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VERTICAL FILE

**"THE PANAMA CANAL:
POPULAR MYTHS
and
POLITICAL REALITIES"**

ADDRESS BY THE HONORABLE

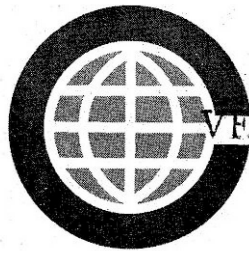
Ellsworth Bunker

AMBASSADOR AT LARGE
UNITED STATES OF AMERICA

before the

LOS ANGELES WORLD AFFAIRS COUNCIL

DECEMBER 2, 1975



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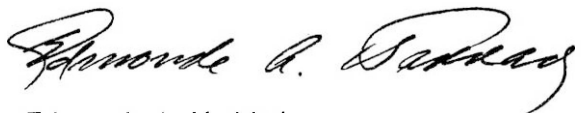
LOS ANGELES WORLD AFFAIRS COUNCIL

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In a free nation, the understanding of important issues is mandatory if people are to make informed judgements. This is particularly true in the conduct of foreign policy.

Without taking a position on the positives or negatives of the proposed new Treaty between the United States and Panama, the Los Angeles World Affairs Council believes it vitally necessary that Americans understand what the Department of State is attempting to accomplish in the current negotiations.

In that spirit we are delighted to provide you with this text of Ambassador Bunker's remarks with our compliments and good wishes.

A handwritten signature in black ink, reading "Edmonde A. Haddad". The signature is fluid and cursive, with the first name "Edmonde" being more prominent and the last name "Haddad" following in a similar style.

Edmonde A. Haddad
Executive Director

THE PANAMA CANAL: POPULAR MYTHS AND POLITICAL REALITIES

I am here today to discuss with you the Panama Canal negotiations.

It is a controversial subject that has evoked emotion and opposition.

But my travels in the United States, the letters I get from concerned citizens, the articles I read in the press, and my many consultations with Congressmen have convinced me that much of this opposition stems from a number of false impressions about the basis for our presence in the Canal Zone.

Because of this, I would like today to talk about the background of the problem we face and comment on some of the myths surrounding the canal treaty and negotiations.

And I want to talk about the political realities which make it desirable, in my judgment, to bring the negotiations to an early and satisfactory conclusion.

By speaking to you today I am departing from a practice I have long followed.

Previously, while serving as a negotiator, I have avoided making public statements.

I am here today because this negotiation is unique.

No effort to improve our policy concerning the canal can succeed without the full understanding and support of the Congress and the American people.

Our presence in the canal has a constituency among the American people — but our negotiations to solve our problem there do not.

So, if we are to gain support, we must find it through candid and reasonable public discussion.

THE EVOLUTION OF THE PROBLEM

Our story begins 72 years ago.

In 1903 the newly-independent Republic of Panama granted to the United States — in the Hay-Bunau-Varilla Treaty — a strip of land 10 miles wide and 50 miles long for the construction, maintenance, operation and protection of a canal between the Atlantic and Pacific.

The treaty also gave the United States — in perpetuity — the right to act within that strip of land “as if it were the sovereign.”

It was quickly and widely acknowledged that the treaty favored the United States.

When Secretary of State John Hay submitted the treaty to the Senate for ratification he said:

“We shall have a treaty very satisfactory, vastly advantageous to the U.S., and we must confess, not so advantageous to Panama.”

For many years Panama has considered the treaty to be heavily weighted in our favor.

As a result, the level of Panama’s consent to our presence has steadily declined.

And by Panama, I mean not simply the government, but the Panamanian people.

The Panamanians point out:

— First, that the existence of the Canal Zone impedes Panama’s development.

The Canal Zone cuts across the heartland of Panama’s territory, dividing the nation in two.

The existence of the Zone curbs the natural growth of Panama’s urban areas.

It holds, unused, large areas of land vital to Panama’s development.

It controls all the major deep-water port facilities serving Panama.

And it prevents Panamanians from competing with American commercial enterprises in the Zone.

And for the rights we enjoy on Panamanian territory, we pay Panama only \$2.3 million a year.

— Second, that the Canal Zone infringes on Panama’s nationhood.

Panama says the privileges exercised by the United States deprive their country of dignity and, indeed, of full independence.

Within the Canal Zone the United States operates a full-fledged government without reference to the Government of Panama, which is its host.

It maintains a police force, courts, and jails to enforce United States laws, not only upon Americans, but upon Panamanian citizens as well.

And, the Panamanians point out, the treaty says the United States can do all these things forever.

Panamanian frustration over this situation has increased steadily over the years.

In January 1964, demonstrations and riots took place which cost the lives of 21 Panamanians and 3 Americans.

Diplomatic relations were broken.

As part of the settlement we reached with Panama then, President Johnson, after consultation with Presidents Truman and Eisenhower, committed the United States to negotiate a new treaty.

In our negotiations we are attempting to lay the foundations for a new — a more modern — relationship which will enlist Panamanian cooperation and better protect our interests.

Unless we succeed, I believe that Panama's consent to our presence will continue to decline — and at an ever more rapid rate.

Some form of conflict in Panama would seem virtually certain — and it would be the kind of conflict which would be costly for all concerned.

Now some have held that the mere mention by United States officials of the possibility of violence over the Canal will help to assure that such violence occurs.

I am aware of that concern, but I believe the situation demands candor.

It would be irresponsible to fail to point out to the American people the possible, indeed the likely, consequences of inaction.

It is my firm belief that failure to conclude a reasonable treaty can only work to damage the interests we seek to protect.

As we contemplate this situation we should understand that the Canal's physical characteristics make it vulnerable.

The Canal is a narrow channel fifty miles long.

It operates by the gravity flow of water and depends for its efficient operation on an integrated system of locks, dams and other vital facilities.

At best, it is susceptible to interruption.

And interruptions would mean not only reduced service to world shipping but lower revenues.

But the most enduring costs of confrontation over the Canal would not be commercial.

Our Latin American neighbors see in our handling of the Panama negotiations a test of our political intentions in the hemisphere.

Moreover, the importance of the Canal, and our contribution to it, are recognized throughout the world.

It is a measure of our standing and the respect in which we are held that people everywhere—including, I am sure, yourselves—expect the United States to be able to work out an arrangement with Panama that will guarantee the continued operation of the Canal in the service of the world community.

Were we to fail — particularly in light of the opportunity created by the negotiations — we would in a sense be betraying America's wider, long-term interests.

The plain fact of the matter is that geography, history and the economic and political imperatives of our time compel the United States and Panama to a joint venture in the Panama Canal.

We must learn to comport ourselves as partners and friends,

- Preserving what is essential to each;
- Protecting and making more efficient an important international line of communication;
- And, I suggest, creating an example for the world of a small nation and a large one working peacefully and profitably together.

*I*n sum, we are negotiating because we see a new treaty arrangement as the most practical means of protecting our interests.

If we try to maintain the *status quo* we will face mounting hostility in both Panama and Latin America, — and possible loss of the very interest we want to preserve.

But a new arrangement based on partnership promises a greater assurance of safeguarding that interest — a Canal that is open, safe, efficient, and neutral.

The real choice before us is not between the existing treaty and a new one but rather between a new treaty and what will happen if we should fail to achieve a new treaty.

These, then, are some of the political realities we face in Panama.

MYTH AND REALITY: THE VIEW FROM THE UNITED STATES

We must face political realities here at home as well.

We know that a treaty must receive the advice and consent of two-thirds of the Senate of the United States.

And we expect that both Houses of Congress will be asked to approve implementing legislation.

There is opposition in Congress to a new treaty; it reflects to a considerable degree the sentiments of many citizens.

Our job is to make sure that the public and Congress have the facts they need if they are going to make wise decisions about the Canal.

Unfortunately, the basis for our presence in the Zone is widely misunderstood.

Indeed, a number of myths have been built up over the years — about Panama's intentions and capabilities, about the need for perpetuity, and — most important — about ownership and sovereignty.

We need to replace these myths with an accurate understanding of the facts.

First, there is the matter of *Panama's intentions and capabilities* — and the suggestion that a new treaty will somehow lead to the Canal's closure and loss.

The fact is that Panama's interest in keeping the Canal open is far greater than ours.

Panama derives more income from the Canal than from any other single revenue-producing source.

Even so, some argue, Canal operations would suffer because Panamanians lack the technical aptitude and the inclination to manage the operation of the Canal.

The fact is that Panamanians *already* comprise over three-fourths of the employees of the Canal enterprise.

No one who has been to Panama and seen its increasingly diversified economy can persuasively argue that the Panamanians would not be able to keep the Canal operating effectively and efficiently.

These considerations indicate that Panama's participation in the Canal can provide it with a greater incentive to help keep the Canal open and operating efficiently.

In fact, the most likely avenue to the Canal's closure and loss would be to maintain the *status quo*.

Second, there is the notion that the Canal cannot be adequately secured unless the United States' rights there are guaranteed in *perpetuity* — as stipulated in the 1903 treaty.

I can say this: to adhere to the concept of perpetuity in today's world is not only unrealistic but dangerous.

Our reliance on the exercise of rights in perpetuity has become a source of persistent tension in Panama.

And clearly, an international relationship of this nature negotiated more than seventy years ago cannot be expected to last forever without adjustment.

Indeed, a relationship of this kind which does not provide for the possibility of periodic mutual revision and adjustment is bound to jeopardize the very interest that perpetuity was designed to protect.

Third, and finally, there are two misconceptions that are often discussed together: ownership and sovereignty.

Some Americans assert that we own the Canal; that we bought and paid for it, just like Alaska or Louisiana.

If we give it away, they say, won't Alaska or Louisiana be next?

Others assert that we have sovereignty over the Canal Zone.

They say that sovereignty is essential to our needs — that loss of United States sovereignty would impair our control of the Canal and our ability to defend it.

I recognize that these thoughts have a basic appeal to a people justly proud of one of our country's great accomplishments.

The construction of the Canal was an American achievement where others had failed.

It was every bit as great an achievement for its era as sending Americans to the moon is for ours.

It is an historic success that will always be held to America's credit.

But let us look at the truth about ownership and sovereignty.

The United States does not own the Panama Canal Zone.

Contrary to the belief of many Americans, the United States did not purchase the Canal Zone for \$10 million in 1903.

Rather, the money we gave Panama then was in return for the *rights* which Panama granted us by the treaty.

We bought Louisiana; we bought Alaska. In Panama we bought not territory, but rights.

Sovereignty is perhaps the major issue raised by opponents of a new treaty.

It is clear that under law we do not have sovereignty in Panama.

The Treaty of 1903 did not confer sovereignty, but speaks of rights the United States would exercise "as if it were sovereign."

From as early as 1905, United States officials have acknowledged repeatedly that Panama retains at least titular sovereignty over the Zone.

The 1936 Treaty with Panama actually refers to the Zone as "Territory of the Republic of Panama under the jurisdiction of the United States."

Thus, our presence in the Zone is based on treaty rights, not on sovereignty.

It is time to stop debating these historical and legal questions.

It is time to look to the future, and to find the best means for assuring that our country's *real* interests in the Canal will be protected.

What are our real interests?

— We want a Canal that is open to all the world's shipping — a Canal that remains neutral and unaffected by international disputes.

— We want a Canal that operates efficiently, profitably, and at rates fair to the world's shippers.

— We want a Canal that is as secure as possible from sabotage or military threat.

— And we want full and fair treatment for our citizens who have so ably served in the Canal Zone.

The negotiations we are now conducting with Panama for a new treaty will ensure that all these interests of our country are protected.

Let me now talk a bit about where we are in the negotiations.

During the past two years, the negotiations have proceeded step by step through three stages.

Stage 1 ended in early 1973 when Secretary of State Kissinger went to Panama to initial with the Panamanian Foreign Minister a set of eight “Principles.”

Since then, we have used these principles as guidelines in working out the details of a new treaty.

The best characterization of these principles came from the Chief of Government of Panama.

He said they constitute a “philosophy of understanding.”

Their essence is that:

- Panama will grant the United States the rights, facilities and lands necessary to continue operating and defending the Canal; while

- The United States will return to Panama jurisdiction over its territory; and arrange for the participation by Panama, over time, in the Canal’s operation and defense.

It has also been agreed in the “Principles”:

- That the next treaty shall not be in perpetuity but rather for a fixed period;

- That the parties will provide for any expansion of Canal capacity in Panama that may eventually be needed; and

- That Panama will get a more equitable share of the benefits resulting from the use of its geographic location.

Stage 2 involved the identification of the major issues under each of the eight principles.

Agreement on the major issues, concurred in by the Department of Defense, provided the basis for substantive discussions.

Stage 3 began with our meetings in Panama in June of 1974 and continues.

For over 16 months now we have been discussing the substantive issues involved — again, with the helpful support of the Department of Defense.

Indeed, our most senior military officials regard the partnership we are attempting to form as the most practical means of preserving what is militarily important to our country respecting the Panama Canal.

We have reached agreement in principle with the Panamanians on three major issues:

- **Jurisdiction:** Jurisdiction over the Zone area will pass to Panama in a transitional fashion.

The United States will retain the right to use those areas necessary for the operation, maintenance and defense of the Canal.

— **Canal Operation:** During the treaty's lifetime the United States will have the primary responsibility for the operation of the Canal.

There will be a growing participation of Panamanian nationals at all levels in day-to-day operations in preparation for Panama's assumption of responsibility for Canal operation at the treaty's termination.

The Panamanian negotiators understand that there are a great many positions for which training will be required over a long period of time, and that the only sensible course is for Panamanian participation to begin in a modest way and grow gradually.

— **Canal Defense:** Panama recognizes the importance of the Canal for our security.

As a result, the United States will have primary responsibility for the defense of the Canal during the life of the treaty.

Panama will grant the United States "use rights" for defending the waterway; and Panama will participate in Canal defense in accordance with its capabilities.

Several other issues remain to be resolved.

They concern:

- The amount of economic benefits to Panama;
- The right of the United States to expand the Canal should we wish to do so;
- The size and location of the land and water areas we will need for Canal operation and defense;
- A mutually acceptable formula for the Canal's neutrality and nondiscriminatory operation of the Canal after the treaty's termination; and
- Finally, the duration of the new treaty.

Quite obviously, we still have much to do to resolve these issues.

Although we have no fixed timetables, we are proceeding with all deliberate speed.

We are doing so with the full support of the Department of Defense.

While I cannot predict when completion of a draft treaty will be possible, I am persuaded that a new treaty which satisfies our basic interests is attainable.

Though a great deal of hard negotiating will be required to complete a satisfactory agreement, we are confident that our efforts will produce a treaty which will be judged on its merits and will be approved by the people of both countries.

The stakes are large.

They involve not only the legitimate interests of both the United States and Panama and the future contribution of this important waterway to the world community.

They involve as well our nation's relations with Latin America as a whole and the credibility and reputation of our country as a force for creative leadership.

America has always looked to the future.

In the Panama Canal negotiations we have the opportunity to do so again:

- To revitalize an outmoded relationship;
- To solve an international problem before it becomes a crisis; and
- To demonstrate the qualities of justice, reason and vision that have made and kept our country great.

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