panamanians have control over the Canal. Let us really commit ourselves to make major changes that will give them the feeling of participation and ownership [of the Canal]." That process began way back then. It took forever to culminate, during the Carter administration.

*Q: After Panama you moved on to the Dominican Republic and were the political officer in the Embassy in Santo Domingo from June, 1966, to June, 1967. What was the relationship between the United States and the Dominican Republic at that time?*

SIMCOX: There was a serious insurrection there in April, 1965--virtually a civil war. We sent in 22,000 troops, in effect, to establish order and take over the administration of the country. It started out as a unilateral, American intervention, but it was ultimately "blessed" by the Organization of American States [OAS]. Four or five other members of the OAS nations also sent troops to constitute an OAS peace force. Most of the soldiers were limited to the city of Santo Domingo because the rest of the country was quiet.

There was a government in power headed by a man named Garcia Godoy. He worked closely with the OAS representatives there, including Ambassador Ellsworth Bunker, whom I got to know there. Bunker was a master at gaining people's confidence and imposing a sense of trust and serenity in very tense situations like this. So it was almost like being--not so much as a representative to a sovereign foreign country but as a pro-consul, a civilian, political officer under an army of occupation. Perhaps that sounds a bit extreme.

Q: *What was your job then?*

SIMCOX: Well, our job was principally a reporting job, showing the flag, and trying to influence all of the politicians of the democratic parties to work together to try to develop a government that could take over from the interim government--a truly elected government. So some of us worked with the Democratic Revolutionary Party under Juan Bosch. My assignment was to work with him and his group to try to encourage them to participate fully in democratic elections. Others worked with the "Reformista Party" under Doctor Balaguer. Well, they had the elections, and Doctor Balaguer won in a landslide. Juan Bosch, who had been elected President before and been expelled by the [Dominican] military, was badly defeated. There was a good deal of concern on our part that he would call on his followers to rise up and claim that the elections were fraudulent. However, in effect, he "swallowed" the election outcome. Balaguer became President and served for four years and then for an additional four years. I think that, altogether, he spent 12 years or more as President. He was a very mild mannered, strange man, seemingly almost timid, a poet. He never married. He lived at home with his mother. But he ruled that country with efficiency.

**STEPHEN BOSWORTH**  
**Rotation Officer**  
**Panama City (1962-1963)**

**Principle Officer**  
**Colon (1963-1964)**

**Consular Officer**  
**Panama City (1964)**

*Ambassador Bosworth was born and raised in Michigan and educated at Dartmouth College and George Washington University. Entering the Foreign Service in 1961 he served abroad in Panama, Madrid and Paris before becoming*

*Ambassador to Tunisia, where he served from 1979 to 1981, to the Philippines (1984-1987) and to the Republic of Korea (1997-2000). The Ambassador also was a member of the Department's Policy Planning Staff, and he played a major role in the US-Japan Foundation and the Korean Peninsula Energy Development Organization. In 2009 Ambassador Bosworth was named the President's Special Representative for North Korean Policy. He was interviewed by Michael Mahoney in 2003.*

*Q: So, you studied Spanish and you were assigned to Panama to do what?*

BOSWORTH: Well, at that point they had something called central complement assignments for young officers. We rotated through the embassy for six months, four months in the economic section, four months in the political section, etc. As I recall I started in the economic section. After I'd been in Panama for about a year, the Department decided to close the one man, one person consulate that we had in Colon on the other side of the isthmus. Our ambassador at the time.

*Q: Who was that?*

BOSWORTH: A fellow named Joseph Farland who was a republican. He had been held over by the Kennedy administration. He was a political appointee and he had made it the opening of the consulate in Colon, the reopening of it when he had arrived two years previously so that was his signature accomplishment in Panama. He didn't want to close it and the Department said, well if you want to send someone who is now assigned to Panama City to Colon to keep it open, that's fine. He designated me to go to Colon and I went there as the principal officer.

*Q: Principal and only officer?*

BOSWORTH: Principal and only officer. I was 23 years old.

*Q: Now, tell me just to quickly, you're there in Panama rotating through the first year.*

BOSWORTH: Right.

*Q: Do you recall any sense now of what the sort of major issues were or what was confronting us in those days?*

BOSWORTH: Well in Panama in the early 1960s there was only one issue and that was the control of the Panama Canal Zone. In fact I went to Colon in July of, it would have been 1963 and in January of 1964 there was an explosive series of riots all along the Canal Zone in Colon and in Panama City. In Colon my first wife and I were living above consular offices so when the mob marched on the consulate they actually marched on us.

*Q: How far was Colon from Panama City?*

BOSWORTH: Colon was about an hour and a half by car, just across the Isthmus. You could take at that point they had the still, they may still have the Transcontinental Railway, which was the shortest Transcontinental Railway in the world. You could drive back and forth in an hour and a half or so.

*Q: Were the riots, did they just kind of bubble up naturally or where did they suddenly come from?*

BOSWORTH: Well, there was longstanding resentment on the part of the Panamanians particularly the nationalists that the United States had basically taken the Panama Canal Zone and built the canal and of course Teddy Roosevelt admitted that he had taken the Panama Canal Zone to build the canal. So, it was a question of wounded nationalism. Generations of Panamanian students had come forward dedicated to the proposition of reasserting Panamanian sovereignty over the Canal Zone and the particular spark for these riots was a demonstration by American students in the Canal Zone. There had been an agreement I think in 1960 or '61 that the Panamanian flag would fly side by side with the American flag in the Canal Zone. These American students at the Canal Zone high school sort of had a fit of American nationalism and became upset with this and they sort of marched on and lowered the Panamanian flag in the Canal Zone.

*Q: What date would that approximately have been?*

BOSWORTH: That would have been early January of 1964 and the riots then took place that day and the next day and for about a week following that.

*Q: You were in Colon then?*

BOSWORTH: We were in Colon. The national guard, when the national guard which was the national police force finally moved the mob back away from our building and my wife and I and our small young son were trapped inside. They finally got the mob dispersed. They were throwing stones through the windows and all of that. We then after another harrowing series of moves within Colon were driven out of Colon into the Canal Zone by the number two in the National Guard. He put us in the back seat of the car and covered us with a blanket.

*Q: This was a Panamanian national?*

BOSWORTH: These were Panamanian national guards. They drove us across the line into the Canal Zone. There was a lot of violence going on, sniping, and there had been several deaths. It was not a pleasant time. We remained in the Canal Zone for about a week. The rioting finally was quieted down. There was a sort of truce established between Panama and the United States but they broke diplomatic relations with us and we kept in our embassy in Panama City, we kept a very small presence.

*Q: Was Farland still there?*

BOSWORTH: No, Farland was gone by that time. He had a chargé d'affaires, Wallace Stuart. But Farland had resigned I think in late 1963. We needed people in Panama City to man the embassy who had consular experience and because I had been vice consul in Colon I had a consular commission so they sent me back from Colon with my family back to Panama City. We actually lived in Panama City, moved back into the same apartment we lived in before we went to Colon. There were I think four or five of us there. Generally except for one person who was in charge, he had been the chief of the political section. The rest of us were all FSO-7s or 8s, junior officers. So, we lived in that kind of temporary situation for almost six months and finally relations were reestablished and I was assigned back to Washington where I became the political officer on the Panama desk.

*Q: Now, did this series of riots lead the United States at that time to begin seriously to contemplate any change in the situation would you say?*

BOSWORTH: Yes and one of the agreements that we reached in order to heal this breach and begin a process of normalizing relations was that we would look at the possibility of renegotiating the treaty of 1903.

*Q: Was that the first time they had really said that?*

BOSWORTH: The first time they'd really addressed that issue. This was Lyndon Johnson's first foreign policy act. In July of 1964 I was sent back, reassigned to Washington and I went on to the desk and I became a small part of the general effort to reexamine the agreement and try to begin the process of negotiating a new treaty.

*Q: Tell me a little bit, I'm interested in the story about the students in the Zone and so forth. What was your sense, I mean I have vague memories of the Zonians being the most intense people about maintaining the status quo. Talk a little bit about your impressions of them in general, would you? How many of them were there?*

BOSWORTH: There were several thousand families there. Many of them had been there for two and three generations. They operated administered and maintained the Canal, which at that point was a very important waterway. Many of them had become very inward looking, very chauvinistic, did not like Panamanians, did not like Panama. Many of them had lived in this ten mile wide strip of land for nearly their whole lives and had never set foot in the Republic of Panama. They were an extraordinarily inward looking lot and they recognized rightly as it turned out that it was a zero sum game between them and the Panamanians. Anything the U.S. gave up with regard to sovereignty over the Canal Zone was a loss to them. They were American colonials. In fact they were in this little American enclave, very well paid, lived very well, very generous fringe benefits and they recognized that as the Panamanians took control of the Canal they would lose.

*Q: What was the administrative structure of the Canal Zone? Was there a governor appointed by the president or how did that work?*

BOSWORTH: Yes, there was a governor appointed by the president and we had our U.S. unified military command was located there, SOUTHCOM. So, we had the CINC who was a four star general and we had the Canal Zone governor and the two of them administered the Canal Zone sort of jointly and the U.S. ambassador in Panama City was the liaison or the link to the government of Panama. It was a very complicated structure.

*Q: Did it work well between the ambassador and the governor in the CINC in general or what would you say?*

BOSWORTH: My sense was that for the most part it was very dependent upon personality. Of course I was a very green junior officer. I didn't have much of an insight or look into the relationships at the top of the U.S. structure down there. There was a certain amount of resentment on the part of the Americans in the Canal Zone, resentment of Americans in the embassy because they didn't think that we were necessarily representing their interests and in some ways they were correct.

*Q: Was the military in those days, how did they react to the idea that there might have to be changes in the setup? Did you have any feel for that as early as the years you were there?*

BOSWORTH: No, I think at that point there was not much speculation about changes that would affect the status of the U.S. military, not nearly as much as there was about changes that would affect the status of U.S. civilians in the Canal Zone. The military, you remember this was just as we were sort of gearing up for Vietnam. It was also just a couple of years after Castro had come to power in Cuba. It was a good deal of concern about the influence of communism throughout Latin America; the alliance for progress had been launched just a year before. So, this was at that point, Latin America was on the frontier of the Cold War and very much of a sense that we were in competition with forces that we really didn't understand very well. We had just launched the Peace Corps. One of my first jobs in the embassy in Panama as a very green officer was to negotiate an agreement, which established the Peace Corps program in Panama City. Then I toured around the country selecting sites for the first group of Peace Corps volunteers. It was a great experience. That was kind of the spirit of the time.

*Q: Why did they want to have a post in Colon? What was its justification?*

BOSWORTH: There was no real justification for it except that the second vice president of Panama, Jose Dominador Bazan, was from Colon. He had lobbied the newly arrived ambassador in 1960 or '61 to open the post, to reopen it or keep it open, one or the other and the ambassador agreed and it did become sort of a thing of honor or pride. There was no real justification for keeping it open. In fact as it turned out during the riots, after the riots we closed it, never again to reopen it because given the physical set up you were part of the Republic which sort of jutted into the Canal Zone, you were really kind of a staked goat over there with very little ability to provide for security. I was there when Kennedy was assassinated for example and you can imagine what that was like for a young FSO to suddenly become the American representative in a fairly significant, fairly sizeable city when our president and a man whom Panamanians of course regarded in some ways as their president was assassinated. That was a kind of searing memory and experience that I will never really forget.

*Q: So, despite the fact that the mob came and threw rocks at the windows, you weren't disillusioned about this business you were in?*

BOSWORTH: No, I wasn't. I found it all kind of exciting, you know, and I guess I was young enough not to really be convinced of my own mortality, although it was also terrifying from time to time. But, no, I found that very, kind of an exhilarating experience.

*Q: So, from that, did you ask to go back to the desk or did they just say?*

BOSWORTH: They just sent me back. I don't know, we may have been going through one of our periodic budget squeezes at that point. Anyway, I would have preferred probably to go to another overseas post, but I had never served in the Department and the powers that be thought it was time for me to go back and I did. As it turned out it was a very good time and a very good assignment for me because I was three years on the Panama desk at a time when we were going through this intensive review of what we wanted to do with the Canal Zone. I had a degree of exposure to senior policy makers and major policy issues that I never would have had and most junior officers did not have.

*Q: Just to review the date thing, you went to Panama in 1962.*

BOSWORTH: In March of 1962.

*Q: And returned to the desk in?*

BOSWORTH: July of '64.

**DONALD MCCONVILLE**  
**Rotation Officer**  
**Panama City (1963-1965)**

*Mr. McConville was born and raised in Minnesota and was educated at St. Mary's College in that state. After service in the US Army overseas, he joined the Foreign Service in 1962. Specializing in Economic and Trade issues, Mr. McConville served in a number of posts abroad, including Panama and Vietnam as Economic Officer and as Economic Counselor in Korea, Malaysia, Mexico and the Philippines. In Washington, Mr. McConville also dealt primarily with International Trade and Economic matters. Mr. McConville was interviewed by Stuart Kennedy in 2001.*

*Q: When they asked you what you want to do and where, did you have any thoughts?*

McCONVILLE: Well, I'd always had this longing to go to Europe, but I had didn't have any language; most of us didn't; there were some that had had language prior to this but not too many



or not very much. I had had a couple years of Spanish in college, but never could really speak the language. Europe seemed rather unattainable for me. I had also felt at that point that I might like working in third-world countries or something other than in the more sophisticated capitals, that might fit me better. Because I had had some Spanish in college, I sort of then leaned towards Latin America as one of my choices. So I know that I put down Latin America as one of the choices. At that time you went off as a junior officer on rotation. There weren't any strict cones at all at that time. You were going to go on rotation for six months each in political, admin, econ and consular in a rotation, but there wasn't any great emphasis that you had to choose beyond that. So I hadn't given much thought to it. Like most of us, I thought political probably would be the thing that would appeal to me. Now, since I'd done administrative work in sort of sales administration, I had come to have a greater appreciation of the administrative function, and that was probably my second choice. And since I'd done well in consular training, that kind of appealed to me, that was probably my third choice. But in any event, I did go to Latin America but my first assignment was Panama. It's sort of ironic in a way, because had I had one more month to do in the Army, I would have gone there a number of years earlier as an Army PFC (Private First Class). In any event, we went through Spanish, and at that time, unfortunately, the training for world language at FSI (Foreign Service Institute) was only 16 weeks, and 16 weeks really wasn't enough. Unless you were in the very fast group, you wouldn't even get through all the books in the 16 weeks. I was in the next one behind that - I didn't get in the most advanced group - and we didn't complete all our books. Then there was a regular phenomenon at that time known as a travel freeze, because they would run out of money in the budget and had to start cutting things. The budget year at that time, the fiscal year, ended June 30th, I guess, and the new fiscal year started July 1 rather than October 1 as it is now. We were supposed to go to our first post in April after we finished with our 16 weeks of language training, but because of the travel freeze, all junior officer assignments were delayed until July 1, so they had to do something with us for that extra three months. I was assigned to work for three months in the Office of Fibers and Textiles in the Economics Bureau (EB) in the State Department. The Kennedy administration was now in, and Kennedy had come in and, as part of the commitments he had made in getting elected, he committed to the textile interest that he would get a long-term cotton textile agreement in place that would put quotas and so forth on cotton textile imports, and in fact he had succeeded in doing such. This office administered this sort of thing. It was an interagency group with Commerce and Agriculture and others. I was assigned to work in that office for three months, unlike some people who were assigned to these three-month assignments and had nothing to do because they were just an extra in the office and had sort of make work. This Office of Fibers and Textiles was swamped because of the administration of this, and I was finding myself suddenly writing. We wrote a lot of airgrams in those days. There were cables, but with cables you had to be very spare in your writing because they had to be typed out by hand all the time, so a lot of things were done by airgram. Each Friday, the head of the office would come back from an interagency meeting and say, "We're going to inform such-and-such a country that we're going to impose quotas on such-and-such products," then they would set up negotiations, offer negotiations, and we were either sending out the airgrams informing them, asking the embassy to inform them. Some of those we did in Washington and others we did sending it to the embassies to have them done, depending upon the country involved. Or there were negotiations being set up. Now, I didn't travel to any negotiations, but for those that were being done there in Washington, being held in the State Department, I would be assigned to be part of the discussions and take notes and this sort of thing. So I was kept very, very busy for

three months. It gave me a lot of practical experience. So it ended up being July before we went off to the assignment. Unfortunately, between that and the fact that we'd had only 16 weeks of language training - I think I came out with a 2 or 2+ or something like that, out of my language training; and in Panama English is very widely spoken.

*Q: You were there from July of '62...*

McCONVILLE: No, this would have been '63. I joined in September of '62, so it was July of '63 until about July of '65. In fact, my first assignment there was into the consular section for rotation, and I did immigrant visas. Unfortunately, for the immigrants about 95 percent of the immigrants in Panama at that time - there were no quotas for Latin America at that time - were the people of West Indian ancestry who, almost all, were trying to go to the Bedford Stuyvesant district in New York. The big issue was always public charge, whether or not they were in a position to be able to support themselves in the United States. For a great many of these applicants, they were typical to, say, young people in the ghetto or even in much worse circumstances, and many of them had sixth-grade educations at most and no work skills, no job experience, and were going to go off to the United States. The odds of them ending up being unemployed in the United States were very high, so we would have to try to determine that they had some relatives or somebody there that could help them get started. So mostly it was a question of overcoming this public charge issue. But these people spoke English as a first language, English as they spoke it - it was a West Indian form of English. They spoke Spanish, they were bilingual by this time, but they preferred to speak English, so our interviews were conducted in English, unlike the non-immigrants, which were mostly Spanish-speaking Panamanians. So in doing the immigrant visas, again, I was getting very little exposure to Spanish and had to go out and sort of force myself all the time to try to get my Spanish up to a 3-3. That was a big struggle, to come back and get tested and get my 3-3 in Spanish. But other than that, I had gotten through the rotation and actually I had finished up after about four months. They wanted me in the econ section because the commercial officer - they had an economic counselor, an economic officer, and a commercial officer - the commercial officer was transferred out on very short notice, so they wanted me to come up to the econ section and serve as commercial officer. So I had actually gotten out of a consular assignment after four months - it was supposed to be six - and I started working then as commercial officer. I was in a regular job again as the commercial officer. But in January of 1964 they had the riots in Panama. There had been a flag incident in the Canal Zone.

*Q: At the high school.*

McCONVILLE: At the high school, right. It finally erupted into a riot where Panamanians were firing into the Canal Zone, and it got very bitter. That particular week happened to be my first tour as duty officer. I was at home. I shared an apartment with another young Foreign Service Officer. We had an allowance. We didn't have quarters; we had to find our own place. I got this call that said, "Are you watching television? Take a look." We turned it on, and there was a riot. They were overturning cars downtown and so forth. So they told me to come into the embassy right away, and I was a duty officer. Well, I got to the embassy. We were in between ambassadors at that time, and there was a chargé d'affaires and DCM (Deputy Chief of Mission).

*Q: Who was that? Do you remember?*

McCONVILLE: Right offhand I don't remember the guy's name. I remember him well. I can picture his face, but I just don't remember the name. The chiefs of the political section, the economic section, the security officer, military attaché, and that sort of thing were there. I was the only junior officer, and I was there because I was on duty. There were riots all along the Canal and border there, at least in the city of Panama. If you're familiar at all with Panama, one of the main streets of Panama is the border with the Canal Zone. I guess that's maybe a couple of miles away from where the embassy is located. But we were getting all these reports, and, of course, Washington's on the phone and I was being assigned all sorts of various duty. Then sometime in the early hours of the morning, a mob came to the embassy. The embassy was the only place that the Panamanian National Guard protected. The National Guard was their police force basically, but they weren't an army as such. They were just a police force, but they were called the National Guard, *Guardio Naciono*. They had surrounded the embassy to protect the embassy and keep the mob away. But the embassy fronts right on the sidewalk, Balboa Avenue, and the mob was out there and they were throwing rocks and things and Molotov cocktails at the embassy. Some of us were wondering whether we were going to get out of there that night, but the mob finally went away.

*Q: Were you getting any assistance from our troops in the Canal Zone?*

McCONVILLE: No. All of the gates were closed except one that was sort of an obscure gate that they kept open. They were very preoccupied themselves. They did not provide any assistance to the embassy in the way of any sort of troops or anything. We had the Marine guards there. The USIS (United States Information Service) was located in a separate building perhaps a half a dozen blocks away, and they also had a USIS library, and the Panamanian government didn't protect it, because they said it wasn't diplomatic property as far as they were concerned, and the library was burned and the USIS building and offices were ransacked. The next morning the station chief had sources that were saying that the mob was now armed and was coming back and would have arms this time. So at some point they decided to evacuate the embassy. In fact, they had already started hauling out classified. When you mentioned the troops, they did have some deuce-and-a-halves that they had brought around to this one entrance that was being kept open to the Canal Zone.

*Q: The deuce-and-a-half being a military two-and-a-half-ton truck.*

McCONVILLE: We'd been loading up classified files onto that two-and-a-half-ton truck to haul them over to the Canal Zone, and the files were jam-packed with this stuff and so forth. You know, all of those exhortations to keep your classified files limited and so forth. Like most places, they weren't, and they had tried to start burning them, but every time they would get this incinerator going strong enough, the roof would start to catch on fire. They were in constant contact, of course, with Washington and the White House and so forth, who had been telling them to burn the classified. But at some point late that morning they finally made the decision - I think it was made in Washington - to evacuate the embassy. So we were all, those of us who were there, told to go home - we all had apartments or houses throughout the city of Panama;

there wasn't any housing as such - and stay at home and try to be careful and avoid going outside because you didn't know what attitudes the Panamanians might have toward us.

So we were told to go home. As I say, I was sharing an apartment at that time with another Foreign Service Officer, young Foreign Service Officer. There was sort of a funny incident that had happened after I had left that morning. I think the embassy was three or four stories, and the Marines had cases of teargas at each level to start disbursing in case somebody broke into the building or something like that, or maybe to leave in the building if they were told to evacuate it to keep others from trying to get in. But in any event, there was some Marine who had a name that was something like 'gas', and somebody had called out his name and somebody up on the third floor, I think it was, which was the floor where the ambassador and the DCM were, hollered down, "Did you call gas?" He said, "No gas," and somebody up there started pulling these canisters out and tossing them on the third floor. So the whole third floor was full of this teargas. Now, as it turned out, at the very end - they never totally evacuated the embassy - before the last few people got out - it's a chancery really rather than the embassy - before the last few people got out of the chancery, they changed their mind again in Washington and decided that they wouldn't totally evacuate the place. That weekend then, the rest of that weekend, we stayed home listening to the news reports. The Panamanian government was being very jingoistic and so forth. There were 21 people killed in those riots, 17 or 18 Panamanians and three U.S. soldiers. Now, most of the Panamanians were actually killed in some fires that were more involved with looting and so forth, that actually may have been killed by other Panamanians who were keeping them out of their stores or something. In the PanAm building, I think there were five of them that were caught in that fire down there. But it was headlined all over the United States. The next week Time and Newsweek had cover stories on these riots in Panama. So it was a serious situation. But by Sunday evening my friend and I, the guy I was sharing the apartment with, had gotten so bored being inside that we decided to venture out a bit and see - we had to take our chances - and we started going out. The more we went out, the Panamanians themselves were very friendly and courteous to us. They had a very sharp distinction in their minds between Americans and Zonians. They detested the Zonians, who they felt were always looking down on them and had mistreated them and so forth, whereas Americans generally they tended to like. Most of them had American friends, and a lot of them had gone to school in the United States and whatever. So we found virtually no hostility directed towards us as individuals. The next week then the embassy operated more or less normally, but we didn't have any classified around for the most part. It had all been hauled away. But that following Friday, I believe it was, about a week later, there had been negotiations going on to reach some kind of understanding. The Panamanians had been insisting that the U.S. would have to agree to negotiate on the Canal, to open negotiations on the status of the Canal, and Lyndon Johnson was publicly saying the United States would never agree to negotiate under threat of violence, wouldn't rule out the fact that we might at some point consider that, but we wouldn't make a pledge in advance. So they finally struck some language, and they had settled on the Spanish word 'discuteer' - that's the infinitive form of the verb - and it was put out. At the time it was put out, the Panamanians locally started to point out that the word 'discuteer' in Spanish, rather than meaning 'discuss', had more of an implication of 'to argue about something'. So they in fact had gotten a commitment out of us. When we insisted that was not what was intended, they suddenly announced that that was the end of the talks and they were breaking off diplomatic relations with the United States. That afternoon, that Friday, in the embassy we were suddenly told to go back to our houses and apartments and

pack small overnight bags and to go over to the Canal Zone. So we all then were over in the Canal Zone in some barracks and so forth over there and had all been ordered to leave Panama. We were in the Canal Zone, which is American territory under the terms of the Canal. Then that weekend they told us - I guess the chargé - that it had now been agreed with Panama that, while they had broken diplomatic relations, they hadn't broken consular relations, so that we would be allowed to operate a consulate until diplomatic relations were reestablished. There were seven officers on the embassy staff who had consular exequaturs for one reason or another. It was the chief of the consular section, and the chief of the political section actually had earlier on been the chief of the consular section and then had moved on. So he still had a consular exequatur because they had never rescinded it, and there were five of us junior officers. Some of them were in the consular section at the time, and some were like myself, who had been in it and had the consular exequatur, no longer in it but still had the consular exequatur. One of those five, incidentally, was Steve Bosworth, who later on went on to be ambassador in Tunisia and in the Philippines and now in Korea. Steve, he and his wife, in fact, were the people who met me at the airport when I arrived in Panama. Steve by this time actually was supposed to have finished up his tour, but had continued on as the principal officer, only officer, at a consulate we had at Colón at the time, and he and his wife had been caught over there in the riots, but he was part of this staff. There were five of us junior officers and consular chiefs. The political guy happened to be actually the most senior, so he was named the consul general. Then we were allowed to bring some staff with us, some communicators and a secretary or something like this, and we were allowed that same weekend to go back into Panama and run a consulate, and so for the next four months we ran a consulate. We were the embassy in fact. The rest of the people had to stay in the Canal Zone. They went bonkers over there after a while and really didn't have much to do, so they started accelerating transfers and doing a lot of different things to get people moved on elsewhere as time went on. It was four months later before they finally struck an arrangement with Panama to come up with a satisfactory statement that restored diplomatic relations. This absurdity that Panama and we did not have diplomatic relations...

*Q: It was something that went on. It was used at that time in some other places. I remember about a year or two later, I was consul general in Saigon and halfway down the diplomatic list, a pretty low-ranking officer. We had broken relations with Cambodia but kept consular relations for a while. I thought there's a conceivability that I might end up with 50,000 American troops and all this [inaudible] American representative. Of course, it never would have happened, but it was of that period where consular relations were a possibility.*

McCONVILLE: Well, that's what we had for four months.

*Q: What did you do?*

McCONVILLE: Well, mostly consular work, but we did some other reporting and so forth. In fact, I was put back at that time to run the special consular services, and so for that stretch of four months I did special consular services. Anyone who's done plenty of that, you have all sorts of weird stories with special consular services. But in any event, that was a very unusual situation, to say the least.

*Q: How about Americans there? There must have been a lot of disquiet among Americans in Panama.*

McCONVILLE: Well, certainly in the Canal. Of course, the people in the Canal Zone then didn't dare [venture out].

*Q: They were a breed apart almost, weren't they?*

McCONVILLE: Many of them were. There were some who really enjoyed Panama, loved Panama, made a big effort to cultivate friends and acquaintances among the Panamanians, but the majority tended to look down on Panamanians, tended to stay in the Zone itself, and then there were those that used to brag about the fact that they almost never went into Panama itself. Now, the Canal Zone was self-contained. It was like a little American community. They had practically every kind of organization that you have in a typical small city in the United States, you had there in Panama: the American Legion, the Boy Scouts, Goodwill. They had almost everything, and they had their own stores there in addition to the PX's and so forth on the military bases, which we had access to, but they didn't have access to them, the civilians. They had their own stores there and restaurants and other things, none of them anything very special. They could live there in that very neatly cultivated Panama Canal area and never venture into the city of Panama itself. Then, of course, we had significant military at the various military bases in the Canal Zone. Living in Panama itself there were quite a number of Americans. There were also people who had dual citizenship and very strong ties to the United States. Almost everyone spoke fluent English. They clearly were distinct from the rest of Latin America. They had more experience with Americans than most other Latin Americans. There were things about Americans that irritated them, but most of them had closer ties with individual Americans than almost anyone else in Latin America. The idea they'd break diplomatic relations with us was the ultimate absurdity. It was having a significant economic impact on them, because virtually all of their economic ties outside were either the Canal or with the United States. Their currency is actually - they call it the balboa; it's got a picture of George Washington on it. They use the American dollar as their currency. They had sent a delegation to the United States to try to argue for some additional economic aid to assist them during this period of time of broken diplomatic relations because of their special relationship with the United States. The striking thing about the arrangement that was made to restore diplomatic relations was that the Panamanians had tried to insist that we would agree to open negotiations on the Panama Canal, renegotiate the whole treaty on the Panama Canal. Amazingly enough, at that time there had still been very considerable thought given to the idea of doing major construction work with atomic explosion, and so President Johnson came out with an announcement that we indeed would reopen negotiations on the Panama Canal, but at the same time he also announced that we intended to build a new sea-level canal in one of four locations, only two of which were in Panama. I think one was Nicaragua, and I don't recall what the other one was. But the effect of it was to say that we would renegotiate the existing treaty and would turn over the Canal to the Panamanians. I think it was like in 15 years or something, and that was what our proposal would be. But in the meantime, we would build a new sea-level canal. They would have the old locks canal, if it was going to be of any value. The sea-level canal might not be in Panama, and that would give us a lot of leverage about what this negotiation might be all about. This was widely praised in the United States. Editorials and other commentary from all quarters of the United States were very

laudatory of this brilliant idea. The embassy in Panama - not myself but some of the senior levels - had been very much involved in helping develop this idea along with the State Department and others in Panamanian affairs and so forth. By that time we hadn't named a new ambassador yet. I think I'm getting ahead of myself at some point, because we didn't have an ambassador, of course, during that break in diplomatic relations. Anyhow, they had struck this deal and had come up with the arrangement. We did get a new ambassador then, and I'm trying to remember the name. It was Jack - he later on went on to head the Peace Corps; he was actually Assistant Secretary for East Asia for a while and then went on to head the Peace Corps. He's been an AID (United States Agency for International Development) worker. But the guy who really impressed me was the DCM who came at the time, somebody named Rufus Smith. Rufus Smith was probably the finest all-around Foreign Service Officer I ever knew in my entire service. He had a great deal to do with every success that the embassy had.

*Q: Jack Vaughn, was it?*

McCONVILLE: Jack Vaughn, Jack Hood Vaughn. He'd been an AID worker actually, an AID employee, a mid-level AID employee, and then I think on a tour of Africa or something. Then Vice President Lyndon Johnson and Bill Moyers, who was with him, had been very impressed by this young fellow they had met in Africa, and when Moyers headed the Peace Corps, he made Jack Vaughn an assistant director for Latin America or something or other, and that led to his appointment as ambassador when Johnson got to be President and so forth. But in any event, that was a totally different period then, because by this time, when we restored diplomatic relations, virtually the entire staff of the embassy had turned over because of this whole process except for a few of us who had been there running the consulate. So we had an almost entirely new group of people in the embassy, a different period entirely. After relations were restored, I was assigned then to complete my rotation in the economic section. As it happened, just as I got in the economic section, the economic officer - it was the economic counselor, economic officer and commercial officer - the economic officer left. So I was given that job, full-time economic officer job. As it just happened, the man who was the economic counselor had a little different background than most Foreign Service Officers. He'd grown up in Nicaragua. His parents were Americans who had grown up in Nicaragua, actually in a coffee plantation there or something like that. He had started working with the American embassy in Nicaragua as a local hire American, and eventually was brought into the Foreign Service. In fact, a number of people, almost all the counselors at that time, everyone between sort of the middle-grade Foreign Service Officers and the DCM were people who had been Wristonized, as they called it at the time, people who had been staff people who had been converted to Foreign Service Officers under the Wriston Program. In any event, one peculiarity about this guy, because he had this coffee plantation - his whole family still owned it in Nicaragua - every year at a certain time he would take three or four weeks leave and go up and oversee the harvests or something up there in Nicaragua of the coffee. I had hardly started in the economic section when he was off on his three or four weeks, and one of our big tasks at the time was to do the economic trends. There used to be the six-month economic reports put out by the Department of Commerce but provided by the economic section of the U.S. embassy. This was, of course, a particularly critical time because they had had this break in diplomatic relations, riots, and so forth, so there was a great deal of interest by those who were interested in the economy of Panama and what sort of effect all of this had on the economy of Panama. They had no economic training of any consequence at

all. Now, you could in Panama, because of the fact that it was a very small place, you could go around and speak to a lot of people, interview a lot of people, and get a lot of information. So I started calling people up and going around seeing people, and found doors opened very easily, talked to a lot of people in the business community and various other places, and I wrote an assessment of the Panamanian economy and the impact. Essentially my conclusion was that, while the economy had flattened out, there hadn't been any serious downturn, and they'd probably ride this out fairly well as long as confidence would come back before too long. This economic counselor came back from his three or four weeks in Nicaragua. The thing was due in a few days. He looked at it, made two or three word changes, and that was it, off it went. Some weeks later there was a headline in the Panamanian newspapers, "US Says Panamanian Economy Okay" or something like this, and it's quoting from this Department of Commerce publication, and here this was all my work, this guy who had had no real economic training. Every word of it was mine. In fact, it proved to be pretty accurate as time wore on. It was a pretty good assessment. As I say, I did like writing and I wrote pretty well, so that part of it came to me pretty easily. I could write the reports well, and I did really enjoy that experience of going out and interviewing a great number of people. It was like a lot of journalistic work in many ways. But my experience in the economic section in Panama persuaded me that I really enjoyed the economic side of economic relations more than the political, just the fact that it's a little more concrete and it just attracted me. In fact, the inspectors came and we had an inspection. At that time they used to write individual reports on each one of you, and I told the inspectors I had pretty much decided I wanted to emphasize economic work. There were some other episodes in Panama. It seemed like every time I was on duty - it was a joke in the embassy - something major would occur. As I say, my first tour as a duty officer had been the week the riots broke out. There was a subsequent time there was an election in Panama, and a fellow named Marco Robles had succeeded as president. He was from the established party. But there had been a fellow who had been sort of a rogue in Panamanian politics for a long period of time named Arias. He'd actually been president briefly during the Second World War and showed sympathies with the fascists, the Nazis and so forth, and quickly there had been a coup that overturned him. He'd only lasted a few weeks or something like. He'd been banned from running for a number of years but had just recently been allowed to run again, and here he was campaigning again and he did very well. He kept insisting that in fact the election had been stolen from him. Our own evidence was that that wasn't true, but he had persuaded a number of people of that. So there were a number of his activists who were starting to throw some bombs around and stir up trouble of different kinds. This particular weekend, again, when I was duty officer - it also happened to be right at the same time as the episode in the Dominican Republic where the U.S. intervened and we had the Marines and the 82<sup>nd</sup> Airborne in the Dominican Republic - there was a major effort made by the United States to get the OAS to approve our intervention in the Dominican Republic. Averell Harriman was sent out by President Johnson to visit these Latin American countries. He visited 14 countries in six days or something like that. I had just gotten home for supper and suddenly the phone rings and it's somebody saying that there had been some communication from a plane coming up from Colombia or something or other, a military craft of some kind, Averell Harriman was on it, and he'd already been in communication with the chargé. By that time, Ambassador Vaughn had gone off to be suddenly pulled out to be Assistant Secretary for East Asia, and Rufus Smith again was the chargé at that point. Harriman had suddenly decided at the last moment that he wanted to stop in Panama. He was supposed to come there on a military aircraft to Albrook Air Force Base, I guess it was, but he decided he wanted to call on the



president of Panama and also seek to persuade him to support it. This is again what struck me: Rufus Smith managed to arrange inside of a few hours for an appointment with the president of Panama for Harriman, who was landing out at the airport and was going to be there for relatively few hours but was going to switch in Panama to commercial aircraft and leave sometime in the early morning hours going back to Washington. In any event, I was being asked to come back down to the embassy because they wanted me to be on hand while this was taking place. There was one group going to meet him at the airport and another group doing something else, and I was supposed to be the person in between and be at the embassy and be able to communicate with both groups. While this was happening, the new ambassador was arriving - well, I think the new ambassador's arrival was a little bit separate. In any event, Harriman did come, and Rufus Smith did manage to arrange a call on the president and set up that appointment within a few hours of getting the instruction. There was that call made, and then I remember being at the embassy. Smith came back and said that Harriman was leaving on a commercial flight about four o'clock in the morning and that he had insisted that Smith not come out the airport to see him off, but Smith felt somebody from the embassy ought to be there, and since I was the duty officer, I was it. So I went home with an hour's sleep or something and was then back out to the airport to see Harriman off. The plane was delayed for about a half hour and we ended up spending a half hour or so there at the airport, a half hour or 45 minutes. It was just Harriman, myself, and one of his aides. I'd brought some cables for him from the embassy that had come in at the time, and he was reading these cables with this aide. It was probably a half hour or 45 minutes, but sitting there with Averell Harriman, and he was ruminating about his visit down in Latin American and about the fact of what was happening in the Dominican Republic. I don't remember how old he looked at the time, but he was already probably 78 or something like. The guy had hit 14 countries in six days or something like that. I still remember that half hour, 45 minutes or so, to sit there and listen to Harriman rumble on. It was quite an experience.

I think the episode with the ambassador arriving was a separate one shortly thereafter. The ambassador was supposed to arrive at the airport - I was again duty officer. The Dominican thing was still going on, because I was called in to the embassy to see two cables, again on the Dominican situation, and they were classified, so as duty officer, I was supposed to pick up the classified cables and decide whether or not somebody needed to be notified any action. There were two immediate cables, or immediate action cables. I went into the embassy and was sitting up in the communications room. At that time, the communicator had to type these things up, so I was sitting there with him while he's typing this up, and suddenly there's a loud explosion outside. We looked at each other, and I went dashing out the door - we were on about the third floor or something like that - and went downstairs. The Marine guard was there, and he was starting to go out the big front doors of the embassy. I went out with him. We got out there, and there was smoke drifting off and the smell of powder and so forth. Somebody had thrown a bomb at the embassy. The new ambassador, a guy named Chuck Adair, had arrived and all the big wheels in the embassy had been out to the airport to meet him and then were going to convene at the ambassador's residence and have a few drinks with him welcoming him in. I knew they were all there, and I called them and asked to speak to the political counselor, a man named Henry Kaler, and I say, "Henry, we've got a couple things. First of all, we've got two cables on the Dominican situation, at least one of which will require action tonight, and somebody threw a bomb at the embassy." The DCM or chargé - DCM by this time, I guess - Rufus Smith was there. So I repeated it to him. So they all came down to the chancery at that

point. I remember one of them came walking back into the embassy carrying the sort of charred remains of this bomb. Then they called over to the bomb squad at the Canal Zone, and they came over to take a look at this thing and promptly told these guys that this was still unexploded sticks of dynamite that they had in their hand there, that the detonator had gone off but apparently the dynamite itself probably had been sitting somewhere where it had gotten very damp or something for too long and hadn't actually exploded and they were carrying around some live dynamite yet. It had only been actually the detonators that had gone off. Had the dynamite itself gone off, it would have probably blown a hole in the side of the embassy. That was the groups that were so unhappy about the election and so forth, and they tossed this bomb at us. These kinds of things seemed to happen every time I was the duty officer. So it was a very interesting period of time when I was there. I really enjoyed the experience in the economic section, and then by this time, because of all these interruptions, they only had about four months left and they had suggested to me, "Look, we can split that time between admin and political, but it might make more sense - we could really use you in admin - if we kept you four months in admin and make more use of you." I said that was fine with me, because by that point I really didn't think I had a lot of interest in the political side. I really wanted to be in economic, and I thought admin might be a fallback because of my own experience. So I worked in the admin section for four months. Again, there were things about the admin operation that appealed to me, but the economic was clearly my first choice. My next assignment was the Philippines.

*Q: Okay. I'd like to end at this point here, and we'll pick this up the next time. You went off to the Philippines when?*

McCONVILLE: '65.

**JOHN N. IRWIN II**  
**US Representative**  
**Panama Canal Treaty Negotiations (1963-1967)**

*Ambassador John N. Irwin, II was born in Iowa in 1913. He was a partner in a law firm for several years before he began his work with the government. He was the U.S. Representative in negotiations for the new draft of the Panama Canal Treaty from 1965 to 1967, Under Secretary of State in 1970, Secretary of State in 1972, and ambassador to France from 1973-1974. This interview was conducted by Gordon W. Evans on May 30, 1991.*

IRWIN: That opportunity came in 1963, I think it was. President Johnson had asked the former Secretary of the Treasury, Robert Anderson, to negotiate with Panama, and asked if I would help Secretary Anderson, which I was happy to do. That was a part time job, maybe fifty percent negotiating and fifty percent practicing law in New York. As a matter of fact I did most of the negotiations, keeping in touch with Secretary Anderson so he could participate to what ever degree he wished.

We ultimately reached an agreement with the Panamanian negotiators, of which there were three, and both presidents, President Johnson and the then president of Panama approved the agreement and were willing to sign, but this was in June 1968, perhaps, or 1967, I am a little uncertain, in any case the president of Panama said "we have an election in September and it is now already June, even though I approve the treaty I think it would be wiser politically here in Panama if we waited until after the election. My party will undoubtedly win, I will not be the president, but my successor, whom I have talked to, will approve the treaty and he will have the support of the electorate, having just been elected." That was a good plan, but his party was defeated, the opposition took over and two weeks later there was a military coup which remained in power until relatively recently. So the agreement was never executed, although the impetus which it started continued and in the late 60's or perhaps even later, Ambassador Bunker and Ambassador Sol Linowitz took over the job of negotiating a treaty with Panama, which they accomplished and which was signed and ratified by our Senate and is now the law in the sense of international law and having revoked the 1903 treaty which was certainly unpopular in Panama, and other countries in South America who supported Panama, even though there was a strong element in the United States that said we received it, it was a legitimate treaty that was negotiated back in 1903 and we should not give it up. My personal view, while understandable, was short sighted. If we had kept the Canal, at the very least there would have been bad relations, not only in Panama but in other Central American countries and in South America and at worst it could have been the type of guerrilla, not real warfare, but attacks on ships or parts of the Canal. As a historical note, those people who said we had a legitimate agreement with Panama in 1903, that is correct, but also it could be stated that in essence the United States encouraged Panama to have a revolution against Colombia, which at that time owned Panama, or considered it part of it. It became two countries, Colombia and Panama, and then we negotiated the 1903 agreement with the new government which we had just helped free itself from Colombia. So you have all this type of background and one can argue both sides.

Actually the treaty accomplished by ambassadors Bunker and Linowitz is better than our treaty considerably, more simple, and that can be ascribed to the fact of the maturing of the views of some of congressmen and senators. When we began negotiating we had to keep in very close touch with the Senate and the House too, and to be sure that we only negotiated what we could get confirmed by the Senate. Whether we were right or wrong, we felt that we had to have more restrictive agreements than Ambassador Bunker and Ambassador Linowitz were able to succeed in accomplishing. I think it is partially because they did not have quite the difficult attitudes in the Senate that existed those five to ten years earlier.

**CLYDE DONALD TAYLOR**  
**Consular Officer**  
**Panama City (1964-1966)**

*Ambassador Clyde Donald Taylor was born in Columbia in 1937. After receiving his bachelor's degree from Wheaton College in 1959 he received his master's degree in interdisciplinary studies from American University in 1961. His career has included positions in Panama City, Canberra, San Salvador, Teheran, and an*

*ambassadorship to Paraguay. Ambassador Taylor was interviewed by Charles Stuart Kennedy in January 1996.*

TAYLOR: In Spring of 1964, I was assigned to Panama as Vice Consul.

*Q: Being born in Colombia and having this background, had you had Latin America as something you were going to point yourself towards?*

TAYLOR: Well, it was the language that I had, not real well, but I had some Spanish. And I had taken several courses at the graduate level in Latin American regional studies. So I remember that my first preferences in the assignment processes were in Latin America, and my first assignment was to have been in Caracas. That was an interesting introduction into the Foreign Service assignment process, because on the day we were being moved, I was told that the position I was going to was being filled by someone from Maracaibo because they shouldn't have assigned that person to Maracaibo. And so here we were the day of the move, and my assignment was canceled, and my in-laws were already in New York to see us off on the boat, and we had known about that assignment for nine months.

*Q: You got to Panama when?*

TAYLOR: In April of 1964.

*Q: You were there from April '64 until when?*

TAYLOR: Until, I think it was June of '66.

*Q: What was your job in Panama?*

TAYLOR: I was the Vice Consul for everything except visas. I handled citizenship services, a very big Federal benefits program, a lot of relations that involved the Republic of Panama, with the government of the Canal Zone, and with the military in the Canal Zone, so I often said I worked with three governments. It was a fascinating job.

*Q: Could you describe sort of the political situation there, because including the Canal Zone, which as you indicated was sort of a government unto itself, although it was American, and at that time, also the Panamanians.*

TAYLOR: We arrived just, I think, about three weeks after relations were reestablished after the January 1964 riots over that flag incident at Balboa High School. So we arrived in a city where the cars that belonged to Canal Zone employees who resided in the Republic, and they had the letter "Z" at the beginning of their license plates, those cars were burned, and they were all over the city. It was a city that was still traumatized by those events; there were, I don't know, some 21 that I believe were killed. There had been a period of time when Panamanians could not transit their own country because the Canal Zone was closed to them to cross.

It was a very difficult time politically. Effectively, all arrangements were back on the table in terms of whether U.S. military people could live off base, whether Panama Canal Company people could continue to live out of the Zone in the Republic, and what arrangements Panamanians would have in the Zone itself. Interestingly, you had a Canal Zone was under the Fifth Circuit Court of the United States. For all one's preparation, you had to see the Canal Zone to believe it. I mean, it was really the last U.S. colony; the contrast between the Republic and the Zone was night and day; it was sort of a pristine babysat area as the Canal Zone residents felt very safe letting their children move about at will in the Zone. But there were a lot of tensions.

The anomalies that existed still stick out in my mind. For example, a Panamanian resident arrested in the Zone would not be provided a lawyer or an interpreter when they were hauled into the U.S. Zone Court. There were a lot of areas of discrimination. A lot of us felt that even the slogan on the Canal Zone license plate was a major diplomatic affront, because it said, "Dividing a country to unite the world," and a lot of Panamanians saw that as just sort of turning the knife.

We had as an Ambassador when we first arrived Jack Vaughn who had many, many talents. I think he later was head of Peace Corps, and had just been Associate Director of Peace Corps for Latin America. But he quickly became known for his antipathy toward the Canal Zone, and that, frankly, didn't help. He would not accept protocollary and social invitations in the Canal Zone, and those often passed to me, a very young Vice Consul. And so I often spoke when they wanted anyone from the Embassy at Veterans of Foreign Wars, and VA affairs, and as my job would require, I got to know the port captains on both the Atlantic and Pacific, and went to a number of just civic affairs in the Zone. I found some, as you will anywhere, very delightful people. There was unfortunately just a small minority of Canal Zone residents that took advantage of where they were geographically; they learned Spanish, they learned the local history and culture, and in fact, there was virtually no cultural activity of note in the Republic that was not either initiated or didn't benefit from major support from Canal Zone residents. So while the vast majority of them lived unto themselves, there was a very active and commendable minority that were good citizens, good guests in that Republic.

*Q: What type of government was there in Panama at that time?*

TAYLOR: Well, it was a military-supported government as you would find throughout most of Latin America in the 1960s, even later. Panama had been a history of fraudulent and contested elections, coups and anti-American riots. By April 1964, when we arrived, Panama was quieting down after the January riots, but it was in a run up to Presidential elections. Panamanians took their elections very seriously; voting was very high, even illiterate people converged on positions, on candidates. I remember our maid had campaign posters all in her room. And the issue of the Canal always was in the middle of their elections. The candidates' rhetoric had a degree of shrillness in their proclamation of sovereignty and redress of injustices; that was the outward sign. Underneath, there were distinct levels on commitment on cooperating with the U.S. Government. In the end, Marco Robles won but was challenged by previous President Arnulfo Arias, who alleged fraud.

*Q: I don't know Panama at all, but was there the usual thing of society as a gap between the wealthy who maybe work with the military and are doing quite well, run in sort of the top social circle, and then the minor commercial class, and then you go down, or not?*

TAYLOR: That's very accurate. A lot of it had to do with color; of course. Throughout Latin America the relatively light-skinned people tended to be in the elite. There was a very interesting schism in the Black community, which was West Indian. Those who had been imported by the French on their attempt to build the Canal and had then stayed, regarded themselves as significant socioeconomic step above the West Indians that were brought in by the Americans. These West Indians were trying to maintain their culture, including their own churches and schools, usually Methodist or Episcopal. Their difficulty arose when they retired from the Canal Company, because at that point they had to leave their communities in the Canal Zone and move in the Republic. Then, some of their progeny who did not work for the Canal Company wanted English-language schools as key to maintaining their culture. A very prominent newspaper was still in English, there was a significant English subculture among this group of immigrants. In contrast, the first group of West Indians had integrated into the Panamanian society and had pretty much left their language. This contest was a real element in the discrimination the "new" West Indians experienced.

As you said, there was a very small upper class, what would stand for an aristocracy in the country, and that class was generally landed and was moving into commerce. A lot of them had businesses that related to the Canal Company. The whole function of the Canal, probably in its secondary, tertiary economic effects counted for, in those days, probably 25-30% of the economy.

*Q: Was the embassy pretty much embraced by the equivalent to the aristocracy or not? I mean, was...*

TAYLOR: Well, we had a few Foreign Service Nationals who came out of that aristocracy, as embassies did back in those days. In fact, the one accorded the unofficial title as most senior local worked for me. She was a very refined lady, but could become very contentious in providing services to some from the Canal Zone who she sensed were condescending toward Panamanians.

We had, I think, a pretty good range of contacts, including with the labor elements. We had those in the Chiriqui Land Company, which belonged to United Fruit, and had its labor problems up in the west toward the Costa Rican border. We had a consulate at David in that region in those days that. Cuban influences were there as elsewhere, particularly through the labor sector; and so we paid attention to labor.

There was friction, of course, with our own military; some of it was healthy, some not. Military units had civic action projects that we certainly liked, but they would tend to not be coordinated with AID, which was often likely to be engaged in similar activities. The Panamanians, who had very few areas in which they could exercise sovereignty, tended to exaggerate the areas in which they did, to the point where some of it was, frankly, a little ridiculous. We would provide out of the Canal Zone air bases medical emergency transport from all around the country into Panama hospitals. This required overflight clearances, and they were exacting in this because this was an

exercise in which they could exercise sovereignty. They were picayunish; they wanted to know the full names of everyone who'd be on the helicopter, the tail numbers, exact flight plans, and all these things that sometimes we didn't have all of that as soon as we wanted to, and yet, somebody was in jeopardy. One could appreciate their need to exercise sovereignty where they could, and yet, they picked some funny areas to do it. I remember as evidence of the dominant U.S. Presence, and I'll close with this, that their Foreign Ministry was divided into two areas/bureaus: one, relations with the United States, and the other, relations with the rest of the world.

*Q: What about the Canal Zone, when you were there. In the first place, what was sort of your attitude, and you might say, of the embassy; was there a feeling that, you know, this isn't going to last, that eventually something will have to be done about this, or not?*

TAYLOR: Well, if you reviewed our various Executive Agreements (and after the January 1964 riots modifications were being made and President Johnson had declared the U.S. Intention to renegotiate the Panama Canal Treaty), you could see a long history that did not point favorably toward U.S. implementation. Typically, what happened is that there would be by Executive Agreement some commercial concession for Panamanians to participate in specified commercial activities with the Canal Company, in the Canal Zone, or just concerning our presence in the Zone. Or there was an agreement, central to the riots in January, on where the U.S. flags would be flown in the Zone. And there were areas stipulated where if one flag was flown, both would be flown. And you could see that time after time, Canal Zone residents, Americans, would take those Executive Agreements to U.S. Federal Court and tie them up in legal knots, at minimum delaying implementation. Thus, there was a well-founded perception on the part of many Panamanians that what we were doing lacked good will. Because their legal system was much more politicized, they concluded that the actions in our courts likewise reflected political considerations. It was clear that Panamanian concerns over the conditions under which U.S. operated the canal were heating up and were unlikely to go away. This was complicated by the lively issue in those days over the prospect of a sea level canal, a development that could radically change the politics as well as economics of the canal.

*Q: Sea level canal was basically through Nicaragua, wasn't it?*

TAYLOR: The two key options discussed were one in Panama and one in Nicaragua. One of the things that stands out in my mind that affected Foreign Service life was that we were accredited to the Republic of Panama, and I would say there was strong consensus in the Embassy that we were doing things that were inimical to the accreditation. In lieu of having allowances that compensated for what was a high cost situation in the Republic, our government gave us access to the Canal Zone commissaries and the military PXs. The result of that was obvious: we tended to go into the Canal Zone for our shopping, for our recreation, to go to the movies, to play golf, use their recreational vehicles, so our leisure, our out-of-office lifestyle was too much directed toward a community where we had no accreditation, where we had no business. And Ambassador Vaughan quite rightly tried to do everything possible to get us to focus on the Republic, and he tried to work this around its issue and didn't succeed.

This Embassy optic was aggravated by the period when relations were broken, because employees who were in a transit or insecure accommodation status in Panama City moved into the Canal Zone. Some moved into the old Tivoli Guest House, a hotel, and once settled, stayed. So you had, in the extreme, people living in the Canal Zone working in the Embassy; the Ambassador did end that. But I'm always struck by the anomalous situation of being accredited to a Republic and then having our lifestyle too much oriented to what was, in effect, a U.S. colony.

*Q: We have some of the same problems, don't we, in Tijuana even today, where you have people, consular officers and families and all, living in the San Diego area, and commuting on a daily basis. Maybe that's stopped, I don't know. We have this a lot, of course, in Europe, where our people do their shopping in major commissaries and PXs, including those out of country. And to the extent that they do that, they're not getting to know the local shopkeepers, and walking the local streets, and it's an economic determination but it's unfortunate to the role of a diplomat, which should be to try and mix and get to know people. By the way, I can't remember exactly when the Dominican intervention came - was that while you were in Panama, or not?*

TAYLOR: I think I was in Australia at that point.

*Q: Okay, fine, if you don't remember, I was just wondering... Then you left there in '66. Oh, by the way, how about consular cases? Arrest cases.*

TAYLOR: The workload in Panama was fascinating, each aspect of it. I worked with the military to develop arrangements and information on how we could encourage our residents in the Canal Zone, military and civilians, to drive the Inter-American Highway to Central America and to the States when they went on their transfers and holidays. We thought that that would be good for diplomacy and good for their personal growth. So we developed maps and booklets and through our embassies tried to facilitate such travel. That was a fun exercise.

I was interviewed for a five-part series in the Los Angeles Times, that was called "The End of the Road," referring to Panama City as (save 38 miles) the end of the Inter-American Highway until it resumed in Colombia. It consisted of anecdotal stories I gave the reporter each representing a case where people did not know we were the end of the road.

And this responds to your question about my workload, because I averaged in each of those two years some 300 welfare and protection cases, defining a case as that which took at least an hour. And the bulk of those were young people who would come down as far as Panama and would assume that they could easily get on a ship back to the States. What they did not know was that there was a huge resident seaman's community in Panama, and a lot of these people didn't want to work full-time, so they were available. There were a lot of them, and they had their seamen's cards. So the typical case was two to four students would show up in the office in the morning, and they'd be down to their last few dollars, and they would want that repatriation loan from the State Department that had been made famous by Lee Harvey Oswald. They'd say, "Hi, Cons, where's my money?" That's the way the conversation would start. I inherited a small fund from the local American Society, and to this day I'm proud of the fact that that fund was diminished by, I think, \$50 during my two years. I managed to get money from everybody's family, get



some old loans repaid, and only take one loan out of that repatriation, and that was for a large Puerto Rican family of eight.

But we had peculiar cases: we had those who tried to breach the Darien Gap (where the Inter-American Highway becomes a swampy, jungle stretch) in an amphibious jeep and got stuck. We had people who would assume they could just drive from Panama to South America. I remember two Jehovah's Witnesses out of New York who drove all the way down to Panama on their way to Belem, Brazil. They walked into my office, pointed to strip maps and other maps from AAA, and said, "AAA told us to go into the Embassy in Panama, and you would give us the rest of the strip map." When I explained to them that they could not drive from Panama to the east coast of South America, they were appalled, and likewise, that they couldn't drive to South America at all.

*Q: Particularly during the '30s and up to the '60s, there was great talk about the Pan American Highway, where you could go...*

TAYLOR: You could go 38 miles from Panama south to Chepo, and then it ended. And then you hit swamp. But a number of folk would come to Panama by road or otherwise and think it was easy for them to go by road from there on.

*Q: Well, how did the Panamanians deal with, I mean, how did you find the Panamanian police and authorities dealing with Americans who got in trouble there?*

TAYLOR: Well, they were quite cooperative, because basically, what we wanted to do was get them out of our jurisdiction, and they didn't want them in their jails if they didn't have to be. A lot of the incidents related to the military, and of course, the military had people that worked those, and I worked with the military enforcement and judicial folk. We had a community of pensioners, a large community of West Indian pensioners, that was our Federal Benefits Program, and that's another story of service. But we had a small community of Americans that would find it inexpensive to live in rural parts of Panama, and they created difficulties, because they often died intestate families or their U.S. Relatives couldn't reach them. And then we also had a small workload, small in number but large in difficulties, of people who would fly from Miami to Panama - it was about \$63 in those days - and it seemed that there was a high number of people with mental problems, people who were under U.S. Veterans Administration or other U.S. Governmental care, who weren't mentally well, and they would come to our attention because they were doing peculiar things in some small town in Panama, and we had to deal with those, and try to repatriate them by a return flight to Miami.

*Q: In those days, though, you could kind of, with cooperation, really get somebody to get a tranquilizing shot and get them on the plane.*

TAYLOR: Well, this confesses almost a breach of human rights here, but on several occasions, we would arrange with authorities in the Canal Zone to drive one of these unwell folk into the Canal Zone and have them arrested, and then during that period of detention without charges, transport would be arranged to send them back to Miami, and it would be covered by the old HEW. And so, it would move into domestic resources of the U.S. Government, and all the

arrangements would be handled by the Canal Zone. That's because we developed good cooperation there.

And same on deaths. The Canal Zone had a crematorium, and a mortuary that we were able to use. This worked well through the first year of my tour, and then we hit another manifestation of Panama's exercise of sovereignty. They caught on to this use of the Canal Zone, and realized that there was money in the mortician business, and so they prohibited any transfer of American bodies into the Canal Zone. Not surprisingly, my second year witnessed some very messy and contentious death and returned bodies cases.

*Q: The drug culture hadn't really hit at that point.*

TAYLOR: No, I had never heard of drugs at that point. We had a lot of contraband activity.

*Q: Contraband being what?*

TAYLOR: Well, it was tobacco, liquor, and electronic appliances, because Panama had duty free zones in both ends of the Canal. There was a heavy trans shipment business and things would somehow (local corruption) leak out; goods would go from the duty free zone and be flown to Curacao or to other islands, other parts of Latin America, and enter illegally.

The odd kind of thing is you'd have contrabandists come to the Embassy with complaints that their plane was stolen, or complaints that were over some civil air issue when they were in the contraband business. Clearly, the business was so well established that they felt comfortable in pursuing rights they might otherwise have had. Those were interesting cases.

*Q: Of course, we were at the height of a Cold War, and the Panama Canal being one of the most strategic sites, did the Cold War intrude at all, spies, that sort of thing, saboteurs, or Cuban problems, or anything like that that you're aware of?*

TAYLOR: Well, yes. Of course, Cuba was very much on our radar screen by the 1964-66 period. We had revolutionary pockets, particularly up in the western part of Panama. There were caches of weapons found up there in some of the guerrilla movements in Panama. I can remember one cache of weapons and information found in which all of the homes in the Canal Zone had been allocated to revolutionaries by house number and name.

*Q: What was Castro's, Feguretta was in charge....*

TAYLOR: Very active in the western part of the country, supported by the labor union movement centered in Porto Armuelles. This was a period of a lot of political activity that had support out of Cuba and out of Moscow, so we did a lot of ship watching in that Canal area. We had a very large intelligence community based both in our military bases in the Canal Zone, as well as in the Republic.

We witnessed a lot of anti-U.S. demonstrations. There's a comical aspect on this. A typical demonstration would form up in the old sector of Panama City, probably 12 blocks from the

embassy. Sometimes we would say that up to half the demonstrators were “watchers/intelligence types in the pay of the U.S. Government. One or two embassy people would go down there, and over time, got to know all the people in the employ of the intelligence services based in the Canal Zone, and it was almost akin to the story in the U.S. that the only reliable members of the Communist Party were FBI informants. It was almost that way in Panama.

The typical drill would be that this demonstration would form up, and their target was the American Embassy. They would come toward the embassy, and about two blocks from the embassy, the National Guard would stop them, and usually send off some tear gas. Almost without fail the prevailing wind brought that tear gas to the embassy. I don’t know to this day whether or not those demonstrators ever learned how effective they were, but we would get that tear gas into our air system in the embassy, and often, there were some very pernicious effects. But I don’t think, looking back, that hardly a week passed that we didn’t have some security incidents; bomb threats. I remember one bomb was laid right outside my office door; if it had gone off there would have been a six-foot diameter hole. A lot of this reflected the political ill will in the aftermath of the riots.

*Q: You might explain. You mentioned the flag thing at Balboa High School, but you might just put that into perspective as to what it was.*

TAYLOR: This related to the agreement I alluded to earlier, that talked about... It was an agreement between the U.S. and Panama as to where the U.S. flags would be flown in the Canal Zone and where it must be accompanied by a Panamanian flag. Either schools were on the list to fly any flag or if they did it would be a case for a parallel Panamanian flag. This didn’t sit well with most Canal Zone Americans. At Balboa High School, some American students raised the American flag, and it was up there for some hours. You’ve got to remember, the Zone is only ten miles wide, and this was at the edge of that ten miles, right close to Panama City, and the word got out very quickly that one flag was up. So some students came in from the Republic carrying the Panamanian flag to rise also. And the rest is history: riots ensued, and it escalated, and there were a lot of burnings in the city, the Pan Am building was burned, and people were - about 21, I think - were killed. Again, if you read the history of this, most of the people killed were looters. The ironically sad thing about the building where Pan Am was was that it was owned by the Social Security Administration of Panama, and just leased in part by Pan American Airways. But Americans were targeted, and it was, in a sense, a straw breaking a camel’s back; there were just a lot of grievances, a lot of complexes, and this incident ignited those. And so it took the two governments back to the drawing board. President Johnson, as soon as this happened, said that there would be a new treaty.

*Q: When you left there, then, is there anything else we should cover, do you think? How did your wife find it?*

TAYLOR: Those were the days when the Foreign Service wife was two for the price of one, very much under the discipline of the Foreign Service establishment. Ginny was an elementary school teacher, had just dominated what was called in those days “the new math,” and the Ambassador’s wife, Mrs. Vaughn, was fascinated by this. Then, recall that I said earlier that her husband viewed the Canal Zone as sort of an object of missionary zeal, and we had to convert

them. And so between the Ambassador and Mrs. Vaughn, they were encouraging my wife strongly to teach in the Canal Zone, both because she had this new math education, and because they, the Zone, needed people from State Department. So once we got settled and had a maid looking after our child and what have you, Ginny did substitute teaching, and eventually, at their urging, she was a full-time teacher in the Canal Zone.

The reaction of the DCM's wife was interesting, because she, in writing, told Ginny that this in no way would relieve her of her obligations as an embassy spouse, to take her turn on charitable activities and embassy activities. I remember even in the period when she was substitute teaching, she had agreed to a two- or three-week period, and the DCM's wife arranged for the monthly tea to be in our apartment without ever checking with my Ginny. She expected my wife to cancel her substitute teaching. That was not atypical at that time. It made for an interesting climate in those days.

Our housing situation for us three was adequate but definitely not luxurious. The other identical apartment in our building was occupied by a single embassy secretary. I remember the inspections in those days. We had an inspection team of four come through, and we were all told to sign up for which nights we would entertain the inspectors, and that they could open anything in our apartment - our closets, bureaus, dressers, what have you. I recall we invited the lead inspector, a former Ambassador, and another inspector. They came out, and the Ambassador just sat there and drank about half a bottle of Scotch and went sound asleep, and the other person was embarrassed and delightful. It was an interesting period. I recall this especially later when I was in charge of inspections. The contrast was night and day, with current practice being a polite, "The inspectors would be pleased to be included in your scheduled representational activities."

*Q: We're talking about 1966, you left Panama.*

TAYLOR: Well, the Service in those days was changing. We were moving then into specialization, and I remember the inspectors asked me, when they came, in effect, "What do you want to be when you grow up?" And the specific question was, "Where do you see yourself in the next five years?" And we had heard so many things as to where the Foreign Service was going, I said, with full respect, "Well, I'm really committed to the Foreign Service as a career, so if you tell me where the Foreign Service is going to be in five years, I could answer that question, because basically, I will respond to how the Foreign Service is moving." So we then did get our options, and I remember carefully considering these new functional designations, and chose to go into the economic area. I had had some economics in undergraduate and graduate, but it certainly wasn't my strong suit, but I saw it as an area that was developing, and I was fascinated by some of the things I had done in some economic surveys in Panama, even as a Consular Officer. So my next tour was to Canberra, as the number two Economic Officer.

*Q: So you took home leave and then went to Canberra.*

TAYLOR: That's right.

*Q: How did your wife feel about the Foreign Service at this time?*

TAYLOR: Well, we'd had a rocky arrival for our first overseas tour. You recall that we prepared to be posted to Caracas where we had been told to bring a year's supply of everything; we had sold our car because it was not suitable for the hills and servicing available in Caracas, and had gone in hock to buy a new car, and so we, in those days people eschewed debt, and we were in debt. Posted then to Panama, it took us a full two years to pay off these consumer loans, and here we were in the land of the PX, and we brought all of our toothbrushes and the like with us for two years. So it was a rocky start financially, but she enjoyed her teaching, we had good friends, both Panamanian and in the Canal Zone, and I think we look back at that as a very good period. We still have friends from that period.

**STEPHEN BOSWORTH**  
**Panama Desk Officer**  
**Washington, DC (1964-1967)**

*Ambassador Bosworth was born and raised in Michigan and educated at Dartmouth College and George Washington University. Entering the Foreign Service in 1961 he served abroad in Panama, Madrid and Paris before becoming Ambassador to Tunisia, where he served from 1979 to 1981, to the Philippines (1984-1987) and to the Republic of Korea (1997-2000). The Ambassador also was a member of the Department's Policy Planning Staff, and he played a major role in the US-Japan Foundation and the Korean Peninsula Energy Development Organization. In 2009 Ambassador Bosworth was named the President's Special Representative for North Korean Policy. He was interviewed by Michael Mahoney in 2003.*

*Q: July of '64 and were on the desk for three years?*

BOSWORTH: Yes.

*Q: Okay. You're there on the desk and it's the same central issue, which is the question of the canal?*

BOSWORTH: Right.

*Q: We'll come back to that, but were there other things that as a desk officer you spent much time on?*

BOSWORTH: Yes, although frankly they kind of pale in my memory in comparison with the issue of the Canal Zone. Sure, I got involved in some multilateral questions that we wanted Panama's vote on. I got very involved.

*Q: In the UN?*

BOSWORTH: In the UN. I got very involved in some of the internal political issues that had direct and indirect implications for the question of the Canal Zone and its status. I became; I was sort of seized with the notion of knowing more about Panama, its history and its current condition than anyone else in the U.S. government. So, I used to work at this pretty hard and I think probably did make that, achieve that position in terms of its internal politics, its economy which was fairly small and insignificant. Its history, its background. It's a strange little country because it is really very much an artificial relation.

*Q: Right. How did the government set itself up then to deal with this problem with the Canal? What kind of structure did it have to work on?*

BOSWORTH: Yes. President Johnson appointed as a special representative a fellow named Robert Anderson who had been secretary of the treasury and was an old Johnson crony.

*Q: Not a Latin American expert?*

BOSWORTH: Not a Latin American expert, no.

*Q: Johnson presumably picked him because he was somebody he trusted and knew?*

BOSWORTH: Yes and someone who had political leverage and experience at the senior levels. His deputy, who in fact took on most of the work, was a fellow named Jack Irwin who later became deputy secretary of the State Department.

*Q: Was Irwin a career diplomat?*

BOSWORTH: No. He was then the general counsel of IBM. He had married Tom Watson, Sr.'s daughter and still was married to her.

*Q: How did he get picked for this?*

BOSWORTH: Anderson knew him and Anderson wanted someone he could trust and these guys were both republicans, they were not democrats.

*Q: Did Johnson have that in mind?*

BOSWORTH: No, I think Johnson was trying to protect his right flank by bringing in people to work on this issue. It was as you can remember very controversial and we knew we would have to give up a good deal of what we then had in order to mollify the Panamanians and have any hope of a stable long lasting relationship. So, I think Johnson was trying to cover his right flank most definitely.

*Q: This began, this effort began, when did those guys come on the scene?*

BOSWORTH: They came on the scene in 1964, just about the time I came back to the desk. There had been a four or five month period in which the U.S. government was kind of gearing up

for this. The fellow who had been political counselor when I first arrived in Panama City went on to be DCM I think in Ecuador or Lima, one of the two and came back as the country director.

*Q: Who was that?*

BOSWORTH: A fellow named Ed Clark, Edward W. Clark and he was country director for Panama. Panama had its own office. It was not part of the office of Central American Affairs.

*Q: Why was that, because of the Canal?*

BOSWORTH: Because of the Canal.

*Q: It had high visibility?*

BOSWORTH: Oh, very high visibility. At that point in Latin America we had back to back positioning of State and AID so there was, the deputy director of the office was an AID officer.

*Q: That was an unusual arrangement, only in Latin America I think did they do that, right?*

BOSWORTH: Yes and it worked quite well actually.

*Q: Did you have much interaction with Anderson and Irwin?*

BOSWORTH: I was a brash young FSO who developed a knack for writing about these issues fairly quickly so I was frequently the pen for a lot of the things that they were doing. It was a time when I learned a lot about how to succeed in a bureaucracy.

*Q: How do you succeed in a bureaucracy?*

BOSWORTH: Well, I think first of all you have to be relentless and tireless, but also it's very important to have a degree of control or at least influence over what it is that everybody is looking at. So, whoever has the task of preparing the first draft generally has an ability to remain engaged in the issue over a protracted period of time.

*Q: Even though you don't necessarily go to the principles meetings?*

BOSWORTH: You don't go to all of the principles meetings, no. I was an FSO-7, subsequently an FSO-6, so I didn't go over to the NSC for meetings there. I didn't really usually even sit in on the meetings with the assistant secretary, but I was producing the papers that went up.

*Q: Even at this point instead of saying we're really going to be hard nosed and just blow the Panamanians off, they really had decided that they had to make a deal with them?*

BOSWORTH: Yes.

*Q: Was it inevitable or do you think?*

BOSWORTH: Oh, I think it was pretty much inevitable. I mean it was an issue not just in Panama as an issue, but colored our relationships with all of Latin America. This was a time of rising nationalism.

*Q: Was the U.S. hearing from a lot of other Latins?*

BOSWORTH: Yes. It was a big issue in the OAS.

*Q: The Organization of American States.*

BOSWORTH: Right and you know, our position on that could not stand in total contradiction with what we were trying to do in the alliance for progress. Again you have to look at all these issues in the context of the Cold War. I think we were wise enough to recognize that had we held to a kind of ultra nationalist position with regard to the future of the Panama Canal and the Canal Zone, that it would have cost us very substantially in terms of public opinions throughout Latin America.

*Q: Did you get the sense working on the desk in this issue that the Pentagon was of this view as well?*

BOSWORTH: Some were in the Pentagon, but it was a very difficult issue for them. It struck at the question of the future of U.S. military presence in Latin America. The Canal itself, which was something that strategically, the Pentagon viewed as very important. It was a congressional act I believe which set up a commission to study the future of the Panama Canal and possible alternatives to it. The Panama Canal Authority, I can't remember the full name, but I was involved in the staffing of that as well.

*Q: Did you deal with congress at all during this period to get their sense?*

BOSWORTH: Not too directly. I dealt with some congressional staffers, but again when people had to go up and testify on Panama I would frequently participate in drafting the testimony, but I didn't go.

*Q: What was your sense of congress at this period?*

BOSWORTH: There was strong opposition within the congress to the things that we eventually ended up doing.

*Q: Was that because they were hearing from their constituents?*

BOSWORTH: They were hearing from their constituents. This was an issue unlike most others in terms of its ability to draw out very strong feelings for the American public. People who otherwise cared almost nothing about foreign policy cared a lot about the Canal Zone because they had learned in school that Teddy Roosevelt took the Canal, the Canal Zone and we built the Panama Canal. It was a symbol of great national pride.



*Q: Was there an effort being made at this period to try to educate congress?*

BOSWORTH: Well, there was, but.

*Q: I mean privately, let me put it this way, privately did you get the sense of great opposition apart from what they said publicly or were they more, how would you characterize it?*

BOSWORTH: Privately and publicly they were pretty opposed. You know, Johnson given his links to the conservative side of the Democratic Party was able to hold some of them in check, but it was not an easy proposition.

*Q: So, you were there for three years specializing in this and you said you did some amount of multilateral stuff in terms of, you were always around trying to round up votes in the UN on various issues I suppose.*

BOSWORTH: Exactly, but that was not a very significant part of what I was doing. I was very focused on Panama, the bilateral relationship, the future of the Canal and the bureaucratic struggles within the U.S. government to try to find a reasonable negotiation position. Then the negotiations actually began with the Panamanians.

*Q: About when was that?*

BOSWORTH: They began I think in 1965 and they continued, they were still going on after I left in '67 and then that agreement fell apart because of a coup in Panama. They went through a retracted period of instability and it wasn't until the mid-'70s that the efforts to renegotiate the Canal Treaty resumed and produced a new treaty finally during the Carter administration.

*Q: Did you have a sense of from what you know looking back now were the main parameters in place by '67?*

BOSWORTH: I think so.

*Q: Had they faced up to that they were really going to hand this back?*

BOSWORTH: I think that we had faced up to that very early on, but the notion that we could act as though we were sovereign which is what the original treaty said in a piece of land which was obviously not American, that we had somehow taken that and expropriated, that notion was not durable. We had to figure out a way to get what we wanted, what we thought we needed which was in the end it was an extended period of transition from '78 until '99.

*Q: So, in 1967 you finished three years on the desk with an extensive involvement with Panama. Had you worked your Spanish up pretty well by the time you were finished with this?*

BOSWORTH: It was fair. In Panama it was very difficult to acquire a great fluency in Spanish because everybody spoke English. As soon as they saw me they were tempted to believe I was

not a Panamanian so everybody would speak to me in English. It was very hard to practice Spanish, but I had gotten a 3 at the end of my FSI course so I was off language probation.

**HARRY HAVEN KENDALL**  
**Information Officer, USIS**  
**Panama City (1964-1967)**

*Harry Haven Kendall was born in Louisiana in 1920. He joined the Institute of International Education (IIE), a predecessor to USIS, in 1950. His career included posts in Venezuela, Japan, Panama, Chile, Vietnam, and Thailand. Mr. Kendall was interviewed by G. Lewis Schmidt in 1988.*

KENDALL: In January 1964, during the early days of the Johnson Administration, there was a diplomatic break with Panama, our USIS library was burned, and all of the USIS Panama staff except the PAO was dispersed. Then in March, when relations were suddenly resumed, the Agency needed an information officer quickly. So with my Latin American experience I was nabbed and sent to Panama as IO.

President Johnson selected Jack Vaughn as ambassador to go to Panama to pick up the pieces. During this vice-presidential travels he had met Vaughn in some small country in Africa, Chad, I believe, where Jack was chief of an AID mission. Vaughn had impressed Johnson as a very gutsy guy. He'd been to school in Mexico, earning his way through the university as a prize fighter. He spoke a very fluent, very colloquial Spanish.

I worked with Carl Davis as PAO getting the post back on its feet. After about a year Carl was transferred to Washington as head of VOA's Latin American Service. He was succeeded by Hoyt Ware who had spent most of his career with the Associated Press in Latin America, mostly Brazil, and spoke Spanish with a pronounced Portuguese accent.

The major U.S. presence in the area was the Panama Canal Company and the U.S. military. We met regularly with their information officers to coordinate our activities. Of course, I did the usual routine with press, radio, television, and motion pictures. We put a lot of effort into promoting the Alliance for Progress which was the principal emphasis of both the Kennedy and the Johnson administrations.

I spent three years in Panama. I continued the practice I had developed in my three previous posts of getting around the country a lot. I always felt that getting out into the country and meeting people helps to convey a better sense of the United States through personal contact, answering questions, asking them, bringing the information media to bear on specific problems that I encountered. It also gives you a much better understanding of the country and its people than you get from staying in the capital.

*Q: This was the period during the Lyndon Johnson era when Johnson was trying to bring about some kind of a reconciliation on the disenchantment of the Panamanians with the Panama Canal Authority and I suppose that coincided with your period there?*

KENDALL: Basically, as you may recall, in early January of '64 there were flag incidents in the Panama Canal Zone which irritated the Panamanians quite a bit. There had been a tacit agreement that the schools in the Zone would fly both the American and Panamanian flags. The American students in Balboa High objected to flying the Panamanian flag and took it down. That inspired a Panamanian mob, many of them students too, to invade the Zone which is just across the street from Panama City's main thoroughfare. They tore down the American flags from in front of Balboa High and other schools and burned them. In the melee that followed several Panamanian students lost their lives and this led the Panamanian government to break relations with the U.S. Emotions soared on both sides and there was a lot of very hard feeling. So much of the work that I had to do during my first year in Panama was in assuaging animosities in the Panamanian public. We did this in various ways. One of them was investing a lot of AID money in building schools and roads and hospitals.

*Q: By that time you were supporting the Alliance for Progress with information?*

KENDALL: Yes. Unfortunately, this alliance turned out to be more a U.S. aid program than an alliance. Although the Panamanian government did participate rather actively in these programs their resources were limited and all too often the projects became handout programs on the part of the United States rather than jointly financed, jointly conducted programs.

*Q: Did you feel that after that very serious feeling of antipathy toward the U.S. that there was some diminution of that--that animosities had died down, or was there still a continuing undertow of antipathy towards the United States afterward?*

KENDALL: It died down, but the Panamanians have always had a love-hate feeling toward the United States since the time the Panama Canal was first built, since Teddy Roosevelt took Panama.

*Q: Made them a country by taking it away from Colombia.*

KENDALL: Exactly, the love-hate feeling goes back throughout their history, and you had to understand its psychological aspects to be able to juggle the two sides, to play up the love side and try to play down the hate side. It was difficult, but somehow we managed. I felt that Jack Vaughn did a superior job in this respect. His successor, Charles Adair, was also a very able ambassador and worked very hard at it.

*Q: Did he speak Spanish?*

KENDALL: Yes. He was a Latin American hand and spoke Spanish quite well. He did not have the vernacular flair that made Jack Vaughn so popular, but he conducted his office with dignity and was well respected by both the government and the public.

I had intimate relations with the press, both the anti-American and the pro-American and even those who were available just for what they could get out of it. You know, if you wanted an anti-American column you could pay a guy and he would write you an anti-American column. If you wanted a pro-American column, you could pay someone--maybe even the same man--and get the same results. Columnists for hire, I guess, is what they were. I should make the point here that never in all my career with USIS did I pay a single dime to get a newspaper column inserted. But there were also quite a few whose integrity was not for sale. I knew them all, their lines, who you could trust and who you couldn't, in the press as well as in radio and television.

Apart from my regular information officer activities, I developed a program for myself based on my NASA experience. Interest in the U.S. lunar exploration program was high at the time so I acquired a set of NASA slides and developed a slide lecture at the binational center, the Instituto Panameno-Norteamericano, and at various schools to help promote what we were then emphasizing in our information output, the U.S. in space.

I felt that we did a commendable job for American interests in Panama; but the problem of the Panama Canal was bigger than any of us, and there were strong differences of opinion among the American officials working in the Embassy and in the Canal Zone about the proper role for the United States with respect to the canal. Eventually they were resolved by the treaty negotiated by the Carter administration. I recall a discussion at my home one night with an official from the Panama Canal information office.

*Q: An American?*

KENDALL: Yes. An American and a Panamanian journalist whom I respected. We were discussing the pros and cons of the American presence in the canal and how they might be resolved. In part, I was playing the devil's advocate with respect to the American role; and some of the ideas I expressed appeared later in the Carter-Torrijos treaty. The Panama Canal information officer took strong offense and wrote a bitter denunciation accusing me of being anti-American and working against the United States interests from within the staff of USIS. He submitted it to the DCM, very tough guy, and the DCM called me to his office and asked me to defend my outspoken attitude.

*Q: What was the ambassador's attitude at that time?*

KENDALL: It wasn't the ambassador. It was the DCM.

*Q: Yes, I know, but what was the ambassador's attitude?*

KENDALL: He was in the difficult position of trying to keep a straddle of two shaky platforms, the American and the Panamanian. I don't think the matter ever reached the ambassador. The DCM said "Harry, maybe you ought to be a little more discreet when you talk in front of these guys."

*Q: What were his personal beliefs? Did he feel we ought to keep the canal or was he sympathetic with our attempt gradually to turn it over?*

KENDALL: I think he tended to be sympathetic with our efforts to turn it over. That was Rufus Smith who later became ambassador to Canada, a very able political officer. I think he sympathized with me and what I was trying to do. It had been a conversation in my own home among supposed friends, where for the sake of conversation you might take one side and then the other at times. The DCM asked me to give him a written reply for the record. I did and never heard anything more about it, though my relations with my PanCanal "friends" became somewhat strained. That episode was one of my more uncomfortable moments in Panama, but it didn't stop me from expressing myself. We spent three years in Panama, many trips up and down the peninsula, many trips to villages, village fairs, out into the boon-docks, into the banana plantations, to country fairs, and entertaining press and television people, all the stuff USIS does.

*Q: Who did you say was your PAO during most of your period there?*

KENDALL: Carl Davis at first. Later we worked together in Santiago, Chile. Then Hoyt Ware. Hoyt was an old AP man. You knew him. Our tour of duty was up in 1967. He went there in March of '64 and left in the spring of '67 with an assignment to Santiago in the same position.

### **ROBERT F. WOODWARD**

#### **Advisor**

#### **Panama Canal Treaty Negotiations (1965-1967)**

*Ambassador Robert F. Woodward was born and raised in Minneapolis, Minnesota. He entered the Foreign Service in 1932. Ambassador Woodward's career included Deputy Chief of Mission positions in Bolivia, Guatemala, Cuba, and Sweden. He was ambassador to Costa Rica, Uruguay, Chile, and Spain. Ambassador Woodward was interviewed by Charles Stuart Kennedy in 1987.*

WOODWARD: That was my last foreign assignment, yes. I was replaced by Angie Duke, and I was assigned to the department. I was only 56, so I wasn't really of retirement age yet. I was assigned as a so-called advisor to a group that was then trying to negotiate a Panama Canal Treaty. There was a very able lawyer, who subsequently was Deputy Secretary of State, Jack Irwin, who was doing this negotiating. He did all the negotiating. I sat at his side. We had 100 meetings at the Panamanian Embassy, and then the final meetings were in the office of the man who was supposed to be Irwin's boss in this, Robert Anderson, who was up in New York, doing business there. We had the last few meetings in Anderson's office in New York.

The whole negotiation came up with three draft treaties. One had to do with the operation of the present canal; the second was a military cooperation agreement; and the third was an agreement that we would have the right to negotiate for construction of a sea-level canal in Panama. After about two years' of meetings, these three complete agreements were ready; there was then a breathing spell, in which the treaties were to be presented to the committees of the United States Congress for consideration, and the Panamanians were to present the draft treaties for study by the Panamanian Congress. Then we were to present the draft treaties for study by the

Panamanian Congress. Then we were to come back and negotiate whatever changes were considered essential, before signature and ratification.

At this point, when the drafting of the treaties had been completed, I thought Jack Irwin did a very meticulous job, but that I never agreed with the fundamental concept of the draft treaty for operation of the present canal, which Irwin had dreamed up when he had made a trip to Panama with the Secretary of the Army, Steve Ailes, who was the sole stockholder of the United States in the Panama Canal. The Secretary of War is legally the sole stockholder, or was at that time. They went to Panama for first-hand observation, and Irwin decided he would propose the creation of an independent corporation to operate the canal. The only relationship the two governments would have with the corporation would be that the board of directors would be composed of a bare majority of U.S. appointees, and the minority would be Panamanian. The Board of Directors would control the canal, and would not only have the administrative control, but it would make all the laws of the canal zone, and it would establish and operate the courts. In other words, it would have control of all three branches of government. My point was that it was a concept utterly foreign to the separation of powers, and that it just didn't seem to me that this was going to be approved by the U.S. Senate. Anyhow, the draft treaties got no further. I retired at the time the draft treaties were turned over to the legislative bodies of the two countries for study and consideration. These treaties were pigeon-holed and the negotiations with Panama later were begun all over again by other negotiators.

**CLARKE McCURDY BRINTNALL**  
**Watch Officer/Intelligence Analyst**  
**United States Southern Command, Panama (1966-1969)**

*Brigadier General Clark M. Brintnall was born and raised in Omaha, Nebraska. He graduated from West Point Academy in 1958. His career included service in Brazil, Panama, and Vietnam. Brigadier General Brintnall was interviewed by Charles Stuart Kennedy in 1996.*

BRINTNALL: Then I was sent to Panama. I was assigned to the Headquarters of the United States Southern Command, first as a watch officer and intelligence briefer and then as an intelligence analyst.

*Q: This was from when to when?*

BRINTNALL: This was from December of 1966 to December of 1968.

*Q: What was the situation in Panama as you saw it at that time? You mentioned earlier on there had been riots against some American students...?*

BRINTNALL: The situation in Panama was of some, but not major concern. There were several demonstrations while we were there but without serious injury. At times, the gates to Quarry

Heights where the headquarters was located had to be closed. Generally, there were no travel restrictions, however.

*Did you get a feel for the Americans who lived in the Canal Zone?*

BRINTNALL: Many were very isolated. This was generally more true of the civilians than the military. There were some Americans that entered Panama only rarely. It was a comfortable, isolated community. My wife and I enjoyed our Panamanian contacts, and we had Panamanian friends. We were fortunate in that our boss, Brigadier General Ken Skaer, was very active in promoting good US-Panamanian relations. We would go to dances, picnics, outings with Panamanians and thoroughly enjoyed the interaction.

*Q: Southern Command, was this what you had?*

BRINTNALL: Southern Command, Headquarters.

*Q: What did that cover?*

BRINTNALL: It covered the land area of Central and South America. The Atlantic Ocean and Caribbean were under the Atlantic Command in Norfolk, VA. Mexican military relations were handled by the 5th Army in San Antonio, Texas.

**DAVID LAZAR**  
**USAID Director**  
**Panama City (1968-1970)**

*David Lazar was born and raised in Chicago, Illinois. He attended Northwestern University, De Paul University and Georgetown University. He joined the International Cooperation Administration, later known as AID in 1958. His posts included Peru, Bolivia, Panama, Vietnam, and Washington, DC. He also had assignments with OAS, the National Security Council, and as the US Representative to DAC. Lazar was interviewed by W. Haven North in 1997.*

LAZAR: Then I moved on to Panama.

*Q: What was the situation in Panama at that time?*

LAZAR: When I got there, 1968, they were building up to an election and it looked like, and as it turned out, the election was won by a man name Arnulfo Arias. He had been elected president before and had been overthrown by a military coup which had been engineered by what is known in Panama as the Rabi Blanco, the White Tails, the elite. There were rumors that the same thing was going to happen. He did win the election. He was an odd, enigmatic man. He was very much on the outs with the in crowd. There was talk among the Rabi Blanco about Arias being a communist, which was nonsense. He didn't like the United States much and given our role in

Panama you didn't have to be a communist to dislike the United States. What he was was a Panamanian patriot.

*Q: What was the development situation in the country at that time?*

LAZAR: Considerably better, of course, than in Peru and Bolivia. You didn't have a small elite sitting on top of a large underclass. The underclass in Peru and Bolivia was largely Indian. There are Indians in Panama, but not that many and they live pretty much on reservations, maintaining their own ways of life. They are not only allowed to do that, they are helped to do that. There are certain negatives about the reservation system, obviously, but there were no pressures to try to get them to assimilate. There were schools and hospitals, not great and not a lot of them, but they were there. A large part of the rest of Panama was middle class, so that was one marked difference. The middle class in Peru and Bolivia was very small.

There was a lot of entrepreneurial activity, both small business and the larger businesses, although the big businesses, like the Coke Cola Bottling Company, were in the hands of the Rabi Blanco. You had a lot of banking and insurance companies. Panama, as you know, is a "flag of convenience" country and insurance goes along with that and banking goes along with the insurance. This meant there were a lot of middle class jobs.

From an infrastructure point of view, Panama is a much smaller country than either Peru or Bolivia and the Panamanian highway is passable all the way through it, in fact, in pretty good shape all the way.

*Q: What were our interests in Panama?*

LAZAR: It was a pretty rounded program, health, education, agriculture. It seems to me we were getting out and just about out of the capital assistance business. We did schools and hospitals, but no big roads. We did some street repair or even street building in Panama City, itself. We were not entirely disinterested. The U.S. government considered it had a pretty big stake in how Panama ran in general and how Panama City and Colon ran as cities.

*Q: Did short term political considerations pretty much dominate what you did with the program?*

LAZAR: No. There was some of that, but outside the urban upkeep in Panama City, we were pretty free to develop and run long range programs. Both ambassadors that I worked for, Charles Adair and Bob Sayre, had a fair understanding of the longer term nature of development. Both of them were Latin American club members and within that group of Latin American ambassadors were former Latin American mission directors, who tended to stay in the Latin American area. As a consequence, over the years we trained a generation of ambassadors. They got to know about development and were less inclined to try to push the programming into short term directions. This was true of the ambassadors, but not necessarily true of others within the embassy.

*Q: Were there any major issues that you had to deal with during that time?*



LAZAR: Yes, there were. One of the them, and this did impinge on the AID program, was the thought in some quarters of the embassy that we had to watch the Panamanians very closely for indications that they were liable to go off and do things on their own, in terms of running their own country, that some people in the embassy didn't think were good ideas.

*Q: Such as?*

LAZAR: An extreme example, which probably wouldn't have been a good idea, but they were never serious about it, was printing their own money. In Panama the US dollar and coins circulate. This, obviously is a great advantage to us, putting them under some restraints. There had been talk from time to time, particularly from the nationalist side, of coining their own money. Well, this used to drive some of the people in the embassy nuts.

The Panamanian development strategy relied very heavily on projected income from the Canal and projected income from copper deposits which they had started to exploit. There is considerable copper in Panama. They were doing future projections, planning out based on assumed proceeds from the sale of that copper. That was a risky thing and they knew it was risky. You had the Minister of Finance, who had been an officer in, I think Chase Manhattan, and was a banker essentially. The minister of planning was an ABD (all but dissertation) from Chicago, a very, very bright guy, Nick Barletta, who later ran for and became president. He was my closest counterpart, although I worked with most of them. I had to kind of argue constantly with some people in the embassy that they were not kooks. They were sophisticated people. They were running risks, but it is their country after all. One of the guys I was arguing with in the embassy was a six-months economic whiz. That six-month economics course was pretty good, but it doesn't really get you to the level you get to going for a doctorate in economics at the University of Chicago. I eventually brought in an economist, an American friend of mine from Bolivia days, primarily so he could fight with this guy and give me arguments.

*Q: Were there any projects that you found quite significant or effective?*

LAZAR: Significant, yes, effective, no.

I was told before I went down that probably the single most important thing I could do in Panama was to work on public administration. There was a small public administration program. I tried to make public administration a cross cutting issue. They had been working it just in the traditional sense. I tried to make all of my division chiefs work with the public administration people in terms of what their ministries needed in public administration. That was only partially successful.

*Q: What were some of the specific things you were trying to do in that program?*

LAZAR: We were trying to get at organizational and management problems in the ministries. Now, the Panamanian government was a lot better than either the Bolivian or Peruvian governments in terms of functioning, but there were still a lot of hangovers from the Spanish colonial system. You still had ministers signing too many documents. You had a lot of payroll

loading, which was political more than administration, but we tried to approach it as a public administration problem. Getting services out more effectively in all the ministries.

The division chiefs resisted that. The agriculture guy felt the agricultural ministry was his and he had important things to do working on specific crops and marketing, etc. and didn't want to be bothered with this nonsense. So it was a constant effort to get them to talk to each other to say nothing of trying to integrate programs. What are farm kids being taught? Was the education program entirely based on the needs of urban students? Well, of course, it was. What about the rural kids? Trying to get that kind of thinking going.

Having learned from that experience with Irv Tragen of integrating that wool program, all those little projects, well, it makes sense on the micro level and makes sense on a macro level, if you can do it. But, anybody who is looking for very, very tough material, ought to seriously investigate the panels between various divisions in the USAID. Boy, they were hard to penetrate then and still are.

*Q: They are compartmentalized.*

LAZAR: Yes. They don't interact, they don't want to interact. They want to do their own thing, and this is still going on. I saw it in Africa two years ago, for example.

*Q: This is within a mission you are talking about?*

LAZAR: Yes. Anyway, very shortly after Arnulfo Arias took office there was a coup but the people who took over were not the old military, who had run things for the Rabi Blanco. They were two younger officers, I think a Lieutenant Colonel, and a Captain, of a definite more populist to left wing orientation. As it turns out, one was a populist and the other rather left of that. So, we shut down the program and kept it shut down.

*Q: A State Department act of disapproval?*

LAZAR: Yes.

*Q: Did this action make its point? What were the consequences for the AID program?*

LAZAR: The program shut down was temporary as it turned out, but at the time we didn't know what was going to happen or for how long. As far as I know, the embassy had no clear strategy to try to displace them. There was no possibility of a counter coup. These guys were senior officers in the National Guard. Panama doesn't have an army, it was a National Guard. Eventually they made an overture to us which came in through me. The Director of Planning, with whom I had worked, asked me to brief them on what the AID program was, what it had been doing and where I thought it ought to go. I talked to the ambassador about that and presumably he talked to Washington about it. We got a go. I went and talk to the two of them. The Lieutenant Colonel was Omar Torrijos and the captain was a guy named Boris Martinez. The meeting lasted about five hours and we talked about all kinds of things. What were their plans with respect to elections, or did they just expect to run the country? Talked a lot about

development, about public administration. They talked quite a lot about corruption under the old government. They had quite a lot to talk about.

It was a very good talk. I went back and did a memcon of some length. One of the points in the memcon was that these two guys were a very unstable combination and made the prediction that within six months there would only be one of them. If that one was Martinez, Torrijos would go out feet first. If it was Torrijos, Martinez would wind up pumping gas in Florida somewhere. As it happened it was Torrijos who emerged on top and Martinez wound up in Florida and I did hear, I swear, at some point that he did end up working at a gas station. I was being sort of allegorical, a prediction that he would end up alive but out of the country and not coming back. Anyhow it turned out that that memo of mine had gone all over Washington so my stock kind of went up.

I argued that Torrijos did have some questionable people around him, politically. He wasn't a communist or any kind of ideologue at all. He didn't think that way. He was a populist. His father had been a rural school teacher and he had gone into the guard for the same reason people of that background go into the military all over Latin America; it is the one way you could get yourself outside that class chain and work up the ladder. The guard itself was pretty corrupt, shakedown, etc.

*Q: What happened to the program in that context?*

LAZAR: When we started planning for opening up, we did a big public administration program, pitching all the rest of the activities around that. It was a program of \$12 million in technical assistance, a large program. We insisted, as a show of faith, not only that the Panamanians put up an equal amount of money, but that their \$12 million included some of the dollar costs of the program. The Minister of Finance and Minister of Planning, were very enthusiastic and thought it was the right program at the right time. They pushed it and sold it to Torrijos. So, we went ahead with it. I left the country about eight or nine months after that got started, so it was still in the start up phase. At that point the Minister of Finance was sent to Washington as ambassador. I am trying to think what happened to the Minister of Planning; I think he went to the World Bank, although that may have been later. Consequently the program collapsed.

*Q: What was the program's main thrust? What were you hoping to accomplish?*

LAZAR: What I had always hoped to accomplish, to put the Panamanian structures on a much more up-to-date, efficient footing. Get them into the real world of public administration and completely off that Spanish colonial system.

*Q: So it covered all aspects of public administration?*

LAZAR: Yes. And rational personnel planning to get rid of the payroll padding.

*Q: So, the program never went ahead?*

LAZAR: No. It never got out of the start up stage. In later years I had contact with both the Minister of Finance and Minister of Planning and I asked if the decision to send the finance

minister to Washington was an independent thing or was that done to get rid of the public administration program, which was not popular with a number of ministers? They weren't used to being told how to run their ministries or advised how to run their administrative procedures. They didn't want to be bothered with it or threatened by it.

*Q: It interfered with their sovereignty.*

LAZAR: Right. In the case of the ambassador, he said he didn't think so. He had worked for Chase Manhattan in the United States and knew his way around. It was just that Torrijos wanted him in Washington. Nick Barletta, the planning minister, was quite young and was getting a lot of pressure from a lot of the ministers who were older and very much resented this kid who had some control over them through the Planning Office. The Planning Office got a lot of its clout from the fact that that was the office that we worked with. You would have to know in Panama, this is true all through Central America, the United States is deemed to be behind whatever is happening. We were perceived as running those countries. It was not always a misperception. The mindset of the economic guy I kept arguing with at the embassy was frankly colonial. That is the word for it. The fact that Nick was our closest plug in gave him a lot of clout. Although we worked with the other substantive ministers too, the money came in through the Planning Office.

*Q: Do you think our program made much of a difference in the country while you were there?*

LAZAR: That is much harder to say in Panama than in Peru or Bolivia. Panama is so Americanized that you never really had the mindset problems that you run into in other countries, particularly in the Andes countries, of getting the bulk of the population to realize that change is possible and that change is not necessarily a threat. You didn't have the experience such as I described in the Andes of people who had lived in a small, closed in area all their life and had never gotten out of it. The Panamanians traveled around quite a bit. Even small farmers from the interior get into Panama City. And the Panamanians are very sentimental about what they call the interior, meaning the country outside of Panama City, so they tend to go back home to their small rural towns for family events, birthdays, holidays, etc. So there is a lot of mixing. And added to that the rub off from our very large presence there means that they were seeing things very much in a 20th century way as opposed to a 17th century way.

One of the things AID programs do and need to do is get people to see things in different ways. You do that in a lot of ways. Capital assistance can have that effect, a road, for example, a school system. You wouldn't have seen that in Panama because the mindset was already there. We put a lot of money in Panama on a per capita basis. Did you know Jack Heller? Well, he was head of Latin America Development Planning at one point. Jack and I were old friends. I was up for a program review. Jack asked me how I could justify the per capita expenditure in Panama? I said in effect, "Knock it off Jack, the ambassador has already taken care of that with the Secretary of State. What we are talking about is how we spend it."

*Q: What level are we talking about roughly?*

LAZAR: I don't have a very good memory for figures. Sixty, seventy million dollars a year.

*Q: That is substantial.*

LAZAR: Yes, it was one of the biggest programs in Latin America for one of the smallest countries.

*Q: What did you feel was the impact of all this, it must have had some effect on the country?*

LAZAR: Oh, I am sure it did. There are marketing systems in place now that weren't there. We did teach the agriculture people to think marketing. For example, the Minister of Agriculture, who was not a farmer and didn't know anything about agriculture, talked to me at one point about the need for an onion dryer in a particular community because what was happening was that all their onions would come out of the ground at one point and the price would go low. They had no way of storing their onions and had to sell them for whatever price they could get. The intermediaries, who you know are sharks, are the ones who make all the money in every product all over the world. That notion turns out to be nonsense. Anyway, we sat down and talked to him about what happens after the onions are dried. He said drying them would take care of all the problems and they could store their onions. And sell them to whom, the same sharks? And, by the way, those sharks do move stuff to market, what is the cost structure like? Are they really putting all that money into their pockets, or are their costs high? If their costs are high, maybe there is some ways of lowering their costs so that the farmers can get a better break and the people in the cities can get a better break.

Going back to Bolivia for a moment, we brought Michigan State to do a marketing study on a couple of specific products coming from a lowland production area up to La Paz. Of course, the differential of what the farmers got and what the consumer paid...that by the way is taking a product over a distance of maybe 160 miles on a road almost straight up from almost sea level to 14,000 ft., in fact they had to come over a pass that was about 17,000 ft, on bad roads and antiquated trucks. The study discovered what you would expect to discover, and we keep rediscovering all over the world, the costs are murderous. It just cost an awful lot of money. One answer to that was to widen and pave that road, which we were going to do anyway.

We did the same kind of study in Panama starting with those onions. There was a target of opportunity and we grabbed it and helped them develop a more efficient marketing structure. Then we spread that from onions to other products. There was an impact.

*Q: Were there other areas where we had an impact that you were aware of?*

LAZAR: I haven't been back to Panama as much as I have to Peru and Bolivia and change is harder to see. In Bolivia I can go back to the area on top of the rim around La Paz, which sits in a canyon. There was always a little town up there of houses that were typical of that altitude, adobe, straw roofs, no glass in the windows, just smoke holes. Today, that city, which is called El Alto, must have near the same population as La Paz. It has tiled roofs, glass in the windows and lots of bicycles and cars. Did we do that? We did some of it, but unweaving the entire process would be difficult.

The same thing is true in Panama, except that Panama started much further ahead. I would suppose that the small farmers in the countryside still live in straw shacks. It is, after all, tropical and that is a pretty cheap housing solution. The palms are there and thatching doesn't take that much time. So, I don't know. I can't really say we did this, we did that.

*Q: In the education and health areas?*

LAZAR: Yes, health. Thank you for reminding me of that. We started a program to wipe out a particular childhood disease and did. Don't remember which one it was, it may have been measles. But, that program worked.

*Q: An immunization program?*

LAZAR: Yes. I particularly like the Minister of Health. He was a pediatrician and very interested in children and their health and very much opposed to anything that got in the way. He was also a darling man, one of the sweetest people I have ever met. We worked very well together.

*Q: Where did you go after Panama?*

**RONALD D. GODARD**  
**Rotational Officer**  
**Panama City (1968-1970)**

*Ambassador Ronal Godard was born in Oklahoma and raised in Oklahoma and Texas. He was educated at Odessa College and the University of Texas. After a tour with the Peace Corps in Ecuador, he joined the State Department in 1967 and was posted to Panama, the first of his assignments in Central and South America. These include Costa Rica, Chile, Nicaragua, Argentina and Guyana, where he served as Ambassador from 2000 to 2003. His Washington assignments also concerned Latin American Affairs. During his career the Ambassador served with the Organization of American States, was diplomat in residence at the University of Illinois in Chicago and was Political Officer in Istanbul. Ambassador Godard was interviewed by Charles Stuart Kennedy in 2004.*

GODARD: I wanted to go to Latin America, and I got Latin America. My first assignment was to Panama City, Panama.

*Q: Of course, this is almost non-Spanish speaking, isn't it practically?*

GODARD: You could survive in Panama with just English, but it's Spanish speaking. I was in Panama City for one year and then I was sent up to David, Panama, which is way up on the border with Costa Rica, and there it was all Spanish.

*Q: So you went out about '68?*

GODARD: Yeah, '68.

*Q: Ok, well we'll pick this up for the next time and you're off to your first post in Panama and you're going to Panama City.*

*Today is the twelfth of November, 2004. You were in Panama from '68 to when?*

GODARD: '70.

*Q: What were you doing there?*

GODARD: I was initially a rotational officer and was assigned to the consular section. I was a non-immigrant visa officer adjudicating visas essentially, and I remember the staff, still remember some of them. Very qualified people, the FSN staff that I worked with. I was a green junior officer on his first assignment. These were people that had worked in the embassy for years and years, knew backwards and forwards what we were supposed to doing.

*Q: You'd point, say you sign there and do this.*

GODARD: Still, I had to do the interviews and it was an interesting assignment as it turns out. One thing was I was interviewing prostitutes for one thing, that you had to watch for coming out of Panama.

*Q: Well I assume there was a substantial number who were plying their trade there.*

GODARD: Right. I had an interesting case when I first was exposed to the prohibitions against those citizens who had been involved in subversive organizations of one kind or another. Of course in Panama there's all kinds of left-wing politics. Got involved with a case that was very complicated. The most interesting thing I did as a consular officer was issue a visa to the president. When I got there, Marco Robles was just finishing up his administration as president of Panama. And he had very carefully prepared the way and gotten his immigrant visa to the United States to go up to Boca Raton I think it was, in Florida, to be director of a bank. He had prepared his exile. And so I was dispatched over to the presidential palace, they call it the Palacio de las Garzas. They have these cranes that are in a roundabout. I issued a visa, fingerprinted he president and his wife, and they had a little girl as well going. I did all the paperwork for his visas so as soon as inauguration day come he'd be on a plane off to Miami into exile. And that's when Arnulfo Arias came into office. Arnulfo Arias was a famous Latin American politician who had been president I think by that time, a couple of times before, then thrown out by the military both times, and was coming back again to be president. This time, after we'd gone through this gala inauguration, I was control officer for the politician from California, Jess Unruh.

*Q: He was Speaker of the House, but he was Mr. Politician par excellence.*

GODARD: I was his control officer. He came down for some reason for the inauguration of Arnulfo Arias. I guess they'd been friends at some stage or another. And so we went to this gala inauguration, and Arnulfo Arias lasted 11 days and was thrown out by the military. They had a military coup and I went through all that, the roadblocks and so forth. Those were the most interesting parts, I think, of my tour as consular officer. But it gave me a good grounding I think in what consular work was all about.

*Q: Let's talk about a bit as you saw, what was the political situation when you arrived there?*

GODARD: When I arrived in Central America, obviously it was tenuous. Panama had a democratically elected government, but it was the only country in Central America besides Costa Rica that did have. They were all military governments throughout the isthmus. Then, of course, Arnulfo Arias was overthrown and the military took over there too. It was a poor country. My wife and I got very involved. Panama was a tough place because of the strained relationship over the canal zone. There'd been riots in the past, so bad in '64 that rioters sacked our consulate over in Colon, Panama, and we closed it. And so it was always sort of an undercurrent of anti-Americanism in Panama. I remember we were near a university and students came over and threw rocks at the embassy every once in a while. It seemed like every weekend.

We made an effort, my wife and I, to try to reach out. We both taught English classes at the binational center. It's one way to meet average citizens in Panama. But it was not easy. It was a good life for us though. We'd come out of college living in an old army barracks for married students' housing at the University of Texas. In Panama City we had what we thought was a palatial apartment, three bedroom apartment for two of us in a very nice apartment building. Actually, it was an apartment over a private residence, and it was owned by a politician there. A guy who was a member of the Chinese ethnic community in Panama who was a deputy back in those days, a member of their national assembly. An interesting time, and I think a good introduction to the Foreign Service. I had a superb boss, George Berkeley who was the consul back in those days. He spent a lot of time with me teaching me my trade, and his wife, Melissa Berkeley, was just marvelous as well. They sort of adopted us and taught us the ropes. I was very much tied up on that first tour in particular with the Peace Corps as well. We stayed in touch with volunteers, in fact we had a lot of volunteers who stayed with us at the house when they were in town, and we knew the Peace Corps director, and the deputy director we stayed in touch with for years and years after that. So we had that connection when we were in Panama. And then you had all those movies in the canal zone. There were all these bases, and there were movies that you could go to for 50 cents and five cents, and going over to the canal zone, having a hamburger and going to a movie in the evening was a great thing to do.

We didn't travel a heck of a lot during that first year while in Panama City. Then I was transferred up to David, Panama. David is a lot like Texas, really. It's the cattle producing part of the country. A lot of ranches up there. It's also where Boquete is located. Boquete is in Volcan which is now very much more developed than they were then, but they were sort of the retreats up in the mountains, the resorts up in the mountains where people went to in Panama. Now even more so I think. There was a big fair in Chiriqui province, where David is located up in that northern part of the country. And the ambassador came to visit us, and we arranged a place for him to stay. Not up to ambassadorial standards. They didn't have any hot water in this little cabin



we arranged. They had asked me to make the arrangements a little late in the game. All the good stuff was all gone, so it was only because I had friends up there that were willing to give up their vacation house. They didn't have anything for him. He came up for the Chiriqui fair.

*Q: Who was the ambassador?*

GODARD: Robert Sayre, who I had a lot of contact with later on. I had two ambassadors while I was there. Chuck Adair, Charles Adair, whose son later on, Marshall Adair, became a Foreign Service officer. But he and Bob Sayre changed positions. They just switched them. Adair went to Uruguay and Robert Sayre came to Panama. This is during the last half of my tour. Sayre was the ambassador.

*Q: Did you have much contact or get involved with the Zonians I guess you called them, and the Panamanians, that longstanding strained relationship?*

GODARD: You came across them all the time. None stand out as particularly close friends. There was sort of a different culture there. We hear a lot about the Zonians as never setting foot in Panama, the Republic of Panama, and some of those people certainly existed. But there were an awful lot of Americans who had become culturally Panamanian as much as American. I mean they had married Panamanians and their children were growing up in the zone. So it was sort of a cross-cultural environment too I think. I didn't come across any of the Panama haters. It seems like I remember meeting one guy who boasted that he had never been in the Republic of Panama, which seems pretty extraordinary, but there was some awful nice stuff over there. Laid out, all the military bases, the Tibali house was a great place to go eat right there on the border on John F. Kennedy Boulevard. It was an interesting city. Lots of interesting people there.

*Q: How about in David. Was this a different mindset? People there, were they different?*

GODARD: The Panamanians themselves? I always felt that you scratch a Panamanian and you'd find a core of anti-Americanism with the resentment that built up over our presence there. I certainly left there with the conviction that it was a bone in the throat of U.S. foreign policy in Latin America. Not only was our treaty of indefinite possession of that zone resented deeply by Panamanians, but other Latins had picked that up as part of a litany of complaints against the United States. So I was quite pleased when we were finally able to negotiate an agreement to get ourselves out of that predicament. It just removed a very difficult obstacle to normal relations I think.

*Q: How about American military? Was that part of the unhappiness for the presence there?*

GODARD: Of course that was part of the package, the presence there and the bases. That was part of the complaint against our presence in the canal zone. But I think it's a love-hate relationship. I say scratch a Panamanian you'll find anti-Americanism, but superficially they were wonderfully open and accessible, seemed to admire the United States. They were certainly a society, at least the elite, where they spent a lot of time in the United States, were educated in the United States, were certainly culturally, played baseball and all that sort of thing. But the military when I was there were at pains to minimize the friction with the populace I think. There

were no incidents that I recall. You know, inevitably there were problems with service men getting in fights, those were the sort of things that you always had when you have bases overseas. But Panama City depended so much economically on the income derived from the presence of the bases there that I think they could overlook a lot because of that.

*Q: You mentioned leftist organizations. This was the height of the Cold War. Were there groups that were Cuban oriented or just plain Marxist oriented, or anyway people you were kind of watching for particularly in the visa function?*

GODARD: Oh yeah, there were a lot of those. And there were sympathizers with Castro and Castro's revolution, especially on the university campuses. We were always watching that. We had access to voluminous files on activities by various left-wing groups. Like everywhere else I've been in Latin America, it was very difficult to find a successful politician who hadn't himself passed through a radical phase flirting at least with radical leftist politics, so it was not unusual at all to find that sort of mention in the background. In those days it was dangerous to go onto most university campuses in Latin America if you were an American. After my time in the consular section I spent several months in the political section developing contacts with student organizations, because that was part of our charge as young political officers, go out and meet young political leaders. But that's kind of hard to do when you couldn't safely work on the university campus. I don't recall having any student contacts, other than those I met in my English classes at the cultural center that USIS (United States Information Service) ran there.

*Q: How about ties to Colombia. Were they there anymore, did you discern them or not?*

GODARD: No, Panama was wrested from Colombia. Teddy Roosevelt had a real strong hand in that. But back in those days, drugs, it was not an important conduit for drug trafficking.

*Q: But also even the Colombia connection even before the taking over of Roosevelt, to me it was sort of kind of an appendage. There were mountains in between, and there really wasn't much back and forth anyway.*

GODARD: It was tenuous. The geography is really, that's still the one gap in the Pan-American highway of the Darien jungles in Panama. So the ties between Colombia on the continent of South America and the isthmus, that little piece of the isthmus with Panama were pretty tenuous.

*Q: After two years, 1970 whither?*

GODARD: After I left Panama City I was in David and had an interesting tour there. I should tell you about my brush with Manuel Noriega back in those days. The DCM (Deputy Chief of Mission) called me into his office one day, this is when I was in the political section during my rotational tour, and asked me if I'd like to go to David and be the principal officer, and I leaped at it. We had an opening up there because one of our officers, he was just back from Vietnam, and he had resigned in protest against policies he thought were favoring the colonels that had taken over the government. So we had a vacancy up there, and he asked me if I wanted to go. My wife was pregnant with our first child, but yeah, we decided to go up there and do it. And up there, there was a Neanderthal of an officer who was his own commander, and he had begun a process

of just arresting American citizens left and right, and I got word of this. He certainly didn't report it to me.

*Q: This was a Panamanian?*

GODARD: A Panamanian zone commander. This man got word to me that these American citizens, there were seven or eight of them in jail, being held without letting the consulate know. And I pounded my fist, and finally got access and they were released to me, and we lodged a real stiff protest. And so this colonel was replaced by Major Noriega, Manuel Noriega, who was, interestingly enough, a real breath of fresh air after this other guy. He was working for good relations with the American consulate, so I had a pretty good relationship with Tony Noriega back in those days. He went on of course to do bad things. While Noriega was the zone commander, I was in David when there was a coup against the man who emerged from the military, Golthe, against Omar Torrijos, the coup against him while he was in Mexico City. And for a while there, my little consular district looked like the only place that had not gone over to the colonels who were trying to take over from Torrijos. But Noriega remained loyal, and kept open the airport where Torrijos could fly back from Mexico City and then led the troops up in the north, in Chiriqui, and triumph back to Panama City. Well I was the one letting them know in Panama City that it wasn't over yet, that these guys had not consolidated their power. For some reason they didn't cut my telephone line so I had a line of communications. And I'm told that it's in large part because of my reporting, because we had reached the stage where we were going to recognize this new government of colonels, and they were not in control of the country because of what was happening up in my consular district. So, that was my introduction to Latin American history.

**WILLIAM T. PRYCE**  
**Political Officer**  
**Panama City (1968-1971)**

*Born in California and raised in Pennsylvania, Mr. Pryce was educated at Wesleyan University and the Fletcher School of Tufts University. After service in the US Navy he worked briefly for the Department of Commerce before joining the Foreign Service in 1958. Though primarily a Latin America specialist, Mr. Pryce also served in Moscow. His Latin America assignments include Mexico, Panama, Guatemala, Bolivia and Honduras, where he was Ambassador from 1992-1996. Ambassador Pryce was interviewed by Charles Stuart Kennedy in 1997.*

*Q: You left the Soviet Union in '68, where did you go?*

PRYCE: I went to Panama.

*Q: This is kind of a shock isn't it?*

PRYCE: Well no, no. Actually it wasn't a shock because I wanted to combine Soviet Union and Latin America so it was a big difference but it wasn't a shock. It was an interesting job. I was assigned to the political section in Panama as the number two and it turned out to be a very, very interesting assignment.

*Q: You were there from '68 to when?*

PRYCE: I was there from '68 to '71. I'll tell you an interesting sort of aside where I sort of learned to read between the lines. Once I had been assigned to Panama, I got a very nice letter from the ambassador. I had written the ambassador, I had written the administrative counselor, and I had written to the political counselor, my boss. I had done all the things that we did in those days and not everybody does now. I remember explaining my travel plans how I hoped to take a certain amount of leave and do one thing or another. I got this very nice letter back from the ambassador saying we're glad to see hear that you are coming. He said, "I know you're planning to get here in October but you would be interested to know that there is going to be a change of government starting September first and there will be a number of social functions. This might be an interesting time for you to be here." It was very nicely put in his letter. What it said was if you know what's good for you buddy, change your travel plans, cut your leave short, and get here by the first of September which I did. It turned out to be fascinating because I arrived just in time for the inauguration of Arnulfo Arias.

I remember wanting very badly not to be involved in the Panama Canal Zone. I wanted to live in Panama. There is a tremendous attraction. You had all these big bases and the Panama Canal Company had all kinds of attractions but both my wife and I were determined that we wanted very much to be centered on Panama. When we arrived it turned out that we could get no hotel rooms in Panama so we had to stay in the Panama Canal Zone in the old Tivoli Hotel. It was a nice hotel but I was getting off, I thought, to the wrong start because the government had half the rooms and the [inaudible] Party had the half.

As it turned out this was a real stroke of luck because about 11 days after Arnulfo Arias took over, he was overthrown by a coup engineered by Omar Torrijos. As often happened in those days when there was a major change in government, all the opposition, where did they go? Right into the Canal Zone. Where did they stay? At the Tivoli Hotel. I was the inside man and sort of the person that was talking every day with the opposition so it turned out to be very, very interesting.

*Q: You went there in '68, could you first talk about our ambassador, how he operated and the view from there of the situation before the coup?*

PRYCE: Ambassador Adair was very able, professional ambassador. He had good contacts on both sides. We were not surprised, as I remember, by the results of the elections and there was some worry as to what the relations were going to be with Arnulfo Arias. I think Sherry was the opponent and I know that the conclusion was that we can get along with whoever wins. In those days we were involved in some activities that we are no longer involved in. The intelligence agencies were involved in helping out in one way or another. I remember on this we were

evenhanded and we were willing to work with either one. We felt the U.S. interests would be served with either one.

*Q: To understand the situation, at that time we were hyper sensitive. You had Castro in Cuba doing his thing and you had this country and one of our most vital communication links ran right through the middle of the country. It is one of these things where we get away, we couldn't tolerate a really opposition type government.*

PRYCE: A truly unfriendly government.

*Q: Yes.*

PRYCE: We were not faced with that choice. We felt that whoever won, we would be able to work with. Arnulfo Arias was an immensely popular person. I think he was elected president at least three times and he was thrown out three times. This was about the third time and he lasted about 12 days. The reason he was thrown out is because he made the mistake of pushing too hard in those days against the national guard. There was a modus vivendi between the civilian government and the equivalent of the military where the national guard was run by military people who paid allegiance, at least lip allegiance, to civilian government but they ran their own operation.

The heard of the guard was a man named Viarino who had been there for about ten or 12 years and rightfully said "I am going to step aside. It is time for somebody new to become the head of the guard." Arias I guess reached down into the national guard hierarchy and tried to appoint people friendly to him, ignoring the guard hierarchy. He tried to stack the guard with officers friendly to him. This was not acceptable to the guards and they pulled a coup and threw him out.

*Q: What was the role of the guard?*

PRYCE: Basically the role was domestic tranquility.

*Q: Some societies in Latin America, Central America particularly, there is a lot of fighting and it was a difficult society. What was the Panama society at that time?*

PRYCE: It was an oligarchy. There was a political, economic, social elite that basically had run the country. They were of different parties but it was really a society that had the form of democracy but not the substance of democracy. There were great inequities in income. There was a great deal of corruption and there was poor education, poor health. It was a society that then wealthy people lived very well off and not so wealthy really didn't.

*Q: Outside of just keeping the canal going, as the political officer what were you particularly interested in?*

PRYCE: You were interested in what the relationships were, in the beginning, between the civilian and the military. You were interested in what the political forces were doing in terms of working with the military who manned the country. You were also interested in pushing for

democracy, for human rights, for trying to get the best deals you could for U.S. business. It was a standard, I would say, political situation where you wanted to find out what was going on and you wanted to affect what you could in terms of helping the society be more democratic. We were also very interested in what attitude could be towards the new Panama Canal Treaty.

*Q: What was the status of the Panama Canal when you arrived?*

PRYCE: When I arrived the Panama Canal Company was a very, very influential force. It was the principal employer. There was sort of a benevolent colony. There was a very conservative general attitude among the people who worked in the Panama Canal, many of whom became good friends but it was sort of like a small Southern town in terms of the social edge. Clearly U.S. employees ran the canal, ran every aspect of it.

They were conservative in attitude but it was really a complete socialist operation literally from cradle to grave. There was a gorgeous hospital, a very, very excellent hospital and there was a government mortuary that buried you or cremated you if you wanted to. There was a U.S. court system. There was a U.S. naval district. Basically we had the right to act as if we were sovereign and we certainly did. There was a strain. I guess the biggest single unifying factor among all segments of the Panamanian population was resentment at the status of U.S.-Panamanian relations in the form of the canal because we basically had a strip of land ten miles wide in the middle of the country.

*Q: Was there the feeling at the embassy, particularly when you first arrived, that this isn't going to last and that somehow or another some accommodation has to be made?*

PRYCE: Yes, there definitely was. We had been working on a revision of the treaty in one manner or another for some period of time. I think there was definitely a feeling that there had to be a change but the question was when and how? How could we manage it in a way that would enable us to continue to use the canal?

*Q: Did you and your fellow officers see that the canal could be managed by Panamanians?*

PRYCE: Yes.

*Q: Was the Suez Canal nationalization sort of something that you kind of thought about?*

PRYCE: There was a feeling that very definitely the Panamanians could manage it. I'll give you one example. During the time that I was there the FAA, who ran the airport, turned over the management of the airport to the Panamanians and they ran it perfectly well. There was a feeling on the part of the ambassador and everyone else that if the Panamanians were given the proper training, there is no question that they can man it. If they can run the aviation system, they can run the canal. I would say that on the part of the canal management, there was a recognition that they really should bring along management and that they should train Panamanians to eventually get higher and higher but it was a very slow process and there was great resistance. There was sort of a club of people who frankly had a very good meal and wanted to keep it. The top rung of the elite of the U.S. employees, were the pilots. There was a feeling among the pilots that no

Panamanian could every really be a good pilot because they just wouldn't have the training, wouldn't have the dedication and couldn't handle it. Of course these pilots were making \$80,000 to \$90,000 and this was 30 years ago. It was big, big money.

The commission very wisely had a program which started out saying we are going to break this monopoly of having just U.S. people and we are going to have Panamanians trained. You had to be ship captain before you could become a pilot. It's a very difficult job but the Canal Commission did start a training program and they actually sent people to Naval Maritime Academy, four years, and sent them to sea to train all this time so that they could then train to be pilots, two people at a time.

That was one example of a far sighted policy on the part of the commission but there was great resistance and [inaudible] to have a promotion; would you promote an American or would you promote a Panamanian? When I first got there all of the positions of senior management were U.S. Over a period of time they had to get more and more Panamanians and of course now I would say 95 percent of the Panama Canal Company is Panamanian including many people in senior management. There was a recognition, I think more on the part of the embassy but also among thinking people in the Panama Canal Commission itself, that we should train Panamanians and that they could run it.

*Q: Did you feel a bit like a civil rights activist in a small Southern town in the 1950s in the United States? Was there a problem sort of how embassy people were viewed by most of the canal people?*

PRYCE: No, I don't think so. I think you had to build trust and confidence among the people in the canal that you had U.S. interests and also their interests at heart in terms of better working relationships with Panamanians. There was a little bit of a feeling among some people in the canal organization that the people in the embassy didn't understand how complicated it was to run the canal. How it really was going to take 50 or 100 years before Panamanians could assume a more active role in running the canal. But no, I certainly didn't feel like somebody campaigning to get more Panamanian involvement. I think there was a recognition that this was going to be in our long-term best interest and so there were often discussions about how we could help make the transition better.

I think the big worry then, and frankly now, is not whether Panama will have the technical capability of running the canal but whether they will be able to insulate the canal. This is always a worry which we had back then. And we had later when I helped negotiate the Panama Canal Treaty, and later as deputy chief of mission in Panama, my second tour there. Would the Panamanians be able to insulate the management operation of the canal from the political system of corruption that the government had itself? Would they spend the money needed to maintain the canal or would they succumb to the temptation of turning it into a cash cow and milking what you could out of it and not spending money on maintenance? That was, and is, my biggest preoccupation. It looks like now the Panamanians recognize that money needs to be spent both in training on personnel and in maintenance of the facility to keep it as a long-term economic asset.

*Q: One of the dynamics from casual reading about what has happened there seems to have been over the years the U.S. high school there when students sometimes would do something which would outrage Panamanians. Was that a problem while you were there?*

PRYCE: It wasn't really, no. It had been. Of course there were Panamanian students who basically burned the flag which had caused the riots way back long before we got there. The interesting thing about the high school there is that many Panamanians went to the high school. In fact it was considered one of the best, if not the best, educational institution and so the Panamanian elite often tried to get their children to be enrolled and so useful friendships and relationships were developed there.

*Q: Did most of the elite in Panama send their children to schools in the United States, colleges and all?*

PRYCE: Yes, very definitely. There is a little bit of a love-hate relationship, but a great admiration for the United States and certainly a great many Panamanian elites sent their children to school in the States.

*Q: Was there an effort on the part of our embassy to reach down and get to the children who were not part of the elite?*

PRYCE: Yes, there very, very definitely was. As a matter of fact the peace scholarship program which frankly was started as a counterfoil to a university in the Soviet Union, was a program which was very, very effective. I am sorry that it is no longer funded like it was because the Soviet Union is not the danger. I think the benefits that you get from having good scholarship programs are tremendous. Both in my first tour there from '68 to '71 and later when I was there from '82 to '86 as deputy chief of mission, we worked very hard at pushing scholarship programs that got leaders who would not otherwise go, to go the United States. We had a network of trying to get priests, business leaders and labor union leaders to recommend able young people who could go to the United States on scholarships. We had a first rate scholarship program.

*Q: What was the relationship of our military at this time, '68 to '71, because we had training camps and all?*

PRYCE: I think that there was a tendency, naturally, to have direct relations with the Panamanian military and to give the military perhaps greater political strength than the embassy would like to see but it was never conscious. The policy of the military leadership in the canal area, and the Panama Canal leadership, was always in concert with the ambassador to try to emphasize civilian run in the military, civilian influence, but there was a great affinity. That's where the money was. That's where the power and influence was.

*Q: You said you had been there a relatively short period of time...*

PRYCE: It must have been less than a month.



*Q: Was that expected and how did you all, the embassy....*

PRYCE: It wasn't expected although it was a worry. People knew that Arnulfo had been thrown out at least twice before and that he was pushing the envelope. There was a wonder whether relationships were going to be so strained that he would be thrown out again but I don't think anyone expected him to get thrown out so quickly. We supported him for a reasonable period of time and tried to help see if he could reestablish himself but there was no way that was going to happen. When the national guard took over, it was an authoritarian regime but it was not despotic. I don't know if that is a distinction but not a difference but it was not despotic. It was clearly an authoritarian regime which we had to deal with.

I remember in the beginning we of course broke relations. I remember establishing contacts, the first official contacts. I was perhaps the number two or perhaps the acting head of the political section and my counterpart or the person I dealt with was the head of the U.S. desk in the Panamanian Foreign Ministry. There were practical things that had to be done. We had to go on with day-to-day life and we had to arrange customs, we had to arrange for buying things. I was the contact person so that we had a relationship which was not official but which was practical, finally expanded to a re-establishment of relations. It was an interesting time.

*Q: The embassy as such had been through this before.*

PRYCE: Yes.

*Q: The name escapes me now, the head of, the guy who died in the crash later on?*

PRYCE: Omar Torrijos.

*Q: What was our estimate of him at that time?*

PRYCE: It depended on who you talked to but I think there was a feeling that he was effective. He was highly popular. He was not anti-U.S. He was very pro-Panamanian and he was a good politician. In the beginning there was a duel between Torrijos and Martinez. Flores Martinez was the number two person. He was a much more direct, much more our kind of guy in the sense that he was a more honest, a more professional military or police official. There ended up being a power struggle between Torrijos and Martinez and Martinez ended up on a plane to the United States. For a while he was pumping gas at a gas station in Miami. Torrijos was charismatic and able, and he ran an authoritarian but not a despotic regime for quite a few years.

*Q: Did you find that as we established relations, was there any problem? Did we sort of pick up where we had been?*

PRYCE: There were strains but there was a recognition that we needed to get on with the work. There had to be contacts and there had to be relations. We found ways to do that even though there was not official recognition. The embassy and the officials never had to depart and so we operated under a limbo area in which they respected our diplomatic status. It wasn't business as usual but we managed.

*Q: Was the temperature raised on the nationalist point of view as far as the canal and all during this time?*

PRYCE: Yes, sure. It was viewed as a diversion any time the United States exercised sovereignty. People would come into the canal area and they would get thrown into U.S. jail. I remember one of the biggest resentments that even the people who were very, very friendly to the United States would say, "You know I have to get a Panama Canal drivers license to get from one part of my country to the other" because we did not recognize the Panamanian drivers license. You had to go down to the U.S. magistrate, to the court or whatever it was, and get a Canal Zone license. To use the bridge, to cross over from the eastern part of Panama...

*Q: I would have thought this would be something where the embassy could play a role and say, come on fellows?*

PRYCE: We did play a role but believe me there was a regime in place that was used to doing things...

*Q: You're talking about the...*

PRYCE: I'm talking about the Panama Canal Commission and Company. The U.S. had the right to act as if it were sovereign and it did. The first time I was there the preeminent person was not the CINC commander-in-chief but the governor who had all the resources. He had a huge house. He had money coming from the Panama Canal revenues. He was able to dispense contracts. In many ways he did a lot of positive things. For example they helped get dairies started in Panama that could supply milk so you wouldn't have to bring it from the States. There were a lot of really foresighted positive attitudes on the part of the management of the Panama Canal Commission and Company.

*Q: Did you sense any change when the Nixon administration came in towards what we were trying to do in Panama? He would have come in in '69, or was this not on the radar at all?*

PRYCE: No, it was on the radar but I'm trying to remember. Bob Anderson I think had been appointed at one point to try to develop a new tactic towards negotiations. It's funny I'd have to go back and refresh my memory but I don't remember a feeling that there was a great change. I don't think there was.

I think there was the Rockefeller Commission which Nixon sent all over Latin America fairly early on in his administration. I remember that Rockefeller wasn't very happy with our ambassador, Ambassador Adair, because Rockefeller had sort of again this distrust of the Foreign Service. He was going to have this independent commission and he didn't want the embassy involved. He wanted to go call on the president without the ambassador. The ambassador I think worked it, probably through the president, having the president say to Rockefeller, "I'd really like to have the ambassador here when I talk to you." Rockefeller didn't like that.

*Q: I know that because I had that very same thing. I think it was in Brazil where he did do this. He wanted to go around and not talk to the embassy. You left there in '71...*

PRYCE: I left there in '71 and went to Guatemala.

*Q: I thought we might close at this point here and we'll pick up Guatemala next time. Before we leave, during the time you were there were there any particular problems?*

PRYCE: Very, very definitely. The thing I remember most was the coup against Torrijos. Torrijos had left the country and had gone up to Mexico to cajole and to relax, and his deputy or one of his deputies a fellow named Sanhuer who was our kind of guy, our kind of military person, had basically taken over the guards and said "I'm in charge." He called up Torrijos and said, "Omar, you're a great guy but you're out, don't come back. We'll send you 5,000 a month to stay away."

Torrijos decided he was going to try and come back. He was given 5,000 bucks by one of the Panamanian oligarch elite, Nandu Alleta, who was in Mexico at the time. He borrowed the money, got down and rented a plane and came down to Salvador. He got support from the Salvadorans where he had gone to the military academy to give him a plane to come back into Panama.

I can remember very clearly that we had a new ambassador, Ambassador Bob Sayre, who was trying to manage what our relationship should be in this coup. We frankly may have known about the coup, that is the Panama Canal intelligence may have known but the embassy did not know and we may have encouraged the coup. It was investigated but it never came out. My suspicion is that we may have authorized it in a manner, or encouraged it, or at least winked. You had this coup take place. You had a friendly towards the U.S. man in charge and I remember that the Panama Canal was saying we would like to give permission for some national guard officers friendly to the new people who were capable leaders who had been exiled by Torrijos in Miami to come back in. Ambassador Sayre was cautious. I remember advising him very strongly that if there was no problem of these guys coming back in, then why don't they land in Panama? Why should we allow them to land in the canal area as opposed to landing at the national airport?

This is where Foreign Service reporting really came through. We got a call from Ron Garrett, who is now the deputy U.S. representative to the OAS. He was at the consulate in David which is where Torrijos would have to land. He called up and said, "Bill, I can't figure out what is happening but something is up here. There is a lot of activity at the airport and there is a lot of activity at the national guard headquarters. It isn't all over. I can't find out what it is but something is up." This enabled us to go to the ambassador and say, "It really isn't over. Let's stay out of this completely and not in any way be friendly to the new government."

What had happened is that Noriega was the captain in charge of the guard unit in David and Noriega was telling Sanhuer down in Panama City, "Don't worry I'm with you. Everything is fine." He is telling Omar Torrijos, "You're my true commander. Come on in, everything is safe." He had Torrijos's future in his hand. It was like the old cowboy movies, I'll never forget this,

where the plane was coming in late and there were no lights on the field. They lined up trucks to delineate the landing strip. Torrijos came in and Noriega said "I'm with you buddy."

Torrijos then came down in a triumphant tour. The guys that were backing Sanhuer, it took them about 18 hours to figure out that Torrijos was going to be back in power so they threw Sanhuer in the slammer and said, "You know Torrijos, we were always with you. We were just waiting for the right moment to throw this guy in the slammer." It was pretty good reporting enabling us to know that something else was happening. This let us to stay out of it and to have a much better relationship with Torrijos once he was back in power and to try to influence him in positive ways.

Torrijos was a tremendously popular person. I guess I should say what kind of person was Torrijos. He was an authoritarian ruler but he improved the education and health services in Panama quite a bit. He did much more for them than the previous regime had. He was an immensely popular person. We obviously pushed him to hold elections and to step aside but he was an effective despotic leader.

*Q: If I recall, somebody else who was dealing with him said he spent an awful lot of time down by the beach in his hammock and you'd go down and see him there.*

PRYCE: Yes, that's right. He was a great relaxer. He liked his liquor and he liked his women. He also spent a lot of time touring. He got strength from dealing with people, touring individual villages, trying to improve their economic conditions and paying attention to the needs of the people. He was effective.

*Q: Had he had any American training?*

PRYCE: Yes, sure. He had been to a number of U.S. military training.

*Q: Was there any concern about the School of the Americas that you were getting reflected at this time because later on the School of the Americas developed at least in the press a rather bad name that we were training torturers?*

PRYCE: I think that is false, I really do. My recollection of it is that it never taught torture. It may not have been as strong in terms of teaching civilian control of the military as it might have. They developed courses to do this later on but it was basically a military training school. They never trained in torture.

*Q: To me that sounds kind of false but it sounds like young reporters who were coming out of the investigatory school of reporting who sort of despise the military of any kind at all.*

PRYCE: I never saw any substance for that.

*Q: Bill why don't we stop at this point and we'll pick it up next time in 1971 when you're off to Guatemala.*

PRYCE: Right.

**BRANDON GROVE**  
**Director, Office of Panamanian Affairs**  
**Washington, DC (1969-1971)**

*Brandon Grove Jr. was born in Chicago in 1929 and lived in Hamburg, Germany at the time of Hitler's rise to power. Before Germany invaded Poland, his father was transferred to Holland and later to Madrid in 1940. He attended Fordham University and later Bard College and Princeton University. He has served in numerous countries including Ivory Coast, India, East and West Germany and Israel. In 1984 he was named ambassador to Zaire. He was interviewed by Thomas Stern in 1994.*

GROVE: The executive director of the Bureau of American Republics Affairs (ARA), Findley Burns, called me in Berlin. I met this urbane Baltimorean with a dry sense of humor when he was in charge of administering our London embassy, and have encountered few others who understood bureaucratic politics better. Findley's job was to manage the bureau's resources, including personnel. Charles A. Meyer, the assistant secretary, had been newly appointed by the incoming Nixon administration. Charlie had previously been a Sears, Roebuck executive, and wanted fresh blood in his bureau. Cheerful and a dapper man, his talents were in management.

The State Department had decided to make its country director positions pivotal in bilateral relations. Country directors usually supervise clusters of desk officers, who deal with individual countries in larger regional groupings, such as the offices of Andean, or Central America affairs. Three or four of us, without previous experience in Latin America, were asked whether we would be interested in becoming country directors in ARA. Findley wanted me to be Coordinator for Cuban Affairs and I readily agreed, believing my Berlin experience might help.

By the time I returned to Washington, however, a decision was made to manage Cuban Affairs through Robert A. Hurwitch, a deputy assistant secretary in ARA. The Panama directorate opened up in the meantime and was offered to me. This assignment brought me to a new continent, the fourth in four assignments. I probably should have been concerned by my lack of a home bureau and regional specialization, which are important in the politics of the Department's assignment process, but was either too new or unaware to care. I welcomed this opportunity to learn about another part of the world. Given the same choice, I would again opt for wide-ranging geographic assignments. My regret is that I never served in the Asian bureau.

I soon found that experiences in different parts of the globe become applicable to those of others. Our concerns in Africa were not unrelated to our policies in Latin America; what we did in New Delhi was not divorced from our efforts in Berlin. I was beginning to acquire a global view, which raised questions in my thoughts that were sometimes more theoretical than immediate, but were nevertheless relevant to broadly based objectives of the US. What mattered were the interests themselves, and our specific reasons for involving the United States and committing its resources to particular programs and places. This made the definition of interests a vital task.

During two later assignments on the Policy Planning Staff, I learned how frustrating that definitional process can become in a foreign affairs bureaucracy.

Throughout the Cold War, our policies were usually shaped, in the first instance, by what the Soviets were doing and our perceptions of their motives. This was particularly the case in developing countries, where our interests beyond raw materials, "containment," and strategic positioning were often modest. Convenience and reactive policy and resource planning permitted "the Soviet threat" to become most of the argument needed for congressional support of massive programs, especially in military assistance, in places like Somalia where the deadly consequences of an arms race would haunt us years later. The Soviet threat was real, of course, but there should have been more discussion about how it would play itself out, for example, in Mogadishu.

The perception of Soviet threat, and to a lesser degree strategic concerns about Maoist China and North Korea, across the Pacific Ocean, were important elements in our relations with Panama in the late 1960s as we prepared to renegotiate the canal treaty. In our dealings with Panama, moreover, Castro's Soviet-supported regime in Cuba was an emotionally charged ingredient, particularly after the missile crisis of October, 1962. Panama's quixotic new leader, General Omar Torrijos Herrera, was a question mark in American minds.

I came to my assignment as country director for Panama in 1969 after four years in Berlin, a city at the core of East-West tensions, and therefore had first-hand diplomatic experience of the Cold War. The country directorates were at their strongest then, having since been weakened by a plethora of deputy assistant secretary positions, one layer above, in the regional bureaus. Beginning in the mid-1960s, Dean Rusk intended the directorates to become executive branch focal points for the conduct of our foreign relations. They were the natural addresses for foreign ambassadors in Washington and our chiefs of missions abroad.

Most of what I knew about Panama I learned in the Navy, while serving in the Caribbean during 1954-56. I understood the strategic importance of the canal, and was familiar with the movements of ships, their dimensions and characteristics, how the canal worked, and what a two-ocean fleet was about. But the political aspects of US-Panamanian relations were new to me. I knew no one in the ARA bureau except Findley Burns. Initially, we newcomers to the bureau were viewed with suspicion by our peers, especially the "Latin Club," in which those with depth in the lore of Panama fancied themselves "Panamaniacs." The assignment process, controlled by the geographic bureaus until the mid-1970s when it became centralized under the director general for personnel, kept Latin American experts locked into the Hemisphere, as EUR and other bureaus protected their coveted senior slots. Charlie Meyer wanted to open this circle, fully supported by career officers Hurwitch and John H. Crimmins, his deputies and veterans of Latin American service. Hurwitch and I had an excellent relationship from the outset: he was aggressive, hard-boiled and intellectually disciplined, qualities I admired.

ARA was the only bureau that integrated its assistance programs with foreign service political and economic staffs, in back-to-back arrangements which co-located State and Alliance for Progress people in the same offices. My deputy for Panamanian affairs, Leonard Horwitz, was the senior aid officer for Panama. There were also country directorships headed by an aid officer,

with a foreign service officer as deputy. This arrangement worked well, a policy model ahead of its time.

Our office was not large, some six or seven people including the deputy, myself, and two secretaries. Martha Hayward, one of the most professional and talented secretaries in our service whom I had met in Berlin, agreed to join me. FSO Kenneth Bleakley was our economic officer, Edwin Corr the political officer. They became part of a close team including the development assistance officers. We viewed our policy and operational concerns in Panama--whether political, treaty related, economic, or developmental--as part of an integrated whole. This strengthened my belief, tested in India, that the Foreign Service is more effective when it makes political and economic work a coordinated effort, not separate spheres to be dealt with on their own merits and within their own confines.

I also found that when economic assistance people are part of your team, you have a much better understanding of what they are trying to achieve. Developmental assistance issues of any magnitude came to me before they went to the assistant secretary and the assistant administrator for aid. I knew what our aid programs were, and had a strong voice in shaping, administering, and supporting them. We wrestled with criteria for starting and continuing assistance programs; conditions necessary for carrying out a successful program; the right mix; constraints on the US in engaging in development assistance; the essential role of private voluntary organizations; and support from the international donor community.

Like other country directors in ARA at the time, I involved myself in the selection of the aid program director when a new person was needed in Panama. I doubt this was welcomed by everyone on the assistance side, but believed doing so came with my authority and responsibilities. In the final analysis, this was also helpful to the new aid director in Panama because he knew he could count on support from the entire country directorate in Washington.

The ARA model made it possible to shape US developmental efforts to serve our longer term political objectives. There are occasional tensions in merging development and political goals that are inescapable no matter how one is organized. Aid programs are not intended as political chips. But the assistance people have their own agendas, too, which at times reflect strong political preferences on their part. When they stray from responsibilities of providing assistance and training to supporting individual ministers in a government, or sometimes the leader at the top, they are outside their duties and can cause embarrassment and problems for those in the embassy accountable for political relations.

I was assigned three objectives.

The first was to manage, on a day-to-day basis, our efforts to change the treaty relationship with Panama. In 1967, negotiations to revise the Panama Canal Treaty of 1903 had reached deadlock. By the time I took over Panamanian affairs that year President Nixon decided to renew negotiations to bring the treaty into conformance with the realities of the day and our evolving national security interests. The painstaking work of developing a negotiating strategy, writing position papers, coordinating with other interested agencies, fell to us.

At times, the demands were nearly overwhelming. There were many agencies with a deep interest and stake in the negotiations, none greater than the Department of the Army, represented by Colonel John P. Sheffey, an ardent, loud-voiced defender of Defense Department views and unrivaled expert on canal matters until Colonel Richard Wyrrough succeeded him, and eventually me. John Irwin, then under secretary of state, had been the leading US negotiator from 1964-67. He had an abiding interest in the issue. The Bureau of Political-Military Affairs was heavily involved. Mark Feldman practically cohabitated with us as legal advisor. But the Office of Panamanian Affairs was the coordinating office throughout preparations for the negotiations which resumed in a serious fashion in 1975.

Our second objective was to understand what General Omar Torrijos was all about. He had come to power earlier in 1969 and was still an unknown quantity in Washington outside intelligence circles. He had been, and remained, an officer in the Panamanian National Guard. Robert M. Sayre, our ambassador to Panama, had also recently arrived at his post. His instruction from Meyer was to get along with Torrijos and his government. We needed to determine what kind of a person Torrijos was, and whether we could have a fruitful relationship with him, particularly on the issue of treaty renegotiation. Could we trust him? Our primary objective in Panama was internal stability to insure the continuing smooth operation and security of the canal. Renegotiation was our next goal, but stability was the more important one.

My third objective was to represent the Department of State on the Inter-Oceanic Canal Study Commission. This group, under the chairmanship of Dr. Milton Eisenhower, included former Treasury Secretary Robert Anderson and other luminaries. The Commission was charged with studying the merits of building a sea-level canal between the Atlantic and Pacific Oceans, and examining the feasibility of a third set of locks for the existing canal. The site might be Panama, Colombia, or Nicaragua. The study was driven by the prospect that the locks in the Panama Canal would eventually wear out, making the canal either inoperable or more expensive to maintain. Traffic through the canal was increasing, but some of our aircraft carriers already had beams too wide for canal passage. Our two-ocean fleet was becoming two separate entities. The same was true for supertankers, which also rendered the canal a bit less vital as a choke point.

One solution to these problems could be construction of a sea-level canal to provide an open and navigable link between the two oceans, unrestricted by vulnerable locks. Questions for study included feasibility, location, costs, methods of excavation (including nuclear), and environmental concerns. The Japanese government was particularly interested because of its dependence on shipping, available financial and technological resources, and the prospect of wielding influence over an inter-oceanic sea lane. One of the reasons we were considering an alternative canal was that it would avoid the prospect of further riots in Panama and other perceived threats to the existing locks. In 1970, the Commission published its conclusion that a third set of locks or a sea-level canal were economically unfeasible, given costs and future shipping projections, and concerns that predators in the Pacific would destroy sea life in the Caribbean. The increasing use by trucks of a land bridge across the US was also a factor. Of the possible locations for a sea-level canal, two sites in Panama emerged as the preferred routes. It is doubtful that constructing a sea-level canal will again become a serious prospect, for reasons of cost and demand.



There are at least seven countries with which the United States has unique and "special" relations: Panama, Cuba, The Bahamas, Mexico, Canada, Israel, and Ireland. Five are near neighbors. The common denominator is the high degree of domestic political and economic concern in the US that influences our foreign policies toward each. Yet each bilateral relationship is unique, not only because of domestic constituencies, but also because the issues are very different. The way these relationships are managed in Washington presents obstacles and opportunities. In Panama, moreover, we had the "Zonians," a large and permanent community of expatriate Americans running the canal and living, thanks to our government, under a nearly perfect form of cradle-to-grave socialism. They enjoyed strong support in the US Congress.

The congressional dimension was always a major factor in our deliberations about treaty relationships. Many in congress believed the Canal Zone to be American soil, as inviolable as, say, Texas. No change in the *status quo* was warranted or acceptable, in this view. Military constituencies held equally strong opinions. There was broadly based national sentiment about the canal and support for the 1903 treaty amounting to patriotic fervor. When the new treaties were eventually submitted for ratification by the Carter administration in 1977, they inspired the most emotionally charged debate in our foreign policy of the post-war years.

The canal issue brought us especially close to the House Merchant Marine and Fisheries Committee, whose tough but competent chairman was Congresswoman Leonore Sullivan. We regularly briefed the staffs of that committee, and the House Foreign Affairs and Senate Foreign Relations Committees. People in congress wanted to know what was going on and to provide advice or condemnation. I recalled my days on the Hill with Chester Bowles ten years earlier, while waiting to enter the Foreign Service, which helped me understand their concerns. Congress was the primary constituency we needed to satisfy--and eventually, thanks in large measure to Senate majority leader Howard Baker, we did. The Nixon White House had a global foreign policy agenda, and never wavered in its decision to proceed with canal negotiations, politically charged though these were. As with the opening to China, President Nixon was not lacking in political courage in foreign affairs.

It is useful to observe the bureaucratic decision-making process in this matter, and the national security system Dr. Henry Kissinger imposed on the executive branch. The basic unit of this system was the Interdepartmental Group, normally one "IG" for each regional bureau. ARA had an advantage in this new system in that it had already integrated Latin American aid programs into the broad framework of our bilateral relations.

The national security structure Kissinger devised was immensely time consuming, and intended to be so. We were tasked by the NSC to undertake study after study and produce great quantities of option papers. Viron "Pete" Vaky was the senior NSC staffer for Latin America, assisted by Arnold Nachmanoff. Vaky, an ever calm Foreign Service officer, was indispensable to us during this period. At times when the NSC's demands drove us into the ground, he helped keep our priorities straight. The system had its strong point in demanding an interagency focus. When this system worked it brought the right people together, and kept them informed and locked in on key issues, options, priorities, and resource requirements. The flip side was that committee products are often fatuous, watered-down compromises. We were able to deflect some of the interagency turf wars and back-stabbings that come into play when the US government is faced with tough

policy choices. Pete Vaky, Winston Lord, and others around Kissinger forced the bureaucracy to come up with work of high quality that brought out the best in the State Department, a feat duplicated only by George Shultz.

Kissinger took an interest in the Panama negotiations, in part because he knew Nixon was engaged and also because he relished the intricacies of any major negotiation. This was one of the rare instances when Kissinger delved into Latin American issues. He was by nature Eurocentric, and much of his time was necessarily devoted to the Vietnamese War and its ramifications. Within the State Department, John Irwin, the deputy secretary, was highly supportive, which was a great help. Because of Irwin's previous negotiating efforts, he had detailed knowledge of canal issues; he knew the real estate we were discussing, military considerations, and canal operations themselves. We resumed negotiations in 1969 with a rich database and an inheritance of political and emotional issues that would take many years to be resolved.

We believed the existing treaty was rapidly becoming an anachronism and that our vital interests in Panama could be better served by new arrangements. We also thought we could successfully renegotiate the 1903 treaty and secure its ratification. We found ourselves reconsidering the magical words "in perpetuity" which described the duration of US rights in the 1903 document. Actually, with ratification of the new treaties, "perpetuity" came to be redefined in 1979 as 76 years, about the lifespan of the average American male. The US was increasingly criticized by other Latin countries for acting as a colonial power. Panama, in turn, was derided as a puppet of the US, a non-country devoid of sovereignty and even dignity. The US-Panamanian relationship seemed outdated to most of the rest of the world.

The State Department, with White House support, was the driving force for renegotiation. We wanted to pre-empt the possibility of a break-down in relationships which would have made our position in Panama more difficult. We wanted to modernize treaty arrangements while it was still possible to do so without being compelled to act by an emergency such as riots. In congress, we had latent support for our position. As often happens, however, the opponents of change, many of them key members, were better organized, more obstreperous and very vocal. Negative aspects of change received greater public attention than positive ones, and for a long time carried the day in the popular view.

Robert Anderson, who succeeded Irwin as US negotiator, operated out of his investment banking office in New York. I worked closely with him on the negotiations. He relied on us to staff him and left us pretty much alone otherwise, except on matters likely to become political issues and involve the NSC, the president, or both. Anderson was a Texan with a courtly manner. He was a wheeler-dealer, forever murmuring into a telephone. He had been secretary of the Treasury and widely mentioned as a potential Republican presidential candidate at the end of the Eisenhower administration. Many say he was Eisenhower's choice. But his interest in the negotiations was, in fact, sporadic; as we learned later, his business practices were often convoluted. He ran into legal difficulties towards the end of his life and, sadly, was sentenced to prison for a brief period.

Anderson brought the approaches of both a politician and businessman to a complex foreign policy issue. He was skilled in dealing with the Pentagon and CIA, both crucial players,

something in which an aggressive Colonel Sheffey helped him immensely. These agencies trusted him more than the State Department did, where he was considered something of a loose cannon on the gun deck. Anderson was a natural negotiator from whom I learned much. He did not use anyone from his firm or from outside the government, relying on the bureaucracy and his sound instincts about people. Eventually deputy negotiators were named, people from the private sector who went through appointment procedures and became working negotiators under Anderson's supervision.

We restarted the negotiation process by defining our major issues and priorities, and developing a new negotiating strategy based on these. By the time I left the country directorate, we knew where we were going. The US bureaucracy had coalesced, but we were only in the beginning stages of negotiations with the Panamanians. Anderson and I, along with representatives of the Defense Department, had concluded what were called "preliminary and exploratory talks" with Panama's negotiators. Two wise men who had first been in business and then became diplomats, Ellsworth Bunker and Sol Linowitz, negotiated new treaties to a successful conclusion.

Most negotiations have their own rhythms, moving from progress to setback to deadlock, and then break-through, on issue after issue. So it was with Panama. Key issues for both sides were the timetables for turnover, security of the canal and its efficient operation, the extent of the US military presence, phased sharing of authority between Panama and the US, disposition of US property, and economic benefits to Panama. These were not resolved until the last moment, as is true in most negotiations, when both sides seek to maximize their gains. And nothing was agreed in these negotiations until everything was agreed, a stipulation Anderson made in the first of our preliminary and exploratory talks. What emerged were the treaties of 1977, ratified in 1979.

General Torrijos was largely unknown to Washington and our embassy in Panama. Some of our military intelligence officers had dealt with him in the National Guard. He had taken over Panama in a coup, shortly before I reported to the Office of Panamanian Affairs. There was widespread distrust of him in Washington, which had become accustomed to dealing with a compliant civilian leadership in Panama, members of an oligarchy with whom it felt comfortable. They were a known quantity with an affinity for the US and a vested interest in stability. Torrijos, on the other hand, had the reputation of being a nationalist and some called him a leftist. He was interested in raising Panama's status: its dignity, as he called it. He rejected the treaty drafts negotiated in 1968. We would be negotiating with someone who not only wanted to change the treaty relationship, but who could be counted upon to take a nationalistic and even demagogic stance on key issues.

Once I had settled in during the summer of 1969, Ambassador Sayre suggested I visit Panama. I went first to the town of David, near the large US military training area of Rio Hatto where we had a one-man consulate at the time. A question had been raised in Washington as to whether this area remained necessary for US training requirements, and whether it might not be a positive step to return Rio Hatto to Panama, as Torrijos was requesting. It was returned.

In David, I met Torrijos by pre-arrangement, together with William T. Pryce, the embassy's political officer responsible for following internal affairs in Panama. We joined Torrijos at a local bar to which he had invited us. He had with him Jimmy Lakas, the official in charge of

Panama's social security program, and later designated president of Panama by Torrijos. Torrijos greeted us warmly; he spoke no English and my Spanish was weak, so Pryce and Lakas did the interpreting. As soon as we arrived at the bar, Torrijos ordered a bottle of Johnny Walker Black and challenged me to a game of pinball, at which he was known to excel. I hadn't played pinball since college days and never enjoyed it. In one of the highlights of my career, I beat him. We then had an evening together sniffing each other out.

The next day, Torrijos invited us to drive with him through the countryside. He had a terrible hangover. Jimmy Lakas was at the wheel, Torrijos in the front seat, with Bill and I in back trying to cope with Torrijos' cigar smoke. The general did not have much to say. Lakas and Torrijos wore side-arms and we had a follow-up car with heavily armed security men. At lunch over wine, however, the conversation became livelier. Torrijos was in fine humor after food and drink. I eventually came to like him and felt instinctively that he trusted me. Ambassador Sayre liked him personally and respected him. Bob and I thought we could negotiate with Torrijos over the canal, a view we made known to skeptical ears in Washington.

Torrijos was a charismatic leader, popular among his people. He favored the common man and took every opportunity to make that known. The gap between rich and poor in Panama was wide, and Torrijos' populist message resonated with a lot of Panamanians. The oligarchs hated him and distrusted his motives. He was a handsome man with a drinker's belly, who liked women--and they liked him. He was an effective leader of the National Guard, esteemed by his men. Manuel Noriega, in charge of intelligence, was then one of his chief lieutenants and a principal contact for our civilian and military intelligence people. Torrijos had a reputation for being comparatively free of corruption, but I could not vouch for that. He was straight-forward in what he said and did, and led a modest life without the trappings of wealth and power of many of his Latin American counterparts, although he worked closely with the business community.

While Torrijos was critical and outspoken about the US role in Panama, which he accurately described as colonial in many respects, he was capable of listening as well as making populist speeches. One could have a rational discussion with Torrijos. He quickly understood where you were coming from, a necessary quality in his relations with Ambassador Sayre, who could be equally tough, blunt, and persistent, in fluent Spanish. As we engaged in efforts to change the fundamental relationships over the canal between our two countries, Torrijos became immersed in the treaty negotiation process. Decisions of any consequence needed his approval.

My view of Torrijos was not popular in Washington, at least initially. People felt uneasy about this military officer, leader of a National Guard known for its corruption and blatant disregard for human rights, and a rumored narcotics trafficker. He became a convenient scapegoat for treaty renegotiation opponents in congress, who insisted we knew too little about Torrijos to make him a trustworthy negotiating partner, and that what we did know was not encouraging. Sayre and I never tried to portray him as a saint; that was hardly the issue. The question was whether Torrijos was pragmatic, consistent, and above all reliable. Could we work with him?

Our official attitude towards Torrijos changed markedly by the end of my tour in 1971. We had serious differences with Panama and problems in our relations, but we got past the hurdle of attributing bad faith and hidden motives to Torrijos as an individual. Bob Sayre and succeeding

ambassadors came to have workable relations with him. From the outset the White House under Nixon and Carter never wavered.

In the end, we reached an agreement in 1978 which was fair and honorable for both sides. Then Torrijos was killed in an unexplained plane crash in 1981. He was one of a kind, and deserves a biography that displays his strong points, not just the negative ones.

We were deeply engaged in obtaining Panama Canal Treaty implementation legislation in the House of Representatives. The treaty had been ratified by the Senate in April of 1978, and was therefore the law of the land. The canal would be owned by Panama at the turn of the century. Congress now needed to implement and fund the treaty's provisions. This required us to meet often with members and staffs of the engaged committees, and testify before them. There remained strong resistance to the treaty itself in the House, led by Congressman John Murphy, a Democrat from Staten Island, NY.

The Department's efforts to obtain this necessary legislation were headed by Ambassador David H. Popper, whose small staff was entirely devoted to treaty implementation. David was a solid professional. We got along well in areas where our responsibilities overlapped. Congressional relations were in the deft hands of Elizabeth Frawley in the Office of Legislative Affairs (H), who had worked on the Hill, and spent nearly all of her time there promoting implementation legislation. Too few in H were willing to walk the corridors day in and day out, as she did. Politics seemed in her blood. Our views not only gained support, but we were well informed about what the members were thinking.

This was my first opportunity to testify before a congressional committee. It is an intimidating experience at best. To prepare, I learned everything I could about treaty implementation requirements. Most of the hearings were held by the House Merchant Marine and Fisheries Committee because they concerned the Panama Canal itself. Since treaty implementation legislation was a politically charged issue, these hearings were well attended by the media. One could expect a crowd and klieg lights.

On one occasion, the committee stayed in session for nearly a whole day. The witnesses were General McAuliffe, of the Southern Command, and myself. We did not have lunch and were not offered water. Committee members strolled in and out of the hearings as the spirit moved them. We sweated under hot lights, listening to members on the high dais make long statements, pro and con, and parried hostile questions. I was physically drained but believed, as did McAuliffe, that we had held our ground. He was a forceful and impressive witness. His military record, four stars and bearing gave his words special weight with the committee.

In addition to understanding the subject matter and policy objectives of his testimony, a government witness before a congressional committee needs to be aware of the makeup of the audiences. These are, first, the committee members themselves and the domestic and foreign media. An interested country will have its embassy's officials at the hearing. Reporting by the media can be instantaneous for a wide audience. An offhand comment that seems of little consequence in Washington can assume major proportions in another capital and provoke strong

reactions, particularly if national pride is offended. This becomes a damage control headache for the local American ambassador.

Transcripts of hearings are printed several weeks after they occur. An opening statement by the witness provides an important opportunity to shape the record. Texts of opening statements are usually sent to committees, at the insistence of their staffs, 48 hours before hearings are scheduled to provide staffers time to develop committee strategy. Skilled witnesses know how to make their main points at any opportunity, offering only a perfunctory reply to the question put to them and continuing with their own agenda.

The public impact of hearings dissipates. It is gone after the chairman closes the session, the scruffily dressed camera crews pack up, television reporters expound on the evening news, and the print press files its stories. If media coverage has been heavy, a vague impression of the hearing may be left with the public. What remains for those seriously concerned with legislative history is the enduring record itself.

In the end, adequate implementation legislation for the Panama Canal Treaties of 1978 was passed by the congress, for which much credit goes to David Popper.

**PARK D. MASSEY**  
**Development Officer, USAID**  
**Panama City (1969-1971)**

*Park D. Massey was born in New York in 1920. He graduated from Haverford College with a B.A. and Harvard University with an M.P.A. He also served in the U.S. Army from 1942 to 1946 overseas. After entering the Foreign Service in 1947, Mr. Massey was posted in Mexico City, Genoa, Abidjan, and Germany. While in USAID, he was posted in Nicaragua, Panama, Bolivia, Chile, Haiti, and Uruguay.*

MASSEY: In Washington I had two basic assignments. One was the development finance assignment. I later, with reference to the Vietnamese war, noticed the high level of corruption and also noticed the obvious fact that if you are fighting a guerrilla enemy--and remember I had been a soldier--who lives off of an economy as a guerrilla, and you are the principal supplier of that economy, you of necessity are the basic supplier of your enemy. I therefore brought this to the attention of my superiors, and because I was stupid enough to write the memo, was assigned to do something about it. And I spent approximately the next two years traveling back and forth between Washington and Vietnam dealing with the problem of the diversion of our supplies to the enemy. Finally, I noticed that much of this was again involved with how the financing was taking place, and I came to the conclusion that we were not only supplying our enemy, we were financing our enemy through a network of international banking institutions. And I did that until 1967 at which time a promise that had been made to me before, that I could transfer to the Foreign Service, was complied with. I transferred to the Foreign Service and went as a capital development officer to Managua, Nicaragua; later to Panama, again as a capital development

officer, as essentially a projects development and financial officer; then as Deputy Director and Acting Director in Bolivia.

*Q: Of the AID Mission?*

MASSEY: ...of the AID Mission; Deputy Director and Acting Director of the AID Mission in Chile; a similar position in Haiti, a very frustrating period because of the fact that Haiti is impossible to do any good for; and finally I was made Mission Director of the United States AID Mission to Uruguay, which I ultimately closed out, which I think was a mistake, but at the time seemed like a good idea because our assistance was not really helping the Uruguayans in solving their economic problems. During all of this time, I saw little or nothing of an interest in either trade unions or labor or manpower in any of those missions in which I served. I did not take into much account labor and manpower concerns, although I was in the top management of the missions that were involved. I don't know why that was. It may have been that the concerns tended to move in other ways, or in some cases the trade union movements in many of these countries were so fragile and the understanding of manpower problems within my own mission so weak as to tend to let them be pushed aside. But labor and manpower were not really terribly important in those missions.

*Q: Relations with AIFLD (American Institute for Free Labor Development) at all?*

MASSEY: Yes, but the relations with the AIFLD were primarily on a friendly, cooperative basis. Where they had a program, we were delighted to fund it. Despite what I have said about the lack of interest in Washington in a coherent labor diplomacy, an AIFLD project always got a good reception in Washington, and people liked you to send them up because, of course, the American labor movement was a strong supporter of the Agency for International Development, and where we could use them effectively, and they were effective, we did so. However, it was hard sometimes to work them into either health programs or educational programs and so on.

*Q: I have a series of questions. Oh, I've got to get to your retirement. Yes, go ahead.*

MASSEY: At the end of 1979 I retired. After some short period of extreme boredom, I sought work consulting. I started consulting on various economic problems in Africa, mostly the management of projects. And then during the period of the middle 1980s until about 1988, I was in Central America where I was primarily an adviser on the economics and logistics of guerrilla warfare. This was very interesting, very exciting, but once again without anything that one would call a labor diplomacy input, although in several of the countries there were labor offices, and again I ran into the AIFLD, because I did attempt to advise and wrote a paper on legal reform in El Salvador which was related to the murder of the Agrarian reform workers supplied by the AIFLD to El Salvador. It was at that time I was to see again various people--one man with an Armenian name, a great giant of a man, who I think may have been AIFLD. I feel that the American labor movement felt a little betrayed by the fact that once again there was a lot of lip service, but a very tough pursuit of the murderers of American trade unionists in El Salvador was not followed through.

*Q: There was quite a bit of bitterness about that.*

MASSEY: I would have been bitter too. All right, I think that completes my career.

*Q: You retired in 1979 and after that you did some consulting work...*

MASSEY: Until 1988.

**ROBERT M. SAYRE**  
**Ambassador**  
**Panama (1969-1972)**

*Ambassador Robert M. Sayre became interested in the U.S. Foreign Service after serving for four years in the U.S. Army during World War II. He began his career at the State Department in 1949. Ambassador Sayre held positions in Peru and Cuba, and ambassadorships to Uruguay, Panama, and Brazil. He was interviewed in 1995 by Thomas Dunnigan.*

*Q: Give us some background on what happened in Panama and why the Department of State decided to assign you to Panama and Ambassador Charles Adair to Uruguay?*

SAYRE: What happened in Panama was that there was a sudden change in government in Panama; a coup. There had been an elected government, and after only about 13 days General Omar Torrijos took over the government. The U.S. Ambassador to Panama was following instructions on how he should deal with this dictatorship in Panama. But Omar Torrijos and his people didn't like the way the Ambassador was dealing with them. So when Nelson Rockefeller went through Panama, they talked to him about it, and told him that they wanted a new ambassador. If the United States didn't send a new ambassador, they would nevertheless declare the present ambassador persona non grata.

I had made an unfortunate mistake. I had told the Department of State in Washington, unrelated to what was going on in Panama, that I had three things that had to be done in Uruguay and that I thought that the third thing, straightening out a loan that had been made to Uruguay, would all be done sometime in the next few months. And it all got done. And they asked me whether I was finished with my agenda in Uruguay, and I said "Well, I've got done what I told you." They said "Well, we want you to go to Panama." And they said it was going to be a switch. I always felt it was a double-cross. But anyway, I was sent to Panama, and our Ambassador in Panama came down to be the Ambassador in Uruguay. When I arrived in Panama unfortunately Panama also declared the Deputy Chief of Mission persona non grata.

*Q: Who was that I wonder?*

SAYRE: I can't remember his name right now, but he left. And I had to get a new Deputy Chief of Mission in Panama, so that when I went in to Panama, I was going in without the kind of help an Ambassador is usually used to having. But that's the reason for it.



*Q: What was your relation to the U.S. Governor there in the Canal Zone?*

SAYRE: We had a committee created by a decision in Washington. I was the Chairman of the committee, the Governor and the Commanding General of the Southern Command were members of the committee. We met once a month to discuss U.S.-Panamanian relations. But I had a peculiar experience when I arrived in Panama. It was just before Armistice Day, now called Veterans Day, and I was asked to attend the ceremonies at the Episcopal Church in the Canal Zone. So I went, and they had a reserved section in front. When I went in they said "You're supposed to sit back here." I started to look around at what was going on. I discovered that they had me sitting with the colonels, and that all of the officials of the Southern Command and the Panama Canal Zone were sitting ahead of me. And I thought "My goodness. I'm the representative of the President of the United States and here I am with the colonels." But that's the way it was the whole time I was there; whenever I went over in the Canal Zone except to these meetings which I chaired, they had me parked back with the colonels. That was it.

*Q: That doesn't seem to me to be very...*

SAYRE: And I couldn't get any advice from the Department of State. I asked Protocol what the rules were since I was the representative of the President of the United States, and they wouldn't answer my question.

*Q: That's an unfortunate, an embarrassing situation, but...*

SAYRE: Well it was one of the reasons the Panamanians were annoyed because the Ambassador to Panama from the United States wasn't treated like the Ambassador to Panama. But my personal relations with these people were great. I thought the Governor and the General were just outstanding, very exceptional people.

*Q: And you had good cooperation?*

SAYRE: Absolutely. Absolutely. Governor Parker did a remarkable job as the Governor. I never questioned it. So did General Mathers, the Southern Commander.

*Q: How did we resolve the issue of granting sanctuary in the Canal Zone to Panamanians? Did that question arise?*

SAYRE: No it did not. We didn't have that kind of a problem while I was there.

*Q: I think you're probably fortunate that you didn't because... did you take part in the negotiations to build a sea-level canal that we were talking about at the time?*

SAYRE: This happened before I went to Panama. I was the Chairman in Washington of the committee that made all of the economic studies about building a sea-level canal and so on. The proposals were to build one through the Isthmus of Tehuantepec in Mexico. Another proposal was to build one through Nicaragua. Another was to build one through Panama. And a fourth one

was to build it on the border in Colombia. And I went down to all of these places except the Isthmus of Tehuantepec because the Mexicans just flatly said, "We do not want a canal." But we went to Nicaragua, and to Panama, and to Colombia. In Nicaragua, if we had built a sea-level canal we would have destroyed the lakes in Nicaragua, it just was not a practical idea.

*Q: Not feasible?*

SAYRE: Not a feasible proposal. The Colombians said "We do not want to take the canal away from Panama. We do not want a canal." And anyway, it would have been a canal a hundred and twenty-five miles long. One of the ideas was that part of the digging that would have been done for a canal on the Colombian border would have used nuclear explosives. Nobody would agree to that.

We looked at the route in the Darien Gap halfway between Panama City and Colombia and the engineers said "The soil shifts so much here it wouldn't make any sense to try and build a canal because it wouldn't remain a canal very long." The only place that we could conclude that you could build a sea-level canal that might stay, was near the existing canal.

But then we ran into all kinds of objections from the environmentalists because they said the sea creatures in the Pacific would be coming over to the Caribbean Sea and they would destroy all the sea life in the Caribbean Sea. We had all kinds of opposition to it. The other part of the problem was that the tide level is much higher in the Pacific than it is in the Caribbean--it would have meant that you could only travel back and forth in a sea-level canal according to the tide changes. So you could go one way for twelve hours and the other way for twelve hours. Because of the tide on the Pacific side, you would have had a ten-mile tide pushing you through the canal, and it wouldn't have been so easy to navigate. But nevertheless, it would have been a feasible proposition if it could have been worked out.

*Q: But the result is that of the four, none was ever brought to life?*

SAYRE: The cost of building a canal was quite high. One of the things I learned in Panama, much to my surprise (after the Governor had shown me everything in the Canal, all the engineering things and so on, absolutely marvelous), was the Governor's answer to my question "Well would you please tell me how much traffic from the United States goes through the canal coast to coast?" And he said "Less than two percent of the traffic going through the Canal." And I was surprised because they had been using the figure of thirty-five percent. So then I said "Well, could we do an economic study?" And he said "Oh yes, I know some people at Stanford University who would do an economic study."

They did one. But they didn't show it to me. I finally got them to let me see it. It said that the economic value of the canal to the United States was thirty-five million dollars. I said "My goodness, the U.S. economy is a trillion dollars. (It is \$6 trillion in 1995.) What does all this mean?" So the Governor said, "Well why don't you call up the economist?" So I said "Okay, I'll call him." I did. And I talked to him about his study which I thought was very good, but it didn't have any conclusions in it. And I asked him about this figure of thirty-five million dollars as the economic benefit of the canal, and I said "Isn't that marginal if the U.S. economy is over a trillion

dollars?" And his answer was "You said that, I didn't." But it really raised questions about whether the United States should be spending trillions of dollars to build another canal when the facts of life were that the canal in terms of the U.S. economy, didn't produce much income for the United States.

*Q: The canal is of great interest to the Europeans and other shippers I think?*

SAYRE: The biggest user of the canal, as a single country, is Japan. But the countries on the west coast of South America depend on it, and so on.

*Q: How strong was the Cuban influence in Panama when you were there?*

SAYRE: I didn't think it was very strong at all. There was no question at all that Omar Torrijos knew Fidel Castro very well. There was no question at all that people on his staff were dealing with the Cubans. But I didn't really have any impression that Fidel Castro was having all that much impact on them. One of the things that we got done oddly enough was a ship from the United States with Cubans aboard had gone into Cuba, and the Panamanians got the Cubans to give all the passengers back to the United States including one they sent to Panama. So they had that kind of a relationship, but I don't think Fidel Castro was influencing Omar Torrijos.

*Q: Were you there when Panama reestablished relations with Cuba?*

SAYRE: I don't recall that, I don't think so.

*Q: That came, I believe, in '74 sometime.*

SAYRE: I left Panama in March of 1974.

*Q: Probably came thereafter. Was there any evidence of Panamanian complicity in smuggling drugs to the U.S. while you were there?*

SAYRE: Yes there was. We had a significant drug problem with people at the airport helping them. The U.S. agencies that were working on it dealt with it completely on their own and they didn't tell me what they were doing because they claimed they were in the Canal Zone, so they didn't have to tell me, even though they were also operating in Panama.

*Q: Always a mistake, because it will come out later and it causes problems at higher levels sometimes. Now let's talk a bit about the talks which Ambassador Bunker was holding on the treaty governing Canal Zone operations. Did you take part in those or not?*

SAYRE: No I did not. I was told when I went to Panama that, "You should go down there and see if you can get along with those people." And those were my only instructions I ever got as the U.S. Ambassador to Panama. We had the largest economic program per capita in the world, and that created a good atmosphere and maintained good relations.

What we were trying to do, and what bothered me about Panama was the concentration in Panama had consistently been on just Panama City and Colon. The Panamanians hadn't really looked at the total country of Panama. And I thought if we could get the Panamanians to think about their whole country instead of just Colon and Panama City, that we might relieve some of the tension with respect to the Panama Canal because they thought that was their only industry and that was the reason they made so much out of it.

So the aid program was quite successful in trying to get the Panamanians to make a country out of Panama. Omar Torrijos wanted very much to get this done. He was very active in trying to get the communities to develop their own governing bodies, to develop their own activities and so on.

One of the things we did was establish three new universities in Panama away from Panama City so that the children going to college would not have to go to Panama City. Fortunately I got to lay the cornerstone at the one in central Panama, Santiago de Veragos. The others were in David and Colon. Another thing we did was to sign contracts and help finance construction of the highway from Panama City through the Darien to El Real so that the Panamanians could develop that part of their country.

*Q: Is that part of the Pan-American Highway?*

SAYRE: Yes, yes. Omar Torrijos was going around the country. Every time he wanted to go though he would try and borrow an airplane from the U.S. military in the Canal Zone. I got him two helicopters so he would have his own planes to go around, hold these community meetings, and get people to try to develop Panama more effectively and be broader in scope and everything else. I think it worked quite well at the time because he was so anxious to get it done and we were anxious to help him to get it done.

One of the funny things that happened was after I'd been there I don't know how long, maybe three years or more, Omar Torrijos was talking to me and he said "Bob", in Spanish of course, "we haven't had a riot and we haven't damaged your embassy and we haven't blown up your cars since you've been here. We have to do something about that." Well the next time I came back from the United States to Panama, they met me at the airport with a guarded car and I don't know what the intelligence was but from then on I had guards.

*Q: From the mouth of the President. Well, there were, going on in parallel at that time I gather, these negotiations on the future of the Canal Zone which resulted in the treaty we have today. You were presumably kept informed?*

SAYRE: I knew what was going on, but I was not involved in the negotiations. What I would have really liked to have seen happen was a base agreement type of arrangement instead of what they did. And my preoccupation was, and still is, that the Panamanian economy would lose the support of the U.S. which helped sustain its economy. At the time, twenty percent of the gross national product of Panama came from the Canal and U.S. bases; now it's down to eight percent. And the Panamanians are very worried that when the United States leaves Panama that it will be very damaging for their economy. I spent an awful lot of time trying to explain to the Department of State in Washington that this was going to happen. I spent an awful lot of time

trying to explain to the Panamanians that this was going to happen. Neither side accepted the facts. I didn't get anyplace.

*Q: However, if one reads the papers these days, you can see that the Panamanians are beginning to think about some of the problems that might arise, and perhaps they will backtrack a bit on this.*

SAYRE: They're already having trouble. What I have suggested is that we set up a natural disaster response mechanism. I've talked to Secretary Perry about it. It would require a naval base on the Pacific side and a naval base on the Atlantic side to move around the Caribbean and down to South America, and an Air Force capability at Howard Air Force Base to move people around. Whether we'd need an Army capability I don't know. Based on what happened recently because of hurricanes in St. John's and so on, I think you would also need some military, some Army capability. Also, what I would like to see done is for the United States to help train teams in all of the countries, the Caribbean and Central America and North and South America, so that they would be more effective in their response to natural disasters in this part of the world. There is no response mechanism at the present time.

*Q: Were you there when Henry Kissinger came down to sign the agreement or to sign the Statement of Principles, I believe, to put it more directly?*

SAYRE: Yes I was there, but I did not participate. Henry Kissinger met with Omar Torrijos. I was not asked to attend the meeting at all.

*Q: Henry has been known in other places not to want his ambassadors sitting in on meetings he was having with chiefs of state.*

SAYRE: I didn't know what they were doing, nobody told me.

*Q: Did you ever feel that you were personally in danger while you were there by dissident elements?*

SAYRE: Not very much. I did at the end because of what I've already said. But no, I never felt in any danger at all while I was in Panama. In fact, there was no incident in Panama affecting the ambassador until six months after I left.

*Q: In a sense you might have been in more danger in Uruguay than in Panama.*

SAYRE: Oh absolutely, no question about it. I was in more danger in Brazil than I was in Panama.

*Q: Our embassy in Panama was attacked after you left, I believe.*

SAYRE: That's right but it wasn't over any dispute with the United States. It was over the price of bananas.

**J. PHILLIP MCCLEAN**  
**Political Officer**  
**Panama City (1970-1973)**

*Mr. McLean was born and raised in Seattle, Washington and was educated at Seattle University and the University of Indiana. He entered the Foreign Service in 1962. A Latin American specialist, his service in the State Department in Washington and abroad, primarily concerned Latin American Affairs. His foreign posts were Brasilia, Edinburgh, Panama City, La Paz, Milan and Bogota, where he was Deputy Chief of Mission. In Washington Mr. McLean held positions dealing with Latin American Affairs, including that of Deputy Assistant Secretary for South America. Mr. McLean was interviewed by Charles Stuart Kennedy in 1999.*

*Q: Did you know where you were going when you were taking this course?*

McLEAN: No, I did not know where I was going. A man whom I had helped get into the Department when I was holding this lofty position as special assistant in the Latin American Bureau--I guess he was a Democratic political appointee whom I had helped move into the Department and ended up being my personnel officer--I called him, I remember, finally in January when I hadn't heard anything from the Department all this time, and he asked what was my name again, McLean. He couldn't quite remember who I was. They wanted to send me to Brazil, and I resisted that. For one thing they wanted to send me to the political section in Rio de Janeiro, and I just had the sense that no sooner would I get to Rio de Janeiro than I would be back in Brasilia again, and I had done that. But the other thing was I wanted to develop my Spanish language ability, which I felt, if you're going to have a career in Latin America, you've got to know Spanish. Then I waited and waited and waited, and eventually was assigned to Panama. At that point I frankly didn't want to go to Panama either, because Panama had this reputation of being a very Americanized place. It might be very, in fact, difficult to learn Spanish, but I was told that Ambassador Sayre, the ambassador there who had been my boss when he was deputy assistant secretary, wanted me specifically, because I had worked for him on the sea-level canal matters and, therefore, he wanted me, and so I took that as a compliment and accepted the assignment.

*Q: So you went to Panama, and you were in Panama from 1970 to when?*

McLEAN: 1970 to 1973.

*Q: What was the situation in Panama when you arrived?*

McLEAN: Well, in Panama a period of great tension had broken out in the early '60s when Panamanians perceived that a treaty that we had negotiated in 1958 was not being lived up to, and therefore there were riots in 1964, and then the Johnson Administration put in place a series of policies, which tended to cool things off. Among them was a study of building a sea-level

canal and some other measures, and they also said they would renegotiate the treaties, but by the time I got there in 1970, that had just refallen into a sort of vacuum. The Nixon Administration wasn't particularly interested in following up on the Johnson Administration's initiative in that regard. In the meantime also, in 1968 the National Guard, a sort of super police force, had taken over the government, and a man name Torrijos, a charismatic figure, was leading the government, so a period of confrontation built up during the period I was there, from 1970 to 1973.

*Q: Your job was what?*

McLEAN: I was in the political section. I had gone there with the specific guarantee that I would not be the labor officer. I was afraid the labor officer was going to involve me very strongly in Panama Canal affairs. I had, in fact, worked for a man briefly in the Department who had had that job; and, one, he didn't speak Spanish after he left, and, two, he described a situation which didn't seem to be terrifically attractive as a job, meaning that the embassy was treated as sort of a second-class operation against the Canal authorities who had the power. Well, when I got there, I looked around and I kept looking for the labor officer, and they kept delivering me the material, that labor packet from the Department of Labor, and I said, "Are you guys telling me that I'm the labor officer?" and they said, "Oh, yes, you're the labor officer." I said, "Are you saying this is important?" and they said, "Oh, yes, this is very important." I said, "Really?" They said, "No, no, very important that you do it." So I started working the labor account, and I spent for the first year about 50 percent of my time. It turned out to be a terrific deal, because, one, although I did some things with the canal unions, what I basically did was get out into the countryside. It was a vehicle for me to do that and also to then deal with people who did not speak English, and my Spanish came in rather quickly. Two, the AID Director wisely gave me a lot of responsibilities. I became actually their contract officer for the AFILD--I forget what AFILD stands for, but it was the AFL-CIO's union promotion program, and I became AID's contact with them. I also had other labor-related contracts inside of AID. It turned out to be a terrific opportunity to work on my own and start producing a lot of reporting that nobody had looked at in some years. Of course, one of the odd things in a place like Panama where there are so many agencies of the United States government is that, as soon as you do something interesting, suddenly everyone else wants to get into the show. I found that almost humorous, that whereas nobody had reported on labor before I was there or had given it sort of a hum-drum treatment, suddenly it became a very important thing and everybody had been stimulated by these reports that I was writing as I got to know people and did the writing about what was going on in the farther corners of the country in the labor movement.

*Q: How did the indigenous labor movement work with the--it wasn't the National Guard...*

McLEAN: It was the National Guard.

*Q: National Guard. You would think it would tend to squash labor. Military and labor usually go in different directions.*

McLEAN: They would except that Torrijos is a very populist type of person, and I understand that some years later there became conflicts between them, but at that time he was trying to promote these types of activities, perhaps as a way to find institutions and levers that he could

use against the United States. So he basically was supportive of labor in general. The type of activity I was involved with had not gotten so great that it threatened him at that point. In fact, I would say we got some things going that maybe later made them uncomfortable, maybe not Torrijos as much as his successor, Noriega. When I got there, I think there were nine labor unions, and by the time I left there were 25, after the so-called free democratic labor. As I say, those tended to be pro-American, and they were good unions. I can remember one time selecting a union leader to go to the States for one of these trips, and the ambassador saw him off. Well, he no sooner came back than he led a strike of the cement workers. I remember the ambassador calling me in and saying, "What's going on up at the cement plant? Who are these radicals?" I said, "Well, they're not radicals, Mr. Ambassador. Remember, here's a picture of you seeing this guy off." I had come from sort of a labor union family myself, so I was very pleased to be out there stirring up some of these problems. There was also a major change that our AID activities put in place--not put in place, we counseled and moved them in a direction. I shouldn't say put in place, because it certainly wasn't forced by us, but we certainly showed them that a bargaining type of labor regime was better than one that was paternalistically handed down by the state, which is the more common model throughout Latin America. After a year and a half or two years of negotiation, this was adopted by the government. If I'm not mistaken, it still is largely the model that is used in Panama, which is very helpful in terms of relating with the United States, which has quite a different flavor contracting way of operation. But I think we should take some credit, I would take some credit for my work with the labor law commission that was taking place during that time.

*Q: I would have thought that, Panama being so much concerned with the United States, you would have been tripping over AFL-CIO representatives and all that.*

McLEAN: No, not really. The man that I dealt with--there were two people I dealt with--of AFILD did come out of the labor movement to some degree. One of them, Pecky Sweater, was one of the great personalities that I have ever met in my life. He was a Basque--correction, an Elysian--who had come to the United States in the Franco period as an exile, worked with the AFL-CIO, was an interpreter for George Meaney all those years, and then went into this AFILD work. He was a wonderful personality. He very much wanted to pull me in. In fact, I would say some of my Spanish language. He used to take me after courses off in the interior and then very dramatically introduce me and say I would be giving a speech. Of course, I was stuttering away in my Spanish, but it was a great learning tool. His successor was a somewhat more conventional person but a very effective guy. As I say, I think we did some very fine work getting the unions involved in community development programs, which helped attract membership. There were on the edges of these things some people you couldn't deal with very easily, like the banana workers on the Pacific side who had a leftist tradition. But, by and large, we were out helping organize people throughout the country. In the Canal Zone itself there were AFL-CIO unions, and a few of them had dual memberships. That is, they were both Panamanian unions and they were U.S. unions. During my time there, there was a dispute between the American union and its local, and in that case I played a role in trying to conciliate an agreement that would calm the American union and also bring the Panamanian union, which was made up basically of Caribbean workers, English-speaking Caribbean workers, but bring them into a world where there wouldn't be in effect a jurisdiction strike inside the Zone, and that was what we were trying to avoid.



*Q: I would have thought that in the political section at a certain point your colleagues in the political section would say, "Hey, you're stirring these guys up and causing problems here."*

McLEAN: Well, not really. As I said, I think I had started something that people found a lot of fun and had a lot of interest. Working with AID it also involved the political section in some of the things that other parts of the embassy were doing. The AID director was a wonderful personality, Alec Herfner. Eventually what happened is that the ambassador had some difficulty relating with Torrijos, who was a whoring, drinking type of individual. The ambassador was and is a very straight and formal person. He basically gave the go-ahead for the AID director to develop a personal relationship with Torrijos, and I think it was a wise move, because Torrijos wasn't easy to get to know. But through my relationship with the AID director, it happened that I was brought along on these trips that he would make with Torrijos, but the AID director then would debrief me on what was being said in our political reporting, which was a big help, and he also then in turn introduced me to people around Torrijos, whom I was able to develop as contacts. So little by little after the first year, though I was still doing as much labor work as I did the first, as it turns out I spent less and less of my entire time when I started developing other contacts in other areas of activity. By the end I often note that the last weeks I was in Panama I was being given farewell parties by the unions and at the Union Club, the exclusive Union Club, because I had gotten to know a range of personalities across the board.

*Q: What about sort of the other hat you were wearing as just a general political officer? What about parties in this period of time?*

McLEAN: The parties were basically dead. I remember the son of one of the perennial political candidates telling me he didn't expect to have a political life in his lifetime. He could not because politics was going to be dead. It turned out that not be the case, and I understand he's back in politics now. But nonetheless, towards the end I began to develop contacts with the liberal party and some of these other parties which really didn't have an official role. Torrijos tried to reinvent the political life of the country. He wanted to take it out of the hands of the Panama City elites and develop something of a popular structure. As a consequence he decided he would establish parliament that would not be based on a normal system of election but would be one that would be chosen by neighborhoods. The neighborhood would choose a representative, a higher representative, and finally get to a level where they'd get to parliament. Well, this, of course, was phony democracy, but in order to try to understand this and understand what he was trying to do, in this particular case I got hold of the head of the electoral tribunal, which everyone thought must be a totally dead institution. It turned out actually was continuing to issue *cedulas*, these electoral cards which could be used for identity, and it was very important. The head of this office was the brother of the head of intelligence for the National Guard. His name was Noriega. So this gentleman, a very fat, jolly type of individual, would see me, sometimes with great difficulty, but I kept after him because he was always willing to tell me things. He would always tell me stories of what was going on inside the government, and eventually we had a series of lunches in which I kept saying that it couldn't be possible that the government was really demanding the type of things that he was talking about. The United States was never going to accept that, and they couldn't possibly be wanting to open negotiations with this on the basis of these very extreme positions. We went back and forth, and finally after one lunch that afternoon

a messenger came with an envelope, and I picked it up and read it and I was just stunned, because it was the position of the Panamanian government. Nine months later when they laid that very same position with very small changes on it, it was the exact same position that was given to me. I like to tease other parts of the U.S. government that the real way to get secret information is to take people out to lunch and give them books and other such goods. He was a sad individual in the end, but at that particular time he was very helpful to me personally.

*Q: At that time what were you getting from the ambassador and from the rest of the people involved with the political life within the embassy about Torrijos?*

McLEAN: There was a great argument at the time, trying to parse out who is this individual, what's going on, is he an extreme leftist or is he a strong nationalist. There were many parts of the U.S. government that were quite concerned and thought that he was a communist tool. We'd have arguments. He'd give a speech. I remember once in Portamoyas in which he used a word in which he said, "I am a," and the next word was "I am a military leader" or "I am a Castro-ite leader," "*castritay castrensay*." I had to go over and sit with the FBIS (Foreign Broadcast Information Services) operation over in the Canal Zone to try to listen to this word to see if we could identify what he was saying about himself. Torrijos in fact did open up relations, rather quietly at first, with Cuba, and that was causing a lot of suspicion. I had interviewed them a half a dozen times, usually with my boss, with the Los Angeles Times representative, Frank Kent, and a local stringer who used to set up their meetings. And then for a long period I was in charge of the section, and they came in to see me one time and the man from the Times started by asking questions about the Cuba connection, and I frankly gave him things, nothing that was secret but things that he could have known if he talked to enough people, about these openings, the plane flights that were taking place and contacts. The reporter asked me, "Isn't the embassy terribly concerned about these things?" and I said, "I don't want to use this interview as a way to put that message out." He said, "Well, you are watching it closely?" I said, "Yes, of course, we're watching it closely, as you know." Therefore, he then published a couple days later a story which said the embassy is watching this with increasing watchfulness if not concern, turning what I had said. He wanted to get a quote, and so he did. Of course, that didn't make the ambassador very happy that that got out, but that was a mild thing, except that at that interview as they were leaving, they asked to learn about our new ambassador, U.S. ambassador, who had been nominated. He was a 72-year-old Congressman who was retiring, and the guy asked me about him, and I very strongly said, "Listen, we're entering into a period with Canal negotiations, and it's very important that the President have the man he wants here and someone he can talk to." He asked me for the guy's bio out of the Congressional Directory, and I gave it to him. Of course, right after that first story which I admitted I was the source of, out comes another story which talks about people in the embassy being very upset by this appointment. Of course, that caused our career ambassador great pain and difficulty. Luckily the local stringer who had been arranging this thing found out about this through my secretary, and he came in, unbeknownst to me, and talked to the ambassador and made it clear to the ambassador that I was not the source of that story or that particular comment. But what it taught me very strongly was never have an interview by yourself; always have at least one other from the embassy present whenever it happens.

*Q: Did negotiations start while you were there?*

McLEAN: They did start. The President nominated a new negotiator, and I at various times was his aide when he would come down.

*Q: Who was that?*

McLEAN: I'm trying to think of his name. He was Director of Education in my state of Washington. He was the nephew of a famous Republican Senator. It will come to me maybe when we do the written parts. I remember that he was very fluent in Spanish because he had worked in business in Latin America with Lone Star Cement. One night I was waiting in his hotel room as he was getting ready to go out to some event that I was taking him to. I got a call from some prostitutes, and they said, "The President said that he wanted us to come up," and the poor old ambassador was deeply embarrassed because he had been joking with Jimmy Lakas, the figurehead president, and, Panamanians being Panamanians, if you said you wanted to do this sort of thing, they were going to take care of it. I said, "I hope, Mr. Ambassador, I did the right thing when I sent them away." But the negotiations were starting, and that was building up the move. At one point Torrijos called in 150,000 people into the plaza, the Mayo Plaza in the middle of Panama. Everything we did was also being disputed by another agency of the U.S. government, particularly the Intelligence Agency, and we were afraid they were going to try to minimize this thing, but correctly we thought it was going to be very large. So my friend kind of lately got the idea of going to the library and getting pictures of previous demonstrations and counting numbers and working out what that size was with some accuracy from aerial photos. Then we would figure out very quickly, because we would see how the crowd was stacked up. It turned out to be nobody disputed our figure of 150,000. As it turned out, he and I had agreed to take one another's place, and I think I lost the flip of the coin and was the one that was supposed to go before the speeches were given. I would actually be there at the time they were supposed to begin, but we knew they never would begin on time, so I was in the middle of this thing when suddenly Torrijos did the impossible and actually began his speeches on time, so I was in the midst of this 150,000 people shouting anti-American slogans and waving machetes, and it was quite an event. I was hoping my hair was a little darker color at that particular point, since I stood out as a towhead in this crowd. Then as it broke up, I went over to the Canal Zone, because my friend and I were exchanging places in the governor's office. The governor had wanted somebody from the embassy for his office, and it was spooky, because as soon as you stepped across the Canal Zone border, it was like a neutron bomb had gone off. It was just totally empty. The houses were empty along the Canal Zone quarter, and the hotels and other buildings were empty. Eventually I was stopped by a lone police car that came up, which was good because in that heat I was given a ride up to the governor's office. There was a tremendous crisis atmosphere inside the Zone as they were watching over the development of this huge crowd. But that was part of the atmosphere of that time and what was going on. There was a big debate going on throughout the government, U.S. government, as to what we should be doing with these people in these negotiations. In the embassy my friend Blakely and others eventually convinced the ambassador of a position that basically said what we should offer are partial solutions, to try to deal with the most concrete specific things that the Panamanians were asking for and set aside the larger question, because we had this treaty that gave us rights in perpetuity and we should stick with that, because we would never be able to get the U.S. Congress to agree to a position that actually gave up our fundamental rights for the Canal. Well, I took the other position. I took

the position that I thought I really knew a lot of Panamanians, I knew the country, I spent two-thirds of the representation budget of that embassy, I thought that I had a better contact as to what was happening, a little arrogant on my part perhaps. I was reading a book called The Cold War's History by Lewis Hall, and I came across an argument in the middle of that book about why, even if you have overwhelming power, you in fact are limited, and I adapted that in a piece that I did towards the end of my time in Panama. As it turned out, we didn't have dissent channel in those days, and the ambassador said he sort of agreed with what I was saying but he didn't send it on. But when I left Panama, I circulated it in my memo. That particular argument was an argument about eventually things like this require an assent. You can impose your will if you want to put enough. If you want to put the 82nd Airborne in to keep the Panama Canal Zone, you could probably do it, you certainly could do it, but that's at a very high cost for the benefit, which has always been my idea about the Canal as being something useful but not vital. So that was one of those times in my life when I read that. I was in my next post when Ellsworth Bunker, who had been appointed as the new treaty negotiator, when he set down for the first time the principles that were going to be used. In effect he did it in a speech in my hometown of Seattle. He basically used my argument. One way or another it filtered up through the system. Just as I was leaving, in the last two months I was leaving, the Panamanians got a very unusual meeting of the United Nations Security Council in Panama, and that was a great event, but it also showed the confrontation of the world and the United States on this Canal issue. I guess maybe one other thing I might mention from that period: After I was in Panama just a short while, I was asked to do a study of human rights violations by the government, and I discovered that to write something like that you need lots of very concrete information. I gathered it up around different agencies and got a lot of credit for having done it, because there it was really the only study of human rights violations that had been done at that time. So I started doing another one on corruption, because that was another question: Can you deal with these people because they are so corrupt? So I started putting together pieces of paper on that, and the last months I was there I wrote a piece on corruption in Panama and I called it "The Political Function of Corruption" because I tried to show how corruption was part of the way the government governed, and I tried to divide it into certain categorizations. I had never seen a study on corruption like that before, but I have since, and, as I say, it was one of those things I was proud of, and through the years I pulled it out of the files and sent it to people as an example of the type of analysis that, again, you can do without any special means. You can do it by just gathering the facts and putting them together. But life was good in Panama; in other ways it was a good life.

*Q: What about dealing with the Canal Zone people? I'm told, particularly at that time, it was a completely different world, almost a hostile one to the embassy.*

McLEAN: Yes, the embassy was, as I say, considered to be almost sort of the enemy, because we were out there in Panama, and there was always a struggle between the ambassador for position to be recognized in the U.S. government and the other two authorities inside the Zone, but they too fought within themselves. One was the governor, as he was called, and he was always a two-star general from the Corps of Engineers, but the other factor was there was a four-star commander-in-chief of the Southern Command, and they would play games with one another. I remember one, Sink, always insisted on calling the Governor "General," which was his way of putting him down a notch because he wouldn't call him Governor. To give an example of some of what was happening, there was a dissident colonel of the National Guard who had

threatened to kill Torrijos and then he disappeared, and the Panamanians were absolutely certain that he was hiding inside the Canal Zone with Panamanians who lived in the Canal Zone, people who were related to Panamanian police. They kept telling us that, and we kept sending over notes over to the Canal Zone, and they'd say, "No, he's not here. The information they have given you is wrong." So one day I was there in the political section by myself, and the ambassador walks in and says, "Come with me." We get in his limousine and speed off, and after a bit of silence, I say, "Well, Mr. Ambassador, where are we going?" He said, "We're going to Torrijos' headquarters." I said, "Do you know what the subject is?" and he said, "No." So we walked in the door of his office and, like typical Panamanian offices, it was totally closed, no light in it, with two noisy air conditioners going. We walked in the door, and there were seated Torrijos and Noriega and the other deputy of Torrijos, Bud Eddes, and then there was a whole bunch of people whom I recognized a little bit but I didn't recognize very much, seven or eight of them, the types of people that you'd see at cocktail parties all the time over in the Canal Zone. Well, it turned out each of them was a regular intelligence liaison with the Panamanian government. What had happened was Torrijos in the early morning had called each of them in as a group, which is very interesting about how Torrijos and his people thought about the U.S. government. They thought the real power in the government was the intelligence services. That's how they saw the world. What he had done is he had asked them. He said they knew at that moment where this dissident National Guard man was but they said, "We're intelligence, we can't do it." So he called in the ambassador. Well, of course, the ambassador had to say, "I too have no power inside the Canal Zone." Then things worked out that the ambassador agreed that he would go immediately to the governor's office without making a call, would just go up and show up at his office. Meanwhile, McLean and Colonel Peredes would go over to the Canal police station and muster up the force to go out and arrest this guy. Well, I agreed, of course, anything the ambassador said, I was going to do, and off we go. The only problem was I had never really fully focused on where the police station was inside the Zone. It was really a different world over there. My children went to school over there and certain of us were invited to social things, but I really didn't know the Zone. We showed up and were given bad treatment by the desk office there until finally the call came in from the governor saying that we should get a force going, and we went out and arrested this guy. There was quite a lot of evidence that in fact the police were involved in trying to hide him that even I could see with my eyes. I remember at one point I called in the ambassador to tell him what was going on, and the ambassador said, "Your job's done. Get out of there," and I went back to the embassy. The Zone and the embassy always did have this tension.

*Q: Having a dissident arrested who on the face of it would sound like he was having asylum on American territory sounds like something above and beyond our duty, in fact a very tricky political thing.*

McLEAN: It wasn't asylum in the sense it was really hiding, because he was clearly using the Zone to plot against the government, so it certainly was inappropriate that that be going on, but it showed how difficult it was to get the different parts of the U.S. government to work together. In 1958 we had agreed in this treaty we were going to allow Panamanians to participate more in the commerce in the Canal Zone. Well, immediately we began finding exceptions, particularly military. Anything that had to do with the military, we wouldn't let them in on. We told them that we were negotiating, and we told them that we would negotiate with the idea of having an

end date to our presence in the Canal, but then we started building a huge shopping center complex totally without Panamanian participation. So there was a lot going on, and it was difficult, I'm sure, for the ambassador to try to get a hold of this. The basic point was that, I think, this is part of the history of Panama. The United States was given such power at the time of the 1903 treaty that we almost really didn't have to negotiate with the Panamanians. It wasn't until President Carter finally tipped the balance the other way that we finally discovered we had to negotiate, we had to deal with these folks, we could not just treat ourselves as a sovereign that didn't have to deal with them at that time.

*Q: Was the general feeling, talking about your feeling and maybe the people around you at the embassy, that, one--I think you've talked about it before--the great strategic value of the Canal was diminishing, and two, how'd you feel about the running of the Canal with all these American employees? This was one of the major reasons that these Panamanians couldn't run the Canal; we had to do it ourselves.*

McLEAN: There was in the Canal Zone itself a belief that they were in the right, that no one else could take care of the Canal the way they could, that, sure, you can bring in Panamanian participation but it should be very slow and only for people who are fully qualified for taking over these things, and certainly we would never turn it over to be under Panamanian political whims. It had to be something the United States always had the upper hand on. One of the strange things that happened: After the Security Council meeting, the people inside the Zone themselves began to get very upset, holding meetings and things. Strangely enough, the ambassador sent me over to talk to them. In living memory no one had ever gone from the embassy to go into the Zone and actually give speeches. I did that, and it turned out to be a great success, not because of myself but it opened up a communication with the level of people, the Americans inside the Zone, that had not existed before. All I did was nothing more than explain what the U.S. position was in some detail.

*Q: What about social life with the Canal Zone people, even what your children were getting, and all that? I'm told these were sort of the last of the great plantation owners, at least in attitude.*

McLEAN: There was racism, racism more than in just black-white terms, but there was also racism in terms of anyone who was Panamanian was, in many people's eyes, considered to be looked down upon. On the other hand, it did get confused. There were people over in the Zone who had intermarried into Panamanian families, so on the face of it there was this sharp difference. In other respects there were things that were blending together. The spokesman for the Canal Zone was in fact married into a Panamanian family, but he always acted as if he were a great imperialist. I'll give you an example. At one point I decided I would take labor union leaders who knew nothing about the Canal--many of these people had never visited the locks of the Canal--and I said, "Well, let's arrange something," so I talked to this man, Al Baldwin's office, and set up a little tour, like they give to lots of people, for these labor unions. Well, what happened was, after it was all set up, Baldwin himself discovered that we were doing this, and so he decided to co-opt it. He rented the best van in the country to be with us. He threw in cases of liquor. I always remember the sad thing after we had this trip, all these labor leaders going home drunk and yet ashamed that they had in effect been pulled into the world of the Zone and treated

in a way that they felt they had lost their dignity. They were smashed, and they had had a great old time dancing to the best band in the country.

*Q: What about Sayre? Was Sayre there the whole time you were there?*

McLEAN: He was there the whole time I was. He was there when I arrived, and he remained after I left, because this ambassador who was nominated because of the press difficulty had a heart attack and died.

*Q: Oh, that's sad.*

McLEAN: That was a very sad thing. So then Sayre stayed on for a time longer.

*Q: Did you feel he had an idea where things were going?*

McLEAN: Bob Sayre is a person of great policy ability. In some ways he was probably one of the most effective ambassadors in dealing with the Canal Zone, because he knew how to deal with interagency pressures and conflicts and all these things. As I say, I thought, at least in the period I'm talking about towards the end, that he was really one who came down on the side that we could not talk about sovereignty and giving it up. Maybe that was just smart in a sense, that if you led that issue as ambassador, you would have been struck down and your effectiveness would be curbed. He, of course, didn't have a lot of contact--how would I put it?--with people outside of the official circle. In fact, when I first got there, our contacts with the government was very limited. It only opened up little by little, because we were still objecting to the fact that the National Guard had taken command. So in that sense he was limited, and one of the things I was able to do in the time there was to open up to a larger variety of people. I used to have very large parties, and he was there, and I would invite a different type of person. It was grander and more beautiful. He and Mrs. Sayre were wonderful entertainers, but they didn't tend to get the type of people that I had contact with.

*Q: What about our American military? They had the School of the Americas there and all that, and again this is a whole different power. How did we relate there?*

McLEAN: Well, the embassy obviously had relations all the time with them. They were always good to us, if we wanted a helicopter ride around the Canal. I flew the different sea-level routes, since I had done the study or been involved in the study of other routes, on their helicopters. But they have so many more resources than you do, and yet they were there inside the Zone, and they saw life outside as somewhat scary. I can remember being with my family and stopped at a wayside, on-the-road, modest restaurant, and a young American couple--you could tell by their haircuts that he was military--came running out saying, "Is it safe to be here? Is it all right to sit down?" It was just a sense that you were in a very dangerous place. I talked to many of the people who lived right across the street from Panama and would never go inside the city, which was a great loss. They too would tend to want to play their own political games. They too would want to get involved in the politics whenever they could through their military contacts. They had military intelligence units. I don't think any country has ever been so well covered by U.S. agencies and so little understood.

*Q: What about Congress?*

McLEAN: Congress came through from time to time. Obviously in these times I imagine they came only into the Zone and never came to the embassy. We got involved with Congress a lot in drugs, because drugs was beginning to be a matter of interest during this period. Torrijos' brother, whom I had met through Noriega's brother, was implicated in a major heroin smuggling operation, and so Congress was suddenly coming to visit us. That was my first involvement with drugs, which is part of the rest of the story. I wrote the first drug implementation plan for the embassy, and I remember making it totally out of my head, not knowing anything about drugs and trying to imagine what we might do. But the Congressmen came, and I recall that we used that for the script as to what our plans were for the future.

*Q: You had been involved before in the sea-level canal thing. Was that still alive?*

McLEAN: It was published the year after I got there. Of course, the foreign policy study was based upon my work and followed the outline that I had and had many of the words that I had, but because it had been declassified, it was sort of sucked of its poetry and didn't really get to very much of a point, which was what I was trying to do. The way I outlined it, the design was to try to lead you to a yes/no conclusion. But the fact is it became somewhat irrelevant at that point, because once it was shown that this was going to be enormously costly, that nuclear devices could not be used to build the canal, and in fact here's a bit of history. One of the things, to go back to that study, I was in charge of was a \$70,000 study by the Stanford Research Institute of the economic effects of a sea-level canal. \$70,000 was a significant study in those days. When the first draft of it came out--it had been started before I got there, but I was checking on its progress--it said a sea-level canal would be a disaster for Panama, because all of the Americans would go away and what was really keeping up the economy was all the Americans. So, whoops, that wasn't the conclusion we wanted. It was really one of my first contacts with how you do economic studies. First off, I discovered later it was just an off-the-shelf standard economic model. Two, it all depended, of course, on what assumptions you made, so what we did was change the assumptions, change the assumption that there would be less Americans pulled out and we would retain more of a presence, and suddenly the numbers began to look good again. But other than that, that didn't become the real story. The real story was what sort of a negotiation we had for the canal that existed, and the canal that existed was a pretty good facility, and the question was how are we going to deal with that.

*Q: Particularly reflected through the ambassador but from what you were getting, was there a sense that, well, this may be coming to a head, but certainly Nixon and Kissinger were riding high at this time, that this certainly wasn't number one on their list of priorities?*

McLEAN: No, it wasn't number one. I think any president would want to put it off, as all the Presidents before and a few after would do until Jimmy Carter came along. It was just something so deeply ingrained in American thought that that was our canal and we shouldn't want to give it up, so it was nothing to want to take on. But, in fact, Torrijos was very clever in keeping the pressure on. When Kissinger left the NSC and went over to the State Department, which was just after the period I was there, it was he then who appointed Ellsworth Bunker to become the new



ambassador and instituted a policy of actually trying to come to some sort of conclusion. As I say, Bunker adopted some of the arguments that I made, some that others made too, but an important part of it was the fact that you could stay in the Canal if you wanted to but it was just going to cost you more and more to do so. If you're going to get the political assent to stay there, then you had to change the rules and try to find a way to make it work.

*Q: In a way, you all and others were diplomats looking at how to solve this, but the real problem was a political one in the United States, unlike most diplomatic things where diplomats can get together and settle things. This thing really more than anything else, as you have alluded to, was sort of deep in the hearts of every American. The Panama Canal: we took it, we stole it fair and square, and we're not going to give it up.*

McLEAN: It's those truisms you learn in the fifth grade that you can't shake off. Of course, the Panamanians were the same way. They were totally locked into this thing. I remember Carlos Noriega threatening me though. He would say, "If you don't do something, you're going to have something similar to Algeria. You're going to have this type of total breakdown that we, the government, can no longer control, and you'll have just a chaos that you can't deal with." I think to some degree he was correct, not that lots of Panamanians wouldn't seek their own welfare out of this, but it was not working, and some things weren't working because of strange aspects of this very close relationship. The Kennedy Administration had declared that, Labor Secretary Goldberg at that time had decided that, the Fair Labor Standards Act applied to the Canal Zone. Well, that meant you had to pay the minimum wage, and that meant you had to lift the wage of all these Caribbean workers who were the backbone of the canal operation at that point. Well, that's what they did, and of course one of the results of that was we began to dismiss workers, began to use workers more efficiently, and as they were used more efficiently, it meant that, for workers who had been there for generations, their children couldn't go to work because they didn't have jobs. So we were creating something of our own tensions on these things. The integration of schools inside the Canal Zone caused us to decide in the mid-'50s that what used to be black schools, schools for Negroes as they would call it, suddenly became schools for Panamanians, and overnight the teachers inside the Zone were made to teach according to the Panamanian curriculum, i.e., in Spanish, and these people didn't speak Spanish. In 1964 we kept the Canal going despite the chaos inside of Panama City, but there was a sign that this wasn't going to happen again. We were losing the support of the very people that had helped sustain us.

*Q: I've heard that also Panamanian society is rather peculiar. Panamanians are proud, but at the same time almost all the kids go off to school in the United States for college, I mean at the upper levels.*

McLEAN: Well, for a little country--at that time it was just a million and a quarter million people--it is a country of extraordinary variety of people. You had this leadership class which the ambassador had most contact with who were, as you say, educated in the United States. They were very much people of wealth and European culture, but then you move off in all sorts of directions. Torrijos tried to invent an iconology for the country that they would try to play up the Indian heroes and the Campesino heroes and the others so that he would have everyone kind of mixed together in a Panamanianism, but in fact for a little country it had extraordinary variety

and it was hard to hold it together, probably still is. I'm not sure what's going on right now. It's very hard to get Panamanians to move off in one direction.

*Q: Well, Phil, you left there in 1973. Where did you go?*

McLEAN: In 1973 I went from there to Bolivia.

**HERBERT THOMPSON**  
**Deputy Chief of Mission**  
**Panama City (1970-1973)**

*Herbert Thompson was born in California in 1923. After serving in the US Army from 1943-1946, Mr. Thompson finished his bachelor's degree at the University of California. His career included positions in Spain, Bolivia, Argentina, Panama, Chile, and Mexico. Mr. Thompson was interviewed by Thomas J. Dunnigan in 1996.*

*Q: Well, after three years in Argentina, at mid-cycle you moved north to Panama and there you became DCM to Ambassador Bob Sayer. Had you requested this assignment, or did he request you or how did it work?*

THOMPSON: I'm not clear on whether he requested me. I'd certainly not requested the assignment. It became somewhat of a cause célèbre in Buenos Aires with Ambassador Lodge choosing to take the position upon his return from leave in Spain, that he had somehow been undercut during his absence with his political consular removed from his staff although always with appropriate sounds of regret. He continued to look upon me until my departure as one that had willingly broken up the Lodge team.

*Q: You were deserting the ship, is that it?*

THOMPSON: In effect, yes.

*Q: Too bad this does not make your leave taking any easier, I know.*

THOMPSON: No. On the other hand, be it said in the ambassador's behalf, he and Mrs. Lodge gave a very lovely farewell reception for us on our departure from the post and we left on the best of terms.

*Q: Now you arrived in Panama in January 1970. Did the ambassador there give you much authority. Because here you are career officer DCM to their ambassador. Did you divide the work between you or did he use you more as a staff aide as can often happen with a DCM?*

THOMPSON: In all my DCM incarnations, which were many, I did not at any point have to play the staff assistant role. I was fully employed in Panama in effect as chief of staff under the ambassador.

*Q: What were your relations with the Canal Zone authorities, the U.S. military authorities and so forth?*

THOMPSON: Well they were very cordial in the sense that the Canal Zone authorities, particularly the governor were given to frequent entertainment of Panamanians from the republic, and were always careful to include embassy personnel in those events. To a lesser extent the same was true of the Commandant of Southern Command [SOCOM], who also maintained a somewhat less active social schedule, but always included embassy personnel. There also was a coordinating body whose name escapes me at the moment, which met on a weekly basis in the Canal Zone in the office of the governor, where the principals were the ambassador as chairman and the governor and the CinC [Commander in Chief] of SOUTHCOM as members.

*Q: Would they produce joint papers for Washington's consideration?*

THOMPSON: No, we didn't really produce papers. Clearly it was designed to seek to harmonize policies and programs and I think on the whole, served very well what really was a Rube Goldberg kind of arrangement on the peninsula. I attended always with the ambassador and chaired the group in his absence.

*Q: Now it was at that time we were beginning talks or continuing talks about a new canal treaty. Did you get involved in that?*

THOMPSON: Oh, yes. We were in a stage where I suppose you could say the embassy was trying to build a negotiating base in Washington from which some actual talks could be undertaken with the Panamanians about how to deal with the extended future of the Canal Zone and our presence there. It was a rather uphill road at the time as I recall and we were constantly engaged, the ambassador and I, in sending papers to Washington trying to point out the importance of the U.S. reverting to a more normal relationship with the government of Panama than the one extant since the building of the canal.

*Q: Now those recommendations were not coordinated with the people in the Canal Zone who might have had different views on that.*

THOMPSON: They were not formally coordinated. They were fully aware of our views, and there is no question that their's were significantly different from our own.

*Q: Where did the U.S. military authorities stand on that issue?*

THOMPSON: The military authorities were disinclined to rock the boat. Remember if you will, that the Governor and the Lieutenant Governor of the Canal Zone were both military engineering officers by career, and the Lieutenant Governor was still in active service although the Governor had retired.

*Q: What was the extent of communist and Cuban influence in Panama while you were there?*

THOMPSON: It was certainly not great. I think the communist direct influence on the ground in Panama was minimal, and the whole Cuban situation was used more as a kind of rallying cry against the United States than anything else.

*Q: There was no Cuban embassy in Panama at that time was there?*

THOMPSON: No.

*Q: You left Panama after three years. That was in 1973. What were your impressions at that time?*

THOMPSON: Well, I recall departing with a good deal of frustration in the sense that while I thought that the ambassador and I had both contributed significantly to trying to achieve some kind of modernization in U.S. policy and attitudes with regards to Panama and the canal, it was like trying to break into another time warp or something to really change attitudes. It was quite clear that the military as an institution had no interest whatever in modernizing the relationship inasmuch, of course, as they were comfortably ensconced and in complete security control of the canal and the whole security area. Similarly the Canal Zone administration had no desire for any sort of change and regarded all efforts in that direction as direct threats, not only to U.S. control, but [also] to effective operation of the canal and to all of their personnel in the canal.

*Q: So you felt you were pushing a boulder uphill.*

THOMPSON: That's right. Or pushing on the distant end of the string. I did not leave with any degree of satisfaction that we were moving by any means fast enough to try to normalize or modernize our relationship with Panama.

*Q: Were these frustrations mirrored in Washington?*

THOMPSON: I think so. I think as far as the ARA bureau was concerned and our personnel there, they very much shared our frustrations.

*Q: What did it take to finally break that impasse?*

THOMPSON: Well, I think it took a good deal more jawboning from the embassy and from the Latin Americanists at State and once the basic decision was made to enter talks with the Panamanians, then [it took] the vigorous pursuit of those talks by the secretary and Ambassador Bunker and others.

*Q: Well, you left Panama in 1973 for an assignment that was even hotter in nature and that was as DCM in Santiago, Chile.*

**RICHARD B. FINN**  
**Panama Canal Negotiating Team**  
**(1971-1973)**

*Richard B. Finn was born in Niagara Falls, New York in 1917. He joined the Foreign Service in 1945. His career included positions in Japan, France, and the Philippines. Mr. Finn was interviewed by Charles Stuart Kennedy in 1991.*

FINN: Very soon after I came back, maybe a couple of months, they assigned me to a group working on the Panama Treaty negotiations. This was 1971. Robert Anderson, a prominent Republican and former Secretary of the Treasury, was appointed special emissary by President Nixon to see if he could work out a treaty with the Panamanians. I admire Anderson. He had been a very important man in the Eisenhower Administration.

Q: *He was Secretary of Treasury.*

FINN: Eisenhower allegedly said at one point, that Robert Anderson was presidential material. But whatever happened? He defrauded a rich woman and got into financial trouble, and he may have gone to prison. It was pathetic.

We went down to Panama a couple of times. I liked Torrijos, who was the strong man in Panama and head of the National Guard. But he was a boozier and a womanizer.

We weren't going to give the Panamanians much. We weren't ever going to agree to give up the Canal. We would give them a share of the operation and more rights in the Canal Zone. But that didn't work. Curiously I ended my career doing much the same thing but not with the negotiations. I was the coordinator for the Legal Adviser's office. I was, after we had got the treaty negotiated, a member of a task force working for Senate approval. Herb Hansell, the Legal Adviser, offered me a very good job as a lawyer and I was tempted to take it.

Q: *You came back in 1971 and then what did you do?*

FINN: I was with the Panama Canal negotiations for about a year and a half. Then Joe Neubert, the deputy of the Planning Staff, asked me if I would come to work with S/P. They had a yearly meeting with the Japanese Policy planners, one year here and one year there, and they wanted someone to be the manager for these meetings. I thought that was something I could do, so I took it. I had worked in S/P previously in 1967-1968 as executive director.

**JAMES R. MEENAN**  
**USAID Auditor, Regional Audit Office**  
**Panama City (1972-1974)**

*Mr. Meenan was born in Rhode Island and raised in California. After graduating from Woodbury College he entered government service. Joining USAID in 1965,*

*Mr. Meenan had a distinguished career with that Agency, serving as Mission and Program Auditor in USAID Missions throughout the world. His foreign postings include Liberia, Vietnam, Brazil, Chile, Panama, Sri Lanka and Philippines. Among his Washington assignments was Committee Staff Member in the Office of Senator Max Baucus. Mr. Meenan was interviewed by Charles Stuart Kennedy in 2007.*

*Q: When you left Chile, where did you go?*

MEENAN: We were assigned to a regional audit office based in Panama City, Panama from 1972 to 1974.

*Q: I take it this wasn't a very comfortable assignment.*

MEENAN: Correct, the attitude toward Americans in Panama was just the opposite of the warm welcome we experienced in Chile. When we arrived in Panama, Omar Torrijos was ruling although they had a figurehead president. The relationship with the U.S. was complicated because discussions were starting on the future of the Panama Canal Zone.

One example of the local attitude became clear when we were at home one lunch time, and there was a knock on the door. This Panamanian barges in with his entourage, starts looking around, and demands we immediately vacate this rented house. As it turned out, he was the owner who had just been recalled to Panama by Torrijos.

Since we had a two year lease on the residence, we were not about to be moved out immediately without adequate alternative housing. A couple of days later I received a call, again at lunch time, from USAID advising me not to return to the office that afternoon, because some national police had come looking for me. Later I learned that the Panamanians had threatened to evict me from the house and country. Fortunately cooler heads prevailed and I eventually located another suitable house.

Having earlier been denied emergency medical assistance at the main U.S. military hospital in the Zone, our second son was born in a Panama clinic. Later, the State Dept. assigned a doctor to the military hospital to insure Foreign Service staff received the help needed.

*Q: What particular problems were identified on this assignment?*

MEENAN: While most of the projects I reviewed in the region were good, two particular problem areas were uncovered. One problem was in Panama itself that involved the alteration of USAID documents to remove equipment items from the U.S. military bases. The other problem involved a potable water project in Georgetown, Guyana that was greatly expanding the supply of drinking water without addressing how the waste water would be handled in an already overflowing open canal sewerage system.

In Panama, what started out as a routine review of the extensive use USAID, in the region, was making of the excess property made available by the U.S. military bases in the Canal Zone,

quickly developed into a full criminal investigation. The USAID in Panama would issue requisitions for itself and other AID programs in the region that would utilize this property to augment their own economic assistance programs.

When I started comparing the issued requisitions with the copy of the filled orders, it became apparent that the original requisitions had been altered and many other items added. In checking with the recipients of the ordered equipment, it was determined that the added items were not provided to the named recipients but diverted elsewhere for unauthorized purposes. What we found out was that the scam involved the military excess property officer in the Canal Zone, when the Federal Bureau of Investigation confirmed that the alternations were made by a typewriter in that office.

After further review, we found that the added equipment items, including such large pieces as a helicopter, fire truck, etc. were diverted to a pet project Torrijos was running on the boarder with Costa Rica, called *Renacimiento*. We visited that site and located much of the diverted equipment items. While a case was submitted to the local U.S. Attorney's office, it declined to prosecute given broader interests.

*Q: What was discovered in Georgetown, Guyana*

MEENAN: The work in Georgetown, Guyana would take a couple of months. One particular project for potable water followed a questionable "push" approach to development. Having located a good potable water source, the project was focused on delivering the supply to residences and communities in Georgetown. While many of the houses were plumbed for internal water delivery, the vital faucets to control the water's flow had long been removed. Accordingly, house to house inspections had to be conducted by the implementing contractor before the water supplied could be turned on.

The push effort came about in that the waste water system was already at full capacity with little or no room to handle the added burden that the new potable water system would deliver. The waste water system consisted of a series of open canals that are located below sea level and could only discharge at low tide. This was going to be one stinking situation! Relief for the sewerage system was not planned for another couple of years.

*Q: What prompted your career change?*

MEENAN: The regional audit office was in the process of moving to Florida and given my work experiences, we decided a change was needed to a more productive career in USAID. I had progressed to the point that once I learned the name of a project, I could already identify its potential problem areas. It was felt that I could make a better contribution if I could be more directly involved in the design of these activities to better insure the shortcomings were address at an early stage in the activities development.

During our home leave, I took the opportunity to meet with various USAID/Washington offices. One such visit was with Princeton N. Lyman, who was undertaking the planning for a major Sahel, Africa development effort. Fortunately, he recognized my background skills and thought I

could contribute to this new effort. Unfortunately, the audit office was reluctant to release me and I had used up most of my available leave.

I remembered from my days in Saigon that a colleague, who had an assignment problem with USAID, turned to his congressman and received appropriate relief. Since I believed that my services could better help the Agency achieve its mission with a career transfer, I contacted my two California senators, Alan Cranston and John Tunney. I later learned that both of them contacted USAID and the audit office allowed my career change.

It proved to be a real pleasure working to support the Africa Bureau's Sahel efforts that Mr. Lyman was leading. Princeton recognized that with my background, I could contribute more to the Agency in the future if I broadened my training by attending the six month intensive Economic & Commercial Studies course offered by the Foreign Service Institute. I found the course most challenging and it laid the foundation for my follow-on work in project design and management.

**PATRICK F. MORRIS**  
**Deputy Director, Office of Panama Affairs**  
**Washington, DC (1973-1974)**

*Mr. Morris was born and raised in Montana. Educated at Georgetown University, Mexico City College, and San Marcos College, Lima, Peru, Mr. Morris served in the US Army in Europe during World War II, where he was captured and imprisoned by the German Army. He joined the newly established Point IV program in 1950 and worked with that agency and its successors in various senior level capacities in Washington, D.C., in Paris and throughout Latin America. His final posting was in the Dominican Republic, where he served as Director of the US AID Mission. Mr. Morris was interviewed by Charles Stuart Kennedy in 2007.*

MORRIS: I came back to Washington and became deputy director of Panama affairs; that is- the Latin American bureau was completely integrated and this was State Department Panama affairs and of course the primary focus of everything we were doing in Panama was the extended Panama Canal treaty negotiations.

I arrived at exactly the same time that Ellsworth Bunker had returned from Vietnam and was named the U.S. negotiator for treaty negotiation with Panama. We had a substantial development program in Panama. At that time a military dictator, Omar Torrijos, had taken over. Panama like a lot of the Latin American countries varied regularly between military takeovers and democratically elected governments. When I arrived on the scene Torrijos was the military leader, a paratrooper, and he was a very skilled political leader in the sense that the Panamanians probably would not have gotten the canal, gotten us to sign a treaty turning the canal over to them in the year 2000, but for Torrijos skillful pressure on the United States and making an issue out of the fact that the canal cut Panama in two. It was all nationalistic emotions. The fact is that



the canal provided for the wellbeing of- probably 50 percent of the Panamanian population, most of it related to employment by the Panama Canal Company. But nevertheless, there had been riots in Panama against the United States during the Johnson Administration and that resulted in the beginning of negotiations.

By the time I got back or by the time I came into that job Nixon was on his way out because of Watergate. He had not resigned yet but during my time there Ford had taken over as president, Henry Kissinger had become secretary of state and Bunker was quietly negotiating with the Panamanians on the canal. I had nothing to do directly with the negotiations. I had responsibility really for just keeping our other activities in Panama on track and of course I was in almost daily contact with our ambassador in Panama, who at that time was Bob Sayer, and I had worked for Bob previously when I was Bolivia/Chile; he was deputy assistant secretary under Lincoln Gordon. There was a great reluctance throughout the bureaucracy, I think, the State Department bureaucracy, about actually turning the canal over to the Panamanians. There was concern, and there was even greater concern in the Pentagon, because the strategic importance of the canal for the passage of ships in time of war so that the general attitude was that we could negotiate indefinitely with the Panamanians and that we would never, ever have to really face up to eventually turning the canal over. Nevertheless, even in the Pentagon there was recognition that the strategic importance of the canal had diminished almost to the point of not being relevant. Nevertheless there was a great sentimental attachment to our staying there.

*Q: We stole it fair and square.*

MORRIS: Yes, right. A great sentimental attachment to it, And of course within the United States there is no doubt that public opinion believed that the canal was ours and had been ours from the beginning of time. Even though I was not engaged in the negotiations per se I was enlisted to make speeches all over the United States, bringing people up to date on the status of the canal, what was going on, what our negotiations were and I have, in my file, a letter from a fellow who had heard one of my speeches. He wrote to President Ford and he said Patrick Morris, who works for the State Department, said in a speech that the Panama Canal does not belong to the United States and everybody knows that that is a lie and I have a friend from the FBI who says that anybody who thinks that we ought to give the canal back to the Panamanians should be shot and I propose that number one on that list is Patrick Morris. So the White House sent me the letter, they probably never answered it, it was a crank letter, but it is one of the mementos that I have from that time.

*Q: Well on these talks how did you find your reception by audiences?*

MORRIS: Well, I can give you a number of examples. I went to the American Legion convention in Miami and spoke to one of their panels on the negotiations. You know, they had set up a specific panel and we had a request from the American Legion, I mean the State Department had a request from the American Legion, to send somebody to address this panel on the Panama Canal negotiations. I had been doing this on a number of occasions so it did not come as a surprise. I went there and I got a very hostile reception. But I was familiar with the facts; I was not surprised by the reception I was getting and I had good arguments, at least in my mind and the State Department's mind we had good arguments for carrying on the negotiations

with the Panamanians. Of course, in pointing out the diminishing strategic interests of the United States in keeping the canal and the threats, and these were real threats in the sense that the Panamanians could have sabotaged the canal with such ease had they gotten into a furor and of course I used all of these arguments. In fact, after the treaty was signed the New York Times reported that the Panamanian government had plans to sabotage the canal and blow up the railroad if we stopped negotiations.

There is another letter that I have in my file from the commander of the American Legion after my appearance. Again, a letter to the White House commending me for assisting in one of their panels and explaining in ample detail the reasons for the negotiations. So even though my memory of that occasion was one of having been under intense pressure, the fact that they were gracious enough to emphasize my effectiveness in their report to the White House was gratifying.

*Q: How about your dealings with that particular brand of Americans, the Zonians?*

MORRIS: Well, the fact is that I never had to deal with the Zonians. But I did participate in a State Department, what did we call those things? Public education, I guess it was. You remember we used to send out groups of three or four people to different areas of the country and I was the Latin American representative on one such panel. In other words, anything that came up on Latin American I was supposed to handle, not just Panama. And one of our first stops was—what is the capital of Florida? Tallahassee. Was Tallahassee, Florida; that is very close to Panama City, Florida, which is full of retired Zonians. So I did- But that was the closest I ever got to ever having to face them head-on and recognize that we were really ending a way of life as far as they were concerned. And of course it was true.

*Q: Yes. Well, did you, in your innermost thoughts, I am talking about you and the others dealing with this, saying okay, we cannot hang around with nationalists but we cannot hang onto the Panama Canal forever, we have got to make a pretty good- I mean a deal to get out of it. But was there a feeling also that- You know, Panama is not a very stable, the political situation is not the greatest there and maybe they will run it down or it will be an unstable, there will be riots or what have you. How did you feel about, you know, in your heart of hearts, about Panama the country?*

MORRIS: Well as I said earlier, the fact is that within the bureaucracy the thought was really reluctant negotiation. In fact, I learned the phrase that I had not been familiar with until I took that job. The phrase was, “we are managing the situation.” The treaty negotiations were managing the situation. We could not see where this would all lead but the important thing was to manage the situation. So through the Johnson Administration, through the Nixon Administration, through the Ford Administration we managed the situation. We never allowed it to boil over but we never, ever dissuaded the Panamanians from believing that eventually the canal would be theirs.

And then, of course, Carter came in with a firm belief that the Panamanians should have the canal. And he named Sol Linowitz to be the negotiator. When I had Bolivian/Chilean affairs Sol was U.S. Ambassador to the Organization of American States, OAS. I had known Sol from that time because I was in charge of Chile/Bolivian affairs we went to staff meetings together and

from time to time he would consult me on one thing or another that was coming up in the OAS that had to do with Bolivia/Chile. But of course I had nothing to do with Panama by the time Sol came in; I had already left that job.

That whole negotiation, to me, is an example of the best in diplomacy, how diplomacy really ought to work. Even though you had real passions on both- both in Panama and in the United States, we were able to keep that thing on an even keel for an awful long time. And of course it was finally brought to a close by the treaty that came into existence and I think to everybody's surprise, even to those who believed deeply that the Panamanians should not have the canal; I think that the results are much better than anybody ever expected. So, of course, from time to time we get people who think oh, the Chinese are going to take over the Panama Canal because they have taken over the banking in Panama. Actually, that is Hong Kong Chinese that are doing that. But nevertheless to me, I would love to teach a course in diplomacy and use that, an example of really first rate diplomacy. You know, passions were really strong on both sides.

*Q: Oh yes. And you know, I mean, this was really striking in the United States, I mean-*

MORRIS: For me, one of the most convincing demonstrations of the success of this long drawn-out diplomatic effort, which began in 1964 and culminated in the 1977 treaty, was the gradual reversal of positions held by each side, in the U.S. and in Panama, opposing the treaty. As the year for the transfer of the Canal to Panama, the year 2000, drew near, Panamanian public opinion, which during the long negotiations was inflamed and overwhelmingly in favor of Panama taking over the canal, had cooled considerably and there was a strong movement to keep the U.S. operating the canal and the U.S. armed forces in the canal zone. The Panamanian government was sounding out the U.S. about keeping the military in Panama using some of the same arguments about the Canal's strategic importance to the U.S. that had been used by U.S. opponents of the treaty earlier. In the U.S., the opposite had occurred. By 1995, what had been a hot-button political issue for Barry Goldwater and his supporters and later Ronald Reagan was a dead issue. The proximate turnover of the Canal just didn't register on the political radar screen. Not only that but the red hot political arguments used by Goldwater, Reagan and supporters about the absolute and never diminishing strategic value of the Canal to U.S. security was nowhere in evidence. The Pentagon, which had never actively supported that argument during the treaty negotiations and recognized the decreasing strategic value of the Canal, had long-since moved on. It had already reestablished SOUTHCOM in Florida and had begun right after the treaty was signed to dismantle its infrastructure in the Canal Zone. It was, in the late 1990s, actively resisting all entreaties by the Panamanian government, pushed by public opinion, to maintain a presence in Panama.

*Q: Right.*

MORRIS: You know. And the interesting thing, you know, this is a side light. Ronald Reagan, as governor of California at that time and of course this was before the whole Goldwater thing, you know, the Panama Canal is ours and Reagan was making similar speeches; but here is John Wayne, John Wayne who was admired by Reagan and is married to a Peruvian and had a feel for the Latinos. He went to Panama, became a great friend of Torrijos, came back and said that the U.S. really ought to think about getting rid of the Panama Canal.

*Q: Yes. You were saying you would go down to Panama and see Ambassador Bob Sayer from time to time.*

MORRIS: Right, right. And Bob definitely had his reservations with regard to whether or not the Panamanians should take over the canal completely, yet he recognized that this was a very delicate situation and he as ambassador was in a very peculiar situation. First of all, he was U.S. ambassador to Panama but then there was the Panama Canal Zone, which was run by the American military. And the canal was in the zone and the U.S. ambassador to Panama had no say about anything that happened in the zone. This was run by the Pentagon and the Pentagon used the zone not only for things concerning Panama but they had set up SOUTHCOM (U.S. Army Southern Command) in Panama, which was the command for all of Central and South America. The housing for canal employees and the military was in the zone and of course Sayer, and all U.S. ambassadors to Panama for that matter, felt left out of a lot of U.S. policy that was being made that really did affect them in one way or another but they had no say in the matter. When I used to talk to Bob about it I do not remember whether he was the one that suggested it or whether I suggested it but I had come to the conclusion that the west coast countries of South America had a much more vital interest in the continuing operations of the canal than the United States did because nine-tenths of all of their exports, their bulk exports, nine-tenths of all of their bulk exports, that is Chile, Peru, Bolivia, Ecuador, went through the canal because the markets for most of those were on the east coast of the United States, not on the west coast. And yet those countries were not even consulted in these negotiations; this was between the United States and Panama. And Bob and I both thought this probably should have been handled within the OAS structure but we also recognized that that would just complicate things unbearably.

*Q: Okay, today is the 23<sup>rd</sup> of April, 2007. Pat, we are talking about this, '73 to '74 period, approximately. We have talked about Panama, have we not? I would just want to add that last question about the Congress.*

MORRIS: Yes. I did not get involved in any direct negotiations with Congress but I did have a very close association with congressional staff, especially out of Senator Bentsen's office.

*Q: From Texas.*

MORRIS: From Texas, Senator Bentsen from Texas. Sally, I cannot remember, her last name, she later became an ambassador.

*Q: Sally Cowal by any chance?*

MORRIS: Sally, no, Sally something. Well, that name may come to me. And then another young fellow out of Senator Kennedy's office who later served on the NSC (National Security Council) under the Carter Administration and again, the name does not immediately spring to mind. And then, of course, Bill Richardson, who at that time had just joined the State Department, congressional liaison office, and who took a particular interest in the Panama Canal. Bill, of course, was on State Department staff but since I was dealing with the congressional staff people, Bill and I exchanged notes regularly on what the congressional interests were. I had numerous

meetings with them, just keeping them informed. In fact, we made it a point to let them in on any interesting developments that were taking place in the negotiations. And again, I say that I was not part of the Canal negotiation. There was a separate office with a separate staff under Ellsworth Bunker and we of course concentrated on bilateral Panamanian affairs on all levels and of course that meant the military, which was a very large function in Panama because SOUTHCOM was located there and we also- the usual State Department concerns and then AID, we had a large AID mission there, working to improve the economic situation in the country. So it was a fairly large office and we kept up on the canal negotiations but that was not our primary function.

**HAVEN N. WEBB**  
**Political Officer**  
**Panama City (1973-1977)**

*Mr. Webb was born and raised in Tennessee. A Naval Academy graduate, Mr. Webb served with the US Navy overseas before joining the Foreign Service in 1961. A Political and Consular Officer, he served abroad in Guadalajara, Hamburg, Helsinki, Panama City and Tromso, Norway, where he was Officer in Charge. His Washington assignments concerned Political/Military Affairs, as well as International Organizations. Mr. Webb was interviewed by Charles Stuart Kennedy in 2002.*

*Q: Well by this time we are moving up probably to '73 aren't we? Whither?*

WEBB: I was getting very difficult by this time. My entire career I was on the verge of resigning and going somewhere else. In effect, as long as I was thinking very strongly of resigning, not that I was broadcasting it, the State Department always bribed me with irresistible things, usually interesting countries with interesting language capabilities. The one thing for somebody who is supposedly so poor in language is very proud about, I never served in an English speaking country, and always had foreign language capabilities involved. But about this time, and this was almost farcical, this was of course, a time when the Panama Canal was up for grabs. I, of course, had very strong feelings about this. My feelings were not just that it would be tragic to turn over the canal to Panama. I wouldn't have hesitated a minute if Panama had been Switzerland or Denmark or some capable small country that no doubt would have done a brilliant job in running the canal. It wasn't that it had to be American exactly; it was just that knowing a little bit about Latin America, and I was to serve two years in Panama, the idea that something as important as this inter-ocean connection should be turned over to a country of absolute corruption would never in the long run, we shall see, be able to keep the canal going. Certainly there would be no more improvements. There would be no more doubling and tripling capacity without adding any locks, simply through the genius of American know how of changing the maintenance rescheduling.

One particular day I got into a very fierce discussion with John Blackman. I don't remember, he may have already been connected to the Panama desk at that time. John was one of the two

hardest working officers I ever knew. He was an old African hand who had always been on the side of black Africans and seizures of power regardless of their results. Though I really never discussed that with him. But we did get into a full blown discussion one time on the Panama Canal. I blamed the whole mess on Teddy Roosevelt, otherwise one of my great heroes, and the man that might have saved the 20<sup>th</sup> century. I always felt that Roosevelt took the easy way out when he did not annex and give statehood to Panama. Even a little bit to my surprise John agreed that had we done in Panama what we did in Puerto Rico, probably today there would be two million gringos in Panama. It would be 50-50. There would be no more chance of the Panamanians trying to kick us out as a state in the American commonwealth or whatever position they might have. We might already have built a sea level canal, but we didn't. Now we had this terrible situation. We disagreed very strongly. The people in the State Department were always throwing up the only alternative to turning over the canal was to have snipers in the jungle firing at ships, maybe sea mines blowing holes in ships, all kinds of things. I could not see any American government having the courage to take a revolutionary situation like that and actually deal with it effectively. So I might well if, I had been president, ended up going along with the Panama Canal treaty, but I certainly could see nothing but disaster. Shortly after that conversation I found that I was assigned to be the number three political officer in Panama, and John was going to be the head of the political section. I laughed about it, and it didn't seem to bother him too much. I ended up going along with it and served two years down there.

*Q: So this would be '73 to '75.*

WEBB: Yes.

*Q: What was the situation in Panama when you went out there in '73?*

WEBB: Well this was a side of the State Department that I really found reprehensible. Essentially John admitted as much to me on a couple of occasions. Our Embassy in Panama was not operating like an American Embassy in a foreign country. We were involved in a propaganda game allied to the foreign ministry of Panama in sending propaganda reports back to Washington all based on the idea that you have got to get rid of the canal. You have got to turn it over to Mr. Trujillo, the dictator at that time. John, as I said one of the two hardest working officers I ever saw, would come back from meetings, interviews, luncheons, and would take a secretary and disappear for a couple of hours. He would produce these tremendous long propagandistic reports back to Washington all designed to make a very smelly situation look much better. I really thought that embassies, Foreign Service Officers ought to be telling the truth to Washington, giving the unvarnished truth and letting Washington decide, letting the Secretary of State, the higher ups decide what our proper policy should be. But I had nothing to do with that except for going to Club Dadora where these negotiations eventually took place, and flying out to deliver classified material on a couple of occasions. I even got to fly the airplane for about 20 minutes which was the last time I ever flew an airplane, which is fine. I was dealing with labor affairs, something called the Confederacion Travadores de la Republica de Panama, CTRP. That was sort of a sad thing. Basically these were canal zone workers. They were basically blacks. They were basically men of Jamaican, Trinidadian, and Caribbean descent. They were basically English speaking, and frankly they had been betrayed by Uncle Sam during the Eisenhower administration when segregation was no longer permissible. Up until then, they had lived a very

separate life in the zone. They had gone to their own schools, taught in English, their native language. Ten percent of the Panamanian population at that time was English speaking. With desegregation it was decided that rather than confront the issue of race, we would simply nationalize the schools and they would instantly become Spanish language. We had forced the Panamanians to give citizenship to these people. From now on they would find their loyalties with Panama. Gradually they were doing so. They were gradually becoming Spanish speaking, and I guess the next generation wholly Spanish speaking. Eventually they built up a lot of resentment against Uncle Sam. It was expressed normally in the appropriate Panamanian nationalist view, but I got to know enough of these fellows fairly intimately. It would come out quietly on the QT, that they just felt betrayed. They had never wanted to be anything but Americans, and they thought that we would be there forever as most everybody did up until 30 or 40 years ago. And I supposed they had been shunted aside and their jobs probably had been taken by people who had clout with the president of whatever Panamanian government there exists.

*Q: Who was the ambassador when you were there?*

WEBB: The first ambassador was Robert Sayre. He had been an ARA assistant secretary. That was my reading of one act of his administration. I think it is hilarious, and I think it probably does happen. But as I understood it, a lot of offices were moved around physically in the Department of State and ARA at Mr. Sayre's direction. It seemed to me he got some sort of an award for increasing efficiency because of it. This was all done in the name of efficiency and who people dealt with, and putting people that dealt with each other closer to each other. After he left, when I came along there was tremendous opposition and people complaining that everything was more difficult because of this. Eventually a new Assistant Secretary came in and re-sited exactly the way it had been before. That is the way I was told, and he got an award for increasing efficiency. But Sayre, I will say one thing. He was the only other member of the Foreign Service I can think of that I ever knew who did not drink. I remember once telling him somewhat frivolously exactly how to make a perfect frozen Pepsi Cola. There were 20 steps which he seemed to find amusing at some cocktail party. Most of my memories are to some degree bureaucratic ones. We were missing an ambassador for quite some time. The DCM was absent for a time, and consequently the economics officer served as chargé at various times. One of the things, and again I saw this to some degree in the military, though I was such a low level that I couldn't speak with any authority about it. But it seems to me it is one of the most outrageous aspects of bureaucracy today is just the absolute dishonesty. I am talking about 20 years ago. I don't imagine it has improved, but I have no direct knowledge of what has happened since. People simply lie about personnel reports, that sort of thing.

An excellent example of this was the GSO, the General Services Officer. We had a fellow in Panama who was notoriously a drunkard, not very good. On one occasion I ran into the chargé coming up the stairs in the Embassy just cursing a blue streak about we are going to run this guy out of the Foreign Service. He was probably worthless. Well a few months later I happened to be chosen to be on a reviewing board to review all of the efficiency reports of the year. When we got to this guy's report I was just amazed because the Admin Officer built him up as a paragon of virtue. This is really the same chargé who was off to Saudi Arabia and was unable to defend himself, had written an even more golden report. I later learned that the reason supposedly was

that this was the man's last assignment. They wanted to get him whatever it is you do when you retire, an extra promotion or something, but it was just so utterly dishonest. I absolutely refused to approve the report.

To my amazement the others went along with me. We ended up attaching a note, a reviewing statement that we thought the reporting officer, the evaluation officer and the reviewing officer were a bit lenient which I took to be in the eyes of the Department of State and anybody that read this a blazing red flag that was anything but a little bit lenient. But I don't know. I heard Alison Palmer, the great radical feminist who got herself into Time Magazine, trying to get some ambassadors in Africa reprimanded because they had changed her assignment to Kenya from political to admin or something like that. I overheard her talking right outside somebody's door. She had a big booming voice. You couldn't help but overhear her talking to one of the civil servants, one of the top lights in IO, about how she had never said anything negative about anybody in an annual evaluation report. He agreed absolutely that is exactly my policy, and the reasoning was very simplistic. If you are the only one who says anything negative about anybody then those people are absolutely done, which may be true.

I can remember many times when the Director General of the foreign service or people in high position would complain bitterly that they weren't getting honest reports, but to my knowledge nobody ever got reprimanded for issuing this sort of simplistic nonsense, and nobody ever got promoted or ever got acclaim for telling the truth. In fact there used to be a saying which I dare say is true that to get rid of a bad underling just about cost an evaluation officer a year's work. He may then get so far behind on his own work that he may end up being reprimanded. I got into a situation like that at a later date, although I had the complete backing of the two directors of my little office in IO at the time. But I think it is just a terrible thing and it is so easily preventable. You simply have to start reprimanding people who obviously lie. Particularly when you get people who come down with dereliction of duty. You look in their record and it is perfectly documented that they are totally incompetent or whatever the case may be. You look in their record and you find that for 20 years they had nothing but unblemished reports. It is just utterly despicable.

*Q: Well we are talking about 1977 or so when you left Panama.*

WEBB: Yes. I even put this in my annual request for reassignment whatever you call those things. I was so sick of hearing every time we had a staff meeting at the Embassy in Panama, if someone even mentioned the Canal Zone, you would all but hear the hissing of the FSO's. It just boggled my mind that they could be so politically out of tune. They were so antagonistic at what had been one of the most heroic endeavors and certainly one of the greatest examples of state socialism in world history. An endeavor, the Canal Zone that had just been a marvel of efficiency. To my knowledge, I know the railroad that had been built by Americans in the 1850's, I think after Ulysses S. Grant had forced his way across the isthmus on mule back, the railroad which we greatly improved after we took over the Canal Zone. That has been wrecked by the Panamanians since they got it back, since they got it. It no longer runs I have heard. You just don't see any reporting. Our media just doesn't care. But I heard that every military base, and I saw them all almost the last year that they were almost in pristine condition, that they were turned over and within a week everything including the toilets and all the electric wiring,



anything with copper in it, were just stripped bare. These billion dollar facilities were just wrecked. I will be amazed if the canal doesn't grind to a halt at some time or another in the next five or ten years. We or the Japanese or the Chinese will come in and spend a few billion to get it running again, turn it back. Not that they are not capable of running the canal, not that they will ever improve it. They are certainly capable of running it, but they will never be capable of handling the finances because the canal, contrary to what Panamanian nationalists have always believed, that the American government has somehow made billions of dollars. It has always been a net loss to Uncle Sam, but we have the discipline and we are such a wealthy country that we can absorb minor things like the canal zone. We never raided the fund that you have to have to keep the canal zone going. I have no idea what has happened financially in Panama since we turned it over, but if not this regime, some regime I imagine very soon will find it expedient to raid the canal of its financial backing. They will get into trouble. Maintenance will fall off. You will start having problems. Sooner or later we or somebody else will have to go in and dig it out again or whatever is necessary to put it right.

**OSCAR J. OLSON, JR.**  
**Financial Officer**  
**Panama City (1974-1976)**

*Mr. Olson was born and raised in Texas and was educated at the University of Texas, Yale University and the Fletcher School of Law and Diplomacy. Primary a Commercial and Economic Officer, Mr. Olson served in Venezuela, Spain, Germany, Mexico, Panama and Ecuador. In his Washington Assignments he dealt with Management issues. Mr. Olson was interviewed by Charles Stuart Kennedy in 2004.*

OLSON: From West Berlin we went to Panama.

*Q: That was quite a change.*

OLSON: Quite a leap. I was assigned as financial officer. Panama was becoming an international center for offshore banking. The understanding was that the economic counselor was leaving in a year and that I would have a leg up on moving into that position. I arrived in Panama to find out that the economic counselor had bailed out and was leaving three days after I arrived. A replacement was already assigned. This was, you may recall, the time of GLOP (Global Outlook Program). Secretary Kissinger had just visited Mexico City during an OAS (Organization of American States) foreign ministers conference and decided that the staff at our embassy there were much too parochial. Too many Latino specialists that didn't know anything about the rest of the world. Timing is everything because, Robert McBride had just left the embassy as, let's see, was he DCM or was he ambassador? He had very broad experience in Africa, Europe, and Latin America. Had he been there, it might have changed the Secretary's viewpoint. But anyway, we had this program whereby...

*Q: Oh, he was in Mexico, I think, as DCM, I believe, at about that time.*

OLSON: Yes, he was DCM. So the new GLOP program was instituted to move people around to areas in which they had no experience. This was the case with our new economic counselor. He was a gentleman with very broad commercial, trade promotion experience and was fluent in several languages, but not including Spanish. And he had never had an assignment as an economic officer. So it really was an unfortunate assignment, unfair to him and, in fact, unfair to those of us who had to keep things going.

It was a difficult time in Panama, during the canal treaty negotiations. Relations with the Panamanians were on edge, and relations between the embassy and the people in the Canal Zone were very much on edge. Residents of the zone were very unhappy about the fact that their world was about to change, and they were afraid, I think quite legitimately, that their interests were not going to be taken into account. So it was a difficult time. Ambassador Bunker was negotiating the canal treat on Contadora Island completely away from Panama City. Most of the embassy, certainly the economic section, had nothing to do with the negotiations. Understandably most of the dealings had to be on a need to know basis. But keeping some of us completely in the dark made it a bit more difficult for me to do my work. My contacts, American and Panamanian businessmen, bankers, and others would understandably think that I would have some insight or a little more information than I actually had as to what was going on with the treaty negotiations. So I made it a point first thing every morning to read the Miami Herald so that I would know at least as much as the people I would be talking to during the day.

We had a lot of visitors from Washington with an interest in the international banking center that was established. We would have bank inspectors coming to look at the American banks that had branches in Panama. There was concern with money laundering and other problems. But we developed close relations with the Panamanian banking supervisors; they were very interested in building up this financial center as an economic benefit for Panama. They wanted to bring in as large a group of international banks as possible to open branches there, and as soon as possible.

*Q: Now I suppose the Treasury Department, not only the Controller of the Currency or the bank regulatory people, but other parts of Treasury were probably quite interested in what was happening.*

OLSON: Yes.

*Q: Was there a treasury attaché in the region who tried to cover Panama?*

OLSON: There was not. And the U.S. greenback was circulating as Panama's paper currency. What was then Chase Manhattan Bank's branch in Panama more or less functioned as an extra U.S. Federal Reserve branch, as it was Chase's responsibility to make sure there were sufficient physical dollars, greenbacks, in circulation in Panama to meet the needs of the economy.

*Q: You mentioned that relations were somewhat tense between the Canal Zone people under, I suppose, the Department of Army and the embassy. To what extent were you as financial officer involved with things going on in the Zone?*

OLSON: Not so much as financial officer as simply the fact that we were neighbors in a sense. My kids were going to school there, and we went to church in the zone.

We had another problem having nothing to do with the treaty, but which concerned some very difficult labor negotiations between United Brands, formerly United Fruit (Chiquita Banana), and its labor unions in Panama. The company owned very important banana plantations in western Panama, and this dispute was soon referred to, at least by the newspapers, as the 'Banana War.' I still have a good sized boulder that I use as a paper weight that came through my office window during a demonstration by banana workers in front of the embassy. Somebody was probably trying out for baseball, which was very popular in Panama. The embassy was well set back, and I was on the second floor. It was a heavy rock, but this pitcher still managed to get it up there. The embassy really had nothing to do with this dispute, but we were a convenient target.

*Q: Were you in the embassy at the time that this happened?*

OLSON: I was in the embassy, but happily not near the window. At that particular time there was an announcement in the schools in the Canal Zone to the effect that the buses bringing kids back to Panama City, embassy kids, would be on hold because the embassy was under siege. This brought immediate, spontaneous applause on the part of the students, the American kids living in the Canal Zone. Our embassy kids had to contend with that kind of an atmosphere.

*Q: You mentioned that one of the reasons that this position, your position was established in the embassy was because the banking center had developed their offshore banking and so on. I assume this had regional significance that went beyond Panama?*

OLSON: Right.

*Q: Were you involved with other countries or other embassies?*

OLSON: No, not very much. Panama realized that most foreign banks would not be able to establish branches all over Latin America or even in the principal countries of Latin America, as most of the big American banks had already done. The smaller U.S. regional banks, European banks, and Japanese banks that simply wanted a presence in Latin America would be encouraged to establish that presence in Panama. They could then serve, or attempt to serve, their Latin American interests from that central spot. But I don't recall there was much coordination involving other embassies.

*Q: Were you involved at all with issues related to the Canal Zone? Or was that pretty much being handled within the framework of the treaty negotiations?*

OLSON: No, I wasn't really involved. Things weren't going to change very much until we actually...

*Q: Until it had been agreed to.*

OLSON: We actually had the canal treaty. Right.

*Q: And the treaty was concluded after you had left?*

OLSON: Yes.

*Q: And you left in '76? You were just there for two years or so?*

OLSON: Yes, I curtailed my assignment. We had some medical problems. We were particularly anxious that our oldest, our son, be able to have two years in high school in the States. In Washington. So we left early.

*Q: To come back to the Department? Was there anything else you wanted to say about Panama before we come to the Washington assignment?*

OLSON: We quickly developed an appreciation of what an engineering marvel the Panama Canal is—the moon shot of the early years of the century. I got to participate in the ceremonies marking the 60<sup>th</sup> anniversary of the opening of the canal in 1914. I even was able to transit the canal on a nuclear submarine, the Daniel Webster. Believe it or not, when I mention this some folks ask if it was submerged. The canal really isn't that deep! Happily it wasn't, because the crew threw a barbecue on deck for the guests. We also went through the canal aboard a Grace Lines cargo-liner. Another happy memory was taking the kids to visit Barro Colorado, the Smithsonian's island nature preserve in the middle of Lake Gatun in the Canal Zone.

**RICHARD C. BARKLEY**  
**Panama Canal Negotiating Team**  
**(1974-1977)**

*Ambassador Richard C. Barkley was born on December 23, 1932 in Illinois. He attended Michigan State College, where he received his BA in 1954, and Wayne State University, where he received his MA in 1958. He served in the US Army overseas from 1955-1957 as a 1st lieutenant. His career has included positions in Finland, the Dominican Republic, Norway, South Africa, Turkey, and Germany. Ambassador Barkley was interviewed by Charles Stuart Kennedy on May 12, 2003.*

*Q: So you left, how did you get out of INR?*

BARKLEY: It was fascinating actually. One of my best friends, a classmate, was Charlie Hill. We just sort of ran into each other in the hall, as you often did. He asked me what I was doing, and I told him how unhappy I was. He said, "Oh, I have got the answer for that." He said he was Ellsworth Bunker's administrative assistant in the Panama Canal negotiations, and he was leaving to go up and be a speechwriter for Henry Kissinger, and he was looking for a replacement. He said, "I have found him." So he grabbed me and took me up to meet the

ambassador and strongly urged the ambassador to accept me. Charlie and ambassador Bunker went back to Vietnam and were very close personally. I never had that relationship, but I seized this opportunity to get out of INR and I joined Ambassador Bunker on the Panama Canal negotiating team.

*Q: How long did you do that?*

BARCKLEY: I did that for about three years.

*Q: Let's talk about, we are talking about still 1974. What was the Panama Canal situation at that time you came on board?*

BARCKLEY: Well the situation is we have been in discussions with them for some time.

*Q: This is the Panamanian government.*

BARCKLEY: The whole question was of course whether or not the United States would relinquish ownership, which we had, of the canal and pass it to Panama? It had been the source of great friction in that area for a long time, but it was not, of course, the only source of friction. But it was one source of friction. The idea actually was as long as we talked about relinquishing our total control of the canal, this kept things relatively quiet. I think you could say, but I never saw it so articulated during the Nixon administration and then in the Ford administration thereafter, the idea was to keep talking on the canal's future but not to reach any accord on it. As a result we would go down periodically to Panama to one of the islands, the Pearl Islands in the Pacific, a place called Contadora, and we would negotiate. The negotiation, although it did not reach any kind of conclusion began to define the parameters of what kind of agreement that ultimately we'd reach.

*Q: Well what was your job?*

BARCKLEY: Well I was basically Ellsworth Bunker's man. It was a two man office. We both had secretaries. Actually it was a four man office. He was the ambassador at large responsible for the negotiation of the Panama Canal.

*Q: Who was the secretary?*

BARCKLEY: The Secretary of State?

*Q: No I mean did he have Eva Kim with him at that time?*

BARCKLEY: No. Eva Kim periodically would come see us, but from Vietnam she had gone up into the Secretary's front office. But no, it was Cecilia Lucas. I was basically the ambassador's filter. The Panama desk actually brought all the papers forward, and I made sure that the ambassador got them in good form. The ambassador was elderly, and he needed somebody that he could trust completely, so my job became not only a movement of paper job, but also a sounding board. I never quite established the personal relationship he had with Charlie Hill,

which went back to of course a different time, but we became quite close. I made sure that he was taken care of. That was my job.

*Q: Did you feel there was a group within the State Department basically the State Department I would say, and please correct me if this, get rid of the damn thing if we can. The military and also the civilians who said we paid for it we worked the canal we are going to keep it. Was there that strain?*

BARKLEY: Well like everything Stuart, there were strains, evidence throughout the department, but they weren't uniformly that way. On the whole it was agreed that we do indeed turn over some of the unneeded properties in the Canal Zone over to the Panamanians. But how do we assure that the Canal continues to function effectively? The negotiation was not only for the canal but the Zone, and the Zone was this huge ten mile wide sector of sovereign America basically that divided Panama in two. So how do we do this? How do we eliminate the levels of friction and at the same time maintain the effectiveness of the canal? It turns out that as we got on to the serious negotiations later on is that was the neutrality provision was essential, in that we didn't want the Panamanians to make a deal with the Russians or somebody else, and depending on who the leadership was. You couldn't really foresee where that would go. The United States had built and maintained the canal for a long period of time would continue to have some say over the neutrality of the canal to guarantee that it was open to all parties. So the neutrality provision became key. But the military had large bases all throughout that area. Many of the bases had been basically abandoned. We couldn't understand exactly why you would want to hold on to those bases if indeed they could be put to more effective use elsewhere. So the military had a group that was absolutely and totally integrated with the State Department on his. Without them, of course, we couldn't have done anything.

*Q: Well now, what was the reading that you were getting when you first got involved in this about the Panamanian government? Who was...*

BARKLEY: Torrijos.

*Q: Torrijos.*

BARKLEY: Well Torrijos was a military man who took over power. He was not a stupid man, but like a lot of people of that particular time, he tried to keep a foot in a lot of camps, including the Cubans. He had a fairly effective relationship with Castro. You couldn't say it was an open and democratic society, but it was not a particularly corrosive dictatorship. His negotiators were quite competent, and the represented different groups. I mean he made his decisions on the basis of domestic political requirements. One of the figures who came up when I was there was Manuel Noriega who of course, later on became notorious, and I pictured him as pretty notorious at that time. He was the head of intelligence, and actually was an effective head of intelligence. He knew many times, our positions when he shouldn't have known our positions. But as I said, at the outset, as long as President Ford was president, the idea was to keep negotiating but not to reach a conclusion. That all changed with the election of President Carter.

*Q: Well did you feel this? I mean was there a thing of treading water or was it more a matter of not coming to a conclusion but getting things ready for a conclusion, or just not to come to a conclusion?*

BARKLEY: No, I think we were beginning to define the elements of an agreement. We were constantly looking at new things and trying to find new approaches. It was the kind of negotiation where you had to decide what you were willing to give up. You aren't going to get anything back from the Panamanians except in terms of guarantees of neutrality and so on. So that is the hardest kind of negotiation because people don't want to give anything up without getting anything in return. But what you were getting of course, was political good will and that it was the instrument of diminishing utility. Now it turns out at that time our assessment of the utility of the canal might have proved to be somewhat wrong. This was a period of time when the land bridge across the United States was more active than the sea lanes going through Panama, because the big liners could not go through the canal. The largest ships were these Pan-Max ships that could go through the canal. But by that time the port of Baltimore was taking infinitely more goods destined for California than was indeed the Panama Canal. Of course then north slope oil came in and a whole variety of things and the Panama Canal became of more value again. But during that period of time the people who were the most concerned for the canal of course were the riparian powers on either side of the canal in Latin America that used it, the Colombians and the Venezuelans and others. Of course for political reasons they had to support the Panamanians, but they would come through the back door and say, "God don't give them too much", for it is important that you keep this thing running. The fear was if it ever went to the Panamanians, is they would screw it up.

*Q: Well this is implicit wasn't it for the whole time. I mean could the Panamanians run it.*

BARKLEY: Well of course that was, it was very hard to get a valid answer out to that question because all of the canal was run and operated by the Americans in the Zone. All of the pilots on the canal were Americans. They had a strangle hold on the whole thing. So the matter of training Panamanians to do these things would have taken a certain amount of cooperation on the part of America. I don't think there was any doubt that they could learn. The other question was the canal works on the need for inland water. It works on a system of very little mechanical activity. It is all basically the natural flow of gravity. It is a complex and extraordinarily beautiful kind of construction. The fear was is that the kinds of maintenance schedules and things that were absolutely required to keep the canal going, were not the kinds of things that Panamanians or Latinos might be inclined to do. For political reasons or if the financial burden has become too high, they could say well we won't do the maintenance this month. Then the other fear was, of course, that they would look upon it simply as a cash cow. I mean the amount of money that was taken in tolls was kept under control to make sure it was used. If you increase that then people will, of course, begin to analyze alternative sources of transportation. There were many fears involved in this, and I wouldn't hesitate to say that a lot of them were just skepticism at the Panamanian ability to do these things.

*Q: When you were doing this, we are sticking to the Ford period first. Did, were there members of congress who were breathing down your neck?*

BARKLEY: Oh yes. Well most of the popular view was against agreeing to do anything on the Panama Canal. The canal has always been, you know, an instrument of pride for American history. Of course Ronald Reagan who at that time was a budding politician was vehemently against it. There were a lot of congressmen and senators who were extraordinarily skeptical. The good thing from the standpoint of keeping our negotiations going both in Panama and in the United States was the enormous stature of Ellsworth Bunker. He was a man that way before Vietnam had negotiated the settlements in the Dominican Republic and elsewhere. He was an extraordinary and highly regarded man, and a man of great dignity and probity. I never met anybody who didn't pay ovations to Ellsworth Bunker. He was an institution at that time, and indeed a great man. No question about it.

*Q: How did you find the Panamanian desk in the State Department?*

BARKLEY: Well they had some extremely good people. Like every desk in the State Department, some you probably have a higher regard for than others. They were quite active, quite competent. The desk was run by Morrie Bell. Now he was the deputy negotiator. He was a man who had strange tastes and approaches. I don't know whether you know him or not. There was a certain flamboyance in his style.

*Q: Morrie Bell?*

BARKLEY: Morrie Bell, yeah. But he was very active and he stayed engaged. He I think also convinced the Panamanians that we were serious about doing this.

*Q: Was the Panama Canal an issue during the election of '76 when Carter beat Ford?*

BARKLEY: A couple of people tried to make it an issue, but I don't recall it as being an overriding issue. I don't think anybody particularly made it a platform in either party. It was clearly not a particularly popular thing for politicians to go out and beat the drums on.

*Q: Well was there in the State Department in a way, the feeling "Dammit we have got to bite the bullet sometime and get rid of this thing, because it was always sort of blanketing Latin American relations and that?"*

BARKLEY: Well I am sure there were people in ARA who believed that, but you know we were frying very big fish at that time. The Soviet Relationship, the relationship with China, Vietnam, all of those things were preoccupying us. I don't think this was the kind of thing that outside of the regional bureau, drew much attention.

*Q: Early on when you were dealing with Ellsworth Bunker, I guess Vietnam had just fallen didn't it when you came in.*

BARKLEY: Yes. In '75 it fell.

*Q: When you were there, how did this affect him?*



BARKLEY: Well of course, he was saddened by it. I recall that whenever he appeared and the subject came up, he always said that he was absolutely convinced that there was an effort on the part of the United States consistent with our history to insure the people of South Vietnam the right to determine their own future, and that the American engagement's essential quality was that. However in the implementation of that policy we got ourselves into a position where the enemy was given a level of sanctuary that we weren't, and it became impossible therefore, to win the conflict. Clearly he had a lot of friends and people there that he had become close to and was saddened by what happened.

*Q: When Carter took over, what happened?*

BARKLEY: An absolutely remarkable thing. You know always certain different letters we use to define Presidential Directives. Well when President Carter came in the "PD" became a key part of his administration, Presidential Decisions. The first two Presidential Decisions addressed Latin America, PD-1 was the Panama Canal. PD-2 was Cuba. As you know, President Carter spoke Spanish or some Spanish, was very interested in the region, and thought we had neglected it much too long. I actually was the first in the Department to receive the PD. It was on a Saturday and Ambassador Bunker and I were in alone and they asked us to give a to write up the current status because PD-1 stated that we must solve this problem. We sort of looked at each other and said, "These are marching orders, and for us it is wonderful, but how can you look at the world and make this number one in your foreign policy? How can you do that?" We were astonished. So I sat down with the ambassador, we wrote to the White House, explaining the status of the negotiations, where we were, what the principles were behind it, how we were doing. I did most of the writing. This wasn't a particularly difficult thing. It was a cut and paste of everything we had learned and were doing for over a year and a half. We sent that paper forward. Then the White House, I don't know exactly the sequence, I didn't think it was much thereafter, decided they would up the ante on our negotiating by nominating Sol Linowitz to join as the co-negotiator with Ellsworth Bunker. Well Sol Linowitz was an icon in foreign policy. He had always focused heavily on Latin America. He was an extraordinarily successful and competent lawyer and really a dynamic and enjoyable human being. He had great respect and affection for Ambassador Bunker. So he came in, and once White House guidance got out into the bureaucracy, cooperation from the Pentagon and others grew rather dramatically. So our office doubled almost in size. Sol Linowitz brought with him an ex-foreign service officer by the name of Amber Moss, one of the most competent young men I have ever met, as his deputy. We became quite a foursome. We were very close in everything we did. That was the beginning of the new phase which actually led to the negotiations' success.

*Q: Well how did this translate into what you were doing?*

BARKLEY: Well in the first place as I told you, we had established the parameters of what a successful negotiation would look like. What we had to do was get some enthusiasm out of the Pentagon, and we got that in terms of an ex-general by the name of Welborn G. Dolvin, a marvelous human being. He came over and his job was to jerk around the Pentagon's bureaucracy to make sure the negotiation succeeded, and he did it brilliantly.

*Q: It must have been quite a job.*

BARKLEY: He put together an extremely good team. He was retired and therefore he wasn't fearful about the next star. He had a high reputation with all of the people in the Pentagon, and he hammered on their desk. I remember in the past we did brief the JCS. We were debating things with the chairman of the joint chiefs and others, and I remember one of them saying, "Two angry men with a shovel can close that canal." So they were aware of the general vulnerability of the canal. But certainly it was the marching orders from the White House that got them fully on board.

*Q: Did Bunker continue on this?*

BARKLEY: Yes. I think the last thing that Sol Linowitz would have done would have been to let Bunker leave. He understood that Bunker was a revered figure in American foreign policy, but he also liked him personally, so they worked well together. But as a very sharp lawyer the questioning on our team became keener than it had been in the past. Ellsworth Bunker's avuncular way of behaving, "Let us all try and reason together," became more insistent now. So the line actually of the negotiations became much keener, particularly within our own groups. Then of course, we all went down to Contadora with Sol Linowitz along, in relatively short order we were able to come to an agreement. Of course, the neutrality element of the negotiation was all important. But once we got that, we had an agreement.

*Q: Well how was the neutrality element solved?*

BARKLEY: Well basically it was solved by the United States and Panama guaranteeing the neutrality of the canal. It was a rather small provision but guaranteed that if anything ever challenged that canal, gave the United States the authority to intervene. It was essential.

*Q: Yes,*

BARKLEY: I mean if we had given it up and given them total sovereignty without that provision over the future of the canal, almost anything could have happened. We could have been in deep trouble.

*Q: Involved in the negotiations of the canal also dealt with the canal zone didn't it?*

BARKLEY: Yes.

*Q: How did you find, I mean these people were known as being the hardest headed. I mean did you find they were difficult?*

BARKLEY: Oh this was very difficult. Of course the constituencies that they had were very limited and very few. To fight the United States government which was sovereign in control of the canal was very hard. But they tried. The Zone you know was not only a de facto colony of the United States, it was a privileged colony, and it had some of the qualities of the old south. By and large, it was a lily white kind of community, and many of them were born there and or came back. It was a self perpetuating community. But to be perfectly honest, they were extraordinarily

good at what they were doing, and they kept that canal going, it was a thing of beauty. It wasn't only a question of their own personal rights and privileges, but it was also a question that they ran that canal more beautifully than you could believe.

*Q: Well was there any way, were you working towards, how do you...*

BARKLEY: Well you try to grandfather a lot of it. One of the problems was in the construction of the canal years ago at the turn of the century. You know American technology had reached that point where it was possible to do it. The French effort before had failed because technology had not reached that point. It was a remarkable achievement. They brought in a huge number of people from the islands, particularly Jamaica and Trinidad to do the work. As you know people at that time were racked with diseases particularly in the Tropics. They seemed to be hardier and able to handle a lot of that. Those groups ended up in Panama. Once the United States left, the thought that they would be subjected to racial discrimination and things on the part of the Panamanians, not that they hadn't been subjected to somewhat of that on the part of the Zonians, but of course that improved over the course of time as it did in the United States. So that was a huge number of people who were very unhappy about what was going on. They tried to establish alliances with certain groups to make sure that they got guarantees. We tried to do certain things to guarantee certain things, but quite obviously in the last analysis, once you hand over the sovereignty questions, you are putting affairs under Panamanian law. So there was some trauma that went on. Then we established the principles whereby the passing of the canal would be determined by a commission, turning over of the canal by the year 2000. That was inscribed in the agreement.

*Q: Well you were with this until the agreement was signed, right?*

BARKLEY: No, actually right before the agreement was coming to a conclusion, I was offered a very good job in central European affairs. I desperately wanted to get out of Latin American affairs. I didn't want to get caught there, although I must say I was very pleased by the effectiveness of my colleagues in the bureau. But this was back into where I really wanted to be. So I had the terrible task of trying to break this news to the ambassador who on one hand didn't want to stand in the way of anybody moving on, but on the other hand he became comfortable with certain people after awhile. I was able to recruit Bill Price to replace me. It was literally a couple of months after I left that they actually signed the agreement.

**WALTER B. DEERING**  
**Navy Oceanographic Office**  
**Panama Canal Zone (1975-1976)**

*Walter Deering was born and raised in New York and was educated at Hobart College and the University of Virginia. After service in the US Army in Counter Intelligence, he joined the State Department Bureau of Security in 1978 and worked in that Bureau in the US and abroad. His foreign assignments include Madrid, Damascus and Beirut, serving as Embassy Security Officer at those*

*Embassies. In the United States Mr. Deering was posted to Field Offices in Los Angeles and Miami. In 2003 he was appointed Director of Field Operations of the State Department's Bureau of Security and served in that capacity until his retirement in 2004. Mr. Deering was interviewed by Charles Stuart Kennedy in 2004.*

*Q: So, '73 you're out?*

DEERING: '74 I'm out.

*Q: '74. And what was in the offing then?*

DEERING: In the offing then was one of the army civilians who was one of the supervisors in the office I worked in in the army, he had been in the army intelligence program for years and years, he said, "I got somebody I want you to talk to." I said, "Okay." He said, "It might be something you're interested in when you leave here." In the meantime also one of the branch chiefs in the office was trying to convince me to stay in another year as an officer, as an army reserve officer. I'm not going there. There's no future with that because they were RIFing, major Reductions in Force. The military screwed a lot of guys with 16, 17 years' service. They RIFed them out and didn't have to pay them retirement as a result. It's just not, the way they treated a lot of these good officers was just not fair. So anyhow I didn't want any part of extending on active duty in the military at that point in time. I was willing to stay in the reserves like I say which I did. He says, "It's an organization that you might be interested in working for. It's part of the naval intelligence community but not really." So I went through this, I went through a process of interviewing for a position. I had also had an interest with the CIA and went through the entire process for their career training program but ultimately my timing was off a little. I started a little bit too soon and they wanted me for a very particular thing at a particular time, and what it boiled down to having to have me out of the military early, which ultimately the CIA did not want to do because it would create a paper trail for what I would be doing. So that went by the wayside.

But this other organization recruited me and I went to work for them. The organization is, or was, Task Force 157 which was a naval intelligence operation that came into existence in the 1960's and it was a program that was developed to give the navy a human intelligence capability. I went to work for this organization, which didn't exist on paper. It was a proprietary setup with a bunch of cutout companies. I ended up in Panama, working for them, in 1975, I got there in the spring of '75. In the summer of 1976 Admiral Bobby Inman, who was at the time the director of naval intelligence, abolished the organization. It was result of a number of concerns. If you remember the mid-1970's the entire U.S. intelligence community was under fire: Vietnam War failures, the Pentagon Papers, lot of things going on. The hatchet was out and this organization was axed. Bobby Inman believed that the navy did not have a need for a human intelligence program, that the machines could do the job. So this small organization, that had about 75 civilian employees at the time of its demise, was abolished. The mission was abolished.

*Q: How long were you in Panama?*

DEERING: I was in Panama May of '75 through December of '76.

*Q: What was the situation like in Panama at that time?*

DEERING: Well, talk about the experiment in socialism. The ultimate socialistic society was the Panama Canal Zone, where everything was provided by the government. Fifty thousand Americans at the time there, working, getting paid and housing and getting everything done by the government with six weeks every other year in the States on leave, if you worked for the Panama Canal Company. I met my first wife in Panama. She was a Panama Canal brat. Her dad worked for the Panama Canal Company and I met her, job that I had there. Life was good in Panama, I have to say. I had a very interesting job. I was out doing things on the Canal. Twenty four hours a day I was on call to do these things, which gave me a lot of time, when I wasn't working, to get involved in activities in the Zone. I coached youth football, baseball. I'd participate in a lot of navy sports teams there. As I say I met my wife there, her family and it was a good two years, it was a good two year tour. Unfortunately I remember I'd gotten sick of July '76. I mean I was sick, I'd got one of the tropical bugs and I'm lying in bed and my wife, Jackie, says, "John's here." John was a marine officer who worked with me down there on this project and he comes in and he's got a bundle of documents with him. "Got something to read here. Top Secret." It was the announcement of the demise of the organization. I said, "Thanks, John. That's what I need right now!" During the time I was there then, this was announced in the summer of '76 that the organization would be abolished. They tried to take care of people, the civilians who were affiliated with the organization. They gave us a trip back to the States to get things in order, helped out with job hunts and things like that and generally then they gave us some money when we left. Hush money, I guess you could call it. Just like anybody else, you didn't get a parachute when you leave because on paper you didn't work for the navy.

*Q: Well did you get any feel, while you were there, for the Panamanians versus the Zonians or were you pretty well in the Zonian*

DEERING: No, a lot of the workers were Panamanians that were working for the Panama Canal Company. Interestingly enough, like I said, I helped coach youth football down there, which was huge, huge. They played really good football there and Panama had a couple of teams that were in the youth football league. There were some, you had the Panamanians playing the Canal Zone teams, yeah, there was some competition there. Of course it was the wealthy Panamanian kids who were playing American football. There were six or seven teams in the league, including teams from Panama and from the military bases also. So it was healthy competition. It was a discriminatory situation. The Panamanian workers were perceived much like our foreign service national employees are or have been in the past. The perception is among themselves that they are a lower class of employees. They got paid at local labor rates versus the U.S. labor rates. And then of course there was the dissention that was developing because it was clear that Jimmy Carter was going to negotiate a new Panama Canal Treaty and that was not popular in the Panama Canal Zone, as you can well imagine and still isn't among those who remain, former employees. There are still some down there. Yeah, I was not one to confine myself to the military bases or to the community because my job was to get out and find out what was going on. So I never perceived things along the same lines as. There were class distinctions, no doubt about it but I tried to avoid the class distinctions because if you're working and you're dealing

with people and you need people's help to accomplish what it is that you're set out to do you have to treat them as people, first. Yeah, there were class distinctions but I had friends in the community there that were not part of the hierarchy. Of course people didn't know who I really was.

*Q: Did you have a job, a cover of some sort?*

DEERING: Yeah, I was working for the navy oceanographic office. The navy oceanographic office, well, it does oceanographic studies, report on weather conditions and stuff like that. But the Panama Canal Company employees that I had to work with, they knew who I was and they knew what I did. The whole organization, Task Force 157, was very a secretive organization. There were several articles written. Bob Woodward wrote a series of articles on Task Force 157 in 1977 on how it was a very successful, low cost operation that probably should not have been abolished but because of the times it was. Plus the fact that a couple of gentlemen had had a loose affiliation with the organization as contractors that their affiliation was built up to be much more than what it was, one of whom is a fugitive now in Libya, Frank Terpil and the other one, who served time in the federal system, Ed Wilson. Wilson and Terpil. Ed Wilson tried to convince Bobby Inman as a contractor that he needed to establish a dirty tricks organization that would parallel Task Force 157 in the black area. Bobby Inman said, "Who the hell is this guy? I'm getting' rid of this organization."

*Q: So, we're talking about '76 or so and you're back in Washington. What are you up to?*

DEERING: No, I wasn't back in Washington. My wife and I moved back up to New York where my parents were. My father had remarried. They were down in Florida for the winter, part of the winter and we stayed in their house for a while. I ultimately, through contacts, got a job at Aberdeen Proving Grounds at the U.S. Army Test and Evaluation Command, working as a foreign intelligence officer which was part of the Test and Evaluation Command hierarchy, looking at foreign weapons systems. It was horrible. It was boring. I was stuck behind a desk with the exception of going to the Proving Grounds and riding around on Russian equipment occasionally.

*Q: Where were they getting their Russian equipment?*

DEERING: Oh, this was stuff that had been acquired over the years from various locations with the help of various countries and it was the exploitation program where you reverse engineer. The Russians were excellent at it. They were excellent at reverse engineering our products, especially in the Thirties and Forties. They stole General Motors patents and built their own equipment based on existing patents. But they were good at it and they're smart at it. They evolve their military equipment. They don't drop a weapon system and go on to something completely new. Of course, they weren't as smart as they thought they were.

*Q: Okay, you were bored in Aberdeen. And then what happened?*

DEERING: While I was still in Panama working for the navy and after the fact that I found that I would not be working for the navy much longer I had seen an advertisement, I don't remember

where, for State Department, for the Office of Security. Sounded interesting, overseas work still, security, intelligence type related work.

**JOHN HELM**  
**Assistant General Services Officer**  
**Panama City (1975-1976)**

*Mr. Helm was born and raised in Tennessee and educated at Carson Newman College. Entering the Foreign Service in 1973, he served in posts throughout the world, primarily in the field of Administration, including General Services, Communications and Foreign Buildings. His overseas posts include: Banjul, Gambia; Panama City, Panama; Seville, Spain; Quito, Ecuador; Mogadishu, Somalia; Tbilisi, Georgia; Bonn, Germany and San Salvador, El Salvador. His Washington assignments were also in the field of Administration. Mr. Helm was interviewed by Charles Stuart Kennedy in 2004.*

*Q: Where'd you go?*

HELM: I went to Panama, via FSI.

*Q: First you took Spanish, or did you do something else before you went to Panama?*

HELM: Well, let me go back and pick up two more little quick items from Banjul. I mentioned that I got a movie projector with the family planning stuff. There was a Department of Defense supported movie circuit and they would send movies around West Africa. Every month you got two movies. When the movies would come in, I would set the projector up at the chargé's house and he would show movies to his fellow ambassadors and his contacts from the ministries. Then the following weekend I would show the movies at my house for the Peace Corps volunteers, and pretty much anybody that walked in. I would go to the Japanese shrimp factory and get ice, buy a case or two of Amstel beer to put in the ice, and people would bring their own sodas or beer. We would have a nice party. Pretty soon I started picking up the younger guys from the ministries, and the second tier diplomats that were not invited to the Charge's house. I was drawing a crowd of 50, 60 people on my movie nights. That was fine, I didn't mind that - I had a big house. I had servants to clean it, so I didn't have to do much. I usually put out about five gallons of roasted peanuts. That was the sum total of hors d'oeuvres.

*Q: You were in a ground nut economy, weren't you?*

HELM: Sure. That's what everybody did. So anyway, some Chinese guys started coming. These were nationalist Chinese and our relations with that group were a little dicey in 1973 & 74. We were supposed to be friends with them, but we weren't supposed to be too friendly. So the Chinese ambassador would not get invited to the chargé's house. All the young guys that worked on his agricultural mission would come to my house and see the movies, but he couldn't. After a

few weeks, he too started coming. The chargé was a little upset about that, but neither of us really knew how to tell him not to come because it was such an open situation. The chargé finally decided that no harm would come of it. Furthermore, nobody knew about it or gave a darn about Banjul anyway. And then, a couple of times, I was invited to the ambassador's house for dinner. The Chinese ambassador taught me how to use chopsticks. Good food, unbelievably good. And then one day they came and said, "Well, we're not coming again, we're all leaving." It was very sad. They all went out and got on a plane and left, and the next day the Red Chinese came and moved into their same compound and took over the same agricultural projects. But Red Chinese didn't come to my movies. The changing of the Chinas was kind of a poignant moment.

On a lighter note, one of my duties as communications officer was to go out to the airport every second week and meet the courier. The courier would fly in, get off the plane, walk around under the plane. I'd be standing there, we'd open the bottom of the plane, the courier would take out a Large mailbag sized diplomatic pouch, open it and give me our little incoming pouch and I'd give the courier our outgoing pouch which was usually, if we had anything, the smallest bag they make. It would hold a few letter-size envelopes. He'd stick it back in the mailbag, load the mailbag back into the airplane, and then we'd stand around and talk until the plane was ready to go. He would be the last one back on the plane and I would watch the plane leave.

One day I was out there and the courier came and we opened the bottom of the plane. You'll notice I said "we opened it." We'd been doing this so often, the airport guys told me I could open the plane and close it. You wouldn't expect that of a commercial airliner, but anyway. Opened the cargo door, and there was a crated sheep. But the sheep had gotten his head through the rail of this crate and turned his head one way and chewed up somebody's beautiful leather suitcase and was dragging their clothes out of it. The sheep had also turned his head the other way and had chewed up our pouch and was dragging our classified documents out of the pouch and all over the inside of the airplane, not to mention probably eating some. The courier turned pale and said, "What am I going to do?" I said, "There's nothing you can do. I don't have any place to lock up all your stuff. I can't just take you off the plane and deal with you here." "Oh my God what am I going to do?" I said "Here's what we're going to do. You're going to get back on that plane and act surprised when you get off in Accra, Ghana." He said, "Can I do that?" I said, "Yeah. Just shut the door and the sheep will just keep eating." He said, "At least let's move the pouch" so we put somebody else's suitcase between the sheep and the pouch. Anyway, that's enough on Banjul.

I went back to FSI to resume my interrupted basic training, and when I got there they interviewed me. "Where have you been...what have you been doing, what sort of things have you learned." When we finished the interview, the interviewer said, "Well, you've done all the stuff we were going to teach you in the course, so we're just going to mark it as if you took it." "Okay." So then I was immediately assigned to Spanish language. That was a period of twenty weeks that was pretty close to a living hell. I'm not an adept learner of languages. I studied, and I memorized the dialogues, and I listened to the tapes. I really did work at it. And the best I could get was a two/two, and that wasn't good enough. But they needed me in Panama so I went on to post without clearing language probation. I got there and worked for one of the oldest and



crustiest and best, in some ways, and most obscene GSOs (General Services Officer) that existed at the time or since. His name was Ellis Glen. He died not long ago.

Ellis liked to get up at four in the morning, every morning, and go up to Lake Gatun and fish. He fished until about 7:30, put his boat away, and was sitting in his office by 8:15. Since I had nothing better to do at four in the morning, I went fishing with Ellis. I think he enjoyed the company and I certainly did. He was a really good guy and an excellent boss and teacher. Ellis knew more about general services, and about how things worked, than anybody I think I had met up until that time. He had the most amazing vocabulary. I learned a lot of my vocabulary from him. But he could certainly motivate you. He retired about four months after I arrived. We had an Admin Counselor named Harry George French. Mr. French drank at least a quart of scotch a day, and wouldn't wear his hearing aids. Later the Department assigned him to Tokyo to be GSO and he dropped dead a week after his arrival in Japan.

*Q: You were there eleven months. A miserable place.*

HELM: Actually, I liked the Panamanians, I liked country and the city of Panama. But within the embassy there was a poisonous atmosphere. It seemed that everyone was out to knife everyone else. As a very junior officer I was below the radarscope for most of the competitiveness that was going on, but it was kind of nasty.

*Q: How did it manifest itself?*

HELM: In people's attitudes. Everybody was mad all the time. It seemed like everyone had a burr under their saddle. A couple of things happened that were interesting. This was during one of the rounds of the Bunker negotiations -

*Q: For the Panama Canal -*

HELM: And I was the assistant GSO, and the lowest ranked officer in the mission. And so I was assigned to the negotiations. Ambassador Bunker and Ambassador Jordan did not get along with each other. Bunker would fly in to the airport and the U.S. military would meet him and fly him directly to Contadora Island on a helicopter. Then I would fly out the next day from the embassy with all of the classified and unclassified communications, I would spend the day on the island because there was only one flight in the morning and on in the afternoon I would spend the day on the island then fly back with the afternoon flight. Upon arrival in the city, I would visit the Chancery to turn in the outgoing communications from the island. Each evening I would go shopping for the groceries and liquor required on the island. In the morning I would swing by the Chancery, pick up the communications for the island, and catch the early flight. I repeated this every day that Ambassador Bunker was in country. He would be in country for two or three weeks at a time. He would leave and return two months later and repeat the process.

I was present for the preparations for the negotiations. The actual meetings were conducted at night. During the day Mr. Bunker's team would be preparing for that day's meeting. Most of the time I had absolutely nothing to do until the afternoon flight. Almost every day Ambassador Bunker would go swimming in the ocean. He was quite old, I have no idea how old he was but

I'd have guessed late seventies, early eighties, and I was his lifeguard. I stood on the beach and watched Bunker swim. Then we would return to the house and he would practice his speeches on me. So whatever issue he was going to speak on that evening, he would practice the speech, get my feedback - I had really no feedback to give him; -he just needed somebody in front of him to talk to - and then he would do it again and again until he felt he got it right. He got his timing right, his words right, just what he wanted to say.

I particularly remember one that concerned the railroad across Panama. Bunker must have given that same speech to me six times, maybe more. Hours of sitting there as he went through the whole speech again and again and again. He got it all right. He was such a gentleman. He would say, "Thank you very much." And then he would say, "Forget everything you heard." And then I would fly back, carrying the mail. The two main staples of life on the island were Thomas' English muffins and Courvoisier.

There was a period of time where the negotiations went sour, and the dictator -

*Q: This is Torrijos.*

HELM: Torrijos, would line up the students 1st grade through University. They would start out in the morning, little kids carrying placards walking in front of the embassy saying what bad people the gringos were. Then there would be the middle school students; then it would be the junior high and the high school students and the University students. And finally there would be a group of "students" that all had very short haircuts. These were supposedly high school or university students as well. It was *this* crowd that would break all the windows at the embassy. They would throw rocks at the embassy. I went to Ambassador Jordan pleaded "Please let me put expanded metal grills on the windows. Somebody's going to get hurt." "Oh no, we can't do that, that's the wrong message for us to be sending, for us to fortify the embassy. We can't do this." I had the funding for it, had the metal already identified. They would not let me install the metal. The "students" would and break every window in the embassy. There were three glass companies that would give me quotes within an hour after the demonstrations ended, and within a couple of days we would have replaced ten thousand, fifteen thousand dollars worth of glass. Then a week later, they'd come and break it all again. It was a cycle. As a maintenance officer, this was getting to be a bit of a drag. They just kept coming.

My office was on the ground floor and we had a brand new IBM Mag Card II typewriter. This was the first automated typewriter to arrive at that post, and it was sitting in GSO until someone from the Ambassador's office could take the time to learn how to use it. Since it was sitting in my office, I played with it. It had an instruction book and the magnetic cards. I learned how to operate it and I was the only person at post that could use it. During one of the riots, a great big rock came through the window and landed right in the middle of the keyboard. And that was the end of the Mag Card II. That was my first experience with office automation equipment.

*Q: The ambassador was William Jordan, a non-career man from Texas.*

HELM: Right, a friend of Lyndon Johnson's.

*Q: How did he operate? You say he didn't get along with Bunker.*

HELM: Well, he operated the embassy, but he was a bit imperial.

*Q: Was he a contributor to the nasty atmosphere there?*

HELM: Yes, and I think his wife was contributing. I'm going to tell you one of the worst memories I have of the Foreign Service.

Madame ambassador, the year before I arrived, had gone to the American Women's Club and announced that the American Women's Club was going to help out on the official Fourth of July party. She assigned tasks as if the wives were servants. "You're going to make a turkey, you're going to make a ham, you're going to make egg salad, you're going to do this, you're going to do that." And the ladies of the club all went and did as they were instructed to do. When the party was over, Madame ambassador released the house staff because they were tired, and then had all the wives of the mid-level officers in the kitchen washing the dishes. A few days later the ladies started submitting receipts for the food purchases. "Here's the receipt for the two turkeys that I bought at the PX (Post Exchange)." They were told this was their "contribution", that they weren't going to be reimbursed for the turkey, the ham or whatever it is that they cooked. They were really angry.

I arrived there the middle of June. I'd been at post maybe a week when I was called to the ambassador's office. I thought, "this is my introductory visit to go and meet the Ambassador and be told how happy they are that I've arrived at post." I went up to the Ambassador's office, thinking I'm to be welcomed aboard, and it wasn't that at all. I was sat in a chair and told that I was to put on the Fourth of July party. "Here's your budget, here's the menu. You go and obtain all this food and put on the party." I was just shocked. I had no idea what had happened the year before. The previous week, Madame Ambassador had again gone to the American Women's Club and had announced that they were all going to prepare the food - "You're going to make a turkey, you're going to make a salad" - and the women of the club disbanded it and burned the charter of their little association. Then they all went to the airport and spent the weeks leading up to the Fourth of July shopping in Miami.

There was nobody left to put on the party. The decision had been made that the party would be outdoors, and nobody would be permitted come into the residence. She didn't want all those people, the dirt and the bother of having 500 guests inside her house. The food was going to be served by the pool and we were instructed to set up bars out in the yard. The party was to start at one o'clock and end at four o'clock. That was wonderful except that in Panama, steady as clockwork, on the fourth of July it rains like crazy at about two thirty or three. I wanted to rent a tent. "No, there's no money in the budget. We're not going to spend all the representational money on this." And if you remember, in those days, the fiscal year started on July first. So the fourth of July could suck up the whole year's representational funds. They were trying to keep the budget as low as they could.

I got the GSO FSNs and said, "Where am I going to get all this stuff?" And the older FSNs (Foreign Service National Employees) explained to me how this could be done. I went over to

the Officers Club at Albrook Air Force Base and the Chief Petty Officers Club at Rodman Naval Station, and to the clubs at Howard Air Force Base. Each of the bases had a club. I had one club make turkeys, another prepare hams, and spread the food orders out between a number of sources. On the morning of the party Embassy drivers picked up the food and brought it to the residence. We had a system where the drivers (and their relatives) would be valet parkers. There was very little parking inside the fence at the residence so they would fill up the streets around the residence with the cars of the dignitaries. They set up a microphone in the circular drive in front of the front door and the dispatcher was supposed to stand there and call, "Bring up car number 42." As the invited dignitaries arrived without chauffeurs they were given a claim check and the car would be taken off down the road somewhere. At the end, when called, the valets would run and find the car and bring it to the front door. At least, that was the plan.

The party started, and everything was wonderful. Soon a dark cloud rolled in over the top of us, steady as clockwork just as it did almost every day in July in Panama. We could see the deluge coming in the distance. Everybody decided they wanted to leave *right then*, before the rain. The dispatcher was up, "Bring up car 42, bring up car 58, bring up car 112"...we didn't have enough valets to bring all the cars up at the same time, and the roads were too narrow, so we had a huge traffic jam. And then the rains hit - hard. The distinguished guests ran to the house to get out of the rain but the front door was locked. Mrs. Ambassador wanted to make sure that everyone stayed outside. We had all of the Panamanian high officials, leadership of the Panama Canal Company and the commanders from each of the Military facilities and all their wives huddled on the front porch or standing in a very cold rain. Just about that time, in the middle of this horrible rain, the microphone shorted out. If you walked up to the microphone and grabbed it, it would shock the daylight out of you. One gentleman walked up and said to the dispatcher, "I'm the General Counselor of the Canal Zone. Bring my car immediately!" The microphone still worked to some extent, so the dispatcher leaned over the microphone (to talk without touching it) and called for that car. The General Counselor didn't think the dispatcher was being forceful enough, so he grabbed the microphone, and it jolted him so that he dropped it. The next in line was an American two-star general and *he* picked up the microphone, and it almost killed him as well.

I was the GSO, I put on this party, and I've got all these high officials standing in the rain, their wives in their best dresses, their hairdos are ruined, and everybody is really angry and two of them are seriously hurt. About that moment somebody had enough sense to open the front door of the Residence, and they all went in....muddy, wet, and angry. I tried to get the cars brought up. The cars just wouldn't come. The valets had parked them in people's yards, they were getting stuck and they were running into each other. It was 9 pm before we got all those people out of there, and all the cars straightened out, and all the accident reports written. It was just the most horrible day in my life. (Laughter) It wouldn't end. I was just absolutely soaked, couldn't get any wetter. My final task was to count each of the empty liquor bottles and measure the levels of each of the partial bottles to determine the quantity and value of alcoholic beverage consumed so that the Ambassador could be reimbursed.

*Q: Did the ambassador and his wife have anything to say about this?*

HELM: They had a lot to say. It didn't matter; it didn't matter a bit. I had done the best I could. I had done what was done in previous years. That story got out pretty quickly. When everybody's wives returned, they thought it was the funniest story they'd ever heard.

*Q: I take it the Jordans weren't very popular.*

HELM: No, they weren't. They weren't at all.

After I'd been there about six months when a group of Inspectors came they assembled all the Americans into a conference room and said, "We're the inspection team for a special personnel inspection". There's been a government-wide reduction in force and we have come here to evaluate every position to see if there are any positions in this mission that could be eliminated to meet our quota. I couldn't wait. They didn't even get out the door before I went to them and said, "Me. Take me. I want out of here today." They said, "Well, we were considering your –" I said, "No, you don't have to evaluate it, I'll write it up for you, just terminate my position and ship me out of this hellhole right now." They were supposed to be there for about two weeks, and I gather there was someone else that had the same attitude about the place that I did. They filled their quota of two and left practically the next day.

I picked up the phone and I called my career counselor. I said, "The Inspectors have just come. They're going to break the assignment. My tour is over. You've got to find me a place to go." The Career Counselor said, "Um, well, I don't know." Then he said, "Well, a fellow came in here a few minutes ago and turned down Seville, Spain because it didn't have an American school for his children." I said, "I don't have any children. I'll take it. Right now. Consider it sold." And so I got Seville, Spain.

**PAUL E. WHITE**  
**Office of Education, Health and Nutrition, USAID**  
**Panama City (1975-1980)**

*Mr. White was born and raised in Indiana. He received his education at Sacramento State College, Valparaiso University and the East-West Center in Hawaii. He joined USAID in 1970. During his career with that Agency, Mr. White served in Vientiane, Seoul, Phnom Penh, Panama City, Lima, Guatemala City, Tokyo and Mexico City. He also had tours of duty at USAID Headquarters in Washington. Mr. White was interviewed by Charles Stuart Kennedy in 2006.*

*Q: So you went to Panama? You were in Panama from 1976 to 1979. What were you doing in Panama?*

WHITE: That's a good question. First regular AID assignment. I was in the office of education, health, nutrition, not being sure why I was there, what I was doing, having worked for AID for almost ten years but not knowing any of the language, not knowing the documentation process. When we were in Southeast Asia we were working in a CORDS-like program that was broad

U.S. government based, it was not a traditional AID program. So there I was in Panama, in a normal AID office, dealing with project papers and all kinds of stuff that I never heard of before. But fortunately the thing that saved me as my boss had also been my boss in Laos. We had worked as a chief and deputy for a year or so in Laos and there we were together again and very close friends. He had had a more normal AID career. So he became my mentor and allowed me to survive that shock, real culture shock.

*Q: Also, I'm told that because of our worldwide reach, AID could assign people anywhere in the world. I've talked to people who were African hands who were saying, "These guys who had been in Saigon or some place where they had three or four servants and everything else and all of a sudden they're in the middle of an African village. They didn't like it, they didn't like the Africans, they're no longer the little pashas that they'd been before." Was that part of your culture shock?*

WHITE: Of course I didn't fit that mold because I had always worked out in the village situation with no running water, no electricity and all of that. So I quickly parlayed the Panama experience into something more like Southeast Asia and the way I did that is my mother is American Indian. One of the things I didn't mention, when I was in Korea my father died and I'm an only child. So we took my mother to live with us in Korea and then when I was assigned to Cambodia, well, she went to Laos with us but when I was assigned to Cambodia, my mother and my wife stayed in Bangkok, because I was actually, there was a rule there that John Gunther Dean could only have 200 Americans in country at nightfall. So there's a big shuttle. I was actually assigned to Thailand and did a permanent TDY in Cambodia. So my family lived in Thailand and there was a count everyday and if we were over 200, I got on a plane and went back to Bangkok. So at any rate then my mother went with us to Panama and she's American Indian and General Torrijos was having real issues with the three Indian tribes in Panama, the Chokó, the Kuna and the Guyami, trying to figure out how the government should deal with them. He asked the AID director, Tragen, if Tragen could assign someone to help him work with the Indian groups and figure out what they wanted and that kind of thing and I was assigned to do that. So that put me back out in the jungles, walking to Guyami villages or Chokó villages or sailing around the Kuna islands.

*Q: I want to come back to this but you mentioned that you got married. Talk about your wife.*

WHITE: I spent some time in Luang Prabang, Laos, the royal capital and at that time, for the first time I was living in an environment where I had a house. I'd never had a house before. I'd gone to college and ate in cafeterias and all this. All of a sudden I had this government provided house. I was still working with refugees but I found it difficult figuring out how to live in a house and what to do. One day I went out to a refugee village, attended a meeting of people, and I thought I understood everything that was going on. On the helicopter on the way back I was talking to this woman next to me who was working as a health worker with refugees and telling her what I understood from this meeting. She explained what was really going on, and who was related to who, and all of this. We became good friends and eventually got married to each other. She's Laotian Thai. So that was a big change in my life. I was a confirmed bachelor and all of a sudden I went down just like that and she's still my wife, after all of these years.

*Q: Now when you were in Panama, what was the state of the Indians?*

WHITE: The Indians, there were three tribes. The Guyami were up towards the Costa Rica border and they were very well organized, in the sense that they had things to be organized against, like the copper mines. There were things that were going on that helped them organize to be against something as a people. So they were fairly organized. And then there were the Kuna, who are probably the most organized people in the world. The Kuna lived in this series of islands. If you left your island to work on the mainland or to work on a boat or whatever, you're given a quota of money that you had to send back to support your island. So it's a really tight social system and the Kuna did very well. And then there were the Chokó, who lived down on the Colombian border in the Darien. They were totally disorganized.

So it depended on who you were dealing with. When you tried to get the three groups together to figure out what an Indian policy should be, you had three really different situations to deal with, which made it difficult as they were trying to decide, should we have reservations, or comarcas as they called them, or how should we help Indians integrate into our society or should we leave them alone. There were three different positions on everything.

So, again, my job was partly to get to know the situation there and to help the Indian tribes define what they wanted, both in terms of development but in the larger sense, the political sense of where they might want to go as an Indian nation.

*Q: Did you find yourself acting more as an advocate of the Indians vis-à-vis the Torrijos government? Was that what AID was doing or what?*

WHITE: No, I guess what I found was, I did find myself in some conflict but it was not with the Panamanian government. I guess what I found was the General Torrijos was very open and sympathetic to the Indians and they really liked him and felt that he as a leader was trying to do the right thing for them, even if the bureaucracy was not, if it was moving too slowly or for whatever the reason wasn't getting them what they wanted it was not Torrijos' fault. Like many charismatic leaders he had an ability to separate himself from the workings of the government.

Where I got into a little bit of a problem was that I was often invited by Torrijos to go with him when he went out to the Indian areas to give speeches and all of that and that put me into some conflict with the embassy, who felt that there's no reason for this AID person down here from the bowels of AID to be out with someone like Torrijos. And I also worked with General Torrijos' sister, who worked in preschool education, we were doing preschool education projects. So I had some connections there that were sometimes not comfortable to the embassy.

AID's essential role in this, other than just kind of eyes and ears and figuring out what the Indians wanted was to do development, to do economic development in Indian communities. So I was doing things like helping the Kuna Indians buy generators from excess property so they could set up their own electrical systems in their islands. I actually started a really interesting project. AID had for a long time talked about participation and how important it is that people participate in the development of projects. I did a project that was called the Guyami Development Project that essentially put all of the project development in the hands of the

Guyami Indians themselves and their meetings, rather than in the hands of AID, to take something that AID had talked a lot about but had never really done and tried to make it happen. So that gave me a lot to do and fights in the bureaucracy on how you let local people really participate in development and still meet all of AID's requirements for what you do when you develop a project.

*Q: Well how did you find relations between the Indians and the Panamanian, I assume basically the Panamanian bureaucracy?*

WHITE: Pretty bad. The common Latino phrase was Indios y gatos animales ingratos, "Indians and cats are ungrateful animals." So the bureaucracy felt no matter what you did for the Indians they still hated you. But they didn't do very much and maybe that's the reason. So, yeah, there was no good feeling at all between the Indians and the bureaucracy. Fortunately, the kinds of things that we were doing we were doing directly with the Indians, rather than as AID normally does, working through the Ministry of Agriculture to help install some project, we were doing projects directly with communities. So we didn't get involved in that interface but it was a bad interface between the bureaucracy and Indians.

*Q: Did you ever run across that unique tribe the Zonians?*

WHITE: A lot. I dealt a lot with the Zonians, not in my official capacity.

*Q: This is the Americans who lived in the Panama Canal Zone.*

WHITE: Right. No, my contact with them was not official but in Panama I had a motor home and I mentioned this before, my mother is American Indian and she loved to fish. So every Friday after work we'd get in the motor home and we'd drive out to the Canal Zone to Gamboa, which was right in the middle of the canal, halfway between Panama City and Balboa and we would park on the banks of the Chagres River and my mother could fish Friday evening, all day Saturday and all day Sunday and Monday we'd go back to work. So while I was out there in the Zone every weekend I met lots of Zonians, the good kind and the bad kind.

The good kind were...a lot of people had a lot of friends in the Zone, including the Canal Zone police and others. But there were certainly a number of Zonians who hated Panama, hated everything around them except the Zone and would let you know that. But in general I think that what they did was they developed a lot of good infrastructure in the Canal Zone that eventually during the Canal negotiations became one of the things that Panamanians looked forward to, not only just taking over the Canal but Canal Zone College and a lot of infrastructure there.

*Q: I take it relations between Americans and the Panamanians were fairly good because ten years later they began to get nasty under Noriega.*

WHITE: Well, I think Panamanians in general felt that the Americans were oppressive, that we were occupying their country. So wherever I went, when people first saw me they thought I might be Cuban until I opened my mouth and said three words of Spanish. Until they heard my Spanish they were really friendly and then when they knew I was an American and not a Cuban



they were not nearly as friendly. I think relations...other than the people that depended on the Americans, if you ran hotels or restaurants or tourism facilities or worked with Americans you were friendly. But you would never guess from the rest of the Panamanians that at one point we were considering adding Panama as a state, because they were really not happy with us.

*Q: Was the Panama Canal as overwhelming an issue as one assumes it was.*

WHITE: Yeah, I think that was the big issue. The big issue was not only the Canal. It was Ancon Hill. Ancon Hill was in the Canal Zone and it was a place where all of the antennas were sticking up in the air and people would say, "That's where the CIA works and that's where they're manipulating our country and our leaders and buying off people." And it was this hill with all these antennas, so that became the magnet. So that became the issue, rather than the Canal itself, although the big issue was the Canal. Of course at that time, when we got there, I was there in '76, we were already moving towards negotiations on the Canal and at that point Carter actually came down and so we were moving in the right direction.

*Q: You stayed there until when?*

WHITE: I stayed there until mid-1979. Somoza was overthrown in July 1979, Carter wanted to work out a relationship with the Sandinistas, to show that, Nicaragua, to show that we could be friends with the Sandinistas and that government. So I was asked to go, right at the early stages of the Sandinista period, to negotiate a food aid program with the Sandinista government, as a part of our attempt to show that we were willing to work with them. So I was there in Nicaragua for three months or so, working on that.

*Q: How did you find the situation and your reception in Nicaragua in this period?*

WHITE: It was maybe the most difficult thing that I've ever done. We would sit around this huge table, maybe forty or fifty people sitting around a table and the honorable representative of the republic of, say, Albania would say, "In six months we're going to provide three cans of sardines for the revolution" and everyone would say "Viva la Revolucion!" And they would get around to me and I would say how many DC-6's or C-123's of rice we had loaded that day, absolute silence, as if we weren't doing anything. I was clearly the person who shouldn't be at that table, even though we were the only ones that were doing anything. So that was difficult. More difficult was the Sandinistas wanted us to turn all of our food aid over to their government to be distributed by, they were forming block groups, so that every block in the city had an organization so that they could report on each other and all of that. They said those are the people who know where the poverty is, so that's how the food should be distributed. And we were arguing that it should be done by the International Committee for the Red Cross or someone like that. So these just ongoing battles and the pressure was tremendous for us to work with the Sandinistas but not to give in to their system and to try to pull them to the international system. I had not, in all of these dealings that I've talked about so far, I had not been in this arena of dealing with a government and negotiating with a government. So that was difficult for me and fortunately it was short, only three months.

**RICHARD R. WYROUGH**  
**Deputy Director of Panamanian Affairs**  
**Washington, DC (1975-1980)**

*Richard Wyrough was born and raised in New Jersey. He graduated from West Point in 1950 and then went on to Georgetown University. He served in the United States Army in Germany from 1959-1962 as an Operations Officer and Battalion Commander. He later held positions in the Pentagon and served in Vietnam. He also held several positions in the Department of State. He was interviewed by Charles Stuart Kennedy in 1996.*

WYROUGH: I didn't want the assignment, but not so much because it was Latin America, as much as because it was taking me out of the Army environment at a key time. I don't really recall any particular view as far as never wanting to be assigned to Panama. SOUTHCOM I regarded distinctly as a backwater compared to Seventh Army, or the Asian assignments in Korea and Vietnam. But that's where I ended up. I tried to get out of it but without any success in contrast to my successful effort to be relocated from Camp Picket to Fort Monmouth. Incidentally, I went to the Pentagon and I went through a series of people way back in those days saying I had personal reasons for wanting to be reassigned. Eventually got to the chief of infantry officer assignments. And he said, what's your personal reason? I said, if you must know, I'm a bachelor, I've just come from ten months in Korea, send me back to Korea.

I used to tell that story to my cadets at West Point as evidence that the Army really does have heart. But they had no heart by the time I got to ISA [International Security Affairs], the Office of Inter-American Affairs. My first assignment was, I was responsible for Panama, Central America and Mexico. And in that capacity the first State Department country director for Panama with whom I came in contact with was Brandon Grove. Mike Skol who just returned from a Vietnam tour was a brand new desk officer for Costa Rica. And an AID officer, named Dick Breen, I think, was the country director for Central America, his deputy was a man named Morey Bell. I forget who some of the other people were.

In any event, after about six months in that area, I guess for personal interests, and with the tolerance by the director in office who was an Army Major General, later Lieutenant General, and the Assistant Secretary, who by that time was a man named John Leddy, a career Foreign Service officer, I sort of shifted my responsibilities and got out of the geographic short-term focus and began to deal with region-wide, longer-term planning and policy. In those days Henry Kissinger...

Q: *We're talking about 19...*

WYROUGH: We're talking about the late 1970 and the first half of '71. Kissinger was still at the NSC, and they were looking at the strength of the military groups that were scattered around. So for the next two and a half years I had essentially no responsibilities with respect to Panama or Central America, or Mexico, but I did have these military policy responsibilities for the region as a whole.

*Q: I'd like to ask a question that occurred to me. Obviously Mexico is always a major factor, but I never hear about the Mexican military.*

WYROUGH: ...except a couple of months ago when Harry made the mistake that he made.

*Q: I can't remember what that was.*

WYROUGH: He announced that there were to be joint military exercises with the Mexican navy, and within a matter of hours the Mexicans said, no senior, you have it all wrong. Our policy has always been to defer to their high sense of nationalism, and to work quietly, but almost always behind the scenes. I can't tell you what we had down there, I don't remember, but it may be a small military group.

*Q: Did we ever think about the Mexican military particularly, concerns about it? We're talking about around 1970-'71.*

WYROUGH: I don't remember that there was any serious concerns about the Mexican military. I only visited Mexico once in that time, and I remember visiting the embassy, and the city. It was in December of 1970 because it happened that there was snow, and the palm trees in the La Reforma area were covered with snow that night and the following morning. But I have no recollection of any serious concerns arising in the brief time that I was involved with that area. I have a home in Mexico, and I have tried to stay in touch with the people in the embassy -- not so much anymore, but up until maybe about three years ago, when John Negroponte left. And I had a deputy who served with the number two man in the political section up until about '92. And Bob Pastorino, who was the deputy there, DCM, before he went to be ambassador in Santo Domingo. He was a close friend. Now the Mexican military...I sense they are well paid, and well housed relatively, they're kept happy.

*Q: While you were dealing with group management, the various military groups scattered around North America, did you start moving off anywhere with that group? I mean, looking at all of Latin America, what sort of responsibilities did that cover?*

WYROUGH: We were concerned about the relationship between the U.S. military presence, the so-called mil-groups, and the larger diplomatic presence on the one hand. And then the relationship between the U.S. military and the host military. We wanted to be sure that we were not speaking with two voices, that the military effort was carefully integrated. That it was not contributing to an overly military influence on the governments in the area. At that time, there were lots of military dictatorships. It was right at the beginning of the time when our military groups were rather substantially reduced. They were reduced down to less than 200, if I remember correctly. Also, I was responsible within the office, for providing the views of the office to the Secretary of Defense with regard to our military presence as reflected by SOUTHCOM [Southern Command]. I remember that we really tried unsuccessfully to have SOUTHCOM disestablished.

*Q: SOUTHCOT waxes and wanes but it's really a very important command and I was wondering what would trigger...I mean, you'd have to have something to put in its place in a way.*

WYROUGH: Nothing really comes to mind quickly, and my views on that subject have evolved over the years. I would not want to ascribe to myself, or to the office, views that I really don't remember. In any event, the fortunes of the military in general...I'm not talking about Latin America, but the reputation of our military was plummeting in those early years of the '70s because of the anti-Vietnam feelings. I would come in and out of the Pentagon, and you'd never know who it was that you would have to walk by, or what demonstration was going on. I decided that with three young sons rapidly approaching college age, and with no particular financial resources, that I would retire and go into civilian life. So in order to prepare for that at the end of my three years in the Pentagon, I took an assignment on the faculty at the Industrial College of the Armed Forces [ICAF].

I had just been selected to become what they called the Dean of Students in late January of '74 when I got a call from this Foreign Service officer whose name I mentioned, Morey Bell, who explained that he was then the office director for Panama Affairs, and at the same time wore a hat as the deputy to Ellsworth Bunker who had been named the previous summer by President Nixon as our chief negotiator for a new Canal Treaty. He thereupon put Ambassador Bunker on the line, who explained that he had been given this portfolio by President Nixon, and he had spent the last six months reviewing the situation. He continued that he had come to the conclusion that he needed somebody with a military background to assist him in winning over the Pentagon and the Joint Chiefs, and was I interested. Well, given my particular situation, and given my career-long interest in political-military affairs, that seemed like a happy confluence of things, and I accepted, retired from the Army, joined the Foreign Service with a reserve commission, what they then called...they hadn't yet gone to the senior Foreign Service, but I had a FS-2 appointment for five years. And I joined Ambassador Bunker's staff as a senior advisor. I was physically located in the office of Panamanian Affairs and given the title of Special Advisor for Treaty Negotiation Affairs. Brandon Grove had left, I don't know whether Morey succeeded him directly or not but he was the office director. In those days Inter-American Affairs offices were integrated with the AID offices to a much greater degree, I think, than most of the other regional bureaus. The custom was that either the office director was an AID officer, or the deputy. In my case there was an AID officer who was the deputy, Pat Morris, I think.

A year later Morris was reassigned and replaced by Ed Nadeau as the AID deputy. In addition to carrying out my negotiating responsibilities, since the office of Panamanian Affairs doubled also as the staff for the negotiator, I was also given a title of deputy director and continued in that capacity until early 1980. In August of 1977, within days of the public announcement that we had reached agreement with Panama on the terms of a new treaty, Morey Bell was reassigned. There was a man who came in eventually, a man named Jim Haahr, a senior Foreign Service officer. About the time Haahr arrived, Nadeau moved on and I became the sole deputy. He served as the office director from the fall of 1977 until he either was retired or was reassigned in January or February of 1980, where-upon I became the acting director. And through a series of organizational changes remained as the director of Panama Affairs until I retired in September of 1990.

That essentially is my personal career. I'll stop at that point and let you now...

*Q: What was the status of Panamanian-American negotiations on the Panama Canal when you came in under the Nixon administration? This is just to say we'll pick this up the next time when we are starting about the actual situation at the beginning of the Panama Canal negotiations.*

*Today is the 22nd of May, 1996. We may be covering something a little something we did before. Your military career, your position in the military was...*

WYROUGH: I was on the staff of the faculty of the Industrial College of the Armed Forces, which is the senior management school for the military located at Fort McNair. I had just been designated as the Dean of Administration when I got a call asking me to join Ellsworth Bunker's team to help negotiate, or try to negotiate a new treaty with Panama to replace the then existing treaty of 1902. So I retired from the Army, accepted a Foreign Service reserve appointment, and actually began work on the first of May of 1974. The state of play of the negotiations at that point were basically...Ambassador Bunker had returned to Washington from Saigon the previous summer, had been named by President Nixon as our chief negotiator for a new Panama treaty. Ambassador Bunker had had some exploratory talks with the Panamanians which led to a visit to Panama in February of 1974, by then Secretary of State Kissinger. And out of that trip came something called the {Panamanian Foreign Minister Juan) Tack-Kissinger Principles which was essentially the conceptual framework for a new treaty that was to guide the negotiators in their efforts to reach a mutually acceptable treaty, or treaties, instead of agreements to replace the then existing treaty which had governed our relationship and our activities with regard to Panama since its inception in 1902.

*Q: Was the 1902 treaty...*

WYROUGH: The 1902 treaty gave us rights equivalent to sovereign in perpetuity over the narrow strip that split Panama into two called the Canal Zone.

*Q: Somewhere it was similar to the one we had on Guantanamo wasn't it?*

WYROUGH: Generally yes, but the details escape me.

*Q: What was behind this movement to do something about this?*

WYROUGH: Way back in January of 1964, President Johnson had been in office just a couple of months, and there were some riots in Panama in opposition to the then treaty, particularly to the two features which the Panamanians found so objectionable, the in perpetuity, and the rights as if sovereign. Our interests then, as it had been for some time, and as it continues today I suppose, our principal interest was to be able to use the canal. President Johnson sent then Secretary of the Army Vance to Panama to head up a team to look at the situation. He came back and sometime in '64, again the details escape me, the President announced his decision to enter into negotiations with Panama to up-grade, or modernize the then relationship. And thus began in 1964 an extended period of negotiations which went on until the treaties were concluded in 1977.

The first couple of efforts on the U.S. side were headed by Robert Anderson who had been Eisenhower's Secretary of the Treasury. He put together a team drawn from State and Defense, and the Army because it was the Army that had the responsibility for governing the canal zone. And those first negotiations resulted in a series of draft treaties that were leaked prematurely, I think by the Chicago Tribune, sometime in 1967. But the manner in which the treaties were revealed in effect killed them, they were stillborn. The Panamanians rejected them, and for domestic-political reasons I think we professed to be not terribly happy with the product of three years of negotiations.

The election of 1968 brought President Nixon to office. He reappointed Robert Anderson as the chief U.S. negotiator in 1970. By that time there had been a revolution in Panama. Omar Torrijos, a young national guard officer with a couple of cohorts threw out the elected civilian government. And negotiations began a second time in 1970 or very early '71. But they really went nowhere. Both sides sort of went through the motions but without significant progress.

*Q: Talking about up to this point, what were some of the sticking points on either side...I'm talking about the actual negotiations, not the public thing, what were the things that, say in the Chicago Tribune...*

WYROUGH: The Panama Canal...Let's talk first on the U.S. side. The Panama canal...20th century America grew up with the canal. They had an enormous pride of accomplishment. There was in the mid-'70s a movie about Theodore Roosevelt and there was a diplomatic incident in Morocco...

*Q: Oh, yes. The Wind and the Lion.*

WYROUGH: The Wind and the Lion was the name of the movie, and in actual history the American consul general in Tangier, I think, was a man named Pedecaris. In the movie Pedecaris became a very attractive female, Candice Bergen, who was kidnapped at some point in the movie by Sean Connery, who played a bigger than life Moroccan sheik, Mulay Achmed Mohammed el-Raisuli the Magnificent. Pedecaris alive, or Raisuli dead, was Roosevelt's theme. At one scene in that movie, the first family had gathered in the White House for a birthday party honoring the President. He got out his saber and prepared to cut the cake, and the camera zeroed in on the cake and it was a map of the western hemisphere with the Panama Canal prominently pictured. The sword went through the canal and the audience cheered widely in support of the president. There was a lot of old fashioned nationalistic feeling within the United States that limited the flexibility of the U.S. negotiators, that required an educational campaign to convince people that sovereignty, or rights as if sovereign in perpetuity were not really the U.S. national interests, but only use of the canal.

On the Panamanian side, Panama grew up with this foreign presence in its middle. I've come to think of Panama in some ways as an abused child. It had never known anything other than an overwhelming American presence. And it was a natural issue designed to arouse the nationalistic feelings against the Yankees for anybody who wanted to make a few domestic political points. They objected most strenuously to this foreign presence, heavily militarized, going down the

middle of the country. And they regarded this presence as denying them their just use of their location which they regarded as their greatest natural resource.

In any event, the riots of 1964 were simply the culmination of a series of incidents over a number of years prior to that time. That made uncertain our continued peaceful use of the canal short of turning it into an armed camp. Therefore, President Nixon, like his predecessor, concluded that it was in our interest to negotiate a new relationship. To modernize the relationship that governed our activities there. The treaty of 1902 was a lopsided treaty. It gave us lots of rights, and gave Panama very little. It was in tune with the times in which it was established, but it became some 60 or 70 years later, quite out of date with international norms of behavior. It was a constant thorn in the side of efforts by the United States to improve our relations with many of the Latin American countries. So those were the principal issues.

And in the meantime, of course, from the moment that the canal opened I think in 1913, to the time in which we're talking about, the negotiating period from '64 through '77, the nature of the canal's contribution changed rather significantly from the U.S. perspective. In its early days it was an important artery economically and also militarily. It remained an important military artery through the first World War, the Second World War, even into the period of the Korean War and the Vietnam War. But by the time of the Vietnam War, the nature of our Navy had changed significantly. Our major ships were no longer battleships, they were the aircraft carriers, and nuclear submarines were a major element of our Navy. None of our aircraft carriers could use the canal, and our nuclear subs, for operational reasons, would not use it. So the military value of the canal dropped significantly during that period. It remained in the early '70s, the Joint Chiefs of Staff regarded it as an important military asset, not what they called a vital asset. Nothing that required, in effect, going to war over. So the public opinion about the canal's value inflated it above its real value. Economically it was an important carrier, particularly of commodities. But as the '70s wore on, it became clear that with the advent of containerization, that more and more alternatives were developing that offered a partial substitute at least for the canal.

**HARVEY F. NELSON, JR.**  
**Congressional Relations: Panama Canal Treaty**  
**Washington, DC (1976)**

*Ambassador Nelson was born and raised in California. He was educated at Occidental College, The University of Stockholm, Sweden and the Fletcher School of Law and Diplomacy. After serving in the US Navy and teaching at Bowdoin College, Ambassador Nelson joined the Foreign Service and served in Washington and abroad, primarily as a political officer dealing in Scandinavian and African affairs. In 1985 he was appointed Ambassador to Swaziland. Ambassador Nelson was interviewed by Charles Stuart Kennedy in 2000.*

Q: After your UN assignment, you went to Congressional Relations (H). Right?

NELSON: I was there for a short time - for less than a year. Our biggest challenge was the Panama Canal treaty. There was enormous resistance to the treaty in Congress. I must say that Congressional Relations is in an odd position. By statute, it is not supposed to lobby. What else is it in business for? We "passed information" or "advised." In fact, I think we were lobbying, but nobody challenged what we were doing. It was a very interesting experience. I enjoyed it tremendously and would have liked to stay there for at least two years.

I spent most of my time trying to sell the Panama Canal treaty. I had to learn a lot about it and tried to stay a little ahead of the Congressional members and staff. So I had to study the background and keep current. Much of that I did by talking to the experts. It was a whole new experience. As I said, I enjoyed it although selling does not come naturally to me. In fact, I don't like it, but that is what we did in Congressional Relations, and I learned to live with it. I thought the audience would be much different from that with which I had dealt before. It turned out that it wasn't that different. The Congress is made up of human beings like the rest of us. They had certain powers that others did not have, but essentially they were like others. I learned to have a great deal of respect for the members and the staff. As I mentioned earlier, my grandfather had been a senator for forty years, although I never watched him working in Washington. I used to spend full days on the Hill two or three times a week. I was impressed. Most of the congressmen were very responsible, "down home folks."

I remember once talking to a Texas congressman who was very candid with me. He was near the end of his career, but he wanted one more term. He told me that although he really agreed that the treaty was necessary, if he voted for it, he would not be re-elected. And he wanted that last term. He didn't say that he would vote against the treaty and its implementation, but if he did it would cost him a great deal. That was representative of the views of several others although none spoke so starkly about the situation. So I found working with the Hill an uplifting and enlightening experience. A lot of people who have worked with the Hill for a long time, did not have same reaction as I did.

*Q: After that experience, you went back to the field.*

**WILLIAM T. PRYCE**  
**Special Assistant to Ambassador Bunker**  
**Washington, DC (1977-1978)**

*Born in California and raised in Pennsylvania, Mr. Pryce was educated at Wesleyan University and the Fletcher School of Tufts University. After service in the US Navy he worked briefly for the Department of Commerce before joining the Foreign Service in 1958. Though primarily a Latin America specialist, Mr. Pryce also served in Moscow. His Latin America assignments include Mexico, Panama, Guatemala, Bolivia and Honduras, where he was Ambassador from 1992-1996. Ambassador Pryce was interviewed by Charles Stuart Kennedy in 1997.*



*Q: Today is the 16th of June, 1998. Bill, how did you get this job with Ellsworth Bunker and what was the job?*

PRYCE: The job was special assistant which meant do whatever Ambassador Bunker wanted to get done. I guess I got the job because somebody recommended me. The person who was in the job had known people who knew me. He wanted to get somebody that he thought understood Latin America, would get along with Ambassador Bunker, and would be able to do the things that needed to be done. He was leaving for a good assignment but he felt a great loyalty and affinity to Bunker so he was looking around.

Now that I look back on it, it was partly the old boy network in the sense of somebody was looking and saying, "Pryce is coming out of the War College. This is a job that he would find interesting and we think Bunker would..." So I interviewed for it basically. Somebody said to me, "We think that you might be a good person for the job." I could see that the Canal Treaties were a very important part of our diplomacy at that point and so I was eager for the job and I had known Ambassador Bunker for a period of time. I had known of him when I was special assistant to Tom Mann and Bunker was the ambassador to the OAS. I was interested in the job and somebody said "Why don't you interview for it?" so I did. We seemed to hit it off pretty well and Bunker decided that I was the person.

*Q: You did this from when to when?*

PRYCE: I did this from 1977 to 1978, basically the final negotiations of the Canal Treaty and then the successful working to get the treaties through Congress.

*Q: Can you give some background, since this is for history? When you talk about the Canal Treaties, what was this and where was it when you arrived?*

PRYCE: As you know there had been a number of attempts to re-negotiate the Panama Canal Treaties. These were treaties which I think were well conceived when they were drafted but they basically gave the United States the right to act as if it were sovereign over Panama. As the years went by the Panamanians became increasingly dissatisfied with this relationship. We had basically a strip for all intents and purposes, of U.S. territory ten miles wide running through the middle of Panama. We had a U.S. court system, a U.S. naval district. We had as I said the right to act as if we were sovereign so it was a benevolent colony in one sense and it was a cradle to grave operation. Very interestingly it was populated by people who were by and large quite conservative.

*Q: You're talking about Americans?*

PRYCE: I'm talking about Americans. In the old Canal Zone, Americans who ran the canal very, very well also lived in a society where it was cradle to grave. Literally you were birthed in a gorgeous hospital and there was a government crematoria and graveyard. The government cut everybody's lawn, the government did everything. The canal was very, very well run but the Panamanians had very little to do with it. Over a period of years the Canal Company had very wisely increased Panamanian participation in the management. As you probably know today the

canal is 90 percent run by Panamanians and we'll be ready to turn it over at the end of the century.

The new treaties came about because of constant dissatisfaction on the part of the Panamanians to the point where you really could have had military insurrection, riots; you could have had guerilla warfare. If there was one single theme that united all Panamanians from the poorest to the richest, it was a great anger, dissatisfaction, with the arrangement that the old treaties had established. People would say for example, "I'm so worried, I have to get a Canal Zone license in order to drive across the bridge to go from the eastern part of Panama City to the western part of the country." If your license expired and you were stopped while you were going across the Bridge of the Americas you were in trouble. I give that as just a little bit of the flavor. Of course we also dominated the economic scene. I must say things ran well, the canal ran well. I think we were a good employer but the relationship had to be changed.

There had been a number of attempts to arrive at a new set of treaties which would change the relationship and which would provide for the eventual turnover of the canal area to Panama. Bob Anderson, former secretary of the navy, had been a negotiator. There had been a series of negotiations which had not prospered. Finally, Ellsworth Bunker was heading a team which had worked on the treaties for several years. It was decided that to try to bring a final push to this, we had to have someone with a little sharper elbows but to keep the sagacity and the wisdom of Bunker. They brought in Sol Linowitz as a co-negotiator, as a partner. The two of them basically for the final six months had a full court press to arrive at treaties which lasted.

The way they were negotiated, the first thing to get out of the way to lay the base was a status of forces agreement. With this you would understand what, during the interim period, would be the status of our military people and the rights we would have to be able to defend the canal. At this point there was still a worry that the canal could be militarily vulnerable.

Once that was done there was a question of how the territory would go over and then finally a question of the duration of the treaty, and how long it would last before there was eventual turnover. Finally there was a second treaty, the Neutrality Treaty, which basically guaranteed that the canal would be open to ships of all nations in perpetuity and that if there were a danger in this, that we would have the right to keep the canal open. The Neutrality Treaty, which is very little spoken of, was the real reason that we were able to successfully negotiate the treaties; we had the right to operate the canal for another 23 years, and the right to ensure that it was kept open forever.

*Q: Where were the various players on this from your perspective when you came on, the Pentagon, the NSC, and I can't think, was Interior involved?*

PRYCE: No, there were a number. The two primary players were of course the Pentagon and the State Department. One of the most effective people on the negotiating team was a lieutenant general who had been assigned as one of the treaty negotiators. He was tough as nails. Once he was convinced that the essential military necessities and objectives were being met, he was able to argue with his compatriots who trusted him, as they trusted Bunker, to be reasonable in terms of what we could expect in terms of the amount of territory that we would keep; when we turn

over various building; when we would turn over Fort Davis which is beautiful living quarters; when we would turn over firing ranges; when we would turn over various pieces of real estate which were very useful to the United States; and how much we could expect in terms of protecting the ability of the U.S. military to move freely throughout Panama if necessary.

*Q: Who was the lieutenant general?*

PRYCE: Lieutenant General Welborn Dolvin who was a very valuable member of the Bunker team. The principal negotiating problems were between the Pentagon and the State Department. There was in the end, of course, White House involvement. President Carter got involved when he needed to be. There was involvement at the very end with other countries, advisors, who were trying to help bridge some of the difficult gaps of delicate political questions.

There were little things like who is going to run the mail service? The United States had run the mail and it actually had the most efficient mail service. Many Panamanians used U.S. mail and would come in and get boxes in the canal area. There was no longer going to be a U.S. post office. There were the military post offices but the Canal Company was no longer going to run a postal system. This was an area of great interest to the Panamanian ambassador to the United States. There were a great many sticking points along the way and I guess to put it in a nutshell, when the final treaties were negotiated neither side was fully satisfied.

*Q: Which is where you are supposed to be.*

PRYCE: Which is where you are supposed to come out. We had what we needed, and we still have what we needed. What will become more evident when the year 2000 comes around is that we have the right to keep the canal open if necessary. This was part of the ratification process, the question of if there were a problem, would the United States be able to be first in line in terms of ships going through the canal and would our warships be able to go through? These were questions which were worked out with the DeConcini amendment. It was quite a battle and as you know the Panama Canal Treaty passed by one vote. I think there may have been more votes had they been necessary but it was a cliff hanger.

*Q: Bringing up the votes, normally when you have a treaty of this thing, it has been sort of ever since the fiasco of the League of Nations, there has usually been some representation of the Senate on the treaty. Was there any Senate representation?*

PRYCE: There was no Senate representation on the negotiating team but the appropriate Senate committees were very, very closely informed on the process in the negotiations. There was a decided effort to bring influential members of the Congress down - not only from the Senate but from the House - to see how the negotiations were going; to see firsthand what was being negotiated and once the treaties were negotiated, to come down and see how they would be implemented.

Very frankly the treaties never would have passed if it had not been for what I considered to be the patriotism of Howard Baker. Jimmy Carter was president but Jimmy Carter didn't have the votes. It was Howard Baker who provided the votes which gave the margin for the passage of the

Panama Canal Treaty. He clearly saw that this was in the U.S. national interest and acted accordingly and brought the votes along.

*Q: Could you talk about, again from your perspective, how Ambassador Ellsworth Bunker operated during the time that you were watching him? He is sort of renowned as a negotiator.*

PRYCE: One of the things that you saw in Ellsworth Bunker was absolute integrity and that you could trust him. He was a tough negotiator. He could be very, very stern, difficult, but his word was his bond and he never tried to deceive. He built a relationship of trust and confidence with his fellow negotiators. He then used it on occasion when times became very difficult and when either we felt that the Panamanians were being unreasonable or the Panamanians felt that we were being unreasonable. He could draw on this reservoir of good will and say, "Look, on the question of notification of our intent to drive a convoy across Panamanian territory, how much notice do we have to give? Do we need three days notice or can we do it in three hours?" That's an apocryphal example but he was able to overcome the distrust that the Panamanians had about the U.S. presence built over a period of 60 years.

One of his fundamental principals was to build a relationship of trust and also to never say something that wasn't accurate. He often didn't say anything and there were times when he was inscrutable. He held the very high respect of the Panamanians and of people within the U.S. government who at times questioned whether our interests were being properly defended. He was also flexible. When he saw that a certain course of action wasn't going to be successful, he would sit back and say "Let's think of something else. How can we solve this problem in a different way?" As I say, he had the respect of his own team, of people within the U.S. government, and of the Panamanians.

*Q: How about Sol Linowitz? Here you've got the stern New Englander and then you've got the political Jewish operator, Sol Linowitz who was greatly respected but a completely different type of person.*

PRYCE: That's right and it was a brilliant move. Linowitz was more active. Bunker was very able but he was I think in his early 80s and he didn't have the verve for constant, I don't want to say infighting, but the constant maneuvering within the U.S. government. Sol Linowitz was a master at this and had a zest for it. Both highly intelligent men and both highly respectful. Linowitz was the kind of person who would get in there and cut a deal and often it was cut a deal with the military. Sometimes he was pushing a little harder to get the military to accept something that was less than they would have liked to have had in terms of prerequisites.

One of the questions was a small little thing like how many people on the Panama Canal Commission were going to have diplomatic immunity? I think we ended up with 20. The reason was simply to keep perks that had been useful. You could make the rationalization that these people needed to not worry about their personal safety or they needed to be able to go downtown without getting a parking meter. There was a question of what number of U.S. Panama Canal officials would have diplomatic immunity and I think we ended up with 20. But that was a negotiation. The Panamanians would say why do you need more than five? There was the

director, the deputy director, five key people. Linowitz would get in there and say, "Look, you guys don't need this."

Ambassador Bunker was sort of above that and yet Linowitz never made a move, that was also interesting, without consulting Bunker. He wouldn't always consult him on how he was going to approach a particular confrontation or negotiation within the U.S. government but he made sure that Ambassador Bunker agreed to the overall goals.

I must say that there were times when Ambassador Bunker would appear in these negotiations to be not completely following everything that was happening. It would be 11:00 at night and he would be sitting there rocking on his chair and people would wonder if he was dozing off. I remember one late night where there was a negotiation and they were having a hell of a time, the temperature was rising. They were looking for a way out of a relatively small issue but which had become important. All of a sudden Bunker, though it looked like he was dozing he had been listening very carefully and at the right moment he just sort of said, "Well I wonder, I wonder, if perhaps having heard this and having heard that, perhaps we might find a different approach if we did such and so." They all sort of looked over and said, "Where has he been? Well, maybe so." They'd say, "Maybe we can do that." He would say, "Why don't you all work on it and we'll see what we come up with at nine in the morning" and he left and they worked it out. That is sort of a characteristic that Bunker had that endeared him to everybody and they say he was sharp as a tack, not quite as energetic. Linowitz provided the street smarts, the savvy, and the energy to push individual things through.

*Q: You are pointing to one of the things, particularly in the American government, that is so true. When we negotiate a treaty, often the real negotiations take place within the government between the Pentagon, the White House, the Senate, the State Department, Treasury, what have you. This is often the most difficult type of negotiation to come up with a solid position and this is before we present it to the other party.*

PRYCE: Right.

*Q: What about the Panamanians? I mean here is a very small country negotiating for its birth right and I would think this would be a place where they would be calling in sort of American lawyers and the equivalent or something.*

PRYCE: Not really, no. One of the things is the Panamanian human capital is very, very high. They had people who had graduated from top U.S. universities - Harvard, Yale Law School - and were as sharp as could be. They had very, very able negotiators. They did have I think some consultants to make sure from their own point of view that the statistics and the figures that the U.S. was coming up with were correct. In terms of for example the Panama Canal Company itself, there were a great many Panamanians who were at the middle levels in management so they had a pretty good idea of what was needed.

There were arguments about the level of compensation. The one big question was the term of the treaty and then there were individual negotiations as to when various pieces of territory would revert. In other words would you give back valuable real estate on a schedule; would you turn

over housing units which were valuable on a schedule; and what would that schedule be? So there was a lot of nitty gritty that was involved.

Then of course there was, what would be the rights of U.S. service people? On which crimes would they be subject to Panamanian jurisdiction or U.S. jurisdiction? For example, for capital crimes Panama reserved the right to try people in their courts; but they put into the agreements that of course Panama could turn them over to the U.S. and have the U.S. try them -- acknowledging that in many instances this would be the way that it would be done, but still maintaining the right to try people for capital crimes.

If a Panamanian were arrested by U.S. authorities, what would be the relationship between the Panamanian authorities and the U.S. authorities and how long could we keep somebody without turning them over to the Panamanian authorities? Or how long could they keep somebody without turning them over to us? Which crimes will be covered? There were a whole series of individual negotiations which we worked out very satisfactorily but it took a period of time to do it.

*Q: Where was ARA on this? Were they sort of pleased that this thing was finally coming around to get rid of this pimple that had been bothering us for years?*

PRYCE: Very, very definitely, ARA was completely onboard. The negotiators had the support of the assistant secretary and they had the support of the person that we had to go to most often and that was the undersecretary, Warren Christopher at that point. Linowitz went to him often. Linowitz kept all the Department people very much informed. He was sort of the more active of the two although Bunker provided the leavening and the seasoning and the respect.

*Q: Of course Warren Christopher was a lawyer par excellence which also was very handy for this particular type of thing.*

PRYCE: Right.

*Q: What was your role in this outside of getting the treaty, putting it together?*

PRYCE: My role was a combination of making Ambassador Bunker's wishes known. Ambler Moss, who later on went on to become U.S. ambassador to Panama who was the special assistant to Sol Linowitz, and I shared a very small office together and made sure that each of our bosses knew what the other one was doing. Part of the process was making sure that the two co-negotiators knew what each other was doing. Part of it was dealing at the staff level with the Pentagon, with the Hill, with the Bureau of Congressional Relations in the Department, all of whom needed to be kept apprised of what was happening.

I remember more about the fight to get the treaties passed. After the treaties were signed there was the question of educating the public. Ambassador Bunker went on a number of speaking tours, the White House had a great number of briefings for various interest groups to explain to them what the various provisions of the treaties were, and basically to garner support. There was a huge educational campaign.

*Q: I interviewed Gale McGee some time ago on his role in this. What was our reading from your perspective of where the opposition was coming from and where the support was coming from in the United States?*

PRYCE: The opposition was coming basically from people who felt that, I guess the apocryphal quote was, "We stole it fair and square and we've got to keep it." There were legitimate worries about whether we were going to be harming our national defense.

Another great part of the effort to get the treaties passed was to know that the Joint Chiefs of Staff were completely onboard. They had done their analysis. They had done an independent analysis and they were convinced that the treaties made it easier to defend the canal and also that the canal was not the vital strategic part of our overall defense that it once had been. We didn't need it quite as badly as we once had. The provisions of the treaty meant that we could defend it and we would be much better able to defend it under this new system. All of the top military were fully onboard in support of the treaty. They often went out and spoke to let people know that, yes we have not sold the national patrimony and that this treaty will properly defend U.S. business and strategic interests.

Many senators wanted to support the treaties and were convinced that they were right but they said, "You know in my home constituency there are many people who object to it." The people who objected were the people who felt that we should not give up the absolute control that we had. They felt that if we hung tough that there wouldn't be riots, there wouldn't be guerrilla warfare, there wouldn't be this gross dissatisfaction which I think the U.S. government felt, I certainly felt. I lived in Panama for three years; I worked there from '68 to '71 and I knew that the level of resentment and dissatisfaction was very, very high. We were never going to have a proper relationship with Panama. It was also a thorn in the side of our relationship with the rest of the hemisphere. People honestly felt that we should not give up the absolute control that we had, felt that our national security interests would be in danger if we were to do so.

*Q: Did this straddle the Democratic-Republican...*

PRYCE: It straddled. I think there were probably more Republicans. I think there was probably more Republican worry about the treaties and more Republican opposition to the treaties than there was Democratic but there were opponents on both sides.

*Q: Ronald Reagan was sort of getting himself ready to run for president at that time. Was he involved in it?*

PRYCE: It's funny, I didn't research this but I remember that because we had great respect for Ronald Reagan, we were hoping that he would come out in favor of the treaties. What he did is for a long time he made no comment. In the end he did not support the treaties as I remember but I don't think he actively opposed either. We were involved in a debate at the University of North Carolina perhaps at Chapel Hill where he was one of the people at that point who had questions about the treaty. We had Admiral Zumwalt who was in favor, maybe Howard Baker. Governor Reagan was not a proponent of the treaty but I think he did not work zealously against it either.

*Q: To put this in perspective, times were sort of ripe for this because from the military point of view our major projection of force was in aircraft carrier groups.*

PRYCE: And they wouldn't fit through the canal anyway.

*Q: It used to be our battleships were all measured. They couldn't be wider than so much in order that they could go through the canal so we could switch our fleet from one side to the other and that had changed. If a carrier can't go through with its supporting ships...*

PRYCE: You had to have a two ocean navy.

*Q: You had to have a two ocean navy so in a way the times had taken over from that. Did you get involved in the support effort with the Congress?*

PRYCE: Yes I did, very much so.

*Q: What were you doing?*

PRYCE: One, trying to determine where the support was, trying to determine which senators would like to have people speak in their areas. It was an educational campaign and you had to be very careful because you were not allowed to lobby. The question was a combination of helping to write speeches for Ambassador Bunker, deciding where he would be most effective in speaking, deciding where other people who supported the treaties would be most effective in speaking throughout the country to try to raise the level of knowledge about what the issues on the treaties were. Very frankly, to explain why they were good but also to take on the questions of people who doubted that they were good for the country.

Then it was a combination of working with senate staff. We worked through the Bureau of Congressional Relations. It was a question of preparing briefings for the White House. Bob Pastor was the special assistant to the National Security Council who helped set up the meetings for various discuss groups. President Carter would often come in and say a few words on why he thought the treaties were good to groups of people who were visiting at the White House. It was a concerted campaign of education and I was very much involved in that.

*Q: What was the feeling before the final vote came?*

PRYCE: The feeling was that we think we are going to win. In the actual final vote I think that we had the votes, that the votes were there. There were several reluctant congressmen who really didn't want to vote for the treaty but they voted because it was necessary to pass it. I'm trying to remember now, it was Senator Ted Kennedy and somebody else dragging somebody out of a phone booth trying to get them back on the floor to say, "Come on you son of a gun, you've got to stand up and be counted." It was a very close vote and we really weren't sure but we thought we had the votes and we did.

*Q: What did we think about the Panamanian government at the time that this was going on? What was the Panamanian government?*



PRYCE: Basically Torrijos was a very popular non-democratically elected president. He wasn't even the president at that point, I think Demetrio Lakas was. He was immensely popular. The Canal Treaties were subject to a plebiscite in Panama and it may have been that only someone with the degree of popularity that Torrijos had could have gotten them ratified. They were ratified by a wide margin in their plebiscite but the (end side one)

*Q: This was the era of military rule and all, was there concern that Panama was fated to be one of these countries and that this was going to be a problem and that it would cause problems for us in the future?*

PRYCE: No, I think that we felt that Panama was moving towards a more democratic system of government; that Torrijos did represent the will of the Panamanian people and his government was in a position to properly ratify the treaty via plebiscite. There were ambivalent feelings about Torrijos. Some people felt that he was soft on communism. Certainly we never felt that; that is, Ambassador Bunker or ARA never felt that. He was a populist president who did many good things for Panama. He improved their education system, improved their health system. On the other side of the coin, though, he was intolerant to the exile people; he was not the epitome of democracy.

*Q: Did the Cuban factor play at all in this?*

PRYCE: Not really, no. There was a recognition that Cuba was a danger still at that point but the Cuban factor was not significant.

*Q: The treaty was approved when?*

PRYCE: '77.

**STEPHEN F. DACHI**  
**Counselor for Public Affairs/Head of USIS**  
**Panama City (1977-1978)**

*Stephen F. Dachi was born in 1933 in Hungary. He attended the University of Oregon Dental School and then joined the Peace Corps. While in the Peace Corps he served in Colombia, Venezuela, and Brazil. During his career in USIA he served positions in Hungary, Panama City, Brazil, and India. Mr. Dachi was interviewed by Charles Stuart Kennedy in May 1997.*

*Q: You left there in 1977. Whither?*

DACHI: Then I went to Panama.

*Q: Good God!*

DACHI: That's exactly right.

*Q: You were in Panama from 1977 until 1978.*

DACHI: I was there for about 14 months.

*Q: How did you feel about going there?*

DACHI: I certainly wasn't thrilled. It was not that I had my heart set on going to some other particular place, nor did I want to stay in Hungary any longer. I wanted to move on. But it was such a huge change in the agenda, the substance of what was involved, the culture, the people, the way things were done. So, I would have been happier to go to a lot of places rather than Panama. As it turned out, it was not too bad. There were some interesting and significant events to get involved in there.

*Q: You were at a focal point of one of the keystones of the Carter administration.*

DACHI: That's right. That was the time the Panama Canal treaties were signed. Whatever my experiences in Panama may have been, it laid the groundwork for eventually, 10 years later when my career came crashing down in flames over Panama.

*Q: What were the dates that you were in Panama?*

DACHI: I arrived there in August 1977 and I stayed until October 1978.

*Q: What was the situation when you arrived?*

DACHI: The same week that I arrived was when the Panama Canal Treaties were formally signed after all those years of negotiation and battle. They had a big signing ceremony in Washington with all the Latin American chiefs of state. That was the situation. That was, in essence, the curtain raiser for the next nine or 10 months' campaign for the ratification of the treaties.

*Q: Your job was what?*

DACHI: I was counselor for public affairs and head of USIS.

*Q: Who was the ambassador?*

DACHI: William Jorden.

*Q: This was a very crucial time. I would have thought that one of the things you all would be doing would be trying to make sure that there was no bad news coming out of Panama.*

DACHI: That's true. It was impossible to control General Torrijos, so nobody could "manage" him. But there wasn't that much bad news coming out of Panama. In fact, I think this nine month period was of great historical interest because, to my knowledge, it was the first time in our history that more than half the members of the United States Senate, which is constitutionally mandated to ratify treaties, had actually traveled to a foreign country to look over the situation before voting. One of our biggest tasks was to organize their program so that the senators would come away with a positive view of the treaties and a decision to vote for them.

*Q: What was the line that the embassy and you specifically were taking when these senators came by? What were you showing them?*

DACHI: We have to set the stage and the big picture. There were five elements with important interests in Panama. There were very distinct groups of players in this picture that the visitors were looking at. We at the embassy were presenting the rationale for why ratification was in the U.S. interest and, in essence, acting as lobbyists for President Carter. Another major interest group was the personnel of the Panama Canal Company and the American residents of the Canal Zone. Even they were divided between the administrators and employees of the Canal Company and the "Zonians" who were American citizens employed by the Zone administration. There was the Zone police, the Zone courts and others like the teachers at the American schools who had an enormous stake in maintaining the status quo. They were highly vocal in their opposition and held many agitated rallies and marches that were always widely covered by the U.S. media. The Panama Canal Company itself was, at best, neutral in this matter. Deep down in their hearts, they were hoping the treaty would not be ratified. They were in a delicate position, however. They couldn't take that line with visitors; they were formally obliged to support administration policy, but they came very close.

Then there was the large U.S. military establishment, stationed at more than a dozen bases, and the U.S. Forces Southern Command responsible not only for Canal security but covering all of Central and South America. The controversial U.S. Army School of the Americas was there, as was the U.S. Army anti-guerrilla jungle warfare training center. I doubt that very many of them favored the treaty, but none of them ever uttered a peep. In public, there was never any question of their loyalty to the Commander-in-Chief. Then, of course, there was the Panamanian government. And there was the Panamanian non-governmental sector, the businessmen, the Church, and so on, whose interests did not always coincide with those of the government.

On the U.S. side, there was tremendous division of opinion among those who wanted to ratify and the conservatives who were opposed to it. Very prominent among the latter was Ronald Reagan, who at the time was still a private citizen, but who was playing a very prominent role in opposing the ratification. John Wayne was another very actively engaged high-profile opponent.

I think altogether 54 or 55 senators visited Panama before the vote. They represented all the different factions. There were some people who were unalterably opposed when they got

there and almost without exception left unalterably opposed. There were some who were in favor when they came and were in favor when they left. And then there was a middle segment of the undecided, perhaps less than a third of the total. There were a lot of congressmen, by the way, who also came who didn't have to vote on ratification but nevertheless got their oar in the water and gave press conferences. A total Panama schedule had to be put together for each visit and provide time for all the interested parties to get their licks in. Each side was trying to reshape their schedule to their own needs. The senators who were opposed to the treaty always landed at a military base in the Canal Zone and had the Panama Canal Company set up their schedule and we at the embassy were lucky if we got to participate in it. That was very definitely slanted in an anti-treaty way. We set up the schedule for the others. The Panama Canal Company had a yacht. They took the people out for cruises on the canal. That took two or three hours and that was the time when they did their lobbying. We also got to be pretty good at it. The ambassador played a very key role in all of this. He was very much an ideal person to be doing this kind of thing. He was an expert on every aspect of the treaties and was very influential. He was involved in the treaty negotiations for years before they were signed, knew all the key players and knew where all the skeletons were buried. He wasn't an institutional sort of person. But he was great for one on one personal massaging.

*Q: What was his background?*

DACHI: Bill Jorden started out as a journalist and later became a respected Japan expert. He was a personal friend of Lyndon Johnson. Johnson brought him into the Vietnam negotiations in Paris, for one of the early rounds when Ellsworth Bunker was still heading the team. This was one of the rounds that didn't lead to any results. This was pre-Kissinger. Then he became associated with the Panama Canal issue working for Lyndon Johnson at the National Security Council. I think he was Latin American Director there. Then he became ambassador to Panama and Ellsworth Bunker became the chief negotiator of the treaties. So, Jorden had already played a long and extensive role in lobbying earlier with Jimmy Carter's predecessors on the need for a Panama Canal treaty. Then he went down there as ambassador and was very much a part of this mix with Sol Linowitz and Ellsworth Bunker, who by then were the chief treaty negotiators. He worked on the treaty along with those two and Linowitz's principal assistant, Ambler Moss, who later succeeded Jorden as ambassador. Jorden remained in Panama through the ratification phase. Then he retired and went to Austin to the University of Texas and wrote a book about the history of the treaties. Very complete and comprehensive.

*Q: What was your impression of Panama, how the country was running?*

DACHI: Panama has never really been a country, to put it a little bit unkindly. It was always a financial trough surrounded by a bunch of operators and entrepreneurs feeding off of it in various ways. As in other Latin American countries, there was a small, wealthy oligarchy that controlled the economy. Then there was a majority of mestizo type people, most of them very poor. There was a constant alternation in power between the national guard, the only military force in Panama, and various civilian governments who would get elected and then

get overthrown, elected again, overthrown again. So, certainly, there was no institutionalized democracy nor really a functioning government.

I had come there from Hungary and the contrast to me was startling. For example, the Foreign Ministry in Panama was nothing. It hardly functioned at all. It had one or two people working on U.S. relations, but they had no role to speak of in these Panama Canal issues that we were working on. A lot of other ministries were one or two people and a bunch of bureaucrats. The thing was run single handedly by General Torrijos, the dictator and commander of the Panamanian national guard. He didn't even really have an office. He used to go to the beach where he had a cottage and laid in a hammock, a glass of whiskey in his hand and an assortment of women to cater to his every whim. That is where he would receive not only the ambassador, but the senators and the congressmen. Occasionally he would see them at his home in Panama. But, you usually would have to go to the beach to see him. My idea of some kind of institutional government didn't exist and there certainly was no political structure.

*Q: What about the Panama Canal Company, what were the relations between it and the embassy and what was your impression of this entity?*

DACHI: As an entity, the Panama Canal Company was an extremely competent and efficient operation without a doubt. It was run by top professionals. The head of the Canal Company and the Governor of the Canal Zone were one and the same person. They had the most experienced pilots and professionals in charge of the operation of the canal. This was all a legacy of the way the thing was built to start with. It was an admirably efficient and modern operation in every respect. The basic premise of the people who had invested their lives into running that company was that we, the United States, could not afford to give that up and that the Panamanians basically would never be competent to run the zone much less the canal. Therefore, most of them felt deeply and often vehemently that to proceed with the treaty was totally contrary to U.S. interests.

*Q: In a way, the world had gone through one of these before, the Suez Canal back in 1955/1956, where the conventional wisdom was that the Egyptians would never be able to run the canal. Therefore, it has to be in the hands of the British. Was the example of the Suez Canal something that came into the conversation and into the calculations?*

DACHI: No, it never did. Neither the Panamanians nor the Canal company people were especially known for their global outlook. This was almost completely a dialogue of the deaf. To make a lame pun, it was like two ships passing in the night. There was no basis for conversation. When I got there, the treaty had already been signed. Perhaps before the treaty was signed, while it was still being negotiated, there may have been if not conversations, bitter debates about what we should do. But once the treaty was signed, the die was cast and there was no more point as far as the canal people were concerned. The only hope they had was that some sort of passive resistance or subtle non-cooperation would somehow prevail and the treaties would not be ratified. That is where they placed their hopes. There were a lot of people in the Panama Canal police force who were saying, "Once Panama takes over, not only are we out of a job, but who is going to keep the Zone safe, who is going to keep these

Panamanians in line? The people who work with the canal are going to be retained and work here, but there will be no protection for their homes. We'll have no legal protection. We will come under Panamanian laws. We will lose our commissary and so on. Our entire way of life, free housing, etc., will all come to an end." In their minds their very existence was seriously threatened. Everybody was dug in concrete on this issue.

*Q: When you were talking to the senators, were you using as sort of a not very subtle weapon saying, "Look, these are a bunch of people who are hard working, but at the same time, their living pretty high up?" I'm talking about the Americans who had free housing and all that. So, their judgment is not one to prevail.*

DACHI: I would characterize it as sort of an unspoken rule that nobody at the embassy, including the ambassador, would ever say anything, certainly speak no evil of anyone in the zone and no one in the zone would speak evil of the ambassador. There was never anyone there in a visiting delegation who would hear such comments from one side about the other. Each side was just trying to avoid antagonizing even one senator. It was really a rigid, tense, uncomfortable situation. Superficially, everyone was polite. But people were dug in on opposite sides of the issue. There wasn't what you would consider reasoned dialogue for one instant that I ever recall.

*Q: How about with the senators? Did you find, by and large, they were asking the right questions?*

DACHI: Some of them were. A lot of the conservatives like Jesse Helms and others came down, but their minds were already made up. There were some people on the other side, those in favor of ratification, whose minds were made up as well. But there were key people who kept an open mind. That included some very senior and major players in the senate like Howard Baker, Robert Byrd, Paul Sarbanes and Wendell Ford. We carefully and deliberately concentrated on those who were uncommitted and wasted little time on the hard line opponents who were obviously never going to come around. The key to the visits wasn't so much what the embassy or the Panama Canal people said, the senators knew those positions, but what their take on General Torrijos would be and what he did and told them. In the end, what it boiled down to in the minds of most senators was "Are we going to give the canal to this man, who is a dictator, this guy who may not be threatening us directly, but is making friendly noises with Fidel Castro and Qadhafi, and who may be involved in drug running and corruption. His brother, Moises, was widely believed to be involved with the narcotics trade.

Ronald Reagan, still a private citizen but with plans to run for President, played a big role in the anti-treaty campaign. He was brought into it in an interesting way. A man in Panama by the name of Arnulfo Arias had been elected President four different times. Each time he was overthrown by a military coup. The last time, it was by Torrijos in 1968. Arias was a popular, demagogic populist who was sort of right-wing. After the 1968 coup he went into political exile in Miami and took his entire coterie of political aides with him. They turned into very skillful lobbyists for their cause. They got to people like Ronald Reagan and others saying, "Look, yes, there should be a Panama Canal treaty. We should get our canal and our canal zone back. It is the right thing to do. But don't give it to this military dictator who has

overthrown a legitimately elected democratic government. Insist first that there be a return to democracy, have elections. Then give the canal to me. Don't give it to Torrijos." Arias was sure he would get reelected easily. This is what carried the day with Ronald Reagan and other conservatives. They were dead set against "giving away the Canal" to Torrijos whom Ronald Reagan called "this tin horned dictator." They wanted Panama to return to democracy first and give it to Arnulfo Arias.

Anti-treaty senators always reminded Americans that Torrijos was a dangerous, out of control dictator who was posturing at the United Nations, denouncing the United States and boasting of being an ally of Qadhafi and Castro. In private, Torrijos would always claim that he did these things as a political ploy to pressure the United States into giving him the canal, without fully appreciating that this was like feeding raw meat to the treaty opponents. Many of the key conversations with senators while he was swinging inebriated in his hammock at the beach, consisted of vigorous give-and-take on these points. Some of the greatest anecdotes about that whole period originated there. On the whole, he managed to charm most of them, and win over quite a few. He was a crude, vulgar man, but he had great political instincts and he sure did know how to handle American senators, who were always impressed with his earthy style and shrewd debating skills, whether they agreed with him on the substance or not. Even Jesse Helms was impressed, although quite obviously he was not about to be won over.

I would say the balance sheet of these congressional visits was that of all the people who came, everyone who was opposed when they arrived left the same way. We didn't get a single pro-ratification vote from anyone who arrived there opposed. On the other hand, not a single senator who came there uncommitted or in favor ended up voting against the treaty. I think we were successful. The treaty was ratified by the requisite two-thirds majority, without a single vote to spare.

*Q: Here was Torrijos as the man. As it turned out later, he died in a helicopter or airplane crash. Within the embassy, those who were having to look beyond the ratification, was there concern after Torrijos? Was there concern among yourselves about Torrijos if he took over the canal?*

DACHI: I think it was always clear that after the treaties were ratified, nothing much would change right away as far as the canal operations. First of all, there was a long transition. This was back in 1978. There was a period of about 11 years where the majority of the board would be American and the minority Panamanian, then in 1989 that ratio would be reversed. The military bases were not going to be handed over until the year 2000. Back then I don't think there was anybody around down there who thought that the year 2000 would ever come around. So there was to be a long transition period. We're talking about a 20 year period in which the Torrijos types would not be able to exercise full control and our military presence would continue. Torrijos always made it clear that he wasn't interested in a forcible political takeover. After all, Panama desperately needed the revenue from that canal. Any Panamanian would know, including Torrijos, that it had to be a professionally run operation or it would fall apart. And they would need U.S. help with that for many years. So there was no problem

with that. His political stance was, "You want democracy? All right. You give me the treaty and I'll give you democracy afterwards." And, in a limited way, he kept his word.

*Q: Were you looking at the figures that the Panama Canal was ceasing to be as important as it used to be because of changes in transport?*

DACHI: There are a number of factors which have been making the Panama Canal somewhat less important over time. You could argue that. But any way you cut it, the Canal continues to be of extraordinary importance. Even today in 1997, if you look at the number of ships and the tonnage that goes through there, that place is being utilized at full capacity. They just widened the Gaillard Cut so it can handle two-way traffic 24 hours a day. Even though there is an increasing number of ships that are too wide to go through the canal, the number of ships that can go through is also increasing. You may need other ways to transport goods across the isthmus, including a container line on land. But the canal is always going to be needed. It has been expanded, upgraded and modernized, because the need for it remains.

*Q: What about the American press? They would play an important role in molding American public opinion and would help sway undecided senators. Did you find you had much American press coverage?*

DACHI: Oh, yes, there was quite a large presence. We're talking about a nine month period in which there was almost a permanent presence, including television. They were usually looking for the spectacular, showy things. When anti-treaty senators came, Torrijos would always pull some kind of a stunt. He would organize demonstrations in front of the embassy for their benefit, and the media loved to cover those. When they came into Panama City, these senators would always be circumspect and never attacked or insulted Torrijos, but when they returned to the canal zone and held a press conference, they would call him all kinds of names. They were hoping to provoke some intemperate response from Torrijos. So, the senators were pretty good copy.

The question always was, what is going to happen if the Senate denies ratification? Is that going to cause violence, the breakout of some kind of revolution, or what? Torrijos always said that, no, there wouldn't be any violence. But a lot of the senators used the usual arguments and said, "We've got a lot of U.S. citizens living there and we're obligated to protect the lives of U.S. citizens." Of course, that is the code word for military intervention. Everybody knew that. There was always talk about whether Torrijos will be able to guarantee the safety of Americans after there is no more Panama Canal Zone and no more zone police, or conversely if the treaties were rejected in the senate. That was an explosive issue. As it turned out, one of the last amendments to the treaties and the one hardest for Torrijos to swallow was the clause retaining for the U.S. the right to intervene in Canal operations if our security interests were threatened even after the year 2000.

*Q: Was there much contact between the embassy and yourself and the "Zonians," as they were called?*



DACHI: Very little contact. I myself as public affairs officer had regular contact with the public affairs officers of the Panama Canal Company and the U.S. Forces Southern Command, which was very important and necessary. We were working together all the time, for different bosses and different purposes, but not at cross purposes. There was a certain courtesy in informing each other of what we were doing. But beyond that, there was very little dialogue between embassy people and Zonians and hardly any socializing.

*Q: What about with the Panamanians?*

DACHI: The Panamanian “friendlies,” such as they were, were mostly in the business community and among the well-to-do. A lot of them went to school in the United States and were overwhelmingly pro-American. But they were outnumbered, at least in terms of decibel power in the streets by a huge leftist element, the university students, the unions, the peasants, Torrijos’ popular base. There was tremendous hostility at the universities. That was where the demonstrators came from. The press was also very anti-American, very hostile. I can’t think of more than a tiny handful of journalists who were even remotely objective. The inflammatory anti-American language which was used for years as they were fighting for the treaties was carrying over into the ratification process. That was one of the things that Torrijos had to deal with. He had to reign in and tame these so-called revolutionaries, the leftist extremists and the provocateurs. The same language they had to use to confront the U.S. and try to get the administration to give in to them on the treaty obviously wasn’t going to work with the Senate and the ratification process.

With the business community, the professionals and the civilian leadership, we had good relations. The thing that united all Panamanians, everyone agreed, was that the treaty should be signed, approved, and ratified. There may have been some who felt that democracy should be allowed to return first, but at that point, that argument held a low priority in Panamanians’ minds. It was only in certain circles in the U.S. where people felt that we should hold back on ratification until elections were held. Arias was certainly no role model for a democratic leader. In the end, some time after the treaty was ratified, elections were held and Arias came back. But he was getting very old by then. Then General Noriega got in the picture.

*Q: Was there concern at this time about narcotics in Panama?*

DACHI: Yes, absolutely. Torrijos’ brother had been widely considered to be involved in narcotics trafficking. Colonel Noriega, who at the time was head of security and intelligence for Torrijos, was also strongly suspected of being involved in narcotics. That plus all the other things he was subsequently accused of, playing both sides, playing footsie with the Cubans while playing footsie with us. That was all going on then. There was also widespread corruption in the Colon free zone on the Caribbean coast with involvement of National Guard officers up to their eyeballs.

*Q: What did we do? We couldn’t sit on it. Did you explain this problem away?*

DACHI: It was not convenient for us to focus on this at that point in time. But everybody on the U.S. side who was involved in this thing knew what was going on. Jimmy Carter wanted

his treaty, and it was now or never. Everybody figured we'll deal with these other problems later. The Cuban intelligence agencies were using Panama as their number one center of operations for all of South America. It was a safehaven for guerrillas being trained in Cuba transiting to and from South American countries. Panama provided safehouses, false documents, all kinds of other support. All this stuff was known. The question was, what can we do about it? You had a treaty and it had to be ratified. It just couldn't be put off any longer.

*Q: What about after the treaty was ratified? You had been there about nine months. Did that change things at all?*

DACHI: It calmed things down, yes. Win or lose, the game was over. Everyone went back to the locker room, showered, dressed and went home. It calmed things down considerably. The next thing that happened was that Jimmy Carter came down for a formal ceremony to exchange the instruments of ratification. That created a great public event, of course. In Panama City, he was received very well. Torrijos organized a huge public gathering where he and Carter spoke to a huge crowd. Carter was welcomed there as a hero. Then, much to his credit, he went into the Zone. He visited the locks and observed canal operations. He had a meeting with Zonians at a stadium to answer questions. They were polite with him. It was tense, but correct. There were no incidents. Shortly thereafter, they switched their efforts to lobbying to make sure that, as they lost their jobs, their benefits would be paid, they wouldn't lose housing, they could retain their commissary for another couple of years, the schools passed over to the Defense Department and kept open. There was no bitter aftertaste that expressed itself.

After Jimmy Carter left, Bill Jorden retired and Ambler Moss became the ambassador. I had one last job there, introducing him to Panama. I set up a slightly unorthodox schedule for him in the sense that, parallel with making all the customary calls of a new ambassador, I took him all through the canal zone and had him spend quite a bit of time there. He visited schools and canal installations, met with workers, teachers, the police, the military. It was like a political campaign for Congress. He made a lot of speeches and stressed that all of us as Americans now have to respect and cooperate with what the administration has signed and Congress has ratified. Moss then concentrated on this and did an excellent job of getting the implementation process underway. As for myself, I was transferred.

**MONCRIEFF J. SPEAR**  
**OES, Panama Canal Treaty Task Force**  
**Washington, DC (1977-1979)**

*Moncrieff J. Spear was born in New York in 1921. He received degrees from Cornell and George Washington Universities. He served in the U.S. Navy during World War II and joined the Foreign Service in 1946. Mr. Spear served in Germany, the Philippines, Yugoslavia, Thailand, Vietnam, the Bahamas, and Washington, DC. He was interviewed by Thomas Dunnigan in 1993.*

*Q: I had some personal experience with that, because I was chargé d'affaires in Israel at the time you were working on those reports. I remember that some eyebrows were raised then. When that ended, you went to the Panama Treaty task force, to work with Ambassador Bunker?*

SPEAR: That's right. And also with Ambassador David Popper and others. What happened there was that after the Human Rights assignment, I came up for reassignment and was suddenly approached by our people in OES, the office which handled environmental, oceanic, and scientific affairs. The Panama Canal Treaty negotiations had been going on for about 14 years. The Carter Administration decided to put great emphasis on it and push the treaties through to a conclusion. I think that the Panamanians liked what they saw. General Torrijos decided that he could strike a deal with President Carter. However, there was a lot of opposition [in the U. S.] to the "giveaway" of the Panama Canal. Some of the forces opposed to the treaty discovered that under the recently passed Environmental Protection Act there was a requirement for any major government decision like this to have an "Environmental Impact Statement" prepared. They threatened to take the Department of State into a federal court on the ground that an "Environmental Impact Statement" had not been prepared. So I was approached by OES and asked if I could do this. Well, I said that I'd be willing to take the thing on, but could they show me a previous "Environmental Impact Statement" that had been done. The only thing they had was a statement about a bridge across the Rio Grande [between the U. S. and Mexico]. Of course, that was primarily an engineering report.

So what I did was to read over all the things that were required for an "Environmental Impact Statement" under the legislation. I got a briefing by the President's Environmental Council in the Executive Office Building. But then--and I think that this was most successful--we got groups from the Sierra Club, the Wildlife Federation, and all of the environmental groups together.

I took careful notes, simply asking them what their concerns were about the Canal environment. One of the suggestions in the draft treaty--which was still classified, but which I got to see, was to set up a Joint U. S.-Panamanian Environmental Commission, which would monitor environmental matters in the Canal Zone or the area to be turned over to Panama, when the Canal Zone was phased out. By hearing these concerns expressed, I obtained an understanding, to some degree, as to the things that I should look into in particular. Of course, the existing legislation and the regulations also required certain things.

This really got to be a tremendous package because, for instance, there was not only the impact on the birds, the bees, the trees, and the fish, and so forth, but also the question of what would happen if there were to be a sea level canal, because this was a great concern at that time. There was the question of the impact on the whole labor force down there, both Panamanian and American. The whole matter had to be completed under a very tight deadline, because the Administration was preparing to submit the treaty to the Senate. So, having done as much homework as I could, by reading and going around to different departments and questioning experts in Washington, I made a field trip down to Panama. I got a lot of help from the people in our Embassy there and from the staff of the Panama Canal Commission. I held various meetings with Panamanian officials as well. To illustrate how this was handled, I would come back and write up my notes and start drafting this report on one floor of the hotel where I was staying. About three floors below Ambassadors Bunker and Sol Linowitz, who were the two major

negotiators [for the U.S.], and a group of people from the Panama Canal Treaty Task Force were finishing up the terms of the treaty. Some of the things that impacted on the environment were still the subject of the negotiations going on. They would send up the latest draft on what had been agreed to or not agreed to, and I would try to incorporate this in my own report or follow up on it.

Other major concerns were the forests and the whole Canal watershed, because these control the flow of the tropical rains which drained into Gatun Lake and the rivers which fed the lake and kept the waters in the Canal at the right level. There had been some years when there had been a drought, and the level of the lakes and Canal had fallen to such an extent that ships would have to unload their cargoes and have the containers go across [the Isthmus] by rail. The ships would go across through the Canal, as their draft had been reduced. Then they would be reloaded again. Another problem was that all sorts of Panamanian squatters and settlers were engaged in "slash and burn" agriculture and were destroying the forests in order to plant crops to support their families. This reduced the ability of the forests to hold the water and adversely impacted on the levels of the water in Lake Gatun on which the Canal depended.

Some of the other problems involved the whole question of building a sea level canal. There had been a great proliferation of sea urchins, which fed on coral, in the Pacific Ocean. There was great concern that if a sea level canal were ever built, this plague of sea urchins would spread into the waters of the Caribbean Sea, damaging the coral reefs there.

Well, in any event, after this I went back to Washington and drafted the "Environmental Impact Statement," under great pressure. Prior to that time "Environmental Impact Statements" had been enormous, great documents which the environmental groups had been insisting on. If you had stacked one of these documents up, you would have had a pile of books and appendices about five feet high. We managed to keep this statement down to the point where it ran to only 50 pages and the entire study, including the comments from people and all of the various appendices and so forth amounted to about 350 pages. As a matter of fact, the White House was so well impressed that President Carter put out a directive ordering that from now on these "Environmental Impact Statements" were to be kept short. The statement achieved its purpose, the Department did not get hauled into the courts, the environmental groups were quite satisfied with the report--so much so that some of them were willing to testify at the hearings in favor of the Canal Treaties. We understood, however, that the Sierra Club, which had a large number of members out in the politically conservative West, lost some of its membership for the stand which it took on the Canal Treaties.

*Q: Tell me about working with Ambassador Bunker. What sort of a person was he?*

SPEAR: While I was drafting the EIS [Environmental Impact Study], I had developed a fair amount of expertise on the Canal Treaties. After the Canal Treaties squeaked through the Senate by one vote, there was the whole matter of implementing legislation. This not only brought in the Senate but also the House of Representatives, where there was a certain amount of opposition. For instance, there were all of these laws which had set up the Panama Canal Commission, which had to be rewritten and the amended version passed to reflect the terms of the treaty. In the course of handling this, Ambassador Bunker was chosen to go up on the Hill and lobby in

support of the enabling legislation. I went along to backstop him, support him, and provide him with the assistance he might need there. This was an absolutely fascinating experience for me because, when you go to make a call on someone in the Congress, you can never be quite sure whether the member will be able to keep the appointment. Members of Congress are frequently interrupted and called onto the floor of the House or the Senate chamber for a vote.

So the two of us [Ambassador Bunker and I] used to have long periods just waiting until a given Congressman or Senator returned to his office. I found that Bunker was an absolute living diplomatic history of U. S. foreign relations, pretty much since the end of World War II. He had been Ambassador down in Argentina when Peron was in power and Argentina had been pretty much aligned with the Axis during World War II. Then there was just a fantastic number of things he had worked on beside the Panama Canal Treaty. He had been Ambassador to India, he had been a negotiator on the West Irian dispute [between the Netherlands and Indonesia]. He had, I believe, helped to arrange for Nasser's Egyptian forces to be evacuated from Yemen. It was fascinating to hear about all of these experiences first hand.

**LAWRENCE I. PLOTKIN**  
**USIA Program Officer**  
**Panama City (1977-1980)**

*Lawrence I. Plotkin was born in Chicago, Illinois and raised in Southern California. He attended the University of California at Los Angeles and joined USIA in 1973. His posts included Poland, Panama, Washington, DC, Yugoslavia, and Bulgaria. Plotkin was interviewed by Charles Stuart Kennedy in 2004.*

PLOTKIN: I was due to leave Poland in September, 1977; Ruth's year of leave-without-pay ended in mid-July. We needed tandem onward assignments. Because Ruth was a political officer who had, as was the norm, spent her first tour doing consular work, our main goal for our first assignment together was to get her into a political officer's slot that didn't require a new language for her. Since the only foreign language in which she was fluent was Spanish - she was 4/4 at least in Spanish - we only looked at English and Spanish speaking posts. That's how we ended up in Panama where there were jobs for both of us. We were there from 1977 to '80 and participated in giving away the canal.

*Q: What was it like in Panama in '77?*

PLOTKIN: We were there at a very good time in U.S.-Panamanian relations. We arrived shortly after General Torrijos and President Carter signed the Panama Canal Treaties, but before either country had ratified them. Panama held a plebiscite on the treaty in October 1997. There was never much doubt about the outcome. What was most significant was that Torrijos, probably under pressure from President Carter, legalized the political parties historically active in Panama, but suppressed earlier under his rule. They were invited to participate in the debate on the treaty.

We helped monitor the plebiscite which went smoothly. Panamanians overwhelmingly voted in favor of the treaty.

There was real doubt as to whether the U.S. Senate would ratify it. The first six months we were in Panama, 44 members of the U.S. Senate, assorted members of the House, veterans of foreign wars and John Wayne, a buddy of Torrijos, all appeared on the Embassy's doorstep. We developed a very well organized dog and pony show for our visitors. They met Panamanians for and against and Americans for and against. They met the heads of the Canal Zone and of SOUTHCOM, our Canal Zone military. They often met Torrijos and the head of the Archbishop of Panama. They all got a helicopter tour of the canal. We took turns acting as their escorts. Ruth and I had no children yet, so were able to enjoy the excitement. It's impossible to know whether the Embassy had any influence on the Senate vote, but the treaty barely got the two-thirds majority it needed to pass the Senate. If we changed one vote to yes, we did make a difference.

*Q: Who was our ambassador?*

PLOTKIN: We served two political appointees: William Jordan and Ambler Moss.

*Q: Was there concern on the part of the officers at the embassy about whether the Panamanians would be able to run the canal?*

PLOTKIN: Most of us were convinced they could. We all knew Panamanians in a variety of professions, knew they were well qualified, and knew that Panama had many people capable of running a complex institution. We also knew that they had the will to do so, an interest in proving themselves, and of course a huge economic interest in the Canal. It remains, after all, the country's main source of foreign currency. By and large it was my impression that we could honestly tell the visiting Senators, many of whom were concerned about this, that the transfer could take place successfully and the U.S. shipping would not be at risk. The Panamanians have succeeded. The issue now is whether to try to widen the canal to accommodate modern larger ships.

*Q: How was Torrijos?*

PLOTKIN: He was interesting man. The consensus at the embassy was that if he held free and fair elections and ran for the presidency he would win. He wasn't, of course, popular among the old oligarchy that had run the country before him and has run it since Noriega's departure. However, he had a deep political base among the people in general. Economically, Panama was doing well and Torrijos did a lot to integrate government, bringing in people who were not from the European-ancestry elite. Indians, Blacks and Asians were able to compete for important jobs in government for the first time. It was a terrible shock to Panama when his airplane flew into a mountainside a couple of years after we left Panama.

*Q: What was your job in Panama?*

PLOTKIN: I was a jack of all trades. There were four USIS officers: a PAO, CAO, IO, and a program officer. I was the most junior of the gang and served as program officer. I ran the

professional and academic exchange programs; managed the speaker programs, and dealt with human rights issues. I also backed-up everybody else and, for example, was acting CAO for six months of my tour.

*Q: Was there much academic exchanges?*

PLOTKIN: We didn't fund many academic exchanges, but a lot of Panamanians went to the States for college educations at their own expense. Notre Dame and LSU were high on the list of schools attended. Accordingly, we did a lot of academic advising, helping Panamanians find the best fit among American universities, helping them with admission and scholarship applications, etc. Our major problem, which we never solved, was that the best of those who couldn't afford a U.S. education were often offered and accepted scholarships to study in Cuba. The U.S. government had decided not to compete for these people, to our regret.

*Q: I would have thought relations between the embassy and the Zone were rather tense since many Zonians believed the State Department was giving away their country.*

PLOTKIN: There were three centers of American authority in Panama: SOUTHCOM, the military command; the Canal Zone and its government; and the Embassy. On paper, the Embassy had the lead. There were regular meetings at a variety of levels of representatives of the three organizations, including a meeting at least once a month among the three public affairs officers, working to make sure that the messages we were giving the Panamanians weren't contradictory and were at least complimentary. We did not always succeed, but by and large it worked out pretty well.

Obviously, the Americans in the Canal Zone did not want to give up control of that strip of land and water and made that clear to anyone who would listen, directly to the Senators who came to Panama and to the U.S.G., working through their families in the U.S.

*Q: Did you have to beat off attacks by American conservatives about the treaty?*

PLOTKIN: Of course. Ronald Reagan said something like, "We built it, we own it, it is ours." Certainly the American right was among the most vocally opposed to giving away the canal. It was a hot issue, but it didn't survive the reality of the transfer. As you know, President Reagan died recently. I watched a lot of the TV coverage and in the media I saw there was never a mention of the Panama Canal treaty, pro or con. I think that's because once the battle over ratification was over, and the treaties went into effect and it was clear that ships would continue to transit the canal without problem, the American right and everyone else forgot about it. It became non-issue almost immediately.

*Q: Were you running into what later got to be a rather septic situation with Noriega, anti-Americanism and all that?*

PLOTKIN: We did see anti-Americanism on the Panamanian far left, centered largely at the University of Panama which harbored a hard core of communist students. Every once in a while, students would spot an outsider's car on the campus, burn it, and dance the usual 'Yankees Go

Home' ritual. It happened to our DCM's car. All this would upset my mother who would see it on television in Los Angeles, call and ask whether we were okay. At least on one such occasion we didn't even know there had been a demonstration at the university. The demonstrations typically involved no more than a few hundred students, but the television cameras would zoom in and could make it look like thousands. It was so much a local, University of Panama event that it had almost no impact on anyone other than the car's owner. Soccer games were more significant.

Another aspect of U.S.-Panamanian relations we frequently encountered involved the human rights. Panamanian activists, encouraged by President Carter's human rights policies, were pressing Torrijos for greater democracy. Torrijos was, after all, a military dictator even if, by 1977, he was about as benign a military dictator as you can imagine. The Embassy was often put in a situation that can only be called ironic. Activists were saying in the same breath, we don't want the United States to interfere in Panama, but can you please help us get rid of Torrijos.

Anti-Americanism surged with the U.S. invasion and imprisonment of Noriega, but the relationship is improving under the current Panamanian government.

*Q: What was going on in the rest of Central America at that time? Later, during the Reagan's tenure in the early '80s it became quite nasty.*

PLOTKIN: It was a dramatic time in the region with problems ranging from the Jim Jones mass suicide in Guyana - people from our embassy ended up going there to help clean up the mess - to the Sandinista revolution in Nicaragua which drove Somoza from office. We were also aware of events brewing in Guatemala and El Salvador. At one point, Ruth and I briefly hosted Malcolm Barnebey, later our first ambassador to Belize. He was on his way through Panama to Nicaragua to convince Somoza that it was time for him to leave.

Although it was not directly related to U.S. relations with Central American, we also had the Shah of Iran in residence while we were in Panama. After the Shah visited the United States for cancer treatment, he was invited by Torrijos to come to Panama for sanctuary. He ended up spending several months on a resort island in the Bay of Panama, continuing medical treatment for the cancer that ultimately killed him after he went to Cairo. One night when I was acting information officer, I got a phone call at about 2200 from a radio station in Chicago asking whether it was true that the Panamanians were about to extradite the Shah back to Iran. Of course I had heard nothing of this and all I could do was to claim ignorance and say that I would inquire and I call back.

I called Ambassador Moss who said there was nothing to the story. I called the Panamanian president's spokesperson; he, too, said nothing's happening. I called the Shah's press attaché who also said there's nothing to it. Meanwhile, my phone rang nonstop from 10:00 that evening until 10:00 the next morning with calls from all around the United States, from Ireland and beyond. All I could tell them was that as far as I could determine from talking to the responsible offices in Panama, nothing was going on. "How do we know you're telling the truth?" I could only respond that, "If Panama extradites him, you'll know I'm either misinformed or lying. If



they don't extradite him, you'll know I'm telling the truth. All I can tell you is what these people have told me."

It turned out not to be so simple. A year later, I think it was in 1981, after we returned to Washington, Pierre Salinger had a television special in which he reported that the Panamanians had been very close to extraditing the Shah. Apparently, the Iranians' side blew it. Iran and Panama had an agreement that would have sent the extradition request to the Panamanian courts. Their decision could have led to the Shah's extradition to Iran. But part of the agreement was that the two governments were to make simultaneous announcements of the agreement. The Iranians jumped the gun and the Panamanians told them to stuff it. At least that's the story as I understand it.

*Q: Although it wasn't your particular bailiwick I assume working with the media in Panama was very different than in Warsaw. Was there a free press?*

PLOTKIN: It was a free press and an often undisciplined and irresponsible press. We spent a lot of time deciding whether to ignore stories and let them just die of their own lack of substance or whether to craft a response. President Carter's human rights policies led, in part, to the freedom enjoyed by the Panamanian media. Part of what Torrijos promised in return for the treaties was reinstatement of the political parties and a greater freedom of the media. It created an opportunity for both Ruth and me because our responsibilities overlapped. Within the political section, she was responsible for dealing with the newly liberated political parties and the human rights activists. As part of my USIS portfolio I covered the same territory.

*Q: Was there much in the way of human rights problems?*

PLOTKIN: Not dramatic ones, but when you live under a military dictatorship, however mild, there are limits on what you think you can say and do without risk. There weren't lots of political prisoners or overt instances of repression.

*Q: One thinks of Latin America and liberation theology. Was that an active force there?*

PLOTKIN: It had no significant presence, because unlike most of the countries where it was a vital factor, Panama was becoming increasingly democratic and there was no Panamanian insurgency. The country is, of course, largely Catholic. The Archbishop was a very good contact of the Embassy and was highly admired by most Panamanians. There was real freedom of religion in Panama; its Protestant and Jewish communities were thriving. Basically it was a very tolerant society. I remember being in the mountain town of El Valle, a place we would retreat to for a cool breeze. At a restaurant there was a large extended family at lunch. There must have been 20 people. Among them were people of Asian, African and European descent. When the family's grandfather stood up, he looked like my grandfather. There was a lot of intermarriage. As I said, a liberal and tolerant society.

*Q: Were the Soviets and Cubans messing around there?*

PLOTKIN: It was a time when they were active in many places in the region and they had a presence in Panama. There was a degree of contact and cooperation between Torrijos and Castro, but it was nothing compared to the Soviet and Cuban involvement in Nicaragua and some other Latin American countries. As I mentioned earlier, the Cubans were a real presence on the educational scene.

*Q: Anything else we should cover on your time in Panama?*

PLOTKIN: The main event of our personal lives was the birth there of our older daughter, Anya. She has the right to run for the Panamanian presidency if she likes, but she hasn't been back since we left when she was eleven months old.

**RUTH E. HANSEN**  
**Political Officer**  
**Panama City (1977-1980)**

*Ruth E. Hansen was born on February 18, 1946 in Illinois. She received her BA from Wheaton College in 1968 and her MSFS from Georgetown University in 1970. Her career has included positions in the Dominican Republic, Poland, Panama, Yugoslavia, and Bulgaria. Ms. Hansen was interviewed by Charles Stuart Kennedy on June 21, 2004.*

HANSEN: When we were getting ready to move on from Poland, we had some trouble lining up a tandem assignment. At the last minute, a tandem possibility did open up in Panama. It came as a surprise to us and would not necessarily have been our choice, but we took the chance. After having served in the Dominican Republic, I was interested in a tour elsewhere in Latin America, but would have chose a "real" Latin American country like Colombia or Argentina, not another country quite so closely involved with the United States as were the Dominican Republic and Panama. Still, Panama wasn't a bad choice. I think Larry may have been more concerned about the weather than anything else, but even that turned out to be okay. I had Spanish already, and Larry was able to get in-country language training, which was quite a novelty. I think USIA showed a bit of flexibility on that score in terms of tandem considerations. I went on to Panama from Poland in July of 1976, and Larry came a bit later, in the early fall. He spent a number of months in Panama studying Spanish, and in the end also spent a few months in Washington finishing up the Spanish training.

We ended up having a fantastic three years in Panama, from 1977 to 1980. Most importantly for us personally, our first daughter, Anya, was born there in September of 1979.

We were very fortunate to be in Panama at a very dramatic and fascinating time for both the United States and Panama. The U.S. and Panama had just completed negotiating the Panama Canal treaties and there were ratification processes to go through in Washington, DC, in the Senate, and in Panama, through a plebiscite. Domestically in Panama, the country was experiencing something of a political opening to opposition elements. General Omar Torrijos

was in charge. Panama had been under his dictatorship for about ten years – “ten long years”, as many Panamanians used to say. Our ambassadors to Panama at the time were, first, Ambassador William J. Jordan, and then Ambassador Ambler Moss.

Torrijos was beginning to open up the political system a little bit, partly in response to U.S. pressure on democratization and human rights and partly in response to a practical need to allow political opening in order to help garner support for the canal treaties in both the U.S. and Panama. I served in Panama as a mid-level political officer. My main responsibilities were to follow domestic politics and human rights issues. This meant that I had the job of building relations with the emerging political forces as well as the old-line political parties that had dominated the country in the past.

*Q: Obviously we were for new parties and all. This must have been, as you say, a fascinating time to watch this. What was your impression of the politicians?*

HANSEN: The politicians were largely businessmen, lawyers, and journalists. A number of them were associated directly or indirectly with a famous, or infamous, past political leader, Arnulfo Arias. He was elected president of Panama twice in years past and was thrown out of office both times. During our tour in Panama, he was allowed to return after years of exile in the United States. That was a huge event, with masses of people on hand to welcome him back. His nephew, Guillermo Endara, was one of our main political contacts and, some years later, after Arias' death, was elected president.

These emerging, or returning, politicians were advocating democracy and respect for freedom of expression, human rights, etc., but you had to wonder how they really understood these concepts. In a country like Panama, politics is very much a matter of personal relationships. In such a small country, it very much mattered who was who, and who was related to whom.

I think the political opening was possible basically because of the other event that was going on at that time, the completion of the Panama Canal treaties that were negotiated under President Carter. At that time, because of the importance of the Panama Canal and because the U.S. Southern Command was located in Panama, with thousands of American citizens living there with the U.S. military and the Canal Zone administration, Panama loomed quite large in the State Department context. Within the State Department, the two largest “country desks” were the desks for the Soviet Union and for Panama. They were about equal size in terms of personnel, so that gives you an idea of little Panama's importance.

The existence of the Canal Zone and the Americans running the Canal was hot political issue in Panama for many years, and there had been violent clashes between Americans and Panamanians in the recent past. Just as we were arriving in Panama, the treaties were being finalized that would allow for the reversion of the Canal Zone territory to Panama and later on the turnover to Panama of the Canal operations. These were enormously important developments for Panama, and they were hot political issues for the United States. So I think the political opening derived from the fact that Panama needed to demonstrate that it would be capable of running the Canal and would be a respectable, responsible country for the United States to deal with on somewhat more equal terms, or at least ostensibly on more equal terms.

*Q: How was the Panama Canal issue viewed in the United States?*

HANSEN: I've just been thinking about all of this again recently. Ronald Reagan has just passed away, and there has been a lot of discussion and analysis of his legacy as President of the United States. But of course he was very active politically before becoming U.S. President, and one of his main issues was the status of the Panama Canal. As I recall, he really played to the issue very much and was a very strident opponent of the Panama Canal treaties. He was very outspoken and helped to make the reversion of the canal to Panama a hotly contentious issue. I think he coined the line, or at least popularized it, saying that the U.S. should keep the canal: "We built it, we paid for it, and it's ours." I think American sentiment against the Panama Canal treaties was just about as heated and emotional as any political issue I've observed in the United States. Some Americans seemed convinced that the Canal Zone and the canal itself constituted U.S. territory, which clearly was not the case. The original treaty relationship between the U.S. and Panama providing for construction of the canal specified that the U.S. could operate in the Canal Zone "as if" it were sovereign, but it did not grant sovereignty to the United States. For example, babies born in the Canal Zone were not U.S. citizens unless their parents were; in fact, babies born in the Canal Zone had Panamanian citizenship. The Canal Zone had a "Canal Zone Post Office", not a "U.S." Post Office; plus, it didn't even have a zip code.

So here's what was happening. The two Panama Canal treaties had to be ratified by both countries: in the U.S. Senate in the United States, and by a plebiscite among Panamanians. In preparation for the Senate ratification debate, many U.S. senators following the issue wanted to come down to Panama to see the situation for themselves because of course they knew what a testy issue it was. Over the course of six months fairly early in my assignment, we had something like 44 members of the United States Senate and quite a few U.S. Representatives came down to Panama, either individually or in small groups. The U.S. Embassy had a dog-and-pony show that we set up for them in coordination with the Panama Canal Commission and the U.S. Southern command to try to expose them to all of the issues inherent in the treaties, to answer any concerns they had, and hopefully to win their support. All the visitors had rounds of meetings at the Canal Commission and the Southern Command. Generally they met with Torrijos or someone close to him. They spoke with local Panamanian politicians and with Americans living and working in the Canal Zone, some of whom supported the treaties and some of whom did not. They also were given a helicopter over-flight of the canal. Each of the embassy control officers had a chance to go along on one of the over-flights, which was quite a thrill. The full range of American politics was represented, from Senator Barry Goldwater to Senator Robert Byrd to Senator George McGovern.

*Q: Did you think the reversion of the Panama Canal the right thing to do?  
Did you think it was going to work?*

HANSEN: I absolutely thought it was the right thing to do, and I thought it could work, given the long lead time built into the process.

One of the interesting situations that we encountered relates to this question. As I mentioned, the conservative politician Ronald Reagan was strongly opposed to the Panama Canal Treaty. So, at

first, was William F. Buckley, the prominent conservative commentator and *National Review* editor. Buckley is Catholic, and it turned out that the Catholic Archbishop of Panama was a Panamanian-American, Archbishop Marcos McGrath. Well, Archbishop McGrath got in touch with Buckley, took issue with his opposition to the Panama Canal treaties, and invited him down to Panama to look at the situation first hand. Sometime before Larry and I arrived in Panama, Buckley had visited and had been won over by McGrath, who convinced him, essentially, of the importance of the Panamanian people having a vested interest in the future of the canal and its success. So we had an important political commentator on the right supporting the Panama Canal treaties, in contrast to most others at that end of the political spectrum.

*Q: Was there concern within the embassy, and among people you talked to, about the ability of the Panamanians to run the Canal? One, did they have the expertise to run the Canal, and two, would possible future political instability or unrest in Panama render the Canal unusable?*

HANSEN: Yes, those are excellent questions and just the kind of issues that people were grappling with all during this period. I think that most of us in the U.S. Embassy, certainly I, basically supported the idea of the Panama Canal treaties. Support for the treaties was the official policy of course, but I think even personally we thought it was the right thing to do. In good measure, Panamanians were already running the Canal, since many of the canal workers were Panamanian, and we thought there was plenty of time for them to prepare for the responsibility of the canal operations. After all, according to treaty provisions, it would take until the year 2000 for the canal to be turned over fully to the Panamanians, though reversion of control over the so-called Canal Zone came earlier. We felt there was plenty of time for them to be fully prepared to do it. I think the major argument in favor of the treaties was that the best way to protect the Canal in the long run was to give Panamanians themselves a vested interest in it. As long as the canal was seen by Panamanians as an American operation, it was essentially under a potential threat. Once it could be seen as their own, something they are responsible for, something they can benefit from directly, the canal was actually in a safer position.

One of the U.S. Senators who visited Panama was given a briefing by some Panamanian military officers on the vulnerability of the Panama Canal to attack. He was given a scenario about how easy it would be to lob a missile of some sort into, say, the Gaillard Cut, a very narrow channel in the Canal as it approaches the Pacific Ocean. A simple attack like that could essentially shut down the Canal for months. Though I don't think the scenario was intended as a direct threat, certainly its implication was clear, that the Panama Canal was a very vulnerable operation if it did not have the support of the people of Panama. So I think there was a sense that the safe thing to do in the longer run was to go the way of the treaties.

At the same time, as you mention, there was also concern among many Americans that, in the future, political unrest in Panama could pose a danger to the safety of the Canal and of Americans living in Panama. The U.S. Senate took on this issue very directly. In the end, the Senate insisted on an amendment to the treaty that constituted quite a blatant change. It was surprising that the Panamanians accepted it. Basically the treaty was changed to provide that the United States could "intervene" to protect the Canal in case of political unrest in Panama. The Senate also inserted an understanding that U.S. military vessels had the right to go "to the front of the line" of ships waiting to make the canal

But there was serious concern about potential unrest. As it turned out, the political situation in Panama in fact did deteriorate, and the U.S. had occasion to take advantage of that right to “intervene” some years later. By then, General Torrijos had died in a 1981 airplane crash, and one of his cohorts, Manuel Noriega, had taken charge of the country. In 1989 he invalidated Endara’s election as president. So there was a lot of political unrest, the U.S. had imposed sanctions on Panama and, perhaps most significantly, there was the issue of Noriega’s involvement in drug trafficking. He was indicted in the U.S. in 1988. Meanwhile, in Panama, a group of Panamanian soldiers tried in late 1989 to overthrow Noriega, but they failed. Tension was building up between the U.S. and Panama, and shortly thereafter, Panamanian soldiers killed a U.S. Marine lieutenant in Panama City. This incident together with the drug charges against Noriega essentially gave the U.S. a basis for the military operation in 1989 when Noriega was seized and brought to the United States to face drug charges. The treaty allowed us to do that.

*Q: What were the “Zonians” like, the Americans living in the Panama Canal Zone in almost colonial style?*

HANSEN: They had a reputation for living a colonial lifestyle, and that stereotype applied in many cases. There were even a few who made it a matter of pride never, or practically never, to step foot outside the Canal Zone except to get to and from the international airport. But I think they were the exception. Still, many did live in a sort of glorious isolation. Others married Panamanians and very much entered into the life of the country. So there was a mix of experiences, it seemed.

The Canal Zone did give the impression of American life à la the 1950s, approximately, with neat houses and trim lawns all looking very much alike. Between the Canal Commission and U.S. military facilities, you could do all kinds of shopping, entertaining, socializing right there in the Canal Zone.

*Q: Were you, as an embassy officer, considered the enemy by the Zonians?*

HANSEN: Well, there might have been some tension there, but overall I would say no.

*Q: What was the society like in Panama? What was it like to live there?*

HANSEN: Well, it wasn’t a very exciting place to be, but life was very pleasant. It was quiet and family-oriented. Not much was going on by the way of cultural events. A few performers came in occasionally from the United States or elsewhere. We played a lot of bridge and got into a Scots country dancing group that the local expatriate Scots initiated. There were a few movie theaters to go to, either in Panama City or in the Canal Zone. It was very easy to travel in the country, and we did a lot of traveling. Contadora Island was a popular luxury resort island on the Pacific Ocean side. That’s where the Shah of Iran stayed for a time after his ouster by the revolutionaries in Iran, as he sought a place to spend his exile. On the Atlantic Ocean side, we visited the San Blas Islands, where there was a much more rustic resort facility, with palm-thatch huts. There were a couple of nice mountain towns to visit, one close to the capital, El Valle, the other toward the Costa Rican border near the city of David. There were a lot of good restaurants,

near the embassy and near our apartment which was just behind the embassy. We had a very nice sixth-floor apartment with a balcony overlooking the Bay of Panama. Because of the way Panama is configured, when you look out over the Bay of Panama you're actually looking east. So we would see the sun rise over the Pacific and set over the mountains behind us. You could take a short train ride from Balboa near Panama City to Cristobal, near the Atlantic seaport of Colon. It covered about 50 miles and took about an hour. They called it the fastest transcontinental railroad in the world. We also had the chance to make a transit of the Panama Canal, which took about 12 hours, aboard a U.S. Navy helicopter attack ship, the USS Belleau Wood. That was a very memorable experience. The ship just barely squeezed into the canal locks, with inches to spare. Even with parts of its superstructure folded up and over the deck, it managed to damage part of the overhang from the lockkeeper control building at the Gatun locks at the Atlantic end of the canal.

*Q: What about the campesino class, the Panamanian people who didn't belong to the elite business and political classes?*

HANSEN: There were serious economic disparities in the country. Panama had an unusually high per capita income for a Latin American country, but of course it was not spread out at all evenly. There was an elite business class that was very prosperous and did very well for itself, whether in international banking and commerce or in domestic business. Panama had become an off-shore international banking center, so there were quite a few foreign banks operating in Panama City. There was a very much impoverished urban poor in evidence in the streets of Panama City and even more on the streets of Colon on the Atlantic end of the Canal. Then there were the *campesinos* out in the countryside. Maybe if they were lucky they would work on a banana plantation run by United Fruit or whatever, but they were not in good shape economically and it was a concern, very much so. The country was very dependent economically, however, on canal operations and on economic activity associated with the American military presence in the Canal Zone.

*Q: How heavy was the hand of Torrijos?*

HANSEN: By the time we were in Panama, Omar Torrijos could pretty much be considered a kind of benevolent dictator. It wasn't a really very harsh rule. It no doubt was earlier on when he first took power. He appeared to be genuinely popular among the lower classes and the poor in particular whom he treated as his base. At the same time, Panama did not fare very well in our annual human rights reports. There were a lot of serious shortcomings, the lack of real democratic practices for starters, the functioning of the courts and so on. Women had some role in political life and there were a few very prominent women. There was quite an active press, some of it supportive of the regime, but it was generally an operation of the business elite. None of it was very responsible, and the reporting was often sensationalist. There was a respectable labor union movement in the country.

*Q: What was the situation when you left in 1980?*

HANSEN: The treaties had been approved by both countries, by the plebiscite in Panama and by a very narrow vote in the U.S. Senate where a two-thirds majority was required. President Carter

had visited Panama in about the fall of 1979 to commemorate the treaties coming into force and the formal turn-over of the Canal Zone to Panama. There was tremendous excitement in Panama at that point, and it was very satisfying to see that outcome. Opposition political parties were quite active, and legislative elections had been held. The former Shah of Iran had come and gone, having spent a couple of months in Panama in late 1979 and early 1980, before decamping to Egypt where he died a few months later. His sojourn in Panama, as I understood it, was in good part a result of a close relationship between Gen. Torrijos and President Carter's key adviser Hamilton Jordan. American attention in Latin America by 1979-1980 had in good measure shifted to Nicaragua with the fall of the Somoza regime there.

*Q: How did you find being a tandem couple? This was your first time to work as a tandem. How did it work out?*

HANSEN: It really worked out just fine in the end. When I first arrived at the embassy in Panama, it was apparently quite disconcerting to some people to find that I continued to use my maiden name after we were married, which was quite unusual at that time. Some people professed to be confused as to whether we were really married and why I kept my own last name, so we had to listen to a little bit of that. But people got over it. Larry and I had very complementary jobs and knew some mutual contacts, as he was the information officer. It was a mutually supportive situation and I think turned out to be a benefit to the embassy.

Certainly, when Anya was born in September 1979, we got a lot of support from the embassy. I had no trouble at all getting approval for about two months' leave, most if not all of it sick leave, to stay at home with her for a while after the birth. People were very generous and bestowed on us myriad congratulatory cards and gifts.

**THOMAS B. RESTON**  
**Deputy Assistant Secretary for Public Affairs and Deputy Spokesman**  
**Washington, DC (1977-1980)**

*Mr. Reston was born in New York City and raised in Washington, DC. He was educated at Harvard University and the University of Virginia Law School. After practicing law he turned to newspaper reporting, then became active in Democratic Party national politics, working with Senators Eugene McCarthy and Hubert Humphrey. In 1977 Mr. Reston joined the Department of State as Deputy Secretary of State for Public Affairs and was the Department's Spokesman. Mr. Reston was interviewed by Charles Stuart Kennedy in 2005*

*Q: What about some case specific things, did you get involved in the Panama Canal negotiation, I mean basically the negotiations were in the senate over approving the Panama Canal, new Panama Canal Treaty, but it had all sorts of ramifications. Did that cross your path?*

RESTON: Oh, sure it did. The Panama Canal Treaty fight was a huge fight and yes, we were watching the Senate extremely carefully and counting votes very carefully. It seems to me we



won that by a single vote in the Senate. In cases when we had a big fight on Capitol Hill concerning a foreign policy initiative, the government would form a working group that had some so-called substantive people on it and some people who were lobbying the Hill and those people would be at work during the course of the day and I would often check with them before a press conference or they would come to me and say look, you know, Senator Domenici is particularly concerned about this so please stay away from that or please say something that we can use to help persuade Domenici to turn his vote. Yes, that particular thing was a constant source of questioning at the briefing. I was regularly in touch with Sol Linowitz and well, with Sol Linowitz who was the chief negotiator, and who was a friend of mine before I had gotten to the Department.

**CHARLES A. SCHMITZ**  
**Panama Canal Treaty Negotiations**  
**(1977-1981)**

*Charles A. Schmitz was born in Kansas City in 1938. He attended Yale for both undergraduate and law school. In addition to serving in Japan, Mr. Schmitz served in Morocco, and Japan. He was interviewed by Samuel F. Hart on July 29, 1993.*

*Q: Today is August 6, 1993 and this is a continuing interview with Charles A. Schmitz. Chuck, now it is 1979 and you are in Panama in the Panama Treaty Implementation slot there. Tell us what was important about that.*

SCHMITZ: The State Department worked hard to negotiate the treaty and worked, I think, even harder to get the Senate to give its consent to the treaty coming into force. It spent so much time worrying how to do that and mounting a big public relations campaign that it had not given a whole lot of thought to what we were going to do if the treaty was actually approved.

The day after it was approved I got a call from the Latin American Bureau asking if there was any pertinence of the Okinawa Reversion arrangements to Panama and, if so, whether or not they thought I could make a contribution to that. There was a great deal of pertinence to it because it is not very often that we transfer territory from one country to another and this was what was happening. It involves lost of state's succession and making sure that you have accounted for a whole lot of matters just to make sure everything functions right. Account for the legalities of the old and the new system and protect things like ongoing court cases, claims, and make sure that the fire department and police worked the following day, etc.

*Q: There was also similarity that you had major military installations in both cases.*

SCHMITZ: That was an additional kicker for both. I said that I thought I would be useful even though I was at the time in language training to go to Indonesia to be political counselor. But that assignment was broken and I was transferred to Spanish language training so that I could prepare to go to Panama, instead.

*Q: How much Indonesian had you had?*

SCHMITZ: I had had about 40 days worth of working during my lunch hour while at Senior Seminar so it wasn't a huge investment.

It may have been a mistake doing what I did because had I gone to Indonesia I would have been in the mainstream of the political system in the State Department Foreign Service and since there was no US domestic political issue about Indonesia at that time I would not have run the risk of winding up on the wrong side of a domestic issue. But in the case of the Panama Canal Treaty, which was President Carter's baby and probably his only real success in foreign policy...

*Q: He would argue that Camp David counted too.*

SCHMITZ: He would, but I am not moved by that argument. I guess it never occurred to me that anybody who was seen to be associated with the Panama Canal work would fall out of popularity in the State Department, but that is exactly what happened when Carter was defeated for reelection and Reagan was elected. While Reagan had not in the presidential campaign made an issue about the Panama Canal Treaty negotiations, as he had four years previously, still when he came in and appointed his people to run the State Department, including Assistant Secretaries for this and that, it was natural that they saw it was important to pick people who had not shown a lot of sentiment for the previous administration. I think that was in part why I had difficulty in assignment after the Panama Canal Treaty work was over.

In any case, at the time I was happy to go. I thought that my highest and best use as a sort of combination lawyer and Foreign Service officer lay in doing precisely this kind of thing. I knew that just because we had signed the treaty there was no guarantee that everything would work smoothly in bringing the Canal Zone to an end and incorporating the US continued presence in Panama into the Panamanian system. And that is really the capsule of what was involved.

The problems were several fold. One was that there were involved three major elements of the US government... the Embassy, the Panama Canal Company, and the US military...and for the most part they did not see eye to eye on most things.

*Q: Could you elaborate on that?*

SCHMITZ: Sure. The first thing they didn't see eye to eye on was that the others should have much to say about what should be the future of either the Canal operation or the military operation. The Embassy was seen as interloper. It was really the exponent of the Carter Administration as far as the people who lived in the Zone were concerned...the Zonians. The Zonians despised the idea of the Panama Canal Treaties because of the development of the Canal Zone...

*Q: Are you talking about the employees of the Canal Company or the US military?*

SCHMITZ: Zonians primarily means those who spent a long time in the Canal Zone. So it is the employees and their dependents and contractors of the Canal Company. The military tended to rotate through there every couple of years so they weren't really Zonians, although many of them felt that it was a matter of national pride that we have the flag there and that we run the place. The Panamanians, of course, would not be capable of doing it, etc.

So you had basic attitudinal differences and the Embassy had a major problem in establishing itself as the exponent of carrying out the obligations of the United States and requiring the Panamanians to carry out their obligations. Ambler Moss, who had been an assistant to the negotiations and a former Foreign Service officer himself, was designated the US Ambassador to Panama. He and I were classmates in school and so we got along just fine. So that much was fine. He was an able ambassador, articulate in Spanish, affable and tried very hard not to make the usual ego related mistakes of ambassadors. But he did need to operate in this quite hostile environment in which to both the military and to the Canal Company, we who were associated with the Embassy were seen as being the buddies and defenders of the Panamanians. So his arguments invariably broke down with us on one side and the other two on the other.

*Q: This was a different situation than you encountered in the Okinawa treaty?*

SCHMITZ: Yes. Considerably different. Part of it is in Okinawa we didn't have huge numbers of Americans residing there as though it was home. We had a small number who had gone out accompanying the military in one form or another and had stayed behind to open a hamburger stand or something. But in the case of the Canal Zone, people began living there in 1910 and so we had cases where there were three generations of Zonians. They had no homeland other than the Canal Zone, so there was a much more inflamed sense of territoriality.

The second thing was that the military in Okinawa had a sense of itself as being part of a giant American defense parameter of great consequence in the world and therefore could be generous on small things. The whole purpose of the US military in the Canal Zone was to defend the canal in ways which were obvious to anybody totally apposite to the modern methods of conducting warfare. It was really an army to confront guerrillas who might want to throw a grenade or something into a lock. You don't defend a canal by having artillery batteries at either end of it, which is how the US military inherited this position.

It was a little bit different for the Air Force, but even there there was no sense of it being a serious and global issue. It was really much more of a local one.

And the Navy, which should have been the most interested of all in the Canal, of course, had only a tiny little set of operations there devoted to protecting the mouth of the Canal from attack by small boats and nonsense like that. Their sense of unreality and being a backwater all intensifies small issues.

Appeasing the Americans residing in the Canal Zone was a major part of what we had to do.

Second was to insure that the legitimate concerns of the US were served under the new administration. A third was to insure that the Panamanians would do as they were required by the

treaty or we felt by the treaty they were required to do. And it won't surprise anybody to know that there is considerable differences of view as to who had what obligation and how it should be worked out.

Over the period of time, the two and a half years I was there, the Zonians came slowly to accept their fate and, in fact, the officials of the Canal Company, soon to be known as the Canal Commission, threw themselves into their new kind of work with a good deal of professionalism and even involvement. They took pride in some cases of actually working themselves out of a job. They wanted to do it right. In some cases this was not short of nobility, I thought, on their part. They had fought against the treaty, against the Carter administration, against the State Department. Then they saw that the treaty had become the law of the land and that to carry out their jobs as they considered themselves employees of the United States government, they needed to turn about and do something quite different. I was astonished at how almost universal the acceptance was of this new function. In the end the Canal Company did an extraordinarily good job of preparing for the treaty to come into force, preparing to train the Panamanians, preparing to hand over equipment, showing how the maintenance worked, doing the training, etc.

Oddly enough some elements of the military, these transient members of the Zone, caused some of the greatest problems. It is just astonishing how people can focus on tiny problems of their own and make them big problems for a government or maybe a couple of governments. My favorite example of that was the person we called the kitty litter lady. She was a person who was used to shopping in the special stores operated by the Canal Company and they had a brand of kitty litter that her cats had gotten used to. Under the agreement there would be no more stores run by the Canal Company, but Americans would be allowed to use the military commissaries and PXs so that their standard of living would not be affected. So the military would in effect take over the old Canal stores and administer them the way they do their own PXs and commissaries. Well, it turned out that the Army PX system had a different brand of kitty litter than the one that was used by the Canal Company.

So it was only a few weeks after the treaty came into effect that the woman began to object strenuously to this substitution of one brand for another and made it a federal case. She first called and met with the commissary folks and then wrote letters and went on the radio and came to visit all the installations and made a thorough and utter nuisance out of herself going to the extent of saying that if she didn't get action she was going to come in an dump boxes of used kitty litter on peoples desks to show how inconvenient it was.

The other major part of the problem was to get the Panamanians to take over some of the responsibility of administering this territory but not immediately the responsibility of running the Canal. They had a problem in doing that. The first problem was that they had seen it as a great economic boom to be given 500 square miles of territory worth...completed infrastructure, sewers, streets, bridges, telephones, etc. and much more land in places that could be leased for port operations, free zones, etc. So they set about to create a canal authority which had huge notions of what it should become.

*Q: This was under Omar Torrijos?*

SCHMITZ: Yes, while he was still alive, but he had sunk back into some obscurity in his determination to let the civilian, which he really had installed, actually govern. That government turned out to be not very decisive to the great frustration to nearly all of us that had to have some decisions. There was a tendency, that everybody had, to take things to Torrijos in order to get something done. Several times we did that with important issues. But usually he refused to do it. He said that it was important that the government do these things. In a way he was right. If he had continued to do everything, continued to be the strong man, there never would have been a hope for the government. As it was, the governments, I thought, never did rise to the occasion. They left decisions unmade. After two and a half years of trying to resolve all of the issues coming out of the treaties, when I left there I left with two or three of significant importance still unresolved. Part of that was an unwillingness to grasp a nettle and make a difficult decision. So that was a big difference right there between the Japanese treatment of Okinawa and the Panamanians on the Canal Zone.

The Canal Authority was set up to be a big deal. It quickly became a political pork barrel with people being hired on there with nothing whatever to do with the function but were there just to be given a job.

*Q: This was a Panamanian operation?*

SCHMITZ: Yes, Panamanian. After a huge mushroom like growth, on one day it all fell apart. It was just abruptly terminated one day. At that time they had something like 360 employees scattered in three or four different buildings around town. I remember hearing that this was happening and I got into my car and went over and just walked around some of these places. I found the most amazing scenes of almost devastation in these offices of furniture upturned, papers all over the floor, most of the equipment gone, and people gone. It was as though a gang of furniture thieves had come through and cleaned these offices out.

Obviously since the Authority was an important element of the Panamanian effort to deal with us on the Canal's remaining issues, it took them a while to recover from that. In fact, I am not sure that they ever did recover from that. They didn't have the machinery available to them to really do their responsibilities and they failed to set up any machinery to substitute for the Authority. As a result, those of us in the Embassy who were working on these issues had to identify individuals and various Ministries around the government whom we thought might have something to do with the issue and then see in effect if we could open negotiations directly with them. It was a messy operation.

In any event, we achieved our principal objective which was to remove the Panama Canal as an issue that was an obstacle between bettering our relations with all of Latin America. You have to remember that everybody in Latin America had seized upon that issue, or at least had been unable not to seize upon it, to beat the US over the head for its colonialism in Latin America and as a sign of what our real intentions and nature were.

We removed it as an issue and with that gone it eased our conversations throughout the hemisphere on the US address to our neighbors. We removed it in such a way that the Canal would continue to operate at least until the year 2000 more or less as efficiently as it did before.

And that is probably a pretty good deal for the US, although now as the year 2000 is right around the corner, it takes a different shape than the one it had in the 1970s when the treaty was negotiated. In any case, that Canal has operated beyond its anticipated capacity up and 'til now and undoubtedly will until the year 2000.

My own guess is that it will operate well beyond that. That is to say, after the Panamanians have full legal control over the Canal because it will be extraordinarily important to them to keep it functioning efficiently. It is no longer a monopoly on getting things from one ocean to another and they will have to insure, probably by hiring some of the existing talent, that it continues to function well.

*Q: Was the Panamanian Treaty a good treaty from the point of view of the United States and in terms of being a well drawn piece of legal material which served the purposes for which it was intended?*

SCHMITZ: Yes. The Treaty, itself, was drafted as an excellent piece of legal workmanship. The difficult parts were the parts that were added on by the Congress after the Treaty was drafted. Things that said, "Notwithstanding what the Treaty says, here is what we are going to do." Those were difficult like the Di Consini resolution that says, "Whatever the Treaty says, we reserve the right to come in and defend that Canal for whatever purpose." But the Treaty itself was fine. Our job was to do implementing agreements or carry out the meaning of the Treaty itself. The clarity of the original document made that part of our job quite easy.

We spent a certain amount of the time after a year and a half just designing the ceremony for the coming into affect of the Treaty. How that would be done. How we would symbolize the change of jurisdiction. How we would do honor to it from the US standpoint. And that turned into a huge side show in which the then Vice President Mondale came down to Panama with two 747 loads filled with folks who were out for a joy ride and had virtually nothing to do with the Treaty and who were rather an embarrassment to the United States in my judgment.

We, nevertheless, had to shoehorn this into the festivities and get them invited to dinners and participation in all the various functions that the Panamanians had wished to be smaller and more intimate. They had invited a maximum of five people from every other country and had intended to invite about 25 from the US and then wound up with about 179.

*Q: It was my experience in dealing with the Mondale and Carter White House staff and travel staffs that they were the most inept and most difficult White House staffs during my Foreign Service career. Did you have a similar impression?*

SCHMITZ: Yes. Maybe it is because I was more directly the target or object of this particular White House preparation than any other that I knew of. But I felt a lot of the injury that was being done by the advanced team to I thought US interests. It took a good six or seven weeks after the event was over of not only me but a number of us going around town just trying to smooth the feathers that had been ruffled in the process.

*Q: They were arrogant and inept as I recall.*

SCHMITZ: Arrogant, yes. Inept, I felt they were all together too competent in their arrogance that I saw. They were effective bullies and that was exactly the wrong image of the US to be showing at that time.

*Q: You mentioned a while ago the lack of cooperation, the resistance, of the US military in the Zone. Who was the SOCOM Commander at that time?*

SCHMITZ: I can't remember the name. There were several, at least two during that period. I can't remember their names.

*Q: Did you attribute this reluctance of the military essentially to the SOCOM Commander or was it something that came from the bottom up?*

SCHMITZ: I think it was from the bottom up. It was a conservative mood, really. It was: We don't like change. We don't like Carter. We don't like giving away US stuff. We don't like anything which might impede our security concerns and of course anything which allows somebody to do something where we previously were the only ones to do it would so impede they thought.

*Q: Would this have been changed if there had been a strong and effective SOCOM Commander?*

SCHMITZ: I don't know the answer to that because I think if a Commander tried to get too far out in front of his people he might have become in effect a tool in the process. My own view at the time was disappointment that neither the SOCOM heads, not just the Commander, but the others, nor the Canal Company leadership were more disciplined in accepting that even though they may not like it the policy of the US had been made and they should really salute smartly and get to it.

*Q: I believe the SOCOM Commander after 1980 was Wally somebody. A great big guy.*

SCHMITZ: Wally Nutting.

*Q: He looked like a soldier and he didn't have a whole lot between his ears.*

SCHMITZ: He arrived from NATO to take up that command. He was brand new to the hemisphere, to say nothing of Panama. I liked him because he was affable. He was friendly. His predecessor had not been affable and friendly and I thought, therefore, we might have better communications with him. He may not have been up to that kind of difficult job.

*Q: When did General Torrijos die?*

SCHMITZ: I am not sure about the exact date. It was after I had left Panama.

*Q: After you left Panama.*

SCHMITZ: Yes, in the early '80s.

*Q: There was a lot of speculation about the circumstances of his death. Do you have any theories on it?*

SCHMITZ: I buy the theory that we have put about which is that it was a helicopter accident in nasty weather. There is a lot of nasty weather in Panama and helicopters are flying low in mountains and storms are given to that sort of thing.

*Q: So you are not part of the conspiracy theory?*

SCHMITZ: No, not in that particular case. I don't even think Noriega would have done that.

*Q: You were in Panama at the time of the change of administration in January, 1981. You mentioned hostility. When did you start to note this hostility from the incoming administration directed at you?*

SCHMITZ: When I left Panama in the summer of 1981 without an onward assignment. When I checked to see what was available, I really found a lot of folks just not so interested in finding an assignment for somebody who had been working on the Panama Treaty. I realized that because when they had to go up to their new political bosses and explain who this person was, it might have put them in a difficult spot with their superiors.

*Q: What grade did you have at the time?*

SCHMITZ: I was at that time an O-2.

*Q: What kind of job did you try to get?*

SCHMITZ: Oh, DCM some place. I had spent three years working with about 25 different people in our Embassy to have a coherent Embassy unit for Canal Treaty implementation and had done apparently acceptable jobs with the usual sort of commendations and things of that sort. But everybody I had worked for and done a good job for, of course, was out. They just weren't around. So I felt that first when I left Panama in 1981 and felt it again when I left my subsequent assignment in 1985 and again was looking for a job and discovered that the people I had done a good job for were no longer in the system. The new folks tended to be pretty unsympathetic with anybody who had done a good job on Panama.

**JOHN A. BUSHNELL**  
**Deputy Assistant Secretary of State (ARA)**  
**Washington, DC (1977-1982)**

*Mr. Bushnell was born in New York State and educated at Yale University and McMurray College. An Economic Specialist, he served primarily in senior level*



*positions at Latin American posts, including Bogota, Santo Domingo, San Jose and Buenos Aires, dealing primarily with Economic and International Trade issues. An assignment to the Staff of the National Security Council was followed by tours as Deputy Chief of Mission at Buenos Aires, Chargé d'Affaires at Panama City, and subsequently as Assistant Secretary of State for Inter-American Affairs. Mr. Bushnell was the recipient of several awards for outstanding service. Mr. Bushnell was interviewed by John Harter in 1997*

*Q: You were one of the original nine members of the Panama Canal Board of Directors that was set up by the Panama Canal Treaty. Could we discuss a little further just what that involved?*

BUSHNELL: The Treaty provided that during the interim period, which is from the date the treaty came into force until the end of the century, the canal would be run by a binational board which received many of the functions of the Army board that had been running the canal for a long time. This board would have five American and four Panamanian members, all of whom would be appointed by the President of the United States, but the Panamanian Government would nominate the Panamanian members. There was the understanding that whomever they nominated, if he didn't have two heads, would be approved by the United States.

*Q: What kinds of people were these others?*

BUSHNELL: Of course the canal was a big thing in Panama. The four Panamanian Board members were: Ricardo Rodriguez, a leftish politician and lawyer who was the Minister of Justice; Roberto Heurtematte, who was retired but had been the most senior Panamanian diplomat spending the latter part of his career as Under Secretary General of the UN; Tomas Paredes, a young businessman and politician who was close to the military -- he headed the Panamanian flag airline; and Edwin Fabrega an engineer and businessman who was president of the government-owned electricity company. So it was fortunately a very good, high-level group of Panamanians.

*Q: And the Americans?*

BUSHNELL: The American story has some wrinkles. There's nothing in the treaty defining who the five American directors would be, and the working assumption of the Defense Department, the State Department, and others was that with five directors there would be two or three from Defense and one, maybe two, from State, maybe one from Commerce. Being a Panama Canal Director during the over 50 years of Army management had been a perk with interesting travel and few responsibilities. Few Congresspersons understood the challenge of a binational transition board, the concept of all government employees as directors exploded in the House. We not only had to get the treaty through the Senate by a two-thirds vote, but we then required implementation legislation, because treaties aren't automatically self implementing. Something run by the US Government as long as the canal makes its way into many laws which then have to be amended to comply with the Treaty and to provide for the ongoing structure to the year 2000. The Maritime Committee of the House, which had principal jurisdiction, was very anti-treaty but its leaders probably didn't have enough votes to block implementing legislation indefinitely once the Senate had ratified the Treaty. Only a simple majority vote was needed to pass the

implementation bill in the House. The House Treaty opponents adopted a tactic of changing the Administration's proposed legislation in ways which would create problems, play to their special interest friends, or just show their power, all without directly contradicting the Treaty, which was the law of the land. Some proposed changes would have undermined the treaty, and there was a long, behind-the-scenes struggle over the implementing legislation. Finally the Administration went along with provisions that were bothersome but did not appear to undermine the Treaty.

On the Board of Directors, the Implementation Law provided that among the five American directors one had to have many years of experience and be knowledgeable in all aspects of ports, one knowledgeable in all aspects of maritime operations, and one knowledgeable on union activities. It was clear from the wording and debate that it was expected these three directors would be drawn from the private sector, not the government. Thus Treaty opponents provided groups with special interests in the canal with direct representation in its management. Although it was not the intent of the House drafters to make the Board actually function better, quite the contrary, I think having a variety of experience related to Canal activities did have that effect. The first board members were: Clifford O'Hara who had retired from the New York Port Authority after a long career in port management; John [Jay] Clark who, after graduating for the US Merchant Marine Academy, had risen from cadet to captain of ships and then been President of Delta Steamship Line for 20 years; William [Bill] Sidell who was just retiring as president of the United Brotherhood of Carpenters and Joiners. The effect of the legislation was that there were only two director positions for the government. Defense was always assured of naming the chairman. But there was a long and contentious battle between State and Defense for the remaining director seat.

Defense, of course, saw the Canal in part as being an Army facility; as near as I could determine, this mind-set was driven by the fact that the Army Corp of Engineers had built the canal. It seems to me it is the Navy that uses the Canal. The Army of course manned and used many facilities in the former Canal Zone, but the Panama Canal Board had nothing to do with the phase down of these facilities. At any rate it was up to the Secretary of Defense to name the chairman. Defense thought that it needed three seats for representatives of the Secretary of Defense, the Secretary of the Army, and the Corp of Engineers. The State Department felt that implementing the treaties was in large part a diplomatic exercise; certainly the treaties were not something that we'd done for defense reasons in the normal sense but for diplomatic reasons. Thus the State Department should be represented on the Board, not to mention that by its binational nature diplomacy would have to be a big part of building a functioning Board.

Neither Defense nor State would give up its claim to the remaining Board seat. Memos went back and forth. Twice this issue went to the President formally, and informally more than twice, with memos from Secretary Vance or Secretary Harold Brown. As I heard the story, the President would keep sending the issue back saying he didn't want to resolve this issue, that Vance and Brown should get together and resolve it. They had made several attempts. Finally, this issue was scheduled for resolution at one of the weekly lunches at which only the two secretaries were present. I was told the following by the Executive Secretary of the Department, Peter Tarnoff, who had debriefed Vance. About coffee time Brown said, "You know, we've really got to deal with this Panama Canal Director issue, and you know the Panamanians already now for some weeks have appointed their people and they've appointed one who is a communist

and their other people are going to be very hard to deal with. We have these American directors from the private sector that we don't know whether we can rely on. We really need a couple, seasoned, tough military types." Vance agreed with him and said, "You know, I have one SOB left, and I'll appoint him." For whatever reason Brown agreed. I was therefore appointed with that dubious distinction, although I have never learned just what specifics about his SOB the Secretary might have mentioned.

We duly appeared before the Senate Armed Services Committee, and we were confirmed by the full Senate. I spent a great deal of time trying to explain to Senators why they needed to confirm the Panamanian Directors as provided in the implementing law but they couldn't call them to appear and interrogate them as they could we Americans. But that all got done. Before the Board organized and began work, I made a trip to Panama because I wanted to meet the Panamanian directors in a more informal setting and try to lay the base for a constructive board, working largely by consensus. My frame of reference was to create, not a board that was five to four and fighting about everything on a nationality basis -- the Americans want this, the Panamanians want that -- but a cooperating board with a common objective of a smooth-running canal, an efficiently run canal ready to turn over to the Panamanians according to the Treaty. Such a cooperating smooth functioning board seemed to me to be in the interest of both countries as well as being what the Treaty called for.

*Q: A cooperating Board will make the Canal work effectively and efficiently?*

BUSHNELL: Right, and do the things necessary so that the Panamanians could keep it working efficiently and effectively when they took over after 20 years. I went to Panama and called on each of the four Board members one by one and found I could find common ground with each of them. The Justice Minister, Rodriguez, was the most interesting. He is the one that the Defense Department thought was a communist, and I guess reports showed that, when he was in the university, he participated in activities with or organized by the communists. He was a strong supporter of General Torrijos and his popularism. He favored policies helping the poor and had a negative attitude on American business and foreign policy, but he was equally negative on the Soviets and even thought Castro had made a mess of Cuba. His view of the Canal, when I first met him, was very simple. "You put the ship in at one side and you sail it out the other side, nothing to it." So he had a lot to learn, but he did learn. Heurtematte was also a Yale graduate, so we had that common bond as well as both being diplomats. Throughout his fairly brief tenure on the Board, he did a great deal to keep the Panamanians calm and focused and not playing to the public. Fabrega, perhaps because he was an engineer, was most focused on the Canal as Panama's greatest asset. He was a tremendous help in getting Board discussion away from broad issues where there was disagreement and on to specific implementation steps where we were usually able to reach consensus. I had the greatest difficulty relating to Paredes whom I judged to be inconsistent in his positions and thinking. I later learned that views of the National Guard were often communicated to him late, even after discussion had started, and he saw his job as pressing these views. I used this initial trip to Panama to seek the views of the Panamanian Board members, and I had no agenda except that we would be guided by the Treaty. This approach was appreciated by my Board colleagues and established good personal relationships. Over the next five plus years I was frequently able to draw one or more of the Panamanians aside and work out a satisfactory compromise or at least make sure the US position was understood.

*Q: But who was chairman of the Board.*

BUSHNELL: Defense decided the chairman would be the Assistant Secretary of the Army for Civil Works who was the civilian in charge of the Corps of Engineers among other duties. Michael Blumenfeld, the first appointee, was a Harvard MBA who had been director of public affairs at New York University and then deputy undersecretary of the Army until he moved to this civil works position in 1977. Blumenfeld was only in the position for three meetings of the Board, less than a year, before President Reagan came into office and Carter appointees departed. Reagan appointed William [Bill] Gianelli to the Army Civil Works position and as the chairman of the Panama Canal Commission Board of Directors. Gianelli had been in charge of water and irrigation in Reagan's cabinet when he was California governor and was close to the president.

*Q: How did the Board work? Since they're all over the lot, you couldn't have had too many meetings. Did they have a staff?*

BUSHNELL: The Panama Canal Commission which ran the canal of course had a staff of thousands. The Administrator had the prime responsibility for preparing an agenda and papers for the Board's consideration; Board members could ask for topics to be placed on the agenda and papers prepared. The Canal Commission secretary headed its Washington office and was the key link to the Chairman. The Treaty called for the Administrator for the first 10 years to be an American, and General Dennis [Phil] McAuliffe was named to that position and in fact served the entire 10 years. Phil had been the CINC, the top U.S. military commander, in Panama until he retired shortly before taking the Administrator job. The Deputy Administrator was a Panamanian, Fernando Manfredo Jr., as provided in the Treaty. He was nominated by the Panamanian Government; he was a long-time Torrijos associate and supporter. He had been Commerce Minister and had a reputation for both honesty and efficiency. He proved to be ideal as the senior Panamanian as he provided leadership to the Panamanian work force and did more than anyone else to educate the National Guard and the Panamanian public on the operation of the Canal. The Board met four times a year, three times in Panama and once in the United States. Usually the meetings were two or three days with an extra day sometimes to visit canal facilities.

*Q: When you met in the U.S., where did you meet?*

BUSHNELL: The first US meeting was in New Orleans because Captain Jay Clark was from the New Orleans area. He said, "Don't fool with Washington. The Canal isn't a Washington issue. Let's have it in New Orleans. It's a big port, it's a big user of the canal." He was a member of the New Orleans Port Authority, so he arranged with the Port Authority to host the meeting. Subsequently we had the US meetings in Washington at the Canal offices or in the State Department meeting rooms where simultaneous translation was convenient. Having the first meeting in New Orleans is an example of something that I thought was unimportant turning out to be quite important. This first meeting in the U.S. was in the fall of 1980; I remember while we were there we watched a Presidential debate. New Orleans really went all out. They put on, as my wife put it, the full Latin American hospitality treatment. Directors were met at the airport by a policeman with a car and were escorted the whole time and protected by the police. We were entertained at the best New Orleans restaurants. We were meeting on a Monday, Tuesday and

Wednesday, or something like that. Ricardo Rodriguez, who was perceived to be the most difficult Panamanian on the Board, decided he'd come early because he had never been to the United States. He came on Friday and spent the weekend in New Orleans.

He told me, when I saw him on Sunday night when I got there, he had had a marvelous time. He said, "You know, when I start out and I talk to these people in the bars or on the street," in his quite broken English, "they don't understand why we want the canal. "But I explained it to them and they agreed with us." I asked how he explained it. He said, "If the French had kept 10 miles on each side of the Mississippi River all the way up and down and every time you wanted to drive across you had to go and apply for a special permit, and maybe you'd get it or you wouldn't, and, if you drove too fast, they'd throw you in their jail, you Americans wouldn't put up with that." He explained that the Canal Zone had had that effect in Panama. He said, "When Americans see our side, they understand. American people are great. They understand reason." He was very impressed with the United States, and I think for the first time came to the conclusion that implementing the treaty didn't have to be a struggle. He changed his attitude after that experience. So there really was a tremendous fringe benefit of having that meeting in New Orleans with the river running through it.

The Board had a lot to do to change policies to implement the Treaty, but the resistance to doing the things that would make the canal efficient and turn it over as a profitable and effective enterprise came mainly from the Americans working for the Canal Commission, who were almost universally opposed to the treaty, not from the Panamanians. The Canal was their life. In many cases they were second and even third generation Zonians who had made their careers running the canal and felt this was an American enterprise. They were not interested in sharing it with the Panamanians. So the Board had some, what I consider, far-out debates. It was like UNCTAD only even more extreme. But between myself and the Panamanians with substantial assistance from the private American members we managed to bring about change. Generally the chairman sort of hung back to be a friend of the Administrator, especially after Gianelli took over. Of course, Reagan had been strongly opposed to the Treaty, and Gianelli supported that view. However, as I frequently pointed out in the many meetings of the American board members, the Treaty was the law of the land and our job was to make it work so that US shipping and military interests would have a smoothly functioning canal after 2000.

For example, one of the most significant issues was training Panamanians to take over gradually from the American employees. The most technically difficult job with large numbers of Americans was canal pilot. When the Board began addressing this issue, there were something like 300 pilots--I don't remember the precise numbers now-- and there were like four Panamanians. All the rest were Americans. We discussed the need to train Panamanians. Jay Clark who was a graduate of the US Maritime Academy said he could arrange for more Panamanians to go there if we financed scholarships, but this was a four year course and there was no guarantee that most of the Panamanians would come back to work for the Canal. We discussed getting some of the main shippers using the canal to take Panamanians as apprentice mates to train them. Finally, after a couple of Board meeting discussions I asked what the skills were that would be learned at the Maritime Academy that would prepare pilots. Jay began listing some of the main courses on ship handling, route planning, and celestial navigation. I could not resist, and I interrupted to point out that, if any canal pilot had to resort to celestial navigation in

the canal, we were in really big trouble. This comment became shorthand among several board members for saying that our pilots did not have to be so highly qualified. Under the previous Army management all pilots had to be qualified as ship captains.

Finally in discussion of another subject one of the senior canal operations people commented, "The people that know the canal best are the captains of the tugboats, because they're navigating in the canal all the time, their whole life. They're moving the ships. They have more to do with moving the ships than the captains of the ships." Bingo. We said, "Let's have a program to move tugboat captains up to be pilots while training more tugboat captains." Many of the tug boat captains, especially the younger ones, were Panamanians because there had been a Canal program to train them for many years. Amazingly tug captains were not eligible to ever become even junior pilots. It wasn't really necessary for pilots to have had seagoing experience to pilot ships through the canal. It was finally agreed to begin training tug boat captains as junior pilots. We also agreed to send more Panamanians to the Merchant Marine Academy in the U.S. and to train some in apprentice programs in Panama. Of course we had nearly 20 years for a gradual program to produce a mainly Panamanian pilot force. By 1990 when I was again dealing with the Canal, the program was making good progress. Although most of the senior pilots, who took the biggest ships through, were still American, a majority of the pilots were already Panamanians and they handled the smaller ships and were assistants on the big ships.

There were several gradual transitions in the Treaty, especially dealing with the American workers. Of course, the Canal Zone with its separate government and even courts ended with the Treaty. The American workers, even though still living in Canal Commission houses, were then in Panama. Panama did establish a police station in the center of the former zone. But the Canal Commission added to its security force, mainly by recruiting in Puerto Rico, and this force covered the residential areas as well as the canal itself. The American children of the workers still went to the American school, which was part of the Department of Defense school system. For the first five years under the Treaty the American workers' commissary, base exchange [PX], and military postal privileges were grandfathered. But these privileges ended in October 1984, and the American workers then would have to purchase on the Panamanian economy where imported products were quite expensive. The workers would still receive home-leave and could of course purchase clothes and household items then. These privileges were extended for the first five years to help avoid a sudden exodus of needed American workers when the Treaty became effective. There was not a large exodus, and, if anything, American attrition was less than expected. Even under the Treaty conditions the Commission was able to recruit the handful of highly skilled people it could not find in Panama in the United States.

The issue was what compensation should the American workers be given, how much should they be paid, to make up for the privileges being lost. The Panamanians were not in favor of any compensation, wanting both the additional sales for the Panama economy and the additional pressure for American workers to leave to create opening for Panamanian workers. The Commission staff contracted one of the big accounting firms -- Price Waterhouse -- to do a study which came up with the startling conclusion that the cost-of-living increase should be 50 or 60 percent. The study was based on the most ridiculous price assumptions, such as that fresh produce would be flown in from the U.S. even though a wide variety of fruits and vegetables was available locally for less than US prices. The details of the report did not really support the

conclusion, and some of us believed Price Waterhouse had tried to support what the senior Americans on the Commission staff wanted. For a couple of meetings I took the lead in opposition to a big salary increase which would have caused an increase in canal tolls. But it is hard to beat something with nothing, so I made a proposal which I thought was straightforward. We have in the State Department a well established system in which we do cost-of-living comparisons between most capitals and Washington. We could apply this system to the American Canal workers. If it showed that the American cost of living in Panama was 110 percent or something of Washington, it would tell the Commission what to do. We went through a major struggle because Defense was reluctant to join my position.

My proposal to treat the less than 1000 remaining American workers the same as other civilian US government employees in Panama opened another Pandora's box. All American Canal workers were entitled to Commission housing, and with the reduction in American workers we had more houses than we needed and were turning the surplus over to Panama. However, the Army's system had been to charge the employees rent. The rents, however, were based on what was charged for housing in the Tennessee Valley, some of the cheapest housing in the country. I proposed we end that system and essentially stop the requirement for rent and that the free housing would compensate for the loss of commissary and other privileges. The Canal employees would also then be receiving housing as do employees in embassies. The State Department would do its usual cost of living study, and, if it showed a higher cost of living in Panama, a cost of living allowance would be granted.

Defense was uncomfortable with providing the Canal workers free housing because it might set a precedent for other areas of the world, although no other Defense civilian workers were affected by a Treaty reducing their privileges. Eventually, State called a meeting in Washington, which I attended after meeting with several Defense officials to explain my proposal privately. At the State meeting Defense's opposition melted away. The details were developed, and the proposal was adopted to the chagrin of the American staff who were looking forward to a big increase in pay while most continued buying at the Commissary because they were retired military, in the military reserves, or their wives worked for the US military. State's calculation showed that the workers came out considerably better off.

We also had a continual debate in the Board on wages for the Panamanian nonprofessional employees. The basic cause of these problems was an absurd policy under the previous Army administration of the canal and the zone. I don't think it was done intentionally, but it had very unfortunate unintended consequences. The Army complied with the minimum wage laws of the U.S. in the Canal Zone. Thus, under the previous administration the person who was a common labor cutting grass in the Canal Zone had to be paid the US minimum wage, which was three or four dollars, whatever it was at the time, whereas the person 50 feet away cutting the grass in Panama was paid maybe 30 or 40 cents an hour for the same job. This system, of course, only infuriated Panamanians and built up a lot of tensions; there was even considerable corruption in awarding the Zone jobs to relatives or to those kicking back in some way. The higher Canal wages continued all the way up the scale although the wage differences were not as extreme for more skilled personnel.

I thought the disruptive effects in Panama of the excessive Canal wages would cause the Panamanian members to join me in working for change. Fabrega in fact complained bitterly that his electricity authority was in the position of running training schools for the Canal for free. As soon as his people had trained an electrician or welder and he had a little experience, he would quit for a higher-paid job with the Canal. However, the Panamanian government found that it was good politics to campaign for higher pay for Panamanians in almost all circumstances. Nevertheless, some Panamanian directors helped in approving a new wage policy for new hires based on prevailing wages for the same work in Panama. Existing employees were grandfathered in the old system. Every year we had a debate about an annual or inflation adjustment wage increase. In some years I managed to exclude the wages on the grandfathered scale to begin moving them toward Panamanian wages.

Probably no issue was as contentious in the Board as wage and salary adjustments. The situation was complicated because Bill Sidell, the labor expert American director, usually favored increases along the lines of the Panamanians and the labor unions, most of which were branches or associates of US labor unions. Much to my amazement, I found that a majority of the members of the American Maritime Union were employees of the Panama Canal. Our merchant marine had declined so much that we had relatively few merchant mariners, while there was a lot of union members in Panama as pilots, on the tugs, work boats and dredges, and even running the locomotives. So we had a major US union which was very much involved in Panama and lobbied the Congress and the Defense Department on behalf of their members, most of whom were Panamanians. Jay Clark, however, was strongly opposed to almost any wage increase because he was trying to keep the tolls charged the users down. The legislation gave the chairman the power to direct the vote of the US directors, but the chairmen were rightly reluctant to use this authority. I think it was used only once during my time on the Board, on a wages issue. But its existence sometimes moved the American directors to consensus. During the first year there were some 5 to 4 votes - Americans against Panamanians, but later a compromise was almost always worked out. I had a long tour on the Commission.

*Q: Yes, it continued three years after you left Washington.*

BUSHNELL: After I went to Buenos Aires, Steve Bosworth, who was my successor in the principal deputy job in ARA, was nominated to be a Canal Director. The process of Congressional approval was slow, and I continued attending Board meetings. After I had been in Buenos Aires nearly a year and after I had attended what I thought would be my last Canal Board meeting and had been given the railroad tie and plaque as a Commission token of appreciation, Steve Bosworth called me and said that he had been confirmed by the Senate but he had also just accepted the Secretary's request to take over as the head of Policy Planning. As he would no longer be in ARA and there was no way he could take time from his new job for the Canal, it didn't make any sense for him to be sworn in and maybe go to one meeting and then leave. He asked if I would keep doing the Canal Commission until his successor got in place, was nominated, and confirmed. I agreed. It was a lot of traveling every three months, but I enjoyed serving on the Board, and I found the Canal issues interesting. By that time I was probably more familiar with the issues than virtually anybody else. State provided good guidance on issues involving interpretation of the Treaty or of the implementing legislation, but on such issues as



efficiency, preparation of the Panamanians to take over, and wages, State gave me little guidance so I proceeded on my own.

Then Bosworth's successor, Jim Michael, adamantly didn't want to take the best part of four weeks out of the year to do the Canal. He felt the principal deputy job was all he could do. He was not nominated, and finding a replacement for me was sort of on the back burner so long as I kept attending the meetings. I guess no one was too unhappy with me even though I shook some things up for Defense and the Administrator. I don't know what was happening in Washington, but it was 1986 before I was replaced. My Canal Commission job was a break from the pressures of Argentina every three months, but I seldom got to take annual leave while in Buenos Aires because of the time spent on the Canal. In 1984 we benefited from the marvelous perk of traveling to home leave by ship, sailing south from Buenos Aires through the Strait of Magellan and up the Pacific coast. However, I had to leave the Delta Line ship in Peru to fly to a Panama Canal Commission meeting, joining my family a week later when the ship reached Los Angeles.

*Q: Were there other major issues that came up?*

BUSHNELL: When the Board first began meeting in 1980, the demand for the Canal was greater than its capacity. Ships had to wait several days to transit. On the way to our first Board meeting we saw the long line of ships outside the Canal entrance waiting for their turn. These days of waiting were, of course, very expensive for the operators of big expensive ships. Cargo was being diverted to the much bigger ships that would go around Africa or sometimes South America to avoid the Canal delays even though the sailing time and distance was much greater. There were two big issues that the Board had to address right away.

One was that the pilots choose this period of excess demand and the initiation of the new binational Board as the time for a job action and a work slow-down which made the wait for transit even longer. As government employees they weren't allowed to strike, but they could greatly delay the transits where they were in charge and could always wait for another rope or for a ship to get more clear and all sorts of other reasons. They would also arrive late for the pilot boat taking them out to the ship. Although they were very well paid, they demanded a large increase in both pay and benefits. We investigated whether the military or anyone else could provide emergency replacement pilots. But there was no substantial number of pilots anywhere in the world that had the experience and skills to take big ships through the Canal. The Administrator finally negotiated a settlement which, I believe, I finally voted in the minority against because it raised pilot wages to excessive levels putting pressure on Canal finances and opening the door to copycat demands by other groups of workers. It was a very generous settlement. A senior pilot working the normal amount of time, which required overtime because it takes 12 hours for a transit so they always work overtime on the days they have transits, began making more than the President of the United States under the new agreement. I thought it was highway robbery. Moreover, these excessive wages were just the sort of thing we did not want the Panamanians to inherit when they took over the Canal because paying excessive wages to most employees would substantially raise the cost of Canal transits. Pilot compensation was a continuing problem, although some fringe benefits were cut once there were more pilots available than we needed..

The other issue was how to expand the capacity of the Canal. There had been a lot of studies, and a new tripartite group of the Japanese, the United States, and Panama was just initiating a major study of a sea level canal, possibly using nuclear explosions and considering various routes. All of these studies I considered interesting background, relevant only for a distant future when the U.S. would no longer own the Canal. I raised the question consistently whether we couldn't find ways to get better capacity out of the existing canal. At first I didn't get far in the Board itself, but we always had lots of social activities connected to the Board meetings. These gave us a chance to get to know the senior staff, both American and Panamanian. In pressing the engineers and operators I found they did have ideas to increase capacity at least by a few transits a day. I promoted some of these ideas and asked the Administrator to study them. Some were simple. By setting up better lighting and dredging a few curves bigger ships could transit at night and with fewer delays. By building tie-up docks next to the locks ships could be prepositioned to enter a lock as soon as another ship cleared. By widening the canal in a few places we could avoid delays because big ships could not pass in parts of the canal. Over several years we gradually increased the capacity of the canal by five or six ships a day with quite limited investment. However, the main development that ended canal congestion was the opening of the trans-Panama oil pipeline in the fall of 1982. Moving Alaska North Slope oil to the eastern U.S. had accounted for several transits a day, as the ships not only transited with the oil but also came back through to go for their next load. In fact loss of this substantial business to the pipeline forced us to seek a toll rate increase of 9.8 percent in 1983.

The economics of ships transiting strictly according to arrival time in Canal waters bothered me. A falling-apart wreck with a minimum low-cost crew had many times lower daily cost for waiting than a modern Panama-max container ship [designed to be as big as possible and still fit through the Canal] which was trying to maintain a schedule of port calls. The local representatives of the shipping companies who attended some of the Canal social functions impressed on me that the shipping companies would pay more to avoid delays and they were looking for ways to avoid the Canal because of delays. Over its history the Canal had made a few exceptions to first come, first served. Warships and passenger ships had priority but not much else, and the Commission and Defense were set in their thinking about the order of transit. Of course under previous management no one had worried about serving the customer or making money.

I pressed in the Board for studies on establishing a transit reservation system under which those customers who wanted to guarantee transit on a given future day, regardless of the size of the waiting line, could do so by paying a substantial fee well in advance. We had lots of debate, and the first proposals were considerably improved, but meanwhile time passed. It was agreed that only a relative small portion of the daily transits would be open for reservations so ships not reserving would not have too much longer waits. The transit booking system was not introduced for a trial until 1983 after demand had already fallen below capacity. To my surprise, the booking system despite its substantial cost was popular with the users even though delays in transit had become unusual. Users remembered the delays of 1980 to 1982. In April 1984 a transit reservation system was implemented on a permanent basis, adding substantially to Canal revenue.

At almost every Board meeting there were interesting issues, or, as one Board colleague said to me, if nothing interesting is on the agenda, we can depend on you to bring something new up. Perhaps the greatest good news was in the category of the dog that didn't bark. We all embarked on Treaty implementation without the greatest confidence that a binational administration and board would work efficiently. But Phil McAuliffe, the American Administrator, and Fernando Manfredo, his Panamanian deputy, settled in and proved to be an extremely capable team dedicated not only to the daily running of the Canal but to implementing the Treaty and preparing for an eventual Panamanian take-over and a gradual departure of the American staff. Moving more Panamanians into positions of authority and gradually turning over power to Panamanians in an orderly and sensible way, closing the commissaries, changing the housing arrangements, developing training programs for pilots to accountants were all accomplished without any big explosion or turmoil and with an approach of being fair to people on all sides in a very constructive way. I think history will record this as a rather remarkable treaty experience after another couple of years when it's completed, despite some setbacks during the Noriega period. What many in the US Congress and elsewhere had argued was a transition arrangement that wouldn't work in fact worked exceptionally well. It should be a model for the right sort of cooperative arrangement between two countries.

*Q: Who eventually replaced you?*

BUSHNELL: Richard [Dick] Holwill, who was a Deputy Assistant Secretary in ARA, a political appointee with sort of catch-all responsibilities, eventually replaced me. Over the years and in some transition from one Administration to another -- I forget now which one--State forgot that this Canal Director was its much-fought-for job, and now it has become an appointment made to an outsider by the White House. Perhaps this shift reflects a realization that the real work has been done and it is now a routine ride to the final turnover.

*Q: Any further comment on the Board?*

BUSHNELL: No, we'll come back to Panama and the Canal in 1989 and 1990 when I returned to Panama.

**SARAH HORSEY-BARR**  
**Post Management Officer for Panama**  
**Washington, DC (1978-1979)**

*Mrs. Horsey-Barr was born in Maryland into a Foreign Service family. She was raised in the Washington DC area and abroad and was educated at Georgetown University; and Loyola University in Rome, Italy. Her service with the State Department took her to several posts in Latin America dealing with both consular and political/management affairs. Her last assignments were with the Organization of American States, where she served in various senior capacities with the U.S. Mission. Mrs. Horsey-Barr was interviewed by Charles Stuart Kennedy in 2000.*

HORSEY-BARR: Well, no, we had formed these consular assistance teams, and so then I went over to ARA because that was the one bureau that was given and put their money where their mouth was, but in the person of Bob Richardson. So I went over there and did that for a year.

*Q: That would be '78-'79.*

HORSEY-BARR: Right, about that. Then I was also post management officer for Panama. The consular assistance teams, I guess Bob Richardson, moved on to something else. Again, that sort of fizzled in terms of the money, the guarantee of money. Without the guarantee of money, the concept sort of fell flat. Sort of like inspectors or whoever, we just never knew if it was really going to come to pass or when, and that made the involvement by local folks much more attenuate. So then I did regular post management stuff and never really got thrilled about that.

*Q: You did that when?*

HORSEY-BARR: I did that during the same period, more business stuff. I really never enjoyed it. And so, at the end, I went for leave without pay, and I guess we left in September of '79 and I went out West to Thunderbird.

*Q: You were on leave without pay from when to when?*

HORSEY-BARR: September '79 to January '81.

**MARCIA BERNBAUM**  
**Human Resources Development Officer**  
**Panama City (1978-1980)**

*Marcia Bernbaum was the daughter of a Foreign Service officer and born in Quito, Ecuador. She joined USAID in 1977 as an International Development Intern. Her placements abroad included Panama, Nicaragua, Honduras and Kenya. Ms. Bernbaum was interviewed by W. Haven North in 1999.*

BERNBAUM: Eric and I went to Panama for our first assignment. We left our daughter in Washington and spent a month driving down to Panama. We went through Nicaragua right before the revolution. That was a tense period. I was in Panama as an intern from August of 1978 to June of 1980 where I was one of two Human Resources Development Officers. I reconnected with Tony Cauterucci who had been transferred in the interim to Panama as Human Resources Development Officer. I did a number of rotations and the.

*Q: What does that mean?*

BERNBAUM: Rotations as an intern. While I spent most of my time as the Human Resources Development Officer, during my first year in Panama I rotated for three or four weeks to the

Controller's office, another three or four weeks to the Program office, and two weeks to the Projects office.

A highlight of this period was that I adopted Tony Cauterucci as my first real mentor. Tony's management style in that office impressed me and a lot of my management style since has been patterned on watching what he did. Tony cared deeply about his staff, and you could see this in the way the office was run. He and others cared about my career development. That was very, very clear.

That was the positive side. The frustrating side was that it was not easy to work with the Panamanians. Also living in Panama was too much like living in the United States. We had the Canal Zone, which had all the conveniences. It was very difficult to do program design. There were, however, some positive points. My assignment was to design a Work Force Development project. The problem was a high rate of unemployment. The response: skills training. I went to Tony and said, "I'm a preschool specialist. I don't know anything about work force development."

His response, "Welcome to AID. You don't have to be an expert in these things. Your task is to manage technical experts who are the experts."

It didn't take us long to figure out that, if the problem was unemployment, the solution was not training. It was finding them jobs.

I went back to Tony and said, "I know nothing about job generation."  
His response: "Keep at it."

And then, of course, the next step was, if the task is to generate jobs, what really needs to be done is to stimulate the economy. So here I was, a Ph.D. with a Doctorate in Developmental Psychology and background in preschool education, examining macro economic issues!

We eventually decided that the conditions were not right for a Work Force Development Project. While not a very satisfying or career enhancing thing to do, I prepared a long memo to Tony explaining why we shouldn't do this project. Tony was very supportive. When he wrote my personnel evaluation, he lauded me for the courage of having made a decision like this, which is not one that is usually rewarded in AID.

Ironically enough, I had just finished my internship during which I had been promoted two years in a row. Several months later, when I was at my next post, the Mission Director and I were in Washington for a project review. The Director of the Development Resources Office, Buster Brown, was going around congratulating people on their promotions. He walked by me and congratulated me on my promotion. I said, "But Buster, I'm not eligible. I have been in grade for less than a year." I think the agency messed up. But if I got promoted so quickly, within 10 months, it has to have been on the basis of that evaluation. It speaks well for Tony and the Promotion Board that I got credit for having buried a project before it was born.

*Q: That must have been a very intensive analysis.*

BERNBAUM: It was. But the message that I would like to get across is that the system showed that it had integrity. What I did instead was to design a program to support small business development working through the Panamanian private sector. I began by researching USAID's past experience with training businessmen. With that information I approached a prestigious Panamanian management training institution called APEDE and asked if they would be interested in collaborating with USAID in designing a program to support small business development.

It was a fascinating experience and one that bore fruit. I was able to search through USAID's memory base and identify several successful management training programs that AID sponsored in the late 1960s and early 1970s. I also found out that AID/Panama, in the late 1960s, had supported APEDE with a seed grant to help get it established. Not only did this help me design the project, but it confirmed for me the importance of having an agency such as AID keep a good historical record.

*Q: What was the project?*

BERNBAUM: It was small business development...

*Q: .did that result in employment then?*

BERNBAUM: I believe so but cannot be sure as I left Panama right after designing it and was not able to keep track of it.

Because I basically killed the larger project I effectively worked myself out of a job in Panama. Eric and I were advised that, at the end of our first two year tour, we would have to look for another post.

*Q: When you killed the project you were saying the economic environment was not right for a project like that? Was that the basic point?*

BERNBAUM: Yes.

*Q: How did you find working in Panama though?*

BERNBAUM: I found working in Panama the least satisfying of any of the countries that I've been in. The Panamanians, at that point, weren't particularly interested in our assistance. They were a pretty sophisticated crowd, and Panama, in comparison with other countries in the region, was not poor. One of my assignments as an intern, while on rotation in the Program Office, was to work on AID/Panama's country strategic plan. I can't tell you how we I had to struggle to come up with data showing that Panama was very poor. When the document went to Washington for review, I'm told that people laughed when we provided statistics on how many houses had latrines versus bathrooms. In most countries we work in, to simply have a latrine is a big deal!

In the meantime, the Latin America Bureau started courting us for other positions. Buster Brown, by then the Deputy Assistant Administrator of the LAC [Latin America and the Caribbean] Bureau had decided we should go to El Salvador. This was in late 1979. My younger daughter Leah was born in Panama at about that time. I said to my husband, "Tell Buster there's a war in El Salvador, and we have small child and a little baby."

The response was "Don't worry. The war will be over very soon."

**AMBLER H. MOSS JR.**  
**Ambassador**  
**Panama (1978-1982)**

*Ambler H. Moss, Jr. was a career Foreign Service officer from 1964-1971, posted in Spain and with the US mission to OAS. After leaving the Foreign Service in 1971, he practiced law in Europe and was a political appointee under the Carter Administration as Ambassador to Panama. Moss was interviewed by Mr. Donald Barnes in 1988.*

*Q: First of all, I would like to thank you for agreeing to this interview and talking about your career, particularly your Ambassadorship and I'd like to ask you first of all, how did you get to become an Ambassador?*

MOSS: Well, I guess my case was a little bit unusual and I wasn't quite a career Ambassador and wasn't quite a run-of-the-mill political appointee. I'd been in the Foreign Service as a career from 1964-1971, had served in Spain, on the Spanish Desk and at the U.S. Mission of the OAS. And, in that latter capacity, had worked for [Ambassador Ellsworth] Bunker and [Ambassador Sol M.] Linowitz. I left in 1971, went into law practice in Europe, then came back in as a political appointee in the beginning of the Carter Administration in February of 1977. Invited by Linowitz and Bunker, who were the co-negotiators for the Panama Canal Treaty to join the negotiating team. I think we all felt, Linowitz and I both felt, that it would be a six-month temporary assignment away from the practice of the law. After which I would return to it. It didn't end up that way. It ended up about five years. So, one thing led to another when the treaties were signed and sealed. Basically, the Carter Administration realized it had a much worse Congressional problem in the Senate than it ever anticipated getting the treaties through. So, I then stayed on. Linowitz actually went back to Coudert Brothers [law firm]. I stayed on and moved into H (Congressional Relations), got a fancy title. I was made a Deputy Assistant Secretary but really with only one portfolio and that was to work on the ratification of the Canal Treaties. When that process was completed in April of 1979, I guess the logical thing seemed to be to be sent down there to see if they would actually work. There was a lot of preparation to be done because one of the stipulations of the treaties, the [Senator Edward] Brooke [R-Mass.] Reservation actually, was that there would be a time delay before the treaties actually came into effect, until October 1, 1979.

*Q: That's the Congressman from Texas, right?*

MOSS: No. This was senator from Massachusetts then and he introduced that particular amendment which we thought at the time was a bit of a nuisance, but actually turned out to be providential because there were close to a couple of hundred little nitty gritty side agreements that had to be concluded. Things like even down to the fine detail of the lettering on the rubber stamp for the duty-free entry of U.S. goods for the U.S. forces. Things like that that had to be negotiated and had to be put in place before the treaties entered force. And more importantly, of course, the implementing legislation because the Panama Canal Treaties were not self-implementing, self-executing, but we needed domestic legislation which, as we'll get into a bit later, proved exceedingly hard to get. We only got rather a bad piece of legislation three days before the treaties took effect in October of 1979. So, I think those are the reasons why I was sent down there and for the same sort of political and technocratic type of reasons, why I specifically held over in the Reagan Administration. There is a political explanation for everything and I think the real political explanation for that one is that the Republican senators that had supported the treaty didn't want any sudden abrupt changes, let's say, in Panama and seemed to them a good idea for me to stay on in Panama and that's what happened. So, I was there for a total of four years.

*Q: Going back to the vote on the Senate, as I recall it was very close.*

MOSS: Very close. Remember there were two treaties. There was a Neutrality Treaty and the Panama Canal Treaty. The Neutrality Treaty was voted on first. What's interesting is that in the case of both treaties taken together, the Senate occupied more of its time discussing those treaties than it had over any other treaty since the Versailles Treaty after World War I. In fact, really it occupied just about 25% of its entire legislative year when you consider that from the opening of the session until close to the end of April, the only business it did was to consider the Panama Canal treaties. The Neutrality Treaty was voted on in March and that passed by one vote more than the necessary two-thirds, and the Panama Canal Treaty also passed by more than one vote in April. So, it was extremely close. Frankly, I think of the Neutrality Treaty, there was the majority leader Senator [Robert] Byrd [D-WV] had a couple of spare votes in his pocket if he really needed to use them, including Jennings Randolph from West Virginia, he had a couple of these votes in his pocket. But, it's quite obvious that nobody wanted to be on record as having supported the Panama Canal Treaties if you didn't really have to. So, no votes were wasted in that sense. I think the passage by one vote was deliberate. Those who had to stand up and be statesmen did so, but nobody did it because they thought it was a great idea to have to do because it was politically damaging. The second treaty, Panama Canal Treaty, we think there were actually no spare votes. And, that was such a tight call right down to the wire that the White House didn't even plan any victory party--didn't dare--I guess out of superstition or whatever, until the votes were all in. The last day on the voting of that Panama Canal Treaty was, I can remember, absolutely horrendous.

*Q: The two Panamanian negotiators, as I recall, were both very interesting men. One went on to become President for a while until he was removed and the other has become a very outspoken critic of the United States in all kinds of forums. Can you tell us a bit about them?*



MOSS: Yes, the one who went on to become President was Aristides Royo, who was a bright young lawyer, had been [General Omar] Torrijos' Minister of Education. Torrijos set in motion, after the treaties came into effect, actually a gradual return to democracy, by which in 1978 he, in fact, stepped down as head of state, remained as head of National Guard, which of course really controlled the Panamanian political scenes. But, the President and Vice President in 1978 were to be appointed by the Legislative Assembly and those were Aristides Royo and Ricardo de la Espriella, the hand-picked candidates of General Torrijos. The plan after that is that they would stay in for six years and in 1984 there would be direct popular elections for President. In the meantime, Torrijos kept the three promises that he had made to visiting U.S. senators that after the treaties were ratified and instruments had been exchanged, that he would allow the return of all political exiles, that he would allow freedom of expression to start up again and the opposition newspaper La Prince Adid--very loud and strident opposition--and that he would allow the reestablishment of political parties as all part of this re-democratization process. So, that was Royo. He was the first of the Presidents under that new scheme. The Presidents were switched, we'll come to that. The other was Romulo Escobar Betancur, very very interesting Panamanian. He was a black Panamanian and had been Rector of the university ideologue. Thought to be a former communist. Represented the left wing of the poorly and loosely organized official political party, the PRD, and interestingly enough subsequently this past year has been displaced as head of the PRD by a crony of [General Jose Manuel] Noriega, because Romulo Escobar Betancur may be a leftist and he may be anti-U.S. on occasion but he's an independent man. He's his own person. Now, I'll tell you an interesting story about him through. Anti-U.S. and ideologue he may be, but he's highly pragmatic. I recall that in the passage of the Neutrality Treaty in March of 1978, one of the things that almost scuttled the treaty was the so-called [Senator Dennis] DeConcini [D-Ariz.] Reservation. Terribly reminiscent in language, and certainly in intent, of the Platt Amendment in the Cuban constitution, which was abolished by Franklin Roosevelt, looked really like a re-enactment of the Platt Amendment in our time with respect to Panama because it gave the United States almost unlimited right to intervene in Panama for whatever reason to keep the Canal open. On the day of the voting of the Neutrality Treaty, DeConcini, in explaining his reservation, even made it was than the very language of the reservation. Saying, for instance, that if there were labor difficulties or strikes or anything that impeded the flow of traffic from the Panama Canal that the United States would have the right to come back in and keep the Canal open. Torrijos and his negotiating team had specifically let us know, and this is in [Ambassador to Panama William] Bill Jorden's Book "Panama Odyssey", that that reservation was just plain out. That he wouldn't accept it. That he could live with the whole package of rather obnoxious sounding understandings and reservations and amendments to the Treaty which all the senators thought they needed to be able to explain their vote to their constituents, but that one was out. No DeConcini reservation. Yet, several days before the vote, DeConcini met with President Carter and President Carter told him he could have it. So, frankly we thought, some of us thought, Bill Jorden and I thought, that the whole thing was over. The deal was finished.

*Q: Bill Jorden was an Ambassador then?*

MOSS: He was then Ambassador to Panama and the week of that vote I was down there with him trying to hold hands with the Panamanians and explain what was happening in the Senate. When we heard that President Carter had accepted the DeConcini Reservation, we also heard the

Torrijos had made a date with the country's two television channels to go on the air that afternoon and denounce the whole thing and call the deal off. Astounding, when the treaty was voted on with the DeConcini reservation, out on television came Romulo Escobar Betancur, not Torrijos, explains to the Panamanian public what had happened during the day, that the treaty had passed by one vote, that there was another treaty yet to be voted on and that there were a bunch of additions made by the Senate which he termed "potable" ["potable" (acceptable)]. Which earned him the epithet of 'el plomero' ["the plumber"] because he could make anything "potable". But, the story goes that during the day Romulo and Rory Gonzalez and some other Torrijos' cronies had almost literally wrestled him to the ground and told him for heavens sake, get practical. There is another treaty we can hook a non-interference, non-intervention clause on that one and let's ride this thing through. Let's not call all this off on account of the DeConcini Reservation, which is an imminently pragmatic and very non-ideological approach. I think Romulo deserves credit for having saved the treaties, because Torrijos I think was really of a mind that he had basically had enough.

*Q: When President Carter went down to Panama to sign the treaties in a formal ceremony along with a number of other Latin American presidents, Torrijos was very late to the ceremony and they were all standing out in the warm Panamanian sun?*

MOSS: That was the OAS. There were two different events. The actual signing of the treaty was in Washington at the OAS headquarters on September 7, 1977. That's when all the Latin American heads of state were convoked and Torrijos came, that sort of thing. But you're referring, I think, to the Exchange of Instruments in June of 1978. I did hear that story. I wasn't there actually because my wife was about to give birth at that point. If I went to Panama instead I could get into terrible political trouble from which I might never recover.

*Q: From what you know Torrijos, is the story that was bruited about was true that he stopped for to knock back a couple of quick ones and kept everybody waiting, because they were waiting for a long time in the sun.*

MOSS: Yes, they were. It's possible. Although I think it's Torrijos' habits. He had his own pace of doing things and would not necessarily just show up on time just because it happened to be the appointed hour.

*Q: Alright. You were Ambassador of Panama, and I'm trying to think back, it's rare to find an Ambassadorship in which such a big change took place in our relationship with a country, as with the entering into effect of these treaties. Can you tell us a bit about the impact of this, because it was a whole new dimension to our relationship?*

MOSS: It really was and there were a lot of things to contend with. First of all, the fear of the Americans that worked in the Panama Canal Zone, that when their Zone disappeared I don't know what they thought was going to come across the old boundaries, but they were scared and they were worried about it and they were unhappy. The U.S. military wondered how relationships were going to be getting back and forth to their bases and what again would be Panamanian territory. Actually, everything worked out beautifully well. The most immediate noticeable impact of the treaties coming into force, I think, was just the total disappearance of

any anti-Americanism in Panama at all. So much so that the U.S. business community, which didn't have its own Chamber of Commerce, I think only Panama and Paraguay in all of Latin America didn't have an American Chamber of Commerce there, formed one. In October of 1979, they held their first inaugural meeting. President Royo came down to dedicate it and he said that this chamber would be not only good for American business but also for Panama. So, there was an air of good feeling that set in immediately and a disappearance of this old anti-Americanism, students on the streets painting walls. All that sort of thing just vanished. We just became part of the scenery. I can remember once shortly after the treaties came into effect hearing down the Avenida Balboa a screaming mob--not that much of a mob--several hundred people carrying banners and waving sticks and that kind of thing and they looked like they were headed for the Embassy. So, I kept looking out the window, but they walked right on past. They were walking down to the Ministry of Labor to protest something or other and nobody even noticed that they were passing the American Embassy. That was the difference. The immediate impact for the Zonians was interesting. First of all, I think that on the day the treaty entered force every one of them stayed in their homes, probably with their shutters down wondering what this thing meant. But, the first impact actually was favorable for a curious reason--that the police patrols that went through their neighborhoods consisted, at the outset, of a combination, almost like a "Pareja de la Guardia Civil" [Spanish policemen, who always patrolled in pairs] in Spain in the old days of one U.S. and one Panamanian cop, because it took another year before the Canal Zone police force would phase out. And, that impact was actually favorable for the Zonians because Panamanian cops are tough and old-fashioned and if they see a young person, let's say walking through a neighborhood or looks like he doesn't belong there, he'll stop him and accost him and asking him what's he doing and if he doesn't have a good explanation he'll order him out and if he's talks back he'll bash him. And, it's been some time since American cops were allowed to do that and the Zonians rather liked that practice. So law and order in the mind of the Zonians had a certain upswing. The downside for the Zonians, of course, was the disappearance of the Canal Zone government and their initial list of complaints was not directed against Panamanians but rather against the Defense Department because the Canal Zone government had been a very paternalistic, flush with money sort of organization that did anything they wanted. Ran good schools, mowed their lawns, repaired their roofs, provided excellent commissary service, did everything and everything that that Canal Zone government had done for them was now to be done by the DOD applying their worldwide level of service which was not the same as the old Canal Zone government which was a unique institution. So, the complaints that one heard were almost all directed against that particular change rather than against anything having to do with Panama.

*Q: Didn't the Canal Zone government have its own steamship or something at one point?*

MOSS: That had phased out some years before because that was a very expensive operation.

*Q: It's been ten years now, it seems hard to believe, since this whole thing was negotiated. Do you have any second thoughts?*

MOSS: My second thoughts are thank heavens we did it, because if we have problems in Central American today, imagine what they would be like if that issue still were a bone of contention between the U.S. and Latin America. After all, that was the one thing that pitted all of Latin

America against us. Remember the special session of the United Nations Security Council, everything like that. It would have been an absolute field-day for the left in Latin America to be able to point to an issue involving colonialism. I think, in my own mind, I'm quite sure the Canal wouldn't be working today if we hadn't gone into the Panama Canal Treaties. Remember that Central America too was fundamentally a different place in the middle 1970s from what it is today. In the Ford Administration, there were actually plans on the books to remove the U.S. Southern Command. To move it out. The only reason was that nothing at all was happening in Central America. It was literally a quiet backwater and it seemed a reasonable thing to move Southcom out by way of cutting the budget. It would be a good budget cutting measure. All of that sort of changed in 1979 with the revolution in El Salvador and the Sandinista uprising, all that kind of thing. But, certainly it was a different world then. Frankly, today it would be a much more complicated thing if in amongst all the other problems we have in Central America, the Canal issue were still alive.

*Q: That's a very interesting and pertinent statement.*

MOSS: I might add also that 1978 has been a year in which there has been a tremendous crisis in diplomatic relations in lots of other levels between the United States and Panama, yet the Canal has continued to function. I won't say as if nothing else were going on.

*Q: You mean 1988.*

MOSS: Sorry, 1988. Obviously, it's had its effect on the operation of the Canal but essentially the Canal operates efficiently and smoothly and puts through ships as well as ever, despite that bilateral tension between the United States and Panama. It almost exists off to the side of the rest of the action that's taking place.

*Q: One hears criticism that the Canal is run down physically since the Panamanians have assumed so much of the burden of running it. Is that the case and does that affect its operation?*

MOSS: I don't think so. Actually, so see the Panamanians don't really run the Canal. The U.S. Army does through the Panama Canal Commission and it's a straight DOD operation. So, if the Canal is running down at all, which I think is debatable, it's entirely the U.S.'s fault because the U.S. is the sole operator of the Panama Canal. Now what people see as rundown I think is more attributable to the lack of maintenance in what was the Canal Zone, because as I said before the Canal Zone is an example of how socialism really works if you've got enough money to pay for it. So, if you have a paternalistic government which out of the toll receipts is able to cut people's lawns, take care of their roofs, fix their houses, do anything they want done, all of that was done at tremendous expense, but it was nice. It looked beautiful and that's what has disappeared now because the Commission isn't doing those things for the inhabitants that it used to do.

Panamanian employment has certainly increased in the Canal. It's now, I suppose, probably about 84-85% of the work force, but that's only up about 6-7% let's say, from what it was ten years ago. We would expect it to be increasing gradually toward the end of the century. The Canal has become more Panamanian in that now directors of divisions and people in much higher management positions have become Panamanian, which was also foreseen in the treaty.

But, the actual control and expenditure of funds and the maintenance of the Canal is a direct U.S. responsibility.

*Q: I see. Have there been any significant labor problems, politically oriented?*

MOSS: Not politically oriented, no. I think the most significant labor problems, I think, occurred right at the beginning of the new relationship because of the law that the Congress passed which set up two different wage scales for old employees and for new employees and that, the Panamanians charged, was a violation of the treaty. Certainly, it was not good labor practice and after a number of years it was done away with by amendment to that legislation.

*Q: Going back a bit in time to the negotiations themselves, you worked with two certainly fascinating men. Each one very distinctive in his own style and characteristics, Ellsworth Bunker and Sol Linowitz. Can you tell us a bit about them and the way that they operated?*

MOSS: Their styles, of course, were totally different but they worked wonderfully as a team. Ellsworth Bunker, you remember him well, was calm, cool, collected, the epitome of sort of a yankee patrician who, none the less, was open to talk to everybody on an equal basis. Was tirelessly patient, could out wait anybody, was never ruffled by anything that went on and could sit there day after day, painstakingly go over the details of the negotiations and basically outlast anybody on the other side of the table. I would love to have seen him against the Japanese. I think he would have been a match for anybody. Linowitz was the opposite. Linowitz was very impatient. Brilliant, fast-moving mind, dazzling, leaping around trying to find solutions for things, wanting to see things settled as quickly as possible, impatient if somebody got in his way. But, as I say, the combination was really a winning one. I think the reason why the negotiations moved so quickly probably was because in the opening round in the Carter Administration, first of all I think a fundamentally good decision was made by the Carter Administration and that is that there was absolute continuity from everything that had gone before. The [Secretary of State Henry A.] Kissinger/[Panamanian Foreign Minister Juan] Tack agreements of 1973 would still be the basis of the negotiation. There would be perfect continuity of everything negotiated up until the time the Carter Administration, which really was most of the treaty. So, that put the Panamanians at ease that it wasn't a complete new ball game that they had to start from zero, but then the second reason why I think the treaties were wound up quickly was because of Linowitz' impatience. As you may remember, we were down on Contadora Island at the beginning of February of 1977. We were there for about two weeks with Panamanian delegations coming and going and we didn't quite know when they would arrive. They'd go back and consult with their leader and things dragged on, as far as Linowitz was concerned, interminably. And, at one point he muttered to me "I'm never going to come back to this place again" and then he moved in and proposed and everybody accepted that the conversation should shift to Washington. That was very good for two good reasons. First of all, the Panamanians couldn't run back and forth everyday to consult with their leader and take as much time as they liked, which they, in fact, appreciated we found out later. They didn't like being kept on such a short leash and they had much more freedom and authority to negotiate when they were away and second of all, the real bureaucratic mess was on the U.S. side because everything had to be cleared with everybody and that couldn't be done on Contadora Island. The Panamanians might be able to shift their position from one day to the next but there was only one guy they had to talk to, but that was not true

with the U.S. having to go through incredible layers of bureaucracy all around the place to get one little change of position in a complicated negotiation. So, I think moving the talks to Washington had the effect of being able to get through the rest of the treaty negotiation in a reasonably short time, all things considered.

*Q: Do you feel that the Ambassadors Bunker and Linowitz had sufficient leeway as far as Carter and [National Security Adviser Zbigniew] Brzezinski were concerned in the negotiations?*

MOSS: I think they did, yes. I think they learned to get that leeway. Sometimes bending the rules a bit of who clears what with whom, simply because of that relationship with Carter and because of the knowledge that President Carter really wanted this treaty done. That he wanted it done quickly. He didn't want to waste any time with it. So, trading on that special relationship, I think they were able to get things done a lot more quickly than if the normal bureaucratic pace of things had had their way.

*Q: And, was the Pentagon a big obstacle?*

MOSS: The Pentagon was an obstacle in certain ways, but we had the great advantage of having General Welborn Dolvin on our team who really was able to work magic with the Pentagon and get around a lot of the obstacles because he knew what he was dealing with. He personally was committed to the treaties. And, also the Joint Chiefs of Staff were committed to the idea of the treaties and I think that overcame a lot of the obstacles. But, certainly that's where obstacles were likely to come from because when you get into complicated negotiations like, as we call it, the lands and waters, the delineation of what should be retained for use of the Canal and what should be given back to Panama, it's a well-known Pentagon habit that you don't give up an inch, even if you don't need it. So, that type of obstacle had to be overcome constantly.

*Q: Some of the lands and waters, as I recall, involved some facilities that weren't totally military, such as golf courses and marinas and bowling alleys and things.*

MOSS: Well, not only that but Panama's two major ports, Balboa and Cristobal, the initial Pentagon position was to make sure that the supplies got into the Canal we had to keep those ports. That was, of course, completely opposite to what the Panamanian agenda was. These were Panama's only two deep-water ports and Panama wanted them back. So, overcoming that one was a tough nut to crack. But you're right, the general rule was to hold on to everything you possibly can hold on to whether you needed it or not.

*Q: Well, shifting a bit southward back to Panama, in addition to working with two fascinating men on this side, you worked with a fascinating man on the other side. Can you tell us a bit about Omar Torrijos?*

MOSS: Torrijos was a truly amazing person. He was really almost sort of semi-literate, didn't write very well and preferred not to read, preferred to have oral reports. Even intelligence reports from the field were usually recorded onto a cassette from the telephone and typed back to him. He had though one of the sharpest, innate political instincts I've ever seen in anybody and a clear perception of who was who in the world and perception of what countries were like, what people

were like, what leaders were like. Didn't always get it absolutely right. In the Sandinista uprising, for instance, he basically bet on the wrong Sandinistas because he thought [Comandante] Eden Pastora would come out on the top and that was the side that he dealt with. But he understood the course, the rhythm of that war, much better than Washington did. And, he saw with infinitely greater clarity that they knew more of that particular drama and [President Anastasio] Somoza's regime was falling apart much much greater than the United States ever realized and kept telling us so. Month after month, Washington wouldn't listen to him and Noriega's intelligence chief and other people that Torrijos had working for him were providing their sources of intelligence and Torrijos really knew what was going on. Now, part of why he knew what was going on in Nicaragua had to do with his own highly personalized method of organizing an intelligence network. A great power, or even a smaller one, will organize an intelligence network by recruiting like-minded people, training them and sending them off to report. Torrijos would basically take on reporters with very strong known biases because they could work best with their counterparts in a different country, but that they owed a loyalty to him so that he knew they would report back with all the biases. But, using sort of his own intellectual filtration, he knew that "el color de su cristal" ["the color of their lens" (their bias)] so that he would simply triangulate like a navigator and figure out what was going on. So, that he had people working directly with the Sandinistas, he had a military attaché at the same time in Managua. He was almost more Somozista than Somoza. Had been there 16 years, was a graduate of the military academy, married to a Nicaraguan and always reported favorable things about how Somoza was doing, but with enough information that Torrijos really knew what the true story was. And, various other people with known biases out in the field would report in daily to him by telephone. Sergeant Chu Chu Martinez would usually be sitting there in Caya (inaudible) with the cassette recorder, take down the messages and play them back. Sometimes Torrijos would call me in the middle of the night and he would always preface it "Ambler, que estas haciendo?" ["Ambler, what are you doing?"]. Are you busy. I said "Pues nada" ["Well, nothing"] "Ven pa' 'ca" ["Come on over"]. Then sometimes, my driver having been dismissed, I'd get into my little Subaru, go over to Caya (inaudible), he'd say "I want you to hear this tape" and he'd put something on, some report from the field or some fascinating bit of information. Then he'd sit down and start drinking and start talking and philosophizing about what was going on and how this was happening and that was happening. Fascinating. At one point at the beginning of the Sandinista rebellion, he said "You know, I need some maps. My maps of Nicaragua aren't any good. Can you get me some maps?" I said sure I can get you some maps. So, I went up to Southcom and I got some beautiful U.S. military maps of Nicaragua and gave them to him. A few days later I came down and he had a sort of a war room set up in Caya (inaudible), little pens and this and that all over the place, but it was absolutely clear that he had very precise data as to what was going on in Nicaragua. Sometimes from his own people. Sometimes directly from the Sandinistas themselves, at least the ones he was talking to, particularly Eden Pastora and Comandante Dora, with whom he had an interesting relationship. I remember once sometimes I'd go to see him in Caya (inaudible) when he was still recovering from a hangover and he'd actually be lying in bed drinking coffee and I'd sit on a chair or maybe sometimes on the end of his bed with my notebook taking notes. And, once to punctuate a point, he said "la semana pasada" ["last week"] "Aquí mismo en esta cama" ["Right here in this bed"]. He had a peculiar dislike of both Kissinger and Brzezinski and he told me once, how did he put it, he said "Ambler, yo no hablo ingles, pero yo se que este Brzezinski hable con fuerte acento, igual como Kissinger antes. Ustedes los gringos cometan un gran error" (that's the way he began a lot of our conversations)

"poniendo a hombres como estos en cargos importantes, porque estos dos pasan la mitad de su tiempo peleando las viejas guerras de la Europa central, porque ahí está su corazón, y la otra mitad tratando de probar que son tan buenos gringos como si hubieran nacido en Chicago." ["Ambler, I don't speak English, but I know that this Brzezinski speaks with a heavy accent, as did Kissinger before him. You gringos make a big mistake naming men such as these to important positions, because these two spend half their time fighting the old wars of Central Europe, because that's where their heart is, and the other half trying to prove that they're as good a gringo as if they'd been born in Chicago."] I thought that was the best of any commentary. Then he went on to get philosophical and poetic, as he often did, lyrical. He said, "Ambler, hasta que tengas tus muertos en la tierra, tu realmente no perteneces a ese país." ["Ambler, until you have your dead (buried) in the earth, you don't really belong to that country."] And so, that by way of saying that a National Security Advisor should be a gringo gringo "...varias generaciones de muertos en la tierra." ["...several generations of dead in the earth."d] This is the way he felt. This is the way he operated. He always thought in a very, very broad gauge perspective. Sort of detached from the rest of the world. Looking at it and analyzing its various components.

*Q: There had been a time earlier when he was on a trip, I believe in Costa Rica, and there was an attempt to oust him which some people attributed to the United States.*

MOSS: Yeah. I don't know, that was in the early 1970s. I think he was in Mexico at the time, had been to Costa Rica and Mexico, and right a plot of Colonels did proclaim that they had ousted him. Noriega, which is one of the reasons which endeared Jose Manuel Noriega to Torrijos, was the Commander of the military region in David, right on the Costa Rican border. He immediately wired up to Torrijos, "come in through David. I'll help you get back." And, Torrijos did that. Old [President] Jimmy Lakas was with Torrijos at the time, various people. I think even [Foreign Minister] Fernando Eleta. I think they were in Fernando Eleta's plane, as I recall the story. This was way before my time so I may get some of the pieces wrong.

*Q: Lakas was the figurehead president?*

MOSS: He was the figurehead president for a long time because Torrijos basically detested anything that had to do with ceremony. He's a businessman in Colon of Greek background, Demetrio Basilio Lakas, was a close friend and crony of Torrijos. A great big huge guy, must have weighed 300 pounds or something. He was with Torrijos on this trip and he was always the, you say, figurehead president. Figurehead, yes, but he served a valuable function for Torrijos and that is he handled basically all the ceremonial functions of head of state which Torrijos never was willing to do. Torrijos was basically a shy person, hated the limelight, hated ceremony, hated having to deal with ambassadors and visiting delegations of this and that. Just plain didn't want to do it and wouldn't do it. He described himself once as a lazy dictator "dictador perezoso". Just did not like to get involved in a lot of the details of government, so he'd leave that to Lakas and leave a lot of it to his civilian cabinet. He was not a hands-on dictator as we've known in a lot of times and places in Latin America. Didn't want to know a lot of the details. Only wanted to know about his special projects and he was well enough known that people knew the boundaries beyond which they better consult with the boss before they do it. So they came back and landed in David and started on sort of a long march southward and the opposition just vanished and took off and Torrijos was easily reinstalled. Since then, Noriega had a favored place with Torrijos,



although during the whole time I knew them there was absolutely no question about who was in charge. Noriega was very subservient to Torrijos. Torrijos kept him in his place, didn't tell him everything. Kept Noriega for his own special purpose and he was very valuable. But, did not make Noriega a sort of second in command or an alter ego of Torrijos in any conceivable way.

*Q: Was there any sort of a hangover from this incident as far as our relationship with Torrijos. I mean, did he refer to this?*

MOSS: No, I never heard him refer to it. I think, I'm not sure what is known about any complicity of the U.S. in doing this. It wouldn't surprise me, but it certainly wasn't an issue by the time I got there.

*Q: What did Torrijos think of Carter?*

MOSS: Torrijos really admired Carter enormously. I think, frankly, he thought at times that he was cleverer than Carter, especially when it came to understanding Latin America and Latin Americans and if Carter were only a better pupil that Torrijos could be a very good "maestro de escuela" ["schoolteacher"]. But, he deeply admired, genuinely admired, Carter's personal qualities. Thought he was a genuinely good man, sympathized with him, just wanted to do everything he possibly could to help him. And, I think that's one of the two reasons why he so readily accepted the hospitality to the Shah of Iran when it was asked of him to take in the Shah. I think that anything he could ever do for Carter he wanted to do.

*Q: And Noriega, what was your acquaintance with him?*

MOSS: Noriega was a typical cop. Noriega, as far as I've been able to determine, is a man who has absolutely no known ideology, I don't know that he has one. And, nor does he have any messianic sense of power and his own destiny. He responds to very simple principles, money power, position, those kinds of things. Certainly when I was there, he characterized himself, I think, by trying to be as useful to as many gringo agents as he possibly could at the same time. I think it was very interesting in my briefings going around Washington before I went down as Ambassador, when I dropped by the DEA they told me in effect, forget Torrijos, Noriega really runs the country. But, the bottom line of what they seemed to be saying was, don't worry, he's one of ours. Everybody thought he was one of theirs. The FBI, the CIA, everybody in the Pentagon, everybody had a close relationship with Noriega, knowing at the same time that he dealt with Fidel Castro and that he dealt with everybody else. They knew perfect well these things but that didn't bother them because he was a valuable asset and what could he be telling to Fidel Castro anyway, because we didn't let him have any secrets. So, what could he be telling Fidel Castro. And, it seemed perfectly logical to all the U.S. Government agencies that a head of intelligence has got to deal with the whole world, especially in a country which purports or tries to put on the showing of being neutral even though its got such a heavy U.S. military presence in its territory. So, I think they sort of forgave him that. Nobody was under any great illusions about the moral or ethical character of Noriega, but regarded him as a useful asset. As I say, sometimes I wondered when the guy had a chance to have lunch. He might be with the CIA in the morning, with some visiting character from the Pentagon at lunch, with the DEA in the afternoon and he really did try to help all these agents.

*Q: The Cubans in the evening.*

MOSS: The Cubans in the evening. Barbarroja would be coming to town so he'd be off wining and dining somebody or other. That's the way he was. He was a general factotum and a useful kind of guy. There was one incident in which a sinister side came through which very much irritated Senator Howard Baker. And, that was when Baker made a trip to Panama. This may have been in January of 1978 or, perhaps, even at the very end of 1977. There had been a briefing at military headquarters, Noriega had brought a map of the Canal Zone and showed how the treaties were a good thing because the Canal Zone was a really very vulnerable place and he pointed out some of the vulnerabilities and Senator Baker took this to be a threat and complained about it. I remember this was discussed with Torrijos and Torrijos said, he didn't mean that. Sort of bad boy. He didn't mean to threaten you, he just sounds that way sometimes. That kind of thing.

*Q: But the Canal was vulnerable.*

MOSS: Oh, certainly the Canal was vulnerable and is vulnerable. Because basically when you think of a canal which works on the basis of a gravity-fed system from a high point which was the lake in the middle of it, anything which you do which drains the lake or cuts off the water supply to the canal, put the canal out of action. And, if a hole were punctured anywhere along it, engineers tell me it would take three years of rainfall to fill that lake up again. So, it's something that's very, very easily put out of action. And, of course, one of the reasons why the Joint Chiefs of Staff were so enthusiastically in their support, is because they realized that first of all in any war today, you can write the Canal off at the first gunshot because one missile of practically any variety is going to knock the Canal out. It isn't like World War II where the idea was to defend it against Japanese saboteurs. That isn't the real problem. In wartime the Canal becomes useless. In peacetime, the best defense of the Canal is a friendly surrounding, friendly ambience in which the Canal has to operate and work and that was the whole rationale for the treaties, to engage the Panamanians own self-interest in protecting the Canal instead of potential hostility from a regime that we're not getting along with. And, of course, a product of that self-interest was financial. Not only, of course, in terms of the huge Panamanian workforce, but in terms of the \$75 million that the Panamanian government now gets out of the toll receipts as opposed to the \$2.6 million it got when the old regime was in effect which was simply a flat rate as opposed now to a payment which is geared largely upon the amount of traffic that flows through the Canal. So, they have a direct financial stake in the efficiency of the Canal. But, certainly it's vulnerable. Nobody has the slightest doubt but that it's vulnerable.

*Q: If you were Ambassador in Panama now, what would you do to try to get us out of this mess that we're in with Noriega and the Panamanian government?*

MOSS: I would certainly urge that what I consider a totally disastrous policy pursued during 1988 be reversed and that we find a face-saving exit for ourselves and Noriega. Let me just recite a few of the errors that I think have been committed during 1988. First the indictment of Noriega in February of 1988 by two federal courts in Florida. It didn't make any particular sense because why indict somebody that you can't get your hands on and that, in balance, you'd rather leave

Panama and leave power rather than be locked in because of the web of extradition treaties we have around the world. It didn't make any sense and I'm not sure why the government did it. I can understand perfectly well why U.S. attorneys indict people, that's their career and that's what they get paid for and that's what they make their marks for. Particularly the two very enterprising U.S. attorneys here in Southern Florida that brought their respective indictments are very ambitious people and they are in the business of indicting people, so why not, whether they can bring them to justice or not. But, what I fail to understand completely is why the higher authorities in Washington said they'd let it go through without having really felt through very carefully the consequences. Then the aborted coup where [Eric] del Valle, who after all was a puppet President, he was the left over Vice President when General Noriega and some of his civilian cronies fired [President] Nicolas Ardito Barletta in September of 1985. Del Valle, who had been hauled onto the ticket in the first place by Noriega himself, was then installed as President and was stainless for being such a toti, such a puppet to Noriega. In late February of 1988, del Valle the puppet attempted to change his puppeteer by appearing on television in a recorded announcement and as President firing Noriega, thereby being fired in turn the same evening by the National Assembly then going running into the arms of the United States and hiding and being declared on March 2nd by a statement of the Acting Secretary of State still to be recognized as the true President of Panama and Juan Sosa in Washington as his true Ambassador. That opened the way for del Valle's lawyers to bring suit in federal courts blocking all of the banking funds of the Banco Nacional de Panama which included funds in transit from all the whole banking sector in Panama which is a proximate cause of the destruction of the banking sector. Now the banking sector was a very, very productive industry in Panama consisting of about 7,500 high-quality jobs, 120 banks, \$35 billion in deposits and by all reckoning it is gone now never to return--brilliant. Then in March the United States decided to suspend the monthly payments due to Panama and the Panama Canal Treaties. In my mind an absolutely horrible precedent, because when one starts to use the Canal Treaty as an instrument in a bilateral fight, then two eventually can play at that game. What if after the year 2000 the Panamanians don't like the sugar quota or something like this? I would say that the Canal should be "intocable" ["untouchable"] and it should run its business aside from anything else going on. And I also happen to think, although I think it can be argued by lawyers, that the withholding of the monthly payment to Panama is, in fact, a violation of the Panama Canal Treaty. Now, on the other side they will say it is not because it was at the request of del Valle and he is still the President. As time goes on, that quality of his being President is increasingly dubious. He has none of the attributes of being a functioning government. Then along came the International Economic Emergency Powers Act invoked in April which, in fact, told the 450 American companies in Panama that they must make no payment of any kind, direct or indirect, to the government of Panama. Now this gets down not only to income taxes and social security but even light, telephone bill, exit taxes, postage stamps, everything. It effected something which I think is a terrible, terrible precedent anywhere in Latin America. It used the American business community as an instrument of U.S. foreign policy and, incidentally, without its consent. People once dumped tea into some harbor or other for that type of thing. And, the American business community was naturally irate, outraged. They didn't want to be used as a blunt instrument to beat Panama with as a sacrificial lamb and they went to Washington in the middle of April and protested longly and loudly. And, according to what they told me, were met with a very stiff and cold reception. What's the matter with you guys? The Panamanian private sector is willing to accept sacrifice, why are you not ready to accept such sacrifice? An indecent and almost obscene

kind of question to be putting to the American business community to begin with and, second of all, not a very rational one because it was only the American business community and not the Panamanian business community which was being forbidden to pay any taxes to the local government. So, the American business community suffered a terrible blow. Most of that Executive Order at this late date has not been rescinded except for some very important parts of it. They still, for instance, are not allowed to pay their corporate income taxes. And, I ask you, what happens to any company in any country, including this one, when a company simply says it isn't going to pay its corporate income taxes. It lives under a sort of Damocles, under sort of a tolerance which may eventually run out. It's a sad story and, of course, it hasn't worked. I think that what's happened is that Noriega has been given a longer tenure than he would ordinarily have had, had the United States sat back and done nothing. And the reason why I say that is the following: that as of the end of 1987, Panama was completely out of money. The government was broke and it could not borrow any more money from the international lending institutions because it was behind on a payment to them. It couldn't get any more money from the private banks and Panama per capita is one of the biggest debtor countries in the world. The Finance Minister told the committee of creditor banks in New York in January of 1988 that the country was in such bad shape that unless help came from somewhere they'd have to dismiss between 20,000 and 30,000 public sector employees. That, in my opinion, would have been the beginning of the end for the Noriega-backed government, because Panama uses the U.S. dollar and cannot resort to the Argentinean, Brazilian, Mexican or Cost Rican solution "la maquineta" ["the little machine", money printing press] because we own the maquineta and, therefore, it really would have had to dismiss large-scale numbers of public employees. And, since Noriega did not have very high-standing, very high popularity in Panama, couldn't blame the internal economic crisis on any outside power with any degree of credibility at all, I think would have fallen during 1988 had Washington just stayed home and shut up. That, of course, it didn't do and now Noriega is still power, I think more firmly entrenched than ever and the Panamanian economy has been absolutely wrecked, which I think is an extremely serious thing in terms of long-range U.S. interests in Panama and the type of Panama that we can be looking forward to in the year 2000 at this point, which far from being prosperous and stable, may be an absolute wreck unless something can be done. Well, what can be done? That will take another whole tape and a half and I hate to get through, but basically, going on what I've given you of some of the personal qualities of Noriega, I think Noriega is a person who is open in negotiation. He showed himself to be so, in fact, he's even entered into negotiations about his own departure, something which the usual dictator in Latin America is not willing to do. I think the United States has to rectify two fundamental errors which I haven't even mentioned yet, that is that in the course of its fight with Noriega, it virtually displaced Panama's own opposition. A poll taken in late July in Panama lists a confidence factor showing what is that institution in which you have the most confidence in the present crisis. Sixty percent was the Catholic church, 15% civic organizations, 5% the government, political parties 2%. And, what this tells you is that the opposition has been discredited. It's small, it's fragmented, it's not well organized and it was virtually displaced by the United States which became the chief opposition to Noriega in all of this. The other parties neglected and cast out into the margin, of course, are the Latin American countries. Venezuela, Costa Rica, even Spain which has offered to be helpful as mediators during part of this crisis which basically, although kind of on a superficial level, were invited by the United States Government to be helpful, those of us who have talked to the various leaders of those countries know that none of them believe that the United States was at all serious about that. Nor would

the United States back them up in any way, shape or form in anything that they negotiated so that that invitation had absolutely no credibility. I think they need to be brought back in as principal actors and allowed to be helpful in some kind of a crisis. There is no doubt in my mind that a solution to the crisis will have to involve lifting the indictment from Noriega, but I think it can be traded for some valuable concessions and, for an opening, there is at least a proximate event on the horizon, the May 1989 elections and I think that's what U.S. policy ought to be aiming at. Trying, with the help of the Latin Americans and the Panamanian political opposition as protagonists with the United States, rather in sort of a back seat there, trying to make sure that those elections represent at least some kind of step toward democratization instead of away from it.

*Q: I'd like to go back to your tenure as Ambassador which was interesting for a number of reasons, among which the overlap of two Administrations, I don't know of any other political appointee who....*

MOSS: There was one very famous one, of course, Mike Mansfield.

*Q: Oh, yes. He was appointed by Reagan though. He had not been Ambassador before.*

MOSS: Yes, he had actually.

*Q: Oh, he had?*

MOSS: Yes, he was there under Carter as well.

*Q: Oh, I wasn't aware of that. That's right, yeah. The first thing Reagan did. Well, you're in good company with Mike Mansfield. But, leaving aside the Canal which is leaving aside an awful lot, were there any other issues between the United States and Panama which you had to deal with as Ambassador?*

MOSS: Well, there was that problem of relations with Cuban, as I mentioned, when Secretary of State Haig in his first couple of weeks in office I guess it was, maybe the end of his second week in office, sent a rather strongly worded message personally to Torrijos pointing out the close relationship which seemed to be visible in Washington between Panama and Cuba and how this was not appreciated and Torrijos gave him that kind of talk was for Puerto Rico but not for an independent country and that died down. But, I think one of the toughest issues was during the whole Sandinista uprising in Nicaragua the fact that Panama was one of the countries furnishing arms to the Sandinistas. Of course, they all were. Everybody from Mexico right around to Venezuela. But, in the Panamanian case, it was particularly difficult because we were trying to get implementing legislation passed on the Hill and, of course, Congressman Murphy who was Chairman of the Merchant Marine and Fisheries Committee, John Murphy, was an intimate buddy of Somoza and regarded as a very unfriendly act any help, of course, given to the Sandinistas. And, that was reflected in his attitude toward the implementing legislation, which was under his jurisdiction in the House. So, the White House was naturally very, very worried about the Panamanian participation, which was not as open and notorious as that of other countries, but still interfered mightily with the passage of the implementing legislation. And I

was sent in probably 13 or 14 times to make the usual salute demarche about how helpful it would be if people would stop running guns around here. Torrijos would play the same theater right back swearing up and down that no guns were coming from Panama and, of course, I knew that he was lying and he knew that I knew he was lying but we had to go through this diplomatic procedure anyway to make sure the United States' position was absolutely clear and that we could say with a perfectly straight face to Congressman Murphy that we were insisting that the arms traffic stop. I would say that when the Reagan Administration came in, I left in August of 1982 and I left incidentally completely voluntarily in my own timing because I was coming up on four years in the job and I figured that that was probably about what I could expect to get away with and it's always better to make one's plans in life before somebody else makes them for you. But I would say that there were no real problems with Panama at that point. Under the Reagan Administration, cooperation over the Canal continued to function very smoothly, in fact, the new Department of the Army representative, William Gianelli, was very helpful in understanding the Panamanian complaints about the defects in the implementing legislation, particularly with regard to the dual-wage system and eventually worked to iron that one out. So, I think that relationship was exceedingly smooth. The military relationship was a good one. And, basically by the time I left there were no dark clouds on the horizon in so far as Central America was concerned involving the United States and Panama against each other.

*Q: Much is written and said in Washington about the diversity of government agency representation in an American Embassy and allegedly how little the Ambassador has control over the other elements of the Embassy. Do you find that to be a problem?*

MOSS: I didn't find the question of control to be a problem, but I found it to be a problem with the question of trying to control the size. I tried to conduct my own Operation Topsy in both Administrations by reducing the size of the Embassy and the people who came under the Ambassador's nominal jurisdiction. Now when you leave out the Panama Canal Commission and the U.S. military forces in Panama, there were no fewer than 400 people in that little country which fell under the Ambassador's direct supervision, including the FAA, the DEA. There were at least 13-14 government agencies that I can even mention on the record that were down there. Even the Bureau of Highways under the Department of Transportation which had an ongoing interest in the Darien Gap road. Just an unbelievable number of people and I tried both in the Carter and Reagan Administrations in the interest of budget cutting and reducing profile basically to send them home. I found that a lot of these agencies had been put down there in order to supervise other functioning agencies in the rest of the Latin American area. For instance, inspectors of the Marine Corps Security Guards were located in Panama. That made sense back in the days when Panagra [Panamerican Grace Airways] planes, prop different planes, used to sort of lumber their way down the hemisphere making various stops and even sometimes flying by daylight hours. But, it didn't make sense anyway, but I found that such people characteristically would go up and change planes in Miami to get back out to the place where they were inspecting. The General Accounting Office was there for the same reason. So beginning with some of these regional offices whose function was to inspect other posts in Latin America for which they'd have to change planes in Miami to get there, I argued wouldn't it save a lot of money and save a lot of problems if we'd just let them live in Miami. I didn't get anywhere in either Administration. Finally, the Reagan Administration I got that admission from the powers that be that what I was proposing would indeed save money. I couldn't get that far with

the Carter Administration, but that the agencies had had these posts in the interests of management which meant that they had to have their perks. So that wasn't able to reduce a single person, except for the FAA. The FAA because of the treaty, one of the side treaties that was signed with Panama phased out and turned over the air controlling function to Panama. I think that was the only one. Other than that I never had any particular problem about not knowing what these people were up to or potentially being embarrassed by them. They were really very good about keeping me informed and I never had any conflict between what they wanted to do and what I felt they ought to do. So, I never really had to come to blows with any of them.

*Q: Isn't that a size?*

MOSS: Just a matter of sheer size and I think that when you have a country of only two million people and you have a U.S. Embassy of 400 people, including that was 200 Americans and 200 Panamanians not all Americans, that's rather large and I think much larger than it ought to be.

*Q: I'm zigzagging here and I hope you'll forgive me for that, but you had two rather extended stints of your career involved in major negotiations which I think is beyond what the average Foreign Service Officer finds in his or her career. The Dominican Republic and how to extricate ourselves from there and the bases in Spain. Did your experience in those areas help you subsequently in the time prior to your appointment when the treaties were being negotiated?*

MOSS: Yes, I think so. I think there were, of course, some fundamental differences and that is that the question of the bases in Spain was a much more narrowly drawn type of treaty and very much more precise and specific and limited in scope. I think, in the case of the Dominican Republic, the eventual extrication depended much more on a multilateral negotiation than in the context of the OAS which the Panama Canal Treaty certainly did not represent, except in an interestingly peripheral way when, of course, Torrijos using a kind of ad hoc committee of his friends which included [Venezuelan President] Carlos Andres Perez, [Colombian President Alfonso] Lopez Michelsen, [Jamaican Prime Minister] Michael Manley and, I guess, Daniel Oduber who was President of Costa Rica at the time would periodically get together with them, refer text to them almost for clearance to make sure that they felt that Latin American interests were being properly protected. And, in the case of one article, Article 12 of the treaty having to do with an eventual new sea-level canal, actually took their advice and asked us to change the text on account of the advice of the sort of council that he was taking. That was a little bit of a side play but not like the Dominican Republic where the main scene of the action shifted to working things out within the context of the OAS. I think the closest example probably is the Spanish base example and there are a lot of similarities there, including Status of Forces Agreement rules and all of those things which are exceedingly difficult to work out on a bilateral basis. But, in both of those cases, negotiations kind of went on slowly in the beginning and then got wrapped up very quickly at the end when it became known that the other side was really willing to have things end quickly. There was an interesting parallel there. In the case of the Spanish bases in the Nixon Administration, remember that the Matesa scandal hit Spain.

*Q: Perhaps you might explain that for the record.*

MOSS: A group of cabinet officers in Spain felt to be affiliated with the Opus Dei religious lay organization were discredited when there was a major financial scandal involving a company called Matesa in which some of these people had an interest. I won't go into all the details of that. It was very complicated. But, basically there was a major cabinet shift in the course of the negotiations and the Foreign Minister [Gregorio] Lopez Bravo was quite fearful for his own position and on the U.S. negotiation side we could see just like a weather front moving in or out a notable change in the Spanish position toward being much more flexible all of a sudden. And it coincided, of course, with that particular scandal and the weakened position of the Foreign Minister so that that brought what looked like there were going to be long and painstaking negotiations really to a sudden conclusion in which, frankly, the Spanish government accepted much, much less in terms of economic advantage than we thought would be demanded of us and in which there was no real demand made to give up any of the major assets that the United States had in the Spanish bases. I think that agreement is really the kind of forerunner of what happened last year with the evacuation of our air wing from Torrejon [Air Force Base]. Those kind of positions were then never seriously pressed by the Spanish after they decided all of a sudden for their own internal political reasons that they suddenly wanted the treaty. I think similar developments came about in Panama that Torrijos made up his mind at a certain point, well I want this thing and I need it politically, and I think he thinks the Carter Administration needs it politically because the honeymoon period for Presidents goes and Torrijos was becoming quite convinced himself of the level of senatorial interest and ire which was being kicked up by the treaty issue. So, I think he decided, let's get this thing over with and there was, in fact, toward the end of the treaty negotiations a rapid change of position on the economic issues on the Panamanian side from rather an over-inflated demand on what Panama should get as economic benefits from the Canal down to something very reasonable and, in fact, based really authentically on what the traffic could bear. So, I think that the quick draw into conclusion of a bilateral treaty had something to do with it. In Panama it was interesting, too, to observe that the Panamanian political process under their constitution called for a plebiscite to be held in any issue involving the Canal. Now that plebiscite was held the next month after the Canal Treaty was signed. In other words, they really rushed it to plebiscite. And, according to the opposition who have written books about the subject, more people voted in favor of the Canal issue than actually are on the registered voter roles of Panama. But, I think Torrijos was genuinely worried about the popularity of the treaties in his own country and had reason to do so because the opposition was giving great grief about it. That's one thing I have to say in parenthesis, it's never been properly understood in this country and I don't think it's understood to this day, that the people in this country generally reckon, well, if we gave the Canal back to Panama, maybe we had to do it and maybe it was the right thing to do but basically we got a bad deal. That's I think the prevailing attitude in this country today. The prevailing attitude in Panama is the mirror opposite of that. It was the best we could have gotten from the gringos. It's a bad treaty for Panama but it was the best we could have gotten and at least we got something, but they treated us like a great power. They treated us like a great power always treats a smaller power, they kicked us around. Why? First of all because they didn't get it right away, they had to wait until the end of the century and the Canal would basically remain under U.S. control. Second of all because they were disappointed in the economic benefits. The opposition charged also that they legitimized the U.S. military bases and the military presence for the first time. That that was illegitimate under the 1903 Treaties and that had always been the legal position of Panama and the Christian Democrat charged, moreover, you gave the United States base rights for 20 years



for free. Look around the world in the Philippines, South Korea, Spain, non-NATO countries, they usually get five years at a time and they pay about a \$1 billion for it. You gave it for free. They said to Torrijos, "you signed a quick cheap deal giving the gringos great advantages to keep yourself in power." Then the economic argument was "you also sold away the rights of Panamanian workers, because the Panama Canal wage rate will no longer be hooked to the US minimum wage scale." And, gazing into their economic crystal ball, came up with a figure that "this will cost Panamanian workers \$4 billion over the lifetime of the treaty. You should have held out as long as the U.S. runs the canal that they have to be paid at least the U.S. minimum wage." Which is not in the treaty, of course. That was a concession the Panamanians made. So for all those reasons the Panamanians felt that they got a bad deal. Internal opposition to the treaties was growing and, therefore, he wanted it signed quickly. That's just a judgement of mine. But, the proof of that is no sooner signed that he rushed the thing to plebiscite as soon as it was physically possible to do so.

*Q: Tell me, do you think that a sea-level canal is something that we should look at as a possibility?*

MOSS: Absolutely not. Too expensive. It would cost maybe \$30-\$40 billion and basically the United States doesn't need it. Now if anybody wanted a sea-level canal it would be the Japanese because they are the ones that own the big ships that would go through it. But, certainly the United States would not need it and certainly not at that price. In fact, if the Canal were closed today, it really wouldn't make much of a difference in the U.S. commercial traffic. It probably would be no noticeable difference in the U.S. consumer prices for one thing because the Canal is just one more element in the international transportation network and is certainly not essential to U.S. traffic. Containerized traffic can travel about as cheaply across the country and onward as it can by being shipped through the Panama Canal. The Panama Canal is mainly competitive in bulk cargo transportation. Not oil anymore because there is the pipeline across Panama but in ores, coal, that kind of thing, grains.

*Q: And cruises.*

MOSS: And cruises.

*Q: Is there anything that you'd like to bring up in connection with your stewardship at the American Embassy that I have not elicited?*

MOSS: You want to know a little bit more about the character of Torrijos?

*Q: Yes, I would like that because he is a very colorful person.*

MOSS: I want to talk about one other very interesting incident which gets into the relationship with Carter. Actually two incidents. When the Shah came to Panama, in December 1979, basically the United States was in a terribly difficult position. Because, having let the Shah into the United States, which of course was the proximate cause of the overrunning of the Embassy in Tehran, the United States was then very hard pressed to get the Shah out of the United States. Mexico refused to take him back in again and I learned from Arnie Raphael, our former

Ambassador who died in the tragic air crash in Pakistan (he was then Secretary Vance's personal assistant), that, in fact, one by one all of our NATO allies turned us down and then so did the neutral countries of Europe, Austria, Switzerland, Scandinavian countries. There was nowhere we could send him. But, basically when Torrijos was asked he accepted right away. There was no sales job that needed to be done. I think for two reasons. First of all because it was put to him, and this was partly from my advice, as a personal political favor by President Carter himself. This was not a government-to-government thing. This was man-to-man. And, Torrijos would have been very hard put not to respond to that because of the way he really loved President Carter. And, second of all for a more self-interested reason, Torrijos absolutely loved to play on as big a stage as he could get on to. It propelled him immediately onto the world stage where he genuinely wanted to be the hero who would liberate the gringo hostages. Because he personally considered the gringos probably too "diplomáticamente torpes" ["diplomatically clumsy"] to liberate their own hostages. So, he sent Romulo Escobar and various envoys to meet with intermediaries in Geneva and might have even gone to Tehran at one point. But he was working the circuits as hard as he possibly can and eventually, oddly enough, came up with the intermediaries that were helpful to the U.S. in the ultimate liberation of the hostages. Villalon the Argentine and Christian Bourget the Frenchman. These were Torrijos' intermediaries with whom his diplomats were trading at first. Now that whole scene, of course, drove people like Brzezinski into near apoplexy because he was equally sure that Torrijos would be snookered by the Ayatollah into giving up the Shah before the hostages were released and thereby they would get the Shah back and it would both be our fault and would look absolutely terrible. And, I had to constantly reassure Washington that Torrijos was smarter than that and that would not happen. But Torrijos really enjoyed that kind of role. And, in fact, was genuinely helpful even though that was not always perceived in Washington. The other thing where he was potentially helpful, but not really allowed to be was in an assessment of how the world was going in Nicaragua. He kept going on and on from January on basically he was beating on one theme, the Somoza regime is decomposing much faster than anybody realizes, including Somoza and more particularly than the Sandinistas. And, if only the United States would be helpful now in persuading this guy to leave, we can all help to put together a center-center-left type of government in which the hardcore Sandinistas will have the smallest piece of the action and they'll accept it because they don't know how well they're doing. And from that small piece of the action they can either be kept in check, or if they get too obstreperous, crowd it out in the fashion, let's say, of the Portuguese communist party after their revolution and then everything will be alright in Central America again. Now that theme, needless to say, was not at all picked up by the United States, because it was very, very late in the game before the United States ever met or talked to a Sandinista. And, into the month of July of 1979 itself, the very month of the downfall, I can tell you exactly when, the 2nd of July, when the United States Government finally decided to cut a deal with the then provisional junta when everything was coming apart. Now earlier, and my memory isn't too good on this point but it's recorded someplace, I think in Bob Pastor's book on Nicaragua, Torrijos, because he very much wanted to make a secret trip to Washington to meet personally with Carter, we performed a kind of miracle in that Torrijos got in and out of Washington and in and out of the White House without the press ever finding out about it.

*Q: It was 3 o'clock in the morning or something wasn't it?*

MOSS: No, no, it was in broad daylight.

*Q: In daylight?*

MOSS: Sure. Absolutely open. We went right into the White House, right into the Cabinet Room. Marcel Salamin was there, various Torrijos advisors and Carter came up and he and Torrijos went in and talked alone and they came out again and we all went off and had lunch somewhere. And, that was it. He went home. But, the trouble is that they really didn't communicate because I think at the instance of his own intelligence reports and quite possibly NSC staff, President Carter was simply telling Torrijos, look, it would be helpful if all you guys quit running guns because then maybe some kind of peaceful solution will work itself out and we really think that Somoza can hold out for rather a long time. Torrijos was telling Carter, look the guy's almost finished. Do something now before it's too late. But they were like two ships passing in the night--just didn't communicate. Nonetheless, Torrijos came away from the meeting, realized that nothing had been accomplished but he talked to me about it in a good-humored fashion. He had expected actually to be chewed up by Carter in I think a much more pungent and direct way because of gun running and he told me afterwards, using sort of a schoolmaster analogy, "did you see what happened?" " He brought me into his office, and then he sat me down and he treated me very nicely as if I hadn't done anything." So the principal didn't chew him out but at the same time didn't allow him to be helpful and I think Torrijos, if listened to, really could have been helpful because he knew what was going on.

*Q: That's too bad. I have heard that Torrijos engaged in some rather personal public relations in trying to win over certain key Americans to the treaty, including John Wayne and [Hamilton] Ham Jordan and other people like that with some parties and other favors.*

MOSS: I didn't actually see any of that and I must say to give Torrijos credit that all the times he asked me to come over in the middle of the night either to meet some political character or to listen to a tape or other things, he never tried to ply me with women or money or anything. I guess he didn't need to, he figured I was on his side anyway and I didn't need to be run over.

*Q: I won't ask you what you would have done.*

MOSS: Well, I'm not sure but the question never came up. But he did, by the time I came on the scene and the treaties, he already had enlisted the support of John Wayne who went strongly around the conservative community trying to get support for the treaties. John Wayne knew Panama very well and loved Panama actually. That was not hard to do. But I think that Torrijos did win people over. I tell you he had a very deft way of handling senators, including senators that came down trying to be unhelpful. Between the period of signature and ratification of the treaties, close to half the Senate came through Panama and Torrijos often would meet with them, talk with them, talk them around in helicopter tours. Do all sorts of things. It drove the security men absolutely crazy because Torrijos' style of doing things was to say, okay, there's going to be an airplane at such and such a place and the whole visiting party is going to get in and we're going to go on a little tour. Where are we going to go? He wouldn't tell them. The reason is Torrijos wouldn't know himself at that point. They'd take off in the air and they called them Torrijos' magical mystery tours and we wouldn't know where we were going until we sat down

in some town where there was a fiesta going on. Torrijos would take them into town and he would often do things that way. But, I remember once out at his house at Farallon certain senators were really trying to prevent Torrijos and they asked him sort of indecent questions like whether his brother Moises had been on drugs or had been running drugs. And he said, "senator", he had a great technique of answering these things, he would answer with composure and with good humor, but not being a toti and taking the questions directly and feeling that he had to defend himself or justify himself. He said, "Senator I don't ask all the members of my family what they do and I'm quite sure you don't ask all the members of your family what they all do", and that was the end of that question. And, then another senator had asked him a question for which if the question had been asked in some other context like Buenos Aires or something the senator, if he were lucky, would be bundled into the nearest plane, he said, "General, are you a communist?" And with that Torrijos said, "Senator, I have never in my life declared that I am not a communist and I will never do so." "And for that matter, I don't plan to have to declare that I'm not a homosexual or 'hijo de puta' ['son of a bitch']." "Next question." And so he took these things with dignity. Almost treating them as if they were silly questions asked by country bumpkins. Took them with great humor. Actually he told me something else very interesting about dealing with the senators. He told me that when everything was over in May of 1978, I went down with my wife just for a holiday in Panama and we had dinner with Torrijos and he was talking about it, and he said look, I knew that really for the first time in your history as far as I know, these debates in the Senate were being broadcast live from the floor of the Senate and you know we were getting them down here in direct translation. So, all of Panama was listening. And, of course, what was happening in the Senate is that the senators knew that too so certain anti-treaty senators, like the late Senator Allen of Alabama for instance, said deliberately provocative things to try to make Torrijos blow his cool, look like an idiot, and thereby discredit Panama and, by implication, the treaties. They'd say, that tinhorn dictator, that commie-loving friend of Fidel Castro and on and on like that and Torrijos told me he'd be marching around his terrace at Farallon with a transistor radio stuck in his ear listening to this stuff. And he said, your know Ambler in the old days they used to cut off the head of the messenger that brings the bad news. Today that messenger is named Sony. And he said, I can't tell you how many radios I smash to the ground when I hear these guys giving this debate and a sergeant had a case of them in the back room and he'd bring me out another one and I'd turn it on and stick it up to my ear and keep marching around listening to this stuff, but they never blew their cool. I think it's impressive, basically, how many insults that Panama took as a country and Torrijos took as a leader from the floor of the U.S. Senate without blowing their cool because they knew it was a deliberate act of provocation and they weren't going to take the bait. Extraordinary example of self-composure and patience.

*Q: Well, you mentioned these trips by airplane by Torrijos. He took one too many.*

MOSS: He took one too many. People ask me do I think it was an assassination. My short answer to that is he didn't need an assassin because his flying habits were so crazy that it's just a miracle it didn't happen sooner. Actually it's a miracle it didn't happen to me because I was with him on a couple of occasions flying by the same mountain he eventually crashed into which was a notorious bad weather place in Panama. I can remember once flying in that same airplane, or a similar type that he eventually met his death in, it's a twin engine Otter a Canadian plane, very, very good. We ran into a storm, plane was bouncing hundreds of feet up and down in the air,

couldn't see a thing, blinding rain, the compass was useless spinning around with all the electricity, lighting bolts coming all around us, radar screen useless, bright green. And, we bounced around like this for about a half an hour until we came out of the storm somewhere over the Pacific Ocean and the pilots looking around sort of where the hell are we and Torrijos sort of sitting back not really worrying much about anything at all. The plane was trying to get to a place called Cofrecito which was a little bowl of a valley in among some hills over on the Caribbean side of Panama. And, I can remember once going into Cofrecito, Torrijos had sent a plane to pick me up because we were going to have a meeting and talk politics. The pilot took me up there and said he had no idea where he was going. He was using a highway map to find it. We landed on this little dirt strip and I went up to Torrijos' house [Foreign Minister] Jorge Illueca, [Ambassador to Washington] Gabriel Lewis, various cronies sitting around on the porch, drinking talking, drinking, talking. Night fell. Torrijos still in his hammock and about 9 o'clock at night swore, looked at his watch, remembered he had an appointment or something and said we've got to get back to the capital. I thought, how the hell are we going to do that? Because this was a little dirt strip, unlighted. Well, there's a way to do it and what you do is you put the plane at one end of the strip and you put a truck at the other end of the strip and you turn the truck's headlights on and you fly the plane at the truck and before hitting the truck climb very steeply because there are unlighted hills back of the truck and that was his normal way of doing things. So ask me if he needed an assassin. No. There are plenty of motives that can be ascribed to various people who might have wanted to assassinate Torrijos. The most interesting one that I find is the Sandinistas. And, in fact, Eden Pastora (Comandante Cero) who had not yet broken with the Sandinistas, but was close to the point, was in Panama at the time. He was in the apartment of Hugo Spadafora and Punta Patilla, with whom he was friendly. They were collaborating in various different plots, I thinking talking over when Pastora should break with the Sandinistas, when they heard of Torrijos death they put on their pistols and ran out to Farallon, because they felt maybe this was sort of a night of the long knives when Sandinista henchmen were assassinating various people in Panama, because Torrijos, in fact, had already started to move against the Sandinistas. He was disenchanted of them as there was a couple of years after the Sandinistas takeover he was mightily disenchanted with the Sandinistas and he really was, in his own way, beginning to take steps to work against them. So that was their initial reaction was that the Sandinistas had done it. Other people think that maybe Noriega had done it, but that theory is hard to put any store in because Noriega did not immediately become head of the defense forces. There were two other people ahead of him and he only basically took his time and rose to be the head of the defense forces by process of natural evolution, more or less.

*Q: Spadafora was assassinated rather cruelly?*

MOSS: Spadafora was assassinated rather cruelly. He, by the time he was assassinated, this was in September of 1985, was really an arch opponent of Noriega. Was working out of Costa Rica and was writing diatribes in "La Nacion" of San Jose and other publications about Noriega implication in the drug trade and lots of other things. So, the motive there is very clear. Spadafora and Pastora had had a falling out by that time as well. Remember there was an attempt on Pastora's life. Some of Pastora's people thought that Spadafora had been involved in that, but that's never been proven. But that relationship had also become complicated by then.

*Q: Romulo Escobar has another theory about that accident.*

MOSS: Oh? What does he think?

*Q: He thinks that we did it.*

MOSS: Ah. No, I don't think that Romulo thinks that. Moises Torrijos, the brother of Torrijos, thinks that and says that. Whether he thinks that or not one doesn't know but it's useful for him to say so and that's the official line of the ultra left. I've never heard Romulo say that but certainly that's, well, it's in a way following the Moscow line because I can remember in a FBIS [Foreign Broadcast Information Report] Report on a story in Pravda on the day of the assassination. The story came out that various sources ascribed this to the CIA.

*Q: The accident you mean, not the assassination.*

MOSS: Of the accident. Of the accident in which Torrijos died. So I think the local communists simply picked up a Pravda line which was simply manufactured the same day and took it and ran with it. Basically, I've never seen any evidence at all that it was anything but an accident. And, I talked to the deHavilland Aircraft Company representative, a marvelous old Englishman living in Panama who I think even though he was in his late 60s or early 70s took a gunny sack and went right out with the troops into the place where the crash had occurred. Which they didn't allow everybody to go into and he picked up bits of wreckage and surveyed it and walked all over the place. I think, as I recall, a couple of the instruments of the plane were intact and we sent them up to the National Bureau of Standards here for checking in Washington and nothing was ever found and the deHavilland man told me he thought it was an accident and sort of reconstructed how he thought it had happened. It was about 50 feet from the top of the mountain and it looked like the one wing of the plane tipped on a rock or a tree or something, the plane then turned toward the mountain and crashed right into it and exploded. But, certainly the motives are there for possible assassins but nothing proven.

**JOHN M. EVANS**  
**Staff Aide to Secretary of State Vance**  
**Washington, DC (1979-1980)**

*Ambassador Evans was born and raised in Virginia and educated at Yale University. He entered the Foreign Service in 1971 and became a specialist in Soviet and Eastern European Affairs. His foreign posts were Teheran, Prague, Moscow, Brussels, St. Petersburg, Chosenan (Moldova) and Yerevan, Armenia, where he served as Ambassador from 2004 to 2006. In his assignments at the State Department in Washington, the Ambassador dealt primarily with Russian and former Soviet states' affairs. Ambassador Evans was interviewed by Charles Stuart Kennedy in 2009.*

*Q: Yes. Who was too close to Libya for one thing.*

EVANS: Too close to Libya, involved in beer promotion and I don't know what else. And of course the Panama Canal was also a cause célèbre of the conservatives. They thought we were giving away "our canal" and that became quite a fight also.

*Q: Yes. You know, when you think about Carter he really did several- he took some- several difficult things. One, he got that damn Panama Canal off our backs, which had been a real albatross for a long time. He did the Camp David Accords, which helped immensely and at least it kept Egypt out of the war there. And the China full recognition and all. So I mean, these were major accomplishments.*

EVANS: And I think Vance thought so as well. They had worked very hard on these things and I also should mention the NATO dimension. NATO was in pretty good shape in those years. I mean, the Afghanistan war tended to push the allies together a bit.

*Q: Did Africa or South America play much of a role?*

EVANS: Well, there was one big thing going on at that time and that was the negotiation of the Panama Canal treaty and so Vance was very much involved in that and writes about it in his book. I'm trying to remember if there were any particular African issues; there probably were, for example the transition in Rhodesia, but I wasn't particularly involved in that.

**G. EUGENE MARTIN**  
**Staff Secretariat; East Asia - Panama Canal Treaty**  
**Washington, DC (1979-1980)**

*A Specialist in Chinese Affairs and a speaker of Chinese, Mr. Martin spent the major part of his career dealing with matters relating to China, both in Washington and abroad. His overseas assignments included Hong Kong, Taipei, Huangzhou (formerly Canton), Beijing, Manila and Rangoon. His Washington assignments also concerned China and the Far East. Mr. Martin was born in Indiana of Missionary parents and was raised in the US. and India. He is a graduate of Kalamazoo College and Syracuse University. Mr. Martin was interviewed by Charles Stuart Kennedy in 1999.*

MARTIN: But I think that the staffing was still there, and the traditions and procedures put in place during the Kissinger era basically continued. I think in subsequent years this has changed. I was responsible for East Asia, primarily; but we also took turns working the secretary's overseas trips. It did not necessarily mean that you would go only to your geographical bureau. You would go on whatever trip was scheduled on a rotational basis.

My first trip was to Panama for Vance's signing of the Panama Canal Treaty, which had been a big political battle on the Hill. In many ways, it was similar to the PNTR (Permanent Normal Trade Relations) battle this year for China.

*Q: Would you explain what that means?*

MARTIN: The granting of permanent normal trading relations, or what previously was called MFN (Most Favored Nation) status to China after we reached an agreement on PRC accession to the World Trade Organization (WTO). The battle, or the all court press this year was really reminiscent in my mind of the effort that was put on by the Carter administration to ratify the Panama Canal Treaty, which was very controversial.

*Q: Was the fact that it was signed in Panama, and then Vance went down there, apparently to avoid getting the president too exposed back home, do you think?*

MARTIN: Actually, as it turned out, I was the advance team, as the Secretariat was called. The advance team went first to work out the details of the secretary's schedule with the Embassy, and then a second team came in with the secretary on the airplane. The two Secretariat teams supported the secretary with paper, communications, staffing, such as preparing Memoranda of Conversations, cables, etc. I went down and spent a day or two getting ready for the visit, then got word that he had to cancel his trip because of Afghanistan. So he never came. I had an extra day in Panama to do a little sightseeing, see the canal do some shopping, and then turn around and come home. So that was my first trip with the Secretariat, which turned out to be a dry hole.

*Q: What was the Panamanian reaction. Did they understand that Afghanistan was a big deal?*

MARTIN: I think they understood that, mainly because they already had the agreement on the treaty and they had gotten what they wanted, which was the canal; and so whether or not Vance came or not, it didn't make any difference.

**MELVILLE BLAKE**  
**Economic Counselor**  
**Panama City (1979-1983)**

*Melville Blake was born in Lexington, Mississippi in 1924. He attended Mississippi State College. He joined the army and served for four years and then attended Georgetown University where he studied in the school of Foreign Service. Following his graduation he worked as an editor in the CIA for a year and then went to Germany.*

*Q: Well, after your three happy years there, you moved back to Central America or Panama. How did that come about?*

BLAKE: I was coming up for transfer. I was still without an assignment and was becoming concerned. John Bushnell telephoned me from the State Department; he was Deputy Assistant Secretary in the American Republics Bureau then, he said, "Mel, I see that you are coming up for assignment. I wonder whether you would go to Panama, because we are going to implement the Panama Canal Treaty. The Senate had approved the Treaty and the



instruments of ratification had been deposited. Now, in the interim, he said, "It is going to be an awful lot of work. It will be very interesting work that we think you would enjoy." I said, "John, I haven't even thought about taking on the Economic Counselor job in Panama, but I have seen that the position of DCM is open. I wonder if I could apply for the Deputy." He said, "Well, Mel, I think that has already been filled, but in point of fact, you wouldn't have had a chance." I said, "Why is that?" He said, "The Department is very keen on advancing minorities, and Terry Todman (the Assistant Secretary) has announced that American Republics Affairs is going to be a model for the Department. With the announcement that day of the appointment of a woman ambassador, 50% of the ambassadors in ARA will be representatives of a minority. We are woefully short on the DCM side. He wants to make 50% of the deputies also from minorities."

I explained, "John, I am a minority." He said, "How's that?" I said, "I am from Mississippi. When I was young, Mississippi was 60% black, 40% white." He said, "Yes?" I continued, "And John, I am a Catholic. Catholics in Mississippi are well less than one percent of the population." He said, "Yes." I said, "Now, John. It is even better than that. I had a Jewish grandmother." John hesitated and then said, "Mel, I understand what you are saying, but you are not minority chic. You have to be minority chic. You have to be either black or a woman. You don't make it." I said, "Fine John, I'll take the job as Economic Counselor."

*Q: What were some of the problems you faced there in Panama?*

BLAKE: I got back to the Department, and John and I had several long conversations. He said it is critically important that we get all of the executive agreements and other agreements dealing with the Treaty in place within 15 months. Why 15 months? For some reason, I didn't ask him. In any event, there was this matter of getting these various agreements negotiated and signed. Basically, the agreements undid the intertwining of the Panama Canal Company and the Republic of Panama and established a relationship between two sovereign nations regarding an asset, the Panama Canal, in which they had a mutual interest. By the terms of the Panama Canal Treaty, Panama received the Canal on October 1, 1979, but the United States continued to operate it until the year 2000. Moreover, there were certain parallel arrangements that had to be unscrambled and responsibility handed over to Panama. For example, the FAA administered the Panama flight information center, and we had to hand over that responsibility to Panama.

I should explain that there are actually two treaties, the Panama Canal Treaty and the Panama Canal Neutrality Treaty. The Panama Canal Treaty is the one which drew the greatest attention, required the most time and effort, and would have resulted in serious problems if anything went awry. Further, it required implementing legislation, since the United States would administer the Canal for another 21 years after the Treaty entered into effect. Also, turnover of responsibilities and the continuance of certain military facilities in Panama involved costs and further negotiations. Implementing legislation required the approval of both houses of Congress, whereas consent to ratification of the Panama Canal Treaty required action only by the Senate. Many House members were furious that they had not had a say in the Treaty and were spoiling to get a crack at the implementing legislation. From Panama, it appeared that the Executive Branch, or perhaps the White House, did not

appreciate the significance of the implementing legislation. As I recall, the Ambassador made five trips back to Washington to lobby Congress for passage of the implementing legislation, and I accompanied him on two of these trips. In fact, it was a close call, and the legislation was approved by Congress on September 28, 1979, only three days before the Treaty was to go into effect.

Little was said about the Panama Canal Neutrality Treaty. In it, the United States and Panama committed themselves to the permanent neutrality of the Canal and undertook to obtain similar commitments from the world community, in particular the major users of the Canal. Little was done to obtain additional adherents to the Neutrality Treaty, I suspect, because the problems surrounding the basic treaty were immediate and pressing while the matters with which the neutrality treaty was concerned were more conceptual.

Charles Schmitz was also sent to Panama as Counselor for Treaty Implementation. He would manage all of the arrangements to implement the Treaty across the board. He kept score on them and so on. Some of the things he handled himself; other issues dealing with economic or financial matters were given to me.

*Q: Sounds like a lawyer or something.*

BLAKE: Charles was a lawyer. He had been in the legal division, but he had a career of negotiating military base rights. He was the one who handled Okinawa reversion, for example.

*Q: Oh, yes. That was a big thing.*

BLAKE: Charles and I arrived in Panama about October 1, 1979; the Ambassador arrived two days later. Charles coordinated treaty implementation, and I negotiated the economic and financial aspects in addition to running the Economic Section. I found that the Panamanians were euphoric over the Treaty. They felt that, for the first time in our relationship, the United States was going to treat them as equals, so I found it easy to handle the negotiations I was in charge of. In point of fact, I got all of my negotiations done within three months. In the process, I learned that Panama had owed us \$5.8 million for temporary housing we had provided them for the Pan American games in the 1950s, and I arranged to collect that debt as well. Nevertheless, it took a year to explain to Washington what a good deal I had gotten from Panama. So, the time did run out to 15 months. The Panamanians were wonderful people to negotiate with, in no small part, because they were so pleased with the relationship. I think they probably didn't mind the store as well as they should have.

The Ambassador was Ambler Moss. He had been in the Foreign Service. After I retired, I was told by William Walker, who had been Chief of Foreign Service personnel, that ambler was the best junior officer he ever saw. He had worked as staff aide to Sol Linowitz while he was U.S. Ambassador to the Organization of American States. Ambler also had gone to law school at night while serving in the Department and had passed the bar. When Sol Linowitz left the government at the change over from the Johnson to the Nixon Administration, he rejoined Coudert Brothers law firm and asked Ambler to take leave without pay and join

Coudert for a year to see whether he would enjoy a career change. Ambler liked the practice of law so much at the Coudert office in Brussels that he decided to stay with them.

Linowitz was brought back into government in 1978 by Jimmy Carter to negotiate the Panama Canal treaties, and Ambler was his assistant in that effort. After the treaties had been negotiated, the White House asked Ambler to become Deputy Assistant Secretary of State for Congressional Affairs with the sole job of obtaining Senate approval of the Treaties. The day the Senate approved the treaties, Ambler resigned. A friend of mine, David Eugene Boster, was asked then by the State Department to go to Panama as Ambassador. Gene's nomination went over to the White House and Hamilton Jordan saw it. He said that Mr. Boster seems to be a very fine officer, but it has been a very difficult fight to get the Panama Canal Treaty through the Senate, and we have this fellow, Ambler Moss who knows the treaty very well. Maybe, we ought to send him to Panama. So, Ambler got the job.

As I said earlier, I favor professional diplomats over political appointees as ambassadors. Ambassador Davis, at Bern, was an exception. Ambler Moss was another. As he had resigned his commission as a Foreign Service officer to join Coudert Brothers, he was, at least technically, a political appointee ambassador. He was only some 38-40 years old, extremely young for a career officer to be named an ambassador, and he had, in fact, only one foreign assignment as a career officer. Nevertheless, he was uniquely equipped for the job. First, he was extremely intelligent, and he was flawless in Spanish. Second, his connections gave him *panache*. When necessary, he could call to the right level in Washington or Panama to get results. And, he was extremely well regarded on Capitol Hill by Members of Congress of both political parties. Even though he was a Democrat, he had a close and productive relationship with Senator Howard Baker, one of the few Republican Senators to support the Treaties. I might also note that his wife, Serena was the grand daughter of Sumner Welles, had lived abroad with her father, Ben Welles, who was with *The New York Times*, spoke excellent Spanish, and was a great Ambassador's wife.

*Q: Who was the DCM?*

BLAKE: The Deputy Chief of Mission was Victor Dikeos, a career security and administrative officer and a pleasant person to work with.

After I had been in Panama 3-4 months, the Department's personnel office telephoned to ask me whether I would be interested in a transfer to Bonn as Economics Minister. That would have been an important job, but I had already had 11 years in Germany and was enjoying Panama. As the AID mission director was retiring, I asked the Ambassador whether he would consider combining the AID mission and the economic section under me; such a combination had been done before in Panama. He said that he would think about it, but I heard no more until the spring. One day, Vic asked me to see the Ambassador before I left at the end of the day. When I saw him, the Ambassador said that Dikeos had unexpectedly submitted retirement papers. He wondered whether I would take the position of DCM. Naturally I accepted and took over around July 1, 1979.

I took over as Deputy at a busy time. The Somoza regime was falling in Nicaragua, and Americans were evacuated from Managua to Panama. For several weeks, we were running a nonstop evacuation and relief operation out of the Embassy. Then, we had to prepare for the turnover of the Panama Canal to Panama on October 1, 1979. Actually, we continued to operate it until 2000 under what was akin to a leaseback arrangement. To do this required implementing legislation, and it was a difficult fight to get Congress to pass it.

This was the first time that the United States had given up territory in the Western Hemisphere. There was tremendous jingoistic opposition in the United States. The Treaties had been approved by only one vote in the Senate, as I recall, and the implementing legislation had been in serious trouble. Many opponents of the Canal turnover to the Panamanians took the view that the United States had the constitutional, if not international, authority to retake the Canal if President Carter was defeated in his run for a second term in 1980. These domestic U.S. considerations impacted the selection of the U.S. representative to the celebration.

For its part, Panama wanted a major celebration of the greatest event since the country had achieved its independence from Columbia. The Presidents of all of the member countries of the Organization of American States were invited, as well as the presidents of numerous countries with which Panama had strong economic or cultural relations. All of the Presidents of OAS members, save the United States, announced their intention to attend, and high officials, at the Ministerial level came from other countries. However, even as the date approached, we at the Embassy were uninformed on the U.S. representative.

We were told by Department officers that President Carter maintained from the beginning that he would not attend, seemingly for domestic political reasons. Similarly, Vice President Mondale said that he would not attend. Zbigniew Brzezinski, the National Security Adviser, was indicated to the Department as the likely Head of delegation. When he learned of this, apparently Brzezinski strongly objected. He protested that Pope John Paul II was coming to the United States and would be in Boston during the Canal ceremonies. As he was a Pole, a Catholic, and the only person in the White House who spoke Polish, he considered himself the logical person to greet the Pope. We were given to understand that Mondale insisted that he should greet the Pope since it would be inappropriate for the President to go to Boston for this purpose. In the end, and I think it was only about two weeks before the event, the President decided that Mondale was the appropriate person to represent him in Panama and that Brzezinski should meet the Pope. Mrs. Mondale did not accompany the Vice President.

For security reasons, the Embassy had reserved the entire Holiday Inn, actually an excellent multi-storied hotel with a magnificent location on the Bay of Panama. This had been done with the approval of the Department. The General Manager was close to the Embassy and confided that he had to cancel existing reservations to make the Holiday Inn available to us. Virtually all the other guests were to stay at the El Panama Hotel, which the Panamanian Government used for state occasions. It rated above the Holiday Inn, but we at the Embassy were concerned over security for the Vice President. The El Panama was an old hotel with far too many entrances for adequate security controls, and we also had concerns regarding

the number of security personnel from other countries who would be roaming the corridors of El Panama but did not have the training and discipline of our security personnel.

Once our official representative had been decided upon, things began to fall in place. But, one thing that fell out was our arrangement with the Holiday Inn. When the Vice President's staff heard that he would be staying at a "motel," as they described it to us, they insisted that he be housed at El Panama; otherwise he would be the object of ridicule. At that point, it was extremely difficult to get sufficient accommodations at El Panama for the entire U.S. party, and the Holiday Inn incurred a loss from our abrupt cancellation.

An immediate problem was the size of the support party to accompany the Vice President, some 200 persons as I recall, and we were told that they were to be invited to every function surrounding the ceremonies irrespective of rank or responsibility. The size of our party put a strain on the Panamanian protocol officials who were trying to accommodate all the attendees.

I won't attempt to go into the details of handling a high-ranking visitor and his/her support party or the demands that this party made on the Embassy. I found myself placating an increasingly unhappy staff, unhappy with the ridiculous demands being made upon us, while bringing the more egregious requests from Washington to the Ambassador's attention. Usually an Embassy deals with visitors through the Department, but, in several instances here, Ambler went directly to Richard Moe, the Vice President's Chief of Staff. In every case, save one, he was able to work out a satisfactory solution.

The exception concerned the arrival time of the Vice President's plane on September 30. Some how, probably from a disgruntled Panama Canal Company employee, the Vice President's party learned that the American and Panamanian flags, which were mounted, one on each side of the entrance to the Panama Canal Company's headquarters building would be reversed on October 1. Historically, the American flag was in the place of honor, and Treaty opponents portrayed the installation of the Panamanian flag in the place of honor on October 1 as a blow to American honor.

When Mondale learned of the flag lowering ceremony, he asked the time. It was to be at sunset, I forget the actual hour and minute. We reported the time to Washington and received news that the Vice President would be arriving ten minutes later. This made Panamanian President Royo most unhappy. He had hoped that the United States would regard the turnover ceremonies as a joint celebration by our two countries. Yet, the report of the Vice President's arrival time absolutely confirmed what was becoming increasingly clear: namely, that having been objective and just during the negotiations, the United States was now turning churlish. After thinking about it for a bit, Royo noted that he would have been at the airport since early morning greeting arriving Presidents, the last arriving mid-afternoon. He would have been pleased to greet the Vice President, but he saw no reason why he should go home and then return after sunset. In the circumstances, he sent Vice President de la Esprilla to welcome Vice President Mondale. I was not present, but I was told that Mondale was annoyed not to be greeted by the President.

That evening, there was a program at the National Theater. With the utmost difficulty, we were able to get seats for the entire American party, which occupied over 20 percent of the seats. The Embassy had a reception afterwards at the Holiday Inn so that staff and resident Americans might meet the Vice President, but he did not appear. At midnight, the Panamanians unfurled a gigantic Panamanian flag on the hill overlooking Quarry Heights, where the Southern Command had its headquarters. This was not intended as an affront to the American military but to take advantage of a position from which the flag could be seen from any place in Panama City. By special act of the Panamanian Congress, the flag flies 24 hours a day and is illuminated at night.

The formal turnover ceremony was the morning of October 1 on the tarmac at Albrook Air Force Base. Unfortunately, the Panamanian speakers used excessive language in describing their accomplishments in regaining the Canal Zone territory. I wonder whether there would have been so much hubris if we had given the appearance of greater magnanimity in the hearings over the implementing legislation and had been more positive in preparing for the October 1 celebration.

After the celebration, the official representatives and the entire U.S. party moved to a luncheon hosted by the Vice President. Everyone was hot after being in the sun for up to two hours. The Vice President was about an hour late in arriving at the luncheon even though he was the host. He appeared fresh, and a number of the guests were not amused to learn that he had gone back to the hotel to shower. President Royo gave a splendid reception that evening at El Panama Hotel to conclude the celebration. Midway through the evening, we Embassy staffers in attendance were quietly asked to go to a guest room in the hotel. There, we were greeted by Mondale, in shirtsleeves, saying that we could now relax and be ourselves.

The Vice President's party left the next morning. As they were entering the plane, a member of the party told one of the Embassy's administrative officers that he recognized they may have offended people and asked him to make any apologies. Ted replied, "I have only two years remaining on my assignment. There's not enough time."

I mentioned earlier that it took about 15 months to get the Department's approval of several agreements to implement the Panama Canal Treaty. That was not a serious problem as the Panama Canal Treaty provided that the U.S. Government make payments to Panama for use of the Canal but did not establish a schedule for such payments. Before the negotiations on Canal payments, I had asked the Panama Canal Company to test various models to determine what would be the best schedule from the U.S. point of view. They advised that monthly payments would be the best for us, and the Panamanians accepted.

After the Canal turnover ceremony, we had three agreements ready for signature: one on U.S. payments to Panama, one on certain obligations of Panama to the United States, including the \$5.8 million debt owed to us since the 1950s, and a third which I don't recall. We set a signing ceremony at the Panamanian Foreign Office toward the end of one morning in the Fall. I don't recall the date.

Just after I got to work on that day, Bob Powers, the Public Affairs Officer, came to my office. The Press Officer, Bud Hensgen, had been called by a Panamanian reporter who said that he had heard that the Panamanian Foreign Minister was going to sign the agreement on U.S. payments to Panama and decline to sign the agreement on Panamanian obligations to the United States pending further study. The ceremony schedule called for the agreements to be signed in this order. As the Ambassador had calls before coming to the Embassy, I could not speak to him. Hence, I telephoned the Vice Foreign Minister, Joes Maria Cabrera, to confirm the story. After some hesitation, he said that it was correct and that the Panamanians had intended to tell us during the signing ceremony. At this, I replied that the ceremony was off. Jose Maria expressed surprise and inquired whether the Embassy had authorization to cancel the signings. I told him that this was a matter between the Embassy and the Department of State and suggested that he notify the press that the ceremony had been postponed.

When the Ambassador arrived, I told him what had happened. He agreed, and we telephoned the Department which agreed as well. Then I telephoned the Panamanian Finance Minister, Ernesto Perez Baillardes who was popularly known as El Toro, to request an urgent appointment. When I saw him that afternoon, I said that we were uninformed of any Panamanian unhappiness with any of the agreements. I was sure that we could work out a solution. Because of the scope for mischief, I suggested that we keep the misunderstanding out of the media. El Toro professed to be uninformed on the details and agreed that the matter had to be treated in strictest confidence.

I was astounded to read in the Panamanian press the next morning that I had once again proven to be an enemy of Panama and destructive of good relations between our two countries. There was speculation that I should be declared *persona non grata*. Clearly El Toro was the source of the stories. Funnily, roughly a year previously, an unclassified economic report I had written had caused a similar storm as it had not been regarded as favorable to Panama as it should have been. The flap blew over when President Royo asked the Vice Minister of Finance, Orville Goodin, to examine it, and Orville said that the report was correct and that he was the source of some of my comments.

The matter of the unsigned agreements dragged on. We would not have been in violation of our Treaty obligation until October 1, 1980. The Panamanians never contacted the Embassy regarding any problems with the agreement on Panamanian obligations. Royo did, however, mention to the Ambassador the agreements and Panama's need for Canal payments on several occasions. The ambassador expressed interest in settling the problem promptly. Finally, as October 1, 1980 approached, Royo suggested to the Ambassador that the agreements could be signed, as negotiated, during a certain period when he would be abroad. Clearly Royo wanted to distance himself from the agreements. And so it was done, but without fanfare.

*Q: How large was the Embassy when you arrived? Was it a sizable embassy?*

BLAKE: It was a smallish embassy in terms of State Department personnel; but, in terms of actual bodies, it was the tenth largest U.S. mission in the world. I think we had 16

Government agencies with regional responsibilities represented in Panama. It was similar to the situation we had in Frankfurt. Then, the Embassy had important inter-agency relations with the Southern Military Command and the Panama Canal Company. In fact, Brasilia, Mexico City, and Panama were the only Class I diplomatic missions in the Western Hemisphere.

*Q: How big was your economic section?*

BLAKE: The economic section was very small. We had a commercial attaché, a junior officer, one secretary, two local employees, and myself.

*Q: Was there opposition in Panama to the treaty or not?*

BLAKE: When I arrived, and for the first year, I would say, on the whole, no. While a small minority of Panamanians profited from the status quo, the Panama Canal Treaty was widely acclaimed and resulted in a great deal of good feeling. The Panamanians had felt for years that they were under our patronage and that we treated them more as children than as an independent country; with the Treaty ratification, which meant the Canal and the Zone would be returned to Panama, they felt that, for the first time since their independence, they were being recognized as equals. The bruising fight over implementing legislation, the persistent right-wing comment in the United States that we could take back the Canal, and some of the language used by Presidential candidate Ronald Reagan and his supporters during the 1980 campaign resulted in a cooling of Panamanian innocence. You might say that they became more realistic in their expectations for future U.S.-Panamanian relations. I found it sad that time produced this result as the changed relationship lost us influence we could have used to produce a lot of good.

*Q: Of course, this enthusiasm for the treaty was not carried over to the American residents in Panama.*

BLAKE: The Panama Canal Company employees who were American citizens were adamantly opposed to the Treaty, as were most of the American citizens who were permanent residents of Panama and, for the most part, ran small businesses. They regarded it as a State Department sell-out of American interests. The American businessmen in Panama, by and large, sided with the Panama Canal Company personnel but were not as vocal. The American citizens who represented large American corporations, principally banks, and were subject to periodic transfers, generally stayed above the arguments over the return of the Canal to Panama. The Embassy had a highly competent Consul General, Howard Gross, and his availability to American citizen employees of the Canal materially reduced their problems of adjustment to the new situation.

By the way, when I got to Panama, over 70 percent of the employees of the Panama Canal Company were Panamanian citizens.



*Q: What about the strong man General Torrijos. We have read about his involvement in the drug problem. Do you know anything about that? Were you aware of that when you were there?*

BLAKE: General Torrijos was never, to the best of my knowledge, associated with drug trafficking. His brother, Hugo, was, however, suspected as being associated with the drug trade. Hugo was Ambassador either to Italy or to the Vatican. In the early 1970s, he was to transit the United States upon returning to Panama. The Justice Department had plans to pick him up while in transit at a U.S. airport. Kissinger had instructions sent to the Ambassador in Panama, at that time it was Bob Sayre, that he should notify Torrijos of the likelihood that his brother would be arrested and suggested that Hugo re-route his travel to avoid the United States. This was done. Somehow it leaked into the press and caused a great deal of embarrassment to Bob Sayre who had simply been following instructions.

*Q: Yes, I can believe that. Well now, you were there during the visit of the Shah of Iran, or should I say more than a visit, to Panama. Can you describe that to us?*

BLAKE: About December 1, 1979, I got to work, and Ambler was already there. I usually got to work before him, so that caught my attention. He asked me to join him in his office. He said, "You'll never know who I was sitting with up until a few hours ago." I said, "Who?" He said, "Hamilton Jordan." I forget the other person, maybe Lloyd Cutler, but I could be wrong. I said, "Really?" He said, "Yes. Now, we have company coming." I said, "Who?" He said, "The Shah of Iran." Around December 15<sup>th</sup>, the Shah arrived. He moved out to Contadora Island in the bay of Panama and stayed there for several months.

*Q: Causing you no difficulty at the embassy or any problems?*

BLAKE: Not really, no. The Shah was a very easy person to deal with. He had a American public relations man named Robert Armao, whom he had hired at the suggestion of David Rockefeller when it became clear that he would have to leave Iran. Bob told me that, in his first meeting with the Shah, the Shah asked him to arrange his departure from Iran with his extended family, noting that his sister had never had to do anything and didn't even know how to pack a suitcase. Bob was a principal contact between the Shah and us. It was only occasionally that anyone from the Shah's Iranian staff got in touch with us. This was consistent with the understanding that the Shah was a guest of Panama and should look to the Panamanians for logistical and other support.

There was, nevertheless, a source of friction from the day the Shah arrived. He came to Panama from the United States where he had been a guest of the U.S. Government, a guest whose presence became an embarrassment when Iranian students took over our Embassy with the ill-concealed approval of the Iranian Government. When the Shah left the United States for Panama, it was his understanding that he was still our guest and that he had access to U.S. facilities, for example, the U.S. Army's Gorgas Hospital in the Panama Canal area. For their part, the Panamanians assumed that he had left the hospitality of the U.S. Government and was now a guest of the Panamanian Government. They understood that we would have a continuing interest in the Shah because of the Embassy hostages and our

decades-long relationship with him, but they assumed that they were responsible for his care and security.

*Q: A rather indelicate question, but did we lean on the Panamanians to accept him?*

BLAKE: Not at all. Ambler handled that directly with Torrijos, and Torrijos was quite pleased to have the Shah there. He perceived Panama as helping the United States when it was in an awkward position, and he likely thought that it would give Panama additional weight in its dealings with Washington. Besides, Torrijos enjoyed the publicity.

Within a brief period, however, relations between the Panamanians and the Shah and his entourage began to sour. Bob Armao complained to me that the Panamanians were gouging the Shah on the assumption that he had limitless funds. Torrijos told the Ambassador that the Shah's entourage were demanding and did not appreciate the financial burden placed on Panama by their presence. As best I could tell, both sides were right.

Then, things turned ominous for the Shah. The Iranian Government threatened to have him extradited as a criminal, making clear that the Shah would be executed upon arrival. At the same time, there were intimations that the Shah's return to Iran might lead to release of the Embassy hostages. As Torrijos was in a honeymoon phase with the U.S. Government, the Iranians were uncertain how long they could trust their hosts.

The Shah was an ill man when he arrived in Panama, and his health began to decline further in late January or early February. It appeared that he would need an operation, and the Shah understood that the arrangements on his stay in Panama permitted him access to Gorgas Hospital. The Panamanians took the position that he was a guest of Panama and that it would be an affront to the Panamanian medical profession if he were not operated upon in Panama. In fact, most of the Panamanian doctors I knew were trained in the United States and were quite skilled; further, Punta Patilla Hospital was highly regarded. Even so, the Shah and his party were reluctant to trust the Panamanian doctors and medical facilities. There may have also been some fear that he would be murdered on the operating table.

The Embassy was only marginally involved in these concerns. The Shah's friends in the United States, principally Kissinger and David Rockefeller, were putting pressure on our Government to have any operation performed at Gorgas, or even that the Shah be returned to the United States. Bob Armao made no bones about it that he would like the Shah back in the United States. In March, we were told that Dr. Michael Dubakey would be coming to Panama to assess the Shah's condition and to perform an operation. I believe that he arrived in early March. He was there at the request of the Shah, so the Embassy had only a secondary role.

Dr. Dubakey examined the Shah and toured Punta Patilla Hospital and went over arrangements with his Panamanian Government handlers. Then, problems developed. As Dr. Dubakey explained it to the Ambassador and me, he considered the Panamanian hospital adequate but not great. The problem was that the Panamanian doctors noted that he did not have visiting rights at that hospital and, hence, could not perform the surgical procedure.

They would have no problem, however, with his presence in the operating room as an observer. Dubakey was opposed to this; as he put it, if the Shah should die on the operating table, the press would concentrate on him even if he had no part in the surgical procedure.

At this point, the Ambassador had to leave for David, near the Costa Rican border, to fulfill a long-standing speaking commitment. The next day, Dr. Dubakey was joined by other non-Panamanian doctors from the United States and France. All had treated the Shah or operated on him at one time or another. There was a split within their ranks, as some wanted the Shah returned to the United States for any operation or, at a minimum, to be operated on at Gorgas. Meantime, the Panamanian doctors became more insistent that there should be no operation unless a Panamanian team performed it. As one Panamanian doctor put it to me, "Panama is not Afghanistan, and we won't allow an itinerant surgeon here." This comment became a Panamanian battle cry. The media had learned of the dispute, and correspondents were pouring into Panama. By that afternoon, the situation had become so tense that I telephoned the Ambassador saying he should return to the Embassy. He arrived that night and went to see Torrijos at once. Torrijos was furious at the perceived slur upon the competence of the Panamanian doctors but asked one of his entourage, Marcel Salamin, to serve as intermediary with the Panamanian doctors.

There was intense scurrying around the next day. Ruffled Panamanian feathers had to be smoothed. The Shah had been moved to Punta Patilla Hospital somewhat against his will. Toward the end of the day, Salamin met with the Ambassador and me and said that the Panamanian doctors had reluctantly agreed that Dr. Dubakey could perform the operation and they would observe; but, any press releases would have to indicate that all parties were in the operating room and not indicate that Dr. Dubakey had the lead. Dubakey agreed.

I had to go to the Shah's hospital suite to explain to his aide, an Iranian colonel, that Dr. Dubakey would perform the operation. I had to spend several minutes in a sort of sitting room to his hospital room. An expensively dressed Iranian lady, a fur coat beside her, was sitting on a couch, spooning Cheeze Whiz onto crackers. She looked up apologetically and explained, "My supper." She was the Shah's twin sister.

The next day, there was a meeting of the Panamanian and other doctors. Everyone made an effort to be pleasant. Dr. Dubakey reviewed his findings and the surgical procedure that would be undertaken. The other American doctors chimed in. The Panamanians listened. This was a Friday, as I recall, and the operation was set for Sunday. Then, a French doctor, Georges Flandrin, spoke up. He described himself as the Shah's physician and asked Dubakey, "Is it urgent that the operation be performed so soon?" When Dubakey replied in the negative, Dr. Flandrin announced, "Tempers have become so inflamed that I would not trust any of you to operate on a patient of mine. I ask for a week's cooling off period." Although this would be inconvenient, Dubakey agreed.

Reports of the fighting between the doctors must have gotten back to the Shah. Two or three days later, we were told that he had decided to accept an invitation from President Sadat to return to Egypt, where he had been when he first left Iran. Our Government was somewhat reluctant to see him move again, probably because it might further complicate efforts to free

the American hostages in Iran. Hamilton Jordan and Lloyd Cutler came to Panama to review the decision with the Shah. Their visit was secret; Jordan stayed with the Ambassador and Cutler at our house. As the Shah insisted that he leave Panama, they reluctantly agreed and arranged a charter plane for him and his party. The Shah departed Panama on March 24, 1980.

*Q: What were your relations with the United States Southern Command, the military command?*

BLAKE: The Southern Command was quite cordial on the whole. In Panama going back some 15 years or more, there was a tripartite committee, which met about every month or six weeks, and included the Ambassador, the Commanding Officer of the Southern Military command, and the Head of the Panama Canal Administration. The Panama Canal Company was renamed the Panama Canal Administration after the treaty entered into force on October 1, 1979.

There was one matter which caused some temporary unhappiness in Southern Command circles. With the exception of a brief period, I believe during World War II, the Embassy in Panama had no Defense Attache station. The Southern Command had purported to handle U.S.-Panamanian military relations. The Embassy did have a small Military Assistance Advisory Group, headed by a Colonel, to handle military aid and some training at U.S. military installations, but it was more akin to AID than it was to a diplomatic activity. After the treaties had entered into force, I suggested to the Ambassador that the Embassy should seek a Defense Attache, primarily to demonstrate to the Panamanians that the old regime was over and that we regarded Panama in the same light as we regarded any other country with which we had diplomatic relations. I also noted that there would be occasions when it would be desirable for the Embassy to deal directly with the Panamanian military rather than be obliged to go through the Southern Command. He agreed and we requested through channels that a Defense Attache station be opened.

Shortly thereafter, the officer in charge of Defense attaché stations in Latin America came from Washington to Panama and called on the Ambassador and me, along with several Southern Command officers.

They wondered why we wanted to depart from an arrangement that had seemed to work so well for decades. The Ambassador explained that we thought it time to put our defense relations with Panama on the same level as other countries in Latin America. When they found this unconvincing, I noted that we had a Defense attaché station at the embassy in Bonn, to cite one example, even though there were several major military commands in Germany. The Southern Command intelligence officer, a Colonel, then proposed a Colonel on the Southern Command staff. The Ambassador said that we would get back to them on this proposal.

The Ambassador and I knew this officer. He was a West Pointer and a bright officer, but he had been less than candid with us on several occasions and we doubted that he would transfer his loyalty from the Southern Command to the Embassy. As you can appreciate, the

objectives and priorities of the Southern Command and any embassy within the Command's area of responsibility could diverge. At the Ambassador's request, I informed the Southern Command of his decision.

Then I telephoned the personnel officer in the Attache system. He was disappointed that we would not take the Southern Command officer but decided it would be best for that officer's career if he went elsewhere. Instead, he offered us Lieutenant Colonel Gerald Walker who was coming out of El Salvador where he had been Defense Attache, adding that he was the best attaché in Latin America. We accepted Walker and he did a splendid job. When he reported in, I told him that every intelligence agency in Panama was playing up to Noriega. As Defense Attache, he would present his credentials to Noriega, who was the principal intelligence officer in the Guardia Nacional at the time, but I wanted him to become intimate with the next generation of Panamanian military officers. Walker wrote a report on the comers that should have been a basic source book for years to come.

Let me also mention relations with the Panama Canal authorities. Prior to October 1, 1979, the Canal was under the Panama Canal Company, headed by an Army Corps of Engineers General with a Corps Colonel as his deputy. On October 1, 1979, the Company was renamed the Panama Canal Administration with an American civilian as the Administrator and a Panamanian as the Deputy Administrator. The first Administrator was Phil McAuliffe who had been a Lieutenant General and head of the Southern Command through September 30, 1979, when he retired from the Army. Phil was well known to the Carter Administration and he had testified persuasively on the treaties before various Senate and House committees. Phil's Panamanian Deputy was Fernando Manfredo who had participated in the Treaty negotiations and was well and favorably known to the U.S. Government. By the terms of the Panama Canal Treaty, Manfredo's appointment had to receive the consent of the Senate, as did Phil's.

Embassy relations with McAuliffe and Manfredo were excellent, I would say even better than relations with the Southern Command. The Embassy-Southern Command-Canal committee meetings continued, but Manfredo could not participate as we frequently discussed confidential matters. Lieutenant General Wallace Nutting replaced Phil as head of the Southern Command. Wally had been Commander of a tank division headquartered at Frankfurt, Germany, before coming to Panama, and we had always gotten along well. Occasionally he would express frustration to me over the nuances of being a sort of military diplomat to so many Latin American countries and lament that he had left the Fulda gap where it was so easy to distinguish the good guys from the bad. Phil was a polished Administrator and ran the Canal superbly, although at times he had to restrain himself from intruding upon Southern Command matters.

*Q: Were you there when General Torrijos died in that plane crash or not?*

BLAKE: I was.

*Q: What was the effect of that?*

BLAKE: It was a Saturday morning, July 31, 1981. I was just having breakfast when someone called from the military command and said that they had been asked by the Panamanian Government to make a search for a plane when daylight came.

General Torrijos' plane had left mid-afternoon Friday from Panama City to go to a mountain town he liked, but the plane never arrived. I immediately went to the Embassy. Ambler was taking a well-deserved long weekend at a beach resort with his family. By the time I got to the Embassy, a Panamanian civilian pilot had spotted the wreckage of the General's airplane on a mountainside and reported it. The Southern Military Command had rangers go in from helicopters to confirm that everyone aboard was dead.

*Q: Did that have any immediate effect on our relations with Panama at all?*

BLAKE: Well, it was one of those cases where there was intense cooperation between the Panamanians and us in efforts to find the plane. The Southern Command made an extraordinary effort to assist the Panamanians in recovering the bodies. As it was the rainy season and the terrain was mountainous and quite steep, this took two days, as I recall. The Canadian manufacturers of the plane and the American manufacturers of the engines wanted their own representatives on the team to assess the reasons for the crash. A number of media representatives flew in to cover the crash and try to get something sensational on the implications for democracy in Panama. While I was wrestling with these matters, I also monitored the reports coming in from other embassies and through the Foreign Broadcast Information Service (FBIS). Toward the end of the day, I saw an FBIS report from Moscow stating *Tass* had reported that the CIA had sabotaged the General's plane to kill him and get him out of the way. I immediately sent a telegram to Secretary Shultz protesting the story and urging him to call in the Soviet Ambassador in Washington and read him the riot act. When the CIA station chief saw a comeback copy of my telegram, he protested that the U.S. Government "neither confirms nor denies stories that have intelligence implications." I knew that this was our policy, but the Soviet slander was so egregious I considered that it needed redressing. Apparently the Secretary felt the same way, because the Soviet Chargé was called in on Sunday and given a dressing down. Even so, this fabrication persisted, and Graham Greene has it in the last chapter of his book on Torrijos.

It was difficult to reach the Ambassador at the beach resort. Actually, he met a Panamanian Government friend on the beach who told him of the crash. He telephoned me to confirm and returned to Panama City that night. Then, there were preparations for the funeral; the U.S. Government sent down a delegation that included Barbara Bush, the Vice President's wife, for the event. The Embassy was not a party to selection of the American delegation to the funeral services, but I understand that there was a bit of a tussle between the Vice President's office, which thought that she should be head of delegation, and the State Department, which took the position that Tom Enders, Assistant Secretary of State for American Republics Affairs, should be the head of delegation, this being necessary to ensure that an official representative of President Reagan was the Head of the U.S. delegation. The State Department prevailed.

There was a period of some uncertainty in the Panamanian Government after Torrijos' death. Florencio Flores, a solid soldier, took over the *Guardia Nacional*. He was considerably less flamboyant than Torrijos and made a competent leader. However, Manuel Noriega moved up to the number two position, setting the ground for future trouble. Thoughtful Panamanians began privately to express misgivings regarding the future.

*Q: Do you recall any other problems during your stay in Panama?*

BLAKE: As I said, the ground was laid by Torrijos' death for future trouble. Torrijos had tried, probably more than he was given credit for, to get the civilian leaders to take charge and run the government, with the understanding that they would keep their hands off the *Guardia Nacional*. Nevertheless, the civilians were reluctant to assume too much authority and kept checking with the General. They probably had reason to do so, because the Constitution was amended after the 1968 coup to give the *Guardia Nacional* equal status to the executive, legislative, and judicial branches of government. While Flores tried to stay above politics, the colonels under him, in particular Noriega, became more intrusive after Torrijos' death.

I never met Torrijos, but I did see Noriega from time to time. He was a complex man: shrewd and calculating, quite personable when he wanted to be, ambitious, and to my mind, without morals. Apparently he had severe acne when he was young, and he was quite sensitive regarding his appearance. A stocky man and, I presume, a good soldier. He was a graduate of the Peruvian Military Academy; virtually all *Guardia Nacional* officers either went to the military academy in Peru or El Salvador. Noriega was the Chief of Intelligence in the *Guardia Nacional*, but he also carried the responsibilities in the Panamanian Government of the FBI, DEA, and likely other law-enforcement or investigative agencies that I can't recall at the moment.

I first met Noriega in August 1979 shortly after I had become Deputy chief of Mission and during the period when the implementing legislation for the Panama Canal Treaty was being hotly debated in the U.S. Congress. A Panamanian informant told an Embassy officer that two American soldiers of fortune had been arrested while attempting an attack on the *Guardia Nacional* headquarters at David. One was Hispanic and the other a Caucasian named Fleming. Both had been in the Army in Viet Nam and had a hatred of communism. They had entered Panama from Costa Rica with the object of starting a revolution to overthrow the presumed communist government of Panama.

Fleming and the other fellow were questioned intensively at David. It appeared that they had been acting alone and they were to be transferred to the prison on Coiba island by helicopter. When Noriega heard of their activities, he was furious, and he ordered that, en route, they were to be thrown into the Pacific Ocean. The informant said that he had grown to like Fleming and found the two of them out of touch with reality but no threat to Panama and not deserving of the fate planned for them.

At the moment, the Ambassador was in Washington working the Hill in support of the implementing legislation. I decided to call on Arturo Morgan-Morales, foreign policy adviser

to President Royo. As an aside, Morgan-Morales was an interesting fellow. His father had gone to Panama somewhat before World War I to establish a business, married a Panamanian lady, and stayed on. Arturo's parents sent him to Colorado College in 1941 to master English. Terrified that he might do something rash after the attack on Pearl Harbor, his mother telephoned Colorado and learned that he had joined the Army. Being a good Panamanian mother, she started thinking of people she might get in touch with and recalled a young Army officer named Eisenhower. She wrote General Eisenhower a letter and never heard from him, but in the spring of 1942 Private Morgan-Morales was surprised to receive an assignment as General Eisenhower's Spanish language interpreter. After the war, Arturo finished college on the GI bill of rights. At the age of 28, he was Panama's Deputy Foreign Minister when President Eisenhower visited Panama.

Back to my story. I explained the situation to Arturo, noting that the news of the arrests had not come to the attention of the media. However, inevitably the two Americans' disappearance would come out and there would be a strong negative effect on Panama if it became known that they had disappeared in Panama. That would surely doom the implementing legislation. Arturo saw the gravity of the situation at once and excused himself to go speak to Royo. He returned a few minutes later and said that the President had telephoned Noriega that I was calling on him to discuss the disappearance of two American citizens.

I went to Noriega's office in the Guardia headquarters. I was ushered into a windowless waiting room, some 10 x 10 feet. The four walls were covered with paintings. When I examined them, I found that they were all of weeping children, seemingly 4-6 years old, from a variety of ethnic and geographic backgrounds. I suppose that this introduction to Noriega's world was designed to intimidate callers.

Noriega was quite pleasant when we met. He listened intently to my story of two Americans who had disappeared on the Costa Rican-Panamanian border and our concern that they might have become lost and wandered into Panama. He accepted my explanation that we were concerned for their well being and feared that, if anything happened to them, opponents of the Panama Canal Treaty might use it as a pretext to try to overturn the Treaty or to upset the good relations we were building between our two countries. Noriega said that he had just returned from a trip abroad, which was true, and would look into the matter and get back in touch with me.

The next day an Embassy officer told me that Noriega had discovered that, indeed, the Americans were in Panama and in Guardia custody after attempting to attack the Guardia headquarters in David. He was having them transferred to Panama City where they would be turned over to civilian authorities. Undoubtedly, they would have to be tried. The arrest then became public. The Consulate followed the case. After a speedy trial, the pair was found guilty and expelled from Panama.

Some six months later, Fleming filed a law suit against the State Department and the Embassy for not assisting him. Nothing came of the case, however.



In the first half of 1980, I had occasion again to see Noriega. Howard Gross, the Consul General, briefed me on the case of a missing American with which he had been dealing. A young man from Florida had come to Panama to row by kayak from a point south of Colon, on the Gulf of Mexico side of the country, to the border with Colombia. He wanted to explore the San Blas Indian culture. He seemed a fine person; he had finished law school with honors and had clerked for an Appeals Court Justice, and was taking the vacation in Panama between that job and entering a law firm. He had telephoned his parents before leaving for Colombia; thereafter they heard nothing from or concerning him. The father had contacted the Embassy's Consular Section, which had made extensive inquiries but had turned up nothing. The father was en route to Panama, and Howard asked me to speak with him.

Howard brought the father to my office the next day. He acknowledged that his son had no experience with kayaks or paddling in open waters. He saw no problem, however, as his son was young and strong. If there had been a water accident, he was convinced that the kayak would have drifted ashore and would have been found. He wondered whether a search party could be dispatched. As there were no facilities for such a search in the Southern Command, I asked Howard to see whether Noriega had any suggestions. As the Guardia Nacional had stations in the San Blas, he might be able to help.

Noriega went farther than I would have expected. He instructed a Guardia coastal craft commander and crew to search the coast from Colon to the border with Colombia, and he allowed us to send a Vice Consul on the boat to assist in the search. It took a week, and the search turned up nothing. At one stop, however, the Indians said that the American had turned up and had spoken with the two Guardia personnel. They insisted that they had seen a young American in a boat and that he had left to continue down the coast. As the father was sure that his son had considerable funds on him for his return trip to the United States. He insisted that his son had been murdered. Noriega brought the two Guardia to Panama City for questioning but nothing turned up. The father then asked for searches throughout the interior on the assumption that his son may have paddled up a river which flows into the Gulf. This area had already been covered by the earlier inquiries for the missing son, but fresh inquiries were made. In all, it was a strong effort to help us, but the distraught father was never disabused of his conviction that his son had met with foul play.

My last encounter with Noriega took place two days before I left Panama. The U.S. Government was about to start a new program on drug interdiction in the Caribbean Basin. A DEA officer and the State Department's officer for drug policy affecting Latin America wanted to visit Panama and brief Noriega. Noriega was head of the Panamanian equivalent of DEA. The Embassy's DEA officer was the action officer for the visit, and he thought that the meeting with Noriega would have more impact if I, as the departing Charge, sat in on the meeting. When Noriega expressed interest in the meeting but found it difficult to work into his schedule on such short notice, I invited him to breakfast. He came with a young Guardia officer whom he introduced as his aide on drug matters and a translator. The State and DEA officers gave an extensive briefing. Noriega asked questions from time to time. I was interested that he worked through the translator, but interrupted from time to time give, in English or Spanish, a more accurate rendering of comments. Clearly he knew English much

better than he let on. Back at the Embassy, the visitors expressed pleasure over the meeting and Noriega's interest in drug interdiction. As one put it, "Tony is really on top of drugs."

While I was in Panama, I never saw anything to indicate that Noriega was involved in drugs. During my last year there, that is, 1982, the Embassy was visited by several Congressional staffers who asserted that they had irrefutable evidence that Noriega was facilitating drug traffic through Panama. They promised to send such reports to the Embassy, but we never received them, and the Executive Branch treated Noriega as a partner in drug interdiction as long as I was in Panama.

Given the comments I was hearing regarding Noriega during 1982, I began to think that we should exercise some caution in relations with him. I think that one incident confirmed the need for caution. In the summer of 1982, the Embassy's DEA officer told me that a boat would be putting into a Panamanian fishing port on the border with Colombia, on the Gulf side. DEA understood that a sizable shipment of cocaine would be loaded, and the boat would be seized when it got back into international waters. He felt an obligation to tell Noriega of the plan. If he didn't, Noriega would see that he had been cut out of the loop and would be angry. As his instructions did not require him to inform Noriega, I advised against it, but he was new to the Embassy and felt that he should lean over backwards to maintain good relations with Noriega. He did tell Noriega of the plan and later told me that the boat was denied permission to dock as it approached the port. The planned seizure was frustrated.

In the spring of 1982, Ambassador Moss, who had remained from the Carter Administration into the Reagan Administration, submitted his resignation. It was accepted, and he left in June. I was told that I would remain as Chargé until the next Ambassador arrived. However, about the same time as the Ambassador's departure, the Panamanian Government announced that President Royo was stepping down to become the Panamanian Ambassador to Madrid and that Vice President Ricardo de la Espriella would replace him. The Guardia Nacional had forced him out. Royo was a fine lawyer and friendly toward the United States even though he was regarded as left wing. De la Espriella was brilliant; he was head of the Panamanian Central Bank at the age of 28. I am not sure why the colonels in the *Guardia Nacional* found Royo unacceptable, but they may have believed that de la Espriella might be more compliant. He struck me as nervous concerning his relations with the Guardia. We talked by telephone several times a week, and I recall that on one occasion a Guardia member answered by call to the President. De la Espriella usually saw me at the National Bank, where he retained, an office as he felt more relaxed there than in the President's office. When I mentioned the Guardia intercept to him, he said it and other evidence revealed that Noriega had tapped his telephone.

Whatever the case, I had known de la Espriella since my arrival in Panama, and we began a number of informal meetings on ways to bolster Panama's place in entrepot trade and as a neutral country. This meant efforts to build up international banking, insurance, and stock trading. Panama had already become a respectable international banking center, but the legislation needed refinement. There were some 70 international banks in the country, and the names reminded me of Frankfurt or Zurich. I should note that there was probably a lot of flight capital from other, less stable Latin American countries administered through Panama,

but no evidence was ever presented to me that would have shown that Panama-based banks were engaged in laundering drug money. Historically, Panama had been a refuge for Latin American political leaders who had to leave their capitals suddenly to avoid arrest or something worse during a coup. Also, Panama had good medical facilities by Latin American standards, and many prominent Latinos would come there for treatment. It was thus logical to try to develop the economy by taking advantage of the country's location and orientation on the services sector. It also meant emphasizing efforts to obtain third-party adherents to the Panama Neutrality Treaty, which had been neglected since it had entered into force on October 1, 1979.

**LOUIS F. LICHT III**  
**Analyst, Middle America-Caribbean Division, INR**  
**Washington, DC (1980-1982)**

*Mr. Licht was born in Maine and raised in New York. Educated at Yale University and the Fletcher School, he served in the US Army in Vietnam and joined the State Department in 1974. Mr. Licht served in Washington, dealing with Latin American Affairs as well as Arms Control and Nuclear matters. His foreign posts were Santo Domingo, Lima, Canberra, Yerevan and Chisnau (Moldova). Mr. Licht was interviewed by Charles Stuart Kennedy in 2000.*

LICHT: Yes, I was in regular contact with the Mexican desk. I remember talking to them about where Mexican oil was going and the Central American situation. I have to say it seems a long time ago now.

These were the years of the Panama Canal, too and I was Panama analyst for a while. That was when the treaty was actually concluded. So that was a pretty interesting time to be in INR, following those particular things. Ellsworth Bunker, who was the special negotiator, I used to brief Ellsworth Bunker. You would take him things, he would look at them and then you couldn't tell if he was asleep or not. It was very embarrassing. Here you're a junior officer, you give him this highly classified stuff and you can't tell if he was asleep or not. You don't know whether to cough or what.

*Q: Was there sort of a feeling of, in INR, of people dealing with Latin American affairs and sort of "Thank God, we've finally lanced this boil" as far as the Panama Canal, it's being turned over? Or was there concern the Panamanians might foul it up?*

LICHT: There was divided opinion, as far as I can remember, on whether this was a good idea or not. There were some people who were not very fond of President Carter anyway and thought this was one bad idea. But I think in general people thought this was something that was going to happen eventually and recognized that the canal's strategic value was not the same as it once was. INR played a somewhat peripheral role in all this, so we had some good intelligence that we analyzed.

**DALE V. SLAGHT**  
**Commercial Attaché**  
**Panama City (1980-1982)**

*Mr. Slaght was born in Oregon in 1943. After serving in various capacities on Capitol Hill and in the Department of Commerce, he joined the State Department under the Commerce-State Exchange Program. As expert in commercial and trade policy, Mr. Slaght had assignments as Commercial Attaché and Minister Counselor at US Embassies and Consulates in Uruguay, Panama, Germany, Canada, Soviet Union and Mexico. He also served as Mexico Desk Officer at the Department of Commerce. Mr. Slaght attained the rank of Career Minister. He was interviewed by Charles Stuart Kennedy in 2005.*

SLAGHT: At the end of this tour, Carter decided that the commercial function of our government was not being well served by the State Department. With Congress' support, Carter pulled that function out of State and gave it to Commerce, and the U.S. and Foreign Commercial Service was created. This was 1980. I was in my last year in Montevideo. There was an interview process, an oral exam, that was given to anyone interested. I'm not sure anyone; I guess you had to be asked to be examined. I cleared that hurdle and I flew to Miami for a full-day oral exam with three or four others in the group. I passed the oral exam and then was subsequently asked to join, the first class of commerce officers. In the meantime, I'd been asked while this testing was going on, I was asked to take an ongoing assignment in Panama. The idea was to leave in the middle of the year, and my kids were in kindergarten, and I said, can't we wait until the end of the school year? And the answer from the Commerce Department was, they're young, they'll get over it. I was indiscreet on how I passed on that conversation, and my wife never forgot it.

*Q: I wouldn't either. This was probably the stupidest...*

SLAGHT: It wasn't quite the days where a wife's performance was included in officers' reviews. We were past that, but not too much past. She was horrified, and besides, she had thought this was a one-time deal for three years in Uruguay, and then we would return home in the States.

*Q: Dale can have his fun but let's get real.*

SLAGHT: Yes, now that it's over. She was not happy that I had decided that the family would go to Panama. But we went to Panama, and while I was there I was given the offer to join the U.S. and Foreign Commercial Service.

*Q: As a fact of the matter, you probably were at the top or thereabouts. You'd done your thing already. You'd proved yourself.*

SLAGHT: Yes. I remember one guy who was assigned someplace else who didn't get through the exam. I think there were four of us that tested, and three of us got through, the fourth didn't.

He ended up going back to work on the desks in Commerce, country desks. We talked about it. It was just a performance thing for us. We're doing the job, we're all doing it well, it shouldn't be an issue, and I guess it was much more serious than the four of us had thought. Maybe it helped us relax a little bit and helped us do well on the exam, but one of the four didn't make it.

*Q: I would suspect the commerce people were doing this. Obviously, the first people to do this, they're on trial. We got to put our best face forward. One last question about Uruguay, Dan Mitrione had been kidnapped and killed. He was the head of the U.S. Public Safety Program in 1970. How about security precautions and all that?*

SLAGHT: You know, we never thought much about security, certainly not political security. Our house toward the end of our assignment was broken into early one Sunday morning while we were there, and it did terrify us more because the thieves had broken in through an open window in our bedroom and walked right past our bed and down the stairs and found a wall safe they tried to get into and started to come up the stairs. Our kids, our two boys, were sleeping in a room that ended up between the thieves and us. It was hard on me, too, but it was particularly hard on my wife. I was ready to get on the next plane out of here when that happened. Luckily, we didn't have many more weeks to go, and we moved quickly into temporary quarters and got out of the house. I remember for the couple of weeks that we were still in the house, we slept with a baseball bat underneath the bed, and we awakened with every little sound on the street.

*Q: You went to Panama, and you were there from what, 1980 to?*

SLAGHT: Yes. 1980 to 1982. It would have been a three-year assignment, but I curtailed. We'll go through that later. Torrijos was still running Panama when we arrived. There was strong anti-American feeling. Carter had just signed the treaty giving back to Canal Zone to Panama. At least that was done. There was still a lot of hostility toward Americans in the streets of Panama, and a lot more crime. So we went to Panama with a little more trepidation than we had gone to Uruguay.

We ended up putting our two boys in schools in the Canal Zone, DOD schools, which turned out to be a big mistake, primarily because they had gone to Uruguay and spoke Spanish fluently among their friends, that's what they played in. They got to Panama, and Spanish was viewed by the DOD staff as something those folks did on the other side of the fence. They quickly learned that Spanish was not appreciated, the language was not appreciated, although they had to do their obligatory whatever it was, half hour a day in Spanish in the classroom. It wasn't taken seriously. My boys left Panama with less Spanish than they arrived with, even though they were two years older and a lot more wise. We didn't see that coming. One of the costs of a Foreign Service life. One of the benefits is you learn languages, and we thought that would come kind of naturally, playing in the streets. They played with friends from the school. They didn't have friends in the neighborhood.

*Q: While you were there, who was the ambassador?*

SLAGHT: He was a very good man. He's now the dean of a school in Florida. Ambler Moss. A very good man, an attorney, legal background, very calm, very polite, nice family, young wife with kids, and a good man. We got along well.

*Q: When he got there in 1980, what was the commercial situation from your perspective?*

SLAGHT: Panama has an interesting relationship with the United States. The business community as in much of Central America and Mexico have strong ties with the United States. If they own property in Panama, they'd also have a condo in Miami, or farther up Central America you go, it might be in New Orleans or Texas or California. So for me, making contact and doing business with the Panamanian business community was not that dissimilar than doing business with Americans. They weren't Americans, but they had such familiarity with U.S. and U.S. culture that it was as if they were Americans. If they had children, they'd have been educated in the United States. They might have been educated themselves in the United States. It wasn't very different than if I were dealing with Americans. Panama has one other distinct feature: They have a very large free trade zone on the other side of the Isthmus in Colon where millions of dollars of trade comes through that zone and is either transformed or not transformed and then shipped off to Columbia or Venezuela or Peru, or whatever, as a trans shipment port. There were U.S. firms that had large operations in there. So I worked with those folks as well as other business people.

*Q: What sort of issues did you find yourself involved in?*

SLAGHT: The experience there was not atypical from others. We'd have an occasional trade dispute of one kind or another. Customs would try to hold up a shipment of goods of one kind or another. We'd have to talk with them about why are you holding this up? We had the normal tariff and non-tariff barrier issues with goods coming in. We spent a lot of time finding local agents and distributors for U.S. companies looking to establish for the first time some market access, market penetration there. I don't recall major issues. I was there just two years. Toward the end of the second year I was called by the head of the Western Hemisphere Unit in the Commerce Department for whom I had worked in the Office of International Trade Policy. She had been told by the head of the bureau that they wanted some people with some foreign service or embassy experience to come back to take key jobs on the desks. They wanted me to come back and head the Mexico desk. I clicked my heels together, and saluted, and said yes, sir, I'll come. It was very interesting.

First month I was back, I ran into the Director General in the hallway, and he said, Dale, what are you doing here? I said well, according to Dave Ross, who was the assignments guy, you wanted me to come back. He said I don't know anything about this. Ross, one of the first things I learned about Ross was not to trust him. He was later mustered out of our service for funny dealings in Milan, and I was one of those on the sideline, one of many who cheered that decision by our department. I thought he lied to me years ago. But I came back, headed the Mexico desk, just at the time the Mexico economy went down the tubes. I spent the next two years helping U.S. companies get paid for goods they had already shipped, and dealing with nasty financial issues, and fighting with State, Treasury, USTR and AG depending on who's on what on turf. Who's going to handle what issues? I found it very, very unpleasant. The operations abroad were small

enough in both places -- Uruguay and Panama -- that there was a very strong collegial relationship although I was State, there was a Treasury guy there, DOD people. We were all viewed as a team, and we functioned that way.

We get back to Commerce, I remember Ann Hughes who was the DAS for the Western Hemisphere and very interested in Mexico, and who had recruited me to take this job, tell me you can't tell State about this because that might give them a leg up on this issue. I found it very unpleasant. I would guess about a year and a half, maybe even less, into that tour, I decided this wasn't for me. I had such wonderful experience abroad, what am I doing back here? I ran into the Deputy Director General, and he asked me, as part of a casual conversation in the hall. How ya doing? So I unloaded. He said we can fix this, where do you want to go? I'd been looking at onward assignments and said Vienna, Vienna is coming due, I could take some German language training and go to Vienna. He said it's yours. This is how assignments were done in Commercial Service in the early years.

**EDWARD L. LEE II**  
**Regional Security Officer**  
**Panama City, Panama (1982-1985)**

*Mr. Lee was born and raised in Michigan, educated at Delta College and American University. After seven years service with the US Marine Corp, he joined the State Department as Agent in the Office of Security. Mr. Lee's entire career in the Foreign Service was devoted to Security matters in Washington and in diplomatic posts throughout the world. His postings as Regional Security Officer include Cyprus, South Korea, Thailand and Panama. Mr. Lee was interviewed by Charles Stuart Kennedy in 1999.*

*Q: Let's turn to Latin America, to ARA. You were in Panama?*

LEE: I was in Panama from '82-'85. My position was rather unique. It's probably important to explain a bit the kind of role that I fulfilled. At that time, even 15-20 years previous, the Office of Security as they developed the RSO program whereby you would put a professional level security officer in a particular region or at a particular post, the concept was a position called a regional security officer. In many respects, when the program first developed in the early '60s, an RSO in fact actually was regional. In most cases, the RSO had a series of posts that he or she was responsible for. They were spread very thin. For example, the RSO had all of Spain and very likely other countries as well. In Eastern Europe because of the realities of the Cold War, an RSO in Sofia, Bulgaria, simply had that post because of all the information security aspects and counterintelligence and what have you. As the world got more complex, more active, more threats increased, so did we increase the number of RSOs abroad. As time went on, it was pretty much assumed that if you had an major embassy, they would have an RSO. This would have been the case until probably the early '80s. If we look at contemporary times in the role of the Diplomatic Security Service within the Department, now you're in a situation where the major embassies may have several RSOs fulfilling different roles. We've gone from a period of being

spread very thin to having adequate staffing. The bombing of our embassies in Tanzania and Kenya will probably have a greater effect in that there will probably be additional RSO positions unfolding over the next couple of years.

Trying to explain the role that I had in Panama, because of the influx of RSOs in the early '70s and '80s, the management of the Office of Security at that time felt it was appropriate to have assigned to each region a functional officer entitled associate director of security. This was generally a very senior officer that had had a number of RSO assignments at other posts who had the right communication and political skills to be able to talk to ambassadors and principal officers and what have you on a wide range of security topics. In many respects, the Assistant Deputy Secretary fulfilled a quasi-training responsibility in that he or she would impart guidance to the RSOs at a particular post if they were relatively new to the Service or new to the Foreign Service. It was a very useful office position to have. Ambassadors again often would confer with the Assistant Deputy Secretary in terms of the performance of the RSOs but just generally getting maybe a second opinion on a number of things. I found the position very interesting, very satisfying. In my role in Panama, although I was based in Panama City, I traveled extensively throughout Mexico and Central America, South America, and the Caribbean, an enormously large region. If we look at the early '80s, there were some interesting things happening. Manuel Noriega, the military dictator of Panama at the time, although it did have a nominal civilian president, later was apprehended in Operation Just Cause when then President Bush engaged in military operation in Panama to apprehend Noriega on the basis of his connection to drug cartels. So, there was the experience of operating in Panama during the Noriega years. You've got to remember that in 1982 about the time I was going to Panama, the Sandinistas were alive and well in Nicaragua. There was literally a war throughout Central America with the exception of Panama and Costa Rica. The Contra period was somewhat controversial. Then there was the guns for hostages and all the interesting things that were going on during that period. Of course, in the early '80s, we still had Augusto Pinochet, the dictator in Chile. You had a number of countries that were moving from dictatorial governments to democratic during the period that Ronald Reagan was President. We were having a lot of threats against our people in probably 12 countries – Brazil, Argentina... In '82, the British and the Argentines went to war over the Malvinas islands. That was short-lived but was a military action. Central America was primarily our biggest concern.

*Q: So often Mexico is a world apart. Was it part of your beat?*

LEE: It was.

*Q: We'll come to that. But let's talk about Central America at the time. Talk a bit about how Noriega was seen by you on the security side and your relationship with the DEA.*

LEE: You could probably talk to 30 people and you might get 30 different explanations about Manuel Noriega. First of all, he really was a product of the U.S. military mystique. He was trained by the U.S. in different forms. He probably was a military access point for the U.S. Defense Department for a number of years. Probably when he was getting a lot of training in the United States and elsewhere, no one really thought that he was going to become this dictator who ran Panama, where we had a very heavily military presence to begin with. The drug trafficking



allegations had always been there during the period that Noriega was establishing himself as a dominant figure in Panamanian politics. It became clear that he was working behind the scenes, manipulating civilian presidencies and what have you. During the Reagan and the Bush years, it became very clear that Noriega's connection with drugs was a real problem. It was a real problem for the U.S. because it literally had positioned Noriega to be where he was. At that particular juncture, it became appropriate from a foreign policy standpoint to sort of neutralize Noriega's involvement in drug trafficking. The DEA has always played a very active role in foreign policy in Latin America, particular insofar as drug interdiction and anti-trafficking programs. We could talk for hours about the effectiveness of it either in Latin America or Asia or wherever. It's pretty clear that drugs are produced in a number of developing countries throughout the world, much of it in Latin America. Colombia is a big transient point for coca paste in Bolivia and Peru and a number of other countries. What is interesting about the Noriega period is that while there was an awful lot of drugs passing through Panama under the control of Noriega and his relationship with the Colombian drug cartels, there was very little drug use internally. After Noriega was sort of neutralized, taken to the U.S., tried, put in prison, where he continues to be, drug use actually has escalated in Panama. There probably is as much drug trafficking as there ever was. It's just that other people are handling the process. Whether you eliminate a Manuel Noriega or not, the realities of drug trafficking are always going to be there.

*Q: On your part, what were your concerns in Panama per se?*

LEE: The concerns in Panama were relatively minor. I had an interesting position in Panama in that I chaired an interagency working group both at the U.S. SOUTHCOM (Southern Command) headquarters, where the U.S. military was established... It's called the South American Liaison Group, SALG. Essentially what we did was look at the Latin American region in terms of crisis management, review security and crisis management plans that were coming to us from a number of our posts in Latin America, determining how practical they were, how effective they would be in a genuine emergency. We were looking at all aspects: natural disasters, evacuation, political insurrection, possibly an expansion of what we were seeing in Latin America possibly occurring in the South American region. That was really separate and distinct of what I did in terms of reviewing the operations of RSOs throughout that region. But the realities of our problems in Central America were dominant at that particular time.

Getting back to your question about Panama per se, the threat was relatively low, although the crime threat was increasing. Panama always was sort of an expansion of the U.S. military complex around the world. You had the Canal Zone, the Panama Canal, very heavy emphasis and influence by the U.S. My own personal impression of Panama is that it never really had a nationalism of its own because of the presence of the United States. Many Foreign Service officers that served there often found it a strange kind of country to be in. English was so widely spoken. You had U.S. facilities all over the place. It was very difficult to get to know Panamanians because of this overbearing influence of the United States. But the threats and security problems we had were relatively minor.

*Q: Let's talk about the "big enchilada," using the Nixon term: the war that was going on in Nicaragua and El Salvador that spilled over into Guatemala and Honduras. What were you doing? What were your concerns?*

LEE: Our concerns were very multifaceted. There was a belief that there are different levels of the U.S. government that, if the conflict in Central America were to escalate, it could go in a number of different directions. It potentially could spill over into Mexico, which would be very problematic. It might spill over into South America, where there were different but similar problems. One interesting point that needs to be made about Latin America before we go on is what politically was going on in the region that concerned us. That was the liberation movement that Fidel Castro espoused back in the mid-'60s. In 1967, Fidel Castro, by then well seated in his position in Havana, invited extremist political ideologists, people that were unhappy with the status quo in Latin America, to Havana for what he designated as a liberation movement symposium. Che Guevara, all of the household words in terms of Latin American extremism were invited. They were encouraged to go back to their countries primarily in South America, Central America, and even in Mexico, and develop a leftist philosophy of agrarian reform, moving the wealth of these countries into the hands of the common man, giving everyone property. It looked very good ideologically from one standpoint, but it just simply would never work in many others. That led to the development of a lot of nationalistic leftist terrorist organizations, extremist organizations - the FALN (Fuerzas Armadas de Liberación Nacional, Armed Forces of National Liberation), for example, in Nicaragua, the FMLN (Farabundo Martí Liberation Front) in El Salvador, the URNG (Unidad Revolucionaria Nacional Guatemalteca, Guatemalan National Revolutionary Unity) in Guatemala, the Sendero Luminoso (Shining Path) in Peru, although that came a few years after Castro's advocacy for liberation groups. If we look at the late '70s, early '80s, you had major rebel guerrilla extremist groups in just about every Latin American country. You still had dictatorial governments in many respects. Of course, Anastasio Somoza, the dictator of Nicaragua, was unseated in 1979 by the Sandinista movement. They ended up having control of Nicaragua for a number of years.

But getting back to what we were most concerned about: expansion of this level of extremism throughout the region. We were concerned about another Sandinista experience. Here you had literally a country that was doing reasonably well, although it was under dictatorial control. They then went to the Sandinista period where literally it was a puppet of Russia and Castro's Cuba. Very, very difficult period of time. We were concerned about our people. There were a number of military advisors in El Salvador and Honduras primarily trying to advise central governments on how to deal with this rebel onslaught that was being experienced. A good example of some of the things that I became involved in: we often would have military advisors in El Salvador being targeted. We had a number of them killed. We had similar threats in Honduras, where U.S. forces that were there were coming under attack. We had our own people being targeted. In many cases, there were facility attacks throughout Latin America but also in Central America - bombings, for example, small arms attacks, in some cases hostage taking, assassination. It was a very difficult period. At the same time, on a global level, the Office of Security was attempting to develop security standards for many of our buildings.

We were beginning to look at things like providing armored cars at many of our posts for chiefs of mission and principal officers, moving our staff from home to office in protective vehicles. These were real issues. We had had people killed. There was an enormous amount of pressure on the Office of Security to come up with rather quick solutions to many of these real problems.

The dynamics of Central America were difficult on all of our posts in that region. There was big emphasis on El Salvador, Nicaragua, and Honduras. The Contras primarily operated out of Honduras and often engaged in operations in Nicaragua. The military advisory program in El Salvador... And yet in Guatemala at that time, there still was a dictatorship alive and well. Panama was somewhat of an enigma in that it was really the seat of regional military support in terms of the United States. Not to repeat myself, but it was a period that probably was unique in contemporary American history.

*Q: We had this anomaly of a fairly large embassy in Nicaragua and yet we were certainly in rhetoric and in action actively promoting a war against the government there. Was there consideration of getting the hell out of Nicaragua? It seems odd that we were there.*

LEE: I think if we look at foreign policy generally, quite often, we do things that in retrospect don't make a lot of sense. Just in the last year or so – we're in January 2000 – the U.S. in concert with NATO embarked on a very interesting form of military operation in Yugoslavia to unseat, in essence, a dictator there because of human rights violations against a minority within that region.

In Nicaragua, literally everybody was forced out when the Sandinistas nationalized corporations and companies and what have you. The multinationals left, but we still had an embassy. It was very comparable to the kind of posting that we have in Havana, although it was not operating through a U.S. interests section. It was a very hostile environment for our people. I think what is most interesting is the manner in which former president Jimmy Carter really let this happen in that you had a country that was functioning economically reasonably well, although not maybe optimally from a standpoint of human rights. And then this country is literally turned upside down and the results of that happening, you end up with a regional war. Had Somoza remained in Nicaragua, had the U.S. supported him to a greater extent, that war might very well have been avoided. Again, we are able to look at history in terms of maybe what might have been done differently, but clearly, there are dictators throughout the world. If we look at Chile, for example, Pinochet remained there well after Somoza, almost 10 years after Somoza. From a critical standpoint, why unseat Somoza and not unseat Pinochet? Obviously, the economics of those two countries are much different. But once again, we often see that the consistency that we have in one country is not the consistency we have in another.

*Q: When you were dealing in Nicaragua, did you have contact with the Nicaraguan police force?*

LEE: Oh, no. It was a very hostile environment. When we went to Managua, for example, it was very controlled, almost as if you were going to Havana. What actually happened was, President Carter at the time really by not fully supporting Somoza, the Sandinista period was the result. You had a Nicaraguan embassy in Washington. We had a U.S. embassy in Managua, but it was a very hostile environment. Clearly, anyone that was operating in Nicaragua from a business standpoint was pretty much forced out when it was nationalized. Daniel Ortega, the president of Nicaragua at the time as the top Sandinista, engaged in a reign of terror against people that had terrorized him during the Somoza years. In Nicaragua itself, we did not have that many security problems. But throughout Central America, we did.

*Q: How about El Salvador? What was your involvement there?*

LEE: I often went up to San Salvador mainly to either confer with the ambassador or the RSO on a number of protective issues. For example, we were fortifying our embassy. We had had it attacked a number of times. There were lots of bomb attacks in San Salvador. Crime was almost unheard of in San Salvador during the period of the conflict in Central America. After the peace accord in 1992 between the government and the FMLN, crime went up dramatically. This was largely because you ended up with a lot of ex-soldiers and guerrillas that continued to have weapons, they had no jobs, so the crime was a byproduct. We had a couple of military advisers assassinated when I was in Panama. I often went up there to assist the post in dealing with that, conducting interviews, investigations, what have you. Very interesting period of time. High level of threat.

*Q: In doing your interviews, who was doing the assassinating?*

LEE: The FMLN, the leftist rebel group, the primary group (there were a number of groups operating in El Salvador, but the FMLN was the largest umbrella terrorist group), assassinated a military advisor as he was sitting in his car waiting for his girlfriend. He was a very well trained military officer but obviously was not really geared to the kind of threats that we had in San Salvador at the time. Of course, because the U.S. Congress was so interested in what was going on in Central America, anytime there was an attack on one of our facilities or one of our people, there had to be a lot of documentation and double checking and making sure that we had done everything according to law.

*Q: Did you feel in your job the influence one way or another of the political fact that a significant portion of at least the personalities, the chattering class, were siding with the Sandinistas in Nicaragua? It was not only the left, but whatever passes for the intellectual pass. They saw this as a continuation of the Vietnam War. Did that impact you at all?*

LEE: Not really. It didn't affect the way in which we conducted ourselves. Clearly, there was an awful lot of sympathy of many of the leftist rebel groups in Latin America in the U.S. at the time as well as in Europe. But it didn't really affect us. I think that the ambassadors that were in many of our embassy at the time were constantly bedraggled by the media, quite often maybe a media sympathetic to the FMLN in El Salvador. If you begin to look at the ideology that prevailed at that time, it was easy to buy into the idea that everybody ought to be able to have their own property and farm it. But El Salvador is one of the smallest countries in the world with enormous density and with wealth distributed within a number of major families within that country. Literally distributing wealth is extremely difficult from a practical standpoint.

*Q: Were we finding any ties between the supporters of Nicaragua in the U.S. and attacks on us? Was there a network that was more than just giving public support?*

LEE: There was a lot of disinformation that was being leveled against us through a "three headed snake," where you had Cuba, the Soviet Union, and Nicaragua. They were all engaging in that disinformation against the United States in different ways in different places. In Europe, from the standpoint of the Soviet Union, in the Caribbean from the standpoint of Cuba, and in Latin

America from the standpoint of Nicaragua, and despite the fact that the Sandinistas did not have an awful lot of hard cash of their own, the Soviet Union gave them enormous material support. For example, all the really heavy weaponry and armament and air power came from the Soviet Union at that time. That was one reason why this war went on for a number of years because of the kind of support that the Sandinistas had in different spheres of the world.

*Q: But were there groups within the U.S. who were giving more than lip service to supporting them?*

LEE: Oh, sure. There were a number of sympathetic – and many of them non-profit – organizations in the United States that were clearly linked with the Sandinista movement, that were trying to influence Congress, that were engaging in illegal lobbying in many respects, collecting money in the U.S., in some cases diverting that to the Sandinistas directly. There was in essence a quiet insurgency in the United States that was based on what was going on in Nicaragua.

*Q: Were we getting much information on this? Were you aware of it?*

LEE: From my viewpoint in Panama and what I did in Latin America, there was not an awful lot of information about that. This really came out years later, particularly as the war was winding down and as the Iran Contra scandal began to unfold during the mid-'80s, 1986/'87/'88. I think a lot of that inquiry by the U.S. Congress brought a lot of these things to everyone's knowledge.

*Q: Going to Mexico, it had such a close relationship with us. It's a big country, sort of the colossus to the south at least within the Northern Hemisphere. What were your concerns? We had such close ties at every level – FBI, whatever you think about. We have long-term relationships. The government at the foreign policy level seems to be one place where we have disputes. But in other cases, there is a lot of cooperation.*

LEE: Mexico is an extraordinarily interesting country and not just in contemporary times but going back 50-60 years after the Mexican Revolution in 1910. Our embassy there has always been one of the dominant embassies in the world, mainly because of the amount of trade between the U.S. and Mexico. If we look back to the period that I was in Panama, things in Mexico were doing reasonably well economically. We had very few threats against our people in Mexico. The criminal threat in Mexico City was relatively low. And yet if we look at that period, corruption has always been a dominant concern of the United States. As years went on, we would find the drug connection to be interwoven in the corruption and in the way in which the country actually operates. The North American Free Trade Agreement [NAFTA], which unfolded in the mid-1990s-

*Q: Let's stick to '82-'85.*

LEE: I'm just trying to get some perspective here. The period that we're talking about, there was a bubbling level of extremism in Mexico that never really took heart as it did elsewhere in Latin America. There were a number of rebel groups but they never had enough popular support to become a serious problem. The period that I was in Latin America and traveling to Mexico, our

biggest concern was the 1985 earthquake, which disrupted our embassy to a large degree for months. Of course, from a consular standpoint, finding out where people were, who was alive, who had been hurt, who had been killed, it was a very complicated period of time. I actually traveled probably less to Mexico than I did anywhere else. There just weren't any major problems.

*Q: Let's turn to the Caribbean before we go to the Southern Hemisphere. Cuba. Were you involved at all with Cuba?*

LEE: I made a couple of trips to Havana simply to review the RSO's operation there in the Swiss embassy. Hostile environment against Americans unquestionably at that time. By and large, our foreign policy has been very consistent if you go back to the establishment of the embargo. I made perfunctory trips there, but they were pretty much uneventful. Most of what I did was internal within the interests section itself. The staff was relatively small. The biggest concern of the RSO was counterintelligence and being a clearinghouse for information relating to hostile intelligence.

*Q: During this '82-'85 period, Cuba was seen as the fomentor of problems all throughout Latin America?*

LEE: Absolutely. Fidel Castro was generally considered to be a strategist behind a lot of what was going on. Once the liberation movement began to unfold in Latin America, he didn't have a direct role, but he played a supportive role. The Soviet Union and Cuba often provided material support to a lot of these rebel groups. They supported them financially in many respects. A lot of rebel groups were routinely given training in Cuba or in the Soviet Union. That's really the reason that this liberation movement was so powerful because it had the clout and the influence of the Soviet Union and Cuba behind it.

*Q: What about Jamaica? When one thinks of Jamaica, one thinks of crime. Was that a problem for you?*

LEE: Crime in Jamaica has always been there. During the period that I was in Latin America covering the Caribbean, we didn't have any major incidents. I think that there were some serious crimes, but generally those were handled quite effectively by the post. Again, I probably went to the Caribbean very little. During the period that I was there, we did have the military operation in Grenada and we supported that from many different aspects.

*Q: Had Grenada been of concern to you? Of course, we didn't have a post in Grenada. But while you were in Panama, prior to putting troops in and extracting our people and overturning the government, it was getting more and more chaotic on this little island. Was this something that you were concerned with?*

LEE: The radicalism that was unfolding in Grenada actually was being followed carefully by our ambassador in Barbados. Our ambassador in Barbados also was responsible for Antigua at the time. I think probably there was a lot of reporting going on between our embassy in Barbados to the United States, to the Department, to the Defense Department, to the point that President

Reagan probably looked at the facts that he was getting, was concerned about a possible escalation of this radicalism within the Caribbean and went into Grenada at the time.

I found that the normalization period in Grenada was very interesting in the way in which we created our embassy there and began to engage in development of the island once the government that had been instituted was unseated... I forget the individual's name who came to power, but he eventually was hanged or died.

*Q: That was part of the precipitating events that caused us to put our troops in.*

LEE: That's correct.

*Q: But from your perspective things were pretty well taken care of?*

LEE: Yes. Our primary role was to develop a security program within the embassy that would be comparable to what we had elsewhere in the Caribbean. There was some concern there might be again an expansion of this strange radicalism that we had seen from Bishop. It was just precautionary.

*Q: Haiti? Dominican Republic? Any problems there?*

LEE: Haiti was always a problem for us even during the period that I was in Panama. If you begin to look at the '82 period, Baby Doc Duvalier was still in power. The Tonton Macoutes was alive and well. I didn't make that many trips to Port au Prince because you had a dictatorship. We did not have a lot of the political unrest that we later saw in years after that.

*Q: Shall we save the Southern Hemisphere for the next time?*

LEE: Yes.

*Q: The next time we'll pick it up starting with Colombia in this '82-'85 period.*

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*Today is March 6, 2000. You were associate director of security...*

LEE: For Latin America based in Panama.

*Q: We're now coming to Colombia from '82-'85.*

LEE: My responsibility in Panama was unique. At that time, the Office of Security or Diplomatic Security's predecessor organization, had five associate directors of security, each for one of the geographic regions that linked up with the Department's geographical breakdown of posts overseas. My responsibility was as the associate director of security for Latin America and the Caribbean, which meant that I traveled 70% of the time conducting audits and inspections of

RSO operations. I also did that from time to time at posts where there was not an RSO but a post security officer.

The best way to look at that period of time would be to look at those countries where there were very interesting things going on. Countries that come to mind were Colombia, Bolivia, Chile, Brazil, Argentina, Venezuela.

Colombia was a country that I traveled to more frequently than any other. At that particular time, I spent a lot of time in either El Salvador, Honduras, or Colombia, mainly because of the kinds of programs that the U.S. government was involved in at either the policy level or operational level. The environment in Colombia at that time was very problematic. The M-19 (19th of April Movement), which no longer exists but then was a political force in contemporary Colombia, was one of the most active rebel groups in Colombia. They had been responsible for a big number of the major kidnappings of multinational executives and also government officials of one sort or another. The M-19 later was involved in the Palace of Justice takeover in Bogota. It was also involved in the takeover of the Dominican Republic embassy in 1980, where our ambassador and a number of other diplomats and a couple of hundred others were held hostage for a couple of months. The M-19 in that case was basically let go. They were given a lot of money and they flew off to Cuba. So, in the '82-'84 timeframe, when I was in Panama, I had an occasion to go to Colombia to deal... The anti-drug program was beginning to escalate. The Pablo Escobars were beginning to establish their presence in Medellin and Cali and various other places. But from a policy standpoint, the U.S. government was very concerned about political stability in Colombia at the time. At that time also, we literally restricted travel throughout the country for any official American. We did have a consulate in Barranquilla, but we closed our consulate in Cali and a number of other places. The environment was very high threat. There were bombings in Colombia and Bogota. Some were anti-U.S. Some were anti-foreign. There were other embassies that were also targeted. The bombings were not necessarily large car bombings as we had in Beirut, but they were sufficiently strong and powerful enough to hurt people in office buildings and what have you. I would say that if you look at Colombia then and now, in many ways, it's gone through a metamorphosis to the point that now political instability in Colombia is much worse than it was even then. It's a question of adapting to what level of instability we're dealing with.

Are there any specific issues that you'd like me to cover in terms of Colombia?

*Q: Yes. You were concerned about the safety of the embassy and the consulate?*

LEE: That's correct.

*Q: How does one deal with that in Colombia? What were you doing?*

LEE: In '82, you really have to look at where the State Department was vis a vis the protection of official Americans from a policy standpoint. The first Beirut car bombing had not yet occurred. We really were still not really doing a lot in terms of building security, although we were doing it in a very haphazard kind of way. Our biggest concern at that time was trying to put a massive band-aid on a problem. As we've learned over the years, finding new embassy sites, establishing



a setoff distance where a building could be constructed, having adequate access controls without literally turning people off is very difficult to do. We had a number of situations where bombs had gone off near the embassy in Bogota. Broken glass. What we were most concerned about was people being hurt when those bombings took place, so we put into effect a program whereby we would install shatter resistant foam, for example. Then there were other heavier security being installed in, let's say, the lobby of the consulate, the lobby of the chancery, and what have you. Our big job was really trying to work with the ambassador. The RSO had a large office there and several officers. Many of them were involved in bodyguard work, protecting the ambassador.

*Q: Do you remember who the ambassador was?*

LEE: There were several during my tenure there. The ambassador you mentioned before... This was in between Diego Asencio and Tony Gillespie. But there were in addition to the building problems ongoing kidnappings of Americans. It was before the period that I was there that there was a situation where a Peace Corps volunteer had been kidnapped and ended up being killed in captivity. What I learned from this bad experience and other experiences I had in dealing with the embassy in Bogota was that there was a fine line in terms of the way the U.S. embassy dealt with the kidnapping of Americans. The no ransom/no negotiate policy was formulated during the Kissinger years and was still with us and continues to be with us. Basically, it's a good policy. It has really prevented an awful lot of diplomats from being seized and kidnapped over the years because extremists know that they really aren't going to get any money or concessions, that we aren't going to release prisoners or give them guns or what have you. But in a way I developed an empathy for U.S. companies operating in countries like Colombia because they were going to get very little help from the party line. Unfortunately, the politicians have to realize that for a company to put somebody in Colombia or another high threat country where there is the risk of kidnapping, they really have to take the position of paying ransom. That's the way it works. Otherwise, you'd never get people to go. Of course, that raises a very interesting question. How is it the Department of State or the Foreign Service gets people to willingly be exposed to these kinds of risks when, in fact, the private sector finds it very objectionable and difficult? That's something I wrestled with for a number of years. The only difference is the profit aspect of the way a company works is much different than the way the government works. But during my visits and inspections to Bogota, the big emphasis was on making sure that we didn't have any people kidnapped, we didn't have any bombing incidents. We were working in a number of multi-agency settings where we had the intelligence function of the embassy, we had drug enforcement, narcotics assistance, the consular function. So many aspects were focusing on making sure that we didn't have a major incident. During those years, the infrastructure that Diplomatic Security had or did not have was much different than it is today. Those were the years where if you were lucky, you had a very small budget not only to protect buildings but to protect people and what have you. The period in Colombia was difficult because the threat was so high. We were very fortunate that many of the preventative things were put in place and worked.

*Q: Did you find a great deal of attention was paid to the ambassador? The ambassador often is the focal point of attempts.*

LEE: Yes. Clearly, the FARC (Revolutionary Armed Forces of Colombia) and the ELN (Ejército Nacional de Liberación, National Liberation Army) and the M-19 were constantly rattling sabers in terms of they were going to assassinate the ambassador, were going to try to kidnap him. That went on both before and after I was there right up until contemporary times of the year 2000. In many respects, the effort to secure peace in Colombia has been a very elusive idea. Probably if we look at the year 2000, the current president, who went into that presidency thinking he could secure peace with the FARC and ELN, I think he was very naive. The FARC nor the ELN really want peace with the government. There is nothing the government can give them that they don't already have, which is lots of money from drug traffickers, ransomed kidnapping, and other profit operations they have. Of course, long after you and I are no longer around, that issue will probably continue to be dealt with. This is a rebel movement that's been in force for 40 years. To date, there has been no effective process of peace.

*Q: Did you find in Colombia and elsewhere that the CIA was particularly helpful in identifying and doing this or were you working almost separately?*

LEE: Never separate paths. When you begin to look at the function of an intelligence representative, the station chief of a CIA operation at an embassy, they are the intelligence advisor to the chief of mission, they do an awful lot of things mandated by their own headquarters. We're not talking just about CIA, but about the Defense Intelligence Agency, other intelligence apparatuses that are there. Generally, the RSOs and my role in being the senior DS person in the region at that time, we worked very closely with the CIA and with other intelligence agencies. The problem in Latin America at that time, there was an awful lot of competition going on between CIA, DIA, the Defense attaché, the MILGROUP (another separate organization that stemmed out of the SOUTHCOM operation in Panama), the FBI was beginning to establish a foothold in Latin America as well through its legal attaché program. So, the real issue was, who is stepping on who? My experience was that the coordination could have been a lot better. On the one hand, when I was in Panama, we had an office in the State Department called the Office for Combating Terrorism. There was a former ambassador who had been the ambassador in Brazil, Robert Sayer. He was the coordinator for anti-terrorism programs. His office had training programs that were available to foreign governments. On the one hand, you had him trying to promote certain programs that he was putting together. On the other hand, you had the CIA doing various types of training programs. You had the military group doing another. You had a defense attaché group doing another. Sometimes in looking at what we were doing, I got the impression that from the standpoint of the foreign governments that we were trying to assist, they often would wonder, "Gosh, who is stepping on who? Who is on first? Who is on second?" It made us look as if we were all competing for clients, which should not have been the way that was conveyed. I think that is a very significant reality of the way the federal government works. There is not an awful lot of coordination. People just sort of do their own thing because of either agency rivals or the fact that they have a better solution when, in fact, there really ought to be a unified effort. If I had any observation to make of a constructive nature, many chiefs of mission don't seem to be trained or understand how to really build the teamwork stuff that goes on at a post, particularly a large post.

*Q: What about Venezuela? That was quite a different situation than Colombia, or not?*

LEE: Venezuela at that time was probably – and again we are looking at 1982-'84 – one of the success stories in Latin America, particularly South America. It had the strength of its oil infrastructure. Even today in the year 2000, it's the third largest oil producer in the world. It had a stable government, a strong democracy, one of the oldest democracies in Latin America. We really didn't have any real political instability issues to worry about. We did have a problem with major fluctuation in currencies throughout Latin America. That was really causing an increase in crime. Venezuela had had a rebel movement called the Red Flag that went back into the '50s and '60s. But generally we didn't have the kind of problems in Venezuela that we had in Colombia, in Peru, in other parts of the region. It was very much like Chile. It was a commercial center. It had lots of money. That changed as time went on as corruption really took hold. Again, I was looking at a period, '82-'83. We're now 20 years hence. We've seen, despite all this oil, the quality of life in Venezuela decline largely because of corruption. There is plenty of money. The question is that it's not going into public coffers.

*Q: As you're working on security, did you find in dealing in Latin America, where corruption was getting to be major, did you find this spilling over into our operations? One, corruption is a political phenomenon that we observe and are concerned about. Two, corruption is one where if it starts tainting our people, then... Did you find that there was much of a spillover?*

LEE: I think we were seeing it spill over from the standpoint of the consular function. When you begin to look at political corruption, assuming that there isn't a deterrent to that, you then begin to see it spill over into the issuance of visas, passport fraud. The one unique link to what was going on in Latin America was the increase in drugs. There is a correlation between drug trafficking and visas and passports. So, probably unlike previous years prior to '82-'85, we were beginning to see a sophistication level of fraud where people wanted visas, they wanted passports, and one way to do that would be to get to a local employee who could be coopted, who could either provide information or make a dent in the way the system works or ease the possibility of fraud occurring. The most obvious evidence of corruption that might be endemic to a political- (end of tape)

That was something that the Bureau of Consular Affairs and the Office of Security was most concerned with. We were seeing visa fraud and malfeasance turning up everywhere, not just in Latin America. It did become very disruptive to consular operations.

But again, getting back to Venezuela, we had rising crime. That was because of the hyperinflation. But other than that, there was not any major political concerns going on. Now, Venezuela is much different.

*Q: Bolivia, I imagine, was...*

LEE: During the period that I was in Panama covering Bolivia, it had a reputation for going through an awful lot of governments. If you look at a 100 year period, the Bolivian government had like 150 governments. As time went on, we saw that improve. Bolivia is a phenomenally interesting country. We did have some rebel activity that we dealt with when I was there. There were some attacks against the Marine security guard detachment. But nothing like what we were

seeing in Peru, Colombia, El Salvador, and parts of Central America. By and large, Bolivia was a relatively low threat environment.

*Q: How about Peru?*

LEE: Peru at that time was fascinating. In 1980, the Maoist Sendero Luminoso emerged. This was in keeping with Castro's plan to try to get liberation rebel movements operating in all Latin American countries. The Sendero Luminoso was severely underestimated by the intelligence gurus at the U.S. embassy. I began to travel to Lima in the middle part of 1982. I recall one of the senior intelligence officials at the embassy stating that the Sendero Luminoso were a group of buffoons. I recall saying to this man, "I think you're wrong." As it turned out, I was right. Between 1980 and on, particularly during the years that I was there, the level of violence was just incredible. In many respects, it was worse than Colombia because the country had less of a system to work with. The Peruvian security forces were badly trained, they were badly motivated even compared to Colombia. Our embassy was very vulnerable. We had to do an awful lot of quick fix work to protect the embassy because it was right on a major thoroughfare. There were also some problems within the Consular Section. During that whole period, we were trying to just keep the ambassador safe, keep the residence from being blown up (There were a number of bomb attacks against the ambassador's residence. There was never an attack on he himself.). But it was a very interesting period when you didn't have diplomats in the U.S. embassy going outside of Lima because the rebels, the Sendero guerrillas controlled the countryside.

*Q: Was there a strong anti-American cast to this Shining Path?*

LEE: Very much so. That's one commonality of all of the leftist rebel movements in Latin America. They were all primarily anti-U.S., anti-multinational, anti-imperialist. That was their standard philosophy no matter where you happened to be. We were very lucky in that we never had any of our people assassinated, but the risk was clearly there. It was very routine for bombings to put all the electricity out in Lima. We were putting generators in residences. We were trying to do everything we could to reduce that risk.

*Q: How were we assessing the catholic churches at the parish priest level, the so-called "liberation theology?" Did we see that as an instigating force into what was happening?*

LEE: I think that the liberation theology, which suggests that the Catholic Church, particularly the Jesuits, were sort of a sympathetic force for the rebel movements that existed in that the rebel movements were really geared – or at least they claimed to be geared – to empowering the poor, the impoverished, with some aspect of the system (i.e. land reform or what have you) to enable everyone to be able to farm their own land and what have you. The liberation theology that became very popular in Central America did not trickle down into South America as it did into Central America. Partly that was because there were supportive forces in the United States and in Europe that were very sympathetic to many of the rebel movements in Central America. The fact that Central America was closer made it a lot easier for that kind of support in the U.S. to occur. Generally, in Peru, it was not a major problem. In El Salvador, Honduras, Guatemala, it was clearly a problem. Actually, that liberation theology began to lose steam really by the late '80s. But it was a serious problem in the mid-'80s.

*Q: Did you find in Peru in your efforts to protect our embassy much help from the government, which was a left-wing military government at that point and not very friendly towards the United States?*

LEE: No. The host government in Lima was really not terribly supportive. Even our own ambassador did not have terrific relations with them. In many respects, the Peruvian government at that time was looking for someone to give them the answers to the rebel problem. But no. I can remember us wanting to put in barriers around the embassy on street level. We grappled with trying to go through different ministries. Finally, we said, "The hell with it. We're just going to put them up." It's a lot easier to ask for forgiveness after you've done something, but if you ask permission, they're probably going to say, "No." That's what happened. Once we put them up, then we didn't have any problem. I think generally if you look at all of Latin America, there were a few governments that were terribly cooperative with what we were doing, largely because of the inflation of the currencies in South America. In Argentina, the Dirty War was still underway. In Chile, Augusto Pinochet was still dictator. It's difficult to remember the way Latin America was at that time compared to how it either is now or in years past.

*Q: How about Chile? How were things during this '82-'85 period?*

LEE: That was a difficult period for our embassy and the presence. The embassy was in a rather decrepit old bank building that was very dusty, dark, and gloomy. It's often been said that Augusto Pinochet wasn't so bad, that he really helped develop the economy that Chile has today. But I recall a very interesting thing happening where one of our Foreign Service local employees, particularly our Foreign Service national investigator, was involved in a matter where we had asked him to conduct some investigations. It was a very routine kind of thing, but apparently he had sort of infringed into the DINA (Direccion de Inteligencia Nacional, National Intelligence Directorate), which was in essence the secret police. The next day, he didn't come to work. Another day went by and we really didn't know what happened to him. He had been interrogated by the secret police. Electrodes had been affixed to his genitals. This guy really went through hell. The embassy really did not complain because it would have gone nowhere. Pinochet really was a very utilitarian kind of dictator. Of course, we were still smarting a little bit from his taking over the government back in '73. I think the policy position of the Department of State was, "Let's just not make any waves." Then as years went on, things improved. But it was not a friendly place to be in dealing with the Chilean security forces.

*Q: But in '82-'85, in one way, having a military dictatorship, they were taking care of your terrorist problem for you.*

LEE: Definitely. In fact, it wasn't until really... I think it's important to do comparison contrast because it's better to understand it. I think as we got closer to democracy, to Pinochet surrendering the government in 1990, the rebel activity actually increased the closer they got to that period. When Pinochet was in full control in '82-'85, Santiago was such a wonderful place. For our people that were assigned there, there was generally no problems at all. But as we've learned, times did change.

*Q: How about Argentina? This is an interesting period of time in Argentina. How were things going there?*

LEE: Very interesting. When I arrived in Panama in mid-late '82, the Malvinas crisis was already underway. For those that are unaware of it, in essence, there was a period of hostility between Argentina and the British government over the Malvinas Islands or the Falkland Islands according to the British government. It was a full-scale military engagement. The United States provided technological help to the British government in terms of the management of that war. The British government won it relatively quickly. It was not much of a war. It was no more significant than the Gulf War in many respects. But again, it was a difficult period because in '83, the first democratic government came into being. The first year that I was there, you had a military junta that was really involved in not only the Dirty War, the disappearance of 30,000 Argentines... In fact, we often at the embassy when I was on inspections in Argentina, there was constantly inquiries by native born Americans or naturalized Americans about the disappeared. I talked to an awful lot of Argentines when I was there on inspections and that whole period of the Dirty War, which came right up until about 1983, was something that most Americans don't remember or don't even think about. But those were periods where people that were sympathetic to the Montoneros, a rebel group, would be put onto C-130 airplanes and flown over the river and just pushed out the back of the aircraft. It was interesting that the U.S. government was not making too many objections about that. So, from a political standpoint, we seemed to be very selective in what we find objectionable. But a very interesting period of time.

*Q: I would imagine that since the rebel forces were so busy with each other, we were sort of to one side?*

LEE: I think that's true. I would basically call many of our embassies in Latin America caretaker operations where there was not that much going on at a policy level in terms of either development within the country... When you consider that you have either wars or major insurgency in 2/3 of the region, you really could do very little development of an economic nature. The drug trade was beginning to really escalate. That was becoming a policy concern for us. Then of course the rebel violence, which was potentially jeopardizing the safety of our people. You did have some major issues going on, but from my perspective, you just didn't see that much really going on from the standpoint of establishing democracies, although that was a major agenda of President Ronald Reagan.

*Q: How about Brazil?*

LEE: Brazil in '82-'85 was moving towards democracy. We generally did not have any major problems of a political nature in terms of protecting our people. The Brazilian government, although a developing country, is very developed in many respects, probably one of the more sophisticated societies in Latin America, the seventh largest economy in the world, so that tells you something right there. Our biggest problem was at our consulates in Rio and Sao Paulo where the hyperinflation of the currency was really increasing crime a lot. We did spend a lot of time training people, going through awareness programs, and that kind of thing. But we didn't have the rebel insurgency that we had in the rest of the region.

*Q: From time to time, we'd have an American military man assassinated in Sao Paulo, but that probably was earlier on.*

LEE: That was earlier. There were cases where people were being targeted, but actually during the period that I was there, we did not have any major political events really affecting what we were trying to get accomplished.

*Q: Ronald Reagan made a trip through Latin America. Was that during this period?*

LEE: I think the last major event... Of course, Bill Clinton has been to Latin America. Richard Nixon was really the one president that probably visited Latin America the most. I do think Ronald Reagan made some visits.

*Q: He made at least one, I think.*

LEE: Yes.

*Q: But it didn't raise any particular...*

LEE: No. I think what many Latin Americans feel is that the U.S. government has never given them proper recognition as a neighbor, as maybe they should. We spent a lot of time in Europe and Asia, but Latin America is the kind of place that we always somehow forget about.

*Q: We've done a tour, haven't we?*

LEE: One country that we should make reference to is Paraguay. Fascinating country at the time that I was in Panama traveling throughout the region. General Stroessner, of course, was the dictator at that time. They did not end up with democracy until the late '80s. What I found sort of interesting from a historical standpoint is that as the Sandinista movement escalated in Nicaragua in the mid-'70s, resulting in the Sandinista takeover of Nicaragua in '79, in 1980, you have Anastasio Somoza basically being given exile by Stroessner in Paraguay only to later be assassinated by a fascinating rebel operation combined between the Foreign Service nationals, the Sandinista movement, and the Montoneros in Argentina. In fact, it was the Argentina Montoneros that built the rocket launcher that was used against Somoza to kill him in Asuncion in 1980. So, for people that are interested in Latin American history, I find it very intriguing by the turn of events.

Probably to maybe wrap up the discussion of Latin America from the standpoint of my assignments, I guess what I found most powerful in terms of what happened when I was there was the manner in which the Sandinistas took over Nicaragua. You had the administration of Jimmy Carter, who really just sort of let the Sandinistas take over to the detriment of most Nicaraguans. Had Somoza actually remained in power, many of the aspects of Latin America would have probably changed.

*Q: Okay. Maybe this is a good place to stop.*

LEE: Yes.

*Q: We'll pick it up next time in '85. Where did you go?*

LEE: In '85, I went back to Washington.

**WILLIAM T. PRYCE**  
**Deputy Chief of Mission**  
**Panama City (1982-1986)**

*Born in California and raised in Pennsylvania, Mr. Pryce was educated at Wesleyan University and the Fletcher School of Tufts University. After service in the US Navy he worked briefly for the Department of Commerce before joining the Foreign Service in 1958. Though primarily a Latin America specialist, Mr. Pryce also served in Moscow. His Latin America assignments include Mexico, Panama, Guatemala, Bolivia and Honduras, where he was Ambassador from 1992-1996. Ambassador Pryce was interviewed by Charles Stuart Kennedy in 1997.*

*Q: Today is the 16th of October, 1998. Bill we've got you off to Panama as deputy chief of mission. Who was your ambassador there?*

PRYCE: My ambassador there was Everett Briggs.

*Q: Can you talk a little bit about how he operated and what his view was at this particular time?*

PRYCE: We were trying to get democratic elections. Ambassador Briggs knew Panama. He had been deputy assistant secretary I think for several years before that. He was bilingual in the language. He conceived his mission as trying to help build democracy. You had a number of elections that were not models of democracy. He was trying to establish a base where you would have free democratic elections.

There was also a question of the relationship with the canal area and the bases. We of course had the right to stay in the bases for another 20 odd years. We wanted to maintain as close a cooperation with the Panamanians as we could both in terms of the military bases and in terms of the operating of the Panama Canal. He wanted to encourage the Panama Canal Commission to increase the training and education of the Panamanians who worked for the Panama Canal Company so that they could occupy positions of greater responsibilities in the organization. The Panama Canal Commission always had a lot of Panamanian employees but it had relatively few at the higher levels.

*Q: How were you used?*



PRYCE: I supposed you could put it in a business sense that I was the chief operating officer. Basically the ambassador had left to me the running of the embassy in terms of pulling together the work of a large embassy. We had to bring in different elements and he looked to me to bring them all together. The Customs people and the DEA people weren't cooperating with each other to the extent of pulling operations that the one or the other did not know about. There was a problem encouraging the flow of information because each of those two elements was proprietary and each was somewhat worried about the safety of their people. There was a tendency to squirrel knowledge. One of the things that I did was ensure to the appropriate extent possible, that the knowledge on narcotics was shared.

There was quite a bit of relationship with the canal area, with the commander-in-chief of the Southern Command, and with the Panama Canal Commission. I worked at the staff level with the deputy chief of staff at the military command along with the Canal Commission to move forward on implementing the canal treaty and also on trying to figure out a strategy for what we were going to do in the year 2000; how we would see Panama evolving and our relationship later. The ambassador had a very clear idea of the policy. He held a staff meeting every week and he made clear where he thought we ought to be going and kept us apprised of what was going on in the relations, but the day-to-day operations he left to me.

*Q: You were there from '82 until when?*

PRYCE: I was there from '82 to '86. I was there the whole time that Ambassador Briggs was there and then I served for Ambassador Art Davis perhaps six months.

*Q: How would you describe the political and economic situation in Panama when you arrived?*

PRYCE: As I recall it was pretty good. Of course Panama has the advantage of having a dollar currency. They use the dollar as their currency so there is a degree of stability. There were income inequities, market disruptions and there was a great dependency upon the canal area but by and large the economic situation wasn't that bad.

*Q: What about politically?*

PRYCE: Politically there was a problem. Torrijos had been the dictator for a great deal of time. You had elections but they really weren't open elections. You had an election going up when Ambassador Briggs and I arrived. It was an election which was very hard to call. I remember it was a very close election and there was great fraud on both sides. We really felt that it was very difficult to call because the government "won" but the validity of some of the government votes was held in question and the validity of some of the opposition votes was open to serious question. It was somewhat controversial but we figured in the embassy that it was a close election, the government probably won. There were a great many people who thought the government did not win. We felt that you couldn't really tell and that we should accept the government's claim of victory, which we did.

*Q: What were the differences between the parties?*

PRYCE: There was the government party, the party of Torrijos, and Nicky Barletta, a fine public servant, was the candidate but I don't think he was really completely in control. There was civilian-military balance where the Panamanian military still had a great deal of control and influence over the body politic. Another of our very strong efforts was to try to build up the civilian power as it related to the military. La Guardia Nacional had a long tradition of manipulating elections behind the scenes and it was recognized as being a very powerful part of the body politic.

*Q: You are sitting down there in Panama and they've got their own government and own military, how do you influence it to strengthen the non-military side?*

PRYCE: One of the things that you do (and this is a temptation) is that you try not to go directly to the military to get what you want. I mean you try to get our military not to go directly to the military to get things that they want. You try to get them to go through the civilian government. That's not always easy because sometimes there are problems that can be solved at a military to military level but sometimes there are problems that really should not be solved military to military. There are political implications.

*Q: How well plugged in was the Panamanian government to what was happening in the United States? I think of Somoza who could call on his fellow West Point graduates to help him. Many of the Central American countries have learned how to manipulate our own political process and I was wondering about the Panamanians.*

PRYCE: The Panamanians didn't do that as much as some others. I can remember, I think I may have mentioned earlier where we made real efforts to try to get Towe-te-ta Senefra to leave. Any time you'd were able to convince him that his time was gone and that he ought to leave under his own conditions and set up elections where you would have a chance to have a democratic government succeed him, probably one that was somewhat not to his disliking, he wouldn't go. Every time he would get ready to go he would talk with a couple of infamous members of congress who would say, 'You don't need to go.' He would listen to that and stay to his disadvantage.

Getting back more directly to Panama, the Panamanians did understand how the U.S. Congress worked and how they could influence U.S. opinion but they didn't operate as effectively I would say frankly, as their lobbying effort was not as good as the Mexicans.

*Q: Were the Panamanians because of American control over the canal and I mean, help get Panama out of Colombia and all, were they a different breed of cat than most of the other Central Americans?*

PRYCE: Yes. Actually there was sort of a bittersweet, or a love-hate relationship between the Panamanians and the United States. There was great admiration for the United States, great appreciation on many Panamanians. Certainly most of the Panamanian elites spoke English and many had been to school in the States. There was a great admiration for the U.S. At the same time there was a deep seated feeling that we had abused our position. Under the old Panama Canal Treaties we could act as if we were sovereign and to have a piece of territory in the middle

of their country assigned to another country was anathema. So there was this resentment of this tremendous U.S. presence and influence in power in the country that bothered the Panamanians. It was very easy to make personal friends and you could get to know them quite well.

*Q: This was two years early into the Reagan administration.*

PRYCE: Right.

*Q: The Reagan administration was very much focused on what was happening in Nicaragua and El Salvador, were you getting any repercussions from this at all?*

PRYCE: Oh yes, very much so. Noriega was the power behind the throne. He was Torrijos's G-2 and he had built himself a kind of power under Torrijos. Although for the first period I was there he was not the head of the guard, he really was influential. Later he engineered the departure of the head of the guard, Donne Perez, guessing that he would be good presidential timber and that he would get the nomination from the government party. The guy resigned and of course once he resigned from the guard he lost all his power and all his connections and then they would say, "Oh, gee whiz, look what happened? There is no political support for this guy." The guard said, "We're going to back you but there is nobody who wants you so what can you do? You'll have to be sidelined." They were going to look for another candidate so Noriega was there in the catbird seat.

One of the difficulties we had in terms of dealing with the Panamanians was with Marcos, the former ruler of the Philippines. He was sick and I think he was in Hawaii and about to be arrested by the FBI or by somebody. He was a close personal friend of President Reagan and we were trying to get a place for Marcos to go other than the United States because he befriended us over a period of years. He now had fled the Philippines, escaped prosecution of corruption one way or another and he was sick and he needed a place to go. We were looking all over the world for a place that would take Marcos.

Word came that perhaps Panama would take him. I was the chargé at the time and I get this message saying, "We understand that Panama might be willing to take Marcos and we would like to see that happen. Would you see what you can do?" I remember getting a telephone call from a very high official at the State Department saying, "Pryce, I don't know you too well but I want to let you know," he gave me a message about Marcos and that "this message has the interest of highest authority and so we would like you to do what you can." The message was can you get them to take Marcos.

At that point we had a civilian government which was in many ways the front for Noriega. We went to the civilian government and said, "We would appreciate it if you could take Marcos." I knew the president quite well and he said, "For you I will do it." He was doing it for the United States, not for me personally. "It's not that difficult and I'll be glad to take him because I know this is a difficult thing." I sent back a cable saying the president has agreed to accept Marcos.

About three days later he called back and said, "I'm very sorry." There was a huge uproar and everybody was saying, how can you accept this reprobate, this no-good SOB? Everybody knows

we're doing it because the United States wants us to do it. We took the Shah out of Iran and we had all kinds of problems with it when he came here. He said, "My hands are tied. I simply can't. I have to go back on my promise. I can't take him." I reported that back.

There was then great pressure to see what we could do and someone came up with the idea of, "Well look, you know where the real power is. Why don't we go to Noriega and see if he won't say yes?" I remember it was really sort of a moment of truth saying "I don't think this is right. I don't think we should do this." I can remember sending a cable back knowing what higher authority wanted it, saying this is exactly the wrong thing to do. We might be successful but we have been working for the last two years to try to diminish the power and influence of Noriega and we are trying to blow up the civilians and this will be exactly playing into his hands. If we are going to do exactly what our policy says we shouldn't do, we will owe Noriega, we will build him up and we absolutely should not do it. I sent off a fairly short message thinking I've had a good career. I sent it back into the depths of Washington slugging it for people that I would never even write to, people at the NSC.

I remember getting up the next day, this happened about 3:00 at night and I tried to call Jack Calvin who was the head of the Southern Command and couldn't get him. I forget he was out doing one thing or another. I remember going to him first thing the next morning, "This is what's happened, this is what they want to do. I know that this isn't our policy, I want to send a [inaudible] because [inaudible] argued the point but more ostensibly and [inaudible] and that I would like you to clear off on it." I remember [inaudible] who I think was one of the best military commanders we ever had saying "You're right and you make a good case. I'm glad you sent it out in a cable but more important, I'll make a call to 'my people' and explain that we agree that the military's view is that we should not go military to military. We should not go to Noriega," and we didn't.

It turned out a lot of people in Washington were very happy with it. Here I thought it was going to end my career. Nobody wanted to try to go through Noriega. This enabled us to send a special mission down. Ray Burkhart our colleague then at the NSC came down and he negotiated out a possible acceptance of Marcos with the civilian government. It never came to pass but it was an interesting experience in terms of trying to balance off the civilian-military relationship both in the Panamanian government and within our own. I must say that the fact that you have an upstanding broad-minded military commander is very, very helpful. Jack Calvin is now recognized for his sagacity and broad-mindedness.

*Q: What happened, for the record? Torrijos was the head of the national guard and the power behind...*

PRYCE: Torrijos was the head of the national guard and he was clearly the maximum leader but he was killed.

*Q: About when was this?*

PRYCE: He was killed I think before I got there. He flew into a mountain. There was no question that Torrijos was the maximum leader of the country and had he wanted to, I think he

could have won an election. He was quite a popular person. In my opinion, he did real good things. Panama had been for years a real oligarchy. They had the forms of democracy but not the substance. They had a very poor medical system, health system and Torrijos made both of those better. Of course he was arbitrary. His government was corrupt but he was not that corrupt personally. He didn't get rich; he maybe got comfortable but he didn't get rich. He recognized that it was time for him to have a civilian government and he was moving in that direction before he was killed. He was involved in an airplane accident.

The guard as an institution went on. Later on when I was no longer in Panama they had a sham election with Noriega and he stole it. The election, it must have been in '84, was close but there was a lot of fraud on both sides. The next election you had Arnulfo Arias running against the government candidate and the election basically was just called off and annulled. It was a phony election.

*Q: Torrijos, when he was killed, was Noriega almost automatically... I mean had he built up a power base?*

PRYCE: He had a power base but I think there were two interim commanders before he took over. They had a hierarchy and what Torrijos did was appoint Noriega as head of the G-2. I think we talked about that with my first tour in Panama where when Torrijos left the country and was trying to come back, they pulled a coup against him and Noriega backed him and he could have gone either way. As a reward, he was made the head of the intelligence service and he built up his own network, sort of a J. Edgar Hoover type having something on a lot of people. He was a skillful manipulator so he had a strong power position within the guard but he was not the commander as soon as Torrijos died. He moved up and didn't become the commander I think until about three or four years later.

*Q: Were we keeping an eye on him?*

PRYCE: Oh yes.

*Q: How did we see him in this early period?*

PRYCE: We saw him as a powerful person who could help us. We were interested in help that he could provide with the Contras. Of course Noriega was playing us both sides against the middle. He was cooperating with us to a certain degree and he was of course cooperating with Torrijos and playing both sides. There was a great deal of cooperation between the two militaries. There were meetings I think every month on all the local problems that we had with the two militaries living side-by-side because we had all the goodies, all the equipment and all the background support and the Panamanians had very, very little. We were operating as unequals in a number of areas of joint cooperation.

*Q: Watching what the Cubans were doing, I imagine you had a fairly large station there?*

PRYCE: We did.

*Q: Was that basically directed towards Cuban influence?*

PRYCE: Yes, and Soviet, and through them [inaudible] but as did I think every station that I was involved in and [inaudible] knew anything about had as one of their primary targets trying to turn, or convert, or to hook a Soviet or a Russian or maybe not necessarily a Russian but a member of the Soviet Union. They were prime targets and the Cubans were, I wouldn't say far behind but they were behind. They were also a target that they had as an intelligence target trying to get more accurate information as to what was going on in Cuba and possibly get someone who was involved in the Soviet Union to give us inside information.

*Q: Were we aware that Noriega was playing almost a double game?*

PRYCE: We certainly were but one of the problems was that Noriega was very skilled at playing this game. For example in the field of narcotics, as it turned out he was involved at high levels with some real Colombian ringleaders; but at the street level he was cooperating with our DEA and Customs people and helping us make arrests, helping us arrest other third country nationals who were going through Panama. We were appreciative.

One of the things that infuriated him was that at one point it was the attorney general and another point it was the head of the DEA sent congratulatory letters to Noriega for his great activity. He had a conniption fit, a triple conniption fit. You see about this letter in the papers. When Noriega got a letter, or whatever he got, he would immediately publish it saying, "See the United States thinks I'm good. They think I'm OK and I've got this letter." It would be drafted by someone clearly down the pipe saying, "Dear General Noriega: We're so appreciative that you've helped our squad ZX train on anti-narcotics. You've been the mentor of a joint narcotics operation which has stopped three boats," or whatever. Sometimes it was we wanted to thank you for close cooperation on a number of matters of mutual interest. You gave this information that we needed. Most of his activities were unsavory and certainly the few areas of cooperation didn't balance at all and as we found later, he was involved in some of the bigger operations.

*Q: What about the Sandinistas and all? How was the conflict in El Salvador and Nicaragua reflected there because certainly the president had a fix on Nicaragua so this was big stuff.*

PRYCE: Oh, it certainly was. One of the things you'll remember there was the Kissinger Commission; Panama was the first country to be visited by the Kissinger Commission. There was a real worry about the Cuban communist influence in the area. One of the positive things that came out of this Kissinger Commission report was the scholarships for educational and cultural exchange to match the scholarships that the Soviets were putting out. We had a program in Panama much larger than otherwise would have happened, I think they were called the peace talks. There was a huge amount of money appropriated and people were selected very effectively.

The Panamanian elite had a strong proclivity towards the United States and many of them had been there; the poor people hadn't. These scholarships were two year technical type scholarships for people to go to small liberal arts colleges or small technical schools, community colleges, for a couple years in the States. They learned a tremendous amount and came back with a very positive attitude and relationship with the United States. That's one of the plusses that came out

of President Reagan's preoccupation with what he considered to be possible Soviet takeover, possible communist takeover, of Central America. I frankly never felt that it was as dangerous as the president did but there was a problem and he provided very good leadership in helping to solve it.

*Q: What would happen when a visitor would come to Panama? You have Noriega sort of hovering out in the background and you have a rather weak president.*

PRYCE: That's right. What would happen is that we would often have to convince the congressman not to see Noriega. They knew where the power was because congressmen are very good at that and they would want to go see him. We would always try to talk them out of it and usually be successful saying, "Look, Mr. Senator, we would like to have you call and we know it would be interesting but you are going to build him up and we are trying to put him down because we want a democratic force." We were not going to put our body across the tracks. The congressman would muster up all kinds of reasonable arguments as to why he should see this person but we were usually able to talk him out of it. And of course Noriega was happy to see these people.

*Q: How about the Southern Command? I would have thought this would have been very difficult and all as far as relations go. In other words, normally a military command tries to have as good relations as they possibly can have particularly when you're sitting on somebody else's territory and at the same time we didn't want to over-encourage Noriega. Was this a problem?*

PRYCE: Not so much, no because relationships that our military had were partly defense and partly civic action. There had been a number of Panamanians who had moved on to the old army base so I don't think there was a real problem.

*Q: For years we had been hearing about the canal zonians or whatever you call them, about how they were the last American colonial people and all and they wouldn't budge and were set in their ways and all this. Here we were we were about seven or eight years into the Panama Canal agreement and all and things were moving towards the year 2000, how did you find dealing with this problem?*

PRYCE: It's interesting. That's one of the things that I worked hard at and was fairly successful trying to look at it from their point of view, from the zonians point of view, and at the same time explaining why we couldn't agree with them at times. The canal area people over a period of time became much more sophisticated, much more recognizing of the fact that if they wanted the canal to function then they should bring more Panamanians into the management of the canal. They should accept the fact that a few years from now the canal is going to be Panamanian. We can try to give them the technical ability and inculcate the Panamanians with the sense of ownership - not ownership for profit but the stewardship of the canal which had done good things for Panama and for the people who worked for the canal.

It was probably the best employer in the country in terms of decent wages, great hospitalization, a very good dental plan. For the people from the United States who lived in Panama it really was. A lot of them were very conservative and the military were not. The military stood out as being

liberal in comparison with the old rural Southern cultural occasional wellspring. They were from a very conservative point of view and the military would come out in tripartite discussions as being very rational, very reasonable, very moderate as opposed to the civilians. But they came around quite a bit themselves too. There were a lot of very able intelligent people working with the canal and where you got this was at more of the lower levels than it was in the higher levels.

*Q: Were there any operations that you were aware of being run out of the NSC, the CIA, or elsewhere against Nicaragua and El Salvador? Was this a problem for you at all?*

PRYCE: Yes. It was a complicated situation. The Panamanians did not want to be seen as being the lackey of the U.S. government; that was one of the things that was very prominent in everything they did. We had to try to bend over backwards not to be overpowering and also not to give the appearance of being overpowering. It was complicated. Of course we had been doing this trying to promote the peace process. The Contadora talks went on for years.

*Q: This was a Central American initiative to try to find...*

PRYCE: To try to find a solution to Nicaragua basically. We worked with them and the Mexicans were involved. It was called the Contadora Group because they first met on the island of Contadora which was right off the capital city of Panama. The United States was not a member of the Contadora Group so when there were meetings we would hang around trying to help people come to the right conclusions, try to find out where they were going. We worked closely with them. Harris Stadman, the head of the group, had worked on it for quite a while. He was a former congressman involved all around the country and in all Central American countries trying to move this process forward. It was a long period of time.

The bipartisan approach of our foreign policy and of course trying to promote democracy, and really it was Republican, it was Democratic and certainly it was implemented by career Foreign Service. They were working very hard to try to do this (and we talked about this in Panama) over the whole hemisphere. It was a constant effort, not always successful, and sometimes pursued with greater strength than at other times. There was a constant attempt to reduce the influence of the military, to reduce the possibility of coups, to push for democratic elections, to push for human rights, and we see the success that we've had.

*Q: In fact more or less at this time in a way particularly in the southern continent, things were really moving along very nicely in this regard. I mean one by one the military governments were dropping out and the civilian rule was coming back.*

PRYCE: Right. Of course it never stays quite done. You've got Fujimori who is a civilian government but he is not the most democratic.

*Q: He's in Peru.*

PRYCE: Yes. But you do have now the idea of a coup is not something that is talked about every other day. People in most Latin American countries don't think about a coup d'etat, a goup de nestalo, as a method, not legitimate but as a call for a change in government. It is just sort of



beyond the pale now. That is progress which has been made by the U.S. largely with the help of others over a period of time.

*Q: Was there a feeling of, I won't say euphoria but certainly a feeling of accomplishment in the ARA hands about watching this. You've had your problems but basically we are kind of on a roll and things are moving?*

PRYCE: I think very definitely and I think the fact that you had eventually a democratic election in Nicaragua. It took six or eight years of working towards it before we finally got there but people did work over a long period of time. I think it was a culminating of effects and it was also a culmination of what's happening in the area as a whole.

You also have another trend which is the lessening of corruption. There certainly is a lot of corruption in Panama. There has been a lot of corruption in every country that I've served in, and there's corruption in the United States. It's part of the fact that humans run governments so there is corruption but there is far less than there used to be and it is far less accepted. Now you've had presidents thrown out for corruption. You had Fernando Collar in Brazil. They were not thrown out by the military but by a combination of the congress and the supreme court. You had the president of Venezuela who was basically put under house arrest for corruption. You had the president of Guatemala who was forced to flee the country when he pulled a coup claiming that congress was corrupt and congress said, "Stand aside, we're going to go after you for corruption. You are more corrupt than anybody." They had the goods on him and he left. Again partly because of popular pressure that was put on them not only by the United States but by businessmen, by members of the military establishment in Guatemala. This has changed the whole ante so that you now have got a pretty solid base for elections.

*Q: Was the embassy keeping a moderate monitoring role on the Schools of the Americas where we were training Latin America forces, because this is a focus of much attention over the years? Could you explain what it was?*

PRYCE: The School of the Americas was a U.S. sponsored school to train at various levels - at the enlisted level and at the officer level - Latin American military somewhat in our image and to train them to be more effective. Really it was to fight terrorism and to fight communism but it was also to help build up a democratic base. I used to go over fairly often and give speeches. Of course, I didn't see every curriculum, but I never saw curriculum designed to countenance human rights violations, or to countenance military involvement with them and I don't really think those attitudes were taught.

There were some people who went there that came out of a military mold that said it is our sacred duty and honor to run the [inaudible] get rich enough but that really can't be attributed to, any democratic [inaudible] can't be attributed to the Schools of the Americas. They never were taught torture. They never were taught you've got to have stability over democracy. There were people who went there that got that way. It's like saying that Michael Milken went to Wharton, and therefore Wharton is the nesting place of the perfect financier.

In my own opinion, and some people agree, it wasn't a bad thing to have the School of the Americas go to the United States. I think it was a good thing. Basically you gave everybody a better taste of what the United States is, of what democracy is about, and you pulled some of the venom out of some of the people who disliked the United States. I'm trying to think, the School of the Americas is now at Fort Benning and therefore they are getting a first class military education.

*Q: And it's away from that quasi colonial cage in which the Panamanian one had.*

PRYCE: That's right.

*Q: Were we at all concerned about communist, Cuban, Soviet insurrection forces or insurgencies in Panama?*

PRYCE: No, we were not. The insurgency forces were minimal. The problems you had would be the government itself would instigate problems. We knew the Soviets and the Cubans were very active working in commercial and diplomatic circles but I don't recall, and certainly I do not feel that there was a broad subversive movement controlled by Cuba or the Soviet Union. There were a lot of leftists, sure, and you'd watch where they'd go, what they were writing, and what they said but I don't buy on with a conspiracy theory.

*Q: During this time were there ever any concerns about the safety of the canal either being blown up or shut down?*

PRYCE: There were people that worried, and there were precautions to be taken. The feeling was that the biggest danger to the canal was from your own people. I mean putting a monkey wrench down in the inner workings, or start a fire when nobody else was up in the morning. This did not happen.

*Q: Were there any problems that caused concern at the embassy about Americans, either visitors, zonians or anything, getting into trouble in Panama?*

PRYCE: Oh yes.

*Q: Could you tell about any particular bad cases?*

PRYCE: I guess you forget unpleasant occurrences. We had difficult problems. We had problems where part of it would be where U.S. military police would take jurisdiction over Panamanians in the canal area. We had the right to do that under certain limited circumstances but they sort of broadened a little bit or they would take action and not inform their Panamanian colleagues and so there were problems. I'm trying to remember specific instances. Frankly I'll have to refresh my memory, I'll have to go down and look. There were instances and it was largely on the part of sort of U.S. military police. They were told not to but it was sort of on-the-spot U.S. military police or canal police exercising undue force or undue involvement in police efforts.

*Q: Did you have any high level visits like George Bush, the vice president, or anything of that nature when you were there?*

PRYCE: It wasn't quite of that nature but we did have the Kissinger Commission which believe me, Henry can make more mess. Actually he was in a very good mood when he came and he had a big commission with him with a lot of high powered people. I remember he had Jeane Kirkpatrick, he had Fall who was the head of Boston University, John Silber, Nick Brady. It was a cast of very popular, well educated figures and all of them visited Panama.

This is very useful just to get it down because otherwise if you wait for the people who write it, it won't get written. Vice President Bush came down. There wasn't any problem; it went very, very well.

*Q: Did he see Noriega?*

PRYCE: He didn't call on Noriega but he saw him with the civilians in, I think it was in an airport operation and Noriega did not have a separate meeting with him, no. They tried and we said no.

*Q: By the time you left there in '86, what was your impression about whither Panama and American relations and all of that?*

PRYCE: I thought that U.S.-Panamanian relations were vastly improved. I think that almost anybody you'd ask would agree with that statement. They were vastly improved after the passage of the Panama Canal Treaties. The tremendous venom that the bittersweet love-hate relationship had was largely dissipated because there was the projection that we would be eventually leaving. Relations on a personal basis and on an official basis were much smoother than when I got there because you had this period of time where people had recognized that the balance was changing and that the Panamanians were going to run the country and run the canal.

That's one of the other interesting things. It was always amazing to me that people would say, "The Panamanians can't run this canal, it's very complicated," yet they took over in about a year-and-a-half a very complicated air traffic control system that was run by the FAA. They had no problem running it. They knew how to run all the machines and they did it right, did it correctly. It required a greater level of technical sophistication by far than running the canal did and they did just fine.

*Q: I think most of us who were around at the time always think of the Suez Canal pilots. The British, when the Suez crisis came in '56 said Egyptians can't run the canal and of course they ran it very, very well. I'm always very, very suspicious about this idea that we're just so far ahead and all. It is sort of a trade union type attitude.*

PRYCE: Yes. And of course the fact that the canal isn't all that much different today than it was then. It is different but not that much.

*Q: You left there in '86...*

**DAVID MICHAEL ADAMSON**  
**Deputy Political Officer**  
**Panama City (1984-1987)**

*David M. Adamson was born in Connecticut and educated at Swarthmore College and Tufts University. Entering the Foreign Service in 1974, he first served in Vietnam, following which he served in a variety of foreign posts in France, Panama, Portugal and Honduras. During his several assignments in the US Mr. Adamson worked on matters of a political-military nature, including arms control, nuclear proliferation and Soviet issues. In 1998 He served as Faculty Member of the Inter-American Defense College. Mr. Adamson was interviewed by Charles Stuart Kennedy in 2002.*

*Q: So, in 1984, you're up again?*

ADAMSON: In 1984, I was up again. I actually had a position to go teach at West Point for two years, but the department - as was the wont of the Department - told me that I was being too academic in my orientation, I needed to go abroad. I took the position as deputy political counselor in Panama for three years, from 1984 to 1987.

*Q: Okay, Panama from 1984 to 1987. When you arrived in 1984, what was the situation in Panama?*

ADAMSON: The situation was that Panama was supposedly coming out of a period of authoritarian rule. The military had taken power there in a coup, against President Arnulfo Arias, in 1968. General Omar Torrijos had been in power, until he died in a plane crash in 1981. Then, one of his principal associates, General Manuel Antonio Noriega, took over as the strongman. There had just been elections, which supposedly were free, and which the United States, because it suited its own interests, basically accepted as free even though there was substantial evidence of fraud on behalf of the government's candidate, and Noriega's candidate, who was Nicholas Ardito Barletta, an economist trained at the University of Chicago under then-Secretary of State Shultz when he taught economics there. Barletta, then, had very strong U.S. ties. He defeated ex-President Arias, who at that point was in his eighties, but who commanded great popularity, and who was said never to have lost a presidential election though some, including this one, had been stolen from him. Barletta probably didn't really beat him. We were hoping we could buck up Barletta and establish a strong, independent, democratically-oriented president, who would eventually command the military. It didn't turn out that way, but the policy was to treat him as a democratically elected civilian president in the hope that he would emerge as the true leader of his country.

*Q: Who was the ambassador when you were there?*

ADAMSON: The ambassador was Everett E. "Ted" Briggs, a distinguished professional.

*Q: Can you describe the embassy? How it was set up, and what its tasks were?*

ADAMSON: It was a very large embassy in Panama at the time. This was Briggs' first ambassadorship. He was bilingual in Spanish, and a very strong Latin Americanist. We had a pro-consular role in Panama, because of our role in establishing the country in 1903, and because of the Panama Canal, which at that point, we still ran, although we were to turn it over to the Panamanians, according to the treaty that existed, in 1999. We really had three loci of U.S. power in the country at the time. The U.S. ambassador, the administrator of the canal, who was Dennis McCauliffe, a retired U.S. Army Lieutenant General who had been the head of Southern Command in Panama, where about 10,000 U.S. troops were deployed. The third senior U.S. leader was the General commanding Southern Command, who at that point was John Galvin, who went on to become Supreme Allied Commander, Europe (and Dean of Fletcher after he retired). So, you had a lot of Americans in Panama.

The U.S. had a very important role there, sort of a proconsular role. At the Embassy, we had a substantial political section, in which I was the second ranking. My primary responsibility was following the government-oriented parties. As I say, our policy, at that point, was to try to buck up Barletta, who really had no background as a politician and actually didn't have a base in the pro-government parties. He emerged as a presidential candidate because he was seen by the pro-government parties and Noriega as somebody who could command U.S. support, and who would look pretty good on a marquee, which he did. He also had pro-government credentials as a former economic adviser to Torrijos.

*Q: How did you see the relationship, while you were there, of the American military? Did that change while you were there, toward both the embassy and toward Panama?*

ADAMSON: Well, the military had a very important role there. We had a military presence of 10,000, or close to that. They were the largest U.S. entity, certainly the largest U.S. government entity. Of course, the U.S. military is disciplined and accepts civilian authority, but according to our laws, policies, and practices, the commanding general of SOUTHCOM did not report to the ambassador, was independent, and the people who worked for him reported to him, and not to the ambassador. To coordinate, however, there was a troika, namely the ambassador, the SOUTHCOM commander, and the administrator of the canal, who met about once a month. I think generally that worked pretty well.

*Q: How about the administrator and the Zonians? They had been sort of a thorn in the side of our relations there, for a long time. At least, that's the way I perceived it. How did you find it?*

ADAMSON: Well, by 1984, that was changing, because the canal treaty came into effect in 1979. That was a new framework. Although the U.S. still had the ultimate say in the administration of the canal, there was substantial Panamanian participation, not only at the top echelon, but throughout the commission that managed the canal. A Panamanian, Fernando Manfredo, was deputy administrator, and the vast majority of the employees of the Panama Canal Commission were of Panamanian nationality. There were less and less so-called "Zonians," Americans who had grown up in the canal area, who in many cases didn't speak Spanish. That was kind of a

breed that was dying out. You had increasingly either Panamanians or bilingual U.S. citizens in the canal commission.

*Q: Well, let's talk about your work. How did you go about doing what you were doing?*

ADAMSON: The way I went about doing what I was doing, was really establishing close relationships with politicians in the government. There was one principal government party, the PRD, which is now the main opposition party in Panama. There were a couple other, much smaller pro-government parties, one of them headed by the brother-in-law of General Noriega. It was principally a vehicle for Noriega, although there were some elements, such as the Eleta brothers, that were independent of Noriega. Still, it was eventually taken over by Noriega's brother-in-law. The PRD party was a large umbrella party that embraced people of a very broad range of ideologies. One thing they shared was an allegiance to the military, and to General Noriega personally, but even more fundamentally, to the military institution. There were many conservatives who were pro-American. There was also an important far-left current. It was really an umbrella organization. I was able to establish close relationships with almost all factions of the party.

*Q: Was this a working government, a parliament and all, or not?*

ADAMSON: No, it was pretty much a facade. When push came to shove, General Noriega and his associates in the military - which was a small military, but big enough to dominate Panama, called the shots. This all came to a head toward the end of the year that Barletta ruled, when Noriega went too far and had an opponent, Hugo Spadafora, murdered - beheaded. Spadafora was a cantankerous maverick, and made a lot of noise criticizing the Noriega regime. In approximately late August 1984, Spadafora returned to the country by bus from Costa Rica, where he had married and lived. The military took him off a bus. They tortured him and then beheaded him. They didn't conceal this very well. It was clear fairly early on that he probably had perished as a result of foul play by the military. Nicky Barletta, despite being something of a creature of the military, and having been put there by the military, was basically an honorable man. He promised, publicly, that this would be fully investigated, this disappearance, and what turned out to be a murder. Noriega couldn't stomach this, so Noriega forced Barletta to resign. With the support of the legislature, which he controlled, Noriega staged a "constitutional" coup against Barletta, and put the first vice president, Eric Arturo Delvalle, in power. Barletta left in September 1985, a year after having been inaugurated.

At that point, the facade basically fell. The true nature of power there was evident. That was no surprise to the Panamanians, but it put the Noriega regime on the road to confrontation both with society and with the U.S.

*Q: How did we react when this abduction and murder took place? What kind of role were we taking?*

ADAMSON: Very much following the recommendations of Ambassador Briggs, we did an about-face. We had been supporting the regime, but we had really identified the regime as Barletta, and we had had this really false hope that Barletta would turn into an independent

source of power. Once Noriega ousted him, we turned on Noriega. Not totally at first, but over time, we turned on him more and more. The new president, Delvalle, initially seemed to be a puppet of Noriega, but over time he began to display some independence. We supported him in that respect. Things eventually came to a head, whereby Delvalle declared that he was firing Noriega. Noriega didn't accept this, and Delvalle went underground at one of our bases. We continued to recognize him as the president of Panama, and got ourselves into a very anomalous situation, that we lived for several years, until of course, we eventually ousted Noriega by military force. The policy we adopted in 1984 came a cropper, as many had predicted. We hesitated for a long time about whether to use force, but over time it became clear no other option would work.

*Q: Well, you had this policy in reverse. Were you able to sit around and think about where this might go? I mean, was this being directed from Washington?*

ADAMSON: This was being directed from Washington, by Assistant Secretary Abrams, but very much following the advice of the "man on the spot" - Ambassador Briggs. In fact, eventually the issue got presidential attention, first from President Reagan, then from President Bush. It was out of our hands. There, of course, was debate in the Embassy. We had a strong ambassador. I would say that in the political section, we were very skeptical of the policy of say, 1984, when we were bucking up Barletta and so on. Whereas, the ambassador was strongly behind that policy. By 1985, at the ouster of Barletta, I think the ambassador became as strong a proponent as anyone in the Embassy of squeezing the Panamanian military and forcing a change, if need be, by using military force. Eventually, that is what it came to, after we tried other sanctions. We did a lot of reporting, and made a lot of recommendations to Washington, but this was something that had the attention of senior policymakers in Washington from Assistant Secretary Abrams to Secretary Shultz to the Secretary of Defense to the President himself.

*Q: What were you getting from your contacts within the Panamanian political family? Did you get candid opinions or were they pretty much creatures of Noriega?*

ADAMSON: One was able to maintain a good dialogue with the Panamanians. With the opposition, there was absolutely no problem in getting their views in crystal clear form. Our relationship with the government party deteriorated as a result of the deterioration of our relationship with Noriega. So, it became somewhat more difficult to interact candidly with them. By the time I left in mid-1987, our communication with the government parties had really taken a significant step back. Communication was more difficult. The ambassador, for some time since the ouster of Barletta, and even before, had declined to interact directly with Noriega. Briggs' successor, Arthur Davis, who came in 1986, did meet with Noriega, but obviously had troubled relations with him. Our communication with the erstwhile government parties - of course, we no longer recognized them as the government - was increasingly limited by 1987.

*Q: When you got there in 1984, what was the evaluation of Noriega, by the embassy, your colleagues, and that you were developing, too?*

ADAMSON: Noriega was a difficult guy to read. There were very different interpretations of him. He had had a close, direct relationship with the CIA. He still had that when I first arrived.

He was on their payroll - I think he valued the symbolism more than the money, which would have meant little to him at that point - and would see the station chief with some frequency. He spoke with him pretty candidly. When push would come to shove, he would generally be helpful to the United States, but Noriega played all angles. When it suited him, he cozied up to the left. His primary concern, I think, in the end was not ideological, but simply maximizing his own power and influence. The ambassador read him as highly undesirable. His connections to the drug trade became clearer over time. There was always the suspicion that he was involved in a range of nefarious activity, more than a suspicion. It was well-established that the senior echelons of the military were highly corrupt. I think the drug link didn't become clear until sometime after 1984. But there were always fears to that effect. Our relation to him turned, to some degree, on the traditional argument, "Well, he may be an SOB, but he's our SOB." Then, there were others who felt that he was not only an SOB, but someone who really wasn't in our interest to see remain in power.

*Q: Well, was the abduction and murder of Spadafora the tipping point, would you say?*

ADAMSON: That was the tipping point, yes. If there had been any doubt about the nature of Noriega, I think that was eliminated. That kind of a cold-blooded killing, even if it was one killing, and even if that wasn't typical of how the Panamanian military acted, I think it was so brutal and so obvious, and so unsettling, that those who had had any sympathy for Noriega as a vehicle for U.S. interests, lost it at that point. It was connected, of course, to the ouster of Barletta. It became crystal clear that not only was this guy a thug, but that he was not going to accept democracy. That was part of the Panama Canal negotiations. We had had an understanding with General Torrijos that he would devolve power back to a democratic regime. It was plain that that was simply not happening.

*Q: While you were there, were there efforts made by Noriega to promote anti-Americanism, or were they endemic within the system anyway, or what?*

ADAMSON: I would say the Panamanians were generally fundamentally friendly to the United States. They coexisted with us generally amicably for so long, except for the left of the spectrum, which was certainly a very anti-American minority. That said, there was always a certain residual resentment, even among many who were otherwise pro-American, over the overbearing nature of U.S. influence in Panama. This resentment was something that could be stimulated, and was stimulated by Noriega, as it had been by Torrijos when it suited him. By 1987, Noriega was using thugs to try to physically intimidate the embassy. I recall a month or so before I left, in the summer of 1987, he sent a mob, which clearly was his thugs, down to the embassy to throw rocks. They destroyed all the vehicles parked at the embassy. They did a pretty good job of destroying the cars and the property of the exterior of the embassy. They didn't attempt to physically invade the embassy. He was using his thugs at that point to try to exert counter-influence.

*Q: Were there people there, Panamanians or Americans, who were saying, "This guy is poking with a stick." Obviously, the United States really got pissed off. Noriega would end up dead or in jail, where he is now. The power was so overwhelming. I'm talking about miscalculation.*



ADAMSON: Yes, there was an enormous miscalculation on Noriega's part. What is surprising to me is he was able to push the U.S. for as long as he did, really for three or four years. Only at the end of that, when his forces went over the precipice in their treatment of American military people, would he meet his demise. He just miscalculated hugely, the way that Saddam Hussein miscalculated after his invasion of Kuwait, once we had deployed substantial troops to the region. He was just not able to see what was coming. Noriega should have understood that the one entity that he could not afford to lean on too hard was the United States. Really, he would still be in power, perhaps, had he not pushed us too hard. There are two things that are surprising to me: (1) that he didn't understand that, and those around him didn't understand that well enough to prevail upon to be more restrained; and (2) that we took as long as we did to get mobilized, to use force against him, which we didn't do until the end of 1989. I would have thought we would have moved much more swiftly to throw him out of power.

*Q: Did you get any feel, while you were at the embassy, why we had restraints from the CIA? Was there reluctance to do this because of the treaty?*

ADAMSON: The U.S. military, and perhaps the CIA, were a restraining influence. Fred Woerner became the commanding general there. He was very reluctant to use force. Of course, the United States is basically, as we Americans see it, essentially a law-abiding country. We don't use force easily, internationally. The U.S. military at that stage and the U.S. in general was still in kind of a post-Vietnam phase about using the military as an instrument of international power. So, there was real reluctance among the U.S. military to get involved in a confrontation with the Panamanians, even though we are talking about a giant and a pygmy, here. It was nothing like the Gulf War, in terms of the dimensions of the adversary. I think it was post-Vietnam hangover. Also, I think there was a reluctance to recognize that nonmilitary means were just not likely to do the job.

*Q: When you all were sitting around the political section, the economics section, with a country team, were you trying to figure out ways to make the Panamanians behave?*

ADAMSON: Absolutely. We came up with really quite novel methods of exerting pressure on the Panamanians. A lot of the credit goes to John Maisto, who was the Deputy Chief of Mission under Arthur Davis and is now the senior director for Latin America for the National Security Council, under this current President Bush. He was one of the promoters, and perhaps one of the architects of the policy of recognizing Delvalle as president, and paying our canal fees to the so-called Delvalle government, which did not exert effective control over the country, and really denying the legitimacy of Noriega, and exerting influence through that methodology.

*Q: Were the funds essentially put in escrow?*

ADAMSON: I think so, yes.

*Q: What happened now? We didn't accept the legitimacy of the government that came in. You're a political officer. Who did you talk to? Was there a problem there?*

ADAMSON: I think actually Delvalle's denunciation and firing of Noriega took place after I departed in the summer of 1987. I myself didn't have to deal with it. I think we interacted with Delvalle, who shuttled between military bases in Panama and the continental United States. We dealt a lot with the opposition: the Panamenista party of Arnulfo Arias, the Christian Democratic party of Ricardo Arias Calderon, and other opposition parties. We managed to put enough pressure on the regime. They actually held elections, as you know, in 1989. The opposition won, even though Noriega manipulated the result, and proclaimed that his candidates had won. Having those elections helped to further undermine the legitimacy of Noriega's regime. It was difficult to communicate directly with Noriega at this point, though there were methods of doing that, to some degree.

*Q: Within Panama, was there a class structure? How did these various groups respond?*

ADAMSON: Yes, there was a class structure. The schism between Delvalle and Noriega, and Barletta earlier, reflected that class structure. Delvalle was from one of the wealthy, very European, Caucasian elite families. The military, including Noriega, had a base in the poorer and the darker-skin segments of society. The opposition was heavily supported by the modern business class, which also tended to be obviously wealthier and have a lighter skin coloration. Many of them were educated in the United States. So, there was a class divide in Panamanian society, which Noriega tried to play on because, of course, there were more people in the lower and lower-middle class, than there were in the middle and upper classes. But, eventually, he lost support among the poor, just as he lost it among the rich, and there always was a substantial part of the lower class that was attracted to Arnulfo Arias' Panamenista party.

*Q: During the time you were there, what was the situation up in El Salvador and Nicaragua?*

ADAMSON: There was continuing turmoil. The Sandinistas were in power in Nicaragua. We were beginning to support the opposition to them, militarily. El Salvador was in the midst of a civil war/insurgency. We were heavily engaged in supporting the government there, and also trying to reform the government there. Panama played a role in this, in the so-called Contadora group, of which they were one of the members. Although the U.S. was not in this group, we helped diplomatically to move this process and to manage this process, which we weren't entirely happy with. We didn't think the Contadora group's mindset was entirely compatible, in many respects, with our own. So, we interacted diplomatically with the Panamanians on that. Although that issue, in terms of the Panamanian angle, receded as our relationship with the Panamanian government grew more and more difficult.

*Q: I take it that because of where Noriega was coming from, you weren't seeing anything comparable to the El Salvador thing of right versus left, or something like that? Like a guerrilla war breaking out?*

ADAMSON: No, because Noriega had basically co-opted the left, and the center right, where the opposition to him was most evident, were not people who were likely to take up arms. They were prepared to hold the coat of the U.S. while we got this guy out of there, but they weren't going to take up arms against him.

*Q: So, they didn't see that as fitting into the east/west struggle, or anything?*

ADAMSON: No, not at all. There was no question of supporting the opposition to Noriega with arms, except insofar as we could encourage fissures within the military. After my time, there was a coup attempt against Noriega, which failed. But we had a great deal of difficulty seeing inside the military. We didn't have very good intelligence on internal differences within the military. We had some idea. It was probably easier to penetrate them than Al Qaeda, because at least we had plenty of people who had the language and could fit into the culture well. We had some sense of some of the personalities. But, the inner circle of the military was hermetically sealed, at least until one of their number, Roberto Diaz Herrera, broke with Noriega. Diaz theoretically was number two after Noriega, but actually he was not a member of the inner circle and when Noriega forced him to retire he went public against Noriega around June of 1987.

*Q: While you were there, did you see that the CIA station chief and his officers, or her officers, were off to one side? Was it a team effort, or were they playing a different game? I was just wondering what your impression was?*

ADAMSON: I think they were team players, but with a somewhat different perspective. If there was a last bastion of support for Noriega within the embassy, it probably would have been them. Although as I said, they were team players. As long as Bill Casey was director of the CIA, support for Noriega in Washington was, I think, assured. When he died that picture changed somewhat. I think that was felt more in Washington and in the interagency process than at the embassy in Panama, although the CIA has its own procedures and processes, and didn't always fill in the political section entirely on what they knew and what they were doing. Still, they were supposed to keep the ambassador fully enlightened, and operated under his guidance. Of course, you never know what you don't know, but the presumption is that they did that.

*Q: Did Cuba enter the situation at all?*

ADAMSON: There were occasional flurries of concern about the possible potential relationship between Panama and Cuba, because as I mentioned, there were in the PRD party, the main government party, some people who were sympathetic to Cuba, who had a similar ideological orientation. Still, I think at this juncture, it wasn't a serious concern that Panama would become a Cuban clone, or a base for pro-communist subversion of, say, Costa Rica. That wasn't a serious concern.

*Q: Were you finding it difficult?*

ADAMSON: About the time I left, things started to get tighter, more difficult. As I mentioned, Noriega sent a group of thugs down to the embassy and they destroyed everybody's car. Happily, I had been tipped off that day by embassy security people that there might be these thugs coming down, so I did not park at the embassy. If I had, I would have had a nice car destroyed. There was not concern yet for the physical security of embassy people. Later on, there was. Of course, when we invaded, there was even more. Although, as far as embassy personnel were concerned, apparently luck was on our side, because the U.S. military was not primed to defend the embassy quite the way they should have been. Eventually, physical security of Americans became an

issue, I think primarily for the top people, such as the deputy chief of mission, but not at the time I was there.

*Q: You mentioned Arthur Davis, who came in as ambassador?*

ADAMSON: Yes.

*Q: What was his style of operation?*

ADAMSON: Arthur Davis was a political appointee. He was not as brilliant or skilled a diplomat as Ted Briggs, but having been ambassador in Paraguay previously, for some three years, and having workable Spanish, and being a smart individual, he was able to operate effectively. Also, he had a very strong number two, in John Maisto. When our relationship with Noriega got really bad, we pulled him out. Maisto became the charge d'affaires. So, when the going got really rough, we had a first-rate professional in charge.

*Q: When you were there, did the Zonians cause any problems? It used to be that you could always depend on the high school kids to pull down a Panamanian flag, or something like that?*

ADAMSON: By the mid-1980s, there really wasn't a problem along those lines. The Zonians had either left the country, or had accepted reality, or their very nature had changed, and they became more bilingual and so on. That really was not a problem or an issue.

*Q: What about sold American troops? Did they get off base much?*

ADAMSON: That could occasionally be a problem. We had issues about not wearing a uniform when they weren't working and so on. There were well-defined rules that regulated U.S. military presence. Of course, that is what eventually sparked the U.S. invasion in December of 1989, when Noriega made the huge mistake of messing with some individual service members. It's almost impossible to understand how he could make the mistake of physically intimidating, shooting at, and molesting American servicemen and their wives.

*Q: In 1987, I assume you were ready to get the hell out?*

ADAMSON: Yes, it was a good time to go, though I had really enjoyed my tour.

**MORTON I. ABRAMOWITZ**  
**Assistant Secretary, Bureau of Intelligence and Research**  
**Washington, DC (1984-1989)**

*Ambassador Abramowitz was born in New Jersey and educated at Stanford and Harvard Universities. He entered the Foreign Service in 1960 after service in the US Army. A specialist in East Asian and Political/Military Affairs, the Ambassador held a number of senior positions in the Department of State and*

*Department of Defense. He served as Assistant Secretary of State for Intelligence and Research and as US Ambassador to Thailand (1978-1981) and Turkey (1989-1991). He also served in Taiwan, Hong Kong and Vienna. Ambassador Abramowitz was interviewed by Thomas Stern in 2007.*

ABRAMOWITZ: Another issue which I thought required additional attention and I became deeply involved was Panama. It began when the U.S. attorney in Florida sought and got an indictment against Noriega. That forced a change in our whole approach to him and his regime. The issue became “How do we get Noriega out of Panama?” This turned out to be one of the most interesting and depressing episodes that I witnessed during my career in the Foreign Service. In my view, the U.S. government really debased itself and tied itself in bureaucratic knots in the pursuit of this objective.

I thought it was important for Noriega to be removed from power as rapidly as possible – peacefully! – whether or not this meant that he had to leave Panama. Bill Webster had just taken over the leadership of CIA which was still recovering from the toll that Iran-Contra had inflicted on it. The agency was very skittish at this moment about taking major risks such as trying to mobilize major opposition in Panama against Noriega. It wanted life to settle down. The ARA bureau, led by Elliott Abrams and Mike Kozak, were determined to try to depose Noriega. I certainly supported that effort. I visited Panama several times and talked to opposition leaders and many others to get some feel for the situation. I tried to find those willing to take more robust – covert and public – action against Noriega. I sent some of my analysts to follow up on my trip to survey the scene in detail.

The Pentagon, which could have played a major role, was by and large antagonistic toward Abrams. It was virtually impossible to get a coordinated U.S. government-wide program to deal with Noriega. In the end, it was negotiations led by Mike Kozak, with Noriega which became the principal avenue to seek his departure. Of course, as happens periodically, this negotiation effort became involved in the U.S. presidential campaign. The White House wanted no part of negotiating efforts; they didn’t want to be seen making any obeisance toward Noriega. Prior to a meeting in Russia Shultz told Kozak – presumably reflecting White House anxieties – that he had to get agreement on the negotiations before his trip; otherwise all efforts would have to be suspended. The negotiations just ran out of time and ultimately led to the U.S. using military action to remove Noriega. I must say that this option had never entered into my calculations; I didn’t think that that was the way to remove him unless there were much greater provocations. The fighting happened after my departure from INR. The whole U.S. government approach was dysfunctional – it lacked cohesion, lacked unity, lacked determination. We looked silly. I told my brother-in-law, the composer Phil Glass, who was always writing operas about major figures, to do a comic opera – Noriega – he did not take my advice.

**FREDERICK A. BECKER**  
**Regional Labor Officer**  
**Panama City (1985-1988)**

*Frederick A. Becker was born in Missouri. He graduated from Washington College in St. Louis, and Berkeley and Claremont Graduate Schools. After entering the Foreign Service in 1975, his postings abroad included Bucharest, Brasilia, Quito, Panama City, and Managua. He was interviewed in 2004 by Charles Stuart Kennedy.*

*Q: One last question on this period, more out of pure curiosity. How stood the Panama hat business?*

BECKER: It was wonderful. There's a town on the coast called Montecristo and its claim to fame is that they grow a particularly supple kind of bamboo in the nearby swamps that produced wonderful Panama hats. Of course, the origin of the Panama hat was that *sombreros* produced in Ecuador found their way to Panama at the time of the building of the Panama Canal. They were quite prized and practical and popular there, and they became known as Panama hats even though the highest quality ones are still produced in Ecuador.

*Q: I read a book called I think The Panama Hat Trail or something like that?*

BECKER: Really!

*Q: A very good account of this. Well, then Rick you left there in 1985? What happened?*

BECKER: I was well established as a labor officer, had a good reputation for my labor work in Ecuador and Brazil. I was asked if I wanted to be the regional labor officer for Panama and Costa Rica. Panama was not my top choice of countries to go to. I had managed to spend a fair amount of time in Latin America without ever having served in the tropics. As a Californian, I don't like hot, humid weather, but that's where the assignment process led me. So my family and I took home leave and arrived in our embassy in Panama City in the fall of 1985.

*Q: You were there for how long?*

BECKER: I was in Panama for three years, until 1988.

*Q: Did you get any feel for the labor attaché business per se particularly after World War II? This is a big deal, I mean we were particularly in Europe and all I mean really pushing labor movements and all, but by the time you got to the Reagan administration did you have the feeling that sort of American overall interest in the labor movement was dying down?*

BECKER: I think the Republicans may have had more appreciation of the overseas role of the U.S. trade union movement than the Democrats.

*Q: That's interesting.*

BECKER: They looked at the projection of U.S. labor interests abroad as an important tool in the fight against communism and far-left political influence. There was a recognition that labor unions, even though they didn't represent a large percent of the local population, had the

capacity to do serious mischief against fledgling democratic or pro-U.S. governments, or against U.S. overseas investors, who were just really getting off the ground in a number of Latin American countries. The Democrats may have looked at the trade union movement as an outgrowth of civil and human rights in the U.S. and the global humanitarian interest of U.S. foreign policy. The Republicans never shirked their financial support for overseas labor programs, and some of the most politically conservative representatives of U.S. labor were involved in international affairs. They were stridently anti-communist, and they tended to look at the world in black and white terms. The fact that 99% of U.S. labor disputes are resolved without strikes and through negotiation is something that was frequently lost on people overseas. Labor and business leaders abroad tended to be much more confrontational and less forgiving of who might be sitting on the other side of the table than maybe they would be if they were in the U.S.

*Q: One always thinks of our cousins the British where you know you're sort of a laborite or a conservative and they really think in confrontational terms. It's changed now, but certainly up to the well, 1980s or so.*

BECKER: The first generation, probably the first two generations of labor attachés in the State Department were in fact veterans of the U.S. labor movement, and there was an insidious and even incestuous relationship between 16<sup>th</sup> Street and Foggy Bottom.

*Q: That's where.*

BECKER: Yes, that's where AFL-CIO is headquartered -- 16<sup>th</sup> and Connecticut. The problem for these attachés arose when directives from AFL-CIO headquarters did not mesh with the policies developed in the State Department and the rest of the U.S. government. In the end, you can't serve two masters. The AFL-CIO wisely found that support for a professional labor diplomat, a labor attaché corps within the State Department, was an important U.S. labor objective. They fought very hard and successfully for many years to establish the credibility of the attaché corps and to expand promotion and assignment opportunities that would get good officers into the labor field. That said, I discovered when I got into it, almost by accident in Brazil, that it was an aging corps. It was not a corps that was renewing itself. There were probably fewer and fewer of us who wanted to go back and do more than one or two tours as a labor officer. When I showed interest in continuing as a labor officer, in a way I had my pick of labor assignments. However, within embassies you were buried in a political or economic section, and often didn't rate a seat on the country team. It was difficult to maintain credibility as a labor officer when 50% of your workload, in Latin America at least, was not labor-related. I was a labor-political officer during all my labor tours of duty. In our larger embassies in Europe, there are a few senior FSOs who spend full time doing labor work. In Latin America, with the exception of Mexico, it was always a mixed bag, but I enjoyed it.

*Q: Were the labor and human rights sort of melded together?*

BECKER: In some respects, yes, but it was more often labor and internal politics. You followed the political parties because the structure of the labor movement frequently paralleled or mirrored the structure of the political party system. There was a flow of leaders between the parties and the unions, even though the labor leaders tended to have dirtier fingernails and did

not always rub shoulders easily with the patricians who ran some of the large political parties and who may have owned large businesses. Politics does make for strange bedfellows on occasion.

*Q: Well, then Panama. When you got there in '85, what was the situation in Panama and Costa Rica?*

BECKER: Panama was a country that was struggling to find an identity. The military coup headed by Omar Torrijos that took place in '68 persisted through the '70s and into the '80s. Torrijos had died in a plane accident in '81, and a Panamanian urban legend continues to attribute his death to the CIA having blown up the plane. Interestingly, the first democratic president of Ecuador after the military ceded power in 1979, Jaime Roldos, also died in a plane crash around '81. That too was attributed by some to a CIA plot. One supposes that the CIA wanted the military regime back in Ecuador and the regime to fall in Panama. There was never any evidence of that, just people wanting to believe the worst of the U.S. Torrijos' death was an avenue for his security chief, Manuel Noriega, to rise to power. He didn't have any of the charm that Torrijos did, but he became the principal vehicle through which we had to rely to ensure that the Panama Canal Treaty of 1977 was faithfully carried out. I arrived in Panama shortly after national elections in '85, which had literally been engineered by Noriega to ensure the victory of the candidate of the political party Torrijos had created, the PRD. What was seen at that time by public and foreign observers alike as massive manipulation of the election was largely downplayed by the U.S. embassy and government. It was an exceedingly tense time. Noriega, who was never chief of state and never held a position other than chief of the Panama Defense Forces, was acknowledged as the country's strongman but also as the only person who could guarantee the security of the canal in a time of transition. The individual who was elected president at that time had all the right credentials. He was a World Bank economist, U.S. educated, and spoke English almost without an accent, which is not unusual in Panama. Nicolas ("Nicky") Barletta was a very charming, intelligent man. Although I didn't know him at the time, I got to know him quite well during my second tour of duty there, and he's still writes very good economic and political commentaries. I'm not sure he's all that good an economist, but in any event, he became the mouthpiece of the Noriega dictatorship for a time. He was the fresh front for what was an increasingly brutal and repressive government.

*Q: When you got there, in the first place, who was the ambassador?*

BECKER: The ambassador was the very professional Ted Briggs.

*Q: What was the attitude of the embassy towards Noriega and his president at that time?*

BECKER: We basically bit the bullet and established a working relationship with the new government and maintained correct relations with the Panama Defense Forces. That said, the embassy was only one of three major U.S. government institutions in the country, each of which was headed by a presidential appointee confirmed with the advice and consent of the Senate. The U.S. ambassador was by no means the sole focal point for official U.S. policy in Panama. The other two centers were the headquarters of the U.S. Southern Command (SOUTHCOM) and the U.S. forces stationed in Panama for the defense of the canal, and the administrator of the Panama Canal Commission, who was charged with the management, operation and proper functioning of



the Panama Canal. The U.S. public law that established the Panama Canal Commission and the administrator's job declared that the U.S. ambassador shall have no say over policies relating to the operation or the defense of the canal. Whatever its motivation, this arrangement clearly constrained and diffused U.S. power and policy in Panama, which thoroughly confused a lot of Panamanians as well as Americans. The result was that when people looked to the United States to get things done or to issue policy statements, more often than not they were going to look to the SOUTHCOM commander or the canal administrator, who at that time was a retired four-star general and ex- SOUTHCOM commander. Both men presided over large resource bases and a lot of actual operational power, in contrast to the ambassador to a country of two million people.

*Q: How did you find when you got there relations between these three entities?*

BECKER: They were always delicate at best, but Ted Briggs was a consummate professional and people manager. I suppose that the three chiefs met several times a week, and he was able to manage that relationship, I think very successfully, to the extent that the short leg on the stool that represented U.S. diplomatic interests in Panama, the embassy, was basically an equal partner.

*Q: Oh, that doesn't sound like a good mix.*

BECKER: I think Briggs was able to capitalize on a certain rivalry between the other two agency chiefs and asserted a constructive, sometimes decisive embassy role. It was clear to all of us who lived and worked at the embassy that we had to pay at least as much attention to interagency issues as we did to bilateral issues if we wanted to advance the U.S. agenda.

*Q: Now, the canal treaty had been taken care of hadn't it? I mean where stood the canal?*

BECKER: The canal treaty established a 21-year timetable for the turnover of all of the properties and all of the functions and all of the facilities to Panama, with the final date of December 31, 1999 when the canal itself would turn over. Panamanians always referred to this transfer process as "reversion," but in fact since the canal had never belonged to Panama, and there was nothing to revert except real estate that had never been controlled by a Panamanian government. Of course there was the prevailing view in many parts of the United States that the canal and all the land surrounding it was ours. As Teddy Roosevelt had said and others had reiterated, regardless of how we seized control of it, the canal was ours.

*Q: We stole it fair and square.*

BECKER: Fair and square. We stole the land from the Colombians as a matter of fact and had a major role in creating Panama as an independent country, as a vehicle for controlling and running the canal which we would one day build. Panamanians have always anguished over their national identity and sort of rewrote their own history to give themselves a much more active role in their own independence.

One of the first steps the after the canal treaty came into effect in 1979 was to demolish the fence that separated the Panama Canal Zone, five miles on either side of the canal that had constituted

an enclave splitting Panama top to bottom. The Canal Zone was a company town run by the Panama Canal Company and its governor, invested with much more power than any U.S. state governor and virtually unchecked by Congress or by the U.S. president. In fact, it was a throw-back institution. Since most canal employees and leadership had been originally recruited from the south, the Zone had been somewhat impervious to many of the transformational social movements in recent U.S. history, such as the civil rights movement and the rise of industrial labor unions, although there were labor organizations that operated in the canal area. A lot of this changed with the end of the enclave except for the mentality of its long-term residents. There was a book published shortly after the treaty was signed, called Red, White and Blue Paradise. A lot of former Zonians -- Americans who were born, lived and worked in the Canal Zone, or whose parents and grandparents had done so -- left Panama for the United States after 1979 because they couldn't conceive of sharing "their" territory and the society they had built and maintained with Panamanians who were now allowed to live side by side.

Part of my portfolio -- the other half of my portfolio besides handling labor affairs -- was as a treaty implementation officer. This included all of the social elements of the treaty. Many of these had to do with the divestiture of businesses that had been run by the Panama Canal Company and the transfer to Panama of real property not directly related to the operation of the canal. There were large tracts of land, warehouses, large housing subdivisions that were on a timetable to be turned over. Some real estate was within the canal operating area under the authority of the canal administrator, and some was on military bases because we were also turning over tracts of land that had been U.S. military installations. I think at its peak during World War II and Korea, we had had something like 25,000 to 30,000 troops stationed in Panama. When I arrived, there were probably 12,000 troops there. There were also military installations which were jointly administered between ourselves and the Panama Defense Forces. It was our stated objective to groom an indigenous Panamanian armed force to take over the defense of the canal when we finally left. This created a strange marriage between the U.S. military and the Panamanian Defense Forces headed by Manuel Noriega. There was an intimate intelligence gathering relationship, which came into play especially when we became embroiled in the unrest in Central America. There was a great deal of military cooperation and joint training. Our intent was to create a modern military organization that would ensure the defense of the canal after we departed Panama. This policy was based on some premises and assumptions that were way off the mark, even if one could justify the transfer of the canal to Panama and the withdrawal of our military forces. I for one believe that one of the great historic achievements of the Carter administration, for which he paid dearly in political terms at home, was to bring about the treaty calling for the transfer of the Panama Canal. Even though it had been negotiated by four or five previous presidents, he was the one who paid the price for pushing it through the Senate, a price also paid by a number of Republican and Democratic senators who voted for it, Howard Baker, for example, was a hero in Panama because he cast the deciding vote to bring the canal treaty into being. As an ex-senator, he was treated as a hero whenever he came to visit Panama, but he had lost his seat along with others for having voted for treaty ratification.

Panama was an exciting place to work. There were actually two parts to my labor portfolio, seemingly distinct. One was dealing with Panamanian unions in a sort of traditional relationship that I had found in Ecuador, a bilateral labor relationship. I established working relations with the local U.S. Chamber of Commerce, which represented a much larger business community in

Panama, and tried to replicate some of the more successful initiatives that I had created in Ecuador. I also established the usual embassy relationship with democratic unions in Panama, many of which were supported by the AFL-CIO. There was an active AIFLD country office, loosely administered by our AID mission. There were also communist unions in Panama, especially in the public sector, and I encountered the same difficulties dialoguing with them as I had in my previous post. The second part of my labor portfolio involved my relations with the U.S.-affiliated unions that represented both Panamanian and U.S. workers in the in the canal area and defense installations. These included shipyard workers, building trades unions and the Panama Canal pilots, representing the canal operating work force, that were affiliates of U.S. trade union organizations. Many of the Panamanian workers on the U.S. military bases were also affiliated to U.S. unions, such as the American Federation of State, County and Municipal Employees (AFSCME). I became a listening post and to some degree an in-house spokesman for the interests of those workers vis-à-vis U.S. government agencies, even though in a legal sense I could not get involved in what was an extension of U.S. civil service legislation. The only place in the world outside the U.S. that our domestic labor laws operated was in Panama.

*Q: In the first place, did the fence come down?*

BECKER: The fence came down in '79. It was the first step.

*Q: How did that work? I mean the uncouth Panamanians were mixing with the pristine Zonians?*

BECKER: Most certainly. There were all kinds of social implications to that big first step. In many cases the U.S. citizen population just had to suck it up. It was hard on them. They were unprepared politically or culturally to see this integration, or desegregation, shall we say, and the erosion almost overnight of their privileged and exclusive empire.

*Q: Well, I've interviewed a man who later became a USIA officer, but I think was a major lieutenant colonel in Special Forces in the Panamanian command. He's an African American, Jim Dandridge, and he was saying that he went to a military party which was held at the yacht club. Very obviously they were very uncomfortable having him there. This was sort of the old South. I'm not sure exactly when this was, but you know, our military wasn't going to take any of that nonsense, but it was an offshoot you might say of the culture of the '50s or something of the South.*

BECKER: Very much so. Sociologically it was an interesting little social order that was sort of dropped down in the midst of a foreign country. The military bases in Panama represented a similar sociology. My older daughter made the transition; we'd been overseas for some years.

*Q: You were saying, your older daughter?*

BECKER: My older daughter, Michele, was passing from junior high to high school. Rather than sending her to the international school with her younger sister, we would enroll her in the Department of Defense high school which had formerly been part of the Panama Canal Company school system. Under the treaty, the Panama Canal Commission was not allowed to run schools or businesses or anything else except maintain the canal. Those facilities were either privatized

or transferred to the Department of Defense in 1979, and DOD ran a K-12 school system as they do on military installations throughout the world. We thought this would be an opportunity for Michele to get used to the way things were done in the United States rather than in the international school environment, with which she was very familiar. Eventually she would have to go back to the U.S. and transition to a stateside school experience. We lived in an apartment in a part of Panama City called Paitilla, where a majority of embassy families were housed. There were also some DOD families living there, because there were simply too many military families to be housed on the bases. By and large, the military were housed on the bases and everybody else lived in town. So my daughter would take the military school bus to school and back. When she invited some of her military brat friends from the bases to visit her, their parents told us under no uncertain terms could their children go into Panama. It was not safe. It was not right. They could not leave the bases. Basically, when my daughter wanted to socialize with any military friends, we had to take her to their houses on base. The mental wall was still there, even to the point where you would get a blank stare when you told people that you lived in Panama, and they did as well. With or without a fence, there was, and is, an insularity that is often bred on military bases. The large fence that had separated the U.S. canal enclave from the rest of the country had been there for so long that most Americans took it for granted. There was U.S. territory inside the fence and Panama was somewhere out there. Yet because we had a new set of commitments defined by the treaty, we established a new political relationship that took priority over literally everything else in trying to ensure that there would be a successful transfer of U.S. power over a 20 year period, as we withdrew little by little from our canal defense and operational responsibilities.

*Q: Well, this is probably a good place to stop Rick. We'll pick this up the next time. We've talked about, we're into the Panama period of '85 to '88 and you've talked a bit about dealing with the Zonians, but we haven't talked about some of the developments during this time. I mean you had these two hats that you were wearing. One was the union business and the other was the implementation of the treaty. We'll talk about that and also talk about, although you didn't have a real or formal relationship with the unions on the base or in the canal, talk about how they were constituted, their problems, how that was working. And of course we haven't talked at all about the relationship as you saw it with Noriega and how things were developing there at that time because they were at least towards the end, ended up with essentially an American military action against him, after you left I guess. I mean it was moving towards that.*

BECKER: It moved slowly and perceptively during my time.

*Q: The whole thing and then of course after we finish talking about that, then we can move to Costa Rica and whatever was happening there. Great.*

*Q: Today is the 23<sup>rd</sup> of December, 2004. Rick, well, anyway, you've got sort of two hats on the canal. What were you up to?*

BECKER: As labor officer my primary responsibilities were to follow the domestic labor scene. Technically speaking, I didn't have any role in the canal labor relations environment, because those relationships between the labor organizations there and the two big employers, the U.S. Department of Defense and the Panama Canal Commission, were governed by U.S. public law

96-70, and they were off limits to the embassy. That said, I had very good relations with the labor unions' Panamanian leadership. These unions often wore two hats, or betrayed two faces – one Panamanian and nationalistic, and the other as representatives of U.S. labor unions. In practice, these unions tended to be opportunistic -- trying to extract privileges from their employers under both U.S. and Panamanian laws and from the two governments. It was a confusing set of relationships at best. I found myself drawn in from time to time as an unofficial mediator in labor disputes, both between Panamanian unions and U.S. private employers such as Coca-Cola and between the labor union representing the Panamanian employees of the Department of Defense. How was I drawn in? On one occasion, the Panamanian labor minister called me and said he had a political problem that required my assistance. The labor union in question was affiliated both to the AFL-CIO and to a major Panamanian labor confederation. They were in a dispute with the Department of Defense over representation and working conditions, as I recall at a DOD credit union. Some employees had been fired. There was not the required consultation. The unions believed they were protected by U.S. law, but just to be on the safe side, they were trying to get the Panamanian government and Panamanian labor law involved to their benefit to put a little extra pressure on the U.S. government. The Panamanian labor minister was very much concerned that he and his government would be dragged into an unwanted bilateral dispute with the United States over jurisdiction over the integrity over the Panama Canal treaty. As I said, our bilateral relations were not terribly warm because it was a government tainted by the 1985 elections that was manipulated by Noriega and his people. The question of legitimacy of that government in the Panamanian context also came into play, but I took this as an important diplomatic mission, knowing that things might not improve, but they could certainly get worse. My one cardinal rule as a potential mediator was that I had to have credibility and a green light from both sides. Since I had very good relations with SOUTHCOM and the Department of Defense establishment from my treaty implementation work and I had very good relations with the labor union, which by the way was affiliated with the American Federation of State, County and Municipal Employees in the United States. Maybe it still is, or maybe it isn't now that the treaty's over, but at that time they were quite proud of that affiliation and from time to time got moral if not financial support from AFL-CIO and from AFSCME headquarters in the States. I managed to resolve that issue to the relative satisfaction of DOD and the union, and got a Meritorious Honor Award from the State Department for brokering a solution that allowed both governments to duck some of the more ticklish issues relating to treaty implementation and jurisdiction that they did not want to address at that time.

*Q: In the first place, how did the embassy feel about this, you were sort of straddling two zones in a way. Was it uncomfortable?*

BECKER: As long as my role was perceived as strictly informal, as long as both sides saw my good offices as a means to an end to eliminate a friction point in a relationship that was full of friction points, the embassy was perfectly happy to see me work both sides and get both sides to the table. This was in '85 and '86. By '87, when things got very dicey, we were trying to keep our relationship and certainly our operational military relationship with Panama and the legal status of U.S. forces in Panama as friction-free as possible because we were dealing with larger political issues.

*Q: Well, was the issue when one the sort of thing where essentially it was a focus on rights benefits and that sort of thing as opposed to I mean were the people involved in the working level strictly after their own problems or was somebody trying to move this into a bigger field.*

BECKER: Clearly the Panamanian union wanted to take advantage of whatever protection or whatever support they could get from the Panamanian government and Panamanian public opinion. There were people in the union who were perfectly happy to stir things up and to throw eggs and tomatoes at the Department of Defense. That said, the labor union itself was internally divided as to how to proceed, how to deal with a very vexing issue and a very large and powerful employer. The labor leadership needed to come home with something or else lose their credibility with the rank and file and open the door to a much more radicalized set of leaders. Keep in mind that almost all DOD facilities in Panama were unionized and there were a great many Panamanians who depended on the jobs and on normal working relations with the U.S. forces. They were pained at the deterioration of the bilateral relationship. They did not like the treaty any more than a lot of individuals in the United States. In fact, the trade union membership by and large represented a labor aristocracy in the view of most working class Panamanians. They were paid far and above what Panamanian workers were on the local economy. They had protections under U.S. civil service legislation, including merit promotion and collective bargaining that they couldn't dream of under Panamanian labor law. However, when a labor issue heated up they were certainly not averse to pushing whatever buttons they could to extract a negotiating advantage.

*Q: Was there the implicit, I don't want to say threat, but cloud that the whole American presence just might go out of there including the military?*

BECKER: Clearly Panamanian society was divided between those who favored and those who opposed a U.S. withdrawal, which the treaty mandated. There were deep philosophical differences over the meaning of the treaty. The treaty was a 21 year transition to full Panamanian sovereignty over the canal and control over all of the defense and operating areas contiguous to the canal. There were Panamanians who saw the treaty as another means to perpetuate U.S. control over a significant portion of Panamanian territory and influence in Panamanian domestic politics. Other Panamanians were afraid that if we left, all of the worst characteristics of Panamanian culture and society would be unleashed, perhaps believing that we represented a brake on corruption, on oppression, on deterioration of a tolerant political environment. Indeed, we were credited with keeping all the worst instincts of Panamanians in check.

*Q: On this negotiation what was your, what were you doing?*

BECKER: First of all, I was trying to lower the temperature on both sides. DOD was relying on its interpretation of rules and regs and on its prerogatives as employer and security guarantor. DOD is an agency that has always been uncomfortable working with labor unions and the Panamanian trade unions who were trying to survive. The unions were trying to maintain a very fine balance between their obvious loyalty to the U.S. and their economic interest in good relations with their employers and the need to show backbone on an issue which most of us on the outside recognized was blown far out of proportion for what else is going on in the country at the time. As for Noriega, he sought to co-opt any independent elements within the labor

movement that might be too pro-U.S. and not amenable to his will. Omar Torrijos had created an umbrella Panamanian labor organization, which Noriega had inherited, and this was one of his principal political tools. This labor union's Panamanian affiliation was with that labor umbrella organization, but yet they found their bread and butter came from U.S. forces and not from the Panamanian confederation, which relied very heavy on patronage and corruption.

*Q: Well, did you mean most labor disputes it gets confused. Did you find was the DOD oppressive or were the unions asking for, I mean were the people not deserving of assistance or how did it come about?*

BECKER: My assessment at the time was probably irrelevant to the overall settlement of the dispute, but I do believe that DOD took a very heavy-handed approach in resolving these labor issues, employee issues within the credit union. We're only talking about a couple of dozen employees, but again it was a potential flashpoint at a time when flashpoints in U.S.-Panamanian relations took on a huge political significance, frequently played out in the newspapers, on talk radio and elsewhere in the media. This is what brought me into it. The labor minister belonged to a very small political party that was allied with the PRD, Noriega's political machine created by Torrijos and run the government since Torrijos came to power in the late '60s. The PRD had won every election through hook and crook during the 15 years or more when basically the military was the power behind the scenes. The party was always looking for opportunities to show the U.S. in a poor light and particularly show the U.S. military in a poor light. What's ironic was that the U.S. military was one of the U.S. government agencies most opposed to our taking a hard-line towards Noriega. We had a lot of equities to protect, whether intelligence sharing on Cuba and Central America, or providing unfettered use of airfields and the other facilities in Panama as staging areas for our support for the Contra forces in Nicaragua and for other operations in Central America against leftist insurgents. DOD really didn't want to confront Noriega during most of the time that I was at post.

*Q: From your perspective, you were there from when to when now?*

BECKER: '85 to '88. Summer of '85 to the summer of '88.

*Q: From the embassy point of view and your own work and all how did you perceive the Noriega regime?*

BECKER: I arrived at post shortly after the '85 elections which installed Nicky Barletta, who was the latest Noriega-designated president in opposition to Arnulfo Arias, the four or five time elected president of Panama. Arias, by all accounts, had won the '85 election but was never allowed to take office. There were considerable allegations from international and other electoral observers that massive fraud had taken place. Nicky Barletta, who had very impressive credentials as a U.S. educated, pro-U.S. World Bank economist, came in on the heels of this tainted election. I got to know Nicky during my second tour in Panama and found him impressive on any number of fronts, but as the elected leader of a country he left a great deal to be desired. He ended up leaving office within two years, mourned by nobody. The United States' equities in Panama -- our need for Panama as a staging area for Central American operations, and our stated objective to train the Panamanian Defense Forces to defend and secure the canal

against all threats – took priority. We had not envisioned that those defense forces would become a hostile force inimical to our presence in the hands of somebody like Manual Noriega.

*Q: Were you seeing the hostility developing mainly because this was Noriega and company trying to keep their hands on the purse of getting whatever, I mean was corruption the issue or was anti-Americanism was the instrument to keep a hold of the purse strings or what?*

BECKER: I think both anti-Americanism and corruption were tools in the hands of a dictator. Noriega didn't have all of the social graces and charm that Torrijos had had. There were many who cynically believed that Noriega, who was a Torrijos prodigy, had turned on his master and had probably done him in so that he could take over. I don't think there's much evidence to support that.

*Q: This is because of what was it a helicopter crash or a plane crash?*

BECKER: It was a plane crash. There were others who claimed that we had eliminated Torrijos because he was the architect of the canal treaty, but there were very small signs in the mid '80s that Noriega was not going to treat the treaty as a sacrosanct time table for U.S. departure. Certainly our continued presence there and most Panamanians in their heart of hearts really didn't believe that at the end of the treaty period we would really leave anyway. There were those who felt that a little Panamanian political muscle would ensure that we moved along.

There was always tension when it came to turning over facilities to the Panamanians. We had a rough timetable that determined when facilities were no longer needed by the United States and could be transferred to Panama. Panama continued to press for more rapid turnover of facilities. I was in charge of negotiating and preparing the final documents for transfers of large tracts of territory and facilities to the Panamanians. When it came to excess housing, we could always hope that Panama would give preference in housing assignments to Panamanian employees of the canal and those with direct responsibility for defending and maintaining the canal. That was not the case. It was doled out as political patronage to party loyalists. There was always tension at the negotiating table with the Panamanian authorities as we tried to work out the modalities of incremental, predictable transfers of facilities and assets. It was taking place. We basically had no say, no legal say as to how those facilities and other assets were disposed of after they were transferred. It was simply our hope that the Panamanian government would place the same value on effective, efficient defense and management of the canal as we did, but Noriega had his own agenda. That agenda included crushing the political opposition, much of which was lodged in the middle class and in the pro-Arnulfo Arias political movement. Arias' supporters rightfully felt that they had had a couple of elections taken away from them, and Arias himself had been ousted from office by the Panamanian military more than once in the 50 years that he was politically active.

A number of Panamanians told me that Torrijos had made a pact with the Panamanian middle class. He told them, "I'm not going to interfere in your economic activities. Just don't cross the line and interfere in my political activities." Whether that was apocryphal or just wishful thinking on some people's part, it is very clear that the Panamanian middle class, already a powerful economic force in a prosperous country with a lot of U.S. investment, would not



content itself to simply making money. They would want to exercise political power, and Noriega was increasingly intolerant of opposition and fearful of their potential. There were a couple of noteworthy disappearances; the evidence pointed to political assassination, almost certainly by Noriega's goon squads. One was a Hugo Spadafora, a medical doctor who had been an assistant minister of health under Torrijos. He had gone off to fight the good fight in Central America. He had helped to set up the southern front in Costa Rica against the Sandinistas, even though he had gone off initially sympathetic to the Sandinistas. Spadafora was said to be coming back to Panama to help organize the opposition to Noriega. He was a sort of larger than life figure to many Panamanians, but he never arrived at his destination. About a month before I arrived, his headless body was found in the border area between Costa Rica and Panama, and the case became a *cause celebre*. Throughout the military period there had been individuals who had disappeared. As a matter of fact, when I came back to Panama for my second tour in '99, the government was headed by Mireya Moscoso, Arias' widow, and she was making a concerted effort to investigate the disappearances and deaths of key individuals during the Torrijos-Noriega period, whether Catholic priests, political activists, or people who had shown independence and opposition to the military regime. Part of this campaign was political posturing, but part of it was trying to shed light on a chapter of history that was shrouded in darkness. The government found mass graves and bodies. DNA analysis identified the remains as individuals against whom Noriega in particular had taken a hard hand.

*Q: At the embassy again, who was the ambassador?*

BECKER: From '85 to '86 the ambassador when I arrived was Ted Briggs, the DCM was Bill Price, both very professional diplomats.

*Q: Then afterwards?*

BECKER: In 1986 Arthur Davis, a political appointee, arrived as ambassador. This was his second ambassadorship. He had been ambassador to Paraguay and he had gained a reputation there of standing up to the Paraguayan military and of supporting a number of civil rights or human rights causes there. His wife died in a tragic plane crash in Bolivia. He was a widower, almost 70 years old, when he arrived. His DCM was John Maisto, who has since gone on to a very distinguished career as ambassador in several countries and who is currently U.S. permrep to the Organization of American States.

*Q: Well, while you were there, this '85 to '88 period, did you see I mean was there a running battle within the country team or within the embassy over what to do about Noriega? You mentioned the military had its stakes in there and was Noriega seen as the enemy, just a problem?*

BECKER: The embassy was divided. I was a mid-grade political officer so I was not privy to a lot of the discussions on the ambassador's country team, among the heads of section and agencies, but it was very clear that the embassy was divided over what to do about Noriega if anything. He was seen increasingly as a problem, but the interests of several agencies in the embassy led them to argue against rocking the boat. There were a lot of others in the embassy, certainly a majority and principally those at the mid-level like myself, who saw Noriega as a

danger to orderly implementation of the canal treaty and indeed to the security and safety of the canal and the U.S. presence. We were repulsed by his human rights excesses, his personal and political excesses and the activities of the organizations that he controlled, whether it was front organizations or labor unions or political parties. The embassy leadership was to my mind ambivalent about this, but merely reflected what was apparently a strong ambivalence in the United States, strong division at the headquarters of key U.S. agencies about what to do if anything about Noriega. Was he an asset or a liability? If he was a liability, to what extent should we move into active opposition given the fact that we were heavily involved in Central America? Cold War tensions with the Soviet Union, China and Cuba persisted. Panama in some respects seemed like small potatoes, but Noriega played us very well.

*Q: You know, looking at it from newspaper accounts, it almost seems from what you're saying, it almost seems like Noriega was able to keep this going until his goon squads started messing around with our military and particularly the military's wives. I mean this is where I mean there were some incidents there.*

BECKER: There were incidents involving both civilians and military personnel who worked in and around the canal area. They were targets of opportunity, but they suggested to an increasing number of us that Noriega was not a reliable partner in managing our canal relationship and indeed was probably not a reliable partner in the other enterprises where we required his cooperation.

*Q: Were you seeing in this atmosphere it sounds like was it the tailor of Panama, how the Cold War intrudes in a small country and all a real mix, I mean did you see a communist or Castroian hand in the labor movement or anywhere in that country?*

BECKER: I spoke earlier about Ecuador, where the labor movement was fairly equally divided among a social democratic labor organization, the Christian democratic labor organization and a pro-communist labor umbrella group. That balance was not there in Panama. Its ironic that the organization that that Noriega sought to control was in fact the organization which the AFL-CIO had the closest working relations. By contrast, the communist and the Christian democratic labor organizations were very small, very anemic and had very little influence. None of us in Panama saw the hand of communism, the influence of Cuba or the upsurge of leftist political groups. In fact left-right in Panama never really made much sense. Anyway, there were two major political groupings and a lot of smaller ones, but they all represented chunks of the mainstream. The real rivalries were between those who were in and those who were out.

*Q: How about drug money and drugs? During this time was that an increasing problem or how was that seen?*

BECKER: There was a very active and large DEA presence at the embassy. They were cowboys for the most part, in the sense that they operated from my perspective with pretty much a free hand, without a great deal of ambassadorial or embassy oversight. There were always innuendoes that senior government or military officials were involved in the drug trade, but there were never any real smoking guns. DEA was very much concerned about transit of drugs between the drug producing countries -- Peru, Bolivia and Colombia -- and the United States.

Panama has been a transit country for drugs. It's always been a center for international commerce, both licit and illicit. Contraband drugs, illegal aliens, you name it, and Panama was a narcotics way station that DEA was intent on shutting down.

*Q: Did any of these DEA operations sort of blow up in our face or not while you were there?*

BECKER: Not that I recall. I must say I was not in the center of the counter-drug activity. I had other portfolios, DEA didn't cross my path that often, nor I theirs, except at the end of my tour.

*Q: This is tape six, side one with Rick Becker. Yes, you were saying you had a DEA story.*

BECKER: I have a DEA story. In 1987 U.S. policy took a fateful step after any number of initiatives to negotiate with Noriega. But let me back up and let's work toward the DEA story, okay?

*Q: Sure.*

BECKER: Because my story has a lot to do with the imposition of economic sanctions against Panama, which transformed our bilateral relations during the time I was there. It was a high point of my tenure. Let's stay chronological. The embassy, as I said, was deeply divided. There was a level of activity in dealing with Noriega that many of us did not see at all. It was managed at a very high level on our country team, perhaps only the ambassador, the DCM, the CIA chief of station, the heads of our defense attaché office and our military cooperation mission were aware of our contacts with Noriega, but dealing with Panamanian government counterparts became increasingly difficult for the rest of us. The opposition coalesced in I believe early '86 into what they call a *cruzada civilista*, or Citizens' Crusade, that was largely middle class and professional. The political parties sort of stood aside, bemused by massive marches in the streets, people wearing white, housewives banging pans and pots from their balconies. The joke was that the middle- and upper-class Panamanian housewives, who had never done a day of constructive work in their lives, were sending their housemaids out on their balconies to protest for them. That said, a lot of professionals and business people, many of whom I knew personally, took significant time away from their jobs and took some significant risks to oppose Noriega's brutal rule openly. I suppose these people liked to pattern themselves after the civil rights movement and Martin Luther King, in the sense that they believed mass demonstrations, civil disobedience and general work stoppages would put public pressure on the regime and gain international support, particularly from the United States, to do something about Noriega.

The *civilista* leaders believed conditions were ripe for some sort of U.S. action, and organized their protests in a way that it was inevitable that we would observe them and report on them. A couple of our embassy officers -- less judicious than enterprising -- actually got involved in a couple of demonstrations. One such officer was actually picked up by the police and held incommunicado for several hours after the demonstration in which he participated was broken up violently by uniformed police and plain-clothes government thugs. He was fortunate not to have been beaten up along with the Panamanians. You may recall that the media captured repression of these demonstrations, and the brutal beatings of major Panamanian opposition leaders appeared on the covers of *Time* and *Newsweek* magazines.

*Q: Yes, their pictures were on the front pages newspapers.*

BECKER: All friends of mine, but a lot of them ended spending long hours at night in my house afraid to go home because it was being staked out. Most of the mid-level officers found out later that there had been a series of high level missions from the State Department, White House and Defense Department with the intent of trying to convince Noriega to stand down and leave the country.

*Q: I think George Bush as Vice President came out there, didn't he at one time?*

BECKER: I can't remember. I don't recall a Bush visit on my watch. It may have taken place earlier. I don't think, once the shit hit the fan in '87, that any senior U.S. officials visited through the front door. There were a number of emissaries from the administration who came with the express purpose of negotiating with Noriega to try to persuade him to withdraw from the scene for the betterment of Panama. This was after a decision was taken to support regime change in Panama, to use the current vernacular. We didn't say that we were going to force it, but that we favored regime change. It was in our interest, to protect our equities, but even at that time there was a great deal of debate within the embassy over whether our assets exceeded our liabilities. Again, a number of agencies and elements were either empowered or enabled by Noriega to do their work in Panama, including DEA interestingly enough. He often took the DEA people on well publicized marijuana eradication raids, where they seized a few hundred kilos of marijuana. However, many suspected that there were thousands and thousands of kilos of marijuana, not to mention cocaine and other narcotics, stashed in sites where he did not take the DEA. The actual takes were so small that most of us concluded it was pretty much for show. Yet the DEA seemed wedded to a cooperative relationship with him.

The military assistance group and the military intelligence types were very much in favor of not rocking the boat. There was a weekly meeting of what was called the Panama Watchers. I was a member of that organization for a while because I brought in the labor perspective. Basically all the reporting elements, from both DOD units on the bases and the embassy, would sit down and share all their dirt, insights and what-not on Panama. Some of the DOD intelligence representatives had been in Panama for 20 years or more. All of their sources were in fact part of the Panamanian military establishment and indeed their own "expertise" was based upon information that the Panamanian military provided them. These DOD types tended to have a much more benign view of Noriega and the Panama Defense Forces than some of the rest of us who were trying to bring in and enrich the discussion with information from sources that were not so self-serving. The CIA chief of station likewise didn't want his relationship with his Panamanian counterparts to be jeopardized in any way. Those of us on the economic and political side saw the cost to Panama and U.S., noting the deterioration of the body politic and the economic well being of the country. We concluded that we had to take a much stronger line vis-à-vis Noriega.

In early 1987 we received a cable from Washington suggesting that U.S. policy was moving in that direction. The cable asked us for an analysis of the impact of sanctions on Panama. We took the exercise very seriously. The country team and all of us in the support positions basically

came to the conclusion that economic sanctions would not only not affect Noriega's basic power, they would adversely affect the business and working class sectors as well as the economic and political well being of the opposition to Noriega. We sent our analysis back and one day we were informed, probably in the newspapers rather than in a cable, that the U.S. had imposed economic sanctions, in short an embargo on all financial transactions between the U.S. government and the Noriega-backed government in Panama. All transfers of dollars – and the U.S. dollar is Panama's currency – ceased overnight, shutting down the banking system. By then Nicky Barletta had been eased out as president and another Noriega surrogate been installed, a president whose legitimacy we did not acknowledge. It then became very difficult for the embassy to maintain a relationship with, or even maintain contacts for reporting purposes with key Panamanian sectors that happened to be part of the official power structure. Most of us were explicitly precluded from having any relationship with Noriega-controlled organizations, whether political parties, trade unions or other front organizations. There were one or two officers in each section who were designated the official liaisons between the embassy and the government. Because the labor minister was of another party, even though allied with Noriega, he was somehow not considered off limits and I continued to have a very good working relationship with him. He was also a leader of the Chinese community and he had great insights into Panamanian history and culture from an Asian perspective.

*Q: How did the unions react to these sanctions?*

BECKER: With great ambivalence. The economic stability they had enjoyed throughout the treaty period was being directly threatened. They were seen by key elements in Panama – not only Noriega supporters but many nationalists -- as having sold out to the *yanquis*. Their status as employees of the U.S. forces made it necessary for them to maintain close working relations. Like many Panamanians, the unions which operated in the canal area were pro-U.S. and favored sanctions against Noriega. Yet they were under increased pressure from pro-regime unions to join the official pressure to push the United States out. The embassy stopped paying its bills to the government, whether utility bills on U.S. facilities and residences or rent on government-owned properties. The government retaliated, cutting off our water, electricity and other services. Our household utilities were cut off for non-payment. There was selective harassment of embassy employees. The government in December of '87 ordered the AID mission out of the country. The AFL-CIO rep, who was both a representative of the AFL-CIO to the local labor organization and a contractor to the AID mission, refused to leave the country. His offices were ransacked by government goons, and his home was broken into. He narrowly escaped without injury. I inveigled him and his people at AFL-CIO headquarters in Washington to take him out. I did not want blood spilled, because there had been attacks on U.S. citizens in other parts of Panama. Routinely, U.S. diplomatic vehicles and school buses that carried our children from DOD schools on the defense sites to their homes in downtown Panama were stopped and harassed by heavily armed personnel, some in military uniforms but others without any uniform who were clearly acting on the orders of the government. There were nighttime curfews as well. Once sanctions were imposed, despite the embassy's analysis that they would be counterproductive to our interests, bilateral relations deteriorated very rapidly.

*Q: On the Noriega side were people wondering because I mean it sounds like a rather small boy poking a stick at a tiger, that you know, I mean we had a considerable military presence there*

*and going after kids and roughing up our people and all that. This is obviously something that we would not tolerate at a certain point wasn't it? Were we waiting for something to happen?*

BECKER: I have no insight into Noriega's mindset or that of the people around him. He may have thought that he was beyond forcible removal. He may have thought that whatever his transgressions, we needed him more than he needed us. He may have thought that he could string out negotiations with a series of U.S. special envoys who wanted to discuss the transition of power and improvement in bilateral relations. Those of us who were vaguely aware that such discussions were going on firmly believed that there was nothing we could offer Noriega that he didn't already have. We couldn't offer him safe haven in some other country. His security was in Panama, surrounded by his army and support groups. He certainly was not in a position to take all of his wealth, and he certainly couldn't take his power out. We were asking him to give up power. Many of us felt that we were at a dead end, thinking that we could somehow buy Noriega's departure through negotiations. Most of us came to the conclusion that an increasingly irrational Noriega seemed to be intent on demonstrating his political power, and as you point out poking the stick at the tiger was seen as Noriega's attempt to win popular favor in those sectors that were already inclined to oppose the United States and our plans and designs in Central America. This was sort of a cheap way for him to gain stature. I think the record now shows that he did really feel that he could not be touched. There were very important U.S. government agencies that were committed to a cooperative relationship with Noriega for their own purposes. Indeed, I believe that some representatives of these agencies probably advised Noriega that our sanctions and other pressures against his regime were for political consumption at home, and that he should not take our rhetoric all that seriously.

Interestingly enough, the U.S. ambassador made a decision, a painful decision, about the time that the AID mission was expelled to authorize departure of dependents and to start to draw down the embassy staff. A lot of agencies protested. They did not want to back down, and yet the harassment had gotten to a point where we really felt that somebody from the mission might be injured or even killed. As I said, a couple of officers had been caught up in major demonstrations in town and had been roughed up, but not seriously harmed. They were probably too close to the action for their own good, but be that as it may, a lot of things were done for show on both sides. The embassy was the target of large, well-organized, anti-U.S. demonstrations, and some embassy employee vehicles were vandalized. So the ambassador decided that the embassy should be drawn down to reduce our exposure to either organized or random violence. Some in the embassy hoped that a drawdown would send a message to Noriega that we were preparing for a more aggressive set of tactics against him. However, all this was apparently not coordinated with the other USG elements in country, or certainly not coordinated well. SOUTHCOM refused to order any military dependents or staff to leave, even those living off base. Therefore our drawdown sent a very hollow message. The embassy, which was a very small part of the U.S. government presence in Panama, was clearly pulling back, but everything else went on pretty much as normal. We maintained a military force of about 12,000 troops in Panama, and the overall number of dependents brought the official DOD presence probably to between 25,000 and 30,000 people. What the embassy was doing was not in keeping with what DOD was doing, and it showed a breakdown in our policy making process. Noriega must have felt reassured.

There were all kinds of rumors of coup plotting within the Panama Defense Forces against Noriega by elements of the military who wanted to re-establish good relations with the United States. The DCM actually recruited me to go on a middle-of-the-night mission to interview a senior military officer about his intentions vis-à-vis Noriega. I came back to report that at least from that source there was no coup plotting going on. This did not go down well in some U.S. quarters, who would have liked the Panamanians to take care of their problem and take it out of our hands. As we learned later on, after my departure, some coup plotting did take place, although not involving the officer I interviewed. This was almost on the eve of Operation "Just Cause" in December 1989. In 1988, however, every lead we followed up of a rumor of a plot to Noriega out proved to be empty.

*Q: Well, tell me, you go out in the middle of the night and talk to a military leader. What do you do sort of say have a drink or say, what's up with coup? I mean how does one almost broach the subject?*

BECKER: Very judiciously. You're a reporting officer from the embassy, and you want to go out in a safe, secure environment get a better assessment of what is going on in the country. I was probably selected for that mission because I was not well-known in those Panamanian circles; I could be expected to operate beneath the radar. By our own choice, we had cut ourselves off from key reporting sources and channels. Most of us weren't allowed to talk to our government counterparts or government contacts. You were thus left with very unorthodox ways of trying to get information about what was going on in Panama. This was at a time when we had begun to lose faith that some of our long-standing U.S. reporting sources, those who tried to protect their access to the Panamanian military, were in fact reliable ones. This was well into the crisis, well after the sanctions had been imposed. Nobody in a position of authority and decision could seem to figure out why Noriega was not responding to our negotiations. Why was he not willing to step aside for the good of all? There seemed to be a real policy and information vacuum, and the operational disarray at the embassy simply reflected the policy disarray in Washington about what to do about Panama.

*Q: Did you get any feel from people reporting back and all of where the pressure for sanctions our imposing sanctions was coming from in Washington?*

BECKER: I can only guess that the pressure was coming from the usual sources, from the Hill and from pro-business lobbies with equities in Panama. We've got to do something about this dictator. There were people who came to the conclusion, far earlier than many in the U.S. government, that Noriega was a liability across the board and that our policy was actually propping him up. Noriega's critics cited our robust military and intelligence support programs, our transfer of canal assets that he used to boost his influence within Panama, our sharing of intelligence on Cuba. Panama, like Mexico, was a haven for Cuba watchers. Rumors were rampant that Noriega was playing us as well as the Cubans. Drawing the important policy conclusions was exceedingly difficult in the absence of solid information about what was going on. And information aside, we could not reach an internal consensus on how important Noriega's cooperation and tolerance were to our support operations in Central America, or to carrying our statutory and strategic objective of defending and managing the canal. We had signed the canal treaty in 1997. The testimony on the Hill of numerous senior U.S. military officials -- admirals,

generals and military analysts -- that we could not defend the canal against a modern threat without Panama's active cooperation was critical to the Senate confirmation of that treaty and to our calculations about canal defense.

*Q: You said 1997?*

BECKER: No, 1977, I'm sorry. 1977. We felt committed to a relationship with Panama. We were sort of bound at the hip to maintain an environment in which we could defend and operate the canal until the end of the treaty period, when according to that treaty we would turn it all over to Panama. Do you do this by tolerating a degree of excess by Noriega? Do you do this by embracing what he represents even if you've got to wear a clothespin on your nose? Do you do this by removing him and getting somebody who is going to establish a more cooperative relationship? These were the policy dilemmas that were confronting Washington, but from the standpoint of those of us who were living it -- and who were living in hotels because our power had been cut off -- and were facing what we saw as an ever more hostile environment and ever more divided Panama. Of course, as things moved toward what many of us thought was an inexorable decision to intervene militarily, lacking any other tools in our diplomatic quiver, we tried surreptitiously to bolster the opposition with clandestine radio stations and a variety of other ploys that were frankly pretty anemic, pretty anemic.

*Q: Well, this is basically the situation when you left?*

BECKER: At the time that I left Panama in August 1988, I had no valid diplomatic visa because it had expired and the Panamanian government had not renewed it. I had no valid Panamanian driver's license or vehicle registration. Theoretically, on any of these counts we could be expelled from the country at any time. In fact the government of Panama declared two of our officers *persona non grata* and we refused to ship them out. There were real concerns that the government would block the out-shipment of our household effects by withholding official documentation. We were not sure what would happen when we took our families to the airport to get on the plane to leave the country, whether we would face any harassment or inconvenience or worse in trying to negotiate our exit without valid travel documents issued by the Panamanian government. It had descended to that level of diplomatic tit-for-tat. Most of our worst fears proved to be unfounded, but it became very difficult as things moved since in many respects we closed off the avenues to carry on a diplomatic dialogue and diplomatic discussions with the Panamanians at a time when relations required them. We didn't have the information base and we didn't have the relationships with Panamanians to be able to make more sense of the situation. It was the worst kind of political and diplomatic uncertainty in which to operate.

*Q: Did we withdraw an ambassador at that time?*

BECKER: We did not. I seem to remember we may have recalled our ambassador for consultations on one or two occasions during that period. Before "Just Cause" in December 1989, the ambassador was recalled permanently, but at the time that I left we were sending a lot of mixed signals to the Panamanians. We who were in the trenches were also the victims of these mixed signals.



*Q: We'll come to the DEA thing, but just something which is not quite what we're talking about, but you know one talks about service in Panama, what about the ships going through? Did they play any part or was this just like oil coming out of Saudi Arabia. The oil came out and people did their things of turning on pumps and things like that or did the ships coming through the traffic there have any effect on work in Panama or anything like that or were they literally ships passing in the night and paying their tolls?*

BECKER: Very much so. The canal continued to operate under our administration and with an overwhelmingly Panamanian work force with no hitches whatsoever. There were no strikes. There were no political protests. The Panamanian work force was loyal to the utmost. We maintained the canal and the canal operating areas in accordance with the treaty and we did not allow the politics going on bilaterally to interfere with that administrative function. And Noriega seemed to have recognized that failure to respect the normalcy of canal operations could well have tipped the Washington decision process against him much earlier.

*Q: What about have we come to the DEA story?*

BECKER: Yes, we've come to the DEA story. We had effectively shut down the Panamanian banking system. We were not paying our bills. There was no way that Panamanians could get cash and a lot of Panamanians were truly suffering because we had chosen to exercise our power over the flow of dollars.

*Q: The dollar was the currency.*

BECKER: The dollar has been the Panamanian currency since the country was founded. They call it the Balboa, but one Balboa bill is identical to a U.S. dollar with a picture of George Washington. Panamanian produced their own coinage, but all of the paper money was U.S.-issued. When the sanctions were imposed, we forbade any banking institution dealing with Panama, whether U.S. or foreign, from having any kind of relationship with the Panamanian government. Ultimately, virtually all the banks in Panama closed their doors. Panamanians traveling to the United States for tourism or business, assuming we issued them visas, were bringing back suitcases full of cash from U.S. bank accounts so that they could feed their families and maintain their businesses. All of their bank accounts in Panamanian banks were frozen.

I was preparing to leave. I wanted to sell my car. Panamanians didn't have any cash. I certainly wouldn't accept a check from a Panamanian. I didn't find any buyers in the diplomatic community, so I went to the local Mercedes dealer. The only time I ever owned a Mercedes and I couldn't sell it. I offered the dealer a commission if they found a buyer and they did. The gentleman showed up on my doorstep and said he wanted to buy my car. He had the cash to pay, and he didn't want to bargain. My antennae went up. I had expected a buyer to come from the diplomatic community, somebody who had access to money outside the country. But this was no diplomat. His dress was very flashy. He was wearing chains around his neck, rings on his fingers, and had an earring. He was a well spoken, smooth operator. I was as much a victim of stereotypes as anyone else in that moment. Instinct told me to have this guy checked out with our law enforcement people. They found out that he was a mid-to-major level Panamanian drug

dealer. DEA and its Panamanian law enforcement counterparts had been trying to get this guy for some time. DEA proposed that the car purchase be set up as trap, with my car as the bait. I was assured that I would be perfectly safe and that I would be allowed to retain the proceeds of the sale. That was important to me even though who knows where the money came from. Once the sale was completed and I was out of the picture, Panamanian law enforcement would follow him and grab him. I felt I had done my civic duty. I had identified a major drug dealer and the authorities would simply observe the transaction and follow up. The day of the sale came. I went to the dealer to sign the transfer documents. I walked away. I had obviously been tailed by both DEA and the Panamanian police. Somebody got very itchy, and I had hardly gotten off the premises and they moved in and grabbed him as he was buying some mag wheels for his new car. Definitely bad taste!

I was irate. I was extremely irate, and quite nervous. I had a wife and two children, whom DEA and the Panamanian police had put at risk of retaliation by local drug lords. I felt that my agreement with DEA, that I would not be connected to this operation, had been violated. I took my complaint all the way to the DCM, who called in the DEA agent-in-charge for an explanation. I requested that my family and I be allowed to advance our departure from Panama by two months. I argued that I don't want to be around here when this guy's friends start putting two and two together and decide that the car sale was the critical element. All of my concerns were basically dismissed. After all, we had a significant drug dealer in custody, and our counter-drug cooperation with Panama was intact. My request to accelerate my family's departure from the country was rejected. One of the most whimsical if not the strangest element of this sale was that the buyer brought the money to the embassy and allowed our budget-and-fiscal officer to count it. There was no attempt at that time to grab him when he was on U.S. territory, which I didn't want anyway. I wanted the sale to take place as far away from the U.S. official presence as possible. To see a budget officer counting the dirty cash that the guy had brought in to pay for my automobile underscored the absurd reality that our sanctions were not affecting those who had illicit sources of U.S. dollars.

*Q: Yes. Well, this is almost always the case. I mean those that have control of power have other ways of taking care of themselves.*

BECKER: Lessons learned from numerous applications of economic sanctions by the United States without international support and cooperation and consensus always are doomed to failure, and Panama was a very vivid example of that.

*Q: How did the unions react to the sanctions and all this? Were they, did you find them, by the time you left, were they uncomfortable, unhappy?*

BECKER: They were obviously uncomfortable. As a labor aristocracy in the eyes of many, they were seen as compromised by being part of the U.S. establishment. I'm talking about the labor unions in the canal area, the ones that I described earlier. They continued to get their pay regularly, while a lot of Panamanians couldn't claim they were being paid because their sources had dried up. Payments were in cash because you couldn't negotiate paychecks. You couldn't do direct deposit into people's bank accounts. The banking system had ceased to function. The economy was reduced to barter. These unions were perceived by the Panamanian government as

suspect if not fifth columnists in the pay of the U.S. aiming to undermine the Noriega backed government. In fact, these were people who were just trying to survive, just like most Panamanians. The level of labor unrest directed at the U.S. declined precipitously because everybody was obsessed with survival issues. How to get by in a cash-starved economy was the overriding concern.

*Q: Did you see a problem with our military? I was going to ask you did the army and the dependents there, the American army were they almost in a cocoon? Were they feeling any of this?*

BECKER: They always tended towards cocoon-like behavior. They didn't regard themselves as a hostile enclave for some time. In fact, even while Noriega liked to put a lot of diplomatic pressure on us, he treated the military fairly well. Life went on on the military bases pretty much as it does in the United States -- school, shopping, recreation, and the like. But that said, relatively few members of the military and their families ventured outside the gates of their enclaves. My daughter used to invite her friends in the DOD school system to come over to our apartment, as the kids liked to get together, but basically their parents recoiled. We don't send our kids to Panama. We pointed out on occasion that they were in Panama. They lived in Panama. They may have lived on a defense site, but they were in Panama. Obviously they had reason to be concerned once the harassment against the school buses and the commuters started, but by and large, the overall habit of most military families was not to venture off base. They had everything they needed there. Movie theaters, shopping, recreational facilities, familiar culture and safety. This was not really jeopardized. Not at all jeopardized by Noriega. He was very skillful in playing off those institutions with which he knew he had solid relations and, as I suggested, from which he may have gotten subliminal or unofficial assurances that all of our diplomatic and political posturing didn't amount to a hill of beans.

*Q: I have to say that when I was consul general in Naples in the late '70s my wife one time was in the PX getting some shopping and all and heard two military wives talking and one was asking the other, have you been through the tunnel yet to see Naples? The other one said, no, no, I don't want to go there. I mean here's the whole city of Naples and you went through it in an automobile tunnel and she'd never been through the tunnel. That mindset.*

BECKER: When my wife was evacuated from Romania to Germany for the birth of our child, she went off base to shop. She didn't speak any German, but tried to learn two or three key words and phrases to get around. She knew what a grocery store looked like. She knew what the products on the shelves looked like, and she could buy some basics she could take back to the hotel. It was a hotel frequented by military families who were TDY and transitioning in and out, and she overheard some military wives bemoaning the fact that they had run out of milk and other staples on the base and what were they going to do? How were they going to feed their children? She thought she was being helpful by suggesting that these staples were available, albeit at a slightly higher price, on the German economy to tide them over until there were new supplies on base. These people recoiled at the prospect that they would have to go off the base and transact a purchase in a foreign language, in what they perceived to be a hostile environment. Yet Germany was anything but a hostile environment for our troops. My wife, to whom

Germany was just as foreign, and despite her very pregnant circumstances, simply had a more open outlook on life and life's encounters.

*Q: Well, Rick, this is probably a good place to stop. Where did you in 1988, where did you go when you left Panama?*

**ARTHUR H. DAVIS, JR.**  
**Ambassador**  
**Panama (1986-1990)**

*Arthur H. Davis Jr. was born in Brockton, Massachusetts. After serving in the military during WWII as a weather forecaster, he worked for Pan American Grace Airways and United Airlines. After becoming active in local Denver politics, he was elected country chairman of the Republican Party in Jefferson County. He was appointed Ambassador to Paraguay by Ronald Reagan, served as a Latin American advisor to the US delegation for the United Nations, and served as Ambassador to Panama. Davis was interviewed by Charles Stuart Kennedy in 1991.*

DAVIS: I got up there a couple of days late, just in time for the big luncheon that Shultz always gives, the secretary gives for ambassadors. And so I served up there. And, on my way through, Whitehead, who is, I think, really an amazing man, the deputy secretary under Shultz, who is just a fine man...anyway, he called me in and talked to me for a while, and he said he wanted to see me on the way through. So I went on to New York, he called me back, he wanted me to go to the luncheon, called me back. And I wondered what he wanted to talk to me about. And he said, "Tell me, are you interested in another post?"

And I said, "Well, yes." I kidded him, I said, "You know, frankly, I think being an ambassador is the best job in the world." I said, "I certainly would." And I knew that the only two places open were Panama and Argentina, but I thought they both had been assigned.

He said, "Where would you like to go?"

And I said, "Well, Panama or Argentina would be beautiful places."

He said, "Well, we'll see what we can do."

And then he said, "By the way, I've got some friends of yours in here." He took me in the next room and there was Elliott Abrams and all of my family and a lot of people from Paraguay and people from human rights, and they gave me my Superior Honor Award for my human rights work in Paraguay. Complete shock. I had no idea that was going to happen.

So then I went back up. And I got a call in October of '85, sometime between the tenth and fifteenth, either from John Whitehead or Elliott's office, I forget which it was, asking me if I

would consider going to Panama. And so I told them if Susy, my daughter, who had been with me in Paraguay--after I lost my wife, she joined me in Paraguay with her three children, and they had been with me in Paraguay for the rest of '85--and I said, "If she'll go." And so I called up and she said she'd love to, so they came to Panama with me.

*Q: You went to Panama in early '86, was that it?*

DAVIS: That's right, yes.

*Q: Was there any problem about confirmation?*

DAVIS: Oh, yes, there sure was. I would say this, if I had gone by the State Department briefing that Dick Wyrole and Rich Mayer had given me, I wouldn't have been in the mess that I was in. They told me to steer away... See, you remember, Spadafora, an opposition member in Panama, had been killed by Noriega's forces. We knew that Noriega's forces had killed him, and his body was found, in a US mailbag on the Costa Rican side, with no head. To this day, they haven't found the head. And so that created quite an uproar.

And then, after that happened, Noriega, one year to the day after the elections of 1984, which, while they may have been very democratic (and they were completely democratic, wide open, because Noriega was so sure his team would win), the indications were that Eno Ferarias and the opposition democratic forces had won, but since everybody else was recognizing... So Spadafora had been killed, the economic situation was terrible. I will say this, the man who was with the democratic forces in the United States... The United States went along with it because everybody else in Latin America... You know Latin America, how many elections do you have in Latin American where there is not a controversy? They claim fraud all over the place. So the actual election went fine, but there was no doubt that the votes were changed after the election. We didn't have any proof of that, so we went ahead and recognized the new president, a man named Nicolás Barletta, a world-famous economist who had worked up here in the World Bank and was well respected and who was also a student of George Shultz back in the University of Chicago. So they recognized that government. And then, a year later, since he had not been politically successful... He had been quite a failure in handling the political part of it and there was a lot of dissension in the streets. But, on top of that, he called for an investigation of the Spadafora murder. So, while Noriega was in France, they called Barletta back to Panama (this was before my time, of course, so I will make it brief), removed him from office, and President Delvalle went in. Of course, from that time on, our ambassador, Ted Briggs, didn't go to the swearing-in of Delvalle, didn't have anything to do with Noriega. So I think that's one reason they figured they'd better make a change and bring a new ambassador in.

And so, getting back to my confirmation, I went over there, and I'll be very truthful, I shouldn't have talked about the Spadafora case as much as I did. But Ted Briggs made a very strong statement about, just before my hearing, three judges came out and declared that the case was closed: there was no further evidence, there would be no more investigation, the case was closed and everybody was to get off it. Well, one man had opposed it; he did not want to stonewall it.

And so, in my hearing, when they asked, I said, "Well, our ambassador reacted as the United States would want him to. He expressed his great displeasure that they closed the case. And also we can feel very good about one thing, and that was, one of the judges at least could express his opinion that he did not agree with closing the case, and evidently there was freedom of speech there. But it would have been better if they had let the case continue, to find out what really happened." I shouldn't have got that deep into it. That was the main thing.

But then Senator Kerry from Massachusetts said, "Mr. Ambassador, there have been a lot of statements that the Panama Defense Forces (PDF) are neck-high in the drug trafficking," and so forth.

And I said, "Look, all I know is that I have seen nothing in all my briefings to show me any indication that the Panama Defense Forces are involved in drugs. But certainly, if anybody is involved in drugs, the embassy under my control will certainly make every effort to put a stop to it, whether it's drug dealing or money laundering." And I got to him there, he said I was interfering.

And so Noriega's Assembly (he had thirty-nine members of the sixty-five Assembly) got together and voted thirty-nine to nothing to declare me persona non grata. They asked the president to withdraw my name and cancel my agrément.

Secretary Shultz and Elliott stood by me. And so the foreign minister was called up, and I know Shultz told him bluntly, "This is the ambassador. If you don't want him, you can recall yours. We'll have no relations if that's what you want."

So they finally put a statement out, a joint statement signed by both parties, and they agreed they'd wait thirty days. And so my going down there was delayed thirty days.

Meantime, though, Shultz called me in one time to say, "I just got these photographs for you." And there were a lot of photographs and newspaper articles. I hadn't even arrived yet, and all the walls, Noriega had had them printed up: FORAS DAVIS! DAVIS GO HOME! WE DON'T WANT ART DAVIS! and all this. And so Shultz said, "You know, I've checked. I think you're the first ambassador who has been asked to leave before he got there."

And of course they were going to have thousands at the airport to greet me and demand I leave. I arrived, and there was nobody there at all except the guy from the protocol office.

Well, we got there. And of course I went down, and it would have been quite an interesting thing. Members of my staff met me. I had told them not to have the whole crew out there because we didn't want to make a big thing of it. I made no comment except, "I'm glad to be in Panama and, after I present my credentials..." I had my daughter, my three grandchildren, the Paraguayan maid, two dogs, and two cats. And we went directly out there to the residence.

*Q: Before you went out there... The assistant secretary for Latin American Affairs by that time was Elliott Abrams. Very controversial figure, particularly in dealing on the matter of Nicaragua*

*and the so-called Iran-contra affair. How did you perceive him, and what sort of instructions did you have?*

DAVIS: My instructions were very tough, because I was briefed one way by the CIA and the military, and by the State Department in another.

*Q: Okay, compare and contrast.*

DAVIS: Well, of course, Elliott Abrams and Ted Briggs both thought that Noriega was a monster, that he was up to his neck in drug trafficking and drug dealing. He and his men were into all kinds of corruption in Panama: they ran the Customs, they ran the ports, they ran the aviation, they ran the immigration, everything was done by the military, and more and more they were taking over the railroads. The only thing that he was smart enough not to get involved in was the Panama Canal.

So my instructions from the State Department were that nobody in Panama, including the commander in chief, a four-star general of the Southern Command; or the administrator the Panama Canal, a three-star general; or anyone on my staff, the Agency or anybody else, were to ever meet personally with Noriega without my specific okay. And they would know I could never make a blanket and say in this case yes, in this no. Every case had to be handled by me, and nobody was to meet with him without my permission. See, we had the Panama Review Committee there, set up by President Johnson, dealing with the canal and Panama matters, composed of the American ambassador, the administrator of the canal, and the commander in chief of the Southern Command, chaired by the American ambassador. And that's the way it went all the time I was there; it was a very important tool.

Now the military asked me not to form any opinions until I got down there. And Noriega had always worked with them. And there were a lot of rumors going around, but they had never seen any proof of drug dealing. And please don't go down there with a negative approach.

The intelligence people, both in the military and the Agency, told me they had worked with Noriega for years and that Noriega had always been truthful with them. Some of the old-timers (to the embarrassment of some of their military superiors) told me about the lovely parties they had with Noriega, that, when they went down, he threw these big parties and had all these beautiful girls there. And he never had broken his trust with any of them in intelligence. And the military said that Noriega had been much more verbal in fraternization and cooperated much better than Omar Torrijos had. That he was for cooperation between the military.

*Q: How did you feel about it when you went down there? Where was your mindset? I mean, you were getting this dual thing.*

DAVIS: Well, I went down there, and my first point was that Delvalle had not ever made a move against me canceling the agrément. That Delvalle was the only hope for democracy in Panama. That, even though he was a stooge for Noriega, I would have to work with him and work with his people. I had already formed a very good rapport with the ambassador from Panama, Kaiser Vasant, who, though, was a Delvalle man and not a Noriega man. The foreign minister was a

strong Noriega man, a real gentleman. Socially and otherwise, you loved to be with him. But a very weak man; he reported to Noriega, not to the president.

So I went down there and I presented my credentials, and it was so typical of Panama. Panama speaks more Spanish than English, particularly among the businessmen and so forth. I went there with my big speech all prepared, and walked in, and was supposed to wait in the outer office and then go in and toe the line until the president told me to proceed, and then go to the other line and give my speech like every ambassador. But I came up the stairs (there are no elevators in that palace), I came up two or three flights of stairs and got to the head of the stairs, and they said, "Oh, the president's waiting for you." I walk in, there's no line, just "Come on over here, let's talk." And all in English.

We went back and forth, and, finally, after about ten minutes, I said, "Mr. President, I have a speech. I have to present my credentials to you, and I have to present the recall of Ambassador Briggs. I've got it in Spanish, so we'll have to have some Spanish."

He said, "Go ahead." So I gave my talk and everything. And even though the vice minister of foreign affairs, a man who was not pro-United States by any means, spoke only Spanish as far as I know (I never spoke English to him any other time), the president kept going back to English. I kept trying to go back to Spanish for this guy's benefit, but the president kept going back to English. The president, by the way, was the only Jewish head of state outside of Israel. So we talked about different connections that he had in the United States and so forth, and I presented my credentials, then went back, and then I went and called on all the ministers. The ministers were all more Noriega people than they were Delvalle, you know.

I established early that the views I had expressed had been the views of the United States. They could claim other things to be interference, but we did not feel that sticking up for rights for the citizens all over the world was interference. The United States, that was their policy, and that's the policy we'd continue on. And we figured that we wanted to have freedom of the press and freedom of speech and so forth, and we went in quite deeply on that.

Of course, Panama never figured that AID was worth a damn for... They didn't really care whether AID was there or not. The people who got money out of the contracts there, they probably did. And AID was doing a good job on private sectors, no doubt about it. But they figured they had enough money in their budget and their economy was good at that time. But it really wasn't. They thought it was, but it really wasn't.

*Q: Well, what was your impression, as you were there and on the ground, and with your contacts and all, about Noriega and his activities?*

DAVIS: Well, there was no doubt that Noriega was making a lot of money on a lot of things. And all I know is that, all the time I was there, Noriega and his drug person, a gentleman named Kiel, cooperated one hundred percent with our people. Anytime we had a ship that we wanted to be interdicted on the high seas and we asked permission, they gave permission. In fact, it was practically a blanket one; we did it out of courtesy. Anytime there was some prominent drug man coming up and we knew about it, Noriega would help us with it. And when we found out about



things, the PDF would go over there and round them up and turn them over to us. In fact, they were almost too cooperative in some cases, because they'd bring them out to the airport and want them to be put on a plane and flown the United States. And, you know, a couple of cases we almost lost because they felt we'd kidnapped these people. And Noriega always stressed to me at every meeting, "I want to let you know that my people were never involved in drugs." We didn't know, but everybody there in Panama--everybody in the State Department, everybody in the military--were convinced Noriega and his people were letting these drugs go through. Every now and then things would pop up. And Noriega was laundering money, we knew that. But the proof was never really made public.

*Q: Well, you'd gotten these sort of dual instructions or requests from, on the one side, the CIA and the military, and on the other side, the Department of State. Did you have a feeling that you were dealing with a divided country team, including the American military and your CIA and the military?*

DAVIS: No. No. No. I tell you what, it was a unique situation: the man making the decisions was Noriega; Delvalle was strictly a stooge. Delvalle, I think, sincerely stayed in to try to bring democracy. Delvalle many times would try to get me someplace where we could talk (that wasn't bugged), to ask me what I could do. He actually asked me one time, "Can you help me get rid of one of my ministers?"

I said, "Mr. President, how could I help you get rid of your minister? Why don't you go to Noriega and tell him you want somebody else in there?"

He said, "Oh, he wouldn't agree to that. What does the State Department want me to do?"

And I said, "We want you to be president. We want you to lead this country back to democracy."

I kept using that same line with Noriega and his henchmen. I said to Noriega one time, "General, you have an opportunity. You're in your early '50s. You have an opportunity, no matter what the past has had for you. No matter what's been done in the past and what enemies you've made (because a man in a high position like you makes a lot of enemies), any enemies you've made, you have the opportunity to go down in the history books of your country as a man who brought democracy to Panama."

He was a tough man to negotiate with. He looked at me as if to say, "What the fuck do I care about the history books of my country?"

You know, he never talked to me about his prowess with the women or about his religion. He talked to me about his military. He was very proud of how much he had helped the United States and... things he'd done for them.

*Q: How did you evaluate Noriega?*

DAVIS: I didn't really see Noriega, for good reasons, for the first few months I was there. But there was no doubt you're not going to get much done or make much progress in Panama unless you did start to meet with Noriega.

Now the first meeting I had with Noriega was a breakfast meeting, of myself and my MILGROUPE commander and the defense attaché--two men who really knew the Panama Defense Forces, and one, Chico Stone, who was the MILGROUPE commander, who really knew Noriega. He'd been there seven years; his wife was Panamanian. Al Cornell, the defense attaché, his wife was Panamanian. So we finally decided that if we were going to make any progress, I should get to Noriega. So Noriega showed up with two of his colonels. And, of course, the papers had all been saying how I'd been sent down to take out Noriega, so I thought that I'd have to develop some kind of rapport with him. And we did, we had one hell of a breakfast.

At first, I stood up and said, "General Noriega, I want to let you know one thing. I was appointed by President Reagan to be his ambassador here in Panama. That means that I represent the United States in Panama, and any government agencies. I have not been sent down as a judge. I never had any instructions that I am to remove you from office or judge you--all these different things you read about in your own newspapers which you accuse me of doing. I've not sat in judgment of you. I've not made any accusations against you to anybody. What I want to do is work out with you how we're going to get Panama back to what Omar Torrijos promised us he would do, and that is: democracy. I want to work with you to make the 1989 election a truly democratic election. No matter who wins will be accepted by everybody."

He said, "Those are my sentiments, too. I want to see democracy in Panama. But, Mr. Ambassador, I don't want a democracy like Guatemala or El Salvador or these other military countries that have faked that they have democracies and, anytime they want to, the military can step in and take it over. You want to work out something like Venezuela or Colombia, where they have a division between the political forces and their military, or the military does what they want and they handle their things?"

And I said, "What I want is a democracy where the people rule and the people make the decisions. That's what is best for everybody."

And he said, "Well, we will work towards that."

We went back and forth. He asked me about why I'd made the statements I did. I told him what I had made. I said, "Look, when it came out in the headlines that I had made remarks about the drug trafficking by the Defense Forces, all I did was in answer to questions, saying that I had heard rumors about that, too, but I had seen no proof. And if you look at my thing, you'll find out I said I had seen no proof, but when I get down there, no matter who's involved in drugs, I certainly will do my best to stop them from doing it. I think you people will agree with that."

And he said, "Yes, we don't like any drugs here. We cooperate with you people on drugs."

They kept getting letters from Lawn, the head of the Drug Enforcement Agency, extolling their virtues for their cooperation on drugs.

So, afterwards, I said to him I wanted to see him alone. I said, "General, it's going to be very difficult after what you did to the freely elected government, throwing out Barletta, who you know was a very strong friend of the United States and had a lot of friends there, and the way you did it. Also, no matter what you say about the Spadafora thing, until some judgment is made or somebody can make an investigation and try to bring those concerned... You cannot deny the fact that the last people that saw him were members of your own Panama Defense Forces. I would think you'd want to have that cleared up. Do you mean to say you condone members of your... If it did happen, that you're protecting them?"

He said, "No, that's never been proven, and those are just false accusations. He was killed by Costa Ricans."

I said, "Well, nobody believes that, including me. Why don't you want to have an investigation? The Catholic Church has been very definite about this. But that's your decision. It would help a lot in our relations if you investigated, found out who did it, punished them, and got the thing cleared up. The other thing is, I want to let you know we're ready to help financially on bringing people in. You say you want to change the election laws? We'll bring both parties in, they'll help you change the election laws. Because, naturally, new laws, if there are some things wrong in that, maybe one could see that. Also, if you want to set up modern equipment, there are agencies in the United States ready to help you set up a better way to vote and everything else. That's what I would like to talk to you about."

So then he got up, and he was funny as hell. See, I'd just heard, two days before, that he was mad at *La Prensa* and he was going to close it (just like I did with Stroessner).

Q: *La Prensa was the major newspaper?*

DAVIS: Yes, Bobby Eisenmann's newspaper, the major newspaper of the opposition, really of everybody. I mean, they're strictly independent. They're blasting the present government, I know.

So Noriega said, "Tell me, you were down there with that dictator Stroessner. How did you get along with him?"

I said, "Well, we got along fine. We had a lot of differences. The thing is that I tried to let him know ways he could get along with the United States. I told him that the worst mistake any head of state or any dictator can do is to close the newspaper. And he closed the newspaper. So he won't get a nickel from Congress."

And Noriega smiled, he looked at me and grinned. He didn't say a word, but he knew what I was getting at.

He's a very astute individual. In fact, I tell the people in the State Department, with all these people coming back saying, "Well, he's not very intelligent. He's learned a lot, but he's not that intelligent," I say, "Listen, you better go around telling people he's a very intelligent guy."

Because the way he manipulated us around, maybe he better be intelligent, otherwise it makes us look pretty stupid."

I tell you what it is. He knows the United States. He knows how far he can go. He knows what gets us mad. And he had great backing. Noriega was a very close friend...I think that Bill Casey looked upon him as his protégé.

*Q: Bill Casey is now deceased but was the head of the CIA during most of the Reagan administration.*

DAVIS: The head of the CIA, yes. When Noriega went up to the United States, he usually visited Bill Casey, and he was received by Bill Casey. In fact, before I got there, whenever Noriega went up to the States, Don Winters, the station chief, the CIA man, went with him, because the intent of the trip was to see Casey. I will say this, when I got down there and I told Don Winters and Jack Galvin, the four-star general, they both cooperated one hundred percent. In fact, when Don Winters's replacement came in, Noriega wanted to give a welcoming lunch. And I told him no, I don't want him to start off on that basis. Let somebody from the intelligence division do it, but I don't think it should be that person on that level. And he went right along with it; Winters cooperated one hundred percent. And George, his replacement, also went along with what I had to say.

*Q: Well, did you feel that you were dealing with a divided policy, at least as far as instructions?*

DAVIS: No, no. I tell you what. The thing is, they were divided, and there were a lot of arguments going on between the military and the Agency and the State Department. But once the policy was set, they went a hundred percent. Except that Werner always wanted to make an accommodation with Noriega. He would never accept the fact that we were never going to make a deal with Noriega.

But I think I utilized my Agency man, George Hazelwood, on the country team, more than most ambassadors. I utilized my defense attaché, Al Cornell. One of the strong women I had was Sigrid Natragene, who was head of the USIA, my public affairs officer, an amazing girl, analytical, had definite ideas, would fight for them. Eleanor Savage, my political officer, a wonderful girl, she knew a lot of people and knew a lot that was going on. And, of course, my deputy chief of mission. Bill Price was my first one, and then I was very fortunate to get John Maisto, who I think is probably one of the outstanding men in the State Department, an amazing man.

*Q: How about with the Southern Command? You were saying there was a four-star general. The military doesn't really look very kindly on the diplomatic side.*

DAVIS: No, but I tell you, Jack Galvin... You know, in your lifetime you can probably count on one hand the real men. That's why I get a kick out of the State Department's category: "Superior and Outstanding," or "Outstanding and Extraordinary." And that's a hell of a category. Of course, you have to put them in that, because if you give them "Expert," they don't get promoted, you know. The one I made out on Floyd Cooper, I said, "Floyd, I gave you a great thing. I had to lie

like hell, but I gave you a great rating." No, but of all the men I've met, Galvin would be in my top five.

*Q: And he was commander in chief of the Southern Command.*

DAVIS: Four-star general. He was a diplomat, a hell of a politician, and a real fine military man. But, see, he always subordinated himself to me. He always let me know about everything he wanted to do. If a slip-up was made (and it happened once or twice), he came back later and said, "I should have checked this. It was a military thing, but there was policy connected with it." Every time he went to see Noriega, something would come up that Noriega would want to talk about military, I let him go, but not to talk policy. And if they did, he'd say, "You know, I promised I wouldn't talk policy, but you know how it is. And this is what we did mention..." and he would brief me on the whole thing. And in the Panama Review Committee, he was a hundred percent supportive.

*Q: I take it, at that point, you weren't sitting down and saying, well, if something happens, what's your plan for taking over Panama? Which of course did happen a little later.*

DAVIS: No, but one thing we were taking up... Well, see, here's what happened, Jack Galvin left on the day that Díaz Herrera made his statement which brought all this political dissension in. Jack Galvin's change of command to Fred Werner took place on June 6, 1987, the same afternoon Díaz Herrera made his statement about the corruption in the PDF, how the Cuban visas had been sold, how the election had been stolen in '84, and accusing Noriega and his cohorts of doing this. And then he went into hiding, in solitary, in his house, and they surrounded it. And that started all the political dissension.

I had just sent a letter to Jack Galvin that said, "You know, I will have to admit that things went to hell once you left." And I always said to Fred Werner, "Geez, you know, Galvin had this thing under control. You come in and, my God, it just goes all to hell."

*Q: Well, now, what about the Canal Zone authorities? I was thinking of the Americans; these have always been sort of an odd group. In a way, public servants, but, boy, they want everything their way.*

DAVIS: The thing is, if the United States ever had a group of colonists anyplace, we had them in the Panama Canal Zone, because they had their own churches, they had their own schools, they had their own PX to go to. When we first got down there, my daughter was mentioning that... two Panama Canal employees, a husband and wife, had said, "Well, we very seldom go to Panama."

She said, "Well, what do you mean? You live in Panama."

She said, "Oh, well we mean, into the city."

And she said, "Well, have you been to the Teatro Nacional?"

"No."

"Haven't you gone to the Marriott?"

"Oh, we went to the Marriott for a drink."

"Well, what about the great big conventions?"

"Oh, no. No."

"Have you been up to El V...?"

"No, no."

They just lived in a...

That's one side, but then you have to really admire what they've done with that canal. I mean, that canal is running today better than it ever ran before. It's in good condition. The thing has been there since 1914, an amazing piece of economic success. And these men are dedicated to it. And they have had privileges. You know, for years they were hired, paid people, workers in the government, and today I guess they still would be way up there. But those days are coming to an end. I'm surprised that more haven't left. I thought there would be a big exodus once they got a Panamanian in as administrator of the canal.

*Q: What was the situation with the Panama Canal when you were there?*

DAVIS: You mean during the dissension and so forth?

*Q: When you arrived in '86, the canal had already basically been turned over, but were you feeling any aftermaths of the Panamization of the canal?*

DAVIS: Well, I tell you, the thing is, I think generally the thinking Panamanians did not want the canal back before the year 2000. Politically they might have claimed that. I think most Panamanians thought that they needed that length of time to get ready to take it over. Most Panamanians--I'm talking about the serious ones, not those politically motivated or with an ax to grind--feel that they're going to face great problems with the canal. And even those who are very pro-Panama on the treaty, like Romulo Escobar, and other people who did not...a lot of Panamanians did not want the treaty and thought they were better off having the United States take care of it, they all agreed that big changes have to take place, because you can't have a Panamanian accountant working on the canal getting two or three times as much money as an accountant in a bank downtown. Romulo Escobar negotiated the treaty with Omar Torrijos and also was a strong Noriega right-hand man. He, one time in my home, was talking with the deputy director of the canal, Fernando Manfredo, and said, "Manfredo, you've got to remember one thing, we are not going to have any special citizens working on the canal. If those people don't want to accept the Panama standard of living, they'll have to quit. We're not going to have special citizens because they work on the canal."

And I think that's what they've got to face up to, because they have had special privileges. And a lot of the Americans have had special privileges. But also, you know, it wasn't the best place to live. Maybe the administrator of the canal has a lovely home, and some others, but basically those homes are not luxurious by any standards, and, okay, so they can buy stuff at the PX that we get in the States, that doesn't make up for the rainy season or things.

*Q: It's like being allowed to have a little better price at K Mart.*

DAVIS: It sure is. I've read some articles by, oh, different people in public life that complain about how they're pampered and everything. But if they want to go down there, go down there and work. Do they want to spend their...? I'll admit, they were like... I think, good thing both ways. The head of the industrial plant of the canal was a guy named Coronado. His father was the head of it before him, and his grandfather before him. And that's the pride they take in their work and the pride they get in being there. They would rather hire all Americans, there's no doubt about it. They don't particularly like Panamanian executives to come in; they feel it's going to go downhill. But basically it's tough on them to accept the fact; they never thought they were going to lose the canal.

*Q: But this was not an issue where you had to constantly remind the Americans working for the Panama Canal that things had changed?*

DAVIS: No, no. No, they thought they had a right in the... I went in trying to understand them. They had some very legitimate gripes, you know, all the things that came out in the treaty. You know, I have never figured out why, on a military base in Panama, other Americans are allowed to go and trade in the PX. I don't think the PX was ever made for the embassy, or for the Panama Canal employees. See, they lost those privileges, but they gained fifteen percent more money. Now they'd like to get them back, but they don't want to give up their fifteen percent.

*Q: Well, in 1987, when Díaz Herrera made this statement, what was the background?*

DAVIS: See, there was a deal made. When Omar Parides was supposed to run for president in 1984, he never was backed as a candidate, and Noriega was supposed to go in as commander in chief and stay until July of '87, and Díaz Herrera was supposed to take over in '87. It was strictly devious, but whether or not they realized it, the guy was not capable of anything. He was a crackpot, I tell you, you couldn't really talk to him logically. But, anyway, they kicked him out in June. So he immediately, after a couple of weeks, went in and disposed of everything.

*Q: So how did this impact on your work?*

DAVIS: Well, in fact, one thing that happened, the National Democratic Council had sent people out to the Philippines to observe the election, and they took two or three from each country. And they sent down three names to us. One of them was Aurelio Barria, who was president of the Panamanian Chamber of Commerce. And another one we picked was a Noriega appointee but also a very fine man, Chen, on the election board. And another one we took was one of the priests from the church. Well, naturally, a lot of meetings took place between John Maisto and

Aurelio Barria before they went. They went over there and observed the election and came back and started to form this similar group to the group they had in Panama, the citizens group to observe the election (I should remember the name; I don't). But, anyway, that was the group that, when the charge came out, became the Civic Crusade under Aurelio Barria.

So, did it impact my embassy! Because, first of all, when they made this statement, it was the same statement I had made in my October speech. What they wanted was return to democracy, they wanted the troops to return to the barracks, and they wanted full respect for human rights. And those were the three points I had been pushing.

Plus the fact Maisto had been meeting with Aurelio Barria, sent him to the Philippines, he comes back and who is the bigger leader of the opposition but Barria, Eddia Viarino, and Meo. And the organization was set up to become the voice of justice in election observers in 1989. That group started off with thirty-six member clubs, grew up to over two hundred.

*Q: So we planted a very strong seed by showing... Was this done really with malice aforethought?*

DAVIS: No, we did it hoping that we would have a citizens group to be observers to assure that the '89 elections would be democratic. And that's when he started to form this group on his own. But then, of course, when it came out and he took the same group to do it, Maisto was the brunt of all their accusations as being the brains behind the opposition.

Now what happened to him, they declared a state of siege, once they took to the streets, I'd say the 7th or 8th of June of '87. And on the 13th of June, Gabriel Lewis, who had been the ambassador to the United States in the Carter days of the treaty, I tell you what, finally Noriega kicked him out of the country. And Dodd was down three days later and told the president...

*Q: This was Senator Dodd.*

DAVIS: He and I met several times with Noriega, and he was a very big help to me because he speaks great Spanish. The three of us would meet sometimes until 2:30 in the morning, arguing about democracy.

But Senator Dodd told the president, "You know, that was a stupid thing to do. Gabriel Lewis knows more senators in the United States Senate than I do."

So he was kicked out on the thirteenth. On the twenty-sixth of June, the Senate came out with a resolution, and about two or three paragraphs were written by Gabriel Lewis..., condemning Noriega and Delvalle for what they had done, that they should bring these people to justice, and those who have been charged should resign or step aside until the charges can be verified.

Of course, all this time these demonstrations were going on, we had our observers out, and I was called to several meetings down at the palace, with the archbishop of the Catholic Church, to try to get them to let them demonstrate, don't retaliate too much and everything. They said no, they had told them not to do it, and they were going to do it, so they would make retaliation against them. And we were very much involved all through that period.



But, even then, Delvalle would ask me to meet with his people. I would meet with them, and then I would meet with the opposition, to try to get the thing onto a level keel so there could be some kind of a negotiation. We wouldn't mediate the negotiation, but we tried to meet with them. I met with the opposition; I met with the church, I met with the political party; I met with anybody that the Noriega-Delvalle people wanted me to meet with.

On the twenty-sixth, they made that resolution. On the twenty-ninth, they lifted the state of siege. And on the thirtieth, they held a meeting outside the Foreign Ministry. There must have been about ten thousand people there, and about five thousand marched on the embassy. I'd say only a few hundred really stayed around, but they stoned the embassy and made speeches.

*Q: Who were these people?*

DAVIS: These were Noriega goons; they were paramilitary people that Noriega had hired. We know who they were. And they just stoned us for an hour, then they went down and stoned the consulate, and then they went over and stoned the information service. Broke all the windows in the information service, destroyed the waiting room and all the windows in the consulate. We had grillwork over all our windows, but they destroyed about fifteen or sixteen automobiles. We sent them a bill for a hundred and six thousand some odd dollars, and they paid it.

*Q: What did this do to relations, then?*

DAVIS: Well, the first thing I did was tell them that I called off all aid--every bit of military aid, every bit of intelligence aid, any kind of aid--not one cent until they paid the bill. Secretary Shultz was traveling in the Far East and got word to me. He called up and couldn't get me, so he got me through Elliott Abrams, saying, "You tell President Delvalle the only other place this has ever happened is in Tehran. If that's the kind of relationship they want, that's what they're going to get." See, I had already told the secretary I had cut off all aid. Well, later on, he continued it. I told them that when they paid the bill we would start up, but from that time on, we never gave them one cent of aid, until after the invasion.

*Q: Did you cut off the aid on your own?*

DAVIS: On my own. I didn't consult anybody. I cut it off on my own and told the State Department what I was doing, and they agreed.

*Q: Well, I take it then, as far as you were concerned, you and Secretary Shultz and Assistant Secretary Abrams were more or less...you knew...*

DAVIS: I knew that's what he wanted me to do. The military had a lot of trucks and airplanes and things like that, that we were repairing, and I said, "You tell them they have to come and get them. We can't do another thing on that." They had a lot of batteries they were recharging, and they had to come over and take all the batteries; we wouldn't do a thing for them.

Then, of course, it kind of calmed down in August. That was the last big thing. This group who... started off with two or three hundred meeting, with thirty-six clubs and organizations and institutions and so forth, got up to over two hundred institutions and labor groups and other groups. They had a demonstration with sixty to a hundred thousand people. And they cut down all the buses that day, telling those people to walk six or seven miles to get there. And it was a complete cross section; it wasn't black or white or Spanish, it was just everybody--poor people, bankers, everybody. And they allowed them to do it, but that's the last time they allowed them to get out in force like that.

*Q: How were relations with Noriega from then on?*

DAVIS: Well, as I said, I still met with Noriega. I went and argued about harassment and some of the things he did with the people; I asked him to have more concern. I met at the president's palace with Archbishop McGrath and a representative of the legislature and Noriega's people, urged them to let them go out on demonstration; they're not going to cause you problems, they're going to march peacefully. He didn't do it. They beat hell out of them. But we were still meeting, and we continued to do that. August was the last big thing, and after October, they quieted down.

But then, of course, they were working on Noriega's indictment. And so, in February, when the indictment came out...

*Q: This was back in the United States.*

DAVIS: Yes, in Tampa and Miami. Now President Delvalle had made a statement to the *Los Angeles Times*, in the fall of '87, that if Noriega or anybody on his staff ever got indicted for drugs anyplace in the world, he would remove them from office. So we immediately reminded him of that, and he made the decision to do it, but it took him a long time to do it. Finally, on the twenty-fifth, he removed Noriega from office. And, of course, Noriega turned around and held an Assembly meeting, and they threw out Delvalle, and they threw out Escavelle for good luck (he hadn't been involved) and put in their own man, Solis Palma. And so from that time on, I had no contacts with Noriega whatsoever.

The American Embassy in Panama went from February of '88 until after the invasion on December 20 with absolutely no official contact, or any other contact, with the government of Noriega. Our licenses ran out, our visas ran out. In March of '89 we had to rent cars and put all our private vehicles in storage because we couldn't request diplomatic license plates. I think that's a record. I don't think any other embassy has ever gone that long without having any dealings with the government. Also they recalled me.

It went on, and the blessing came at the end of '89 when the opposition got united, because we really didn't think all those different diverse groups would get united. But through the leadership of Arias Calderone and Billy Ford and Endara, they agreed Endara should head the ticket, and that helped, and they came in with a united slate and stayed united all through the election.

*Q: Today is July 3, 1991, and this is the second interview with Ambassador Arthur H. Davis. Last time, Mr. Ambassador, we were talking about the events that lead up to sort of basically*

*shutting off relations with the Panamanian government, although you were still in Panama. Noriega had been indicted and so on, and then everything just sort of ceased, although you were there. With this indictment of Noriega, were you sort of following this on a daily basis, and were you getting sort of legal advice from the Department of State, and what were your relations with the Department of State while this was developing?*

DAVIS: Of course, this was developing through the entire year of 1987, and I think it was in September or October where they felt quite confident they would be bringing in an indictment. Then evidently they felt that they needed more solid evidence, because it looked for a while in the first part of '89 as if they didn't know whether the grand jury was going to indict. I knew that it was up, but both the State Department and the embassy received only a few days' notice that it was going to come down, I think it was on February 5th. So we did get that warning.

I remember that it was quite interesting, so typical of communications today. President Delvalle, of course, was in hiding. And I got a call from the State Department, telling me that I could brief President Delvalle that the indictments were coming out the next day from both Tampa and Miami, and that it would be in the news on the next day. I was told not to say who the indictments were against in addition to Noriega. I was not to say on what these charges were to be based, nor about the Medellín and the Darién cocaine plants or the money laundering. I was not to brief Delvalle on that. But on the way over to Delvalle's, CNN news came on, and I knew Delvalle spent all his time watching TV, all the different news programs, so CNN news announced that he was going to be indicted in both Tampa and Miami, he was indicted about the activities of the cocaine plant in Darién and his money laundering in marijuana on something else. And so I briefed Delvalle on everything that I knew, knowing he had heard it, and he had heard it.

*Q: Just one question here. Delvalle's in hiding, yet here's the American ambassador going to his place of hiding. I would have thought that this would have been...*

DAVIS: Let me tell you how tricky... You've got to remember one thing, that Panama has no laws against tinted windows. Also, the young man that picked me up, a man named Toby, did not want anyone to follow him, but I told my guards to try to keep pace with him. They lost him. He took such a circuitous route and drove so deftly that they lost him. Then from there we would drive into the lower deck parking, which was enclosed, you needed a signal to open it up, drive in, park, then he would get out and walk in and check if the service entrance was all right, then he'd signal me and I'd get in the elevator and go up. President Delvalle had one theory, which evidently is a good one: Never hide anyplace where there's any help at all. I only knew of one location that he was in. He occupied apartments and houses that did not have maids there; the people were in Europe or other countries, and he just went in and occupied their homes. It was interesting, the place that I went to brief him in, and which he was there twice, was in the same apartment house that Manuel Noriega's mistress was located, and her apartment was three floors down. And the minister of government and justice, Minister Chiari, was also there in the same building. And two of our officers from the embassy were in that same building.

*Q: I would think you would have been meeting the wrong people on the elevators.*

DAVIS: Well, no, we took the service elevator. The service elevator was to the rear, and we'd come up to the rear, and then he'd have his rear door open, and I'd always go in through the kitchen. Always used the service elevator.

So, anyway, I went over there to brief him. And I might mention that at that same time I reminded him of the fact that in the fall of '87 he had said that if anybody on his staff, including General Noriega, had been indicted for drugs, he would ask them to resign their posts or step aside while the investigation was going on.

*Q: So you were briefing him, but what were you doing? Had the shutdown come by this point?*

DAVIS: Well, see, we had recognized Delvalle as the president of Panama. We did not recognize the Noriega government. I don't know whether I mentioned it before, but I imagine that's a unique circumstance, not only for the United States but for any embassy, that we maintained an embassy from February of 1988 until December 20, 1989, when we invaded, with absolutely no official contact with the de facto government of Panama.

*Q: That's almost two years.*

DAVIS: Twenty-two months.

*Q: How does one operate under these circumstances? Was the fact that you had access to the Canal Zone amenities, or something like that, about the main that kept you going?*

DAVIS: Well, you have to remember that we not only had the Canal Zone, but we had the huge airbase. Our people would go out and play tennis, go out there and see the movie, go out there for the shows. We also bought all our food from the PX. We did have one very big problem, and it was one that really bothered me the most, particularly when it came to the ladies in the embassy. And, by the way, they were as tough as anybody; I don't mean to imply that they were whiners, because they weren't. But it did bother me that, after a certain period of time, their licenses to drive a car expired. And then, due to the different ways that the Panamanian government gave out visas, some of their visas expired. And then, of course, when it came time in 1989 to renew our diplomatic plates (luckily we had renewed our '88 plates), since we could not send a letter to the Foreign Ministry requesting the issuance of diplomatic plates, we had to go out and rent automobiles for every officer in the embassy, and all private cars were stored out at the military base.

*Q: Well, you say for the officers, but what about the staff?*

DAVIS: Well, that's really all the staff. Any Americans down there eligible for diplomatic plates who could not get them, we rented cars for them, whatever their position was.

*Q: Did you have any trouble with Washington sort of on the bureaucratic thing of trying to get these?*

DAVIS: No, we planned this. Of course, we had lots of time to look forward to this. And, although ordinarily license plate issuance was due the first of March, we knew they were behind, so we did get a little extra time on that. But we had sent in our various plans of renting automobiles, so at the time it happened we were prepared for it; the approvals had come through.

*Q: You had mentioned, I think when we were talking off the microphone, about problems with the utilities, and Washington didn't quite understand.*

DAVIS: Well, I tell you, see, the thing is, this was no criticism, but we had the secretary of state, the assistant secretary for Latin American affairs, and two men, the deputy assistant secretary and the head of the Panama Desk, none of whom had ever served overseas. And when they came out with the sanctions, I thought that utilities and telephone bills should be considered minor expenses and that we should be allowed to pay those. They agreed on the telephone bills, because of the need to communicate and so forth, but they said they wanted to call Noriega's bluff on the utilities. And, in May of 1988, when the negotiation was going on between Mike Cosak, the deputy assistant secretary, and Manuel Noriega, for his removal, I told him to please talk to Noriega and tell him that the negotiation would be canceled if anything happened to our utilities. And then the notice came in that as of April twenty-first, I think was the date, that the utilities were turned off. Well, since I had the assurance of the negotiating team that Noriega had promised them that he would not turn them off, I assured my country team, "Look, I don't care what they've said, I can tell you that they will not be turning off these lights." And the next weekend, they turned them all off. And of course I immediately got in touch with the negotiating team. We had made plans for that, so we knew what were doing if they turned off the utilities. We sent them into hotels. We did make a mistake, the admin. man put some of them into apartments that were right near the center of all the demonstrations, but we rectified that very quickly and got them into hotels. And it was only within two or three days, we had them all back on again. In fact, it was quite cute, a lot of the girls sent me little notes that said, "Dear Mr. Ambassador, thank you for a weekend at the Marriott."

But it was particularly difficult for John Maisto, my deputy chief of mission, and myself, because we had assured them they would not be turned off. And then Mario Vonyoni, who I think Noriega talked to about putting on the electricity...

*Q: Who was he?*

DAVIS: He was a businessman, who had been on TV many times speaking on behalf of the Noriega regime, and also a member of the Assembly, and a very good politician, quite frankly. I don't know whether he did it to be mean, but the first electricity he put on was in John Maisto's apartment house, and then they delayed quite a bit before they put some of the others on. And so that was another factor. But I would say our credibility with the staff was greatly affected and morale was very much down. You've got to remember they had already gone for quite a few months when that happened, and this was just another blow to them.

*Q: Was your staff being harassed, outside of this type of thing? We've all seen pictures of these goon squads that were going around beating up the opposition. How about the embassy staff?*

DAVIS: Well, several people were stopped and had to bribe their way out of it, twenty-five or fifty dollars. And I think it was a smart thing for them to pay it, rather than to be carted off.

But we had another thing happen that was quite interesting, and really it was one of the saddest things that happened. Anyone who had a traffic violation, whether it was justified or unjustified, anyone that got a traffic ticket, they would pick up their license. And they refused to recognize our diplomatic status, and we refused to let our people go to court. We had to get that plan in progress, so it was agreed by the State Department and ourselves that when they got their second notice to appear in court, which they could not do, they would have to leave the country. And we had two families that had to leave the country because they had traffic violations. And we did not want them to go to court because we thought it would be settled against us, with the PDF trying to prove their strength and throwing our people in jail for not having diplomatic status and for breaking the laws of the country.

*Q: Well, did you feel that there was an organized attempt by the PDF to try to, in a way, drive you out?*

DAVIS: No, I think that they were more interested in harassing us. I don't think Noriega wanted us out. You have to remember that Noriega knew what was going on in the military also, and yet Noriega never brought up some of the flights we were running out of the military base. That was never an issue. They may have stoned our embassy in June and harassed certain Americans... I would say, in most of the cases I talked to in the accidents, they felt that they had either been speeding, or gone through a red light, or whatever it happened to be, and they didn't think they were singled out. But I would say that Noriega threatened, there were certain people he wanted, and he declared two people persona non grata, referring to another one as persona non grata. And then posters came out of myself, my deputy chief of mission, and my daughter, large posters about four by eight, right off the embassy and in the main plaza right off the airport, saying: "These people are persona non grata in Panama."

*Q: Why was your daughter...?*

DAVIS: Noriega did not like my daughter. My daughter, first of all, when the demonstrations first started, a group of friends invited her to go to church, and she went to church on the big day that was the Assembly against Noriega. And everybody came to it, giving the brochures and everything, and so when the picture was taken, it looks like she's passing them out; she was really receiving them.

*Q: How old was your daughter at the time?*

DAVIS: She was 32 years old. Of course, another thing was, many of the opposition came to the residence. And a lot of times they would come to the residence while I wasn't there, and my daughter talked to them. And many of the girls who were harassed, particularly one in the Isthmian Bank, came to tell her what they'd done to her and what they said to her and how they had molested her and pulled her arm out of its socket, and then showed her the bruises and everything. And, of course, I was called in later, but when I got home, I came in and she was there. But then my daughter, of course, once she became involved... I remember when *La Prensa*

had been closed down, they held this rally at the Dante, which had been burned, in the parking lot. My daughter and I went down there and walked through the crowd to let them know we supported the return of *La Prensa*, and to contribute to the employees' fund, and let them know we were for freedom of the press. And after that, Noriega would accuse Susy of being places she wasn't. For instance, when they went into the Chamber of Commerce and removed all the books and papers, they claimed that she came by and was standing outside yelling with the crowd. Well, Susy at that time was not even in the country, she was up in Washington, DC. Another time, they said she was with a group which was throwing rocks at buses going by with PDF people in them, and she wasn't anywhere near that.

*Q: I'm a bit surprised at this. I would have thought that, sort of in the Latin American context, picking on your daughter was not a very smart political move.*

DAVIS: Well, let me tell you two things they did to my daughter. First of all, they accused her of being the prostitute of the diplomatic corps. Then, when they were after money, Encorea, who right now is the mayor of Panama, but a very strong radio announcer and one of the most popular names in Panama, one of the first to come out and ask for violence and demonstrations against Noriega, on a radio program, and she was exiled, and she is also a lover of Susan Davis, these two lesbians. And then another time, Susy was always trying to get people out who were in jail, and this man was in jail, and Susy went down to the restaurant with my son... It was a funny thing, we had a reception at the embassy, it broke up about 9:30 or 10:00, and she went down to this restaurant to get cigarettes. And when she walked in, a friend of hers was with a colonel in the Panama Defense Forces, and he called Susy over. So Susy started talking to this fellow about letting this man out. She said, "He's a family man like you. He's a good Panamanian. Why don't you let him out so he can be with his family for Christmas?"

And the colonel said, "Well, I'll see what I can do."

And then she made the mistake of going after this man who is married to Fernando Allenta's daughter. I should remember his name because I talked to him so many times. But, anyway, he was thrown in jail just before Christmas, and she said, "What about Ricardo (or whatever his name was)?" And he got mad, and they went yelling back and forth. And, just then, her friend came up and thought it would help to give her a glass of champagne. So my daughter took the bottle and threw it across the room. Then the bodyguard of this... Plato Hernandez, that was it. The bodyguard came between them and Susy fell down. And the next day the entire front page of the opposition press had: "SUSAN DAVIS, DRUNK AND DRUGGED, INSULTS AN OFFICER OF THE PANAMA DEFENSE FORCES." And it goes on to say (this was so silly) that they got into an argument and she fell backwards, and her dress went up and you could see her pants.

*Q: I would have thought this wouldn't play too well.*

DAVIS: Well, they attacked me, you know. First of all, I was taking out a writer, a very fine lady. And they passed pamphlets all over Panama, to the Union Club and to the Assembly, telling about our love life and different perverted things we did. And at the end it said, "One of our real pleasures was that I liked to take out my teeth and suck on her breasts." And this girl was just a

lady from the old school. I mean, she was not what you'd call--they had it in there, the modern insensitivities. She was very sensible. She went to Miami for a month. It really broke her heart; she was quite broken up about it.

Another time, I hadn't been outside for dinner for a long time, so my daughter and I met a Colombian girl who was also... My daughter's a dress designer...this is my daughter Karen, who was visiting me. She knew this dress designer named Dorian, and we went down to the Marriott and had dinner. Afterwards I came down on the elevator with Dorian and walked her to her automobile, where they had the valet service in the rear. And that came out on the front page, her picture and mine (they got her picture from her I.D.), and said, "North Americans would like to know that this is the mistress of Ambassador Davis. He has supplied her with a limousine and a butler."

*Q: I don't want to over dwell on this, but the technique of this I'm trying to figure out. This looks like it was aimed a particular group within Panama. Because obviously to the sophisticated element and all, this is sort of abhorrent.*

DAVIS: Well, let me tell you the worst thing that happened. They had a front page article that said, first of all, that I was thrown out of Paraguay by President Stroessner because...and they used the term "dipsomaniac." I had never heard that in Panama, dipsomaniaco. I had heard barracho and things, but never this. Then it went on to say that also I was very fresh with the Panamanian women I had gone out with. Oh, by the way, they kept referring to the fact that I was very unpopular with the diplomatic corps because I kept patting the women on the fanny for good luck. But then they said that the Panamanian girls had all told how fresh I'd been; I had shown no respect for them. But then, under my picture, they put: "The Geriatric Fossil."

So I called up a man named (a lovely name) Iscolactico Calvo. He was the editor of the Noriega newspaper. So I said, "Iscolactico, I don't mind when you write things that people don't believe, because everybody who knows me knows that, while I may drink, I'm not a heavy-drinking man, and I can't remember the last time I was drunk. And also, if you talk to the two or three Panamanian women I've been out with, instead of saying that I was not a gentleman, they might tell you it was a rather boring evening. Lying like that doesn't bother me, but what really bothers me is when you get so close to the truth. Every morning when I get out of bed, I think of that geriatric fossil bit as I'm unwrapping my legs, and I resent that."

But then, you know, I've got a series of cartoons, there must be about forty of them, that they wrote about me being drunk all the time, on rum or gin, and they show me as a marracho, always in cowboy outfits, one time with my boots off and my feet smelling.

Noriega was behind every one of these. Noriega gave them instructions to do these things.

Somebody saw me in the Marriott, maybe one of the butlers or something called up and reported it, so he made a big issue out of it. And it really bothered her, because this was a poor girl, I'd say in her early '30s, living alone, running her little boutique. And she was really scared, because these PDF people would come by every now and then and look up at her. She really got quite scared.



So, along with attacking me, of course, was John Maisto. They put John Maisto's picture in the paper, and it said, "Fellow Panamanians, remember this face. This is an enemy of Panama."

*Q: He was your deputy chief of mission.*

DAVIS: Yes. Then finally they came out with a bigger picture that said, "Fellow Panamanians, remember this face. Tomorrow we will print his address and telephone number." John's home was about six feet from the street, a lovely home, secure in every other way, but too close to the street. So I called John up and John said, "Don't worry, Mr. Ambassador, I'm already making arrangements to get out of here." So he moved out and went to an apartment. It wasn't the same type of living for him, and it was very difficult for him entertaining, but...

And they continually attacked. In fact, when the Haiti overthrow failed, John was in the States, and they blamed it on John. They said, "John Maisto fails another coup. He was behind the coup in Haiti also." See, because you've got to remember, John was working with the Philippine Desk at the time that Marcos was removed. So when I brought him down, we had quite an event. It looked like Marcos might be accepted by Panama, so then we didn't know what the hell we were going to do about my deputy chief of mission; is he going to be able to come or not? But they kept bringing that up, that he was brought in as a man who overthrew dictatorships. I think you'll find, in most places, they attack the deputy chief of mission rather than the ambassador. And they attacked him as being the man behind the opposition.

*Q: What was the result of this type of campaign? Did it have any effect, say, on your morale, the embassy's morale, your DCM's morale, or within the context of being able to deal with people in Panama?*

DAVIS: Well, you've got to remember we weren't dealing with any of these people attacking us. We were not having anything to do with them. The only time I called Noriega, from the time he was indicted on, was when people were thrown in jail and I wanted to get them out. I'd call him in a mad mood, saying I want these men out of jail, and Noriega usually came through with it.

But the prize of the indictments... You have to remember that we met quite frequently, and many times when there was something or other and Noriega and I together, one on one, John Maisto went with me and we would talk about these things. In fact, John Maisto and I met with Noriega Hustini and insisted that he get that picture of Noriega on paper. And then the paper came out, and a funny thing, it came out and said, "This is the last time we'll be able to do this; we have orders not to print this anymore."

But it didn't affect John or myself. I don't think it affected many Americans; the Panamanians were the ones. The sign across the street, of the three of us, that said: "Fellow Panamanians, these people are persona non grata in Panama," and great big pictures, they resented it, the Panamanians on our staff resented it more than we did. It bothered them.

*Q: How about your contacts with Panamanians, did this have any effect?*

DAVIS: I don't know whether I mentioned it before, you've got to remember, before the indictment, we met with all sides. We met with President Delvalle, who had called me in and asked me to meet with Solis Palma and a group of businessmen. And some of the ministers would ask to come see me, and different members of the Assembly would ask. In the meantime, we were meeting whenever the opposition wanted to meet.

After the indictments, we had no connection, but I would say that I did not go along with it, I didn't force the issue. I stayed home quite a bit; I didn't do as much entertaining. Most of my entertaining would be to bring fellow ambassadors in on a series of meetings to brief them on what was going on, what the stance of the United States was, why we were doing the different things and why we felt they were necessary, and what we felt was going to happen in the election. Right up to the election we were meeting with them periodically. Say, the European group, I used to meet with six or seven of the European community, periodically, or brief them.

Also, of course, we briefed them on the procedures in case of an invasion and if Noriega started running around and doing some of the things some of his people were threatening. He was threatening, you know, to go take hostages of some of the people. Of course, towards the end, he got even worse. He was marking homes of the opposition and letting the Americans know that he had a list of all the Americans and where they lived, what apartment houses and so forth.

Of course, in May or June of '88, we arranged for anyone who wanted to take voluntary reassignment, any families that wanted to leave could leave...I forget the term for that...optional...

*Q: Were you trying to bring it down?*

DAVIS: See, when I got there, there were 256 Americans, and then, with the departure of AID, it went down to about 200. And we gradually were cutting back on the regional offices and different offices, and cutting back in certain positions where we felt we could. And so when they finally ordered me to cut to 45, we were down to 107 people. We went from about 170 down to 107 sometime in January of 1989.

*Q: How about consular operations? I would have thought these would have been a very important element in Panama.*

DAVIS: Yes, that continued. We closed it down for quite a long period after they stoned the consulate; there were no visas given out. We then moved the operation into the embassy itself to take care of American citizens and continue our American section, but we did not give visas to Panamanians for quite a while. Of course, in separate cases of people you wanted up there, or for some reason we felt they should be going up there, we gave them the visas. Then the consulate opened again.

And, quite frankly, there was only one instance, I think, where we closed down again, when Curt Mews was picked up as running the clandestine radio. He was an American living in Panama; his family lived there, too, a mother and father and he and his wife. Curt Mews is now in Washington. Anyway, when he was first picked up, they refused him our consulate staff's normal visitation rights. So we advised them that if they did not allow that, we were canceling all visas

for Panamanians. And they immediately allowed us to start visiting him, and that continued all through his time in jail. He was freed on the day of the invasion.

*Q: What was your and your staff's impression of the various efforts made to cut down on...well, we were freezing accounts, and we were not having relations with the government and all this? How effective was this? Did you feel that we could have kept going for a very long time?*

DAVIS: Well, I tell you, Noriega at first was able to get money from Libya and other countries, and then he started using the money that came in from income. You've got to remember that from about the time we started the sanctions in '88 until we finally moved in, all that time they made no capital improvements to anything. Intel, the telephone system, all the proceeds from that, all the proceeds from Eirate, the electrical system, all went into Noriega's monies. In spite of the fact they seemed to be tight, they were still stealing millions of dollars, as was proven later. They would write checks for over a million dollars to "The Bearer." People would just take it with "The Bearer," go to the bank, and get a million dollars. There are some forty-three million dollars collected already of checks that went in that way. And he had several million dollars, of course, in his commandantia when they picked him up, plus quite a sum of money in his home. They were paying by scrip, too. And also the checks themselves became sort of a money, because they could pay the utilities with them, they could pay the grocery stores with them. And of course the grocery stores, in order to stay in business, had to take them. And I imagine that they got very little of that back. But it did have an effect. The morale of the troops was going down, even though they had the commissary and everything. They were being held for long periods of time on alert, and they were not getting what they used to get for their families, which was not very much to begin with.

But I don't think it would have resulted in a collapse. I think that we had reached the point where we realized that they could struggle along somehow. Of course, the social security funds were all gone. They had no medicines. All these people were still paying into the social security and those funds were being used, but there was no medicine, no care for them, because they had no facilities, no properly working equipment or medicines. So all those things contributed to paying off payrolls and things like that. And of course the payrolls were put off. They sometimes went a month or two without getting paid, then they'd just get a partial pay, and their yearly bonuses were not paid. There were lots of ways they cut down.

I don't know whether I mentioned before, but when the negotiations failed in May of '88, Panama, the decision was made in Washington. I'm not saying it was because of the Bush campaign. There were rumors that they could... I think that that probably is what happened, but I have no proof of that. But we did get orders that Panama would be taken off the front pages, nothing would be done in Panama.

I really feel that that may have been the time that John and I should have come out more forcefully for the necessity of continuing the work in Panama and continuing more activity, because can you imagine how the opposition felt, after going from June of '87, then suddenly a year later they realize that everything is dropped by the United States? In fact, they kept asking, "What's going to happen after the elections take place?" I kept telling them, "Well, President Reagan, I feel, will not leave office without removing Noriega. How he does it, I don't know."

Elliott Abrams felt the same way; he felt that after all the strong talk by the president and members of the administration that there was no way he would leave office... But then we got down to the election. As I say, I think maybe I should have been more dynamic, but they wanted me out of the way. In fact, I took six weeks off.

*Q: I wonder if you could explain, for the context of somebody looking at this, we had the 1988 election, George Bush had been nominated, why did they want Panama removed? Would you explain?*

DAVIS: Because you have to remember that George Bush, when he was head of the CIA, dealt with Noriega. It was just a normal part of his job, as any director of the CIA would do. The Agency and the military had worked for Noriega since he was in high school. I don't think that's giving away any intelligence, that's just a fact of life. And Noriega knew the United States. In fact, Noriega was very much bothered by the fact that several of the people in intelligence had mentioned his contacts with them. Which he thought was something you don't do--good intelligence people never mention their sources or their contacts. So they tried to make that part of the campaign.

*Q: The Democrats did.*

DAVIS: Well, yes. I know that the rumors were rampant that Dukakis people were trying to get in touch with Noriega. Whether it started with Noriega trying to get in touch with Dukakis first, I don't know. I think that, after close study, thinking back on some other very big mistakes, they realized that it would be a big mistake to try to get to Noriega... because it might have backfired on them. They also felt that if it had been brought up and played up too much, they would have been asking questions, questions that the future president did not want to be held to later on. And they might say, "Listen, Noriega's still down there. He's a big drug dealer, he's a rapist, he's all these things. What are you going to do?" Well, they didn't want that brought in. I think they didn't want President Bush to make statements about what he would do in the Panama case. Because, first of all, that was not his main issue at the time.

But it was dropped, and the opposition did not like it very well. I mean by that...

*Q: The Panamanian opposition.*

DAVIS: This was more of a political operation than a citizens', and the Civic Crusade, both. But I do remember that they came to me a couple of weeks before the election and said, "Mr. Ambassador, you know, nothing has happened. We've been waiting here patiently. We thought we had the United States behind us. We want to know, what do you think will happen after the elections?"

I said, "As soon as I know, I'll let you know."

Shortly after the election, they came and met with me again.

*Q: This was November of '88.*

DAVIS: Yes, November of '88. They said, "What do you think will happen now? Can you tell us?"

I said, "Give me two weeks and I'll find out."

So, I'll never forget them. I called in the Panamanistas, with Endara; I called in the Christian Democrats, with Arias Calderone; and the Moldarina group, with Billy Ford and Alfredo Ramirez. And I said, "Gentlemen, you and I have always been very frank with one another and..., and I promised you I'd tell you what I feel will happen between now and the inauguration. I don't think a damn thing will happen."

Billy Ford got so mad he walked out.

I said, "I just think I should tell you, because my indications are that nothing will happen with Panama until the new administration takes over."

He said, "What about the fact that you thought President Reagan would not leave...?"

I said, "Well, for several reasons, which I can't discuss with you now, I don't think that's going to happen. I think that it's going to be put on the back burner and let the new administration handle the problem and take over."

But then we started a rapport that I think was the key to our success in the election in '89. And John Maisto played a big hand in that.

*Q: This was the Panamanian election, in '89.*

DAVIS: Yes, '89. What we did, we started meeting with the opposition groups, the same groups: Endara, Ford, and others, Escavelle and the Liberals and so forth. And they started meeting together. We finally forced them to hold meetings together. We told them that if the opposition was not unified in the '89 elections, there was very little chance the United States would help them in any way at all. And finally, I think it was December or January, they came out with the unified slate: Endara, Arias, Calderone, and Billy Ford. Endara was the representative of the Panamanista Party, which received the most votes in the 1984 election. He also was the cross-bearer for Eno Ferarias, the great politician of Panama who had passed away in August of the year before. Arias Calderone possibly was the one that felt he should get the number-one spot, but in order to bring unity, he was the one who said that I think what we should do, I will promise unity and work with the slate, and I will nominate Endara to be the president. Endara was nominated, and that brought about the unity that lasted all through the elections, through the time they were all meeting up together, right straight through, staying together, until they were brought in and sworn in on December 20, 1989.

So I feel that the work of the embassy is something that we can be proud of at that time, because it was our working with them, guiding them...I don't mean that we were telling them what to do, but we were telling them that you need to unify if you're going to win, and they stayed together.

And of course we helped them in many ways that I can't disclose. Not the State Department, but other agencies of the government helped them.

Then of course another thing that the embassy staff did, working closely with the people in Washington, was to stress the need for good observers. And we set up a list of what we... For instance, Senator Dodd, a Democrat, and Senator Lugar, a Republican, had shown great interest, particularly Senator Dodd.

Senator Dodd, I would say, was my greatest political asset down there, because he was a former Peace Corps guy, a very blunt guy, very down-to-earth, spoke perfect Spanish. And when we met with Noriega (we met several times with Noriega), he could really throw it at him. I remember one time he came in about ten o'clock, we were at Noriega's up until two-thirty, just the three of us, arguing back and forth. And not drinking very much either. I always remember that, I don't think any of us had anything, well, if one had one drink, we all had soft drinks and coffee, and argued about the need for democracy. And Noriega argued back, "I want a pure democracy in '89. I don't want a case like El Salvador and Guatemala, where it's just a temporary thing that when the military wants to they'll take over. And I don't think we should have something like Venezuela, where you don't know who's running the country." [Similar quote pg. 58, part of first breakfast meeting.] Oh, he had good arguments; the guy really was well prepared. So we went back and forth.

But, anyway, so we suggested that a presidential delegation be formed. They did not like our selections. They appointed Murtha of Philadelphia, a fine man, and McCain from Arizona to be the two leaders of this. Mainly Murtha was the head of it because of seniority. But we pushed for that. And also, thank God, Jimmy Carter had the famous long title: Association of Freely Elected Democratic Presidents, or something like that, and so Jimmy Carter sent his crew down and they really became enthused. And Noriega could not refuse. See, Noriega said only observers invited by the government could come in. He finally said, "President Carter has a permanent visa." So what happened, when they said that Jimmy Carter was coming, all the other countries then decided we'll send our strong observers, too. And many observers who could not come without invitation came under the umbrella of Carter's organization. And Jimmy Carter's work in Panama, and the work of the Murtha delegation strengthened the whole international observing group to come out and say yes, it was a big fraud. People were voting that were not supposed to be voting; there was stealing of ballots, people could not vote that were supposed to vote. And they exposed the whole fraud. And there was no way any country, no matter how friendly they were to Panama, except for Cuba and Nicaragua, could come out and say that it wasn't a fraud, it was so apparent.

*Q: Well, when the Carter thing came up, by this time the Bush administration was in. What sort of emanations were you getting from Washington about the Carter participation in this?*

DAVIS: Well, I tell you, we got mixed views. First of all, they had no control over Jimmy Carter. That was an international organization, not sponsored by the government, and were coming down there on their own funds. I think President Carter did come down on military aircraft, because President Bush provided that for him, but most of the other people came over on funds from the organization.

There were two versions. First of all, we in the embassy felt it would be a great thing. The canal people, and those people who were against the canal, thought he would come down and do anything to protect the canal and establish that the Noriega-Torrijos regime was a legitimate one. There were great fears. And all through the time he was there, they thought he was going that way, because Carter kept saying he was not going to look at anything before the election. He was going to look at the actual election and see how that did. And on the day of the election, we thought sure that the members of the Panama Canal group were going to be right, because he said, "While I've been around here, it seems to me like a lovely election. Everybody's in line voting. It seems to me there haven't been many problems. I've seen no... It's just a typical democratic election." And that set Noriega up. He didn't mean it that way. But, you know, I don't mean this critically, but to me and to my staff it's amazing to meet a man who had been president of the United States as long as Jimmy Carter and still be so innocent and naive. I mean, I think it's a tribute to him. The man is just a normal, pleasant person.

Rosalynn is much more sophisticated. Rosalynn kept arguing, "But, Jimmy, if they're making out voting records and letting people vote more than one time, don't you think we should consider that?"

He said, "Well, we'll look at that on election day."

So what happened was, when he saw the actors' voting sheets come in and realized they weren't the ones he saw at the polling places, and that the votes he'd seen at the polling place were being reported fraudulently, he went in and he said, very emotionally too, he said to one of the members of the election tribunal, "Tell me, you look like an honest man, you must be a man with a family, you must be a loyal Panamanian, what are you doing to your country? You know those are not true. Those are false records. Why don't you tell people? Why don't you tell people?"

And they didn't.

So then he went to make a press conference, and Noriega refused to let him use the press facilities. So he called him to the Marriott. Unfortunately, I couldn't be there, but the press people there thought it was one of the most emotional press gatherings they had ever been at. He got in tears, you know, broke down, at what he thought was a great election, and how the fraud had been perpetuated, the people of Panama had been led into... voters pretending they were voting and their rights were being observed, and here the ballots were being changed and they were being faked, and this was a fraudulent election and all observers should see that. And of course that set the pace.

But then, of course, Murtha and them came down with no invitation, came down on a military plane with several other congressmen and prominent figures, people who had been connected with Panama in some way before. And that's when Werner and I had a big run-in. I'm waiting on the ramp for them to land, and Werner said, "You know, Mr. Ambassador, I hope you'll impress upon them that I don't think there's any way they're going to get in the country."

And I said, "What do you mean by that?"

"Well," he said, "they're coming in under military orders. The president put them under military orders and they're coming down under military orders. They will never stamp them."

And I said, "Well, I think I know Noriega very well. Noriega is not going to displease a group of congressmen and a group of prominent figures, particularly people he knows have been connected with Panama in the past. I don't think he'll do that. But, I tell you what, I wish you'd come on the airplane with me, and I will allow you to express your views."

So I got up and I said, "Gentlemen, this is not going to be easy. I'm glad you're here. I see you're going to be a big asset to the observing process. I don't expect any difficulties. It may not be pleasant, but I want General Werner to give his views."

And Werner said, "I want to tell you that I do not think they're going to let you in the country. And if you do not have proper identification and you go out in these vans that the embassy is providing, if they seize you and throw you in jail, I have no way to get you out."

He's telling the congressmen and senators that with 13,000 troops against 3,000 Panamanians that's he's not going to be able to get them out.

McCain said, "What do you mean by that? Mr. Ambassador, what do you think?"

Bill Price was with the group, and Bill said...

Q: *Who was he?*

DAVIS: Bill Price was my deputy chief of mission. He's with the National Security Council now; he took Ambassador Briggs's place with the National Security Council.

And he said, "Well, I don't agree with that at all. I know Panama, and I don't think Noriega would do that."

And I said, "Well, that's my view, too, but let's see."

They went in, and they stamped them all.

Q: *Well, Werner was a four-star general, was he just being naive?*

DAVIS: I tell you one thing, I hate to say this, but I think Werner thought that the preservation of our security forces in Panama was more important than what he figured would be a weak democracy. He never thought that Noriega was going to be removed. He thought we would end up with Noriega a big enemy of ours, and his people would be in, and we would not be able to operate in Panama.

Q: *Now, Werner was the...?*



DAVIS: Commander in chief of the Southern Command.

So then, of course, what really was effective, I remember we had a young fellow named Bill Brown, whose father was in the embassy, too, an embassy officer. His van comes up, and there they are with the guns and the barricades stopping them from going in. He got out and showed his passport and said, "I'm with the American Embassy and I have a group of senators and congressmen and other prominent Americans here, and I'm sure that you don't want them to have a bad impression."

They took it down and let them go through. Everybody went through.

went all over the country, observing.

And they observed some funny things. A group of women came in, about twenty women got off, I think. They had lipstick and were painted up and fingernails and high-heeled shoes. They were in uniform. And so one of the staff said, "What unit are you with?"

And they said, "What do you mean 'unit'?"

They didn't even know what the hell a military unit was. They were people Noriega sent in to vote.

And you know what happened, the amazing thing is, in some places where they figured about ninety military votes were cast, the opposition got seventy of them. In other words, Noriega sent these people, they went in and voted multiple votes, but they voted against him.

*Q: You were watching this election, did you think that it might be a free election?*

DAVIS: No, first of all, Noriega had set up the books. He had controlled the books so people could go there and would not find their name on the list. He had put on 150,000 new eighteen-year-old voters. They passed a law that the members of the Panama Defense Forces and certain government people could vote wherever they happened to be. Which meant that they could go in and vote all over the country or go to any polling place. Also, he changed locations of where people could vote. When they went there, they were not on the books. But basically he tried to scare people, too, by threatening: "Don't go to the polls," and things like that. "You won't be honored at the polls." That was particularly done in small areas, where the PDF said, "I don't want to see you going to the polls."

But we felt that if they got out the vote, that Noriega would be dead. Werner thought that the fraud would be what they called an acceptable Latin American fraud, and that Dukey would go in, and then we'd be stuck what to do about Noriega.

Werner, I will have to say this, he was one of the best...I'd say he's a Latin American expert, no doubt about it. Not only did he know Latin America, but he was briefed on it every damn day, so he really knew what was going on. But he had his own views. He thought we should accommodate with Noriega and continue on. Which a lot of people still feel, you know. A lot of

people say, "Why this sudden change against Noriega? I mean, what the hell, we knew what he was before, and, you know, we deal with some scum anyway. You know, we deal with some heads of state we know are dealing in drugs or killing people and everything else, why suddenly Noriega?"

*Q: After a time--not today, but after a time--what was the impression of why Noriega became such a focal point?*

DAVIS: Well, see, first of all, they went for sixteen years. When Torrijos was thrown out, the democratic forces are not holding elections. Noriega's in, and Torrijos had promised at the time of the treaty, not in writing, but had said that if you sign the treaty...

*Q: This is the Panama Canal Treaty.*

DAVIS: Yes, Panama Canal Treaty. That if you sign the treaty, I will work towards democracy in Panama, gradually. And gradually he did. First, he held an election of the Assembly. And then, of course, when Noriega came in, they held the election for the officers. They really thought that they were going to win that election, with Barletta and Delvalle and so forth. But that's going back.

See, I don't know why everybody makes a big fuss about the fact that this was a fraudulent election, and the United States said go down to go to the inauguration. What the hell, if we didn't send people down... Latin American elections. Have you ever seen a Latin American election that wasn't a fraud? Everybody claims it's a fraud. In some Bolivian elections, we know that it was a fraud. But as long as the other guy steps aside, we recognize...

*Q: ...Mexico... That's the...*

DAVIS: That's right. See Mexico always bothered me when I was in Paraguay, because of the fact Paraguay's civil human rights were not any worse than Mexico and yet we did nothing about that.

But, getting on with Panama, we had the elections very well diagnosed in the embassy; we had told them what we thought would happen, and it did. But we were very surprised, as a matter of fact, that Noriega kept going on and on, that he didn't see didn't see the handwriting two months or a month ahead and cancel the elections on some technicality. But he went ahead with it; he really thought he was going to win. But he was defeated. Even the church poll came out and said it was seventy percent. Other polls came out and said it was sixty-six and so forth. And so he was licked and so he had to cancel it. And then of course the brutal beating of the elected candidates.

*Q: I might add, for people looking at this, that both on television and in the papers there were pictures of the president and the vice president being beaten up.*

DAVIS: That bloody picture, yes. That changed the whole antagonism of the American public to an invasion of Panama. They realized they had a vicious man. I mean, you didn't see that coming out of Romania. You didn't see these things. People don't read, but they could see that visual

thing on the cover of every magazine, and I think from that time on the invasion became a possibility.

*Q: Again, this is an unclassified interview. As the ambassador, CIA operations were under you, but Noriega had obviously been a CIA man for some time. Did this give a problems with the intelligence agency?*

DAVIS: Well, the Agency, as I say, when I first got down there, they were ordered never to meet with Noriega without my permission. And of course after the indictments they had no official contacts with anybody in the government. What intelligence contacts they had with people in government outside of Panama, I don't know. But I will say this, we did use them in one way. They, through their former contacts, had contacts at the airport. Noriega was not allowing any visas into Panama, so we were having people come down with no visas, and they would give them the visa at the airport and let them in to work for three months, six months. And we were getting people in that way.

*Q: But you didn't feel that the CIA was either a tout or working in a different way?*

DAVIS: No. No. No, I think that the CIA cooperated, I would say, almost a hundred percent. I mean, well, maybe a hundred percent. My station chief and all his people were very cooperative, and my station chief was a very valuable advisor, because he knew so much about what was going on, in giving his views.

Now of course my defense attaché, Al Cornell, was a very, very valuable man, too. He and the CIA, knowing Noriega and the PDF, and also knowing the opposition, never felt that anything short of an invasion would take Noriega out. They thought he could withstand anything. We felt that, going into 1988, and then, once again, going into '89, we felt particularly that if nothing happened in January of '88... And then of course the indictments came along and that changed things. But then, when we went along through '89, all through the period I was up in Washington, they continued to feel that if nothing were done by January of 1990, the United States had a big decision to make. We either had to remove our embassy staff and have somebody there to represent us, or we had to start making a deal with Noriega in some way.

*Q: Well, there was a time factor.*

DAVIS: We couldn't go on much longer. First of all, the economy of the country was going to hell, all the businessmen were leaving, small businessmen were having a hell of a time. We could not keep the sanctions up forever.

Towards the end of 1989, starting in about August or September, you were seeing a definite trend. Noriega was getting more and more independent, but the businessmen and lawyers and investors, Panamanians and that sort of thing, were starting to say, "Listen, we don't like him, but we worked with him before. We had a good country. We might as well, why the hell don't we forget all this and go back and work with the man." There was starting to be a big trend to take the status quo as it was before June of '87, to go back and work for Noriega again.

*Q: Well, now, the election was held when?*

DAVIS: May 7th, I believe, of 1989.

*Q: Had you had any contact or briefing with President Carter, or did he keep himself aloof at the embassy?*

DAVIS: No, I picked him up at the airport, and then, after that, we had a couple of telephone calls about what was going on. And then I saw him on the day he left--a very emotional man, a very distraught man. And President Ford came down also, and spent two days.

*Q: Well, all right, the election happened, then what did you do after this fraudulent election?*

DAVIS: Well, of course we were in touch all day long and well into the night with the Murtha delegation, in contact by telephone. And then of course some of the Carter people came over to the embassy also, and we all got together that night and discussed different things. And then, the next day, we waited to see what was going to happen. We went out, and they were marching around, and they watched. And then they left. Then the day after that was when they all got beat up.

*Q: Were any decisions made either from Washington or at the embassy of what you were going to do about this?*

DAVIS: Well, they went back and reported to President Bush. We immediately started a campaign among the other embassies that was quite effective. See, the Europeans and others just recognize the countries, no matter who's the head. They... the government, and that's it, no matter what happens to the government. But we got it down; there were only ten or twelve there when the OAS started their campaign to negotiate to remove Noriega. I came out on May 15, and of course I was here all through the OAS negotiations.

*Q: Whose orders was it that you left?*

DAVIS: Well, this was our decision. The embassy had set up several options. The number one option was that if the elections were called off or if they were overly fraudulent and they put in their own people, that to show our displeasure we should recall the ambassador and cut the embassy down to fifty key people and all dependents should leave. And that's what President Bush did. The day after they were beaten up, he went on the air and recalled me and cut the embassy down to forty-five people.

*Q: I don't know. I'm a professional diplomat, and I realize this goes back into antiquity, but it has always struck me as the height of nonsense that when tensions get worse between countries, what you do is you take out your ambassador. There are other ways of saying I'm mad at you. But to do this diminishes the ability to settle problems.*

DAVIS: Well, see, my country team got together and that was their suggestion, and the State Department people all said that's how we'll do it. And I at the time, I might have been a little

tired, and they might have felt, what the hell, what can he do here? But, looking back, I wish I'd fought it. I could have done a lot more there than I did here. I did nothing in Washington, DC. I mean, what the hell could I do in Washington, DC? No, I think it's stupid; I think the ambassador should stay there right to the end.

*Q: Well, this is diplomatic practice.*

DAVIS: Yeah, they do it all the time. All the diplomatic corps kept saying to me, "Listen, when is the president going to remove you? He should recall you, to show his displeasure."

And I said, "What the hell, I don't want to leave."

*Q: But it's really idiotic. It may have worked at one time, when you couldn't communicate things, but now you've got Western Union, or you can...*

DAVIS: No, I tell you what, I will say this, I did not complain at all. I went along with the trend and sent the suggestion in, signed it, and never said I was against it. But as soon as I'd been up there a month, I thought, "What the hell am I doing here instead of back there?"

*Q: Here is something that I think almost everyone who has been involved in foreign policy...if you don't have an official job... Could you explain a little about your experience? Here things are really heating up in Panama, you've been the man on the spot, you're called back to Washington because of our displeasure over what's happened down there, and then how were you utilized?*

DAVIS: Well, I tell you, I got in, of course, late at night. Went down, eight o'clock the next morning, and met with Larry Eagleburger and Bernie Aronson and Dick Wyrole and several others, and we got briefings. And for the first few weeks, we had a meeting every morning at 8:30, and then we'd have a meeting, late afternoon, all on Panama. And then we had what was called the Panama Review Committee. It's kind of interesting to me that we talked so much about hypocrisy, and yet when all twelve agencies got together, they'd talk about consensus. Because there's no way a group of twelve different agencies is going to reach consensus. Everything that was talked about had to go back to the particular agency--the CIA, or AID, or the Treasury, or the economic section, or the National Security Council--and then they would come back with their version, then somebody else would have to write that up, then we'd have to look at that. And it took them four to five months to get a document out, and when the document got out, it was not what they wanted. So nothing was being done.

*Q: Basically, nothing gets done this way.*

DAVIS: Well, I tell you another thing. I don't know whether it was the fact that I was a Reagan ambassador, or whether that's the way the treat all ambassadors, but many career ambassadors have told me they were treated the same way. I did not see Secretary Baker until I insisted that I wanted to meet with him. When I was to meet with Secretary Baker, I called his secretary and said, "I have a meeting such a such a date at three o'clock, I would like to meet with him for a while one-on-one."

"The Secretary does not meet one-on-one."

I said, "Fine, then I would like to keep it to a small group, if possible, and I will just bring one person with me."

I get up there and the secretary mentioned something about the length of the meeting. I said, "Well, if it's going to be a short meeting, then I think I'll do most of the talking because I have a lot of things I want to go over." And I walked in and there must have been seven different people, including Margaret Tutwiler, the press person, in there. And we met, probably about forty minutes. They got all my views, and I said that we've got to face up to the fact that we have to make a decision: either we are going to move in and do something, whether it's to kidnap him or to move in on a military basis, or are we just going to just leave that and let somebody take care of... somebody take care of our interests.

He said, "Well, the military thing is out, because the military is against it."

And I said, "Well, does the military make that decision? I thought the president would make that decision."

And he didn't say anything.

But that's the only time I've ever seen Secretary Baker.

*Q: Well, this seems to be very much the style of Secretary Baker, looking at this and other ones, that he has a group, including his press spokeswoman, there and they seem to be the guiding counsel. This is strictly from outside, but Baker seemed to be kind of almost outside the decision making on this.*

DAVIS: I was told by two very prominent...well, I would say two of the finest ambassadors I've met; I would say I've met a lot of fine ambassadors, but I put them in the top ten, told me that they met with Secretary Baker on something, and the next day they were walking down the Seventh Floor and Baker walks right by them. And I met with Baker, and I would say, no less than a week later, I went into...I think it was Mort Abramowitz, going to Turkey, for his swearing-in, and I was introduced to Secretary Baker. Very aloof.

And then when I did go over to my meeting with President Bush, it was partly my fault, but I was told ahead of time not to bring up anything of consequence. It would be a friendly meeting; if the president wanted a meeting where we would discuss certain things about Panama, he would call another meeting. And so I brought my daughter and three grandchildren with me. I check with Averell Ponti, who went to Mexico, and he was going to bring his children, so we all brought our children. I told him that I hoped I could get down there soon, and hoped there would be a prompt solution, but that was about all. But that's the only time I saw President Bush.

Also I know that many of the Reagan ambassadors, who had only been in...well, I know maybe four who were there less than a year, who were told in February, right after the inauguration, that

they were being replaced. And I do know that when they came back, they had no opportunity to speak to the assistant secretary of Latin American Affairs, and never did receive anything from the president. Ordinarily, when you leave, the president sends you a nice little letter. Most of them got no letter.

I had got along fine with Bernie Aronson and everybody. I can't say enough good things about Mike Cosak or Dick Wyrole or...

*Q: Could you identify who these people are?*

DAVIS: Mike Cosak was the principal deputy assistant secretary to Bernie Aronson and to Elliott Abrams. Elliott gave me complete support. Dick Wyrole was head of the Panama Desk, and he worked with me very closely. Rich Mayer, who was his deputy, went out of his way to be available anytime I wanted him.

But I would say that the seven months, from May fifteenth to December twentieth, were not only the least productive, but felt more insignificant than anytime in my life.

*Q: Look, I was a very insignificant person within the framework of the Foreign Service, but I have gone back from having responsible positions, and it immediately happens--if you're not right on the job, nobody cares. It's not just an administration, it's...*

DAVIS: Well, first of all, they have no real place to put you. You have to kind of wait your turn on priority for secretaries. And also, at the meetings, you become less and less a factor. I think that we've got to do something about the control of the military and the CIA over the government. I think the State Department should hold these meetings with the other people and use them on an advisory basis, but I don't think that everything that goes out of the State Department should be approved by the CIA, the military, the Treasury Department, and everybody else.

*Q: Well, moving on to the American attack on Panama, which was what? December...*

DAVIS: December 20.

*Q: Were you in on any of the decision making on that?*

DAVIS: No, I tell you, by that time I had done probably too much bitching. I didn't feel they were treating the opposition people who came up here with the proper respect. Several times, particularly one guy, Billy Gitano, who was really representing the opposition, came up to meet with Bernie Aronson. He got up there and Bernie was not in the meeting, and he came in during the meeting and said, "Look, I'm sorry I couldn't be here, I've only got a few minutes, but I wanted to tell you, unless you people start doing something there, we're not going to do a damn thing." You know, that might have been all right in the course of an hour conversation, or a half-hour conversation, but to do bluntly do that. And I met with Billy Gitano afterwards and calmed him down. He was going to go back and make statements to the press.

Also, President Delvalle, who is of course now living in Miami, former ambassador Gabriel Lewis, a very dear friend of Carter's and ambassador during the time of the treaty, ambassador who Senator Dodd told the foreign minister of Panama when he was kicked out of the country, he said, "That was a big mistake, Gabriel Lewis knows more senators in the United States Senate than I do, and I've been there many years." Gabriel Lewis and Juan Solsa, the immediate past ambassador. After the OAS meeting, in which they extended more time to the OAS, which they said they were not going to do, after they did that, Mike Cosak called me and asked me to make an arrangement for them to come in at eleven o'clock, which I did. He called me back and said..., "Look, we can't do it, it'll have to be at one." So I didn't change it. I met them at eleven and took them all around the State Department and took them to lunch and then came up at one. We waited from one until two o'clock. I kept going in and saying, "What's going on?" Finally I said to Mike Cosak's secretary, "Look, there's no way I can keep these people here any longer. Have Mike come out and just say he's very sorry, he's tied up with the White House or something, he can't come out." Mike Cosak was under orders from Aronson not to leave that phone, and so he could not come out. He sent out some deputy or called up Dick Wyrole, I think, and Dick Wyrole came out. So when we were walking out, President Delvalle was stunned, but the two ambassadors said, "You know, we want to let you know that we feel that Mike Cosak and Dick Wyrole have been good friends of ours, and we certainly will forgive our friends for what took place today. But we will never forgive the insult to a former president and two former ambassadors of Panama."

I kept arguing about what we should do and how we should do things, and I kept getting shot down. And so I ended up with a feeling that I was not in the inner group. And I can understand the plans for the invasion. I had been told that if any American had ever got killed, that we would be in there.

In fact, the officers were all set to come out with a strong statement against the United States and the fact that we led them down the path, that we had implied we would support their efforts and we would be behind them, and now we were leaving them in the lurch, and therefore they were going to give up the fight, too, and let Noriega take over. And this was just a coincidence, I called Gabriel Lewis and told him, "Hold off, don't do a thing. I think you'll find some good news in the next few weeks," not knowing they were going to move that fast.

They called me the night of the invasion, and I went down to the task force. And the next morning, at seven-thirty, was the first time I heard that the president was sending me back to Panama. I got all ready to leave, Mike Cosak told me to get ready to leave, I went and got packed to leave at two o'clock. And finally, about one o'clock in the afternoon, Baker called me, he was in a hurry to go someplace, and said he wanted me down there, he wanted John Bushnell to continue, which I would have done anyway, working with the candidates.

*Q: He was the deputy chief of mission?*

DAVIS: He was chargé d'affaires. I would take over as ambassador, but let John continue with the military and with the candidates. I said, well, I would do that anyway, make him deputy chief of mission and I would have him do that anyway. So I went down there, but I did nothing but argue, and I think that's one reason they removed me.



*Q: How long were you there?*

DAVIS: I was there from December 20 until January 3. I left the same day Noriega did.

*Q: Well, let me ask you a question. I'm speaking again as a professional Foreign Service officer. In the first place, how can you lose an invasion like this? We had overwhelming forces who were already there. But there did not seem to be the hand of the State Department; it seemed to be incurably mismanaged.*

DAVIS: Let me tell you. Let me tell you. It was very clear that the orders had gone out that once the invasion started, the State Department had no role, that they were not to make any statements. This is a good example, LaBoha called me to tell me Noriega had come into his residence. I was the second one he called, the Vatican first. But he said, "You're the second one I'm calling," and I wondered who the hell was first. Then I figured out he'd call the pope if he could, he'd call the Vatican. But he called me, he wanted to get hold of Sisneros. I immediately got hold of General Sisneros, who was head of the 193rd, but a very close friend...

*Q: This was an American general.*

DAVIS: An American general who is still today a hero to the Panamanians. He was with them from the word go. He fought the military, his own military. He made statements of what we should be doing, and was a real crusader for the Panamanian cause, and is still a real hero with them. So I called him. Luckily I got him--communications during all this thing were terrible--got hold of him. Then I called the State Department. Couldn't get Aronson out of a meeting, he was in some damned thing. I finally talked to John...oh, I should remember his name, but, anyway, he was working in the section then, a former ambassador, and I said, "Ambassador, will you please get word to Secretary Baker and Bernie Aronson that Monsignor LaBoha called me to inform me that Noriega is in his residence."

And he came right back and said, "Just a minute, don't say a word about this."

Meantime, Werner has been calling all over the place trying to find out how he gets in touch with LaBoha. Then he dashes over and calls a press conference. And he gets up there, and two of the reporters...

*Q: This is the...?*

DAVIS: Commander in chief of the Southern Command, Thurman. And he gets up there and says, "Gentlemen, I have an announcement to make. General Noriega is in the nunciateria." (Not the nunciature, the "nunciateria.") And so one of the girls, I forget which one, said, "But, general, what's a nunciateria?"

And he says, "Well, that's all I have to say." He wanted to make sure the military made it.

Also why I got involved was they would make decisions, like John Foles, my political counselor, was back. His family had been back there since May. He was back to spend Christmas with them. This was, say, the twenty-second or so. They called me up. And this was Dick Wyrole, I really don't like to get into another argument with Dick. Dick said, "Well, we've called John Foles and he'll be coming down on the next flight."

I said, "What the hell. I mean, Christmas is next Tuesday. The last time he got in, the guy came in with me. He's not even here yet, we can't even get him off the base. We don't need him. What's he going to do? He can't go out in the streets. Let him stay until after Christmas."

He said, "Well, we've got his orders to go down."

I said, "Tell whoever has changed the orders that I don't want him down here. Tell them to send him down next Wednesday."

Then Bushnell orders all the people out of the apartment house--American officers who were there and staff members--so he can bring in the elected officials and their families. So I called up and I said, "John, who authorized this?"

He said, "The State Department did. They said I should get them in a safe haven someplace where we can give them proper security."

I said, "Well, get them someplace, but don't move my staff. You can't move that staff."

He said, "We've already got the orders."

So I called back and said, "What the hell is going on? Morale is low enough. Here these people have been here for fifty-six hours, they finally get a chance to go back to their homes, and now you tell them they can't go there? In fact, somebody who moved into one of those apartments didn't even know if all their personal effects were all there. How the hell can you do that?"

Then Aronson calls me. And I said, "Look, first of all, John Foles does not have to be down here. We're still just a consular agent, we can't get him in because there's a war going on down here. There's nothing he can do. The task force is operating twenty-four hours a day. He can't go out in the streets, he can't get any information. Let's wait until next Wednesday when things calm down."

"Well, goddamn it, all right," he said. "You told that to Dick Wyrole already."

And I said, "Yeah, that's right."

"What are you telling me for?"

I said, "I told him to tell you. What else are you calling about?"

He said, "Well, I want you to know those people are going to move out of those apartments."

I said, "Jesus, there are places all over..."

*Q: Yes, but who were the people coming?*

DAVIS: Endara, Arias Calderone, Billy Ford, and their families and some of their staff. And they move my people out of their damn apartments when there were empty apartments all over the damned place.

And I said, "By the way, you know, the looting has started down here, and the military made no provision for protecting businesses."

He said, "Look, the military is in charge. They just can't have people everywhere."

I said, "Well, look, they've got people outside the Nicaraguan and Cuban embassy, but they are not protecting the..."

He said, "You stay out of that."

So I didn't. I called General Thurman and said, "General, what the hell's going on? I'm getting calls from the Italians, the French, and everybody. We can't give them any help at all. Meantime, you've got troops around the Nicaraguan and the Cuban."

"Well, that's just... We want to make sure that anyone who's in there stays there, and anyone who wants to get in can't get in."

I said, "Yes, but weren't any provisions made to protect the businesses here, or to protect the various embassies? I would think that the first of rule of when you have a military action is to make sure that the other embassies are notified right after the action and proper security is given to them."

"No, that hasn't been provided for, and it won't be. We don't have the power to do it."

*Q: They also didn't try to protect the major international hotel where the Americans were. We just left them.*

DAVIS: No, no, no. Why, that's never been our... You know what happened when the Marines landed there? They got stuck in the mud. The people in the hotel had to form rope chains and street chains to pull them out of the mud. They lost their boots and everything. But no, no protection.

Also, nobody in the embassy, living outside, was told about the invasion. They should have been called in on a special meeting at eight o'clock, seven-thirty. All the staff should have been called into the embassy and told, "Fine, you're staying here. I can't tell you why, but you all stay here until I allow you to go." There was a party going on. You know, Bushnell had a party on at the

residence that night, and people left there at 10:30 at night. He didn't show up, he never told them what was going on.

*Q: Looking at this, again, reading from newspaper accounts, it seemed to be so inept. And nobody... Also there was... of the papal nuncio, too.*

DAVIS: Nobody was thinking of the personnel of the embassy. Well, let me explain further what happened to the people.

The embassy, at one-twenty in the morning, about an hour after the invasion had started, rocket-propelled grenades went through three different places. You know, if we realize how cheap cinder block is, it went through the cinder block into John's office, right through his lampshade. If the deputy chief of mission had been standing up, it would have gone right through his head. Meantime, the Marines were in my office. In my office, we had grillwork there, and one went in and it caromed off, shattered all the glass, shattered the glass on the table. The poor guy crawls out of there, and goes and crawls in John's office just as a goddamned other one went over.

And they're bitching down there; we're bitching in Washington. This happened at one-twenty, and finally, at four-twenty, they show up.

*Q: This is protection for the embassy.*

DAVIS: Protection for the embassy. I'm there at seven-thirty the next morning, they want to remove the protection. And I said, "Hell, no. You've got American people in there, that's the American Embassy, you protect the damn embassy!" And they did.

*Q: There seemed to be an absolute lack of any liaison between, you might say, the civilian component, being the Department of State, and the military.*

DAVIS: My reputation with the diplomatic corps was absolutely wrecked. On some of the intercepts, they'd say, "Well, evidently the American ambassador can't do anything for us."

*Q: Secretary Baker is supposed to be so close to Bush. Why was this something turned over without, you might say, the normal diplomatic component? Which is not just diplomatic niceties, it's a protection of American citizens.*

DAVIS: Listen, first of all, when the State Department (Shultz and Abrams) wanted to do something after the election before the inauguration, it was all stymied by the National Security Council. None of that stuff got to President Reagan; they did not allow it to go up there. The military did not want any military action in Panama. And they stopped it.

And, of course, meantime (you know how you hold your monthly meetings with the American businessmen and the local heads of American firms), all of the those firms were being devastated. And I rode out one time to get to LaBoha. There they are, Marines with tanks and Marines patrolling, and a man walking along with a sofa, and his wife's got the three cushions, and his kid's walking along with a lamp. They stole TVs. After they looted all the materials, they went

back in and took out toilets. They took things out they weren't even going to use--shelving and electric light bulbs and all that sort of stuff, they stripped. You know, I dealt with retail in my private life, and I know how many people have a thousand or two thousand square feet, and their whole family future is in that damn store. They have nothing else. Everything that they live on, everything they have for future, what they're going to pay for their college education is in that store, and it's gone. Can you imagine how they feel? I mean, if it had been me, I would have just cried in the middle of the room.

But that wasn't the worst of it. You know, the invasion was on a Tuesday. Five days later, they were still looting and going to new places. Like one man, Burger, who owns the great big tire plant there, they went in there on Saturday and ripped his place and set it on fire.

*Q: Well, there were three other incidents that I think of that show very inept handling of this. One was the nonprotection of the American Embassy and the Marriott Hotel.*

DAVIS: Well, first of all, not letting them know. Not letting them know. Wouldn't you expect your ambassador to call you into the embassy and keep you there if he knew there was going to be an invasion?

*Q: Sure.*

DAVIS: The only people who knew were the Marines. And the only Marine Corps security officer there wasn't even told a goddamned thing.

*Q: Was this on deliberate orders?*

DAVIS: I don't know. Now they claim... And this is why Bushnell's name was removed.

*Q: Removed from...?*

DAVIS: Costa Rica.

*Q: Removed from being nominated to be ambassador to Costa Rica.*

DAVIS: What happened was, I think it was over Baker's signature, a letter went to Helms, saying that all Bushnell had done had been under presidential orders. So Helms called back and said, "You mean that the president ordered the man in charge of the embassy not to protect the people in the embassy? He ordered him not..."

*Q: This was Senator Jesse Helms.*

DAVIS: Yes, Jesse Helms was the guy that stopped...

*Q: I get the feeling something like this was controlled from the top and done poorly.*

DAVIS: Well, you know, I can't understand, if they have what they call a civic affairs group, or community action group, why didn't they stop to think, if they take out the military, which was the police department, they're not going to give protection to the businesses. Wouldn't you think that if you're going to go in and have an invasion, don't you ordinarily protect the diplomatic people? Not only us, but anybody.

*Q: Well, what about the other incident? Noriega was in the papal nuncio's place. And then we had American troops out there with a blaring music to...*

DAVIS: For some reason...

*Q: It was such a poorly...*

DAVIS: It is true that the nuncio, Monsignor LaBoha, although he is a priest and a member of the Vatican, was very two-faced. He would say things to me, and then say different things to Noriega. And evidently maybe Thurman was briefed that way, Thurman did not trust LaBoha. And, of course, like a lot of Americans, they felt that, what the hell, we tell them we want it, this is our war, we get him, and they did not like the fact that LaBoha would not just turn Noriega over to them.

And I tell you what, many of the people involved in that lousy music were very embarrassed by it. It came from high up, and some of the colonels said, "What a farce!" I said to the colonels, "Tell me one thing. Noriega is a military man, he's well disciplined, and, no matter what you think of him, he's a professional diplomat. He's like you people. Who do you think the music's going to bother most, one of you people or an idealistic man like LaBoha? I imagine the poor monsignor was up all night long, couldn't sleep. I'll bet you or Noriega or I, I'm the same way, could lie down on the bed and go to sleep even if that thing was right in his ear."

And they said, "Yes, that's true. Noriega, with his training, probably just lay out there and went right to sleep."

I mean, what the hell, you know, you're disciplined for those things.

*Q: It seemed childish, too.*

DAVIS: Well, not only that, but they played rock and roll music, you know. And you know what LaBoha said? He had a sense of humor.

*Q: Were you completely cut out of...*

DAVIS: We were completely cut out of that. In fact, our representative down there... I insisted that we have a representative down there with General Sisneros, and he agreed, and we sent a very good man down there. They worked very closely together, and LaBoha liked him very, very much. And LaBoha called me down several times to talk to him, you know. And there were other things, things were going out, our officials in Washington were saying that LaBoha gave Noriega a deadline: You have to be out by noon. And he never did that. I asked LaBoha about it and he

said, "No, I never said that, I never gave him any deadline. I'm just trying to convince him he should leave." You know how he finally convinced him? He convinced him by saying, "Listen, you're not safe here in Panama, you can see that. You're not safe anyplace else, because the cartel will get hold of you. The only place you're safe is by going with the United States. They may bring you up for trial, but they're going to guarantee your safety. They're going to make sure nobody hurts you. And when you're up there, they'll make sure nobody hurts you. And then so you go to jail, but you can watch TV and write a few books and then you come out. But otherwise, anyplace else, you have to be dead." And Noriega got kind of scared at the Panamanian demonstration, LaBoha told me, and he thought that might be a turning point. And then he called and told me he was going to come out that night, and so I came back with Eagleburger.

*Q: So you came back about the same time as Noriega.*

DAVIS: I was on the way back when Noriega left, but I knew he was leaving.

*Q: Well, were you told, "Come on back, we're going to send somebody else," or something like that?*

DAVIS: I heard rumors about it, and I got a call from Larry Eagleburger, who said, "Art, what did they tell you when you went down there?"

I said, "They just told me to come down here and take charge of the embassy. They said that Bushnell would continue with the office-holders and the military, and I would take care of the embassy and make sure we got the place staffed and kept these people informed."

He said, "Did they tell you about any changes?"

And I said, "No, but I tell you, I've heard rumors."

He said, "What have you heard?"

I said, "I heard that they're replacing me with Bushnell."

He said, "Well, that's been changed. We're replacing you with somebody else."

And I said, "Who?"

And he said, "Dean Hinton."

Well, see, when I was up there, I had suggested Dean Hinton. I thought Dean Hinton, or Ed Core. I thought Ed Core would be a good one, because Ed and Dean have that knack of getting along with the Latins. You know, they're tough, but yet they get along with everyone.

And I said, "Well, I'm very pleased to hear that. When do you want him down here?"

He said, "Well, this is the tough part, we want him down next week."

I said, "You mean..." See, when I left in May I couldn't have any farewell parties. I said, "Once again I can't make my courtesy calls."

He said, "The president's already called Hinton."

Which was not true, by the way. Hinton told me later he was not called until the next day. But I think it was Aronson and Baker who wanted me out of there. I had made too many waves with Thurman. Also, you know who stopped... and I got this from a very good source. Bushnell was the man, but Thurman heard about it and he said, "Hell no, I don't want him." And he suggested, through the National Security Council, Hinton, because I think he was there when we talked about it. But Hinton was the logical guy.

But, anyway, so I said, "Well, don't you think the Panamanian government should know this?"

And he said, "Well, hasn't anyone been told?"

And I said, "Well, look, the foreign minister hasn't heard about it. I'll check with him."

He said, "Gee, will you do that?"

So I went right over to the foreign minister. This was funny. This was on a Monday, I think. Benares is very nationalistic, but we do get along. And so I said, "I just came in to say farewell and say I appreciate all the cooperation we've had in the past. I really hate to leave Panama, but I'm glad things turned out and that democracy won."

He said, "Well, when are you coming back?"

I said, "I'm not."

He said, "Well, aren't they supposed to tell us about that? Why are they taking you out?"

I said, "Well, they feel that with a new government they'd like to have a new ambassador." I lied. I said, "We agreed that, once the democratic forces made it, since I worked so closely with you people I would probably be taking your part, and I'm supposed to represent the United States. And this was all agreed upon, once the democratic forces won, that a new ambassador would come in."

He said, "I think that's stupid, you've been working with us all this time. But don't they have to send me something?"

*Q: Yes, they have to get an agrément.*

DAVIS: I said, "Haven't you had an agrément?"



And he said, "No."

And I said, "Well, maybe they talked to President Endara."

So he said, "Just a minute." He called up.

I said, "Don't tell him. Please don't tell him what I've told you, I'd like to tell him myself. But ask if he's received any request for a agrément for a new ambassador from the United States."

And that's just what he said. He said, "Well, thank you, Mr. President." And he hung up and said no.

So I called up Larry Eagleburger back and I said, "Larry, what the hell? You just put me in a hell of a spot. Who's arranging the agrément?"

He said, "What the hell, didn't anyone do that?"

I said, "Did anyone get any instructions to do it?"

He said, "Well, I thought Bushnell was taking care of that."

And I said, "Bushnell has got a lot of things to do. What the hell, he probably hasn't thought of it. If you haven't thought of it up there, he certainly hasn't had time to think of it down here. You want me to make one out?"

I called Bushnell and he said, "Well, Jesus, I thought I mentioned that to the president."

And I said, "Well, the president said he hadn't heard anything about it."

He said, "God, I guess I haven't told anybody."

I said, "When did you hear about it?"

He said, "This morning."

And I said, "Well, I'll go ahead and make up the agrément." So I made up the agrément.

I called him and said, "Will you give me a verbal agreement, such as we did with Thomas Rodriguez?"

And he said, "Fine."

I said, "I'll send it right over to you."

So I then I hurried down to see Endara and Ford and Arias Calderone. They all saw me, we went in and they wanted to show me they had discovered a great big hidden room down there, a great

big lab with tables and everything else. So, anyway, they take me up, and I said, "I just wanted to let you know that I'll be leaving next Wednesday."

They said, "What for? Are you coming back?" I think maybe Lee Nidas might have called them there. "Are you coming back?"

And I said, "No, I'm being replaced by a very fine ambassador. You should be very proud, he's one of the finest ambassadors. Not only is he a former AID man, so he can help you out with your recovery, he also is a fine economist and he knows Latin America. And he's one of the few career ambassadors that we have."

"Well, fine, but..." and Endara broke down and cried. And he hugged me and he said, "But I don't understand this. Why don't they wait? We don't have time to decorate you. We don't even have time for a farewell party. We couldn't have a farewell party even if we wanted to. You have to come back sometime."

And I said, "I'll come back sometime. But I would say let's not make it too soon. The new ambassador's here, we should give him time."

And Ford came over and Ford had tears running down his cheeks. Everybody was emotional. Ford was really emotional and said, "Goddamn, we go through so much together. Why do they do this? Why didn't they consult us?"

I lied again. I said, "Look, this is something we had discussed before."

And he said, "I know you, you're just bullshitting me. You're trying to cover up for them. They're taking you out probably because you fought too hard for us up there. They want somebody up there that will represent the United States, and that's logical, but they should keep you here for a couple of months anyway."

And I said, "Well, I think they should, too, but that's between us, and I'll be leaving."

I never got any explanation from anybody. I called Bernie Aronson five or six times.

*Q: Bernie Aronson was the...?*

DAVIS: Assistant secretary for Latin American affairs. I called him five or six times, and I found out later, from three other ambassadors who did the same thing, I never got to see him. Never saw him.

*Q: Really?*

DAVIS: Never saw him. I was right down on the next level. I was on the fifth floor and he was on the sixth floor; he was one above me.

*Q: What was his background?*

DAVIS: I don't know why they picked him. He had something to do with a contest. He was promoter of the contest program of the Democrats. He worked on the Mondale campaign; he was traveling with Geraldine Ferraro. And then he worked on the Dukakis campaign. I heard that McCain and a guy from Illinois had recommended him, and Baker thought it was a great idea. I'm not saying anything about his capability or that he shouldn't have been appointed, I'm just saying he did not see me. Plus, of course, we argued all the time. Friday, when he arrived in Panama, I said to him, "Don't yell at me, for Christ's sake, I'm the one that has reason to yell. You're sitting up there on your fat ass in Washington, I'm down here in the middle of it all. Don't yell at me." And I think that made up his mind. And then he probably went to Baker and Baker said, "Well, he was kind of wise with me, too," so I think they made up their mind to get somebody else in.

But Eagleburger evidently was not brought in on this. Eagleburger had no explanation for me. Nobody ever tried to explain what happened. In fact, what got me was, I'd walk the malls, and Joe Verner came up and said, "Art, I've got to talk to you. What have they done to you? Goddamn, I'm so furious about this. Hell,... or not. This is terrible."

See, I had talked to people on Christmas day and said, "Look, now when things straighten out, you'll be able to come down here and we'll have a party." I told the diplomats. They thought I was full of shit, because I told the diplomatic corps, "Listen, Noriega's in the Vatican now. We're going to have one hell of a big party at the residence, and put on one of our big dances and big dinners, we're going to have a great time." And then I didn't even have time to call them all up and tell them I was leaving. That's how it ended.

Let me tell you what happened. On the fifteenth or sixteenth, I was working in the embassy, in the Panama Department, and I had been called down to Presidential Appointments (not the one at the White House, but the one down on the first floor), telling me that Secretary Baker would like to have my resignation effective January first, because of a technicality that they had moved Hinton into the squad as of that date. And I said, "What the hell difference does that make? When I left Paraguay, somebody moved in my spot. But if I get a request from somebody else, I'll do it."

So finally they prevailed upon me. Mike Cosak and Dick Wyrole said to me, "You don't want to..." I didn't want to cause any trouble anyway.

So, on the eighteenth, I tendered my resignation to the president, effective on the date of his pleasure. On the thirteenth of February, he accepted my resignation, effective January first. Now they're trying not to pay me for the month of January. They sent me a notice that I owe them six thousand dollars, and I'm fighting it now. I said, "Every ambassador gets twenty working days when he comes back anyway. Why don't you send me that fam, I've got to get it someday." And I've been arguing ever since. They don't want to pay me. Now they want to pay me as a consultant at two sixty-eight a day. That's sad.

Q: *It is sad.*

DAVIS: But, anyway, they have appointed me to a committee on the Panama Canal. It's the Environmental Committee that was set up by the Panama Canal Treaty. I'm going to be sworn-in on that soon (if they ever get around to it), and I'll be going down to Panama three or four times a year. The new ambassador called me from Panama and said they want to have a ceremony, preferably down there. I said, "Well, it's been a year now, and I'll check with Ambassador Hinton. If he approves it, fine, to decorate me." So I may get that behind me. See, President Delvalle had decorated me with the Order of Armator, on his last day as official president. But they want to give me the Grand Order or something else.

But I would say the last eight months I was with the State Department were not too...

**JOSEPH R. MCGHEE**  
**Deputy Political Officer**  
**Panama City (1987-1989)**

*Joseph R. McGhee was born and raised in Pennsylvania. He attended Yale and Columbia University and entered the Foreign Service in 1975. He served in Rome, Prague, Panama City, and Bonn. He was interviewed by Charles Stuart Kennedy in 1997.*

*Q: Today is the first of October 1997. We're in Panama from '87 to '89. Any particular reason for going to Panama?*

McGHEE: I have a handicapped child and Panama was especially inviting because it had Department of Defense schools. The Department of Defense is required to provide facilities for their students that are on a par with what they can get here in the States. We had a guarantee going to Panama that the schooling that we needed would be available. It was at that time very difficult in some cases to get posts to respond when you were in the bidding process to tell you what was available locally. This was turned over to the CLOs, Community Liaison Officer, Family Liaison Officer. Some of them were incredibly responsive and very helpful and others were not responsive at all when you were looking for places. Of course you didn't want to get out to a post and then find out that there was nothing there.

Panama just happened to be for me a good match because at the time people were being told that they needed to diversify and to get into another geographic bureau. For me this represented a different geographic bureau and it represented a place where I could be certain of finding the educational resources that we needed. I'd like to say that I was fascinated by some aspect of Panamanian life and culture but in fact I was pretty much willing to go anywhere where I was certain that I would find the schooling we needed.

*Q: I think this demonstrates for many of us that the family does come first. Many of our careers are predicated, particularly at certain points, by family considerations.*

McGHEE: I would say that is very true. It's a timing issue in many ways. Given the age etc., there was just no question of going to a boarding school at this point so we needed to be someplace where these facilities would be available. They were available at the DOD school in Panama which we were very happy with.

*Q: When you arrived there in '87, this was some years after the Panama Canal Treaty had been both signed and ratified, what was the situation? In the first place, what were you doing and then what was the situation as you saw it when you arrived?*

McGHEE: The situation was actually graphically illustrated when I arrived because just at the time that I was arriving, there was a large demonstration that was sponsored by, I wouldn't say so much by the Panamanian government as by the Panamanian defense forces. Several cars were burned in the embassy parking lot and the embassy building which was kind of a white-washed white affair was attacked with water balloons filled with red paint. We had this red streaked building and all these smoldering remains of vehicles out in the parking lot. Really this demonstration had been organized by the Panamanian armed forces and their political supporters in response to the fact that the embassy had spoken in support of this democracy movement that had begun in Panama at that time.

People were marching in the streets and were wearing white to these demonstrations to show that you were a supporter of the opposition. The opposition was really demonstrating for a greater degree of civilian control. It wasn't so much that elections in Panama were grossly dishonest although they were obviously manipulated up to a point especially if the result was going to be one that the defense forces didn't like. It was clear to everyone in Panama that up to that time the defense forces controlled the civilian government rather than the civilian government controlling the defense forces. There was a President and a Cabinet and all of those things but they were largely figureheads controlled by the FDP, the Forces de Defense de la Panama, the defense forces. At that time the commander in chief of the defense forces was General Manuel Noriega.

*Q: What was your job?*

McGHEE: I was deputy political counselor.

*Q: Who was the ambassador at the time?*

McGHEE: The ambassador was Arthur Davis. He had previously been ambassador to Paraguay and Panama was his second ambassadorial assignment. He was a political appointee. He was from Denver Colorado where I believe he had been a very successful real estate developer: housing developments, malls, shopping centers and things like that.

*Q: Did you arrive there before the attack on the embassy?*

McGHEE: Just about simultaneous with it. I think it was a day or two after we arrived. I wasn't actually there to see it. I was doing something in my apartment. We could look across from where we were and see it. We were in an apartment in a place called Punta Payteya. Panama City is located on this kind of crescent shaped inlet in the Gulf of Panama and you could actually look

across the inlet to the embassy which I guess was a mile-and-a-half or two miles away. You could see directly across to it and we could see all the activity going on over there and the smoke from the cars, etc., etc. When I went in the next day everything was covered with red paint.

*Q: As the new boy on the block more or less when you arrived, what were you getting both prior to your going off from the desk in Washington and as soon as you arrived, what were American interests there?*

McGHEE: That was very confused to say the least. The administration hadn't entirely decided what our interests were. The Department of State saw the democracy opposition movement in Panama as part of the process that was going on in many other places in South America. This was right at the time when many Latin American countries were moving from military to civilian regimes. There had been recent elections in Argentina and Uruguay. Really the democracy movement was in full swing in Latin America. In the State Department at least, what was happening in Panama was considered to be part of that process. I would say there was less enthusiasm for it in other quarters.

In Panama you had the anomalous or unique situation of there being not merely the embassy but also the headquarters of the Southern Command at Fort Heights and the Panama Canal Commission and lots going on in terms of U.S. interests. In a very small country, little over 2.2 or 2.5 million people, there was an immense U.S. presence including retired Canal employees. The Canal Zone itself didn't exist anymore when I got there. It had been abolished by the Panama Canal Treaties. There were still a number of Americans that worked for the Canal Commission, not the way it had been in previous times but still I would say that the work force at the Canal at the time I got there was about 85 percent Panamanian and 15 percent American. The Panamanian portion was growing.

There was a heavy tempo of operations out of the U.S. bases there of both supporting a variety of anti-narcotics and training missions further south in Latin America. Also there was a certain amount of activity involving DEA, the Drug Enforcement Agency, and quite frankly there was some Contra business being done there by the Agency. The Southern Command had about six or seven thousand personnel stationed in Panama plus three times that number of dependents, many of them living off base. I would say there were about 7,000 living off base. They had personnel scattered all over South America and the last thing that the Southern Command needed was to have its base of operations wracked by civil disorder. I would say that their view of the democracy movement in Panama was ambivalent at best. The Agency had a very close relationship with General Noriega who prior to becoming a commander of the defense forces had for 12 years been the chief of intelligence for the Panama defense forces. That meant he had worked closely with them on any number of things.

The Canal Commission had its own business to do. They were supposed to be involved in the process of deconstructing the U.S. presence. The Panama Canal Treaties covered a progressive Panamization of the Canal that was to take place over 20 years. In fact it will end at the end of next year. I think it is noon on December 31st 1999 that the final hand over takes place. At the time that I arrived in 1987 the Canal Commission was half Panamanian and half American with an American chairman. In 1989 it was to change. It would stay half Panamanian and half

American but it would have a Panamanian chairman so that the majority of it now would be Panamanian.

With all of these things taking place, of all these elements of the American presence in Panama the embassy was the least important element in the eyes of the Panamanians and I would say also in the eyes of the Americans. When this democracy movement popped up suddenly the embassy was vaulted into the forefront; no longer just a place to take care of VIP visitors, etc., etc., but suddenly an important political movement that was a brand new factor.

*Q: What about in this highly charged political situation with a sort of unclear mandate for the embassy and all with the American military wanting one thing and others wanting another thing, but we had our marching order. Can you talk about the ambassador and his role because it would seem this would be a place where you would want to have a rather strong person, either professional or somebody who comes from outside but comes with a lot of clout?*

McGHEE: I would say that Ambassador Davis was not without clout but more to the point he was certainly in full accord with what the Department wanted to do. The assistant secretary was Elliot Abrams and he saw promoting fair representative democracy in Panama as being a priority goal for us. To that extent there was no problem. Ambassador Davis was fully in accord with that and he was quite supportive of the democracy movement, as was his daughter.

He was a widower but his daughter resided in Panama with him. Her name was Susan Davis. She was divorced and used her maiden name. She was quite active, in fact in my view almost too active given that they were diplomats in a foreign country and not members of the Panamanian voting public. The ambassador also met frequently with the members of the opposition. He would have them over to his home sometimes in quite large groups. He was very encouraging to the opposition and didn't hesitate to express support of the U.S. government for the opposition movement.

I would say that the Southern Command was also not fundamentally opposed to seeing more democracy in Panama as long as it didn't interfere with their operations. I would say from my own point of view that our biggest problem was with the Agency.

*Q: When you say the Agency we are talking about the CIA.*

McGHEE: I am talking about the CIA, the Central Intelligence Agency. I think they were the least enthusiastic about all of this. They had, I believe, felt that they needed unimpeded and no-questions-asked type of access to facilities in Panama to further what they were doing in places like Nicaragua in particular, but also Salvador. They viewed Noriega as a valuable resource. I guess it is a matter of opinion and I am not the best qualified person to give that opinion, but I think they valued what he brought them on questions like Cuba in particular. Noriega had quite good relations with his counterparts in Cuba as well as in the United States with us. He would bring information in and pass it along from time to time so this was valued too.

I think that there was some real question within the Agency as to whether we wanted someone other than Noriega to be in charge in Panama. I think they considered him to be dependable and

ultimately supportive of the goals that we were trying to achieve in Central America as a whole. I think that is a dubious proposition but nevertheless this was the situation and there was a lot of pushing and shoving within the U.S. to see who would control this policy.

There was an effort made at one point to get the Agency to try to talk Noriega into going off quietly, resigning. He had plenty of money stashed away in Europe and the deal was to be that we would let him go his own way and wouldn't bother him, that he would just pack up and go. The embassy was kept in the dark about a lot of what was happening but I saw no evidence that this message was ever effectively delivered. Of course then events evolved in such a way that it became too late for any such message to have any effect.

*Q: You arrived and then there is this demonstration at the embassy, it shows that relations were no longer close and friendly with the powers that be.*

McGHEE: Demonstrating against Noriega had already been going on for a couple of months by the time that I got there. This was just another incident. In effect we hit the Panamanian government very hard over this noting that it was their responsibility for security for the embassy etc., etc. In fact the Panamanians paid to have the building repainted and they paid some amount for the damage that was done by the demonstrators, in effect acknowledging that it was their responsibility.

*Q: Did you feel when you got there from your fellows at the embassy and all that Noriega was the problem and that Noriega in a way had to go? Was that sort of the feeling Embassy wise?*

McGHEE: That was the Embassy feeling. Noriega was at the heart of the matter. He was sitting at the top of a institution that had really sort of been put together on an ad hoc basis beginning in 1968-69 when the last elected President of Panama, Arnulfo Arias, was thrown out by a military coup a few days after he was elected. Arias was one of these figures that pops up over and over again. It happens in other Latin American countries too: Juan Peron went away and came back, Balaguer in the Dominican Republic.

Arnulfo Arias was elected President for the first time in the '40s and was in effect forced out by us because he was at that time very right-wing. He was Peronist and hence was viewed as being pro-Nazi during the War. We weren't about to have any of that so he was elected and bounced out. Then he was reelected again in the '50s; I don't know exactly when it was, '54 or '55 I think possibly '56. He ran the country for two years but again he fell foul of the armed forces and there was a coup. At that point it wasn't an armed forces it was really a national police force. They called themselves the National Guard back then, *Guarde de National*.

In '56 or '58 he was besieged in the presidential palace during this coup and a delegation from the defense forces led by a lieutenant colonel went in to try to negotiate a surrender. No one knows quite what happened but it appears that Arias' wife shot this guy to death while he was under a flag of truce and of course when the defense forces finally got hold of him he was banned from the country for life. But as these things go, that was really only for six or seven years.



He was back again running for President in '67 or '68 but by this time the defense forces were dead set against having him back. He was viewed as anathema. He made a deal before the election campaign that if he were elected he would not tamper with the national guard. He would let them go their own way and would be commander in chief but would not make any sudden moves. Well as soon as he was elected he went back on that agreement and he appointed his own man to be head of the national guard. Within a couple of days there was a coup and Arias ended up fleeing to a hotel inside the Canal Zone from which he made press statements for a few days. Eventually he flew off to the States.

At that point there was a junta with the key members being a couple of colonels: Boris Martinez and Torrijos. Within a year Martinez and Torrijos had a falling out. Torrijos was on a trip to Mexico and Martinez took over the government and declared that Torrijos was banned and exiled for life. Normally that would have been that but Torrijos wouldn't take it sitting down. He came back from Mexico and flew into David which is in the west.

It just so happens that at the time the province commander was a lieutenant colonel named Manuel Noriega. He could easily have arrested Torrijos and been a hero with Martinez but instead he decided to back Torrijos and gave him vehicles and troops. They drove down the coast highway to Panama City and it ended up that it was Martinez that went into exile and Torrijos took over. That vaulted Noriega within a couple of years into the position that he wanted which was chief of intelligence. He sat there as chief of intelligence for 12 years collecting information on everyone and everything and cementing his ties with the U.S., the Central Intelligence Agency and with the Cubans, Sandinistas and with just about everyone you can name.

*Q: Had this democracy movement which you say started about six months before you arrived...*

McGHEE: It wasn't quite six months it was more like two or three months.

*Q: Was that internally generated or was that coming from exile groups in the United States or elsewhere? Did it have support beyond its borders?*

McGHEE: Some of the early leaders felt themselves to be under threat from Noriega and it's not uncommon for the upper-classes, for the economic elite in Panama, to keep some of their wealth outside of the country as a kind of fall-back position. A number of these people had moved to the States and were working in Washington or in Miami against Noriega. Fundamentally this was an internal movement. It was middle-class and upper-class economically by and large.

There was no important outside help other than the fact that given the importance of the United States presence in Panama and the important role that the United States played in Panamanian history, these people were sophisticated enough to understand that this was not going to go anywhere unless it was supported or at least accepted by America. One thing that they got early on from both the State Department and the embassy was the promise that as part of our general support for democratization throughout Latin America, that we also supported this kind of a development in Panama.

Yes, in that sense there was a role for outsiders but in terms of organization and financing, there wasn't much financing, and the organization was pretty loose too. There were a number of "opposition" parties in the Panamanian assembly and they of course supported the democracy movement. But that was also where the key backing, the key organizational push for all this came from, it was through these opposition parties. Arnulfo Arias had by this time returned to Panama. He was ancient and in fact he died in I guess the beginning of '89. At one point there had been some thought of running him for President yet again. His was the largest of the opposition parties. There was also a Christian Democratic party that received some encouragement from the Christian Democratic International. This was headed by confusingly another Arias; many Panamanians are named Arias.

I forgot but as part of the Canal Treaty one of the things that we insisted on when the Canal Treaty was written was that the Panamanian national guard establish a real military element. In other words up until that time it had simply been a national police force. We insisted that if Panama were going to take over the Canal it also had to take over responsibility for security of the Canal given that this was in the time of terrorism etc., etc. Beginning in '79 the national guard changed its name to the Forces de Defensa de Panama, FDP, and it established a number of real military units: three infantry battalions, a squadron of armored cars, commando units, some helicopter units, etc., etc. Enough capable of providing a military security presence for the Canal when eventually the Canal became fully in Panamanian hands because the Canal treaties also provided for the closure of all of the U.S. bases in Panama.

At that time we still had three major facilities: Fort Clagman which was the army; Rodman Naval Base which was the navy's facility at the Pacific side of the Panama Canal; and Howard Air Force Base which was just outside Panama City on the other side of the Canal. Plus on the Atlantic side, the Caribbean side, we had a number of smaller facilities including still the jungle school. We were still all over the place.

*Q: What was your job? You say you were number two in the political section, what was your job? What were you doing?*

McGHEE: For a country of its size, the political section was quite large. We had a labor officer whose job was to really follow labor issues involving Panamanian unions that worked in the former Canal Zone. We had a pol-mil section with two officers, then we had your classic political section doing internal and external. I was in charge of the internal and external although with the upheavals that occurred in the months after I arrived at post, my role changed somewhat because the United States undertook an effort to negotiate Noriega's departure from Panama.

Unfortunately at about that same time a couple of prosecutors in Florida indicted Noriega for drug trafficking. It rather undermined Washington's contention that we were prepared to offer Noriega a safe retirement somewhere abroad. Noriega was no fool. He realized that his safest place was right where he was right now running Panama. Nevertheless the State Department continued to pursue this negotiation effort and pursued it through a special envoy, a guy named Mike Kozak who was selected to do this essentially because he had worked on the Canal treaties and then therefore was held to have known Panama.

In fact all of the folks that were running the Panama business had stayed on. For instance Dick Wyrough the country director for Panama in ARA was a retired military officer who had spent the last 10-12 years of his career working on Panama. The idea was that all of these folks knew Panama well. They knew the bases. They had been on and off the bases. How much any of these guys knew was debatable. Wyrough didn't speak a word of Spanish and in spite of all the time he had worked on Panama he never lived in Panama. I don't think he had seen much of it except what he saw out of car windows or something like that.

Be that as it may, these guys thought they could talk Noriega down out of a tree and that is what they were doing for the first six months or so that I was there. The embassy was not involved. In fact one of Noriega's conditions for all of this was that the embassy could have no role in this whatsoever. He viewed the embassy as being part of the opposition at this point. Kozak sat up in Washington and would fly in and out of Howard and have these talks with Noriega's people. Never with Noriega himself and I want to underline that. Noriega never personally took any role in any of these and Kozak never even saw Noriega for more than a minute or two: introduced, shake hands, "how are you doing?", that kind of thing. It was all through intermediaries on Noriega's part as well.

Kozak would fly down to Howard, go off and negotiate with the Panamanians, fly back to Washington and we would hear about it because someone on the Panamanian side would call up and say "hey, you know Kozak was here". We never got any readout from any of this other than sort of generic word from Washington: "Oh it is going better. Oh we didn't make much progress." But no details. Noriega's people, I don't mean the military now because the senior military officers were absolutely excluded from having any contact with the embassy, but the PRD, his political party was in touch with us and would pass on these very colorful accounts of what supposedly went on in Kozak's negotiations. We had no idea as to whether it was true or not.

*Q: What was Kozak's background?*

McGHEE: Kozak was from L, Legal, and had been the legal advisor to the Canal negotiations although after this series of events he was taken on in ARA as a deputy assistant secretary and stayed in ARA. In fact I believe now he is head of our office in Havana. He came into the Foreign Service after all.

The upshot of all of this was that Noriega was not behaving as if he had any intention of leaving. In fact he was rearranging the senior positions in the general staff of the defense forces, he had taken steps to fortify several of his houses around the country, and he was making increasingly political speeches. In the past, up to that point, he had been the antithesis of Torrijos. Torrijos had been a TV-every-night media star. Noriega preferred to let the civilians pretend they were running the country. As this went on he more and more began to take the lead. He was showing no signs of having any intention of going anywhere.

He had a daughter who was married to a senior military officer in the Dominican Republic and in January during the holidays just after New Year's in 1988, he had gone off to visit her for a

weekend. Reports of him flying out of the country had circulated in Panama City and there was a huge street demonstration celebrating his flight. When he heard that this was going on he flew back in to the middle of it and had the demonstrators cleared off the streets in about an hour's time.

In any event this back and forth sort of secret negotiations with Kozak was carrying on and was supposedly making process. It was very difficult from our point of view to see where this progress was or to understand what Noriega could have in his mind given that he was under indictment and was liable to be arrested. It just didn't make any sense.

At a certain point in about February or March of '88 Kozak announced that he had a deal. We were told by Washington that Noriega was going to resign on this particular morning. He was going to make a public announcement and then he was going to fly off to Spain and that was going to be that. In fact it just so happened that this was the same morning that Ronald Reagan was scheduled to go off to Moscow for an important summit with Gorbachev. Plans were made for Reagan to respond to this announcement of Noriega's resignation at Andrews before he got on the plane and flew off to Moscow.

The day came, everybody waited and waited. There was no announcement, no announcement. No one at the radio station had any indication that there was going to be an announcement. No one at the commandancia, the FDP headquarters had seen Noriega and they weren't set up for any kind of announcement. He just was laughing. Plus during all this morning the President's departure for Moscow was delayed for a half hour, for 45 minutes, for an hour, for two hours and they were sitting and waiting and waiting. Noriega never did a thing. No one could track him down. He wouldn't answer any phone calls and that was the end of that.

You were getting to my role. The titular President, Arturo del Vaya, had been installed by Noriega after Noriega had gotten mad at del Vaya's predecessor Barletta. Slightly after the so-called announcement was to have taken place, del Vaya tried, at the urging of the ambassador, to fire Noriega. This didn't work out. Noriega fired del Vaya instead and del Vaya went into hiding.

At that point Elliot Abrams announced that we were cutting off all contact. That the government of Panama was now illegitimate, the people running Panama, and that we would have no contact with them. Not only that but U.S. citizens were forbidden from doing any business with them. We would not speak to them on any issue. That lasted about three or four days because when nothing happened, Washington started asking what's the government saying about this and about that. The embassy was replying that we weren't supposed to have any contact with them. "But we didn't mean you weren't supposed to have any contact." What was established was that I became the guy that was supposed to have contact with them while pretending that we weren't. This meant that I could not call these people at their offices or go to their offices and so I became a denizen of various warehouses and strange restaurants and *boleos*.

*Q: Boleos being like bars or something?*

McGHEE: A boleto is actually a kind of a structure. It is a structure with a roof but with no walls which is a very popular kind of thing. You needed a roof because the rainy season is eight months long in Panama but you don't particularly want walls because it is very hot. Lots of things are set up this way. There are bars and little ad hoc restaurants around that are in boleos.

They will tell you that there is a boleto at the corner of such and such, so I used to meet people at their local boleto or I would go to the McDonald's in Punta Payteya and somebody's driver would come by and pick me up and take me to somewhere. It was a lot of unnecessary logistics but anyway that became my role which was to be the contact with Noriega's people.

*Q: What was your impression at this point of the people around Noriega that you were meeting as far as whether Panama and sort of what was happening and their view of the United States?*

McGHEE: The sort of common place idea in the news media here was that the Panamanians were ferociously anti-American but that wasn't the case at all. Most Panamanians really appreciated the fact that the link with the U.S., while it had some major drawbacks, was largely responsible for a stable economy, relatively low unemployment, and for a host of benefits that Panama had that it might not otherwise have had. They just wanted a little respect. They wanted to end the situation where we felt that we could do anything we pleased because we set things up that way back in 1903. I found very few Panamanians that were truly anti-American. Most of them just wanted a little more breathing room.

In fact many Panamanians didn't want to see all the bases closed. They would like to see the presence shrunk and maybe some of them closed but they also viewed the U.S. military presence as a kind of stabilizing factor, as an insurance against gross misgovernment and not to mention an important source of employment for the economy. At the same time, as I say, they wanted to be able to run their own affairs for themselves for the extent that they wanted to.

What you often got from Noriega's people was that they just were convinced that there just must be some other way out of this. There had to be some sort of a win-win solution to this in which Noriega would be able to save face or to step to the side somehow out of the limelight but stay on. The United States would get some sort of a reform process in return that would allow there to be democracy but not too much democracy. Except in a very few people who were not by the way the people who were most anxious to talk to me, there was little acceptance of the idea that there was a fight to the finish going on here and either Noriega was going to leave or we were. We weren't about to leave ergo the 800 pound gorilla theory.

*Q: Were the people that you were talking to with the Noriega government, did Noriega have loyalty beyond that accorded to somebody who's got power?*

McGHEE: And the ability to put you in a position to make money: power and jobs. No, I don't think that Noriega was beloved by the general civilian population especially compared to Torrijos but the defense forces were extremely loyal to him. As a commander of the defense forces he was much more concerned about the health and well being of the rank and file than Torrijos ever was. Torrijos's reputation with the men he commanded was of someone who didn't

care about them at all. He was a big partier and he was well known for taking the plane or helicopter and flying off to someplace at a whim then leaving his crew and bodyguards and drivers to shift for themselves in the rain while he went off and had a good time.

That would never happen with Noriega. With Noriega everybody got fed. Everybody got a roof over their heads and got a chance to sleep. He improved health care, pensions, and retirees always had a job. Torrijos couldn't be bothered with any of this but Noriega was very assiduous. If they gave him loyalty he was most loyal to them. He was popular with the troops, there is no question about that.

*Q: Was there sort of the feeling from the time from the embassy's perspective that Noriega and the defense forces were sort of enjoying thumbing their noses at the Americans?*

McGHEE: Yes. I think they enjoyed it immensely. I don't know if you remember the speech with the machete? Bang, bang, bang. He would tour the country from time to time and he was famous for making these speeches in which he would threaten the United States and draw a line in the sand and at one of these speeches that *CNN* was allowed in to film, he pulled out a machete and was threatening George Bush and banging the machete.

In fact he even threatened me personally in that speech because as time went on and I became the one that everyone knew, all his folks were talking to, I started to get a lot of pressure in various ways, just annoying little ways. I had to leave my phone off the hook. I don't know how they set it up but they had people calling my house around the clock. The embassy had to give me a radio and I would radio ahead when I wanted to make a phone call. If somebody had an incoming call for me they would radio me and say put your phone on the hook. It wasn't a very good system.

He jimmied up a huge campaign against Ambassador Davis and his daughter and against John Maisto the DCM. At the airport when you came out of the arrivals area and started to drive out of the airport there was a giant billboard with pictures of Ambassador Davis, his daughter and John Maisto on it and it said *persona non grata*. Then it had *American imperialist* on it. There was another copy of that same billboard that was put up in a vacant lot directly across the street from the embassy. They did all of this with a sense of humor.

At sundown every day they would stop all the traffic on this main boulevard that ran along the Gulf of Panama in downtown Panama City right in front of the embassy. They would post some policemen out there in front and they would stop all the traffic and make everyone get out of their cars and stand at attention. They would play the national anthem while the flag was lowered on this little flagpole over in Balboa Park which was just down the street. Everybody would salute and stand there with these huge speakers blaring right at the embassy. Panama is an example of one of these the smaller the country, the longer the national anthem. It was something like five-and-a-half minutes long. You would have this thing going every day at the same time. They were good at little things like that.

*Q: What about the opposition, did you have much to do with the opposition? How would you characterize it?*

McGHEE: I knew them all. They were nice people and they were committed to what they were doing but they weren't prepared to go all the way to turn it into an all out fight against Noriega. Really in the end I think the opposition was counting on us to come to their rescue. They were prepared to demonstrate and to run an anti-Noriega election campaign in '89 which they did and did successfully, but they weren't going to take to the streets. The core of the opposition was the middle-class and the upper-middle-class and some wealthier people and they just weren't willing to put it all at risk to do this. They would go so far and no further which doesn't mean that they were without guts or anything like that.

Some frightening things occurred. There was a famous picture on the cover of *Time* magazine with Billy Ford covered with his bodyguards blood being beaten by policemen. Things got harrier too because Noriega at one point established a special force which were, lets say some rather rough elements that were organized into paramilitary units. They weren't armed most of the time but they were not nice people. There used to always be a handful of them across the street from my house hooting and yelling any time I came and went. As I said, they were a pretty rough group.

*Q: You were having these non-formal contacts with the Noriega government; they were giving you a very difficult time. At the same time I assume that these weren't clandestine getting together with people?*

McGHEE: Some of these people were very uncertain about where they stood. Two of my contacts, Mario Ronnoni and Issac Conono at various times held ministries in the government. They were very much pro-Noriega and they were PRD, but at the same time they were in a quandary. They were very friendly towards the United States. Ronnoni was a graduate of Georgia Tech and certainly didn't want to end up being banned from the United States for life. There is no question that these contacts with us were authorized on some level but these guys were not in the military. There was certainly a hard-line within the PRD that was opposed to any kind of contact with the embassy. I think they felt themselves to be on shaky ground. They were never certain when they might find themselves under attack for seeing me.

When they saw my name in the newspapers they got nervous. There was an incident in mid-1988 when there was an Argentine military officer named Colonel Senildeed who had been sort of quietly removed from Argentina at the time that the military government fell. He was sent to Panama to be an instructor at the FDP military school. Senildeed one fine day pops up in northwestern Argentina attempting to organize a military revolt against the government. The question was asked how did he get there and how on earth could this have happened? The FDP, the Panamanian military, flew him down to Uruguay and helped him arrange to get a boat across the Plata to Argentina to organize this. The idea that Noriega had in the back of his mind was that the junta in Buenos Aires would be more supportive of him, Noriega, and would help end his isolation.

There was no doubt of what happened. The revolt was a failure. Senildeed had a few people at the barracks that he occupied that revolted with him. The rest of the army stayed loyal to the government. He was arrested and that was the end of that.

I had gotten around to a number of my contacts to underline that this was serious business. They were getting themselves in deeper than they knew and were playing with fire if they were trying to encourage the overthrow of democratic regimes elsewhere in Latin America. One of the people that I talked to was a legislator named Louis Gomez. He apparently became concerned that someone might have overheard our conversation or seen us talking so he rushed down to the newspapers to denounce. There was a huge headline in the newspaper the next day: "McGhee is conspiring against Panama." It went on and on and said we're spreading lies. This kind of thing made other people that were talking to me extremely nervous. The same thing happens when Noriega makes a speech and mentions me by name. They begin scratching their heads and saying "Well are we really supposed to be doing this?"

For instance when I would have to go and see Ronnoni, his brother had a kind of a fly-by-night transport company out of a warehouse in the dock area of Panama City and it was near the embassy warehouse. What I would do was I would have a car take me down to the embassy warehouse then I would pop out the gate in the back wall and hustle down the alley and pop in the rear gate of the Ronnoni brothers warehouse, Carels Chilicanos. I would go up and see him in the office up in the back of the warehouse. That was just his way of trying to protect himself. Other times he would be more relaxed and I would see him at his house or I would see him someplace else. Usually they tried to do it at some place where they wouldn't be seen by passers-by, by people that might run off to the party or to the newspaper and say "I saw Ronnoni talking to an American." A lot of them were not quite sure enough of where they stood.

*Q: What about the CIA, the station chief and others, did they have any contact with you or try to tell you to lay it off? Was it obvious that they were playing a different game or not?*

McGHEE: The real problem was that no matter what the issue was if we said it was black, the CIA said it was white. They just opposed us right down the line and we just found that anything that we reported was immediately countered. It was sort of like anything that came out of Panama was a wash.

It culminated in the reporting on the election campaign of '89 when we said that the opposition was going to win 60 percent or above and the Agency said no, no they had independent polling that they had done which unfortunately we can't show you. They wouldn't show us the numbers. I think they were using polling that had been given to them by Noriega in effect. They said it was (or wasn't) going to be a wash, it would be 50 to 49.9 and Noriega would be able to manipulate the vote without anybody being able to notice. In fact when Noriega stopped the vote counting, the opposition had nearly 75 percent of the vote. In my view the upshot of this was that we virtually canceled each other out. The administration didn't really have a plan for what it wanted to do when Noriega in effect nullified the election.

Just to give you another example, there was a long controversy over whether we should be doing more or doing less in terms of trying to use unconventional methods to undermine Noriega, either with the public in general or within the armed forces. At one point the NSC approved giving a radio transmitter to the opposition so that they could broadcast anti-government messages. There was the technical side of this to be taken care of. Someone had to get a hold of



the thing physically (it was in a couple of suitcases) and give it to someone in the opposition and show them how to work it. This was an NSC decision. This wasn't something that someone came up with.

The Agency said well we will give you the equipment but we won't be a party to delivering it. How the hell do they get away with that? This is something the President decided. Instead we had to get some poor putz FSO who had no idea how to work it. He had to get kind of half-ass instructions on how the thing ran, and then drive it out in his own car and give it to these people and show them how to run it. What kind of thing is this? I don't think the Agency covered themselves with glory in Panama.

*Q: What about the American military, did they sort of stay out of this at that time or how did they feel about it?*

McGHEE: They tried their best to just stay out of it altogether but the problem was that we were in effect trying to bully Noriega into leaving or to bully someone in the defense forces into getting rid of him. It was a close call. There was an attempted coup against him at one point. Why it failed when people knew what was still up in the air, I don't have any idea. Suffice it to say, we did nothing to help the coup plotters. This was in about March of '88 I believe, it was in the spring of '88 anyway. It failed and the people that attempted the coup were rounded up and went off to some very hard prison for a year-and-a-half.

The attempt to bully Noriega and the Panamanians through sanctions and thinly veiled threats that we were prepared to go in and snatch him at some point, etc., etc., etc., all of the effect of this was nullified by the fact that we had 7,000 U.S. military spouses and children living within a two mile radius of the commandancia. There were hostages walking the streets. I think Noriega never really felt threatened through all of this.

*Q: The normal thing if situations get tense, we do it all the time, is to say dependents go home.*

McGHEE: In fact at the beginning of the 1989 election campaign the embassy attempted to get DOD and the State Department to do that. We drafted a cable that said we've been threatening this guy and pussy-footing around but effectively our only policy was to pray every night that he would step on the soap in the shower. What we said in this (it was originally drafted as a dissent channel cable) was that you are never going to make this man feel threatened as long as he can see, looking out his window, all these helpless Americans within his grasp. Before this election campaign gets too far along, we ought to clear everybody out; get this underbrush out of the way. That's the way to let Noriega know that we mean business and that we mean to force him to hold an honest election.

As I said it was drafted originally as a dissent message by myself, Michael Polt and Mark Sigler from the political section. We gave it to the ambassador in that form. Ambassador Davis says "This is right on the money I want to sign it too." We said "Mr. Ambassador if you sign it, it is not a dissent anymore." He said "Well I want to sign it." In effect it went out as a message from the post saying that we should get the dependents and the unnecessary personnel out of the way.

The Southern Command should stop tiptoeing around the FDP and should begin doing all the things that was permitted by treaty to do. They had stopped sending convoys back and forth between posts and doing a large number of things to steer clear of the FDP. We said that was wrong. They should be intimidating the FDP every chance they get. You have to not just talk tough, you have to get tough.

In fact the message also got an endorsement from Fred Verner who was the general and commander in chief at Southern Command: "I agree with this completely." If we are going to be serious about this we ought to be serious about getting our people out of harm's way. But it got no reaction at all out of Washington and nothing was done to evacuate unessential personnel and dependents until after the election fiasco.

*Q: I remember there were policies if I recall freezing funds and stopping visas and things like that. Had that been done while you were there too?*

McGHEE: Oh yes. That was all done while I was there. As I said we were also forbidden to have any transactions of any kind with the Panamanian government. This led to some weird things like we were forbidden to pay our electric bills because the electric company was owned by the Panamanian government and the money went into official coffers. Time went by and we didn't pay and they began to threaten that they were going to turn everyone's electricity off. Most people lived in apartments but the apartments had individual meters. Washington said "Don't worry. We know what's going on down there and they wouldn't dare to turn your electricity off." It went back and forth and time went on. One Sunday morning pop, pop, pop, pop, pop, everybody's electricity went off. So for two weeks we sat there in the middle of brightly lit Panama City in the dark. Finally Washington caved and they hired some lawyer and paid the money to the lawyer. The lawyer went off and gave it to the electric company; some fictional route to pay the electric bill.

Another thing is that individual officers weren't allowed to renew their license plates. As people's tags on their cars went out of date, the embassy started renting them cars. Every single person in the mission had a rented car by the time I left Panama. I suspect that we were paying 50,000 to 100,000 a month to rent cars.

*Q: As you were sitting around in the embassy and you were getting either one, a lack or two, direction that didn't make much sense, did you have any feel for who was calling or not calling the shots?*

McGHEE: It wasn't a lack of direction. The direction was very clear that the Department wanted to aid the democracy movement in Panama. That was crystal clear but there was no consensus in the government as to how seriously we were prepared to do it. We were prepared to say all the right things but we weren't prepared to do anything that lived up the rhetoric. As a result of this, over time we backed ourselves into a position where the only thing left for us to do was to launch a military operation to take Noriega out which is what happened. It happened because we ourselves, principally through indecision, rendered all the other options useless.

*Q: Did you have any feeling from where you sat as to what the problem was? Were there conflicting ideas? This is both the end of the Reagan and the beginning of the Bush administrations. There wasn't any hand at the helm or what?*

McGHEE: No it wasn't that at all. I mentioned before that there was this effort to talk Noriega into leaving that culminated with the little fiasco at Andrews. At that point then, or soon after this, there was an attempted coup. After the attempted coup the administration effectively said no more. It was coming into the summer, it was May or June '88 and the elections were in November of '88. It wasn't said in so many words, but the point of the instructions that we got was clearly that this was to be in effect downplayed. There was to be no more activism on Panama prior to the election day. Panama was going on the back burner and nobody wanted to read about it in the papers.

*Q: We are talking about our election in the U.S.*

McGHEE: Yes, I'm talking about the U.S. presidential elections.

*Q: This is Bush versus Dukakis.*

McGHEE: In effect the embassy was instructed to tread water for the next four or five months which is what we did. We did nothing but run around and write reports and talk to people and wait for the rain to stop. After Bush won the election things began to move a little bit. George Bush became President in January of '89 and it was in the course of all of this that Noriega decided to hold an election.

Noriega thought to get his own man elected President because he saw this as a means of kind of breaking the deadlock. Having a legitimate election that his fellow Carlos Dukai would win would enable him to go back to at least the other Latin Americans and possibly to the Europeans and say now that we have a legitimate civilian government in place, you've got to knock off the sanctions. The sanctions were hurting. They weren't hurting the people in power but they were certainly hurting the Panamanians as a whole.

*Q: You left in '89. Where did this fit into developments in Panama?*

McGHEE: The failed elections took place in the beginning of May of '89. Immediately afterwards there was quite a bit of violence and so dependents and unessential personnel were evacuated. My departure came in late September of '89 and operation "Just Cause" which finally ended up with Noriega's arrest took place in I think November, so about eight weeks after I left.

*Q: What was the situation as seen from the embassy? The election was held in you say May was it?*

McGHEE: Yes it was May first or something like that.

*Q: Could you tell the developments as you saw them regarding the election and the aftermath?*

McGHEE: Basically the opposition ran an excellent campaign. They managed surprisingly to back a single candidate whose name was Gia Mondara otherwise known as Kuchungo. He had I think Billy Ford, and Arias the head of the Christian Democrats ran for Vice President on his ticket. They swept the vote everywhere. There was a determined attempt at fraud on the part of Noriega and the defense forces but the sheer size of vote for the opposition which as I said was over 70 and even approaching 75 percent, was far bigger than they expected.

The FDP had been doing some polling. I had been hearing from various people that there were FDP people out of uniform (you could spot them a mile away) going around and polling. Of course the Panamanians being smart never tell the truth to a pollster and so the FDP was convinced that the vote was going to split down the middle. They had been prepared for that sort of result and they weren't prepared for the overwhelming defeat.

The type of intervention in the vote count that would have been required simply wasn't possible because there were international observers there. Jimmy Carter was there staying at the Marriott Hotel and the vote center was in the ballroom of the Marriott. The necessary preparation for massive manipulation of the result was not there so they just shut down the vote count and annulled the vote. That was kind of the end of it.

The opposition tried to hold a victory rally the next day. It was broken up by the defense forces and a couple of people were killed including Billy Ford's bodyguard. The opposition candidates went into hiding and the opposition pretty much ceased any real organized activity. The radio station that I mentioned before was discovered and the people that were running it were arrested, including an American citizen. That was it. It was sort of sewn up tighter than a drum.

My contacts dried up completely because they were all scared to death with the exception of the current President of Panama Ernesto Pérez Balladares who had repeatedly refused offers from Noriega to come in the government as prime minister or as finance minister. Pérez Balladares saw the handwriting on the wall and realized that any short-term gain that he got from associating with Noriega would be to his detriment in the long-term so he stayed out of it. He maintained some contact with us but pretty much things dried up after that. The embassy was down to a skeleton staff and I got myself assigned to Northern Gulf Affairs and went back to the Department.

*Q: When you left in September '89 was there the general feeling both in the embassy and outside, or was it mixed, that OK this has gone on and Panama is essentially our responsibility and up with this we will not put.*

McGHEE: I would say that within the embassy, people were pretty discouraged at that point. I think that I felt, and I would say that in general people agreed, that there were really only two possible outcomes. One of them was that someone would just kill Noriega and the other one was that we would mark time until there was an incident that brought on a military intervention by the United States and that is what happened.

There were some reservists or national guard airmen who had flown a transport flight down to Panama City from wherever they came from. They rented a car to go out and have dinner I guess

and got lost. They ended up driving into Fort Amador which was a Panamanian installation. When they saw where they were they stopped short of the gate and tried to turn around. The Panamanian guards opened fire on them and they killed one of the airmen in the car. We started moving troops down into our bases by air over the next couple of days and that was that.

*Q: You then left. When you came back to Washington did you talk to people on the Panamanian desk?*

McGHEE: I did talk to people on the Panamanian desk but I got the feeling that I wasn't really very welcomed. When "Just Cause" began and they set up a task force I volunteered for the task force immediately and I never got a call.

**GARY S. USREY**  
**Consul General**  
**Panama City (1988-1990)**

*Gary S. Usrey was born in North Carolina in 1948. He graduated from the University of Maryland in 1970. His postings abroad during his Foreign Service Career included Baghdad, Buenos Aires, Alexandria, Bilbao, Panama City and Rabat. Mr. Usrey was interviewed by Charles Stuart Kennedy on March 21, 2002.*

USREY: Panama, Panama City, to my great regret.

*Q: By the way, how did your wife, coming from Bolivia...*

USREY: She's from Connecticut. No foreign born wife for me.

*Q: How did she find Spain?*

USREY: She liked it. Jamie has always been extremely adaptable. I've been lucky that way. There's an American school in Bilbao. We had a little American school. She got involved over there. We got a small State Department grant. We had small kids, one little tiny baby, who had been born in Cambridge, whom we took with us when she was several months old. She had a ball. We were all happy there. It was a happy family time. It was good.

*Q: Okay, we'll pick this up in the summer of 1988, when you're ofto Panama.*

USREY: Yes.

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*Q: Today is the 22nd of April 2002. Gary, you are off to Panama. You said, "Much to your regret." So, you were in Panama from 1988 to when?*

USREY: The tour was interrupted because of the U.S. invasion to topple Noriega, so I got out in the spring of 1990. It wasn't even two full years. It was April 1990, something like that.

*Q: Okay, well it's an interesting period. I would like to capture it. What were you told before you went there, because tensions were rising, as I recall?*

USREY: Tensions were rising. Our policy was to recognize a president who had been deposed. This was a guy called Delvalle, who was being kept by the U.S. in a safeplace. Noriega was the head of the Panamanian defense forces, and defacto ruler of Panama. Since we didn't recognize the government, we knew the situation we were going into was highly irregular. There was no Panamanian Embassy in Washington. Panama did have a consulate in Tampa, Florida. It was headed by a woman close to Noriega, and still issued visas for the regime. I was the one in charge of going down with a handful of passports. People went with me that summer to get visas. We were issued visas that would get us into Panama, but we didn't have license plates, or diplomatic IDs. It was strange. That led to later problems culminating in the invasion. So, we arrived in the summer, in the midst of an enormous thunderstorm in July 1988. We took up residence that same night in our apartment. They all lived in apartments there.

*Q: Before you got there, were they telling you back in Washington, on the desk or something, "This is how we see it?" What were we thinking about at that time?*

USREY: Well, I think it was a really myopic operation by the U.S. It led to my first dissent message later on, in conjunction with some other colleagues at the post. We had this harsh rhetoric. President Bush I had this sort of public rhetoric, harshly critical of Noriega, but not matched by actions on the ground, leaving the Embassy out there dangling. But, at the time, no one envisioned the invasion or prior events that led to the annulment of the election results that Jimmy Carter observed when he was there, and called Noriega publically on electoral fraud. So, we didn't have an end game or an end vision. We just sort of pretended that it wasn't there. We just hoped the thing would resolve itself. It got worse and worse.

It's a very strange country. If you've ever been to Panama, you drive by the former Canal Zone, and you can see slums and shanty towns everywhere. Then there's a line delineating the former Canal Zone, which is neat, and sort of manicured. It's a very strange place, even though the Zone is gone. We had the strangest country team meetings there. I think it was the most unique in the world. We had three coequal people at the table. Two of them weren't under the control of the ambassador. One, a four-star general, was the unified commander in charge of SOUTHCOM, who reported to the JCS. Then, there was the head of the Panama Canal Commission, an independent U.S. agency due to be turned over to the Panamanians in 1999 under the Carter-Torrijos Treaty. So, we were in a turnover transition game. So the Panamanians knew they were getting the canal and the revenues that accrued there, too. They knew that probably our military bases would go away, which they have largely done, although there is some stuff left. It was a surreal place.

*Q: Well, what was your job?*

USREY: I was a consul general, which was interesting. We had one consular agent in Colón on the other side of the isthmus. I never worked with a consular agent before; he was an American shipping executive, but knew everybody in Colón. He ran the agency out of his offices there. In Panama City the consular section was two blocks from the embassy, so we commuted back and forth a lot between the two. I recall one special feature of my consular work, taking care of former Canal Zone residents, or "Zonians." Many of them had been born and raised in the Zone, and had considerable Congressional clout. We had to attend to the Zonians very meticulously. We had lots of Panamanians trying to get to the states. We had the usual panoply of visa fraud, arrest cases and all that sort of stuff. That picked up as tensions increased.

*Q: Who was the ambassador at the time?*

USREY: When I got there, someone called Art Davis. This was his second political post. He had been ambassador to Paraguay. He was a shopping center magnate from Colorado. He was a Reagan appointee, and he was, frankly, ineffectual. He recently died, about a year ago. The DCM was John Maisto, whose name you probably have heard of. He is now over at the NSC. John was later ambassador to one or two countries in Latin America. It was a pretty big embassy. Again, we had a military attaché and all that stuff, DEA. Then, we had this immense military operation with multiple bases, all around us. We had Howard Air Force Base, and Rodman Naval Base. It was unusual, in my experience.

*Q: When you got there, running the consular section, one of the most important elements is to have a good relation with the police authorities in the country where you are. I take it the police authorities were exactly who we were having very bad relations with.*

USREY: They were part of the problem. That led later to a confrontation on TV, which I got a little notoriety for. This is after the annulment of the elections and the departure of the ambassador. I think Maisto was in charge at that point. They had arrested an American citizen whom they accused of espionage against Panama. They wouldn't acknowledge they had him, or give access, or anything. I went down to the jail, on instructions from the front office, where we knew he was being held. I met with the Panamanian defense officials, a bunch of thugs really, who ran the jail. I said, "Either you give me access to this guy, which we are entitled to under the Geneva Convention, or I'm going to go out and hold a press conference to explain what had happened." Our PAO had arranged for a sizable contingent of international press to be available just in case. The Spanish, British international, and all that, The Washington Post, Miami Herald. I was planning to announce also that we would be limiting issuance of U.S. visas to Panamanians. I had pretty strong marching orders to be tough. They said, "I would advise you not to go to the press." I did it anyway, since I was denied access to the prisoner. It was on TV news. My name was in the regime-controlled newspapers for a few days afterward, calling me a "supuesto," or "alleged" Consul General, because we didn't have any credentials. So, they played little head games like that.

Much later, the guy got out of jail, but it was after the invasion. So we worked in this odd, sort of status quo, until Panamanian elections in the spring of 1989, when, you might recall, former President Carter had come down to lead an international team of election observers. Carter and his team had been to different polling stations throughout the day. They were staying at the

Marriott, I think, near the Convention Center, where they were watching the results of the election being tallied. The story I heard was Carter, at the end of the day, decided to take a walk over to the Convention Center. They went over and looked at some of the final results that were being posted, and he said, "That doesn't tally with anything we saw." They knew then that Noriega was fixing the numbers. Carter called a press conference and denounced the whole operation. Do you remember the opposition, Billy Ford, got all bloodied? Noriega's so-called "dignity battalions" beat up the candidates who had actually done very well. That is when we shifted our policy, including measures like sending the ambassador back to Washington, reducing Embassy staffing down to essential personnel of about 30 people, which included me. We also sent all the dependents home, including my family, of course, stepping up military exercises, and visa restrictions, and so on. This led to a very tense atmosphere that involved the Panamanians stopping U.S. personnel, and harassing them. Enlisted men were their favorite targets. They weren't officers and they felt they could hassle them. Often these personnel spoke no Spanish, didn't have valid ID documents. So the Panamanians would harass them, sometimes beat them up.

Tensions were rising rapidly during the summer of 1989. I managed to get away once every two or three months to come home for a quick visit.

*Q: During this period, were we getting to the point of saying, "This isn't going to last?" Was the thought that we were going to come in there? What was the thought process?*

USREY: What we were hoping for is what almost happened in, I believe, October of that year. We knew there wasn't universal support for Noriega, especially among the PDF, Panama Defense Forces. We were hoping that would trigger some sort of officer revolt. That was our standard line. It did. There was a revolt that he crushed and put down. He killed a bunch of people in October. He was almost overthrown there. That led to a State Department legal position that Noriega's repression and interference with U.S. forces in Panama gave U.S. the rights under the Canal Accords, and our having rights, to use military force against the regime. It was only a matter of time then before we would act.

*Q: It was announced publicly that we could intervene?*

USREY: I think that was conveyed via press briefings and so on. We probably didn't use "invade." We probably used terms like "all necessary means." There was a wide latitude of things we could use, including force. Between October and when it all went down in December, right before Christmas of 1989, it was really a question of when we were going to do it. SOUTHCOM abuzz with activity and meetings in the headquarters "tunnel" there that I wasn't privy to, and probably the ambassador wasn't. Then, during all this time, somehow John Bushnell came in to be the charge. I don't recall when Maisto left, and Bushnell came in. The switchover happened then. He was in charge of the mission. I had gone home for Christmas of 1989, like a lot of people. There was a big Christmas party at the residence. We all had flights out the next day to go home for Christmas. It was something like the 20th of December. I don't remember exactly what day. I joined my wife and family in the house they had rented in Falls Church in the expectation they would return to Panama soon. She woke me up in the morning. Do you recall when our Navy SEALs and paratroopers had landed in Panama? There was



footage of the invasion on CNN. She said, "they have invaded Panama." I got up and got some coffee and started watching TV. The phone rang a little later. It was the State Department saying, "Can you come in at 10:00 for a meeting?" I said, "Fine, I'll be in." I got dressed, and then the phone rang again. They said, "Bring a suitcase." So, I went into the meeting with the assistant secretary of Consular Affairs. She was the one from New Hampshire who got in trouble. Do you remember her?

*Q: Oh, yes. I know whom you mean.*

USREY: Sununu's sort of protégé. I went in there and they said that I was going to be on a plane back to Panama that night with Ambassador Davis, that the invasion was going on. I was to head a team of consular officers to augment the Embassy's staff. So, we went in that night about 11:00, from Andrews. We got down there in the middle of the night. There was still shooting going on. It was an active war still. It wasn't completely over. We were met at the airport by a general wearing a flak jacket. We stayed at the BOQ at Howard Air Force Base. Things quieted down. By morning, it was safe to go into Panama City, so we got in a Black Hawk helicopter, and flew to SOUTHCOM, where they had the landing pad. It was on a hill in the back of the city. We were taken in an armored car down to the embassy. I didn't leave that building for about a week afterward. I missed Christmas. I ended up running a task force. All of us returnees had a specific task. Mine was running an embassy task force whose main function was to make sure Noriega didn't leave Panama through the airport. Our greatest fear was while we were looking for him, before we had him holed up in the Papal Nuncio's apartment, that he might get away. We didn't find him, as you recall. The concern was, in disguise or in a group with other people, Noriega would escape through Torrijos Airport, the big airport there. We kept getting these requests from other embassies for having their nationals evacuated. Since I effectively controlled the airport, I had to, at that table, with some military officers, approve up or down on requests to leave. The phone hardly stopped ringing for that period. That is what I did for five or six days, where we were eating MREs, and washing in the sink and so on. Without a change of clothes, it was pretty bad. Finally, things got normalized. They located Noriega, had him holed up. At that point, I was able to go home, a week or 10 days after Christmas for a short visit. I came back to wrap up my assignment. All of us wanted to break our assignments. We were sick of it. The mission appeared sympathetic to our situation.

Then, Ambassador Dean Hinton from Costa Rica came in. He was sworn in as the new ambassador. He brought some elements of his new team with him, over time. We were given agreement in principle by PER to leave if we wanted, but everything had to be approved by Hinton. I managed to curtail around April and get back to Washington. It was 11 months that I was separated from my family. The cumulative effect of U.S. policy on embassy staff had taken its toll. We were quite upset. The morale was poor. As I say, three of us had already sent a dissent message to the Department concerning our Panama policy. We got an answer from Dennis Ross, then the Director of S/P.

*Q: What were you dissenting on?*

USREY: Basically our dissent message was that we didn't have a policy. Our non-policy had become the policy in Panama. We had this tough, "This will not stand," public line. I'm referring

to our policy before the invasion. This happened before the military action. Our message was that the U.S. should either accommodate to the situation, and deal with Noriega, the real leader, and tone down our strident anti-Noriega rhetoric, or do something about Noriega's abuses and take military action. Our existing policy was incoherent and it put our mission personnel in some danger. So, that was roughly the message.

*Q: Did we cut out visas? Did we try to use the visa issuing policy to bring pressure?*

USREY: We did toughen our visa policy. We used the treasury OFAC office as well. Persons in the regime deemed to be formulators or implementers of Noriega regime policy were put on a blacklist and denied U.S. visas, which for Panamanians was a serious sanction. A lot of the Panamanians had U.S. bank accounts. So there was a lot of traveling by Panamanian elites back and forth to Miami. So, by listing Noriega supporters this way, and seizing their assets through Treasury OFAC sanctions, we were dealing a serious blow to the regime.

I will never forget, I was invited to a dinner party, along with Edward O'Donnell, our economic counselor. We were invited to the party by a guy who had a business in the Colon tax-free zone. They were probably up to no good. We knew all these guys were playing pretty crooked. During the dinner, a fax was being circulated that contained the names of those Panamanians on the blacklist. The embassy's list had been leaked and someone brought it to the party. They asked me, "Well, what about this list?"

*Q: Did it include the host?*

USREY: The host was on there, yes, whose name I won't mention. It included, certainly, members present at the dinner. I think the host was on there, too. We did the best we could do to deny that such a list actually existed. It required quite a bit of bobbing and weaving. But, in fact, it was a true copy of what we had put together in the embassy. A surreal moment.

*Q: Did you see that by clamping down on this travel, and cutting off the United States as a place to go, was this having any effect, or was Noriega so in control that it really didn't make much difference?*

USREY: Well, he was in control. We used to meet frequently with Panamanian intellectuals and some leftists who were deeply opposed to Noriega, but didn't know how to go about it. Frankly, they were chicken. We would meet, and effectively, they would be seeking our help to overthrow him. That was before we had a policy of doing it. Of course, we did so later. We reminded them of our own civil war, that sometimes bringing about political change involved personal risk. There were some desultory demonstrations in the streets, but when things got rough, and the PDF came in with tear gas or worse, the opposition bolted and went home to their middle-class neighborhood, and that was the end of that. There was never anything sustained. Our visa policy was building up pressure and Noriega was feeling pressure. When we started hitting the PDF and their families, in terms of travel and asset controls, that is when it really began to pinch. That is what led to that coup attempt in October. Then, we were on the rapid slide down to the invasion.

*Q: There were times when they were talking about wives of officers, and military officers being harassed, and all that. Did the military send their dependents home?*

USREY: Those military who lived on the base and under the unified command, I don't believe they did. In fact, all of the returnees, both dependents and Embassy employees, were civilians. I don't believe the military had to send their people home. Again, they lived in a different environment. They weren't out in the economy, as it were.

*Q: Well, you came back with Ambassador Davis.*

USREY: Arthur Davis.

*Q: Arthur Davis. Did you feel there was any hand there? Was hdoing anything?*

USREY: Not really. I have to tell you that during this period in which I was running the task force I mentioned, a colleague and I once had a question that needed an answer. It was a policy question. We went to Davis, who was eating an MRE in his office.

*Q: This is "meals ready to eat."*

USREY: Yes, meals ready to eat. He would have the military channel on with the cartoons. Daffy Duck or something was the cartoon on. He had a bottle of coke, or diet coke, and an MRE spread out. He was having dinner. We were in there going nuts in this room, trying to figure out what to do with these requests from other countries, and the Papal Nuncio's office. All these people were wondering whether they could leave, whether they could get out, and whether we could help them. But Davis really didn't seem engaged. The real policy work was being done by Mike Kozak, from the legal adviser's office. I can't think of his name. He came down from the State Department. Kozak and his team set up sort of a cell in the Foreign Ministry after the invasion. I think they really made the post-invasion policy over there. Ambassador Davis was not very engaged, not very effective.

Of course, when Dean Hinton came in, it was a whole different thing. We were then dealing with the civilian government, the one that should have gotten elected. The president was sworn in on a military base, as you recall. The whole thing was surreal. So, it was a quite unpleasant, odd chapter in my career. I'm not sure it helped my career much either. Anyhow, that was Panama.

*Q: Did you get any feel for responsible, Panamanian citizens contacting the embassy, or contacting you, saying "Do something," or "Don't do something?"*

USREY: Well, as I mentioned, with the contacts we had, we had plenty of opportunity to do it. They would say, "Would you please solve this?" There didn't seem to be any understanding or appreciation that this was their problem. That they had created this mess. Of course, the U.S. had been in Panama for years, in the Canal Zone, our military presence. We were intertwined, so it wasn't completely right to say that it was a solely Panamanian problem, but they were a pretty feckless group. Most of them had their money offshore. It wasn't a real country in some ways. I don't think those of us in the embassy who had regular contact with middle-class Panamanians,

thought they were ever going to do anything. Their answer was to go to Disney World or Miami. It just wasn't serious. Although a number of Panamanians died in the invasion, certain claims of casualties were probably exaggerated. Through our doctrine of overwhelming military force, Noriega was removed and he's now in jail. But it probably wasn't our finest hour, either.

*Q: I heard it said that when the American military first went in, they didn't do anything to protect the embassy, leaving it somewhat exposed. Nothing happened, but was that something that was apparent?*

USREY: Yes, it was apparent. It manifested itself in several ways, one of which was a couple of RPG [rocket propelled grenades] holes punched through the... Because of the climate, these weren't very substantial walls in the chancery building, right on the Pacific. Right after the invasion began, the "dignity" battalion types - these Panamanian/Noriega-sponsored thugs came to the Embassy and opened fire with RPGs. Later, when we took possession of the embassy the next day, we could see two holes in the DCM's office. One went in one wall and out the other one. Had there been Americans there in that building, it would have been a blood bath. There would have been a much different cast to the invasion. Also, where the Americans lived was known to these guys, and they went to the neighborhood called Punta Paitilla, where they entered these big apartment buildings. They knocked on the doors of several American mission members who luckily weren't there. They would have been captured or killed, or somehow abducted, had they been home. We were just lucky that there were no casualties. The military didn't tell us. It was operational secrecy. They can't tell the State Department they were invading.

*Q: Well, how come the embassy was so empty?*

USREY: Well, it happened in the middle of the night, on one hand. I was out of the country when it went down. I had to go back shortly after. There were people there, but it was Christmas time, the middle of the night, and we had no reason to be in the chancery at 1:00 a.m., or whenever it was. I didn't see it myself, but it is well known that CNN was reporting that scores of aircraft were leaving, that troops were en route in combat aircraft. Even though the embassy wasn't told, most of the Panamanians knew it was coming, I think. They didn't know when and where exactly. It was odd, is the best word I can use to describe the experience.

*Q: When Noriega was in Nuncio's quarters, we started blaring pop music at them. It sent shivers up the spines of any of us who were in the diplomatic service. What the hell was that? It didn't sound like there was a civilian advisor somewhere saying, "Hey, fellows, this isn't funny."*

USREY: Exactly. There was very little adult supervision. This was all military psychological operations, psyops. They did this in Pakistan recently. They found that Taliban operative, an Al Qaeda guy, who was living, I believe, in a house in Pakistan. We played loud rap music all night long to keep him awake, and drive him crazy. That's the point of it. However, it also affects all the other neighbors in the area who are normally friends of the U.S. Hardly good P.R. Indeed, had we not found Noriega, the whole invasion would have been laughable. It was very much a military concept, from start to finish. It reflected, somewhat, this Balkanized U.S. presence in Panama: military, embassy, and Canal Commission. Very little policy coordination among the three.

*Q: If I recall, our political advisor to POLAD CENTCOM had left, at that point, so there wasn't a political...*

USREY: You mean SOUTHCOM. I think you're right. I think he was gone.

*Q: The commander of the troops there was a guy who didn't brook another dissent or...*

USREY: Can't recall his name. Can see him right now.

*Q: He was sort of a feisty guy. At the same time, it was a combat operation...*

USREY: He was in the middle of the city, where the embassy was. I was crazy.

*Q: In the city. It was sort of like turning the Rover boys loose without any supervision.*

USREY: To see the skyline, there was a banking center in Panama. There were lots of banks, Citibank, Bank of Spain, Chase, and everything, along the shore line. It was very pretty. You would come in from the air. The financial core of the country. After the invasion, these buildings were blackened and charred. There were black char marks at the side of these banks. It was really quite unbelievable. We were not involved in any way in the policy side of it, and the planning of it. Of course, with the operational planning, State never is. There were several attempts to go after the military and place some blame on not keeping the Embassy advised, if for no other reason than the safety of mission members. Congressman Murtha might have been one of the people. I can't remember who was leading that, but it never went anywhere. It was sort of an "all is well that ends well" thing. We got Noriega, and this was defined as a success.

*Q: What were you doing with your task force to keep Noriega from leaving the country?*

USREY: Well, let me see how this worked. We would get a request from, say, the Spanish embassy, or from one of the banks on behalf of an employee who wanted to leave. People were desperate. The families wanted to leave, so we would get names, and identification, birth date, and all that sort of stuff, passport numbers, and all the names. We would then refer it, either on the phone, or through military liaison on the task force. Whatever chain we had, they would pass it to SOUTHCOM's people at the airport. The military people were actually screening people at the airport as they arrived to leave. We had a list of people who were approved. They would be carefully examined there, to make sure they weren't Noriega or anyone close to him. I never left the task force room. Some of the other people, such as our economic counselor, moved around the city a great deal. In fact, he went to the Central Bank and found that the PDF had attempted to loot the country's cash reserves before fleeing. I never really left the compound for about four days. It was horrific. I was sleeping right in the chancery. We needed a relatively senior State person on the phone saying, "We've vetted these requests. I know the French ambassador, and I know the Spanish ambassador. They vouch for these people." So that was my function.

*Q: When this was all over, was there any pitch to say, "Stay on," or did they understand the situation and...*

USREY: I think Hinton was sensitive to having just arrived. He was a man of considerable ego, if you recall. He was one of the great, sort of career ambassadors type.

*Q: The imperial ambassador.*

USREY: Yes. With a sharp mind, I must say. He ran a staff meeting that was legendary. He would make some opening remarks, and then would say, "Who has anything?" It was a random thing. He didn't like going around the table. Almost inevitably, if someone said something, he would either attack or critique their presentation. Consequently, few people would raise their hand. I think he sort of liked me. I don't think he knew much about consular affairs, and I could say, "Here is what is going on." I didn't have many problems with him. He was hell on the military, he was very disdainful of PSYOPS, which he felt the military had no business doing. But, I remember a meeting in which he went around and asked what people's plans were for onward assignments. I said that I was bidding, in fact, on the Consul General's job in Athens. It didn't work out, although CA/EX said it would push for me, but I didn't prevail. Anyhow, I told him I was hoping to go back early and start Greek training. He said, "So, you are, huh?" He made it very clear that he didn't really appreciate people bailing out of the Hinton embassy. But, my kids had already changed schools three or four times, and didn't want to come back. We were fed up with the whole situation. A lot of my colleagues did the same thing. Some stayed a little longer, and some left earlier. So, Hinton didn't like the fact, but in the end, I think it was the Department that had the final say. It wasn't Hinton who could approve it and sign it. It was PER. They were understanding. I came back and went to OES.

**JOHN A. BUSHNELL**  
**Chargé d'Affaires**  
**Panama City (1989-1992)**

*Mr. Bushnell was born in New York State and educated at Yale University and McMurray College. An Economic Specialist, he served primarily in senior level positions at Latin American posts, including Bogota, Santo Domingo, San Jose and Buenos Aires, dealing primarily with Economic and International Trade issues. An assignment to the Staff of the National Security Council was followed by tours as Deputy Chief of Mission at Buenos Aires, Chargé d'Affaires at Panama City, and subsequently as Assistant Secretary of State for Inter-American Affairs. Mr. Bushnell was the recipient of several awards for outstanding service. Mr. Bushnell was interviewed by John Harter in 1997*

*Q: So when did you first learn that you were going to go to Panama, and how did you learn about it?*

BUSHNELL: Mike Kozak, who was the Principal Deputy in ARA, called me and said ARA was looking for somebody to go to Panama as chargé to replace John Maisto. John had been chargé since Ambassador Arthur Davis had been withdrawn in the spring of 1989 after Noriega had

stopped the vote counting in the national elections. John's tour was up that summer; he had been assigned as Deputy Ambassador to the OAS, and he wanted to go to that job where he was needed. Dick Wyrough, who had been in charge of the Panama desk for nearly a decade, wanted someone who was familiar with Panama and the complex interface among the Canal Commission, the military Southern Command, and the Embassy. He had suggested me because of my long experience on the Canal Board and because I had had lots of senior policy experience. I said, "It doesn't sound like the best job in the world, but I'm unemployed so, sure, you can put my name forward."

*Q: Do you think your experiences with the Panama Canal Board was a decisive factor in that assignment?*

BUSHNELL: Certainly it was a factor because I had worked on the treaties and then been on the Board until fairly recently. I didn't leave the board until 1985, and I had thus spent a lot of time in Panama although I left the Board before the worst of the Noriega era, but I had a great deal of background. I like to think that my extensive crisis management experience and my frequent close work with the US military, including particularly the CINC in Panama, had even more to do with the assignment. One of the biggest US problems in Panama, I quickly learned, was the poor working relations and policy disputes between the embassy and the Southern Command.

*Q: It was a while before ARA Assistant Secretary Aronson was fully on board for this assignment?*

BUSHNELL: No, Aronson and the NSC Deputies' Committee agreed right away in July 1989, within a week of the first call to me. It took a couple months for State to process the assignment and to work out some unique complications. For example, the U.S. was conducting no business between the embassy and the Noriega government, not even asking for diplomatic license plates or clearing new people into the country. It was finally arranged that, for purposes of the Panama government, I would be assigned as an advisor to the CINC and enter the country under our military treaty, although for internal US government purposes I would be the chargé and would chair the coordinating committee including the CINC and the Canal Administrator because the head of the embassy is the president's personal representative. I was issued orders and an official passport as advisor to the CINC in addition to my diplomatic passport and an internal statement that I was the chargé.

*Q: So you were still in Management until you went to Panama.*

BUSHNELL: I continued to wrap up my management projects, but quickly I was spending most of my time in ARA or elsewhere getting prepared to go and working on Panama problems. The NSC deputies were meeting nearly once a week on Panama by Labor Day. The Panama desk was assigned many papers and other tasks to support these meetings, and I quickly began working on these papers. Getting Noriega out of Panama was one of the highest priorities for the Bush Administration, but most of the ideas being floated either had virtually no chance of working or were virtually impossible to implement. I did not want the NSC Deputies to think I could produce magical solutions. I also had to go right to work on staffing the embassy as many of the key personnel either had left or were leaving and replacements had not been identified.

As I talked with the responsible officers in State, Defense, the NSC, and the intelligence agencies, I quickly saw that the problem of Noriega would be unmanageable unless the US government could be unified. Noriega's secret weapon was his ability to play one US government agency against another. Also I saw that Noriega, who was after all a life-long intelligence operator, had superior intelligence on US operations in Panama while our intelligence on Noriega seems to be what his people fed us. The embassy was in many ways the small player among US operations in Panama.. The CINC had about 11,000 military personnel and close to an equal number of American civilian employees, contractors, and Panamanian employees. The Panama Canal Commission had 10,000 employees including several hundred Americans, some of whom had been in Panama their entire lives. Quite a few of our military troops were actually Panamanians who had joined the US military, fought in Vietnam, and acquired citizenship. Thus both large US operations were deeply intermarried and intertwined with Panamanian society, particularly with the Panamanian military and ruling groups. In contrast, as part of our reduction of relations and for security reasons, President Bush had established a cap of about 60 on the number of Americans assigned to the embassy from all agencies, including the Marine detachment.

While the embassy, as a matter of policy, had no contact with the Noriega government, these other US agencies had hundreds of official dealings daily with the Noriega government, governed by the treaties under which we managed and defended the Canal and the military bases. Moreover, there were hundreds of social and other informal contacts daily. Part of the Treaty arrangements provided for a transition during which the US and Panamanian military occupied some bases jointly. Thus their offices or barracks were sometimes in adjacent buildings or in a few cases in the same building as the US military. The civilian government Noriega controlled, but did not micro-manage, was neither incompetent nor regularly violent. Most Americans found the Panamanians they worked with and had been working with for many years nice and reasonable people. Most American residents of Panama opposed the Treaties because the Treaties would eventually end their jobs and way of life, and they generally did not understand why the U.S. was so opposed to Noriega. His services to the Colombian drug lords were of course not generally visible. Yes, he had cooked an election, but almost every election in the history of Panama had been cooked in one way or another. Thus I quickly saw I had an immense job to get the US side in Panama lined up and sending a consistent message to Noriega and his people. Noriega, of course, was not formally head of State. He was just the commander of the Army, which included the police. There was a civilian government with a Congress and a President which was elected periodically. Previous to May 1989 Noriega had managed to have his candidates win the presidency and a majority in the Congress, partly by financing the strong political party Noriega had inherited from Torrijos and partly by dividing the opposition by means fair and foul. But in 1989 the three main opposition parties had gotten together, with some help from us, and run a single list for president and the two vice-president positions against Noriega's candidates. When Noriega saw his people were about to lose, he stopped the vote counting. This interference with the election and the violence that followed provoked the U.S. and many other countries to remove their ambassadors and curtail relations with the Noriega government.

*Q: Tell me about that election.*



BUSHNELL: Noriega and his operatives tried hard to steal the election despite the presence of many observers from the OAS, including former US president Carter. Noriega set up several fake opposition parties because the election counting tables had one representative from each party. Thus Noriega assured his people were a majority of the election judges deciding election counting issues even though the opposition really was a common ticket of three well established parties. Noriega also employed the full range of election tricks used by governments in power such as transferring the registration of many known opponents to voting places far from their homes. He also had a rule adopted that not only could military in uniform vote but they could vote at any polling place; many military spent all day voting in one place after another, although some Panamanians told me quite a few of the military did not vote for Noriega's candidates.

Noriega also made many mistakes. His hand-picked ticket polarized Panamanian society. The presidential candidate, Carlos Duque, was known as Noriega's business partner; the first vice-president candidate was his brother-in-law, and the second vice-president candidate was the man who had given him his start by recommending him for a place at the Peruvian Military Academy. Noriega played the American card well, and we played it poorly. He exposed substantial help which we provided the opposition, even capturing an American contractor who was running a clandestine opposition radio station. He placed many false reports exaggerating our help for the opposition, creating the impression the opposition coalition candidates were American lackeys. Our frequent and close touch with the opposition candidates and our well-intended efforts to provide people for their security and communications equipment helped his argument. Our frequent military maneuvers in Panamanian civilian areas during the election period were allowed by the Treaties, but they were conducted in a threatening way and regularly disrupted traffic and daily life. They revived anti-American hostility that had been very widespread before conclusion of the Canal Treaties. However, Noriega also overplayed his hand, for example by parading some officers who had been plotting a coup around military camps covered only with American flags while loyal troops beat them. Noriega misjudged Carter, thinking he would overlook massive election fraud to protect the Treaties in which he had invested so much.

The opposition made several wise moves. They enlisted the Catholic Church, with its presence throughout the country and a reputation for integrity, to run an informal exit poll and an independent system for collecting the first informal election results. At numerous polling places gunmen appeared as the counting was in progress, and the ballot boxes from such polling places later proved to favor Noriega's candidates by large margins. But the Church already had informal initial counts from many of these polling places showing Noriega's candidates had lost. The Church's informal count showed about 70 percent of the vote for the opposition – not even close.

*Q: Some claim that Noriega stole the election through systematic fraud.*

BUSHNELL: The most decisive fraud was not to allow the people who normally counted the votes to count them. Despite all the padding of voting roles, multiple voting, and stuffing of some ballot boxes the consensus was that, had the ballots in the boxes at the time the polls closed been counted accurately, Endara, the opposition candidate, would have won.

*Q: And the catch word was not who gets the votes that count but who counts gets the votes.*

BUSHNELL: Some fraudulent counting occurred and some substitution of ballots by force, but even Noriega didn't claim the counting reached a point where there was a winner. As the fraud became increasingly evident on election night, as the Church's informal initial count was giving Endara the victory, and as some Noriega associates thought his candidate might lose despite the widespread fraud, Noriega simply stopped the counting and in a day or two suspended the election process. The OAS election observers pointed out the fraud. Former President Carter tried to meet with Noriega to mediate a peaceful solution. Noriega would not take his calls. Noriega's security forces refused to let Carter into the convention center which was the election and press center. Carter finally condemned the stopping of the election and the fraud in an informal meeting with the international press in a nearby luxury hotel. Carter said the opposition had won by a 3 to 1 margin and Noriega's military dictatorship was replacing original tally sheets with false ones.

The situation was in suspended animation for a few days. Then the opposition candidates showed great courage. In the middle of the day they organized a motor caravan to go through the city of Panama gathering supporters with the apparent destination being the presidential palace. The caravan even went through the poor areas called Chorrillos, where it was believed Noriega had strong support. But even there the three candidates standing on a truck received many cheers. Noriega apparently thought that, if the candidates seized the presidential palace, his regime might be finished. He ordered his riot police to stop them. The candidates got down from the truck and tried to negotiate nose-to-nose with the police, arguing they just wanted a peaceful demonstration. Then Noriega sent his dignity battalions into action. The dignity battalions, digbats as they were commonly called, were civilian toughs Noriega had organized to do much of his dirty work. They were petty criminals, gang members, and unemployed toughs from the poorest neighborhoods. Many of the digbats were on the payroll of the government-owned electricity company and other state entities where some did limited security work. Noriega had employed some such toughs for many years, but the ranks had been substantially expanded in 1988 and 1989 as his confrontation with the middle-class and with the U.S. intensified. During this period Noriega had brought in Cuban military and intelligence advisors to teach his military the sorts of techniques not taught by the American military that had trained the Panamanian Army for decades. Some of the Panamanian military who were trained by the Cubans in street violence were detailed to train the digbats; probably the Cubans also provided digbat training, but I never confirmed such Cuban training. Noriega special force troops were reported to operate at times in civilian clothes with the digbats.

As the stand-off between the opposition politicians and the riot police continued, the digbats arrived on the scene. Some carried two-by-fours with rusty nails; some had rubber hoses; some steel reinforcing rods. They wore new purple and blue T-shirts, never seen before, for identification and intimidation. The digbats reportedly yelled, "Yanqui no" (Americans no), because their training had been focused on fighting Americans. As the crowd quickly filtered away, the small group of politicians and middle-class businessmen faced a sort of attack never seen before in Panama. The first digbat hit Endara, knocking off his glasses, and another digbat crushed the glasses with his foot as Endara reached for them. However, Endara's bodyguards, who had been trained by the United States, quickly rushed him down a side street. The first vice-

president candidate, Arias Calderon, was pushed over and thought he might suffocate under the running crowd before his body guards were able to push him into a shop.

The second vice presidential candidate was Billy Ford, an upperclass businessman and politician who had a lot of charisma. Today he is Panamanian ambassador in Washington. When Ford saw the riot police letting the digbats through their lines, he jumped in the back seat of his car. One of his body guards, Guerra, was in the back seat with him with his back to the window. Shots rang out; glass shattered; Guerra was shot in the back; his blood covered Ford's white shirt immediately, as he died. A second Ford body guard in the front seat was also shot. Ford jumped out of the car, and a couple of digbats hit him; Ford hit back while struggling down the sidewalk. A military officer saved him by putting him in a paddy wagon, sending him to jail. He was booked for disturbing the peace. Guerra, who was killed, had been the body guard of the head of USIS until just weeks before when Ford had asked the U.S. to release him temporarily for his own small guard group. Thus his killing, almost certainly a targeted assassination, was seen as a warning to the U.S. as well as to the opposition and the oligarchy of which Ford was a member.

Noriega, a master of psychological war, had allowed the press to get pictures of the attack. The pictures of a bloodied Ford in magazines and newspapers around the world helped turn the world against Noriega. But in Panama the attack frightened the democratic opposition. It was clear to all Panamanians that the three candidates were alive only because Noriega had instructed that they just be warned that time. Noriega was back in full control. Opposition legislative candidates went into hiding. Public officials who were considering resigning decided to stay on. The digbats celebrated their great victory. The U.S. and most other countries moved to isolate Panama and Noriega even more. But the attempt at a peaceful transition through elections was over. Noriega later hand-picked a new president without benefit of any voting; Noriega was not giving up power; it would have to be taken from him.

*Q: But the problem antedated that. Noriega had once been a close ally of the United States. The Carter Administration worked closely with the Panamanian government and turned a blind eye to all the problems to get the canal treaties through Congress. The Reagan Administration, especially Oliver North, wanted Panama to support the Sandinistas. So for years Noriega had been a staunch US ally.*

BUSHNELL: I don't think Noriega himself was ever considered a staunch ally. He was an intelligence asset. When it was convenient, he would cooperate with the United States. I don't think anybody, even Ollie North, would ever dare turn his back to him. We need to distinguish between Noriega and his long-time boss, Omar Torrijos. Torrijos, also an Army officer who took political power, was not just a populist general; he organized a new civilian political party; he reached out to workers and small farmers. He built a base of support by building schools, roads, and health centers. He lived well, but his primary ambition did not seem to be to enrich himself or even to stay in power. He was the Peron of Panama; he gave education and medical care to poor rural people, gave jobs to the lower class, provided access to the system to people who were poor, and began taxing the rich -- a real revolutionary change in Panama which had been run for all its short history by a few rich families. Torrijos employed many of the brightest Panamanians to make his government function well and advance Panama in almost every area. Elections under Torrijos may not have been completely honest, but Torrijos would have gotten more votes in a

completely honest election than anyone else during virtually the entire period he was in charge. Torrijos employed Noriega where Noriega performed best, as organizer of the intelligence service.

*Q: When Torrijos' plane crashed, everything changed in Panama. Do you think it was an accident?*

BUSHNELL: I'm sure it was. I talked to many people about the incident. It was a case of challenging the gods. Torrijos was at a country retreat and wanted to come back to the city. His regular pilot had gone home because his wife was giving birth. There were strong thunderstorms as there often are in late afternoon. They come across the isthmus suddenly with tremendous force. I recall swimming in the Canal Club pool after a board meeting; the sun would be out bright and not a sign of wind when I would start a lap, and a minute or less later, when I reached the other end, it would be dark, blowing, and pouring rain. Often, if I dared swim a couple more laps, the storm was over. On that day at the end of July 1981 the substitute pilot reportedly said, "It's too dangerous." Torrijos, never one to be inconvenienced by such a minor thing as the weather, said, "I don't care about the danger. Let's go." They went, and the De Havilland Twin Otter flew into a storm and then into a mountain. I think it's just that simple, but a majority of Panamanians prefer to believe Torrijos was killed by Castro, the Sandinistas, the CIA, or Noriega. Eden Pastora, at that point a dissident Sandinista, was with Torrijos in the country and apparently was expected to fly back with Torrijos, but didn't. The death of Torrijos was a big setback for the U.S. because our working relationship with him was good and he was dedicated to advancing Panamanian interests, especially the welfare of the poor, and not his or his generals' personal wealth.

*Q: So then Noriega took over.*

BUSHNELL: He didn't immediately take over. Then Lt. Colonel Noriega was head of intelligence in the last years of Torrijos – most of his career he was as an intelligence officer. There were several officers that were more senior and held command positions in the Panamanian Guard as contrasted with Noriega's staff role. But Noriega had been increasing his power at the expense of Torrijos for some time, and after the death of Torrijos Noriega took advantage of every opportunity to increase his power as the more senior officers struggled with each other and in various ways self-destructed, sometimes helped by the invisible hand of Noriega. Noriega finally took over as commander of the Guard in August 1983. In late 1981 and early 1982 after the death of Torrijos, although I was no longer a DAS in ARA, some of my Central American and Panamanian friends urged me to get the U.S. to work actively in favor of alternative Guard officers because of Noriega's close ties to the Cubans. I raised the issue a couple of times with Assistant Secretary Enders and DAS Bosworth. They authorized me to arrange a few small things, but Noriega effectively disabled any opposition to himself in the US government at that time by providing support with the Israelis for the Nicaraguan contras.

Noriega inherited the effective control of the country by the Guard which Torrijos had developed over many years with considerable help from Noriega and his dirty tricks. Noriega was a fundamentally corrupt person, while Torrijos was a populist actually interested in social change. Torrijos had great popularity because he had reached out to the poor and the dark-skinned,

although the country had almost always been run by whites. One should not forget that 80 percent or more of the people in Panama are dark. Torrijos had used foreign policy and a certain amount of international intrigue to advance his objective of pressing the U.S. to give up the Canal. Noriega pursued an even more active international role, but to increase his personal power and to make money. In effect he sold Panama to the Medellin cartel, allowing the use of Panama for narcotics smuggling and, even more important, money laundering.

*Q: You said that he was a drug trafficker. Just what did that mean?*

BUSHNELL: I never learned the details of Noriega's arrangements with the Colombian drug lords. He was convicted in US courts of cocaine smuggling to the U.S. with several witnesses indicating that Pablo Escobar, head of the Medellin cartel, paid Noriega so much per kilo of cocaine shipped through Panama (\$400 was a common figure). He made long-lasting deals with the drug lords allowing them to use Panama to move drugs and money; the Guard he commanded provided protection, as did his thugs. The drug lords with whom he cooperated paid him well. Others who tried to use Panama in the drug business were prosecuted or turned over to our DEA.

*Q: Money laundering mainly or moving drugs.?*

BUSHNELL: Moving drugs northward to the U.S. and laundering plane loads of drug cash through the banks in Panama back to the Federal Reserve in Florida. Noriega's relations with the drug lords were not always harmonious. At times he was afraid they would have him killed. At some times he tried to reduce the scale of drug operations to reduce US pressures.

*Q: And was there conclusive evidence of that?*

BUSHNELL: Yes, everything he had done could not be laid out in the Florida court, but there was enough evidence of his role in the drug trade that an American jury convicted him; he was sentenced to 40 years, and his appeals have failed, although the sentence was later reduced to 30 years.

Probably the big change in the Panama internal situation came not with Noriega taking over the Guard in 1983 but with the killing of Hugo Spadafora and then the firing of President Barletta in September 1985. Spadafora was a physician-revolutionary from a leading and well-known Panama family. After getting a medical degree from the University of Bologna, he joined the guerrillas in Guinea-Bissau in the late 1950's; he returned to Panama to write a book about his adventures while taking up leftist causes. He was an outspoken critic of Noriega for many years both in public and in private. He was probably the first publicly to accuse Noriega of drug smuggling. Torrijos supported and protected Spadafora, but when Torrijos died, Noriega had Spadafora detained so he could not attend the funeral. Spadafora left Panama in 1982 to fight with the guerrillas in Nicaragua. But soon he was attacking Noriega in statements to the press from Costa Rica. In September 1985 he announced he was returning to Panama with lots of evidence on Noriega's corruption, much of it supposedly from American government sources. Noriega's people picked him up soon after he crossed the border and soon beheaded him, delivering the body but not the head to his family. There was a great outcry from right, left, and

center because everyone assumed Noriega had had this Panamanian hero killed. Noriega was in Europe at the time, but of course in touch with his people by phone.

Elections for the presidency and other offices were scheduled the year after Noriega assumed command of the Guard. Noriega offered Nicky Barletta the opportunity to run as the Torrijos party and National Guard candidate. Nicky was a US educated economist who had made his reputation as Planning Minister in Torrijos governments. His success in this role had been such that he was invited to be vice-president of the World Bank for Latin America. In that role I worked with him closely for a couple of years when I was in ARA; he was a member of the no-name group. Nicky was a good economist, but he was not a great politician. He thinks he got the most votes in the election, and maybe he did. But the Guard was afraid his populist opponent who had previously tried to reduce the Guard's power and budget might win. Measures were taken to insure Nicky got the most votes in what was a close election battle.

To counter the uproar over the murder of Spadafora Barletta decided to set up an investigation committee. Normally he would have consulted with Noriega, but he was in Europe and hard to reach. Some Guard leaders were already plotting with Vice President Devalle, also hand-picked by Noriega, to replace Nicky. Barletta finally arranged to meet with Noriega in New York where Barletta was going to make a speech and Noriega was stopping on his way back from Europe. However, Barletta announced the investigation committee as he was leaving the country. Noriega then returned without seeing Nicky. The senior Guard officers saw this commission as a direct attack on the military institution. Noriega asked Nicky to return from the U.S. immediately. Several advisors were against a quick return, but Nicky went back to Panama. Noriega immediately invited him to his office and gave him a resignation ready to sign. Nicky stalled for 14 hours, even getting in a phone call to the new ARA assistant secretary, Elliott Abrams, who did not understand how difficult Nicky's situation was. At one point he tried to leave and a couple of big, burly sergeants at the door just physically pushed him back. All the senior guard officers made it clear he had no choice; they could arrange for the National Assembly to vote him out of office, or even take more extreme measures. Finally he resigned. It was now clear to all that Noriega was running the country as a dictator and the Guard would resort to whatever force was needed to preserve its power.

*Q: Certainly by the summer of 1989, about the time your assignment came through, the Bush Administration was thoroughly disillusioned with Noriega?*

BUSHNELL: Yes, absolutely. The Bush Administration wanted Noriega out; it wanted to stop the narcotics business using Panama as a base; it wanted a return to democracy. During 1988 and 1989 the Administration had tried everything anyone could think of to change the situation in Panama. There was a long secret negotiation trying to strike a deal with Noriega under which he could go to a European country and live comfortably and undisturbed. Arrangements were even made with a country, and plans were made to avoid the pending court cases in the U.S. making a problem. Finally, he refused, claiming the drug lords would kill him if he stopped protecting their operations and the "golden bridge" would not protect him in Europe. There was then hope that uniting the opposition for the regularly scheduled 1989 election would install an independent civilian government. After the election failed, we intensified efforts in the OAS to bring pressure. There was a lot of cooperation; almost all the Latin countries recalled their ambassadors at least

temporarily, and several resolutions were passed. But Noriega controlled the guns in Panama except those on our bases, and he paid little attention to the international opposition. Within Panama the three brave men who had won the election continued opposition as best they could. Endara staged a long hunger strike in the display window of a store on the main street. As he was a large man many kilos overweight, his public extreme diet was somewhat of a joke at first; but he persevered long enough to keep Panamanians reminded that, but for Noriega, they could have a prosperous and democratic future. The U.S. blocked Panama government funds in the United States. The Panama Embassy in Washington was opposed to the Noriega government and was financed from the blocked funds. The Panamanian economy was declining fast as the political situation discouraged investment except by the drug lords, and even they stopped buying apartment buildings and other assets in such an uncertain country. Unemployment was growing fast, and the Torrijos safety nets for the poor were breaking down. However, Noriega was distributing ever larger monthly loyalty payments to the senior Guard officers, at least \$20,000 a month for majors and above, usually delivered in cash US dollars. Of course he thus needed more drug money to finance his corrupt enterprise while still building his own fortune abroad with the help of the corrupt middle-eastern bank, BCCI.

*Q: Your assignment was affected in the summer of 1989. So what kind of briefings did you get then?*

BUSHNELL: I spent most of my time in ARA during August and September attending all the meetings on Panama, reading all the cables and intelligence reports (many), and working on the many policy and options papers prepared for the NSC Deputies Committee. I had formal briefings at other agencies such as Defense, CIA, the NSC, and Treasury. I also had lunch or informal meetings with people I knew in these agencies to try to understand better what was driving their positions. At the same time the military was making an off-schedule change in the CINC.

*Q: General Thurman came in. He replaced General Woerner.*

BUSHNELL: Right. The NSC Deputies had decided that the disagreements and contradictory signals from the military, the embassy, DEA, and the CIA station had to end. The Deputies wanted a team in Panama that was working together to accomplish the objectives set by the NSC. The members of the Deputies Group made clear to me that they hoped there would be more leadership, innovation, and fresh ideas from the field, not from one agency but from all agencies working together. All the NSC deputies agreed to get the right people in Panama. I was one of the last to be chosen. As soon as I learned who was to be the CINC, I had the Panama State desk call and make an appointment for me to go to the Pentagon for a private get-acquainted meeting with General Maxwell Thurman. This was early August.

*Q: So what did you think of Thurman?*

BUSHNELL: Thurman was one of our great generals. His military skills were formidable, but more important he was extremely bright and innovative. A bachelor, he worked 16 hours a day, seven days a week for most of his career, a little more in Panama. Behind his back some of his men called him 'Mad Max.' He was 58; his retirement papers had been approved when Secretary

Cheney asked him to take the Panama job although it was formally a step down from his recent highly successful assignments. After the Vietnam War when the Army had zero career appeal, Max had headed the Recruitment Command. He had developed many of the programs that changed the Army to make it an appealing career, including the slogan, 'Be all that you can be.' He had been Army Vice-Chief of Staff. Recently he had headed the Army Training and Doctrine Command [TRADOC] where he had been the leader in developing a new approach to modern warfare calling for a highly concentrated attack without providing the materiel backup to sustain a high level of fighting for long. The concept was to win quickly by attacking everywhere at once, not to engage in prolonged fixed-front fighting. Throughout his career he had fought to adopt the most advanced technology. He had lobbied Congress more than any other general to get what he thought the Army needed. Moreover, I found him to be a nice individual and a good friend as we worked together virtually every day and night in Panama.

At our first meeting in the Pentagon he took me to a large secure conference room and sent his staff away. After a little idle chatter I said, "You're new to the Noriega problem, and I'm new to it. In looking at the situation, I think one of the problems has been that there have been two people competing, my predecessor and your predecessor, and I think we need to decide right now that the U.S. will have one team in Panama." He said, "Precisely my sentiments. If you hadn't made that speech, I would have."

*Q: And he outranked you?*

BUSHNELL: He was a senior four star general. But I was to be the chargé, the President's personal representative. Several of the NSC deputies had told me that I should consider myself the ambassador in Panama because our ambassador had been withdrawn to put pressure on Noriega but the President wanted the senior person at the embassy to be his representative. Thurman always treated me as the President's representative, to his great credit. Thurman impressed on his staff and unit commanders that they, the military, are only a tool to accomplish US political objectives. Many times in Panama I would attend planning meetings of the senior military. Max would ask me to review the political objectives. Then he would turn to his commanders for discussion of how they could help accomplish them. Throughout we would discuss what might go wrong that would create political problems and what boundaries would be placed on various operations to avoid sending misleading signals to Noriega and company. For example, an objective was to arrest Noriega, not to kill him. Thurman and I reworked many operation plans to enhance the capture possibilities. Max was most innovative in pointing his officers to technologies and weapons I had no idea even existed.

After we agreed on the team approach, Max asked me if I had read the contingency operation plans, i.e. the plans for what the military would do if we had to fight Noriega's forces. I had recently spent a half day in a highly secure windowless Pentagon room looking at the plans because I had insisted on seeing them when I found no one in State aside from some military officers in PM had actually seen them. Max asked what I thought of the plans. I said they were a disaster waiting to happen. He immediately said he completely agreed. "What's wrong?" he asked. I said, "Under these plans it takes about four days before we have most of our troops in action engaging Noriega forces. During that four days the Panamanian troops and even the



digbats can tear the country apart, kill or capture a lot of Americans, and possibly destroy key Canal installations. It seems to me a lousy plan.”

*Q: And this was the plan for what became Operation Just Cause?*

BUSHNELL: No, this was General Woerner’s plan as it stood in July 1989. It was an indication of Woerner’s approach that we would not and should not come to fighting.

*Q: So the planning had been going on for some time?*

BUSHNELL: Oh, for years. The military continually develops operations plans for contingencies worldwide. Thurman said, “That’s precisely my sentiment. It doesn’t even embrace the most up-to-date Army strategies which would overcome the problems you raise.” Since he had been commander of Tactical Command for a long time, he was the main force and intellectual drive developing new Army strategies. Of course they had not yet been used anywhere. He asked how long I thought it should take for us to engage all Noriega’s main fighting units. I said the shorter time the better. He raised one finger. I said, “One day,” a bit disappointed. He said, “Way too long. One hour.” I was amazed and asked if that could be possible. He said he didn’t know but he had the best brains in the Pentagon working on it. We discussed the problem. Although there were some 12,000 US military in Panama, most of them were support troops; they ran the airfields and bases, gathered and analyzed intelligence for all Latin America, provided medical services, and all the supply, training and other functions of a peacetime army. There were only about 1000 shooters, as Max called troops who kept their fighting skills and equipment in top shape to engage in combat on short notice. Shooters could run 200 yards with full pack, could use the full range of individual combat equipment, and were trained to operate in small groups on a battlefield. There were also a few combat troops in the armored units. I asked how many shooters would be needed. He said probably a little over 10,000; his people were perfecting the estimate as we talked.

We discussed whether or not it was necessary to attack all the Guard units simultaneously or only those in the Panama City and Canal area. The key problem was not identifying sufficient shooters. The problem was finding sufficient airlift to bring them all to Panama at the same time. Moreover, secrecy was important to preserve the advantage of surprise, which greatly reduced the number of men needed. Thus we could hardly mobilize civilian airlift. The plan eventually developed utilized virtually all US military transport planes. This plan thus required that planes be brought back to the U.S. from Europe and Asia as well as freed from other missions. Then crews had to be rested. Thus at least 48 hours were necessary between a decision to fight and the actual attack. The old Woerner plan called for capturing Noriega early on and seemed to assume we would know where he would be. The much improved Thurman plan had the complication that we would not know several days in advance where Noriega would be at the launch hour. We shall come back to this key point later.

*Q: And he wanted to bring in over 10,000 additional troops all at once?*

BUSHNELL: One hour. He said, “I think we can do it. I’m going to have to kick a lot of butt around here. I’m a minority of one in the senior staff now, but I’ve been in that minority before.

Let's work together getting this done." I asked what I could do, and we decided State and the NSC deputies should give as much attention as possible to the potential problems of Noriega damaging the Canal and taking Americans prisoner during the first hours of any military operation. You would be surprised how many times I was able to get these points into papers ARA was preparing for the NSC deputies.

*Q: Colin Powell was then in what position?*

BUSHNELL: Colin Powell was selected to become Chairman of the Joint Staff, the most senior military position. He took over October second, just before I went to Panama. Thurman went to work, kicking butt. By the time I arrived in Panama a couple of months later and sat with him to review the newest ops plan, almost all the main force Panamanian units anywhere near the center of the country were to be engaged within the first hour. He was working on engaging all Guard units that were a potential threat.

*Q: And what kind of instructions did you have when you went?*

BUSHNELL: Not much. I was well aware of what the NSC deputies and even the principals were thinking. But there was no diplomatic plan similar to the military plans. The objectives were to stop the drug trade and help reestablish a functioning democracy in Panama. It was clear Noriega would have to go to accomplish these major objectives, and bringing him to trial in the U.S. was an additional objective. If Noriega were to venture on to a US base or go to a country where we could extradite him, there were contingency plans to grab him, but even these plans were pretty general. There was more policy on what not to do than what to do.

*Q: Such as the instructions were, who gave them to you? Bernie Aaronson?*

BUSHNELL: I talked a lot with Bernie and his principal deputy, Mike Kozak, who was working almost full-time on Panama. I met several times with Political Under Secretary Bob Kimmitt and a couple of times with Deputy Secretary Eagleburger. They encouraged me to work closely with General Thurman to help the NSC deputies develop better options. There was little specific guidance. I also met with Economic Under Secretary McCormack and Management Under Secretary Ivan Selin. They provided little guidance. I persuaded Selin to visit Panama because the administrative problems were becoming so difficult and expensive as we refused any dealings with the Noriega government. Then there was a major crisis in Panama, and I went through it in the State Operations Center and attended the few high level meetings that were held and even drafted parts of the briefs to the Secretary and President. Perhaps what I learned from the crisis was the most useful guidance.

*Q: What was the crisis?*

BUSHNELL: On October third there was a coup against Noriega led by Major Giroldi.

*Q: What do you know about that coup attempt beforehand?*

BUSHNELL: We knew much about it, but we had not directly promoted or planned it. In fact we knew rather little about Giroldi. The week before the coup I had even contacted a personal friend who had lots of contacts in the Panamanian military to see what I could learn about Giroldi since neither the CIA nor the military were coming up with much. I asked about three majors because I did not want to risk calling attention to any one. I learned more about the other two than about Giroldi.

*Q: Who was Giroldi?*

BUSHNELL: Major Moises Giroldi was the head of security for Noriega's headquarters. He seemed to be exceptionally loyal to Noriega. He had played a major role in blocking a coup attempt in March 1988. He was reported to be a quiet officer. He had had a dispute with Major Sieiro, Noriega's brother-in-law, about which of them should run a Guard training academy. Normally Noriega would have fired him, but instead he promoted him. He was one of the few Guard members allowed to carry a submachine gun when with Noriega.

Giroldi's wife had made contact in early September with the U.S. through a friend who was an American secretary working in the CINC's intelligence unit. Arrangements had been set for mid-September for two or three Guard officers to meet secretly with a couple of CIA officers; Mrs. Giroldi had asked for a meeting with Southern Command decision-makers. However, General Woerner's staff was leery of Giroldi as it knew little about him. In Washington we paid little attention, particularly when no one showed for the meeting. This was not the first approach about a possible coup, and Noriega, the master of dirty intelligence operations, was prone to bait the Southern Command even while trying to befriend some of its officers. Moreover, since every senior Guard officer was benefiting from large amounts of drug money and most did their share of dirty tricks for Noriega, in Washington there was concern that a coup against Noriega might not accomplish our objectives – just substituting one Guard dictator/drug-runner for another.

When I got to the office on Monday, October second, I learned that Giroldi had established contact and had requested specific help from us. He had asked that US planes fly over the three airstrips used by the Guard and that US troops block some access roads to Noriega's headquarters once the coup had begun. By exercising our Treaty rights we could stage a defense exercise and put troop and vehicles on any road, which would effectively block it. However, Giroldi had said nothing about what was to happen once the coup was successful. He had not promised to deliver Noriega. Reportedly the CIA agents had urged Noriega not be killed. Giroldi had not said what kind of government would be established. General Thurman had initiated maneuvers to place troops in position to block two or three major roads. But nothing was happening. Thurman continued the maneuvers most of the day, but nothing happened. In mid-morning I called CIA to ask the exact wording in Spanish on the timing Giroldi had used. I never got a clear answer, but I got enough to suspect he had given a period of days with October two the first.

What was clear to me from that Monday's non-incident was the posture of the key US players in Washington, although I was not at the White House. There was agreement that President Bush was leaning forward. He had said, "We should do the things they asked for." The President and Secretary Baker had practically been inviting a coup in their public statements. Anyway, all of

the things requested we did from time to time as exercises under the Treaty, although there was no answer as to what our over-flying A-37s should do if they saw pro-Noriega activity on an airstrip.. In contrast Chairman Powell and his military advisors were leaning back, raising a million questions and contingencies that needed to be covered before action. Secretary Cheney seemed less concerned than the military but focused on the fact that nothing had happened so this might be a trap. Secretary Baker was concerned with the legal aspects of Noriega being killed in a coup in which we were involved. This was 1989, and the struggles between the Administration and Congress over the Nicaraguan contras were still fresh in everyone's mind. The Reagan Administration had accepted Senate Intelligence Committee restrictions on our involvement in any operation that might result in Noriega's death that were, in my view, extreme. We virtually had to protect him from being killed in any covert operation in which we were involved even marginally.

Given the situation it is amazing how much time I and others spent in Panama trying to avoid Noriega being killed. Until that Monday none of us had focused on the point that having CIA leading on any dialogue with coup plotters made our Senate restrictions especially difficult. Ironically I had favored CIA over the military leading any coup discussions because I thought CIA language and reporting skills were superior, but there is a good case that the CIA officers did not understand Mrs. Giroldi's Spanish correctly. She claims to have asked to have all, stressing all, access roads to Noriega's headquarters blocked. The CIA report listed two roads to block. Blocking all would certainly make more sense.

On Tuesday morning I stuck my head in Kozak's office in ARA, previously my office for some years, just as he was taking a phone call from Panama reporting that the coup was underway. Immediately we set up a working group in the operations center where we could maintain secure open lines to the Embassy and to the military command center which had open lines to General Thurman and his people. It was a frustrating morning. Hard facts were almost impossible to obtain. From their headquarters SouthCom officers could see Noriega's headquarters which was only a few blocks down the hill. They had seen activity that looked like a coup, and they had seen the cars that usually carry Noriega enter, followed by gun fire. But neither SouthCom nor CIA was able to get in touch with Giroldi for some hours. At about 11 AM Giroldi made a brief announcement of the coup on a radio station, but he did not give the status of Noriega, indicate who would be in charge, nor what government policies would be. Finally his representatives came to SouthCom headquarters, but they did not seem to be clear whether they wanted our military to go and get Noriega or they would delivery him and under what conditions. They seemed to want us to take him but not send him to the U.S. for trial; this condition seemed to us in the ops center crazy and impossible for us. What they were clear about was that a coup had occurred and Noriega was a prisoner and not dead.

We learned later that Giroldi and his fellow plotters had taken over the command center and held Noriega prisoner, trying to convince him to resign and leave the country. They did not have a plan for what to do if he refused or, as was the case, stalled. They even let Noriega make a phone call which he used to summon his crack, Cuban-trained (and perhaps led) Machos del Monte (Manly Mountain troops) based up the coast a short flight away. SouthCom watched the 727 take off from the Rio Hato airstrip and fly to Panama City. Then SouthCom saw tens of heavily armed shooters get off and into vehicles. Before long John Maisto was reporting to me from the

Embassy that the Machos del Monte and Battalion 2000 with their armored cars and personnel carriers were passing his window heading for the headquarters on a road which General Thurman was not blocking.

*Q: The story was that Noriega dared Giroldi to machine-gun him. Is that true?*

BUSHNELL: I heard that story. When the Machos del Monte were moving into the headquarters against little opposition from Giroldi's forces, Giroldi was still holding his submachine gun on Noriega. Giroldi's people were trying to stop the attack by arguing that it would result in Noriega being killed. Apparently the Machos del Monte were less concerned that Noriega might be killed than the Senate Intelligence Committee, since they pressed ahead.. Noriega then dared Giroldi to shoot him and faced him down. Finally, Giroldi put his machine gun on the table. Noriega took his pistol and killed one of Giroldi's fellow officers with a shot in the temple. Noriega accepted the surrender of Giroldi and his forces. Giroldi and several of the other coup leaders were taken to Battalion 2000 headquarters where they were tortured so Noriega could learn just which officers were aware of the coup and just what the US role was. Giroldi and several others were then shot.

The U.S. had not blocked the headquarters as requested. Moreover, by the time it was clear that Giroldi was prepared to give Noriega to us without unreasonable conditions, the Machos del Monte were already fighting and entering the headquarters. A US attempt to go and get Noriega then would have put our forces in the middle of the fight without it being clear if Giroldi's troops would even support them. At any rate we did not at that point have the sort of Delta forces on the ready that might have executed such an challenging operation.

Not only was the situation in Panama unclear all morning, but we in the task force had little access to our policy-makers. President Bush was meeting with Mexican President Salinas, greeting him at about 9:30. Secretary Baker and Assistant Secretary Aronson were with him. They met briefly on Panama about 11:30, but really only addressed the issue about 1:30, just as the coup attempt was over. Secretary Cheney was touring Gettysburg with Soviet Defense Minister Yazov. Chairman Powell, brand new to the job, was in the Pentagon operations center most of the morning, but he was not inclined to make any decisions without guidance from the principals. By about 10:30 AM Kozak and I in the State ops center concluded that Thurman should follow the thrust of President Bush's guidance of the day before and put US forces on maneuver to block all roads to Noriega's headquarters. It made no sense to me that we block only a couple of roads. Our forces did keep Noriega's nearby Israeli-trained special forces bottled up, but other Noriega forces had a couple of open access routes. I thought expanding our maneuvers had little downside while we clarified the situation. It was clear enough that the coup was not running without problems and was poorly planned. Some in the Pentagon and SouthCom argued that our troops had just the day before spent virtually an entire day on maneuvers in the sun and anyway we were short of shooters to block additional routes. I later learned that General Thurman had not been clearly informed of the President's guidance of the day before. By 11:00AM we made our recommendation to Secretary Baker at the White House, but we were not able to give him a clear picture of the situation. No one had even been able to plot just where our troops were on a map.

*Q: I gather there was public criticism of the Bush Administration for not having done something.*

BUSHNELL: That's right. It was clear that getting rid of Noriega was a high priority objective of the Bush Administration, yet we had largely just watched as a coup that would have ousted Noriega initially succeeded but then failed because the U.S. did not act or even show much support. Moreover, we had made no attempt to get custody of Noriega. The true story that Girolodi was not quickly prepared to give Noriega to the U.S. did not ring true to many, especially given the terrible fate Girolodi met on orders of Noriega. Many Americans asked why our forces did not just go a half dozen short blocks down the hill from SOUTHCOM to the Noriega headquarters and collect Noriega regardless of whether Girolodi was eager to turn him over. Most Panamanians thought Girolodi was a fool for not sending Noriega up the hill to the U.S. at 9:00 AM, or that Noriega's friends in the US military had not wanted him. Of course, if we had collected Noriega that day, I probably would not have gone to Panama and would have missed the most exciting moments of my career.

A week or so later I went to Panama, and Thurman and I worked together to assure that the U.S. did not miss the next opportunity to improve the situation in Panama. Both General Thurman and I learned from this Girolodi experience that we needed to have much better contingency plans in place; we needed to have authority from Washington to act; we needed to have the flexibility to communicate and adjust in a coordinated way to the situation immediately. Moreover, as we discussed possibilities between the two of us, we concluded that we needed to try to gain control of timing and actions in any scenario and not be dependent, at least for long, on Panamanians who might prove less than wise. A number of changes were also made in Washington to activate the NSC deputies committee during crises and enable it to make decisions or to present operational alternatives to the principals immediately.

*Q: How about Aronson? What role did he play?*

BUSHNELL: He was at the White House for the Mexican visit. He telephoned Kozak for updates, but I do not recall his passing us any guidance. Under Secretary Kimmit was monitoring the Task Force for the 7<sup>th</sup> floor and talking with Secretary Baker at the White House.

*Q: So you went to Panama. And what did you find when you got there?*

BUSHNELL: I found a mess.

*Q: And you went alone; your family could not go.*

BUSHNELL: That's right. All Embassy dependents and even many of the officers had been evacuated either for security reasons or to show our displeasure with Noriega stopping the election process. We acted as if we had broken diplomatic relations except that the embassy continued to operate in Panama. We continued to deal with the Panamanian embassy in Washington because it had broken with Noriega, but not with any official or office of the Noriega government. Ambassador Davis was in Washington, not in Panama. The size of the embassy was cut down. There was a Presidential decision that there should not be more than 60 Americans stationed in the embassy, including the Marines. Some agencies closed their offices

such as DEA and the Foreign Commercial Service. AID reduced to only Panamanian employees. However, TDY personnel were not included under the ceiling; thus many agencies maintained a more normal staffing by sending people TDY. For example, I had two American diplomatic security officers assigned to guard me; they were assigned TDY because we did not have room within the Presidential ceiling; they might have been rotated but were not once the big crisis started. They worked unbelievable hours as both would be on duty whenever I was outside the embassy or my residence and coverage was seven days a week. I guess they could retire on their overtime plus per diem. This is just one example of how expensive our Noriega policy was becoming, at least for the relatively small State budget.

Having no dealings with the government presented a mountain of administrative problems and related difficult political decisions. We didn't clear anything through customs; we didn't get license plates for either official or personal cars; we didn't even pay our electric or telephone bills because the suppliers were public corporations; we didn't make the required contribution to social security and health insurance for our many Panamanian employees. In most countries one simply couldn't operate this way for more than a few weeks. By the time I got there we had been some months operating this way, and it was becoming very difficult. We used rental cars to get around the license plate problem; we stopped using many official vehicles; in other cases, including my car, we simply used expired plates. Supplies and even household goods were sent through military channels. Electric power and telephone lines had been cut off to some homes, but not yet to the embassy. I authorized some personal payments of utilities using landlords to overcome these problems. We paid all medical expenses for all Panamanian employees and their families because they had lost access to the social security medical facilities. Many employees were concerned that they were not accumulating any retirement credit during these many months. We assured them we would eventually buy this time from the government system, but we had no idea how we would do this. A couple of Panamanian employees wanted to retire, but we could not process their papers.

*Q: Who did you replace?*

BUSHNELL: John Maisto had been the chargé since Ambassador Davis left.

*Q: And he had already gone?*

BUSHNELL: No, we had a few days overlap. John was extremely helpful, introducing me to the three men "elected" in May but not allowed to take power and to just about everyone in the country except those associated with the government. I already knew many Panamanians from my Canal duties, and I quickly reestablished many old contacts. The Papal Nuncio, Monsignor Laboa, gave a small going-away lunch for John. It was the first time I met him. John took pleasure in pointing out to me that several of the Nuncio's Spanish servants, including the cook, were ETA terrorists from Spain who were in effect hiding out in Panama protected by the Nuncio, who was from the Basque region of Spain and apparently sympathized with ETA independence desires – if not the violent ETA means. The luncheon food was good, but somehow I didn't really enjoy it.

The morale of most of our some 200 Panamanian employees was pretty good despite the difficult administrative problems and their concerns that Noriega would direct his violent rage against the US government at them. I began meeting every couple of weeks with a group of the senior local employees from all agencies to keep up their morale, to encourage them to counsel less senior Panamanian employees, to help deal with the administrative problems, and to take the pulse of opinion among a group of knowledgeable Panamanian citizens. These Panamanian embassy employees thought Noriega was destroying their country, and, like most Panamanians, they thought the U.S. was the only likely savior. I offered to help get any employee or their dependents out of Panama if they or we had good indications that Noriega would move against them. There were quite a few threats, and we did send some people out for what proved to be a fairly short time.

Morale among American employees, especially those in State, was poor. People did not welcome being separated from their families for many months. Many had wanted a Panama assignment two or three years before because of the comfortable family living conditions with the military facilities and schools. Now their families were suffering in temporary accommodations in the States, and they were stuck in Panama with the administrative nightmares, the security concerns, and more work than they could do in 50 or 60 hours a week. The heads of the political, economic, and counselor sections had done a joint dissent message a few weeks before my arrival, arguing that our policy of not dealing with the Noriega government was not going to accomplish its objective of getting rid of Noriega. All three also asked for transfers and wanted to leave immediately even before there was any replacement. All wanted to be back with their families, and there were family problems in some cases. My wife eventually took the initiative to meet with many of the wives in the Washington area; some seemed to feel that the whole weight of an unsatisfactory US policy was on their families. I immediately discussed the situation with each officer, agreeing that I would expedite a search for early replacements and let them leave as soon as possible. I did not want to be leading a staff of malcontents. I also promised that everyone in the embassy, except me, could go home at Christmas time provided they staggered trips so one was back before another departed from each section. With these promises and more explanation of policy the morale situation seemed to improve, and all officers were working effectively seven days most weeks because of our education program which I shall mention in a minute.

It was certainly not easy to attract FSOs to a Panama assignment in the fall of 1989. By the time I became involved about July, the 1989 assignment cycle was over without filling all the vacancies. The Director General agreed to break assignments as necessary to fill the high priority Panama positions, but neither he nor I wanted to order officers to Panama who didn't want to go. No one wanted to leave his or her family for the danger and hard, tense work of Panama. I raided where I could. For example, there was a junior political officer, Alex Margolis, working as the second officer on the Argentine desk. His first tour had been in Buenos Aires while I was there, and I knew he was capable and a good drafter. I asked him if he would be interested in Panama. He was, and Kozak asked Personnel to break his Argentine-desk assignment immediately. In a couple of cases I got officers to agree to a couple of fairly long TDY assignments to fill gaps. I finally concentrated on trying to find tandems – couples where both had foreign service careers – without children at home as the best possible staffing solution. However, seeking senior replacements occupied a lot of my time and a lot of phone calls during my first three months in Panama.



We had an immense workload. For example, the economic section headed by Ed O'Donnell had been reduced to just two officers, but it was responsible for this large blacklist of people and firms who were thought to be associates of Noriega. No US government agency was permitted to deal with those on the list, and they were not allowed to travel to the United States. This embargo was part of our economic sanctions, which also included trying to find and block assets of Noriega, the National Guard, and the Panamanian government in the United States. There were many questions about the blacklists daily as SOUTHCOM and the Canal Commission purchased and contracted many millions of dollars of business in Panama. Detailed economic reporting was also in high demand in Washington because the NSC Under Secretary's committee was monitoring the results of our economic sanctions closely. The Panamanian economy was weakening fairly fast, although Noriega appeared to be bringing back his own money as well as raiding the banks to generate economic activity and slow the economic decline and the rise of unemployment.

Also many front firms used the Panama Free Trade Area to send goods to Cuba. Such firms were blacklisted on a separate Cuba-dealing list as soon as they could be identified so that they could not buy from any US firms. Needless to say, Noriega's government gave us no help on any of our economic work. In fact the Government of Panama had virtually stopped publishing statistics of any kind, making our work harder until I happened upon a friend in the private sector who had access to the unpublished Panama data – weak and incomplete, but better than nothing. I arranged for officers of SOUTHCOM to assist the economic section as well as for TDY missions and special analytical backup in Washington. Keeping in mind my guidance to look for ways to tighten the economic sanctions, I proposed efforts to encourage ship owners to switch registry to other countries. More ships were registered in Panama than in any other country, and the fees generated by the registry were a big source of funds for the Panamanian government and for some of the officials personally.

I met with many bankers to urge them to stop laundering drug money, and I even implied that the U.S. was looking at potential sanctions against laundering banks. The banks had many problems; all were losing deposits because of the political uncertainty. To overcome people's fears that the security situation could deteriorate any time, many banks, including branches of American banks, transferred all their sight deposits to their Cayman branches or associates each night, bringing them back the following morning. In December I did a very restricted circulation cable suggesting that we announce we would ban any bank in Panama we believed was laundering drug money from making any wire transfers through the Federal Reserve system and that we try to get cooperation from the Europeans for a similar ban on the Swift system. Almost all wire transfers worldwide use one of these two systems, so such a ban would largely put a bank out of doing international business which was the big profit center for banks in Panama. Our military action resolved the issue before my proposal was fully staffed in Washington.

The political section, headed by Michael Polt, had three of its four officer positions filled. But it also had an exceptional work load. We did a lot of hand-holding with the opposition, encouraging them to remain active in opposing the Noriega government. One officer, Pat Perrin, was assigned to human rights and labor reporting. There was great interest in human rights violations in Panama throughout the Bush government. She took the lead, for example, in

organizing a large reception at the residence on UN human rights day in December, inviting the three elected leaders, the activists in the many civil action groups against Noriega, and many from friendly embassies, but no one from the government. Although labor unions had traditionally been strong supporters of the Torrijos/Noriega governments, the rising unemployment and pay cuts in both the public and private sector were turning the labor rank and file against Noriega. I was suspicious Noriega had most of the labor union leaders on his secret payroll or had information on their past or mistresses, but I could never prove that. The political section also had a lot of work to do with the diplomatic community. Most NATO and Latin American countries had also withdrawn their ambassadors in protest at Noriega's stopping the election. Since many embassies in a small country such as Panama are quite small, the chargé was often quite junior and often not accustomed to doing much political work. Thus I assured that our political officers, and myself, maintained close contact so our friends would feel in the loop and would have some help in reporting to their capitals. Our objective was to keep the ambassadors from returning, but, as time went on, a few countries found an excuse to bring ambassadors back – a victory for Noriega. It looked as if quite a few might return after New Years, as ambassadors were getting sick of sitting around in their capitals. For example, the Japanese had sent their ambassador on “vacation,” but he was due back early in 1990.

The political section also acted as the secretary of the Panama Area Coordination Committee. I chaired this committee which was essentially the CINC, the Canal Administrator, and myself. The purpose was to assure all agencies in Panama were supporting our policy and to coordinate actions in many fields. For example, a subcommittee dealt with employment conditions to make sure US agencies were not stealing employees from each other and were not bidding up wages. During late 1989 there were many issues to coordinate as we tried to make things difficult for Noriega and we tried to have a solid front in dealing with his many harassment actions. Security for our people was the biggest concern. In Washington I was told this committee had not been working very well. During my first meeting with General Thurman I had asked to have his personal participation and help in making it work. General Dennis McAuliffe, who was the head of the Canal Commission and his Panamanian deputy, Fernando Manfredo, were both old friends as they had been in these positions the five years that I was a member of the Board. Thurman changed the attitude of SOUTHCOM, which had previously considered the so-called embassy committee an annoyance. He attended when he was in the country; otherwise his deputy attended, and the attitude of the military was much more cooperative. Of course a well-working coordination committee had more work, more reports and studies, more subgroups – all of which fell to the undermanned political section.

The consular section headed by Gary Usrey was overworked too. A couple of officers had been withdrawn in the reduction of staff. But Panamanians were more eager than ever to go to the States. Many were sending their families out in case of violence. Among the middle class many were applying for visas “just in case.” The blacklists had to be checked as well as the normal visa requirements. With the economic slowdown more applicants were looking like potential immigrants. We slowed the whole visa process down and gave many single entry visas as a way of building pressures on the Noriega government from those who were having difficulties making their annual shopping trip to the States. People closely related to members of the Guard were generally refused visas as part of our harassment. Protection of American citizens increased the workload as well. Many citizens who had lived for years in Panama without ever contacting

the embassy were suddenly registering with the embassy. The number of US citizens was large; many canal and military personnel retired in Panama; many Americans working in the military or canal operations had married Panamanians; their children were usually Americans. Many Panamanians had taken advantage of earlier programs under which they could enlist in the US Army and acquire citizenship on an expedited basis. Members of their families subsequently also got citizenship. The consular officers took the lead in organizing an emergency notification system so that all American citizens could be contacted quickly.

The consular officers had to give more than the normal attention to Americans in Panama's jails. Noriega's folks liked to abuse Americans over whom they had the greatest control, and some of the prisoners had been caught helping the political opposition. The consular officers also had to process documents such as passports and records of birth for the many military and American canal employees. The military wanted a consular officer to visit their facilities regularly to do this so that American employees including soldiers would not have to travel through the city to the embassy and thus be subject to possible Noriega harassment. I agreed, and we set up such an office; I was arranging to have an additional consular officer live on a base for this purpose because that officer then would not count against our ceiling of 60. Needless to say, the substantially reduced administrative section headed by Bo Bmytrewycz was also very stressed as we tried to operate with no contact with the government in charge where we lived and worked and had to give great attention to security.

*Q: After that failed coup attempt, it was clear that something was going to happen at some point.*

BUSHNELL: Yes. We had minor incidents most days. It was only a matter of time before something unexpected happened to some Americans and the situation began to run out of control. The tensions were high on both sides. Moreover, I was concerned that Noriega might try to capture or even kill the three elected leaders who were his visible Panamanian opponents. I arranged for Thurman to give them keys to an unoccupied house on a nearby base so they could go there if they thought they were in danger. But Washington – the Deputies Committee – expected me to act to protect them if necessary. Thurman and I discussed potential situations several times. The logistics were difficult. I might be on the other side of the city, and it would take too long for me to reach them. I moved with a lot of security, but certainly not enough to take on a Guard unit or even a lot of armed digbats. Thurman had plans to send troops to my rescue, but I wondered how quickly they would actually arrive. Neither Thurman nor I liked the idea that a military confrontation would arise by surprise out of harassment incidents. Such timing put us at a disadvantage. We preferred to move with our plan on our timetable.

Thurman liked the concept of an operation to grab Noriega and take him to one of our bases for extradition, as authorized by the rebel Panamanian embassy in Washington. Such operations had been considered and rejected by the Deputies Committee, but they could always reconsider. Thurman laid out several potential operations. The operations were sound; we would likely capture Noriega without much, if any, loss of life. My problem was that, once we grabbed Noriega, we had a lot of mad Guard officers and units as well as the digbats. We had many intelligence reports about specific anti-US actions the Guard and digbats were to take in case something happened to Noriega, ranging from kidnapping many Americans, including me, to a mortar attack on the canal itself. Some of these reports were probably Noriega psychological

warfare, but I thought many of them rang true. I did not think a mortar attack on the canal was credible; one could hardly imagine a less effective weapon against a canal; perhaps the control room for the locks would be destroyed, but a mortar shell would have to be very, very lucky to do any real damage to the canal facilities. I was wrong. Early in the morning after our troops landed, I found myself close to the canal and under mortar attack. The explosions were loud and close. My security, which was outside the building where I was about to brief the just-arrived US press, got dirt blown all over them, but no damage was done to the canal.

*Q: Was there still a resistance within the Pentagon to armed action? Was something needed to mobilize the thinking in the Pentagon?*

BUSHNELL: No, thinking in the Pentagon was advanced. General Thurman had done a great job of getting our whole military establishment behind his shock attack approach in which we engaged all Noriega's main forces simultaneously. It was a real marvel of military planning, taking full advantage of our airlift and night fighting capabilities and hopefully giving us the advantage of surprise. The problem was that we needed 48 hours to mobilize the air assets from around the world. Thus we needed to launch on our timetable, not when some recruit made a mistake and fired or Noriega decided he should eliminate Endara. Thurman and I lived in fear that a situation would escalate so fast that we would be in a big fight within minutes and it would take a long time to bring in our forces. With my agreement Thurman kept rotating special forces units through Panama for a couple weeks at a time. These forces gave us at least the theoretical capability to go get Noriega if a big fight started. The problem was to avoid any situation getting out of hand or President Bush giving us the order to fight before this marvelous operations plan could be implemented. Meanwhile, I kept trying to reduce the number of Americans who were potential hostage targets.

*Q: There were suggestions we should have invaded earlier when Noriega stopped the election or at the time of the Gioldi coup. Should we have done it then?*

BUSHNELL: No. We were not ready with this plan before November. Perhaps what critics mean is that General Woerner and SOUTHCOM should have used the new TRADOC/Thurman thinking to develop such a plan a couple of years earlier, but it is unlikely any US president would have ordered it before the detoured election made a democratic alternative government available and discredited Noriega worldwide. The ops plan was not appropriate to support Gioldi because he did not give us enough advance notice. Moreover, he had not asked for such a major action and had not promised a democratic government. Neither Thurman nor I could picture a clear entering scenario to fit this super operational plan. However, Noriega tended to be cautious, limiting any action against us to what he thought we would take without a major reaction. I told Thurman that, if Washington would be patient when there were several provocative incidents, we could stall the 48 hours while seeming to roll with the punch while the ops plan was launched. Our assessment was that Noriega saw the threat as the troops already in Panama, not a massive inflow of shooters. I urged Thurman to sharply restrict knowledge of the plan because I believed Noriega had several sources in our military.

When Thurman and I had discussed the then evolving ops plan in Washington, I had raised the problem of capturing Noriega. Certainly capturing Noriega for trial in the U.S. was one of the

important US objectives. Moreover, until he was captured, the Guard and the digbats were likely to keep fighting and trying to capture Americans or destroy bases or the canal. Getting Noriega had been at the center of the earlier ops plan. These plans seemed to assume we would know where Noriega was or could find out quickly. Since the new ops plan called for many simultaneous attacks, it was important that one of these be where Noriega was and that there be a plan to capture him. Thurman agreed. But how would we know 48 hours in advance when the plan was put in motion where Noriega would be two days later? Even if we could fine-tune the operation close to the launch, how would we then know where he was? The Cubans responsible for Noriega's security were very professional; they maintained radio silence; they ran many false convoys that looked like Noriega moving. Noriega slept in many different places. Our intelligence on Noriega was not as good as one might have thought given our large intelligence resources in Panama. Thurman said his staff would work the problem. He said, "We will go to all the places he might be."

When I got to Panama, Thurman told me they were working on a list of the places that Noriega frequented. Each of these would be attacked at the launch hour. Troops would be trained to capture him, not kill him. I worked on this planning. A list finally totaling about 28 sites was developed. Some of these such as his command centers and base military clubs were to be attacked in the existing plan; for these a dedicated small squad was assigned to find and capture Noriega. Other places on the list, such as his homes, the homes of his favorite mistresses and mother, certain recreation and eating facilities, were not well defended, but each presented its own problems for the small attacking group assigned. As intelligence worked hard at following Noriega's movements, it was estimated that he spent over 97 percent of his time at these 28 sites or moving among them. Special forces were assigned to most sites because Noriega's Cuban-directed personal security was very good and very deadly. I asked how our shooters were going to capture Noriega, particularly if he actively shot back, without killing him. Thurman and his staff said this was a difficult problem; troops are trained to kill from a distance to minimize their own losses. Special training and equipment would be needed.

Then, to my amazement, the military proceeded to build replicas of the sites Noriega frequented on Eglin Air Base in Florida. The squads assigned to each site studied them and developed plans to go in, take out the opposition, and capture Noriega. It was a mammoth operation to figure out what each site looked like both inside and out, to build the replica, and then to practice the attack. In November there was an exercise at Eglin in which all sites were attacked at once. South Com invited me to go to Florida for that night, but I was not comfortable leaving Panama even for just 24 hours. I would have had to get special clearance from Washington and named one of my counselors chargé; my travel might have called attention to our planning. Nobody else in the embassy knew anything about the ops plan, and I later learned no one in State knew about the Noriega part of the plan. Only a hand-full of officers in SOUTHCOM knew about the whole ops plan, and many of them thought it was too grandiose ever to be executed. Various units knew their assignments under the plan, but so much of the operation was to be carried out by forces from the States that few of the military in Panama needed to know the general plan. Our tight security on the planning paid off as Noriega had no advance idea of what was planned for him. When the senior staff came back from the Eglin exercise, I went to the small debriefing for Thurman. The good news was that in all 28 sites they had gotten Noriega. The bad news was that in eight or nine sites they killed him. I said something about our law against assassinating foreign

leaders, and Thurman scheduled several meetings to address various aspects of this problem. The military went to work on new weapons and tactics – better stun guns and this sort of thing.

*Q: This is September 9th, 1998. John, please continue on the planning of the Panama operation. Was it called Just Cause?*

BUSHNELL: Yes, that name was given after the operation began, or just shortly before, because someone in Washington thought it would present the operation in a favorable light. During the planning stage it was called Blue Spoon, which did not indicate anything about it. I was very impressed by the detailed planning the military did. Nothing was left to chance, although everyone realized that once troops hit the ground anything could and would happen. Of course, during peacetime the military has lots of time for planning and practice. There were more man-hours spent planning this operation than all the planning that is done in the State Department in a decade. Everything was planned; every operation, where paratroopers would land, where the planes would land, where and when the bombs would hit, what sort of weapons everybody had – all to take down the Panamanian defense force of less than 10,000 men.

*Q: This was mainly developed in October, November, December.*

BUSHNELL: No, the main plan was in place by October. The smaller operations to search for and capture Noriega took longer, but all planning and training was complete by the end of November. Of course, the detailed planning was fine tuned continually.

*Q: Where was the planning done, in Washington or Panama?*

BUSHNELL: Most of the plan was put together in Washington before Thurman took command in Panama. I assume much information and input came from SOUTHCOM; in Washington I talked mainly with Thurman, and I was not involved in the detailed planning. Much of the detailed planning for the capture-Noriega operations was done by the various special forces elements assigned. In some cases they took advantage of temporary deployments in Panama to survey targets. I met with General Stiner (Special Forces) several times in Panama during the October/December period.

From our first meeting in Panama I stressed the danger that the plans would be acquired by Noriega's superior intelligence penetration of SOUTHCOM. At first Thurman did not believe his operations were infiltrated. I bet him that any paper created in his command that seemed interesting would reach Noriega. We ran some tests. In one test the document went to only five officers. Later our intelligence reports indicated Noriega got either a copy or the substance. Thurman was then convinced that his intelligence and perhaps communications and other larger organization were infiltrated, but he had confidence in his general staff. There were many American civilian employees in SOUTHCOM; some spent an entire career there. Many were married to Panamanians, including some secretaries actually married to members of Noriega's Guard. Many US military assigned to Panama married Panamanians. Later in their careers they sought assignments in Panama to please their wives and in-laws. Many soldiers were regularly short of money, especially those living off-base. Noriega and his operatives were very good at finding the weaknesses that would yield an intelligence asset. To this day I do not think we ever

found who was responsible for leaks. Thus the whole operational planning was compartmentalized, and even the general nature of the operation was known to only a handful of SOUTHCOM senior officers. Secrecy was clearly of greatest importance.

*Q: Who besides you in the embassy knew?*

BUSHNELL: No one else in the embassy had any idea of what the Thurman military plan was. Many knew about the earlier Woerner plan. On a couple of occasions they complained to me about the slowness of mobilization and potential problems for Americans in the city. I had to bite my tongue to avoid giving anything away. I did not think senior embassy officers would intentionally leak, but I did suspect some local employees passed information to Noriega operatives. There was not a real need-to-know, and I felt my security should be as good as Thurman's.

In early December embassy discussions of the Panama situation and of morale and the problem of finding FSO's willing to come to Panama caused me to suggest all employees in the embassy should get danger pay, a temporary percentage increase in pay to compensate somewhat for taking unusual risks for the country. I assigned various parts of the cable necessary to request such a danger allowance. When I got the draft, it seemed to miss the main point. It was eloquent in pointing out what a dangerous man Noriega was – having perhaps 50 of his own officers killed in the past three months, and it reviewed the attacks on some of our local employees and even close calls for some embassy and SOUTHCOM officers. The political counselor, Mike Polt, had drafted a paragraph stating that military plans envisioned a several day gap between the initiation of military action and the arrival of our main forces in the city of Panama. He was, of course, reflecting the old ops plan. I edited out most of that paragraph and turned the argument around somewhat to point out that there was a major risk of a war between the Panama Guard and US forces with the embassy and its personnel caught in the crossfire. We were not on a relatively safe military base. If a war broke out suddenly, we were sitting ducks, either at home or in the embassy, behind the enemy lines and at risk from both friendly and enemy fire and subject to hostage taking by the digbats. I stressed the danger in the situation where our 19-year-old soldiers on maneuver in Panama would be lined up pointing their rifles at 18-year-old Panamanian troops whose rifles were aimed at them. One finger slip, and bam, a real war might be on. I had urged Thurman to cut back on the maneuvers Woerner had run so often. But such a confrontational situation still arose every couple of weeks. Thus the greater danger was not that Noriega would target us, but that we would be caught in the middle of a war. The political counselor never asked me about my revisions.

Of course we had a security officer in the embassy. Like other offices, Diplomatic Security couldn't find a security officer to assign on a permanent basis as would be desirable. Thus the security officer post was filled with officers on TDY; a security officer came from another post for a few weeks or in one case a retired DS agent came back to work for a month or so. One security officer would just be learning the embassy situation and he would be replaced – not a satisfactory situation in a high threat post. The young DS officers who guarded me had much more continuity than the rotating cast of post security officers. The TDY security officer said he thought the draft danger pay cable was wrong; we were not eligible for danger pay. He did not think the danger from friendly fire from US forces could be considered, and he added there were

no plans for large scale US military action. Moreover, he thought we had a good escape from danger by moving to nearby military bases, and the military had forces designated to rescue us. I quickly saw I was not going to get far with the DS officer without showing him intelligence which his predecessors had seen over previous weeks but which was not available now in hard copy and, more important, without informing him of the current ops plan. I just asked him to write up his views, and we included them in the cable as another viewpoint, but unfortunately one from the security officer. Our request for danger pay had only been in Washington for a couple of weeks when the December operation clarified the matter. I had heard from the Panama desk, which was pushing the request for us, that the atmosphere was favorable but there was a major inter-agency debate on what level of danger pay to approve. Once the embassy was attacked and nearly burned to the ground the early morning of December 20, danger pay at the maximum level was quickly approved. Thus I was actually getting danger pay a couple of days later when my convoy was ambushed.

It was correct that the military had forces designated to protect or evacuate the embassy. John Maisto told me the military had been requesting approval from him to exercise a reinforcement/rescue operation but he had refused because he thought helicopters with heavily armed men going in and out of the embassy were politically provocative and just plain dangerous. Early in my stay I asked to review the military plans, and SOUTHCOM send over a large team to brief me. Most options sent troops by vehicle, assuming the route to the embassy was clear. The first alternative was to bring forces by helicopter landing in a bay-side park more or less across the street from the embassy. A final option in case the embassy was under active attack was for helicopters to hover over the embassy parking lot just behind the building with troops coming down a rope and embassy people being pulled back up. There was no need to practice the vehicle options; actually I later authorized some practice vehicle responses to the residence when it was not occupied. Since there were often many Panamanians in the park, an exercise there would have been very disruptive and did not really seem necessary. The military were most interested in exercising the most difficult option – helicopter reinforcement and evacuation of the embassy under fire. I agreed they could stage an exercise on a Saturday when fewer people would be in the embassy, provided the weather was good. I even volunteered to be evacuated as part of the test. As it happened, I was at a planning meeting at SOUTHCOM, so I missed my chance to be pulled up into a helicopter.

Quite a few people were working that Saturday, and they and our neighbors were scared by the noisy and windy operation. Apparently there was not as much room as the military had estimated. The first helicopter had to stay higher than expected. The troops got down, but the helicopter was blowing shingles off the embassy roof and even off neighboring buildings. A lot of other debris was flying around making things very dangerous for the troops and anyone else in the area. The exercise was aborted halfway through. When I reviewed the operation later with the military, we decided to cut down a couple of trees on embassy property and to try to relocate some power lines. I also instructed that our grounds be regularly policed up to remove construction material and anything that could fly. The military asked to practice again in December, but I delayed, thinking I would pick a time during the holidays when many employees were on leave. It cost over \$30,000 to repair the embassy roof and several of our neighbors' roofs. Fortunately, no one was seriously hurt. I decided the operation would work in an emergency and it was desirable to



have the potential of helicopter reinforcement because the flying time was less than five minutes, but not much practice was desirable.

Now, to go back, you asked about my instructions. It was clear from all the policymakers I had talked with in Washington that the objective was to get Noriega out so we had at least a chance of stopping the drug and money laundering business and a chance to work with a friendly democratic government on canal issues. Everyone's gut reaction was that we should increase diplomatic isolation and tighten the economic sanctions to force economic decline. Although I worked in these directions, I also reported that we were about to lose ground. Several countries were about to bring back their ambassadors, and our efforts to get the OAS to authorize tougher steps was getting nowhere. Noriega seemed to be able to get increased amounts of drug money and, more important, borrow from the banks in Panama to slow or even halt the decline in the economy. Thus our measures were not likely to do the job. We could hope and pray that there would be another coup from within the Guard. I had even been approached very gingerly about such a coup, but Noriega was very brutal with any opposition, and his good intelligence was not likely to fail him again as it had in October. Moreover, the Cubans were playing a greater role in supporting and protecting Noriega. The only plan I knew of that would end the Noriega regime was the one General Thurman had developed.

I was concerned that Noriega was getting more sure of himself while at the same time he seemed to be more in the hands of the various mystics to whom he gave great credibility. The existence of the democratic opposition and the civic groups that would bang their pots and pans was more than a minor annoyance to him. He was trying to clamp down on the opposition. Digbats would confiscate the banging pots, for example, and several opposition activists were imprisoned. I was concerned that Noriega would decide to get rid of one, or all three, of the presidential and vice-presidential candidates, who had really won the election. We had arranged for personal bodyguards and for limited security training for their security details, and we provided communications equipment. But these men lived in Panama; in the final analysis they were at Noriega's mercy. Also once I was in Panama, I began to understand that the digbats were a bigger problem than anyone in Washington seemed to realize. There were a lot of them, although we did not know how many. Intelligence placed 600 on the payroll of the electric company alone; several other state enterprises and even a couple of ministries had substantial numbers. Moreover, there seemed to be others, perhaps some part-timers, who were completely outside the government framework and paid from the drug money, and the number was growing as Noriega hired digbats as a way of limiting unemployment in the two main cities. We began to get reports of Guard officers, and even Cubans, training the digbats and providing them heavier weapons, even rocket launchers.

I discussed the digbats with Thurman and his staff several times. Their reaction was that digbats were not their problem as they were not organized as military units and had no bases. The digbats lived at home, mainly in the slums, and came together only for training, pro or anti Noriega rallies, and other political events. It was not possible for the US Army to operate against them, and it was not necessary as they were not a threat to our military which had much greater fire power. "How would we distinguish digbats from other civilians or from teenagers acting macho." Thus digbats were an unresolved and worsening problem.

As you can imagine, my schedule in Panama was to work about 16 hours a day seven days a week because we had so much going on. Thus far I have not even mentioned our parade of visitors, and I don't mean the special forces and other military units..

*Q: Were there many Congressional visitors?*

BUSHNELL: Yes. While I was in Washington, Kozak and Aronson complained to me about criticism from various Congressmen about our Panama policy. There was a lot of criticism, including from many Republicans, especially after the Garoldi fracas. I told them we should get Congresspersons down to Panama for brief visits so they could get a feel for the situation, meet the frustrated elected leaders, and talk with the military about their problems. Many Congressmen seemed to think there was a simple answer for the Panama problems. Only if we educated Congresspersons would they understand that the U.S. did not have any really great options to get rid of Noriega. Either the NSC deputies committee or some other inter-agency mechanism approved this idea, and the Administration was very effective in getting virtually all members of the foreign affairs, intelligence, and defense committees of both houses to Panama. Almost every weekend we had one or two Congressional delegations. The following list indicating the dates, leader, number of Congresspersons, and total delegation may not be complete, but it gives an idea of the magnitude of the educational effort: Oct 27-28, Rhodes, 5, 8; Nov 2-4, Livingston, 6, 9; Nov 3-4, Fascell, 2, 10; Nov 9-10 Sundquist, 4, 8; Dec 1-2, Montgomery, 4, 7; Dec 10, Dole, 5, 21; Dec 13, DeConcini, 1, 5; Dec 13, Rangel, 7, 12.

I don't know what orders, if any, General Thurman received concerning this Congressional education program, but I explained to him what I thought we should try to do with the Congressmen. He promised the fullest support of SOUTHCOM, and his personal input was very valuable. Few, if any, military officers had spent as much time educating members of Congress as Max Thurman. He was smooth. We couldn't have handled these many Congressional visitors with the resources of an embassy capped at 60 American employees. However, the military was marvelous at handling almost all the logistics and much of the briefing and entertainment. The military, of course, provided planes to fly the members down together with military liaison officers. The White House priority meant there were always planes available for visits to Panama even when that meant planes for some other trip were not available. Max arranged to have the same few Pentagon officers assigned to this liaison duty all fall so they could listen to what he, I, and others said during briefings and use that for their discussions on the way down and back. The embassy had lots of vehicles, but no license plates, so I agreed to let SOUTHCOM put their plates on a bunch of our vehicles and use them mainly with SOUTHCOM drivers and escorts for the Congressmen. Even so there was a lot of work for the political section to organize meetings with the elected but pending leaders and with human rights and civic action groups. Such meetings would be at the residence, the embassy, or on one of the bases. As the Panamanian opposition often could not move freely, such meetings had to be orchestrated carefully and often secretly. On some occasions Noriega's people, digbats or police, blocked some opposition leaders from getting to a meeting with our Congress members. Such action made a strong point. I don't think Noriega realized how counterproductive such action was.

Fortunately many Panamanians speak excellent English, including Endara and the two VPs, Calderon and Ford; thus translation generally was not an issue. In fact the Panamanian leaders

were very sensitive to the nature of American politicians and would speak to them as one democratic (small d) politician to another. Our members were impressed. As many of them said to me, the contrast between Endara, Calderon, and Ford on the one hand and Noriega on the other was like day and night, and we want day.

Much of my weekends was spent with the Congressional delegations. The informal discussions over meals and between events was often more useful than the briefings I gave. Fortunately for our budget most of the meals were provided on the military bases, although we did an occasional dinner or lunch at the residence. Thurman and McAuliffe and their staffs also briefed each delegation. The military generally provided a helicopter flight to show the members the canal and the many new high-rise apartment buildings of Panama built largely with drug money. Often I went on the flights, especially when the helicopter doors were off and many visitors declined the trip; one felt he was at the edge of space and kept the seat belt very tight. Somehow the members always wanted me to take a seat at the edge. When the weather was good, the pilots would usually sweep in low along the Chagres River and fly a short distance under the jungle triple canopy where it is actually almost dark but often one gets a glimpse of the wildlife. It was an exciting ride. The military also organized meetings with the troops. Max generally arranged to have numerous soldiers from each member's district or state present so each could get in a little campaigning. I usually did not attend these events. There was always an opportunity for the members to visit a military post exchange and a market where Panamanian Indian crafts were sold. Sometimes there was time in the evening for some members to go to one of the large hotels where there were casinos. In addition to members, we also received many visits by staff. When they came separate from members and during the week, it was a real problem to organize good events for them. I felt that once a week was as often as we could ask the elected leaders to talk with a legislature delegation, although the member visits had a useful effect in keeping up the morale of the elected leaders.

*Q: In the Congressional briefings were you making it clear exactly what our ends and options were?*

BUSHNELL: The tack I took was to describe the political and drug situations and say that we were trying to find some way other than a major military operation to solve this problem. I said it was hard to find effective options especially as diplomatic isolation was not tightening and the economic decline mainly affected the middle and upper classes which already opposed Noriega. I welcomed any suggestions, but members generally agreed we were between a rock and a hard place. Noriega won't leave; he won't change; he won't let Endara take office. I would tell them I was very worried every time there was a maneuver and we had our 19-year-olds with their guns aimed at their 18-year-olds lined up with their guns aimed at our troops; that's a very touchy situation. Every member agreed war was just a finger slip away. Some would ask, "Why do these maneuvers?" Other members would reply that we had a national obligation to exercise our treaty rights, strengthened at the insistence of Congress. I would point out that maneuvers were an additional way of putting pressure on Noriega, as well as of keeping our troops fully prepared should something happen. The Congresspersons left with an appreciation of the difficulty of the situation and of the nefariousness of the drug and money laundering activity and its effects on US streets. None ever suggested that they would favor a different approach, although some commented that our military should have seized some earlier opportunity to oust Noriega.

In late November I had a personal experience that gave me a great story to bring the money laundering problem home to visiting groups, because often a little story had the greatest lasting impact as well as lightening a somewhat dry briefing. I was at a dinner party one night with lots of Panamanians, most but probably not all opposed to Noriega. I was seated next to a woman, who was the wife of one of the businessmen or lawyers, just making small talk. She apologized for being very tired. I asked why. Well, she didn't get any sleep the night before. Why didn't she get any sleep? Because she was the supervising teller in a bank and supervised a bunch of tellers who counted money. I said sort of surprised, "You had to count money all night?" "Oh, yes, we had a shipment come in." "A shipment?" "Yes, you know, the plane comes in full of money. It got here about 11 o'clock, and I only had 42 tellers to do the count and packaging." I said, "Don't you have counting machines?" "Yes, we have machines; 42 tellers with a dozen machines, a planeload of money, and we have to count it and band it and get it ready according to Federal Reserve requirements to go out in a shipment the next morning. So we have to work from when the money comes in, about 10 or 11 o'clock, until morning to get this shipment done. And it's exhausting." I said, "How often do you have to do this?" She said, "I only have to do it maybe twice a month. I've got two assistants who generally supervise, but sometimes they can't do it, so then I have to do it." I asked which bank she worked for; it was a large non-US international bank.

*Q: That's a lot of money.*

BUSHNELL: Right, and it's not one-dollar bills. It gives you an idea of the extent of the drug money laundering in Panama. If you look at the data, Panama was shipping US currency to the Federal Reserve at the rate of something like 75 to 100 million dollars a month. Moreover, Panama was the cheapest place for central banks in Latin America to get US bills. Panama, of course, is unique because it operates with US money. The US dollar is the currency there. Aside from one-dollar and smaller coins, there is no Panamanian currency; it has been a completely dollarized area since Panama separated from Colombia. The rest of Latin America has a great demand for dollars because, not only do people buy dollars to use when they travel, but many Latinos buy dollars to keep in a mattress or a safe to protect value from local inflation or restrictions on convertibility. Because Panama had to pay to ship the money to Miami anyway, the Panama banks would pay part of the cost to ship to Buenos Aires, Lima, or Bogota, making Panama the cheapest source, although some central banks preferred to buy dollars from the U.S. even at slightly greater cost. In fact, I tried to come up with some ideas or get somebody to give us some ideas how we could refuse to take all this cash from the Panama banks which we knew was mainly from drug money laundering. But it's awful hard for the Federal Reserve to refuse to take genuine dollars, so nobody ever came up with a plan.

This incident was just one dramatic example of what was going on. We knew from many sources that money was being flown into Panama direct from collection points run by the Colombian drug lords in the United States. However, our enforcement effort was on planes bringing drugs into the United States, not on planes taking the dollar proceeds out. Congressmen would say, "Those are the dollars from the drug trade that is killing the kids in my district, and we have to do something." They hadn't decided just what had to be done in Panama, but their visits to

Panama prepared them for whatever had to be done. Thus there was almost universal Congressional support when President Bush did launch the large scale military operation.

Although the embassy, and I mean all agencies, had few staff, we had a lot of activities directed against Noriega. John Maisto had approved an expansion of the usual USIS mailing of current US foreign affairs information material to include some articles in Spanish by Panamanian human rights activists. Noriega had long since shut down or taken over any opposition newspaper or broadcast organization. Bill Barr, who was running the USIS operation with one other America officer and a lot of dedicated Panamanians, wanted to focus on a biweekly mailing to as large a list as possible and include almost exclusively material on Panama including more material written by the opposition community – attributed and not attributed. Digbats tried to stop the opposition even from putting out simple Xerox sheets, so communication was a real problem for the opposition and affected opposition morale. I knew Noriega would see such an embassy publication as a hostile act, but my instructions were to support the opposition so I agreed while making sure Washington was aware of what we were doing. I heard that many career officers in USIA thought the even-handed reputation of the agency was being put in danger, but the NSC deputies endorsed the idea, and USIA even had to send additional funds to support the publication and mailing.

Some weeks the publication was pretty explosive in its negative information and cartoons on Noriega, and a couple of times I asked to have it toned down some. Our publication became the de facto opposition newspaper with articles by one of the elected but pending leaders in almost every issue. Our mailing list grew rapidly with inputs from opposition friends. I soon found that everyone I talked with was reading it. Intelligence indicated that copies somehow were getting to many people in the Noriega government and the Guard. At the end of December, after the military operation, for a few days I was using a desk in the building that housed the foreign ministry because President Endara established his temporary office there. When I happened to open a bottom desk draw looking for some paper, I found several issues of the USIS information bulletin. We passed out copies in person, but most copies were mailed. But soon Noriega's intelligence operators tried to find where we delivered them to the post office; then they would seize them from the post office. We ran sort of a covert operation where people would take maybe 500 or 600 of these to a branch post office and mail them, trying to avoid being seen doing it. Some were still seized, but most got through. The opposition was encouraged both by the communication and by the fact that this publication was tangible proof the great U.S. was on their side.

We did other things to give encouragement to the local opposition, who were really risking their lives and in a couple of cases losing their lives in opposing Noriega. For example, I gave a big reception on UN human rights day in early December. It's not unusual for an ambassador to give a such a reception, but in this tense confrontational situation it provided a special occasion for human rights leaders, the civic opposition, and the elected but pending leaders to get together under a friendly roof. Most came despite the fact that Noriega's operatives were outside the residence grounds taking pictures of everybody coming in and leaving. For me such a reception required only a few hours and a little speech, but others in the small embassy had a lot of work to put it together and get invitations out.

We had one big screw-up. The DEA and FBI agents attached to SOUTHCOM got a report in November that some group had a mammoth amount, some 60 tons, of explosives in Panama for an attack on American facilities. Needless to say, the thought that someone may place many tons of explosive outside your door gets your full attention. A small part of those explosives would have blown the whole embassy and everyone in it away. SOUTHCOM headquarters or even the large Canal administration building would face the same fate. The intelligence report did not indicate whether the embassy, military bases, or the canal was the intended target. When Thurman first called me one afternoon about this threat, he said the attack was supposed to happen within a couple of days. Thurman shut down the bases, meaning people were discouraged from entering or leaving and every entering vehicle was thoroughly searched. I tried to tighten security at the embassy, but there was not much we could do against that size of threat as we had active public streets on all four sides of the embassy which occupies a small block. We intensified the search of all vehicles entering our grounds.

The next morning I checked with Thurman to see what additional information intelligence had produced, basically nothing. I suggested that he and I review all the bits of intelligence that afternoon. When we got into the sources with the intelligence staff, I learned the report was from a DEA source in the States, and the only local intelligence corroborating any part of it was a report given the embassy by a source of the FBI agent who had been removed in the draw-down. This report claimed a welder, who had been brought in from Colombia to prepare compartments in cars of departing soldiers for drug shipments to the United States, was now preparing five car bombs. I suggested the obvious – that the source be pressed hard on the precise whereabouts of the explosives. That evening Thurman called me to come back to the tunnel where the SOUTHCOM command post was located well underground. A report from the same source had just arrived indicating where the explosives might be – a warehouse or light industrial plant in Panama City. Thurman's question was what do we do. The intelligence suggested the explosives belonged to Colombian drug lords, but we knew Noriega was closely linked to them. I thought Noriega would have to be involved for anyone to bring that much explosives into Panama. Among other things, Noriega would have had to worry about someone blowing him up. The intelligence staff wanted to go to the Guard and get the Noriega police or military to check out the facility where the explosives were supposed to be. They argued that, even if the Guard already knew about the explosives, our approach would result in the operation being called off. I argued the Guard did know and, while our approach might delay any planned operation, it would result in the explosives being moved to another site unknown to us where it could be used against us a little later. We could at least observe this site.

But what else should we do? We could stage a maneuver in the area, but that would not tell us what was in the building and at best would delay the operation only for hours. The military could not break into a private building in Panama even if it were unoccupied, and we did not know it was unoccupied at night. I assumed that any criminal with that much explosive would guard it 24 hours a day. I asked if someone had contract Panamanians who could enter the warehouse. A couple of men, not US government employees, did get into the building late that night. They did not find explosives, but they did find cars being modified with secret compartments. We were not solving the problem. Thurman asked to have the DEA agent who filed the original report come to Panama, and I arranged to join Thurman's meeting with him the next afternoon. Meanwhile, we had another day of intense security on the bases and at the embassy.

By this time Washington was very seized with this problem. Aronson asked if we should close the embassy and move everyone to a base or even send many employees home. At about this time the Colombian drug traffickers had blown up several buildings in Colombia with large explosive charges, and State seemed to see this threat as related. State authorized me to close down the embassy, but I thought this DEA report may have been a Noriega trick to close a bothersome embassy.

Finally that afternoon, more than 48 hours into this crisis, I met with the DEA agent who had filed the original report. After he explained a little about the source which did not give him high credibility in my mind, someone asked when precisely the source had given him this explosives information. Well, it was several weeks earlier; the agent had been busy and had not gotten the report written for something like a month. Moreover, the DEA agent himself said he did not find the report very credible, but its reliability had been raised in the DEA intelligence dissemination process. The underlying source had not been in Panama for months, and there was no indication he was close to anyone who would be running the type of operation he described. He apparently knew that explosives for some of the operations in Colombia had been shipped through Panama and had projected or elaborated a bit. Only when the DEA got orders to press hard did he identify a building where the explosives might be stored, apparently a building used for criminal purposes with which he had some familiarity.

I gave a big sigh of relief and went back to the embassy where I put through a call on the secure line to let State know the crisis was a false alarm. I was told Under Secretary Kimmitt had left a few minutes before for a meeting on the Panama bomb threat at the White House. The ops center quickly got me patched through to the NSC conference room, and I told the watch officer to pass a note to Kimmitt that there was a major development in Panama. Kimmitt soon came to the phone, and I told him what we had learned. I will not repeat the choice remarks he had for DEA in the heat of the moment, although I shared them. Months later I learned he went back into the meeting and reported what I had told him. "Further analysis of your intelligence, Mr. Attorney General, shows it's crap." The intelligence was the Attorney General's, as the DEA is under the Attorney General. AG Thornburgh was furious because apparently he had been briefed that this was hard intelligence and great work by his agency. As is often the case, an ill wind blows some good. The tight shut down of the bases for no apparent reason in November with nothing then happening made us comfortable a month later closing the bases in the same way in preparation for Just Cause without raising much concern or special interest by the Panamanian Guard.

*Q: Were tensions increasing in Panama in November and December 1989?*

BUSHNELL: Yes. I shall give some examples. In Panama I lived in the apartment leased for the DCM where John Maisto had lived. For many years the embassy had leased a house close to the main middle-class shopping and office area for the DCM; as the confrontation with Noriega grew, the embassy decided employees, including the DCM, should live in apartments which were deemed safer than houses. When the threat was the government-sanctioned digbats or National Guard, it is not clear to me why apartments were deemed safer. However, I had a lovely apartment at the top of one of the highest apartment towers in Panama where the view from the several balconies was enhanced by the fact the building was located close to the top of a hill. I

didn't live at the residence which was in fairly poor shape because a number of Panamanians had been protected living there for months before they got out of the country. But we had the residence rigged with lots of emergency communications gear which was largely maintained by SOUTHCOM. One day in December two carloads of SOUTHCOM military personnel, about a dozen, who'd been at the embassy residence working on this communications equipment, were driving back from the residence through Panama to their base when they were picked up by Guard agents and held for a couple of hours, frisked, verbally abused, and finally let go, as SOUTHCOM liaison officers were frantically demanding their release to their Guard counterparts. These sorts of harassments were happening with increasing frequency.

The highest profile American prisoner was the agency contract employee caught running a clandestine opposition radio station. He was locked up in a jail cell in the Guard headquarters. Noriega ordered that a machine gun be mounted in front of his cell. The chief guard regularly repeated the standing order to the guard on duty. "If anything happens, if the Americans do anything, your first job is to kill him." One of the problems was how we were going to rescue that guy if anything happened. At Thanksgiving time one of the embassy's local employees who handled the mail was picked up, apparently by Noriega's secret police, tortured for the whole day, cursed out because he cooperated with the Americans. He wasn't permanently physically damaged, but the incident worried our local employees a great deal. Some began sending family members to the States.

I was, of course, regularly followed everywhere I went. Any phone that I would be likely to use was tapped, including all the phones in the embassy. There was a post of Noriega's intelligence set up across the street from the embassy so it could watch every move we made day and night.

Fortunately my working and personal relations with both Max Thurman (CICN) and Dennis McAuliffe (Canal Administrator) were excellent, so the increased tensions with the Noriega government were partially offset for me by the smooth working coordination and cooperation among the main US entities in Panama. I was concerned that we had too many official American dependents still living in Panama and thus subject to harassment or hostage taking by the digbats or others. The Canal had been trying to move those among its declining number of American employees who still lived outside the Canal area into the Canal area. Even so the Canal area was not part of any base, and law enforcement was the responsibility of the Panamanian Guard, although the Canal hired additional personnel, mainly from Puerto Rico, for its security office. In December we were discussing in the Panama Coordinating Committee having regular military patrols through Canal housing areas under our maneuver authority. Many Canal employees such as pilots, those married to Panamanians, and those who had purchased or built their dream house resisted moving into the old and regimented canal housing. After I discussed the problem with Thurman, SOUTHCOM decreed that no sponsored military family could live off base. However, those living off base whose tours were coming to an end were not forced to move on to bases; there were too few houses available. Newly assigned soldiers were not allowed to bring their families to Panama at government expense until base housing was available. But quite a few brought family at their own expense and installed them in Panama City. Many American civilian employees and especially contractors for the military lived off base. After I discussed the problem of too many potential hostages with Max again in mid-November, he moved to solve



part of the problem by ordering all soldiers to sleep on the bases, discouraging soldiers from bringing dependents to Panama.

One of the more difficult American employee situations involved the Smithsonian which has a big tropical research operation in Panama. The Smithsonian argued that it should be considered a private institution and was thus not covered by the President's cap on official Americans in Panama or the evacuation of dependents. It had more Americans paid on the GS schedule in Panama than any single agency in the embassy, including State. Some even lived in the dangerous downtown area close to Noriega's headquarters. The head of the Smithsonian Tropical Institute had a house in one of the best suburbs just three doors from Noriega's private home. I encouraged the Smithsonian to reduce staff. The director, who had been in Panama for years, argued that he knew the Panamanian people; they were peaceful and they liked and respected the work of the Smithsonian. I pointed out some of the nasty things Noriega's people did; finally the director authorized voluntary evacuation of dependents, but few departed. Some of the Smithsonian employees were in the middle of the fighting around the headquarters, but fortunately none were killed. Many agencies played games with the Presidential cap of 50 Americans in the embassy. They would send employees on TDY for a couple of months; the individuals would then go home for a couple of weeks and come back for another two months. Some agencies moved employees on to bases, but they still came to work many days in the embassy. I was in the uncomfortable position of trying to enforce the substance of the Presidential cap, although I thought it low, without overly antagonizing the agency heads who had jobs to do. Also I was a prime consumer of much of the intelligence gathered by some of these extra people.

Generally Americans living in Panama simply didn't appreciate the danger. Most thought that US military power was so great in comparison with the Guard that, if the U.S. really wanted something, it would be done and Noriega would not dare mess with Americans. The Navy Officers Association in Panama invited me to be the speaker at its big annual dinner in early December. Many retired US military and contractors of all branches attended this dinner. I asked Thurman if he agreed I should sound a wake up call; he did. I described the situation. Then I said my assessment was that the tense situation would not continue another year, bullets could well fly, and digbats could well be set loose. Panama outside the bases was a dangerous place, and there was a high potential for people losing their property and even their lives. Quite a few approached me to say, "Don't be such an alarmist. The Panamanians, they're a peaceful people." After the events a number of them came up to me and said, "You gave us a clear warning, and we just didn't listen." I was told at least one guest at the dinner was killed December 20.

*Q: I guess it was December 16th that the Panamanian Assembly urged by Noriega declared that a state of war existed between Panama and the United States?*

BUSHNELL: It was on Friday the 15<sup>th</sup> that the Assembly passed a resolution declaring the country in a state of war and adopting emergency measures. The resolution established a new position as head of government and named Noriega to it as the maximum leader of the struggle for national liberation. He was given many special powers in effect endorsing his role as dictator. The resolution stated that irresponsible actions by the government in Washington had impoverished all the people, closed off job sources, made access to consumer goods more

difficult, and decreased the flow of tourists. Initially I thought that this resolution was just public relations, placing the blame for the lasting poor economic situation on Washington and confirming Noriega's dictatorial powers. However, I was soon informed of a speech Noriega gave at about the same time in which he said among other threats the Canal would run red with the blood of Americans. When I talked with General Thurman that evening, I asked what unusual military actions the Guard was taking. He said the Guard had moved to a higher level of alert and he was inclined to match them; I agreed. Statements by Secretary Baker and other officials in the U.S. had been strong but had not had blood flowing.

Noriega had also referred to taking over the Canal soon. I initially assumed he was referring to a Panamanian assuming the administrator job at the turn of the year 1990 as provided in the treaty. This issue had potential explosive power in Panama. The treaty provided for the administrator to be a Panamanian for the final 10 transition years, but the Commission he would run would continue to be a US government agency, and its head was to be appointed by the US President. Since we had no official contact with the Noriega government, we had not initiated discussion on a Panamanian candidate as we would have in normal times. I had proposed that McAuliffe leave on schedule at the end of the year, as he wanted to do, with the existing Panamanian deputy administrator, Fernando Manfredo, taking over as acting administrator. In this way a Panamanian would be running the Canal as provided in the treaty, but it would not be Noriega's man, although Fernando was associated with his political party. My proposal seemed to be favored in Washington, and I had been authorized to raise it with Fernando, which I did for security reasons at a private lunch in the ambassador's office at the embassy, with my residence butler bringing a light lunch and serving. Although I thought US internal discussion of this issue was being closely held, it is likely there was a leak.

In early December Phil McLean, the DCM in Bogota, called me secure with Fernando in his office; Manfredo, who was in Bogota completing an Andean trip recruiting canal business, had received a telephone call from a friend in the Guard who said Noriega had given orders to pick him up when he landed back in Panama. I quickly got Thurman on the phone. He checked our intelligence, which could not confirm the report but had picked up a lot of bad-mouthing of Manfredo as a traitor by close associates of Noriega. Fernando had been a close associate of Torrijos, but not of Noriega. He still had many friends in the Guard and in the Torrijos political party. I won't go into all the details, but Fernando switched flights to arrive in Panama earlier than was expected; Thurman had a group at the airport and a nearby maneuver unit in case of problems. We informed no one in the Canal Commission nor anyone else in Panama about the changed schedule.

The next morning, which was a Saturday, I went to my office early to follow developments. Not only was Fernando a senior officer of a US government organization but he was a long-time friend. Our military from the airport reported the Colombian civilian plane landed but was diverted from the civilian side of the airport, where they were, to the military side. I feared the worst as the military scrambled to get some liaison officers to the Panamanian military air facility. I had a nervous hour or more as our military could not find Fernando. Then Fernando called me from his home. He had been scared when the plane was diverted, but he just hid his face and disembarked with the other passengers and rushed out to the street where he got a taxi to his home in the canal area less than 100 yards from the base where Thurman's headquarters

was located. I guess I will never know if Noriega was trying to grab Fernando and our actions avoided disaster or if it was all a false alarm.

*Q: So what happened after Noriega was named maximum leader?*

BUSHNELL: Saturday morning, a holiday in Panama – Loyalty Day, the date Noriega had taken over the Guard in 1983 – we reported the various developments apparently related to the Noriega holiday in cables, but we did not indicate we were reaching a fundamental decision point. I think we did flag both the American blood in the canal and taking-over-the-canal remarks as raising big potential problem areas about which we were likely to hear or see more soon. How wrong I was.

I reluctantly and against the wishes of my security people had agreed that the big annual dinner/dance/party of the American community in Panama could be at the residence that Saturday night. This annual dinner was a fund-raiser for various local charities supported by the American community. Often it was held on one of the bases, but the frequent tight security on the bases ruled out that locale. The American organizers, leaders of the community, were particularly eager this year to have it at the residence because they were concerned that, if it were in a less secure location, contributors would stay away in fear of disruption by the digbats. Much as I wanted Americans to leave Panama to reduce the potential for American hostages, I also felt an obligation as a leader of the American community. I agreed the event could be at the residence if the organizers did all the work, including arranging the clean up before and after. As I usually did, I went swimming that Saturday afternoon in the residence pool, and a large team of Americans were preparing the reception rooms and gardens for a big crowd.

I remember the party as festive. I met a lot of Americans I had not met before. About 9:00 PM Thurman's deputy, who was one of the guests, pulled me aside to say he had just been notified the Guard had shot at a car full of soldiers and there were wounded or worse. The rest of the evening was schizophrenic as I tried to join the festive occasion between phone calls with SOUTHCOM. About 10:30 Thurman ordered full enforcement of the 11:00 military curfew with all military at the party to return to the bases except one who was to provide secure communication for me. I tried to get the military to slip out without other guests noticing, but many military wives could not understand why they had to leave, especially as some were on the clean up committee. Then one of the waiters carrying a full tray of drinks walked through a closed glass patio door. Glass was everywhere, and a doctor guest accompanied the poor guy to the hospital – cut and embarrassed but not really damaged. Most guests were leaving rapidly. It was confirmed that Marine Lt. Paz had been killed by the Guard – by the Machos del Monte who Noriega kept guarding his headquarters after the Giroldi incident. Just what Marine officers were doing in the area of the headquarters, which was off-limited to US military, was not clear, but Thurman said they were not on duty. I suggested that I come to the tunnel command center from the party instead of going home, but Thurman said it would be sometime before they had the details sorted out. Before I departed the residence SOUTHCOM reported there had been another incident, apparently in the same area, and two Navy officers were being held by Noriega's intelligence people. Thurman said he had ordered all liaison officers to reach their contacts immediately to demand their release but I best get some sleep, and he suggested we meet very early in the morning to analyze the situation.

When I got to the tunnel command center Sunday morning early, I learned four Marine officers had been at one of Panama's best restaurants located in old Panama where the streets have an irregular pattern and it's very easy to get lost; believe me; I've been lost there myself. Although much of that area was off limits to military and embassy personnel, the restaurant is on the edge of the off-limits area, and many official Americans went to it. Four Marine officers in an old Chevy Impala got lost on leaving the restaurant and drove not only into the off-limits area but directly toward Noriega's headquarters. The Machos del Monte had blocked the streets adjacent to the headquarters as part of their security for Loyalty Day. Moreover, they had been celebrating Loyalty Day with many loyalty drinks. Later I learned Noriega had intelligence that a coup was planned against him for that day, and this intelligence was probably the main reason for intensified security and edgy troop nerves. The Montes motioned for the Americans' car to stop. Instead of stopping, the Marine officers did a 90 degree turn and went up a street that didn't seem to be blocked by soldiers. They didn't exactly run the roadblock, but they did not stop when ordered. They proceeded sort of parallel to the headquarters. The Machos Sargent ordered his men to fire, and they did, mainly hitting the car with AK-47 fire from behind, although apparently there were some soldiers up the street the Marines were taking who also fired on the car. By bad luck, one shot went through the trunk and the seat and hit one of the Marines in the back seat, destroying his spine. The car continued immediately to the military hospital, but Lt. Paz died. He was the first American soldier killed by Guard fire in some three years of heightened tensions.

*Q: And the Navy officers?*

BUSHNELL: By the time I arrived at the tunnel command center in early morning they had been released. But both had been verbally and physically abused. The young lieutenant in Naval intelligence had been at a Panamanian restaurant with his wife, who was also a Navy officer but was not assigned to Panama and was making an unauthorized weekend visit. They had approached the headquarters area sometime after the first incident. Traffic was badly backed-up. They did not do anything out of the usual except that they were in an off-limits area where emotions were running high. They were forced out of their car; masking tape was wrapped around their mouths, and they were taken to a military intelligence facility where they were separately questioned and abused. The Lieutenant was kicked in the groin 15 or 20 times, hit with a hammer, and threatened with death. He was told his wife was being sexually abused. She was so threatened, but in fact her only damage was a gash on the head when she was thrown against a wall. Both were accused of spying. For some hours the Guard had denied holding this couple. There had been numerous other incidents in 1989 when military personnel had been picked up and aggressively questioned, but none had been held as long nor so abused.

Thurman told me the Guard was mobilizing, organizing forces into battle positions, and recalling off-duty personnel. The situation looked threatening. Thurman and I debated whether it was the time to move. We knew Blue Spoon was ready; the forces had already practiced. I was concerned the usual slow decision-making process in Washington would drag and we would not have the essential two-day mobilization period before we were forced by Noriega's actions into combat. For several hours we were on the phones to the Pentagon command center. At first all the details of the incidents were reported. Then Thurman went through a process of checking

with each service element that it was fully ready for Blue Spoon. When Chairman Powell arrived in the Pentagon center, the review of preparations was largely repeated with detailed questioning of Thurman on units under his command. Secretary Cheney joined the discussion, and the focus turned more to the overall situation. I laid out the exit strategy with the already elected political leaders establishing a government with the full support of the middle-classes once Noriega was gone and most of the Guard was taken prisoner and demobilized. There was considerable discussion of more limited operations just to grab Noriega. I argued strongly that the events of the night before illustrated what would happen to hundreds of Americans in the wake of a limited operation. There were many questions, and I explained in detail how many Americans were scattered among the civilian population and how exposed they were. I remember suggesting Noriega's statement that the canal would be red with American blood was directed to the reaction he had planned if something happened to him.

My feeling was that Powell was cautious. He was convinced by Thurman that the military were ready, but he correctly pointed out many of the things that could go wrong, although not getting Noriega was not considered a possibility by anyone. Cheney was leaning more forward. He kept referring to a statement I had made that the question was whether we would make the decision to launch our operation on our time schedule or wait until Noriega forced us into a much more difficult and bloody fight on his time table. Someone asked if there were not some other way to get Noriega out; I reminded everyone that we had made many tries over the previous few years without success. There was a discussion of whether the situation would hold for the next three days while we positioned for Blue Spoon if the president so decided. Thurman was cautious since the higher state of tension might result in additional incidents. I argued that Noriega had had a lot of activity in two days with his statements, the action of the assembly, and the Saturday night incidents; normally after such a period of activity he kept things quiet for awhile. Also, I said that, if there were additional incidents, they would only prove we were right to be mobilizing; we would just have to control our response briefly until the decisive moment. Thurman added that he would keep the bases locked down, and no one would be going to restaurants off base. Cheney ended the long discussion saying they had to prepare for a meeting at the White House. Neither he nor Powell indicated what they would recommend.

I then had the communicators patch me through secure from the tunnel to State. I talked with several ARA officers including Kozak and perhaps Aronson. My main purpose was to make sure the State representative at the White House meeting was briefed on the two incidents and the reasons I thought now was the time for action. As Thurman walked me out of the tunnel to my car on a beautiful sunny day, I asked what he thought the White House decision would be. He said something to the effect that the decision was too big and too optional for a Sunday. I said I thought President Bush was leaning forward even more than Cheney and a lot of troops might get a break from the cold weather very soon.

*Q: On Sunday about five-thirty in the afternoon you got a call from Jim Baker.*

BUSHNELL: I spent the afternoon in the embassy working on my plan to deny Panama banks which laundered drug money access to wire transfers. I needed something to keep my mind off the discussions I imagined were going on in Washington and the potential results any decision would have in Panama. I got a call from Secretary Baker on the secure line. He said, "John, you

seem to know more about all the military planning than anybody in the State Department does, than I do, but the President has agreed to launch something called Blue Spoon late Tuesday night. There are only two people in the entire State Department who are going to know about this, and we are on this phone. Operational secrecy is essential to success. Your job is to have a government standup as the troops land. Can you do that?" I said, "I think so. Those that were elected are brave individuals; they want to rule, but they don't want to be killed. When they understand the concept of Blue Spoon, they will do their duty." He said, "There are going to be a lot of things you're going to have to deal with, so I'm your desk officer. You can't talk to anybody else about this. Anything you need, anything you want done, call me anytime. Thurman knows about this obviously, and there'll be a few others who will know the thing's set, but very few people will know that it's a go." That night I got together with Thurman, just the two of us, to make the necessary plans.

*Q: Did Baker give you any specific directions?*

BUSHNELL: Other than to have the Endara government take over, no. He indicated that he knew I was working closely with the military on their part of the operation.

*Q: A bit vague.*

BUSHNELL: The military's job was to take down the Panamanian military, and my job was to produce a civilian government. It was understood that this meant the three people who had been elected. They would constitute a legitimate government. That was always the plan. Thurman had the entry plan for the military, and I had the exit. Basically I had the impression throughout, from the time I went to Panama, that everybody including Baker and the President thought, when it comes to the details, even the big details, leave them to Thurman and Bushnell. Let them handle the operation. ARA had the same attitude, trying to do whatever I suggested was needed but not getting into the details. Now I had a lot of planning and preparation to do, and I had to do it myself without telling anyone in the embassy or outside what was about to happen. Of equal importance I had to go through Monday and Tuesday all day without letting on to anybody in the embassy or outside that something big was about to happen. Recognizing that I was very carefully watched by Noriega's agents, I had to act normal so that I wouldn't tip anything to the Panamanians who, I assumed, were super-alert.

*Q: Did you sleep well?*

BUSHNELL: I slept pretty soundly four or five hours a night, because that's the only time I had to sleep and I was pretty tired. I don't recall any problem sleeping, but there was an awful lot to think about as well as pursuing the normal routine. I really had to adopt a schizophrenic personality. For example, on the Tuesday we had a meeting of the Panama Coordinating Committee which had been scheduled a couple of weeks before. McAuliffe was there; Thurman came for the first few minutes, then left his number two in charge. There were maybe 15 people at this meeting, and only two or three of us knew Blue Spoon was on. This was expected to be an important meeting because we were moving to a decision to put US troops into the housing areas where American Canal employees lived. Most of these areas were adjacent or close to US military facilities, but they didn't have US military protection, and both crime and harassment

incidents were increasingly frequent. The Panamanian Guard and police were responsible for protection and were providing less and less. Thus the proposal was to have regular and frequent military police patrols under our treaty maneuver rights through these areas. Such action would be an insult to Noriega and might generate a strong reaction. However, failure to improve canal employees' sense of security for themselves and their families would soon result in fairly massive departures of American employees, some of whom were essential for smooth operation of the canal. Thurman's deputy, an admiral, and myself were the only people that knew the entire main subject of the meeting was irrelevant because things were going to change very quickly. But we had to go through with total seriousness discussing this plan in great detail, making the decision to recommend it to Washington, setting up committees to perfect the planning, and another committee to work on the public presentation.

By Sunday my Monday and Tuesday schedules were pretty well filled, so I went ahead with that schedule to avoid calling attention to anything I might do. Sunday and Monday evenings I had time to plan what actions I needed to take and to coordinate with Thurman. Most of the time-consuming things would be done by military personnel anyway; in fact a top secret order for actions by various military units to support the standing up of the new government was prepared Monday night. I had scheduled, as it happened, a call on the Japanese chargé on Monday morning. When I got to Panama, I set up a program to call on the ambassadors or chargés of all the friendly embassies to explain our policy in detail, get their ideas, and try to get their support for example by keeping their ambassadors home. I made two or three such calls most weeks and was coming to the end of the list. The Japanese call was particularly important because the ambassador, who had spent months on leave and consultations, had told our embassy in Tokyo that he would return after the holidays. I tried to encourage the chargé to recommend his ambassador not return because it would then seem that Japan was giving some diplomatic support to Noriega. Of course I did not hint at what was going to happen, but I did tell him it was a very dangerous situation and he should make sure his staff paid close attention to their security. Interestingly, after the events, in January, a senior Japanese diplomat, the head of their foreign assistance program, visited Panama as part of the Japanese effort to respond to US suggestions that Japan provide major financial aid to the new Endara government. He invited me to lunch. He started out apologetically saying that he and his colleagues appreciated my effort to alert the Chargé about Blue Spoon. He said the chargé hadn't quite gotten my message, but they had read the cable reporting our conversation again, and they could see it clearly now. They really appreciated what I tried to do for them, which, of course, was not what I tried to do. I accepted his thanks and asked for at least \$50 million in assistance for the Panamanians.

Also on that Monday, I was scheduled to attend a lunch organized by a group of Panamanian businessmen, who were generally opposed to Noriega but also very concerned about the deteriorating economy. I had accepted the invitation because I wanted to use this event as well as several others to try to get responsible Panamanians thinking about economic policies and actions any post-Noriega government should take to speed up economic activity and substitute legal productive activities for the drug business. In short, even before the events of mid-December I had wanted to get the Panamanian opposition thinking about what they would do if they came to power. I was trying to get the President and the two Vice Presidents to think about people who might be in their government and getting small groups doing some homework, working with the numbers, getting some policy ideas so that, if a change came, they'd be ready

to go. A second advantage of promoting such concrete thinking about governing was that it raised the morale of the opposition. Guillermo Chapman, who organized this lunch at his home, was probably the strongest Panamanian on the detailed workings of the economy and the meaning of the economic statistics. Some of the other guests were close to the elected but denied officials. Some I did not know.

I gave my pitch that they should be doing some studies, putting together some papers, and looking at alternative policies because you never know when something could happen. They said, "Nothing's going to happen. You Americans are all talk, but you don't do anything. We bang pots and pans, but we can't do anything either." Finally we got a pretty good economic discussion going, and a couple including the host agreed to work up some ideas. As the luncheon was concluding, several returned to the theme that nothing would happen to change the terrible situation. To give a more positive end to the lunch I offered a bet. I said I would offer a lunch for all present within six weeks if nothing basic changed, but, if it did, each of them would have to host me at a lunch. Everyone accepted. Of course, in retrospect some saw this bet as giving them advance notice. But if Noriega heard of it, and he probably would have eventually, he would just have wanted a piece of the bet. Two or three of the group got positions in the Endara government including the host. About half invited me for lunch at one time or another.

*Q: You were talking to Endara himself at that point?*

BUSHNELL: Yes, I talked with him at least briefly a couple times a week, sometimes with the Congressional visitors, sometimes at social occasions; several times I met privately with him. I also saw the two VPs frequently. I consciously tried to give them moral support and to do the few things I could to improve their physical security such as access to a house on a military base and improved communications. However, although Secretary Baker had implied that I could tell them about Blue Spoon, I didn't feel I could before Tuesday night because there was too much danger something they would say or do would unintentionally tip off Noriega, who had them watched like a hawk. Even a big improvement in their spirits might be a warning sign to Noriega. Secrecy and surprise were absolutely essential to the success of Blue Spoon; many American lives could be lost if Noriega and his forces were prepared for our troops' arrival. Thus I was in the awkward position of making all the preparations for Endara and company to assume the government without tell them. On Monday I sent messages to each of the three inviting them to have dinner with me across the canal at Howard Air Force Base on Tuesday evening. I told the junior political officers who delivered the messages to tell them it was a very important visit. I hoped everybody's assumption, including the officers in the political section, would be that we were going to have a visitor, perhaps the Deputy Secretary or even the Secretary of State, who was on his way someplace and was going to stop and have dinner with the elected but denied leaders. I didn't say that, but I sort of led them to believe it.

*Q: Baker said in his book that he had four discussions with you on that day, Tuesday, the 17th. Do you remember? He said the last one was at 11:55 in the evening.*

BUSHNELL: I recall several conversations with the Secretary. On Tuesday morning just as the Panama Coordinating Committee meeting was breaking up – people were milling around my office because our most secure conference area was a part of the ambassador's office which I



used – my secretary came in and said, “Secretary Baker is on the secure line for you.” Of course, it is not often that the Secretary calls a chief of mission anywhere on the phone, although my secretary knew I had spoken with the Secretary on Monday. I had to shoo everybody out of my office before picking up for my desk officer. I think it was in that conversation that Baker said he had told Eagleburger, Kimmitt, and Aronson. He asked me to discuss efforts to get OAS and hemispheric support with Aronson. Ever the superior lawyer, he said he had been working on the legal basis for the action which I had raised with him on Monday.

*Q: It was a secure line presumably.*

BUSHNELL: Yes, I had secure phones in my office and at home. The Secretary had given me his personal secure numbers on Sunday. Of course, we couldn’t communicate in writing as many additional people in the communications channels would have found out about the operation. As I recall, we had two discussions on Monday. I told him how I was handling the new leadership, that they would be sworn into office by midnight Tuesday, that a radio station would start broadcasting their messages to their people by 1:00PM. I asked him how we were going to deal with the international legal aspects and the legal authority for the operation. He said, “Oh, dammit, I’ll have to get the legal precedents. I can’t get the lawyers involved yet. I’ll work on it.” Later he told me he found a way to get the lawyers involved without telling them what country. I didn’t have much that I needed him to do, although it was rather nice to have the Secretary of State as a desk officer, rather comforting. Fortunately, the cover hints that we were going to have important visitors explained and were reinforced by calls from the Secretary; word of which undoubtedly spread through the embassy and probably to Noriega’s intelligence people. On Tuesday we talked two or three times. If he says four times, that’s probably right. I talked with Kimmitt a couple of times too. He may have counted some of those conversations; in fact he may even have been present when I was talking with Kimmitt for all I know.

I had to make detailed plans with Thurman. We decided to use the house on Fort Clayton already assigned to the elected leaders as their base. I arranged for the Howard Officers Club to serve dinner for a dozen or so in a private area at seven o’clock. During dinner I would tell the elected leaders what was going to happen, and thereafter I’d keep them with me. I wouldn’t let them go off and make phone calls or anything. We would send for their immediate family members with either their security details or the embassy bringing them to the safe house. Thurman would provide a helicopter to take us from Howard to the safe house. The military would place Panamanian flags and appropriate backdrops in the house for the swearing ceremony. The military would provide coverage with TV tape and photos. I activated a plan for a radio station to go on the air so that Endara and company could explain that they were the new government and give instructions to the population. I arranged for military radio technicians to be at the safe house at 10:00PM to record the initial announcements from the new leaders.

I also had to deal with the embassy situation. I double checked with Thurman that the reaction battalion would be available to protect the embassy if needed. He said it would, although the availability of helicopters might be limited; as the drive to the embassy was short and there would be no traffic after the operation started, reinforcement did not appear to be a problem. About half of the American staff had already departed to spend part of the holidays with their families. There was nothing I could do to improve the security of those remaining without

risking a leak on the operation. Moreover, it was not clear that our employees would be safer on a base than scattered in their individual apartments, since any counterattack by Noriega forces was likely to be against the bases. On Tuesday, about noon, I called the security officer and the Marine Sargent to my office; I told them that by 11 o'clock that night I wanted every Marine present in the embassy, and I wanted them to stay there until I told them to go home. I said it was an important drill. A couple of hours later the administrative officer, Bo Bmytrewycz, came to ask me what was going on. I apologized for not ordering the drill through him. Then I told him I might be quite late for the going-away party I was giving at the residence that evening for economic counselor, Ed O'Donnell, for whom I had finally located a replacement, and I asked him to stand in for me and give the appropriate speech with my apologies if I were not there by 8:30. There were 300 or 400 people invited to the reception, the leading business and economic figures not associated with the government, and I told Bo not to call attention to my absence but, if I did not get there, to say I was detained with some VIP visitors. I just changed the subject when he asked me again what was going on.

As I mentioned, we had worked out a schedule so that everybody in the embassy who wished to, except me, got to visit their families in the States over Christmas. Some went early and were due back just before or after Christmas at which time others would go. The heads of the political and counselor sections were on the early shift, so my political section consisted of two junior officers. I asked both of them, Pat Perrin and Alex Margolis, to come to Howard Air Force Base that night, each with an embassy car and driver. Of course, the rumor in the embassy was that there was going to be a VIP visitor and I wanted the Marines there because the VIP was coming to the embassy. It provided a good cover. Although I never actually told a lie, I never told anybody what was going to happen. I just gave instructions.

By some time Tuesday, probably in the afternoon, Bernie Aronson called me to see what was going on and if there was anything he could do. We discussed approaches to other Latin American countries and through the OAS; I suggested a half dozen countries where one or another of the new leaders had strong ties and suggested we allow time for them to talk with the presidents of those countries before we made any direct approach. Bernie agreed, and I asked him to prepare a list of best telephone numbers to reach these presidents as the leaders with me might well not have access to their records. He indicated that he would have a task force set up in the operations center first thing Wednesday morning which would provide whatever support I needed. At some point in the afternoon Secretary Baker called, and I told him Noriega had gone to the house of a mistress in the city of Colon. I said that, if he follows the usual pattern, he will be there when we arrest him at 12:40 AM. The Secretary asked what security the house had. I said that, if I remembered right, the back of the house actually extends out over the bay. There would be a few sleepy guards in front. The Navy Seals would come in from the bay, up underneath the house; some would take care of the security while the others captured Noriega. I commented that we were in luck because Noriega could have been in his headquarters or other military installation where he might well have led a strong defense. The Secretary commented that we needed a lot of luck over the next 24 hours.

*Q: Again, I gather from Baker's book that Aronson really didn't know until virtually the last minute, but Aronson did sort of suspect something.*

BUSHNELL: I don't know. By the time Bernie called me, the Secretary had told me he had brought Bernie in on the operation. I recall a strange conversation on Sunday evening after the Secretary had called me; a duty officer from the State operations center called me secure to ask what I could tell him about the principals only meeting that afternoon at the White House on Panama. I said I was in Panama and he was in Washington much closer to such a meeting. I asked what he could tell me. I think he replied that Aronson was working on a report for the Secretary but had not been able to speak with the Secretary.

*Q: What happened on Tuesday evening?*

I recall on the drive to Howard AFB thinking what a dramatic moment this would be. Seldom does the host of a diplomatic dinner lay out a scenario for a full combat attack and ask his guests to take over their country. At the same time it was a scary moment. No combat operation goes fully as expected. There would be casualties; many Panamanians would die if they resisted. I tried to review my checklist of things I had to do and get done that night. Both my American DS guards were with me as well as my full security complement of about six Panamanians; I suggested they get something to eat while I was having dinner, as it might be a long night.

The President and two Vice Presidents arrived on time with their security. They were, of course, expecting some visitor from the United States. I suggested we sit down and get our orders placed. Once the waiters left, I explained that things were about to change and we were about to have a lot of visitors. Noriega had gone too far with his speeches and then the killing of one soldier and the torture of two others. "What sort of visitors?" I said, "Like 15,000 visitors all armed to the teeth." Then I explained the military operation with all main force Noriega units anywhere near Panama City being attacked at the same time later that night, mainly by forces coming from the States by plane. I said our intention was not to occupy Panama but to get Noriega and to permit them, as the leaders duly elected by the Panama people, to take over the government. They had a few questions about the scope of the operation and then about what physical arrangements were being made for them. As the food came, everyone fell silent, and I could see that the magnitude of the situation was just sinking in. Ricardo Arias Calderon, the most sensitive of the three, said, "Hundreds, even thousands of people, Panamanians and Americans, are going to die tonight. It is a terrible night for Panama." I said I hoped the resistance would not be so great that there would be a large number of deaths. After awhile Billy Ford said, "The die is cast. Let's get on with what we have to do."

I explained that we had a helicopter to take us to the safe house. Then we began addressing the practical immediate problems. Who could swear in the President and the Vice Presidents? I had assumed they could identify a friendly judge we could send for. Arias Calderon had a copy of the Panama Constitution in his briefcase. He began reading. The President could be sworn by a Supreme Court Justice, the head of the Congress, certain other judicial officials. They said all these were people close to Noriega. "My God, we've got a problem here. Keep reading." Finally the last category eligible to administer the oath was "any two citizens of Panama in good standing." Bingo! Citizens of Panama in good standing we could find. The leaders said they would like to have the heads of the two main human rights groups. I asked them to write notes to these men telling them that it was urgent that they accompany the US embassy officer who was

bringing the note. I said we would explain what it was about only when they were with us at the safe house.

Then we turned to collecting their immediate families. Noriega was notorious for using family members to get at his enemies; thus we needed to protect the immediate families. Endara was a widower. Ford wrote a note to his wife and sent his security to collect her and bring her to a certain gate at Fort Clayton. But Ricardo had a bigger problem; his wife was about to be en route to the main airport to collect their daughter who was arriving on a plane from the States about 11:00 PM; the daughter was a college student in the U.S. returning for the holidays. I had Ricardo write a brief note to his wife instructing her to accompany the embassy officer who would look for her at the airport; I said he should tell his wife to leave with the embassy officer if the plane had not arrived by 11:30 because it would not come that night. I had a mental picture of the disaster of having a late plane from the U.S. just unloading as the paratroopers land to secure the airport so the military transport aircraft can begin landing. I hoped the military would divert any aircraft somehow, but I did not say anything. I sent Alex and Pat together with one of Ricardo's security detail in the two embassy cars to collect the two human rights witnesses, whom Alex would bring to the safe house while Pat took the other car and Ricardo's security person to the airport to find his wife and daughter.

I had arranged with the Secretary that, once I had obtained the agreement of the elected leaders to take over, I would telephone him and he would tell President Bush. I did not think the operation would be called off in the unlikely event that they refused to take over, but it would still have been possible. One of the tasks in the top secret military orders in support of the embassy was to have a secure phone available to me at the Officers' Club. About 7:45, once it was clear we had a new government, I excused myself and went to call. "Where's the secure phone?" Several communicators were there, but they had not yet gotten the secure line working. I went back to the table, and we continued planning. Technicians would come to the safe house at 10:00 to record initial messages from each of them for broadcast on an AM radio station that was being prepared as we talked. They discussed what each would say. In 15 or 20 minutes I went to the phone again. It was still not working. I said, "I really need to talk to Washington. They're sitting on pins and needles waiting for me to call. Call me as soon as it's working." We continued planning. The new leaders would write a letter to President Bush laying out their program of government, especially their commitment to stop the drug business.

A little after 8:30 a colonel whispered to me that the helicopter would be ready in 15 minutes. I then asked where the closest secure phone was. There was a phone in the house of the Howard Air Base Commander a few blocks up the hill. The communicators said their jeep was ready. We raced up the hill. The phone was in the bedroom. The communicators got it working quickly and got me through to the number the Secretary had given me. At the time I thought it was a number in the White House, but I subsequently learned the Secretary had stayed in the Department. My recollection is that I talked to Kimmitt, that Baker was in another room. But events then began moving fast, and I may be confused with later conversations. I recall Kimmitt saying, "Where the hell have you been; we were expecting a call an hour ago; we're very nervous here and were even trying to reach you." I explained the secure phone at the club did not work and I was now sitting on the base commander's bed. I confirmed that everything was going exactly as planned and the new government would be sworn before midnight. I asked if the security of the operation

was holding in Washington. I was told that Washington was buttoned up but the press was reporting on troops being deployed from some bases to parts unknown.

After I had talked with State, we drove to the air terminal and were led out to a waiting helicopter. My two American SY guys flew with the three Panamanians, a military liaison officer, and myself; the rest of our security and drivers were sent to Fort Clayton by land. It was a typical tropical evening; a little rain fell just as we were getting in the helicopter. I noticed there was a lot of activity all around the base. We belted in, and the helicopter lift up and over the canal to Clayton, leaving us a couple of blocks from the safe house. In the course of the next couple hours, the two leaders of human rights groups arrived as did Ford's wife; military personnel came to tape messages; finally we all gave a sigh of relief when Ricardo's wife and daughter arrived. The daughter was very helpful because there was some drafting to do, and she could type pretty efficiently in both English and Spanish. The military was very accommodating. Several Panamanian flags had been arranged as a nice backstop for the swearing ceremony. Supplies and typewriters were available. One bedroom was set up for recording. I talked a couple of times with Washington. I talked at least once with the embassy; all the Marines and several embassy officers were there. I told the Marine Sargent to double check all their security procedures. I talked frequently with Thurman or his headquarters; they reported no unusual activity on the part of the Guard. Secrecy seemed to be holding.

Somewhat before 12:00 I suggested we go ahead with the ceremony as the participants, witnesses, and photographers were all there. I was trying to complete the ceremony before midnight because I had in mind that it would be nice if they were not sworn in on the same date as the military operation. About a quarter of 12:00 they were sworn into office in a short simple ceremony. Not long after 12:00 Thurman called me and said, "John, the forces are in position over Rio Hato [a base about 100 kilometers outside Panama City where the Machos had their headquarters]. They report that troops are leaving the barracks and deploying along the airstrip." Of course there's nothing paratroopers like less than to jump into people on the ground shooting at them. Thurman said, "We're ready. Can we launch early?" I said, "If they're ready, we have a government, and we'd better do it before they put any more shooters on the runway. Do we need Washington approval?" He said, "We'll never go early if we consult. It's your call." I said, "Go," thinking what an example of the military respecting civilian control. Immediately, I could hear voices in the background yelling the commands launch and go. Apparently Thurman had signaled with his arm or I was on a speaker because I did not hear him say anything. A few days later I learned that within a minute of the launch command the first 82<sup>nd</sup> Airborne soldier that stood in the door of the plane to jump took a bullet in the forehead, our first killed in action. It was a lucky shot that one of the Machos got off. Our soldiers jumped from a low altitude, began firing in the air, and made quick work of the Machos. Many fled; many surrendered; some were foolish and dead. We had few casualties at Rio Hato.

*Q: How many soldiers were killed in the entire operation?*

BUSHNELL: I think we had 22 or 23 American military killed, about half that first night and the rest in various incidents over the next few days. There were quite a few American soldiers wounded. At least three American civilians were killed.

*Q: Of course, the military side of the story is pretty well documented. Any summary comments?*

BUSHNELL: It was a brilliant plan, making full use of our technology and airlift. This was the first time this sort of sudden overwhelming force using all the modern transportation and gadgetry was brought to bear on a situation. Just Cause, as it was renamed, turned out to be a dry run for what we later did on a much larger scale in Kuwait/Iraq. All the main units of the Guard in the Panama City area and out over 100 kilometers were engaged at the same time. Although quite a few individual troops managed to slip away, the bulk of the Guard surrendered, was destroyed, or was pinned down and surrounded long before daybreak. Over the next few days the massive show of force convinced the Guard units in more remote areas, such as the Costa Rican border, to surrender. By attacking all the units at once we even made it difficult for Noriega's forces to implement their fall-back plan of going into the mountains where they had prepositioned supplies and equipment to wage guerrilla war.

*Q: I guess the operation took over the television and radio studios so Noriega wouldn't be able to get his message out?*

BUSHNELL: No, Noriega fooled us on radio. Television broadcasting stopped; in most areas Panamanians, who had electric power, could get news from US Armed Forces TV which was broadcast from the bases as it had been for years. Also the well-to-do had cable or satellite services and could get US and Venezuelan channels. The poor depend on radio. What I learned only as Noriega supporters and even Noriega himself kept broadcasting was that all Panamanian radio stations had been linked by an automatic system designed to permit Noriega or others to have their speeches carried over all stations. By accessing any point in this network Noriega supporters could broadcast on any radio station that would function. In the middle of the night a few hours after the operation had begun Noriega managed to phone in a strong message urging his supporters "to fight to the end." It was rebroadcast over and over together with messages, mainly from digbats, attacking the U.S. and the new government and giving instructions, such as that it was time to die for the country and kill Americans and traitors – referring to the new leaders.

Beginning early Wednesday morning Arias Calderon's wife and daughter manned the battery-powered radio in the safe house. They would report that Noriega's people were on a certain frequency. I would call Thurman or his command center. The source of the broadcast would be located, and in an hour or so it would be off the air. However, the ladies would soon be reporting that Noriega was now on a different frequency. We went through this cycle several times, although Thurman had experts working the problem directly so they often had the new station located even before I called. But we did not seem to know how to disable the overall system. In early afternoon Thurman called to say the broadcast currently was from a tower on top of a big building not far from the embassy where there were several broadcast antennas; a helicopter gunship was overhead, but there were lots of people in the streets all around the building, and sufficient rocket firing to destroy the broadcast antennas would probably result in many casualties. I asked about sending soldiers on the ground. Thurman said working up such a tall building could be the worst of urban warfare. I suggested a ground force merely cut off the power in the building, which was done within 45 minutes. There were tens of radio stations in Panama, and it was evening before this dance ended.

Although I had thought in my mind, probably unrealistically, that, after I got the leaders settled on Clayton, I could leave for awhile, hopefully to make a quick late appearance at Ed O'Donnell's going-away party or at least to check in on the embassy. However, there was too much to do at the safe house and lots of phone calls from SOUTHCOM and Washington so it was soon too late for the reception. Moreover, I found that my two SY agents were more than fully occupied getting our people in the gate – the base was shut down – and coordinating the defense of the safe house with our security force, the leaders' body guards, and the military assigned – some to guard the safe house but most for general base security. None of these security people knew what was going to happen, but they knew the leaders would be a potential target for Noriega. My guys knew that it was important that if anything happened things better be in position so our friends do not fire at each other and concentrate on potential attackers. Also Endara and the VPs were very nervous; they were taking a big chance getting sworn before our military operation was successful. I needed to support them in standing up and saying that they were in charge of the country against people who'd rather shoot them than not.

*Q: Then how did you let your staff know?*

BUSHNELL: I didn't let the staff know before launch. The staff found out as they saw the war break out around them. I explained the nature and extent of the operation to some of them in the embassy over the phone as the night progressed.

*Q: They learned from the radio?*

BUSHNELL: No. Most learned from what they heard and saw. The fires in the area of Noriega's headquarters could be seen throughout the city. One heard aircraft continually overhead. All night there was periodic shooting in many parts of the city. Loud explosions and attacks by the Spectre gunships were heard by everyone. For example, my secretary lived in a big apartment building which overlooked the small in-town airfield. We planned to disable this airstrip so Noriega and his friends could not get to one of their planes and leave the country or go to a remote hide-out. Awakened by the aircraft and the explosions from the headquarters area, my secretary looked out her window and saw the Seals coming ashore at the end of the runway. She was not sure who they were, of course. As these armed men came down the runway, a couple of armored personnel carriers came racing on to the runway firing. One of the nastiest fights of the operation took place before her eyes. I learned later that the invading force made a big mistake. Their plan called for setting up a recoilless rifle, really a cannon, at the end of the runway where they came ashore to cover their advance. When they landed, they didn't see anybody; they didn't set up the gun, and they advanced quickly down the field to secure the aircraft. When they got about halfway down the field, the armored vehicles pull into the field attacking them. They did not have a good weapon to use against armor. I think we lost six men besides numerous wounded before they disabled the vehicles and called in a A-130 gunship to finish them off.

*Q: For your secretary it was like being in a grandstand at a football field.*

BUSHNELL: She was not that close to the action, but an adequate view considering it was night and little is clear in the fog of war. Her explanation from seeing it was not nearly as clear as what

I got from the after-action briefing. A majority of American embassy employees who were in-country were in the embassy. The Army attaché got some sense that something was going on. He didn't get told anything, but he had work to do. When he heard the Marines were all aboard, he stayed. Several people at the station were there. They told me they had not gotten notice, but I think at the last minute CIA headquarters had gotten them to the embassy on one pretext or another. Some of the staff who were at the going-away party went back to the embassy, perhaps to see the rumored visitor or perhaps just to pick something up and see if there were any developments in the tense situation. Thus only a handful of people, 8 to 10, were actually in their apartments when the attack started.

Since we were on a base, I felt quite secure, especially as I was confident none of the Guard or digbats would know where the new government was at least for that first night. However, my security detail thought security was a problem because we were close to Panama City and only a couple of blocks from the safe house there was a swampy and overgrown ravine along the edge of the base through which an attacking force might come. A couple of my Panamanian security guys went into the ravine and found trails which could be used to approach us; the base MPs were not aware of these trails. Thus a considerable security operation was put in place. There were only a few shots fired that night, mainly by our side, but the next night, by which time our location might well have been determined by Noriega's folks, snappers of some sort did try to come through the ravine. Several times our side opened fire, and they reported some return fire.

The military operation was very successful in taking down the main force units. However, no operation was targeted on the digbats or the intelligence operators who lived at home. Within minutes of the attack starting these irregular forces moved into the streets in small, fairly disorganized, groups. Many had established orders or plans such as to attack the embassy, to take certain hostages, to attack the canal locks with mortars, to disrupt transportation and communication. Many had their own agendas such as stealing TVs or new cars. In general they stayed out of the way of our military units although they provoked a few fire fights with much more damage to them than to our forces.

As soon as we heard loud explosions and heavy weapons fire, I called the embassy. I told the Administrative officer a large scale attack was underway and he should have the Marines secure the embassy and turn off the lights, inside and out. He told me they had just heard DEFCON Delta, the highest possible alert, announced on the Southern Command radio network. Soon after that call we lost power in the area of the safe house. I had frequent phone contact with SOUTHCOM headquarters, but the occasional reports were just that things were going well, but within a couple hours they told me Noriega was not at the mistress' house in Colon. Although the embassy could have contacted me through our car radios, I was not called. About 2:00 PM – time was racing for me – I called the embassy again and learned the embassy had been attacked with heavy weapons. I learned later with recoilless rifle rounds. I was told no one was hurt, the Marines had fired tear gas, and the attackers had departed although firing fairly close by could be heard in the embassy. The embassy had been told a military force was on its way, but it had not yet arrived. I didn't realize how extensive the attack on the embassy had been for a couple of days nor how concerned some of the people in the embassy had been.

*Q: What happened at the embassy?*



Less than an hour after the attack was launched, the first three or four RPG rounds hit the embassy. A Marine was in the ambassador's office when it was hit. He was knocked down and shocked. He quickly realized that he was not seriously hurt but there was glass and debris everywhere and a couple of fires starting. Every window in the ambassador's suite was shattered. The Marine knew where the fire extinguishers were and was putting the fires out as other Marines arrived to help. Everyone except the Marines and military officers immediately went into the secure communication area. Within 15 minutes a couple of more rounds hit the embassy. One passed through the outside wall and an inside wall into the DCM's office leaving a hole just above the DCM's chair. No one had been using that office since I used the ambassador's office, but, if someone had been sitting in that chair, he/she would not have had a chance. It appeared the attackers aimed mainly at the area of the ambassador's office. I assumed it was a preplanned operation and I may have been one of the targets. The Marines saw individuals with radios near the embassy fence and fired tear gas driving them away. It was 4:20 AM before military forces arrived to set up protective positions around the embassy. There was never an attempt to storm the embassy; although reports are confusing, I do not believe anyone got inside the embassy fence. The biggest danger was from fire because the embassy was an old building, a real fire trap.

*Q: Did you work all night?*

BUSHNELL: Once the attack was well underway, I encouraged the new leaders to get some rest because it would be important for them to be fresh to organize and staff their government and to contact friendly countries first thing in the morning. Sometime around 3:00 I found a place to lay down – all bedrooms were occupied by the new leaders and their families – and tried to get a little sleep. Within an hour Thurman needed to speak with me. All the sites Noriega frequented had been searched. He was not found, and his voice was on the radio obviously recorded post attack. In short he was organizing the resistance, either urban groups such as the digbats or a rural guerrilla operation. Since most of the main Guard forces had been taken care of and even quite a few senior officers already captured, I thought it was more likely Noriega would just try to escape. Thurman said his forces had already closed the bridges over the canal and had road blocks on all the main roads out of the canal area. I said he would probably seek asylum in a friendly embassy. Such political asylum is a long Latin American tradition on which they even have a treaty arrangement. I figured the only likely candidates to take Noriega given the OAS resolutions against him were his good friends the Cubans, Nicaraguans, and Libyans. Thurman said we cannot go into embassies because of their diplomatic immunity. Right. But, I said, we could occupy all the streets around these three embassies and search every vehicle entering to make sure Noriega is not escaping. Thurman said, "Done." I commented he should warn our forces that Noriega would probably be in disguise; my best guess was as a nun. The issues of diplomatic immunity became an hourly headache for me over the next several days.

Today's US military is amazing in many ways; I learned not to be surprised. However, I was surprised first thing that Wednesday morning to learn that among the many incoming planes, every military air asset, was a plane load of reporters. Various reporters were designated to go with the military into combat. They had been notified just Tuesday afternoon and told where to get on a plane that evening. They could not report that they were going. I think Just Cause was actually the first time for this press operation involving real combat. Thurman sent the press to

the base where I was. I think he didn't have time to talk with them yet and thought it would be good if the articulate new government talked with them. However, Endara and the others were adamant that they would not talk with the press until they were on regular Panamanian territory, i.e. not on a US military base. Moreover, they wanted to talk with the Panamanian press first or at least at the same time. I understood their position, and I agreed it was undesirable for them to appear to be puppets of the United States; they had, after all, been elected by the people of Panama. The SOUTHCOM public affairs officers were desperate. The situation was still too dangerous to allow the reporters off the base; our senior military officers were too busy to talk. They had 40 or 50 tired reporters desperate for a story, and they said please give them the story that there is a new government and the background on the military operation. I said, "I can go down the hill and talk to them; I'm here and available. It's better than nobody." My two DS guys went down to check the briefing facility while I washed my face and tried to get my clothes looking decent. I was still in the same shirt and suit I had worn the previous day. While they were down the hill close to the canal, mortar rounds started hitting the base not far from where we were. The two DS officers came back covered with dirt from head to toe. A mortar had hit a few yards from them. Thurman was on the phone so I strongly suggested action to stop the mortar attack. He said they were working it, but mortars are impossible to triangulate. He said not to worry mortars are not accurate. Good, I would only be killed by bad luck. As I briefed the press, a couple more mortar shells hit in the general area. The press was not very interested in the background or in hearing about the new government; they wanted to get to the front and see the fighting or at least get away from these incoming mortar shells. Probably fortunately for me CNN was not yet set up to carry such briefings live. Later they had General Thurman's briefings live. He did say nice things about me.

*Q: I guess you had quite a trying time throughout that first day beginning with the mortars and the press?*

BUSHNELL: Yes. There was one crisis after another and many problems to work simultaneously. A gunship soon found the mortars. Groups of the press were taken to areas where the Guard had surrendered. The most time consuming problem that first day was working to get support from other Latin American countries or at least to moderate their opposition to the operation. Endara and Arias Calderon began working the phones early to their Latin friends, explaining this was not a US invasion but the facilitation of Panamanian democracy. They asked other presidents to recognize their government and to support their representatives in the UN and the OAS. Unfortunately the first day we had only one satellite telephone so they had to take turns. The military did get a couple of land lines working in the house, but it was hard to get international connections.

I had asked SOUTHCOM for communications to keep me in touch with the State Department. Two communicators arrived in the course of the night who provided me secure lines to State and to SOUTHCOM, but not to the embassy. They stayed with me every minute for the next two weeks. Since there was a lot of activity in the safe house, I would go into the backyard to talk on the secure phone. Washington needed help at both the OAS and UN where Cuba, Nicaragua, and other countries were attacking our action as well as with individual countries such as Venezuela and Peru. In the early morning I told the new government it needed a Foreign Minister and ambassadors to the UN and OAS, like now. They picked a foreign minister and called him on the

telephone; then I sent a couple of people to pick him and his wife up and add them to our group. He too worked the phones. In the course of the morning they also picked representatives to the OAS and UN. As I recall, we dictated the diplomatic notes appointing these representatives over the phone to the task force at State, which typed them up and delivered them, following up phone calls by Endara to the Secretary Generals. They picked someone already in the U.S. for the OAS; thus the new government was speaking in the OAS by afternoon on the basis of instructions from Endara over our single satellite phone. During Wednesday the half dozen Panamanians working in the safe house made up the entire government of Panama. They kept recording messages for the radio station our military was running for them. I kept them informed of what we were doing on such issues as Noriega radio stations, road blocks, and cutting off difficult embassies; they approved and made useful suggestions based on their knowledge of Panama, which, of course, was much better than all us Americans put together. They called their supporters for clues on Noriega's whereabouts. I would relay clues to SOUTHCOM, and some military unit would check them out. This process continued for over three days.

The State Task Force was doing hourly sitreps, so I tried to talk with Washington hourly to bring them up to date on what the new government was doing, what I was hearing from SOUTHCOM, and how we were progressing on such operations as stopping Noriega's radio, finding him, and later cordoning off the three potential problem embassies.

*Q: That sitrep just goes to one individual?*

BUSHNELL: Oh, no, it goes to the Secretary and all the principals, to the White House, probably other agencies, and throughout ARA. After the first day the sitreps were only done two or three times a day.

*Q: So who was your main contact, Bernie Aronson ?*

BUSHNELL: This task force was manned 24 hours a day. Dick Wyrough, the Panama country director, was usually there. Mike Kozak was there much of the time until he came to Panama after Christmas. The first day Bernie was there some of the time; later I could be patched to him in his office or at home.

*Q: Presumably the military was doing the military actions.*

BUSHNELL: Yes. As various Panama National Guard units surrendered, the soldiers were moved to an open air prison on the other side of the canal. All three of the leaders were eager to get established on Panamanian territory not covered by a base agreement. I pointed out that they would be a target for any remaining Noriega opposition. Fire fights continued one place or another all day Wednesday. The question was where could the government be established that our forces could fully secure. In late afternoon Thurman paid a visit to the safe house. He briefed the government on the military situation and asked them to call one or two Guard units to encourage them to surrender. I then raised the issue of getting the government set up in Panama City. Thurman's aides produced a detailed city map, and he asked where do you suggest. I said it would be best to be close to a base which would facilitate security and other support. Ricardo said the Congress (Assembly) building would do; privately he told me he also wanted to block

Noriega Congressmen from occupying the building and trying to be an alternative government. The building was only three or four block from Gorges, the US military hospital, which was the beginning of a base area. Thurman said he was getting reports that many buildings had been booby-trapped. However, he would have the National Assembly building checked and secured so we could move there the next day – Thursday. Endara urged that we move first thing in the morning. I suggested the guideline should be as soon as it was safe.

That night intense firing and air activity continued all night, including a good deal of firing by our security just down the hill at the edge of Fort Clayton. Thurman had given us another couple of houses for our growing group, and I got a bed and some sleep for a few hours interrupted by two or three nearby firing incidents. In the morning I tried to get the Panamanian leaders to focus on additional cabinet appointments between international phone calls trying to get recognition, but their main interest was how soon they could move to the Assembly building. They quickly organized a formal swearing ceremony with speeches and the press, but I could not give them a firm time until Thurman told me the building was secure. Finally in late morning Thurman gave the go ahead, and a couple of military vehicles with machine guns mounted arrived to escort my convoy of embassy vehicles to the Assembly. I stood in the back to watch the enthusiastic crowd of supports and job seekers, many were both, cheer the three leaders through the ceremony and speeches in front of many TV cameras. Meeting with their supporters and the press invigorated the leaders even though we were all getting bone tired.

Security was, of course, a major consideration. The military had troops stationed on all sides of the Assembly building, and only people cleared by the new leaders' now expanded security detail were allowed in after a search to remove any weapons. However, the leaders would need to commute back and forth to the base living quarters and visit other sites. When I raised personal security for the President and VPs with Thurman, he said he thought State should provide it because it would look bad to have a lot of US military around them all the time. He said he could provide area security and have our air and other assets closely linked with State security to provide backup. Military radios had already been supplied to my DS escorts. I consulted Washington on what we could do for security. Initially ARA thought DS could provide security at least for the President, but Kozak soon informed me that DS [the Diplomatic Security Bureau] pointed out it would be against our law for DS to provide security overseas for anyone but State personnel. Kozak got agreement that DS would provide increased security for me and those with me and vehicles in any convoy moving with me, but DS could not go beyond that. OK, I explained the situation to my friends and said we best all stick together. I thought DS would fly in some additional DS agents to help, but none ever arrived.

Thursday afternoon Endara and Calderon wanted to call on the Papal Nuncio [the Pope's ambassador], who had just that morning returned from vacation in his native Spain courtesy of the US Air Force from Miami. The Washington Task Force had received a request for such transport from Panamanian civic leaders in Miami. Many such requests were received and postponed, but the task force asked me about the Nuncio; I checked with my three special friends who very much wanted him back because he would confer legitimacy on them on the basis of the church's informal vote count. I said send him, never expecting him to play a key role in the unfolding drama. I delayed the visit to the Nuncio to do it on our way back to the base. My DS agents insisted that we be back on the base before dark. Endara and the Nuncio insisted that I

join the meeting, although I felt like the odd man out as they discussed how the Nuncio would support them and release the church's informal election results.

*Q: What were you hearing from Washington about embassy staffing?*

BUSHNELL: Sometime during Thursday before the visit to the Nuncio, ARA assistant Secretary Bernie Aronson had asked to speak to me on the secure phone which went everywhere with me. He told me arrangements were being made to send Ambassador Arthur Davis, a political appointee, back to Panama, probably the next morning. As I mentioned, Davis had been withdrawn in May as part of our protest at Noriega stopping the vote counting. He had been on consultations in Washington for all this time; he told me he was eager to get back to see his many friends in Panama. Aronson went on to say that he and Baker looked to me to continue to run things in Panama, where I was doing a great job. He said I should consider Davis' return just a protocol matter and he would be in Panama only about a week. He went on that they were beginning the paperwork to name me ambassador; he said Congress was out so it would be a recess appointment. I would have to get the papers done quickly. If I had not been processing major events continuously for a few days, I would have been floored by Bernie's phone call. But I think I just said that's great, and commented that I would welcome Davis' early return because he could give the embassy staff attention and get the embassy fully up and running, to which I had not had time to give attention, leaving me free to continue working with the new government and our military. Later when I had a little time to think, I wondered if it was a good idea for me to stay in Panama. My experience was that after a crisis situation a change in personnel is best. The future US relationship with Panama should not be based on the fact that we made it possible for this government to take office but on a real cooperation on common interests. However, personally I was delighted to get any chief of mission job, especially when I had recently been without a real job for so long and was facing retirement because of time in grade.

When we got back to the base Thursday evening, the military sent up hot dinners for everyone. It was a good change from cold field rations. We worked the phones well into the evening; the night was calmer with little shooting although still much aircraft noise overhead, and I got a good night's sleep.

*Q: What was the biggest problem you were working on at that time?*

BUSHNELL: By Thursday afternoon and evening the biggest problem, other than not having Noriega, was establishing some law and order in the city. The Panamanian police force had been an integral part of the Guard. Many officers moved from Guard to police assignments and back as did some lower ranking personnel, although many of those directing traffic and chasing the pickpockets did police work most or all their careers. With the attack, police had disappeared from the streets. The digbats and common thugs, and it was hard to tell the difference, had taken over the streets. Leaders would break into a store or factory, steal the money and some other valuables, and then invite the general street population to help themselves. The US military did not want and was not equipped for a policing function. The military had limited Spanish speaking capability; their weapons were too deadly; we did not really want our soldiers shooting kids who seemed to be stealing groceries. My plan before the operation was that those Guard who normally performed police functions would be retained. Few, if any, of them were involved

in Noriega's drug business or dirty tricks. I proposed this to the new leaders. In their division of responsibility Arias Calderon had justice, security, and the Guard; Ford concentrated on economic matters; Endara focused on foreign and political affairs. It was a good division of responsibility. Keep in mind that during the first few days there was no depth to support any of them.

Ricardo was reluctant to give the old police continued powers, fearing they would try to give power back to Noriega or his associates. I said I would try to work out an arrangement for the Guard police to work together with our MPs, who would be heavily armed, while we did not need to give guns to the Panamanian police. Ricardo and then Thurman agreed to this plan. Ricardo recorded radio announcements inviting those who had had police duties to report the next morning to the traffic licensing building to be sworn in as agents of the new government and return to police work. Everyone tried to get in touch with retired police officers, Guard officers fired by Noriega, and officers in whom the new leaders had confidence to establish an officer cadre for this reconstituted police force. I found CIA had already returned a couple of fired officers from Miami, and I asked to have them report to the temporary police headquarters.

*Q: OK, we are up to Friday the third day after the attack; what major development were there that day?*

BUSHNELL: No major developments, but it was a very exciting day for me personally. In the morning we proceeded right after breakfast to the Assembly building. Our convoy was just civilian vehicles as Thurman had sent escorts only for our first trip the previous day. As we came along the roads into the main business sector, we saw virtually a solid stream of people, men and women, walking away from town carrying as much as they could – televisions, plumbing fixtures, boxes, bags, even two men carrying a refrigerator. The main shops had been completely looted. After the dust settled, businessmen claimed that hundreds of millions worth of stock had been stolen. In the main shopping street the stores were all completely cleaned out. But elsewhere I learned later guards and owners had often resisted the looters using firearms which were prevalent in Panama. In quite a few cases looters were wounded or killed, and much less damage was done to the upper-class shopping area and to businesses in the suburbs. There may have been as many people killed in these Panamanian fights, largely over property, as were killed by the US troops. As we passed these looters, Ricardo, who was riding with me, said he would like to go to the traffic license building before long and see how the new police were being sworn, meet with potential police leaders, and discuss plans to deploy the joint patrols. I said I would join him in part because that was the only way I could provide him security and in part because I saw getting law enforcement back on the streets as essential. Moreover, I wanted to check if Thurman had provided the strong protection for the recruitment area he had promised, as I considered it a prime target for any remaining Noriega resistance. If we could get police back on the street, the new government would gain credibility and Noriega, wherever he was hiding, would be finished.

In the middle of the morning General Thurman stopped by the Assembly, and I met with him outside in an open courtyard that was close to the office I was using. The new leaders were busy trying to staff their government on the phones and even talking with some job candidates who came to their offices. Suddenly there was what sounded to me like a great deal of shooting very

close to us. My DS agents physically pushed me into the building as I saw Thurman out of the corner of my eye pull out his pistol and run toward the shooting. A car with two or three young men, who must have been drunk or on drugs, had driven through one of the roadblocks guarding the Assembly building firing automatic weapons at the US military. The intense shooting did not last long; the men were killed, and no US military was seriously hurt. Once I was inside the DS agents produced a flak jacket from somewhere and suggested I put it on; they pointed out Thurman was wearing a protective jacket. Someone about then began shooting at the Assembly building from a nearby building, so I slipped on the jacket even though it was the old style – heavy and hot.

Once things had calmed down and I had reported the incident to the task force in Washington, I met with the three leaders to assure them adequate security was in place. Ricardo reminded me we were going to see how the new police force was doing. We got in my car and proceeded behind my advance car with my follow cars behind and also a vehicle with Ricardo's security men. Just as we entered the last long block before the turn into the Traffic building, heavy firing erupted from both sides of the road. I saw muzzle flashes and heard bullets hit the car, which was a fully reinforced (armored) vehicle. I remembered my training from the ambassador's preparation course, and I pushed Ricardo down and moved close to the floor myself. There were just the two of us in the backseat with my driver and a DS agent, Patrick O'Boyle, in front. Everyone had been well-trained and did exactly what they were supposed to do. The entire convoy accelerated and turned into the Traffic building at significant speed with bullets still pinging and glass shattering above us. I was later told both my Panamanian security men and Ricardo's in the follow cars returned fire.

A brave US Army Sargent exposed himself to fire to direct us to a stopping place while yelling for his men to lay down covering fire. We pulled up to an entrance, and Pat O'Boyle yelled, "Run your fastest into the building" I jumped out of the car and ran toward the door 30 or 40 feet away with Pat running between me and the incoming fire. As I crossed this space, something hit me in the stomach area and spun me part way around. I thought I would fall, but I managed to keep going awkwardly. By great good fortune I had been so busy that I had not taken the flak jacket off. I had been hit by a bullet, perhaps a ricochet. Once inside, I saw the rip mark on the jacket. My rib area hurt, but no blood had been drawn. Ricardo and my agents were unhurt, although two of his security men were seriously hurt. One fully recovered. I arranged for the other to be medevaced to the United States, and he lived but was permanently crippled.

Inside we were in the waiting room for those getting driver licenses, with the entire back of the room the counters for the clerks. It was soon clear we were in the midst of a real attack, not just an attempted ambush of my convoy. Rocket-propelled grenades, mortar shells, and automatic weapons fire were hitting the building not far from us. Pat and his colleague, Timothy Walsh, said we should get to the back of the building and asked if Ricardo and I could climb over the seven foot high counter wall as there did not seem to be a door. You never saw a couple of middle-aged plus desk workers get over a tough barrier quicker! In a room to the back of the building we found about ten former Guard officers and a couple of dozen Guard police. Ricardo and I encouraged them to get a police force organized, and I promised joint patrols with our military. One exiled colonel, whom I knew, begged for arms so his group there could

counterattack the group attacking us, but I had to say leave this fighting to the US troops. It was not an auspicious beginning, organizing a new police force under heavy weapons fire.

I was soon on a radio to Thurman in his command center. He told me we had gunships overhead but the attack was coming from the other side of the road which was in effect the backyards of base housing; families with small children were in the nearby houses and some American kids were even in the yards; it was too risky to lay down the devastating fire gunships provide. After awhile Thurman said two of his aides had volunteered to take his car, which was also fully armored, with Army backup and come down the hill to pick us up. We were less than a mile from Thurman's headquarters as the crow flies. When they arrived, Ricardo, my two DS agents, and I set another speed record running to the car which was flanked by Army vehicles with mounted machine guns which opened fire as we emerged from the building. That run was noisy, but not dangerous. We were quickly driven up the hill to the tunnel and went in to see Thurman. Ricardo may have been the first Panamanian ever in the top secret bunker SOUTHCOM command center, at least while it was in full operation. Ricardo sat at the command table in the same chair I had used on Sunday morning for our long discussions with General Powell and Secretary Cheney. General Cisneros was on the phone with the commanders of Guard units along the Costa Rican border, urging them to surrender. We got Ricardo on the phone to them promising at least lower-ranking jobs in the new police force to help negotiate the surrender, which came that afternoon.

The tunnel was hot, and I took off my now precious flak jacket. When I went to leave, it was gone. All I had to show for my close call was a little bruise which was gone in a week. Later I put O'Boyle and Walsh in for the Foreign Service Award for Valor, which they received a year or more later. The next day the two of them went back to recover the car and counted, best they could, the number of bullet impacts. They figured about 80, not counting the windows. Although the windows had a supposedly bullet-proof protective layer, all but the front window had been completely shattered. Thurman insisted I use his car; he said he preferred to ride in a jeep like a proper general. As Ambassador Davis had returned that morning and was using his car, the only other armored vehicle the embassy had, I used Thurman's car for a few days until DS arranged for the military to fly in a replacement car for me. After that incident Thurman assigned a military vehicle with a mounted machine gun to follow me everywhere – 24-7, and we had no more such security incidents, although it was spooky crossing the city at night to meet with Thurman and particularly returning late when a gunship followed us for additional security. About Christmas my security guys found two of Noriega's armored cars which we added to our convoy for the new leaders, and we were not so crowded in my car.

*Q: Did you also get an award for valor or something?*

BUSHNELL: No, there was no more senior State officer in Panama to put me in for such an award, and I don't believe I even reported it to the task force at the time; there was too much else to do. The rest of Friday and Saturday was relatively uneventful. In addition to getting joint policing patrols organized, we began to address the issue of getting the economy back toward normal. On Friday and Saturday two of the major problems were getting fresh food from the countryside coming into the city before people were starving and handling the homeless. It was not too much of a problem to allow the trucks with food through our road blocks into the city,



but the trucks would not come unless they could go back. We were determined not to let Noriega get to a rural area if we could prevent it, and a full search of every truck was very time consuming. The lines of waiting trucks were endless. I got some roadblocks moved further out so goods could come in from the suburbs where there were warehouses, but the food situation was getting difficult by Sunday when Noriega appeared and most road blocks were ended. By Friday we decided to reopen the canal, although most shipowners would not let their ships go through until they had assurances of security which we could not yet provide. Once Noriega appeared ship owners had more confidence. Another big immediate problem was the many homeless displaced by the major fires that destroyed many blocks of low-income housing near Noriega's headquarters. Few people had been killed in the fires, but thousands were homeless. We organized a tent camp in the main baseball stadium, and our military began feeding the homeless who soon numbered at least 15,000.

The new government was eager to get a friendly newspaper on the street. Noriega had taken one newspaper with its own printing plant from the family, supporters of Endara, who had owned it for generations. On Friday I arranged for a substantial US military unit to accompany members of the family and numerous Endara political supporters to reclaim the newspaper. Apparently the plant was not seriously damaged, because they had a paper on the street on Saturday. Gradually, normal conditions were being restored. New prison directors were appointed, but many prisoners had escaped during the attack, adding to the problems on the streets. Prisoners were urged to return voluntarily to avoid additional time. There was no garbage collection, which was a real problem in the tropics. The civic action military group contracted for private trucks to collect garbage, paying by the truck load. In a modern economy there are a tremendous number of things that need to function smoothly; warfare disrupts, and getting things back toward normal is a big undertaking.

By Saturday we were into the Christmas holidays; Christmas was Monday. Our military were rapidly checking out the buildings of various ministries so Endara could call for the return of employees right after Christmas. Our military teams would go office by office through the ministry buildings deactivating the many bobby traps. The President's office was in the oldest part of the city with narrow streets where Thurman said he never wanted to send his forces. However, the small Foreign Ministry building was in a middle-class business section, and we decided to move the senior government leaders there because the offices were more appropriate, there were many more phone lines, and security for a smaller building would be easier. I recall we were there on Christmas because Secretary Cheney visited that day and came to call on the new government there. About a day after we moved to the Foreign Ministry, someone began firing at us from the bell tower of a church about a block away. By that time Thurman had set up a civil action unit headed by General Gann to provide help in getting the government established and the economy working and to do the detailed liaison with me and the government. This group was headquartered in a building next door. My agents wisely made us use a back door to the Foreign Ministry to avoid the sniper and to run from cars to building. The first day the military said they had tasked a combat unit to take care of the sniper, but he was still pinging through our windows the next day. The combat unit had not found anyone in the church. My in-person complaint to the military was just as the sniper hit the gas tank of one of their vehicles. It didn't explode, but the vehicle was disabled. A Marine major looked around and asked who was with

him to take care of the sniper. Several senior officers gathered M-16s and other weapons and went to church. Later they said we could use the front door.

Another difficult problem during the first few days which required all my diplomatic skills and patience was getting the three new leaders to agreed on individuals for the many government positions that needed to be filled to get the government working. Remember these three people, the President and two Vice Presidents, were each the head of a major political party, and all three parties had been out of power for a long time. Despite my urging over the previous weeks, they had reached no agreement on who would be in the cabinet or other senior positions. Every position had to be negotiated, not only as to which party would get it, but then who. Each proposed candidate had to be acceptable to the other two partners or there had to be a deal, usually a three-way deal. In the best of circumstances governing with a three party coalition is messy. In this case we needed quick decisions. Moreover, many people were not willing to take a position in the new government at such short notice and in such an insecure situation. A deal would come apart when some candidate who was finally agreed by all three turned down the offer. My role, and I had to raise my voice more than once, was not to urge or veto any particular appointment but to press the three to make quick decisions so the government could get functioning and our forces could go home.

*Q: This is Thursday, December 10th, 1998. Last time we covered the period up to Christmas 1989, but we did not deal with Noriega who was on the run. Despite your explanations, I remain utterly baffled about the character of Noriega and changing US attitudes toward him. Once he was a staunch US ally. He remained on the CIA payroll apparently for years after the US government discovered he was helping the drug lords. How do you explain that?*

BUSHNELL: I don't think Noriega was ever an ally of the United States. If you are in the intelligence business and you want to get information about scoundrels, the main place to look is other scoundrels. This talk about his being on the CIA payroll is misleading, but he was paid for information. At first he was paid as an individual; later he was paid for cooperation while for many years he was the head of intelligence in Panama. Noriega developed a large intelligence system which reached well beyond Panama, and he provided reliable information on things beyond Panama to the United States. He knew more about scoundrels in Panama, of whom there are many, than anybody else and sold this information to other intelligence agencies, not just the United States. Of course he doctored what he sold to others to protect his operations and his friends. I think the best way to look at Noriega is that he was always an intelligence operator, double, triple, quadruple agent, playing his games and making his way up quickly through the military in Panama.

After Torrijos' death he was not immediately a contender for the top spot in anybody's view but his own. It was only after several other officers had the top job but encountered various sorts of problems, some of which people think Noriega had a role in causing – I don't really know – that he, more by default than anything else as the last senior guy around, moved into the top position in the Panamanian military. Then he proceeded to consolidate his position with the advantage of his many years of intelligence operations and dirty tricks. It was his background in intelligence which gave him entree to the drug cartel, to the Cubans, to the Sandinistas in Nicaragua, to the CIA. His many years of developing his contacts and information exchanges with people all

through the hemisphere served him well when he moved into the top job in Panama and increasingly into the hands, or at least acting as though he was in the hands, of the drug cartel.

*Q: Anyway, Noriega had a precipitous fall from grace after Bush was elected. Was that sharp deterioration of his image in Washington because his performance was that much more outrageous, or did it have to do with the change of administration and different attitudes of different people?*

BUSHNELL: It was not the result of a change in US administration. There was a cumulative effect as he took more and more dictatorial actions and as his links with the drug lords became both greater and clearer to us. During its last two years the Reagan Administration worked hard to get Noriega out of Panama once it was clear he would not separate his government from the Colombian drug loads. As I mentioned earlier, I had no success in late 1981 and early 1982, while in over-complement status, in getting Enders and Haig to devote some effort to building up what would have been reasonable alternatives to Noriega. Recently I learned Casey and Dewey Clarridge during that period were strengthening the CIA relationship with Noriega which was weakened during the Carter Administration. Of course the focus of Washington during 1981 and 1982 was on Nicaragua and El Salvador, and Noriega probably was helpful on these issues while using increased US support to advance his power quest at home. At this point he and Panama were minor factors in the drug business, and the USG thought he was largely on our side. For a long time there had been reports that Panama was being used for drug money laundering and for the movement of drugs. It was only in the mid-1980's that Noriega greatly expanded the Panama drug business and these reports became more credible and the reported volumes became much larger. Then the Reagan Administration had to go through the process of learning that Noriega would not really work against the drug lords and that he was himself at the heart of the Panama drug problem. By 1987, as the Federal court in Florida was preparing his indictment, the Reagan Administration realized that Noriega himself was personally responsible for killing American kids in the streets with drugs.

*Q: If the Reagan Administration saw what a problem Noriega was, what did it do about it?*

BUSHNELL: There was a major effort bilaterally, with a few others such as the Venezuelans, and finally through the OAS and economic sanctions, to try to get him out. For many months Kozak and others tried to negotiate, as they put it, a golden bridge that would permit Noriega to live in a European city and benefit from his money without US efforts to extradite him if he would just have free elections and leave. These efforts involving a deal were of course not public. Thus by the middle of 1989, on the one hand it was increasingly clear no diplomatic option was working, while on the other hand there was increasing evidence of Noriega's anti-democratic and murderous actions and his assistance to massive money laundering and large scale drug smuggling. Moreover, it was increasingly clear that we would be endangering the smooth operation of the canal to continue the treaty program of turning it over to a Noriega-controlled government and that Noriega was an increasing threat to American citizens in Panama. Thus the Bush Administration was forced to look for something else, including improving war plans in case they became necessary.

*Q: During our last session you indicated General Thurman's experts had identified 28 sites where Noriega might be if the United States launched an attack. But what did Noriega do when the attack came?*

BUSHNELL: I mentioned that on the Tuesday afternoon before the attack Noriega went to a mistress' house in Colon. When General Thurman informed me of his whereabouts, we both had big smiles because in the past, when Noriega went to visit this mistress, he stayed until the next morning. As I mentioned earlier, this site was a relatively easy target assigned to the Seals. We thought we were in luck. But as things happened, we learned at some point late that night Noriega had departed the Colon house in the early evening. When Thurman briefed Congresspersons, he said apparently Noriega had a falling out with the woman; Frederick Kempe in his book says Noriega got wind that the United States was up to something and decided to go where no one could find him. Kempe's theory may be right because I believe what Noriega thought the U.S. would do was to grab him, never dreaming the U.S. would launch a massive operation to take down the entire Guard. Later I learned Cuban intelligence was reporting to Panamanian intelligence in the late evening that many US planes were headed toward Panama. The Cubans could see the armada of aircraft on their radars. Noriega dismissed all or almost all his security, switched to a common civilian car, picked up a street prostitute, and went to a fairly tacky motel just outside the main airport. Noriega may not have been sure whom he could trust; almost anyone might sell out his whereabouts to the Yankees. Thus he went to a place he perhaps never before had visited with no one knowing where he was. He feared a Delta force attempt to take him for a drug trial in the United States. He was right. This quintessential intelligence operator fooled us again – for the next to last time.

Thus when our forces struck all 28 sites he frequented, he was not at any of them. He was at La Siesta motel close to the airport. He heard the shooting at the airport, pulled on some clothes, got in his car with just his driver, and proceeded down the road just as US forces were coming up the road. He saw them in his headlights, did an abrupt U-turn, and went in the other direction into hiding. One of our principal objectives, which was to capture Noriega during the first hour of the attack, was not successful. By morning Thurman had two or three military units actively looking for him, but we had no good clues to his whereabouts. I thought that, if he could not get out of the country in a boat or plane, he had hidden somewhere he had prepared for just such an emergency and he would seek asylum in an embassy friendly to him. Then we would not be able to violate the diplomatic immunity of the embassy, so we would not be able to get him.

As I have mentioned, the embassies most likely to give him asylum were the Cuban, Nicaraguan, or Libyan. I felt no other OAS and no European or Asian embassy would give him asylum and create a big problem for themselves with the United States. I called the Chargé of Peru because I knew he was close to many Noriega associates to warn him of big problems if he gave Noriega asylum. In Latin America for sufficiently large personal payments, heads of mission have fairly often sheltered escaping politicians and only then consulted with their foreign ministries. I suggested Washington put down markers with any other countries where they might be needed. I arranged for our military to throw cordons around all three of the problem embassies and of the residences of the ambassador if they were separate. Our military searched every vehicle going in and looked at all the people going in so that Noriega could not physically enter any of these places. This procedure meant that we stopped the cars of the diplomats and searched them; we

required that they open the trunk and sometimes the hoods. Of course the diplomats objected. A couple of times I had to go to resolve a standoff. A Libyan diplomat, I think it was the ambassador, had refused to open his trunk so the US soldiers had refused to let the car enter the embassy. The diplomat was very firm to me saying secret diplomatic materials were in the trunk. I laughed at that strange description of Noriega. Finally I suggested he just park the car outside and go about his business. I said our troops would assure it was not stolen. He accepted this solution. The Nicaraguans were the most difficult problem, and they had lots of vehicles coming and going. My first visit there was because our troops had taken military weapons found in a diplomatic car. I insisted the troops return the guns; we were looking for Noriega, not guns.

Our actions led to complaints at the UN, the OAS, and bilaterally that our military was abusing diplomatic privilege. The timing was particularly difficult because the shoe was on the other foot in a couple of very tense places in Eastern Europe at the same time. We were concerned about the safety of our diplomats and embassies in places like Rumania where communism was imploding. Of course I kept the State Department fully informed; I was told the Vienna Convention was less than completely clear on searching vehicles. At any rate we simply did it; this was a decision that I made, and I was never told by anyone in Washington to stop doing it. Washington understood why we were doing it. I think the Secretary simply told people to lawyer the problem to death while we caught Noriega. None of the three affected countries were loved by Washington; the issue was only how the precedent might affect US diplomats somewhere.

*Q: So the military kept you informed about Noriega's disappearance?*

BUSHNELL: Yes. Of course, the military was active in trying to find him and visited places where he had been, sometimes soon after he had left. We offered a million dollar reward for anyone turning him in. The leaders of the new government received numerous tips about his whereabouts which we immediately passed to the military. His driver was captured. There was a big fire fight with some of his security agents; most of the bodies did not have any identification and were never claimed. Both Thurman and I believe they were mainly Cubans. But during the first four or five days we did not find him. Then he did something, which was the last thing that I expected, he went into the embassy of the Vatican. It was his last trick.

*Q: It was Christmas Eve?*

BUSHNELL: Right, Sunday afternoon the day before Christmas – perfect timing for a visit to the Pope's representative. The Nuncio, Jose Sebastian Laboa, claimed to be as opposed to Noriega as anybody. But he knew Noriega well; some said he heard his confessions. They dined together from time to time. Noriega was not exactly a good practicing Catholic; he seemed to prefer witchcraft, but I guess the good monsignor had a duty to reform him. Perhaps I should have recalled the long Vatican tradition of extending asylum, most recently in a direction we supported in Eastern Europe. But imagine the uproar in the United States if we had condoned off the Vatican embassy.

Noriega telephoned Laboa and said he would send a bodyguard to Laboa in 10 minutes so Laboa could come in his official car and pick him up for refuge in his residence. Noriega did not say where he was. Laboa could have refused to go and get him. Laboa claims that Noriega threatened

to go into the jungles and cause a blood bath in Panama if Laboa did not rescue him from the terrible Americans. Laboa was somewhat anti-American, or at least anti-Washington, and apparently we gained no points from him by bringing him back urgently to Panama three days earlier by military air. He claims he tried to call General Cisneros but the phone did not answer. He could have called the numbers listed in connection with the million dollar reward which were widely advertised. He could have called Endara or Arias Calderon who had given him private numbers when we met with him a couple days before. Instead of helping us get Noriega he sent a priest dressed like himself – apparently fearing to go himself – in his car to pick up Noriega and make him a house guest. My view is that Laboa liked to be the center of attention, liked to have his name in the press. Thus he got his few days of fame, although it was at considerable expense to his career in the Vatican diplomatic service – next post Paraguay – and of course to us.

*Q: Did we take some kind of steps to try to encourage his departure?*

BUSHNELL: Yes, lots of steps. Washington mounted a major effort to encourage the Vatican to throw him out or invite us to pick him up because he was a criminal, not a political refugee. I do not know all the steps taken internationally; I recall Secretary Baker talked with the Vatican Secretary of State on Christmas day. Probably the Vatican would have arranged for him to go to a third country for refuge, but such golden exile was no longer a satisfactory solution for the United States, having spilled American blood to bring him to justice. In Panama Thurman placed special forces headed by General Carl Stiner and General Wayne Downing around the Vatican embassy with orders to capture Noriega if he stepped outside its fence. On Christmas day I met with President Endara and his two Vice-Presidents privately for a couple of hours to analyze the Noriega problem. I would meet with them several times a day at this stage, but for this purpose they sent all the hanger-ons who frequented their offices away. They did not want to request the Vatican to turn Noriega over to them; they did not feel they had any jail or trusted jailors to hold him, and his trial in Panama would be a circus at best. Remember at that point all the judges in Panama had been appointed by Noriega or earlier Guard-dominated governments. It would take months or years to get rid of corrupt judges. Thus the new government wanted us to take Noriega; he was already indicted in the United States and a fugitive. Any place but a US jail, or dead, they thought he would be a focus for violent opposition to them. They had already urged Laboa to turn Noriega over to the United States.

A substantial number, about 60, of Noriega supporters, including many Guard officers, had also taken refuge in the Vatican embassy – most before Noriega arrived but a few thereafter. We decided we should work hard to reduce the number of people in the embassy so that Noriega would not have the moral support of his followers and any law enforcement action would be less dangerous with fewer people involved. I arranged for Stiner's special forces to inspect everyone and every vehicle entering to assure that no additional Noriega supporters joined him in the embassy. Arias Calderon and others in the new government began the next day encouraging people to leave. Some civilians were told the new government would not prosecute them if they went home. Some military we promised to release after a day or two of processing. Arrangements were made to allow some to go to the Peru or other embassies and then leave the country. As the Vatican embassy was overcrowded and Laboa also wanted people out, the number of people living in the embassy was reduced rapidly. Neither the government nor I had any definitive plan for getting Noriega, but we wanted to simplify the problem and see what

options might develop. Kempe in *Divorcing the Dictator* writes that I suggested recruiting Captain Gaytan, Noriega's bodyguard who was in the Nunciatura, to bring Noriega out. I do not know who told him that. I did examine the possibility of the million dollar reward inducing someone in the Nunciatura to be a bounty hunter and bring Noriega out. Actually I thought one or more of the four Basque terrorists living there would be most likely. Among other steps I worked on Laboa to get people inside to think about all that money. He probably thought I was focused on Gaytan, and he is probably Kempe's source.

Laboa had received instructions from the Vatican that the Noriega matter was out of his hands, since he had presented the Vatican with a big problem by admitting Noriega. Such a high profile asylum was a matter of worldwide precedent. Within a couple of days a senior Vatican official arrived in effect to supervise Laboa's handling of the matter and assure all actions were cleared with Rome. On some days Laboa told me, the government and our military should just to be patient and he would convince Noriega to give himself up. My sense was that Laboa meant give himself up to the Panamanian authorities, but I did not press Laboa on the details, partly because I thought Laboa had little chance of persuading Noriega to leave. On other days Laboa would tell us he was afraid Noriega would kill himself. On one occasion when Laboa was alone with me pressing the suicide worry, I could not resist commenting that worse things could happen. At times Laboa indicated concern about his own safety, especially when he found that someone had smuggled a machine gun in to Noriega, which was kept under his bed. Among our military only General Cisneros had any confidence Laboa could and would talk the general out.

Laboa was not the only person who thought psychological operations could bring this tricky master spy out of his refuge. The psychological warfare units of the Army thought that they would get him to come out by psychological warfare, which on the surface was laughable but harmless. They arranged for blackhawk helicopters to come in low from the bay right over the Nunciatura, rattling the windows. They burned a nearby field to make a helicopter landing field at night when it would appear the Nunciatura might go up in flames. They continued playing loud music directed at the Nunciatura 24 hours a day. The Nuncio complained to me that Noriega was in a basement room which was relatively soundproof but the Nuncio was in a room that wasn't, so he was being kept awake by the music.

Actually the music had been started for another purpose. Of course, there were hordes of press who descended on Panama for the biggest story internationally during the slow news Christmas period. Hundreds, if not a thousand, foreign reporters were running around looking for stories. As it happened, the big Holiday Hotel where many of the reporters stayed was just a block from the Nunciatura. In the beginning one of the ways our forces communicated with the Nunciatura was that the Nuncio, or more often one of his assistants, would come out to the gate and talk with our soldiers who maintained the cordon. Thus they would coordinate a delivery of groceries, meals, or whatever. When I would meet with Laboa, we used a school just across the street where General Stiner had his temporary headquarters. The military was concerned that the press had set up directional microphones like those used at sports events and could sit on the balcony of the Holiday Inn and, with these directional microphones, pick up conversations at the Nunciatura gate and broadcast such conversations to the world. Thus the military began playing loud music so the reporters could not hear what was said at the gate. They played the music all the time because they did not want to reveal to the reporters what they were doing. Am I giving

away a military secret here? Soon the psychological warfare folks took over the selection and direction of music for their purposes.

Amazingly the music became a big issue even being discussed at NSC meetings. Secretary Baker asked for my recommendation. I said I didn't think it was going to do any good but I wasn't against it. I didn't think it was a big issue. Thurman agreed with me. The NSC ordered that the music be calmed down but not totally stopped.

*Q: What finally made Noriega come out?*

BUSHNELL: In a few days we were successful in getting down to only Noriega and a couple of his closest associates in the Nunciatura, but I could see that we were not making progress in Washington's negotiations with the Vatican. The Vatican representative who had come to Panama kept talking about months and years as the sort of period it took to resolve previous difficult asylum issues; he urged that we let our emotions cool, perhaps reducing the forces around the Nunciatura. My attempts to get someone inside interested in a big reward also were not prospering, although I had an offer from one big and tough guy to go in and get Noriega for us if we assured him of the money and no prosecution; I thought in effect hiring someone to go in would be seen as a violation of diplomatic protection, not much different from our going in. I was looking for something to change the playing field when the civic action groups asked to stage a big Panamanian demonstration against Noriega and implicitly against the Vatican for sheltering him. These middle-class people who had banged their pots and pans in the night for years to show they were against Noriega wanted to go to the Nunciatura and yell for Noriega's head. Our military, especially the special forces officers, were very opposed to such a demonstration because our troops would be what kept the crowd separated from the building where Noriega was and we certainly did not want to use violence on a friendly crowd to protect Noriega. Seldom did I go to General Thurman to overcome decisions of other military officers, but on this demonstration I did. I thought it would be a good idea to have this demonstration and to let Noriega know that worse things could happen to him than surrendering to us. Thurman shared the military concerns, but I argued I would get the demonstration switched from evening to mid-day for better security and that his troops could put miles of barbed wire around the Nunciatura so our troops would not have to be nose to nose with the demonstrators. Finally he agreed.

Some estimates were that 50,000 showed up for the demonstration about a week after Noriega took refuge. I doubt if it was that large, but it was a big crowd, and they were properly angry and bloodthirsty. Despite the blocks of wire Noriega could certainly see them out the window or on television, and he could see that some pretty drastic things would happen to him if he weren't protected. The next morning I met with the Nuncio and said, "This demonstration put me in a terrible position, because our forces, the US forces, came to Panama to capture Noriega. Now we're in the position of the US forces protecting him against the crowd that wants to kill him. This is really an unsatisfactory situation." He said, "Well, I am working on him." I said, "I think the next time there's a crowd I'm going to withdraw the US forces." The Nuncio seemed shocked and said, "What's going to happen to me?" I said, "I think it would be a good time not to be home; be somewhere else." As I intended, he immediately went back to Noriega and repeated what I had said and indicated that he would depart the premises before the next



demonstration started. Of course, I had no authority to withdraw the troops, but Noriega may have thought Washington would approve such an option, after all President Bush had already surprised him once with the massive military operation. I then encouraged the civic action groups to call for an even larger demonstration to bring Noriega to justice; by New Year's day and particularly the day after the TV and press were full of preparations for the next demonstration in a couple of days with various Panamanians saying this time the US forces would not protect him. I got General Thurman to have the troops remove much of the barbed wire and to do it in such a way that a couple of corridors of practically direct access to the Nunciatura were visible from the windows. The morning of the next day, January third, Noriega telephoned and said he had three conditions and he would surrender.

*Q: Had you had prior discussions with him?*

BUSHNELL: During this assignment in Panama, no. I had met Noriega a few times when I was a Director of the Panama Canal Commission. During the time I was in Panama in 1989, I had not met him or talked with him because we had no relations with his government. When he said three conditions, I thought what trick is he up to now. I was expecting impossible conditions. First he said he wanted to surrender in his full general's dress uniform. I said he could wear what he pleased. He said he did not have a dress uniform with him. Someone would have to get it for him. I said OK and clarified where we would find it at his house. Secondly, he wanted to speak with his US lawyers on the phone without anybody listening. I said I would do what I could to stop any listening. Third, he wanted to surrender to a general officer, a US general. I had no intention of letting him surrender to anyone but DEA agents who would arrest him on narcotics charges, but I promised him there would be a US general present. He said OK, this evening I will come out if you meet these conditions. General Thurman arranged for someone to get his uniform and for a general officer. Thurman said General Cisneros, who Noriega knew, would be there with the DEA officers and the special forces. I asked Thurman and the CIA station chief to stop anyone who might be listening to the Nunciatura phones.

That day, Wednesday January 3, was busy for me. I had just over the previous holiday weekend returned to my office to the embassy, curtailing my Foreign Ministry office with the new government. Deputy Secretary Eagleburger had led a mission of officials, including Bernie Aronson, to Panama just before the New Year holiday, and that mission had taken Ambassador Davis home with them so I was again officially Chargé. I was busy trying to get the embassy as well as the new government fully functioning. Of course I reported my conversation with Noriega to Washington by secure phone to the Panama Task Force; I believe I commented that we should cross our fingers as we had about a 50/50 chance the Noriega saga would end that evening. That day the two ranking Senators on the Armed Services Committee, Senators Robb and Warner both from Virginia, were visiting. Thurman had them most of the day. I took them to call on the new government at some point, but my briefing of them was scheduled to be over an early dinner at Howard Air Force Base. Of course I included in the briefing the Noriega story ending with the phone call of that morning. I was interrupted as we were finishing dinner by a call from Mike Kozak who was across the street from the Nunciatura. He told me a priest had come out to say the general was coming, but he had not appeared. I guess I looked disappointed because one of the Senators offered to make me a drink from his flask. Thurman had wisely stopped all sales of alcoholic beverages on any base for the duration of Just Cause. We had not

finished the drink when I got the call saying Noriega is under arrest. About the same time yells of pleasure erupted all over the club as the military saw the helicopter lift off on the TV. The Senators literally pounded me on the back to congratulate me.

I declined a second drink and went back to the embassy to do a cable covering the events of the day. I did not need to phone as I was sure the Task Force was watching on TV. As I was getting ready to leave the embassy about 10 o'clock, my security people said they didn't think they could get my car through the streets because the crowds celebrating in the main streets were too big. I said, "Gee, I'm tired. They may be celebrating all night; they have waited over 10 years for this moment, but I want to get home." At this stage I still had a military vehicle with a machine gun mounted which followed directly behind my car for security. My DS agents recommended we just go in the Humvee because people would get out of its way. As we made our way slowly through the crowd for the couple of blocks necessary to get on the road to my apartment, the outburst of emotion was amazing. The only time I have seen so many people so happy was in Buenos Aires when Argentina won the World Cup. People on the street thought ours was just another military Humvee. A woman – not a young woman, I would say she might have been 30 – ran up, grabbed the 22-year-old soldier-driver – there were no doors on the vehicle – gave him a big kiss, and yelled, "Bravo, you Yanks, you're wonderful." There was great clamor by many people getting out of our way about how grateful they were and how wonderful it was that Panama was alive again.

There was a tremendous high because Noriega was finally in custody. I hadn't realized until I saw this outpouring how much concern there was that Noriega would somehow, someday regain power. I knew the concern of the people in the government with whom I was working every hour; they felt their positions weren't secure as long as Noriega was not in US custody. Certainly the Panamanian middle-class thought we had done the right thing, even those who lost businesses to the fires or looters and had other disruptions to their lives. Noriega's rule was a nightmare for the Panamanian people. Now it was over. We had now accomplished our last major objective – bringing Noriega to justice.

Noriega, in full dress uniform, was arrested by DEA agents attached to the Southern Command. General Cisneros was present as I had committed. In fact General Thurman was nearby. Because it was already dark the press did not get the pictures of the splendid general that he apparently had planned. He was quickly put into an Army helicopter with the DEA agents and flown to Howard Air Force Base where he was immediately put into a plane and flown to Florida and jail, where he has been since.

*Q: Do you think he'll be in jail all the rest of his life?*

BUSHNELL: I don't know. His initial sentence was 40 years, but his lawyers have recently gotten it reduced to 30 years. I don't know when he might be eligible for parole or even if he will want it. He made a big issue of trying to be a prisoner of war, and, much to my surprise and chagrin, he was granted the status of prisoner of war. The main implication is that, rather than being put in one of the Feds' tough prisons for long term and dangerous detainees, Noriega is kept in a much more comfortable jail in the Miami area where at least at one time it was reported he had two cells complete with televisions and other comforts. Prisoners of war must be allowed

at least an hour a day of exercise in the open air, and the maximum security US prisons do not have facilities to do that. Of course I have full confidence in the US judicial system, but before I departed from Panama, I suggested to Arias Calderon that the new Panamanian government might wish to file serious charges against Noriega and ask the U.S. for his extradition should he ever be released from our jails. The Panamanians have charged him with several counts of murder.

*Q: Did he launder and hide most of his money?*

BUSHNELL: We of course proceeded immediately with the Panamanians to block and eventually forfeit all his money we could find all over the world. It turned out that we could not find much outside Panama.

*Q: There must be some in secret Swiss bank accounts.*

BUSHNELL: I think there is somewhere, but we were not able to identify it. Noriega had, of course, a lot of time over the years and a lot of experience with hiding money. We were up against a man whose life was in the clandestine intelligence community. He probably knows more about hiding money than any of the so-called experts in DEA. Thus it is not surprising that, although we identified a lot of the accounts he used, they turned out to have very little in them. In the first phase – the first few weeks – we managed to block or forfeit maybe 40 or 50 million dollars internationally. The Panamanians seized his assets in Panama including bank accounts there.

*Q: Pretty big money, \$40 or 50 million!*

BUSHNELL: Not in terms of what we think he had made. He certainly continues, I assume, to be able to pay his lawyers. He has good lawyers who are continuing to protest against one thing or another toward getting his sentence reduced or the sentence overturned. He seems to be able to afford to do that.

*Q: Operation Just Cause was a stunning military success, but what were the political consequences?*

BUSHNELL: The full history isn't written yet, but I would say it was also a political success. The international objections to our use of the military died down within a few days, especially as we very quickly withdrew our forces and it was obvious we were turning all power over to a civilian government which had been elected by the Panamanian people the year before. The Endara government cooperated in slowing the drug business, for example agreeing to a tough judicial assistance treaty. I was disappointed that DEA had much less evidence than I had hoped so we could not move effectively to punish the banks in Panama that had been laundering money. The Endara government was a coalition of three of the four major Panamanian political parties. Once they had power and Noriega was gone, there were more and more disputes among the three parties, especially when elections approached after three years. The coalition did not hold together for the election, and the opposition party of Torrijos and Noriega won. However, after the arrest of Noriega and the dismantling of the Guard that party was taken over by moderate

politicians who made it a middle-class democratic party appealing to the poor – not much different from two of the other mainline parties. Democracy was working and consolidating.

Although Just Cause was seen by most Americans and most Panamanians as a success, we learned later that with just a little difference in timing it could have been quite disastrous. Despite all our intelligence assets, we had a great intelligence failure, which could have cost the lives of many American soldiers. We learned from the interrogation of Guard prisoners that a squad of Panamanian soldiers had recently returned from Nicaragua where they had been trained on launching ground to air rockets, SAM-7s. Other intelligence confirmed that Russian SAM-7s had been loaded on a ship in Africa at the end of November or in early December. Of course the shipment was diverted after Just Cause was launched and never got to Panama. However, had we waited just another few weeks or had Noriega managed to get such anti-aircraft missiles sooner, we could have experienced large casualties. If the Machos who shot the first paratrooper in the plane door had been firing one of these Russian missiles, it would have brought down the plane. And goodness knows how many more planes and how many troops would have been lost. I believe we would still have won the battle and rescued Panama from Noriega, but the price could have been very high. Of course, if we had known the Panamanians had such weapons, the attack plan would have been different with aerial bombardment to weaken the defenses and jumps from much higher altitudes. It is a mystery to me how, with so much intelligence and with so much daily contact with the Guard, we had not learned of the preparations for introducing a major and deadly weapon system. Once the weapons arrived, especially if they had been test fired, we might have learned of them. Perhaps keeping such a secret suggests Noriega was really much better at intelligence operations than anyone on our side. There is no doubt that war is a risky business; in Just Cause we were lucky, but few know by how close a margin.

*Q: How did you resolve the problem of reestablishing law and order in Panama?*

BUSHNELL: Two days after the attack the situation was chaotic. There were no police; many criminals had been released or escaped from jails; poor people, and some not so poor, were looting everywhere; various neighborhoods had organized for self-defense and were shooting at approaching unidentified people; private guards and potential looters were killing each other; the fire department would not go into the dangerous streets to fight fires. The biggest immediate problem for the new government and for the US government was reestablishing law and order. I discussed earlier how the new government invited members of the Guard who had experience as policemen to come back to work after swearing an oath to be loyal to the new democratic government. Some officers returned from exile and/or retirement to provide leadership, and later junior Guard officers who had not been involved in Noriega's illegal operations were added. I had arranged with General Thurman for joint patrols of the new police and our military. Despite the heavy fighting at the Traffic Building where I had been Friday morning, numerous police were sworn on Friday afternoon. Joint patrols began operating by the Saturday after the Wednesday morning attack. These patrols stopped the worst of the looting, but they were not equipped to recapture those who departed the jails, nor to deal with family problems and the many everyday issues handled by any police force. The American MPs who, along with special forces, were assigned to joint patrols generally did not know the language and did not have civilian police experience.

General Thurman and his staff pressed me to find additional and better solutions. Finally, I said what we needed was about 100 Spanish speaking US policemen to put four or five in each station house to help get proper police work underway. The problem was not to get the police stations to do exactly what they had done before the attack because under Noriega there was little protection of individual rights. If the police thought someone was a criminal, they locked him up, and he was lucky to get a trial in six months even for minor offenses. Thus we needed to start introducing police procedures that would gather evidence and not rely on torture. I had already discussed the immediate problems with Mike Kozak and others in Washington who were gearing up a Department of Justice project to provide training and upgrading for the Panamanian police. Justice had a mandate to do police training and some budget for foreign assistance which could be supplemented by AID. However, I was told Justice would have to go through a long contracting process to select a contractor, then the contractor would require months to mobilize, so in the best of worlds it would require many months to get more than a half dozen people in country. We proceeded with such a project, but it did not solve the immediate problems.

After much discussion in which Thurman's officers made clear the military does not have police capability and was not equipped to teach proper police work, Thurman himself pulled the solution out of the hat. He said what we need are Army reservists who are policemen in civilian life and who speak Spanish. He said there are hundreds of thousands of Army reservists, there must be hundreds who are policemen. There must be a hundred of these who speak Spanish, and not just in Puerto Rico. But how does one find them and get them to Panama quickly?

Thurman, who knew the US Army better than anyone, had been involved in a project placing reservists' records in computers. He said the computers could within minutes produce lists of reservists of all ranks whose civilian occupation was law enforcement. With a little work the computers could then tell which of these spoke Spanish. I asked if and how soon we could get such soldier/policemen to Panama. Thurman said since it was then the day after Christmas, it might take a full day to identify; then Secretary Cheney had to sign an order; the reservists then would have 24 hours to get on a plane. I said, "Let's do it." The next day Thurman said the order was signed and the first reservists had been contacted. There were less than 48 hours between the idea and the first arrivals in Panama. At first we kept some MPs, special forces, and other troops at station houses to provide muscle for the reservists and newly reintegrated, but unarmed, Panamanian police; we continued some joint patrols separately. Gradually the US military except the reservists were removed from the police operations as the new government recruited more policemen and brought some of their political activists into the police force. As I recall, we never quite reached our 100 man target for soldier/policemen, but we came close. Most of the reservists had many years of civilian police experience, and most spoke excellent street Spanish. The speed and effectiveness of providing these hard to find people was amazing – another great tribute to the technology and management of today's military.

One afternoon as this soldier/police operation was just starting, Thurman called me to ask that I telephone the mayor of Phoenix, Arizona, who was distraught that he was losing 5 or 6 policemen. I called and explained the chaotic public safety situation we faced and what we were doing to resolve it to make sure the drug business stopped and there were no problems for the canal and other US interests. His main concern seemed to be that we were taking his best policemen. I said, "Precisely, only the very best can do the tough job here." I promised that we

would not keep his men more than a couple of months. Finally he said, as one politician to another, that he needed to quote me so he could justify the situation to his constituency. I was told Thurman and Cheney had numerous such calls, not to mention all the difficult family situations caused by activation of these reservists. During January and February we did let some reservists go home early for family reasons; one offered to work two shifts a day for 20 straight days if we would then let him go home; we agreed. In fact at first most reservists worked double shifts; some lived in the police stations.

Over January and February I spent a lot of time on the police operation. Of course a policeman just off the beat in Chicago was not really prepared to organize a police station in Panama. We brought in several civilian lawyers who worked for Defense in Panama, and Arias Calderon got law professors and students as well as others to help set up procedures and begin integrating the police work into the criminal justice system, such as it was. Several reserve officers who were experienced civilian policemen were assigned with some of Thurman's staff to manage the reservists and be a resource to solve problems. At first I met with this group every day, later three times a week, and we invited one or two of the reservists from different police stations to come to each meeting and describe what was or was not happening in their stations. The US policemen all appreciated the great deterrent effect of getting police out of the stations and walking or driving a beat. There were only a couple of instances in which a US soldier shot a criminal running from a looting or robbery. But the thought that a US soldier, who would shoot mighty straight, might be in a police car or walking with the Panamanian policeman spread fast. Looting virtually stopped; crime of all sorts fell to normal levels; many escaped prisoners decided to give up in exchange for no additional sentence rather than facing a confrontation with a deadly Yank.

Toward the end of January – Deane Hinton had already arrived as the new ambassador – Thurman consulted us about ending operation Just Cause. Most of our military who had flown in the night of December 20 had long since returned, and the security situation was returning to normal. Not knowing all the implications of stopping the military operation, Deane and I agreed. The first big problem was our reservist soldier/policeman operation. While we were technically engaged in a combat operation, we could engage in joint operations with the Panamanian Guard police financed by the combat operation DOD budget. Yes, we could legally engage in joint operations with the Guard even though the Guard was the main enemy of the combat operation. I argued the police part of the Guard was the good guys versus the bad guys such as the Machos. However, once the combat operation ended, we could not use US forces in joint operations since technically there were no more combat operations. We were supposed to seek foreign assistance funding or other special funding to finance any assistance to the police. DOD almost immediately threatened to withdraw the soldier/police reservists because continuing joint operation would be against the law.

I worked quickly with the female reserve Army Colonel heading the reserve operation to recast everything we were doing as Guard training. We had already stopped joint patrols using regular Army personnel. I then wrote a difficult cable explaining how our joint operations had transitioned into training as the Panamanian police forces had grown and US military resources had been withdrawn. I called both ARA and PM in State to get support to keep the reserve/police operation going even if we had to use foreign assistance funds; it was still essential. With the

help of several senior State officials, DOD agreed to continue the training based on my cable and even agreed to funding the operation as force protection, i.e. improved police operations in Panama improved the security of US forces there. As there had been a couple of bombs thrown at civilian clubs where soldiers hung out and a few casualties, force protection was a high priority.

We had a related problem also solved by imaginative military minds. Our reservist police quickly identified the lack of adequate transport as a key police problem. Because of the tight budget and poor economy the Panamanian police had not had enough funds during the previous couple years under Noriega to buy new vehicles or even to maintain what they had. Quite a few police vehicles had also been destroyed or stolen during the attack and looting chaos. The transport problem was particularly urgent in the rural areas away from Panama City where we had deployed special forces personnel to help convert remaining Guard personnel, who had surrendered, into rural police. In the city the military rented cars for the deploying reservist police, and these cars substantially augmented police transport. Of course the joint patrols relied on US supplied transport. Even though our military was initially short of vehicles because few vehicles come with air deployment, we were in much better shape than the poor new Panamanian police. In short many additional vehicles available permanently were essential to turning an effective police operation over to the Panamanians. Thurman's staff identified about a thousand Dodge Ram four wheel drive pickup trucks in the strategic reserve in Germany. The vehicles were several years old, but unused. They were in effect part of a prepositioned reserve available for forces that would deploy in a NATO emergency. The vehicles were due to be replaced before long because of their age. Thurman got DOD to declare them surplus and provide them to Panama.

When Just Cause was underway, such provision of vehicles was just another part of the combat operation for fiscal purposes, even the inspections and repairs being done in Germany and the shipping. But, once the combat operation ended, new obligations in connection with the vehicles could not be charged to a combat operation no longer underway. Most of the costs had been obligated before the operation ended, but I had a lot of problems coming up with the small amounts needed to complete the shipping and turnover of these 1000 vehicles. I finally had to insist that VP Ford get the Finance Ministry to pay for unloading some of the vehicles. When I was in Panama in 1996 on New York District Attorney business, I noted that the Panamanian police were still using these vehicles, and they seemed in good condition.

Initially there were major problems in getting all the civilian ministries up and working to do the things ministries normally do. However, fairly quickly the career civil servants came back to work. Initially our military assigned as liaison with each ministry had a lot to do to get phones working, to recover stolen vehicles and other property, to repair any minor war damage to facilities. Incidentally we also had an embassy officer assigned to each ministry for coordination; in many cases these were State officers spending a couple weeks on TDY to help, including Bill Brownfield, Chad Blakeman, and Roberta Jacobs. In some cases they were AID officers who were also beginning the process of reopening the AID program. My main focus, other than getting the police operation functioning, was getting the economy reactivated. On this, to my surprise, Thurman and the military were able to do amazing things. Even before Christmas I raised the economic problems with Thurman suggesting the forces hire has many temporary

Panamanian workers as possible for the logistic surge that was underway. Thurman asked where there was the greatest unemployment; I said the construction industry had been extremely slow for over a year and it usually provided lots of jobs for low skill workers. Thurman asked why we didn't contract several construction firms to clean up the substantial area around Noriega Headquarters where slum areas had burned. People were already trying to establish make-shift shelters in what was left of the buildings which had been unsafe even before they burned. I said that was a great idea but who could pay for it. Thurman said part of combat operations. Fortunately he had a big contracting staff because of the bases in Panama. Before New Years several firms had been contracted; dangerous walls were being taken down; hundreds of truck loads of debris were leaving the area. By the time combat operations ended in late January the entire area of dozens of blocks had been cleaned up; the roads and utilities repaired, and on several blocks Panamanians were starting reconstruction.

*Q: Even after you got the government basically functioning, of course, there were big economic problems. The Panamanian economy was in pretty bad shape even before the invasion. Were there a lot of big problems getting the economy moving again?*

BUSHNELL: Yes, sometimes we had conflicting objectives. By Christmas I wanted to get the banks open, get government employees back and paid, and let market forces move the economy. However, the DEA agents, who were arriving in force, wanted to keep the banks closed while they looked for drug money. Someone in Washington suggested paying the government employees in cash which we would fly in from the States. Remember Panama uses our dollar as its currency. I agreed as soon as I clarified that the US government would fully pay for the money and pay the shipping. A large shipment of small bills was made from Texas. I recall sending an embassy officer to accompany a major security operation Thurman organized to bring the money from the US Air Force plane to the Central Bank where it was sent to various ministries to pay the year-end bonus to government employees. Washington struggled to get economic sanctions against Panama lifted. This sanction lifting should have been routine, but some sanctions were legislated and required Congressional action and/or Presidential waivers and other time consuming procedures.

Once the military began contracting clean-ups of the Headquarters and some other smaller areas, General Thurman asked me about a crash program to build low-income housing in the Headquarters area. Such crash construction would provide permanent solutions for many of the some 15,000 people the military was feeding and sheltering at the stadium, supposedly people whose housing had been burned in the course of the military operation. Noriega's Headquarters was only a couple blocks from the former Canal Zone in an old section of Panama City; it was surrounded by slums – mainly temporary buildings originally housing workers constructing the Canal 80 years earlier. No one seemed to own these slum building. People lived there as squatters, one might say. Some fixed up their places fairly nicely, but they didn't pay rent to anybody, and much of the time they didn't pay for utilities either. Many of the residents were strong Noriega supporters; many Dignity Battalion irregulars lived in this area. I suspect that those who did not support Noriega had been driven away. When our military attacked the Headquarters, the supporters of Noriega lit fires in these tenements to stop the US attack. Thurman's staff believed the fires were part of the planned defense, but I have seen no evidence of that, and they may have been set by a few Noriega supporters just reacting to the attack. All



the buildings around the Headquarters for several blocks burned. They didn't burn quickly enough to hamper our forces in taking over the Comandancia, which didn't take long, taking many of the military there prisoner. Of course no firemen came or anybody else because they'd be coming into a combat zone. The fires burned all night, and this substantial slum area was wiped out. I suppose it was 15 or 20 square blocks, home to a lot of people.

Endara, Ford, and Arias Calderon thought the fires had the unanticipated effect of being a tremendous slum clearance project that made available for development a valuable area of the city, well located geographically. They began talking about using this high-value land for offices, businesses, and luxury apartments. But there were a lot of people who needed to be housed, and soon. At this point Noriega was still in the Nunciatura and AID had barely begun taking over from the Army the feeding and housing of the 15,000 or so displaced and/or homeless people in the baseball stadium. General Thurman said to me, "I know somebody who might build some housing for these people quickly. If we go through the normal procedures within the US government and do this as an AID project, these people won't have any place to live for a year or two. I know somebody who might finance and build housing with record speed What do you think?" I said, "I think that's a great idea." So Thurman called a man named Perot.

*Q: H. Ross Perot?*

BUSHNELL: Yes, the founder of Electronic Data Systems, who ran for president a few years later. He was a graduate of the Naval Academy, and Thurman had known him for many years. In the course of one conversation over the phone in which Thurman explained the housing problem and opportunity, he agreed to build \$70,000,000 worth of housing and to start then, right then, the next day, sending a team down to start letting contracts and hiring workers based on plans he already had for a project somewhere else. I thought this was wonderful; not only would we have a real and highly desirable housing future to present to the politically active and unruly refugees, but such immediate spending would be a big shot in the arm for the economy, especially for the underemployed construction industry. I started Ford working on the necessary Panamanian government approvals. I was shocked and chagrined when Washington said it was an awful idea and insisted that neither Thurman nor I could facilitate such a private sector project even though it served several of the highest US priorities and would have no costs for the USG. Washington insisted Perot funnel his money through some AID guarantee or other arrangement that would put the burden of public sector contracting on it. Perot was not interested. Both Thurman and I were furious, but we were still in the middle of a combat operation trying to get Noriega; before we had time to mount a fight, Washington had taken Perot out of the picture. I did not know who Perot was at the time and could not understand Washington's position. Perhaps some in Washington foresaw that Perot would create problems for President Bush's reelection and did not want to give him a piece of what was at that moment considered a great Bush success.

*Q: This amazing Perot story says a lot about Washington.*

BUSHNELL: Subsequently over the course of a couple of years, a lot of housing was built for the refugees with AID money, almost all in the suburbs. I came up with the idea of using the AID housing guarantee program to offer individual mortgages instead of building housing developments. Thus the displaced family could immediately go out and buy a house which was

already built. In terms of getting the economy going and refugees settled, this mortgage system worked well. When we gave refugees the ability to get a mortgage for virtually 100 percent of the cost of a modest house, all the low-cost houses that were on the market were gobbled up, and, of course, that's a tremendous incentive for builders to get to work putting up more as fast as possible. We invigorated the construction industry almost overnight. Some families had gotten their mortgages and houses even before I departed in March, and the program was building momentum.

*Q: As a matter of fact, some Panamanians had apparently expected a quick infusion of financial aid from Washington. That didn't really happen. Congress finally passed a so-called emergency aid package toward the middle of 1990, but it was a relatively small amount in comparison to what Endara expected.*

BUSHNELL: I don't know what Endara expected. The big thing the U.S. did for Endara was to allow him to take office. Of course Endara welcomed any assistance in getting the economy going and replacing the drug business with productive economic activities. None of the new government leaders ever suggested to me that the U.S. owed them anything for taking over the positions for which they had run and been elected. In our discussions we addressed together problems and how to solve them. At first the U.S. had lots of resources and the Endara government was not yet really functioning. As time went on more and more solutions were found in Panamanian government actions, and the US role was reduced. Of course Endara and his colleagues expected the U.S. to lift all sanctions and return to a normal situation. Probably they also expected economic assistance of an emergency nature given the chaotic situation they inherited. They felt some reimbursement for war damaged and looted property would be just.

*Q: Loans from Ex-Im Bank became possible?*

BUSHNELL: All the normal US assistance and financing programs for developing countries became available to expand the economy in the medium and long term. However, we barely began addressing basic economic development issues before I departed in mid March. As I already mentioned, we began immediately on December 21 spending a lot of DOD funds in support of the combat operation. Putting up tents and feeding displaced people in the stadium used some AID emergency supplies, but it was largely a DOD operation and DOD funded for some weeks. During a military operation such as Just Cause, the military can do lots of things and spend money for lots of things which they can't do in normal times, because anything that furthers the operation and reduces casualties is part of the operation.

For example, I was able to get the military to repair completely and even expand the civilian telephone system. We began fixing the telephone system when we went into the Congress Building on the second day after the attack. We found most of the phones didn't work. How can you run a government with two working phones? Sure enough, Thurman had teams of military and contractors who maintained the phones on the bases, supplemented with a lot of communications people who had arrived with the attack force. The first night Thurman's telephone experts and their numerous security escorts increased our two working lines in the Congress to 60 lines, and they promised 600 lines in a couple of days. As we inspected other government buildings in the first week, the explosives experts eliminated the booby-traps and the

communication folks got the phones working. Other military arranged for repair of the doors, windows, roofs, air conditioning, and electrical systems that were found damaged either by the military operation or by the neglect of the Noriega government. In many cases the phone work had to be done at the central and switching stations; the fact that the Panamanian civilian phone system was integrated with our base systems and the Canal system meant that, not only did our people have long experience on the system, but also the supplies and equipment stored on our bases worked in the Panama City system. Similarly DOD financed repairs and clean-up at the main airport and at numerous other facilities. In addition, DOD paid, often in cash, for damage directly caused by the operation to private property, including payments to many of the embassy's neighbors whose property had been used to enhance embassy security.

While we continued in operation Just Cause, until toward the end of January, we were able, using the US military, to do a lot of things to get the economy going again. I had daily meetings at first, then every-other-day meetings, with a large group of military officers headed by a general officer responsible for coordination and civil affairs. Most of the civil affairs support for the government and the economy went smoothly; my group spent most of its time on difficult unresolved issues. For example, we were continually threatened with the FAA shutting down the main airport because the fire trucks were in such poor condition. On the first or second day of the operation Thurman had moved some military firefighting equipment from the bases to the airport. But this equipment and its personnel needed to be returned to the bases. One Panamanian fire truck, as I recall, had been damaged by shooting; the military promptly flew in repair parts and fixed it. But other fire trucks were just worn out and neglected by the Noriega government. They needed new motors or new transmissions which were hard to find because the equipment was so old. DOD did not get the repair parts ordered before Just Cause ended. Then the issue was who would pay the thousands of dollars for the parts. This issue came up at numerous meetings; I got DOD to try to find surplus parts in its inventory, but this route only solved a small part of the problem. Finally someone in the Panama government came up with the money.

Another difficult issue was the chemicals for mosquito control – a vital health issue in the tropics. Because the Noriega government had been short of funds, it had not ordered the usual supplies. Moreover, all spraying had stopped about October. There was an urgent need to get the spraying program moving. People and even some vehicles and spray equipment were available in the Health Ministry, but the government had no money to import the chemicals on an expedited basis. I arranged for the military to extend their base spraying programs to many neighboring areas, but our military did not have the capacity to cover the entire urban area. I recall a couple of meetings with the Health and Finance Ministries and with the representatives of the Panamanian Health Organization, which was instrumental in locating supplies of the needed chemicals ready for immediate shipment, but I don't recall exactly how the financial problem was solved. We also allocated some of the pickups arriving from Germany for the spraying program. There were many such issues in getting the government going after the years of Noriega mismanagement and the disruptions caused by the attack.

*Q: On what major issue do you think you personally made the greatest difference?*

BUSHNELL: Without doubt the biggest and most important long-term issue on which I was the fulcrum was the decision to abolish the armed forces, making Panama only the second Latin

country without a military. Of course the purpose of Just Cause was to destroy the Panamanian military which was the tool used by Noriega to control the country and the drug business. The assumption in the US military was that we would reconstitute, train, and probably equip a new military to protect Panamanian national security and defend the Canal. In fact the military had been identifying so-called “good” officers in the Guard to be the core of such a new force. CIA had been working with some exiled officers with the same end in mind. Needless to say, I did not have much confidence in the military’s or CIA’s ability to identify “good” officers given their long history of working with and being used by Noriega. On the Panamanian side there had been little thought on the military issue. Certainly the new government and civic action groups did not want a military that might ever again hijack democracy, but most Panamanians, like most Americans and other Latin Americans, seemed to work on the assumption that countries have military establishments, much as they have a currency, a flag, courts, and foreign embassies.

I was not aware of any real discussion of a future Panamanian military in Washington; in part the issue did not arise because under any scenario except Thurman’s new attack plan, which few people understood, there would be a substantial military force left standing at the end of the day in Panama. I had much in mind the difficulties the Argentine government had had in controlling its defeated military and the much less tense situation I had experienced in Costa Rica where there was no military, only a national police. However, I had not spent time on the issue of the military under a new government. My first discussion of this issue with the new leaders was the night of the attack. Someone asked what we would do with military who surrendered. I explained the plan to have a big outdoor prison not far from Howard Air Base where prisoners would be processed and held. I asked what Endara and company would like us to do with the military personnel. Ricardo Arias said there should not be any problem in letting most of the low ranked soldiers go home as long as they were relieved of all their weapons. Others thought worrying about defeated military was low priority. Soon we were into the urgent business of reconstituting a police force. In these discussions I could see that giving back a weapon even to former traffic police was a matter of great concern to the new government. In fact Arias insisted for a long time that we not give any policeman a weapon, even a pistol, without his personal approval. The policy of the US military was to confiscate all weapons found, military or civilian; later our military even offered a buy-out program, paying money for any weapon turned over. This program mainly served to give a little support to the economy since almost all the weapons purchased were junk.

During the first week Thurman asked me what we should do with the large volume of captured military equipment and munitions. I asked if we had the right to take it as the bounty of war. He checked and said yes. I talked to Endara, Arias, and Ford. Ford said maybe the new government could sell the war material for needed money. I asked if Panama really wanted to supply the arms blackmarkets of the world, and Arias and Endara both said absolutely not. Keeping the arms out of the hands of undesirables in Panama and elsewhere could have become a big problem. Good. I told Thurman to load all the arms including the armored personnel carriers, which the Panamanians considered tanks, on the ships then lined up bringing in supplies for our military and take all the war material away, except for weapons which would eventually be appropriate for the police.

During the second week of the operation I called an evening meeting with Ricardo Arias and Thurman to discuss where we were going on a new Panamanian military. The most immediate question was what should be done with military units in distant rural areas, particularly along the Costa Rican border. These units had all surrendered. Special Forces soldiers were present with them; senior officers had been sent to our prison camp.

About Christmas the three top leaders, some of their cabinet, and myself and my security moved from the base to a high rise apartment building in Punta Portillo, an upscale apartment area near the in-town airport and the bay where, incidentally, the Nunciatura was also located. The Ford's apartment was in the building, so they went home and hosted Endara. Pat Perrin, the embassy labor officer, had an apartment in the building, and she hosted Arias Calderon and his family. The embassy had another apartment in the building; the resident consular officer was on leave in the States, and we had to use a locksmith to get us in; my security officers and I used this apartment, making the fairly small dining room our evening conference room. The military provided exceptional security for the building. For about a week we met every other night in this borrowed apartment. Thurman was usually joined by a couple members of his staff, and Endara and Ford often joined us. The other nights I went without the new government leaders to Thurman's headquarters or to one of the operational headquarters on a base for coordination meetings often running well into the night.

Throughout our three or four meeting on the future Panamanian military I tried to focus the discussion on determining the threat a Panamanian military would be expected to meet. There was concern about terrorists or smugglers who might try to damage the Canal or other facilities. Such a threat seemed to be a police problem, perhaps with some sort of police elite swat squad that could deploy against individuals or small groups with heavy weapons. Such a squad would not need to be more than a couple of hundred men. It was soon clear to me that there was no need for a Panamanian military and Operation Just Cause had given Panama a unique opportunity to get rid of its military institution for good. I mentioned the example of neighboring Costa Rica. Arias quickly adopted the Costa Rican model. He argued Panamanian politicians had been prevented from truly developing Panama for all its history by the military in alliance with one or another local or foreign group. Ford liked the budget savings but seemed to think a military establishment was necessary to coordinate with the US military. I commented that our coordination seemed to be working exceptionally well at that moment without any Panamanian military in the room. Endara did not seem to have a position for the first couple of meetings. Thurman would outline various ideas for a much smaller military under civilian control. We discussed this issue intensively for three or four meetings, maybe a total of eight or ten hours.

The Treaties call for US defense of the Canal even after December 1999, and the US military has long used defense of the Canal as a main reason for our bases in Panama. When I was working on Panama in ARA in 1978-82, I had several times raised the question of what we were defending the Canal against. I would say I didn't see that the bases protected the Canal against Russian intercontinental missiles. The usual reply was against an attempt of Cuba or some other rogue country to damage or occupy the Canal or against terrorists. Since the Treaties placed us in a phase down posture and the bases were useful for training Latin Americans and supporting other operations such as emergency relief hemisphere-wide, I never made much of an issue of defending the Canal. Of course in the past couple of years the US military had in effect been

defending the Canal against the Panamanian military and Noriega. Before the Treaties the biggest threat was the Panamanian people. Our military had even killed a few students who stormed the Canal Zone. Now there was a Treaty, and the Panamanians were soon going to get the Canal, so does anyone need to continue protecting against Panamanians and would a new Panamanian military really protect against Panamanian students or other activists?

*Q: Does the US military just feel more comfortable with other militaries?*

BUSHNELL: Yes, but look where that got us with Noriega. The military had long believed it was a priority to train a Panamanian army to protect the Canal beginning in 2000 when the American forces withdraw. Then the Panamanian military would be the first line of defense against whatever this imaginary threat might be. One of the great dilemmas in our whole Noriega policy was this great thrust in the American government to train and improve the Panamanian military at the same time that we were virtually at war with the Panamanian military – Noriega's troops. All through the 1980s there was an intensified training program for the Panamanian military, preparing them to replace the American military, at the same time that our relationships with the military government were deteriorating and our troops were even loading and locking facing their troops. It's somewhat a commentary on the difficulty Washington has seeing underlying problems and trends that, as far as I could identify, nobody in Washington had ever really addressed the issue of identifying the threat against which the Treaties, our forces, and friendly Panamanians might protect. Thurman developed a plan that would take down all the main Panamanian military forces, but no one in DOD or State even thought about a plan for what would happen with a Panamanian military thereafter. Perhaps everyone assumed we would play a major role in training a new Panamanian military so it would not be a problem without remembering that we had played a very large role in training the military that was such a problem in 1988-89.

Thus it fell to Thurman, Arias, and me in our little evening working group to decide what, if any, military Panama would have in the 1990's. With a decent police force, which we were planning to develop, I couldn't see any threat that required a military. Of course permanently eliminating the military didn't set too well with General Thurman, although I must say that he was prepared to think about it. His staff was totally aghast. I think they were so shocked they did not think it could happen and thus did not rush for Washington support for a new Panamanian military based on their "good" guys. I had a couple of private discussions with Max Thurman during this decision week. We agreed any Panamanian military should be shaped to meet likely threats. He quickly agreed that terrorists or political activists were more appropriately handled by a police swat group. He said military should meet other military. I said this is a peaceful hemisphere. Panama is protected by massive jungles from Colombia, and its other border is Costa Rica which has no military. Finally I pointed out that Panamanians might argue they needed a military to give them leverage with the United States, for example to assure we turned over the Canal on time. However, I said neither he nor I should touch such an argument, and our friends were not making it. In fact they clearly preferred the US military to any Panamanian military they had ever known. Moreover, I said Thurman's brilliant plan had just demonstrated how effectively and quickly we could come to the defense of the Canal if we ever needed to in the future. Before the week was out, Thurman agreed and concentrated the efforts of his staff on developing a plan for a police swat force, which I agreed could number four or five hundred.

Arias got his side on board. I shall never know whether Arias or I first came to the radical conclusion that Panama needed no military. I had decided not to communicate with Washington while we were considering this issue because I knew this issue would cause great humming of bees and great disagreements within departments and between departments; we would get no guidance except to stall, and we needed to make decisions. We had to do something with the prisoners who did not want to join the police force. The exiled officers were eager to organize a new army and get hold of weapons. Thus in three or four meeting during less than a week our little five-man working group, President Endara, VP Arias Calderone, VP Ford, General Thurman, and myself, decided Panama didn't need a military and we would disperse the military personnel that were not suitable for the new police force. To this day there is no military in Panama, and the Panamanians are proud of their peaceful credentials, not to mention all the money they have saved. Even when the Torrijos/Noriega party later won the presidential elections and control of the Congress, it did not reestablish a military, although some more heavily armed jungle or border police have been added to work on security along the Colombian border where Colombian guerillas have sometimes come into Panama.

Once we had made the decision, I drafted and sent a limited-distribution cable to Washington, laying out the decision and the rationale. I said little about my role or General Thurman's. My friends in the State Department told me by phone, "This is explosive, difficult, impossible. All these years we have devoted all this effort to defending Panama. Who's going to defend it in 2000?" I suggested we had planes, ships, and Treaty rights beyond 1999; we showed we could have a lot of forces in Panama very quickly. We landed 12,000 shooters there in an hour. I was much later told a sharp cable ordering that a new military force must be established was drafted in Defense and sent to State for clearance but then withdrawn because, according to the rumors, when the issue reached Secretary Cheney, he said, "What! You want another Noriega?"

*Q: You have talked about the manning of the State component of the embassy. Did you have personnel from USIA, CIA, and other agencies?*

BUSHNELL: The AID office had basically been closed. We had only a small Panamanian staff in the AID office. Because Panama was a relatively rich developing country, there was little justification for a bilateral assistance program except for some training grants. We had one senior military attaché, Colonel Layton Dunbar, who had a small American staff. This staffing was an anomaly because the attaché was not allowed to have any relations or do any business with the Panamanian government while SOUTHCOM did all kinds of business, including training, with the Panamanian military every day. Dunbar tried to maintain contact with the few attachés of friendly countries who were also snubbing the local military. Similarly the small Military Group had little to do; its couple of officers had been moved to live on the bases because their positions had been cut to come down to the 60 ceiling. We had one American in USIS, Bill Barr, and usually one TDY USIA officer present. The Panamanian employees in USIS were exceptional; they were highly motivated to work against Noriega, and they turned out a tremendous amount of work, mainly publications and press releases – the free press of Noriega's Panama. The intelligence presence was substantial for a small country where many intelligence agencies also had large offices on the bases, and they had large numbers of TDY personnel. DEA, Customs,

and INS had closed their offices to meet the policy and the ceiling, although DEA had several officers attached to SOUTHCOM, including those who finally arrested Noriega.

*Q: Ambassador Davis wanted to come back to Panama all through the period before the attack?*

BUSHNELL: He told me in Washington, when I was preparing to go, that he was eager to get back. He had been living with his daughter in nearby Virginia for several months with little to do. As a political ambassador he found it hard to fit into the work of the Panama desk although this was an overworked small office. But he recognized that we were trying to keep other ambassadors out of Panama to keep the pressure on Noriega – a tactic he supported – so of course he could not go back. I do not believe he played any role in selecting me as his DCM; I had met him earlier while he was ambassador to Paraguay, but I did not talk with him in 1989 until a couple of weeks after I had been selected to be chargé.

*Q: Did he come back in January?*

BUSHNELL: No, he came back in December. He arrived back the Friday morning after the Wednesday attack, the same day that I was in the battle at the Traffic Building. In fact when my convoy of vehicles came under heavy fire, Ambassador Davis, who had arrived in country a few hours earlier, had just departed the embassy to go to a military commissary to restock the residence. He also had two DS security agents with him, and there was considerable chatter on the radios as my agents advised his agents to take him back to the embassy or at least to stay far away from our location. His return was convenient for me because I was so busy with the new government and our military that I had had almost no time to work on getting the embassy back in operation. He provided leadership at the embassy so I did not have to squeeze in time to make sure it was recovering. In fact the consular officers and others in the embassy did a great job of handling a couple of difficult American hostage situations and in working with the task force in State to locate American citizens and others for whom there was great concern. Ambassador Davis directed these activities.

*Q: This is Thursday, December 10th. John, I think we're about to conclude our discussion of Panama. Would you have any further comment about Panama before the time of your departure?*

BUSHNELL: I guess we should finish the story on why I left quite soon. I was told on December 21 that Ambassador Davis was coming back briefly but I would then be named ambassador to Panama. A couple of days later I was told during one of my frequent phone conversations with the Panama Task Force that a full package of appointment papers had to be completed immediately.

*Q: For the ambassadorial nomination.*

BUSHNELL: Yes, they wanted me to do a full package even in the midst of the crisis – a current financial statement, a new form for a security investigation, a list of my publications, and all the many pages of documents required by law and mainly informally by the Congress. On Christmas evening I called my wife and explained what was happening and what papers she should begin working on. The next day I asked Dick Wyrough, the Panama Country Director, to have



members of the Panama task force work with my wife to complete the paperwork. To this day my broker reminds me that he worked on New Years Eve to complete the financial statement with the year end values.

Then Larry Eagleburger, the Deputy Secretary, called me between Christmas and New Years and said they'd been thinking about my appointment and they really wanted somebody as ambassador who could take the lead in getting an AID program for Panama through the Congress since it would require separate emergency legislation. Thus they wanted to move Deane Hinton, who had been ambassador to several countries, from Costa Rica where he was ambassador to Panama and then send me to Costa Rica. Larry said San Jose would be a great retirement post. I said I thought that was not a bad idea because I don't think people that go through a crisis should stay too long in the country. One becomes too associated with the crisis. Yes, one may have exceptionally good personal relationships with the new government, but there are certain to be quite a few people who will want to blame you for whatever goes wrong. Moreover, I had been quite high visibility and thus could be a target for any crazy Noriega supporter who was determined to get some revenge. DS had recommended that I leave Panama as soon as possible.

*Q: Besides, I think San Jose would be a welcome relief.*

BUSHNELL: It would certainly have been a welcome relief; four hours days are much more restful than 18 hour days. Then Larry said they would do both moves as emergency recess appointments while Congress was out for the holidays. I said, "That certainly makes sense to get Hinton down here and working on the AID package immediately because we want this Congressional legislation in February, but do you really want me to leave immediately and go to Costa Rica?" He said, "No, we want you to stay until Deane is well settled." I asked, "How are you going to justify the recess appointment if I'm not going to Costa Rica right away?" He said, "Well, I guess we can't do that. We'll have to just process you normally."

*Q: All this was in a telephone conversation?*

BUSHNELL: Yes, it was in a five or six minute telephone conversation in a backroom at the press briefing center where I was in the middle of a press conference. I was called out of the press conference to talk to the Deputy Secretary, and then I immediately went back to continue the press conference. It was a press conference where I may have announced something that turned out not to be true. Just before I went to the morning press conference, General Thurman told me that they had just captured Michael Harari. Harari was a former Mossad agent, if there is such a thing as former Mossad. He had been a close friend and associate of Noriega for many years and had served Noriega in many ways. He had trained Noriega's security people in the early 1980's; he had supposedly been involved helping the contras when Noriega played all sides in Nicaragua; about 1985 Noriega sent him as honorary Panamanian consul in Jerusalem. He was often in Panama and was reportedly a Noriega link to several intelligence services. Some in the press believed he was the eminence gris behind Noriega. Certainly he had done many good deeds for Noriega; just what, if any, links he had had to US intelligence I never knew, but by the mid and late 1980's he was clearly no friend of the United States. We had been after the Israelis to stop his activities. They claimed he was retired and thus out of their control.

I was delighted to hear we captured him and asked if I could announce the capture as I had reluctantly agreed to do this press conference although I had no real news. Thurman said, "Sure." I had no idea what we or the Panamanians would do with Harari; at least he would not be able to help Noriega escape from the Nunciatura where he was by then. In the course of the press conference I said that we captured him. That was big news all over the world; the Americans captured Harari, Noriega's closest intelligence advisor and formerly Mossad. It turned out by the end of the day we didn't have him. The story I was given, of which I'm more than a little skeptical, was what we captured was his driver, and we thought it was Harari himself at first. We may have captured him, and he convinced our military officers that he was his driver, or perhaps it was a matter of intelligence courtesy that he departed the scene. Anyway we ended up not having him, which was a little embarrassing because I had announced that we had captured him. Thurman was mad, but he told me he never could get to the bottom of this incident. It was during that press conference that I was called out to speak to Eagleburger and learn I would not be staying in Panama. Perhaps my career would have had better late innings if I had kept quiet and allowed an interim appointment to Costa Rica to move ahead. I could have gone to San Jose as soon as Deane departed and presented credentials and then come back to Panama for a couple months. I stayed in Panama until the middle of March while Deane Hinton was able to staff up the embassy and get a replacement for me. I departed on a Friday to begin the FSI ambassador's course on the following Monday.

*Q: Hinton arrived in January?*

BUSHNELL: Deane arrived in January and then soon went to Washington to work on the AID request; then he went back to Costa Rica to close out there, so I was charged much of January and February before he arrived with his family the middle of the month. I continued to do a lot of the coordination with the military and the new cabinet after Deane's arrival; by the time I left there was much less of this coordination to do and most things had returned to normal.

*Q: You had known Hinton before?*

BUSHNELL: Oh yes, I had known Deane for many years. I first met him when I was economic officer and AID program officer in Costa Rica in 1965 - 1968 and he was AID mission director in Guatemala. During that time we were two of the three members of a US task force looking at how the tax system in Central America could be improved and standardized, and we had several meetings. For part of the time I was on the NSC staff he was on the White House Economic Council. When I was in Treasury, he was for a time ambassador at Zaire. We at Treasury consulted closely with him and encouraged him to stand up against corruption, which he did and promptly got PNGed [declared persona non grata] by the Zaire dictator. When he was going to El Salvador as ambassador in 1981, he asked Chuck Cooper and me to join him for lunch to discuss how one uses supporting assistance to move a war economy forward based on our Vietnam experience. I told him I had been trying to use our assistance to build infrastructure projects and not just pay government salaries as we did too much in Vietnam. Then, of course, he was Assistant Secretary for economic affairs. So I knew Deane fairly well, although we had had a major disagreement just a few weeks before he was assigned to Panama.

*Q: What was that about?*

BUSHNELL: Personnel. The economic counselor in Panama as well as other senior officers wanted to leave, so I was desperately looking for replacements. No one was available outside the normal assignment cycle. Because Panama was a national priority and State's inability to staff even the few positions it had within the 60 ceiling was embarrassing, the Director General of the Foreign Service promised me he would break assignments if I could find officers willing to move to Panama. I tried to recruit several officers, but no one wanted to come to a tense post where no family could accompany and officers could not even bring in cars. I asked personnel for a listing of tandem couples, both spouses working in the Foreign Service, as I thought a tandem without children at home might be attracted to Panama and I had enough openings that I could probably place both spouses and solve two of my problems. Then I thought of John Dawson who was economic counselor in San Jose. I knew John's work was excellent as he had been in the economic section in Buenos Aires for three years, and he was married to Susie Dawson who had been my secretary in Buenos Aires and had also been a secretary in the ARA front office when I was there. I called John in San Jose and asked if I could persuade him and Susie to break that assignment and come to Panama. The Dawsons do not have children. John said he would be interested but only on one condition. I needed to get Susie back in the regular Foreign Service. During a previous assignment to USUN Susie had needed to take time off to care for her dying father. She asked for six months or so leave without pay; her request was denied, and she was forced to resign from the Foreign Service to care for her father. After her father died, she wanted to come back into the Foreign Service to continue working as a secretary wherever John was assigned. She had been trying for two or three years to get back into the Foreign Service without success although Hinton had her working most of the time as a special temporary hire in his office.

ARA checked on Susie's status and said all the papers were complete and in order but the rehiring had simply bogged down in the personnel bureaucracy. I then called Bill [William Lacy] Swing, the senior DAS in Personnel, and said I had a package that would solve two staffing problems in Panama. If Susie were rehired, she would take one of the two front office secretary jobs and John would come immediately as economic counselor. I asked Swing if he could make these personnel moves happen. He said he did not see why not as the Director General, Perkins, had promised to break assignments.

*Q: Who was this? William Swing?*

BUSHNELL: Swing was just leaving to be ambassador in South Africa. Earlier he had been ambassador in Nigeria and other African posts – one of the Foreign Service's most experienced ambassadors. He was the number two in the Director General's office. He called me a few times in the course of working the Dawsons' assignments to Panama. He told me a quite incredible story about getting Susie rehired. He went to the civil service official who processes the hiring of secretaries. The personnel officer said she had Susie Dawson's file but she was not processing it. "What's the problem? She'd been a Foreign Service secretary for 12 years or something. What's the big deal in processing her rehiring?" This person said, "I only process when I have three or four to process, and I only have two. I'm waiting for three." Bill explained the situation and said, "Please process Dawson now." She said, "No, I'm not going to process her now." Bill said,

“Well, I’m not leaving your office until you process her.” He said he sat there for about two hours. Of course even having the big boss come down to the worker bees’ offices was a substantial event; I imagine those in surrounding offices really wondered what was going on. Finally the bureaucrat processed the papers, and Susie was rehired within a week or two.

Although I offered to call Deane Hinton and tell him I was stealing the Dawsons, John wanted to tell Deane that he was leaving himself. Deane soon called me on the phone, really mad. After using some words which I won’t repeat here, he said this situation was absolutely unacceptable; I was stealing away his economic counselor and he would not get a replacement for probably six months. I said, “Well, Deane, you’re a good economist. You can do without an economic counselor for six months. You’ll just have to do a little more work.” Oh, he was ranting and raving, “Stealing my secretary too. You can be sure I’ll never speak to you again.” I said, “OK” and proceeded to arrange for the Dawsons to come right after New Years. I told economic counselor Ed O’Donnell he could leave about Christmas eve. By the way, Ed unfortunately had his household effects packed and in the warehouse next to the Traffic Building which was completely burned during the battle I was caught in. Then, of course, Deane Hinton was transferred to Panama to be my boss for a few weeks. The Dawsons arrived before he did. I was then supposedly going to San Jose which now had no economic counselor, so the tables were turned and I would have the extra work.

I met Deane at the airport with the Foreign Minister who drove us back into town. But at the first opportunity when we were alone, Deane said, “John, I owe you one big apology. If anybody’s not going to speak, I guess you shouldn’t speak to me.” I said, “Forget it. We both know you would have done the same thing, and I would have been mad as hell.” Once I got back to Washington in March I went to work recruiting an economic counselor for San Jose. Most assignments had already been made for the upcoming summer so there were no good candidates. As I recall, I finally engineered a switch to get someone out of a department assignment a year early. Of course, I then ended up not going to San Jose myself. The poor DCM in San Jose, J. Todd Stewart, ended up not only having to fill in for the missing economic counselor but also for the ambassador for even more than six months. Fortunately, San Jose is a fairly quiet post.

*Q: And your family had been back in Washington all the time you were in Panama?*

BUSHNELL: No. When I went to Panama in October, dependents were not allowed; thus the 60 ceiling on embassy personnel meant just 60 American souls in country. I joked that the Department had a new incentive policy. I needed to get Noriega out of Panama so I could bring in my wife. A couple of weeks before Christmas, when I had arranged a schedule so all State embassy employees who wished to could spend a couple weeks with their families in the U.S. over the holidays, Thurman asked if I was going to see my wife. I said no, fortunately I had not yet been away too long. He said he would invite her to Panama and bring her down and back on his aircraft; we could stay on the base so security would not be a problem; in fact I would then be spending nights on the base which would improve my security. I checked with Kozak and Wyrough, and they saw no problem. We were proceeding with this plan when Just Cause intervened. By the end of January after Just Cause had ended and the security situation had stabilized, we recommended dependents be allowed to return. We wanted to build up the embassy staff, and recruiting was much easier for a normal post. Panama was quite family-

friendly because the good DOD schools were available as well as the commissaries. The Department approved by mid-February, and Ann then came to post even though we knew we would be leaving in a few weeks. Fortunately, we did not give up our house in McLean, so when my preparations for Costa Rica turned into many months not a few weeks, we were still comfortably in our house.

**STANLEY ZUCKERMAN**  
**Director, Latin American and Caribbean Affairs, USIA**  
**Washington, DC (1989-1992)**

*Mr. Zuckerman was born and raised in Brooklyn, New York and educated at the University of Wisconsin. After service in the US Army, followed by newspaper reporting and a position with the Governor of Wisconsin, he joined the USIA Foreign Service in 1965. He subsequently served as Information, Press and Public Affairs Counselor in Congo, Belgium, Mexico, Canada and Brazil. He also had several senior level assignments in Washington at USIA and the State Department. Mr. Zuckerman was interviewed by Charles Stuart Kennedy in 2004.*

*Q: OK, today is 7 September 2004. Stan, 1989. What does being the director of Latin American and Caribbean affairs mean in USIA terms at that time?*

ZUCKERMAN: Well it means being responsible to the director of the Agency for our programming and our personnel in 27 countries in the area. As I remember, at that time we had well over 120 US officers at posts in Latin America and the Caribbean, and more than 600 Foreign Service nationals. The total budget was about \$33 million. The posts ranged from huge ones like Brazil and Mexico, where we had in Mexico about 20 Americans and in Brazil at the time about 24 or 25. They were working at multiple posts, seven posts in Brazil and three in Mexico. At small posts like Surinam and Guyana we had one American and a couple of FSN's. But it was an extensive region with varied problems, requiring a good deal of travel, and I think it gave me a very different perception of the realities than you get while working in Washington.

There you are involved in a lot of policy discussions at State, but can easily lose track of what is happening on the ground. In USIA, even in Washington, we had some tools that would allow us to really interact very directly with the posts. We didn't have a large enough operation to assign a single desk officer for each country, so each of our people were responsible for multiple posts. But they were interacting on a daily basis with most of their posts, answering questions, giving the support from Washington they needed in the field. The Agency had a system requiring annual country plans in which the posts would relay to Washington an analysis of the state of our relationship with the country they dealt with, the problems facing U.S. policymakers in that country that we could help them respond to. Then the posts would list, in priority order, the kind of responses that we could make that would help make American policy better understood, by achieving contact and influence if possible with the people who made the key decisions that affected that nation's response to American policy.

Our best tool for rapid reaction was WorldNet. It was a reasonably new tool, introduced by Charles Wick when he was director, in which we could have satellite contact with the major embassies and posts in the world. That meant a large investment in hardware, not only securing transmission contracts on the appropriate commercial satellites for use in the different parts of the world, but also having the means of downloading those transmissions, which required an antenna of varying sizes depending on the proximity and the access of that post to a good signal from the satellite. The result of the use of this tool was to allow us to bring journalists or other opinion leaders into a venue, typically a media room in the American center or the consulate or the embassy, and give them the opportunity to hear a statement from an American figure, one usually but not always a governmental official, and then ask questions of him or her. If necessary, we would use a translator either at the Washington end or at the receiving end.

Now this technology could be used in a variety of ways. One was as a form of distance learning, where you have a seminar when either the speaker is not available to travel or you don't have the resources to bring one to the post. In many cases a speaker could be made available to more than one post at a time, particularly where there is a fast-breaking event that requires immediate explanation of our action. There were a number of occasions in which this was very valuable. The one that comes to mind immediately was the crisis situation in Panama in which then President Noriega was expected to make a major statement affecting our accusation that Panama was a major transit point for the shipment of illegal narcotics to the US. As I remember he was to address the Panamanian people over a holiday – I think it was Labor Day here, and we wanted our position made clear before he spoke. Mike Kozak, who was then a State Department attorney who was assigned to work in the Latin American Area, was a very bright guy, spoke good Spanish, and he agreed to a series of short interviews of 10 or 15 minutes each, that we would do directly with press or television in about six different countries in Central America and a couple of major South American capitals. It worked spectacularly well. We got coverage all over the region, and demonstrated that we could use the speed of that technology to deal with a foreseeable problem. You could take the wind out of an event that might otherwise trouble us for a week or a month, trying to catch up with and explain what happened after it happened.

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*Q: Let's turn to Panama. When you arrived, what was the situation particularly with Noriega and all that?*

ZUCKERMAN: This is hard for me to remember because for a long time Noriega was one of our favorites, despite his corruption, until he ran afoul of our concern about the growing drug problem. It wasn't long into my tenure that in the middle of the night I got a call saying that we had gone in with military force. I had to call the then deputy director, Gene Kopp, wake him up about two or three in the morning. He wanted to know why we weren't given a heads-up by State. It was an embarrassment for me, but all information had been very closely held. Edward R. Murrow once said to his counterparts at the State Department when he was director of USIA: "You have got to let us in on the takeoff and not just the crash landing." And that was never truer than in this instance. Certainly the invasion of Panama was having repercussions all over Latin America. We just played catch up. We got someone before dawn over to the task force, and had someone on that task force throughout that crisis. It was not that difficult a public affairs problem

within Panama after it was over because Noriega didn't have that great a following in his own country. It was a plutocracy and everybody knew it. I don't know how much better off it is today, but presumably the drug matter is somewhat more under control. Drugs were the issue as far as we were concerned in Panama, but also in many countries in Latin America where drugs were either grown, manufactured, or transported,

*Q: Could you do anything to respond to the problem?*

ZUCKERMAN: In most places we were aiming our efforts at the widespread phenomenon that countries involved in the drug trade inevitably found the epidemic spreading to their own children. In Brazil, before I arrived there and while I was there, the post had developed a strategy of enlisting the efforts of the wives of state governors to head a campaign warning young people of the dangers of drugs. The program was started by our post in Sao Paulo, and they got a number of governor's wives involved to good effect. But nonetheless, drugs were flowing into Brazil, at that time, from Bolivia, and found their way throughout the country. Rio was probably the most affected. There were materials produced in USIA which reflected the same theme – handle the stuff and your children will suffer – but in truth, I don't know how much an effect our efforts achieved.

Another effort we made was to enlist the energies of the governments of the Andean and other countries, but first of all the Andeans, in coordinating our information efforts to curb drug use. I think we succeeded in five countries in signing memorandums of cooperation between our government and theirs. Peru and Colombia were the first to sign, and several others came along later. It was not a transformative undertaking, but we were able to help them by sending our materials to them in Spanish so that they could use them as a basis for their own campaigns, modifying them to address their own situations more precisely. We also used speakers from the appropriate US agencies, either as traveling speakers or on WorldNet, to bring audiences of professionals in the field up to date on what our thinking was on how to turn the tide. But the DEA and others responsible for the effort were in very close contact with their counterparts abroad, so we didn't try to program to the professionals.

**FREDERICK A. BECKER**  
**Deputy Chief of Mission**  
**Panama City (1999-2002)**

*Frederick A. Becker was born in Missouri. He graduated from Washington College in St. Louis, and Berkeley and Claremont Graduate Schools. After entering the Foreign Service in 1975, his postings abroad included Bucharest, Brasilia, Quito, Panama City, and Managua. He was interviewed in 2004 by Charles Stuart Kennedy.*

BECKER: In December 1998 WHA held its annual chiefs of mission conference at the conference center in Lansdowne, on Route 7 near Leesburg. All of the chiefs of mission in the

hemisphere were assembled for the 1998 edition. I got a call one day from the WHA executive director, who said, "Rick, we've got a problem. We have a newly minted political ambassador and he has been unhappy with every single DCM candidate that we've put before him. We've put about a dozen names in front of him. I don't know what to do. Would you interview for the job?" I replied, "Look, I haven't even gotten my bags unpacked from Nicaragua. I've been here for three months. I have family considerations. We're just getting comfortable in our home." I didn't tell him that the job was somewhat less than I aspired to, but he convinced me to drive out to Lansdowne and talk to this ambassador. The man had been a real estate lawyer in Florida and head of the state Democratic Party that had delivered Florida to Clinton in 1992. He was now ambassador to Panama. I talked with him. He was intelligent, personable and seemed genuinely respectful of the professional Foreign Service. He seemed eager to take hold of his new responsibilities, rather than merely occupy a sinecure as some in his situation would be. I was impressed with him, as apparently he was with me. A few days later I got a call offering me the job. I turned him down for the same reasons that I gave our executive director. We'd gotten resettled in Washington. Yes, I knew Panama very well, having served there a decade earlier, but I wasn't prepared to go back, or anywhere overseas at this juncture. "Thank you, but no thank you." When I told my wife about this exchange -- I had already briefed her on the Lansdowne interview -- we commiserated a little bit about the opportunity and agreed we made the right decision.

Two months later, in February, I got a call again offering me the job. He'd gone through yet another dozen candidates without finding the deputy he wanted. He decided for whatever reason that he still wanted me. So, by then my wife had fallen on the ice, broken her elbow, and we were thoroughly disenchanted with winter in Washington and my daily commute to the Department from suburban Virginia. We were also thinking of my job in PPC, which was not getting any better in terms of creative or management challenge. Even though the name of the office was Policy Planning and Coordination, we did very little policy planning, but we did an awful lot of coordination. We were the ones who responded when the WHA front office snapped its fingers needing a speech or a briefing package for a visit or the assistant secretary's travel. I decided there was probably someplace in the Department I could be a little bit more useful, and so I accepted this second offer to go to Panama as DCM. Eleven months after having arrived in the States, we were back overseas again.

*Q: Who was the ambassador in Panama?*

BECKER: The ambassador's name was Simon Ferro. Simon, or in Spanish *Simón*. He's a Cuban-American from Miami. He seemed very well plugged into the political and business communities. He had been on the board of the Overseas Private Investment Corporation (OPIC), and he had a great deal of interest in trade and investment issues. As I later found out, he was rather clueless for a political appointee about Washington power politics. He didn't know a lot of the players on the national scene. He was coming out of Florida, which had its own rough-and-tumble political environment. Bill Clinton had tapped him to be ambassador to Panama, a pretty important country commercially, and he was arriving in time to oversee the turnover of the canal to the Panamanians and the launch of a new era in U.S.-Panamanian relations. There was an historic quality to it. When I left Panama the first time in 88, I had told my wife and some colleagues casually, "I have no desire to serve in Panama again. But it'd be nice to come back for



a short visit and witness the end of the treaty process and see the canal officially turned over.” I didn’t realize I’d end up signing on for three more years just for that privilege. But that’s where I found myself as DCM to a political ambassador, and with this transition as our first major responsibility.

*Q: You were doing this really from '99?*

BECKER: Summer of '99.

*Q: To?*

BECKER: To 2002. It was a three-year tour.

*Q: Did you get any feel for what was the problem? I mean the man had looked at 24 or so DCMs.*

BECKER: I was clearly suspicious as to why he was so exacting or unhappy with the other candidates, and my informal research shied away from asking one of those candidates where their chemistry fell short. What mattered was that Ferro and I hit it off well on both a professional and a personal level. He did not have the personality of a micromanager or taskmaster, and I thus put my initial suspicions aside. I had served political ambassadors as well as career ambassadors before, good ones and not so good ones in both categories, and wasn’t intimidated by the idea of working for him. That I had served in Panama before was obviously a plus in his mind, as well as the fact that I had been a DCM before. That I had done economic and consular work as well as political work during my career may have given me the edge. I guess I was as close to his ideal candidate as he could find after an exhaustive search, and the others just didn’t hit it off with him. Perhaps the biggest selling point for me was his express wish that I take full charge of managing the embassy, and he assured me that I would be his principal policy advisor and his deputy ambassador in every sense of the term. I couldn’t ask for more.

*Q: What was the situation in Panama in '99 when you got out there?*

BECKER: There was a great deal of ambivalence on both sides. On the Panamanian side, there was mounting anticipation of being on the verge of getting back a major national resource. The Panamanians always considered the canal to be “reverted” territory, meaning that at the end of the year the canal would be returned to its rightful owner. It didn’t matter that at no time in the country’s history did Panamanians ever control the territory on which the canal was built. This was an unshakeable piece of Panamanian mythology. In the eyes of these Panamanians, the canal transfer was not a win-win situation, in which both countries stood to gain benefits, but rather a political and diplomatic victory over the United States. In addition, the end of the treaty would grant Panama a major piece of real estate, which many Panamanians regarded as a cash cow. Relatively few Panamanians focused on the high upkeep, the responsibility toward the international maritime community, and the requirements to ensure the defense of the canal against all threats. Panama’s leaders said they would not run the canal the way the Americans did, as a non-profit enterprise and national security asset. They intended to extract as much profit as they could and use it to develop the country. However, when you look at the canal’s bottom

line, there wasn't that much profit to be had. There was a narrow elasticity in terms of how much you could manipulate tolls. There was a high upkeep, and certainly after 9/11 the Panamanians came to realize that defense of the canal was something they needed to invest a great deal more in. That's a different story and we can return to that issue, but clearly most Panamanians eagerly anticipated gaining control of the waterway and all its assets.

As I came to know the Panamanians better, I recognized that a segment of the local population truly regretted that we ultimately gave them back the canal. They didn't want the responsibility associated with control of a major international transportation asset. They hadn't had that level of responsibility in the past. Moreover, the security blanket Panama enjoyed by having a significant U.S. military presence had been an assurance to U.S. and foreign investors. In the minds of many, our presence, our control over the canal, was also a kind of guarantee of Panamanian political moderation and governmental integrity. Of course, the reality was that we were no such guarantor. Over the years, many institutions had been destroyed or corrupted by Panama's political and military leaders, the latest having been Manuel Noriega.

If the Panamanians were ambivalent about the future, so was the United States. There was a great deal of resentment against Panama, particularly in DOD, for having basically refused to negotiate a post-1999 relationship and literally kicking us out. Since five U.S. presidents had endorsed the idea of a treaty providing for the canal's transfer to Panama, and since the treaty signed by Jimmy Carter had a 21-year transition period, it was ridiculous to say we were being expelled from the country. Our immediate mandate at the embassy, and indeed in the State Department, was to make as clean, as dignified and as efficient a transfer of authority to the Panamanians as was humanly possible.

The last six months of the treaty period, from about the time I arrived to the actual turnover date of December 31<sup>st</sup>, 1999, was an incredibly intense period. U.S. policy makers did not want to think about what would happen afterwards. There was very much a "wash our hands of the matter" attitude. Critical implementing decisions that needed to be taken to wrap up the treaty in a dignified, efficient and effective manner, to leave as few legacy issues that could later bog down our policy in the hemisphere if not our bilateral relations, had been ignored throughout this 21-year period. They all came to roost in the final six months, during which we were trying to tie up loose ends, prevent hemorrhaging and lay some kind of groundwork for the future. There was no grand master plan for what our relationship with Panama should be or even what our strategic interest in the canal would be after we turned it over. As the principle custodian of the canal on behalf of the U.S. government, DOD was the worst offender. The agency refused to consider some of these issues. We had to cobble together a final accounting of pending matters in a very short period of time. On an almost daily basis, we flagged for Washington's attention one issue after another, whether disposition of removable property (the treaty dealt primarily with real estate) or worker claims on the U.S. government for severance, or any number of other issues that could loom as financially burdensome or diplomatically irritating after we physically left. We had a fixed deadline to wrap them all up. The Department did have the foresight to offer to assign to the embassy a full-time lawyer, who would address canal, security, even law enforcement issues on the ground. But Ambassador Ferro steadfastly refused to accept this offer, perhaps believing that the lawyer's true client would be the Department and not the ambassador. We were thus left to establish a long-distance linkage with the Department's Legal Advisor's

office, which sometimes but not always was willing to drop other tasks to wrestle with Panamanian issues.

One major “left alone” issue required our priority attention. The treaty called for the negotiation of a cemetery agreement with Panama. The American cemetery at Corozal in Panama was the final resting place for several thousand Americans, several hundred Brits and a couple of thousand Panamanians who had died either building the canal or defending it over the course of the 75 or so years of the canal’s life. We did not hold title to that cemetery, and the property was due for transfer on December 31. Six months from the end of our presence in Panama, we didn’t have a cemetery agreement. A draft treaty had been produced in the late ‘70s, but had foundered on issues of whether a U.S. flag should fly anywhere in the canal area after we finally withdrew, whether the U.S. should have the right to hold and maintain any residual property in the canal area, and what kind of mechanism would govern the cemetery. These issues carried a great deal of symbolism for both sides. Panamanians were intent on securing complete sovereignty over every square inch of the canal operating area. However, veterans’ and conservative political groups in the U.S. demanded that the U.S. not give away any ground, that the Corozal cemetery enjoy the same sovereign status as other American cemeteries around the world. Some in the U.S. insisted that we hold back transfer of our last military installations beyond December 31 until we got the proper cemetery guarantees. The matter came to a head at Christmas time, just two weeks before the canal was to be turned over. We were hoping against hope that the cemetery issue would not become a flashpoint for a full-scale diplomatic incident, with every potential for violence, which might somehow undermine the canal turnover itself. Add to that the fact that the ambassador was in Florida to visit his family for the holidays, and I was in charge.

We had to extract a cemetery agreement that the Panamanian government would treat as a valid international agreement even before ratification by both countries took place. We didn’t know whether the ratification process would take three weeks, three months or would drag on for years. In my negotiations with the foreign ministry, I asked that Panama agree to treat our draft treaty as the real thing from the day that we transferred the canal. After a painfully long consultation with the Panamanian president, the minister agreed. I also secured Panama’s acceptance of a mechanism whereby both U.S. and Panamanian flags would fly side-by-side over the cemetery (the only place in Panama where this condition exists), and that the grounds would be controlled and administered as a U.S. facility by the American Battle Monuments Commission, the same as other U.S. military cemeteries in the U.S. and abroad. We got everything we wanted and needed from a Panamanian government that didn’t want any last minute glitches or crises. It was two or three months before the Panamanian legislature ratified it, but it was a done deal before the treaty went out of existence. This is just one of a host of issues that we had to resolve in the eleventh hour. We repeatedly had to get the lawyers and policymakers in Washington to wake up to these issues, and then to sit down and settle each of them. We were less successful in getting the U.S. national security community to start thinking in advance about our strategic interests in Panama that superseded the treaty and that would carry us into the 21<sup>st</sup> century.

*Q: For one thing if I recall, there was a reluctance of anybody of anybody political stature to go down and sign the thing, wasn’t there?*

BECKER: There was nothing really to sign. The treaty was self-executing for the most part, but no U.S. political leader had the backbone to come down and make an appearance to hand over the symbolic trappings of canal ownership or at least canal management to the Panamanians. We could not get the president. We could not get the vice president. We could not even get the Secretary of State. So, what happened were two ceremonies. An international ceremony was held on December 14<sup>th</sup>, two weeks before the actual end of the treaty period, organized by the Panamanian government and attended by most of the hemisphere's heads of state, similar to the convocation that took place in 1977 when Presidents Carter and Torrijos signed the Panama Canal Treaty at the OAS headquarters in Washington. Rather than sending one of its own to represent the U.S. president, the Clinton administration asked retired president-politician Jimmy Carter to go down to Panama with a fairly prestigious delegation which included his own family, Sol Linowitz, a couple of senior U.S. military and State Department officials, some former U.S. ambassadors to Panama, and some other notables, but no current U.S. government representative above the level of assistant secretary. We organized their visit and worked out with Panama the details of an international gathering at which the U.S. would symbolically deliver the canal to Panama. It was actually a grand event, full of pageantry and logistical chaos as you would expect a Latin American political extravaganza to be.

What happened on December 31<sup>st</sup> at noon was the official turnover of the canal. All the U.S. government was prepared to do was to send down the DOD assistant secretary for civil works, a former member of congress, accompanied only by his staff to do the final honors. Security was a serious concern for us at the embassy. We had credible intelligence that there were groups that wanted to make a major political statement, again treating the United States as a defeated party in a prolonged struggle for this piece of territory. These groups were prepared to go to some lengths to disrupt the ceremony.

President Mireya Moscoso of Panama contributed in some respects to this climate by insisting on delivering a Panamanian flag to students of a Panamanian high school, the *Instituto Nacional*. The flag in question had flown ever so briefly over the Canal Zone during the 1964 civil uprising, primarily students and agitators who had breached the fence separating the zone and Panama proper and had torn down a U.S. flag and raised a Panamanian flag over the Balboa high school. We considered this symbolic act would set off whatever violent actions being planned by an admittedly a small group of Panamanians. Moscoso could not be dissuaded from presenting the flag at the official transfer ceremony. Most surprisingly, the embassy could not convince the Panama Canal Commission, which was going out of business and which prided itself on its intimate relationship with the Panamanian government, to take these threats seriously with adequate security precautions. So the embassy made its own contingency plans. We convinced Washington that we should lower the U.S. flag at a small private ceremony the evening before, so that this highly symbolic withdrawal would not serve as a red cape in front of the bull. Yes, the Panamanian government would raise its own flag over the canal at the appointed hour on December 31<sup>st</sup>, but at the very least when people showed up for that ceremony the U.S. flag would have been withdrawn, lowered in dignity in a manner befitting the way we as representatives of the United States wanted it to happen. Of course, we got a lot of negative feedback from Washington, the media and the Canal Commission – but no complaint from the foreign ministry -- about how we had orchestrated it. It turned out to be the right thing to do. Consistent with our intelligence, there was an attempt by about 150 students to literally rush the December 31 ceremony in mid-stream and disrupt it. Several protesters were armed with

Molotov cocktails and other weapons. The police conveniently let the protesters through their lines of control, but order was soon restored and the ceremony went on. We believed we carried out our mandate on that day in a way that sustained the dignity, discretion and magnanimity of the U.S.

*Q: What was happening to the Zonians? Had they gone pretty much?*

BECKER: Most of the Zonians, the most disgruntled of the long-term American residents of the canal zone, left after 1979 when the treaty came into being, after the fences had come down, Most went back to the United States. They had never thought Panama was their home anyway. Those that remained had integrated themselves into Panamanian society, married Panamanians, raised multi-cultural families, and made a home and a future for themselves. A surprising number of U.S. military personnel had served in Panama either a long time or several times, and had done the same, becoming a part of the new Panama. But the Zonians as an identifiable group and their mentality had all but disappeared in Panama by the late '90s, and there was no hint of the caste system that had existed as long as that fence, that wall was up between the Canal Zone and the Panamanian nation.

*Q: Well, I would imagine that one of your biggest tasks following this turnover would be to monitor the situation and see whether all the accusations: that the Panamanians can't run this complicated thing, corruption, this must have been a major, however, brief on this part. Let me stop here.*

*Q: This is tape ten, side one with Rick Becker. Yes?*

BECKER: This was a concern in some sectors in the United States, mainly political sectors and less so in the government where there was greater familiarity with how the canal was managed and how it was run. By the end of the canal period, over 90% of the workforce, including most of the senior managers, were Panamanians, and they had reached those positions of responsibility under U.S. oversight and control. If they were not fully capable of taking over the canal and running it, then it was our failure. It was not that the Panamanians were incapable of doing so. Those people who had any knowledge of the canal and its operations did not doubt that Panama was fully capable of running the canal. Indeed, after 1990 the canal administrator was a Panamanian and the deputy administrator was an American. The last administrator of the Panama Canal Commission, Alfredo Aleman, was ratified as the first administrator of the new Panama Canal Authority, an independent agency of the Panamanian government. The Panamanians did themselves credit around 1996 by passing an organic law that established the political autonomy, to the extent that that's possible in Panama, of the Panama Canal and its management. Although a board of directors with staggered terms named by the Panamanian president oversaw canal policy and operations, in fact the day-to-day management of the canal was in the hands of professional administrators, engineers, financial experts and technicians. The board had relatively little opportunity and perhaps little desire to micromanage the canal, and in most instances served as a buffer between the canal administration and a sometimes demanding and unreasonable Panamanian public.

The defense of the canal was another issue. Everybody realized that after 1999 there would not be an even symbolic presence of U.S. forces in Panama. One of my initial responsibilities when I got to Panama was to work with the Southern Command, which had already moved to Florida several years earlier, and the diverse commands still operating the canal area to ensure a smooth turnover of the last of our military installations to Panamanian control. All of the generals and the admirals who had testified before Congress during the 1970s that, whether we had 12,000 or 20,000 or 40,000 troops in the canal zone, we would not be able to defend the canal against a whole range of potential threats. This was one of the compelling arguments that convinced Congress, by a bare majority, to approve the Panama Canal Treaty. That fact was imminently true in the year 2000, in the age of terrorism and unconventional warfare, when the canal had become an open piece of territory. The Panamanians were of course very active in trying to develop both sides of the canal economically. They scored some notable successes, but some of their projects didn't quite pan out. That the canal was in fact a major international resource, valuable both to the United States and to the world community, concerned us greatly from a security standpoint. As I said earlier, it was very difficult to get the U.S. military community and DOD particularly to focus on this ongoing interest in supporting Panama in the defense of the canal. After all, U.S. legislation implementing the Canal Treaty asserted the right and responsibility of the United States to defend the canal against any and all threats – *in perpetuity*. The Panamanians were always uncomfortable with this unilateral U.S. interpretation, but in the end accepted it as a geopolitical reality they couldn't alter.

We had succeeded beyond our wildest expectations when we invaded Panama in '89, kicked out Noriega and his dictatorship and literally destroying the Panama Defense Forces, which was supposed to be the legacy military force that would defend the canal against conventional threats. There was no army in Panama. There is no armed military force in Panama. Instead, there are basically three police forces, a land force, a maritime service and an air service, the latter little more than a couple of small planes for medevac and surveillance purposes. There are no war fighters, no armed air force or navy. What resources did the Panamanians have to defend the canal after we left? The Canal Authority had an industrial-strength security system equivalent to what a large U.S. industry might maintain. It relied heavily on pre-registration of vessels planning to transit the canal and on electronics. By pre-registering vessels for transit, the Authority obtains important information on each vessel's registry, crew, cargo, origin and destination, which it can cross-check against other data bases. The canal is also lined with electronic sensors from one end of the canal to the other. However, there was really no response mechanism had they actually detected any potential threat to the canal other than to call on Panama's public order forces. The canal was open at any number of locations. It was theoretically possible, even conceivable, that a skilled, determined group of terrorists could sink a ship in one of the locks and put the canal out of operation for six months to a year or more. Or they could booby-trap a transiting vessel with toxic or nuclear material threatening large populations, or hijack a cruise ship and hold 1,500 or 2,000 tourists hostages. These were all scenarios which were well within the realm of possibility but which made the canal indefensible in a conventional or unconventional environment.

This was of some concern to those of us who were closest to the situation. The Panamanians who emerged from the ashes of Operation Just Cause made a commitment not to reestablish an armed force, which most Panamanians associated with the repressive policies of Manuel Noriega.

Panamanians were generally united against reconstituting an army that might become a tool in the hands of an authoritarian leader down the road. The Panamanians, as I said, were split on the question of a U.S. presence. Some wanted the U.S. to return officially at some point in time and take up our historic responsibilities for defending the canal. Others didn't want any militarized force in Panama. Some reasoned that the reintroduction of a U.S. military force, with the concurrence of the Panamanian government, might provoke a terrorist group to target Panama or its canal as surrogates of the United States. If the American military were kept out, there would be no cause for international terrorists to target the canal, its users or Panama. One can see the flaws in this kind of thinking. The terrorist mind does not necessarily require a U.S. soldier as a provocation. The World Trade Center was a symbol of international capitalism. So is the Panama Canal.

*Q: While you were there, did you have anything, I mean let's say they took a cruise ship or something, was there any police force or something that had SWAT teams or something of that nature?*

BECKER: The Panamanian public forces did develop fairly effective crowd control and public order shock forces. However, it was very difficult to organize specialized training and exercises for the public forces with the United States or with other countries, such as Israel or the UK, where this kind of expertise was concentrated in the military. We worked fairly closely with the Panamanians to improve their intelligence gathering so that they could detect potential conspiracies that might be aimed at the canal. We were well aware, as were the Panamanians, that leftist guerrillas from Colombia had infiltrated the southeastern part of the country, the Darien province that bordered Colombia, and had established outposts there. We were also well aware that Panama was a major, if not the major, outpost of Colombians in exile. Neither the Panamanian nor Colombian governments had any idea of how many exiled or expatriate Colombians were actually living in Panama. These people, perhaps numbering in the tens of thousands, were trying to carry on or to continue their business activities and maintain contact with their families in Colombia, but had found it too dangerous to actually live there. Living in Panama City or one of the other major cities in Panama was the next best thing.

As the problems of Colombia worsened, and as we intensified our training of Colombian armed forces and police to go after the drug lords, the leftist insurgents and the right-wing paramilitaries, Panama became much more important to some of us at least as a potential staging area for these violent groups. Panama was an area where these groups had established branch offices, shall we say, were collecting money or were operating businesses, the profits of which were funneled back into Colombia. These Colombian groups were deeply engaged in international criminal activities of various sorts, particularly drug and arms trafficking, auto theft, smuggling and all kinds of profit making activities. Panama was a safe haven in one respect, because the Colombians who were conducting illegal activities in Panama did not want to upset the apple cart by targeting Panamanians or others on Panamanian soil, but simply wanted to use Panama as a base of operations, a very profitable base of operations. We felt that one of the best and most effective ways of strengthening Panama as a bulwark against international terrorism and terrorism was to help train their law enforcement community -- their land forces, their maritime service and their air forces -- as well as their intelligence gathering

capability and judicial process, because the fault lines were in the area of criminal conspiracy rather than actual military threat.

*Q: Did we have any joint exercises with what remained of the Panamanians to rapid response teams? I'm talking about plans to do this with the Panamanians.*

BECKER: Initially we did not. Of course, the U.S. had a whole range of contingency plans for intervention in Panama. There was a conviction in our military establishment that if there were truly a serious crisis, we doubted the Panamanians' ability to deal with it and we also doubted that the Panamanians would invite us in to help out. But since neither Washington nor the Panamanians in the immediate post-treaty period seemed to have an interest in discussing renewed or updated bilateral security ties, we at the embassy initiated a major review of what would be necessary to reestablish a solid, constructive and forward looking security relationship with Panama. We determined that it would be necessary to establish a legal framework for the reintroduction of U.S. forces. There was no basis in the Panamanian constitution or law, or in any existing bilateral instrument, to allow a member of the U.S. forces to enter Panama for exercises, training, joint operations or even humanitarian activities. So we set about very early in the year 2000 to try and convince both governments to agree to a legal instrument, an agreement because a treaty would have had to go through a very public and presumably contentious ratification process in Panama. We wanted some kind of agreement that would permit temporary visits and deployments of U.S. military forces for whatever purpose the two countries could agree to.

One of the strongest proponents of such an agreement happened to be the new Panama Canal Authority, because it recognized that cooperation with the U.S. military was deeply embedded in their own history. They also recognized that the U.S. military had expertise in key areas that they wanted to continue. First of all, they wanted to renew a cooperative relationship with the Army Corps of Engineers, not soldiers with weapons, but a technical relationship which the Corps had had throughout the history of the Panama Canal. The Corps built the canal and the Corps was there at every turn to help the administrator and the managers of the canal with watershed, water resource management and canal maintenance problems. The new Panama Canal Authority wanted the Corps back in Panama for its technical expertise and for its image, since the Corps would give the new Panama Canal Authority credibility in the eyes of the international maritime community. Finally, the administration of the canal was looking forward to a major expansion of the waterway. The canal was being used close to capacity and, lacking the capacity for expansion to meet the future needs of the international maritime community, other competing transportation facilities would become more viable and economical. Looking down the road 25, 30, 40 years, the Canal Authority administrators recognized that the canal had to grow or would die. The Army Corps of Engineers was seen as a key planner and engineering brain trust to ensure the canal's profitable future. The Authority thus pressed the Panamanian government to come to some arrangement so that the Corps of Engineers could return to Panama.

We also had established a position in the '90s for a marine safety advisor to the Panama Canal, which was held by a fairly senior U.S. Coast Guard officer. The position was part of the embassy country team, but the Canal Authority wished to maintain that position much for the same reason that they wanted to maintain a relationship with the Army Corps of Engineers -- because it gave



the canal credibility in the larger maritime community. Practically speaking, this could have been done by a private sector contractor, but it was important for the Canal Authority to maintain that link to the U.S. military establishment. We needed to find a way to make that possible over the long term.

From the moment that we broached our concept and goal with Washington, DOD insisted on a formal treaty. It took several months to convince Defense Department officials that they could not have a security cooperation treaty, or even a conventional military relationship with Panama, because Panama didn't have and didn't want a military. Politically, a new security treaty with Panama would smack too much of another Panama Canal Treaty, and this would never fly with the Panamanians who would have to see to its public ratification. But we said DOD could have something which could lead to that kind of relationship and which was sufficiently flexible to permit a wide range of joint military-type activities. What finally pushed our negotiations with Panama to allow temporary U.S. military deployments into the realm of acceptance was the inability of the Minnesota National Guard to maintain a "good uncle" support relationship with a local Panamanian elementary school. The Guard had visited Panama every year since the mid-'90s and delivered computers, books and sports equipment and even helped to build new classroom buildings. It was a public relations bonanza for the school, for the Minnesota Guard and for the U.S. military. Once the canal treaty was terminated, there was no way that the Minnesota Guard could come back and continue its relationship.

Well, we finally negotiated a bilateral temporary visit agreement, less than two years after the Canal Treaty was terminated and a great deal quicker than anyone expected. (By comparison, it took the U.S. and the Philippines over seven years to allow U.S. troops back in that country after we closed down Clark AFB and Subic Bay Naval Base.) The embassy would make case-by-case requests to the Panamanian foreign ministry for visits by contingents for U.S. military personnel, specifying the purpose, duration, whether the troops would be in uniform or carry arms, and any other conditions that would govern the visit. One of the first contingents to visit Panama under the new agreement was the Minnesota Guard, which visited the school, in uniform, and presented the staff and students with new computers and software. The event got a lot of press play, focusing on the non-military face of the U.S. armed forces. We also brought in medical assistance teams, hydrographic researchers, and a large number of non-uniformed military officers and DOD civilians to carry out a range of non-defense related activities with Panamanian institutions and communities. With every visit, we built a new receptivity in the minds of the Panamanians for a modern security relationship with Panama. Of course, we also brought in teams to help train Panamanians in building emergency response mechanisms that could be used not only for natural disasters but for terrorist crises, as well as to train up police and intelligence operatives to be an effective first line of defense if there were ever a threat against Panamanian sovereignty or security of the canal. The temporary deployment agreement was one of my proudest achievements as *chargé d'affaires*. It was called the Becker-Aleman agreement in the Panamanian media (I signed it along with Foreign Minister Jose Miguel Aleman). The agreement was hailed by most Panamanians as a new, positive chapter in U.S.-Panama relations, while critics pilloried our two governments as having sold out Panama's sovereignty and independence once again.

*Q: What happened after 9/11?*

BECKER: I was *chargé d'affaires* by then. After the change of administrations in January 2001, the new Republican leadership understandably had a lot of early priorities, but finding a new ambassador for Panama was apparently not one of them. So I became *chargé d'affaires* when Simon Ferro, the Clinton administration's appointee, departed post in March. I was unaware at the time that I would remain *chargé* until I left post 16 months later. A few days after the attack on 9/11/01, I was in Washington on consultations and received a call from SOUTHCOM in Miami. They wanted to send in a military team to survey the canal's vulnerabilities for defense against a possible terrorist attack. Obviously the canal remained a potential target on SOUTHCOM's and DOD's scope. A DOD threat assessment had not been done since the mid '90s, when we controlled the canal, and an update was sorely needed. I agreed in principle, but said I would have to discuss the matter first with the Panamanian president and foreign minister. Our temporary forces deployment agreement was not yet in place, and indeed negotiations were at a particularly delicate stage. We had received an outpouring of sympathy and support after 9/11 from the Panamanian government and public at large. One of the first condolence calls I had received on 9/11 was from the President Moscoso, who said, "The United States is my second country and you have my full support." I took her at her word. I said we needed to fortify the embassy against a possible attack. We wanted to close off the streets surrounding the embassy, including some major thoroughfares. We might need the government's permission to build some new jersey barriers on the embassy perimeter. We were going to need Panama's help to defend against a threat that we could not assess at that time. Nobody knew after 9/11, after the attacks on the Pentagon and the World Trade Center, how widespread or imminent the danger was, but we were taking precautions on a worldwide basis. My responsibility was to see to the well-being of 19,000 U.S. citizens who lived in Panama, as well as the security of the entire U.S. mission. U.S. strategic interests in Panama also included protection of other critical targets, first and foremost the canal.

I was quite aware of Panamanian sensitivities about relations with the U.S. military, and I wanted to move on SOUTHCOM's initiative with appropriate speed. Panamanians were very much concerned after 9/11 that the canal would be a target, but many felt that the canal would be targeted by terrorists only to the extent that it was still identified with the United States. There was a small but disturbing groundswell from some influential Panamanians that Panama had to assert its territory, and especially the canal, as neutral ground. They argued that Panama would not take a soft line with terrorists, but should not openly side with the United States. However, neutrality at this moment was unacceptable to the U.S. We needed to rally the world against international terrorism, and we needed Panama's loud voice and active cooperation on multiple fronts.

By the time I got back to Panama two days after the call from SOUTHCOM, I found that somebody in Miami had already signed off on an executive order that began the mobilization of the DOD team to travel to Panama, even without formal clearance from either the embassy or the Panamanian government. SOUTHCOM's military planners had heard what they wanted to hear and gave no regard to the sensitivities and qualifications I had outlined to them in Washington. I immediately called the SOUTHCOM commander, and he immediately understood the situation. He told me he would put things on hold until I worked out modalities with the Panamanian authorities and gave him a formal green light. It took me several days to work out an arrangement acceptable to the Panamanians. The first step was the travel of senior Panamanian

officials -- the foreign minister, chief of national security, and minister of government who oversaw all of the public forces -- to SOUTHCOM, where they were briefed on the proposed survey of canal security. While in Miami, the Panamanians and SOUTHCOM worked out the terms of engagement, if you will, which permitted a military team to come in and assist the Panamanian government to conduct the survey. It was important that they not conduct a survey on behalf of SOUTHCOM or the U.S. government, but that their visit be couched as assistance to the Panamanian government, which had requested such a survey. Through a step-by-step approach, building on the common interests of the U.S. and Panama, the embassy was able to overcome an initial logjam and potential misunderstandings in a way that avoided a great deal of backlash from vocal elements in the Panamanian population.

*Q: Well, then how did you find the government of Panama at the time from the president on down?*

BECKER: The Panamanian government that I dealt with then is now out of office. We at the embassy, and in Washington, shared the general perception that that government, although basically pro-U.S., was inept, corrupt, and largely devoid of direction or vision. President Moscoso was the widow of a longtime Panamanian political *caudillo*, who had been deposed by the military four times after having been democratically elected president. She had been groomed as a First Lady and probably perceived herself as the rightful heir to privilege, even though she herself was not a child of privilege. She was narrowly partisan, and proved incapable of reaching across partisan political lines within Panama in order to build a consensus. She treated government as a source of patronage and self-aggrandizement for herself and her party. She had a few very good people working for her, but she also had some advisors and ministers with their own personal agendas. It was exceedingly difficult to establish a relationship with that government based on trust, reliability and mutual interest between sovereign states. I may seem unusually harsh towards that government, but it was extraordinarily difficult at times to get things done, even when we agreed on a common outcome. Frequently our most reliable, forward-leaning interlocutors were either not in positions of highest authority or their good-faith efforts were stymied by the machinations of others. The embassy tried to work closely with the maritime authority director to strengthen port security in the post-9/11 period, but we continually ran afoul of self-interested second-echelon appointees to the authority whose primary goal was to extract personal profits from the transit of vessels and the registration of Panamanian flag vessels. Panama has the largest merchant fleet in the world, and the sale of registrations is a major revenue generator for the government and for the officials who do the paperwork. It was very difficult to get the Panamanians to clamp down on their own registration process so that it could not be corrupted or used for nefarious purposes.

That said, we established some very fruitful law enforcement relationships in other areas. The embassy had six U.S. law enforcement agencies under its umbrella, and they generally worked very effectively and harmoniously with their professional counterparts in Panama. Despite the passive resistance of the Panamanian immigration service to fundamental reforms, we eventually made progress in helping the Panamanians to strengthen airport surveillance and security. The Panamanians were highly embarrassed when three Irish Republic Army activists transited through Panama and ended up in Colombia, where they advised the leftist guerrillas in bomb making and other techniques that the Colombians had not used in the past. The Panamanian

authorities had no way of knowing who was crossing their territory and for what purpose. Panama's international airport was a transit point for international flights to at least five, maybe seven, U.S. cities. We knew that ships transiting the canal also presented a potential threat to U.S. ports, and we worked very vigorously with private port operators, some of whom were American firms, to tighten port security measures. We worked very closely with the Panamanians to clamp down on drug and stolen auto trafficking through Panamanian territory, and we negotiated several agreements that strengthened cooperation between our law enforcement agencies. The U.S. Coast Guard was a major player in developing the capabilities of Panama's maritime service. During my tenure in Panama, we transferred a half dozen used U.S. Coast Guard frigates that were excess to our own needs. With our assistance, the Panamanian maritime service became one of the most credible law enforcement units of its kind in the region, even though the political leadership above that institution was less than reliable.

*Q: Did you find other than not getting an ambassador, did the change of American administration have any impact on policy towards Panama?*

BECKER: There was a general feeling in Washington when I went down to Panama, and when my political ambassador went down to Panama a few months earlier, that nobody wanted to hear about any problems in that country. I was repeatedly reminded that there were enough other hot spots occupying Washington's attention, and once the canal treaty issues had been settled, that policymakers would not have to worry about Panama. In fact, a State Department inspection in 2000 all but reaffirmed the conclusion of a previous inspection in the mid-90s that Embassy Panama could be dramatically downsized to the level of a third- or fourth-tier diplomatic mission. By contrast, we in Panama perceived a broad, modern and potentially dangerous threat environment posed by international criminal organizations, and we tried to raise Washington's awareness of the need to address alien smuggling, financial crimes, auto theft, and port security deficiencies closer to their sources. We were frequently met with deaf ears. To some degree, we were able to forge relationships and take initiatives in Panama because nobody else was interested in doing so. But we failed to make significant progress on many fronts because most initiatives of this type require resources and some degree of active policy attention at the transnational level.

For example, nobody in Washington in the days before 9/11 was at all interested in the issue of alien smuggling. We were. Panama was a center for alien smuggling from the Andean countries, from the Middle East and Asia. Large numbers of mainland Chinese passed through Panama, where very well organized rings operating throughout Central America sent them as indentured labor in the United States. We recognized before 9/11 that, at the worst, these smuggled aliens could be terrorists intent on harming the U.S. In the summer of 2000, Ambassador Ferro and I organized a regional conference of U.S. officials from Washington and our embassies from Guatemala in the north to Peru in the south. The conference produced a regional action plan that, unfortunately for all, failed to win either friends, endorsements or follow-up in Washington. On our own, Embassy Panama proceeded to create, for the first time in the region, a bilateral counter-alien smuggling task force and a work plan with Panama that we hoped would be replicated in other countries in the region. Effective responses to alien smuggling, like a host of international criminal activities, cannot be addressed on a single country basis.

It appeared that the State Department professionals lacked confidence in my ambassador, whom they apparently considered volatile, not politically savvy, and out of tune with Washington political realities. It is true Simon tended to go his own way on occasions. He did not understand some of the fine points of Washington bureaucratic politics, and he was impatient with some of the constraints that Washington said were operating, why they couldn't or wouldn't do things that made sense in the field. He had a running feud with the Justice Department as well as with key senior officers in WHA over our ultimately successful effort to cancel the U.S. visas of Panama's ex-president Perez Balladares and other officials of his administration for their complicity in alien smuggling activities. In short, he never got the support that he and his initiatives probably deserved. I inherited some of that resentment from Washington's worst side. I was not the kind of DCM that some in WHA expected me to be. For one thing, I felt my primary duty was to advise and support my ambassador as best I could, rather than trying to keep him in line as several WHA naysayers wanted me to do. I think this tension played out in a number of ways that were inimical to the good working relationship we had with Panama as well as with our ability to carry out a vigorous policy that was ahead of what Washington was prepared to consider. Before 9/11 you could not get law enforcement money from Congress unless it was for counter-drug programs. But drugs were not the big problem in Panama. Alien smuggling, auto theft, money laundering and potential terrorist inroads were.

*Q: Yes?*

BECKER: Panama, with a large international banking presence, had traditionally been a center for money laundering. Clearly in the post 9/11 period there was a great deal of attention being paid to financial flows by terrorist organizations. We hammered out an agreement with Panama to exchange confidential financial information on suspect monetary flows through the Panamanian banking system. We trained the Panamanians to make the system work. It became a model for other countries in the region, but it was mainly because Treasury was the lead agency and was interested. State was not particularly interested, however.

An even more egregious example of the Department's tendency to think and act small was right after 9/11, when I was *chargé d'affaire*. The Consular Affairs (CA) bureau under Assistant Secretary Mary Ryan sent out hastily drafted instructions to the field for interviewing Middle Eastern applicants for U.S. visas. Already sensitized to the connection between alien smuggling and terrorism, we determined that the new guidelines required a much more rigorous interviewing profile and technique to uncover possible terrorist links. I had my consular section chief craft a cable to the Department recommending appropriate changes. CA's reaction, sent off-the-record, was astounding. We were all but accused of insubordination for having sought to improve on a Department product, and via a front-channel cable for all to see. We later learned reliably that senior officials in CA also intended to blacklist our consular chief, possibly ruining his career. When I couldn't get the WHA bureau to intercede with CA in defense of the post, I at least felt compelled to protect my consular chief. I nominated him for AFSA's annual constructive dissent award, which he won. Eventually CA modified its guidance to the field along the lines we had recommended, but the post's image in CA and WHA remained under a cloud.

*Q: By the time you left there when?*

BECKER: I left Panama in the summer of 2002. We still had no ambassador.

*End of reader*