

Panama Canal Treaty Controversy: Chance For Anti-Monetarist Foreign Policy

The gala signing of two new treaties and a protocol on the Panama Canal in Washington on Sept. 7 was intended to mark a triumph for Jimmy Carter's "more understanding" policies toward Latin America. In the presence of 26 Latin American heads of state or high officials, Carter and Panamanian chief of state Gen. Omar Torrijos signed treaties which authorize the progressive elimination of U.S. managing personnel and military units from the Canal until, on Dec. 31, 1999, the Canal would become "wholly Panamanian."

Behind the gala is a scenario worked out by Rockefeller think-tanks and employing media manipulation since January parading James Earl Carter as the "friend of Panama's legitimate aspirations" — while planted defects in the treaties bring domestic turmoil to both the United States and Panama.

But Latin American leaders and conservative leaders in the United States, most notably Ronald Reagan, have attacked the two fundamental, interrelated defects of the treaties — "limited sovereignty" for Panama and the lack of any program for the real economic development of the region — in a fashion which threatens far more than the treaties. If pro-development leaders in Latin America respond positively to the challenge for a real development strategy outlined by Reagan this past week, and the conservatives, at the same time, jettison "we bought it" jingoism and paranoia about "communist infiltration," the potential exists for a broadbased formulation of anti-monetarist foreign policy objectives which could transform the American scene and open the way for the creation of a community of economically viable, sovereign American Republics as envisioned by America's greatest Federalist and Whig statesmen of the 19th century. Ultimately, that would be the only guarantee of the "security" demanded by the conservative forces.

The Treaties

The first treaty, entitled simply "Panama Canal Treaty," establishes "primary" United States responsibility for defense until termination of the treaty, and economic transfers to Panama that may total \$50 to \$60 million annually. The United States would also maintain primary responsibility for operating the Canal, through a new Panama Canal Commission made up of five U.S. nationals and four Panamanian nationals.

Reagan: Treaties No Substitute For Economic Development

The following are excerpts from the testimony of Ronald Reagan before the Senate Judiciary Subcommittee on Separation of Powers Sept. 8.

...The fact is we do not now have a coherent policy towards our Western Hemisphere neighbors. And we should, because, over the next few decades, our continued prosperity, possibly even our survival, will be closely linked to that of our neighbors within this hemisphere. I do not believe these (new Panama Canal) treaties are a substitute for such a policy...

Some of our neighbors need aid we are in a position to give. With others, the need is for increased technology and trade; and with some, unhindered access to capital for needed development. Once our government recognizes that we must all sink or swim together, maybe we'll stop some of our self-defeating practices. It is self-defeating to throttle a nation's ability to obtain capital because it doesn't run its internal politics precisely as we would like...

Contrary to what has been implied about my own position, I do not believe that in rejecting these treaties we should simply demand the status quo and not seek answers to problems regarding our relations with the people of Panama... There are alternatives (to the treaties) that we should examine... The proposed treaties call for an increase of the money we pay annually from \$2.3 million to an average income from canal operations of as much as \$80 million. There is no assurance this would benefit the Panamanian people. A modernization program — the Terminal Lake third lock plan could definitely help the people. It would take approximately ten years in the building and cost between one and two billion dollars. We could make certain that Panamanian workers and contractors were engaged extensively in the program which would directly benefit the people and economy of Panama. Such a modernization of the canal would make it capable of handling all but a possible few supertankers.

Crane: Banks Want Treaty

The following is part of an op-ed column by Philip Crane (R-Ill), appearing in the Washington Post, Sept. 13, 1977.

One supporter of the treaties... is the U.S. banking community. Since they have huge sums of money in loans obligated to Panama, they cannot afford to oppose the treaties. Under Gen. Omar Torrijos, Panama's national debt has grown from \$167 million to \$1.5 billion. The debt service alone will consume 39 percent of that country's budget this year. Panama's Department of Planning indicates that to refinance loans coming due, together with the \$139 million deficit, a total of \$323.6 million will be required...

The second treaty, "Concerning the Permanent Neutrality and Operation of the Panama Canal," establishes joint U.S. and Panamanian responsibility for guaranteeing that the Canal "remain permanently neutral" and open to the passage of ships of any nation, including warships, "in time of peace and in time of war."

The accompanying protocol, known as the Declaration of Washington, "associates" its signers with "the objectives" of the two treaties and in particular, the sections guaranteeing the neutrality of the Canal.

Sovereignty Issue

At the treaty signing, Mexico led off Latin mutiny against the "limited sovereignty" features of the treaties. Mexican Foreign Minister Santiago Roel, on the explicit instructions of Mexican President Jose Lopez Portillo, refused to sign the protocol until a paragraph was inserted thanking Carter and Torrijos "for having initiated the steps which will lead to the full sovereignty of the Panamanian Republic over the totality of its territory."

The section which roused Mexico's concern was a paragraph stipulating that the U.S. will "maintain the regime of neutrality... notwithstanding the termination" of any other treaties — that is, beyond 1999. This license to unilateral intervention was underscored by Carter himself in remarks at the signing ceremony, when he stated that "the U.S. will be able to counter any threat to the Canal's neutrality and openness for use."

Mexican liberal columnist Jorge Aymani elaborated the basis for Mexican opposition Sept. 9. "It is evident," he wrote, "that... the treaty signing ceremony has been intended to institutionalize the principal of conditional sovereignty as the solution to other continental problems now heating up."

Foreign Minister Roel called a special press conference the day before the signing to blast the "police persecution" features of Carter's recently announced policy on "illegal aliens" — principally Mexican workers in the United States. The illegal aliens issue is "Mexico's Panama Canal," Roel stated. "We do not want to be bothered with it; is that clear?"

A parallel rebellion against the "sovereignty" features

of the accords was undertaken by Brazil, whose chief of state, like Mexico's, boycotted the signing of the Canal treaty. Brazil assailed a provision of the protocol which was to have provided an Organization of American States guarantee of the "neutrality" of the Canal. According to Brazilian foreign ministry sources quoted in the Rio de Janeiro daily *O Globo*, Brazil insisted that such defense questions were at best a U.S.-Panama affair.

"Two Kinds of Truth"

The following are excerpts from the remarks made by President Carter and Gen. Omar Torrijos Herrera at the signing of the Panama Canal treaties.

President Carter

...Under these accords Panama will play an increasingly important role in the operation and defense of the canal during the next 23 years, and after that the United States will still be able to counter any threat to the canal's neutrality and openness for use.

General Torrijos

...Esteemed President Carter, there are two kinds of truth. The plain truth and the pleasant truth. On behalf of plain truth, I want to say to you that this treaty that we will sign shortly and which terminates the one which no Panamanian ever signed does not have the total support of our people because the 23 years agreed upon as a transition period means 8,395 days during which time the United States military bases will remain, turning my country into a possible strategic target for reprisals. Also, we have agreed upon a neutrality treaty that places us under the Pentagon's defense umbrella — a treaty which if not administered judiciously by future generations could become an instrument of permanent intervention.

Nevertheless, what has been agreed upon is the result of an understanding between two leaders who believe in the peaceful togetherness of their people and who have the courage and the leadership to face their people with no weapon other than the truth and their deep conviction of what is fair. A plebiscite will be the method of ratification in Panama; more than a plebiscite, it will be the purest civic exercise in the political history of the republic. Ratification in this country will depend on a Congressional consensus.

My dear friends in the Senate, in bidding farewell I remind you of the thought of a great man, which is more valid today than ever before. It was Abraham Lincoln who said, and I quote, "A statesman thinks of the future generations, while a politician thinks of the coming election." I return to my country convinced that the future of our relations rests in the hands of excellent statesmen.

This represents an astonishing reversal of traditional Brazilian policy, which has favored "pan-americanized" U.S. policing efforts. Brazil took a conspicuous leadership role in the 1965 OAS intervention into the Dominican Republic.

The Mexican and Brazilian moves were clearly made with broader Latin American backing. Though anxious to see the treaty passed so as to minimize the danger of provocations and violence, Torrijos himself warned, in careful and effective comments during the signing ceremony (see below), that the neutrality treaty "places us under the Pentagon defense umbrella — a treaty which, if not administered judiciously by future generations, could become an instrument of permanent intervention."

The Reagan Move

GOP leader Ronald Reagan, in testimony to a Senate sub-committee (see box) Sept. 8, pinpointed precisely the most fundamental defect of the Canal Treaty: no provisions for serious economic development of the region. Calling for a "coherent policy" of U.S. exports of capital and technology to all of Latin America, the former California Governor suggested that specific development projects for Panama place prime emphasis on developing Panamanian labor experience and skills.

Reagan in later days hinted at the need to forestall monetarist control of Panama which would mean debt collection instead of development. As reported in the Sept. 12 edition of the *Boston Globe*, he charged that "powerful U.S. banking interests are promoting the ratification of the U.S.-Panama treaties, to protect their own investment... Almost one half of the Panamanians' government revenues go to meet investment payments on bank loans to the country made by U.S. financial institutions. Two banks — Chase Manhattan and Marine

Midland — are heavily involved in the Panamanian economy."

Conservative spokesmen Sen. Orin Hatch (R-Utah) and Congressman Phil Crane (R-Ill. — see box) have hammered at this theme together with Reagan over the past week.

However the weakness of the conservative position — jingoistic denial of Panamanian sovereignty and hysteria over alleged danger of "Communist takeover" in Panama — was evident not only in sections of Reagan's presentations but in more virulent form in newspaper op-eds by anti-treaty Senators Strom Thurmond (D-South Carolina) and Jesse Helms (R-North Carolina).

The standard conservative characterization of Torrijos reflected by these spokesmen is that of a "tin horn dictator," an unpopular tyrant who violates human rights at home and who would turn over the Canal to the Cubans and the Soviets if he ever got hold of it.

There is little to back up these charges. Torrijos would appear far from unpopular. Over 100,000 Panamanians rallied in the streets of Panama City the night that he returned from the treaty signing, and all indications are that the treaties will be overwhelmingly ratified in an upcoming national plebiscite.

And the "proof" most often cited by U.S. conservatives regarding Soviet influence — the recent visit of a high-level Soviet trade delegation to Panama to discuss increased commercial ties — is in fact exactly the sort of cooperation that can guarantee the continued sovereignty and security of the region. It is a well-known if ironic fact that it has been Fidel Castro, more than any other Latin American leader, who has constantly counseled Torrijos to solve the Canal question diplomatically without resorting to force.

Extracts From Panama Canal Treaties

The following are extracts of the Panama Canal Treaty, a treaty on the neutrality of the Panama Canal and a protocol to the neutrality treaty, signed on Sept. 6 in Washington by the United States and Panama.

Panama Canal Treaty

Article I (2)

In accordance with the terms of this Treaty and related agreements, the Republic of Panama, as territorial sovereign, grants to the United States of America, for the duration of this treaty, the rights necessary to regulate the transit of ships through the Panama Canal, and to manage, operate, maintain, improve, protect and defend the canal. The Republic of Panama guarantees to the United States of America the peaceful use of the land and water areas which it has been granted the rights to use for such purposes pursuant to this Treaty and related agreements.

(3)

The Republic of Panama shall participate increasingly in the management and protection and defense of the Canal, as provided in this Treaty.

Article II *Ratification, Entry Into Force,* *and Termination*

(1)

This treaty shall be subject to ratification in accordance with the constitutional procedures of the two parties. The instruments of ratification of the Treaty shall be exchanged at Panama at the same time as the instruments of ratification of the Treaty concerning the Permanent Neutrality and Operation of the Panama Canal, signed this date, are exchanged. This treaty shall enter into force, simultaneously with the Treaty Concerning the Permanent Neutrality and Operation of the Panama Canal, six calendar months from the date of the exchange of the instruments of ratification.

(2)

This treaty shall terminate at noon, Panama time, December 31, 1999.

Article IV

(2)

For the duration of this treaty, the United States of America shall have primary responsibility to protect and defend the canal. The rights of the United States of America to station, train and move military forces within the Republic of Panama are described in the agreement in implementation of this article, signed this date. The use of areas and installations and the legal status of the armed forces of the United States of America in the Republic of Panama shall be governed by the aforesaid Agreement.

Treaty Concerning the Permanent
Neutrality and Operation
of the Panama Canal

Article II

The Republic of Panama declares the neutrality of the

Canal in order that both in time of peace and in time of war it shall remain secure and open to peaceful transit by the vessels of all nations on terms of entire equality, so that there will be no discrimination against any nation, or its citizens or subjects, concerning the conditions or charges of transit, or for any other reason, and so that the Canal, and therefore the Isthmus of Panama, shall not be the target of reprisals in any armed conflict between other nations of the world...

Article IV

The United States of America and the Republic of Panama agree to maintain the regime of neutrality established in this Treaty, which shall be maintained in order that the Canal shall remain permanently neutral, notwithstanding the termination of any other treaties entered into by the two contracting Parties.

Article V

After the termination of the Panama Canal Treaty, only the Republic of Panama shall operate the canal and maintain military forces, defense sites and military installations within its national territory.

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