
Panama's Canal: The US Departure and Panama's New Era

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the sanctions have not had a substantial effect upon Iran, and it continues to meet the oil production quotas set by the Organization of Petroleum Exporting Countries. Although the trade sanctions against Iran have not significantly aggravated Iran's economy, they have led to some adverse political ramifications. Iran's ultra-nationalist forces and isolationist groups, which constantly seek to preempt the normalization of relations, have been fueled by the apparent animosity of the United States, which they call the "Great Satan." This US policy of dual containment toward Iran and Iraq in the Middle East motivates the rhetoric in Iran that views the United States as hegemonic and militaristic. For instance, Iranians continue to celebrate a National Day of the Fight against America every November 4th. The United States should try to support the political forces in Iran that seek to open relations with the West, for these forces will be the vehicles through which issues such as state-sponsored terrorism will be resolved.

The continuation of hostile policy towards Iran will not only devastate US-Iranian relations, but will also lead to the eroding of US credibility in the international community. A recent manifestation of the problems associated with US sanctions is clearly demonstrated in the controversial oil contract between Iran and a consortium of international oil firms. Under a 1996 anti-terrorism law, the United States can choose to enact punitive measures against a firm that provides technology that has the potential of being used in the production of nuclear, chemical, or biological arms. Unwilling to accept US domestic security rationale, many foreign countries protest that the exercise of this law would be an infringement of national sovereignty and a violation of international trade law embodied in the General Agreement on Tariffs and Trade. The European Union, which conducts what it calls a "constructive dialogue" with Iran, is irked by the coercion of US economic policy upon foreign firms that act outside the territory of the United States. Sanctions also have the potential to disrupt US-Russian

relations. The Russian energy firm Gazprom is heavily affected by the boycott legislation. The law would impair the firm's ability to pay an immense amount of back taxes to the Russian government and would also bar it from any form of economic interaction with the United States. A souring of relations with Russia would lead to a disintegration of cooperative measures intended to control nuclear weapons and proliferation in the global arena. Nevertheless, the United States continues its unilateral policy in light of greater international investment in Iran. Arab states, members of the European Union, and other Asian nations fill in the economic vacuum left by the disengaged presence of the United States, which continues to exercise a misguided policy tool, a dragon of the Cold War era.

The motivations behind trade sanctions are also questionable. Domestic political machinations and propaganda have been incorporated into US foreign policy, which is at best selective, biased, and arbitrary. Sanctions are not universal, and there is not a specific delineation of actions or policies that would warrant the imposition of sanctions, which often fail to follow the letter of the law. For example, the United States maintains a conciliatory position toward human rights abuses in China. The United States can afford, however, to establish token sanctions against nations without any form of political or economic leverage in the international community.

The United States needs to redefine its policy towards Iran. Iran's large oil and natural gas reserves are a major part of the global energy market, and US firms will no longer be able to compete as foreign firms take advantage of the cheaper production costs associated with a liberal trade policy with Iran. Iran is also located in a strategic area, at the crossroads of the Middle East, South Asia, and the former Soviet states. The United States has a vital interest in maintaining stability in this region. Iran's cooperation is crucial to the resolution of the Arab-Israeli peace process and the control of weapons of mass destruction. Only through the engagement

of Iran under the moderate direction of President Khatami can the United States ensure that Iran will not become militaristic or aggressive.

The road to healing the damaged relations between Iran and the United States will include many steps, including the abolition of ideological rhetoric and the institution of cooperation between the United States and other multilateral organizations, such as the European Union, in order to develop a cohesive western response to Iran's actions. There is a window of opportunity in Khatami's election that must be seriously considered, for it provides the potential of healing the rift between the polar ideologies of Iran and the United States. ■

Panama's Canal

The US Departure and Panama's New Era

BY THALIA CHANTZIARA

On December 31, 1999, while the rest of the world will be celebrating the arrival of the new millennium, Panama's attention will be focused on noon and the return of the Panama Canal to its control.

But as American troops gradually evacuate the area in preparation for the final handover, both the United States and Panama seem to be reconsidering the issue. Despite expressed misgivings about the withdrawal, the handover that will mark the beginning of a new era for Panama is probably for the best.

According to the original treaties, US sovereignty over the Canal area was to be "in perpetuity." Indeed, the United States controlled the Canal since its completion in 1914 as a nonprofit, international utility until the 1960s, when anti-American riots in Panama forced Washington to start negotiating its withdrawal. In 1977, treaties between

Panama General Omar Torrijos and United States President Jimmy Carter established a gradual transfer of sovereignty from the United States to Panama over the former Canal Zone and the operation of the Canal itself. This included the handover of all ten US military bases along the canal and the withdrawal of the 7,000 troops which were stationed there at the time. In 1979, the Canal Zone was considered Panamanian territory again; that same year, the administration of the Canal was assumed by a commission whose board consisted of four Panamanians and five Americans. Today, the administrator as well as the majority of the Board, the managers, and the commission's workforce are Panamanian. The US military presence is already decreasing. By the end of 1997, only 4,000 American soldiers remained there.

Panamanian ex-President Nicolas Ardito Barletta, head of the Inter-Oceanic Regional Authority (ARI), is responsible for the assimilation of the former Canal Zone into Panama. With the gradual withdrawal of US forces, Panama has taken control of the area of Balboa, adjacent to Panama City. This control has several advantages, such as a low density of construction, a beautiful setting, and space for middle-class housing. Also, Panama has registered many ships under its flag and has already established a duty-free zone at Colón, which is the Atlantic port.

Nevertheless, it seems that the handover may not be irreversible, as members of both parties have expressed their will for the Americans to prolong their stay. Recent polls indicate that about 70 percent of Panamanians, including Panama's current president, Ernesto Perez Balladares, would favor the extended deployment of US forces. In the United States, voices as diverse as Ronald Reagan and Bill Clinton have expressed an interest in negotiating a further stay of the troops, as have US Secretary of Defense William Cohen and General Wesley Clark, Commander of the US Southern Command. Reconsideration is grounded in the continuing importance of the Canal. As



Packing already?

far as commerce is concerned, four percent of all world trade and 14 percent of US trade passes through it, while the waterway yields US\$500 million in revenues per year. The canal may not be as strategically important as it once had been, but it remains the best route for moving warships between the Atlantic and the Pacific.

Both sides have valid reasons to want the troops to stay, but Panama's change of viewpoint since the 1960s can be attributed to economic reasons. The local spending by those who are associated with the US military troops in Panama is estimated to be around five percent of the country's GDP, which would be lost with the final withdrawal. In addition, approximately 16,000 jobs would be lost. Overall, the US contribution to the economy of Panama dropped from US\$161 billion in 1995, to an estimated US\$58 billion in 1998, and will drop to nothing in 2000. In addition, maintaining the military bases along the Canal is very costly, and it is not certain that Panama can carry this economic burden in the future.

The United States, in turn, has a variety of vested interests in the Canal Zone, both economic and political. The Pentagon should be expected to defend such a vital region whether or not the pullout proceeds as planned. US military officials claim that the Canal is defensible without troops stationed in Panama, but it is obvi-

ous that this would be neither easy nor cheap. Also, the Canal Zone represents a staging ground for troops stationed to promote democracy in Latin America countries and to guarantee their economic growth and stability.

The opposition, however, argues that absolute control of the Canal is vital to Panama's national pride. The Canal area holds encouraging prospects for economic development. When the US troops leave, 1,442 square kilometers of land will return to Panama with an infrastructure worth up to US\$30 billion. This infrastructure could be used to expand the maritime sector, install new industries, develop tourism, or promote cultural programs. In addition, Panama will receive three deep-sea ports, three international airports, two hydroelectric plants, drinking water plants, hospitals, schools, and about 5000 other buildings. The basis of its economy can change from agriculture to international services by increasing exports, adding as many as 150,000 jobs and expanding its tourism by building a new terminal in the Pacific, vacation centers, and duty-free shops. As for the burden of maintenance, even if the US troops leave, it does not follow that Panama will be left alone to operate the Canal with its minimal economic resources. Other countries have expressed their interest in investment in the area, such as Taiwan, South Korea, Japan, and France, while the Chi-

nese company Hutchkinson-Whampoa recently started development in Puerto Cristóbal and Puerto Balboa. Such foreign investment could allow Panama to maintain the Canal effectively even in the event of a US pullout.

The United States, also, has reasons not to want to keep its bases and troops in Panama. Due to cutbacks in military spending, military bases have already shut down within the United States. Paying maintenance costs for many bases abroad seems unreasonable at a period when defense expenditures are being restructured to adjust to the end of the Cold War. The Pentagon assures that there is no need to keep the bases, since the integrity of the Canal can be protected from a distance as well.

Certainly, the Canal must remain safe, efficient, and graft-free, but it is not obvious whether the US presence is the best answer. Negotiations in this direction that took place in 1995 have led nowhere: the United States wanted to have 4,000 soldiers in Panama and to keep seven of its ten bases. Panama asked the United States to pay rent, an idea that Washington found preposterous. The United States refused to pay rent and

Panama refused to continue the negotiations, postponing them for some indefinite time in the future. No formal talks have taken place since then.

Perhaps the best solution is to stick to the 1977 agreements and conclude the handover at the turn of the century. It seems that many of the misgivings expressed about the withdrawal are to some extent products of atavistic reluctance to change a familiar, though anachronistic situation. Panama will experience short-term economic losses, but also expects immense economic gains, thanks to the transfer of the Canal's solid infrastructure; these benefits should more than outweigh the losses in a reasonable period of time. Militarily, the United States can protect the Canal from afar. Keen US and international interest in keeping the Canal operational guarantees that Panama will not be left alone to deal with problems after the withdrawal. The most frequently mentioned fear is that control of a strategic passage will be relinquished to a small, inexperienced country. Yet it appears that Panama has developed enough to handle the task. The United States should recognize this maturity and let Panama assume control over the Panama Canal. **[E]**

Hail Britannia

The Benefits of Empire in the Modern Age

BY STEVEN KRUCZEK

In 1999, Australians will enter the voting booth to decide the fate of the monarchy in their country. The choice, ostensibly, is between a native president and continued allegiance to Queen Elizabeth II. Many around the world, however, see this vote as something far grander—a referendum on the historical legacy of the British Empire. A vote against the Queen, the pundits contend, is a vote against the British Commonwealth itself.

Or is it? The republican movement in Australia is quick to point out that the initiation of a republic will not sever any ties to the Commonwealth of Nations. Under the "India rule," established to allow New Delhi to join without swearing allegiance to the British monarch, many former colonies have joined the Commonwealth as republics, allowing a republican Australia, too, to retain ties to the monarchy. Far from being outdated, the British Commonwealth is a vibrant, vital organization with an important role to play in the twenty-first century. The Commonwealth of the next millenium will provide humanitarian assistance, promote peace, and drive economic growth around the globe.

On August 21, 1995, the Soufriere Hills volcano erupted, spewing a cloud of ash high above the tranquil island of Montserrat. For 15 minutes, the sky above the capital of Plymouth turned black. In the midst of this catastrophe, Britain rushed to her colony's aid. Despite tension between Montserrat and London, Whitehall is spending US\$64 million to develop the unaffected



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