Studies in Theoretical History

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editors
The View from Panama
Other Books By J. P. Morray

Pride of State: Patriotism and American National Morality (1959)
From Yalta to Disarmament: Cold War Debate (1961)
The Second Revolution in Cuba (1962)
The View
from
Panama

J. P. Morray
Editor
Translator

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To Elisabeth (age 1½), who will one day want to examine all sides of the question.
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... estas construcciones, estos lagos,
estas aguas azules de dos mares
no deben ser la espada que divide
a los felices de los miserables,
debiera ser la puerta de esta espuma
la gran unión de dos mundos nupciales:

These constructions, these lakes,
These blue waters of two seas
Ought not to be a sword dividing
The fortunate from the miserable;
This door of foam should be
The union of two wedded worlds.

Pablo Neruda
“Future of a Canal”
INTRODUCTION
by J. P. Morray

With the signing of the new treaties between Panama and the United States on September 7, 1977, the history of the Western Hemisphere passed a milestone. It is important and instructive to know something of the history of the problem of the Panama Canal. That is essential in order to see clearly the movement this milestone measures. Movement means change. The study of history is mainly a summing up of change, a comprehensive view of a process, of a development.

Americans are today acutely conscious that a profound change has taken place in the relationship between the United States and Panama since the period of Panama’s secession from Colombia with United States protection in 1903. In the original unity of their natural and solid alliance, contradictions appeared and grew, and, in time, they changed the alliance into a relationship of antagonism. Throughout this development, the United States was changing, Panama was changing, and the world was changing. The attempt to freeze their relationship forever (“in perpetuity”) by the Panama Canal Treaty of 1903 was doomed to defeat. That was as inevitable as change itself. The real question has been, when and how would that rigid structure be dismantled or destroyed.

A major feature in the ever-deepening estrangement between the two peoples has been the language and cultural barrier. The fact is, few Americans have studied Panamanian history or read the works of Panamanian authors. Yet few would deny the importance of knowing and understanding Panamanian views of their own history, especially with respect to the Canal Zone and the development of relations with the United States. Those views from Panama are really an essential part of “the canal problem”. The essays here presented have been selected with the purpose of taking the reader into the consciousness of the Panamanians. Professor Porell, a sociologist and disciple of Hegel and Marx, traces the development of that consciousness. There are, as one would expect, strong differences of opinion among Panamanians. These differences are exemplified in the selection of essays and interviews from the debate that took place following publication of the 1977 treaties. Despite the differences of opinion, there is a core of common concepts, values, goals, assumptions and prejudices that enter into a Panamanian’s view of the world. This world-view is not peculiar to Panama. In its general attitude toward the United States, it is shared by hundreds of millions of people in Latin America and the Third World.

Tragedy occurs in history when conflicting truths confront each other. Panama, like the India of Gandhi and the Egypt of Nasser and the Algeria of Ben Bella, expresses the truth of the colony struggling for its
sovereignty. It is important for Americans to grasp that truth, and that can only be done through study of those who are living it and expressing it in their own words. If more Britons and French and Portuguese had examined the truth in their rebellious colonies, the tragedies of India, Algeria, Angola and Suez might have been avoided.

The question now posed to Americans is: Will the United States repeat in Latin America the tragedy of the old colonial powers in other continents? That is not fated. The answer depends in part on our ability to raise ourselves to a level beyond the grip of our own chauvinism. History will look at this struggle from that higher plane of objectivity.

There can be little doubt that the repudiation and overthrow of colonialism is an irreversible advance in human society, comparable to the abolition of slavery. Americans can agree to that proposition as an abstraction from the experience of others, including their own ancestors of two hundred years ago. But when it comes to applying the general concept of historical advance to the people of Panama and the problem of the Panama Canal, many Americans tend to be as blind and reactionary as were the British, French and Portuguese in dealing with their colonies in revolt.

Fortunately, the United States is not a European colonial power. It has been both colonized and colonizer. And its present trial comes after the experience of others has made it easier to question the truth most Europeans took as absolute and eternal: the right of those most advanced and most powerful, i.e. Europe, to dominate and exploit those who were relatively backward and weak. Europe has learned some hard lessons. Perhaps those lessons have been applied in Washington to the similar predicament of the United States in Panama. General de Gaulle could rescue France from its Algerian war only after much blood had flowed. Learning from that French bloodshed, President Carter is defying the American colonos in Panama as de Gaulle defied the French in Algeria. The question remains whether this American de Gaulle is ahead of his time.

At the heart and the well-spring of Panamanian passion is nationalism. It has been a common error in the United States to under-estimate the reality of a Panamanian nation in the realm of the spirit. The phrase attributed to Theodore Roosevelt, "I took Panama," still sums up for most Americans the origins of the isthmian state, supposedly created as a diplomatic coup in order to get signatures to a canal treaty. That is a very one-sided perception of the long and complex development that culminated in 1903 in the secession of Panama from Colombia and the declaration of its independence as a new sovereign state.

The independence of Panama as a nation had been gestating ever
since the miscarriage in the 1820’s of Simon Bolivar’s grand conception of a Greater Colombia, which would have united all of northern South America. Panama emerged from the wars for independence from Spain as a province of New Granada (which later adopted its present name, Colombia). Agitation for separation was very strong in the isthmus in 1830 and 1831. In 1840, Panama seceded with the neighboring province of Veragua and set up the independent state of the Isthmus of Panama. But Colombia was able to quell that rebellion. In 1855, the isthmus gained partial sovereignty as a state in a loose confederation. In 1861, separatists again pressed for greater independence and won a formal recognition of Panamanian sovereignty in the Colombian constitution of 1863. But in 1885, without giving Panama a hearing, Colombia changed Panama from a state to a province with a government of federal appointees. In 1895, there was an abortive uprising, and from 1898 to 1903, the province was in continual revolt.

Throughout the 19th century, the goal of autonomy stirred the people of the isthmus. Writers of merit gave these yearnings living expression: Mariano Arosemena, Tomas Herrera, Santiago de la Guardia, Justo Arosemena. In the “War of 1000 Days”, a civil war in Colombia between liberals and conservatives, Panamanian civilians and guerrillas fought the troops of the Colombian government for their own goals of political and economic autonomy.

Thus, the antagonism between the isthmus and Colombia was already highly developed when the rejection of the Herran-Hay Treaty by the Colombian Congress in 1903 frustrated the plans of the United States government to build a trans-isthmus canal. Panamanian patriots, who also wanted to see the canal built, seized the opportunity for gaining independence from Colombia with the help of the U.S.A. The interest of the U.S. in building a canal was undoubtedly used by the Panamanians to hold Colombia in check and protect their shores with the military power of a new ally. In Panama, the characterization of this culminating event as primarily an American initiative, an American trick played on Colombia, is known as “the black legend”. This Yankee view clearly does not give due weight to the part played by the Panamanians in the struggle for their own independence. It also ignores the rich legacy of elements of patriotism nurtured by protracted trials of self-defense against pirates (e.g. Henry Morgan), against devastating attacks of the British Navy, against the imperialism of French capital, and finally, against arbitrary neglect and domination by the central government of Colombia.

It is customary to assume that Panama’s history began when the United States arrived on the scene. This is the same type of error as the one that grew out of the “Spanish-American War”. There, it was Cuba’s
long prior struggle for independence from Spain that was fundamental to Cuban nationalism. Yet, in the historical perspective cultivated among us, it was a war between Spain and the United States, with the Cubans forgotten. Does any American refer to it as the War of Cuban Independence? In both these cases, the United States intervened at the eleventh hour in sagas of long travail that had produced nations conscious of themselves as fully committed to independence and sovereignty. The pervasive undervaluation and even ignorance of the history of the Latin American peoples is a major feature of the cultural barrier that isolates the American people in a moving and changing continent that is beyond their ken.

The new Panamanian state paid dearly for American aid in the struggle with Colombia. American insistence on absolute control over the construction and operation of the canal was set down in Articles II and III of the convention executed in 1903. It provided as follows:

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 ...

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 ... 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 sovereign rights, power or authority.

This grant of control “in perpetuity” was negotiated for Panama by a French engineer, Philippe Bunau-Varilla, who owned most of the shares in a company holding rights from Colombia to build a canal. The attempt of his company to build the canal had failed. To convert his company’s rights and assets into cash, he had to broker a treaty that would satisfy a prospective buyer, the United States. The Panamanians naively permitted Bunau-Varilla to represent them in the canal negotiations in return for his services in obtaining United States protection for the secession movement. Hurrying to an agreement, he presented the new convention to the Panamanians as a fait accompli, in circumstances that made repudiation extremely dangerous to the new state. Though the Government of Panama ratified the Hay-Bunau-Varilla convention in 1904, its moral authority has always been weak because of this trickery and coercion in its origins. We can now perceive what was not perceived, or at least not appreciated, in the United States at that time: the grave
injury to the Republic of Panama embodied in this treaty would act as a further stimulus to Panamanian nationalism. To struggle against it became a tenet of patriotism. In the consciousness of succeeding generations of Panamanians, the United States ceased to be the guardian of their birth and became the principal enemy.

Another article of the treaty signed by Bunau-Varilla permitted the United States to go beyond the limits of the Canal Zone to help local authorities maintain order. This extraordinary right also planted its roots in the Panamanian Constitution, drafted in the same year, 1904, in which the canal treaty was presented to Panama for ratification. To make effective his undertakings to the Americans, Bunau-Varilla successfully insisted with the Panamanians that their Constitution must authorize the U.S.A. "to establish public peace and constitutional order" (Article 136). In the succeeding years, peace and order were sometimes disturbed during strikes for better wages and by social movements for more democratic rights in the Republic. United States military interventions, lightly and readily undertaken against such movements of popular protest, gave Americans the role of imperialist, foreign aggressors on Panamanian soil, and no authorizing article of the Constitution could alter that image. It was a shameful period in U.S. history.

Within the Zone, Panamanians found themselves treated as members of an inferior race. The Zone became another southern state practicing the social customs of white southerners. Racial segregation was imported for application in schools, on trains and in commissaries. There were entrance doors to the administration building for white Americans only. The prevailing attitude among Zonians toward Panamanians was supercilious, disdainful, and often contemptuous. There was very little, if any, effort by the U.S. authorities to teach and guide Americans to respect Panamanians and share their conditions of life. Zonians became a colonial, privileged class and heedlessly enjoyed their invidious standard of living in a surrounding sea of poverty.

With the election in the United States of President Franklin D. Roosevelt and in Panama of President Harmodio Arias, an international jurist who had specialized in canal problems, a period of progress toward a more satisfactory relationship opened. This was the period of the Good Neighbor policy, and the change had consequences for Panama. In 1934, a strike of banana workers against the Chiriqui Land Company, a subsidiary of United Fruit, did not produce the customary American intervention. A long, slow retreat had begun from the flagrant imperialism and arrogant colonialism of the previous decades. And the retreat was clearly determined by constant pressure from the Panamanians, whose national consciousness was gaining in strength of resolution from the experience of struggle. Essayists, talented novelists
and politicians denounced the assertion of jurisdiction over Panamanians by United States authorities in the Canal Zone. They demanded an end to the insulting discrimination between the "gold roll" and the "silver roll", the unequal payrolls in the Zone for Americans and Panamanians. The prohibition on flying the Panamanian flag anywhere in the Zone came to be felt as an offense which raised in a concrete way the latent question of national sovereignty over the Zone. U.S. military bases outside the Zone, conceded during World War II, became a focus of popular resentment after the war. They were abandoned in 1947.

With the founding of the University of Panama in 1935, a student body drawn from diverse classes studied, pondered, discussed and agitated in a spirit of national struggle for full sovereignty. Under the influence of the University, a similar climate soon prevailed in the secondary schools.

In November, 1959, Panamanian students tried to raise their national flag inside the Zone. They were repelled by gunfire from U.S. troops, who wounded eighty. Three weeks later, the students returned, this time backed by the Panamanian National Guard. President Eisenhower and the State Department sent Livingston T. Merchant to negotiate a formal acknowledgement of Panamanian titular sovereignty over the Zone. Overruling strong opposition from the colonial Zonians, Eisenhower authorized the flying of the Panamanian flag in the Zone at the Canal Administration Building. In 1963, an agreement between the two governments (Kennedy and Chiari) provided that the Panamanian flag be flown at any civic institution where the American flag was flown. In an attempt to keep the Panamanian flag away from U.S. schools, the Canal Zone Governor (Robert J. Fleming) ordered that no flags be flown at the schools. The American Zonians would not accept this retreat, and rebellion against the Governor broke out. American school children, encouraged by their parents and protected by the Zone police, stood guard around the flag poles and defied the Governor's orders. Crowds of Zonians demonstrated in front of the Governor's residence demanding that he defy the President of the United States. The American flags did not come down and Panamanian flags did not go up. Governor Fleming removed himself from the scene by flying off to Washington. The flag agreement appeared to be unenforceable.

This was the situation on January 9, 1964, when some 200 Panamanian high school students, boys and girls, from the Instituto Nacional, armed only with their country's flag, marched peacefully into the Zone. They carried a banner with the words, "Panama is sovereign in the Canal Zone." They were marching towards Balboa school, where an American flag was flying, when Zone police stopped them. After a parley, it was agreed that five of their number would be allowed to proceed, with police protection, to display the flag at the school. As they tried to do this,
they were attacked by Zonians, parents as well as youth. The Zone police made no attempt to protect the Panamanians, but rather joined in the attack. One of their number ripped the Panamanian flag. The Panamanian students withdrew from the Zone, pelted with rocks and insults and “escorted” by the police.

Crowds gathered spontaneously in the streets of Panama City. Unarmed groups attempted again to enter the Zone. They were repelled with gunfire by Zone police. In these first encounters, six Panamanians were killed and more than 100 wounded. Nevertheless, small groups carrying Panamanian flags continued to march into the Zone. In the evening of January 9th, the United States Army with tanks and machine guns arrived on the scene and began firing across the Zone border into the crowds in the streets of Panama City. Bullets struck the Legislative Palace. There were more casualties, several dead and at least 100 more wounded. Three American soldiers were dead from sniper fire.

Out of this crisis new negotiations began. On March 21, 1964, President Johnson announced that he would name a Special Representative empowered to discuss all problems and seek solutions. He would be instructed to recognize the reasonable demands of Panama and protect the interests of all the American nations in the canal. The United States Government had accepted the imperative of negotiating a new treaty.

The negotiations produced a new treaty in 1967, but the National Assembly of Panama was so divided over its terms that approval could not be obtained. Among the grounds for opposing it was a right reserved to the United States to intervene unilaterally in the Republic of Panama in any emergency which, in the opinion of U.S. authorities, placed the defense of the canal in danger.

The failure of this negotiating effort was the immediate prelude and one of the determining causes of a change in government in Panama. In 1968, leading officers of the National Guard took over the government and have held it ever since. General Omar Torrijos, who was fourth in rank at the time of the coup, emerged as Chief of Government under a new constitution (promulgated in 1972). It provides that his broad personal powers to name cabinet ministers and the Commission of Legislation are to last until October, 1978. In August of that year, elections to a National Assembly of Representatives of Corregimientos (geographical districts or precincts) are to take place. This body will then elect the President of the Republic who, according to the Constitution, will become the Chief Executive at the conclusion of General Torrijos’s extraordinary mandate. Nothing prevents General Torrijos from being a candidate for election as president.

A class struggle goes on in Panama underneath the national struggle
the entry into force of this Treaty, who are displaced from their employment as a result of the discontinuance by the United States of America of certain activities pursuant to this 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. For such persons who are not United States nationals, placement efforts will be confined to United States Government activities located within the Republic of Panama. Likewise, persons previously employed in activities for which the Republic of Panama assumes responsibility as a result of this Treaty will be continued in their employment to the maximum extent feasible by the Republic of Panama. The Republic of Panama shall, to the maximum extent feasible, ensure that the terms and conditions of employment applicable to personnel employed in the activities for which it assumes responsibility are no less favorable than those in effect immediately prior to the entry into force of this Treaty. Non-United States nationals employed by the Panama Canal Company or Canal Zone Government prior to the entry into force of this Treaty who are involuntarily separated from their positions because of the discontinuance of an activity by reason of this Treaty, who are not entitled to an immediate annuity under the United States Civil Service Retirement System, and for whom continued employment in the Republic of Panama by the Government of the United States of America is not practicable, will be provided special job placement assistance by the Republic of Panama for employment in positions for which they may be qualified by experience and training.

8. The Parties agree to establish a system whereby the Panama Canal Commission may, if deemed mutually convenient or desirable by the two Parties, assign certain employees of the Panama Canal Commission, for a limited period of time, to assist in the operation of activities transferred to the responsibility of the Republic of Panama as a result of this Treaty or related agreements. The salaries and other costs of employment of any such persons assigned to provide such assistance shall be reimbursed to the United States of America by the Republic of Panama.

9. (a) The right of employees to negotiate collective contracts with the Panama Canal Commission is recognized. Labor relations with employees of the Panama Canal Commission shall be conducted in accordance with forms of collective bargaining established by the United States of America after consultation with employee unions.

(b) Employee unions shall have the right to affiliate with international labor organizations.

10. The United States of America will provide an appropriate early optional retirement program for all persons employed by the Panama Canal Company or Canal Zone Government immediately prior to the entry into force of this Treaty. In this regard, taking into account the unique circumstances created by the provisions of this Treaty, including its duration, and their effect upon such employees, the United States of America shall, with respect to them:

(a) determine that conditions exist which invoke applicable United States law permitting early retirement annuities and apply such law for a substantial period of the duration of the Treaty;

(b) seek special legislation to provide more liberal entitlement to, and calculation of, retirement annuities than is currently provided for by law.

**Article XI**

**Provisions for the Transition Period**

1. The Republic of Panama shall reassume plenary jurisdiction over the former Canal Zone upon entry into force of this Treaty and in accordance with its terms. In order to provide for an orderly transition to the full application of the jurisdictional arrangements established by this Treaty and related agreements, the provisions of this Article shall become applicable upon the date this Treaty enters into force, and shall remain in effect for thirty calendar months. The authority granted in this Article to the United States of America for this transition period shall supplement, and is not intended to limit, the full application and effect of the rights and authority granted to the United States of America elsewhere in this Treaty and in related agreements.

2. During this transition period, the criminal and civil laws of the United States of America
that Panamanian military forces would join American forces in the Zone and participate in the military activities taking place. This change is consistent with the recognition of Panamanian sovereignty over the Zone. It can hardly be denied as a theoretical question that if Panama is sovereign, it must have the right to control military activities in the Zone. But the issue is more than theoretical. It has practical consequences of great import to Panama.

When the canal treaty was negotiated in 1903, the military function of the Canal Zone was narrow and specific. Passage through the canal was a potential military asset. The United States was given the right to station military personnel and equipment in the Zone to defend the canal. The only kinds of attack known from experience were artillery fired from the sea and invasion by troops brought by land or sea. The perils to the civilian population living outside the Zone from these contemplated battle scenarios were insignificant.

The revolution in warfare wrought by missiles and nuclear weapons gives the Canal Zone an entirely different character, both from the point of view of the United States and for the Panamanians.

For the United States, the Zone is now a forward base in the defense of the United States itself. The Zone is the headquarters of the U.S. Southern Command. Radar installations in the Zone are designed to detect aircraft and missiles approaching the United States from the south. Radio installations based in the Zone and its adjacent islands are equipped to transmit instantaneously to strategic command centers in the United States information from these radar stations and from others located in ships at sea and in aircraft. The potential importance of the outposts to continental defense increases with the Soviet ability to give their missiles "fractional orbit" trajectories that pass over or near the south pole and traverse the southern hemisphere en route to targets in the United States. The Canal Zone is a key link in an early warning chain designed to trigger the take-off of manned bombers from U.S. bases, the activation of anti-ballistic missile systems and the launching of intercontinental ballistic missiles which might otherwise be destroyed in their silos. The government of Panama must think about the unthinkable. If war between the United States and the Soviet Union should occur, it is likely that these radar and radio installations in the Canal Zone would be a target, since the information they transmit to communications centers is used to limit the effect of approaching missiles. It is also likely that the weapons used to destroy the Zone installations would be nuclear weapons, launched from Soviet submarines or from the Soviet Union itself. Accuracy is imperfect, so it is to be foreseen that very large warheads or several warheads will be used to assure success. Needless to say, the range of destruction cannot be confined to the Canal Zone. The
two principal cities of Panama, Panama City and Colon, lie on the border of the Zone. In them live approximately 40% of the population of the nation and an important part of the industrial sector. If there should be nuclear war between the U.S.A. and the U.S.S.R. while the U.S. occupies the Zone, the chances are high that both cities will be totally destroyed. Incidentally, the canal would be destroyed, too, not as a primary target but because it is in a zone of communications bases potentially important to defenses of the United States continent against missile attack. Whether the U.S. is now actually using the Zone in this precise way is a question. But so long as U.S. armed forces are physically present in the Zone with control over its use, the peril to Panama is real.

It is natural that Panamanians feel qualms at such an arrangement. They did not consent to the assumption of such risks when they allowed the canal to be constructed in the isthmus. These could not be foreseen in that epoch. The canal, though it is an important asset to Panama, is not more important than the nation itself. The instinct of survival expresses itself in a clear imperative: the United States must not be allowed to utilize the Canal Zone in such a way as to make it a target for Soviet missiles, at least not without the full knowledge and consent of the government of Panama.

Protection of the canal from destruction in the age of nuclear missiles can never be completely guaranteed. The canal does have some military value in a long war in that it adds flexibility in the disposition of U.S. naval forces, and it facilitates surface transport. If a nuclear power decided to strike the canal with long-range missiles, there is probably no way to prevent its destruction, with high loss of Panamanian lives. Panama wants to keep the canal operating. That necessarily implies the acceptance of risks that are inevitable. But it is the responsibility of the Panamanian government to keep the risk as low as possible. For that reason, Panamanian control over the Zone and over the canal is a vital matter. Defense of the canal lies primarily in averting an attack on it with the principle of neutrality. Paradoxically, the canal will be safer from attack when it is removed from the jurisdiction and control of the United States. Panama, because it can be neutral in a Soviet-U.S. struggle, can do more to protect the canal from the Soviet Union than can all the military power of the United States. It can do this by convincing the Soviet Union that Panama is independent of the United States, that the canal is truly under the control of Panama, and that the neutrality of Panama and the canal will be asserted and defended against all challenges. Destiny has selected the Panamanians for a world-historic role. The interest of mankind in the secure flow of traffic through the canal is now served by the Panamanian determination to be a sovereign and independent nation.
The Panamanian attitude towards the canal itself is such as to reassure all who attach importance to world trade. The isthmus has been used for centuries as a passage between the two great oceans. Panamanians cherish this legacy of service to the world. *Pro mundi beneficio* appears in their national seal. During the days of the Spanish empire, gold and silver from South America in enormous quantities were transported by land across the isthmus on its way to Spain and Europe. In fact, Panamanian disaffection from Spain was largely determined by a Spanish decision to allow shipping to and from continental ports on the Atlantic. This produced a decline in the importance of the isthmus to world trade and was resented by Panamanians. In 1855, the construction of a trans-isthmian railway with American capital was welcomed in Panama. The obstruction of Colombia to the U.S. desire to build a canal at the turn of the century added impetus to the Panamanian secessionist movement. Panamanians like being "The Bridge of the World." (This is their slogan, used, for example, on their 1975 automobile license plates.) It is important to understand that the demand for sovereignty over the Zone does not imply any change in their very positive attitude towards the use of the canal as a passageway serving the world. Another recent evidence of this is their interest in seeing the construction of a second canal through their territory. The 1977 Treaty commits the two parties to a joint study of the feasibility of a sea-level canal. Geographic location is regarded as a principal national asset, one which does not exhaust itself through use.

But in the United States there is a fear that a Panama sovereign throughout its length will use its geographic location, a natural resource like oil, to exploit the rest of the world. This has come to be expected from sovereign states of the Third World. Resolutions of the General Assembly of the United Nations make it clear that sovereignty over natural resources includes the right to offer them to the world or to withhold them, on terms finally fixed by the sovereign state. An independent Panama, free of duress, would certainly fix canal tolls in its own interest and not that of American or European shippers and consumers. It is to be expected that Panama, if and when it gains full control over the canal (in the year 2000 according to the 1977 Treaty), will raise tolls to an optimum income for Panama. Panamanians are not saints. But there is an upper limit to what the market will bear, since ships can sail around Cape Horn if tolls become too high. Who is to say what is a fair price for the privilege of sailing through the canal? It will necessarily be a monopoly price, and why should the Panamanians take less than they can get? The increase in income could be an enormous boon to their own development. The burden of the increase will be distributed among millions of consumers in the developed countries. It
will fall where it can best be borne. There is a kind of justice in allowing Panama to recover some of the millions gained by consumers and investors over the years through low tolls, which have been a subsidy to world trade and to American shipping from coast to coast. The United Nations Economic Commission for Latin America in its study, "The Economy of Panama and the Canal Zone", states:

... The Canal Company's rate policy amounts to an implied and substantial subsidy of international traffic, a sizable proportion of which accrues to the United States economy.

There is another kind of misgiving among Americans toward relinquishing control to the Panamanians. Will the Panamanians use their control to discriminate against the United States? The Neutrality Treaty commits Panama not to practice discrimination, except that the war vessels of Panama and the United States are to receive especially favorable treatment; they alone are specifically mentioned as being "entitled to transit the canal expeditiously" (Article VI). Vessels of war of all nations are entitled to transit the canal, irrespective of their internal operations, means of propulsion (i.e. nuclear) or armament (Article III).

The accumulated Panamanian grievances against U.S. governments and the frequently bad relations between Panamanians and Zonians are only one side of a complex relationship. There are also real bonds of friendship and consanguinity between the two peoples. Inter-marriage between Panamanians and North Americans has been extensive. There is noticeably less anti-Americanism in Panama than is the norm in other Latin American countries. There is a genuine and freely expressed admiration for the achievements of American civilization, symbolized for the Panamanians in the construction and maintenance of the canal. They are themselves advanced enough in the engineering fields to appreciate fully the complexity and magnitude of the obstacles overcome and the beautiful precision and simplicity of the solution. (The canal lifts ships 85 feet to the level of an interior lake and lowers them again on the other side of the isthmus, all without pumps.) Joined with the determination to recover the Canal Zone is a realistic recognition that the continued participation of American engineers and administrators in the operation for some years will reassure world shippers, who are the paying customers Panama does not want to lose.

Treaty negotiations have been greatly assisted by an underlying agreement between the two governments on the value to Panama of private U.S. investment. General Torrijos is attacked at home for this tolerant attitude toward imperialism, but without it, the negotiating environment would have been entirely different. An open door to U.S. investors is the keystone in Washington's design for hemispheric
development. This was the main purpose of President Kennedy's Alliance for Progress and a basic factor in the positive response of the Nixon-Kissinger-Ford administration to General Torrijos' strong initiative in the canal negotiations. Like them, President Carter has put first things first. The United States pays a price under the new Treaties. It gradually gives up control of the canal and use of the Canal Zone as a military base. But this will improve the climate for private investment throughout Latin America. The orderly retreat embodied in the Treaties is in the very best tradition of pragmatic, realistic bourgeois leadership. The prospective cost of trying to hold on permanently to the Canal Zone is higher than its real worth. It probably would involve, sooner or later, war between the U.S. and Panama and the need to send large-scale military forces into an occupation of Panama. It is not at all certain that any U.S. government can keep the support of Congress long enough to carry through such an enterprise. Resisted colonialism is a losing proposition at this period of history. In dialectical fashion, a position of strength has been converted into a liability. With impressive flexibility, the bourgeois leadership (exercised through four successive administrations, Republican and Democratic) is trying to forestall still greater losses and advance in the direction of more important goals. By yielding control of the Canal Zone to Panama, the United States takes away some of the political and ideological weapons used against it by opponents throughout the Third World. It demonstrates "a decent respect to the opinions of mankind" and to that "conscience of international justice" of which Professor Porcell speaks. That is a valuable image to confer on U.S. investors as they go forth to knock on doors around the world.

Those in Panama who are the most impatient for a revolutionary break with international capitalism are the most hostile to the new treaties. It is ironic that right-wing adversaries to the treaties in the United States, self-proclaimed champions of free enterprise, are likewise working to create a situation of military confrontation between Panamanian extremists and the United States. Both these groups, in their different terrains, are incapable of the flexibility demonstrated by President Carter, Ellsworth Bunker, Sol Linowitz, General Torrijos and his Panamanian advisors, among them Diogenes de la Rosa, whose defense of the Treaties as the best possible in the circumstances appears herein. The common ground between the right wing in the United States and the left wing in Panama is a willingness to employ military force and direct action in the canal controversy. The common ground between the governments in the two countries is a desire to avoid bloodshed. The Treaties are a truce and a compromise. Panama will, of course, continue to be a theater of social struggle. No treaty can bring that to an end. The importance of the Treaties to this and future generations of Americans is
that they constitute a step of peaceful withdrawal, without a prior defeat and demoralization of the Vietnam type, from an inherited situation of colonialist domination in a Third World country. Reagan Republicans think that the United States, by a strong show of force and determination, can bully Panama into accepting United States presence in the Canal Zone forever. The essays in this collection should cause the reader at least to question the Reagan thesis from a position of better information about the history and the spirit of the people of Panama.

Nestor Porcell, Chairman of the Department of Sociology at the University of Panama, has contributed two essays. The first was written in 1974, with a postscript added following the signing of the new Treaties in September, 1977. He also led a survey team that investigated Panamanian attitudes toward the new Treaties during the weeks prior to the plebiscite. His second essay reports the results of the survey with his analysis and conclusions.

In the section devoted to the debates in Panama around the 1977 Treaties, they are defended by Diogenes de la Rosa, a member of the Panamanian negotiating team, and by Cesar de Leon, Professor of History at the University of Panama. They are strongly criticized by Mario Villalobos and Simon Quiros Guardia. The views of Julio Yau, who recently resigned from his post as advisor to the Panamanian Ministry of Foreign Affairs in order to organize protest against the Neutrality Treaty, are presented in the form of an interview. Carlos Bolivar Pedreschi, Professor of Law at the University of Panama, expresses the views of a group of lawyers opposed to the Torrijos government and critical of the Treaties. An analysis by the Panama Branch of the American Association of Jurists presents the views of lawyers generally supporting the government and favoring ratification. Hugo Victor focuses primarily on the military implications of the new Treaties. He places them in the context of Panama's military commitments to the United States under hemispheric defense agreements.
PANAMANIAN NATIONAL CHARACTER AND
THE STRUGGLE FOR POLITICAL AUTONOMY*
by Nestor Porcell G.

Someone correctly observed that statistics, when viewed from the present, are always outdated. Certain data in this essay have not been brought up to date, either because they would only reconfirm a tendency already noted or because they would diminish the future usefulness of the study.

Heraclitus of Ephesus is supposed to have said:

Fire lives in the death of earth and air lives in the death of fire; water lives in the death of air, and earth in that of water.

The dialectic of Panamanian history might be expressed in a similar form:

Panamanian patriotism lives in the death of national independence, and a surrender of sovereignty lives in the death of patriotism; people in struggle live in the death of surrender, and national independence lives in the death of people in struggle.

1. Hell’s Cycle

The passage through hell for Panamanian rights began with filibusters, corsairs, buccaneers and pirates, the advance guard of the British Empire. Since then, Panamanian territory has served as a jackpot of fortune to pirates and to Anglo-Saxons from both sides of the Atlantic. Piracy was converted into imperial policy.

The plundering and sacking of such cities as Nombre de Dios, Portobelo and Cruces and the continual siege of the ancient city of Panama forced an embattled sovereignty to defend itself and foreshadowed what was to be the historic destiny of the isthmus.

Lieutenant John of Oxenham - companion in adventure of Drake - in 1575 wreaked havoc in the Pearl Islands. The infamous pirate, Baskerville, invaded isthmian soil in 1595 and attacked the city of Panama with 750 men. Though his attempt failed, he sowed fire and terror amidst the population of Nombre de Dios on January 12, 1596.

* This essay first appeared in Lotería publication of Lotería Nacional de Beneficencia de Panamá, May, 1974, which has given permission to publish this translation.
It appeared that the isthmians might then be allowed to labor in peace, but three-quarters of a century after Baskerville there was a new attempt to impose vassalage on the Panamanians by the pirate Henry Morgan. This gentleman of "gibbet and dagger" seized Portobelo July 29, 1668. Boasting and arrogant, he responded to the peaceful attitude of the Governor of Panama with the presentation of an elegant gift, a French pistol which he promised to recover personally. With blood and fire he kept his promise, indulging his Neronian psychology with the burning of the colonial seacoast city of Panama. Its ruins today are testimony to the avarice of the English crown and the Panamanian spirit of resistance to the imperial policy of "cutting a slice", which always sought the political, economic and territorial division of Panama.

These intersecting slashes thrust fear and anguish into the Panamanian national spirit, but also an attitude of resistance.

Imperial British pride hovered about the isthmus like a wheel of fate, culminating in a naval blockade of the port of Panama a little more than a century and a half after the exploits of Morgan. Using as pretext a sentence of condemnation pronounced by a Panamanian judge against an English vice-consul, England unleashed aggressive and menacing naval operations.

The precarious destiny of the Panamanians inspired a Colombian writer, Rufino J. Cuerva, to pen the phrase that has always been the promised epitaph of Panamanian sovereignty: "Whoever wishes to know Panama should come quickly, because it is coming to an end."

This possibility grew with time under the stimulus described by a chronicler of piracy who accompanied Drake: "We all stood and looked for a long time at the place where flowed all the gold of the world." (1)

II. Imperialist Symbol of Swindle

Under the expansionist auspices of French capitalism, the linguistic connotation of "Panama" changed from a land of fishes identified with a legendary tree to a symbol of blackmail, dealing and plunder.

The failure of the first French canal company earned from Friedrich Engels a comment in which he characterized as "a Panama" the typical vices of the trafficking European bourgeoisie. He also compared the latter with the North Americans, that "republic of capitalist businessmen" which had entered into Panamanian history:

*For the rest, Americans have for some time been providing the European world with the proof that a bourgeois republic is a republic of capitalist businessmen in which politics are only a business deal like any other; and the French, whose ruling bourgeois politicians have long known this and practiced it in secret, are now at last also learning this truth on a national scale through the Panama scandal. In order, however, that the*
NESTOR PORCELL G.

constitutional monarchies should not be able to give themselves virtuous airs, every one of them has his little Panama: England, the scandal of the building societies, one of which, the Liberator, has thoroughly "liberated" a mass of small depositors of some 8,000,000 pounds of their savings; Germany, the Baare scandals and Lowe Judenflinten (which have proved that the Prussian officer steals as he always did, but very, very little - the only thing he is modest about); Italy, the Banca Romana, which already approaches the Panama scale, about 150 deputies and senators having been bought up; I am informed that documents about this will shortly be published in Switzerland (Schluter should look out for everything which appears in the papers about Banca Romana). And in holy Russia, the old-Russian Prince Meshchersky is indignant at the indifference with which the Panama revelations are received in Russia and can only explain it to himself by the fact that Russian virtue has been corrupted by French examples, and "we ourselves have more than one Panama at home". (2)

There is perhaps no better written testimony about the Panama that lived under the arbitrament of grand capital than the memoirs of Philippe Bunau-Varilla. (3) This is an encyclopedia of abuse against an unprotected people and a revealing description of imperialist greed. It is also a testimony of the frustrated ambitions of the French imperialists, who dreamed of extending their colonial empire from Suez to Panama.

The broker-engineer uses and abuses adjectives laudatory of French genius and always has "Humanity" on the tip of his pen, but he writes:

We see today in foreign hands the great work that our thought conceived, that our gold and our blood created from the impossible.

Perhaps the French canal was the first attempt at creating a "people's capitalism". It was financed, according to the broker-engineer, by 600,000 French families, "without resort to public finances".

Fourteen thousand men amidst a great technical display astonished the world, but they were vanquished by two forms of yellow fever, the sickness of the mosquito and the "fever for gold". French political and banking interests, watchful English merchants and the new Gulliver of capital looking for the big chance hastened the failure of the second French canal company.

In vain does one look for mention of the Panamanian people in these nearly 800 pages by Bunau-Varilla. The only exception is that he attests to the genius of his chief by affirming:

The people of the isthmus gave Monsieur de Lesseps an enthusiastic reception.

Bunau-Varilla does not disappear with the failure of the French canal company. Since capital has no country, the broker-engineer became the promoter of the transfer of the work of French gold and genius to Yankee
capital. Furthermore, his name remains in Panamanian history as a synonym for blackmail and swindle.

III Uncle Sam at the Gate.

When the foreign reader examines the widely-read book of German Arciniegas, *Biography of the Caribbean*, he finds this passage:

*The canal is a magnificent achievement. France paid for the experience. Colombia received the blow.*

With sanctimonious innocence, the Colombian, Arciniegas, neglects to mention in his account of Panama's secession from Colombia the voluntary origin of the earlier union of Panama with Gran Colombia. Neither is there mention made of the frequent declarations of purpose by Panamanian supporters of independence, nor of the ironic fact that it was the Colombian government that first instigated United States intervention in Panama. Invoking a treaty signed in 1846 with the United States, the Colombian government requested the U.S. to suppress a revolt in Panama and Colon in 1885 (events that would be repeated in 1900). That was how the door of access to the “French canal” was opened to American capital. The Colombian concession to Americans in 1850 of rights to build a railway from Panama to Colon became a precedent for future concessions. In 1886, a United States admiral, together with F. de Lesseps, was present at the moving of a statue of Christopher Columbus. The isthmus was being eyed from the military as well as from the economic point of view.

President McKinley took another step by winning approval from Congress in 1899 of a law that authorized the study of a canal across Panama. Soon after, a commission headed by Rear Admiral John G. Walker gave a favorable report to Theodore Roosevelt, who had succeeded to the presidency.

In rapid succession, treaties with Colombia were revoked and others signed, leading to the Herran-Hay treaty, which established legal guarantees of domination of the canal by the Yankees.

The rejection of this treaty by the Colombian Congress released the latent contradiction between Panamanian nationalism and the vassalage that had emerged in lieu of the Bolivarian ideal expressed in the creation of Gran Colombia. Thus, it happened that Panamanian independence — which had been sought for a long time — became a reality with political help from the Department of State. Expansion of North American capital into the Latin American continent, creating a need for military protection of these investments, formed a transitory alliance with the liberationist aspirations of the Panamanian people.

Just as British imperialism in one period cleared the road to liberty for Latin America by opposing the Spanish Empire, the new Yankee imperialism became an underwriter of the political independence of Panama and Cuba. This suited its economic and political interests of the
moment. Even though official and academic historians consider the independence of Panama only in its diplomatic aspects, sometimes as a plundering of Colombia, sometimes as a pure imperialist action summarized in the phrase of Theodore Roosevelt, "I took Panama", beneath all this agitation lay the struggle of the Panamanian people. For example, precisely at that time, their struggle led to the execution of the liberal guerrilla fighter for national liberation, Victoriano Lorenzo.

A curious and very important fact provoked the secession. In Bogota, the capital of Colombia, certain politicians craftily tried to prolong the negotiations with the United States so that the term of the concession to the French canal company would expire. In this way, besides the lump sum of 30 million francs plus an annual rent of 1,250,000 francs offered to it by the U.S., the Colombian government would also receive the 20 million francs the U.S. would otherwise have to pay to the French company. Then a group of Panamanians, giving expression to permanent sentiments of national independence, resolved to assume responsibility for the canal negotiations.

Their actions came as a surprise. An astute English writer, who was closely observing the transfer of the canal project from the French company to the American, wrote:

_Meanwhile a strange thing happened. The province of Panama, one of the states of the Confederation of Colombia, began to express discontent. The population of the isthmus knew that if the government (in Bogota) managed to extort millions from foreign sources, it would all be consumed in the distant capital while the Panamanians would see none of it._ (4)

Dr. Manuel Amador Guerrero, using the poor health of his son as a pretext, traveled to the United States and began conversations with the Secretary of State, Hay, to whom he communicated the purposes of the Panamanians. It is believed that Hay promised to invoke the treaty of 1846 with Colombia, which authorized the U.S. to resist any foreign invasion of the isthmus, and, of course, once independence had been declared, Colombia became a foreign country. The authors of that treaty for "neutralization of the canal" were thereby cooked in their own juridical sauce.

The noble aspiration of the conspirators was ensured by the proximity of the gunboat Nashville and six other U.S. warships. They not only "neutralized" the Colombians; they also prevented the landing of marines from the English cruiser Amphion, which suddenly appeared on the scene. The new imperialism resolutely confronted the proud queen of the seas, Great Britain.

The engineer, Bunau-Varilla, who had been negotiating the sale of the assets of the French canal to the U.S., in a clever maneuver, took over the economic representation of the new state and its company. The result of
this operation: $50 million dollars for the partners of Bunau-Varilla and $10 million for the new republic.

From that moment forward, the Panamanians would confront the imperial colossus of the 20th century.

IV. The Segregation of Panamanians.

The construction of the Panama Canal brought to the isthmus all the technological force of an industrial capitalist society on the rise.

Before the astonished eyes of the Panamanians, dulled by their feudal emaciation, 35,000 workers (10,000 whites and 25,000 blacks) equipped with technical implements, perforated the isthmus and in a decade of tireless labor, built the great interoceanic passage.

The white workers came mainly from the southern part of the United States, the blacks, from the Barbados Islands. The participation of Panamanian workers was not extensive. One reason was that they lacked experience in mechanized work. Also, they were regarded as picturesque, as people who stood in doorways and offered coffee and milk to passersby.

John Foster Frazer, who studied the birth of Australia as a nation, after visiting Panama expressed the following opinion regarding the people of that capital city:

*A small population, of Spanish-Indian origin, it does not possess the energy necessary for removing mountains. Panamanians of the capital are indolent and self-satisfied.* (5)

This same author foresaw the gulf and the suspicion between Panamanians and North Americans, which so often in later years would be in the foreground of international relations. For example, he described the Panamanians living in the region of Gatun, as follows:

*Not speaking English, they resist the projects of the American invaders, who have concluded a treaty with the government of Panama.* (6)

And what was even more ominous, Foster Frazer wrote:

*The North Americans and the Spanish (i.e., Panamanians) do not, in a word, maintain everyday relations. It appears to me that they mutually disdain each other."

More important than these subjective impressions were the seeds of social inequality carefully cultivated at the outset of the North American project.

Racial discrimination emerged as the first source of conflict, its true nature hidden under the names of the two wage scales used at that time: the gold roll and the silver roll. The North Americans were paid in gold, and, furthermore, they received housing gratis, and in the administrative offices they had a special entry door. In stores and in the Panama-Colon train, they became the beneficiaries of separation from the Panamanians, Italians and the blacks of the Antilles. This "wise arrangement saved the great democratic principle of not establishing contact between people of
different color." (7) The North Americans were paid in gold and the others in silver. How was this justified? By assurances that the only way to attract Americans from the southern states - who showed an ability to resist the tropical diseases and were the most racist - was to pay them well.

The second policy with consequences for the future was to prevent Panamanians and North Americans from joining together in unions. "Labor Union leaders" notes Frazer, "tried one or two times to organize unions." These were suppressed. Every attempt at a strike was met with a threat from Colonel Goethals:

Workers who do not show up for work because they are dissatisfied will be returned to the United States.

Workers had to work a six-day week. This brought protests, which were silenced.

Panamanians and North Americans were separated in stores, offices and trains, distanced in every day life, divided into schools for whites and for blacks, and deprived of unions for joint struggle. The explosive charge generated by this situation was equivalent to that needed to make several Culebra Cuts. (8)

There would be no peace between Panamanians and the southern racists inhabiting the Canal Zone.

V. Maturing of Panamanian National Consciousness.

The international experience of the new state was harsh. Bunau-Varilla, in return for his support for the conspirators and separatists, had insisted on being the plenipotentiary minister of Panama in the negotiations over the new canal. The French engineer cleverly concluded a one-sided treaty against the interests of the Panamanians, but in such a way that the Panamanians could not repudiate it. The awakening of Panamanian national consciousness began in this chapter. From it developed a struggle that has now lasted half a century.

One article of the Canal treaty signed by Bunau-Varilla permitted the Yankees to cross the boundaries of the canal zone "to help the local authorities maintain order". Certain unscrupulous, naive or faint-hearted Panamanians resorted to this clause to bring about interventions in elections or to restrain social movements. The North Americans utilized these opportunities to protect interests and rights of their citizens and to occupy isthmian territory.

Invoking Article 136 of the Panamanian constitution of 1904, which authorized the U.S.A. to "reestablish public peace and constitutional order" (not repealed until 1941), the North American Army occupied Colon, Panama and the province of Chiriqui in 1918. In the latter region, Major H.E. Page, with his Fiftieth Infantry Regiment, remained for two
years on the pretext of defending the interests of a North American, William Gerard Chase, landowner of the region.

Two years later, the North American army, invoking the Hay-Bunau-Varilla Treaty, tried to take over Taboga Island near the entrance to the Canal, with the aim of converting it into a military fort.

These acts provoked the wrath of the Panamanian people. It fell to a North American hero of the First World War to receive the people's condemnation, as the Panamanian historians, E.J. Castillero and E.J. Arce, describe:

At that time, General John J. Pershing, Commanding General of the North American forces fighting in Europe in 1918, made a visit to the isthmus. The Panamanian people, embittered against the United States on account of imperialist abuses and excited by the threat that the island of Taboga would be taken, received the illustrious visitor with eloquent signs of hostility. His presence in the capital was the motive for a large popular demonstration which also directed its antipathy at the government of Panama. It was pacified only when President Lefevre declared to the crowd that he would not cede even an inch of the soil of the patria. (9)

But the United States government continued to pressure little Panama and a year later coerced it, with threat of force, to yield the region of Coto to Costa Rica, as recommended by an arbitrator, Edward Douglas White, of the United States Supreme Court.

Here for the second time the Panamanian people reacted nationally against imperialism with mass demonstrations that culminated in an armed attack on the presidential palace. The government was blamed for lack of action in confronting imperialism, which threatened with guns from the battleship Pennsylvania and the cruiser Sacramento sent into Panamanian territorial waters. On this occasion, the Panamanian Minister of Foreign Relations pronounced a sentence of history against imperialism in words of struggle and faith in victory:

In view of the unrelenting attitude assumed by the Department of State of the United States, Panama is forced to submit to its hard destiny: but in its weakness it finds sufficient energy to raise a clamor against the injustice and violence to which it is subject and to declare that, so long as Panamanian hearts beat in the world, it will keep fresh the profound wound inflicted in its dignity and pride and will look to the future in hope for that redeeming justice which today is denied, but which must come some day in the inexorable design of God. (10)

In October 1925, the Panamanian government committed a grave error in invoking Article 136 to restrain the struggle of a tenants' movement, in which workers of Colon and Panama played leading roles, against abusive
landlord-tenant laws. The United States army "reestablished order" and the Panamanian government, turning a deaf ear to the popular clamor, blamed foreign agitators in this first popular battle over modern social grievances. According to Demetrio Porras, United States troops killed more than 25 poor tenants and wounded many more for the crime of asking for a reduction in rents. (11)

It is necessary to mention the institutionalization and internalization by Panamanian politicians of their subordination to the United States. According to R.J. Alfaro:

*The elections of 1908, 1912 and 1913 were carried out under the supervision of the United States. The defeated party always complained that the intervention had been biased in favor of the winning party. In 1918, after an intervention in the elections, it was necessary to establish a kind of arbitral tribunal composed of American functionaries in order to review and determine the results of the voting. And the worst thing was not the intervention itself. A deplorable effect was the conviction in the minds of men and parties that the essential factor in political success was the support of United States authorities. Thus arose the tendency of aspirants to a political career to curry favor with the United States legation. And even more deplorable was the rooted belief that the intervention always took place in favor of the opposition and against the government, with the result that political excitement reached on occasion the extreme of seeking from the government of the United States what in calmer moments could only be considered shameful.* (12)

However, in 1926, the Panamanian people returned to the offensive, demanding a revision of the Hay-Bunau-Varilla Treaty and rejecting the treaty of Kellogg, White, Alfaro, and Morales. Sentiment for national independence ripened in a resolution of the National Assembly which, besides rejecting the latter treaty, called for "solutions that satisfy the aspirations of the nation". This nationalist spirit produced the civic movement known as "Communal Action". It engaged in armed struggle in seeking the overthrow of Florencio Harmodio Arosemena, but it never achieved the status of a consistent revolutionary movement. Though the political character of the struggle was recognized, contemporary ideologies and vigorous leadership were lacking. The socialist movement did not take hold in the masses. The anachronistic bipartisan system of Colombia continued to be the only model followed.

Nevertheless, in 1936, the Panamanian people saw a part of their libertarian aspirations fulfilled in a resounding political success. There was a happy conjuncture in the progressive presidency of Franklin Delano Roosevelt, who accepted the claims of the Panamanian president, Dr. Harmodio Arias, an internationalist specialized in the juridical problems of the canal.
The Panamanian negotiators obtained basic changes, two of which were of great political importance: (1) Elimination of the clause that authorized the United States to intervene in Panama's internal conflicts, and (2) Elimination of the article that authorized the recruiting of Panamanians into the armed forces of the United States in time of war. The formal political sovereignty achieved by Panama opened the road to the creation of a proper state.

However, in those years a new front of battle for social rights of Panamanians touched North American interests. A banana strike on the Atlantic shook the Chiriqui Land Company, a subsidiary of United Fruit. The Panamanian working class began to express repudiation of North American capital and its procedures.

The canal was not simply a brilliant work of world engineering at the beginning of the 20th century. It was the instrument of economic, political and military expansion of a world power, the United States of America, which was making an opening into Latin America, a region of unlimited mining and agriculture resources.

The harmony between the U.S. and Panama achieved by the treaty of 1936 proved transitory. It remained to give significance to a principle there formally acknowledged: recognition of the Canal Zone as Panamanian territory rented to the United States.

The Panamanian people, awakening impetuous under the stimulus of the progressive winds that followed World War II had to confront the consequences of military cooperation with the anti-fascist powers. By means of national mass struggle they forced the removal of North American armed forces from more than sixty military bases that had been conceded to the U.S. outside the Canal Zone. No maneuver or artifice served the Yankees, who wished to stay on after the end of the war. They had to withdraw in 1947.

This tireless struggle for sovereignty tempered Panamanian national character, formed by an eternal vigilance against imperialism. Essayists, novelists of talent and politicians combined to analyze, describe and pass judgment on grievances: the illegality of subjecting Panamanians to Zonian jurisdiction; the repugnant discrimination of the gold roll and the silver roll; minority participation in the earnings of the canal company; and, above all, the absence of the Panamanian national flag from the Zone.

The tone and purposes of the struggle were changing. The Panamanian nation managed to develop a modern economy, independent of the canal; educated its youth in the University of Panama and in the best universities of the world; made itself a democratic sounding board for the underdeveloped peoples; watched other oppressed and backward peoples raise themselves and overcome their material and
political subjection.

Great battles took shape as a consequence of this awakening.

VI. From Protest to Martyrdom.

Canal problems were always the barometer of Panamanian international policy.

Some unscrupulous Panamanian politicians exploited just popular sentiments by raising secondary demands. This was the case with the Remon-Eisenhower treaty of 1955. There it was agreed to put an end to the gold roll and the silver roll, and Panamanians lost the right to buy in the commissaries. The annual payment for the canal was raised to approximately two million dollars — a ridiculous figure in comparison with the earnings of the canal company — and concessions were made that permitted the Panamanian commercial bourgeoisie to gain a strong foothold in the Canal Zone. Supplies for the Canal Zone could henceforth be purchased only in the U.S.A. and in Panama. Furthermore, the exclusion of Panamanians from the commissaries increased the sales of Panamanian business by 12 million dollars. But this sedation did not last long, since the fundamental questions had not been dealt with.

The crisis of the Suez Canal and its nationalization by the Egyptians gave new impetus to the isthmians. The Panamanian government demanded the right to participate in the London conference on Suez, without success, and it blamed the United States for this rebuff. The rising agitation was aggravated by an ill-advised declaration from the former lawyer for the United Fruit Company, John Foster Dulles, who asserted that the legal status of the Panama Canal was different from that of the Suez Canal, alluding to a supposed North American sovereignty over the Canal Zone. The Panamanian government replied, asserting the U.S. had only limited rights in the Zone.

Furthermore, the agreement reached in 1955 that Panamanians and North Americans were to receive equal pay for equal work was not put into effect. The outgoing President of Panama, in October 1956, denounced the failure of the United States to carry out its promises.

During the Suez controversy Panamanians demanded equal participation in the earnings of the canal as well as internationalization, as the United States had proposed in 1945 at Potsdam. And, most important, a part of Panamanian youth prepared to enlist on the side of the Egyptians. The United States responded with an increase in salaries for Panamanian workers in the Canal Zone.

Three years later, on November 3, 1959, Panamanian students tried to raise the Panamanian flag in the Canal Zone. They were repelled by United States troops, with injuries to approximately 80 students.

Twenty-five days later students returned to the attack with the same objective. They were checked by the Panamanian National Guard. But the
Department of State then sent Under Secretary Livingston T. Merchant to negotiate with the Panamanian government with instructions to recognize nominal Panamanian sovereignty over the Canal Zone. Panama officially demanded that the Panamanian flag be flown at Zone institutions and that the "perpetuity" of the lease of the Canal Zone be ended.

A new victory for the Panamanians was an agreement allowing their national flag to be flown within the Canal Zone, in Shaler Triangle. This measure, thanks to popular pressure, was extended to displaying the national flag beside the United States flag at all civilian institutions.

Along with these successes, menaces appeared. For example, slogans blackmail and pressure from the United States called for building a canal through Nicaragua, Colombia or Mexico. But times have changed. Because the Panamanian has learned to work and struggle with modern technical, economic and political means, he no longer feels a dependence on the canal for work. His ethical code no longer includes submission to the canal. These attitudes and sentiments are still not fully rationalized, but when put to the proof the nation responds as one.

Whoever fails to understand the history of Panama's struggles in their dialectical connection, with victories and defeats, will see in the events of January 1964 merely sentimental expression of exaggerated patriotism.

All this social and political struggle has provoked the emergence of a national culture and an esprit de corps not understood by certain foreigners. For example, William Krehm in his widely read book, Democracy and Tyrannies in the Caribbean, superficially describes Panama in the following manner:

*Without doubt, Panama is one of the most intricate communities in the world. From across the seas have arrived diverse national groups who put down roots in their new land; there are infinite strata, interpretations of culture, value systems. Even the dominant customs of Latin America must undergo some changes in this state of things.*

The events of January 9th and 10th, 1964, at the boundary of the Canal Zone, were precipitated by the failure to carry out an agreement to display the Panamanian flag beside the United States flag at public buildings. A group of North American students at Balboa high school raised the flag of their country in front of the school as a gesture of defiance of the sovereign rights of the Panamanian people. This generated an immediate reaction in the Panamanian students at the National Institute. They undertook to raise the Panamanian flag beside that of the United States.

The Panamanian students peaceably requested the Sub-Director of the U.S. high school to allow them to sing the Panamanian national anthem and raise their national flag. They were received with a chorus of insults, and the flag was snatched away from them. Civilians and police from the
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Zone launched into harassment of the students, who then returned to territory under the jurisdiction of the government of Panama.

As news of these events spread, the Panamanian people, represented by those living in the capital, resolved to enter the Zone and plant Panamanian flags in that part of the national territory.

They were received with gunfire from United States military units and from civilians, and some Panamanians fell wounded in this initial skirmish. During the night of the 9th and the following day, a state of war existed between the United States Army and the people of Panama. Seventeen were killed and 200 wounded. In the city of Colon, also, Panamanians trying to raise the Panamanian flag in territory rented to the United States were harassed by fire from automatic weapons of the U.S. Army.

This dance of blood and death was to have profound consequences, political, economic, military and international.

The continued aggression of United States armed forces left a total of 21 dead and 300 wounded. The situation was further aggravated by the closing of the Bridge of the Americas and the Colon corridor by U.S. armed forces, leaving the capital isolated, cut off from land communication with the rest of the country. Thus developed the crime of genocide against the Panamanian people, expelled from their own territory by means of armed violence and cut off from normal provision of food and agriculture products.

These events led the Panamanian government to accuse the United States of armed aggression against an unarmed civilian population. This was expressed in the following terms by the Panamanian representative in the Security Council of the United Nations:

The armed aggression was not a spontaneous action of irresponsible lower ranks. If this had been the case, it would not have continued to the lengths described nor have caused so many deaths and injuries. If the police and soldiers had acted without orders from their commanding officers, the aggression would have ceased on orders from higher authority after the first outbreak and casualties. But that is not what occurred. Thus appears, Mr. President and members of the Security Council, the responsibility of the government of the United States for the deaths and damage suffered during the tragic events of January 9th and 10th, 1964.

The Panamanian nation arose as one against the aggressor. Workers, peasants, the middle classes and the national bourgeoisie raised their protest. The President of the Republic proceeded to break diplomatic relations with the government of the United States. His action received the support of some countries of Latin America, where mass demonstrations took place. International solidarity with the Panamanian
people included capitalist and socialist countries.

The international wire services were filled with accounts of heroism of the Panamanian people, and a possibility was thus created of a condemnation of the North American aggression in the United Nations. Instead, the representatives of Panama at the UN limited themselves to reporting the events as they had occurred, threatening to pursue the complaint if the Organization of American States did not act favorably to Panama on its request for sanctions. The OAS found itself in a grave crisis. With all member countries except the aggressor and one other supporting Panama it appeared that the structure of American international law would collapse.

President Roberto Chiari refused to renew diplomatic relations with the United States except on condition that a promise was given to revise the Canal Treaty completely.

In the face of this firmness and spirit of sacrifice on the part of a government and people united in an attitude of freedom and dignity, the government of the United States made formal concessions and promised to revise the Canal Treaty.

The sudden cancellation of economic relations between the two countries inflicted damaging consequences on the capitalist Panamanian economy. But this did not lead to unconditional surrender. A consciousness of nationality was definitively consolidated in the people of Panama.

In the Chamber of Commerce and in the 700 civic organizations that met in the National University a spirit of organization and resistance was clearly manifested. The people of the isthmus were passing from the age of emotion to the age of conscious, rational struggle, demonstrating their political maturity as a nation.

The aggression came from racist southerners of the United States, who were brought to the Zone, as they were in the time of Goethals, because they best adjust to the tropical climate.

The Latin American press described these bloody events as an exercise used by General O'Meara to test the efficacy of counter-guerrilla and counter-insurgency forces under his command. Many believed the aggression to be an act of defiance by Yankee ultras against President Johnson. Others expressed the belief that hostility toward Cuba motivated the North Americans. Still others saw a deliberate attempt to stir up Panamanian chauvinism with the purpose of aiding a particular candidate for the presidency.

These speculations were accompanied by the usual political pressure against Panama. The wire services repeated that a new canal would be opened, through Nicaragua, through Colombia, along the channel of the Atrato River, or through the isthmus of Tehuantepec. But this old theme
no longer made any impression on a people whose history had passed a watershed. They had changed in a short period of time from a trusting nation to one with grave and bleeding wounds.

Despite reports sent out by the wire services regarding the lynching of North Americans in streets and plazas, invented maliciously to palliate the Yankee aggression, the clear and consistent purposes of the Panamanians overcame any spirit of vengeance against innocent United States citizens.

The President of the United States decided to communicate with the President of small, weak Panama, which was standing firm without arms for the purpose of establishing a respectful dialogue between the two countries.

The events of January, 1964, form part of a chain of successful struggles for national independence of the Panamanian people. They culminated in greater political clarity about Panamanian self-determination in the community of free nations and in that world without frontiers we call humanity.

The massive and painful struggle of the Panamanian people stirred all mankind. It provoked a gigantic condemnation of the armed aggression and raised the prestige of the sovereign Panamanian nation with all free men. However, the principal question still remained, that is, the nationalization, internationalization or military neutralization of the interoceanic waterway, which in the atomic age places in danger the existence of Panama and neighboring states because it is a military center inciting to reprisal with modern missiles.

One of the lamentable political defects in this episode, with its transcendent importance for world history, was a lack of resolution to ask for firm help from governments friendly to the Panamanian people and belonging to the different spheres of international politics. The non-aligned countries were not mobilized. Because of political prejudices no appeal was made to the France of de Gaulle nor to the socialist countries. Panama remained isolated from the lines of force that determined events in the world arena. Never was it so clear as during the bloody days of January that a well-directed propaganda for the outside world was needed to clarify the political constitution, the cultural structure and the sovereign and moral independence of the heroic Panamanian people. Much of the commentary in the international press was based on false or lamentably one-sided information, proceeding from the outdated premise that the Republic of Panama is a foreign colony.

VII. The Canal Zone and the Panamanian Economy.

One prevailing idea - which lacks any basis in fact - is that Panama is economically dependent on the Canal Zone. This notion, engendered by
newspaper writers, tourists and other types of transients, becomes for various creole and Latin American politicians a geopolitical ideology.

Panama, it is affirmed, should live under the canal yoke in economic and military aspects. Some say that the unavoidable proximity of the Yankee colossus makes essential a modus vivendi with imperialism. Panama should overlook the usurpation of its sovereignty. Others even say it should share political and military responsibility with the United States government in the international sphere. From this view there is a straight theoretical line to the thesis of the dependence of Latin America on the United States due to its proximity and its military and economic impact.

But the theoretical scheme in which Panama is dependent economically on the canal lacks a basis, as we shall see. However, there are other forms of imperialist penetration which oppress national independence, just as in the other capitalist countries of Latin America. We will see this when we describe investments in Panama.

If we examine certain facts, the conclusions are obvious. In 1903 Panama had a population of approximately 200,000 inhabitants and an annual budget of $4,000,000. It received an annual rent of $250,000 for the canal territory. As we noted earlier, very few Panamanians took part in the labors on the canal prior to its opening in 1914. At present Panama has a population five times greater and a budget of more than $260,000,000. It receives less than $2,000,000 for the rental of the Canal Zone. In general, then, rent from the canal at its opening represented one-sixteenth of the national budget and at present less than one one-hundredth.

Another factor indicating lack of dependence on the canal is the number of employees that work in the Canal Zone compared to the number that work in the two cities bordering the Zone, namely Panama City and Colon. Statistics for 1970 show that there were 14,367 Panamanian employees of diverse occupations in the Canal Zone. By 1974 there were 40,000 workers in construction alone in Panama City. (13)

The independence of the Panamanian economic structure from influence of the canal is even more evident when we consider that the purchases of the Zone authorities and residents in 1962 amounted to only four percent of the total production of Panama, which reached $470,000,000 in that year.

The geopolitical fallacy, insofar as it is based on tourist expenditures, is refuted by Panamanian statistics showing that 95% of the tourists in Panama arrive by air and only 5% by ship. Furthermore, commercial establishments in Panama City - which are the ones most frequented by tourists - have raised their prices considerably. Merchants have thus abandoned the illusion of becoming a world emporium of cheap trinkets
for consumption by Latin Americans. They look now rather to the internal market that has emerged throughout the country. This gives them a greater stability, even though it is subject to high government taxes.

The Panama Canal was and is a profitable bargain for the United States government and for investors. The cost of building it was $336,650,000, and calculations are produced to show that a total of $800,000,000 had been expended on the Canal by 1960. However, revenues based on the tonnage of the ships that had utilized the canal up to 1958 reached approximately $2,000,000,000. And this does not include the extensive military utilization nor the incalculable benefits to imperialist interests from shortening the voyage between Hamburg and Valparaiso by 59% and between New York and Shanghai by 40%.

The rising economic development of Panama appeared by 1952 in its 538 industries. By 1960, there were 2,239 manufacturing establishments in the isthmus with an annual product worth approximately $100,000,000. (14)

We have shown that the Canal Zone is not the determining element in the economy of Panama. On the other hand, it is the medium of attraction and radiation for U.S. capital in Panama and Latin America. Thus, by the end of 1954, direct investment of private capital in Panama had reached $433,000,000. Profits from these investments, all outside the canal, were $322,000,000 from 1950 to 1954. Yankee capital in Latin America received bigger profits only from Venezuela. (15)

It is interesting to note the situation of one branch of the banana empire, the Chiriqui Land Company. In 1952, this subsidiary of the United Fruit Company monopolized the production of bananas, cocoa and manila hemp and also took part in livestock production with 12,000 head of cattle. And what was more serious, it infringed on Panamanian sovereignty by controlling a radio station and its own network of railway lines. This company had such enormous profits that it had to pay taxes of $4,400,000 in 1955 and $4,800,000 in 1956. Note that the company paid two times the amount received by Panama in rent for the canal in those years.

In other sectors of the Panamanian economy, penetration by imperialism is also strong. In 1952, five of the nine insurance companies existing in Panama were North American.

The most powerful action of tentacled North American capital took place in mineral resources. The reserves of Yankee imperialism, ironically called "national reserves", are made up of manganese, bauxite, petroleum and copper. Republic Steel Company controls the deposits of manganese in Santiago de Veraguas. Sinclair Oil obtained a concession in 1948 for 20 years of thousands of acres in Bocas del Toro. Here the whole future development of the nation was placed in pawn. Mineral
concessions have been granted and U.S. firms have been authorized to make explorations.

There is no better indicator of dependence on North American capital than data on Panamanian exports. A study of the Panamanian economy by the United Nations tabulated the distributions of Panamanian exports during the period 1945 to 1956. More than 90% went to the United States. In imports, also, a high degree of dependence on the U.S. appears. (16)

Even though exports by sectors dominated by Panamanian capital, e.g. sugar, cement, shrimp and lumber, have increased, the former United Fruit Company, now United Brands, is still the largest exporter from Panama.

It is in rubber exploitation that North American capital has most clearly demonstrated its piratical practices. In 1943, 36,300 kilos were exported to the U.S., wiping out the country's rubber reserves without any possibility of restoring them in the near future.

Between the census of 1940 and that of 1950, changes took place reflecting the gradual establishment of a capitalist structure in the isthmus. The number of persons engaged in economic activities increased from 207,718 in 1940 to 241,104 in 1950, despite a reduction of 10,000 during the same period in the number of Panamanians employed in the Canal Zone. (17) In the 1961 census, the first in the Censos Decenales de America, the number of employed persons, the active population, was 336,969. (18) It appears that in the decade of the fifties, the number of workers increased by another 95,865.

It is interesting to note that the percentage of persons working in agriculture, forestry, hunting and fishing declined from 54.6% to 45.4% during the years 1950 to 1961, while the numbers employed in manufacturing industries, construction and commerce continued to rise. It appears that evolution in occupations in the 1970's has placed emphasis on white collar employment and construction.

Panamanian census data, as is true for all Latin America, suffer from serious technical deficiencies, due to the omission of sociological considerations. Occupations are not defined from the point of view of status and social roles. We do not know who are workers, peasants, landowners, managers, capitalists or professionals. This limits the ability to foresee probable tendencies in social and political development. Despite this, we perceive the existence of sizable Panamanian capital invested in large hotels, in the beer and liquor industry, in cement and construction. Much Panamanian capital is invested today in finance (banks), livestock raising and construction of recreation centers. Also, there are more than 50,000 labor union members in the organized worker movement.

These are signs, of course, of growing capitalist development.

Whether we note the policy of the Panamanian national bourgeoisie to
gain administrative and commercial control in the Canal Zone, or the
tendency of professionals to invest, particularly in agriculture, we are
witnessing a strong bourgeois push toward the development of capital.
These factors put a stamp on Panamanian politics, even though the
tendencies, forces, classes and emerging ideologies are not so well
defined functionally and in organizations as in the more mature capitalist
countries of Latin America.

The fundamental political technique in Panama is an appeal to
nationalism, arising from a tradition of struggle of more than a century
for political autonomy and from a defensive reaction to United States
intervention in the Canal Zone. But the transition from nationalism to an
organized and progressive political consciousness was hindered in the
past by three organizations that wished to channel the anti-imperialist
social movement:

1. The Partido Panamenista. Proclaiming anti-North Americanism, it
lacked a consistent program and counted on charisma and gestures. With
its nationalization of the Asiatic small businessmen and the translation of
signs from English to Spanish, it took only one really positive action: the
creation of a Panamanian monetary system.

2. The Socialist Party. It originally focused on peasants’ needs with
great success, but then it formed alliances with traditional parties and
departed.

3. The movement called Frente Patriótica de la Juventud, product of
the post-World War II years. It was composed of an intellectual middle
class and university students, with the aims of installing formal
democracy, changing the status of the Canal Zone and struggling against
administrative instability among Panamanian public functionaries. This
multi-class movement proved incapable of taking a consistent line of
revolutionary nationalist action, and it broke up into small groups that
tried to utilize traditional politicians to achieve their political or personal
ends. In spite of its errors and ultimate loss of public support, this group
had the merit of spreading democratic and progressive ideas. Some of its
members continue to be a moral reserve for the Republic.

For a complete analysis of the Panamanian national consciousness, it
is necessary to mention the University of Panama. In it the defense
of national sovereignty as a foundation for all profound cultural or
professional aspirations has been institutionalized. The existence of a
Panamanian national spirit and culture is centralized in the University,
with great force among the students and some weakness among the
professors. Among the former a significant sector has been influenced by
the revolutionary ideas of nationalism and socialism.

Such are the broad outlines of some of the most significant
interactions between Yankee imperialism and the emergence of self
consciousness of nationality in Panamanians.

VII. Panamanian Independence As Seen By Isthmians and by Foreigners.

The separation of the isthmus from Colombia is always attributed to the canal.

No one abroad discusses or comments on the independence gained from Spain November 28, 1821, and the ensuing voluntary union with Colombia on the basis of the dream of the Liberator, Simon Bolivar.

Independence from Colombia on November 3, 1903, is viewed differently by Colombians and by Panamanians. Foreign news writers, commentators and historians take the easy way, the simplistic solution of treating as true the accounts of reactionary or Colombian nationalist historians.

The Panamanian secession was part of a long historical process. Just as the French at one time pursued their commercial and political interests by helping the North American independence movement, and as the British did the same in helping Latin Americans against Spain, the United States in 1903 saw its capitalist interests served by the nationalist aspirations of the Panamanians for independence. These aspirations toward liberty had several times been on the point of crystallizing. Ricardo J. Alfaro, an internationalist liberal, repudiates the “black legend” about the separation of Panama from Colombia in the following words:

*In these circumstances it was logical that the longing for separation should reappear and that the impulses of 1821, 1830, 1840 and 1861 should be reborn. Separation was achieved because it had deep roots in history, geography, economics, and in the interests and sentiments of the people of Panama. It is, therefore, idle or foolish to maintain, as some poorly informed or bad intentioned historians and writers have done, that Panamanian independence in 1903 was a product of the arbitrary will of Theodore Roosevelt. That was not the case, even though Roosevelt himself used careless, inexact and imprudent language, which was then turned against him and against the people of Panama.* (19)

Though we have already set down some arguments justifying Panamanian independence, it will be useful to answer arguments that make the secession of the isthmus a feat of Teddy Roosevelt and imperialism in seizing territory from Colombia, thereby overlooking basic historical facts. Typical of this approach is the following:

*The Colombian government was not sufficiently cooperative. Thereupon, the North American imperialists began secretly to arrange the separation of Panama from Colombia.* (20)

It is not clear what the authors meant by “cooperative”, because the truth is that the Colombians signed the defeatist treaty of 1846 with the United States, as mentioned above. They also transferred 150,000
hectares (371,000 acres) of land to the North American promoters of the Panama-Colon railway. Furthermore, the United States and Colombian governments had signed a treaty in 1869 providing for the construction of a canal through Panama and Darien. This bore the signature of the U.S. Minister, Peter J. Sullivan. Another such treaty was signed in 1870 by the U.S. Minister, Stephen A. Hurlbut. These same rights had earlier been ceded to England by a law of July 1, 1852. This is sufficient to demonstrate the subjective character of the opinions of the historians mentioned.

There is no better testimony regarding the attitude of the isthmians than the words of the Colombian, Santander A. Gulofre:

*When the isthmus in 1821 sealed its independence and incorporated itself spontaneously into Colombia, undoubtedly it was with the belief that we would not annul its rights and liberty as a people and that we would always respect the integrity of its own government.* (21)

Analysis of the act of secession is distorted by asking whether the Panamanian people participated consciously in the gaining of independence and whether blood must be shed in order for the change to have validity. Such questions are nothing but a habit left over from the historicism of the early republics in Latin America, with their pretension to identify our political processes with those of the revolution of Riego or the French Revolution. What is called a people is, at times, an incipient sentiment of nationality, based more in the national culture, that is, in folklore, in a common language, certain customs, specific traditions and even in their own architecture or literature, than in political, economic and military cohesion as the word usually suggests. The Panamanian people was a group of patriots conscious of the real situation of the majority, rather than a combination of classes or one social class with the clairvoyance and organization of struggle which should precede any such undertaking.

In the chronicles of the times we find ingredients that fomented patriotic outbursts: the whips of permanent military occupation, pillage, neglect of the economy, unhealthful conditions and the imposition of taxes by authorities outside the department of Panama. The fact that the isthmians had engaged in armed defense of their native land should not be underestimated. By 1861 certain ideas had been surpassed: the idea of having the independence of a state in a federal system, of carrying out a peaceful revolution, of achieving recognition of the rights of the neglected department of Panama, or finally, of a taking of power by Panamanians in Bogota and obtaining a solution to their problems "from above". Such could have been the case with the Panamanian General, Tomas Herrera, and the eminent isthmic author, Justo Arosemena, participating in the forefront of a central government.
In this development of relations with Bogota, the armed resistance of Governor Santiago de la Guardia Arrue appeared. He died in an action at Mata-Palo, trying to enforce performance of the Guardia-Murillo Convention, which restored a portion of Panamanian sovereignty, though now in the light of documents it appears that that patriot really sought total separation from Colombia. This and other actions form a single historical chain leading to the execution of the liberal guerrilla fighter, Victoriano Lorenzo of the indigenous peoples, six months before independence, May 15, 1903. Because of this action the Panamanian liberals decided to join the secessionist conspiracy.

Surely a country that has suffered cruel civil wars, that has known rebellions of blacks and indigenous people for liberty, does not deserve the pessimism of the eminent Panamanian public figure, Dr. Eusebio A. Morales, who wrote concerning his compatriots:

The sentiment of nationality is lacking or is weak among us because that sentiment is born and develops only in the heat of shared griefs and misfortunes, of long and bloody struggle, of the sacrifice of precious lives and of the martyrdom of some who are predestined to be the creators of nationality because they have revealed, condensed and incarnated in their works and their lives and even in their martyrdom the incoherent thoughts and the intuitive aspirations of a whole people. But Panama, a country born to independence without struggle and without blood, without acts of heroism and without the sacrifice of a single martyr, found itself suddenly in possession of a treasure which it had not conquered with its own effort. (22)

The struggles of a people through its crises of growth and its political and social contradictions under the rule of imperialism are not to be underestimated. They are a history written in blood. From them came the maturity and the more solid political organization now visible.

IX. The Revolutionary Nationalist Movement and the Crystallization of the Panamanian State.

The process we have been describing leads to the present situation in which the Panamanian people are reaching the maturity of a modern state with free self-determination.

Until 1968 the Panamanian people drifted, looking for a political course that would serve its spirit of independence and desire for a popular government.

The Panamanian oligarchy, sensing the nationalist wave to be on the rise, decided in that year on a "Big Gamble", proclaiming its support for Dr. Arnulfo Arias in order to avail itself of the popular support he enjoyed. The hope was thus to placate the public, hungry for changes, and to negotiate a new Canal Treaty, favorable to the U.S., in the guise of
support for that frustrated authoritarian leader, who never had the ability nor the talent to exercise the authority he symbolized.

In this situation, the history of struggle of the Panamanian people opened a most interesting road to a new stage. The portals guarded by reverential fear of the oligarchy and the leader were destroyed by a group of young officers of the National Guard, coming from the lower middle class.

History is not composed of accidents, but of objective reality. Some supposed this was just another barracks uprising, subject to negotiation. Representatives of bureaucratic and parasitical capital began to move their pieces, only to discover that the rules of the game had changed.

A rising populist wave of revolutionary nationalism beat at the doors of the state in a Panamanian manner. New actions began to overcome a chain of contradictions, culminating in the "revolution of the small peasants". This movement consists in the upsurge of a cellular Panamanian democracy, formed in the popular base of the "corregimientos" (precincts or districts), asserted by the peasants of the countryside and the workers of the cities, with patriotic support from the commercial middle sector, from the professions, from a creative industrial sector and from the armed people in the National Guard.

These are objective realities rather than the wishes or caprice of an analyst. What has taken place at the bottom of this process?

First of all it should be noted that a new state, not a parasite on the canal, has emerged with characteristics far from traditional.

The paternalistic government, the weak arm of parasitic capital feeding on surplus value from land and unpaid taxes and sustaining a bureaucracy with the political characteristics of bossism, having failed to express adequately the Panamanian nation with its territory, its language, customs, traditions, folklore, etc., fell before the new objective demands of a more mature society which produces its own political style.

As the day follows the night spontaneous labor relations were brought under a Labor Code. Anarchy in taxation, which had not conformed even to the old assessment rolls, was replaced by a new control over taxpayers. Anarchy in rents, which the tenants' strike against exploiting landlords had symbolized, was rationalized by a new Housing Law. In Panama, housing construction has now reached the level of a heavy industry.

Relations between Panama and the United States have changed. The Panamanian state, under the leadership of General Omar Torrijos, does not beg for concessions, but demands rights. It does not limit its action to a bilateral relationship of quiet diplomacy but rather makes the canal problem the centerpiece of international democratic conscience.

The Security Council of the United Nations, meeting in the vicinity of the canal enclave in 1973, conferred the moral and political victory of
recognition of the sovereignty of the Panamanian State.

The colonialist operetta is coming to an end: the Third World, the socialist world and capitalist nations support a people that is passing from a narrow localism to internationalism.

But the new state is not only the ideological corrective of the canal grievance. On the contrary, it is the expression of a national entity with a life of its own. The Bayano hydroelectric plant, the emergence of Panama as an international finance center, the decolonization of drinking water with the construction of the capital city’s own plant and many other major works describe a vigorous state.

This state follows a social policy of aid to the peasants in the settlements, of school construction, sports facility construction and electrification, both urban and rural.

The creation of scholarships for study has reached a significant level, related to the needed development of productive forces.

The Canal Zone is being converted in fact from the central city to a satellite of Panama City with its vigorous urban development.

This many-sided national state obliged the U.S. Secretary of State, for the first time in history, to declare, in the vicinity of the colonial enclave, his commitment to recognize Panama’s sovereign rights over the Canal Zone.

Postscript (October, 1977)

For Panamanians, the Treaty of 1903 represented a national trauma, a focus of conflicts and, above all, the expression of a permanent sense of impotence before the powerful. It also generated an existential resentment that led to the birth of varied forms of nationalism in our people.

However, resistance to the forms of domination imposed by the Treaty depended not only on the patriotic inspiration of our governments and the libertarian impetus of our people. It was also conditioned in part by the framework of advance or decadence of democratic forces in Latin America and the world and by the internal evolution of politics in the United States.

Without understanding these political interactions it would be impossible to comprehend completely and with perspective - past, present and future - the victory embodied in the present Torrijos-Carter Treaty.

The "battle of 1936" was a victory for Panamanians because the dangers and difficulties involved in the struggle against fascism forced the endangered Western powers to extend the compass of democracy to take in future allies; and because in the United States Roosevelt with the New Deal was making large openings toward social rights for North Americans with the consequence that the drama of other peoples in the
world, particularly of Latin Americans, was better understood. Lawrence Duggan and Alger Hiss were later accused by McCarthyites of having conceded even more to the Panamanians than asked for by Panama's representatives.

At the start of World War II and during its development there was a truce between Panamanians and North Americans. This ended in 1946 with demonstrations by students and popular masses demanding more profound reforms, under the impact of democratic and libertarian fervor which the defeat of nazi-fascism had unleashed. Though these combats evoked echoes in the entire world in the form of messages of solidarity, they did not lead to advances along the road of liberation.

After the illusions accompanying the creation of the United Nations as a promoter of international justice, the Cold War came with its division of the world into two hostile blocs and the adhesion of Panama to the international policy of the United States.

In the decade of the fifties, despite such negative factors as the antidemocratic reaction reigning in Latin America, the militarist belligerency of NATO in Europe and conservative military pacts committing the United States to a role as supposed guardian of democracy in the world, the Panamanian people raised their voice in protest. This led to the Treaty of 1955 which, besides raising the annual canal rent payment, aimed at ending discrimination in salaries against Panamanians in the Zone, opening commercial possibilities to private enterprise and other reforms.

However, many provisions of the new treaty were not put into effect, especially the promised end to labor discrimination. This led in 1958 to the placing of dozens of Panamanian flags in the territory of the Zone by Panamanian university students. One year later it was deputies (elected members of the parliament) and professors as well as students who entered and placed flags in various places, including Miraflores locks on the canal.

The international solidarity our country received at that time was weak. But history was moving forward with the peoples on Indonesia and India consolidating their national independence, China building a new social order and eastern Europe advancing toward socialism. Egypt entered upon the world stage recovering the Suez Canal.

In that decade the blocs in the cold war conflict were approaching a balance of terror with their arsenals of atomic and hydrogen weapons, and the Russian policy of thaw and emphasis on peaceful coexistence was beginning.

In that period, the countries of Asia and Africa organized the Bandung Conference and placed in the foreground the five points of peaceful coexistence. From this emerged the international strategy of the countries
struggling for national liberation: just prices for raw materials.

In the meantime the Cuban revolution broke into the scene, with its renewing influence on Latin American peoples. The bloc known as the Third World formed, including countries as Asia, Africa, Latin America and even Europe with the participation of Yugoslavia.

This bloc continues to acquire growing political force in international organizations reinforcing movements of social and national liberation.

In this climate of change among peoples of the world consolidating and developing new democratic and populist forms of government, while North American power declined in the world balance of forces, the violent conflict of 1964 broke forth. This carried Panamanian youth into a patriotic martyrology and led to the rupture of diplomatic relations with the United States, which found itself subjected to pressure and protest from groups and nations of the world.

In these conditions the Treaty project of 1967 emerged.

That project proposed important reforms: joint administration of the canal, neutrality, application of Panamanian laws and other changes in the legal status of the enclave. But the project did not have strong support, either in the United States or in Panama. International support for its approval was not sought, and it died.

Then the populist government emerged in 1968.

It is necessary to understand above all that those who assumed the government in 1968 had to confront a profound internal political crisis and relations of a new type with the United States.

The populist government, once it had found its political direction, without parties and without parliament, oriented on organs of popular participation such as peasant settlements, unions and community organizations, until by 1972 it had created a completely new government structure.

The more centralized force in the new politics of the Panamanian state made itself felt in the policy of liberation of the enclave. Formerly, the permanent partisan and parliamentary confrontations had slowed and confused the negotiating process. That was one feature of the change. Another was to focus primarily on political aspects of the question rather than on the juridical.

At the same time, correlation of international forces and skill in utilizing it have created a chain of solidarity of the non-aligned countries. Examples are seen in the intense solidarity of the non-aligned countries and of Latin American, Asiatic, African and European governments.

International detente, with the reduction of distrust and fear between the great powers, facilitates the dialogue of small countries with the big.

Furthermore, the United States understands that the maturing of peoples and their rapidly growing solidarity more and more impedes
policies of force and military and political domination.

Experience in Korea and Vietnam and the frustrated blockade of Cuba have produced a loss in international prestige and shown that the route of economic pressure, war or military occupation is no longer viable. On the other hand, recognizing the sovereign rights of a small country like Panama will win a favorable gain of confidence from the peoples of Latin America and the Third World.

The new Torrijos-Carter Treaty, then, is not a mere bilateral, juridical relation, but rather a pledge made by the United States to the peoples of the world.

Therefore, the fulfillment of the principles of decolonialization and neutralization will be controlled, in fact, by the conscience of international justice that operates today through organizations like the United Nations.

As can be seen in a general way, the conditions in which the new treaty was signed are favorable to the political liberation of the people and lend support to the nationalist and populist focus of Panama's present government, which has placed in the hands of the people the democratic decision to approve or reject the Torrijos-Carter Treaty in the plebiscite of October 23, 1977.

(Editor's note: In the plebiscite approximately 97% of the electorate cast ballots. The Treaty received a favorable vote of 2 to 1 and is now considered to have been ratified by Panama.)
NOTES

(1) Alfred Sternbeck, *Filibusters and Buccaneers*
(4) John Foster Fraser, *Panama, l'Oeuvre Gigantique*, (Paris, Pierre Roget et Cie.)
(8) The cut made through the mountains of the isthmus in building the canal.
(9) E.J. Castillo and E.J. Arce, *Historia de Panama*, p. 198
(11) Demetrio Porras, *Veinte Anos de Luchas y Experiencias*, p. 48
(12) R.J. Alfaro, *Panama, Cincuenta Anos de Republica*, p. 129
(13) Incidentally, these statistics contradict the words of John Foster Fraser disparaging the Panamanian attitude toward work.
(14) *Panama en Cifras*, 1961
(15) *Survey of Current Business*, 1955
(19) R.J. Alfaro, *op. cit.*, p. 114
(20) S.N. Rostovsky and others, *Historia de los Paises Coloniales y Dependientes*. (Santiago, Chile, Edicion Nueva America, 1941) vol. 1, 139.
(22) *Op. cit.*, p. 20
ANALYSIS OF THE 1977 TREATIES
BETWEEN THE U.S.A. AND PANAMA

by

The American Association of Jurists, Panama Branch

Editor's note: The American Association of Jurists is composed of lawyers, judges and professors of law from the countries of the Western hemisphere, not excluding Cuba. Its general goal is to develop legislation and jurisprudence that will promote greater economic independence and social progress, particularly in the Latin American countries. It stresses that lawyers have a constructive role to play in broad movements of "national liberation".

Panama was the seat of the headquarters of the Association from 1975 to 1977, and the Panama branch of the Association is well organized and active. It generally supports and is supported by the Panamanian government headed by General Omar Torrijos.

With the signing of the new treaties between Panama and the United States in September, 1977, the Panama branch of the Association, after study and debate, approved the following analysis and conclusions prepared by a committee of its members. The somewhat defensive tone of the report reflects the fact that the Treaties came under strong attack from many members of the Panamanian bar and from some student groups and individual commentators. In general, these attacks were from leftist positions, claiming that Panama had conceded too much to the United States in the negotiations. Examples of such attacks on the Treaties are included in this collection in the essays of Mario Villalobos and Simon Quiros Guardia. The texts of the Treaties appear in the Appendix. This report will introduce the reader to the principal features of the new Treaties and indicate how progressive and anti-imperialist Panamanian lawyers answered the well-publicized criticism of the Treaties as being a "surrender to imperialism". The text of the report follows.

Panama and the United States have negotiated two Treaties:
1. The Panama Canal Treaty (referred to as the Canal Treaty), and
2. The Treaty Concerning the Permanent Neutrality and Operation of the Panama Canal (referred to as the Neutrality Treaty)
The first is supplemented by several agreements, annexes and minutes stating in greater detail and precision the meaning of various clauses in the Treaty and the manner of putting it into effect. The second Treaty is supplemented by annexes and by a protocol to which all countries of the world are invited to adhere. Pursuant to a resolution which Panama and the United States will co-sponsor in the Organization of American States.

These international agreements in their essence provide:
1. The Treaty of 1903, which has served as support for the United States in maintaining a colony in the very heart of the Republic of Panama, is abrogated.
2. Panama grants to the United States until midday on December 31, 1999, the right to regulate the transit of vessels through the Panama Canal and to manage, operate, maintain, improve, protect and defend the canal.

These rights granted to the United States do not create a static situation during the life of the Treaty. On the contrary, it is specifically provided that Panama will have an increasing participation in the administration, protection and defense of the canal, in accordance with the terms of the Treaty.

It is also stated that the United States and the Republic of Panama shall cooperate to assure the uninterrupted and efficient operation of the canal.

3. In carrying out its responsibilities in operating and managing the canal, the United States may use various areas, waters and installations, including the Panama Canal, as described in the Treaty and supplementary agreements. Also, the United States may take the measures necessary to ensure sanitation of such areas. (Canal Treaty, Article III, paragraph 2(a)).
4. The United States may make such improvements and alterations to those installations and areas as it deems appropriate, consistent with the terms of the Treaty. (Article III, paragraph 2(b)).
5. The United States may make and enforce all rules pertaining to the passage of vessels through the canal and other rules with respect to navigation and maritime matters, in accordance with the Treaty and related agreements. (Article III, paragraph 2(c)).
6. The United States shall carry out its responsibilities by means of a United States government agency to be called the Panama Canal Commission, which shall be constituted by and in conformity with the laws of the United States.
7. Panama and the United States commit themselves to protect and defend the Panama Canal and the ships transiting it. For the duration of the Treaty, the United States shall have primary responsibility in the protection and defense of the canal. (Article IV, paragraphs 1 and 2).
8. Rights are conferred on the United States to station, train and move military forces within the Republic of Panama. (Article IV, paragraph 2).

9. Panama and the United States commit themselves to study jointly the feasibility of a sea-level canal in the Republic of Panama. In the event they determine that such a waterway is necessary, they shall negotiate terms, agreeable to both parties, for its construction. (Article XII, paragraph 1).

10. The United States is given the right to add a third lane of locks to the existing canal.

11. Panama shall receive a just and equitable return on the natural resources which it has dedicated to the management, operation, maintenance, protection and defense of the canal, in accordance with the following schedule:

(a) An annual amount to be paid out of canal operating revenues computed at a rate of 30 cents per net ton, or its equivalency, for each vessel transiting the canal for which tolls are charged.

(b) A fixed annuity of $10,000,000 to be paid out of canal operating revenues.

(c) An additional annual amount of up to $10,000,000 to the extent that revenues exceed expenditures of the Panama Canal Commission. In the event canal operating revenues in any year do not produce a surplus sufficient to cover this payment, the unpaid balance shall be paid from operating surpluses in future years. (Article XIII, paragraph 4).

12. Panama declares that the canal shall be permanently neutral in accordance with a regime established in the Treaty. The same regime of neutrality shall apply to any other international waterway that may be built in Panamanian territory. (Neutrality Treaty, Article I).

13. The character and sense of this neutrality is made more specific in the succeeding article of the Treaty. In time of peace and in time of war the canal "shall remain secure and open to peaceful transit by the vessels of all nations on terms of entire equality, so that there will be no discrimination against any nation, or its citizens or subjects, concerning the conditions or charges of transit, or for any other reason, and so that the canal, and therefore the Isthmus of Panama, shall not be the target of reprisals in any armed conflict between other nations of the world."

(Neutrality Treaty, Article II).

14. In both Article II of the Neutrality Treaty and in the preamble to the protocol to that Treaty it is clearly affirmed that neutrality is based on the principle that all nations as well as their citizens shall be treated equally without discrimination concerning the conditions or charges of transit or for any other reason. The canal is to remain open to the vessels
of all nations on terms of entire equality.

15. The United States and Panama agree to maintain the regime of neutrality even after the termination of the Canal Treaty on December 31, 1999.

In the following analysis three features of the Treaties will be examined separately:

1. The abrogation of the Treaty of 1903, which implies:
   (a) That Panama will be the owner and may utilize in its benefit the natural resource of geographic position.
   (b) That the colony organized by the United States in Panamanian territory, known as the Canal Zone, is to be broken up.

2. The Panamanian declaration of the canal's neutrality, set forth with the regime of neutrality in the Neutrality Treaty. This declaration of neutrality will become effective immediately upon ratification of the Neutrality Treaty, which is expected to occur before the year 2000. The issue is related to the presence in Panama of armed forces of the United States.

3. The commitment undertaken by Panama to study, jointly with the United States, the feasibility of a sea-level canal.

**ABROGATION OF THE TREATY OF 1903**

The abrogation of the Treaty of 1903 is not to be considered a recovery of Panamanian rights unless it is an absolute abrogation, requiring that the United States withdraw totally from our territory, leaving Panama free to exploit in its benefit the natural resource of geographic position, always conscious of its responsibility to serve the interest of the peoples of the world in inter-oceanic navigation, universal progress and peace.

The abrogation provided for is not of such a character. North American imperialism still has the power to maintain situations that conform neither to international law nor to the moral conscience that judges relations between peoples of the world. The United States does not withdraw, completely and immediately, from our territory.

Therefore, the proposed Treaties must be judged in the light of relations established between Panama and the United States, according to which the United States receives the right to administer, protect and defend the canal during the remainder of this century.

In this regard two tendencies, two interests confront each other: (1) That of Panama in defending its natural resource of geographic position for exploitation to the advantage and benefit of Panama, and its interest in defending national integrity, sovereignty and the principle of self-determination. (2) That of the United States, obstinate in its efforts to act unilaterally as guardian of international order and to maintain a situation
of exploitation prejudicial to Panama.

The Treaties will be interpreted differently according to these conflicting interests, and as lawyers and jurists we should point out the possibilities of such adverse interpretations. Creating an awareness of these dangers is consistent with Panamanian patriotism. In many cases interpretation can be influenced by other principles to bring it into closer accord with norms of international law.

This is the case, for example, with the possible interpretation of Article IV of the Neutrality Treaty, in which it is stated that the United States, together with Panama, has the right to maintain the regime of neutrality established for the existing canal and any other international waterway that may be built in Panamanian territory.

It is only natural after Panama's past experience with North American imperialism to fear that this clause provides an excuse to the United States to intervene in Panama. Certain U.S. senators have boldly offered such an interpretation, because it accords with their wishes.

This preoccupation should not cause us to forget that any attempt to intervene in another country is contrary to international law. For example, a Peace Treaty signed in Paris on March 4, 1857, seemed to confer on Great Britain the right to intervene in the affairs of Persia. With regard to this an eminent philosopher and statesman declared:

*If the Shah invited any Hugo Grotius to the court in Teheran, he would learn that a stipulation by which an independent state confers upon another the right to intervene in its international relations is null and void according to the Law of Nations.*

It is obvious that Panama would have preferred not to include a clause like that of Article IV of the Neutrality Treaty (confering rights on the United States to maintain the regime of neutrality before and after the year 2000). But it is also certain that the best interpretation of this provision does not support a claim by the United States of a right to intervene in Panama.

The outstanding feature of the Treaties is that Panama, after December 31, 1999, will enjoy for the first time the exercise of its rights over the natural resource of its geographic position. The term may seem long, as certainly it is. But it is beyond doubt that the acquisition of this right is of principal importance in evaluating the Treaties.

It is clearly stated that at midday, Panama time, on December 31, 1999, the Treaty by which Panama grants to the United States the right to manage, operate, protect and defend the Panama Canal comes to an end.

This is specifically stated in Article XIII of the Panama Canal Treaty where the following appears:

*Upon termination of this Treaty, the Republic of Panama shall assume total responsibility for the management, operation and maintenance of*
the Panama Canal, which shall be turned over in operating condition and free of liens and debts, except as the two parties may otherwise agree.

With reference to the United States forces in Panamanian territory, it is also perfectly clear that their presence is authorized only for the period of the duration of the Canal Treaty.

Furthermore, Article V of the Neutrality Treaty states categorically:

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

Thus it is established that at the end of the century the difficult situation created by the presence of the United States in Panama terminates.

By these terms of the Treaty, Panama recovers a natural resource which, as recognized by international law, can be exploited for its own benefit. The period of 23 years may be too long. But it is certain that during the running of the period the same material circumstances, the same reality, the same justice in the Panamanian cause will determine a possibility of proposing that it be shortened.

The other significant aspect of the abrogation of the Treaty of 1903 is that the colony organized by the United States in Panamanian territory, known as the Canal Zone, is broken up.

The existence of this colony does not need further comment, because it is a daily fact pressing on Panamanians as they confront the reality of a political body completely foreign to their own. The Canal Zone represents from the point of view of social organization something completely strange to the Panamanians. Police forces, courts, laws, civil authorities, the entire organization, are alien to us from every point of view.

In the first place, and this is important, the Canal Treaty provides:
The Republic of Panama shall assume plenary jurisdiction over the former Canal Zone upon entry into force of this Treaty and in accordance with its terms. (Article XI, paragraph 1)

Furthermore, the Treaty provides:
The Republic of Panama shall be responsible for providing, in all areas comprising the former Canal Zone, services of a general jurisdictional nature such as customs and immigration, postal services, courts and licensing, in accordance with this Treaty and related agreements. (Article III, paragraph 6)

This article refers to the functioning of the Panama Canal Commission, a United States government agency which will be charged by the United States with exercising the rights conferred upon it to manage, operate and maintain the Panama Canal. The presence of this Commission, which is the presence of the United States, clearly does not mean as a matter of principle that Panamanian jurisdiction is excluded.
Paragraph 6 quoted above establishes that it will be Panama's responsibility to provide services of a general jurisdictional nature in all areas comprising the former Canal Zone.

Article IX of the Canal Treaty further provides:

*In accordance with the provisions of this Treaty and related agreements, the law of the Republic of Panama shall apply in the areas made available for the use of the United States of America pursuant to this Treaty.* (Article IX, paragraph 1)

These provisions, together with the circumstances that the North American presence in the isthmus ends at midday on December 31, 1999, and that the rights Panama confers on the United States have as their specific purpose the management, operation and maintenance of the Panama Canal, constitute the situation of principle, namely that Panama exercises jurisdiction and has effective sovereignty over the Panamanian territory of the former Canal Zone.

Nevertheless, it should be clearly understood that the exercise of jurisdiction is limited in many important respects during the 23 years of the Treaty period.

In reality, the mere presence of the United States in our territory, in the form of the Panama Canal Commission and U.S. armed forces, creates a situation which makes it impossible for Panama to exercise unlimited jurisdiction. Note, for example, Article VIII of the Canal Treaty, which provides:

*The installations owned or used by the agencies or instrumentalities of the United States of America operating in the Republic of Panama pursuant to this Treaty and related agreements, and their official archives and documents, shall be inviolable. The two parties shall agree on procedures to be followed in the conduct of any criminal investigation at such locations by the Republic of Panama.*

This provision limits the applicability of Article 320 of Panamanian Law 61 of 1946, which established the powers of Panamanian authorities in conducting criminal investigations.

Furthermore, Article X of the Canal Treaty provides:

*In exercising its rights and fulfilling its responsibilities as employer, the United States of America shall establish employment and labor regulations .*

This provision also undoubtedly implies a limitation on the jurisdictional powers of the Republic of Panama.

The Canal Treaty in Article IX, paragraph (8) provides:

*The Republic of Panama shall not issue, adopt or enforce any law, decree, regulation or international agreement or take any other action which purports to regulate or would otherwise interfere with the exercise on the part of the United States of America of any right granted under*
this Treaty or related agreements.

This, too, is a limitation on Panamanian jurisdiction, inherent in the fact of the presence of the United States in our territory and the fact that Panama concedes to it the right to administer the Canal. Precisely for this reason the presence of the United States in Panamanian national territory should be considered an abnormal and non-permanent situation. According to the Treaty, this presence terminates at the end of the century.

Certain provisions in the Treaties and related agreements lack justification. The following may be mentioned:

(a) Where provision is made for treating conduct as criminal in accordance with United States law rather than Panamanian law. (Article XIX, paragraph 3, of the Agreement of Execution of Article III of the Canal Treaty).

(b) Insofar as United States authorities are to have custody of U.S. citizens, employees of the canal and their dependents, who are arrested on charges other than homicide, rape, robbery, traffic in narcotic drugs or crimes against the security of the Panamanian State. (Article XIX, paragraph 4(b)(i), of the Agreement of Execution of Article III of the Canal Treaty).

(c) Where it is stated that Panamanian authorities will give favorable consideration to a request from United States authorities for custody of United States citizen-employees arrested on charges of homicide, rape, etc. (Article XIX, paragraph 4(b)(ii) of the Agreement of Execution of Article III of the Canal Treaty).

(d) The provisions of Article IX, paragraph 11, of the Canal Treaty, which states:

The parties shall conclude an agreement whereby nationals of either State, who are sentenced by the courts of the other State, and who are not domiciled therein, may elect to serve their sentences in their State of nationality.

This provision is contrary to principles of penal law.

(e) The phrase "right of way" as used in paragraph 8 of the Agreed Minute to the Agreement in Implementation of Article III of the Panama Canal Treaty is inappropriate. There it is stated that Panama may construct a coastal highway through a "right-of-way" to be agreed upon by the parties. This phrase implies that the United States has a power to grant rights of way to Panama. It would be more appropriate to say that Panama reserves to itself the right to build certain highways.

(f) The provisions to the effect that vessels and aircraft of the Canal Commission may move freely through Panamanian waters and airspace without impediment and free of charge. (Paragraph 1(a) of Article XIV of
the Agreement in Implementation of Article III of the Canal Treaty.) This seems too broad, since it extends to all Panamanian territory whereas the duties of the Canal Commission are confined to the functioning, maintenance and operation of the canal. The right of free transit anywhere in Panamanian territory seems unnecessary.

(g) Similarly, the right of free transit in Panamanian waters and airspace, without limitation, granted to the armed forces of the United States (Article XV of the Agreement in Implementation of Article IV of the Canal Treaty).

(h) The existence of United States institutions for providing military training to Latin American personnel.

(i) The repeated use of the expression "authorities of the United States" in Article XIX (Penal Jurisdiction) of the Agreement in Implementation of Article III of the Canal Treaty. Apart from the armed forces of the United States, the only presence of that country pursuant to these Treaties is through the Panama Canal Commission. Reference to authorities other than the Canal Commission is not justified. Note that in that same Agreement in Implementation of Article III, the expression "competent authorities of the Commission" appears.

Although the foregoing paragraphs indicate a number of situations under the Treaty in which Panamanian jurisdiction is limited, we insist that these are to be considered in context. They are the result of negotiations and compromise with North American imperialism. They will come to an end on December 31, 1999, the date on which the North American presence is to disappear from the Canal Zone.

NEUTRALITY

As a sovereign country, Panama declares that the canal shall be permanently neutral and that this regime of neutrality shall apply to any other international waterway that may be built in Panamanian territory (Article I of Neutrality Treaty).

In principle, this clause expresses a long-existing Panamanian aspiration; and it conforms to international law in the sense that the waterway may be used by all countries of the world in times of peace and war.

In the purely juridical plane, this neutrality is made concrete in Article II, where it is stated that both in time of peace and in time of war the canal shall remain open to peaceful transit by the vessels of all nations "on terms of entire equality, so that there will be no discrimination against any nation, or its citizens or subjects, concerning the conditions or charges of transit."

The obvious purpose of this neutrality is stated: "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."

Neutrality takes on its greatest significance in times of war. Historically, neutrality is connected with belligerent confrontations between nations.

The Neutrality Treaty also states:

_Vessels of war and auxiliary vessels of all nations shall at all times be entitled to transit the Canal, irrespective of their internal operation, means of propulsion, origin, destination or armament, without being subjected, as a condition of transit, to inspection, search or surveillance._ (Article III, paragraph 1(e))

Therefore, no real limitations are established on the peaceful transit of vessels of any country.

These, in the opinion of the Association, are the most important aspects of the Neutrality Treaty.

In addition, the Association calls attention to the following clauses, which are contrary to the Panamanian position:

(1) The provision regarding "expeditious" transit of the canal by vessels of war and auxiliary vessels of the United States (Neutrality Treaty, Article VI). Although the words "transit the canal expeditiously" do not imply preferential transit for the United States, they are apt to be a source of conflict due to lack of precision.

(2) The Protocol to the Neutrality Treaty states narrowly and invidiously that maintenance of neutrality of the Panama Canal is important "to the peace and security of the Western Hemisphere".

(3) Article IV of the Neutrality Treaty provides that the regime of neutrality shall be maintained "notwithstanding the termination of any other treaties". Thus, Panama remains tied to the car of imperialism.

(4) The presence of foreign military forces in Panama until the year 2000 disfigures and weakens the Canal's neutrality.

**THE SEA-LEVEL CANAL AND THIRD LANE OF LOCKS**

Article XII of the Canal Treaty, dealing with a sea-level canal and a third lane of locks, expresses recognition by the contracting parties that a sea-level canal may be important for international navigation in the future. They commit themselves to study jointly the feasibility of a sea-level canal in the Republic of Panama, and, in the event they determine that such a waterway is necessary, "they shall negotiate terms, agreeable to both parties, for its construction."

Based on the wording of this article, we conclude that it is favorable to the Panamanian state and people. It does not commit us to accept a future sea-level canal in Panamanian territory unless the terms negotiated are
agreeable to Panama. In the joint study and any treaty resulting, the will, 
equality and interest of the parties will be expressed.

For Panama, construction of a sea-level canal does not have high 
priority, since we confront urgent developmental tasks of national 
liberation. For the United States, on the other hand, it does have a high 
priority. But that foreign interest in no way obligates Panama to agree 
with the United States on a future sea-level canal in our territory.

The correlation of forces in the international and domestic spheres is 
favorable to implementation of fundamental principles recognized by the 
international community in relations between states. For this reason, it is 
our opinion that it will be the Panamanian people who will decide when 
the moment has arrived for the construction of a sea-level canal, or any 
other canal, on Panamanian territory.

Finally, we point out that by Article XII of the Canal Treaty the 
Republic of Panama grants to the United States the right to add a third 
lane of locks to the present canal. This right may be exercised at any time 
during the duration of the Canal Treaty, provided that the United States 
has delivered to the Republic of Panama copies of the plans of 
construction.

Since no annex or supplementary agreement exists defining other 
rights and obligations or other interpretations, it is evident that the 
construction of a third lane of locks would not extend the life of the Treaty 
beyond December 31, 1999. Any contrary intention would be harmful to 
the interests of Panama. Any selfish and malicious utilization of canal 
modernization as a means to prolong the presence of the United States in 
Panama would be contrary to the letter and spirit of Article XII of the 
Canal Treaty.

CONCLUSIONS

On the basis of the foregoing analysis, the American Association of 
Jurists, Panama Branch, arrives at the following conclusions:

1. The Treaties are the product of the existing correlation of forces, 
international and domestic.

2. Panama has finally rejected the old thesis of revising the Treaty of 
1903 and achieved its abrogation.
SIGNIFICANCE OF THE 1977 TREATIES*  
by Cesar de Leon

The Torrijos-Carter Treaties signed in Washington on September 7, 1977, can be analyzed from several different points of view: for example, the juridical, the political, the military, the economic, the cultural and the specifically historical. I would like to consider the Treaties as a whole and place them in the perspective of the evolution of the Panamanian nation, in an effort to penetrate their essential meaning for Panama and the United States.

At the time these lines are written, the Treaties have not yet been ratified and perhaps they never will be. It appears that the Panamanian people will approve them in the plebiscite of October 23, 1977, but the verdict of the United States Senate is an unknown. These two situations with reference to ratification are not unrelated to the essence of the Treaties. They are sure indications that the fundamental question touches not only the history and level of development of Panama but also the history and present situation of North American imperialism. This means that what is involved is neither accidental nor subsidiary, but rather something of transcendent importance for both political entities. The fact that at this moment the Treaties have not been ratified leads us to characterize them as an expression of intentions and not as binding juridical instruments, since they will acquire this latter character only when they have been ratified and ratifications exchanged. To state it more clearly, what exists in reality until now is a written formula that the two governments believe appropriate for resolving the problem of the existence of the Canal Zone as a colonial enclave and the question of Panama's use of its principal natural resource, its geographic and hydrographic conditions facilitating passage between the two oceans. The Treaties do not pretend to do more, nor do they deal with other aspects of the intricate web of relationships that exist between North American imperialism and Panama.

* This and the following three essays first appeared in the October, 1977, issue of Dialogo Social, published in Panama City. Reproduced with permission.
The foregoing presupposes that actions to achieve ratification of the Treaties remain to be taken. And after ratification, a vigilant attitude will be required to assure strict performance. This implies confrontation, the nature and modes of which we cannot foretell. With that observation, I wish to reject at the outset one thesis that has been insinuated. It says that with the signing of the Treaties, the "causes of conflict" between the two states have come to an end and that from here forward, North American imperialism will not try to continue to dominate and exploit the Panamanian nation. Such a conception is inherently absurd and indicates a lack of understanding of the essence of "imperialism".

It is relatively easy to determine the class origin of such a thesis. It is doubtless promoted by imperialism itself; it is and will be the thesis of the Panamanian oligarchy and of defeatist sectors in the country. Its political purpose is to disarm the Panamanian people, spiritually and materially, in order to prolong the exploitation.

I am also in total disagreement with the thesis that the Treaties do not signify anything good for Panama and that they are more or less equal to the Treaties of 1967 or the Hay-Bunau-Varilla Treaty of 1903. This opinion, held and proclaimed by the ultra-left, arises from the radical error of ahistoricism. It is the pretension to replace concrete reality with mental constructs and shows an inability to distinguish between the historically possible and subjective desires.

SIGNIFICANCE OF THE TORRIJOS-CARTER TREATIES

The different factors that combined in the 18th century to form the Panamanian nation produced a reality in history different in its features from other peoples. The Panamanian people developed from existence in determined conditions, in a geographical space with a determined economic, social and cultural life. This was also happening with other Latin American peoples.

The majority of these peoples, when they succeeded in winning independence from Spain, constituted themselves in formally sovereign states. In the case of Panama this did not happen. In 1821, Panama voluntarily united with Gran Colombia. But the Panamanian nation continued to develop and to acquire more consciousness of its fundamental interests. This was translated during the 19th century into the programs of groups calling for autonomy and independence. Diverse national sectors wanted Panama to constitute itself an independent and sovereign state.

In 1903, when Panama separated from Colombia in fulfillment of a legitimate and enduring aspiration of the Panamanian people, this took place as a function of the interests of North American imperialism, then omnipotent in Central America and the Caribbean. That is why we
emerged into independence from Colombia as a dependent protectorate of the United States, a semi-state with a colonial enclave in the middle of our territory. And what is more, imperialism had the right to perpetual use of the principal natural resource of Panama. The canal in Yankee hands was the expression of this situation. The Hay-Bunau-Varilla Treaty constituted the juridical basis for a complex reality.

With the complicity of the Panamanian oligarchy in 1903, imperialism frustrated the destiny of the Panamanian nation. But this condition as a subordinated and dominated Republic could not be meekly borne by the Panamanian people. Thus began, not long after, the protracted and heroic struggle of the Panamanian people to free themselves from the clutches of imperialism. Through the years, various political groups and parties have taken part, and especially the communists.

The objective development of the nation, the growth of its productive forces, led to a crisis in the oligarchic-imperialist system installed at the beginning of the century. By the decade of the 1960's, this structural crisis was manifested in a violent form. That is what led to the 11th of October of 1968, and that is the explanation of the subsequent evolution of the military government. Thus was born the movement of national liberation, which is led by the Panamanian military and firmly supported by workers, peasants, students and other sectors of the middle classes, including sectors of the national industrial bourgeoisie.

The negotiations with the United States have been carried on by a Panamanian government guided by General Torrijos, that is to say, by a multi-class government within which diverse tendencies contend, whose internal contradictions have not yet been overcome. This government has picked up some of the banners of popular struggle, among them the banner of national liberation. It undertook to put an end to one of the expressions of imperialism, the colonial aspect, which in Panama meant eliminating the Canal Zone by means of a real and effective recovery of the territory of the Zone and dominion over the canal. This is what is set down in the Torrijos-Carter Treaties. The Hay-Bunau-Varilla Treaty and all prior treaties and conventions are abrogated; the "perpetuity" clause is eliminated insofar as it related to the Canal Zone. A date is set for the return of the canal and the Zone. All of which means that at the beginning of the year 2000, Panama should achieve what it could not achieve in 1903; and at a new level, in conditions that could not be imagined when we separated from Colombia.

Considering this cardinal fact, which links into the secular history of our country, what has been achieved is extraordinary, in my opinion.

It is beyond doubt that the Treaties contain concessions to imperialism, especially in the neutrality of the canal. This is what had to be conceded in order to make the other gains. Given the situation in the
world, the epoch of transition from capitalism to socialism and the mortal crisis imperialism is suffering, we have reason to hope that the long road we must travel will lead hereafter to the elimination of those concessions also. The step forward being taken does not mean that the struggle should cease, but that the battle continues with more vigor and energy.

The existence of the socialist camp with the powerful and fraternal Soviet Union at its head, the growing strength of movements of national liberation in various continents, and the rising struggle of the working class form the framework which will permit the Panamanian people, organized in a great Anti-imperialist National Unity, to vanquish North American imperialism.

SIGNIFICANCE OF THE TREATIES FOR THE UNITED STATES

For imperialism it is very hard to have to recognize that it can no longer impose its will and its dictates arbitrarily, as it did at the beginning of the century. It is hard to give up terrain once it has been occupied. For this reason, the Torrijos-Carter Treaties are being furiously discussed in the United States. Many have learned lessons from the bitter experience lived by imperialism in Vietnam, but others no. The debate is between those realistic imperialists, on the one hand, who understand that they cannot continue to maintain the old forms of colonial domination but must employ other methods of exploitation of the peoples and, on the other hand, more obstinate imperialists who refuse to accept that the world has changed, that they can no longer do what they please and that they are up against the wall.

We should understand that the Canal Zone and the canal itself constitute key pieces in the world system of imperialist domination, and that to renounce one or the other is a bitter cup, a fact that forces them to revise their global strategy. With respect to their plans of domination in the Latin American continent, it is evident that the Canal Zone has occupied a post of primary importance. Entire sectors of the United States imagined that they could rest easy in the possession of their colonial enclave in Panama unto perpetuity. Today they are waking up abruptly.

But, even when they give up the Zone and the canal, they will seek and try new and more refined forms of continuing their dominion over Panama and over the rest of Latin America. The fact that they have felt constrained to sign the Treaties does not imply that imperialism has changed its essence.

WE HAVE ADVANCED. BUT THE STRUGGLE CONTINUES

That is the essence of the debate in the United States. Whose point of view will prevail? We do not know. What we do know is that with or without a new treaty, Panama will finally achieve its complete liberation.
Not only with respect to the colonial question, but with respect to all the forms of exploitation that North American imperialism preserves in our country. That will be the final outcome. No matter that imperialism maneuvers to look like the good uncle who recognizes justice in the cause of the weak. Already we are seeing the preparation of a masquerade of that type. But history continues its march and the direction of its movement is known. It is moving toward the disappearance of colonialism, of neo-colonialism and of every form of national exploitation by groups or by classes; which is to say, it is moving toward socialism.

Within this perspective, Panamanian anti-imperialist forces will not be taken in by siren songs and will know how to support the present Panamanian government, so that it will continue to move forward along the road of national liberation; and so that it will transform in a revolutionary manner the old and obsolete structures created by the oligarchic-imperialist system, which have caused the backwardness, the misery, the illiteracy and the underdevelopment of Panama.

September 19, 1977
A TREATY FOR THEM

by Mario R. Villalobos

Forming a judgment on the Carter-Torrijos Treaty is extremely complex because of the international economic and political implications, the internal economic, political and social effects and because of the emotional charge the problem carries.

We ought to understand from the outset that an objective, neutral judgment on the Treaty is impossible. Every judgment on the Treaty carries an emotional history for every Panamanian and, to a lesser degree, for every North American. But beyond the emotional there exists a complex interplay of interests, economic and political, that the Treaty directly affects and sharpens. Our opinion necessarily implies priorities and a value judgment. I will make my own partiality clear, so that my judgment, though not more objective, will at least be more honest and scientific.

I would like to judge the Treaty from the point of view of the historical aspirations of the Panamanian people, who are the principal victims of the colonial enclave in the Canal Zone. I will try to judge the Treaty from the perspective of the interests of the working classes.

ORCHESTRATED SUPPORT FOR THE TREATY

In the first place, we should examine the political orchestration that has taken place around the Treaty.

In the international sphere, the Treaty has been presented as a success in international relations between a great power and a small country. Some progressive countries acclaimed the Treaty as a victory for Panama and a defeat for imperialism. But when the text appeared these expressions of opinion became more cautious. The Western countries consider the Treaty to be an achievement in the difficult relations with the Third World.

In Latin America the Treaty has been presented as a Latin American victory and a model of continental solidarity. Also, the role of Carter has been given prominence as an "honest statesman" who aspires to establish more equitable relations with the countries in the Southern hemisphere.
In the United States the Administration has presented the Treaty as just and reasonable for Panama while preserving the fundamental interests of the United States in the isthmus. The ultra-right represented by Reagan and wide sectors of the Republican Party oppose the Treaty on the ground that it is a surrender of North American territory and sovereignty. Also, they characterize the Torrijos regime as dictatorial and sympathetic to communism. Big North American capital, on the other hand, represented by the Trilateral Commission and the Council of the Americas, both guided by David Rockefeller, warmly supports the Treaty. Sectors of the American left, among them several Christian groups, declare that the Treaty intensifies the imperialist role, even though it mitigates the more shocking forms of colonialism imposed in 1903.

In Panama the political orchestration has broken all limits of objectivity. The government has presented the Treaty as Panama’s great historic victory and Torrijos as leader and hero of the exploit. Official propaganda, using every imaginable technique from manipulation to carnival is trying to sell the Treaty to a public that has received it with apathy. The governmental left (the Party of the People and the leadership of the Panamanian Student Federation) which at first gave its unconditional support to the accord, has moderated its support upon seeing the text. The so-called “ultra-left” is even more convinced that the Treaty does not eliminate the causes of conflict created in 1903 but rather creates new causes of conflict both for the Panamanian people and for the peoples of the entire continent. The transnational bourgeoisie and its local associates who operate the Platform of Transnational Services in Panama (Banking Center, Free Zone of Colon, International Reinsurance Center, Tourism, Big Commerce, etc.) support the Treaty warmly. They are utilizing it to get into the government and to consolidate their positions in expectation of a new economic upsurge. An “ultra-right” fringe, not adapted to the political changes since 1968 and not representative of any class, attacks the Treaty virulently, not because of the contents of the Treaty but because it perpetuates the “dictatorial, communist and anti-human” regime of Torrijos. The reaction of the great mass of nonpoliticiized Panamanians is reflected in such phrases as: “This has nothing to do with me”, or “The whites got together”. The complexity and the orchestration in the situation provoke this intuitive defense in those who lack power to participate in the economic and political spoils.

Interpretations of the Treaty

Two approaches to the problem are possible, one of a static and legal type, the other dynamic and structural.

The first, useful for purposes of description, presupposes a study of the Treaty itself apart from its historic determinants. First one analyzes
the legal advantages for Panama, which imply concessions by the United States; then the aspects advantageous to the United States, implying corresponding concessions by Panama. Nothing is said as to how and why it worked out this way and nothing as to the social forces that conditioned the process of negotiations.

This first type of analysis, the most frequently used by both supporters and opponents, discovers the following “advantages for Panama”: (1) The recognition of its sovereignty over the entire national territory and the recovery of jurisdiction in the Canal Zone, with elimination from the Zone of the government of the United States, i.e. its courts, police, post offices, etc. (2) The return to Panama of approximately 64% of the land in the Zone, including two ports and a railway. (3) Economic advantages, the most important being the utilization of the hitherto empty space of the Canal Zone, which is to become productive for Panama when the Treaty goes into effect. The other economic benefits, approximately $80 million per year to be received by Panama from the date of ratification until the year 2000, are significant but still very limited in the view of economists who have analyzed the economics of the canal and calculated the real benefits to the North American economy.

On the other hand, following this same style of argument, the “advantages for the United States” are said to be: (1) Retention of the bulk of its strategic military potential until the year 2000 and the right thereafter to intervene militarily in Panama with U.S. forces to guarantee the security and neutrality of the canal. (2) The right to construct a sea-level canal in Panama if this “is necessary”. The sea-level canal is related to Carter’s energy plan and the need to transport petroleum from Alaska to the east coast. (3) An advantageous economic arrangement, very limited in the annual amounts payable to Panama, and very beneficial to the United States in that development loans to Panama are tied to the purchase of North American products. This “economic aid” will promote an increased economic penetration of Panama by the United States. It will open up the economy still more and reinforce North American control already existing through the Financial Center, multi-national companies operating in Panama, and massive North American investment.

When looked at closely, the advantages to Panama are more limited than at first appears. Though 64% of the land of the Zone returns to Panama, the United States may ask to use portions of it as necessary in the construction of a third lane of locks or a sea-level canal or even in
operating the present canal.

The annual amount payable under this Treaty appears to be scarcely higher than that offered by the United States and rejected by Panama in 1967. Under that proposal Panama was to receive approximately $35 million yearly until the year 2000 and another $14 million per year in taxes from North American residents of the Zone. The real value in those amounts in 1967 (there have been two devaluations of the dollar since then) is not greatly different from that provided in the new Treaty and, furthermore, Panama has not had the use of an accumulating fund over the past ten years.

The system of ratification favors the United States. The Senate may propose changes in the Treaty which will then need a new approval from Panama. Professor Baxter of Harvard University has stated:

_The Senate may add declarations or understandings to the Treaty ... without consent of the other party._ (1)

The Panamanian government, by setting the plebiscite on such short notice that detailed study of the Treaty is impossible and by allowing only a Yes or No vote, prevented the addition of "understandings" or reservations. The government thus denied itself the opportunity to gain better terms.

Furthermore, as of this date (September 19, 1977) an official version of the Treaty, with annexes, maps, minutes and exchanges of letters, has not been published. Mistakes in the unofficial versions appearing in the press are numerous. In these conditions there cannot be a true and informed participation in the plebiscite with a preparatory period of only 34 days.

Without claiming to be exhaustive in this analysis, I would like to point out that the Canal Commission is to be "a United States government agency... constituted by and in conformity with the laws of the United States of America". (Canal Treaty, Article III, paragraph 3). The United States is to have a majority on the Board of the Commission and the United States government appoints and removes the Panamanian members, as proposed by Panama. This arrangement puts severe limits on Panama's power over operations of the canal. It is not very realistic to suppose that the Consultative Committee, which does have an equal number of members from the two countries but which has only an advisory function, can correct this imbalance.

To conclude this type of analysis, one of the most sophisticated and prejudicial clauses is Article III, paragraph 1 (c) of the Neutrality Treaty. Canal neutrality includes aspects of security and of efficient operation of the existing canal and of "any other international waterway that may be built either partially or wholly in the territory of the Republic of Panama" (Article I). Neutrality in "efficient operation" of the canal includes the
amount of tolls, which are to be "just, reasonable, equitable and consistent with the principles of international law" (Article III, 1 (c)).

The permanent right of the United States to guarantee the neutrality of the canal therefore implies a permanent right to intervene in the setting of tolls. Even after Panama has acquired control of the present canal or a sea-level canal, it would not be able to maximize the benefits from its principal natural resource (its geographic position as utilized by the canal). It would have to continue a system of tolls on a non-profit basis, which is the meaning given by the United States to the terms "just, reasonable and equitable" as applied to canal tolls. Panama would have to operate the canal or canals without realizing normal profits as determined by laws of the market, because the United States could consider such market-determined tolls to be other than "just, reasonable and equitable", and therefore prejudicial to efficient operation of the canal and its neutrality.

From the merely legal point of view the Treaty is hardly a triumph for Panama. The campaign of government propaganda to present it as such lacks a basis in reality. Public apathy will change to disillusionment and frustration when the true effects of the Treaty are perceived.

The Treaty and Latin America

A second phase of analysis, more complex than the first, considers the Treaty as the historical product of social forces and groups. The Treaty is not the product of Torrijos and Carter, but of social forces of which they are mere representatives.

The "Panamanian cause" reached its high point of negotiating strength with the 1973 session of the Security Council.(2) In Latin America since that year we observe an increasing effort to check the advance of the masses by turning to military governments dedicated to fighting insurgency. Principal points of support for the Panamanian cause were lost with the removal of Allende in Chile, Campora in Argentina and Velasco Alvarado in Peru. Today the dictators of Latin America "support" the Treaty inasmuch as they feel more secure with the military presence of the United States in Panama guaranteed until the end of the century. This support is negative for Panama in the sense that it reinforces Panama's retreat from historic aspirations.

Furthermore, the support of the non-aligned states is less solid than in 1973, because the countries of Africa are absorbed in their own conflicts and because Panama did not inform and consult with the non-aligned states in the final months of negotiations.

The summit meeting in Washington for the Treaty signing was less a show of support for Panama by the Latin American dictators than an opportunity seized by them to redefine their relations with Carter and his
Human Rights campaign. Carter used the occasion to promote support for ratification in the United States and to launch "the beginning of a new era in inter-American relations." This includes converting the dictatorships of the southern cone into "viable democracies".

*The Treaty and the United States*

The Panama Canal had become, especially since 1973, a difficult problem for the United States. The canal had been transformed into a Latin American problem and a test of the goodwill of the United States toward Latin America. The countries of the Third World also regarded it as a test of the possibilities of negotiating with the United States. And within the United States the canal became an issue in the presidential campaign. Carter maintained a cautious position on the canal during the campaign. Once in power he needed to solve the canal problem and thereby give a boost to his new offensive in Latin America. This would be some compensation for his foreign policy difficulties with the USSR, the socialist camp, the Middle East and insurgent Africa. The Treaty could become his first great success in the field of foreign affairs.

The negotiating strategy of the United States since 1973 had been to prolong the negotiations until circumstances became more favorable. By 1977 the economic crisis in Panama and the swing to the right in Latin America had weakened Panama’s negotiating position.

Carter then linked the Treaty to a sea-level canal, a very important measure in solving the North American energy problem. By including the sea-level canal in the present Treaty at the last moment and obtaining sufficient guarantees for its construction, Carter was able to overcome much of the Republican opposition in the Senate to the minimal concessions being made as to the old and obsolete canal.

Also, Carter mounted a major Latin American diplomatic summit in Washington for the signing of the Treaty. This gave him the opportunity to launch once again a United Stated policy for the hemisphere. The utilization of the Organization of American States to sponsor the meeting permitted the automatic exclusion of Cuba and also permitted the Latin American dictators to be invited to Washington without compromising the White House. The decrepit OAS was revived as the "maximum inter-American organ".

The basic structural root in North American reality is the new articulation of economic and political power. The Trilateral Commission, founded by David Rockefeller, is comprised of the principal multi-national companies of the United States, Europe and Japan. (3) The Council of the Americas includes the 220 most important multi-national companies of the United States. These two groupings have employed Carter and David Rockefeller in furthering the new articulation of world capitalism. This
new articulation is led by transnational banks representing finance capital. Panama is today important to international capitalism more for its Platform of Transnational Services (Financial Center, Free Zone, etc.) than for its old canal. Treaty negotiations between the United States and Panama over the canal took place within this wide framework of interests. What the leading sectors of financial capital most needed from the negotiations were the following:

(1) To improve relations with Latin America, where international capitalism has an investment worth $20 billion and commercial operations amounting to $36 billion annually.
(2) To stabilize Panama politically, economically and militarily with a new Treaty that would guarantee the functioning of the Platform of Transnational Services.
(3) To solve the U.S. energy problems with a sea-level canal, thus avoiding an increase in dependence on Arab oil and a future dependence on Soviet and Algerian oil and gas.
(4) To present the Treaty as a model for the resolution of disputes between the industrialized countries and the Third World. This "negotiating model" is especially important in Africa, the Middle East and in general for relations between the industrialized countries and producers of raw materials.

Carter, Rockefeller and Brzezinski, the brain in the background, represent this new articulation led by finance capital, which has supplanted more strictly national groups of capitalists represented by Johnson, Nixon, Ford and Kissinger. This realignment among the dominating sectors produced different rhythms and emphasis as the canal negotiations proceeded. The signing of the Treaty took place at a favorable moment for the United States and in a moment of weakness for Panama.

The Treaty and Panama

We have been analyzing the Treaty as a reflection of international forces and of political and economic realignments in the United States. This process has been even more evident in Panama.

For the past two years Panamanian policy has been moving to the right, a result of economic recession, a mounting fiscal crisis and low productivity or failure of public projects, due mainly to poor administration.

This process includes the replacement of progressive figures within the government by representatives of private enterprise. The most obvious case is that of the former minister, Juan Antonio Tack. (4) After having been for many years the champion of Panamanian aspirations, he was not even invited to attend the ceremony in Washington. The Tack-Kissinger accord is seldom mentioned in Panama today, because the
TREATY FOR THEM

Treaty is clearly a retreat for Panama from that agreement. Concessions were made on the sea-level canal, on legalization of the military bases in Panama (illegal until this Treaty) and on the questions of neutrality and the permanent right to defend the canal. The presence of military bases in Panama destroyed the possibility that the canal could be regarded as neutral by potential enemies of the United States. North American military bases next to the canal and a status of "neutrality" guaranteed by the United States are in fact geopolitically contradictory. Furthermore, the North American military presence increases the risk to the canal by converting it from a mere trans-isthmian passage into a military objective. Defense of the canal solely by Panamanian forces, perhaps reinforced by a United Nations contingent, would have created an objective possibility that the canal have recognition by all as a neutral passage in times of peace and war.

These considerations regarding Panama should be considered within the context of a shift to the right.

The most public expression of this shift came in a meeting of private entrepreneurs, the Annual Conference of Business Executives (CADE 77). There the traditional anti-government policy of the Conference changed into one of collaboration, support and entry into the government. This change is a response to the announcement of a Treaty which promises economic benefits and the possibility of overcoming the economic recession. Also, the wider freedom of discussion permitted around the Treaty raises hopes that the traditional parties of the right will be able to run candidates in the election of 1978. (Note the public reappearance of the Liberal and Panamenista Parties along with other parties of the right, for example Christian Democracy, which has been functioning for several years while the government helpfully remained silent.)

These political readjustments have a structural background. The Panamanian bourgeoisie has two nuclei: a transnational bourgeoisie, which dominates and leads, and a "national" bourgeoisie, hardly viable, which operates in the restricted domestic market. The transnational bourgeoisie accepted the loss of direct political power in 1968, though it continued to have representation in the government. Its power in the state is structural, coming from its control of finance and the economy through the Financial Center. It controls internal credit amounting to three times the current budget of the central government. On the other hand, the "national" bourgeoisie generally opposed the Torrijos government until 1976.

The Treaty has served to bring together these two sectors of the bourgeoisie, since it serves the interests of both. The transnational bourgeoisie sees the Treaty as a reinforcement for the Platform of Trans-
national Services, especially since Carter has indicated that the Platform can be defended with United States forces. The national bourgeoisie sees in the recovery of the empty space of the Canal Zone and in the economic aid contemplated by the Treaty the injection needed for its economic reactivation. (The loan of $75 million for housing will provide direct help to the principal fraction of this class). And both sectors have decided to capitalize on the Treaty for relaunching their political parties. This does not mean that either of these bourgeois fractions aims to replace the military government.

It is these interests that explain the support the Treaty has received from the Chamber of Agriculture, Commerce and Industry of Panama, the National Association of Livestock Growers, the Association of Industrialists of Panama, the Panamanian Chamber of Construction, etc.

The left in Panama is weak and divided, incapable of presenting an alternative project in the short term. An important part of the left has supported the government, though not without criticism. The government, while clearly preserving a capitalist mold, has permitted a margin of freedom for political action non-existent in most other countries of Latin America. Another important part of the left gives the government unconditional support. The Federation of Panamanian Students and the Party of the People have recently expressed some caution but still support the government.

The so-called "ultra-left", mainly made up of students, is atomized in small groups of militant combatants. Despite the political and organizational weaknesses of these groups, their slogans reflect the historic aspirations of Panamanian workers more exactly than the others. However, a maximalist tendency of "all or nothing" is implicit in their purist political platforms, which ignore the conditioning factors in the correlation of forces, international and national. Verbally they recognize that a Treaty expressing historic Panamanian aspirations would never be accepted by the United States government and ratified by the Senate in the present correlation of forces in Latin America. But their political actions seem not to take this into account. Behind the demands of the so-called ultra-left is the conviction that the only way to negotiate with the United States is to mobilize and organize the people. According to this view, popular mobilization and not the ability or charisma of negotiators is what has won past victories.

The governmental left rejects mobilization, saying that this would provoke a confrontation with the United States and the Panamanian right wing. Fearing a coup, this sector settles for a "possible" Treaty and participation in the government.

The left as a whole, therefore, has not been able to present a coherent alternative acceptable to the broad masses, who remain confused and
apathetic. In the absence of any real alternative with which they can identify, the masses will vote "yes" in the plebiscite, mistakenly believing that this guarantees bread.

One thing is clear: the Treaty has been imposed on the government by external structural necessities, political and economic, and at the same time it has been accepted for internal reasons and interests of the classes which dominate the government. These are not the interests of the Panamanian people.

The central dilemma of the Panamanian people is not whether to cast a yes or no in the plebiscite over ratification of the Treaty. The real question is whether the Treaty will bring a greater political and economic subjection to the United States and a further shift to the right in the Panamanian election of 1978. In this regard special attention should be given to the "joint defense" of the canal. This will endanger and eventually destroy the political autonomy of the National Guard. The training, equipping and financing ($150 million) of the Panamanian National Guard and its joint operations with North American forces imply ideological, political and strategic control over the armed forces of the weaker country. "Military fraternity", so dear to Colonel Charles Bauer, Director of the School of the Americas, could convert Panama into a "Military Platform" for the policy of counter-insurgency, particularly in Central America and the northern part of South America.

**Conclusion**

Given this complexity and the international and domestic orchestration around the Treaty, deciding what attitude to take is very difficult for any responsible person committed to the interests of the people.

If the struggle for national liberation is to continue after ratification of the Treaty, and in this there is virtually a nation-wide consensus, the power of Panama to negotiate and struggle in the aftermath would be strengthened by a close victory for the "yes", say 60% to 40%. This high percentage of "no" would show the disappointment and opposition to many clauses in the Treaty and assist Panama in the negotiations over interpretation and implementation of a very ambiguous treaty. A vote of 90% "yes", on the other hand, which appears to be the government's ambition, would indicate a benevolent acceptance of the Treaty and would weaken Panama's negotiating position in the post-Treaty phase.

Even if this appears contradictory, in a plebiscite where the "yes" is probably going to win a majority, it would be good for the "no" to receive a substantial vote. This would show that this Treaty has been imposed and that the historic struggle will go on.
Notes

(2) In 1973, the Security Council met in Panama. A resolution supporting the Panamanian position on the canal issue won the support of all representatives in the Security Council except Great Britain (abstained) and the United States (vetoed the proposed resolution).
(4) Juan Antonio Tack was Foreign Minister and leader of the Panamanian negotiating team in the Torrijos government until 1976. He and Secretary of State Kissinger promulgated an agreed Statement of Principles in February, 1975.
THE TORRIJOS-CARTER TREATIES

by Simon Quiros Guardia

In 1903 a foreigner representing Panama negotiated with the President of the United States a treaty that came to be known as the Convention of the Isthmian Canal. Though he negotiated in our name, his loyalty was to his company and to his own country. Under that treaty the President of the French company, Bunau-Varilla, obtained for his company $40 million in gold and for his country a promise from the United States to keep the canal open to all nations.

Panama was passing through a difficult economic period. The exciting promise of an inflow of money, lack of information among the general public as to the content and consequences of the treaty, accusations that anyone who opposed the treaty was a counter-revolutionary and traitor, mass meetings in favor of the treaty - all these factors led the new government to ratify it.

The government of Colombia later acquiesced in the accomplished fact. It was compensated by the United States with $25 million in gold and a right (renewed in the 1977 Treaty) of toll-free transit through the canal for its troops, vessels and materials of war.

On the pretext of guaranteeing our independence and the security of the canal, the United States intervened with troops in the Republic of Panama several times, for a variety of reasons. And on the basis of a right expressed in the treaty to occupy the lands and waters necessary to operation and maintenance of the canal, the United States deprived us of the ports of two cities. Other lands were used in the construction of Madden dam and reservoir. Similar rights were incorporated in the new treaty. Will history be repeated?

The joint declaration of April 3, 1964, expressed the commitment of the two governments to replace the Treaty of 1903 with a "just and equitable" new treaty that would eliminate the causes of conflict. Now, however, the treaty just signed introduces new and alarming causes of conflict, especially in the concepts of "improving" and "defending" the canal. These were not contained in the former treaty. They would legalize the presence of United States bases and make us accomplices in all the military activities of the North Americans in our territory. Furthermore, the United States is granted the use of new lands and waters for the
operation of the present canal plus an option to construct a sea-level canal with a tonnage capacity 35 times that of the present canal. And what is still more alarming, there is incorporated a pact of Neutrality that could become not only an instrument of intervention but of permanent intervention, meaning a continuous North American presence unto perpetuity. This was admitted by our Chief of Government in the presence of world observers, including the Presidents of Latin American republics.

The Treaty states that the Board of the Canal Commission shall be composed of nine members, five citizens of the United States and four Panamanians. However, since the Panamanians are to be appointed and removed by the United States government, they will retain their posts only so long as they seem to be serving the interests of the appointing government.

Protection and Defense

In this Treaty, for the first time the concept of "defense" is employed. Its scope is much wider than the concept of "protection" used in the Treaty of 1903.

Protection is limited in space and time. An installation or defined areas receive protection for a stated period of time. On the other hand, defense is permanent and involves far-flung actions, not only passive but active and even aggressive. For the United States the area of the canal is of strategic importance to the defense of the United States itself. U.S. expenditures on military installations in the Zone amount to $11 billion, whereas investment in the canal amounts to only $700 million.

The presence of military bases in Panama creates a grave risk for the security of the country. In a world war Panama would be a primary target for destruction because of its role in detection, interception, logistics and command. None of these activities is related to the canal itself.

The Panamanian government, by accepting a joint defense role, makes itself an accomplice in North American activities carried on from our territory. These include military subversion in our sister republics, espionage over-flights, and even armed interventions planned and executed from Panama. The government is also violating the Panamanian Constitution when it gives primary responsibility to a foreign country. Article 269 provides that national defense and public security are to be provided by the Panamanian National Guard, and Article 274 only authorizes the Executive Organ to negotiate the protection, not the defense, of the canal.

Treaty provisions regarding equality in numbers of military personnel are misleading, since there is no equality in equipment, armament and technology.

The principle of non-intervention stated in the Canal Treaty (Article V)
puts restrictions on individual citizens of the United States but not on its government.

Areas Recovered

It has been stated in the press and on the radio that 65% of the area in the Canal Zone is to pass to Panama. Actually, only about 10% would pass without restrictions as to use. A large part of the recovered areas is occupied by lakes and swamps. Another large part is reserved for joint maneuvers in which the United States will write the program of use. Another part is to have restricted use as ecology preserves, forests and recreation sites (Barro Colorado, Summit, Fort Amador, Ancon Hill). In this way the North American proposal to place a buffer zone between Panamanians and the canal installations has been adopted.

Even more serious is the right given the United States to make use of additional lands and waters as necessary for the uninterrupted and efficient transit by vessels through the canal. Since Gatun and Madden Lakes are not sufficient to accommodate the increasing ship traffic through the canal, new areas will have to be flooded outside the present Canal Zone.

Third Lane of Locks or Sea-Level Canal

If the United States exercises the option of constructing a sea-level canal or a third lane of locks it is reasonable to suppose these will be administered and operated according to United States legislation. This would mean an extension for many more years of a United States enclave in Panama with its own jurisdictional rights.

If the sea-level canal is to be constructed in the Chorrera zone (Caimito-Palmas Bellas), an area 80 kilometers long and five to eight kilometers wide outside the present Canal Zone will be required during the 15 years of construction work. And thereafter? A new canal, more efficient, will make obsolete the locks-type canal that Panama is to receive in the year 2000. Or, if the sea-level canal is to be constructed along Route 14, lakes will have to be drained, and the channel of the present canal will be dry when Panama receives it.

If the third lane of locks is constructed much more water will be required. To accumulate and maintain an adequate supply for operation of the locks, large additional areas outside the Canal Zone will have to be flooded.

Protection of the Environment

The clauses relating to protection of the environment were introduced into the Treaty in order to keep Panamanians away from Canal installations by means of a buffer zone of forest preserve. The forests cause a fog to hang over the canal during the morning hours by increas-
ing humidity and blocking air circulation. This hampers ship movement. The best way to increase rainfall would be to remove the forest from the upper slopes of the Chagres Valley. The real danger of environmental damage comes from the fact that vessels may transit the canal "irrespective of their . . . means of propulsion . . ." (Neutrality Treaty, Article III, 1(e)), even though ships with nuclear propulsion are considered to pose such a danger that many countries exclude them from their ports. Also, ships anchored while awaiting transit contaminate our bays, and many of them wash down their decks while crossing Lake Gatun. Yet the new Treaty exonerates them from payment of any compensation to Panama for this contamination.

Applicable Law and Jurisdiction

Canal operation will be administered by an agency of the United States government in accordance with the provisions of United States law (Article III, 3). Despite the primary jurisdiction granted to Panama, North American employees and their dependents are to enjoy privileges and immunities that add up to treatment more favorable than that received by Panamanians.

Panamanians! Demand more time to study and discuss the scope and consequences of the Treaty. Call for publication of maps. Inquire about the existence of a "Status of Military Forces" agreement.

A "possible" but unjust treaty, signed before the world and accepted by Panamanians as favorable, is worse than the unjust, imposed Treaty of 1903, which at least is of doubtful validity.
NEW TREATIES: NEW CONFRONTATION

by Hugo Victor

Treaties and a Military Pact

Members of the negotiating mission of Panama in their report on the Panama Canal Treaty and the Treaty Concerning Permanent Neutrality and Operation of the Panama Canal have insistently repeated that they rejected the proposal of the United States negotiators for the conclusion of a military pact between Panama and the United States. On this point, as in the negotiation of the Treaties in general, the flexibility promoted by President Carter elevated compromise into a category, without which there would have been no agreement. This now leads to vain attempts to present what is bad as good and to show that the Torrijos-Carter Treaties strengthen the Panamanian Nation.

It is stated publicly that the proposal of the United States negotiators, Bunker and Linowitz, that Panama and the United States sign a military pact was flatly rejected. Yet the Canal Treaty does contain Article IV, by which Panama and the United States commit themselves to protect and defend the canal and agree that the primary responsibility shall be on the United States for the duration of the Treaty. This not only mutilates Panamanian sovereignty; it also subordinates Panamanian armed forces to United States commands. This is not changed by the fact that a combined Board comprised of an equal number of senior military representatives of each party is to be established "to facilitate the participation and cooperation and defense of the canal."

And is not the Neutrality Treaty, which gives the United States a permanent right to intervene in Panama, a military pact?

The military pact derives not only from the texts of the Torrijos-Carter Treaties of 1977. Earlier treaties and agreements created pacts of military alliance and obligation. These still exist even if they are not specifically mentioned in this treaty. Let us review them.

Multinational Military Pacts

We will begin with the multilateral military pact created under the leadership of the United States. In 1942 the Inter-American Defense Board was established in order to coordinate the strategic plans of the Latin American countries with those of the United States.
When the Cold War and McCarthyism were developing and propaganda played up imaginary aggressions of socialist countries against the countries of America, the Inter-American Treaty of Reciprocal Assistance was signed in September 1947 in Rio de Janeiro for "collective security" and the "common defense".

The Inter-American Defense Board originally had the function of making mere technical recommendations. This limitation disappeared when the Treaty of Reciprocal Assistance created a center of high-level liaison among the armed forces of the different countries of America. This was the Defense Consultative Committee, comprised of the highest military authorities of the American states participating in the Consultative Meetings of Foreign Ministers. General Willis D. Orittenberger, representative of the United States, presided over the Inter-American Defense Board in the 1950's while military plans were being worked on. He was chief of the United States Caribbean Command, the command that later was moved to the Panama Canal Zone as the Southern Command. (1)

The Rio Pact of 1947 provided in Article 3 that an armed attack by any state against an American state shall be considered as an attack against all the American states. Each American state committed itself to assist in resisting such attack. Until the Organ of Consultation of the Organization of American States has taken a decision in the matter, each American state may act as it deems convenient. The United States thus achieved its purpose of creating an inter-American alliance and a military pact, applicable against attacks from within the continent and also against an attack on a state of the continent from outside the continent. By means of the Inter-American Treaty of Reciprocal Assistance all the countries of America were aligned in a military pact in support of the global strategy of the United States, including the confrontations of the Cold War, the policy of containment, of reprisal or bridge-building in the socialist camp and the policy of opposition to social transformations in the American continent.

The Treaty of Reciprocal Assistance placed all the governments and armed forces of America in tension. Note that Article 6 of the Rio Pact provided:

If the inviolability or the integrity of the territory or the sovereignty or political independence of any American State should be affected by an aggression which is not an armed attack or by an extra-continental or intra-continental conflict, or by any other fact or situation that might endanger the peace of America, the Organ of Consultation shall meet immediately in order to agree on the measures which must be taken . . . . . .

Collective security developed along two fronts, the internal (measures of
repression) and the external. The 16th Meeting of Foreign Ministers, held in 1975 in San Jose, Costa Rica, signed a Protocol of Reform of the Inter-American Treaty of Reciprocal Assistance. The obligation to go to the defense of the victims of an attack, whatever the origin of the attack, was maintained. The meeting rejected a proposal by Peru, supported by Panama and Mexico, to limit the "automatic response" to an attack from within the continent. Under this proposal only consultation would have been required in the case of an aggression from outside the continent (a way of referring to wars of the United States). So the military pact continues to exist within the global strategy of the United States.

The Republic of Panama is a party to the military pacts of the Inter-American Treaty of Reciprocal Assistance and has taken numerous measures over the years in compliance. Panama has signed plans elaborated by inter-American military organs as well as the modifications made from time to time by the General Staffs of those organs. It has signed secret documents which in fact place the nation and people of Panama under the control of the military plans of the United States. The existence of some of these documents is known through brief references to them in other official documents and through related commitments undertaken by a succession of governments in Panama.

Panama in the Military Pact of the Reciprocal Assistance Treaty

In compliance with the military agreements reached in Rio de Janierio in 1942, Panama and the United States signed an Agreement of July 7, 1942, whereby an officer of the United States Army, to be designated by the President of the United States, would serve in the Republic of Panama. This was renewed approximately 14 times by exchanges of notes. The last exchange of notes on the subject took place on September 20 and October 8, 1962, and it provided for further renewal. (2)

The Agreement of July 7, 1942, is referred to in the Agreed Minutes relating to the Panama Canal Treaty of 1977 (Section 2y). The Treaty does not abrogate the exchange of notes of July 7, 1942 "relating to the detail of a military officer to serve as advisor." Thus, the Republic of Panama has a military agreement with the United States which places a representative of the United States armed forces in the Panamanian Ministry of Foreign Affairs. Though spokesmen for the government say they oppose military bases and military pacts with the United States, the Canal Treaty of 1977 ratifies this long-standing arrangement.

The Republic of Panama, by means of binding decrees of the Executive power, has signed military plans of alliance with the United States. A 1961 decree provided:

Decree No. 147 of March 24, 1961: wherein the general plan for the defense of the American continent elaborated by the Inter-
American Defense Board is approved, and other measures for the defense of the national territory are provided.

The President of the Republic, in exercise of his legal powers, considering:
That the Republic of Panama is one of the countries of the Inter-American Defense Board; that it is necessary to take measures for the maintenance of internal security against possible aggression by the communist Soviet bloc; that the present international situation requires the Public Power to adopt measures in defense of a democratic form of government; that it is necessary to plan the basis of military coordination required for the collective defense of the continent as formulated by the Inter-American Defense Board, and to prepare plans for protection of the territorial integrity of the Panamanian state, including its maritime waters;

Decrees:
To approve the general military plan for the defense of the American continent from a possible aggression by the communist Soviet bloc, and the Annexes thereto, as prepared by the Inter-American Defense Board;
To direct the Minister of Government and Justice, in association with the Command of the National Guard, the National Department of Investigations, and the Office of Civil Defense, in conformity with the provisions of the National Constitution and the inter-American agreements relating to continental defense signed by the Republic, to take appropriate measures in coordination with other states-members of the Inter-American Defense Board for the implementation of said plan;
To authorize the Minister of Government and Justice, in association with the afore-mentioned national entities and in accordance with legal dispositions in effect, to take measures necessary to the protection of the territorial integrity of the Panamanian state, including its maritime waters, in case of any international conflagration.

/Sgd/ Roberto F. Chiari
The Minister of Government and Justice:
/Sgd/ Marco A. Robles (3)

It is evident that the Republic of Panama at the time of signing the Panama Canal Treaty and the Treaty Concerning the Permanent Neutrality and Operation of the Panama Canal on September 7, 1977, was and continues to be a party to military pacts.

Decree No. 147 of 1961 was published in the Records of the Ministry of Foreign Affairs. It was not discussed nor approved nor disapproved by the National Assembly of 1961, though by the constitution such was
required. Decree No. 147 of 1961, promulgated as its text indicates in accordance with the military pact of the Inter-American Treaty of Reciprocal Assistance, is a decree of internal repression, in union with the forces of other states, including unified operations with United States armed forces based in the Canal Zone. (In 1962, Secretary of Defense McNamara assigned a Parachute Brigade to the Canal Zone for action in any country.) The decree makes national independence and sovereignty mere symbolic words.

The plan of continental defense is a concrete application of the multi-national military pact which includes and compromises the Republic of Panama. For that reason and also because the new Treaty contains Article IV plus the right to intervene in Panama at any time to defend the neutrality of the Canal (Neutrality Treaty), the United States could accept the fiction that no military pact would be made. The military pact already exists.

**Bilateral Military Pact**

The exchange of notes of July 7, 1942, the content of which has never been published in detail, is also a bilateral military agreement between Panama and the United States. The Rio Pact of 1947 was completed and amplified in many bilateral agreements between the United States and Panama, Honduras, Nicaragua, Ecuador, Peru, Brazil, Colombia, Haiti, Guatemala, Uruguay and Ecuador. Furthermore, in the well-known "Banyan Tree" exercises, joint military maneuvers have been conducted in Panama under the guidance of the Inter-American Defense Board. Other bilateral agreements deal with military missions, courses of training in the use of arms and equipment, general staff courses and training in counter-insurgency.

None of these bilateral military accords has been published in Panama. They are secret agreements. But now and then references to them appear. And there is physical evidence of their existence in what goes on in the Canal Zone. There the United States government has established and maintained the Military School of the Americas (since 1949), the Counter-Insurgency or Anti-Guerrilla School and other schools for continental military training. In an exchange of notes attached to the Treaties of 1977, their existence is validated and prolonged.

In the Agreed Minutes relating to the Panama Canal Treaty mention is made of the following agreements, which are to remain in effect:

- Agreements of sale of military equipment to Panama
  (May 20, 1959)
- Provision of military services and materials for the internal security of Panama
  (March 26, May 23, 1962)
Payment by Panama of 10% of U.S. military aid  
(April 4, May 9, 1972)  
Payment of net proceeds from sale of military equipment received  
under the military aid program  
(May 20, December 6, 1974)  

Superficially, these agreements touching military matters may not  
seem to involve a military pact or alliance. But in reality, in the context of  
the continental military pact, they derive from the commitment  
undertaken by Panama as a signatory of the Continental Defense Plan  
prepared by the Inter-American Defense Board.  

The stipulation in the 1977 Treaties that Panamanian forces will participate in an increasing proportion in the defense of the canal does not mean very much against the provision that the United States shall have “primary responsibility to protect and defend the canal” throughout the life of the Treaty and a permanent right to intervene to defend its neutrality.

The Secret Memorandum of 1951

Because of secret agreements unknown to the Panamanian people, their destiny is in the hands of the armed forces of the United States.

In a Report of the Ministry of Foreign Relations to the National Assembly of 1959, the following entry appears:

Memorandum of Agreement on measures relating to execution of Article X of the Treaty signed March 2, 1936. Signed in Panama July 11, 1951, by the Minister of Foreign Relations of Panama and the Charge d’Affaires of the United States of America (Secret document). Not published. (4)

Mention of this same secret document also appears in the “List of Treaties signed by the Republic of Panama, revised September 1, 1966,” a publication of the Panamanian Ministry of Foreign Relations.

The Treaty of March 2, 1936, signed by the governments of Panama and the United States (Arias-Roosevelt Treaty or Alfaro-Garay-Hull-Welles Treaty) provided:

In case of an international conflagration or the existence of any threat of aggression in which the security of the Republic of Panama or the neutrality or security of the Panama Canal are placed in danger, the governments of the Republic of Panama and of the United States of America shall take the measures of prevention and defense that they consider necessary for the protection of their common interests. Measures which appear to one of the governments as essential in defense of such interests and which affect territory under the jurisdiction of the other government shall be the subject of consultation between the two governments. (italics added)
Summarizing this article, it refers to:
(1) Cases of international conflagration.
(2) Cases of any threat of aggression.
(3) The national security of Panama, all Panama, in danger.
(4) The neutrality or security of the canal in danger.

In the Secret Memorandum of July 11, 1951 the terms of agreement as to military measures are established, not only with respect to the Panama Canal but with respect to all of the Republic of Panama.

It will be said that the General Treaty of 1936 is abrogated by the Panama Canal Treaty (Article I, paragraph 1). That paragraph states that the new Treaty will supersede "all other treaties, conventions, agreements and exchanges of notes" between the United States and Panama "concerning the Panama Canal." It will also be said that the Secret Memorandum of 1951 falls within the compass of the abrogation. But there are flaws in that view.

The abrogation language in the new Treaty refers specifically to agreements concerning the Panama Canal and not to all Panamanian territory. But the Secret Memorandum of agreement relating to measures for the execution of Article X of the Treaty of March 2, 1936 refers to "the security of the Republic of Panama" as well as the "the neutrality or security of the Panama Canal."

It is obvious that the Secret Memorandum of 1951 relates to the whole Republic of Panama, a much larger area than the Panama Canal. The abrogation clause in the new treaty therefore does not abrogate the Secret Memorandum. Until there is proof to the contrary, based on publication of the Secret Memorandum, we must conclude that the Memorandum is a specific military pact with the United States, committing the entire Republic of Panama, its territory, population and public authorities, and that it is to remain in effect.

Military Empire of the United States
and the New Treaties

If the obligation of the Inter-American Treaty of Reciprocal Assistance to take automatic military action is in effect; if the Republic of Panama belongs to the organs of collective military action established under that Treaty; if the Republic of Panama has signed, decreed and put into effect plans of continental defense with measures that subordinate the Republic of Panama, its nationals and its governments to the so-called common defense or to international conflagrations that come within the strategy of the United States, then there is a military pact with the United States.

If, under the ominous Article IV of the Canal Treaty of 1977, the United States has primary responsibility "to protect and defend" the canal and areas adjacent, with the right to keep its armed forces,
equipment and installations on Panamanian territory (apparently in three areas designated as defense sites and 70 places having military functions); if the United States has the exclusive right to fix the number and character of these United States forces; if with increasing participation by Panamanian armed forces contingency plans may be prepared, including exercises, maneuvers and operations of war that extend to all areas of the canal and to the whole Republic, then the content of the Panama Canal Treaty of 1977 is a military pact between Panama and the United States, with the United States dominant.

The Treaty Concerning Permanent Neutrality and Operation of the Panama Canal in reality does not give the canal a status of neutrality, despite the clause to the effect that both Panama and the United States commit themselves to maintain the neutrality of the canal. If the armed forces of the United States can intervene in Panama at any time, pursuant to Article IV of the Canal Treaty for 23 years and pursuant to the Neutrality Treaty forever; if the vessels of war of the United States have the privilege of rapid and expeditious transit without declaring their cargo, passing ahead of all merchant vessels as well as vessels of war of other countries, the canal is not neutralized but navalized, and we have a military pact between the United States, the dominant, and Panama, the subordinate.

If the Panama Canal Treaty and the Neutrality Treaty have been developed as instruments of the Department of Defense of the United States, the Canal Commission will not be allowed to function independently. The result is that Panama has agreed to stay within the framework of a foreign policy built on three principal elements:

(1) that the hemisphere is threatened from without and within;
(2) that the security of strategic areas of the hemisphere and of lines of inter-American communication is vital to the security of all the American republics;
(3) that the protection of these communications and strategic areas is a common responsibility. (5)

This means that the Republic of Panama continues to have a role within the plans and directives of the United States National Security Council and the Pentagon.

The new Treaties of 1977 do not resolve the problem of United States monopoly control over interoceanic communication through the use of Panama’s geographic position. It does not resolve the fundamental problem of full and effective sovereignty with jurisdictional powers for Panama in an area that continues to be the Canal Zone. The apparent abrogation of the Treaty of 1903 expressed in the Treaty of 1977, is fictitious. The high price paid for it, namely, concession of a right to the United States to build a third lane of locks and a sea-level canal, added to
the false neutrality regime, would deliver Panama to the United States for all time. This scheme will never survive the crisis it has already provoked.

NOTES

(2) Report of Minister of Foreign Relations to the National Assembly, October 1, 1966.
(3) Ibid., Volume: Reports of Branches, Departments, Offices and Sections of the Foreign Ministry, pp. 178-180.
(4) Report of the Minister of Foreign Relations to the National Assembly of 1959 (Supplement, September 1, 1959, p. 53.)
TO MAINTAIN A SPIRIT OF STRUGGLE

By Diogenes de la Rosa, Member
of Panamanian Negotiating Team

Editor's Note: This and the following two articles are translated from interviews conducted in Panama during the campaign of September and October 1977 that preceded the vote on the new Panama Canal Treaties in the plebiscite of October 23, 1977. The interviews first appeared in the October, 1977, issue of Dialogo Social, published in Panama City.

Question: What are the most important benefits that Panama derives from the Torrijos-Carter Treaty?

Diogenes de la Rosa: It seems to me that the general benefit derives from having arrived at an agreement. The consequences for Panama would have been very serious if that had not been possible.

The benefits can be divided into political and economic. On the political side, the principal benefit is that the Treaty has a fixed term. This has been a fundamental aspiration of the Panamanians. For thirteen years, virtually without interruption, these negotiations have been going on. The Treaty that has now been signed in Washington is to terminate at noon on December 31, 1999. We Panamanians know that the obligations undertaken have a fixed date of termination. This contrasts with the Hay-Bunau-Varilla Treaty, which the Republic of Panama accepted in conditions of extreme difficulty. There the rights of use, occupation and control were stated to be perpetual.

Another political gain is the restoration of Panamanian jurisdiction in the Canal Zone three years after the Treaty goes into effect. As a consequence, foreign functionaries will depart and foreign legislation will cease to apply. Panamanian law becomes the applicable law in the Canal Zone in both civil and military matters, though with respect to the latter, there are certain qualifications.

Another political and juridical benefit is that as soon as the Treaty goes into effect, approximately 70% of the area now occupied and controlled by the United States is released immediately to Panama. Important also is the recovery of the ports of Balboa and Cristobal, lost to us in 1903 as a result of a maneuver by Secretary of State Hay and the unforgettable Bunau-Varilla. According to the strict terms of the Treaty of
1903, the ports of La Boca and Colon (Balboa and Cristobal) were not included within the area conceded to the United States. Nevertheless, Hay had Bunau-Varilla deliver a note saying that they did lie within the defined area of the concession. The result of this was the loss to us of our two great international ports. It has been an anomaly for Panama, with 3500 kilometers of coastline on the Atlantic and the Pacific Oceans, not to have direct access through an international port to the great transoceanic shipping route. This will be remedied by our recovery of Balboa and Cristobal with their installations and also with areas for expansion of their port activities.

These are some of the benefits. I have mentioned their general outlines from memory without consulting the text of the Treaty.

Although it is true that the United States is designated to exercise primary rights and responsibilities in the administration of the canal, as well as in its protection and defense, the Republic of Panama is to have an increasing participation in them. Administration is conferred upon a United States government agency, which possibly will function under the Department of Defense. It will have a Board composed of nine members, five North American and four Panamanian. The Panamanians are to be appointed on nomination by Panama. It will also have an Administrator and a Deputy Administrator. The Administrator is to be a North American and the Deputy Administrator Panamanian until January 1, 1990. Thereafter, this division will be reversed.

To increase Panama's participation, more and more Panamanians are to be named to canal administration posts. When qualified, they are to be given preference over other applicants. The number of United States employees is to be reduced by 20% within five years. This opens up prospects of Panamanian access to higher level posts in the administration. There is also to be rotation every five years of employees contracted by the canal company. This will permit entry of still more Panamanians. The plan is designed in such a way that the number of Panamanians employed and their responsibilities in canal administration keep increasing until by the time the transfer to Panama is to be completed, there will be Panamanians with the capacity to manage the interoceanic waterway.

The same principle prevails in military activities. Here there are two separate categories, "defense sites" (military bases) and "areas of military coordination". There is nothing secret about the content and meaning of the Treaty texts. The defense sites will be duly marked on a master map. In the defense sites will be the Armed Forces of the United States, having full responsibility for defense and primary responsibility for directing military exercises. Areas of military coordination will be open to the armed forces of the United States and of Panama, each under their
would have to negotiate such amendments.

To the first part of your question, my answer is: maintain an attitude of struggle in support of our claims, taking every type of peaceful action. There are yet many mechanisms in the international law of contracts to which we may have recourse in seeking to free ourselves from the Hay-Bunau-Varilla Treaty, our major goal and most important for the liberation of our territory. It may be that we will have to resort to those mechanisms. And, of course, with or without a treaty, the Panamanian people must remain vigilant and active in defense of our national interest.

I should add that I am absolutely opposed to the use of violence. My reading and thought on this question and my years of life have led me to the conclusion that no solution sought with violence can be a stable solution, but rather carries dangers perhaps even greater than those we are now trying to free ourselves from.

The call for war is an appeal to the instincts and a departure from the capacity of man to reason and solve problems with his intelligence. My attitude is deep-rooted on that point.

Question: What measures are being taken toward giving the recovered land a collective use?

Diogenes de la Rosa: That is a very important point. We must consider the future in forming our policies and, once the treaty is approved, close the book on the past.

The first thing we must do is appreciate the full magnitude of the repercussions from the Treaty. I have referred to some of these. We must confront the problem of interoceanic communication from a new point of view. We must also consider carefully what do do with the recovered land, what use to make of it, what ends we wish to make it serve. There should be an organic plan linking the administration of the recovered lands and the interoceanic waterway.

I personally am not wedded to any particular method, neither the collective nor the individual. We should adopt the most viable methods for the administration of the canal area to make it fully efficient and profitable in terms of social benefits.

However appealing certain words may be, we must not be dominated by concepts that in practice can prove inadequate to our final objective, which is to maximize the general good. Certain words like "state property" have had a particular prestige, creating a belief that state property by itself solves problems. Humanity has learned that is not necessarily so. Like any other method, it must be subjected to proof and to rectification.

No method in itself is superior. Evidence of this is the varied and contradictory experience of countries where capitalism is totally dominant.
Question: Why do the Treaties not contain a renunciation clause?

Diogenes de la Rosa: Renunciation clauses are always important. Still, I do not believe that one is needed in the Canal Treaty because the text itself contains guarantees of performance insofar as it deals with our aspirations. In the final article, a series of procedures for settling disputes over interpretation, in case they arise, are set forth. These make it possible to arrive at an understanding with the United States.

NOTES

(1) The fact that there are two separate treaties makes it possible for the Panamanians to condemn one while accepting the other. It also makes it possible to call for the abrogation of the Neutrality Treaty alone. See the interview with Julio Yau. (Ed. note.)
Question: How do you analyze and interpret the Torrijos-Carter Treaties?

Julio Yau: An analysis of the proposed Treaties, related documents, speeches and interpretations, together with a diagnosis of the internal political situation, reveals that the new accords contradict some fundamental aspects of our struggle. Even accepting the thesis that Panamanians should judge the Treaties against a standard of what is now possible, this may save the Canal Treaty, but not the Treaty concerning Neutrality.

As a social analyst, I understand and accept that Panama cannot get all it wants from North American imperialism in one bite. Despite our impatience and our initiatives, to think otherwise would be utopian. It would have been compatible with our principles to sign a treaty containing the major part of our objectives and permitting us to continue the struggle in more favorable conditions. In the first place, a definite term should have been fixed, not only to the presence but also to the rights of the United States. And in the second place, there should have been a thorough program of internal decolonialization in social aspects.

We should consider whether we are not entering history and the Canal Zone through a false door.

Question: What are the historical projections of the new Treaties?

Julio Yau: By the very nature of our relations with the United States, the negotiations necessarily had an all inclusive character. The main objective from the point of view of the United States was not to resolve the problem of the canal but rather to negotiate a relationship between our little country and the super-power that would include economic, political, military, financial, ideological and strategic factors.

The Treaties contain the promise of a cooperation and association that is closer, longer lasting - "more perpetual" if such can be said - and of wider scope than appears at first from the text. I believe that the United States (and the Trilateral Commission) aim at imposing a strategic alliance on Panama in order to convert it once and for all into a dependent ally in international politics and a point of support in the new
transnational structures of capitalism, a capitalism that is in crisis but reorganizing itself.

This was the purpose of the United States in proposing, at the last moment, a treaty of military alliance with Panama.

The only way we can escape the condemnation of future generations for having renegotiated dependency instead of negotiating independence is to leave them a country that is not only better organized but freer. For that the dynamism of the people will be necessary, so that it will become impossible for imperialism, utilizing the Treaties, to "burst in upon us with increased force", as Jose Marti expressed it, to interfere in our lives and in the definition of our national destiny. The people struggle with or without a treaty. Their profound and triumphant historical destiny does not relieve us of responsibility for authorizing concessions that impose a heavy burden on those struggling for total liberation.

*Question: In your view what would be the course to follow if the Treaties are ratified?*

Julio Yau: I intend to advocate immediately that the Neutrality Treaty is subject to annulment. If the Treaties are ratified, I intend to initiate a movement for demanding the annulment of the Neutrality Treaty by working at different levels of international legal institutions, in politics and at the grass roots level of people's organizations.
A TREATY OF PERMANENT PARTIALITY TO THE UNITED STATES

Interview with Carlos Bolivar Pedreschi,
Professor of Law, University of Panama

Question: What is your opinion regarding neutrality between Panama and the United States?

Carlos Bolivar Pedreschi: First of all, Panama and the United States have not agreed to neutrality. True, there does exist an instrument entitled "Treaty Concerning the Permanent Neutrality and Operation of the Panama Canal". This was negotiated with the idea of regulating the permanent neutrality of the present canal and any other canal that may be constructed in Panamanian territory.

But anyone reading the language of the instrument will immediately realize that what the governments of Panama and the United States have created is not a juridical regime of neutrality for the canal, but a regime of permanent partiality in favor of the United States.

Evidence of this is in the following facts:

(1) The Neutrality Treaty gives priority of passage through the canal to the military vessels of the United States over the military vessels of all other states of the world, except Panama, whose vessels would have an equal right.

(2) The Canal Treaty legalizes the presence of military bases in the Canal Zone until December 31, 1999. In international law it is elementary that neutrality is incompatible with the presence of foreign military personnel in the neutralized area.

After the year 2000, according to the words of President Carter in the ceremony of Treaty signing, the government of the United States will continue to have the right to repel any threat to the neutrality of the canal.

As you can see, the terms of the agreement, viewed either juridically or grammatically, do not amount to neutrality, but to partiality in favor of one country, the United States of America.

Question: Could you explain what the new Treaties provide with respect to a future canal? What is your opinion as to this part of the agreements?

Carlos Bolivar Pedreschi: The new Treaties, with respect to a new canal,
provide as follows:

(1) That Panama and the United States commit themselves jointly to study, during the period from ratification of the Treaties to December 31, 1999, the viability of a new canal through Panamanian territory.

(2) That if during the period described the two governments favor the idea of constructing a canal through Panamanian territory, Panama cannot construct it without concluding a treaty with the United States to that purpose.

(3) That during the same period, expiring on December 31, 1999, the United States may not construct a canal via any other route in the Western Hemisphere.

Naturally, many of us reject what our government has agreed to in relation to any new canal that may be constructed in Panamanian territory. In the view of many Panamanians, the struggle for the recovery of the present canal cannot end in a virtual commitment to tie ourselves again to the United States in any new canal that might be constructed through Panamanian territory before December 31, 1999.

Experience accumulated in so many years of relations with the United States around the Panama Canal shows that the United States government is a very bad partner and that we should not link ourselves to it again in a future canal.

Furthermore, it is very understandable that Panamanians wish any new canal through Panamanian territory to be constructed and administered by Panama and utilized in its benefit. It is evident that these possibilities are limited by the agreement our government has made.

In other words, Panama aspires to exploit, by means of a new canal, the natural resource consisting in its singular geographical position, whereas the terms of the Treaties negotiated raise a serious obstacle to achieving that legitimate national goal. That is the way the matter appears to me at this time.

Question: What is your opinion regarding the date of the plebiscite? Disagreements have arisen around this date.

Carlos Bolivar Pedreschi: Before answering that question, let me point out that a plebiscite is not synonymous with voting. The vote is one part of a plebiscite, but not the most important part. The vote is a means used in a plebiscite to ascertain what it is sought to know. But before the vote is taken, every plebiscite includes prior steps, indispensable and of great importance. These are: distribution of material concerning the questions presented; the study of such material; public confrontation between opinions and views based on the materials consulted.

Consequently, it is not a proper plebiscite when there is virtually nothing but a vote without the required publication of material and the
necessary time for examination, study, confrontation and debate. Also, there must be guarantees of security for a free expression of points of view on the subject of the plebiscite.

I consider that the time fixed by the government for the plebiscite (October 23, 1977) to be extremely short. This is totally unjustified in view of the importance, the scope and the complexity of the subject matter of the plebiscite.

Keep in mind that the plebiscite deals with the gravest problem we have confronted in all our history since independence. Yet we have been given only 43 days between the publication of complex, extensive documents and the voting date.

In my opinion, the urgency of the Panamanian government's desire to have the public pronounce its opinion on proposals that have taken more than ten years to prepare does not serve the national interest.
ATTITUDES AND OPINIONS OF PANAMANIAN VOTERS CONCERNING THE TORRIJOS-CARTER TREATIES: A SURVEY

by Nestor Porcell G.

With the aim of discovering the real content of opinions and attitudes of Panamanian citizens voting on the Torrijos-Carter Treaties in the plebiscite of October 23, 1977, we interviewed 388 subjects, ending one week before the date of the plebiscite.

Table No. 1, Distribution by Sex, shows the totals of men and women interviewed.

<table>
<thead>
<tr>
<th>Sex</th>
<th>Total</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Men</td>
<td>194</td>
<td>52.5</td>
</tr>
<tr>
<td>Women</td>
<td>169</td>
<td>46.5</td>
</tr>
<tr>
<td>Unspecified</td>
<td>3</td>
<td>1.0</td>
</tr>
<tr>
<td>Total</td>
<td>366</td>
<td>100.0</td>
</tr>
</tbody>
</table>

The percentage of men and women interviewed is approximately the same as in the general population of Panama.

The survey preserved anonymity of the subjects. It was designed to provide interviews with approximately an equal number of men and women drawn from different occupations. The following were represented: professionals, workers, students, housewives without employment outside the home, government employees, employees of private enterprise, and peasants.

Interviews were conducted with persons from more than forty precincts (corregimientos), urban and rural, with emphasis on the urban and especially on the province of Panama, where the greatest number of voters reside.

Some resistance to the survey was encountered among peasants and women. Twelve questionnaires were eliminated due to suspected errors in the conduct of the interviews.

The survey was carried out by students at the University of Panama. They received prior instruction designed to establish objectivity and reliability.
It is interesting to note that the predominance of young voters revealed itself in the random selection. Some 45% of the subjects were between the ages of 18 and 25 years. In the plebiscite itself 300,000 (37.5%) were between the ages of 18 and 20. The survey offers some insights into the opinions of the younger age group. Due to their limited political and electoral experience it was difficult to guess what their opinions would be. Table Number 2, Age Groups, gives details of the age distribution:

<table>
<thead>
<tr>
<th>Age</th>
<th>Number of Subjects</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-25</td>
<td>168</td>
<td>45.90</td>
</tr>
<tr>
<td>26-32</td>
<td>80</td>
<td>21.85</td>
</tr>
<tr>
<td>33-39</td>
<td>43</td>
<td>11.74</td>
</tr>
<tr>
<td>40-46</td>
<td>28</td>
<td>7.65</td>
</tr>
<tr>
<td>47-53</td>
<td>18</td>
<td>4.91</td>
</tr>
<tr>
<td>54 and over</td>
<td>26</td>
<td>7.10</td>
</tr>
<tr>
<td>Unspecified</td>
<td>3</td>
<td>0.81</td>
</tr>
<tr>
<td>Total</td>
<td>366</td>
<td>99.96</td>
</tr>
</tbody>
</table>

A little more than 40% of those interviewed were between 26 and 46 years of age. Those between 46 and 54 years made up 5% of the sample and those over 54 years 7%.

Certain correlations between attitude and age were observed: the younger the age group the more critical and negative toward the Treaties; and beyond 26 years of age, the older the age group the greater the comprehension of the importance of the Treaties and the more solid and resolved the support expressed.

A greater percentage of women than of men expressed the opinion that the Torrijos-Carter Treaties are not the best way "to bring the North American colonial enclave to an end". Nevertheless, the women interviewed indicate a willingness to accept the Treaties. Men differed only slightly from women in this combination of attitudes. They doubt that the Treaties are the best formula, but they accept them for various reasons to be discussed below.

**Level of Interviewees’ Information**

It was of interest to try to discover the source of information of the subjects interviewed, so that we might have an indication as to which types of communication media are the most effective in forming a civic consciousness and influencing elections. With this purpose the question was asked, by which of the usual communications media did the subject
become informed about the Treaties?

As appears in Table 3, the order of importance indicated by responses to the question was as follows:

Television
Newspapers
Radio
Through a friend
Through relatives

Table No. 3
Means of Hearing Propaganda and Criticism Related to the Treaties

<table>
<thead>
<tr>
<th>Number of Subjects</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Radio</td>
<td>80</td>
</tr>
<tr>
<td>Newspapers</td>
<td>112</td>
</tr>
<tr>
<td>Television</td>
<td>113</td>
</tr>
<tr>
<td>Through a friend</td>
<td>30</td>
</tr>
<tr>
<td>Through parents</td>
<td>20</td>
</tr>
<tr>
<td>Lacking information</td>
<td>11</td>
</tr>
<tr>
<td>Total</td>
<td>366</td>
</tr>
</tbody>
</table>

Two-thirds of those interviewed indicated that they had received information about the Treaties from "several of the media mentioned above". This would seem to suggest that the propaganda barrage reached almost always the same audience whatever the media employed. Note that 245 subjects, besides marking one source of information, added notations to the effect that they had utilized all of them. Nevertheless, the clarifying effect was low, as seen in Table 4 relating to the degree of information about the Treaties as expressed by the interviewees. This shows that only 34.16% answered that they had complete information. 60.66% that their information was incomplete and 4.38% that they had no information. Women, for example, felt poorly informed "for lack of time" or because they had no one to explain it to them, and some "because I was not interested."

Table No. 4
Degree of Information About the Treaties As Expressed by Interviewees

<table>
<thead>
<tr>
<th>No. of Subjects</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>I have complete information</td>
<td>125</td>
</tr>
<tr>
<td>I have incomplete information</td>
<td>222</td>
</tr>
<tr>
<td>I have no information</td>
<td>16</td>
</tr>
<tr>
<td>Did no reply</td>
<td>3</td>
</tr>
<tr>
<td>Total</td>
<td>366</td>
</tr>
</tbody>
</table>
Men as well as women expressed doubts about the adequacy of their information. They gave reasons such as the following:

I heard and saw different opinions, but I really cannot say that the information was good.

The media did not provide information about what had really been negotiated.

I did not have good information available.

The annexes are too long.

The newspapers and magazines are confusing, and they do not tell the truth.

Among those who felt well informed was a mason's apprentice, who stated, "I have the Treaty at home, and I have read it and also I have heard and read much about it." A business executive expressed the opinion that "the information distributed has been sufficient." A professional in the Atlantic sector of the Canal Zone who felt himself to be well informed stated, "this Treaty is vital for the future of the country and every Panamanian should be well-informed about it."

An executive secretary felt well informed because she "read the proposed Treaty and attended talks given by an employee of the Ministry of the Treasury". A public employee stated that she had an "interest in knowing about the Treaty in order to decide whether to approve it or not; also because the public was given the means to learn about it". A housewife declared that she had complete information "because it is a duty of all Panamanians to keep themselves informed". The most resolute attitude of all those expressed with reference to information about the Treaty came from a 27 year old worker: "I have read and discussed the contents of the new Treaty, both before and after the signing". Similarly, a woman and teacher explained her response by saying, "I have complete information. If we have fought for so many years for a Treaty, it is only natural that now we make the effort to learn what it contains".

We preferred not to ask those interviewed if they had read the Torrijos-Carter Treaties, because it seemed better to allow them to express that spontaneously. From the statements quoted and analysis of the survey data it appears that the Treaties were read by persons of the most varied cultural levels. The survey showed, not that the Panamanian people became instant jurists, but that they wished to understand the political kernel of the problem and the benefits of the Treaties to Panama. This simple set of ideas was very clear to them, as we shall see in a moment.

The question, "Do you feel you have sufficient information about the Treaty?" was answered with reference to complete information rather than to general familiarity. The 66% who said their information was
incomplete were apparently referring to a high standard of precision and comprehension. That they were in fact clear on the essentials was demonstrated in several other replies.

Table Number 5, Graded Characterization of the Quality of the Treaty, shows us that their information was sufficient to allow an opinion to be formed as to the degree of their acceptance or rejection of the Torrijos-Carter agreement.

Table Number 5
Graded Characterization of the Quality of the Treaty

<table>
<thead>
<tr>
<th>No. of Subjects</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Good For Panama</td>
<td>106</td>
</tr>
<tr>
<td>Bad For Panama</td>
<td>49</td>
</tr>
<tr>
<td>Very Good For Panama</td>
<td>10</td>
</tr>
<tr>
<td>Fairly Good For Panama</td>
<td>154</td>
</tr>
<tr>
<td>Don’t Know Its Importance</td>
<td>43</td>
</tr>
<tr>
<td>No Reply</td>
<td>4</td>
</tr>
<tr>
<td>Total</td>
<td>366</td>
</tr>
</tbody>
</table>

Only 11.74% of all those interviewed, whether they felt their information was complete or incomplete, stated that they did not know its importance. Another 1.09% did not reply. The others indicated clear opinions. Thus, 13.38% replied that the Treaty is "bad for Panama". A majority declared it acceptable in differing degrees: 2.73% consider it "very good", 28.96% "good for Panama" and 42.07% "fairly good for Panama". This last category is the most numerous, an indication of political wisdom frequently hidden in the common Panamanian by a curtain of habitual complaining that creates a false impression of a society of lumpen.

It is notable that approximately 73% consider the Treaty acceptable for Panama, indicating they feel sufficiently informed to express a favorable opinion.

The number considering the Treaty to be "fairly good for Panama" (42.07%) is close to the number (39.89%) that considers the Treaty to be "the best way to put an end to the enclave".

As Table Number 6 shows, 56.01% does not believe this Treaty to be the best way to put an end to the enclave.

This distribution is not surprising, since even General Torrijos on several occasions has expressed his own dislike for certain aspects of the agreement. But the Panamanian spirit of realism is expressed in Table Number 5, Graded Characterization of the Quality of the Treaty.
Table No. 6
Opinions About the Treaty as Means
To End the Canal Zone Enclave

<table>
<thead>
<tr>
<th>No. of Subjects</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Torrijos-Carter Treaty:</td>
<td></td>
</tr>
<tr>
<td>is the best way to put an end to the enclave</td>
<td>146</td>
</tr>
<tr>
<td>is not the best way to put an end to the enclave</td>
<td>205</td>
</tr>
<tr>
<td>Did not reply</td>
<td>15</td>
</tr>
<tr>
<td>Total</td>
<td>366</td>
</tr>
</tbody>
</table>

Attitudes of Struggle and Confidence in Political and Technical Capacities

One of the goals of the investigation was to detect whether Panamanians are aware of the sacrifices demanded of the people of Panama and the difficulties of managing the canal successfully in the political, administrative and technical fields. With this in mind we explored the sentiment of national affirmation as a factor in determining a vote in favor of the Treaties. We sought to discover Panamanian attitudes toward the enclave as indicated by enthusiasm, rejection or indifference toward the prospective recovery of that piece of national territory.

Table No. 7
Degree of Patriotic Satisfaction With the Treaty

<table>
<thead>
<tr>
<th>No. of Subjects</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very proud to recover the Zone</td>
<td>150</td>
</tr>
<tr>
<td>Sad because the North Americans will leave</td>
<td>7</td>
</tr>
<tr>
<td>Indifferent, because do not see a great change</td>
<td>111</td>
</tr>
<tr>
<td>No reply</td>
<td>98</td>
</tr>
<tr>
<td>Total</td>
<td>366</td>
</tr>
</tbody>
</table>

Table Number 7 shows that 40.98% feel "very proud to recover the Zone", 30.32% "do not see a great change", 26.77% expressed no opinion, and only 1.91% feel "sad because the North Americans will leave". Perhaps people have not taken time to think, or perhaps they were taken by surprise by the speed with which agreement was reached and the Treaties signed, but only 40% expressed a patriotic sentiment, while 30% expressed doubt by indicating they saw no great change.
However, this indifference disappeared when the interviewees were asked about the method of struggle that they would recommend to the government for solving the problem of the enclave. In Table Number 8, Type of Liberating Struggle Advisable, they were asked to select from the political alternatives proposed by various groups in conflict over the Canal Treaty.

**Table No. 8**  
**Type of Liberating Struggle Advisable**

<table>
<thead>
<tr>
<th>No. of Subjects</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Struggle until Panamanian aspirations are obtained</td>
<td>128</td>
</tr>
<tr>
<td>Move to a confrontation</td>
<td>2</td>
</tr>
<tr>
<td>Seek the best solution possible within the present correlation of forces in Latin America and the world</td>
<td>159</td>
</tr>
<tr>
<td>Continue to denounce the enclave and wait for a better occasion</td>
<td>30</td>
</tr>
<tr>
<td>Did not reply</td>
<td>47</td>
</tr>
<tr>
<td>Total</td>
<td>366</td>
</tr>
</tbody>
</table>

The advice that obtained the strongest support (43.44%) was to "seek the best solution possible within the present correlation of forces in Latin America and the world". This manifests political wisdom and indirect support for the Torrijos-Carter Treaties. Secondly, an activist tendency was strong (34.97%), favoring "struggle until Panamanian aspirations are obtained". This can be understood as a call for continued struggle. Only 8.19% would advise a passive attitude as expressed in "continue to denounce the enclave and await a better occasion". The extreme attitude of moving to a confrontation was supported by only 0.54%, while 12.84% expressed no opinion.

We also tested for the effects of the neo-colonialist canal ideology that asserts the incapacity of Panamanians to manage the canal. This is spread with the intent to create an inferiority complex paralyzing to national liberation struggle.

The results were enlightening to those who downgrade the Panamanian in politics and technology. The interviewees expressed great confidence in Panamanian creative forces and political wisdom needed to manage the canal.
Table No. 9
Panamanian Capacity to Manage the Canal

<table>
<thead>
<tr>
<th>No. of Subjects</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>We are not prepared to direct it</td>
<td>45</td>
</tr>
<tr>
<td>We can learn rapidly to manage it</td>
<td>147</td>
</tr>
<tr>
<td>We can manage it by contracting foreigners</td>
<td>4</td>
</tr>
<tr>
<td>Joint administration with the North Americans will be our best <em>school</em> to manage the canal well</td>
<td>130</td>
</tr>
<tr>
<td>Did not reply</td>
<td>40</td>
</tr>
<tr>
<td>Total</td>
<td>366</td>
</tr>
</tbody>
</table>

Table Number 9, Panamanian Capacity to Manage the Canal, shows the strong sense of responsibility in the ordinary Panamanian in approaching the task of managing the great waterway. Only 12.29% expressed the opinion, "we are not prepared to direct it" while 40.16% chose the reply, "we can learn rapidly to manage it". Another group of 35.51% considers that "joint administration with the North Americans will be our best _school_ to manage the canal well". Only 1.09% chose "we can manage it by contracting foreigners", while 10.92% expressed no opinion. It is beyond doubt that a nationalist resolution exists together with a political preference for assuming control of the canal by preparatory stages. This is one source of support for the Torrijos-Carter Canal Treaty, coming "from within" as the philosopher of vital force might say.

Opinions were also sought concerning the benefits or losses, both political and economic, resulting from the Treaties.

Table No. 10
Benefits or Losses From the Treaties

<table>
<thead>
<tr>
<th>No. of Subjects</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Neutrality among peoples of the world</td>
<td>99</td>
</tr>
<tr>
<td>Economic benefits</td>
<td>207</td>
</tr>
<tr>
<td>Winning of political independence</td>
<td>51</td>
</tr>
</tbody>
</table>

(cont. on page 102)
Table No. 10
Benefits or Losses From the Treaties
(cont. from page 101)

<table>
<thead>
<tr>
<th>Greater commitments than before to the North</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Americans</td>
<td>103</td>
<td>20.23</td>
</tr>
<tr>
<td>Did not reply</td>
<td>49</td>
<td>9.62</td>
</tr>
<tr>
<td>Total</td>
<td>509</td>
<td>99.99</td>
</tr>
</tbody>
</table>

Table Number 10, Benefits or Losses From the Treaty, shows that 40.66% believe there are economic benefits, another 19.47% believe that it establishes neutrality among the peoples of the world, and 10.01% believe that it confers political independence. Only 20.23% are of the opinion that Panama will be in a worse position than before in that the Treaties create greater commitments to the North Americans. The remainder, 9.62%, expressed no opinion.

In many cases those being interviewed placed special emphasis on the economic benefits from the Torrijos-Carter Canal Treaty. This was a strong indicator that the Treaty would be approved.

Basic Attitudes of Acceptance or Rejection of the Torrijos-Carter Treaties

As a final inquiry concerning attitudes and opinions toward the Torrijos-Carter Treaties, we asked the interviewees to indicate reasons for approving or rejecting them.

We did not pose the simple, formal and logical question of choosing between the "yes" and the "no". Instead we asked for a valuation as to contradictory factors that would affect a decision to approve or reject.

Among favorable factors we asked the interviewees to choose two most significant among five choices. To measure rejection we asked them to choose one factor from six. We hoped in this way to obtain a clear indication of the vote the interviewee would cast in the plebiscite. It was logical to expect that many who approved of the Treaties would indicate no choice among the reasons for rejecting it, and vice versa. However, many did answer both questions.

The question relating to favorable factors produced answers from 67.76% indicating support for the Treaties, for positive or negative reasons or reasons of convenience. The 32.24% which did not reply to the question are assumed to be opposed to the Treaties, since all other choices expressed approval.*

*The vote in the actual plebiscite on October 23, 1977, was very close to these percentages. (Editor’s note)
Table No. 11
Attitudes of Approval Toward the Treaty

<table>
<thead>
<tr>
<th>Reason</th>
<th>No. of Subjects</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>To demonstrate to the world the unity among Panamanians</td>
<td>59</td>
<td>12.85</td>
</tr>
<tr>
<td>Because it is the culmination of an important stage in national liberation</td>
<td>138</td>
<td>30.06</td>
</tr>
<tr>
<td>Because it is the best way to reject the opinion of North American Senators and politicians who consider themselves owners of a part of our territory</td>
<td>69</td>
<td>15.03</td>
</tr>
<tr>
<td>Because of a simple patriotic duty</td>
<td>32</td>
<td>6.97</td>
</tr>
<tr>
<td>In order not to appear to be a traitor to Panama</td>
<td>13</td>
<td>2.83</td>
</tr>
<tr>
<td>Did not reply</td>
<td>148</td>
<td>32.24</td>
</tr>
<tr>
<td>Total</td>
<td>459</td>
<td>99.98</td>
</tr>
</tbody>
</table>

This table shows us that 30% approve because the Treaty is "the culmination of an important stage in national liberation". In second place, 15% approve because "it is the best way to reject the opinion of North American Senators and politicians who consider themselves owners of a part of our territory". Another 12.85% approve in order "to demonstrate to the world the unity among Panamanians". A passive sector, 6.97%, would vote in favor because of "simple patriotic duty". A small group, 2.83%, undoubtedly discontented, would vote in favor "in order not to appear to be a traitor to Panama".

Reasons for rejecting the Canal Treaty from which the interviewees could choose were of two types, political and technical. (Table No. 12)

The principal reason for rejection (13.39%) was that "the North Americans do not give up the military bases immediately". In second place as a factor of disapproval, with 13.11%, was that "the Treaty is a trap of the gringos", an expression of the permanent suspicion of Panamanians toward juridical documents arising from bilateral relations with the United States. In the third place, 7.65% reject "the joint administration of the canal". In fourth place, 5.74% believe "Panamanians are not capable of managing the canal". Only 4.18%
linked rejection of the Treaty to repudiation of the government by selecting as their reason for rejection "because the present government should not have this important political victory". In last place, 0.55% reject the Treaty on orders of a political party. The 55.46% that did not respond were indicating approval of the Treaty.

Table No. 12
Reasons for Rejecting the Treaty

<table>
<thead>
<tr>
<th>Reason</th>
<th>No. of Subjects</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Because the North Americans do not give up the military bases immediately</td>
<td>49</td>
<td>13.39</td>
</tr>
<tr>
<td>Because of orders from the last meeting of my political party</td>
<td>2</td>
<td>0.55</td>
</tr>
<tr>
<td>Because the present government should not have this important political victory</td>
<td>15</td>
<td>4.18</td>
</tr>
<tr>
<td>Because I am opposed to joint administration of the canal</td>
<td>28</td>
<td>7.65</td>
</tr>
<tr>
<td>Because the Treaty is a trap of the gringos</td>
<td>48</td>
<td>13.11</td>
</tr>
<tr>
<td>Because Panamanians are not capable of managing the canal</td>
<td>21</td>
<td>5.74</td>
</tr>
<tr>
<td>Did not respond</td>
<td>203</td>
<td>55.46</td>
</tr>
<tr>
<td>Total</td>
<td>366</td>
<td>100.08</td>
</tr>
</tbody>
</table>

From the answers to this question a general conclusion seems justified that Panamanians do not base their rejection of the Canal Treaty on opposition to the present government. Their interest is centered on virtues and defects in the Treaty, on its advantages and disadvantages for Panama.

This does not imply lack of correlation between rejection of the Treaty and opposition to the government, including criticism of its leaders. But this did not appear as a major reason for rejection in our study.

It appears that the Panamanians in general hold to an attitude of repudiation toward the colonial enclave. This is a guiding political compass in expressing different attitudes. At the same time a nationalist consciousness is dominant, producing patriotic attitudes that are stronger than party ties.
THE PANAMA CANAL ZONE:
ITS IMPORTANCE IN THE WESTERN HEMISPHERE*

by Matilde Luna Ledezma (Mexico)

The Canal Zone, the State and Panamanian Society

The conflict between the Panamanian nation and the United States of America, growing from the North American occupation of the Canal Zone, has intensified in recent years. The continuous state of tension shows a tendency toward an outburst of violence.

Some observers fix January 9, 1964, as the crucial point in the intensification. This was the date of a slaughter of Panamanian students by North American troops. It brought a rupture in relations by the government of Panama and a strengthening of its negotiating position because of loss of prestige by the United States in the world community.

A systematic analysis of Panamanian society and the characteristics of the Panamanian state is needed in order to form a judgment on the present reality.

The problem involves variables at an international level, because the commercial and military importance of the Zone have made it a strategic center in the Western Hemisphere. Though world politics do come into play, internal factors have created circumstances which, in interaction with the international situation, form a context of possibilities and limitations.

In this chapter, an attempt will be made to characterize the Panamanian state and society. To do this it will be necessary to examine the historical formation of the Panamanian working class as well as special features of the class struggle as it has developed under the influence of the Canal Zone, the Panamanian nation-state and relations with the U.S.A.

Though this analysis will not be exhaustive, it aims to point out certain peculiarities that aid in understanding the context of negotiations over the

* The essay from which these excerpts are taken first appeared in CELA, publication of the Center for Latin American Studies of the Faculty of Political and Social Sciences of the National Autonomous University of Mexico (Study No. 30, 1977)
Canal Zone.

Panamanian social classes may be characterized by their relationship to capital accumulation. This entails a determination of the type and degree of connection of each class with the United States, and their mutual relationships in the field of production and circulation in the world market.

A study of the relationship between economic power and political control divides itself into the period before the seizure of power that occurred in 1968 and the period after. Prior to 1968 the state was so closely identified with the economically powerful that the key posts of political power were occupied directly by members of the oligarchy. After 1968 a change takes place, and the state plays a new and important role in the class struggle, both in its internal and external aspects. But these two phases are not absolutely separated. In the intermixture a series of contradictions is presented, some within the oligarchy and others in the relations of the oligarchy with the Panamanian proletariat and the outside world.

It is these peculiarities of Panamanian class structure, society and state that are examined in this chapter in order to understand the course of the negotiations and possible action alternatives of the Panamanian government.

The colonial enclave established in the Canal Zone has throughout the history of Panama been the principal source of economic power and political control. The country's agriculture is inefficient, and industry is still in its initial stage. Practically speaking the country lives from commerce, finance and services sold to the Canal Zone. That is where the pole of accumulation is located. The following tables give a picture of the geographical concentration of economic activity in Panama City and Colon, suggesting also the conditions of life in the remainder of the country. (1)

<table>
<thead>
<tr>
<th>National Total</th>
<th>Panama City and Colon</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of establishments</td>
<td>744</td>
<td>623</td>
</tr>
<tr>
<td>Number of personnel</td>
<td>10,365</td>
<td>9,287</td>
</tr>
<tr>
<td>Salaries paid</td>
<td>16,561</td>
<td>15,581</td>
</tr>
<tr>
<td>(thousands of dollars)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amount of sales</td>
<td>73,916</td>
<td>68,701</td>
</tr>
<tr>
<td>(thousands of dollars)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
A similar panorama appears in the areas of commerce and industry:

**Geographical Concentration of Wholesale Commercial Establishments**
(Not including the Free Zone of Colon)

<table>
<thead>
<tr>
<th></th>
<th>National Total</th>
<th>Panama City and Colon</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of establishments</td>
<td>504</td>
<td>398</td>
<td>79.0</td>
</tr>
<tr>
<td>Number of personnel</td>
<td>9,282</td>
<td>7,906</td>
<td>85.0</td>
</tr>
<tr>
<td>Salaries paid</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(thousands of dollars)</td>
<td>24,354</td>
<td>22,199</td>
<td>91.0</td>
</tr>
<tr>
<td>Amount of sales</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(thousands of dollars)</td>
<td>412,122</td>
<td>364,132</td>
<td>88.0</td>
</tr>
</tbody>
</table>

In commerce, not only wholesale but also retail store distribution shows a similar concentration, underlining the degree of inequality and disparity of conditions in Panama.

**Retail Commercial Establishments**

<table>
<thead>
<tr>
<th></th>
<th>National Total</th>
<th>Panama City and Colon</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of establishments</td>
<td>1,016</td>
<td>787</td>
<td>77.0</td>
</tr>
<tr>
<td>Number of personnel</td>
<td>14,481</td>
<td>11,863</td>
<td>82.0</td>
</tr>
<tr>
<td>Salaries paid</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(thousands of dollars)</td>
<td>27,745</td>
<td>24,106</td>
<td>87.0</td>
</tr>
<tr>
<td>Sales</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(thousands of dollars)</td>
<td>326,100</td>
<td>266,946</td>
<td>82.0</td>
</tr>
</tbody>
</table>

In industry, which is mainly for production of consumer goods, the same situation prevails:

**Manufacturing Industry**
(with more than 50 workers)

<table>
<thead>
<tr>
<th></th>
<th>National Total</th>
<th>Panama City and Colon</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of establishments</td>
<td>698</td>
<td>619</td>
<td>88.0</td>
</tr>
<tr>
<td>Number of personnel</td>
<td>25,179</td>
<td>20,670</td>
<td>82.0</td>
</tr>
<tr>
<td>Salaries paid</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(thousands of dollars)</td>
<td>51,891</td>
<td>45,052</td>
<td>87.0</td>
</tr>
<tr>
<td>Sales</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(thousands of dollars)</td>
<td>424,039</td>
<td>351,573</td>
<td>83.0</td>
</tr>
</tbody>
</table>
Before examining the composition of the dominate and dominated classes, let us take note of other data and elements of analysis.

A study carried out by the Ministry of Planning and Political Economy shows that 75% of the doctors, 63% of the dentists and 60% of the hospital beds are concentrated in the cities of Colon and Panama City. These two cities also have 94% of the telephones and 75% of the energy supply. They have approximately 40% of the population of the country. (2)

It is possible to detect in these data the existence of a national bourgeoisie closely tied to the Canal Zone, an incipient proletariat and a high percentage of salaried workers concentrated in the area of the Zone. This contrasts with the rest of the country, which has a very backward economy. The links between these two contrasting regions appear to be weak, since most of the raw materials used in industry are imported.

The fact that 53 of the 60 enterprises having highest taxable revenues are located and carry on the major part of their activities in Panama City and Colon tends to corroborate the high concentration of economic power. The distribution of enterprises by economic activity gives some of the characteristics of the national bourgeoisie: 45 enterprises are engaged in commerce and services and only 15 in manufacturing. (3) A similar distribution is reflected in figures showing loans made by banks in 1970, which provides an index of the comparative dynamism of the different sectors: of the total credits of $421.8 million, 57% went to commerce, 9% to housing, 7% to industry, 5.4% to cattle raising and 3.5% to agriculture. (4)

The form and degree of integration into the external capitalist world is an important element in the characterization of the Panamanian nation-state.

In 1970, 88% of the external debt of the Panamanian government (the highest per capita debt in Latin America) and 92% of foreign investment were from sources in the United States. (5)

The fact that two thirds of public investment (as of 1973) was financed by loans from the United States suggests the possibilities of control over government policy. Dependence on these sources of capital is increasing. The nation's debt increased from $155 million to $550 million between 1967 and 1974. (6)

Private North American investment in Panama in 1970 was $1 billion and $12 billion in all of Latin America. (7) This proportion indicates the importance of Panama to the United States. Panama is the recipient of the largest per capita aid from AID, the United States Agency for International Development. (8) These facts are linked to the financial importance of the Zone in recent years and to the attempts of the North American government to maintain calm in the population and develop an
Four areas of external integration may be distinguished: the Chiriqui Land Company, the Free Zone of Colon, the financial centers and the canal enterprise itself.

The Chiriqui Land Company is a subsidiary of United Brands. Its exports represent 88% of all agriculture exports from Panama and 50% of all exports. It is third in number of persons employed. (9) This banana plantation developed in the region of Chiriqui and Bocas del Toro, and extends to the border of Costa Rica. The Chiriqui enterprises increase the internal market for products. (10) The same can be said of the large cattle raising operations and sugar mills of Cocle Province.

A confrontation between Panama and the United Brands of Boston grew out of the Panamanian proposal to create a Union of Banana Exporting Countries in order to put an end to the exploitation of banana cultivation by the multinational companies. The so-called “Banana War”, initiated in March, 1974, included economic and psychological warfare and covert operations promoted by United Brands. (11) The outcome of the conflict was nationalization of the land of the Chiriqui Company with a negotiated compensation. United Brands continues to have the lucrative contract for transporting and selling, despite offers made to the government of Panama to study other means of commercialization. (Algeria and Cuba were among those making offers.) (12)

As we observed in the tables on geographic distribution of the economy, the major part of important enterprises are concentrated in Panama City and Colon. The Free Zone of Colon is an attractive center for foreign investment. It offers numerous incentives to transnational companies: entry, storage, processing and departure of goods are exempt from taxes and charges. It currently conducts transactions valued at more than $750 million annually for more than 600 firms. (13)

The third area of integration is in world finance. Following the approval of a new banking code in 1970 Panama rose to sixth place among world financial centers. The code was written by government agencies and private banks. Characteristics of the Panamanian monetary system such as the free circulation of United States dollars and free movement of capital in and out of the country explain the steady increase in the number of foreign banks in Panama, operating with funds from foreign sources. In 1969 there were 19 such banks operating in Panama. By the middle of 1974, the number had increased to 66 with more than 160 branches. (14) Foreign deposits have increased from $501 million in 1969 to $4,385 million in September 1974. (15)

Finally, the fourth area of external integration is the canal enterprise itself. This we will analyze more thoroughly because it is the most characteristic area of integration of Panama into the North American
capitalist system.

If the essential elements of a state are considered to be population (human beings subject to the state), territory (extension in space) and political power (sovereignty, an intrinsic attribute of the state) the Panamanian state lacks these elements as a practical matter in the Canal Zone. The Republic is physically, politically and culturally divided by a strip within which sovereignty is exercised by the United States. This produces a permanent state of conflict.

On the pretext of defending the canal, the United States appropriated a zone within which a North American authority exercises sovereignty. (16) This authority, the "governor", is designated by the United States government. He also serves as Director of the Panama Canal Company, a United States governmental agency that administers the canal. This post has always been held by officers of the Army Corps of Engineers, the corps that built the canal. (17) The laws of Louisiana are applicable in the Zone, and a foreign police force of three hundred men maintains "order" according to North American interests. Especially persecuted are any of the Panamanian population that fight for labor rights or rights of sovereignty. (18)

The Zone has its own system of education, postal service and extensive recreational facilities for the 44,000 North Americans living there (of whom 30,000 are civilians, the other 14,000 military). In this small strip, in contrast to the poverty prevailing in the remainder of the country, there are several golf courses, race-tracks, swimming pools, beaches, yacht clubs, movie-houses, bowling alleys, gymnasiums, tennis courts and, especially in Quarry Heights, luxurious residences.

North American investment in military facilities in the Zone by 1971 amounted to $4.8 billion by conservative estimate, more than double the amount of investment in civilian facilities, $2.2 billion. (19) There are presently 13 military bases, 7 for the army, 4 for the navy, and 2 for the air force. (20) On Quarry Heights is located the Southern Command of United States Armed Forces. Of seven unified commands under the Pentagon this has the smallest number of personnel but the highest ranking officers. There is a Military School of the Americas, a counter-insurgency school, and a center for study of strategy and tactics to be used against popular and revolutionary movements of Latin America. Training programs are carried on, for example, for the Green Berets in situations like those in Vietnam. (21) Carlos Calzadilla (Secretary General of the Panamanian Assembly of Representatives) states that the United States military arsenal in Panama includes atomic weapons. (22)

Commercially, the canal is of great importance, since through it passes 8% of the world's maritime commerce. During recent years, more than 15,000 ships have transited the canal each year. Commercial traffic
included nearly 73 million tons going from the Atlantic to the Pacific and 53 million tons from the Pacific to the Atlantic. The greatest tonnage of cargo is in oil and its derivatives, though they are only 18.2% of total cargo. (23) Revenue was approximately one dollar per ton. From the total, Panama receives $1.92 million per year. In addition, the canal provides transit to 1.5 million tons of United States government cargo, much of it military. (24)

There is a significant dependence of Latin American commerce on the canal. For example, the following percentages indicate how much of each country's commerce passes through the canal:

<table>
<thead>
<tr>
<th>Country</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nicaragua</td>
<td>76.8%</td>
</tr>
<tr>
<td>El Salvador</td>
<td>66.4%</td>
</tr>
<tr>
<td>Ecuador</td>
<td>51.4%</td>
</tr>
<tr>
<td>Peru</td>
<td>41.3%</td>
</tr>
<tr>
<td>Chile</td>
<td>34.3%</td>
</tr>
<tr>
<td>Colombia</td>
<td>32.5%</td>
</tr>
<tr>
<td>Guatemala</td>
<td>30.9%</td>
</tr>
<tr>
<td>Panama</td>
<td>29.4%</td>
</tr>
<tr>
<td>Costa Rica</td>
<td>27.2%</td>
</tr>
<tr>
<td>Venezuela</td>
<td>7.4%</td>
</tr>
</tbody>
</table>

In these circumstances monopoly control of the passage by the United States places in danger the countries that use the interoceanic route for their commerce. This is particularly true in view of the hard line the United States is wont to take in defending its "national interests".

Resuming the analysis, the structure of Panamanian production shows a high degree of economic concentration with the pole of accumulation in the Canal Zone enclave. Since a major part of goods used and consumed are imported, there is a continual outflow of capital. In the commercial and financial exploitation of Panama's geographical position, some of the profits are extracted from the people of Panama.

It remains now to look at the characteristics of the Panamanian state, both before and after the coup of 1968.

A study made in 1967 by Marco Antonio Gandasegui will serve to describe the situation before 1968. (25) In his analysis, economic domination is exercised by a group of twenty families whose base of capital accumulation has been foreign commerce. Joined with foreign banking and financing interests the group controls finance, commerce, industry and services. Until 1968 the state was not only fully identified with this economically powerful group. The government posts of power were actually occupied by members of the group. In this situation, negotiations with the United States were confined to new commercial agreements. Gandasegui states:
Withdrawal of military bases, neutralization of the canal, gradual training of Panamanians to manage the canal - these were not mentioned in any official statement or joint declaration. (26)

In a study of the power elite (through interlocking directorships, capital ownership and control of the principal enterprises located in Panama) Gandasegui shows the degree of concentration in the Panamanian economy, in political control and in communication media. The National Council of Private Entrepreneurs (CONEP), representing the most powerful economic sector, includes merchants, industrialists, landowners and some professionals such as architects and engineers. It serves as an organ of pressure.

In a period of economic stagnation, the government of Marco Antonio Robles (1964-1968) proposed various reforms, including an agrarian reform, which miscarried, and a tax reform, which was dropped a few months after going into effect due to concern among the entrepreneurs over the "interventionist" role initiated by the state.

An urgent necessity was widely felt for a relocation of political power as a means to a more effective promotion of development within the capitalist system. A state with a certain degree of autonomy was needed that would promote long-range development and not limit itself to meeting the immediate interests of the bourgeoisie. Such a state would carry through a redistribution of wealth and power, thereby increasing the internal market. At the same time, it would prevent excesses by the poorest sectors of the people.

The government headed by General Omar Torrijos began to put such a program of reform into effect. The man he ousted, Arnulfo Arias, was described by the United States bureaucracy as "anti-communist and friend to the North Americans". (27) The Arias family is also said to control a respectable amount of capital. (28)

To release the Panamanian economy from its strait-jacket, it was necessary to broaden the capitalist economy, to bring in new sectors by means of a redistribution of wealth. Such a program can lead to violence, either in an attempt at a coup by the most conservative wing of society or in the generation of a revolutionary situation. Panama's international position is another factor affecting the event. In these circumstances the government of Panama champions the flag of society as a whole, which is nationalism.

Popular struggle in Panama has generally been led by the middle classes, especially by students. This is due to the incipient state of industrial development and the heterogeneity of society, which weakens organization of the working class and hence its capacity for applying pressure.

Stagnation of the economy has been increased by world recession and
by international inflation, notable since 1972. The growth rate in the gross national product in the period 1970-1972 was 7.3%. In 1973, it declined to 6.5% and in 1974 to 4%. (29) It is of interest to observe how the government confronts the economic problem. The following data on distribution of the gross national product during the period 1970 to 1974 will provide an indication of the impulse given the more dynamic sectors. (30)

Public investment has been concentrated in agriculture and cattle- raising sectors. The growth rate in those sectors has remained stable, despite the impact of the "Banana War", which caused a decline of 23% in the export of bananas. Policy has focused on widening the internal market and on the creation of peasant settlements, organized to receive and utilize governmental assistance. These programs and the Bank for Development of Agriculture and Cattle Raising (which finances medium and small producers) have also been useful in broadening the political base of the regime.

Industry had been expanding at a fairly rapid rate until 1972 (7.2% per year during the period 1970-1972). But by 1974 it had declined to a growth rate of 2.1% per annum. As mentioned earlier, most raw materials are imported. Therefore, world inflation had a strong impact on costs of production within the country. It has also been government policy to channel financial resources of the international banks toward industry through the creation of a Bank of Industrial Development.

Another important category of public investment is in such infrastructure projects as electrical energy, irrigation, a pipeline across the isthmus, a hydroelectric plant at La Fortuna and the state cement plant. These aim at stimulating developments in agriculture and in industry and at reducing dependence on imports. (31)

Periodic revision of salaries and prices of basic necessities was used to combat the effects of inflation. In March, 1974, the government approved three laws relating to prices and salaries. Salaries of public employees were raised, as were salaries in the private sector including the minimum wage. (32)

Government financed construction projects increased by 14%, and tax exemptions were designed to stimulate construction by the private sector of low cost houses and apartments. For the middle class, the government proposed to make available through private banks $20 million for new home construction.

The Panamanian government, as these data indicate, is trying to bring new classes into the national economy by extracting resources from the tertiary sectory, which is the most dynamic and includes the canal enclave. Some nationalizations, e.g. electric power and urban transportation, and creation of state enterprises in bananas, sugar and
cement are principal preoccupations. (33) Little attention is paid to vertical integration.

The state, then, is the principal actor. Polarizing the political situation, the state confronts a Panamanian bourgeoisie of merchants, industrialists and financiers, who are linked with the North American presence in seeking their short-range interests. It also confronts students and intellectuals who have been the principal promoters of popular mobilization in Panamanian history. Panamanian workers in the Canal Zone (both white-collar and blue-collar) suffer much discrimination, a fact increasing their potential as a popular force. Many intellectuals have been pacified and incorporated into the state apparatus and programs (despite some repression at the outset including some departures into exile). Students, also, have been integrated into support for the regime, not without frequent crises which threaten to provoke severe repression by the government and the armed forces. The government's claim to legitimacy would be weakened by any severe measures of repression. Students are especially suspicious of the armed forces.

Torrijos has correctly stated:

*The present government has not appeared due to accident or caprice. It is the outcome of a long process of decay that demonstrated the increasing incapacity of the political parties.* (34)

The offensive of some sectors of the upper classes to recover power is countered by the government through organizations of peasants, workers and the middle class. This strategy creates the possibility that these forces will get out of hand, especially if no treaty is achieved that satisfies the nationalist aspirations of key sectors of the population.

*History of the U.S. Military Presence*

The Hay-Bunau-Varilla Treaty of 1903 provided in Article 23:

*If it should become necessary at any time to employ armed forces for the safety or protection of the Canal or of ships that make use of the same, or the railway 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.*

This right of the United States to intervene "in its discretion" deprived Panama, in fact, of the rights of an independent state. The United States has considered that it had the unilateral right to guard the Canal Zone even as the Zone became a strategic center for commercial and military operations.

Since 1903, Panama has constantly suffered interventions. Elections have been supervised and influenced by the United States. The means used range from pressure and blackmail to military intervention.
In 1936, the Arias-Roosevelt Treaty provided in Article 10:

In case of an international conflagration or the existence of any threat of aggression which would endanger the security of the Republic of Panama or the neutrality or security of the Panama Canal, the Governments of the United States of America and the Republic of Panama will take such measures of prevention and defense as they may consider necessary for the protection of their common interests. Any measures in safeguarding such interests, which it shall appear essential to one Government to take, and which may affect the territory under the jurisdiction of the other Government, will be the subject of consultation between the two Governments.

On the basis of this clause, the United States has obliged Panama to participate in war plans, though without giving up any of its exclusive power of military initiative.

In 1940, the United States ambassador in Panama proposed the establishment of military bases for a period of 999 years [sic] in anticipation of United States entry into the war and the conversion of Zone installations into military objectives. President Arias resisted, and in 1942 a treaty was signed giving the United States only temporary use of areas for strategic purposes. (35)

In 1947, an anti-imperialist movement comprising students, workers and peasants successfully resisted the retention of bases by the United States outside the Zone. But in 1955 in the Remon-Eisenhower Treaty, Panama again turned over to the United States a part of the territory that had been recovered in 1947. This was for a base at Rio Hato, which the United States was authorized to use for maneuvers and military training for a period of 15 years, extendible by agreement between the parties.

Since World War II espionage and programs designed to prepare special forces for use in counter-insurgency have become a feature of relations between the United States and the other nations of the continent. In the Pentagon and in the general staff of the U.S. Southern Command (with headquarters in Panama) high level strategists have been developing plans for counter-insurgency operations in Latin America.

The Cold War and the Southern Command

During the Cold War the Southern Command, as part of a global strategy against the socialist world, has administered programs of military aid and maintained an extensive counter-insurgency apparatus by means of training courses for military and police forces of Latin American countries.

Military assistance programs were used in the World War II period. In 1938, the U.S. Army had begun sending military missions to Latin America to replace the French and the British, traditional mentors of the
Latin American military. In 1942, the Inter-American Defense Board was created. This was a permanent bureaucratic structure through which the United States provided arms and developed uniformity of equipment and training in the armed forces of the hemisphere. At the beginning of 1946 the United States War Department announced plans for a permanent program of military assistance for Latin America. (36) The first training courses in the General Staff of the Southern Command were held in 1943. By 1974 approximately 45,000 students from different countries of Latin America had graduated. Some of them now occupy or have occupied high posts in their respective countries. Among these are General Torrijos, General Juan Velasco Alvarado and Brigadier General Guillermo Rodriguez Lara.

The U.S. Army School of the Americas, founded in 1946, is the most important center of training for Latin American counter-insurgency forces. It is located at Fort Gulick in the Canal Zone. The system of instruction focuses on developing strong ties with Latin American officers, many of whom play what is called in U.S. military circles a "representational role" in Latin America.

This role developed within the U.S. conception of "internal security" and "national development". The result is that such officers, instead of acting in the interests of their own states, adopt the perspectives and policies of the U.S. Department of Defense.

General William B. Rosson, a fervent champion of the Southern Command, emphasizes its non-military functions. These include search and rescue operations and military assistance in times of earthquakes and hurricanes. These "humanitarian" missions form part of Military Civic Action programs designed to obtain information about an area and about the local population. At the same time they provide training to Latin American officers in the techniques of intelligence gathering and counter-insurgency. (37)

The catalogue of courses offered at the School of the Americas sets forth the fundamental purposes of the military establishment in the Canal Zone. For example, the course in "Combat Arms Command and Unit Staff Officer" includes materials on psychological operations, civic action and unconventional warfare; the course on "Internal Development and Civic Action" includes seminars on social, economic and political development, psychological operations and military civic action; the course on "Counter-Insurgency Operations" has as its objective training Latin American personnel in "internal defense and development, guerrilla warfare, psychological operations, civic action, intelligence, techniques of transport by air and through forests". There are also courses in "Urban Counter-Insurgency"; "Criminal Investigation", etc. (38)
The content of these courses makes it clear that the military establishment in the Zone is not tied to the defense of the canal.

The instruments of repression for use against movements of liberation of the peoples of Latin America are now designed to have lower visibility and lower cost. The U.S. military presence is veiled, especially since the prestige of U.S. armed forces has declined. Terror is used to intimidate movements and organizations that might threaten "national security". Note that the "national security" referred to is really that of the United States. The Latin American military are being trained, not to defend their countries against attack from abroad, but to fight against the people of their own nations.

When persuasion fails in international relations, there may be recourse to other measures, economic, political, psychological and even military intervention. The choice varies according to the comportment of the country in question as seen by the North American bureaucracy. For example, the government of the United States delivered to Chile $45.5 million in military aid during the period 1970 to 1974. (39) At the same time a plan to destroy the Chilean economy by denial of credits, withdrawal of technical aid and closing of North American companies in Chile was being prepared by William Broe, the Chief of Clandestine Services of the Central Intelligence Agency in the Western Hemisphere, and by E. J. Gerrity, vice president of I.T.T. (40)

The apparatus of destruction in the Canal Zone, called a "security system" by the U.S. bureaucracy, is more extensive than military forces. As has been pointed out in the U.S. Congress, there are many high-ranking officers and not many combat troops. The functions of the Southern Command are a principal feature of the North American military presence in the Zone.

*The Panama Canal Zone in U.S. Strategy*

In this chapter, we examine the principal functions of the Canal Zone in carrying out the strategy of "flexible response" and emphasize its importance in the system of power.

The strategy of "flexible response" included a large-scale program of counter-insurgency. This was considered one level of action in those situations where North American interests were not directly threatened. The true threat in the Southern Hemisphere, as Secretary McNamara affirmed, was not a military attack from outside, but the "problem" of movements of liberation, of insurrections "inspired from the outside". (41) From this assessment came, as we have seen, the development of military and paramilitary training, counter-insurgency tactics and "civic action". (42)

The three services, Army, Navy and Air Force, operate in the Canal
Zone. The predominance of high ranking officers is related to the plan to dispatch small detachments of reserves from a central pool via rapid transport to any area where they are needed. Also related is the mission of the Zone in training Latin American forces to serve U.S. interests.

The combination of Navy and Air Force for systems of transportation in defense and attack has been a key feature of strategy since the administration of President Kennedy. For this reason the capacity for mobility is vital to both services, and the Canal Zone is an important factor in maintaining it.

Summarizing, it would seem that the Panama Canal and the Canal Zone have four different functions in United States strategy:

1. To support counter-revolution;
2. To support the logistic system;
3. To maintain the capacity for mobility;
4. To provide a presence in Panama itself.

Occupation of the Zone "to maintain a canal open to all nations of the world" is really a pretext. Let us analyze some declarations on the question by North Americans.

In the United States Congress a variety of arguments have been used to justify the U.S. military presence in the Zone. For example, Representative Edwards stated in the House of Representatives:

_The strategic nature of the canal to international commerce and to the military defense of the Western Hemisphere are two good reasons why the United States should never let the canal slip from its control._ (43) Some have stated that "the military forces in the Zone had to be hastily reinforced to protect the 44,000 Americans living there" and to prevent a repetition of "the riotous anti-U.S. demonstrations incited by the Panamanian government". (44) Others, such as Representative Harry F. Byrd, applaud the reasoning of Anthony Harrigan (columnist and vice-president of the United States Industrial Council) to the effect that "the United States depends on rapid movements of ships between the Atlantic and Pacific Oceans" and "one of the first considerations of the State Department should be maintenance of control of the Canal Zone so as to secure movement between the two oceans", since the United States is the target of an economic war led by the Arabs. (45) Representative Dan Flood (a specialist in the Panama Canal question) and John S. McCain (former commander-in-chief of all Pacific forces) state that Panama is a target of Soviet global strategy. According to Flood, "the isthmus has always been a target for predatory attacks, and that is why it will always require the presence of the United States if it is to remain free". [!] (46) Others, like Representative Murphy, stress that there have been 59 presidents in Panama in the past 70 years and that the North American presence is necessary and nonnegotiable. (47)
However, since the Republic of Panama is a sovereign nation and the North American occupation is a violation of that sovereignty, the North American presence in the Zone is unacceptable. The events of January, 1964, supposedly incited by the Panamanian government, really show what a menace hangs over the Panamanian people so long as United States armed forces are present in Panama. Violent acts of aggression committed by the armed forces and police of the Canal Zone were a reaction to secondary school students who wanted to display the Panamanian flag as a symbol of sovereign rights. The aggression ended with 20 Panamanian students dead and hundreds wounded. The presence of the United States is a threat to the security and the existence of the Panamanian state, and given the nature of the activities of U.S. armed forces, the menace touches all Latin American states. In one form or another, they are all victims of the North American military presence.

The rules of neutrality have been violated by the United States or interpreted to serve its own interests. Julio Yau quotes Colonel Immanuel Kletts as follows:

...during both wars the United States interpreted the rules of neutrality to its own advantage in order to serve its "national interests". Enemy ships were captured in waters of the Canal Zone and transit denied them... During several years of the Cold War, United States guards were placed on board ships of the Soviet Union while they transited the canal. (48)

The violations of neutrality clauses included in various treaties between Panama and the United States are passed over in silence by former Secretary of State Henry Kissinger, who stated:

The whole world has regarded the Panama Canal, since its inauguration, as vital to international commerce and security. It is essential that the canal remain open to ships of all nations on conditions of equality. (49)

By this Kissinger meant that in the opinion of the government of the United States its presence and intromission in Panamanian territory is indispensable. "Security" has always been interpreted as a function of U.S. prerogatives, and this has caused the transit of ships to be impeded. For example, the Panamanian government denounced as an "extremely grave" matter the detention of a Cuban ship by North American Canal Zone authorities on October 4, 1973. Panama expressed its protest against the violation of immunity of foreign publicly-owned vessels, saying that it is "a principle of public international law that publicly-owned foreign vessels are exempt from local jurisdiction and therefore enjoy immunity". (50) On October 16, 1973 Panama accused the United States before the international community of violating its sovereignty by detaining a Soviet ship at the request of the new Chilean government.
There were similar incidents against merchant ships detained in the canal on the demand of Chilean companies. (51)

In terms that have become familiar since the United States took on a "world responsibility", Representative Murphy argues against any cession to Panama of a right to exercise its legitimate authority:

_The only stable entity keeping the canal operating has been and will continue to be U.S. presence there....any deviation from the basic position of U.S. operation, sovereign control and defense of the Canal and the Canal Zone is inimical to the interests of the United States, the people of Panama [...] and the countries of the world who depend on the Canal... (S2)_

Justifying the use of violence as a supposed means of maintaining stability has lost acceptance. The reason for this change lies in the extensive destruction and death sowed by United States foreign policy in defense of the prerogatives of a system which resorts ever more frequently to its repressive apparatus to meet emergencies. Hunger, destruction, repression and war have been the principal effects of the "civilizing mission" of the United States.

When conflict reaches the stage of confrontation the "representational role" developed through the Southern Command becomes important in producing coups welcomed by the dominant power. Two kinds of military regimes have emerged. The first is authoritarian. With evident United States participation it changes policies that have been identified by the North American bureaucracy and owners of capital as dangerous to the preservation of political control over the hemisphere. Repression is employed massively, as is seen in the case of the Chilean military government.

The other type of military government adopts nationalism as a principal policy, with wide state participation in the economy. The military government of Panama is in this category. This model has exacerbated the contradictions between the North American nation-state and Latin-American nation states, the more so due to the crisis in the capitalist system.

The deterioration in relations between states is such that it becomes very important for governments to open democratic channels to organized participation at all levels, economic, political and military, to the people and especially to workers. Otherwise, the consolidation of the state will be reversed and the danger increased of loss of power of self-determination and ability to defend resources. Only such popular participation can weaken the effectiveness of repression.

It appears that the new canal treaty now being negotiated will provide for joint protection and defense of the canal by Panama and the United States. The experience of the Panamanian people with such a joint
"participation" since the Treaty of 1903 has taught them it ought not to be renewed. Defense of Panamanian land, waters and airspace is the exclusive attribute of the government of Panama, and the continuation of a North American presence should not be accepted. If the canal is an object of international interest, guarantees of continuity in its operation should come from supervision by an international organization and not by the United States.

**The Canal Zone in the Western Hemisphere:**

*Panama, United States, Latin America*

In this chapter we will assess the political balance in the situation of conflict between the United States and the Republic of Panama. As we have seen in earlier chapters, the other Latin American states are intimately involved in the conflict. Therefore, the play of forces operating through alliances will be analyzed.

* * * * *

A brief historical reference to the characteristics of the Panamanian armed forces will provide one element of explanation of a recent change in their perspective and self-image.

The Panamanian armed forces throughout their history have been crippled by the readiness of the United States to thrust them aside when it became a question of "order" in the Republic of Panama.

The National Army was abolished one year after creation of the Republic as an "independent state", in effect an amputation of one of the state's principal organs. In a critical political situation in 1904, the ambition of certain political groups to take power by a barracks *coup* set the stage for an intervention of the United States. The United States pressed the government of Panama to decree the abolition of the National Army and replace it with a corps of police. (53) Subsequently, the United States forced the Panamanian government by means of an ultimatum to disarm the police force. Weapons were surrendered and deposited in the Canal Zone. This was the consequence of frequent clashes between the National Police and the soldiers and sailors of the Zone.

When the right of the United States to intervene in Panama was eliminated by changes in treaties, the National Police became the guardian of public order. As a result, this organization came to be held in high consideration by the groups in power.

...not only as guarantors of a government at any particular time, but also as an instrument of stability and social peace because of its role in repressing agitation and popular movements. Its officers were given ranks equivalent to that of the military. Substantial appropriations were voted for the purchase of arms, and police commanders rose in the
Relations during World War II with the armed forces of the United States in the Caribbean Command (today Southern Command with headquarters in the Canal Zone) and the subsequent militarization of Latin America during the administration of President Truman, led to a transformation in this police force. By the latter part of the 1940's it had become an important political force with the name National Police and later, when militarized (1953), National Guard.

The Panamanian armed forces, then, have known two distinct periods. The first was characterized by a lack of function, a kind of castration that produced a deep resentment against the United States armed forces. In the second period the National Guard found itself at the service of the national oligarchies and coordinated by the Southern Command.

In 1968 a group of young officers, graduates of the Panamanian Military Academy, seized power under the leadership of General Omar Torrijos, whose changed image of his function is clearly indicated in the following declaration:

...formerly our mission was to maintain the status quo with blood and fire....our work of repression nauseated me. It was with this sentiment of loathing that the National Guard rebelled, in order to put an end to colonialism, and above all, to solve the problem of the Canal, which is almost a religion in Panama. (55)

Torrijos is right when he says that the former lack of capacity to resist was due to errors of the politicians, and that the present National Guard grew out of that self-critical phase.

The options facing the present government of Panama have been explored in an earlier section. Self-recognition by the National Guard of its responsibility to the Panamanian nation-state creates conflict with the imperialist complex of the North American nation-state.

System of Alliances Among National States

The military and commercial importance of the Zone converts the problem of the canal into a hemispheric conflict. At the present level of tension (which has not reached violent confrontation) the system of alliances among national states is an element of prime importance in international politics.

The Treaty of 1903 has been used by the United States to justify its presence in the Canal Zone and extenuate the colonial reality. For example, the United States has placed obstacles in the path of the UN Special Committee of Twenty Four on Decolonization, though the United Nations has declared that putting an end to colonialism is one of its most important goals. In December, 1946, the General Assembly voted to prepare a list of non-autonomous territories, but in 1947 the United
States refused to supply information on the Canal Zone, denying that the Zone belonged on the list "whether the General Assembly agreed or not". (56) This occurred again in 1960 (the period in which the Special Committee of Twenty Four was created) and again in 1975. The United States has ignored the principles established by the United Nations which were to serve as criteria for deciding whether an obligation exists to provide information about an area. (57) In this way it has resisted placing Panama within the purview of the international community.

However, Panama is allied with other countries suffering a North American presence.

Twenty five countries participate in the Latin American Economic System (SELA). Among its issues of concern is effective jurisdiction over national resources, including geographic position. It is concerned with political as well as economic questions. The attempt at unification of Latin American countries around SELA is a reflection of their internal problems having as a common denominator the crisis in the capitalist system. It offers a new instrument for negotiating their demands and necessities. Panama used this organization to establish alliances with other countries in the area. In the meetings of SELA Panama has received the strongest support on the Canal Zone question from Mexico, Jamaica, Ecuador, Guatemala and Cuba. Whether SELA succeeds or not in its goals, it is an expression of the balance of power at the international level and shows that the old system of unilateral manipulation by the United States is no longer operative.

Panama has joined with 15 other Caribbean countries in the creation of the Multinational Fleet of the Caribbean. (58)

Venezuela, Colombia and Costa Rica have announced support for Panamanian goals. One of their principal arguments is the danger they foresee to themselves in any international conflagration.

Argentina, before the coup by General Videla, expressed its unlimited support for the elimination of "one of the last strongholds of colonialism in Latin America". (59) Support comes from leftist sectors of Peronism as well as from the military. The Argentine government made loans to Panama in 1974.

Another form of alliances is the Conference of Plenipotentiaries of the Organization of American States to reform the Inter-American Treaty of Reciprocal Assistance. (60) This began in 1975 with the purpose of discussing the strategic situation and making a simple majority sufficient for lifting sanctions against Cuba. Discussion has developed around the proposal to disconnect Latin America from any military commitment made by the United States outside the continent. The Panamanian, Nander A. Pitty, is one of the strongest supporters of this proposal. The principal strategic conception promoted by the Peru-Panama-Mexico
alliance is defense against an attack from within the continent, whereas the United States is principally concerned about attack from outside the continent.

Closely related to the debate over restructuring the Inter-American Treaty of Reciprocal Assistance is the 11th Conference of American Armies held in October, 1975. This conference took place in an atmosphere of tension produced by U.S. military maneuvers in the Canal Zone aimed at intimidating Panama in the treaty negotiations. While these maneuvers were going on, the Panama delegation declared that: "...terrorism is no longer a feature of communism only, but may also be used by capitalism." (61)

The Peru-Ecuador-Panama-Venezuela alliance maintained that the roots of subversion lie in economic dependence and underdevelopment. This group of countries also accused capitalist economic interests of employing terrorism. Strongly opposed to this position were Chile, Brazil, Uruguay, Paraguay and Nicaragua with whom the United States joined. A similar division developed around the question of lifting the sanctions against Cuba. Chile, Uruguay and Paraguay were opposed, with Brazil and Nicaragua abstaining.

Alliances with countries outside the continent, principally with socialist countries and non-aligned countries, have enabled Panama to put pressure on the United States or to resist its aggressions. In January, 1974, for example, Torrijos declared in Peru that "a wide cooperation existed between Panama and the socialist world" and that diplomatic relations would be established with socialist countries. This declaration was an answer to right-wing plotting against the government discovered while Torrijos was traveling abroad.

In March, 1973, the Security Council of the United Nations met in Panama. A resolution presented by Panama and Peru called for absolute respect for Panamanian sovereignty over the whole of its territory. The resolution was vetoed by the United States, but it received the favorable votes of Guinea, India, Indonesia, Kenya, Sudan, Yugoslavia, Australia, Austria, France, China and the Soviet Union. England abstained. Latin America was united in its support for Panama.
NOTES


(4) Stanley Heckadon, op. cit., p. 8.

(5) Idem, p. 6.


(7) Idem.


(13) NACLA, op. cit., p. 10.

(14) Idem, p. 9.

(15) UN/ECLA, op. cit., p. 708.

(16) This essay was written before publication of the 1977 Treaties and describes the situation existing in the absence of ratification of a new treaty. (Ed. note)

(17) NACLA, op. cit., p. 3.

(18) On conflicts between the Panamanian population and North American forces of repression, see Ricaurte Soler, op. cit. and R. D. Souza, op. cit.


(20) Senghaas Dieter, Armamento y Militarismo, Mexico, Siglo XXI, p. 102.

(21) NACLA, op. cit., p. 3.

(23) Tables in the original text showing distribution of Panama Canal traffic by world commerce routes; total number of vessels, tonnage and tolls; world participation in utilization of the canal; and movement of principal products have not been reproduced in this translation. They appear in Congressional Record, Senate, June 3, 1974, p. S9458, and in Victor F. Goytia, op. cit., pp. 263-264. (Ed. note)


(25) M. A. Gandasegúi, op. cit.

(26) Ibid., p. 122.


(29) UN/ECLA, op. cit., p. 699.

(30) Data from ECLA, op. cit.

(31) See the interview of Omar Torrijos by Gabriel Garcia Marquez in El Día, June 24, 1975, p. 10.

(32) UN/ECLA, op. cit., p. 707.


(37) For a fuller and documented study of the political content and utilization of "Military Civic Action", see J. Saxe-Fernandez, Proyecciones Hemisfericas de la Pax Americana, Campodonico, Peru, 1971.


(41) R.S. McNamara, La Esencia de la Seguridad: Reflexiones de un Ministro, Grijalbo, Barcelona, 1969, pp. 41-42.

(42) According to McNamara, the principal function of civic action is "utilization of indigenous military forces for non-conventional warfare...and to change the image of the military as guardian of the status quo". Idem., p. 163.


(45) "Panama Canal Surrender", *Congressional Record, Extensions and Remarks*, March 5, 1974, p. E1104.


(50) *Revista del Centro de Relaciones Internacionales*, Panama, No. 4, January-March, 1974, p. 213.


(56) U.N., Department of Political Affairs, Trust Administration and Decolonialization, Vol. 2, No. 6, December, 1975, p. 45.

(57) *Op. cit.*, Annex II, p. 58, where the list of principles is given.


(60) See above, p. 75

(61) *Excelsior*, October 24, 1975, p. 3.
PANAMA CANAL TREATY

The United States of America and the Republic of Panama,

Acting in the spirit of the Joint Declaration of April 3, 1964, by the Representatives of the Governments of the United States of America and the Republic of Panama, and of the Joint Statement of Principles of February 7, 1974, initiated by the Secretary of State of the United States of America and the Foreign Minister of the Republic of Panama, and

Acknowledging the Republic of Panama's sovereignty over its territory,

Have decided to terminate the prior Treaties pertaining to the Panama Canal and to conclude a new Treaty to serve as the basis for a new relationship between them and, accordingly, have agreed upon the following:

ARTICLE I

ABROGATION OF PRIOR TREATIES AND ESTABLISHMENT OF A NEW RELATIONSHIP

1. Upon its entry into force, this Treaty terminates and supersedes:

(a) The Isthmian Canal Convention between the United States of America and the Republic of Panama, signed at Washington, November 18, 1903;


(c) All other treaties, conventions, agreements and exchanges of notes between the United States of America and the Republic of Panama concerning the Panama Canal which were in force prior to the entry into force of this Treaty; and

(d) Provisions concerning the Panama Canal which appear in other treaties, conventions, agreements and exchanges of notes between the United States of America and the Republic of Panama which were in force prior to the entry into force of this Treaty.

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

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

4. In view of the special relationship established by this Treaty, the United States of America and the Republic of Panama shall cooperate to assure the uninterrupted and efficient operation of the Panama Canal.
ARTICLE II

RATIFICATION, ENTRY INTO FORCE, AND TERMINATION

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

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

ARTICLE III

CANAL OPERATION AND MANAGEMENT

1. The Republic of Panama, as territorial sovereign, grants to the United States of America the rights to manage, operate, and maintain the Panama Canal, its complementary works, installations and equipment and to provide for the orderly transit of vessels through the Panama Canal. The United States of America accepts the grant of such rights and undertakes to exercise them in accordance with this Treaty and related agreements.

2. In carrying out the foregoing responsibilities, the United States of America may:

(a) Use for the aforementioned purposes, without cost except as provided in this Treaty, the various installations and areas (including the Panama Canal) and waters, described in the Agreement in Implementation of this Article, signed this date, as well as such other areas and installations as are made available to the United States of America under this Treaty and related agreements, and take the measures necessary to ensure sanitation of such areas;

(b) Make such improvements and alterations to the aforesaid installations and areas as it deems appropriate, consistent with the terms of this Treaty;

(c) Make and enforce all rules pertaining to the passage of vessels through the Canal and other rules with respect to navigation and maritime matters, in accordance with this Treaty and related agreements. The Republic of Panama will lend its cooperation, when necessary, in the enforcement of such rules;

(d) Establish, modify, collect and retain tolls for the use of the Panama Canal, and other charges, and establish and modify methods of their assessment;

(e) Regulate relations with employees of the United States Government;

(f) Provide supporting services to facilitate the performance of its responsibilities under this Article;

(g) Issue and enforce regulations for the effective exercise of the rights and responsibilities of the United States of America under this Treaty and related agreements. The Republic of Panama will lend its cooperation, when necessary, in the enforcement of such rules; and

(h) Exercise any other right granted under this Treaty, or otherwise agreed upon between the two Parties.

3. Pursuant to the foregoing grant of rights, the United States of America shall, in accordance with the terms of this Treaty and the provisions of United States law, carry out its responsibilities by means of a United States Government agency called the Panama Canal Commission, which shall be constituted by and in conformity with the laws of the United States of America.

(a) The Panama Canal Commission shall be supervised by a Board composed of nine members, five of whom shall be nationals of the United States of America, and four of whom shall be Panamanian nationals proposed by the Republic of Panama for appointment to such positions by the United States of America in a timely manner.

(b) Should the Republic of Panama request the United States of America to remove a Panamanian national from membership on the Board, the United States of America shall agree to such request. In that event, the Republic of Panama shall propose another Panamanian national for appointment by the United States of America to such position in a timely manner. In case of removal of a Panamanian member of the Board at the initiative of the United States of America, both Parties will consult in advance in order to reach agreement concerning such removal, and the Republic of
Panama shall propose another Panamanian national for appointment by the United States of America in his stead.

(c) The United States of America shall employ a national of the United States of America as Administrator of the Panama Canal Commission, and a Panamanian national as Deputy Administrator, through December 31, 1989. Beginning January 1, 1990, a Panamanian national shall be employed as the Administrator and a national of the United States of America shall occupy the position of Deputy Administrator. Such Panamanian nationals shall be proposed to the United States of America by the Republic of Panama for appointment to such positions by the United States of America.

(d) Should the United States of America remove the Panamanian national from his position as Deputy Administrator, or Administrator, the Republic of Panama shall propose another Panamanian national for appointment to such position by the United States of America.

4. An illustrative description of the activities the Panama Canal Commission will perform in carrying out the responsibilities and rights of the United States of America under this Article is set forth at the Annex. Also set forth in the Annex are procedures for the discontinuance or transfer of those activities performed prior to the entry into force of this Treaty by the Panama Canal Company or the Canal Zone Government which are not to be carried out by the Panama Canal Commission.

5. The Panama Canal Commission shall reimburse the Republic of Panama for the costs incurred by the Republic of Panama in providing the following public services in the Canal operating areas and in housing areas set forth in the Agreement in Implementation of Article III of this Treaty and occupied by both United States and Panamanian citizen employees of the Panama Canal Commission: police, fire protection, street maintenance, street lighting, street cleaning, traffic management and garbage collection. The Panama Canal Commission shall pay the Republic of Panama the sum of ten million United States dollars ($10,000,000) per annum for the foregoing services. It is agreed that every three years from the date that this Treaty enters into force, the costs involved in furnishing said services shall be reexamined to determine whether adjustment of the annual payment should be made because of inflation and other relevant factors affecting the cost of such services.

6. The Republic of Panama shall be responsible for providing, in all areas comprising the former Canal Zone, services of a general jurisdictional nature such as customs and immigration, postal services, courts and licensing, in accordance with this Treaty and related agreements.

7. The United States of America and the Republic of Panama shall establish a Panama Canal Consultative Committee, composed of an equal number of high-level representatives of the United States of America and the Republic of Panama, and which may appoint such sub-committees as it may deem appropriate. This Committee shall advise the United States of America and the Republic of Panama on matters of policy affecting the Canal’s operation. In view of both Parties’ special interest in the continuity and efficiency of the Canal operation in the future, the Committee shall advise on matters such as general tolls policy, employment and training policies to increase the participation of Panamanian nationals in the operation of the Canal, and international policies on matters concerning the Canal. The Committee’s recommendations shall be transmitted to the two Governments, which shall give such recommendations full consideration in the formulation of such policy decisions.

8. In addition to the participation of Panamanian nationals at high management levels of the Panama Canal Commission, as provided for in paragraph 3 of this Article, there shall be growing participation of Panamanian nationals at all other levels and areas of employment in the aforesaid commission, with the objective of preparing, in an orderly and efficient fashion, for the assumption by the Republic of Panama of full responsibility for the management, operation and maintenance of the Canal upon the termination of this Treaty.

9. The use of the areas, waters and installations with respect to which the United States of America is granted rights pursuant to this Article, and the rights and legal status of United States Government agencies and employees operating in the Republic of Panama pursuant to this Article, shall be governed by the Agreement in Implementation of this Article, signed this date.
10. Upon entry into force of this Treaty, the United States Government agencies known as the Panama Canal Company and the Canal Zone Government shall cease to operate within the territory of the Republic of Panama that formerly constituted the Canal Zone.

ARTICLE IV
PROTECTION AND DEFENSE

1. The United States of America and the Republic of Panama commit themselves to protect and defend the Panama Canal. Each Party shall act, in accordance with its constitutional processes, to meet the danger resulting from an armed attack or other actions which threaten the security of the Panama Canal or of ships transiting it.

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

3. In order to facilitate the participation and cooperation of the armed forces of both Parties in the protection and defense of the Canal, the United States of America and the Republic of Panama shall establish a Combined Board comprised of an equal number of senior military representatives of each Party. These representatives shall be charged by their respective governments with consulting and cooperating on all matters pertaining to the protection and defense of the Canal, and with planning for actions to be taken in concert for that purpose. Such combined protection and defense arrangements shall not inhibit the identity or lines of authority of the armed forces of the United States of America or the Republic of Panama. The Combined Board shall provide for coordination and cooperation concerning such matters as:

(a) The preparation of contingency plans for the protection and defense of the Canal based upon the cooperative efforts of the armed forces of both Parties;

(b) The planning and conduct of combined military exercises; and

(c) The conduct of United States and Panamanian military operations with respect to the protection and defense of the Canal.

4. The Combined Board shall, at five-year intervals throughout the duration of this Treaty, review the resources being made available by the two Parties for the protection and defense of the Canal. Also, the Combined Board shall make appropriate recommendations to the two Governments respecting projected requirements, the efficient utilization of available resources of the two Parties, and other matters of mutual interest with respect to the protection and defense of the Canal.

5. To the extent possible consistent with its primary responsibility for the protection and defense of the Panama Canal, the United States of America will endeavor to maintain its armed forces in the Republic of Panama in normal times at a level not in excess of that of the armed forces of the United States of America in the territory of the former Canal Zone immediately prior to the entry into force of this Treaty.

ARTICLE V
PRINCIPLE OF NON-INTERVENTION

Employees of the Panama Canal Commission, their dependents and designated contractors of the Panama Canal Commission, who are nationals of the United States of America, shall respect the laws of the Republic of Panama and shall abstain from any activity incompatible with the spirit of this Treaty. Accordingly, they shall abstain from any political activity in the Republic of Panama as well as from any intervention in the internal affairs of the Republic of Panama. The United States of America shall take all measures within its authority to ensure that the provisions of this Article are fulfilled.

ARTICLE VI
PROTECTION OF THE ENVIRONMENT

1. The United States of America and the Republic of Panama commit themselves to implement this Treaty in a manner consistent with the protection of the natural environment of the
Republic of Panama. To this end they shall consult and cooperate with each other in all appropriate ways to ensure that they shall give due regard to the protection and conservation of the environment.

2. A Joint Commission on the Environment shall be established with equal representation from the United States of America and the Republic of Panama, which shall periodically review the implementation of this Treaty and shall recommend as appropriate to the two Governments ways to avoid or, should this not be possible, to mitigate the adverse environmental impacts which might result from their respective actions pursuant to the Treaty.

3. The United States of America and the Republic of Panama shall furnish the Joint Commission on the Environment complete information on any action taken in accordance with this Treaty which, in the judgment of both, might have a significant effect on the environment. Such information shall be made available to the Commission as far in advance of the contemplated action as possible to facilitate the study by the Commission of any potential environmental problems and to allow for consideration of the recommendation of the Commission before the contemplated action is carried out.

**Article VII**

**Flags**

1. 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.

2. The flag of the United States of America may be displayed, together with the flag of the Republic of Panama, at the headquarters of the Panama Canal Commission, at the site of the Combined Board, and as provided in the Agreement in Implementation of Article IV of this Treaty.

3. The flag of the United States of America also may be displayed at other places and on some occasions, as agreed by both Parties.

**Article VIII**

**Privileges and Immunities**

1. The installations owned or used by the agencies or instrumentalities of the United States of America operating in the Republic of Panama pursuant to this Treaty and related agreements, and their official archives and documents, shall be inviolable. The two Parties shall agree on procedures to be followed in the conduct of any criminal investigation at such locations by the Republic of Panama.

2. Agencies and instrumentalities of the Government of the United States of America operating in the Republic of Panama pursuant to this Treaty and related agreements shall be immune from the jurisdiction of the Republic of Panama.

3. In addition to such other privileges and immunities as are afforded to employees of the United States Government and their dependents pursuant to this Treaty, the United States of America may designate up to twenty officials of the Panama Canal Commission who, along with their dependents, shall enjoy the privileges and immunities accorded to diplomatic agents and their dependents under international law and practice. The United States of America shall furnish to the Republic of Panama a list of the names of said officials and their dependents, identifying the positions they occupy in the Government of the United States of America, and shall keep such list current at all times.

**Article IX**

**Applicable Laws and Law Enforcement**

1. In accordance with the provisions of this Treaty and related agreements, the law of the Republic of Panama shall apply in the areas made available for the use of the United States of America pursuant to this Treaty. The law of the Republic of Panama shall be applied to matters or events which occurred in the former Canal Zone prior to the entry into force of this Treaty only to the extent specifically provided in prior treaties and agreements.

2. Natural or juridical persons who, on the date of entry into force of this Treaty, are engaged in business or non-profit activities at locations in the former Canal Zone may continue such business or activities at those locations.
under the same terms and conditions prevailing prior to the entry into force of this Treaty for a thirty-month transition period from its entry into force. The Republic of Panama shall maintain the same operating conditions as those applicable to the aforementioned enterprises prior to the entry into force of this Treaty in order that they may receive licenses to do business in the Republic of Panama subject to their compliance with the requirements of its law. Thereafter, such persons shall receive the same treatment under the law of the Republic of Panama as similar enterprises already established in the rest of the territory of the Republic of Panama without discrimination.

3. The rights of ownership, as recognized by the United States of America, enjoyed by natural or juridical private persons in buildings and other improvements to real property located in the former Canal Zone shall be recognized by the Republic of Panama in conformity with its laws.

4. With respect to buildings and other improvements to real property located in the Canal operating areas, housing areas of other areas subject to the licensing procedure established in Article IV of the Agreement in Implementation of Article III of this Treaty, the owners shall be authorized to continue using the land upon which their property is located in accordance with the procedures established in that Article.

5. With respect to buildings and other improvements to real property located in areas of the former Canal Zone to which the aforesaid licensing procedure is not applicable, or may cease to be applicable during the lifetime or upon termination of this Treaty, the owners may continue to use the land upon which their property is located, subject to the payment of a reasonable charge to the Republic of Panama. Should the Republic of Panama decide to sell such land, the owners of the buildings or other improvements located thereon shall be offered a first option to purchase such land at a reasonable cost. In the case of non-profit enterprises, such as churches and fraternal organizations, the cost of purchase will be nominal in accordance with the prevailing practice in the rest of the territory of the Republic of Panama.

6. If any of the aforementioned persons are required by the Republic of Panama to discontinue their activities or vacate their property for public purposes, they shall be compensated at fair market value by the Republic of Panama.

7. The provisions of paragraphs 2-6 above shall apply to natural or juridical persons who have been engaged in business or non-profit activities at locations in the former Canal Zone for at least six months prior to the date of signature of this Treaty.

8. The Republic of Panama shall not issue, adopt or enforce any law, decree, regulation, or international agreement or take any other action which purports to regulate or would otherwise interfere with the exercise on the part of the United States of America of any right granted under this Treaty or related agreements.

9. Vessels transiting the Canal, and cargo, passengers and crews carried on such vessels shall be exempt from any taxes, fees, or other charges by the Republic of Panama. However, in the event such vessels call at a Panamanian port, they may be assessed charges incident thereto, such as charges for services provided to the vessel. The Republic of Panama may also require the passengers and crew disembarking from such vessels to pay such taxes, fees and charges as are established under Panamanian law for persons entering its territory. Such taxes, fees and charges shall be assessed on a nondiscriminatory basis.

10. The United States of America and the Republic of Panama will cooperate in taking such steps as may from time to time be necessary to guarantee the security of the Panama Canal Commission, its property, its employees and their dependents, and their property, the Forces of the United States of America and the members thereof, the civilian component of the United States Forces, the dependents of members of the Forces and the civilian component, and their property, and the contractors of the Panama Canal Commission and of the United States Forces, their dependents, and their property. The Republic of Panama will seek from its Legislative Branch such legislation as may be needed to carry out the foregoing purposes and to punish any offenders.

11. The Parties shall conclude an agreement whereby nationals of either State, who are sentenced by the courts of the other State, and who are not domiciled therein, may elect to
serve their sentences in their State of nationality.

**Article X**

**Employment With the Panama Canal Commission**

1. In exercising its rights and fulfilling its responsibilities as the employer, the United States of America shall establish employment and labor regulations which shall contain the terms, conditions and prerequisites for all categories of employees of the Panama Canal Commission. These regulations shall be provided to the Republic of Panama prior to their entry into force.

2. (a) The regulations shall establish a system of preference when hiring employees, for Panamanian applicants possessing the skills and qualifications required for employment by the Panama Canal Commission. The United States of America shall endeavor to ensure that the number of Panamanian nationals employed by the Panama Canal Commission in relation to the total number of its employees will conform to the proportion established for foreign enterprises under the law of the Republic of Panama.

   (b) The terms and conditions of employment to be established will in general be no less favorable to persons already employed by the Panama Canal Company or Canal Zone Government prior to the entry into force of this Treaty, than those in effect immediately prior to that date.

3. (a) The United States of America shall establish an employment policy for the Panama Canal Commission that shall generally limit the recruitment of personnel outside the Republic of Panama to persons possessing requisite skills and qualifications which are not available in the Republic of Panama.

   (b) The United States of America will establish training programs for Panamanian employees and apprentices in order to increase the number of Panamanian nationals qualified to assume positions with the Panama Canal Commission, as positions become available.

   (c) Within five years from the entry into force of this Treaty, the number of United States nationals employed by the Panama Canal Commission who were previously employed by the Panama Canal Company shall be at least twenty percent less than the total number of United States nationals working for the Panama Canal Company immediately prior to the entry into force of this Treaty.

   (d) The United States of America shall periodically inform the Republic of Panama, through the Coordinating Committee, established pursuant to the Agreement in Implementation of Article III of this Treaty, of available positions within the Panama Canal Commission. The Republic of Panama shall similarly provide the United States of America any information it may have as to the availability of Panamanian nationals claiming to have skills and qualifications that might be required by the Panama Canal Commission, in order that the United States of America may take this information into account.

4. The United States of America will establish qualification standards for skills, training and experience required by the Panama Canal Commission. In establishing such standards, to the extent they include a requirement for a professional license, the United States of America, without prejudice to its right to require additional professional skills and qualifications, shall recognize the professional licenses issued by the Republic of Panama.

5. The United States of America shall establish a policy for the periodic rotation, at a maximum of every five years, of United States citizen employees and other non-Panamanian employees, hired after the entry into force of this Treaty. It is recognized that certain exceptions to the said policy of rotation may be made for sound administrative reasons, such as in the case of employees holding positions requiring certain non-transferable or non-recruitable skills.

6. With regard to wages and fringe benefits, there shall be no discrimination on the basis of nationality, sex, or race. Payments by the Panama Canal Commission of additional remuneration, or the provision of other benefits, such as leave benefits, to United States nationals employed prior to entry into force of this Treaty, or to persons of any nationality, including Panamanian nationals who are thereafter recruited outside of the Republic of Panama and who change their place of residence, shall not be considered to be discrimination for the purpose of this paragraph.

7. Persons employed by the Panama Canal Company or Canal Zone Government prior to
shall apply concurrently with those of the Republic of Panama in certain of the areas and installations made available for the use of the United States of America pursuant to this Treaty, in accordance with the following provisions:

(a) The Republic of Panama permits the authorities of the United States of America to have the primary right to exercise criminal jurisdiction over United States citizen employees of the Panama Canal Commission and their dependents, and members of the United States Forces and civilian component and their dependents, in the following cases:

(i) for any offense committed during the transition period within such areas and installations, and

(ii) for any offense committed prior to that period in the former Canal Zone.

The Republic of Panama shall have the primary right to exercise jurisdiction over all other offenses committed by such persons, except as otherwise provided in this Treaty and related agreements or as may be otherwise agreed.

(b) Either Party may waive its primary right to exercise jurisdiction in a specific case or category of cases.

3. The United States of America shall retain the right to exercise jurisdiction in criminal cases relating to offenses committed prior to the entry into force of this Treaty in violation of the laws applicable in the former Canal Zone.

4. For the transition period, the United States of America shall retain police authority and maintain a police force in the aforementioned areas and installations. In such areas, the police authorities of the United States of America may take into custody any person not subject to their primary jurisdiction if such person is believed to have committed or to be committing an offense against applicable laws or regulations, and shall promptly transfer custody to the police authorities of the Republic of Panama. The United States of America and the Republic of Panama shall establish joint police patrols in agreed areas. Any arrests conducted by a joint patrol shall be the responsibility of the patrol member or members representing the Party having primary jurisdiction over the person or persons arrested.

5. The courts of the United States of America and related personnel, functioning in the former Canal Zone immediately prior to the entry into force of this Treaty, may continue to function during the transition period for the judicial enforcement of the jurisdiction to be exercised by the United States of America in accordance with this Article.

6. In civil cases, the civilian courts of the United States of America in the Republic of Panama shall have no jurisdiction over new cases of a private civil nature, but shall retain full jurisdiction during the transition period to dispose of any civil cases, including admiralty cases, already instituted and pending before the courts prior to the entry into force of this Treaty.

7. The laws, regulations, and administrative authority of the United States of America applicable in the former Canal Zone immediately prior to the entry into force of this Treaty shall, to the extent not inconsistent with this Treaty and related agreements, continue in force for the purpose of the exercise by the United States of America of law enforcement and judicial jurisdiction only during the transition period. The United States of America may amend, repeal or otherwise change such laws, regulations and administrative authority. The two Parties shall consult concerning procedural and substantive matters relative to the implementation of this Article, including the disposition of cases pending at the end of the transition period and, in this respect, may enter into appropriate agreements by an exchange of notes or other instrument.

8. During this transition period, the United States of America may continue to incarcerate individuals in the areas and installations made available for the use of the United States of America by the Republic of Panama pursuant to this Treaty and related agreements, or to transfer them to penal facilities in the United States of America to serve their sentences.

Article XII

A Sea-Level Canal or a Third Lane of Locks

1. The United States of America and the Republic of Panama recognize that a sea-level canal may be important for international navigation in the future. Consequently, during the duration of this Treaty, both Parties commit themselves to study jointly the feasibility of a
sea-level canal in the Republic of Panama, and in the event they determine that such a waterway is necessary, they shall negotiate terms agreeable to both Parties, for its construction.

2. The United States of America and the Republic of Panama agree on the following: 
   (a) No new interoceanic canal shall be constructed in the territory of the Republic of Panama during the duration of this Treaty, except in accordance with the provisions of this Treaty, or as the two Parties may otherwise agree; and
   (b) During the duration of this Treaty, the United States of America shall not negotiate with third States for the right to construct an interoceanic canal on any other route in the Western Hemisphere, except as the two Parties may otherwise agree.

3. The Republic of Panama grants to the United States of America the right to add a third lane of locks to the existing Panama Canal. This right may be exercised at any time during the duration of this Treaty, provided that the United States of America has delivered to the Republic of Panama copies of the plans for such construction.

4. In the event the United States of America exercises the right granted in paragraph 3 above, it may use for that purpose, in addition to the areas otherwise made available to the United States of America pursuant to this Treaty, such other areas as the two Parties may agree upon. The terms and conditions applicable to Canal operating areas made available by the Republic of Panama for the use of the United States of America pursuant to Article III of this Treaty shall apply in a similar manner to such additional areas.

5. In the construction of the aforesaid works, the United States of America shall not use nuclear excavation techniques without the previous consent of the Republic of Panama.

ARTICLE XIII

PROPERTY TRANSFER AND ECONOMIC PARTICIPATION BY THE REPUBLIC OF PANAMA

1. Upon termination of this Treaty, the Republic of Panama shall assume total responsibility for the management, operation, and maintenance of the Panama Canal, which shall be turned over in operating condition and free of liens and debts, except as the two Parties may otherwise agree.

2. The United States of America transfers, without charge, to the Republic of Panama all right, title and interest the United States of America may have with respect to all real property, including non-removable improvements thereon, as set forth below:
   (a) Upon the entry into force of this Treaty, the Panama Railroad and such property that was located in the former Canal Zone but that is not within the land and water areas the use of which is made available to the United States of America pursuant to this Treaty. However, it is agreed that the transfer on such date shall not include buildings and other facilities, except housing, the use of which is retained by the United States of America pursuant to this Treaty and related agreements, outside such areas;
   (b) Such property located in an area or a portion thereof at such time as the use by the United States of America of such area or portion thereof ceases pursuant to agreement between the two Parties.
   (c) Housing units made available for occupancy by members of the Armed Forces of the Republic of Panama in accordance with paragraph 5(b) of Annex B to the Agreement in Implementation of Article IV of this Treaty at such time as such units are made available to the Republic of Panama.
   (d) Upon termination of this Treaty, all real property and non-removable improvements that were used by the United States of America for the purposes of this Treaty and related agreements and equipment related to the management, operation and maintenance of the Canal remaining in the Republic of Panama.

3. The Republic of Panama agrees to hold the United States of America harmless with respect to any claims which may be made by third parties relating to rights, title and interest in such property.

4. The Republic of Panama shall receive, in addition, from the Panama Canal Commission a just and equitable return on the national resources which it has dedicated to the efficient management, operation, maintenance, protection and defense of the Panama Canal, in accordance with the following:
   (a) An annual amount to be paid out of Canal operating revenues computed at a rate of
thirty hundredths of a United States dollar ($0.30) per Panama Canal net ton, or its
equivalency, for each vessel transiting the Canal
after the entry into force of this Treaty, for
which tolls are charged. The rate of thirty
hundredths of a United States dollar ($0.30)
per Panama Canal net ton, or its equivalency,
will be adjusted to reflect changes in the United
States wholesale price index for total manufac-
tured goods during biennial periods. The
first adjustment shall take place five years after
entry into force of this Treaty, taking into ac-
count the changes that occurred in such price
index during the preceding two years. There-
after, successive adjustments shall take place at
the end of each biennial period. If the United
States of America should decide that another
indexing method is preferable, such method
shall be proposed to the Republic of Panama
and applied if mutually agreed.

(b) A fixed annuity of ten million United
States dollars ($10,000,000) to be paid out of
Canal operating revenues. This amount shall
constitute a fixed expense of the Panama Canal
Commission.

(c) An annual amount of up to ten million
United States dollars ($10,000,000) per year,
to be paid out of Canal operating revenues to
the extent that such revenues exceed expendi-
tures of the Panama Canal Commission includ-
ing amounts paid pursuant to this Treaty. In
the event Canal operating revenues in any year
do not produce a surplus sufficient to cover this
payment, the unpaid balance shall be paid from
operating surpluses in future years in a manner
to be mutually agreed.

**ARTICLE XIV**

**Settlement of Disputes**

In the event that any question should arise
between the Parties concerning the interpreta-
tion of this Treaty or related agreements, they
shall make every effort to resolve the matter
through consultation in the appropriate com-
mittees established pursuant to this Treaty and
related agreements, or, if appropriate, through
diplomatic channels. In the event the Parties
are unable to resolve a particular matter
through such means, they may, in appropriate
cases, agree to submit the matter to conciliation,
mediation, arbitration, or such other procedure
for the peaceful settlement of the dispute as
they may mutually deem appropriate.

DONE at Washington, this 7th day of Sep-
tember, 1977, in duplicate. in the English
and Spanish languages, both texts being equally
authentic.

**ANNEX**

**Procedures for the Cessation or Transfer**
**of Activities Carried Out by the**
**Panama Canal Company and the**
**Canal Zone Government and**
**Illustrative List of the**
**Functions That May Be Performed**
**by the Panama Canal Commission**

1. The laws of the Republic of Panama shall
regulate the exercise of private economic activi-
ties within the areas made available by the Re-
public of Panama for the use of the United
States of America pursuant to this Treaty.
Natural or juridical persons who, at least six
months prior to the date of signature of this
Treaty, were legally established and engaged in
the exercise of economic activities in the former
Canal Zone, may continue such activities in ac-
cordance with the provisions of paragraphs 2-7
of Article IX of this Treaty.

2. The Panama Canal Commission shall not
perform governmental or commercial functions
as stipulated in paragraph 4 of this Annex,
provided, however, that this shall not be deemed
to limit in any way the right of the United
States of America to perform those functions
that may be necessary for the efficient manage-
ment, operation and maintenance of the Canal.

3. It is understood that the Panama Canal
Commission, in the exercise of the rights of the
United States of America with respect to the
management, operation and maintenance of the
Canal, may perform functions such as are set
forth below by way of illustration:


b. Aids to navigation in Canal waters and
in proximity thereto.

c. Control of vessel movement.

d. Operation and maintenance of the locks.
e. Tag service for the transit of vessels and dredging for the piers and docks of the Panama Canal Commission.

f. Control of the water levels in Gatun, Alajuela (Madden) and Miraflores Lakes.

g. Non-commercial transportation services in Canal waters.

h. Meteorological and hydrographic services.

i. Admeasurement.

j. Non-commercial motor transport and maintenance.

k. Industrial security through the use of watchmen.

l. Procurement and warehousing.

m. Telecommunications.

n. Protection of the environment by preventing and controlling the spillage of oil and substances harmful to human or animal life and of the ecological equilibrium in areas used in operation of the Canal and the anchorages.

o. Non-commercial vessel repair.

p. Air conditioning services in Canal installations.

q. Industrial sanitation and health services.

r. Engineering design, construction and maintenance of Panama Canal Commission installations.

s. Dredging of the Canal channel, terminal ports and adjacent waters.

t. Control of the banks and stabilizing of the slopes of the Canal.

u. Non-commercial handling of cargo on the piers and docks of the Panama Canal Commission.

v. Maintenance of public areas of the Panama Canal Commission, such as parks and gardens.

w. Generation of electric power.

x. Purification and supply of water.

y. Marine salvage in Canal waters.

z. Such other functions as may be necessary or appropriate to carry out, in conformity with this Treaty and related agreements, the rights and responsibilities of the United States of America with respect to the management, operation and maintenance of the Panama Canal.

4. The following activities and operations carried out by the Panama Canal Company and the Canal Zone Government shall not be carried out by the Panama Canal Commission, effective upon the dates indicated herein:

(a) Upon the date of entry into force of this Treaty:

(i) Wholesale and retail sales, including those through commissaries, food stores, department stores, optical shops and pastry shops;

(ii) The production of food and drink, including milk products and bakery products;

(iii) The operation of public restaurants and cafeterias and the sale of articles through vending machines;

(iv) The operation of movie theaters, bowling alleys, pool rooms and other recreational and amusement facilities for the use of which a charge is payable;

(v) The operation of laundry and dry cleaning plants other than those operated for official use;

(vi) The repair and service of privately owned automobiles or the sale of petroleum or lubricants thereto, including the operation of gasoline stations, repair garages and tire repair and recapping facilities, and the repair and service of other privately owned property, including appliances, electronic devices, boats, motors, and furniture;

(vii) The operation of cold storage and freezer plants other than those operated for official use;

(viii) The operation of freight houses other than those operated for official use;

(ix) The operation of commercial services to and supply of privately owned and operated vessels, including the construction of vessels, the sale of petroleum and lubricants and the provision of water, tug services not related to the Canal or other United States Government operations, and repair of such vessels, except in situations where repairs may be necessary to remove disabled vessels from the Canal;

(x) Printing services other than for official use;

(xi) Maritime transportation for the use of the general public;

(xii) Health and medical services provided to individuals, including hospitals, leprosariums, veterinary, mortuary and cemetery services;

(xiii) Educational services not for professional training, including schools and libraries;
(xiv) Postal services;
(xv) Immigration, customs and quarantine controls, except those measures necessary to ensure the sanitation of the Canal;
(xvi) Commercial pier and dock services, such as the handling of cargo and passengers; and
(xvii) Any other commercial activity of a similar nature, not related to the management, operation or maintenance of the Canal.

(b) Within thirty calendar months from the date of entry into force of this Treaty, governmental services such as:
(i) Police;
(ii) Courts; and
(iii) Prison system.

5. (a) With respect to those activities or functions described in paragraph 4 above, or otherwise agreed upon by the two Parties, which are to be assumed by the Government of the Republic of Panama or by private persons subject to its authority, the two Parties shall consult prior to the discontinuance of such activities or functions by the Panama Canal Commission to develop appropriate arrangements for the orderly transfer and continued efficient operation or conduct thereof.

(b) In the event that appropriate arrangements cannot be arrived at to ensure the continued performance of a particular activity or function described in paragraph 4 above which is necessary to the efficient management, operation or maintenance of the Canal, the Panama Canal Commission may, to the extent consistent with the other provisions of this Treaty and related agreements, continue to perform such activity or function until such arrangements can be made.

AGREED MINUTE TO THE PANAMA CANAL TREATY

1. With reference to paragraph 1(c) of Article I (Abrogation of Prior Treaties and Establishment of a New Relationship), it is understood that the treaties, conventions, agreements and exchanges of notes, or portions thereof, abrogated and superseded thereby include:

(a) The Agreement delimiting the Canal Zone referred to in Article II of the Inter-oceanic Canal Convention of November 18, 1903 signed at Panama on June 15, 1904.
(b) The Boundary Convention signed at Panama on September 2, 1914.
(c) The Convention regarding the Colon Corridor and certain other corridors through the Canal Zone signed at Panama on May 24, 1950.
(d) The Trans-Isthmian Highway Convention signed at Washington on March 2, 1936, the Agreement supplementing that Convention entered into through an exchange of notes signed at Washington on August 31 and September 6, 1940, and the arrangement between the United States of America and Panama respecting the Trans-Isthmian Joint Highway Board, entered into through an exchange of notes at Panama on October 19 and 23, 1939.
(e) The Highway Convention between the United States and Panama signed at Panama on September 14, 1950.
(f) The Convention regulating the transit of alcoholic liquors through the Canal Zone signed at Panama on March 14, 1932.
(g) The Protocol of an Agreement restricting use of Panama and Canal Zone waters by belligerents signed at Washington on October 10, 1914.
(h) The Agreement providing for the reciprocal recognition of motor vehicle license plates in Panama and the Canal Zone entered into through an exchange of notes at Panama on December 7 and December 12, 1950, and the Agreement establishing procedures for the reciprocal recognition of motor vehicle operator's licenses in the Canal Zone and Panama entered into through an exchange of notes at Panama on October 31, 1960.
(i) The General Relations Agreement entered into through an exchange of notes at Washington on May 18, 1942.
(j) Any other treaty, convention, agreement or exchange of notes between the United States and the Republic of Panama, or portions thereof, concerning the Panama Canal which was entered into prior to the entry into force of the Panama Canal Treaty.

2. It is further understood that the following treaties, conventions, agreements and exchanges of notes between the two Parties are not affected by paragraph 1 of Article I of the Panama Canal Treaty:

(a) The Agreement confirming the coopera-
tive agreement between the Panamanian Ministry of Agriculture and Livestock and the United States Department of Agriculture for the prevention of foot-and-mouth disease and rinderpest in Panama, entered into by an exchange of notes signed at Panama on June 21 and October 5, 1972, and amended May 28 and June 12, 1974.

(b) The Loan Agreement to assist Panama in executing public marketing programs in basic grains and perishables, with annex, signed at Panama on September 10, 1975.

(c) The Agreement concerning the regulation of commercial aviation in the Republic of Panama, entered into by an exchange of notes signed at Panama on April 22, 1929.


(e) The Agreement relating to the establishment of headquarters in Panama for a civil aviation technical assistance group for the Latin American area, entered into by an exchange of notes signed at Panama on August 8, 1952.

(f) The Agreement relating to the furnishing by the Federal Aviation Agency of certain services and materials for air navigation aids, entered into by an exchange of notes signed at Panama on December 5, 1967 and February 22, 1968.

(g) The Declaration permitting consuls to take note in person, or by authorized representatives, of declarations of values of exports made by shippers before customs officers, entered into by an exchange of notes signed at Washington on April 17, 1918.

(h) The Agreement relating to customs privileges for consular officers, entered into by an exchange of notes signed at Panama on January 7 and 31, 1935.

(i) The Agreement relating to the sale of military equipment, materials, and services to Panama, entered into by an exchange of notes signed at Panama on May 20, 1959.

(j) The Agreement relating to the furnishing of defense articles and services to Panama for the purpose of contributing to its internal security, entered into by an exchange of notes signed at Panama on March 26 and May 23, 1962.

(k) The Agreement relating to the deposit by Panama of ten percent of the value of grant military assistance and excess defense articles furnished by the United States, entered into by an exchange of notes signed at Panama on April 4 and May 9, 1972.

(l) The Agreement concerning payment to the United States of net proceeds from the sale of defense articles furnished under the military assistance program, entered into by an exchange of notes signed at Panama on May 20 and December 6, 1974.

(m) The General Agreement for Technical and Economic Cooperation, signed at Panama on December 11, 1961.

(n) The Loan Agreement relating to the Panama City water supply system, with annex, signed at Panama on May 6, 1969, and amended September 30, 1971.

(o) The Loan Agreement for rural municipal development in Panama, signed at Panama on November 28, 1975.

(p) The Loan Agreement relating to a project for the modernization, restructuring and reorientation of Panama's educational programs, signed at Panama on November 19, 1975.

(q) The Treaty providing for the extradition of criminals, signed at Panama on May 25, 1904.


(s) The Agreement for enlargement and use by Canal Zone of sewerage facilities in Colon Free Zone Area, entered into by an exchange of notes signed at Panama on March 8 and 25, 1954.

(t) The Agreement relating to the construction of the inter-American highway, entered into by an exchange of notes signed at Panama on May 15 and June 7, 1943.

(u) The Agreement for cooperation in the construction of the Panama segment of the Darien Gap highway, signed at Washington on May 6, 1971.

(v) The Agreement relating to investment

(w) The Informal Arrangement relating to cooperation between the American Embassy, or Consulate, and Panamanian authorities when American merchant seamen or tourists are brought before a magistrate's court, entered into by an exchange of notes signed at Panama on September 18 and October 15, 1947.

(x) The Agreement relating to the mutual recognition of ship measurement certificates, entered into by an exchange of notes signed at Washington on August 17, 1937.

(y) The Agreement relating to the detail of a military officer to serve as adviser to the Minister of Foreign Affairs of Panama, signed at Washington on July 7, 1942, and extended and amended February 17, March 23, September 22 and November 6, 1959, March 26 and July 6, 1962, and September 20 and October 8, 1962.

(z) The Agreement relating to the exchange of official publications, entered into by an exchange of notes signed at Panama on November 27, 1941 and March 7, 1942.


(bb) The Arrangement providing for relief from double income tax on shipping profits, entered into by an exchange of notes signed at Washington on January 15, February 8, and March 28, 1941.

(cc) The Agreement for witholding of Panamanian income tax from compensation paid to Panamanians employed within Canal Zone by the canal, railroad, or auxiliary works, entered into by an exchange of notes signed at Panama on August 12 and 30, 1963.

(dd) The Agreement relating to the withholding of contributions for educational insurance from salaries paid to certain Canal Zone employees, entered into by an exchange of notes signed at Panama on September 8 and October 13, 1972.

(ee) The Agreement for radio communications between amateur stations on behalf of third parties, entered into by an exchange of notes signed at Panama on July 19 and August 1, 1956.

(ff) The Agreement relating to the granting of reciprocal authorizations to permit licensed amateur radio operators of either country to operate their stations in the other country, entered into by an exchange of notes signed at Panama on November 16, 1966.

(gg) The Convention facilitating the work of traveling salesmen, signed at Washington on February 8, 1919.

(hh) The Reciprocal Agreement for gratis nonimmigrant visas, entered into by an exchange of notes signed at Panama on March 27 and May 22 and 25, 1956.

(ii) The Agreement modifying the Agreement of March 27 and May 22 and 25, 1956 for gratis nonimmigrant visas, entered into by an exchange of notes signed at Panama on June 14 and 17, 1971.

(jj) Any other treaty, convention, agreement or exchange of notes, or portions thereof, which does not concern the Panama Canal and which is in force immediately prior to the entry into force of the Panama Canal Treaty.

3. With reference to paragraph 2 of Article X (Employment with the Panama Canal Commission), concerning the endeavor to ensure that the number of Panamanian nationals employed in relation to the total number of employees will conform to the proportion established under Panamanian law for foreign business enterprises, it is recognized that progress in this regard may require an extended period in consonance with the concept of a growing and orderly Panamanian participation, through training programs and otherwise, and that progress may be affected from time to time by such actions as the transfer or discontinuance of functions and activities.

4. With reference to paragraph 10(a) of Article X, it is understood that the currently applicable United States law is that contained in Section 8336 of Title 5, United States Code.

5. With reference to paragraph 2 of Article XI (Transitional Provisions), the areas and installations in which the jurisdictional arrangements therein described shall apply during the transition period are as follows:

(a) The Canal operating areas and housing areas described in Annex A to the Agreement in Implementation of Article III of the Panama Canal Treaty.

(b) The Defense Sites and Areas of Military Coordination described in the Agreement in
Implementation of Article IV of the Panama Canal Treaty.

(c) The Ports of Balboa and Cristobal described in Annex B of the Agreement in Implementation of Article III of the Panama Canal Treaty.

6. With reference to paragraph 4 of Article XI, the areas in which the police authorities of the Republic of Panama may conduct joint police patrols with the police authorities of the United States of America during the transition period are as follows:

(a) Those portions of the Canal operating areas open to the general public, the housing areas and the Ports of Balboa and Cristobal.

(b) Those areas of military coordination in which joint police patrols are established pursuant to the provisions of the Agreement in Implementation of Article IV of this Treaty, signed this date. The two police authorities shall develop appropriate administrative arrangements for the scheduling and conduct of such joint police patrol.

TREATY CONCERNING THE PERMANENT NEUTRALITY AND OPERATION OF THE PANAMA CANAL

The United States of America and the Republic of Panama have agreed upon the following:

ARTICLE I

The Republic of Panama declares that the Canal, as an international transit waterway, shall be permanently neutral in accordance with the regime established in this Treaty. The same regime of neutrality shall apply to any other international waterway that may be built either partially or wholly in the territory of the Republic of Panama.

ARTICLE II

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

(a) Payment of tolls and other charges for transit and ancillary services, provided they have been fixed in conformity with the provisions of Article III (c);

(b) Compliance with applicable rules and regulations, provided such rules and regulations are applied in conformity with the provisions of Article III;

(c) The requirement that transiting vessels commit no acts of hostility while in the Canal; and

(d) Such other conditions and restrictions as are established by this Treaty.

ARTICLE III

1. For purposes of the security, efficiency and proper maintenance of the Canal the following rules shall apply:

(a) The Canal shall be operated efficiently in accordance with conditions of transit through the Canal, and rules and regulations that shall be just, equitable and reasonable, and limited to those necessary for safe navigation and efficient, sanitary operation of the Canal;

(b) Ancillary services necessary for transit through the Canal shall be provided;

(c) Tolls and other charges for transit and ancillary services shall be just, reasonable, equi-
table and consistent with the principles of international law;

(d) As a pre-condition of transit, vessels may be required to establish clearly the financial responsibility and guarantees for payment of reasonable and adequate indemnification, consistent with international practice and standards, for damages resulting from acts or omissions of such vessels when passing through the Canal. In the case of vessels owned or operated by a State or for which it has acknowledged responsibility, a certification by that State that it shall observe its obligations under international law to pay for damages resulting from the act or omission of such vessels when passing through the Canal shall be deemed sufficient to establish such financial responsibility;

(e) Vessels of war and auxiliary vessels of all nations shall at all times be entitled to transit the Canal, irrespective of their internal operation, means of propulsion, origin, destination or armament, without being subjected, as a condition of transit, to inspection, search or surveillance. However, such vessels may be required to certify that they have complied with all applicable health, sanitation and quarantine regulations. In addition, such vessels shall be entitled to refuse to disclose their internal operation, origin, armament, cargo or destination. However, auxiliary vessels may be required to present written assurances, certified by an official at a high level of the government of the State requesting the exemption, that they are owned or operated by that government and in this case are being used only on government non-commercial service.

2. For the purposes of this Treaty, the terms "Canal," "vessel of war," "auxiliary vessel," "internal operation," "armament" and "inspection" shall have the meanings assigned them in Annex A to this Treaty.

**ARTICLE IV**

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

**ARTICLE V**

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

**ARTICLE VI**

1. In recognition of the important contributions of the United States of America and of the Republic of Panama to the construction, operation, maintenance, and protection and defense of the Canal, vessels of war and auxiliary vessels of those nations shall, notwithstanding any other provisions of this Treaty, be entitled to transit the Canal irrespective of their internal operation, means of propulsion, origin, destination, armament or cargo carried. Such vessels of war and auxiliary vessels will be entitled to transit the Canal expeditiously.

2. The United States of America, so long as it has responsibility for the operation of the Canal, may continue to provide the Republic of Colombia toll-free transit through the Canal for its troops, vessels and materials of war. Thereafter, the Republic of Panama may provide the Republic of Colombia and the Republic of Costa Rica with the right of toll-free transit.

**ARTICLE VII**

1. The United States of America and the Republic of Panama shall jointly sponsor a resolution in the Organization of American States opening to accession by all nations of the world the Protocol to this Treaty whereby all the signatories will adhere to the objectives of this Treaty, agreeing to respect the regime of neutrality set forth herein.

2. The Organization of American States shall act as the depository for this Treaty and related instruments.

**ARTICLE VIII**

This Treaty shall be subject to ratification in accordance with the constitutional procedures of the two Parties. The instruments of ratification of this Treaty shall be exchanged at Pan-
ama at the same time as the instruments of ratification of the Panama Canal Treaty, signed this date, are exchanged. This Treaty shall enter into force, simultaneously with the Panama Canal Treaty, six calendar months from the date of the exchange of the instruments of ratification.

DONE at Washington, this 7th day of September, 1977, in the English and Spanish languages, both texts being equally authentic.

ANNEX A

1. “Canal” includes the existing Panama Canal, the entrances thereto and the territorial seas of the Republic of Panama adjacent thereto, as defined on the map annexed hereto (Annex B), and any other interoceanic waterway in which the United States of America is a participant or in which the United States of America has participated in connection with the construction or financing, that may be operated wholly or partially within the territory of the Republic of Panama, the entrances thereto and the territorial seas adjacent thereto.

2. “Vessel of war” means a ship belonging to the naval forces of a State, and bearing the external marks distinguishing warships of its nationality, under the command of an officer duly commissioned by the government and whose name appears in the Navy List, and manned by a crew which is under regular naval discipline.

3. “Auxiliary vessel” means any ship, not a vessel of war, that is owned or operated by a State and used, for the time being, exclusively on government non-commercial service.

4. “Internal operation” encompasses all machinery and propulsion systems, as well as the management and control of the vessel, including its crew. It does not include the measures necessary to transit vessels under the control of pilots while such vessels are in the Canal.

5. “Armament” means arms, ammunition, implements of war and other equipment of a vessel which possesses characteristics appropriate for use for warlike purposes.

6. “Inspection” includes on-board examination of vessel structure, cargo, armament and internal operation. It does not include those measures strictly necessary for admisement, nor those measures strictly necessary to assure safe, sanitary transit and navigation, including examination of deck and visual navigation equipment, nor in the case of live cargoes, such as cattle or other livestock, that may carry communicable diseases, those measures necessary to assure that health and sanitation requirements are satisfied.
Protocol to the Treaty Concerning the Permanent Neutrality and Operation of the Panama Canal

Whereas the maintenance of the neutrality of the Panama Canal is important not only to the commerce and security of the United States of America and the Republic of Panama, but to the peace and security of the Western Hemisphere and to the interests of world commerce as well;

Whereas the regime of neutrality which the United States of America and the Republic of Panama have agreed to maintain will ensure permanent access to the Canal by vessels of all nations on the basis of entire equality; and

Whereas the said regime of effective neutrality shall constitute the best protection for the Canal and shall ensure the absence of any hostile act against it;

The Contracting Parties to this Protocol have agreed upon the following:

Article I

The Contracting Parties hereby acknowledge the regime of permanent neutrality for the Canal established in the Treaty Concerning the Permanent Neutrality and Operation of the Panama Canal and associate themselves with its objectives.

Article II

The Contracting Parties agree to observe and respect the regime of permanent neutrality of the Canal in time of war as in time of peace, and to ensure that vessels of their registry strictly observe the applicable rules.

Article III

This Protocol shall be open to accession by all States of the world, and shall enter into force for each State at the time of deposit of its instrument of accession with the Secretary General of the Organization of American States.
U.S.-PANAMA STATEMENT OF UNDERSTANDING
OF OCTOBER 14, 1977

Under the Treaty Concerning the Permanent Neutrality and Operation of the Panama Canal (the Neutrality Treaty), Panama and the United States have the responsibility to assure that the Panama Canal will remain open and secure to ships of all nations. The correct interpretation of this principle is that each of the two countries shall, in accordance with their respective constitutional processes, defend the Canal against any threat to the regime of neutrality and consequently shall have the right to act against any aggression or threat directed against the Canal or against the peaceful transit of vessels through the Canal.

This does not mean, nor shall it be interpreted as the right of intervention of the United States in the internal affairs of Panama. Any United States action will be directed at insuring that the Canal will remain open, secure and accessible, and it shall never be directed against the territorial integrity or political independence of Panama.

The Neutrality Treaty provides that the vessels of war and auxiliary vessels of the United States and Panama will be entitled to transit the Canal expeditiously. This is intended, and it shall be so interpreted, to assure the transit of such vessels through the Canal as quickly as possible, without any impediment, with expedited treatment, and in the case of need or emergency, to go to the head of the line of vessels in order to transit the Canal rapidly.
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In 1975 the American Association of Jurists held a conference in Panama on the juridical aspects of economic independence. Lawyers and judges from twenty countries of the Western Hemisphere attended. During the months of preparation and execution of the conference, it was my good fortune to work with several Panamanian lawyers, among them Oscar Ceville and Rafael Gonzalez. Since then, they have provided me with materials from the debates that have gone on in Panama around the canal problem. Without their assistance, this book could not have been produced in time to appear early in the debates over ratification in the United States. I am also greatly indebted to Nestor Porcell, a former colleague at the University of Chile during the 1960's, who is now chairman of the Department of Sociology at the University of Panama. Besides contributing two essays to this collection, he provided me with other valuable materials on the history of Panama. Eduardo Ruiz, Coordinator of the Center for Latin American Studies at the National Autonomous University of Mexico, regularly provides me with the excellent series of publications of his Center, including studies of the Panama question.

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J.P. Morray

January, 1978
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