

foreign policy *in focus*



Interhemispheric Resource Center
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U.S. Panama Policy: Canal, Bases, and Dollars

A history of mutual dependence underlies U.S.-Panama foreign policy and accounts for the patterns of dominance and dependence in bilateral relations. The two nations have convergent interests in safe, efficient commerce across the isthmus. For the U.S., this results from its status as the main user of the Panama Canal; for Panama, it is because half its population lives on the canal's banks, and the canal generates economic benefits. The U.S. has also depended on Panama as a base for hemispheric military operations. Although the canal was the initial reason for the special U.S. attention to Panama, the selection in 1941 of the canal zone as headquarters for the U.S. Southern Command (SouthCom, previously the Caribbean Command) sharpened U.S. interest in Panamanian affairs.

Key Points

- The U.S. and Panama have convergent interests in safe and efficient interoceanic commerce.
- Though the Panama Canal Treaties clearly specify the removal of all U.S. troops and bases by the turn of the century, the retention of some U.S. military presence in the canal area is under discussion.
- Although the canal is not owned or operated by the U.S. military, the Pentagon has always had a role in canal policy.

Due to the power differential between the U.S. military and economic empire and the small nation of Panama, colonialist attitudes have often characterized policy discussions and obstructed rational decisionmaking. The enduring impact of the 1989 U.S. invasion of Panama should not be underestimated in considering future U.S.-Panama policy. The invasion was the twentieth U.S. military intervention in this nation of 2.5 million people and easily the most violent event in Panama's history.

Despite the increasing importance of air transport and the rise of other major trading nations, the U.S. remains the canal's primary user. One-eighth of all U.S. seaborne traffic passes through the locks. Its economic utility for the U.S. is in making interoceanic trade cheaper for U.S. shippers and traders—in effect subsidizing the U.S. shipping industry and its exports.

The Panama Canal Treaties of 1977 specified that the U.S. transfer canal operations to Panama and terminate its military presence by December 31, 1999. Moreover, the Canal Treaties require that the locks be turned over to Panamanian authorities free of all debts and encum-

brances. A recent audit of the Panama Canal Commission found that the commission had deferred \$890 million worth of maintenance—work needed to ensure the seaway's safety and efficient operation.

Although the canal is not owned or operated by the U.S. military, the Pentagon has always had a role in canal policy. The U.S. army supervised the construction of the seaway from 1904 to 1914, and the Panama Canal Commission's Board of Directors is, by law, chaired by the Assistant Secretary of the U.S. Army, who retains the right to dictate the votes of the board's U.S. majority. Except for an interlude during the Carter administration, when the White House and the State Department assumed a more prominent role, the Pentagon has been the main powerbroker in U.S.-Panama policy.

SouthCom, one of the Pentagon's regional commands, has used its 16 military bases in Panama to coordinate all U.S. military relations with the countries of the Caribbean Basin and South America. The Pentagon has begun to scale down its presence, and it plans to transfer SouthCom headquarters to Miami in 1997. Although on a much reduced scale, U.S. military units based in Panama still provide some training for Latin American and Caribbean armed forces. About 6,500 U.S. troops remain in Panama, monitoring Latin American airspace for unauthorized planes and training troops in jungle combat.

Despite the treaties that clearly specify the removal of all U.S. troops and bases, the retention of some U.S. military presence in the canal area is being discussed by both U.S. and Panamanian policymakers. In the U.S. Senate, a resolution sponsored by conservative Jesse Helms has called for a new agreement that would permit the U.S. to retain its military presence in Panama. The Pentagon, however, acknowledges that the bases are not essential to either U.S. military or narcotics control strategy. The military's willingness to close the Panamanian bases has been reinforced by the closure of military bases at home, increasing the reluctance of the Pentagon to pay for a post-1999 military presence in Panama—at an estimated cost of \$200 million a year.

In March 1995 the DOD identified three post-1999 activities for U.S. bases in Panama: counterdrug operations, jungle combat training, and civic action programs such as road building and short-term medical missions. In October 1996 SouthCom gave its blessing to a Panamanian proposal to establish a multinational counternarcotics center at Howard Air Base using the same surveillance equipment now owned and operated by U.S. agents and troops. This proposal, however, has garnered only lukewarm support from other nations in the region, who are concerned that such a “multilateral” operation would be a mere fig leaf shrouding continued U.S. control of counterdrug policy and operations in the hemisphere.

SouthCom’s military bases in Panama have long served as a platform for intervention in the internal affairs of Latin American nations. In 1989 SouthCom coordinated the U.S. military invasion and occupation of Panama, resulting in the deaths of hundreds of Panamanian civilians. It would be unimaginative for the U.S. to stake its future relations with Panama on military bases, thereby leaving the lead role to the Defense Department.

Furthermore, the missions suggested for the remaining U.S. military presence in Panama, namely the war on drugs and jungle combat training, reflect more profound policy problems. The Defense Department has spent billions of dollars to interdict drug shipments in Latin America, yet “the street price and availability of cocaine in the United States have not been demonstrably affected,” as former SouthCom chief Barry McCaffrey—now U.S. drug czar—has testified. Reneging on the Canal Treaties’ provision for withdrawal in order to continue jungle combat training would continue the U.S. military’s inclination toward overseas intervention.

Compounding these problems, the reasons many Panamanians are interested in keeping some U.S. bases have nothing to do with U.S. defense of democracy or the fight against drugtrafficking, but rather with a perceived dependence on military dollars and with concern for the country’s persistently high unemployment. Increasingly, Panamanians view the bases as potential sites for civilian development.

As a corollary to the arrogance apparent in U.S. policy regarding canal protection and domestic security in Panama, the U.S. has historically distrusted Panama’s ability to police itself. The Defense Department acknowledges that the canal is indefensible against sabotage, whether or not U.S. bases remain in Panama. Washington, however, still groomed the Panamanian Defense Forces (PDF) as the leading protagonists in the projected transition of the canal area, and the U.S. used

the PDF as an ally in the regional wars of the 1980s. After the invasion in 1989 (which dismantled the PDF), the fledgling Panamanian government constitutionally abolished the army and created a new National Police.

Unfortunately, the U.S. has helped militarize the new National Air Service by supplying it with helicopters and other military equipment, nominally to fight the drug war. Although the U.S. embassy in Panama recently declared that coca leaf production in Panama’s Darién jungle region has been eradicated, the helicopter gifts overshadow the meager \$250,000 U.S. program to aid Panama in drug education and prevention.

U.S. drug policy in Panama faces a fundamental contradiction between promoting a high volume of unimpeded commerce—which the U.S. and Panama embrace—and introducing mechanisms needed to reduce the profitable drug trade. As long as the underlying incentives for the narcotics industry are in place, Panama—a crossroads for trade of all kinds—will continue to be a transit zone for such contraband.

Panama has a high incidence of domestic cocaine use, and the economic and social policies promoted by the U.S. through multilateral lenders only compound the causes of drug abuse and trafficking, both of which are linked to public health problems and economic inequities. Health issues and unemployment, in turn, are exacerbated by privatization and other economic adjustment measures that have eroded Panama’s socioeconomic standards.

U.S. economic aid programs in Panama, reduced drastically from their post-invasion peak in 1991, are focused on protecting the canal watershed in order to prevent deforestation from silting the canal and making it less efficient. U.S. concern about protecting the canal watershed is laudable, but by leaving decision-making to SouthCom’s discretion, Washington has essentially ignored the problem of toxic and dangerous substances left by decades of military activity in Panama. For example, unexploded ordnance left on firing ranges has exploded, injuring and even killing Panamanian children and farmers. The Canal Treaties require the U.S. to make an effort to remove hazards to human health and safety from its military sites. Relations between the two countries will be recklessly undermined if future generations of Panamanians find their health and safety compromised by the dangerous materials that the U.S. military left behind.

<h3 style="text-align: center;">Key Problems</h3> <ul style="list-style-type: none">• Military bases in Panama serve as a platform for intervention.• U.S. policy goals face a contradiction between the desire to promote a high volume of unimpeded commerce and the mechanisms needed to reduce the profitable drug trade.• U.S. policy has failed to address clean-up of toxic and dangerous substances left by decades of military activity.

U.S. respect for and implementation of the spirit and letter of the Panama Canal Treaties represent a chance to establish a new pattern of U.S.-Panama relations. The principles of mutual respect and fair exchange should shape this new era of bilateral relations.

A strong first step would be for the State Department and the Defense Department to publicly refuse to enter into a new military base agreement with Panama. Any agreement that would maintain U.S. military bases in Panama is inappropriate both to the post-cold war world and to U.S. priorities in an era of increased fiscal constraints. The U.S. government should reject previous attitudes that regarded Panama as a launching pad. Instead, Panama should be regarded as a sovereign nation with its own interests, which Panamanians themselves must develop and protect.

Rather than continuing the patterns of past policies, the U.S. should assist Panama in making the transition to

Key Recommendations

- Assist Panama in effecting the transition of former military areas to civilian control
- Publicly renounce any new military base agreement with Panama.
- Commit to full maintenance of the canal through 1999, when it transfers to Panamanian control.
- Commit to the polluter pays principle on firing ranges and other U.S. military bases with hazards in Panama.

civilian control and development of former military zones. The land occupied by the bases is in the heart of Panama's economic and population centers and could be put to more productive use. For a fraction of what it costs to maintain these bases, the U.S. could help Panama create sustainable, community-led development. Panama's Regional Interoceanic Authority estimates that civilian economic activities on the converted bases could spawn as many as 100,000 jobs—more than 6 times

the direct and indirect employment currently generated by the bases.

U.S. interest in stemming the contraband drug economy and drug abuse would be best served by promoting equitable economic development in Panama. Such a focus would include incentives for the creation of skilled jobs for Panama's educated labor force, as well as resources to enable Panama's burdened public health system to deal with issues that the private health sector is ill-equipped to address. Specifically, we recommend:

- The U.S. must fully implement the Canal Treaties. To honor these agreements and to ensure that the canal remains an efficient channel for interoceanic transport, the U.S. must increase its commitment to maintenance. Solutions to the problem of the ongoing maintenance may be

found through such bilateral forums as the Joint Committee overseeing the transition and through such multilateral forums as the Inter-American Development Bank and the 1997 Canal Congress.

- The U.S., through the Agency for International Development (AID) or the Pentagon's Office of Economic Adjustment, should provide support to community-based enterprises that are planning the development of transferred military areas.
- The U.S. must refrain from selling military equipment to Panama, out of respect for Panama's wishes to abolish its armed services.
- The U.S. should commit itself to the polluter pays principle in Panama. Where hazards to human health and safety are found, the U.S. should remove the dangerous substances in close consultation with affected local communities and agencies. In addition, the U.S. should commit to sharing the cost of clean-up technology for use after the transfer of its bases to Panama, especially for unexploded munitions on U.S. firing ranges. An explicit agreement to make future cleanup technology available to Panama—even after military bases are closed—is needed.
- The U.S. should release to Panama all information pertaining to the presence of hazardous substances or relating to U.S. military activities that have affected the canal zone's environment. Without such information, Panama cannot successfully plan for future development of the zone.
- Washington should acknowledge past violations of human rights and international law in Panama, and make a new commitment to human rights and justice, particularly with respect to the victims of the 1989 military invasion. The principles of international law require indemnification for the suffering and devastation resulting from Washington's extraterritorial aggression. At the very least, the U.S. should agree to abide by the verdict of the Inter-American Court of Human Rights, which is now considering claims by civilian victims of the U.S. military invasion.

Written by John Lindsay-Poland, Fellowship of Reconciliation

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John Dinges, *Our Man in Panama* (New York City, NY: Random House, 1990).

Presencia Panameña (monthly newspaper oriented to Panamanians in the United States)
P.O. Box 73-0757
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World Wide Web

Fellowship of Reconciliation

<http://www.nonviolence.org/~nvweb/for/panama/>

Panamá Update and other FOR reports on Panama

La Prensa de Panamá

<http://www.gbm.net/prensa/>

Daily news from Panama,

Panama Canal Commission

<http://www.panamet.com/pancanal>

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(*Country Reports on Human Rights Practices*)
<http://dosfan.lib.uic.edu/dosfan/>

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