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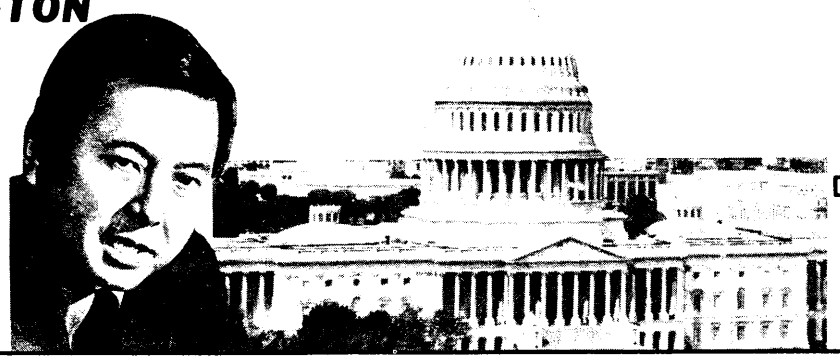
DATELINE WASHINGTON

A Report to Hawaii from –

Senator

DANIEL K. INOUYE

November 1977



Should New Treaties Be Ratified?

U.S. Faces Critical Decision on Panama Canal

The Panama Canal has embroiled Americans in a fierce debate, the results of which are likely to have a significant impact on our future defense, trade and diplomatic relations in the Western Hemisphere.

At issue are new treaties signed this fall by American and Panamanian heads of state and a possible vote on ratification by the United States Senate next year.

I have consistently supported a new American policy in Panama as set forth in the new treaties and intend to vote for their ratification. I join my distinguished military leaders, our diplomatic corps, major American businesses and giant unions like the AFL-CIO and UAW in supporting ratification.

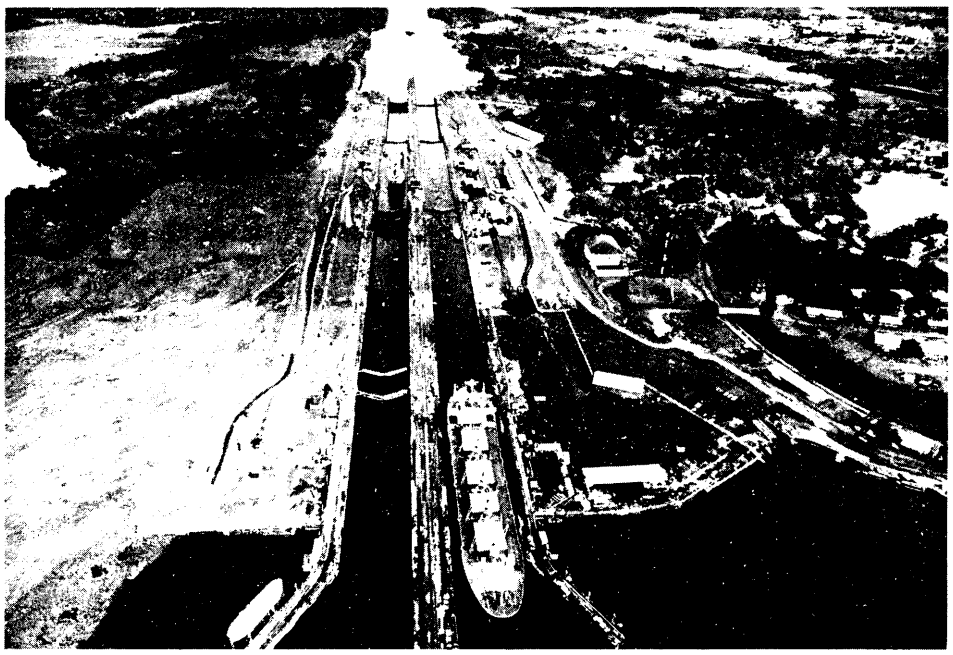
Regrettably, opposition to ratification has been reduced to a number of catchy slogans. "Don't give away the Canal," the postcards and T-shirts say. But the issues are much too complicated to discuss in such abbreviated terms. These treaties were not thrown together overnight; they are complex documents, the product of 13 years of negotiations under the guidance of four different Presidents.

There are in fact two treaties: a basic Panama Canal Treaty governing our relations with Panama until the year 2000, and a separate treaty known officially as the "Treaty Concerning the Permanent Neutrality and Operation of the Panama Canal."

New Attitudes

Since Panama first came into existence in 1903 we have treated the Panamanians as our "little brown brothers," consistently dominating most aspects of their national life. Up until the mid-1930s, for example, the country's two major cities didn't run their own sanitation facilities -- we did it for them. And even now, although its geographic location makes it an important maritime crossroads, it has no ports of its own -- all of its major port facilities are located in the Canal Zone and are thus under U.S. jurisdiction.

The new Canal treaties put our relationship with Panama on a new basis and call for rethinking of our attitudes towards that country. They recognize that Panama is a sovereign state with a full right to run its internal affairs. They also recognize that the philosophies embodied in the existing treaty are outmoded and inconsistent with our basic concepts of self-determination and human rights. And they work from the premise that our essential national interests in the Canal are best protected by working in cooperation under a system of mutual self-interest.



A vessel enters the Gatun Locks on the Atlantic side of the Panama Isthmus. Ships are raised and lowered 85 feet in three steps when traveling through the Canal. This photograph also shows the close proximity of the jungle vegetation to the waterway.

America's Role

We have good reason to be proud of the Panama Canal. It has been variously called the moon shot of its day and the "eighth wonder of the world," and rightly so. A French company under the leadership of the great architect of the Suez Canal, Ferdinand de Lesseps, tried to build the Canal -- at a cost of 20,000 lives and the then-astronomical amount of $260 million -- and failed. We took over and completed the job. The physical obstacles alone were impressive: 239 million cubic yards of earth had to be moved, and a complicated series of locks and dams had to be constructed.

But the physical and technological challenges were only part of the story. Disease also had to be overcome, primarily plague, yellow fever and malaria. Again, American know-how and determination proved equal to the task.

While the construction and operation of the Panama Canal make up some of the brightest pages in our history, the circumstances surrounding the creation of the original Canal treaty are among the darkest.

We first negotiated a treaty to construct a Canal with Colombia, of which Panama was simply a province, but the Colombian Senate unanimously rejected a treaty. We then gave our tacit blessing to Panama's move for independence. When the Panamanians raised the flag of independence on November 3, 1903, our cruiser USS NASHVILLE was on hand to prevent Colombian reinforcements from landing, and just three days later we gave official recognition to the new republic.

One of the forces behind the Panamanian revolution was a Frenchman named Philippe Bunau-Varilla, former chief engineer of the unsuccessful French Canal Company. Under the treaty the French were to receive $40 million for the equipment and other materials left over from their ill-fated Canal building efforts. When Colombia refused to ratify the treaty, the French had visions of this money flying out the window.

A Sweet Deal

Acting as Panama's treaty representative, Bunau-Varilla put in the same $40 million payment to the French which had been in the treaty with Colombia and then sweetened the deal by giving the U.S. a wider zone than it had been able to negotiate with Colombia and by adding the infamous "in perpetuity" provision. The new Panamanian Republic attempted to reassert control over the treaty process by sending ministers of its own. But

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'When you consider how we arrived at the original Panama Canal Treaty and the sort of colonial enclave that has been created in Panama, it doesn't speak well for this country's moral leadership.'

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they were too late: Secretary of State Hay and Bunau-Varilla signed the treaty two hours before the Panamanians arrived in Washington. The treaty was signed on November 18, barely two weeks after Panama declared its independence.

Secretary Hay made no bones about the kind of bargain that had been struck. The following year, in a letter to the United States Senate urging ratification of the treaty, he said ". . .as soon as the Senate votes we shall have a treaty in the main very satisfactory, vastly advantageous to the United States, and we must confess, with what face we muster, not so advantageous to Panama. . .You and I know too well how many points there are in this treaty to which a Panamanian patriot could object."

What did we get under this treaty? The "use, occupation and control" of a zone of land bisecting the new republic. The rights, power and authority granted us were the same the United States "would possess and exercise if it were the sovereign of the territory . . ." In addition, our use, occupation and control were not for a fixed term but "in perpetuity." How extraordinary! In no treaty before or since has this country been granted so much.

And the price? We paid the Panamanians $10 million -- only one quarter of what we paid the French -- and an annuity of $225,000 beginning nine years after the date of ratification. This annuity was raised to $1.93 million in 1955 and $2.3 million after the devaluation of the dollar in 1971. This is for the complete use of a 533-square mile strip of land running through the heart of a foreign nation. By contrast, Spain receives in excess of $20 million a year for the three U.S. bases on her soil. And think of it, I doubt you could lease a single square block in Waikiki for the amount Panama receives.

Soviet Zone in U.S.

Let's clear up one point: we don't "own" the Canal Zone. The language of the treaty itself makes this clear, as does a comparison with treaties providing undisputed sovereignty, such as those governing the purchase of Alaska and the Louisiana Territory.

When we bought Louisiana, France ceded to this country "forever and in full sovereignty the . . . territory with all its rights and appurtenances . . ." All public lands were transferred and all inhabitants were given U.S. citizenship. The U.S.-Russian treaty on Alaska has the same kind of provision.

By contrast, while the 1903 Panama treaty preserved the rights of private property owners in the Zone, it did not make the owners U.S. citizens. And Americans have been prohibited since 1936 from living in the Zone unless they work for the Panama Canal Company. Americans also cannot own real property in the Zone, and children of foreign nationals born there do not acquire U.S. citizenship as they do if born on this country's soil.

Try to picture a nation like the Soviet Union in control of the Mississippi River and a zone of land along each side. The Soviets would control everything in the zone, including the civil government. All U.S. citizens entering the zone and all trade along the river would have to follow Soviet regulations. It seems preposterous, doesn't it? But this is just our position in Panama, and it's not hard to understand Panamanian resentment of it.

Since the era of the "Big Stick", we have claimed moral leadership of the world. We speak out forcefully on human rights. But when you consider how we arrived at the original Panama Canal Treaty and the sort of colonial enclave that has been created in Panama, it doesn't speak well for this country's moral leadership.

'I doubt if you could lease a single square block in Waikiki for the amount Panama receives.'

When Mrs. Carter traveled through South America earlier this year revision of the old treaty was a subject that came up at every stop she made. The Organization of American States, composed of some 24 American countries, repeatedly has condemned the present treaty arrangement. The United Nations Security Council, holding a special meeting in Panama in 1973, was prevented from adopting a resolution critical of the U.S. position in Panama only by an exercise of our veto power. Britain abstained, but the vote against us was otherwise unanimous.

Three Key Issues

The key issues concerning the new treaties focus on the protection of our essential national interests in the Canal: its operation, its defense and its neutrality. I am convinced the treaties in their present form protect these interests.

The Panama Canal Treaty runs to the end of this century. Until then, the Canal will be operated by a 9-person Panama Canal Commission. The United States not only will hold a majority of five seats throughout that period (although the chairmanship will be turned over to a Panamanian in 1990) it also appoints the Panamanian Commission members.

So we can expect the same effi-

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Panama at a Glance

GEOGRAPHY AND PEOPLE

The Republic of Panama occupies the southern end of the isthmus that forms the land connection between North and South America. It is bounded on the west by Costa Rica, on the north by the Caribbean Sea, on the east by Colombia, and on the south by the Pacific Ocean. Panama is bisected by a 10-mile-wide strip of territory known as the Canal Zone, which, by grant in perpetuity from Panama, is under the exclusive jurisdiction of the United States.

Panama's topography is in large part mountainous and hilly with two main mountain ranges forming the backbone of the isthmus. The Caribbean side and eastern Panama are covered almost entirely by heavy tropical rain forests. The climate is tropical, and rainfall is heavy but seasonal. The Caribbean side has a much higher precipitation and a less defined dry season than the Pacific side.

Panama's population is the smallest of the Latin American countries. The culture, customs, and language of the Panamanians are basically Spanish. English is widely understood in Panama because of the proximity of the Canal Zone.

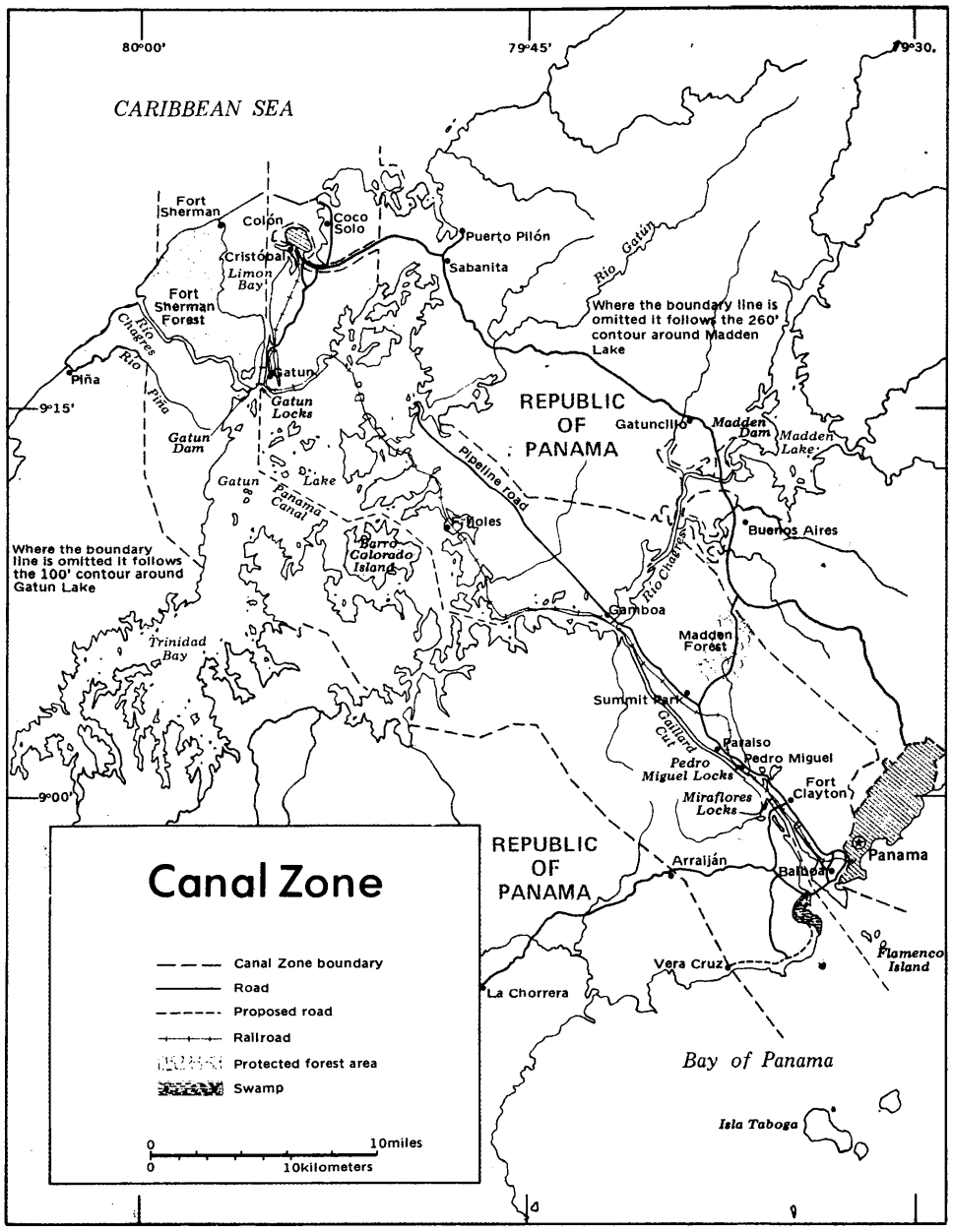
HISTORY

Columbus sighted Panama in 1501, and 12 years later Vasco Nunez de Balboa crossed the isthmus and "discovered" the Pacific Ocean. The Spanish maintained ports on the isthmus from which expeditions went into Peru and Central America to find much of the wealth of the Spanish Empire.

Panama achieved independence from Spain in 1821 and thereafter joined the Confederation of Greater Colombia. Panama proclaimed its own independence in 1903 after Colombia rejected a treaty enabling the United States to build the Isthmian Canal.

A relatively small, elite group dominated Panamanian political and economic life until the election of President Arnulfo Arias and his inauguration on October 1, 1968. Ten days later the National Guard, which had rarely intervened directly in political matters, overthrew President Arias and established the provisional junta government.

The National Guard Commander, Brig. Gen. Omar Torrijos, was the ultimate power in the junta government, although in 1969 two civilians, Demetrio Lakas and Arturo Sucre, were appointed as President and Vice President of the junta. Elected, constitutional government was restored in October 1972, following nationwide elections in August for an Assembly of 505 Community Representatives. This body approved a revision of the 1946 constitution and elected junta members Lakas and Sucre as President and Vice President, respectively. It also vested extraordinary executive powers in Brig. Gen. Torrijos for a 6-year period.



'The U.S. and Panama shall have the right to act against any aggression or threat directed against the Canal or against the peaceful transit of vessels through the Canal.'

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cient operation which has characterized the first 63 years of its operation to continue under our control, and there is no reason to believe that the Panamanians will not be able to take over full operation thereafter. After all, about 73 percent of the Canal's total work force today (9500 out of some 13,000 persons) is Panamanian. And the new treaties specifically provide for local training.

Sabotage

The Canal, some 50 miles long, with an integrated system of locks, dams, operating machinery and power sources is highly susceptible to sabotage. It would't take much to put the Canal out of operation -- something as simple as a hand grenade, if properly placed, could take care of a lock. And a glance at any picture of the Canal will show you that access to sensitive targets is relatively easy -- there are few fences along the Zone, and thick jungle -- providing excellent hiding places for terrorists -- at points extend to the Canal's very edge.

Political demonstrations, labor strikes or slowdowns, and mob violence against U.S. citizens or property also would hamstring efforts to keep the Canal operating smoothly. Given the Canal's vulnerability and Panama's terrain, I doubt that 100,000 troops, as suggested by the Chairman of our Joint Chiefs of Staff, General George Brown, or even many times that number would protect the Canal from a determined saboteur.

But even if 100,000 troops would do the job, are we ready for a nightly replay on our television screens of the events which became so common during the last decade; the mightiest products of our war technology pitted against rural peasants; our troops burning villages and firing endless rounds of artillery into dense jungles in vain efforts to incapacitate a largely unseen enemy, and, perhaps worst of all, thousands of our youth maimed or killed? Can you imagine what world sentiment would be if this powerful country decided to pursue such a course of action against a tiny country with a total population equivalent to the city of Atlanta, Georgia?

A Neutral Canal

The Neutrality Treaty, the second document signed last September 7, addresses our national security interest in maintaining the Canal's neutrality. It has no time limitation and provides for a regime of neutrality which is to last indefinitely. The reasonable interpretation of this treaty -- confirmed by a joint statement by President Carter and Brig. Gen. Torrijos on October 14, 1977 --is that the U.S. and Panama shall have the right to act against any aggression or threat directed against the Canal or against the peaceful transit of vessels through the Canal.

This treaty also guarantees to the U.S. a right of "expeditious passage for its vessels of war and auxiliary vessels." The reasonable interpretation of this provision -- also confirmed by the joint statement -- is that such vessels shall be assured transit as quickly as possible, without any impediment, with expedited treatment and with a right to go to the head of the line in case of emergency.

While the Canal meets our needs now and in the foreseeable future, there is concern about our treaty commitment not to negotiate a route for a sea-level canal with third countries until the year 2000 without Panama's consent.

Actually, this provision works to our advantage. So long as we can use the Canal and expand its capacity as provided in the new treaties, our interests are fully protected and we don't need a sea-level canal. But if Panama should breach the treaties, we certainly would not be bound by this restriction on our negotiating freedom and could take appropriate action to protect ourselves. Recognizing that its exclusive right to offer ocean-to-ocean service depends on adhering closely to the terms of the treaties, Panama has this added incentive, if one is needed, to be particularly sensitive to U.S. interests.

Stability

Another concern people have is the stability of the Panamanian government. The fear seems to be that as soon as the new treaties are ratified, Torrijos or his successor will hand over control of the Canal to communists.

This idea just doesn't square with the facts. By any test, Panama's ties to this country are strong and there is every reason to believe that ratification of the treaties can only reinforce them.

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'Communist ideology breeds on poverty, disease, distrust and dissension. We can only make conditions for such growth more favorable by failing to ratify these treaties. . .'

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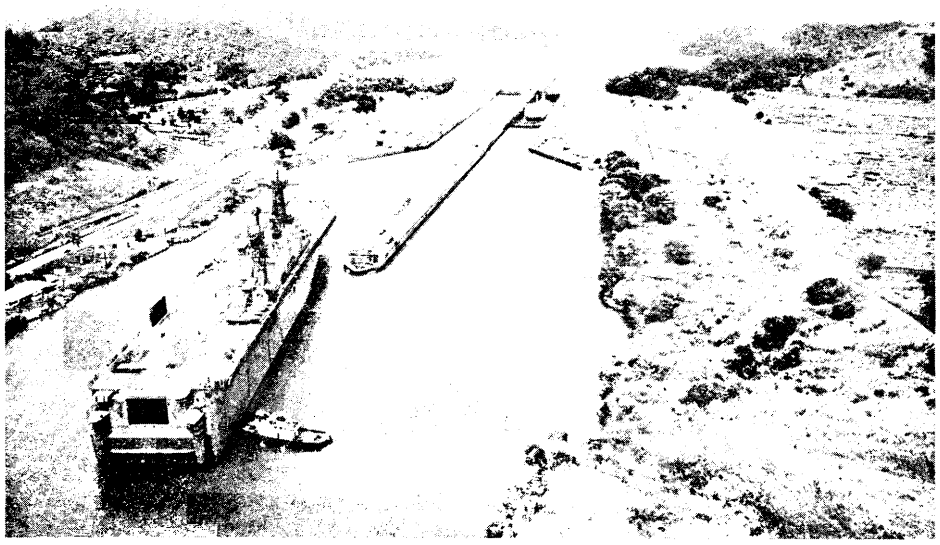
One indicator of Panama's stability and friendliness to the U.S. is the amount of U.S. business investment there. Some 90 U.S. companies, including 15 banks, operate in the country. Among the largest firms operating there are such well-known corporations as Citibank, Chase Manhattan Bank, Bank of America, Texaco, United Fruit and Sears and Roebuck.

We have long-standing military alliances with Panama, we have trained many of its military and civilian leaders, including Torrijos, and the dollar is accepted as local currency there. Panama enjoys the fourth highest per capita income in Latin



The USS TARAWA, a giant Navy amphibious assault ship, is assisted by tug in entering the Pedro Miguel Locks. Miraflores Locks may be seen in the background. The Council of Americas reports that there are fewer than 15,000 transits through the Canal each year, although Canal capacity is estimated at 26,000 transits a year. Projections suggest this capacity will not be reached until early in the next century.

'These treaties will not push Panama into the hands of the communists.'

America. We can justly claim that this economic status is due in part to our long-standing ties of friendship and economic cooperation. This is not the kind of country which is going to establish hostile alliances with Cuba, or the major communist powers.

I have often seen Torrijos described as "marxist," but I note that Panama has no diplomatic relations with either the U.S.S.R., the world's most powerful communist government, nor with the People's Republic of China. Torrijos himself has never been to either country.

No, these treaties will not push Panama into the hands of the communists. Actually, the communists would like nothing better than to see the United States Senate fail to ratify these treaties. During the recent treaty ratification campaign in Panama, the major force opposing the ratification was the Communist Party.

Communist ideology breeds on poverty, hunger, disease, distrust and dissension. We can only make conditions for such growth more favorable by failing to ratify these treaties and refusing to abandon our colonial posture in Panama. Without the treaties, we will maintain our stranglehold on the country's primary economic resource, we will continue to ignore deep-seated feelings of national pride, and will as a result establish ourselves as a ready target for communist propaganda.

Shock Waves

We will also be pulling support out from Torrijos, who negotiated long and patiently with us. Under the circumstances, it seems unlikely that he would either be willing or able to quell any disturbances stirred up by groups intent on doing mischief to U.S. interests. And the shock waves will not be limited o Panama.

When the Panama Canal treaties were signed in Washington, the leaders or representatives of 25 Latin American republics and states signed a document knows as the "Declaration of Washington."

It characterizes the settlement of the Panama Canal issue as "a major step toward strengthening of relations among the nations of the Western Hemisphere on a basis of common interest, equality, and mutual respect for the sovereignty and independence of every state" and puts the leaders of the 25 signator republics and other states on record as having a "profound satisfaction" at the signing of the treaties.

A slap at Panama is a slap to all. I don't imagine they will have much sympathy for our efforts to enforce our rights under the dubious provisions of the existing Canal Treaty. Nor do I imagine that they or any other nations will give much weight to our claims of moral leadership if we are reduced to preserving our interests in Panama at the point of a gun.

***

We must of course be firm in preserving our national interests. But unreasoning adherence to the status quo should not be the basis for an enlightened foreign policy. After reviewing the treaties carefully, consulting at length with the nation's highest military and civilian leaders and considering comments from all segments of the political spectrum, I am satisfied that the treaties more than adequately protect our interests and will mark a great step forward in our hemispheric relations. Accordingly, I intend to vote for ratification and to urge that my colleagues in the Senate do so as well.

United States Senate
WASHINGTON, D.C. 20510

Daniel K. Inouye
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