

## PANAMA IN WORLD WAR 2 – WHAT HAPPENED WHEN

1939

1939 can be seen as a dividing line on a number of fronts. Despite having been heavily fortified since World War 1 there had been no conflicts that had directly threatened the Canal. The Canal Zone had developed into a tightly-controlled form of “little America”, with the original 1903 Treaty also giving the US military and civil authorities extensive powers to interfere in the Republic – on the basis that stability in the Republic was essential for the security of the Canal.

1939 saw the status of the Republic change, it ceasing to be considered a protectorate of the US, and the US losing the automatic right to take whatever additional territory in the Republic that it thought fit. This came about as a result of the US Senate finally ratifying the Hull-Alfaro Treaty of 1936. The relationship between the US and Panama would continue to evolve, with more significant changes in the postwar years.

While the 1930s had been troubled years in Panama, with a coup in 1931 and armed groups supporting the various political groups, in many ways the 1940s would be equally, or more, uneasy, with more violence, mass protests, and the increasing power of the National Police as the decisive force in politics, and effectively choosing who would be President.

The Zonians and the Canal Zone Government would continue to try to maintain the systems and arrangements that had created the superior status of the (white) Americans enjoyed over the people whose country they were occupying. However, the change in the relationship between Panama and the US, allied to the pressure of wartime needs, would start to chip away at the superiority, although ways would be found to continue various discriminatory practices.

The improvement in the Canal Zone defences, and the construction of new facilities, really got under way in 1939, including a green light for the Third Locks Project, and the start of discussions over acquiring additional defence sites outside the Canal Zone.

However, it remained the case that, in 1939, community and home life on the Canal Zone did not differ widely from that of the average town or city in the US, particularly in the larger Canal Zone communities of Balboa-Ancon, Pedro Miguel, Gamboa, Gatun and Cristobal.

An estimated 12.5% of the Panamanian pre-war workforce was employed in the Canal Zone – and in 1939, there were 3,511 “Gold Roll” (US rate) workers in the Zone, and 11,246 “Silver Roll” (local rate) workers - by 1942 these numbers would grow to 8,550 and 28,686 respectively. Surveys made during the winter 1939-40 disclosed that the local labour supply was “practically exhausted” and that about 12,000 workers would have to be recruited from outside Panama if the labour requirements anticipated by mid-1940 were to be met. However, the Panamanian Government was loath to permit a widespread importation of foreign laborers, except for those from Spain or Puerto Rico, neither of which was considered a suitable source by the Canal administration and Army authorities.

In June 1939, the civilian population of the Canal Zone was 28,978, including 8,979 US citizens and 7,714 employees of the Panama Canal or Panama Railroad.

1939, of course, saw the outbreak of war in Europe, and the triggering of various emergency action responses, including the Neutrality Patrol, which employed vessels that would later be based in the Canal Zone.

A report from the general commanding the Pacific sector defences in early 1939 commented on the inadequacy of security. The Utility Guard used to protect various important sites was seen as inadequate, in terms of numbers and equipment (for example, a shortage of automatic weapons). The number and type of facility included under the protection of the Utility Guard expanded from 1939, to include such things as filtration plants and, would be further extended in 1940.

As mentioned, negotiations began 1939 for new defence sites outside the Canal Zone, when the US Army requested 999-year leases from the Republic for over 100 sites – for additional defence facilities, such as airfields, anti-aircraft batteries, and warning stations. However,

the negotiations would drag on for the next two years, though informal arrangements allowed some bases to be occupied before the final agreement was signed in 1942.<sup>1</sup>

While the 1936 Treaty (aka the Hull-Alfaro Treaty) was not finally ratified until mid-1939, the US Government was minded not exercise its rights under the 1903 Treaty over land and property in Panama but outside the Canal Zone. Thus, during the period between the signing of the 1936 Treaty and its ratification in 1939, the Governments agreed an Exchange of Notes to be attached to the 1903 Treaty. These, between the US Secretary of State and the Panamanian Minister to the US and dated 1 February, provided that, in the event of an emergency that arises so suddenly as to preclude consultations with Panama, the US would not be required to delay action pending consultation, but would be obliged to consult with Panama as soon as possible thereafter.<sup>2</sup>

In 1939, the USAAC, taking the view that the Canal Zone was the most critical of outlying US territories to defend, requested \$23 million from Congress to improve air power in Panama, in a defence programme laid before the US House Committee on Military Affairs.<sup>3</sup>

Congress would approve a total of \$50 million in funding for improving Canal defences in 1939, leading to an expansion of housing at existing bases to cope with the increased manpower required in the construction effort. Funds became available from July 1939, and the bulk of the programme was to be completed by early 1942.

Following a visit by the commander of the US Army Air Corps (USAAC), General “Hap” Arnold, in the Summer of 1939, there were signs of the promised expansion and improvement for 19<sup>th</sup> Wing based in the Canal Zone, with a plan proposed by General Arnold having been approved by the War Department. The plan included improvements to airfields, new equipment and units, and a greatly increased establishment.

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<sup>1</sup> See <http://raytodd.blog/2022/10/08/panama-operating-outside-the-zone-the-1942-agreement-and-the-1947-row/>

<sup>2</sup> <https://apps.dtic.mil/sti/pdfs/ADA529923.pdf>

<sup>3</sup> <https://media.defense.gov/2015/Apr/02/2001329844/-1/-1/0/AFD-150402-022.pdf>

However, a report compiled in 1946 stated that, if an enemy attack had been made on the Canal in September 1939, the 19<sup>th</sup> Wing would have been able to provide little opposition,<sup>4</sup> with morale at a low ebb and a shortage of trained and experienced personnel. Severely understrength, squadrons could not operate at more than 50% strength without “borrowing” pilots from other units,<sup>5</sup> and the Panama Air Depot (which provided maintenance support etc) had only two officers assigned to it.

Between 1920 and 1939, there had been no situation that had tested the neutrality status of the Canal, and no conflict sufficiently widespread to affect the normal peacetime procedures of the Canal. On various occasions the US President had invoked and applied laws embargoing the shipment of arms and munitions from the US, but these did not preclude the shipment of such commodities through the Canal.<sup>6</sup>

However, the prospect of war in 1939 saw maritime warfare likely to affect the Canal for the first time since 1918. The increased volume of shipping regularly passing through the Canal (and hence its importance) was thought to increase the danger of hostilities in the vicinity of the Canal, and the risk of sabotage.

The invasion of Poland in September led to a decline in Panama’s service sector economy<sup>7</sup> and, as the war progressed, naval vessels using the Canal would come to outnumber the reduced number of commercial vessels, thus reducing revenue further. Commercial transits fell from 5,903 in 1939 to 1,562 in 1944 – a decline of around 75%. The decline affected local merchants as well.<sup>8</sup>

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<sup>4</sup> <https://www.afhra.af.mil/Portals/16/documents/Studies/1-50/AFD-090602-096.pdf>

<sup>5</sup> Ibid.

<sup>6</sup> <http://bdigital.binal.ac.pa/rdd/historicoview.php?ID=178321>

<sup>7</sup> In 1938, domestic exports were valued at \$3.7 million, but imports were \$17.7 million – indicating the importance of “invisible exports”, such as services and supplies connected to the Canal. Imports consisted chiefly of manufactured products and foodstuffs (with much of the latter destined for crew and passengers on passing vessels and tourists). The Government had derived around 40% of its income from import duties, though this fell to about a third following the outbreak of war in 1939, with export duties relatively unimportant - in 1939, they amounted to around \$100,000 in total, or less than 2% of total Government revenue.

<sup>8</sup> *We Answer Only to God: Politics and the Military in Panama 1903-1947* by Thomas L Percy (University of New Mexico Press, 1968).

In 1939, which may be considered the last normal year in Canal traffic, free traffic (e.g. US Navy vessels) comprised less than 9% of the total traffic through the Canal<sup>9</sup>.

In 1939, some 65 cruise ships were scheduled to call at the Canal Zone, offering plenty of potential customers for an airline offering trans-isthmus flights, the cruise ship season being from January to March. In 1938, the season had seen 43 cruise ships and 16,000 passengers in and out of Cristobal – and 3,000 passengers had made the trip across the isthmus with Panama Airways.<sup>10</sup>

As security was tightened, shortly after war broke out in Europe a system of checking on the presence and movement of aliens and suspect persons was introduced in both the Canal Zone and the Republic. This was a foretaste of (and a preparation for) the internment that would follow the Pearl Harbor attack in 1941. The checks in 1939 saw a number of persons illegally resident in the Canal Zone being removed.<sup>11</sup>

Armed guards (the Transit Guard) were placed on ships in transit through the Canal from August 1939. This followed a review that year which found that protection from potential sabotage attacks was still inadequate, with the Canal authorities at the time considering that the greater risk came from sabotage caused by or from a transiting vessel.<sup>12</sup>

In 1939, a study by staff and maintenance engineers considered how vulnerable the Canal Zone to air attack, how much damage could be done by high-explosive bombs of various sizes, and how large an enemy force would be required to put the Canal out of action. A replica of one level of the Miraflores Locks was built at Rio Hato, and this was attacked by aircraft using bombs of different sizes from different heights.

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<sup>9</sup> *Annual Report of the Governor of the Panama Canal for the Fiscal Year Ended June 30 1944* (US Government Printing Office, Washington, 1946).

<sup>10</sup> *Flying Magazine* (February 1939).

<sup>11</sup> <http://bdigital.binal.ac.pa/rdd/historicoview.php?ID=178321>

<sup>12</sup> Suggested threats were such a vessel ramming lock gates, sinking itself in the locks or main channel, or dropping explosives, perhaps timed to explode much later, overboard.

On 25 August, the US concluded an Executive Agreement with Panama reaffirming the Lansing-Morales Protocol of 1914 that dealt with the extension of hospitality to belligerent war vessels or associated vessels in the waters of the Canal Zone or Panama.<sup>13</sup> The two countries agreed that the Protocol was “at present in effect and may be applied by both countries whenever circumstances require”.<sup>14</sup>

In 1939, five so-called “Rainbow” plans officially replaced the colour-named war plans of the 1920s and 1930s (including Plan Orange, which had anticipated war with Japan). Rainbow 5, which was destined to be the basis for US strategy during World War 2, assumed that the US would be allied with Britain and France and provided for offensive operations by US forces in Europe, Africa, or both.<sup>15</sup>

The Local Joint Board (an Army/Navy/Canal authorities joint board) in 1939 considered that an attack by 5,000 enemy troops stood a good chance of success, by at least putting the Canal out of action, preventing movement of the US fleet (and likely taking place before any declaration of war).

As mentioned, the rising international tensions had already seen decisions to improve the defences of the Canal Zone. This included a mass reinforcement of the 19<sup>th</sup> Wing in the Canal Zone with more modern Curtiss P-36A Hawk fighters, then the standard USAAC fighter, sent from the Continental US, and a vast improvement over the obsolete P-26A Peashooter.<sup>16</sup> Types in use in the Canal Zone in 1939 included an overwhelming number of obsolete or obsolescent types.

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<sup>13</sup> <http://www.gwpda.org/naval/panama00.htm>

Any vessel of a belligerent power which commits a warlike deed within the territorial waters of the Canal Zone or the territorial waters of the Republic shall be barred from both such waters for a period of three months. Warships and auxiliaries which are "prosecuting or aiding hostilities" would be barred for three months from Panamanian/Canal Zone waters. Those which were not so "prosecuting or aiding" could go about their lawful occasions. A merchantman could arrive, re-coal, give the crew a three-day liberty, and so forth, so long as they were not doing something warlike. Ships involved in activities linked to war would be restricted, as would actual warships, to the 24-hour rule.

<sup>14</sup> <http://bdigital.binal.ac.pa/rdd/historicoview.php?ID=178321>

<sup>15</sup> <https://archive.org/details/eagleagainststuna0000spec/page/59/mode/2up>

<sup>16</sup> A similar concern would see them supplemented by some 80 Curtiss P-40 Warhawks in 1941.

In 1939, the 19<sup>th</sup> Wing had an authorised strength of 75 officers and 1,390 enlisted men, but was operating at reduced strength due to a lack of replacements. At the start of the year, it had around 70 aircraft,<sup>17</sup> comprising 28 twin-engine B-10B bombers, 14 of the A-17 two-seat attack aircraft; 24 P-26A fighters and a handful of the (even more ancient and obsolete) Boeing P-12E and P-12F<sup>18</sup> biplane fighters<sup>19</sup>.

By June 1939, the obsolete Martin B-10 bomber had been replaced by 30 of the (slightly more modern) Douglas B-18 Bolo<sup>20</sup>, the first of the latter having arrived in July 1938 – and being seen as an “ultra-modern” type (although by the time of the Pearl Harbor attack it would already be considered obsolete – but would still soldier on in the anti-submarine role well into the war).

Troop strength in Panama would rise from 13,451 in 1939, to 19,500 by 1 December 1940, and 31,400 by the time of Pearl Harbor in December 1941. Troop levels would eventually a wartime peak of 68,000 in November 1942, after which numbers reduced once more.<sup>21</sup>

The original airfield in the Canal Zone, France Field, at the Atlantic end of the Canal was surveyed under the Aviation Expansion Program in 1939, and it was shown that to operate the planned medium and heavy bombers a runway of 5,000 feet (1,524 metres) would be

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<sup>17</sup> *Air Defense of the Panama Canal, 1 January 1939 – 7 December 1941* (Army Air Forces Historical Office), January 1946: <https://www.afhra.af.mil/Portals/16/documents/Studies/1-50/AFD-090602-096.pdf>

<sup>18</sup> As USAAC units in the Continental US received the more modern PB-2, P-35, and P-36 fighters, it transferred P-26A to overseas garrisons. The Philippine Department received the first, early in 1937, followed in turn by the Hawaiian and Panama Canal Departments. The P-26A was effectively obsolete even then:

<https://media.defense.gov/2010/Sep/23/2001330114/-1/-1/0/AFD-100923-007.pdf>

<sup>19</sup> <https://www.afhra.af.mil/Portals/16/documents/Studies/1-50/AFD-090602-096.pdf>

In 1939, the P-12E and P-12F took part in a final exercise, and shortly after this they were shipped, dismantled, by freighter back to the US, destined for the most part for the Advanced Flying School at Kelly Field. It had been found that, in the annual exercises with the new Martin B-10B monoplane, it was shown that the fighters could not intercept except under the most unusual and carefully planned circumstances.

Records suggest that at least some of the 1920s Curtiss O-1E Falcon biplanes remained in use with the 7<sup>th</sup> Reconnaissance Squadron, and were used in the search for the three missing P-36A fighters in September 1939.

According to a mention in *Panama Canal Defenders: Camouflage and Markings of US Sixth Air Force and Antilles Air Command 1941-1945 – Volume 1: Single-engined Fighters* by Dan Hagedorn (Model Centrum PROGRES, 2021), “O-17E” were used in the search. However, no such model of the Consolidated O-17 existed, and I believe this to be an error, and the aircraft involved were more likely the O-1E version of the more common Curtiss Falcon.

<sup>20</sup> In early 1939, the Wing still had 28 B-10B on its strength.

<sup>21</sup> *Security and Defense of the Panama Canal, 1903-2000* by Charles Morris (Panama Canal Commission).

required, but budget restraints at the time precluded the necessary improvements.<sup>22</sup> The runway was built on silt and, as this settled, it was said that, in 1939, you could stand at one end and see the undulations.<sup>23</sup>

Meanwhile, construction began in 1939 of what was first called Bruja Point Airfield, this being originally part of the Bruja Point Military Reservation. On 1 December, the name was changed by General Order of the War Department to Howard Field.<sup>24</sup> It opened in 1942.

In 1939, the Coco Solo Naval Reservation included an air station which occupied 185 acres (74.8 hectares) of hard land, on the east side of Manzanillo Bay, at the Atlantic Ocean (north-west) side of the Panama Canal Zone, near Colón. Its facilities in 1939 included a small landing field, three aircraft hangars and a hangar for a blimp,<sup>25</sup> barracks, officer's quarters, three seaplane ramps,<sup>26</sup> and a few miscellaneous buildings. A one-mile (1.6 km) taxi strip connected France Field to NAS Coco Solo.<sup>27</sup> By 1939, amenities at the naval base had been augmented by a fenced inlet and beach on the ocean, as well as a small zoo, which was said to add to its idyllic image.

1939 also saw the three new steamships of the Panama Railroad Company's shipping line be delivered, all of which would later taken up by the US forces for service with the US Army or Navy, and only returning to normal service after the end of the war. On 15 August, the original SS *Ancon*, famous for having made the first commercial transit of the Canal in

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<sup>22</sup> However, by the end of 1940, plans were drawn up and partly approved, and two new 5,000 feet (1,524 metres) runways were built to the east of the Transisthmian Highway, being known as New France Field, some distance from the original airfield, which was then referred to as Old France Field.

<sup>23</sup> *Panama Canal defenders: Camouflage and Markings of US Sixth Air Force and Antilles Air Command 1941-1945 – Volume 1: Single-engined Fighters* by Dan Hagedorn (Model Centrum PROGRES, 2021).

<sup>24</sup> <http://bdigital.binal.ac.pa/bdp/an%20american%20legacy3.pdf.pdf>

<sup>25</sup> A non-rigid airship used for naval patrols (see the Chapter on advance bases for a little mote on the use of such blimps).

<sup>26</sup> The terms “flying boat” and “seaplane” are often used (as here) as if interchangeable. Seaplane is a more generic term that covers both flying boats (which have a boat hull, with or without floats) and floatplanes, which use floats to land and take off from water. An amphibian or amphibious flying boat also features a wheeled landing gear. Pure flying boats employed a wheeled trolley for launching and recovery from land. The famous PBY Catalina, for example, was originally a pure flying boat, while later versions were amphibians.

<sup>27</sup> *VPNavy! USN, USMC, USCG and NATS Patrol Aircraft Lost or Damaged During World War II* by Douglas E. Campbell (Syneca Research Group Inc, 2018).



August 1914, made her last transit – marking both the 25<sup>th</sup> anniversary of the opening of the Canal and her own historic trip. The old ship would be sold, and would also survive the war.

The Trans-Isthmian Highway arose from the negotiations that led to the Arias-Roosevelt Treaty in 1936 (which came into effect in 1939).<sup>28</sup> It had been agreed to build a highway between Panama City on the Pacific and Colón on the Caribbean. Construction began in 1939, and the road was named the Boyd-Roosevelt Highway, although the actual agreement had been signed by Acting President Dr Augusto Samuel Boyd and the then Governor of the Canal Zone, Colonel Glen E Edgerton.

The closure of many commercial markets as war broke out in Europe in 1939 affected the Canal, with a downturn in trade and a knock-on effect on Panama. However, the expansion of defences in the Canal Zone and the Republic would subsequently cause something of a wartime boom, but the economic benefits for most Panamanians are disputed (and they also had to endure the rationing and other problems of wartime anyway). Many of the workers needed had to be imported, as well much of the necessary building materials. There would be an inevitable downturn following the end of the war.

A 1939 report on public education in the Canal Zone,<sup>29</sup> produced for the Office of Education at the US Department of the Interior, included the following points –

- *“Approximately half its population of 38,873 is made up of white persons who are citizens of the United States; while the other half (approximately) discussed in another section, are coloured, non-citizens, chiefly men and women from the island of Jamaica, close by, of the British West’ Indies”;*
- *“The bulk of the population lives in ...Balboa on the Pacific...and Cristobal on the adjacent to the Panamanian cities Panama and Colon. Other smaller settlements are located along the route of the Canal”;*
- *“The Government assumes many of the responsibilities for the welfare of the community that are usually characteristic of a military reservation housing, for*

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<sup>28</sup> Until 1939, the Panama Canal Railroad had a monopoly under the terms of the 1903 Treaty.

<sup>29</sup> *Public Education in the Panama Canal Zone. Bulletin, 1939, No. 8* by Katherine M Cook (Office of Education, United States Department of the Interior): <https://files.eric.ed.gov/fulltext/ED542489.pdf>

*example, and the maintenance of commissaries. In addition, it provides educational facilities for its employees resident in the Zone, a responsibility not generally assumed on military reservations”;* and

- *“Approximately half of the coloured employees of the Panama Canal are housed in the Canal Zone; the others live in the Republic of Panama. A separate section in each zone community is set aside for coloured employees”.*

There was much increased construction activity in the Canal Zone. For example, originally referred to as Camp Diablo, Diablo Heights was chosen in 1939 as the headquarters for the Panama Canal’s Special Engineering Division, with buildings for planning staff and accommodations for 300 employees. It continued its organic growth, and was officially named Diablo Heights in 1940.<sup>30</sup> Close to Albrook Field, it was one of three new towns built by the Canal’s Building Division, alongside the expansion of existing ones in the expansion programme launched in the lead up to war, to cater for workers involved in the expansion.<sup>31</sup>

Almost half the new building in the pre- and early war expansion that the Canal’s Building Division provided was for housing of US and “alien” employees, with new towns at Diablo, Margarita and Cocoli; and the expansion of existing ones at Balboa, Pedro Miguel, Gamboa, Gatun and Old Cristobal.

The township of Paraiso had been abandoned as a settlement by 1938, and it became a military post in November 1939, housing troops guarding the Canal facilities as Camp Paraiso.<sup>32</sup>

Although, during the negotiations of what became the 1936 Treaty, the US representative refused to make any such obligation, contending that a formal commitment would bind the hands of Canal officials, in 1939, when the European crisis prompted increased expenditure

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<sup>30</sup> <https://www.laestrella.com.pa/nacional/221210/diablo-tercer-juego-esclusas-canal>

<sup>31</sup> About 375 new houses were built, ranging from single-family homes to 12-family apartment blocks, with over 100 of the latter built in the first 18 months. Five large mess halls were also built for the imported workers to use: *The Panama Canal in World War II* by James G Steese (The Military Engineer, Vol.40 No 267, January 1948), Society of American Military Engineers: <https://www.jstor.org/stable/44516081>

<sup>32</sup> It closed as a military camp in 1943 and, in 1944, the Army quarters were reused as it became a township once again.

on defence, President Roosevelt stipulated special consideration for Panamanians in the contracts for new construction.

In 1939, the Balboa Orchid Gardens were made a branch of the Canal Zone Experiment Gardens. The US Department of Agriculture also sent more than 500 different varieties of sugarcane and its close relatives to the latter. Breeders may have been concerned that they could be damaged by hurricanes at the sugarcane experimental station in Canal Point, Florida. The plants were allowed to flower in the Gardens as part of ongoing sugarcane breeding trials between 1940 and 1945. It is now thought that this experiment was the origin of the later problems with the rampant *Saccharum spontaneum* – by 2021 it was reported that “vast areas of central Panama are dominated” by the tall, tough grass species.<sup>33</sup>

The Panama Canal Railroad’s shipping line received its three new cargo-liners in 1939, all of which would see war service with the US Army or Navy. The original SS *Ancon*, famous for making the first commercial transit of the Canal in 1914, made its final transit in August 1939, before being retired.

In 1939, the US Government signed a treaty with Panama whereby profits from shipping were exempted from taxes, which made it attractive to US shipowners to take advantage of freedom of employment while obtaining tax benefits. Panama’s neutrality at the start of World War 2 was an additional encouragement for shipowners from the US and elsewhere to trade under the Panamanian flag. Over 100 US-controlled ships sailed under the Panamanian and Honduran flags during the war.<sup>34</sup>

Although, the Canal Zone began producing its own stamps from 1928, the last of Panamanian overprints were issued in 1939.

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<sup>33</sup> <https://www.thepanamanews.com/2020/11/paja-canalera-old-story-about-an-invasive-weed-probably-isnt-true/>

<https://link.springer.com/content/pdf/10.1007/s10530-020-02421-3.pdf>

<sup>34</sup> <https://core.ac.uk/download/pdf/10874137.pdf>

## THE 1936 TREATY COMES INTO EFFECT

Although it was signed in 1936, it took until 1939 for the US Senate to ratify the new Hull-Alfaro Treaty<sup>35</sup> which modified the relationship between the US and Panama laid out in the original 1903 Treaty. Even then, only two of the four agreements signed in 1936 would actually be ratified by the US.<sup>36</sup>

The 1936 Treaty provided a new context for relations between the two countries and ended the effective protectorate status of Panama, abrogating the 1903 Treaty's guarantee of the Republic's independence and the concomitant US right of intervention.<sup>37</sup> Thereafter, the US would substitute negotiation and purchase of land outside the Canal Zone for its former rights of expropriation. The revisions radically altered the special rights of the US in the isthmus, and the US Senate had been reluctant to accept the alterations.<sup>38</sup>

In order to ensure that the US Senate ratified the Treaty, in February 1939, the Panamanian Government made two concessions –

- the US Army could carry out manoeuvres in Panamanian territory; and
- the US could take unilateral defence measures to protect the Canal if there was not enough time to consult with the Panamanian Government.

Panama also gave way over the right of eminent domain over lands and waters outside the Canal Zone for purposes of defending the Canal; the right for the US to intervene unilaterally in the cities of Panama and Colón to preserve order and offset any threat to these vital ports; and the role of the US in providing a general guarantee of Panamanian independence.

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<sup>35</sup> <https://www.britannica.com/place/Panama/Transcontinental-railroad-and-canal-projects#ref468289>

<sup>36</sup> The others regulated radio communications and provided for the US to construct a new trans-isthmian highway connecting Panama City and Colón: <https://apps.dtic.mil/dtic/tr/fulltext/u2/a210486.pdf>

<sup>37</sup> For example, in 1925, the US intervened in a revolt by Kuna Indians on the north-east Atlantic coast and established a tribal reserve. The Kuna enclave was successful and, in the 1930s, the US military hired Kuna labourers to work at army bases: <https://www.everyculture.com/No-Sa/Panama.html#ixzz7S0hd11RJ>

<sup>38</sup> The US military also opposed the changes.

These concessions were to add to the disputes between Panamanian nationalists and the pro-US factions – particularly after the US was able to occupy the dozens of additional defence sites in the Republic during the war. However, they meant that Senator Key Pittman, Chairman of the Foreign Relations Committee, was able to advise his colleagues that Panama was willing to permit the US to act unilaterally for the defence of the Canal. The Treaty was finally approved by the US Senate in on 25 July.<sup>39</sup> Also ratified and put into effect was the Transisthmian Highway Treaty.<sup>40</sup>

The threat of war had also helped convince the US Senate to finally ratify the 1936 Hull-Alfaro Treaty, and the Panamanian President demanded that its provisions be implemented as soon as possible.

However, when President Arosemena died unexpectedly in December 1939, the US feared (rightly, as it turned out) a rise to power of populist Arnulfo Arias Madrid. It therefore had the USAAC fly the First Vice-President, Augusto Samuel Boyd, back to Panama to take up office. US officials hoped that Boyd would provide a “stumbling block to Arias in the 1940 election” (but he would not).

## **THE DECLARATION OF PANAMA**

The Declaration of Panama (more correctly, the First Meeting of Consultation among the Ministers of Foreign Affairs of the American Republics) followed a meeting in Panama City held from 26 September which saw Central American nations (a number of which had leaderships with some pro-German sympathies) aligned with the US in the creation of a maritime security zone (the Pan-American Security Zone).<sup>41</sup> An unstated element of the Declaration was a willingness to accept US leadership in the defence of the region.<sup>42</sup> As it was, it led directly to the establishment of the Neutrality Patrol and would restrict German

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<sup>39</sup> <https://www.laestrella.com.pa/nacional/publicando-historia/220731/ventajas-tratado-arias-roosevelt>

<sup>40</sup> Until the highway was opened, and it was restricted to military traffic even then, to cross the isthmus one could either travel down the Canal itself or use the railway.

<sup>41</sup> For a map showing the maritime security zone see:

<http://images.library.wisc.edu/FRUS/EFacs/1939v05/reference/frus.frus1939v05.i0004.pdf#page=21>

<sup>42</sup> <https://digitalcommons.fiu.edu/cgi/viewcontent.cgi?article=3672&context=etd>

U-boat activity in much of the western Atlantic Ocean. The Declaration was signed on 2 October.

The participants reaffirmed their own neutrality in the war; prohibited belligerent submarines from using domestic ports; demanded the cessation of subversive activities by foreign agents; and proclaimed a maritime security zone of 300 miles (480 km) around both coasts of the American continents. The meeting also established The Inter-American Committee on Neutrality, pursuant to Paragraph 5 of the General Declaration of Neutrality of the American Republics approved at the meeting.<sup>43</sup>

At the Conference, the Panamanian delegation was led by Juan Domóstene Arosemena, brother of President Arosemena. The President enthusiastically supported the US position, hoping to use such cooperation as leverage to gain concessions from the US.

## **PANAMA POLITICS**

The political scene in Panama had been uneasy since a coup in 1931, and was further disrupted by the premature death of President Juan Demostenes Arosemena on 16 December. He was briefly succeeded by Ezequiel Fernández Jaén, who was his second Vice-President, but only for three days until the first Vice-President, Augusto Samuel Boyd, who was Panamanian ambassador to the US, could return to Panama.. A former conservative candidate, Augusto Boyd continued the administration's policy of cooperation with the US, so that the 1930s ended as it had begun, despite the 1931 coup, with a pro-US regime governed by the elite. The elite would suffer another, temporary, setback in 1940 when populist and nationalist Arnulfo Arias Madrid became President.

The participation of Arnulfo Arias Madrid in the electoral campaign of Juan Demóstenes Arosemena in 1936 led to him being appointed him Extraordinary Envoy and Minister Plenipotentiary in the countries of Denmark, England, Sweden, Germany and France. He settled in Paris until 1939. During his time in Europe, he witnessed the fascist ideologies of

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<sup>43</sup> <https://www.dipublico.org/101648/comite-interamericano-de-neutralidad-comite-juridico-interamericano/>

Italy and Germany and became very interested in these social movements and tried to study them closely, it being thought that what he saw influenced the policies he attempted to put in place as President in 1940.

In 1939, Arias Madrid returned to Panama and ran for the Presidency, leading an alliance of parties that made up the National Coalition. At that time, the population of Panama City reached 100,000, being swollen by immigrants, especially Europeans, fleeing World War 2. The economy heated up, the country not being prepared to receive so many foreigners who began to compete commercially with nationals, who felt unfair competition. Arias Madrid promised Panamanians that he was the solution to this problem.<sup>44</sup>

The *Partido Nacional Revolucionario* (National Revolutionary Party or PNR), which Arias Madrid had helped formed earlier, offered him its candidacy for the 1940 elections. He made his anti-American stance one of the bases of his platform, alongside a move against other non-Panamanians (as well as some Panamanians, particularly those of Afro-Caribbean origin). As well as what was portrayed as the commercial exploitation of the country, Arias Madrid and his allies could point to Article 136 of the Panamanian Constitution as evidence of the country's second-class status.<sup>45</sup>

### **A LAST PRE-WAR WHITE WAVE**

In 1939, when the US fleet was *en route* from the Pacific to the Caribbean for its annual war games, it paused in Colón after a 36-hour northern transit through the Canal<sup>46</sup>. Life Magazine was there to report on 40,000 sailors being given a chance to go ashore for the largest such shore leave event of the year.<sup>47</sup> Surprisingly perhaps, there were no serious

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<sup>44</sup> [https://www.panamaviejaescuela.com/arnulfo-arias-madrid/?fbclid=IwAR1UbFenl4SCIRTjyb0a-C5LNj8XZ2A4HtbT5q5Tt8WVaDN46bd\\_Wq997GE](https://www.panamaviejaescuela.com/arnulfo-arias-madrid/?fbclid=IwAR1UbFenl4SCIRTjyb0a-C5LNj8XZ2A4HtbT5q5Tt8WVaDN46bd_Wq997GE)

<sup>45</sup> Article 136 of the Panamanian Constitution of 1903 granted the US the right to intervene in any part of the Republic in the event the public peace was disturbed. Article 136 had often been invoked by the party in power to control the actions of the opposition and was also instrumental in establishing a precedent for a Panamanian military to later intervene in political matters:

<https://scholarsrepository.llu.edu/cgi/viewcontent.cgi?article=1539&context=etd>

For more on Arias Madrid, see <http://raytodd.blog/2022/10/31/panama-the-wartime-president/>

<sup>46</sup> Confusingly, due the shape of the country, what are west-east transits actually run north-south.

<sup>47</sup> The next large-scale event was to take place in 1945 and involving sailors returning from the Pacific with Task Force 38.

incidents reported, and the Commander-in-Chief of the US Fleet thanked Panamanians for their hospitality.<sup>48</sup> Tours of the Locks are said to have been particularly popular.

## JANUARY

Pan American Airways had gained an interest in the German-controlled Colombian airline SCADTA from as early as 1931, but had contrived to keep its interests from both the Colombian and US Governments until January 1939. It then publicly acknowledged its ownership and began purging German personnel from November 1939.

In January, the War Department notified the Panama Canal Department that \$200,000 had been made available for the establishing of airfields in the Republic under the Air Corps Augmentation Program. In February, the War Department was supplied with a list of 10 sites that should be involved.

On 28 January, the first ferry flight of obsolete B-10B bombers left – and the first delivery of B-18 bombers arrived soon afterwards.<sup>49</sup>

When an earthquake killed thousands of people and injured many more in Chile on 24 January 1939, USAAC commander, General Andrews, ordered long-range aircraft held in readiness for a relief mission. However, he cancelled the alert when he learned the Panama Canal Department would send aircraft. But then the prototype XB-15 bomber was sent from the US with gauze bandages, ether, chloroform, sutures, sulfanilamide tablets, syringes, needles, X-ray plates, surgical gloves, and other items – a total of 69 cartons, weighing 3,250 lb (1,474 kg). The XB-15 travelled to Peru via the Canal Zone, and Panagra<sup>50</sup> airline crew helped service the plane during the 9-hour stop in Lima.<sup>51</sup>

<sup>48</sup> <http://www.panamahistorybits.com/article.asp?id=2011-07-15>

<sup>49</sup> *Air Defense of the Panama Canal, 1 January 1939 – 7 December 1941* (Army Air Forces Historical Office), January 1946: <https://www.afhra.af.mil/Portals/16/documents/Studies/1-50/AFD-090602-096.pdf>

<sup>50</sup> Pan American and Grace Airways.

<sup>51</sup> <https://media.defense.gov/2016/Mar/17/2001481634/-1/-1/0/PAGES%20FROM%20AVIATION%20IN%20THE%20US%20ARMY%201919-1939.PDF>



## FEBRUARY

An Exchange of Notes between the US Secretary of State and the Panamanian Minister in Washington<sup>52</sup> of 1 February said that it was recognised that “*the holding of manoeuvres or exercises by the armed forces of the United States in territory adjacent to the Canal is an essential measure of preparedness for the protection of the neutrality of the Canal*”.<sup>53</sup>

On 24 February, a Special Engineering Section created by the Governor in 1937 submitted a report on a proposed third set of locks. It said that construction should start within 10-12 years and, for defence security considerations, the new locks should be placed some distance from existing ones. The cost was estimated at \$277 million.<sup>54</sup> In August, Congress would authorise the “Third Locks Project”.<sup>55</sup>

## MARCH

A USAAC study in 1938<sup>56</sup> had presented a strong case for further development of barrage balloons and, in 1939, the 1<sup>st</sup> Balloon Squadron was formed at Fort Sill in Oklahoma. A single balloon was sent to Fort Sill in March 1939 for the Squadron to test and it was also sent to Panama to obtain data on deterioration in storage - but it took the war in Europe to move the War Department to further development of barrage balloons.<sup>57</sup> The balloon sent to the Canal Zone for tests in 1939 was a D-2a type, a dilatable type<sup>58</sup> of 15,000 cubic feet and inflated using hydrogen.<sup>59</sup>

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<sup>52</sup> The post would not be upgraded to Ambassador until March.

<sup>53</sup> *Neutrality, Belligerency, and the Panama Canal* by Norman J Padelford (The American Journal of International Law, Vol. 35, No. 1, January 1941).

<sup>54</sup> <https://ufdc.ufl.edu/AA00019286/00001/pdf>

<sup>55</sup> See <http://raytodd.blog/2022/09/26/the-wartime-panama-third-locks-project/>

<sup>56</sup> Air Corps Board Study No.40: “*The Employment of Balloon Barrages*”.

<sup>57</sup> *Aviation in the US. Army, 1919-1939* by Maurer Maurer, (United States Air Force Historical Research Center (Office of Air Force History), 1987).

<sup>58</sup> There were two basic types of balloons. Ballonet types had an internal air chamber that permitted the outer hull to maintain shape when there were changes due to temperature, air density etc. The ballonet principle is used in blimps to maintain both shape and trim. The dilatable type had no interior chamber and was entirely filled with gas, and internal or external elastic lacing or cords to retain its shape during expansion and contraction. Both types were made in World War 2, with the dilatable considered to be the most efficient in design, but the ballonet proved to be more practical. Later in the war, a positive pressure ballonet type was developed with an automatic blower to force air in and maintain internal pressure.

<sup>59</sup> *The US Army Barrage Balloon Program* by James R Shock (Merriam Press, 2006).

In March, illustrating the change in status of Panama from being a US protectorate, following implementation of the 1936 Treaty, the US Legation in Panama was upgraded to Embassy status, with a US Ambassador (or Ambassador Extraordinary and Plenipotentiary) instead of a Minister (or rather an Envoy Extraordinary and Minister Plenipotentiary).<sup>60</sup>

## **APRIL**

After being used in supplying humanitarian relief after an earthquake in Chile in 1939 (see above), the unique Boeing XB-15 prototype four-engine bomber undertook bombing tests in the Canal Zone in April. It was also used for secret tests in Panama in 1940, practising attacks on the Canal locks, and operating from Albrook Field with the 2<sup>nd</sup> Bombardment Group of the USAAC.<sup>61</sup>

By April, the air defences of the Canal consisted of a total of 71 tactical aircraft of all types, either in commission or in temporary storage, split more-or-less evenly between France Field and Albrook Field, at either end of the canal. These consisted of 33 Douglas B-18 and B-18A bombers, 15 Northrop A-17 single-engine attack aircraft (all of which were assigned to the Albrook-based 74<sup>th</sup> Attack Squadron) and 24 Boeing P-26A Peashooters.

On 1 April, the Antilles Department was established (originally as the Puerto Rico Department, being subsequently renamed on 1 June 1943). Like the Panama Canal Department, this would be an administrative sub-area of the Caribbean Defense Command based in the Canal Zone. When renamed in 1943 it assumed responsibility over a much larger area, encompassing such places as Cuba, Trinidad, and the British West Indies.

On 17 April, a new runway, laid by the Panama Canal Company, and a control tower building were put into operation at Albrook Field.<sup>62</sup>

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<sup>60</sup> <https://apps.dtic.mil/sti/pdfs/ADA529923.pdf>

<sup>61</sup> The aircrew included a Captain Curtiss LeMay as navigator, this being the future chief of the US bomber force against Japan and the latter commander of the postwar Strategic Air Command. The XB-15 would later be converted into the XC-105 transport and again based in the Canal Zone.

<sup>62</sup> <https://www.laestrella.com.pa/nacional/220611/aeropuerto-inter-tocumen-relato>

## MAY

SS *Panama*, the third of the three new cargo-liners for the Panama Canal Railroad's shipping line becomes the first to enter service.

## JUNE

By June, the handful of Boeing P-12 biplane fighters had been replaced by the much more modern P-36A Hawk monoplane fighters<sup>63</sup>. The first P-12 had arrived in the Canal Zone in 1930.

Under the Presidential directive of June 1939, the US Army had authority in Panama for military intelligence, sabotage and counter-espionage.<sup>64</sup> The Army's Military Intelligence Division (MID) would continue to handle cases in the "military establishment" including where involving any civilian employees, military reserve, and areas of military control, including the investigation of cases in these categories involving civilians in the Canal Zone and the Republic of Panama – with the proviso that the FBI and Office of Naval Intelligence (ONI) were to be informed of any important developments.<sup>65</sup>

The Army's Panama Signal Company had a monitoring station at Corozal in the Canal Zone in 1939, and was one of seven monitoring stations which were the basic source of SIS intercept traffic until after Pearl Harbor.<sup>66</sup>

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<sup>63</sup> The only slightly more modern P-26A monoplanes would remain in limited use for some time yet. See <http://raytodd.blog/2022/09/29/panama-at-war-blimps-crash-boats-peashooters-and-herman-the-german/>

<sup>64</sup> In June 1940, the FBI was made responsible for collecting intelligence and conducting counter-intelligence operations elsewhere in the Western Hemisphere, excluding Panama, and operated in this role throughout Latin America during the war. All other foreign intelligence work was to be the responsibility of the Army (Military Intelligence Division) or Navy (Office of Naval Intelligence): <https://fas.org/irp/agency/army/cic-wwii.pdf>

The NSA has stated that the FBI "did quite well in counterintelligence and undoubtedly disrupted most German operations in the US and later in Latin America".

<sup>65</sup> [https://fas.org/irp/ops/ci/docs/ci2/2ch1\\_b.htm#ciops](https://fas.org/irp/ops/ci/docs/ci2/2ch1_b.htm#ciops)

<sup>66</sup> [https://www.nsa.gov/Portals/70/documents/about/cryptologic-heritage/historical-figures-publications/publications/wwii/history\\_us\\_comms.pdf](https://www.nsa.gov/Portals/70/documents/about/cryptologic-heritage/historical-figures-publications/publications/wwii/history_us_comms.pdf)

By 12 June, the Martin B-10 bombers had been replaced by 30 of the (slightly more modern) Douglas B-18 Bolo.

The new SS *Ancon* was delivered to the Panama Canal Railroad's shipping line on 16 June.

## **JULY**

On 1 July, William Dawson took up the post of US Ambassador. He would serve until April 1941.

On 1 July, Navy patrol squadron VP-5 was redesignated VP-33, having arrived at Coco Solo with its PBY Catalina flying-boats in a mass flight during 1939. During the period of "neutrality patrols" the unit alternated its operational bases between Guantanamo Bay, Cuba, San Juan, Puerto Rico and NAS Coco Solo.<sup>67</sup>

The 1936 Hull-Alfaro Treaty is ratified by the US Senate on 25 July,<sup>68</sup> and took effect from 28 July.

## **AUGUST**

The original SS *Ancon* made her last transit of the Canal.

In August, the Canal Zone Post Office issued a further series of 16 stamps commemorating the 25<sup>th</sup> anniversary of the Canal's completion, depicting "before" and "after" views of various points along the Canal - such as before and after views of Balboa .

Curtiss P-36A Hawk fighters began to arrive in August.

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<sup>67</sup> Aka NAS Upham.

<sup>68</sup> <https://apps.dtic.mil/dtic/tr/fulltext/u2/a210486.pdf>

In August and September, an average of 15 or 16 vessels were passing through the Canal each day; but of these about 68% were vessels of US, British, French, or Dutch registry.<sup>69</sup>

A comment on the unrest and anti-Americanism of the 1930s was reflected in *The Atlantic* in August, with an article saying that “‘patriotism’ is being cultivated by so-called Liberal as well as Fascist influences in the Republic. Black Shirt and Nazi as well as Communist-front organizations hold meetings in Panama as freely as in the United States, with the Fascist groups at present rather in the ascendant”.<sup>70</sup>

In August, the US Army Corps of Engineers acquired \$2.5 million to improve the road from the Canal Zone to Rio Hato in the Republic (used under a private lease) , and, in late 1939, the 11<sup>th</sup> Engineers began to improve the airfield.

The Surgeon General believed the number and capacity of the Army’s Hospitals were inadequate, even for peacetime needs, but Congress funds had previously insufficient to successfully remedy the situation. However, a plan he put forward was approved in August and, in the Canal Zone, this would see two General Hospital embark for the Canal Zone in January 1942. In fact, the construction of three new military hospitals in the Canal Zone had been authorised in the \$50 million 1939 expansion programme.<sup>71</sup>

On 10 August, Rear Admiral Frank H Sadler took over command of the 15<sup>th</sup> Naval District, the naval command in the Canal Zone.

On 11 August, the US Congress authorised the “Third Locks Project”, also known as the “bypass project”,<sup>72</sup> to provide new, larger locks near existing ones at Gatun, Pedro Miguel and Miraflores in order to increase the Canal’s capacity. Congress allocated \$15 million to begin work and authorised the signing of contracts.

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<sup>69</sup> <https://www.ibiblio.org/hyperwar/USA/USA-WH-Guard/USA-WH-Guard-12.html>

<sup>70</sup> <https://www.theatlantic.com/magazine/archive/1939/08/watch-out-for-panama/654172/>

<sup>71</sup> <https://www.med-dept.com/articles/ww2-military-hospitals-zone-of-interior/>

<sup>72</sup> <http://bdigital.binal.ac.pa/rdd/historicoview.php?ID=178321>

On 25 August, the US concluded an Executive Agreement with Panama reaffirming the Lansing-Morales Protocol of 1914 that dealt with the extension of hospitality to belligerent war vessels or associated vessels in the waters of the Canal Zone or Panama.<sup>73</sup>

At the end of August, it was announced that expansion of the 19<sup>th</sup> Wing would be greater than originally planned, and was to be completed by 30 June 1941. During FY 1940 the 19<sup>th</sup> Wing was to receive 2,697 extra enlisted men, at a rate of approximately 225 per month. This would bring the authorised strength of USAAC air units to 4,087.

On 29 August, the Governor issued orders requiring transiting ships to carry an armed Transit Guard supplied by the Army. From 31 August, this an armed guard was required on all vessels except those considered "safe" and classified as "R". Ships of all the belligerent nations were classified "high risk" and classified "X".

<b>USAAC strength on hand at the 2 airfields, Albrook and France, in August 1939</b>	
TYPE	ON HAND
Bellanca C-27A	2
Boeing P-26A	24
Douglas B-18	33
Douglas C-29	1
Douglas C-33	2
Douglas OA-4B/C-26A	1
Grumman OA-9	3
North American BC-1	6
Northrop A-17	14
Sikorsky Y10A-8	1
Thomas-Morse O-19C	1
	86 total all types (70 combat types)

<sup>73</sup> <http://www.gwpda.org/naval/panama00.htm>

Any vessel of a belligerent power which commits a warlike deed within the territorial waters of the Canal Zone or the territorial waters of the Republic shall be barred from both such waters for a period of 3 month. Warships and auxiliaries which are "prosecuting or aiding hostilities" would be barred for 3 months from Panamanian/ Canal Zone waters. Those which were not so "prosecuting or aiding" could go about their lawful occasions. A merchantman could arrive, re-coal, give the crew a 3-day liberty, and so forth, so long as they were not doing something warlike. Ships involved in activities linked to war would be restricted, as would actual warships, to the 24-hour rule.

## SEPTEMBER

The US Export-Import Bank lent Costa Rica \$4.6 million in September 1939, to complete a section of the Inter-American Highway which ran for 115 miles from San Jose, the capital, to the Panamanian frontier. This work was estimated to take at least four years.<sup>74</sup>

In September, the Commanding General of the Panama Canal Department set up the Emergency Landing Field Project Board to identify potential airfield sites in the Republic.<sup>75</sup>

In September, the War Department reminded the Panama Canal Department that the Navy was (in theory) responsible for the location and attacking any forces found in its coastal zone<sup>76</sup>, and the role of the Army was to assist. However, The USAAC commander pressed for naval patrol bombers, and for land-based long-range four-engine bombers.

In September, Admiral Robert took up the post of High Commissioner of the Republic to the Antilles<sup>77</sup> and Guiana and Naval Commander in Chief for the Western Atlantic. A supporter of the Vichy Government from Summer 1940, and the ruler of Martinique and Guadalupe, it was the possible removal by force of his administration in the former was a possible use of the airborne US Army Striking Force that would be maintained in Panama.

In September, Pan American Airways announced plans to extend landplane services, using modern Douglas DC.3 and Boeing SA.307 Stratoliner monoplanes, in Latin America, in place of the previous flying-boats. In 1940, the first such service would begin, from Miami to the Canal Zone, using the Stratoliner.<sup>78</sup>

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<sup>74</sup> [https://tradocfcoeccafcoepfwprod.blob.core.usgovcloudapi.net/fires-bulletin-archive/1942/APR\\_1942/APR\\_1942\\_FULL\\_EDITION.pdf](https://tradocfcoeccafcoepfwprod.blob.core.usgovcloudapi.net/fires-bulletin-archive/1942/APR_1942/APR_1942_FULL_EDITION.pdf)

<sup>75</sup> In November, following unsatisfactory meetings with the President and foreign minister, Rio Hato was added to the list for the first time as among the airfield to be acquired by the US military.

<sup>76</sup> The Joint Defence Plan, Panama Canal, 1938.

<sup>77</sup> Guadeloupe and Martinique (plus Saint Martin – though the southern half if the Dutch Sint Maarten - and Bathélemy).

<sup>78</sup> <https://www.afhra.af.mil/Portals/16/documents/Studies/51-100/AFD-090601-032.pdf>

The outbreak of war and the creation of the Neutrality Patrol radically altered the operations of the US Navy Special Service Squadron (aka the Central American Banana Fleet),<sup>79</sup> which had been used during the 1920s and 1930s to patrol and “show the flag” in the Caribbean. Two additional destroyers were attached to the Squadron, so that it could patrol both the approaches to the Canal and carry out some limited neutrality patrol work in the Caribbean.<sup>80</sup>

An Executive Order imposed restrictions in what was termed the Canal Zone Air Space Reservation<sup>81</sup>, which over the length of the Canal Zone and extended to the territorial waters within three miles (4.8 km) of either entrance to the Canal.

On 2 September, 19<sup>th</sup> Wing ordered units at Albrook Field and France Field to be prepared to search the sea approaches, escort any vessels within the limit and intercept any unidentified aircraft over the Canal Zone.

On 4 September, three P-36A on a delivery flight from the US, left Managua in Nicaragua for David, the last stop before arrival at Albrook Field. They encountered a massive tropical front and disappeared, triggering a search by a number of other aircraft.<sup>82</sup> Two were found on or near a beach, and the pilots rescued, but other was never found.<sup>83</sup>

On 5 September, Executive Order 8234 imposes tightened security in the Canal Zone – and the Commanding General of the Panama Canal Department, was to exercised final authority

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<sup>79</sup> See <http://raytodd.blog/2022/08/30/panama-neutrality-and-preparation-for-war-to-1941/>

<sup>80</sup> *The Special Service Squadron and the Caribbean Region, 1920-1940: A Case Study in Naval Diplomacy* by Donald A Yerxa (Naval War College Review, Autumn 1986): <https://www.jstor.org/stable/pdf/44637727.pdf>  
The Squadron would be disbanded in September 1940.

<sup>81</sup> On 18 February 1929, an Executive Order by President Coolidge had made the Canal Zone, including its territorial waters within three miles of shore, a "military airspace reservation" and defined the conditions under which aircraft, American and foreign, may operate in the Canal Zone:  
<https://www.nytimes.com/1929/02/19/archives/canal-flight-rules-issued-by-coolidge-zone-including-a-threemile.html>

For a study from 1952 into the rights of sovereignty of the airspace over the Canal, see:

<https://scholar.smu.edu/cgi/viewcontent.cgi?referer=&httpsredir=1&article=3552&context=jalc>

It also refers to the September 1939 Executive Order (itself modelled on similar restrictions from 1917 and World War 1) – though without it being a total prohibition, as had been the case in the first war.

<sup>82</sup> The searchers comprised two B-18 bombers, two A-17 attack bombers, a Grumman OA-9 Goose amphibian, two Thomas-Morse O-19E observation biplanes and 17 other P-36A.

<sup>83</sup> *Panama Canal defenders: Camouflage and Markings of US Sixth Air Force and Antilles Air Command 1941-1945 – Volume 1: Single-engined Fighters* by Dan Hagedorn (Model Centrum PROGRES, 2021).



over all operations of the Panama Canal, including control and government of the Canal Zone<sup>84</sup>. The regulations provided that no-one on a vessel in transit should have a camera in their possession, nor make any drawing, picture etc of any of the locks and works without obtaining the permission of the Governor and submitting the material to the Governor. They also required all cameras to be collected and secured in an “inaccessible place” on the ship while in transit, and to cooperate in preventing the making of pictures and drawings. The regulations also provided that “no belligerent aircraft shall be navigated into, within, or through the airspace above the territory or waters of the Canal Zone”.

On 6 September, more troops were ordered to the Canal Zone, including 2,700 officers and men of the 16<sup>th</sup> Infantry Brigade.

On 8 September, President Roosevelt declared a state of emergency<sup>85</sup>.

The regulations of 5 September were followed on 12 September by an Executive Order on “Regulations Governing the Entrance of Foreign and Domestic Aircraft into the Canal Zone and Navigation Therein”. These new regulations included providing that all aircraft had to follow prescribed routes and land at specified places, cameras sealed, and no firearms, munitions or explosives could be carried.

From 21 September, a joint board was established consisting of an officer from the Panama Canal Department, the Department’s Atlantic and Pacific Sectors and the Canal authorities. This board would meet regularly to discuss security requirements during the expansion of facilities in and around the Canal. For example, the numbers of men allocated to the military guard on the Canal itself were increased.<sup>86</sup>

On 26 September, the meeting that led to the Declaration of Panama was convened in Panama City.<sup>87</sup>

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<sup>84</sup> As had been the case in 1917 during World War 1.

<sup>85</sup> Poland had been invaded on 1 September, and Britain and France had declared war on 3 September.

<sup>86</sup> *Security and Defense of the Panama Canal 1903-2000* by Charles Morris, Panama Canal Commission: <https://original-ufdc.uflib.ufl.edu/AA00047733/00001/6j>

<sup>87</sup> <https://www.dipublico.org/101648/comite-interamericano-de-neutralidad-comite-juridico-interamericano/>

On 30 September, Naval Air Station Coco Solo (aka as NAS Upham) was re-established.

## OCTOBER

*In October, it was said of the Coco Solo naval base that it had “several piers in between a south wall and a north wall. The [submarine] squadron consisted of six old S-type submarines, the [USS] Mallard, and the base facilities with some small motorboats. Just a little ways up from the south wall where the Mallard normally tied up was a large building which housed the Gym. This was just inside the base where the submarine base and the Fleet Air Base joined together. There was no fence between them and the flight field with runways came down to the submarine base at this point. The buildings for the air base were at the other end of the runways”.*<sup>88</sup>

The declaration of Panama was signed on 2 October.<sup>89</sup>

On 9 October, the War Department ordered the Commanding General by radio to take immediate action for preparation of the airfields identified by the Emergency Landing Field Project Board. The Commanding General estimated that it would cost \$600,000 to improve the sites recommended by the Board.

On 10 October, for the first time in history, the entire Canal Zone and all its facilities were blacked out for 15 minutes – although the lights in the neighbouring Panamanian cities remained on and, although a portent of things to come, the exercise was said to have been conducted in a “semi-festive” atmosphere.

The original mission of the Neutrality Patrol was purely that of observation and reporting, and ships were instructed to avoid any action that might be interpreted as being of hostile

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<sup>88</sup> George O Jones, USN (Retired): <http://www.geocities.ws/goliverjones/page10.htm>

<sup>89</sup> <https://apps.dtic.mil/dtic/tr/fulltext/u2/a245396.pdf>

intent.<sup>90</sup> By 16 October, the orders had changed, calling for “suspicious” vessels and warships to be followed. These basic rules did not change until just before the US entry into the war in December 1941.

In October, the US Army War Plans Division wrote an analysis of the possible consequences of an Anglo-French defeat in the war. This said that a considerable time would elapse before the Germans could launch a major attack across the Atlantic. In the meantime, they would undoubtedly step up their activity in Latin America. They might attempt to pave the way for later direct action by first overthrowing governments friendly to the US. It foresaw the possibility of a German attempt to block the Panama Canal by sabotage or air bombardment while the bulk of the US Fleet was in the Pacific, but it was considered that this an unlikely development unless Japan acted in concert with Germany in launching an attack.

As a result of an emphasis on air defence, a reorganisation of military forces in the Canal Zone took place on 16 October. All anti-aircraft units were amalgamated into one command – the Panama Provisional Coast Artillery Brigade. This was one of the five commands into which the Panama Canal Department was divided, and the 19<sup>th</sup> Wing was removed from control of the Department Troops command.<sup>91</sup>

On 18 October, President Roosevelt issued a Proclamation which banned all submarines of the belligerent countries from the ports and territorial waters of the US, and the Canal Zone, unless forced to do so by *force majeure* (in which case they had to remain on the surface and displaying their national flag).<sup>92</sup>

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<sup>90</sup> *The Navy Air War*, edited by Lt AR Buchanan USNR (US Navy), 1946: [https://penelope.uchicago.edu/Thayer/E/Gazetteer/Places/America/United\\_States/Topics/history/Texts/AHUNAW/4\\*.html](https://penelope.uchicago.edu/Thayer/E/Gazetteer/Places/America/United_States/Topics/history/Texts/AHUNAW/4*.html)

<sup>91</sup> *Air Defense of the Panama Canal, 1 January 1939 – 7 December 1941* (Army Air Forces Historical Office), January 1946: <https://www.afhra.af.mil/Portals/16/documents/Studies/1-50/AFD-090602-096.pdf>

<sup>92</sup> <https://www.presidency.ucsb.edu/documents/proclamation-2371-restricting-the-use-territorial-waters-the-united-states-foreign>

## NOVEMBER

In November, after a fierce debate in Congress, the last Neutrality Act passed. This Act lifted the previous arms embargo and put all trade with belligerent nations on a “cash-and-carry” basis. A ban on loans remained in effect, and US ships were barred from transporting goods to belligerent ports.<sup>93</sup>

## DECEMBER

President Demóstenes Arosemena died prematurely on 16 December and before the end of his term. He was (very) briefly succeeded by Ezequiel Fernández Jaén, who was his second Vice-President, until the first Vice-President, Augusto Samuel Boyd, who was Ambassador to the US, could return to Panama and take up the post on 19 December.

On 25 December, the German merchant ship *Dusseldorf* arrived at Balboa with a British prize crew aboard. It had been captured 20 miles (32 km) off the Chilean coast, near the port of Caldera.<sup>94</sup> It sought transit for the Canal *en route* to a British port, and was allowed transit (albeit with an armed guard aboard – said to be to prevent the Germans aboard to jump ship). It was cleared out from Cristobal the next day, despite a complaint lodged against the transit and clearance by the German Consul in Colón.<sup>95</sup>

When the *Dusseldorf* reached Balboa, the former steamship agent at Balboa was aboard, and was taken off to be hospitalised, having been certified by the ship’s doctor as being critically ill. He refused to go to a Canal Zone hospital, and so was taken into the Republic (where he held a permanent residence permit). Examined, and found not to be “ill”, he was

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<sup>93</sup> <https://history.state.gov/milestones/1921-1936/neutrality-acts>

<sup>94</sup> Prompting a complaint to the US Ambassador in Chile by its foreign ministry that this represented a violation of the security zone imposed around the Americas.

<sup>95</sup> It was argued that the Canal was the normal route for a ship to cross from the Pacific to the Atlantic, and could not be compared to a violation of neutral territorial waters, such as was said to have happened with the German vessel *Altmark* in 1940, when in Norwegian waters (and whose route “bore no relation to normal navigation”). The Royal Navy had claimed the right to sail uninspected through neutral waters since the 1870s. (*The Gathering Storm: The Naval War in Northern Europe September 1939 - April 1940* by Geirr H Haarr, Seaforth Publishing, 2013)

returned to the Canal Zone and held at an immigration station pending further action.<sup>96</sup> Eventually he was turned over to the British Vice-Consul at Cristobal and, reportedly, taken by armed Canadian sailors from the HMCS *Assiniboine*<sup>97</sup> and taken to Bermuda to join the *Dusseldorf*.<sup>98</sup>

Ray Todd  
Panama City  
Republic of Panama  
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<sup>96</sup> <https://www.nytimes.com/1939/12/27/archives/canal-zone-sifts-prisoners-status-german-whose-appendicitis-delayed.html>

<sup>97</sup> The former HMS *Kempenfelt*, she had only been transferred to the Royal Canadian Navy in 1939. Before transferring to the North Atlantic she was later involved in the capture of a German blockade runner, the MV *Hannover*, in the Mona Passage between Hispaniola and Puerto Rico on 8-9 March 1940, together with the light cruiser HMS *Dunedin*. After that she sailed to Halifax, Nova Scotia for refit, arriving on 31 March.

<sup>98</sup> *Neutrality, Belligerency, and the Panama Canal* by Norman J Padelford (The American Journal of International Law, Vol. 35, No. 1, January 1941)