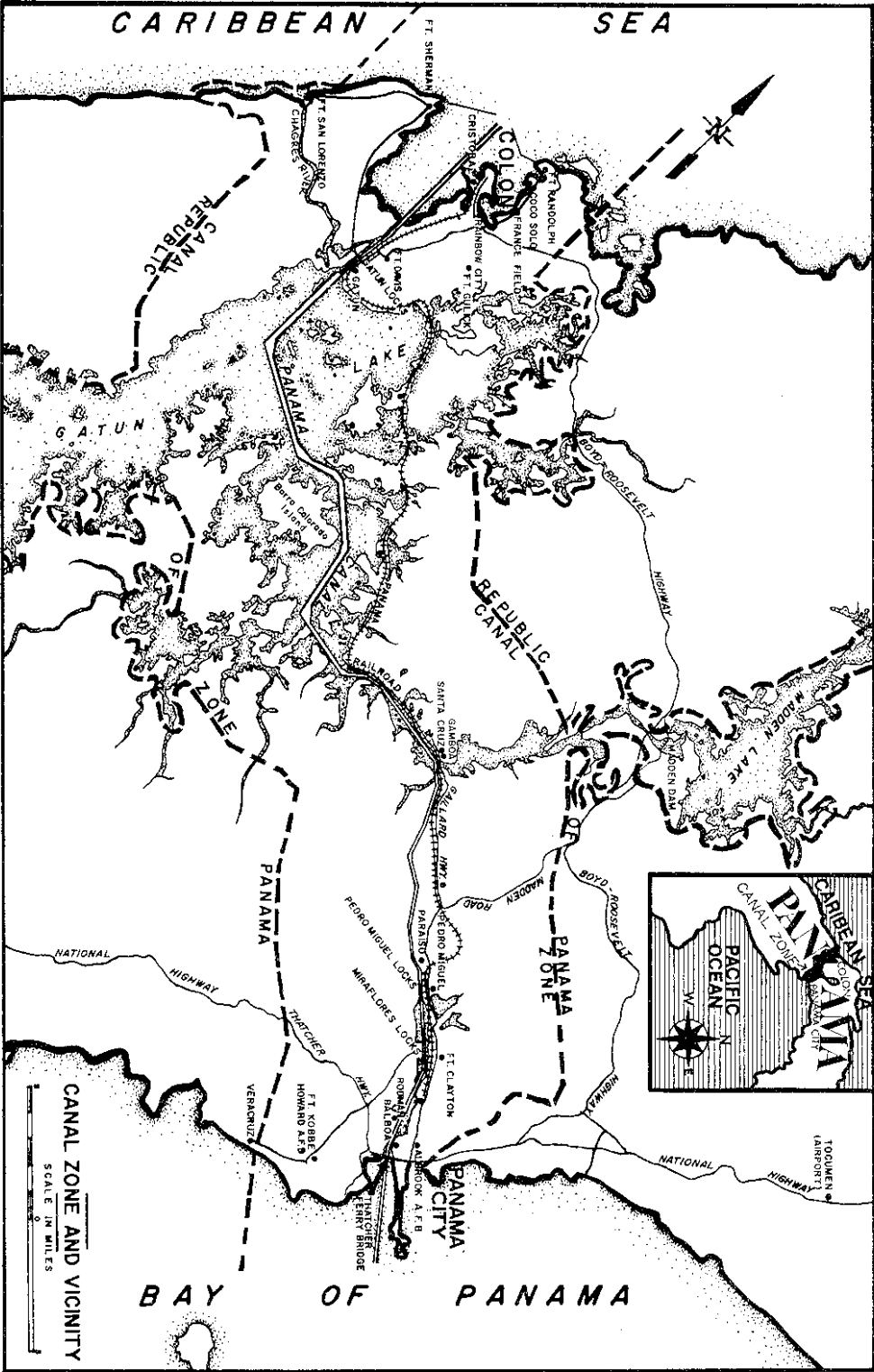


and government economy measures were at the bottom of the disturbance. The problems still exist, as does the unrest. And they are not confined to Panama City.

Recently there have been reports of a struggle for power going on within the Guardia Nacional, as Torrijos' star seems to be waning. This could ultimately be the source of a change in individual leadership. But it is likely that the Guardia will continue to be the government for some time, with or without Torrijos at its head—as long as the guns hold out.

Here, then, is the government of Panama, the third element in the composition of the nation: totalitarian for certain, but in many respects less so than many of its counterparts in Latin America; socialist for certain, but, again, not surprisingly so for Latin America. Communist-oriented? Apparently, and unusually so for Latin America. Long-lived? *Quien sabe?*

Has Panama the capability of fulfilling the tremendous responsibilities she seeks with regard to the Canal? This can only be answered by measuring her strengths and weaknesses, her stature and character as a nation, against those responsibilities. This has been an attempt to provide the yardstick for such a measurement. What follows will include a look at the responsibilities.



*A Home Away from Home: The Canal Zone*¹

The heart of the Panama Canal issue, at least emotionally, is the Canal Zone. If there were no such slice of territory through the heart of the Republic of Panama, it is unlikely that the problems generated by U.S. operation and defense of the Canal would have attained their present magnitude and complexity.

Some people would, of course, reply immediately to that observation by asserting that without the U.S.-controlled Zone there could not have been, nor can there be, a Panama Canal effectively meeting the commercial needs of the world. And in part this is so. The existence of the Zone has played a major role in the creation, development, and operation of the Canal. But whether its continuance under exclusive U.S. control is indispensable to the Canal's future is the very essence of the current controversy.

To gain an understanding of this critical aspect of the Panama Canal issue, at least a general, overall picture of the Canal Zone is needed—what it is geographically and physically, both in and of itself and in relation to the Republic of Panama, who the people are who live in it and under what circumstances, what

goes on in the Zone, and how it is governed.

Such a picture can serve many purposes, but two in particular. First, it affords a clear insight into the subjective attitude of the Panamanians, and, for that matter, of most Latin Americans, toward the Zone. Second, it highlights the nature and magnitude of the many problems involved in attempting to change to any appreciable extent the Zone's fundamental characteristic, that of a unique U.S. military reservation designed for one purpose, the effective operation and defense of the Panama Canal.

The Canal Zone comprises a land and water area of something over 500 square miles, an area about half the size of the state of Rhode Island. A great deal of it is unreclaimed jungle and swampland. Canal and military installations are spotted throughout, but, in the main, along the course and at the ends of the famous waterway. The major concentrations are at the ends of the Canal, particularly at the Pacific end, in the Ancon-Balboa area.

Where the land is occupied or used, the general appearance is one of neatness and order. Where there is grass, it is usually cut. The palm trees are trimmed, the roadways and streets kept in good condition. Rules against littering seem to be well observed.

This neatness and orderliness apparently annoys many people, particularly visiting American journalists. They constantly refer to the Zone's "manicured lawns," to its "suburban-type atmosphere," in tear-jerking contrast to the adjacent tenements and unkempt areas of Panama City and Colon. The United States, they intimate, is at fault for permitting this shocking comparison to exist. Presumably they would feel better if the premises of the Zone were ramshackle and filth-ridden. It is never suggested by them that Panamanians might follow the example set by their neighbors. Nor is it remarked that the worst Panamanian slum areas seem to be those adjacent to the Canal Zone, almost as if they were kept that way in order to maintain the contrast.

Use of the phrase "manicured lawns" is usually an indication of the speaker's or writer's approach to the Canal issue: contemptuous of the United States, apologetic towards Panama. Lawns are cut in the United States, "manicured" in the Canal Zone. As for the suburbia these critics deplore, it is a far cry from the suburban elegance of, say, Connecticut or California—a far cry even from the better areas of Panama City itself.

The Zone is perhaps best described as a typical 1920-vintage

tropical U.S. military post: many houses raised above the ground, mostly frame, some stuccoed, almost all old and old-fashioned. The grass and jungle vegetation are kept down primarily to discourage mosquitoes. An up-and-coming suburban realtor from the United States would not give the Canal Zone a second look.

It is true that the golf courses in the Zone look nice. Most golf courses do. But these are not like the Masters in Atlanta, Georgia, or the Winged Foot in Larchmont, New York. They are more like the country club courses outside Salina and Butte.

No. Americans who have not visited the Zone and seen for themselves should not be made to feel guilty over the "manicured lawns" and the "suburban atmosphere" of the Canal Zone. These are snide travesties. The average American would probably consider the Zone and its facilities drab and outmoded. But he can take some pride in the fact that our government keeps property as old as that in the Canal Zone looking neat and orderly, and does so in a distant tropical land not noted for those characteristics.

And if anyone has the idea that going from Panama City, for example, into the Zone is like going through Checkpoint Charlie between East and West Berlin, they are quite mistaken. In effect, the boundary line is nonexistent, or, at least, fluid. The stranger is hardly aware of crossing from the Republic of Panama into the Zone. Anyone may walk or ride freely from one area to the other. There are no guards or sentry boxes, although, of course, inside the Zone there are sentries at the entrances to some strictly military installations. Away from the two Panamanian cities that adjoin the Zone, the boundary is, in the main, jungle to jungle, with a fence marking the dividing line.

On the other hand, the boundary line between Panama City and the Zone has its ridiculous aspects. For example, a main thoroughfare, called the Avenue of the Martyrs by the Panamanians in memory of those who died in the Flag War of 1964, runs along the southern boundary between the Zone and Panama City. The avenue itself is inside the Zone, but the sidewalk along its southern edge is in Panama City, the actual boundary line being the south curb of the avenue. If a miscreant snatches a purse from a lady walking along the sidewalk, he has violated the Panama law against theft. But if he steps onto the avenue, his crime is reduced to possession of stolen goods in violation of U.S. law. This is the kind of petty jurisdictional

problem that exasperates both the Panamanians and the U.S. police forces, in hot pursuit or otherwise.

And it cannot be denied that particularly where Panama City abuts the Zone there is an appearance of cramping and pressing. For the city is constantly growing and its development in the direction of the Zone, a natural one, is obviously thwarted. Furthermore, the city of Colon cannot grow in any direction. It is completely surrounded by the Zone. As its population increases, it just becomes more and more crowded.

Another annoyance is that, because of the Canal itself, those wishing to go from one half of Panama to the other can only do so where crossing facilities are available—and there are only three along a 50-mile stretch, two bridges and one ferry. Of these the only really satisfactory one is the Thatcher Ferry Bridge on the international highway at the Pacific end of the Zone. This situation obviously creates many inconveniences.

Finally, so far as geographical and physical characteristics are concerned, it should be noted again that the only deepwater ports on the Isthmus of Panama, those at Balboa and Cristobal, are both located within the Zone. Most shipping to and from the Republic of Panama must pass through these U.S. ports.

The population of the Zone is sparse. In 1976 there were about 40,000 people living in the 500 square mile area. Another 9000 persons come in each day to work in the Zone. The residents are made up of 25,000 U.S. military personnel and their dependents (the actual military force is about 9000), 10,000 U.S. citizens employed by either the Panama Canal Company or the Canal Zone Government, and their dependents, and 5000 Panamanians similarly employed, and their dependents. Those who come into the Zone each day to work are mostly Panamanians.

There are 11 residential communities within the Zone for employees of the Canal company and the Zone government. Generally speaking, these communities are divided between U.S. citizens and Latin Americans, since the government assigns housing on that basis. This, of course, brings charges of racial segregation because a majority of the Panamanians living in the Zone are blacks of West Indian ancestry. Ever since 1954, however, black and white U.S. citizens have been living in the same communities.

Of the seven communities for U.S. citizens, most, including Ancon-Balboa, the largest with over a thousand dwelling units, are on the Pacific Ocean side of the Zone. Others are located

along the Canal in the vicinity of the two larger locks and on the Atlantic side. Of the four Latin American communities, there is one at each of the three locks areas and a fourth at the Atlantic end of the Canal, near Colon. There are no Latin American communities at the Pacific end of the Canal. There are, however, a few Latin Americans, particularly doctors, who are assigned houses in the U.S. communities near the hospitals. And some of the Zone's non-U.S. policemen also live in U.S. communities so they can be close to their assigned beats.

There are no military personnel or their dependents living in these civilian residential communities. They live in separate military communities that are part of the defense organization.

The people in the Zone live and work on a U.S. military reservation. The Zone is often referred to, derogatorily, as a colony or an enclave. But essentially it is a military reservation. It is owned by the U.S. government and run by the U.S. Army. There is no privately owned real estate in the Zone. There are no privately owned houses, no private businesses. Everything is government—stores, motion picture theatres, restaurants, dry cleaners, laundries, bowling alleys, marinas, gas stations, clubs, churches, golf courses, tennis courts, schools, hospitals—everything that goes to make up a community.

And the person in charge of all this is a U.S. Army general. Appointed by the president of the United States, traditionally from the Army Corps of Engineers, he holds two positions simultaneously, wearing two hats, so to speak. He is president of the Panama Canal Company. He is also governor of the Panama Canal Zone. He thus heads up and directs all the activities in the Zone except those related to Canal defense. The latter are the province of a separate and distinct military organization, the United States Southern Command.

The responsibility for operating and maintaining the Canal and related facilities is in the hands of the Panama Canal Company, a U.S. government corporation. The members of the board of directors of the company, mostly residents of the United States rewarded for party political support, are appointed by the secretary of the army who, as the representative of the president of the United States, is the "nominal" stockholder of the corporation.

The major activities of the company are the all-important Canal transit operations and the necessary supporting services. The transit operations consist of functions directly related to the

Canal itself and the movement of ships through it, including service to shipping and maintenance of the channel, locks, dams, and bridges. The supporting services are many and varied. They include vessel repairs, harbor terminal operations, operating and maintaining the Panama Railroad, and the operation of a supply ship that plies regularly between New Orleans and Cristobal. The Canal company also maintains motor transportation facilities throughout the Zone, storehouses, an electric power system, and communications and water systems. One of its major responsibilities is, of course, housing and, through a multitude of service activities, meeting the various needs of the people living and working in the Zone.

The Canal company has approximately 11,000 employees. 82 percent (9000) of them are Panamanians, 18 percent (2000) U.S. citizens.

The Canal company operates, or, more correctly, until recently did operate, on a self-supporting basis, its revenue being derived almost entirely from Canal tolls. Its financial responsibilities are extensive, and come to a total of about a quarter of a billion dollars a year. The company is required by law to recover all the costs of operating and maintaining its own facilities, including depreciation; to pay interest to the U.S. Treasury on the government's investment in the company; and to reimburse the Treasury for the portion of the annuity paid to Panama that was prescribed by the 1936 treaty (\$493,000) and the cost of operating the Canal Zone Government.

The toll rates charged by the company for transiting the Canal remained the same for the first 60 years of the Canal's operation. In 1974 they were increased by about 20 percent. They were increased another 20 percent in the fall of 1976.

The Canal company met all of its financial obligations each year until 1973. In that year it had a deficit of \$1.3 million. In 1974 the deficit was \$11.9 million; in 1975, \$8.2 million, in 1976, \$7.4 million.

The Canal Zone Government is not a government corporation like the Canal company. It is an integral part of the federal government, an operating governmental unit, functioning, except for its court system, under the direction of the United States Army. There are no elective offices, and the residents of the Zone have no vote, though some do serve on "civic councils" that function as instruments for airing grievances and making suggestions.

The Zone's legislative body is the Congress of the United States. The Zone is governed by laws passed by Congress and by regulations issued by the Zone government (the governor). The court system, consisting of a federal district court and several lesser magistrate courts and the U.S. attorney's office, is under the jurisdiction of the Department of Justice. Congress has enacted a Bill of Rights for the Zone, but the provisions of the U.S. Constitution are applicable in the Zone only to the extent that Congress, by legislation, makes them so. The laws of the Republic of Panama have no application.

The Canal Zone Government issues its own postage stamps, but mail addressed to the United States is classified as domestic for rate purposes. Both U.S. and Panamanian currencies are legal tender in the Zone.

The Zone government provides most of the usual government services. These include education, health, sanitation, police and fire protection, postal service, and vehicle licensing and registration. They also include customs and immigration, enforcement of narcotics laws, and the guarding of all nonmilitary property in the Zone.

In the field of health services, the Zone government operates two major hospitals: Gorgas Hospital on the Pacific side and Coco Solo Hospital on the Atlantic. It also has minor hospital and clinic facilities elsewhere in the Zone.

There are two separate education systems, giving rise, again, to charges of racial segregation: the English language schools for U.S. citizens (black and white) and the Spanish language schools for Panamanians. The latter, the so-called Latin American schools, are now being phased out as, for reasons of economy, the number of non-U.S. citizens permitted to live in the Zone is being steadily reduced. In 1974 there were about 10,400 pupils in the English language schools and 1400 in the Latin American. The former figure includes children of military personnel as well as over 600 tuition-paying students of parents who live in the Republic of Panama.

The education function of the Zone government includes a junior college, special education, summer and recreational programs, the operation of library and museum facilities, a botanical garden, and a zoo.

The Zone government's police department operates several jails, a penitentiary (for convicted Panamanian felons only; their U.S. counterparts are shipped to penal institutions in the United

States), and detention facilities for women and juveniles. The police force numbers about 260, 85 percent of them U.S. citizens. The number of Panamanians on the force is limited to 40. These Panamanian policemen cannot rise above the rank of private and serve only in Canal Zone border areas and areas heavily traveled by their fellow Panamanians.

On the other hand, of the 132 members of the Zone's fire department less than 30 percent are U.S., and all of the 96 firefighters are Panamanians.

The expenses of the Canal Zone Government are met by the Canal company. The Zone government has about 3000 employees, 53 percent (1600) of them Panamanians, 47 percent (1400) U.S. These figures are comparable to those for the non-military population of the Zone (including the 9000 who come in each day to work): 24,000 persons total, 57 percent (14,000) Panamanian, 43 percent (10,000) U.S.

The third major activity of the United States in the Canal Zone, in fact, by far the largest from the standpoint of the number of U.S. citizens involved, is that of the military. There have, of course, been defense facilities and installations in the Zone from the very beginning. But since World War I, aside from containing the Canal which the military is charged with defending, the Zone has become a vital part of the overall U.S. military system, an important center for its radio, telephone, and teletype communications and for its air and sea traffic.

The United States Southern Command, Southcom, is one of five regional, unified commands of the U.S. military establishment. Headquartered on Quarry Heights on the Pacific side of the Zone, Southcom has responsibilities that extend far beyond just the defense of the Canal. (Panamanian legal experts have long claimed with some merit that this is a violation of the 1903 treaty.) These responsibilities encompass geographically the land masses of Central and South America (excluding Mexico but including the Dominican Republic). Southcom thus serves as the organizational arm of the Department of Defense in Latin America. Its two major responsibilities, other than that of defending the Canal, are supervising U.S. military aid programs and providing U.S. military representation throughout Latin America. The command is made up of Army, Navy, and Air Force components.

U.S. military installations are located, in the main, at each end of the Canal. Surface-to-air missiles guard the approaches. The

subordinate headquarters for the three components are in the vicinity of Southcom on the Pacific side. Also in this area is Howard Air Force Base, on which transport and tactical aircraft and a commando squadron are stationed. An Army mechanized battalion, an airborne battalion, and a logistical support complex are on the Pacific side; a Special Forces group, on the Atlantic side.

The Navy component, which has no ships other than a training vessel assigned to it, maintains and operates a complex of petroleum pipelines and storage facilities across the Isthmus. By means of the pipelines, petroleum products can be pumped directly from a tanker berthed at one end of the Zone into one berthed at the other. (The nonavailability to Panama of certain unused U.S. trans-Zone pipelines has long been a bone of contention between the United States and Panama.)

There are a number of residential communities for military personnel and their dependents, as well as training areas and gunnery ranges, throughout the Zone. In fact, about 70 percent of the total area of the Zone is assigned to Southcom. Of that assigned area, as much as 25 percent is not used at all (another Panamanian grievance).

Southcom has become well known throughout the military world for its schools and training centers, all operated for the benefit of Latin American countries as part of the U.S. military assistance program. The Latin American alumni of the schools now number well over 50,000. Graduates are to be found in high governmental places throughout Latin America. This is particularly so because government and the military have become virtually synonymous in all but three Latin American countries. General Omar Torrijos, the "maximum leader" of Panama, is a graduate of the U.S. Army's School of the Americas.

The Army has the Jungle Warfare Training Center on the Atlantic side of the Zone; the Air Force, the Tropical Survival School on the Pacific side. At Rodman, in the Pacific area, the Navy has special schools and training classes for Latin American naval officers and ratings. But the principal schools are the Army's School of the Americas, Torrijos' alma mater, and the Air Force's Inter-American Air Forces Academy, the former at Fort Gulick on the Atlantic side, the latter at Albrook Air Force Base on the Pacific side. Both of these schools provide a full field of military education, ranging from command and staff courses for officers to specialized training courses for enlisted men. In

addition to the U.S. teaching personnel, each has on its staff a substantial number of Latin American guest instructors, all of them honor graduates of the schools.

Particular mention should be made of one course given at the Army's School of the Americas, because, for no immediately apparent reason, it has long been the subject of controversy. This is a course in the techniques of counterinsurgency warfare. A unique, carefully planned and executed curriculum, developed in the 1960s in response to the Communist Latin American insurgency program launched by Fidel Castro from Cuba, its benefits have disseminated throughout the armed forces of Latin America. Now it is a prime target of the "antiimperialists." The reaction to it and the sources of that reaction seem to prove its effectiveness.

Other activities of Southcom centered in the Canal Zone are search and rescue, disaster relief, and mapping and charting operations, each of them encompassing most of Central and South America. The disaster relief efforts have been singularly helpful in recent years in the aftermaths of the great earthquakes in Nicaragua and Guatemala.

To complete the picture of what goes on in the Canal Zone and who is involved, mention should be made of the operations of three federal agencies that are separate and distinct from the Canal company, the Zone government, and Southcom.

Under an agreement with Panama, the United States provides air traffic control services throughout the airspace over Panama, including the Zone. This is the responsibility of the Federal Aviation Administration.

In 1972 the regional office of the Federal Highway Administration was moved from San Jose, Costa Rica, to the Zone to direct the completion of the Pan-American Highway through eastern Panama to Colombia, known as the Darien Gap Highway Project. Here again the activity is carried on pursuant to agreements between the U.S. and Panama.

And on Barro Colorado Island in Gatun Lake, the Smithsonian Institution, through its Tropical Research Institute, maintains a 3600-acre tropical forest research preserve. The Smithsonian also has other facilities in the Zone, all related to research in the areas of tropical biology, education, and conservation.

All told these three agencies employ about 180 persons, 75 percent of them U.S. citizens. By far the largest of the three is the FAA's air traffic control operation.

This is the Panama Canal Zone. This is the strip of land in the middle of the Republic of Panama, paralleling both sides of the great Canal, that is exclusively controlled and governed by the United States—a key ingredient of the controversy over the Panama Canal.

No one should misunderstand this piece of real estate as presently structured, populated, and functioning. It means many things to many people.

The Panamanians, supported by most Latin Americans at least emotionally, view it as a national affront, as stolen property, as a flagrant impediment to Panamanian development and identification—so much so politically and sensitively as to obscure its present economic and security value to Panama and to make the issue of its control, that is to say, jurisdiction over the geographical area of the Zone, a smoldering potential for bloodshed.

On the other hand, to many Americans, perhaps to a majority, it is an integral part of the United States, sacrosanct, untouchable, a piece of American soil to be clung to forever—a symbol of national honor.

Setting to one side these completely opposite points of view, both tinged quite naturally with national pride and prejudice, what, from a truly objective standpoint, is the Canal Zone?

Is it part of an “imperial” scheme? Perhaps it was to some Americans at the turn of the century when the United States was flexing its muscles internationally for the first time. But today such a charge is wholly without foundation. The United States has neither aspirations nor delusions in imperial directions. It is no more engaged in maintaining or establishing an empire in Central or South America than are Panama’s other immediate neighbors, Costa Rica and Colombia.

Is it a United States “colony”? Obviously not. The United States is no more engaged in colonizing Panama than it is engaged in colonizing the Moon or Mars.

The Canal Zone is nothing more nor less than the long-established, traditional governmental and geographical structure through which the United States maintains, operates, and defends the Panama Canal for the benefit of itself, for the benefit of Panama, and for the benefit of the entire world. It is the United States government in place and in action abroad, for that sole purpose, under valid, long-standing treaty arrangements with the Republic of Panama.

The real question, therefore, that the Panama Canal Zone presents for decision, as part of the overall Panama Canal issue, is not one involving semantics, not one concerned with resolving charges of "imperialism," "colonialism," "giveaways," and the like. Rather, it is a practical question of foreign relations, intertwined with matters of foreign commerce and national security, a question involving realities, basically, a question of feasibility.

Can the United States' sole legitimate purpose in Panama, the maintenance, operation, and defense of the Panama Canal, be accomplished under a new arrangement that would substantially modify the present status of the Canal Zone? Or, more specifically, can the United States relinquish all or any amount of control of the Zone to Panama and still effectively operate and defend the Canal?

This is the basic question. For there can be little doubt that the long-established, traditional structure, the Canal Zone as presently constituted, is unique in modern international society. No parallel to the Canal Zone can be found in the U.S. military bases established at strategic points throughout the free world or in the international arrangements under which those bases are maintained. There are parallels to Southcom, but not to the Canal Zone. For the Canal Zone is, and always has been, one of a kind.

Nor can there be much doubt that many of the situations created by the Zone that frustrate Panamanians—particularly the partition of their country, the obstructions to the orderly development of their major cities, the denial of much unused, valuable land to their economy, the lack of deepwater ports in a vital shipping area, and the complete negation of sovereign rights—can, and should, be remedied.

Looking carefully at the Canal Zone of today, there appear to be no unanswerable reasons why the transfer to Panama of substantial geographical areas and many civil government functions in the Canal Zone cannot be effectively and safely accomplished. Nor are there valid reasons why this cannot be done while simultaneously preserving the United States' capability to maintain, operate, and defend the Canal for whatever periods of time may be necessary.

The Canal Zone problem is not an insoluble element of the Panama Canal issue. But it requires delicate handling.

*No Job for Amateurs: Operating the Canal*¹

Night and day, rain or shine, ships pass through the Canal, 30 to 35 of them every 24 hours—freighters of varying size, huge containerships, large and small tankers, cruise ships, an occasional naval vessel, sometimes a small pleasure craft. Unless they are so large or so underpowered as to need tug support in critical areas, they go through under their own power, except in the locks. There they are towed by locomotives running along both sides of the lock compartments.

Travelling at reduced speed, they seem to glide along the 50-mile waterway, quietly, smoothly, almost relentlessly, with no noticeable degree of human activity involved, save at the locks. The average time in the Canal proper is about 8 hours, the entire passage, from deep water to deep water, about 15.

It is a leisurely journey, with only occasional delays. The traffic is two-way, even in the locks, although in the nine-mile-long, 500-foot-wide Gaillard Cut, traffic is one-way on occasions when a ship of unusual size or one carrying a hazardous cargo happens to be going through. Otherwise, along the route ships bound in opposite directions for ports all over the world slip

quietly by one another, sometimes but a few yards apart. Although risk is ever present, accidents are infrequent.

It all seems so simple. Obviously someone has to schedule the traffic. Obviously someone has to throw the switches that open and close the lock gates and raise and lower the water level. Obviously someone has to operate the tow locomotives at the locks. Obviously the occasional tug has to be manned. But that is about it. Or so it seems.

It is not that simple. Far from it. There are a thousand and one things that go on behind the scenes, day and night, to produce this appearance of simplicity. Things that require special skills, special know-how, special equipment, special effort—even special loyalty and special dedication.

The Canal is not just a complex of engineering and machinery. The Canal does not run by itself. It is run by conscientious, experienced human beings, and the role these people play in its operation becomes increasingly greater as the Canal grows older and as more and more ships that nudge the maximum dimensions for Canal transit are designed and built. These two factors, Canal age and ship size, combine to place an ever higher premium on skillful, experienced management, maintenance, traffic control, and ship handling.

Some of the statistics about the Canal are startling enough to be interesting—and significant. It takes 52 million gallons of fresh water—the water used to change the level in the locks—to put one ship through the Canal. The total amount of water consumed in the operation of the Canal during a 24-hour period is enough to keep Boston supplied for two weeks.

No pumps are used in filling and emptying the lock chambers. It is all done by gravity flow, from lake to sea, the water entering the locks through a system of main culverts the size of the Hudson River tubes of the Penn Central Railroad.

The water pressures developed are enormous. Coping with them are the gates at each end of the lock compartments, massive steel structures 65 feet wide and 7 feet thick, varying in height from 47 to 82 feet and weighing from 390 to 730 tons each. Heavy and cumbersome, they nevertheless open and close with the application of a mere 40 pounds of force.

All lock gates now in use are those installed during the initial construction of the Canal, more than 60 years ago.

To keep the Canal open, about 3 million cubic yards of earth

and rock, the product of constant erosion, silting and slides, must be dredged from the waterway each year—enough to fill a train of railroad cars 60 miles long.

These few facts alone serve to highlight perhaps the most important point about the operation of the Panama Canal: at least 75 percent of the work effort required to keep the Canal operating effectively goes into maintenance. Maintenance is the touchstone of the enterprise.

And it is not just garden variety maintenance, repairing things that have already fallen into disrepair or ceased to function. That kind of maintenance comes too late in the Panama Canal. Such occurrences must be anticipated and prevented at all costs. The Canal is like the theater—the show must go on.

The Panama Canal is old. There have been few major structural replacements in her lifetime. She creaks in spots. She tends to fall apart in places. It takes a sizeable team of “doctors,” a team of experienced, imaginative, and devoted managers, engineers, and mechanics, to keep her in operating fettle.

Her vital organs—her locks, her dams, her power plants—and her nervous system—her power and communication networks—must be constantly checked and fine-tuned. Her arteries—her channels, her lakes, her Gaillard Cut—must not be allowed to harden. They must be kept unclogged, not only by dredging, but by anticipating and forestalling the calamitous slides and rock-falls that are a chronic threat. The doctors must know the patient thoroughly—and be devoted to her.

Preventive maintenance is the key to the Canal’s viability. It takes constant vigilance, anticipation, and ingenuity. A classic example of the latter is the recent development of complicated engineering techniques by which lock machinery and valves can be overhauled without draining the locks and taking them out of service.

But the Canal does not run by preventive maintenance alone. Highly refined operating skills are required as well. Because of the many twists and bends in the Canal’s course, the tricky currents and winds, the fogs, the close draft tolerances, the narrow passing areas with attendant interplay of ships’ washes, and the difficulty of the lock entry maneuvers, it takes a force of some 200 skilled and experienced canal pilots to take the ships through—always one, sometimes as many as four, for each ship, depending on size. And they do, literally, take them through. The

Panama Canal is the only waterway in the world where the boarding pilot takes complete charge of the vessel, replacing the ship's captain during the entire passage.

Then there are the marine traffic controllers, the people that schedule the transits and keep the traffic moving in a safe, orderly, and efficient manner. Although in recent years the system has become extensively computerized and now includes a data network of 23 remote communication stations located at key points along the Canal, decision-making is still in the hands of these carefully trained individuals. They, too, like the "doctors," must know the great lady well, anticipate her idiosyncracies, her contrariness. Errors in judgment can be very costly.

These are just some of the principal assignments where skill, experience, and dedication are so vitally important. There are, of course, many others.

In considering the Panama Canal of today and tomorrow, particularly the latter, its age has to be constantly stressed. The day is coming, soon and inevitably, when substantial capital expenditures will have to be made to replace many of its basic structures and major items of equipment. Requirements of large amounts for these purposes, sums that cannot be developed through increased revenue from Canal tolls, clearly lie ahead. Nor, in this same connection, can the desirability and feasibility of augmenting the Canal's present facilities, in order to handle the ever-increasing number of large ships, be ignored. The answer is not a new sea-level canal. That, at least for the foreseeable future, is not in the picture; the amount of money required would be prohibitive. But the same is not necessarily true of long-standing plans for expansion of the present facilities, plans such as the Terminal Lake-Third Locks project, which at one time was actually commenced. But here, too, large capital expenditures would be required, several billion dollars at current costs.

All of this—the Canal's age and fragility, the high degree of skill and experience required to maintain and operate it, the prospect of large capital expenditures to keep it going effectively—leads into another very basic element of the Panama Canal issue, the question of operational control and responsibility. Panama wants at some definite future date to take over the Canal, to run it by herself. The proposed new treaties meet Panama's aspirations in this regard. Is this realistic? Is it wise?

Leaving aside for the moment the economic, foreign relations,

and security aspects of such a prospect, the question becomes a simple, practical one, a matter of present and future capability. Is Panama capable of running the Canal? Can she become so?

Most responsible Panamanians would be the first to admit that Panama does not have the capability of doing so, at least not with her own people, at the present time. They would quickly add, however, that, in their opinion, this incapability stems not from a lack of inherent capacity, but from lack of opportunity to develop that capacity. And this, of course, has been a subject of controversy between the United States and Panama for a long time: the matter of job opportunities for Panamanians in the higher paid, more skilled, and more responsible positions in the Canal enterprise.

There is considerable background to this controversy. No purpose would be served by detailing it here. Suffice it to say that up until about 20 years ago little effort was made by Canal management to afford job opportunities to Panamanians above the unskilled, manual labor categories. But in the 1955 treaty the United States agreed to change that situation. The principle agreed to was set forth in a "Memorandum of Understandings Reached" in these words:

The United States will afford equality of opportunity to citizens of Panama for employment in all United States Government positions in the Canal Zone for which they are qualified and in which employment of United States citizens is not required, in the judgment of the United States, for security reasons.

This agreement has been gradually implemented over the years by acts of Congress, presidential orders, and regulations of the Canal Zone Government. A Canal Zone merit system, an apprentice program, and various worker-trainee and learner programs have been established.

It should be borne in mind, however, that this commitment to increase job opportunities for Panamanians was made in the context of an existing treaty that contemplated retention by the United States in perpetuity of the right and responsibility of operating the Canal. Nevertheless, in recent years, and particularly during the just completed negotiations, which envisioned an interim joint operation and finally one exclusively

Panamanian, the Canal management has been under ever-increasing pressure from Washington, emanating primarily from the State Department, to move faster, to put more and more Panamanians into higher positions, to build a statistical record of pro-Panamanian accomplishment, to do everything possible to please Panama. It is not unlikely that this constant pressure has caused the Canal management to do things that, in the interest of efficiency, would not otherwise have been done and to lean over backwards in favor of Panamanian employees. A typical example of the latter was the establishment several years ago of a dual register for entry into the apprenticeship program, a system in which lower standards were set for Panamanians than those set for U.S. citizens, a built-in reverse discrimination that has since been abandoned.

The end-result of the job opportunities program has been less than satisfactory. Seemingly no one is happy. True, more Panamanians have moved into higher paid jobs. But there has been no diminution in the number of Panamanian complaints, and on the other side of the coin, there has been a constant increase in the number of charges by U.S. citizen-employees, the "Zonians," that they, not the Panamanians, are now the victims of discrimination.

The obstacle to equal opportunity that galls the Panamanians the most is the security position system authorized in the 1955 memorandum. Under the system, Canal management restricts certain key jobs to U.S. citizens only for "security reasons." As a result of constant hammering by Panama and the U.S. State Department, this system is disintegrating rapidly. In 1965 there were almost 2000 jobs designated as security positions, most of those involving the higher technical skills and managerial functions. By 1974 that figure had been reduced to about 1000. By 1976 it was down to 500.

The security position system was developed to insure that, notwithstanding the increased job opportunities and advancements to be afforded to Panamanians, the United States would retain the capability of operating the Canal and governing the Zone even under the most aggravated circumstances of Panamanian "noncooperation." It was also designed to insure U.S. retention of control of operational and governmental policies and decisions.

Nothing could be more logical and reasonable as long as the United States is running the show and has sole responsibility for

Can the Panama described in chapter 10 fill the bill? Many knowledgeable people have grave doubts.

First, the matter of motivation. We have seen that maintenance, preventive maintenance, is the major feature of the Canal operation. It can scarcely be said that maintenance-mindedness, much less preventive maintenance-mindedness, is an inherent characteristic of Latin Americans. The *mañana* approach to life, one of the charms of Latin America and its people, is hardly conducive to an activity calling for such immediacy.

And that is only one element of the motivation required in the case of the Canal. Another is pride, the kind of pride that induces loyalty and dedication. The people of the United States look on the Panama Canal as one of their nation's greatest achievements, the moonshot of its day, an accomplishment that took endless courage and sacrifice and produced great heroes. That feeling of pride has always been particularly reflected in the attitude of the U.S. citizens working in the Canal Zone. Most of them care immensely about the Canal's performance, the implementation of their heritage. This has produced a unique personal touch, a job thoughtfulness and loyalty, that means a great deal in an operation such as that of the Panama Canal. It is not reasonable to expect that non-U.S. citizens would have the same feeling. How successfully can the Canal be operated without that ingredient?

Another element of motivation with regard to the effective and efficient operation of the Canal is impartiality. Could the Panamanian government as we know it today, or as it might exist in the foreseeable future, refrain from using the Canal for purposes of domestic politics, or, and perhaps more disturbing, as an instrument of foreign policy? For example, would the ships and cargoes of the United States really be given the same treatment with regard to transit scheduling and servicing as the ships and cargoes of every other nation using the Canal? Or would the United States be harassed at every turn either in subtle retaliation for alleged historic grievances or at the behest of a foreign power hostile to the U.S.? Would small ships receive the same treatment as larger ones? Would small nations receive the same treatment as larger ones? Another lurking question: would *mordida*, the Latin American bribe bite, become an element of Canal transit? And would Panama exercise restraint in setting Canal tolls so as to insure the continuance of the Canal operation as a service to the world and as an instrument for the diversified,

long-range economic growth of Panama? Or would Panamanian political leaders tend to use the Canal as the source of a quick bonanza and thus kill the goose that lays the golden eggs? These are not easy questions to answer, to say the least.

As to the third essential part of the capability to operate the Canal, the necessary financial capacity to meet the demands for new capital, Panama's situation seems to be self-evident. For her to meet those demands on her own is out of the question. Panama is bankrupt. By the same token, it would seem to be impossible for her to raise the needed money through international lending agencies, if the normal financial criteria were applied to her situation. This leaves but one answer: the footing of the bill by some nation that has both the capacity and the incentive to do so. And in that case it would be only logical to expect such a nation to insist on management and control until its investment was recouped. That brings one back full circle to the continuation of U.S. operation of the Canal, albeit Panama might participate to a far greater extent than she does now, both operationally and financially.

The point of all this is that the United States has the technical ability, the motivation and the financial capacity to operate the Canal efficiently and impartially for the benefit of all the nations of the world. It has demonstrated this over a period of almost three-quarters of a century. That Panama has or can achieve the technical capability cannot reasonably be denied. But whether she can generate the motivation and the financial capacity to produce a comparable performance is a matter fraught with extreme doubt.

Therefore, leaving aside considerations of foreign policy, economics, and national security, from an operating standpoint it would seem to be both unrealistic and unwise for the United States to relinquish control of the Canal to Panama. Whether the answer is the same in light of those other considerations remains to be considered and determined.

Forgotten Man: The “Zonian”

What? The Panama Canal shut down for a week by a work stoppage of U.S.-citizen employees? Impossible. Nothing like that had occurred in the 62 years of Canal operations. Pride and loyalty would never permit it.

And yet it did happen in March 1976—a “sick-out” by canal pilots that brought Canal operations to a complete halt. Ostensibly, the sick-out was a protest against economy measures that were being proposed by Canal management in an effort to stem the tide of mounting deficits, measures that would curtail many job-related benefits and would freeze salaries for a long period of time. As the week progressed, the pilots were joined by the Zone teachers. They, too, became “sick,” and the schools had to close down. By week’s end some 700 U.S.-citizen employees were directly involved in the work stoppage.

The sick-outs were instituted not so much to protest the economy measures as to bring the plight of the “Zonians” to the attention of the American people in general and the United States Congress in particular. It was undertaken with great reluctance. One can easily imagine how truly sick at heart the

perpetrators must have been when they saw the fruit of their handiwork: the ships of the world piling up at the entrances to the Canal because there were no pilots to take them through. Nor is it hard to picture how heartsick the Canal management was to see how far the morale and loyalty of the Zonians had sunk as a result of the treaty negotiations. For to the Zonians the negotiations were a sword of Damocles hanging over their jobs, their lives, their futures.

The term *Zonian* is applied to the U.S. citizens employed by the Panama Canal Company and the Canal Zone Government. There are only about 3000 of them left. Together with their dependents they number in the neighborhood of 10,000 persons. Most of them occupy managerial or technical jobs, but their group includes such categories as canal pilots, teachers, doctors, engineers, accountants, maritime traffic controllers, shopkeepers, firemen, and policemen. Many were born and raised in the Canal Zone. Some are second and third generation Canal employees.

Perhaps because they live far from their native land, they cling desperately to the Zone as a symbol of their country. Perhaps because they live in a close-knit, insular community, they are inclined to take a rather narrow view of things, particularly things that threaten to disrupt their well-ordered way of life. Many of them are criticized for their aloofness towards Panama and the Panamanian people, for their failure to reach out and become a part of a broader, more diversified culture.

They are fervently patriotic. They led the resistance in the 1950s and 1960s to the flying of the Panamanian flag in the Zone. They oppose a new treaty because they view Torrijos and his government as instruments of communism and the treaty negotiations as a conspiracy to sell the United States down the river. If possible, they distrust the U.S. State Department more than they do the Panamanians.

The Zonians are often referred to derisively as superpatriots, "150 percent Americans." They do not deserve such derision. In the main, they are loyal, hardworking U.S. citizens who have an overwhelming problem. Their problem is the future, the future of their jobs and their lives. They see the handwriting on the wall, and they are frightened.

Some Zonians express fear over the prospect of living under the jurisdiction of Panama, of being governed by Panamanian laws, courts, and police. They say their families would not be

safe under such circumstances. It is difficult to sympathize with this position. All over the world American citizens engaged in activities of their own or of the U.S. government live under the jurisdiction of the host countries. That is a normal element of living and working abroad. And in Panama, thousands of U.S. citizens live outside the Canal Zone, under the protection of Panamanian laws and Panamanian police, without unusual qualms or problems. The Zonians' fear in this regard is symptomatic of their introverted, almost paranoid, feeling that they are the targets of conspirators who want to get rid of them.

Their fear over job security is more realistic. They are employees of the U.S. government, but their civil service status in the Canal Zone does not give them job rights back in the States. If they are forced out of their jobs in the Zone, they will lose out completely. So the constant talk of a new treaty under which they would be replaced by Panamanians, even though the transition might be a gradual one, has been enough to make them wake up at night in a cold sweat wondering what would become of themselves and their families.

During the past few years it has often been suggested that the Zonians should be given full status under the U.S. Civil Service System so they would know that if they gave up or lost their jobs in the Zone they would be entitled to comparable jobs "back home." But Canal management has not favored such an extension of civil service rights for the Zonians, at least for the time being, for fear that given such assurance of other jobs in the States they would tend to move out immediately and take advantage of their newly acquired rights. The services of these people are so essential to Canal operations that perhaps management's reasoning has been something like this: better a scared, disgruntled employee with no place to go than a scared, disgruntled employee who can pull up stakes at will. Such reasoning, though perhaps natural under the circumstances, is both unfair and unsound. The services of scared, disgruntled employees can become counterproductive. Witness, for example, the 1976 sick-out.

There is a possible way out of this dilemma. What the Zonians are afraid of is a new treaty and its effect on their jobs. They tend to foresee and anticipate the worst. This is why so many of them have left during the past few years. On the other hand, many of them, with deep roots in the Canal Zone, have indicated that they would be willing to take their chances under a new treaty, or at

least give it a try, if they had binding assurances of a job elsewhere if things did not work out. It has been suggested that, catering to that attitude, such assurances could be made contingent upon a new treaty's going into effect.

To have any real impact on the Zonians' situation, the job assurances should come from Congress in the form of legislation. For example, it could be provided by legislation that if at any time after a new treaty went into effect a U.S.-citizen employee in the Canal Zone were displaced from his job by the operation of the treaty, he would immediately acquire civil service rights in the United States. And those rights could be spelled out so as to assure him that he would be entitled to a comparable job with comparable economic benefits, that his time in service in the Zone would count toward his retirement, and that to the extent possible his geographic preference would be accommodated.

Something of this sort has been needed badly for a long time. It is needed even more now that the proposed new treaties are a reality. The mere introduction in Congress of a bill that would lead to such legislation would go a long way toward reassuring the Zonians, just by letting them know that they are being thought of and that their interests will be protected. They deserve at least that.

The Zonians are a very real element of the Panama Canal issue. Numerically they are a small group, but in terms of the critical value of their services to the Canal operation and the political clout they have in the United States, they are a very potent factor in the current situation. Their value is self-evident. Without them the Canal could not operate.

Their political influence in the United States is perhaps not so apparent. But it is there. They have the active support of all the patriotic organizations, the American Legion, the Veterans of Foreign Wars, the Daughters of the American Revolution, to name the more prominent ones. Their "alumni" body in the United States is sizeable, widespread, active, and vocal. The members of Congress are well aware of the Zonians, and to a considerable extent it is a sympathetic awareness.

When all of these components of influence are put together—and that seems to happen almost automatically whenever the American people's Panama Canal nerve is touched—the political potential of the Zonians becomes enormous. They may be the

forgotten men of the Panama Canal issue, but they are forgotten men with sharp fangs. Any U.S. presidential administration that either ignores or underrates them in trying to solve the Panama Canal dilemma does so at its peril.

Looking into the Crystal Ball: The Economic Future of the Canal¹

A major reason for building the Panama Canal was to promote the ocean commerce of the United States. Since its inception, it has clearly served that purpose, as well as benefiting the entire world.

By the same token, a major consideration involved in resolving the longstanding controversy over the Canal has to be the future economic importance of the Canal to the United States—and to the world.

If that importance is going to continue to be substantial, then, from an economic standpoint, much is at stake in the present discussions regarding the proposed new treaties, particularly in relation to the Canal's future operational control. On the other hand, if in the near future the Canal is going to mean less and less to the United States, to the point of nonimportance, then the matter of who will eventually operate it and in what fashion has less economic significance.

In attempting to gaze into the future in this regard it is fortunately not necessary to enter unexplored territory. Much attention has been given, particularly during the past 15 to 20 years,

to analyzing the Canal's economic prospects. These studies have been prompted, in the main, by growing concerns over the capacity of the Canal to meet the future needs of world seaborne trade and, more recently, over the development of a toll policy to meet the ever-increasing costs of operating the Canal. In these studies can be found a myriad of statistics, analyses, and projections by specialists with years of experience in the economics and logistics of the Canal.

The nonspecialized crystal ball gazer has, therefore, a seemingly reliable platform on which to stand while peering into the future. But it is helpful to look back as well, in order to determine trends and directions.

The Canal's true economic significance has always been in the distance and time savings it affords to interocean shipping. In their school days most Americans were exposed to the dramatic figures that portray those savings. Nevertheless, it is interesting to review a few of them.

The Canal cuts 7873 miles off the distance between New York and San Francisco, 6250 between New York and Callao, Peru, 5705 between New York and Yokohama, Japan. The distance between New Orleans and San Francisco is reduced by 8868 miles, between Liverpool, England, and San Francisco by 5666.

The days saved mount up impressively. For example, a ship traveling at a speed of 15 knots can reach Los Angeles from New York in 13 days by way of the Canal; it takes more than a month through the Straits of Magellan. A vessel moving at 25 knots can make the journey from Yokohama to New York in 17 days via the Canal, as against 25 days around the Cape of Good Hope. A ship bound from Seattle to Europe at a speed of 20 knots can reach Bishop's Rock Light off of southwestern England by way of the Canal in 17.5 days; it takes 31 days going around.

Savings in miles and days mean fewer ships required for the movement of the same amount of cargo and speedier cargo deliveries. Savings in miles and days also mean reduced fuel consumption and lowered crewing costs. The seafaring nations of the world were quick to take advantage of these highly significant economies. As world seaborne trade grew by leaps and bounds, so did the use of the Panama Canal.

Commercial ocean traffic through the Canal during three benchmark years—the first uninterrupted year of operations, a post-World War II year, and the peak year to date—reflect that growth:

Year	Commercial Transits	Cargo Tonnage
1917	1738	7,054,720
1947	4260	21,670,518
1974	14,033	147,096,914

Thus over a period of 57 years there was an eightfold increase in the number of commercial ships passing through the Canal each year and a twentyfold increase in annual cargo tonnage. Of additional significance in these figures is the startling disproportion between the rates of growth in the two categories, ship transits and cargo tonnage, particularly after World War II. Over the 57-year span the average cargo load per ship transiting the Canal more than doubled. This is a striking indication of the trend in the size of vessels engaged in international trade, a fact that, as will be discussed later on, has considerable bearing on the economic future of the Panama Canal.

What does the Canal mean to the United States from an economic viewpoint today? The volume of U.S. foreign trade going through the Canal has, until very recently, grown steadily since World War II. During the 14-year period 1958-71, the fraction of total U.S. oceanborne foreign commerce going through the Canal increased from 10.7 percent to 17 percent. During the same period the dollar value of that U.S. traffic through the Canal increased even more than the tonnage volume. Both increases were due in considerable measure to the expanding trade between the East Coast of the United States and Asia, particularly between the Atlantic ports and Japan.

About 66 percent of all the cargo that moves through the Canal comes from or goes to United States ports: 34 percent exports from the U.S., 23 percent imports into the U.S., and about 9 percent U.S. intercoastal trade.

But these figures can be somewhat misleading. It should be pointed out that during 1972, for example, *by value* only 13 percent of U.S. exports and 5.3 percent of U.S. imports went through the Canal. The reason for these relatively low value figures lies in the large volume-low-unit-value categories of commodities that make up the major portion of Canal-transiting cargo: raw materials, agricultural items, petroleum products, and semi-manufactureds. Manufactured goods such as motor vehicles, machinery, electrical and electronic equipment, and the like, contribute much less to overall Canal tonnage.

It should also be pointed out that less than 3 percent of U.S.

intercoastal trade now passes through the Canal, as compared with 50 percent 35 years ago.

But these qualifying factors do not detract appreciably from the fact that the Canal has and continues to be an important factor in United States foreign trade.

The Canal is of much greater relative importance to many of the Latin American nations than it is to the United States. The countries most dependent on the Canal send these percentages of their oceanborne commerce through the waterway:

Nicaragua	76.8%
El Salvador	66.4
Ecuador	51.4
Peru	41.3
Chile.....	34.3
Colombia	32.5
Guatemala.....	30.9

Nor can one overlook the importance of the Canal to the countries of the Far East. Up until recently not less than 50 percent of all westbound cargo going through the Canal was headed for Japan. Twenty-three percent of the eastbound shipments originated in that country. And the Canal has become an essential commercial lifeline between countries like Australia and New Zealand and their traditional European and U.S. East Coast markets.

Before peering into the future, attention should be given to what has been going on at the Canal during the past three or four years, developments that are highly retrogressive from both a traffic and an economic standpoint. They probably can be attributed in the main to special conditions. Yet they may provide some signals for the future.

Generally speaking, the number of ships transiting the Canal has increased steadily over the years. The annual transits by commercial, ocean-going vessels reached a peak of 14,000 in 1971. They dropped off a bit the next two years, but went back up to over 14,000 in 1974. Since then, however, the decline has been marked: 13,609 in 1975, 12,157 in 1976. During the period 1973-76 the number of ships transiting the Canal each day dropped from 39 to 33. Meantime, operating costs, particularly wages, have continued to rise. In 1973, the Canal company sustained a loss for the first time in Canal history. It has lost money

every year since then, despite a hike in toll rates in 1974, the first one since the tolls were originally set in 1914, and another in the fall of 1976.

Those who wish to denigrate the economic importance of the Canal seize on these recent statistics as marking the beginning of the end. But the downward trend in transits can be explained by temporary world economic conditions and the reopening, in 1975, of the Suez Canal. And the recent annual deficits can be attributed primarily to ever-rising operating costs.

One big factor in the present situation is Japan's temporary but drastic curtailment of steel manufacturing. The coal and coke shipped from Atlantic ports to meet Japan's steel mill requirements represented a sizeable portion of Japanese traffic through the Canal.

There is no reason to believe that the current slump is anything but temporary. But this is not the case with the increasing costs of operating the Canal; they probably will continue to rise.

What, then, is the economic future of the Canal? It is probable that for the foreseeable future foreign trade in bulk commodities, such as coal, oil, ore, agricultural products, and large manufactured goods, will continue to be transported primarily by ship. But there is no escaping the fact that a revolution has been going on for some time in the technology of transportation.

One manifestation of this is the constantly increasing volume of air transportation. As far as transoceanic passenger service is concerned, we have already seen the end of express passenger ships; they have been replaced by the airplane. With the advent of the jumbo jets, air freight has grown at a rapid rate. Although in total volume it is still relatively insignificant—less than 3 percent of U.S. foreign trade moves by air—there can be little doubt that advancing technology in air freight transportation will continue to produce growth in the amount of air traffic in goods, particularly those in the small bulk-high value categories. It is unlikely, however, that this will become a significant rival to oceanborne trade of the kind usually passing through the Canal.

A development that could, in time, have a substantial effect on Canal traffic is that of the "mini-bridge" system being advanced by the U.S. railroads. This involves the movement of goods in containers across the United States on fast, unitized trains operating on schedules synchronized with ship arrivals and departures at the East and West Coast ports. The mini-bridge system

has particular usefulness in the case of goods headed to high-intensity markets, as, for example, electronic equipment and motor vehicles. Even though the trend in marine transportation is moving steadily in the direction of high-speed containerships, the mini-bridge system has already become competitive and is beginning to offer a real alternative to the Canal for some shippers. If the nation's railroads should be rejuvenated, the effect of the mini-bridge concept on the Canal's economic value to U.S. foreign trade could be substantial.

The element of the technology revolution in transportation that is most frequently mentioned in connection with the economic future of the Canal is that which is occurring within marine transportation itself, the Canal's lifeblood. First of all, ship sizes are increasing progressively. Already there are over 1000 vessels in the world's mercantile fleet that cannot go through the Canal because of their size. There are nearly double that number that can make it only if they are carrying loads below their full capacities. And there are more of these giants on the drawing boards.

The maximum dimensions of a ship for Canal transit, known as "Panamax," are:

Length.....	975 ft.
Width.....	106 ft.
Draft	40 ft.
Tonnage	65,000 DWT

The most prevalent type of oversize ship unable to transit the Canal at present is the huge oil tanker. Many of these now have load capacities in excess of 300,000 tons. They exceed all the Panamax limits and were designed specifically for all-ocean routes such as those from the Persian Gulf to European and North American ports. Their speeds and carrying capacities are such as to make it cheaper for them to travel the longer distances than to take canal shortcuts and pay tolls. The closing of the Suez Canal in 1967 was a great incentive to their development.

There are other oversize superships that cannot go through the Canal. Some carry large quantities of dry bulk commodities such as ore, coal, and grain. Others are giant containerships. In total, these oversize vessels do, of course, have some economic effect on the Canal. And this will continue to be so.

But three things, in particular, should be kept in mind in evaluating the impact of these large vessels. First, they constitute fewer than 10 percent of the ships in the world's mercantile fleet. Second, they were specifically designed to circumnavigate *all* interoceanic canals. And, third, although the Panama Canal is an important element of the worldwide ocean shipping system, the traffic passing through the Canal in any one year has never exceeded 10 percent of the total traffic in the system. Thus the above-Panamax ships are, primarily, nothing more than a relatively new high-speed, high-volume component of normal non-Canal shipping.

And there are realistic inhibitions to the extensive use of these supervessels, such as lack of deepwater ports (particularly in the U.S.) and scarcity of the highly specialized port equipment required for their effective operation. In the case of supertankers, environmental concerns are entering the picture more and more.

These giant ships are, of course, significant. But they have by no means taken the place of the cargoliners, tankers, container-ships, ore ships, and bulk carriers that are the principal users of the Canal. In fact, there is another phase of the revolution in marine transportation technology, aside from the development of the specialized superships, that tends to enhance, rather than detract from, the future economic value of the Canal.

While the all-purpose, odd-lot-cargo, small freighter has been disappearing from the scene, new types of specialized vessels have been emerging—containerships, auto carriers, refrigerated cargo ships, specialized types of tankers, automated dry-bulk carriers, even barge-carrying vessels (LASH)—larger than the old freighters, but most still comfortably within Panamax limits. Energy costs, an ever-increasing premium on turn-around times, port facilities, and similar factors seem to be actually generating a limitation on ship size for general use. This, plus a constant increase in overall world seaborne cargo tonnage, commensurate with general economic growth, seems to assure a gradual continuation of the upward trend in Canal traffic.

There are, of course, limitations on the amount of traffic the Canal can handle. Many studies have been made over the years to determine what those limits are and when they might be reached.

Ship-size limitations have already been mentioned. Another limitation is that of the time involved in operating the locks. Since the average-size ship takes about two and a quarter hours to go through the six tiers of locks in the Canal, there are obviously limits to the number of ships that can transit the Canal in a day or year. The time limitations are increased by the additional maneuvering and handling times involved in transiting the larger ships.

A third form of Canal limitation is that imposed by the amount of fresh water available for lockage and navigation purposes. It takes about 52 million gallons of fresh water to put a single ship through the locks. If the water used for lockage operations is not replenished fast enough, restraints have to be placed on draft levels and on the number of lockage operations.

The consensus seems to be that something in the neighborhood of 25,000 transits a year will be the Canal's maximum capacity after all scheduled improvements in lockage operations have been completed. When will this limit be reached? The answer seems to change frequently.

In 1970, in its report to President Nixon, the Atlantic-Pacific Interoceanic Canal Study Commission estimated it would be reached in 1988. In 1970 there were 13,658 commercial transits of the Canal. Yet six years later, in 1976, there were only 12,157, and the high in between, in 1974, was only 14,037, still little over half of the commission's estimate of ultimate capacity.

More recent estimates put the date considerably beyond the year 2000. Since there are so many variables involved in any such prediction, particularly those concerned with the mixture of types and sizes of vessels that will make up future Canal traffic, no one can come up with a precise answer. But a minimum of 50 years from now, two generations, would not seem to be out of line.

And when capacity is reached, what then? Does the Canal automatically become valueless? Obviously not. The fact that it will have reached full operating capacity would seem to indicate that it will be playing an important role at least with regard to the types of shipping making use of it at that time. And even though operating at full capacity would require a far greater degree of advance scheduling of transits than is now required, there is no reason to believe that such operations would not continue indefinitely. The crystal ball is far from clear.

Another thing that blurs the vision of the future is the prob-

lem of rising costs. Unless the Canal is subsidized, tolls will have to be increased further to make ends meet. Two increases, totaling over 40 percent, one in 1974, the other in 1976, have not done the trick. Prior to the 1976 increase, the average toll paid was about \$10,000, the highest just under \$50,000. The lowest was 36 cents, paid by author-traveller-romanticist Richard Halliburton in 1928 for the privilege of swimming through the Canal.

How much in the way of increases will the traffic bear? At what point will efforts to obtain more revenue become counter-productive? Here, again, there are several studies by Canal experts—and many different answers.

Every product shipped through the Canal varies in its sensitivity to increases in tolls, depending on its per unit shipping cost. And the sensitivity rate of a particular commodity itself can be variously affected by such factors as increased availability of alternates to Canal transit, long-run inflation (including ship construction costs), ship operating costs (especially fuel prices), and the general price level of commodities.

The experts are all agreed on only one thing: of all the commodities ordinarily going through the Canal in significant quantities, bananas, representing only 2 percent of total Canal volume, are the most sensitive; they can stand a toll increase the least.

According to one private study, products only one-half as sensitive as bananas are, for example, sugar, iron ore, and coal. One-quarter as sensitive are petroleum products. One-sixth: wheat, lumber, fertilizers, and miscellaneous ores. It is estimated that some commodities could take an increase of up to 150 percent. Others begin to drop off, by groups, at 100 percent and 50 percent. In a 1972 study the maximum toll rate increase that could be tolerated by bananas was estimated to be 25 percent. Since then they have had two increases, totaling over 40 percent. Will there be no more Ecuadorian bananas in New York?

The most one can say with any assurance is that tolls can be raised to some extent above present levels without stifling traffic. How much seems to be pretty much anybody's guess. If tolls were increased on a selective basis, the rate on some commodities could perhaps be raised as much as 200 percent without wiping out the value of the Canal shortcut to those products. Other commodities are more sensitive, all the way down the scale.

One thing seems clear: The balance between Canal revenue and Canal traffic is a delicate one. Anyone attempting to make a quick profit out of Canal operations would be taking golden eggs from a highly vulnerable goose.

Importance cannot be measured mathematically. It is a relative term. Much of it is in the eye of the beholder.

How important will the Canal be to U.S. foreign commerce, to world commerce, in the years ahead? Twenty-five years from now? Fifty years from now? Seventy-five years from now?

These are difficult questions to answer. To say the Canal will be of vital economic importance at any time in the future would probably be absurd. It may have been vital at one time. But it is not now, and it is very unlikely to become so again.

The other extreme—to say that the Canal will soon become totally unimportant, or become so, say, in 75 years—seems equally unupportable.

A look at the conclusions of some of the “experts” affords some guidance:

. . . the long-run economic role of the Canal will continue to be important, but it cannot in any sense be regarded as either overwhelming or crucial.

*The Economic Value of the Panama Canal
by Howell and Solomon, International
Research Associates, Palo Alto, Calif.,
December 1973*

The Canal’s role in United States foreign trade is growing and will continue to grow.

*Maritime Commerce and the Future of the
Panama Canal by Padelford and Gibbs,
MIT Sea Grant Report No. 74-28 (1975)*

[The Canal] . . . is no longer the commercial lifeline—at least not for the United States—that it once was. It remains important, but its importance to other countries is far greater and increasing.

*“Panama Paralysis” by Franck and
Weisband, Foreign Policy, Winter 1975*

. . . the Canal is no longer worth having a foreign policy crisis about.

Monthly Economic Thought Letter by
Brandes, International Research Associates, May 1976

An adequate Isthmian canal is of great economic value to many nations, but especially to the United States since approximately 70% of the tonnage through the canal in recent years has been to, from, or between United States ports. This relationship is expected to continue.

Interoceanic Canal Studies 1970, *report to the president by the Atlantic-Pacific Inter-oceanic Canal Study Commission*

The nonspecialist crystal ball gazer can be forgiven some confusion. If he should conclude that the Panama Canal will be of substantial but diminishing economic importance to the United States and the rest of the world during the foreseeable future, he probably could not be adjudged myopic.

*The Crux of the Canal Issue: U.S. National Security*¹

During the Spanish-American War, the necessity for a trans-isthmian canal as an instrument of national security was brought home dramatically to the people of the United States. There were encounters between U.S. and foreign naval vessels in distant waters. Commodore Dewey scored a thrilling U.S. victory in far-off Manila Bay. As a finale, came the "race" of the U.S.S. *Oregon* around the Horn, 68 tortoiselike days from San Francisco to Cuba to participate in the last skirmish.

The emergent world power obviously needed the flexibility of military maneuver that only a waterway between the Atlantic and Pacific oceans could supply. So the Canal came into being, partly as a highway for peaceful commerce, but no less as an integral link in the U.S. national defense system.

In this latter capacity, the Canal has played a key role almost since the day it opened in 1914. The First World War had already started. Within three years the United States became an active participant. And for the duration the Canal was a beehive of combat vessel and military cargo transits.

The Canal's defense value became even more apparent some

24 years later when the United States found its military and logistic sinews stretched to the limit in a grim, two-ocean global conflict: World War II. Even though U.S. naval forces for that involvement were organized into three fleets—Atlantic, Pacific, and Asian—there was a constant interchange of fighting ships from ocean to ocean through the Canal. During that war, there were more than 6400 warship transits of the waterway and an additional 10,300 by other military vessels.

During World War II military supplies moved through the Canal in vast quantities. It became a lifeline in the war against Japan, as munitions, food, fuel, and every other type of military necessity poured from Atlantic ports, through the Canal, and out to far-flung U.S. bastions in the Pacific and the Far East. There is no way of evaluating the total savings in time and distance involved, but transportation facilities were obviously a limiting factor in World War II, and the Canal played a major part in reducing the number of ships required and in speeding deliveries. Nor can the contribution of the Canal towards the saving of lives and the shortening of the war be calculated, but it clearly was of considerable significance. And the story was much the same, on a far smaller scale, in the Korean conflict of the early 1950s. In 1962, at the time of the confrontation between the United States and the USSR over the Soviet attempt to introduce missiles into Cuba, thousands of U.S. Marines were moved rapidly by ship through the Canal from California to the Caribbean, making the possibility of a swift U.S. invasion of Cuba a startling and deterring reality to Moscow.

During the long struggle in Vietnam, the Canal again played a major role, particularly in the movement of the instruments and supplies of war.

That the Canal has up until now well served the national security purpose for which it was built cannot be denied. That role has been variously characterized in informed and qualified circles as "vital," "major," "extremely important," and the like.

Now, rather suddenly and seemingly in relation to the recently concluded treaty negotiations, there appears to be a tendency to downgrade the Canal's value for defense purposes. Top Pentagon officials have, to a degree, joined the chorus. This probably stems from the "unification" of the Defense Department's and the State Department's respective positions on the military aspects of the proposed new treaties. As was pointed

out earlier, this unification was imposed in 1975 by White House decree and has continued ever since.

For example, Gen. George Brown, chairman of the Joint Chiefs of Staff, was quoted in July 1976 as stating that the Canal was "not vital" to national security. What did General Brown mean when he made that statement?

That question brings this presentation of the Panama Canal issue to perhaps its most critical point, the point of placing national security considerations in their proper perspective. For almost everyone will agree that national security is the crux of the issue from the standpoint of the United States.

Foreign relations considerations may suggest, indeed, according to many people, compel, regardless of cost, a "happy" solution to our differences with Panama—"happy," that is, from Panama's viewpoint, no matter how unhappy from that of the United States. Likewise, commercial considerations concerning the solution of the Canal issue may indicate the waterway to be of such declining importance to the United States that there is no longer enough at stake economically to justify a refusal to turn it over to Panama, at least eventually. In making a new treaty, one could be wrong on both these counts and still probably not jeopardize drastically U.S. long-range interests. But national security considerations are a horse of a different color. A mistake in this area can be fatal.

There is no question that the relative strategic value of the Canal has changed considerably since World War II. It changed the instant the first atomic bomb was exploded in New Mexico in 1945. The advances in nuclear weaponry since then have made *every* fixed defense installation susceptible to quick destruction. But this is just as true of an aircraft factory in California, a munitions plant in New Jersey, a weapons arsenal in Texas, an Air Force base in Nebraska, even an aircraft carrier on the high seas, as it is of a canal in Panama. If the degree of that susceptibility is to be the standard for measuring a defense facility's value and thus for predicating the justification for its abandonment, then all of the types of installations just mentioned, including the Canal, can be written off. In that sense, the Canal is no longer vital to national security, and that, perhaps, is the sense in which Gen. Brown made his statement.

The strategic value of the Canal also changed with the advent, at least in theoretical effect, of a two-ocean navy. After World

War II, the Navy, quite properly, used the increased vulnerability of the Canal to nuclear attack to ask Congress for the additional ships and facilities necessary to make that two-ocean capability a reality. In fact, however, that capability has never been achieved. It could never be said, nor can it be said now, with any degree of assurance, that either the Atlantic or the Pacific fleet was adequate to cope, without reinforcement by the other, with whatever situation might develop on its side of the world.

One military expert, Lt. Gen. V. H. Krulak, USMC (Ret.), recently expressed the current situation in these words:

In truth, the Panama Canal is an essential link between the naval forces of the United States deployed in the Atlantic and in the Pacific. It is only because of the waterway that we are able to risk having what amounts to a bare-bones one-ocean navy.

The situation was highlighted again by four former chiefs of naval operations, Admirals Robert B. Carney, Arleigh A. Burke, George W. Anderson, and Thomas H. Moorer, the last-named being also a former chairman of the Joint Chiefs of Staff. In a letter to the president of the United States dated June 8, 1977, they described it in these words:

Contrary to what we read about the declining strategic and economic value of the Canal, the truth is that this inter-oceanic waterway is as important, if not more so, to the United States than ever. The Panama Canal enables the United States to transfer its naval forces and commercial units from ocean to ocean as the need arises. This capability is increasingly important now in view of the reduced size of the U.S. Atlantic and Pacific fleets.²

One of the nation's most distinguished writers on military affairs, Hanson W. Baldwin, recently put it this way:

It is ironic, indeed, that in an era when the United States Navy needs the canal to a greater degree than at any time since World War II, Washington is considering its abandonment. The navy today is in the same strategic bind it was in prior to World War II: it is a

one-ocean navy (in size and power) with two-ocean responsibilities.

Now, with defense spending an ever-increasing political target and defense costs, particularly those for new construction and operating fuel, in an ever-mounting spiral, it is likely that a two-ocean navy will become less and less of a reality. In this sense, the Canal seems to be maintaining, rather than losing, the importance of its role in the U.S. national defense system.

Here, again, it is possible to say that even the U.S. Navy is no longer "vital." For with the almost limitless secret mobility of the modern nuclear submarine, naval surface vessels are perhaps becoming as susceptible to quick destruction as the fixed defense installations mentioned earlier. If, in that sense, the Navy's ships must be written off, along with all the rest of our defense apparatus, then clearly the Canal, too, is no longer vital. Nor is anything else.

Another change in the strategic value of the Canal was caused by its inability to handle the over-Panamax-size ships of the Navy, the supercarriers and supertankers. On the face of it, this does diminish, at least to some extent, the importance of the Canal to national security. In the main, this ship-size situation parallels the one discussed earlier regarding the oversize commercial vessels that cannot use the Canal.

It is true there are some 20 Navy ships, 13 of them aircraft carriers, that are too large for Canal transit. But these vessels are only a portion of the Navy's total striking force. Furthermore, except for the big aircraft carriers, warships are getting smaller, not larger. The day of the battleship is over; cruisers are stabilizing in size below World War II dimensions and, for some missions, giving way to the new class of frigates. The nuclear submarines and special purpose vessels of the Navy, with the exception of the supertankers, are all well within Panamax limitations and capable of transiting the Canal.

The basic fallacy of all of the factors and arguments advanced to downgrade the strategic importance of the Canal is that they are predicated on the existence of what is euphemistically called a general war, actually an all-out nuclear holocaust. This conveniently ignores the fact that "limited" wars, not general wars, have been the rule for the past 30 years and are likely to continue to be the rule in the years ahead without exception—that is, until the first exception, the world's "last hurrah."

Another misleading factor in the tendency to downgrade the Canal's importance militarily is the placing of almost entire emphasis on the Canal's role in relation to the movement of the Navy's combat vessels, while saying little or nothing about its role, equally important if not more so, in the movement of military supplies and equipment.

It should not be overlooked that about 90 percent of the bulk tonnage needed to support military forces abroad moves by ship and that the Canal has played, and will continue to play, in times of peace and in times of limited war, a key role in that logistic effort. For example, during 1968, a representative year of the Vietnam conflict, 33 percent of the dry military cargo shipped from the continental United States to South Vietnam, Thailand, the Philippines, and Guam went through the Canal. The proportion was 29 percent for petroleum, fuel oil, and lubricants.

A military force inadequately supplied is an ineffective one. The role of the Canal in maintaining military effectiveness abroad seems bound to be of continuing importance in any conflict short of a general war. The evolution of conventional war techniques is placing an ever-greater emphasis on mobility and logistics. While increasing numbers of troops and their basic equipment can be moved by air, their long-range effectiveness depends on sea transport.

What do some of the experts, pseudoexperts, and quoters of both have to say about the importance of the Canal to U.S. security? Here are some samples, with emphasis added to highlight the evaluation:

The second principal reason the Pentagon is willing to go along with a new treaty is that the case claiming the Panama Canal is vital to the security of the U.S. no longer stands up under scrutiny. The canal is *useful but it is not vital*.

"Storm over the Canal" by Hudson, New York Times Magazine, May 16, 1976

Many military experts concede that the Canal is *no longer vital* to U.S. security. But most of them also insist that the waterway between the Pacific and At-

lantic Oceans continues to play a *substantial role in U.S. defense plans.*

U.S. News & World Report, *May 24, 1976*

Our national security interests in the Panama Canal and the Republic of Panama will continue to be of *utmost importance* to the United States.

Gen. Brown, chairman, Joint Chiefs of Staff, letter to Sen. Strom Thurmond, September 1975

Yesterday Brown said that the Canal is '*not vital*' to United States' security.

Minneapolis Star, *July 2, 1976*

As far as the waterway's strategic value to the United States, Gen. George S. Brown, Chairman of the Joint Chiefs of Staff, said in an interview . . . : "The Panama Canal is *of great military importance.*"

U.S. News & World Report, *May 24, 1976*

The Canal remains *a prime consideration* in the planning and accomplishment of the safe and timely movement of naval units between the Atlantic and Pacific Oceans.

"Choices for Partnership or Blood in Panama" by Cox, Congressional Record, *May 20, 1975 (inserted by Sen. Hubert Humphrey)*

. . . the Pentagon correctly declares that it is *a vital American interest* that [the Canal] be kept open.

"The Panama Negotiations—A Close-Run Thing" by Rosenfeld, Foreign Affairs, *October 1975*

But the canal has *considerable military importance.*

"Should We Give Up the Panama Canal?" by Reed, Reader's Digest, May 1976

The national defense aspects of the Panama Canal are . . . *a vital U.S. concern.*

Lt. Col. McDonald, Strategic Plans and Policy Division, Joint Chiefs of Staff, Military Review, December 1975

The Panama Canal is of *major importance* to the defense of the United States.

Conclusions, Interoceanic Canal Studies 1970, Atlantic-Pacific Interoceanic Canal Study Commission

The Panama Canal represents a *vital* portion of our U.S. naval and maritime assets, all of which are absolutely *essential* for free world security.

Admirals Carney, Burke, Anderson, and Moorer, letter to President Carter, June 1977³

A weighted average derived from these quotations, taking into consideration the source of each, would seem to put the importance of the Canal to U.S. national security at a point just short of "vital," say, at "utmost importance."

Some skeptics attempt to avoid the issue of importance entirely by asserting that, even in a limited war, the Canal would be indefensible. To this assertion there is a recent specific answer by the Department of Defense.

In July 1976 the State Department released to the press a response by it to a member of Congress who had posed a number of questions regarding the force requirements for the defense of the Canal in various hypothetical situations. The information and estimates contained in that response were furnished to the State Department by the Department of Defense.

According to this document, the Canal Zone police and security forces (watchmen and guards) would be "the minimum de-

fense forces" required to defend against sporadic terrorist attacks aimed at the locks, dams, and other key positions in the Canal system. It was pointed out that these numerous defense forces could, if necessary, be "reinforced by elements of the 193rd Infantry Brigade which is stationed in the Zone and has the mission of Canal defense."

In the event of a concentrated and well-organized commando operation, several thousand strong, against the key points in the Canal system and against the American civilian population in the Zone, the document states that "there are plans for reinforcing existing defense forces in the Canal Zone. The size of such reinforcement would be determined by the actual magnitude of the threat to the Canal and/or American citizens and property in the Zone."

The final estimate has to do with force requirements in the event of an all-out attack on the Canal Zone "by Panama, with the aid of 10,000 Cuban and other Latin American irregular troops trained in guerilla and commando-type operations, using military equipment from Cuba." According to the document, the Defense Department estimates that "the *maximum* force requirement" (emphasis added) needed to defend the Canal against such an attack would be a corps of three divisions, a force totalling "approximately 100,000 men with supporting air and air and naval forces."

But suppose U.S. military forces had already been withdrawn from Panama and an attack on the Canal should occur. What then? This question highlights a point of both military and political significance with regard to any defense of the Canal, and particularly with regard to the proposed new treaty on U.S. defense rights.

The Defense estimates in the State Department document just discussed are all predicated on the presence in the Canal area, at the time of an attack, of U.S. military forces with a defense capability at least as great as that of the forces presently stationed there. These are the forces that, in the event of a substantial attack, would "hold the fort" until reinforcements could be brought in. In the absence of this preliminary holding capability, the attacking forces, unopposed, could become speedily entrenched in all strategic areas and the task of dislodging them could be a major and highly destructive one, a task far more difficult and costly than any of those envisioned in the State Department document.

And, from a political standpoint, there is a vast difference between, on the one hand, augmenting military forces already legitimately positioned in an area, and, on the other, introducing forces into an area where there have been none, no matter how clearly the right, even the obligation, to do the latter may have been spelled out beforehand in a treaty. In this day and age the cries of "imperialist aggression" and "imperialist intervention" seem to have far more acceptance and effect than actions in the rightful defense of lives and property.

These considerations seem to make it clear that if the defense of the Canal is to continue to have any real meaning, it must involve the continued presence in the area of the minimum military forces necessary to hold the fort until reinforcements arrive.

Summing up with regard to the charge that the Canal is indefensible, these observations seem pertinent. In the first place, both the State Department and the Defense Department, as indicated in the July 1976 release just referred to, are agreed that the Canal *is* defensible even in the most exaggerated sort of scenario: an all-out attack on a U.S.-defended Canal by Panama with the aid of 10,000 Cuban and other Latin American troops. That, in itself, would seem to be a complete answer to the charge of indefensibility. But, notwithstanding this fact, the claim is made that the Canal is indefensible in three senses of the word. All three are unrealistic.

It is said that the Canal is indefensible in the sense that it is vulnerable to sabotage. But that vulnerability has always existed, ever since the Canal was opened in 1914. It is a vulnerability shared by every defense installation, everywhere, in varying degrees.

It is said that the Canal is indefensible in the sense that it could be knocked out by a long-range nuclear missile. As already stated, this is true of every fixed defense installation.

It is said that the Canal is indefensible in the sense that the American people do not have the will to defend it. The unreality of that sense can be determined by asking almost any American what his reaction would be if American troops legally stationed in Panama were attacked by Panamanian, Cuban, or any other military forces.

There is, however, one situation in which a claim of indefensibility would be quite valid. That is one in which the U.S. military presence had been withdrawn from Panama prior to an attack

or infiltration. Obviously, under those circumstances the Canal could be easily and quickly overrun by a hostile force. And that is the stark reality posed after the year 1999 by the proposed new treaties.

This brings our discussion of the United States national security concern over the Canal down to the crucial point. What is the threat to the Canal?

If one has no qualms about the Soviet Union's plan for world domination, there probably is no real threat. There are no indications that any other power with an *independent* capability covets the Canal. But to be unconcerned about the Soviets' intentions is to be isolated from reality, to be unaware of what has happened during the past 40 years in Eastern Europe, in the Middle East, in Africa, and in the Far East, to be oblivious to the relentless Soviet probings and infiltrations elsewhere, including Latin America, and, above all, to be blind to what has occurred in Cuba.

The Soviets have not been secretive about their overall plan. The blueprint is there for all to see, as revealed in Soviet activities around the world. And included in it is a program, long under way, to gain control of the world's strategic interoceanic passages: the Dardanelles, the Suez Canal, the Straits of Madagascar, the Straits of Gibraltar, the Malayan Straits, the Straits of Magellan, and the Panama Canal.

Over the years the Soviets' success in implementing this program has varied. But of particular significance has been the method consistently used to achieve the desired end: not the direct use of Soviet military forces, but efforts to control the governments and the military forces of the countries dominantly located in relation to these strategic passages. And by building the Red Navy to the point where it can patrol the entire world, including the approaches to the crucial waterways.

That Panama, not neighboring Colombia or Costa Rica, is the long range target as regards the Panama Canal, there can be little doubt. For Panama's importance to the USSR goes beyond the strategic value of just the Canal. Panama's geographical location and the U.S. military presence there, plus the Canal, make her the key to the achievement of Soviet aspirations in Latin America as a whole.

The Western Hemisphere has been a relatively tough nut for the Soviets to crack. This has been so for two reasons in particular. First of all, there is the fundamental opposition throughout

the Hemisphere to intrusion by any ex-Hemisphere power—in other words, because of general agreement with the principle of the Monroe Doctrine. And, secondly, there is the military presence of the United States *in* Panama. The nut, however—always afflicted with various soft spots—has now developed a wide crevice in its shell: Cuba.

The Cuban revolution of 1958 under Fidel Castro and its later unveiling as a Communist accomplishment gave the Soviets the entering wedge into Latin America they had long sought. The bold dimensions of Moscow's plans to exploit this strategic foothold in the Caribbean began to unfold with the Cuban missile crisis in 1962. By then the militarization of Cuba by the Soviets was well under way. It has gone forward steadily ever since. This, presumably, has not included large nuclear missiles—though without inspection this cannot be known for certain. But it has included training and equipping of Cuban troops and air units, and, during recent years, the development of a major facility in Cuba for servicing and otherwise implementing Soviet nuclear submarine operations in the Western Hemisphere.

The success of this program of Cuban militarization and its purpose were demonstrated to the world in a startling way in 1975–76. Fourteen thousand Cuban combat troops, equipped with the most modern Soviet weapons and vehicles, were airlifted in Russian planes to far-off Angola on the African continent. They went there to strengthen the wavering Communist forces in that country in the struggle for power that followed Angola's independence from Portugal.

If there ever was a signal of things to come in Latin America, Angola was it. President Kennedy seemed to have sensed the potentiality of such a development when, right after the Cuban missile crisis, he told the American people that there would be peace in the Caribbean only so long as "Cuba is not used for the export of aggressive Communist purposes." Fourteen years later in Havana, in the wake of Angola, Mikhail Suslov, a top Soviet strategist, confirmed Kennedy's suspicions and gave a clear indication of Soviet intentions:

The revolution-liberation movement, now as never before, is linked into a unified global whole. The Cuban revolution has placed an indelible imprint on the development of the whole liberation process in

Latin America. Prospects for the second liberation of the continent are becoming increasingly real.

Suslov, it should be recalled, played an active role in the "liberation" of Hungary, Czechoslovakia, and South Vietnam.

The Soviets have been attempting to prepare the way in Panama for many years, and Cuba has been the instrument. The Cuban embassy in Panama City is staffed by over 200 persons, making it the largest embassy of a foreign nation in Panama. Thousands of Cuban agents are reported to be active throughout Panama. There is ample evidence of the major role the Communists played in the tragic Flag War of 1964. The orientation of the present Panamanian government towards Havana and Moscow is quite clear.

What then is the threat to the Panama Canal? The answer is obvious: the Soviet Union. Not directly, but through Moscow-controlled forces, military and political, emanating from Cuba. All that is needed to put those forces in motion is for the United States to create a power vacuum in Panama by withdrawing its own military presence there. Time is not of the essence to Moscow; the Soviets have waited for a long time, and they will probably continue to wait until the time is right. After all, 22 years is but a fraction of a second in history.

There can be few situations of more vital concern than this to the national security of the United States.

Cards on the Table: The Proposed New Treaties

On September 7, 1977, one of the greatest diplomatic extravaganzas in U.S. history was staged by President Carter at the headquarters of the Organization of American States in Washington, D.C. There, in the presence of top officials of 26 Latin American nations and Canada, with pomp and circumstance befitting a royal coronation, Carter and Brig. Gen. Omar Torrijos, the Panamanian dictator, signed the proposed new treaties and then clutched each other in an awkward *embrazo*.

With this pageantry the cards of the negotiating game the United States and Panama had been playing for the past 13 years, cards referred to on occasions as the "stacked deck," were laid face up on the table. Now, for the first time, the American people and their elected representatives could step up to the table, peer over the shoulders of the players, and look at the score.

But the game did not end with the pageant. For unless these newly admitted kibitzers approve what they see, the score will not count. The game could be called off. Or it could continue under new rules.

The final settlement consists of two proposed new treaties: one called the Panama Canal Treaty, the other, the Treaty Concerning the Permanent Neutrality and Operation of the Panama Canal.¹ The first, the Canal Treaty, covers the period starting six months after the day ratifications are exchanged until December 31, 1999. During that time the United States' presence in Panama would continue, and the two nations would jointly operate, maintain, and defend the Canal. The second, the Neutrality Treaty, would cover the same period but also an additional one with no termination date, during which the United States would be completely out of Panama—lock, stock, and barrel, including gun barrels.

The Canal Treaty, with its attached Annex and Agreed Minute and its two separate Agreements in Implementation, is detailed and lengthy, 171 pages in all. The Neutrality Treaty, on the other hand, is very brief. Even with its Annex and Protocol it runs a scant 10 pages.

Long or short, neither treaty could be classified as light reading. Both demand the most painstaking scrutiny—in the case of the Canal Treaty, to absorb and evaluate a mass of detail, wide-ranging in scope; in the case of the Neutrality Treaty, primarily to read between the lines, or attempt to.

It is, of course, for the Congress to examine, to question, and to weigh every word in, or missing from, these highly important documents. But it is equally important that the American people have a clear, though general, picture of what they propose, of how they would work. It is to the presentation of such a picture that this chapter is directed.

Take the Canal Treaty first, the one that deals with the operation, maintenance, and defense of the Canal until the turn of the century when the United States would vanish from the scene.

The Canal Treaty not only implements to the letter the 1974 Kissinger-Tack Statement of Principles outlined in chapter 1. In several areas, one in particular, it goes far beyond the prenegotiation commitments made in that statement.

Abrogation of the 1903 Treaty. The first item in the Kissinger-Tack agreement was the commitment that the 1903 treaty would be abrogated and replaced by an entirely new treaty. This commitment is fulfilled to the hilt. The slate is wiped clean of the 1903 treaty and of every other subsequent treaty between the United States and Panama concerning the Canal, including the major ones of 1936 and 1955.² No ifs, no ands, no buts.

Duration. The second commitment was to do away with the concept of perpetuity and to negotiate a new treaty with a definite termination date. Here, again, there is no equivocation: "This Treaty shall terminate at noon, Panama time, December 31, 1999."³

Sovereignty and Jurisdiction. Next was the commitment that the treaty to be negotiated would specifically recognize Panama's sovereignty over the Canal Zone and provide for the prompt relinquishment by the United States of governmental jurisdiction over the area. These promises are kept in clear terms.⁴

Although the matter of flying national flags was not mentioned in Kissinger-Tack, it was, of course, inherent in the issue of sovereignty and emotionally of major consequence to the Panamanians. The Canal Treaty nails it down with certainty and in detail:

The entire territory of the Republic of Panama, including the areas the use of which the Republic of Panama makes available to the United States of America pursuant to this Treaty and related agreements, shall be under the flag of the Republic of Panama, and consequently such flag always shall occupy the position of honor.⁵

The flag of the United States could only be flown at the headquarters of the proposed Panama Canal Commission, the site of the proposed Combined Board (the joint defense board), and the "defense sites" that would be authorized for use by U.S. military forces. And at each such place the Panamanian flag would have to be flown "in the position of honor" along with the American flag. Furthermore, at the entrance to, but just outside of each defense site, the Panamanian flag would have to be flown by itself.⁶

If the new treaty should leave any written doubt about sovereignty, it can be cleared up by merely stepping outside and looking at the flags.

The moment the new treaty went into effect, the Canal Zone, the Canal Zone Government, and the Panama Canal Company would cease to exist.⁷ The laws of Panama, both civil and criminal, would immediately become applicable throughout the Canal Zone.⁸ In this connection, however, during the first two and a

half years of the new treaty, during a so-called transition period, the criminal and civil laws of the United States would apply concurrently with Panamanian law in the "Canal operating areas," "housing areas," and "defense sites" specified in the treaty for the use of the United States, in the "areas of military coordination" (areas designated for joint U.S.-Panamanian military use), and in the ports of Balboa and Cristobal.⁹ The new treaty provides that in the areas just mentioned and for the transition period the U.S. police, U.S. courts, and U.S. detention facilities would continue to function.¹⁰ At the end of the transition period, however, they would cease operations.¹¹ From then on, U.S. policing activities in Panama would be limited to those of watchmen permitted to be employed in the Canal operating areas but not in the housing areas, and of U.S. military police at the defense sites.¹²

The Panamanian government would immediately assume the responsibility for providing throughout the former Canal Zone all services of a general jurisdictional nature, such as postal services, courts, licensing, and customs and immigration.¹³ Within the Canal operating areas and the housing areas to be used by the United States, Panama would also provide immediately all such public services as police and fire protection, street maintenance, street lighting and cleaning, traffic control, and garbage collection. For these services the proposed Panama Canal Commission would have to pay Panama \$10 million a year.¹⁴ (Possibly because a quid pro quo on the part of Panama is involved here, this item has not been noticed or mentioned, so far as the author is aware, as one of the "economic benefits" to be derived by Panama under the proposed new Canal Treaty. But it is there—a flat \$10 million annual fee.)

Because the utilities systems in the proposed housing areas are integrated with those of the Canal, the new Panama Canal Commission would provide utility services such as power, water, and sewers in those areas, as the Panama Canal Company does now. However, to the extent that such services were furnished to industrial and commercial enterprises and to persons other than U.S.-citizen employees in those areas, Panama would set the rates and bill the customers, turning the money received over to the Panama Canal Commission.¹⁵

Recalling the conceptual agreement arrived at by the negotiators during the course of the negotiations with regard to the assumption by Panama of jurisdiction and control over the Canal

Zone,¹⁶ it is interesting to note that under the proposed treaty Panama would immediately take over the schools and hospitals. The negotiators obviously abandoned the earlier concept that the United States would be given the "operational rights" to provide these services. In fact, the proposed treaty would specifically prohibit the proposed Panama Canal Commission from providing "health and medical services . . . , including hospitals, leprosariums, veterinary, mortuary and cemetery services,"¹⁷ and "educational services . . . , including schools and libraries."¹⁸

The Panama Canal Commission would be permitted, however, to send its U.S.-citizen employees and their dependents to the educational and medical facilities that the U.S. military would be permitted to maintain in the designated defense sites.¹⁹

In addition to the immediate loss of present sovereign rights in the Canal Zone and the relinquishment of governmental jurisdiction and control in that area in the manner just described, the United States would be required to turn over to Panama, immediately and without reimbursement, the Panama Railroad and the ports of Balboa and Cristobal. At the same time, it would have to transfer to Panama, also without reimbursement, title to all real estate and improvements in the Canal Zone, except in the areas specifically designated in the treaty for use by the United States.²⁰ It is estimated that under this arrangement about 50 percent of the Canal Zone area would be immediately turned over, *gratis*, to Panama.

The United States would only retain title to the property it would be permitted to use for Canal, housing, and military purposes. But, of course, when the treaty terminated on December 31, 1999, the title to everything, including the Canal and all the facilities, installations, and equipment pertaining to it, would pass to Panama, again *gratis*.²¹

United States' Rights. In the Kissinger-Tack agreement it was recited that, although the Canal Zone would be returned to the jurisdiction of Panama, the United States would *retain* specified rights of use for the duration of the new treaty. This recital is carried out in the proposed treaty not by the United States *retaining* any rights, but by Panama *granting* the United States new rights to manage, operate, and maintain the Canal,²² and to share with Panama the defense of the Canal.²³ For the purpose of exercising those rights Panama would give the United States the right to use certain specified geographical

areas, principally those designated "Canal operating areas," "housing areas," and "defense sites."²⁴

Payments to Panama. Kissinger-Tack stated that under a new treaty Panama was to have a "just and equitable share" of the economic benefits derived from the operation of the Canal. That has been taken care of with a vengeance.

The current annual payments by the United States to Panama amount to \$2.3 million. Under the proposed Canal Treaty these would be increased at least thirty-fold.

The new payments, described in the treaty as "a just and equitable return on the natural resources which [Panama] has dedicated to the efficient management, operation, maintenance, protection and defense of the Panama Canal," would be of three types:

(1) A fixed annuity of \$10 million payable out of Canal revenues.

(2) A royalty of 30 cents a ton for each ship transiting the Canal under toll charge, also payable out of Canal revenues. It is estimated that, on the basis of current Canal transits, this royalty payment would produce at least \$50 million a year for Panama.

(3) An additional annual payment of "up to" \$10 million out of surplus Canal revenues, if earned.²⁵

One observation about the source of these payments: Because all three would be payable out of Canal revenues, the proponents of the treaty claim that they would cost the U.S. taxpayer nothing. This is not true. The Canal has been losing money in substantial amounts for the past four years. It is expected to continue to do so for some time to come. Canal operating deficits are made up out of congressional appropriations—appropriations of U.S. taxpayers' money.

In addition to these annual "economic benefits," Panama has been assured by the United States, outside of the proposed treaty, that she will receive various types of loans, guarantees, and credits totalling \$300 million—plus \$50 million worth of military hardware.²⁶

Canal Operation. It was stated in Kissinger-Tack that the new treaty would call for Panamanian participation in the administration of the Canal, the ultimate objective being a complete Panamanian takeover at the expiration of the treaty. It will be recalled that a conceptual agreement on this issue was

reached by the negotiators sometime in 1974 or 1975.²⁷ Although it was contemplated in that agreement that a new U.S. agency would be created to take the place of the Panama Canal Company and that both nations would be involved, it was not decided what the agency would be, how it would be created, or who would control it. These and many other points have now been clarified.

A new U.S. government agency called the Panama Canal Commission would take over. It would "be constituted by and in conformity with the laws of the United States of America." It would have nine members, five of them U.S. citizens, four Panamanian. All would be officially appointed by the United States, but Panama would nominate the four Panamanians.²⁸ Up to January 1, 1999, the top administrative official would be an American, his deputy a Panamanian. During the last year of the treaty the nationalities would be reversed.²⁹

Acting in an advisory capacity to the commission and as an inter-nation go-between on Canal operating and policy matters would be a Coordinating Committee consisting of one representative of each country, both "with equal authority."³⁰

The commission would be given a wide range of power, including the power to set the toll charges for transiting vessels.³¹ Of particular significance, however, is the listing in the treaty of the activities and operations currently carried on by the Panama Canal Company and the Canal Zone Government that the new commission would be prohibited from engaging in. Two of these, the operation of schools and hospital and medical facilities, have already been mentioned. A look at the rest of the list gives perhaps a clearer picture than anything else of how things would quickly change in the Canal Zone if the treaty were to go into effect.

No more U.S. wholesale or retail stores of any sort. No more U.S. production of food or drink. No more U.S. public restaurants. No more U.S. movie theaters. No more U.S. recreational and amusement facilities of any sort. No more U.S. laundries or dry-cleaning establishments. No more U.S. service stations or garages. No more U.S. cold-storage and freezer plants. No more U.S. commercial services or supplies to privately owned and operated boats. No more U.S. ferries. No more U.S. commercial pier and dock services for the handling of cargos and passengers.³²

There is, however, a delay factor. If any of these activities or operations are "necessary to the efficient management, operation or maintenance of the Canal," the commission would be permitted to engage in them until other "arrangements can be made."³³ Who is to be the judge of the necessity is not stated.

Title to all the housing units in the Canal Zone would pass immediately to Panama. Nevertheless, the units needed by the commission to house U.S.-citizen employees and their dependents would continue to be made available for that purpose. Those units would be managed, assigned, and rented to tenants by the commission.³⁴ However, by the time the treaty had been in force 5 years, the number of such units would have to have been reduced by 20 percent; in 10 years, 30 percent; 15 years, 45 percent; 20 years, 60 percent.³⁵ This would mean, assuming the treaty were to go into effect in 1978, that by 1999, the last year of the treaty, only 40 percent of the present number of housing units for U.S.-citizen employees would continue to be available.

The provisions in the treaty dealing with employment by the Commission of non-U.S. citizens, that is, of Panamanians, are numerous and extensive in scope. They deal in considerable detail with such matters as notice of employment opportunities, preferential hiring treatment, training and apprentice programs, recognition of professional licenses issued by Panama (a new foot in the door for Panamanian ship pilots?), recognition of unions, collective bargaining rights, social security, early retirement options, health insurance, medical benefits, and so forth.³⁶

Little of significance is said, however, about U.S.-citizen employees of the commission except (1) that by the end of five years 20 percent of those currently employed must have been laid off, (2) that those who lose their jobs as a result of the new treaty "will be placed by the United States of America, to the maximum extent feasible, in other appropriate jobs with the Government of the United States in accordance with United States Civil Service regulations," and (3) that all new hires will be rotated back to the U.S. on a five-year basis.³⁷

For U.S.-citizen employees and their dependents running afoul of the Panamanian criminal law, Article XIX of the Agreement for Implementation of Article III of the treaty would constitute, in effect, a status of forces agreement almost identical to the one in another portion of the treaty for U.S. military personnel and their dependents. In both instances the agree-

ments are similar to the agreements the United States has, for example, with the European nations in which U.S. troops are stationed.

Joint Defense. Some attention was given in chapter 9 to the conceptual agreement reached by the negotiators as a basis for implementing the joint defense assurance in the Kissinger-Tack Statement of Principles. Incredibly that musical comedy fantasy has been embodied in the new treaty almost word for word.³⁸ The only seemingly significant change is that instead of giving the United States the "main" responsibility for defense, as was the case in the conceptual agreement, that responsibility has been relabeled "primary." However, since the same two-headed command structure, coupled with complete independence of combat action for the two military forces, would continue, the change appears to be meaningless.

Much as one may deplore the idea of separate, secret agreements supplementing this or any other international treaty, it is devoutly to be hoped in this instance that assurances have been secretly given to the United States by Panama that Panama's rather small and ineffectual combat force would be kept confined to quarters in the event of an attack on the Canal. Otherwise, the confusion might be unmanageable.

The new material on the defense of the Canal is contained in the Agreement in Implementation of Article IV. Of particular importance are the provisions that designate the defense sites that the U.S. forces will be permitted to use and the conditions of their use. The effect, apparently, is to reduce substantially the number of U.S. bases and to diminish, again substantially, the geographical area of U.S. military activity. However, beyond the assurance given by the United States that it will try "in normal times" to maintain its armed forces in Panama at not more than present levels,³⁹ there appear to be no actual restrictions on the number of U.S. troops and no prohibitions against the continuation of the various military schools, training programs, and activities that are currently being carried on. Likewise, the authority to maintain schools, hospitals, commissaries, post offices, recreational facilities, and other service activities within the U.S. defense site areas is made quite clear.⁴⁰ The status of forces agreement with regard to violations of Panamanian criminal law seems to be more or less standard.⁴¹

What happens to the U.S. military in Panama when the treaty expires in 1999? For the clear answer to that, one needs merely

to look at Article V of the other proposed new treaty, the Neutrality Treaty:

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

Again, no ifs, ands, or buts.

A New Canal. Kissinger-Tack referred only to the possibility of enlarging the capacity of the present Canal. There was no mention of a new canal. Article XIII of the proposed new treaty, entitled "A Sea-Level Canal or a Third Lane of Locks," comes, therefore, as a surprise. It starts right out by breaking new ground with the recognition by both nations of a potential need for a sea-level canal, a commitment for a joint study, and a further commitment, if such a new canal in Panama turns out to be necessary, to negotiate the terms for its construction.⁴²

Then come two peculiar pledges, one by Panama, the other by the United States, with regard to the construction of a new canal. In the first, Panama promises, in effect, that during the life of the treaty, that is, up until December 31, 1999, no nation other than the United States will be permitted to build a new canal in Panama.⁴³ As a practical matter, this provision seems to be rather meaningless, because while the United States is still present and operating the Panama Canal, it seems a remote possibility that any other nation would, even with Panamanian permission, start building another one.

The U.S. pledge that follows, however, is far from meaningless. The United States promises that during the term of the new treaty it will *not even negotiate* for the right to build a new canal *anywhere in the Western Hemisphere*.⁴⁴ This is a surprise provision.

Apparently Panama has struck a bargain whereby she can both eat her cake and keep it; there is not going to be any cake anywhere else, no canal to compete with the one she is going to take over. Given the lead time required for negotiating the right to build a canal and then to build it, this provision makes it quite clear there is no possibility of a U.S. sea-level canal in Nicaragua, Colombia, or Mexico for many years to come.

As far as enlarging the present Canal is concerned—which the United States would hardly be inclined to undertake for the few

years of operational control that would be left if it were undertaken—the new treaty would allow the United States to go ahead with the Terminal Lake–Third Locks project mentioned in chapter 12 as long as copies of the construction plans were furnished to Panama and no nuclear excavation techniques were used without Panama's permission.⁴⁵

The other proposed treaty, the Neutrality Treaty, is brief. Some may call it enigmatic.

It would go into effect at the same time as the new Canal Treaty.⁴⁶ Actually, it would only have real meaning and significance after that treaty expired, after the United States had pulled out of Panama. It purports to be an agreement—with no termination date (perpetuity?)—assuring the “permanent neutrality” of the Canal.⁴⁷

The treaty starts out with a unilateral declaration by Panama “that the Canal, as an international transit waterway, shall be permanently neutral.”⁴⁸ It then goes on to state that Panama makes this declaration of neutrality “in order that both in time of peace and in time of war it [the Canal] shall remain secure and open to peaceful transit by the vessels of all nations on terms of entire equality . . . 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.” However, in order to be entitled to such equality of treatment, every transiting vessel would have to pay the required toll and other charges, abide by the applicable rules and regulations, and refrain from any “acts of hostility while in the Canal.”⁴⁹

The tolls and other charges and the rules and regulations are to be “just, equitable and reasonable.”⁵⁰ Panama, apparently, would be the sole judge of her own compliance with that commitment.

It is provided in one article that the warships “of all nations shall at all times be entitled to transit the Canal, irrespective of their internal operations, means of propulsion, origin, destination or armament, without being subjected, as a condition of transit, to inspection, search or surveillance.” In fact, such warships “shall be entitled to refuse to disclose their internal operations, origin, armament, cargo or destination.”⁵¹ Then, in another article, identical assurances are given with regard to the warships of the United States and Panama,⁵² but added to those assurances is one not specifically given to those of other nations:

an assurance that the warships of the U.S. and Panama "will be entitled to transit the Canal expeditiously."⁵³ The meaning of this provision has caused considerable argument, the U.S. State Department claiming that it would give a priority of transit to U.S. warships, the right to be moved to the head of the line, so to speak. Negotiators for Panama say that is not so, that during the negotiations the United States sought such a preference but Panama refused to agree. At any rate, without anything more specific than the word "expeditiously," there is plenty of room for argument over what the provision really does mean in this context—if anything.

The key provisions of this treaty so far as United States defense rights after December 31, 1999, are concerned, are Articles IV and V, for only out of them, or rather only out of Article IV and in spite of Article V, can any conjuring up of residual defense rights of the United States be predicated.

Article V has already been quoted in connection with the clear termination of U.S. defense rights in Panama under the proposed Canal Treaty, but because of the crucial nature of the issue of residual defense rights under the second treaty and because it is in effect, though not in numerical sequence, a preface to Article IV, its wording is worth repeating:

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

Then look at the wording of Article IV:

The United States 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.

Nowhere in the entire treaty are the rights and obligations of the United States with regard to the implementation of this article set forth. Nowhere in the entire treaty is it stated that if the neutrality of the Canal is threatened or breached the United States would have the right to violate Article V and send military

forces into Panama. Here, again, the spokesmen of the two nations are arguing over the meaning of the treaty—in this instance arguing over the meaning of its most important provision from the standpoint of the United States.

One more provision of the Neutrality Treaty should be mentioned. It is one in which the United States and Panama agree to sponsor a resolution in the Organization of American States giving all nations of the world the opportunity to signify their adherence “to the objectives” of the treaty. This they could do by signing a “Protocol” which would be deposited with the OAS.⁵⁴

Here, then, are the principal features of the two proposed treaties, the cards finally laid face up on the table for all the world, and particularly the American people and the Congress, to see.

What happens next? So far as Panama is concerned, nothing further, at least for the time being. In accordance with the provisions of the Panamanian constitution, on October 23, 1977, the treaties were submitted to a vote of the people and were overwhelmingly approved. This was not surprising since only a yes or no vote was permitted, and only one point of view was expressed in the government-controlled news media. Dictators have a way of winning plebiscites.

In the United States the constitutional procedures for ratification are quite different. Much is happening and much remains to happen.

The treaty-making power resides jointly in the president of the United States and in the United States Senate. Article II, Section 2, of the Constitution provides that the president “shall have power, by and with the advice and consent of the Senate, to make treaties, provided two-thirds of the Senators present concur.” In other words, a treaty negotiated and signed by the president, as is the case with these proposed Panamanian treaties, is of no force or effect whatsoever unless and until it is approved by the Senate. If all senators are present at the time the vote is taken, 67 votes will be needed to approve.

When the president submits a treaty to the Senate for consideration, it is assigned initially to the Senate Foreign Relations Committee. That committee holds hearings, takes testimony pro and con, and ultimately reports the treaty to the Senate as a whole with its recommendations as to what action should be

taken: approve, approve with changes, known as amendments and reservations, or reject. Other Senate committees having a direct interest in the subject matter of a treaty can also get into the act and go through similar proceedings.

The important thing to be noted is that the final action taken by the Senate does *not* have to be a flat approval or rejection. The range of permissible action is unlimited. This fact is often overlooked in a heated controversy over a treaty. The proposed Panamanian treaties are a typical example of this. Listening to the president and his treaty supporters, one gets the impression there are only two alternatives: take the treaties as they are or reject them as they are—and God help you and the nation if you choose the latter course. Many of the ardent opponents of the treaties are guilty of creating the same false impression: yes or no, nothing else. This just is not so.

The Senate has the power to take any position it chooses. It can change a treaty, shape it in the manner it deems to be in the best interests of the nation, and then approve it, just as it can amend any proposed piece of legislation before it and then pass it. If it changes a treaty and approves it in its changed form, the ball goes back to the president. It is then up to him to explore with the other nation that is party to the negotiated treaty the possibilities of accepting the changes made by the U.S. Senate or of undertaking to resume negotiations on the basis of those changes. This is precisely the situation with regard to the Panamanian treaties.

What about the other half of Congress, the U.S. House of Representatives? Does it have nothing to say in treaty matters? Technically, the answer is that it does not—not in the actual approval or rejection of a treaty. But as a practical matter, in the case of certain types of treaties, of which the proposed Panama Canal Treaty is a prime example, it would appear to have a lot to say.

Article IV, Section 3, of the Constitution provides that the "Congress shall have power *to dispose* and make all needful rules and regulations respecting the *territory or other property belonging to the United States.*" (Emphasis added.) Not just the Senate, but the "Congress," and that means both houses. When a proposed treaty, such as the Panama Canal Treaty, calls for the disposition of territory or property of the United States, it would seem the House must get into the act. Such a treaty can, to be sure, be approved by the Senate without

House concurrence and become a valid obligation of the United States. But that obligation might remain meaningless and unperformable until the entire Congress, that is, both houses, has enacted legislation to implement the treaty's provisions regarding the transfer of U.S. territory and property to another nation.

This is particularly true in the case of the Panama Canal Treaty. A vital feature of that treaty is the transfer to Panama of ownership of the Canal Zone, to which the U.S. has complete title, and of the Panama Canal, every lock, every gate, every dam, every installation of which is U.S. property.

So both houses of Congress have a big job on their hands. It took 13 years to negotiate these treaties, and it is bound to—and should—take a considerable period of time for Congress to act on them. The responsibility is a great one—just as great as that of the presidency.

In the presentation of the proposed treaties in this chapter, an attempt has been made to avoid burdening the reader with too much detail. Congress, however, cannot avoid those details, not a single word or bit of punctuation.

There are a thousand and one questions to be asked by Congress. The views and advice of hundreds of experts must be sought and weighed. Take, for example, the situation that would be faced by the new, bi-national Panama Canal Commission in attempting to manage and operate the Canal under the conditions prescribed in the proposed Panama Canal Treaty. Can the Canal be effectively and efficiently operated and maintained under those conditions? Is the bi-national structure workable? Is there enough authority given? Enough control? Can key U.S. employees be persuaded to stay on? Is enough land and water area made available, compared with the present set-up? Is it certain that all the vital functions of the operation can be carried out?

The answer to these and similar questions must be elicited from the many dedicated, experienced people who have run the Canal in the past and those, similarly dedicated and experienced, who are running it now. Congress cannot guess at the answers. They have to be obtained from the right people—and particularly *not* from the treaty negotiators or aspiring politicians.

The same is true with regard to the situation that would be faced by the U. S. military under both proposed treaties. Can our forces continue to operate effectively in Panama while they remain there under the proposed Panama Canal Treaty, particu-

larly in the event of an attack? Or would they be hamstrung? Are the areas of operation left to the military sufficient? Is the number of bases to be retained adequate?

And then, most crucial of all, what about the situation to be faced by the U.S. armed forces under the proposed Neutrality Treaty? Is it realistic to believe that the United States can defend the Canal after having pulled out of Panama completely? Even if the answer to that question should be yes, could the U.S. successfully go back into Panama and "defend" the Canal, that is, evict an occupying hostile force, in the absence of treaty provisions spelling out what could, or could not, be done?

Here, again, and maybe most particularly, the Congress cannot rely on guesses. The security of the United States and the entire Western Hemisphere is at stake. The advice of highly qualified, experienced military experts and personnel must be sought and weighed. The military views received must be uninhibited, unfettered. And in this latter connection both the Congress and the American people should keep in mind constantly the possible presence of what, for want of a better term, might be called the "Singlaub Syndrome."⁵⁵ It is this. Military officers still on active duty, particularly those in high places, have a natural nagging concern over the consequences of disagreeing with the commander-in-chief.

Only views expressed in the highest interest of the nation can serve the purposes of Congress and the American people.

In the Highest National Interest

Of the two men at the *New Yorker* bar in the spring of 1976, the one who wondered what was wrong with himself and why, all of a sudden, he could not live without the Panama Canal, decided to find out. He made quite a project of it.

First, he went to the public library and read up on the history of Panama and the Canal. He read everything he could lay his hands on to bring himself up to date on the development of the current treaty negotiations and the problems involved.

Then he went to Washington. He talked with government officials—in the White House, in the Pentagon, and in the State Department, including members of the U.S. negotiating team. He talked with members of Congress. He talked with former government officials and with retired military personnel.

Finally he took his wife on a trip to Panama. There he saw the Canal, the Zone, Panama City, Colon, and some of the countryside and coastal area. He talked with Panama Canal Company and Canal Zone officials. He talked with the military at Southcom. He talked with Zonians, with U.S. embassy officials and

staff personnel, and with U.S. businessmen and bankers in Panama City.

To see Panama's side of the coin, he talked with Panamanian government officials, with members of the Panamanian negotiating team, with Panamanian businessmen, church leaders, and labor leaders. He talked with people outside Panama City, in the country—farmers, store owners, and the like.

Returned to the United States, he sought out his pal at the bar. After the usual greetings and the opening toast, his friend asked him whether, after all his efforts, he had found out what was wrong with him.

"Yes, I have," the traveler replied. "I've got Panama Canalitis. I'm really concerned about what's going on. I guess it was that Reagan fella who got me worrying about it, got me kind of upset—in the gut, that is. But I didn't know why I was upset. Now I do."

"Do you still feel you can't live without the Canal?" his friend asked with a smile.

"Yes," he said, very seriously. "At least I feel I *shouldn't* live without it for a long time to come." He paused. Then he added in a stubborn tone, "Furthermore, I don't think I have to, and I'm not going to."

In September 1977 he saw the proposed new treaties.

The Panama Canal problem is just as difficult today as it was yesterday, or a year or two ago. In fact, it is probably more difficult.

First of all, the executive branch of the government has crawled way out on a limb in its eagerness to get a new treaty with Panama and avoid trouble. Second, the government of Panama, once, in spite of obvious faults, at least thought to be stable, is now coming apart at the seams. So much so that entering into a new treaty with the present leadership might be a futile exercise.

And, third, nothing has transpired, either in the way of events or an effective educational program, to change the instinctive attitude of the American people toward giving up U.S. rights in Panama. A majority seemingly is opposed—still without really knowing why. And when, like the man from the *New Yorker* bar, the American people move from instinct to observation concerning the Panama Canal issue, as they have now that they are

faced with the new treaties, there is little likelihood of a substantial change in that attitude. Some change, perhaps, but not much.

Thus it appears that U.S. government policy with regard to Panama and American public opinion are at loggerheads. This is the Panama Canal dilemma.

Under the circumstances it seems essential to determine where the best interests of the United States lie. For the dilemma must be resolved in the light of those interests.

There are three fundamental interests of the United States involved: foreign relations, foreign trade, and national security. They are, of course, inextricably bound up in one another, and considerations with regard to one may outweigh those with regard to another. Yet they should first be examined independently. Then the conclusions with regard to each should be reconciled, if possible, with those regarding the others.

Regardless of how it came about and whether or not there is justification for it, there can be little doubt that the Panama Canal, or, more correctly, the relationship between the United States and Panama with respect to the Canal, has for some time been a major stumbling block in U.S.-Latin America relations. The feeling seems to exist, officially at least, throughout Latin America that the provisions of the 1903 treaty between the United States and Panama demean Panama and that the failure of the United States to remedy the situation is the reflection of a similar, demeaning U.S. attitude toward all Latin American countries—in a word: an insult.

How deep this feeling goes, at least in many countries—indeed, whether it exists at all in some, except as an official expression—is debatable. But at any rate, it is there. And, because it is primarily an emotional matter, the voices raised in proclamation of it tend to be shrill and inflammatory. It has its consequences. It is a significant factor to be reckoned with. From a foreign relations standpoint it is something to be remedied if possible, something that cannot be brushed off.

At the same time the dimensions of this emotional feeling should not be exaggerated. What is it that is considered as demeaning Panama from a Latin American viewpoint?

Is it the fact that the United States owns and operates the Canal? No.

Is it the fact that the United States is the defender of the Canal? No.

Is it the relatively small amount of money paid by the United States to Panama? No.

Is it the fact that Panama's sovereignty is denigrated by the 1903 treaty? Yes, precisely that and nothing more.

It is true, of course, that Panama would like to play an increasing role in the operation of the Canal, particularly to have more Panamanians in the higher-paid Canal jobs, and someday, perhaps, to take it over. But this aspiration, rather than evoking sympathy and support in Latin America, creates concern, particularly in the countries that are the major users of the Canal.

It is also true that Panama would like to have the prestige of being considered a codefender of the Canal. But Panama and the rest of Latin America would be the first to admit that Panama is incapable of contributing more than a token on that score. And certainly Panama would like to have more money—as much as possible.

But none of these is an issue that would put Panama on the warpath, so to speak. Nor are these issues that would unite Latin American in support of such a course.

No. Sovereignty is the essence of the problem between the United States and Panama. It is also the essence of the problem between the United States and Latin America as regards Panama. What Panama is seeking and what the rest of Latin America is supporting was expressed in the resolution before the UN Security Council that the U.S. was jockeyed into vetoing in 1973. That resolution called for a new treaty between Panama and the United States that would "guarantee full respect for Panama's effective sovereignty over all its territory."¹

These are high-sounding words, words ringing with nationalistic overtones. The most important thing about them, however, is the absence of any words about the ownership, operation, or defense of the Canal, or about money. The only thing mentioned is "respect for Panama's effective sovereignty."

This seems to indicate quite clearly that the U.S. foreign relations problem *as regards Latin America* in relation to the Panama Canal lies solely in the matter of Panama's sovereignty over the Canal Zone. From a foreign relations standpoint, therefore, it is in the interest of the United States to resolve that question in such a way as to eliminate the Latin American "feeling."

That, of course, would not necessarily resolve the U.S. foreign relations problem with Panama. But that is a nation-to-nation problem, not one encompassing as wide an area either geograph-

ically or substantively as the more general problem. Nevertheless, it would be wrong to think that our relations with Panama can be ignored, to believe that since Panama is a militarily powerless country we can treat her as we please, just as long as we keep the rest of Latin America happy.

That would be wrong on two counts. In the first place, Panama is the host country for the Canal operations that are of considerable importance to the United States. Propinquity between the citizens and officials of the two countries is close and constant. Over 70 percent of the Canal work force is Panamanian. Good relations are essential to carrying on Canal operations efficiently and effectively. Second, mollified as the rest of Latin America might be by a solution of the sovereignty problem, the Havana-Moscow axis is standing in the wings, waiting. Its cue to go on stage will come from a dissatisfied Panama, particularly one hostile to the United States.

What, then, are the dimensions of the foreign relations problem, the nation-to-nation problem, between the United States and Panama? What is the real "feeling" in Panama?

Recognizing that U.S. negotiating representatives have raised the hopes of Panamanians with regard to almost every possible issue and that political efforts will be made constantly to exploit those hopes, it is nevertheless the opinion of many people, Americans and Panamanians alike, that the problem can be measured solely in terms of three things: sovereignty, perpetuity (in reality, duration), and money.

The Panamanian feeling about sovereignty has been dealt with extensively in an earlier chapter. It is a strong feeling, widely held.

Perpetuity is a two-aspect element of the problem. In a practical sense, it involves only the question of duration—the logical insistence that a new but still delimiting treaty have some fixed termination date. In a psychological sense, however, it is broader; it involves the pride and hopes of Panama as regards ultimate ownership of the Canal. This, too, is logical, even though basically nationalistic.

The money dimension is also logical. The most important thing about the Panama Canal from the standpoint of the United States is its essentiality for national defense purposes. The Panamanians know this. The Panamanians know the United States pays Spain \$20 million a year for military bases in that country. They know the United States is spending almost that

much for bases in Turkey. They know that the most recent arrangement for remaining on Clark Field in the Philippines runs close to a billion dollars. They are fully aware that these are all payments for limited periods of occupancy, not for permanent tenure. They know that the U.S. defense budget is over \$100 billion annually. And they know that in 1967 U.S. and Panamanian negotiators agreed to a provision in one of the abortive new treaties that would have today been the equivalent of an annual payment to Panama in excess of \$20 million. All this as against the \$2.3 million they now receive.

Sovereignty, duration, and money. These are the true dimensions of our *foreign relations* problem with Panama. It may seem strange not to include in that list control and defense of the Canal, the other major areas in which Panama has repeatedly expressed aspirations. But it only seems strange because U.S. precommitments with regard to those matters have always been included in the negotiation picture. That does not mean that they had to be there. Nor does it mean that they have to remain there. And certainly it does not mean that if a satisfactory settlement were reached with Panama on the basis of the three other, seemingly more urgent, matters, and the control and defense provisions remained unchanged, the U.S. foreign relations problem with Panama would not be resolved, at least with regard to the Canal. The realities appear to be otherwise.

To treat such an observation as being absurd and to maintain that commitments on control and defense of the Canal are indispensable to a resolution of the problem is to bind oneself blindly to negotiating errors of the past and to perpetuate as elements of the dispute matters on which Panama, or rather Panamanians, do not, in fact, feel strongly, regardless of the fact that *official* expressions may indicate to the contrary. After all, what must be done at this juncture in the situation is to assess the true dimensions of the foreign relations problem as regards Panama, that is, the scope and depth of *Panamanian* feeling—not to assess what it would take to assuage an ingrained, traditional feeling in the U.S. State Department that there are certain things that the U. S. *should* do, certain things that the U. S. *should* give up, in order to clean the slate of alleged past misdeeds.

As a matter of foreign relations, negotiations with Panama should be, and could be, a sincere effort, from a position of strength, to strike a bargain designed to rectify genuine griev-

ances, not a vehicle for some sort of U.S. atonement. Such a stance could regain for the United States much of the respect it has lost as a result of its servile approach in the negotiations over the past 13 years.

Summing up with regard to the United States' foreign relations interest in the Panama Canal situation, these conclusions seem justified:

(1) There should be a new treaty.

(2) The problem of our relations with Latin America vis-à-vis the Canal relates solely to the matter of Panamanian sovereignty over the Canal Zone. If this matter were cleared up, that problem would be solved.

(3) The problem of our relations with Panama vis-à-vis the Canal relate primarily to three matters: sovereignty over the Canal Zone, a fixed duration for any new treaty, and money. As far as commitments for ultimate control and defense of the Canal by Panama are concerned, those are matters that might, if they could be worked out satisfactorily, enhance the foreign relations value of an overall settlement. But they are *not* essential to the solution of the problem.

The foreign trade interest of the United States as regards the Panama Canal must be measured in terms of the future economic value of the Canal to the United States. Most indications are that although that value is declining and will probably continue to do so, the Canal will be of considerable economic importance to the United States throughout the foreseeable future—50 years, at least—probably longer.

The United States now has the right and the capability of realizing that future economic value by continuing its control and operation of the Canal. The sole question, then, from a foreign trade standpoint, is simply this: Would the United States be assured of realizing that future economic value if at some time during the foreseeable future control and operation of the Canal were turned over to Panama?

The answer to that question turns on whether or not Panama can be expected by the time of such transfer to have achieved the capability of operating the Canal as well as the United States does now—for the benefit of the United States, Panama, and the rest of the world. Certainly from the standpoint of U.S. foreign trade interest in the Canal there is no reason why the United States should accept a Panamanian capability any less than that as a basis for relinquishing control.

It can be conceded that over the years Panama, with the help of the United States, could acquire a technical capability of her own equal to that of the United States. In fact, there can be little doubt, witness the example of Egypt and the Suez Canal, that Panama could achieve that capability almost immediately by hiring foreigners, chiefly Canal-experienced Americans, to fill the key jobs. There must, however, be some reservations with regard to maintenance capability for reasons discussed earlier.

As for Panama's achieving, during the foreseeable future, the necessary financial capability, it seems obvious that without the occurrence of some economic miracle in Panama there is no possibility of that happening. The capital outlays that will be necessary during that period to maintain the Canal and to bring it up to maximum capacity, to say nothing of defraying operating losses if they continue to occur, will be far beyond any current potential of the Panamanian economy. And if Panama had to turn to others for financial help, as it would, whoever undertook to furnish that help would naturally insist on controlling the Canal's operations until the investment was paid off. Right now, the only prospects for that role, aside from the United States (a rather ridiculous thought), seem to be the Soviet Union, the OPEC countries, and possibly Japan. From the standpoint of U.S. foreign trade interest in the Canal, the first two of these, at least, would appear to be wholly unacceptable—in fact, fatal.

The political capability of Panama to operate the Canal as the United States does—impartially, unexploitingly, efficiently and, to the extent possible, economically—can scarcely be expected to be achieved in the foreseeable future. The present government's performance during recent years in other areas of Panama's economy make it probably the most unlikely candidate for such achievement that can be imagined. One can only guess whether or not there will be a change in government, or in the leadership of the present government, and whether, if there were, the prospect in this regard would be any better.

It is all very well to say that no government of Panama would be so foolhardy as to exploit the Canal for the personal gain of its leaders to the point of killing the goose that lays the golden eggs. Maybe so, but past performance in other Panamanian economic enterprises makes even that assumption doubtful. At any rate, it is almost a certainty that any government of Panama would use the Canal's economic potential to shore up other areas

of the economy for political reasons and thus produce the same result. Given the prospects for the economy of Panama during the foreseeable future, the Canal appears to be too great a political temptation for any Panamanian government.

Summing up with regard to the United States' foreign trade interest in the Panama Canal, the conclusion seems inescapable that that interest is too important to be jeopardized by a commitment to transfer control and operation to Panama within the foreseeable future.

The value of the Canal to the United States as a defense waterway and the importance of continuing a U.S. military presence in Panama for the security of both the United States and the Western Hemisphere were developed in chapter 15. They compel the conclusion that the Canal is crucial to the United States' national security interest and will probably remain so indefinitely. Therefore, with respect to that interest there can be no justification for even suggesting that Panama might someday be capable of meeting those defense responsibilities—certainly not so long as the Soviets harbor thoughts of world domination.

The conclusions regarding all three basic U.S. interests, foreign relations, foreign trade and national security, add up to these:

- (1) There should be a new treaty.
- (2) Panama's sovereignty over the Canal Zone should be recognized.
- (3) Any new treaty should have a fixed term duration.
- (4) Panama should receive more money.
- (5) The United States must retain the right to control and operate the Canal for the foreseeable future.
- (6) The United States must retain the right to defend the Canal and maintain a military presence in Panama indefinitely.

A mere glance at this list indicates an apparent conflict between the conclusion regarding Panama's sovereignty over the Canal Zone, on the one hand, and those calling for continued U.S. control and defense of the Canal, on the other. There also seems to be a conflict between the conclusion regarding a fixed term duration for a new treaty and, again, those dealing with continuing U.S. control and defense rights.

Are these actual conflicts or can the conclusions involved be reconciled? If they cannot be reconciled, which ones should prevail? These questions deserve careful consideration.

There are many people in the United States who believe sincerely and intensely that the moment the United States concedes sovereign rights to Panama over the Canal Zone, the ball game will be over; that, in the face of such a concession, treaty provisions reserving to the United States the rights to control and defend the Canal would be worthless; and that Panama would at the earliest opportunity expropriate all U.S. property in Panama and order the United States out.

Because of the prime significance of the sovereignty question to both Panama and all of Latin America, it is probably not an exaggeration to say that the whole question of whether or not there will be, or even should be, a new treaty could turn on the validity or invalidity of this belief. Clearly, if it is valid, a new treaty that recognizes Panamanian sovereignty over the Canal Zone cannot, and should not, be accepted by the United States, regardless of the consequences.

A look at the Cuba–Guantanamo Bay situation furnishes an enlightening perspective for the resolution of this vital question. The U.S. naval base at Guantanamo Bay, at the southeastern tip of Cuba, consists of an area of about 45 square miles, of which approximately one-third is water. The land area of the base is enclosed by a perimeter fence. Behind the fence, on the U.S. side, are minefields and watchtowers. Behind the fence, on the Cuban side, there is a mined barbed wire barrier manned by Cuban troops and, behind that, artillery emplacements that, if guns were installed, could cover the entire U.S. base.

The base is used by the United States primarily as a naval training facility and a refueling station for naval ships. The population of the base is a little over 7000, including Cubans who come in each day to work. United States defense forces total about 900.

The United States occupies the base under a treaty-derived *lease* agreement, entered into in 1903 for an indefinite term. Title to all the land in the base belongs to Cuba. The U.S. “recognizes the continuance of the ultimate sovereignty of Cuba.” In exchange, Cuba “consents” that the United States shall exercise complete jurisdiction and control over and within “the area.”² Thus Cuba has both legal title to all the land and sovereignty over it.

On the island of Cuba there are tens of thousands of Soviet-trained, Soviet-equipped Cuban combat troops—including highly mobile tank and paratroop units—with strong air sup-

port. The fact that Castro, over a period of almost 20 years, and particularly during the more recent years of substantial Soviet-built military strength, has made no move to oust the United States, even under circumstances of extreme hostility and an absence of diplomatic relations between the U.S. and Cuba, is a matter of considerable significance. It makes it seem highly unlikely that a militarily powerless country such as Panama, under totally dissimilar and less compelling circumstances, would seize upon the cession to it of sovereignty over the Canal Zone as the basis for an attempt to oust the United States from Panama.

There is nothing but disadvantage to Cuba—and to Moscow—in having the continued presence of the United States in Guantanamo. On the other hand, there are innumerable advantages to Panama, not the least of them the U.S.-operated Canal, in having the United States presence in Panama. If Cuba does not see fit to make a move, why would Panama?

The Cuban situation points up the realities that govern the actions of nations in circumstances of this sort. It also indicates that the concern over the possible effect of the relinquishment of U.S. sovereign rights in Panama may be based more on questionable legal technicalities than on sound reasoning.

In the case of Cuba, it is obvious that Castro has not moved to oust the United States because he does not have the military strength for the ultimate success of such an effort and because the mere attempt to do so would result in the invasion of Cuba by the United States.

What about the legal technicalities in the Cuban situation? Cuba retains legal title to all land in the Guantanamo base area, so she would have no need of even going through the motions of expropriation. Furthermore, Cuban sovereignty over the base area is recognized by the United States. All Cuba needs to do from a technical standpoint is to unilaterally abrogate the 1903 treaty-lease agreement with the United States and tell the U.S. to get out. But that would be a violation of international law. "*Que le hace?*" Castro might say to that. But whether it matters or not, he still would be right back where he started. From a practical standpoint, he simply cannot afford a military showdown with the United States.

In the case of Panama, if by a new treaty Panama's sovereignty over the Canal were to be recognized by the United States, the situation would be quite similar. In attempting to

oust the United States by force, assuming, of course, a continuing U.S. military presence, as would be the case under the proposed new Panama Canal Treaty, Panama would be undertaking the impossible. And, from a technical standpoint, she would be even worse off than Cuba, because the United States, not Panama, has the legal title to all the property essential for Canal operations and defense. Therefore, before the U.S. was told to get out, Panama would, from a technical standpoint, have to go through the motions of expropriation. Even that might involve a legal barrier because there is a question in international law of whether the right of expropriation is available in a government-to-government situation. The usual case is where a government expropriates privately owned property. In any event, even if expropriation were in order, Panama as her next move would have to unilaterally abrogate the new treaty with the United States. And that would be a violation of international law. Again, "*Que le hace?*" Torrijos or his successor might say. But, just as in the case of Cuba, Panama would be right back where she started—facing an impossible military showdown with the United States.

With all due respect to the sincerity of those who believe that recognizing Panama's sovereignty over the Canal Zone would be the end of everything for the United States in Panama, such a belief seems to be totally unrealistic and even to lack any technical, legal, foundation.

Short of the belief that recognizing the sovereignty of Panama would end everything, there is, at least at first blush, a perhaps more justifiable concern that, as a practical matter, the U.S. could not effectively operate or defend the Canal if it relinquished its rights of sovereignty over the Canal Zone for those purposes. But this concern overlooks the distinction between sovereignty, on the one hand, and jurisdiction and control, on the other, and the fact that the two are separable. The U.S.-Cuban lease agreement is a good example of that very distinction and separability.

In any new treaty with Panama involving recognition of Panama's sovereignty over the Canal Zone, it would be extremely important to limit Panama's jurisdiction and control over the area in such a manner and to such an extent as to assure the ability of the United States to operate and defend the Canal without interference. In addition to limiting Panama in this regard, it would also involve spelling out with great care the ex-

tent of the jurisdiction and control being retained by the United States for those purposes. This is a difficult, but not an insoluble, problem. It is the problem Congress faces with the proposed new Panama Canal Treaty.

The conclusions that the sovereignty of Panama should be recognized and that the rights of the United States to operate and defend the Canal should be retained are not in conflict as a matter of principle, and need not be as a practical matter—if carefully provided for.

The U.S. foreign relations interest in having a new treaty with Panama that would be of fixed rather than perpetual duration is at least in apparent conflict with the U.S. foreign trade interest in retaining control of the Canal *for the foreseeable future*. This apparent conflict would not, however, be in fact a conflict if the foreseeable future of the economic value of the Canal to the United States were susceptible of safe measurement and if by such measurement it were determined not to extend beyond a certain date.

Probably, from the United States' viewpoint, no one would quarrel if that date were determined to be at the end of a 100-year, or even a 75-year, period. Fifty years might even be acceptable. In those terms, then, there would be no conflict and the foreign relations and foreign trade conclusions could be reconciled in favor of a fixed duration. However, if such a determination cannot be made on a safe basis, there is a conflict that cannot be reconciled. In that case, the foreign trade interest outweighs the less pressing foreign relations interest and no commitment should be made to turn the Canal over to Panama by a certain date. Presumably the most that could be done would be to set the treaty up with regard to this matter on the basis of successive treaty periods of, say, 25 years, with a U.S. commitment to reexamine the situation at the end of each such period.

As far as the conclusion that any new treaty should be of a fixed duration and the conclusion that the United States should retain the right to defend the Canal indefinitely are concerned, it would be ridiculous even to suggest that there is no conflict, for the words *fixed* and *indefinite* are opposites. But in this situation the two conflicting conclusions do not have to be weighed against one another, because the interests from which they stem are, in fact, one and the same. The essential purpose of both foreign relations and national security is national survival. If placing a termination date on the right to defend the

Canal would jeopardize the survival of the United States, as chapter 15 tends to demonstrate it would, then both interests, foreign relations and national security, dictate the rejection of such a commitment. Here, again, perhaps successive treaty periods and a U.S. commitment to examine the situation periodically are the only practical solutions.

It is essential that a new treaty with Panama be one in the highest interest of the United States. At the same time it must be fair and just to Panama.

The time has come to develop a national policy with regard to the Panama Canal that will achieve these objectives as quickly as possible and to implement that policy with a new negotiating stance—one of dealing firmly and fairly from a position of strength. In effect, there was no policy at all during the 13 years of recently concluded negotiations—nothing but a servile effort to appease and please and a willingness to accept whatever may be left after Panama had been satisfied on every score.

Such a new policy and its implementation would go a long way toward resolving our Panama Canal dilemma, the seemingly inevitable clash between U.S. public opinion and U.S. official policy. But that dilemma will only be resolved when the will of the American people and the policy of their government coincide. And that can probably only happen when the American people, on their part, are ready to accept the principle of Panamanian sovereignty over the Canal Zone and the United States government, on its part, is ready to take a firm position on the retention of U.S. rights to control and defend the Canal.

Appendix A

Hay–Bunau- Varilla Treaty (1903)

THE United States of America and the Republic of Panama being desirous to insure the construction of a ship-canal across the Isthmus of Panama to connect the Atlantic and Pacific oceans, and the Congress of the United States of America having passed an act approved June 28, 1902, in furtherance of that object, by which the President of the United States is authorized to acquire within a reasonable time the control of the necessary territory of the Republic of Colombia, and the sovereignty of such territory being actually vested in the Republic of Panama, the high contracting parties have resolved for that purpose to conclude a convention and have accordingly appointed as their plenipotentiaries,—

The President of the United States of America, John Hay, Secretary of State, and the Government of the Republic of Panama, Philippe Bunau-Varilla, Envoy Extraordinary and Minister Plenipotentiary of the Republic of Panama, thereunto specially empowered by said Government, who after communicating with each other their respective full powers found to be in good and

due form, have agreed upon and concluded the following articles:

Article I

The United States guarantees and will maintain the independence of the Republic of Panama.

Article II

The Republic of Panama grants to the United States in perpetuity the use, occupation and control of a zone of land and land under water for the construction, maintenance, operation, sanitation and protection of said Canal of the width of ten miles extending to the distance of five miles on each side of the center line of the route of the Canal to be constructed; the said zone beginning in the Caribbean Sea, three marine miles from mean low water mark, and extending to and across the Isthmus of Panama into the Pacific Ocean to a distance of three marine miles from mean low water mark, with the proviso that the cities of Panama and Colon and the harbors adjacent to said cities, which are included within the boundaries of the zone above described, shall not be included within this grant. The Republic of Panama further grants to the United States in perpetuity the use, occupation and control of any other lands and waters outside of the zone above described which may be necessary and convenient for the construction, maintenance, operation, sanitation and protection of the said Canal or of any auxiliary canals or other works necessary and convenient for the construction, maintenance, operation, sanitation and protection of the said enterprise.

The Republic of Panama further grants in like manner to the United States in perpetuity all islands within the limits of the zone above described and in addition thereto the group of small islands in the Bay of Panama, named Perico, Naos, Culebra and Flamenco.

Article III

The Republic of Panama grants to the United States all the rights, power and authority within the zone mentioned and described in Article II of this agreement and within the limits of

all auxiliary lands and waters mentioned and described in said Article II which the United States would possess and exercise if it were the sovereign of the territory within which said lands and waters are located to the entire exclusion of the exercise by the Republic of Panama of any such sovereign rights, power or authority.

Article IV

As rights subsidiary to the above grants the Republic of Panama grants in perpetuity to the United States the rights to use the rivers, streams, lakes and other bodies of water within its limits for navigation, the supply of water, or water-power, or other purposes, so far as the use of said rivers, streams, lakes and bodies of water and the waters thereof may be necessary and convenient for the construction, maintenance, operation, sanitation and protection of the said Canal.

Article V

The Republic of Panama grants to the United States in perpetuity a monopoly for the construction, maintenance and operation of any system of communication by means of canal or railroad across its territory between the Caribbean Sea and the Pacific Ocean.

Article VI

The grants herein contained shall in no manner invalidate the titles or rights of private land-holders or owners of private property in the said zone or in or to any of the lands or waters granted to the United States by the provisions of any Article of this treaty, nor shall they interfere with the rights of way over the public roads passing through the said zone or over any of the said lands or waters unless said rights of way or private rights shall conflict with rights herein granted to the United States, in which case the rights of the United States shall be superior. All damages caused to the owners of private lands or private property of any kind by the operations of the United States, its agents or employees, or by reason of the construction, maintenance, operation, sanitation and protection of the said Canal or of the works of sanitation and protection herein provided for,

shall be appraised and settled by a joint commission appointed by the Government of the United States and the Republic of Panama, whose decisions as to such damages shall be final and whose awards as to such damages shall be paid solely by the United States. No part of the work on said Canal or the Panama railroad or on any auxiliary works relating thereto and authorized by the terms of this treaty shall be prevented, delayed or impeded by or pending such proceedings to ascertain such damages. The appraisal of the said private lands and private property and the assessment of damages to them shall be based upon their value before the date of this convention.

Article VII

The Republic of Panama grants to the United States with the limits of the cities of Panama and Colon and their adjacent harbors and within the territory adjacent thereto the right to acquire by purchase or by the exercise of the right of eminent domain, any lands, buildings, water rights or other properties necessary and convenient for the construction, maintenance, operation and protection of the Canal and of any works of sanitation, such as the collection and disposition of sewage and the distribution of water in the said cities of Panama and Colon, which in the discretion of the United States may be necessary and convenient for the construction, maintenance, operation, sanitation and protection of the said Canal and railroad. All such works of sanitation, collection and disposition of sewage and distribution of water in the cities of Panama and Colon shall be made at the expense of the United States, and the Government of the United States, its agents or nominees shall be authorized to impose and collect water rates and sewage rates which shall be sufficient to provide for the payment of interest and the amortisation of the principal of the cost of said works within a period of fifty years, and upon the expiration of said term of fifty years the system of sewers and water works shall revert to and become the properties of the cities of Panama and Colon respectively; and the use of the water shall be free to the inhabitants of Panama and Colon, except to the extent that water rates may be necessary for the operation and maintenance of sewers and water.

The Republic of Panama agrees that the cities of Panama and Colon shall comply in perpetuity with the sanitary ordinances

Article XII

The Government of the Republic of Panama shall permit the immigration and free access to the lands and workshops of the Canal and its auxiliary works of all employees and workmen of whatever nationality under contract to work upon or seeking employment upon or in any wise connected with the said Canal and its auxiliary works, with their respective families, and all such persons shall be free and exempt from the military service of the Republic of Panama.

Article XIII

The United States may import at any time into the said zone and auxiliary lands, free of custom duties, imposts, taxes or other charges, and without any restrictions, any and all vessels, dredges, engines, cars, machinery, tolls, explosives, materials, supplies, and other articles necessary and convenient in the construction, maintenance, operation, sanitation and protection of the Canal and auxiliary works, and all provisions, medicines, clothing, supplies and other things necessary and convenient for the officers, employees, workmen and laborers in the service and employ of the United States and for their families. If any such articles are disposed of for use outside of the zone and auxiliary lands granted to the United States and within the territory of the Republic, they shall be subject to the same import or other duties as like articles under the laws of the Republic of Panama.

Article XIV

As the price of compensation for the rights, powers and privileges granted in this convention by the Republic of Panama to the United States, the Government of the United States agrees to pay to the Republic of Panama the sum of ten million dollars (\$10,000,000) in gold coin of the United States on the exchange of the ratification of this convention and also an annual payment during the life of this convention of two hundred and fifty thousand dollars (\$250,000) in like gold coin, beginning nine years after the date aforesaid.

The provisions of this article shall be in addition to all other benefits assured to the Republic of Panama under this conven-

tion. But no delay or difference of opinion under this article or any other provisions of this treaty shall affect or interrupt the full operation and effect of this convention in all other respects.

Article XV

The joint commission referred to in Article VI shall be established as follows:

The President of the United States shall nominate two persons and the President of the Republic of Panama shall nominate two persons and they shall proceed to a decision; but in case of disagreement of the Commission (by reason of their being equally divided in conclusion) an umpire shall be appointed by the two Governments who shall render the decision. In the event of the death, absence, or incapacity of a commissioner or umpire, or of his omitting, declining or ceasing to act, his place shall be filled by the appointment of another person in the manner above indicated. All decisions by a majority of the Commission or by the umpire shall be final.

Article XVI

The two Governments shall make adequate provisions by mutual agreement for the pursuit, capture, imprisonment, detention and delivery within the said zone and auxiliary lands to the authorities of the Republic of Panama of persons charged with the commitment of crimes, felonies or misdemeanors without said zone and for the pursuit, capture, imprisonment, detention and delivery without said zone to the authorities of the United States of persons charged with the commitment of crimes, felonies and misdemeanors within said zone and auxiliary lands.

Article XVII

The Republic of Panama grants to the United States the use of all the ports of the Republic open to commerce as places of refuge for any vessels employed in the Canal enterprise, and for all vessels passing or bound to pass through the Canal which may be in distress and be driven to seek refuge in said ports. Such vessels shall be exempt from anchorage and tonnage dues on the part of the Republic of Panama.

Article XVIII

The Canal, when constructed, and the entrances thereto shall be neutral in perpetuity, and shall be opened upon the terms provided for by Section I of Article III of, and in conformity with all the stipulations of, the treaty entered into by the Governments of the United States and Great Britain on November 18, 1901.

Article XIX

The Government of the Republic of Panama shall have the right to transport over the Canal its vessels and its troops and munitions of war in such vessels at all times without paying charges of any kind. The exemption is to be extended to the auxiliary railway for the transportation of persons in the service of the Republic of Panama, or of the police force charged with the preservation of public order outside of said zone, as well as to their baggage, munitions of war and supplies.

Article XX

If by virtue of any existing treaty in relation to the territory of the Isthmus of Panama, whereof the obligations shall descend or be assumed by the Republic of Panama, there may be any privilege or concession in favor of the Government or the citizens and subjects of a third power relative to an interoceanic means of communication which in any of its terms may be incompatible with the terms of the present convention, the Republic of Panama agrees to cancel or modify such treaty in due form, for which purpose it shall give to the said third power the requisite notification within the term of four months from the date of the present convention, and in case the existing treaty contains no clause permitting its modifications or annulment, the Republic of Panama agrees to procure its modifications or annulment in such form that there shall not exist any conflict with the stipulations of the present convention.

Article XXI

The rights and privileges granted by the Republic of Panama to the United States in the preceding articles are understood to be free of all anterior debts, liens, trusts or liabilities, or concessions or privileges to other Governments, corporations, syndicates or individuals; and consequently, if there should arise any claims on account of the present concessions and privileges or otherwise, the claimant shall resort to the Government of the Republic of Panama and not the United States for any indemnity or compromise which may be required.

Article XXII

The Republic of Panama renounces and grants to the United States the participation to which it might be entitled in the future earnings of the Canal under Article XV of the concessionary contract with Lucien N. B. Wyse, now owned by the New Panama Canal Company, and any and all other rights or claims of a pecuniary nature arising under or relating to said concession, or arising under or relating to the concessions to the Panama Railroad Company or any extension or modification thereof; and it likewise renounces, confirms and grants to the United States, now and hereafter, all the rights and property reserved in the said concessions which otherwise would belong to Panama at or before the expiration of the terms of ninety-nine years of the concessions granted to or held by the above-mentioned party and companies, and all right, title and interest which it now has or may hereafter have, in and to the lands, canal, works, property and rights held by the said companies under said concessions or otherwise, and acquired or to be acquired by the United States from or through the New Panama Canal Company, including property and rights which might or may in the future either by lapse of time, forfeiture or otherwise, revert to the Republic of Panama under any contracts or concessions, with said Wyse, the Universal Panama Canal Company, the Panama Railroad Company and the New Panama Canal Company.

The aforesaid rights and property shall be and are free and released from any present or reversionary interest in or claims of Panama, and the title of the United States thereto upon consummation of the contemplated purchase by the United States

from the New Panama Canal Company shall be absolute so far as concerns the Republic of Panama, excepting always the rights of the Republic specifically secured under this treaty.

Article XXIII

If it should become necessary at any time to employ armed forces for the safety or protection of the Canal, or of the ships that make use of the same, or the railroads and auxiliary works, the United States shall have the right, at all times and in its discretion, to use its police and its land and naval forces or to establish fortifications for these purposes.

Article XXIV

No change either in the Government or in the laws and treaties of the Republic of Panama shall, without the consent of the United States, affect any right of the United States under the present convention, or under any treaty stipulation between the two countries that now exists or may hereafter exist touching the subject matter of this convention.

If the Republic of Panama shall hereafter enter as a constituent into any other Government or into any union or confederation of States, so as to merge her sovereignty or independence in such Government, union or confederation, the rights of the United States under this convention shall not be in any respect lessened or impaired.

Article XXV

For the better performance of the engagements of this convention and to the end of the efficient protection of the Canal and the preservation of its neutrality, the Government of the Republic of Panama will sell or lease to the United States lands adequate and necessary for naval or coaling stations on the Pacific coast and on the western Caribbean coast of the Republic at certain points to be agreed upon with the President of the United States.

Article XXVI

This convention when signed by the Plenipotentiaries of the Contracting Parties shall be ratified by the respective Governments and the ratification shall be exchanged at Washington at the earliest date possible.

In faith whereof the respective Plenipotentiaries have signed the present convention in duplicate and have hereunto affixed their respective seals.

Done at the City of Washington the 18th day of November in the year of our Lord nineteen hundred and three.

JOHN HAY [SEAL]

P. BUNAU-VARILLA [SEAL]

Appendix B

*Letter to
President Carter
from Admirals
Robert B. Carney
Arleigh A. Burke
George W. Anderson
and Thomas H. Moorer
June 8, 1977*

Dear Mr. President:

As former Chiefs of Naval Operations, fleet commanders and Naval Advisers to previous Presidents, we believe we have an obligation to you and the nation to offer our combined judgment on the strategic value of the Panama Canal to the United States.

Contrary to what we read about the declining strategic and economic value of the Canal, the truth is that this inter-oceanic waterway is as important, if not more so, to the United States than ever. The Panama Canal enables the United States to transfer its naval forces and commercial units from ocean to ocean as

the need arises. This capability is increasingly important now in view of the reduced size of the U.S. Atlantic and Pacific fleets.

We recognize that the Navy's largest aircraft carriers and some of the world's super-tankers are too wide to transit the Canal as it exists today. The super-tankers represent but a small percentage of the world's commercial fleets. From a strategic viewpoint, the Navy's largest carriers can be wisely positioned as pressures and tensions build in any kind of a short-range, limited situation. Meanwhile, the hundreds of combatants, from submarines to cruisers, can be funneled through the transit as can the vital fleet train needed to sustain the combatants. In the years ahead as carriers become smaller or as the Canal is modernized, this problem will no longer exist.

Our experience has been that as each crisis developed during our active service—World War II, Korea, Vietnam and the Cuban missile crisis—the value of the Canal was forcefully emphasized by emergency transits of our naval units and massive logistic support for the Armed Forces. The Canal provided operational flexibility and rapid mobility. In addition, there are the psychological advantages of this power potential. As Commander-in-Chief, you will find the ownership and sovereign control of the Canal indispensable during periods of tension and conflict.

As long as most of the world's combatant and commercial tonnage can transit through the Canal, it offers inestimable strategic advantages to the United States, giving us maximum strength at minimum cost. Moreover, sovereignty and jurisdiction over the Canal Zone and Canal offer the opportunity to use the waterway or to deny its use to others in wartime. This authority was especially helpful during World War II and also Vietnam. Under the control of a potential adversary, the Panama Canal would become an immediate crucial problem and prove a serious weakness in the over-all U.S. defense capability, with enormous potential consequences for evil.

Mr. President, you have become our leader at a time when the adequacy of our naval capabilities is being seriously challenged. The existing maritime threat to us is compounded by the possibility that the Canal under Panamanian sovereignty could be neutralized or lost, depending on that government's relationship with other nations. We note that the present Panamanian government has close ties with the present Cuban government which in turn is closely tied to the Soviet Union. Loss of the Panama Canal, which would be a serious set-back in war, would

contribute to the encirclement of the U.S. by hostile naval forces, and threaten our ability to survive.

For meeting the current situation, you have the well-known precedent of former distinguished Secretary of State (later Chief Justice) Charles Evans Hughes, who, when faced with a comparable situation in 1923, declared to the Panamanian government that it was an "absolute futility" for it "to expect an American administration, no matter what it was, any President or any Secretary of State, ever to surrender any part of (the) rights which the United States had acquired under the Treaty of 1903" (Ho. Doc. No. 474, 89th Congress, p.154).

We recognize that a certain amount of social unrest is generated by the contrast in living standards between Zonians and Panamanians living nearby. Bilateral programs are recommended to upgrade Panamanian boundary areas. Canal modernization, once U.S. sovereignty is guaranteed, might benefit the entire Panamanian economy, and especially those areas near the U.S. Zone.

The Panama Canal represents a vital portion of our U.S. naval and maritime assets, all of which are absolutely essential for free world security. It is our considered individual and combined judgment that you should instruct our negotiators to retain full sovereign control for the United States over both the Panama Canal and its protective frame, the U.S. Canal Zone as provided in the existing treaty.

Very respectfully,
(signed)
ROBERT B. CARNEY
ARLEIGH A. BURKE
GEORGE W. ANDERSON
THOMAS H. MOORER

Notes

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9. *Ibid.*, July 17, 1967.
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13. "Panama Canal," *Atlantic Monthly* ("Reports and Comments"), June 1976, p. 10.
14. *Time*, October 18, 1976, pp. 17-18.
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3. Mack, *Land Divided*, p. 223.
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15. *Ibid.*, pp. 328–32.
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19. Appendix A.
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21. *Ibid.*
22. *Ibid.*, art. VII.
23. *Ibid.*
24. *Ibid.*, art. III.
25. *Ibid.*, art. I.
26. *Ibid.*, art. XIV.
27. Cameron, *Impossible Dream*, p. 114.
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4. Cameron, *Impossible Dream*, p. 162.
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3. U.S. Department of State, *Foreign Relations of the U.S. 1926*, vol. II (Washington, D.C.: Government Printing Office, 1941), pp. 833-49.

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2. Atlantic-Pacific Interocean Canal Study Commission, *Interoceanic Canal Studies 1970* (Washington, D.C.: Report to the President of the United States, December 1, 1970), ch. X, p. 106.
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for *Human Rights*, vol. I (Panama: September 1976), vol. II (November 1976), vol. III (December 1976); *Daily Report—Latin America*, Foreign Broadcast Information Service, July 1975–August 1976.

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1. The statistical, much of the other factual, and some of the descriptive material in this chapter is derived from the following: *Panama Canal Company/Canal Zone Government Annual Report—FY 1975*; Government Accounting Office Report No. B-114839, May 28, 1975; Klette, *From Atlantic to Pacific*; miscellaneous briefing material, Panama Canal Information Office, Balboa Heights, Canal Zone; U.S. Department of Defense, *Commanders Digest*, vol. 14, no. 16 (1973); United States Southern Command, *Southcom Command Briefing* (updated to May 18, 1976).

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4. *Ibid.*, preamble; art. I, par. 2; art. III, par. 1; art. XI.

5. *Ibid.*, art. VII, par. 1.

6. *Ibid.*, art. VII, par. 2; Agreement in Implementation of Article IV, of the Panama Canal Treaty (hereinafter referred to as Imp. IV), art. V.

7. Canal Treaty, arts. I, III (par. 10), VII, IX, XI.

8. *Ibid.*, art. XI, par. 1.

9. *Ibid.*, art. XI, pars. 1, 2.

10. *Ibid.*, art. XI, pars. 3, 4, 5.

11. *Ibid.*, plus Annex, par. 4(b).

12. Agreement in Implementation of Article III of the Panama Canal Treaty (hereinafter referred to as Imp. III), art. III, par. 8; Imp. IV, art. VI.

13. Canal Treaty, art. III, par. 6.

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16. See chapter 9.

17. Canal Treaty, Annex, par. 4(a) (xii).

18. *Ibid.*, Annex, par. 4(a) (xiii).

19. *Ibid.*, Annex, par. 4(a).

20. *Ibid.*, art. XIII, par. 2(a); Imp. III, art. V.

21. Canal Treaty, art. XIII, par. 2(d).
22. *Ibid.*, art. III, par. 1.
23. *Ibid.*, art. IV, pars. 1, 2.
24. Imp. III, art. III, pars, 1, 2; Imp. IV, arts. I, IV.
25. Canal Treaty, art. XIII, par. 4.
26. Speech by Sol M. Linowitz, State Department Release, August 19, 1977, Denver, Colorado, p. 5; State Department "Draft Environmental Impact Statement for the New Panama Canal Treaty" (Washington, D.C., August 1977), tab B, p. 3.
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30. *Ibid.*, art. III, par. 7; Imp III, art. II.
31. Canal Treaty, art. III, par. 2; Annex, par. 3.
32. *Ibid.*, Annex, par. 4(a).
33. *Ibid.*, Annex, par. 5(b).
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