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Statement by the

Administrative Board

United States Catholic Conference

United States - Foreign
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PANAMA-U.S. RELATIONS

Statement by the ADMINISTRATIVE BOARD

United States Catholic Conference

The United States and the Republic of Panama are currently engaged in active negotiations regarding a treaty involving the Panama Canal. It is a moral imperative—a matter of elemental social justice—that a new and a more just treaty be negotiated.

The history of these negotiations spans a seventy-year period, beginning with the original Treaty of 1903 by which the United States assumed virtually sovereign and perpetual control over the heartland of the Panamanian Isthmus. More recently, in February, 1974, the two nations signed the Kissinger-Tack Agreement on Principles, which provides a significant basis for a new treaty.

Why is a new treaty imperative? In the first place, the 1903 treaty is, in itself, of dubious moral validity, drafted as it was when international affairs were frequently determined by precepts of power. Since that time, and despite the seventy years that have passed in this century in which other peoples have achieved their independence or have established functional control over their territory, this treaty has remained essentially unchanged at the insistence of the more powerful of the two parties.

In the second place, a more fundamental issue is the right of every nation to utilize its natural resources for the development of its people. In his 1963 encyclical *Pacem In Terris*, Pope John XXIII emphasized this basic principle of international justice which had been strongly affirmed in the previous year's declaration of the U.N. General As-

sembly (Resolution 1803, XXVII, December 14, 1962). Nations, the Holy Father stressed, "have the right to play the leading part in the process of their own development" and "no country may unjustly oppress others or unduly meddle in their affairs."

The principal natural resource of Panama is and always has been its geographic location and its configuration. The treaty of 1903 established a monopoly, "in perpetuity," in favor of another government over the principal natural resource of the Republic of Panama.

The question, therefore, lies in whether or not we accept the fact that Panama is a free and independent nation. As such, her claims over the Canal area are a simple consequence of her basic right. In other words, if we accept the rights of Panama over her territory, then instead of Panama negotiating with the United States to obtain for herself some compensation for the use of the Canal and the Canal Zone, it might be reasoned that negotiations should be the other way around. The main benefits from the Canal should accrue to Panama, as a nation with principal control over its natural resources, and a fair compensation should accrue to the United States for its investment in Panama.

Besides the political, social and cultural consequences of the 1903 treaty that argue strongly for a fundamental revision of U.S.-Panamanian relations, economic considerations are also considerable. It is worth reviewing, in this regard, some of the main benefits that accrue to each side as recently cited by the Archbishop of Panama, Marcos McGrath, C.S.C.:

- The Canal Zone, which measures roughly 10 by 50 miles in area, is the heartland, the most valuable economic area of Panama. Present use represents a significant waste of this natural resource: only 3.6% of the land is occupied by Canal installa-

tions; some 25% is not utilized at all, and 68% is designated for military use. For this entire territory, including 14 military bases established without any negotiations with Panama as to their location, the United States pays an annual \$1.9 million, as contrasted, for example, to the \$20 million paid annually for three bases in Spain.

- Since 70% of the goods that transit the Canal come from or go to U.S. ports, the non-commercial fees, frozen until this year at the 1914 level, have represented an annual saving to U.S. commerce of \$700 million. In this way, Panama, a poor nation, is subsidizing the richest nation of the world and world commerce in general.
- The savings to the U.S. Armed Forces in the use of the Canal in the sixty years since its inauguration are calculated in excess of \$11 billion.
- The U.S. military investment in the Canal Zone is more than double the total civil investment, an expense that goes far beyond any notion of mere defense of the Canal. In fact, the U.S. Southern Command, located in the Canal Zone, is a training center for military from all over Latin America and a nerve center of military contact throughout the continent. Surely military bases established within a nation should be the object of negotiation.
- Nearly 20% of the gross national income of the Republic of Panama derives from the Canal Zone economy, mostly in indirect form, through salaries and sales. The rise and fall of this income according to fluctuations in building and other operations within the Canal Zone, factors beyond the control of the Republic, has a strongly distorting effect upon the Panamanian economy.
- Since property and income in the Canal Zone are exempted from Panamanian

taxes, the government of Panama is denied a major source of revenue. As a result, it has not been fully able to undertake programs of economic infrastructures and socio-economic development, particularly for the impoverished rural areas.

While these observations do not attempt to treat all questions relating to the Panama Canal issue, they do serve to place the question within an overall context of international social justice.

For peace in the world, which can come only with justice in the world, it is essential that we citizens of the United States, including our elected representatives, approach the Panama Canal issue with the same moral sensitivity we would apply to issues of justice within our own society.

Our national response to the new treaty will be a significant test of that sensitivity. Not only the rest of the Americas, but the whole world will be watching. The fundamental rights of the people of Panama, as well as the high ideals and long-range interests of the United States, require a new and just treaty. It can become a sign of and a significant contribution toward world peace based upon justice and fraternity between peoples.

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