GIVING UP THE CANAL: AN EXAMINATION OF CARTER’S SUPPORT OF THE 1977 PANAMA CANAL TREATIES

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INTRODUCTION

On 6 January, the New York Times published an article that named Panama the number one place to visit in 2012. According to the article, in the twelve years since Panama regained control of its canal, the country and its economy have prospered. Foreign investment in the small, Latin American country has led to an economic boom with development projects popping up across the country. The most significant of these projects is the multibillion-dollar expansion of the Panama Canal. The project calls for the addition of two new locks that will help to widen and deepen the canal thus doubling its cargo capacity. ¹ The expansion, currently under way, is expected to be finished by 2014, the 100th anniversary of the Panama Canal. It is clear that Panama is stable and thriving.

Approximately fifty years ago, the future of Panama and the canal was not as bright. Rioting had completely destabilized the region and individuals had begun to question the continued utility of the Panama Canal. At that time, the United States had control of a ten-mile wide zone surrounding the canal as well as the canal itself. The United States had been granted control of the canal along with a number of other rights in the Hay-Bunau-Varilla Treaty signed in 1903. The rights granted to the United States in that treaty would become a source of tension between the United States and Panama over the next sixty years and would cause increasingly violent outbreaks of rioting and the gradual destabilization of the region. In January of 1964, a

particular violent riot left twenty dead and three hundred injured leading President Johnson to announce his decision to seek the abrogation of the 1903 treaty and the negotiation of a new treaty between the two countries. The negotiations over the new treaty would span four administrations and over ten years and led to the second longest ratification debate in the 20th Century due to the symbolic nature of the Panama Canal.

Since its construction in 1914, the Panama Canal had been a symbol of American greatness and ingenuity. American engineers had succeeded where others had failed by creating a marvel that connected the Atlantic and Pacific Oceans. Explorers and pioneers had been searching for a transcontinental route for centuries, and where one did not exist, the United States had made one. The French had tried and failed to construct a canal, but were conquered by the difficult topography and by yellow fever. American engineers developed an ingenious lock system to overcome the topographical challenge and American scientists developed a cure for yellow fever. American ingenuity overcame numerous obstacles in the construction of the Panama Canal and the canal itself became a matter of immense pride for the American public. So why were President Carter and sixty-eight United States senators willing to give it away? Why did the United States, the greatest country in the world, fold to pressures from a small Latin American country approximately the size of South Carolina with a population of roughly 3.5 million people?²

These were the emotionally charged questions at the root of the ratification debate. The ratification debate over the Panama Canal treaties was the second longest treaty debate of the 20th Century and had severe political consequences for the individuals who supported it; of the twenty who supported the treaties and were up for reelection in 1978, only seven returned for

another term. Why did Jimmy Carter prioritize such an emotionally charged and politically volatile issue as soon as he came into office? There is now vast literature as well as voluminous political and journalistic commentary on this question. In what follows, I hope to demonstrate that Carter’s decision to prioritize the treaty was motivated by United States security and economic interests as well as a degree of naivety regarding the political costs to his administration. We need to begin, however, by looking briefly at the history of the Panama Canal – and the disputes that accompanied it from the very beginning.

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CHAPTER 1 - DOWNWARD SPIRAL
The Historical Relationship Between the United States and Panama

In defiance of an order of the Governor of Panama to eliminate the flying of flags at schools, American students on January 7 hoisted their own flag at Balboa High School. Two days later Panamanian students attempted to display their flag and disorder followed. On January 10 Panama broke diplomatic relations with the United States.

-Lyndon B. Johnson, January 1964

The flag riots that occurred in Panama in January of 1964 took the lives of twenty individuals and injured an additional three hundred people. These riots occurred because school children hoisted flags as a symbol of sovereignty. Approximately sixty years earlier, the United States had assisted Panama in the bloodless revolution that granted the small Latin American nation its sovereignty and independence from Colombia. In that sixty-year period, tensions had increased as token concessions failed to rectify the inequities of the treaty of 1903.

In this chapter, the history of relations between the United States and Panama are examined starting with the initial American pursuit of an interoceanic canal and extending through President Richard Nixon’s recognition that a new relationship between the two countries was necessary. The long time frame demonstrates the original necessity of an interoceanic canal for American economic and military interests while also demonstrating the diminishing importance of the Panama Canal as new technologies and weapons developed that made the
passageway indefensible or unusable. Similarly, it demonstrates the growing tensions between the two countries and the ineffectiveness of token concessions at assuaging these tensions.

The history of United States-Panamanian relations and the declining utility of the canal are both contributing factors that influenced Jimmy Carter’s decision to prioritize the Panama Canal Treaties. The deteriorating relationship between the two countries makes a fundamental change seem necessary.

THE PURSUIT OF AN ISTMHIAN ROUTE

The dream expressed by Theodore Roosevelt and Philippe Bunau-Varilla of building a canal in Central America and thus expediting commerce and trade was not new. The Monroe Doctrine established initial United States relations with Panama in 1823 when President Monroe warned the European powers to stay out of the Americas. A few years later, discussion of an interoceanic canal was initiated at the Panama Congress. When Secretary of State Henry Clay advised the representatives that “a cut or canal for purposes of navigation somewhere through the isthmus that connects the two Americas…will form a proper subject of consideration at the Congress.” Interest in an interoceanic canal did not stop with the Panama Congress, but was continued during Jackson’s administration when he sent Charles Biddle to explore possible routes through Panama and Nicaragua in the 1830s.

As the United States expanded into the frontier, the need for expedited transit between the Atlantic and Pacific Oceans became more pressing. While there were efforts to establish a

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route through the isthmus as early as the 1820s, the California gold rush of the 1850s greatly increased the demanded for expedited transportation from the Atlantic to the Pacific. This increased demand led to a large influx of people and revenue into the isthmus that was in turn used to construct a railroad. After a failed attempt by the French Panama Company in 1846, the United States was given the concession to construct the Panama Railroad. The topography made construction of the railroad extremely difficult while the endemic diseases of the isthmus raised the death toll and gave Panama a reputation as a tropical death trap. In 1855 the railroad was finally completed thus speeding up transit from the Atlantic to the Pacific. The railroad built across the Isthmus of Panama was extremely beneficial to United States commerce as it allowed shippers to transport goods and passengers across Central America rather than go all the way down to the Strait of Magellan. In a memo from Secretary of State Lewis Cass to the Minister to Central America, Secretary Cass emphasized the importance of an interoceanic route: “the progress of events has rendered the interoceanic routes across the narrow portions of Central America vastly important to the commercial world, and specifically to the United States.” The popularity of the railroad increased the pressure to build a canal and nations such as France and Great Britain pursued projects in the region, but all ended in failure whether due to engineering problems, bankruptcy or yellow fever. Regardless, the economic benefits of the railroad to United States commerce made an interoceanic canal increasingly important to American policymakers and businessmen.

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6 Conniff 24-25.
8 Moore, A Digest of International Law (1906).
The United States, however, became distracted when Civil War broke out and it was not until the 1890s that interest in a canal was renewed. In 1898 during the Spanish American War, the battleship Oregon took sixty-eight days to reach the U.S. Atlantic fleet; this incident emphatically demonstrated the military necessity of a canal and increased pressure on the United States government to secure a route. Secretary of State William Evarts expounded on the importance of an interoceanic canal and the dangers of its being controlled by a foreign power: “Our pacific coast is so situated that with our railroad connections, time (in case of war) would always be allowed to prepare for its defense. But with a canal through the Isthmus the same advantage would be given to a hostile fleet.”\(^{10}\) Similarly, the United States victory in the Spanish American War increased public and congressional support for expansion leading to an increased desire for the construction of a canal.\(^{11}\) Then, in 1889, an opportunity for a United States canal in Panama became available when the French company headed by Ferdinand de Lesseps declared bankruptcy. In an attempt to regain his losses, de Lesseps reorganized the company and offered his concession from the Colombian government to the United States.

After initially reviewing the French project, the United States decided to pursue a canal in Nicaragua since the cost of the Panama option was prohibitive. Nicaragua had always acted as an alternative to Panama for transit services. In fact, in the Hise Treaty of June 21, 1849, the United States was granted “the exclusive right and privilege to make, construct and build within the territories of the said states of Nicaragua.”\(^{12}\) The terms of this agreement were extremely favorable to the United States and included “all the land that may be required for the location and construction of said canal or canals, road or roads, and which may be necessary for the erection

\(^{10}\) Moore, A Digest of International Law (1906).
\(^{11}\) Conniff 55.
of buildings and houses of every description…the just value of such lands and materials as may be private property at the date of this treaty will be paid for by said company.”13 It even granted the United States lease rights in perpetuity. This right was extended by the Frelinghuysen-Zavala Treaty, which granted the United States and Nicaragua dual ownership of a United States controlled canal in Nicaragua. The Nicaraguan option was thus an extremely viable alternative to Panama, which enabled the United States to negotiate and even turn down the offer from de Lesseps. A border dispute between Costa Rica and Nicaragua, and United States concern over an active Nicaraguan volcano, however, raised doubts about the feasibility of a Nicaraguan canal. When de Lesseps lowered his price, consequently, the United States accepted.

Ferdinand de Lesseps, however, was not the only individual with the power to determine the cost of the concession. In the 19th Century, Panama was a province within Colombia and was thus subject to Colombian jurisdiction. Under the Spooner Act, the United States would accept the French offer as long as Colombia was willing to provide land in Panama as part of the Canal Zone.14 While de Lesseps had a concession from the Colombian government, United States government officials believed that the concession was not transferable:

“She [Colombia] states an intention of requiring the company to cancel all obligations of Colombia to it, and thus to deprive the United States of the rights, privileges, and concessions which she has expressly authorized the company to transfer to and convey to the United States…If the company were to accede to the demands of Colombia, the President would be unable to consummate the proposed purchase from it, for it would

14 Congressional Quarterly Almanac 379-397.
have surrendered to Colombia a material part of the property for which he is authorized
to make payment.”15

Colombia wanted the United States to renegotiate with them directly. Therefore, in January of 1903, Secretary of State John Hay and the secretary of the Colombian legation, Thomas Heran, signed the Hay-Heran Treaty. The Hay-Heran Treaty provided for the transfer of the French works and equipment, a six-mile-wide canal zone and a hundred year renewable lease among other items and was ratified by the United States Senate in March.16 However, after months of delay followed by a month of deliberation, the Colombian Senate finally rejected the Hay-Heran Treaty in a unanimous vote.

After Colombia rejected the American offer to build a canal across the isthmus, Phillipe-Jean Bunau-Varilla, a French engineer who had been influential in the decision to go with the Panama route, quickly began to set up a revolution. Bunau-Varilla had a series of meetings with top State Department officials such as Assistant Secretary of State Francis Loomis and Secretary of State John Hay in September and October of 1903.17 In conversations with these individuals, Bunau-Varilla developed the impression that the United States would intervene militarily in order to maintain transit rights across the isthmus.18 Bunau-Varilla then brought together Amador Guerrero, Jose Agustin Arando, and James R. Shaler, all with interests connected to the Panamanian railroad, to promote the revolution. With support from key individuals, on 3

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16 Conniff 65.
18 Standford University Libraries, Francis Butler Loomis and the Panama Crisis (Stanford, 1965), 6.
November 1903, the people of Panama declared their independence from Colombia and formed a new state.\(^{19}\)

Tension between Colombia and Panama predated the Colombian Senate’s rejection of the Hay-Heran Treaty. The first Panamanian rebellion against Colombia occurred in 1830 with dozens more occurring before 1903. Then in the most recent revolt in 1889 known as the War of a Thousand Days, more than 100,000 Colombians were killed and guerilla warfare caused massive instability in the country. The revolt only ended in 1902 with American intervention, but the roots of Panamanian nationalism had already grown.\(^{20}\) The Colombian Senate’s rejection of the Hay-Heran Treaty was the last straw. The Panamanians considered the treaty as essential for their economic well-being and its nonacceptance by Colombia struck a discordant tone with an already angry populace. If the United States abandoned the idea of an interoceanic canal in Panama and instead built one in Nicaragua, Panamanians feared that their railroad would cease to be profitable and that Panama itself would be condemned to poverty.\(^{21}\) It came as no surprise when a treaty between the United States and Panama was signed shortly after the fledgling nation’s declaration of independence.

Colombia initially expressed outrage at the questionable circumstances surrounding the Panamanian revolution and the treaty giving the United States the right to build a canal across the isthmus. In a statement of grievances in December 1903, from General Reyes of Colombia to Secretary of State John Hay, General Reyes expressed the sovereign right of Colombia to reject the treaty as well as the grievance felt by the Government and people of Colombia due to

\(^{20}\) LaFeber 21-22.
\(^{21}\) Conniff 59.
the role played by the United States in the Panamanian revolution.\textsuperscript{22} To make up for this grievance, the United States eventually paid Colombia an indemnity of $25 million as retribution for the United States’ role in Panama’s secession. The use of financial compensation as a means of compensating for the disregard of the sovereignty of a smaller nation would become a trend in United States relations with Latin American countries.

**The Changing Relationship Between Panama and the United States**

In December of 1903 after declaring its independence, the new Panamanian government was created by constitutional convention. The assembly established a centralized regime with a unicameral legislature and provincial governors appointed by the president. In a controversial move, Article 136 granted the United States the right to intervene in Panama in order to keep the peace. Manuel Amador was elected as the first president of Panama and the assembly became the first legislature in a transitional role to create laws and pass emergency measures.\textsuperscript{23} One of the first acts of the new government was to work out a treaty with the United States regarding the creation of a canal. On November 18, 1903 John Hay, the U.S. Secretary of State, and Philippe Bunau-Varilla, a Frenchman representing the Republic of Panama signed a new treaty.\textsuperscript{24} The treaty, signed under questionable circumstances, gave the United States government the right to build a canal across the territory of Panama and also gave the United States rights to administer and control the canal as well as a ten-mile stretch of territory surrounding the canal that became known as the Canal Zone.

\textsuperscript{22} Foreign Relations of the United States, 1903, 689-691.  
\textsuperscript{23} Conniff 72-73.  
\textsuperscript{24} LaFeber 30.
Before the Panamanian revolution and the Hay-Bunau-Varilla Treaty, the United States had a strong relationship with Colombia and a vested interest in the stability of the region. The railroad crossing the Isthmus was essential to United States commerce in the 19th Century. Similarly, foreign policy concerns, economic interests, and the geographic layout of the country all made the creation of an interoceanic canal a pressing concern for Americans even after the development on the Panama Railroad. It was not just the United States that relied on Panama’s transport capabilities, but Panama as well. Transoceanic transportation was one of Panama’s main sources of income and an interoceanic canal in a foreign country would have potentially derailed Panama’s economy sending the region into a recession. Therefore, from the beginning, the relationship between the United States and Panama was one of mutual dependence.

Bunau-Varilla negotiated the treaty as the representative of the Republic of Panama. Both Bunau-Varilla and Hay realized that the Panamanian Revolution and the fledgling, weak nature of the republic gave them a greater ability to include exaggerated benefits for the United States in the treaty. Hay incorporated everything the United States could possibly want including expanding the Canal Zone from six miles to ten miles, making the United States the sole protector of the canal, and having the concession remain “in perpetuity.” The only real concessions received by Panama were the guarantees of Panamanian independence as well as a $10 million indemnity and a $250,000 annuity. Finally, by far the most controversial element of the new treaty was a clause inserted by Bunau-Varilla that read: “Panama grants to the United States all the rights, power and authority…which the United States would possess and exercise if it were the sovereign of the territory…to the entire exclusion of the exercise by the Republic of

25 Conniff 68.
Panama of any such sovereign rights, power, or authority.” Thus Bunau-Varilla’s clause gave the United States residual sovereignty over Panamanian territory.

Due to the weakened state of Panama after the revolution, Bunau-Varilla was able to coerce the newly independent republic into accepting the treaty despite obviously glaring issues by warning them that American protection would be withdrawn if the negotiated terms were not accepted. The withdrawal of American support would most likely mean death for the leaders of the revolution and economic stagnation for all of Panama, especially if the United States went with the Nicaraguan route instead. By looking at the treaty terms and understanding the weakened state of Panama at the time the treaty was signed, it becomes understandable that some in Panama would be irate over the Hay-Bunau-Varilla treaty. The treaty that was never signed by a Panamanian was accepted only under coercion and gave the United States such far reaching rights that it undermined the sovereignty of all of Panama and not just over the territory where the United States had residual sovereignty.

The original Hay-Bunau-Varilla treaty was ratified by Panama on December 2, 1903 and granted the United States extensive rights over a ten-mile wide canal zone. The original treaty debatably left the question of sovereignty and ownership unclear thus paving the way for future disputes between the two states. While a government was being formed in the republic of Panama, it was unclear how the Canal Zone would be governed. Under the Hay-Herran Treaty, Colombian, United States and mixed courts would be established; however, this clause was dropped in the Hay-Bunau-Varilla Treaty. This ambiguity led to the gradual development of a unique body of laws that eventually led to the Canal Zone Code of 1934, which drew from both

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26 C. Bevans, Treaties and Other International Agreements of the United States of America, 1776-1949, v. 10, 663-672.
27 Congressional Quarterly Almanac 379-397.
Colombian and North American precedents.\textsuperscript{28} The unique legal system was yet another aspect of the Canal Zone that differentiated it from the rest of Panama thus leading to antagonisms and tension. The Panamanians who prospered under the new system generally had “to be white or near-white, to belong to the middle or upper class, to be educated beyond high school, to have resided abroad, to speak English, to defer to foreigners, to have good family connections, and to eschew violence.”\textsuperscript{29} This inequity in treatment for natives versus foreigners was one of the original sources of tension between the United States and Panama.

While the new legal system in the Canal Zone presented a problem early on in the relationship, hopes for increased revenue from the canal remained high as construction began. Construction of the canal took place over the next ten years under the supervision of the ICC (Interoceanic Canal Commission). After exploring different designs, a lock and reservoir system was selected due to the geographic challenge presented by the Isthmus. The Chagres River was damned in order to create the Gatun Lake to act as a reservoir eighty-five feet above sea level. Ships would then be raised up through a series of locks and would cross the Isthmus in a man-made channel named Gaillard after its chief engineer. From there, a series of three more locks would return the ship to sea level. The canal required the generation of very little extra energy and operated mostly through gravity. Only small electric motors were required to swing the locks as well as locomotives to mule vessels through the locks. All in all, transit through the Panama Canal took only six to eight hours.\textsuperscript{30} The construction of the Panama Canal was a matter of immense pride in the United States since American know how made it possible where other

\textsuperscript{29} Conniff 81.
\textsuperscript{30} LaFeber 47-48.
nations had failed. In 1977 during the debate over ratification of the Panama Canal treaties, American pride in the engineering accomplishment was a powerful emotional argument used by those lobbying against ratification.

Another source of American pride related to the canal’s construction were the sanitation efforts that led to a cure for yellow fever and a reduction in endemic disease in Panama. Sanitation was one of the early focuses of American efforts in Panama since public health officials had recently identified certain mosquito species as the cause of malaria, yellow fever and other diseases. Yellow fever was a deadly problem in Panama and many believed that it was the real cause of the French failure to successfully complete an interoceanic canal years earlier. In order to protect United States forces and as a show of goodwill, the United States initiated a sanitation program where vector insects were located and killed during the larval stage. Besides the mosquito campaign, the sanitation effort in Panama also included water and sewage systems and hospital construction. With all three efforts, Panama slowly became a much healthier place to live. While some may claim that this demonstrated the projection of the Progressive Era abroad, in reality, the primary impetus behind these reforms was canal construction and operation; curing yellow fever and malaria was seen as necessary since these diseases would make it difficult if not impossible to complete the canal. While these reforms did in fact help Panamanians, like many other positive transformations caused by the canal, they primarily benefitted foreigners and American interests.

The canal continued to disproportionately benefit foreigners during the development and construction period when industry in the new republic began to develop, particularly in the Canal Zone. The Panamanians had believed that the canal would usher in a new era of prosperity;

31 Conniff 73.
however, the new industry that developed due to the canal was predominantly conducted by Americans and other foreigners instead of the native population. Similarly, the industry that developed to cater to the new foreign population was largely conducted by Americans and not Panamanians. While The Panamanian bourgeoisie were not able to capitalize on major merchandising and construction in the Canal Zone, the one area where they were able to invest to an extent was in the development of brothels, saloons, rooming houses and restaurants. Therefore, while inequitable from the outset, some benefits still accrued for a small group of Panamanians who had pushed for independence and an interoceanic canal. The wealth and prosperous conditions many Panamanians anticipated would come with the development of the canal, however, never really came for the locals and many were left bitter at what was viewed as a stolen opportunity to profit from the new business and opportunities generated by the canal.

Another economic situation that negatively affected relations between the United States and Panama was the two-tiered payroll system. Administrators of the Canal Zone labor regime adopted a practice of paying all U.S. and European workers in gold currency while paying all other employees in Panamanian silver pesos. This system led to the development of a labor aristocracy with members of the “gold roll” receiving more generous wages and benefits than those on the “silver roll.” The Panamanians strongly objected to this classification system that became akin to a Jim Crow system for the Canal Zone.

One of the early potential conflicts in the relationship between the United States and Panama involved the Dingley Tariff. The Dingley Tariff, which was created in 1897 before the Panama Canal Zone, erected protectionist barriers throughout the U.S. and was applied to the Canal Zone in 1904. The tariff effectively sealed off Panama from the commercial opportunities

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32 Conniff 77.
33 LaFeber 51-52.
provided by the Canal Zone, which angered many Panamanians who had hoped to benefit from economically from the construction of the canal. The resulting protests were so aggressive that the ICC quickly authorized zone residents to operate businesses that could export to Panama and Taft, the Secretary of War, went to the Isthmus and signed the Taft Agreement which repealed the tariff in the Canal Zone.\textsuperscript{34} The Taft Agreement thereby solved one of the first issues between the two nations.

In 1923, the Taft Agreement was replaced by the Kellogg-Alfaro Treaty. The Kellogg-Alfaro Treaty maintained the protectorate status of Panama and ensured that the small republic would declare war on U.S. enemies. It also guaranteed that no new businesses would be formed in the Canal Zone while only conceding some benefits to the Panamanians. Since it only provided an incremental improvement in benefits, the new treaty was rejected due to an upsurge of nationalist sentiment.\textsuperscript{35} The token changes in the original treaty no longer satisfied the Panamanians; the rejection of the treaty demonstrated a shift in United States-Panamanian relations as it became clear that nationalism in Panama was a force with which to be reckoned.

After the failure to ratify the Kellogg-Alfaro Treaty in 1923, negotiations were once again initiated in 1934 in an attempt to remedy some of the more flagrant issues with the treaty of 1903. The negotiations started in 1934 were in many ways just a continuation of the negotiations started in 1924. In the 1936 treaty, the Panamanians advocated for a larger business share, improved wages and benefits for Panamanian canal employees, an increase in the annuity to offset the devaluation of the dollar, and a restriction on the United States acquisition of land. In turn, the United States wanted the right to appropriate lands for defense purposes.\textsuperscript{36} In what

\textsuperscript{34} Bevans 684-695.
\textsuperscript{35} Conniff 86.
\textsuperscript{36} Conniff 90.
was to become standard practice, the War Department and the canal authorities supported the American residents of the Canal Zone, known as Zonians, in opposing most of the concessions while the Department of State supported making strategic concessions to improve relations with Latin American countries. This demonstrates an early conflict of interest within the United States that would only intensify in later decades. While the treaty was well received by the Panamanians, the U.S. Senate was not eager to ratify it and thus it was not approved until 1939.

World War II would also transform the relationship between Panama and the United States. When the war originally started, Arnulfo Arias was the President of Panama and seemed to have loyalties to the Axis based upon his refusal to arm Panamanian flag vessels and his unwillingness to give the United States control of defensive sites in Panama. However, Arias quickly lost popularity after introducing legislation that made the population more regimented; therefore, upon leaving the country in October of 1941, he was deposed by Ricardo Adolfo de la Guardia. De la Guardia worked collaboratively with the United States throughout the war by declaring war on the Axis countries after the attack on Pearl Harbor and by approving a defense sites agreement in 1942. The war had a number of other influences on the relationship between the United States and Panama. For one thing, many of the Naval ships being used in WWII were unable to utilize the waterway and a construction project to expand the canal was initiated; however, the plan to add a third set of locks was discarded. The decision to give up on expanding the canal led many in America to question the continued utility of the Panama Canal. Similarly, the vulnerability of the canal to attack increased United States’ concerns over the ability to defend the canal even though only one Axis plot ever targeted the waterway. This led many influential United States policymakers to believe that a canal using locks would be

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37 Conniff 93.
indefensible; many thought the United States should begin to actively pursue a sea level canal as a matter of national security. Besides defense issues, the war also had an economic impact on the canal zone. Efforts to secure the canal and develop a third set of locks all led to an infusion of revenue into Panama; the corollary projects to develop the infrastructure in the region also created jobs thus leading to an economic boom.38 Yet another outcome of the war was Panama’s changing view of silver workers: “As one foreign minister remarked, racial discrimination toward the silver workers in the Canal Zone, the U.S. Achilles heel in its relations with Panama, constituted Panama’s most powerful opportunity to force change in the Canal Zone.”39 During World War II, the Panamanian canal workers started to unionize in an attempt to remedy the unfair work conditions and to increase their benefits from canal operation. As an emerging world power dedicated to the formation of the United Nations, the United States was under pressure to deal with the Panamanians fairly. Therefore, World War II and the new role of the United States in the international community both drastically altered the relationship between the United States and Panama.

In the period after World War II, tensions mounted between Panama and the United States as the Panamanians grew more restless and the United States grew to fear a Communist influence in Central America. After World War II, the United States sought to maintain a permanent network of outlying bases in order to defend the canal from a nuclear attack; the bases’ negotiations failed, however, due to a patriotic campaign against them. In the aftermath of its rejection, Panama’s economy became sluggish and eventually entered a recession, which led to a drop of expenditures in the Canal Zone. The Panamanian government reacted to the recession by initiating projects to stimulate the economy in the Free Zone such as the

38 Conniff 94.
39 Conniff 95.
development of an international railroad and a Pan-American Highway. While both of these projects were successful, the United States government once again derailed Panamanian economic progress when it implemented austerity measures to make the Canal Zone self-supporting.\textsuperscript{40} However, after the communist revolution in Cuba, fears that communists might gain a foothold among the unemployed in Panama prompted the United States to quickly respond with an infusion of aid. After becoming President in 1952, Jose Antonio Remón, with American support, spearheaded many of the economic reforms made possible by United States aid. The economic reforms were seen as necessary by the State Department to maintain friendly relations with the Panamanian Government and other Latin American nations.\textsuperscript{41} This shows some recognition that the relationship between the United States and Panama was strained, but fails to appreciate the underlying issue of sovereignty that was the cause of tensions.

The failure of the United States to recognize the underlying issues in the relationship between the two countries became evident in 1955 when President Remón shocked the United States by appealing for new treaty negotiations in order to promote further economic development in Panama. The Panamanian President then went on to galvanize public opinion and generate national unity by holding well attended meetings and campaigning for justice. His actions fundamentally changed the diplomatic relationship between the United States and Panama. In the Treaty of 1955, Remón and his negotiators pushed for reforms such as an equal employment promise, a share in canal profits, elimination of contraband sales and recognition of Panamanian sovereignty in the Canal Zone among other things.\textsuperscript{42} However, the United States did not want to relinquish any real control of the Canal Zone and therefore, Panamanian

\textsuperscript{40} Conniff 104.
\textsuperscript{41} LaFeber 90.
\textsuperscript{42} LaFeber 94.
sovereignty and a share in canal profits were both left out of the final treaty. While the 1955 Treaty provided a number of economic concessions, the failure to recognize Panamanian sovereignty left many Panamanian nationalists dissatisfied.

Due to international events, the sovereignty issue left unresolved in the 1955 Treaty would manifest sooner than later. The Egyptian seizure of the Suez Canal in 1956 made the concessions of the 1955 Treaty look even paltrier to Panamanian nationalists, and it was not long before they were expressing dissatisfaction publicly. Implementation of the treaty did little to assuage the unrest as single wage legislation actually intensified the divide between American and Panamanian canal workers. Panamanian students started to air their frustrations through “Operation Sovereignty” in which Panamanian flags were raised in the Canal Zone as symbol of sovereignty. The National Guard attacked, which led to the death of one demonstrator and escalating violence.\(^43\) The already strained relationship between the two countries has worsened and a new turbulent phase in United States-Panamanian relations began with increasingly violent riots breaking out every few months.

Eisenhower, concerned that Panama might follow Egypt in nationalizing the Canal, took a series of steps in an attempt to stabilize relations between the United States and Panama. He increased foreign aid in an attempt to bolster the economy and even went so far as to recognize Panama’s “titular sovereignty”\(^44\) in the Canal Zone.\(^45\) It was becoming increasingly clear, however, that a fundamental change had to occur regarding United States policy to Latin American. A report of the U.S. House Committee on Merchant Marines found that the Panama Canal would be obsolete by 1980 and that it was necessary to explore the option of a sea level

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\(^{43}\) Conniff 111.

\(^{44}\) Titular sovereignty is sovereignty fictitiously vested in a ruler who personifies the power of the state

\(^{45}\) American Foreign Policy: Current Documents, 1960, 273-274.
canal in Latin America due to defense concerns related to the lock system.\textsuperscript{46} There were many reasons for this change in perception including the difficulty of defending the Panama Canal, the growing unrest in Panama and the reduced utility of the Canal due to the increasing size of ships.

The prospect of a sea-level canal in Nicaragua concerned Panamanian leaders enough to delay reform of the 1903 treaty, but it was clear something needed to be done. In mid-June of 1962, then President John F. Kennedy signed a secret memorandum acknowledging that it would be necessary to draft a new treaty with Panama.\textsuperscript{47} Then in January of 1964 a new wave of flag riots erupted and escalating violence led to the death of a Panamanian student and the suspension of relations between the United States and Panama by Panamanian President Roberto Chiari.\textsuperscript{48} The suspension of relations did nothing to stop the rioting, with looting developing and eventual arson against U.S. corporations. At the end of the riots, twenty were dead and hundreds were injured.\textsuperscript{49} After order was returned, Chiari and President Lyndon B. Johnson promised to revisit the 1903 treaty.

In December of 1964 President Johnson announced his decision to seek the abrogation of the 1903 treaty and the development of three new treaties to replace it, including one dealing with operation of the lock canal, one authorizing the construction of a sea level canal, and a final treaty regarding military security and bases in the Canal Zone.\textsuperscript{50} In September of 1965 President Marco Robles of Panama and President Johnson announced their agreement on a number of principles including the abrogation of the 1903 treaty, United States recognition of Panamanian

\textsuperscript{47} Conniff 119.
\textsuperscript{49} American Foreign Policy: Current Documents, 1964, 345-355.
sovereignty in the Canal Zone, termination of the U.S. role in the lock canal, fair wages and benefits for Panamanian employees, and finally a joint guarantee of the neutrality and defense of the waterway.\textsuperscript{51} When riots once again broke out in Colón, however, the talks stalled and the approaching presidential election in the United States put increased pressure on Johnson. Then, the treaties were leaked to the press and criticism mounted from a variety of parties. Between time sensitivity and general public opinion in opposition to the treaties, the likelihood of ratification of the new treaties grew dim.\textsuperscript{52} While a new set of treaties was seen as necessary by President Johnson, the potential cost in political capital made him back away.

Over the next few years, Panama was destabilized by a series of regime changes. After the rejection of the new treaties, Robles became increasingly unpopular due to his proposed economic reforms and a lack of support from the Panamanian elite. In the 1968 elections, he was voted out of office and replaced by Arnulfo Arias, the leader of the Panemista Party. Arias, despite a substantial victory, remained concerned about his support in the National Guard, the nation’s military, and sought to remove officers who had opposed his election. Martínez and other members of the guard had formed a conspiratorial group named “Combo” to oppose Arias in case of a raid on their ranks, and therefore, when Arias’ intentions became clear, a coup was carried out on 11 October 1968. The United States responded by suspending relations for a month. Arias fled to the Canal Zone as Martínez and Torrijos consolidated power. The United States did little to respond and focused minimal attention on Panama as a shift in government occurred from Johnson to Nixon. In February of 1969, Torrijos pushed out Martínez because of a divergence in views. The situation continued to be chaotic as three guard officers declared

\textsuperscript{52} Conniff 123.
Torrijos deposed when he left the country for Mexico in December 1969 stating the growing communist influence and his dictatorial rule as their reasons. With the help of Manuel Antonio Noriega, Torrijos and troops loyal to him began an overland march towards the capital. Within a day of arriving in the capital, Torrijos was restored to power.\textsuperscript{53} The rule of Torrijos and his insistence on the abrogation of the 1903 treaties intensified the pressure on Washington to renegotiate.

Torrijos had ties to Fidel Castro and many considered his leftist-nationalist program to have communist undertones thus increasing concerns in the United States that Panama would fall to Communism if not dealt with fairly.\textsuperscript{54} Therefore, Nixon faced mounting pressure from the State Department to revive canal talks. Meanwhile, Torrijos worked to gain some degree of legitimacy by holding a constitutional assembly that named him chief of state. He also increased his international legitimacy by pursuing socioeconomic policies in line with the UN Economic Commission on Latin America. Torrijos went on to use Panama’s temporary position on the Security Council to influence world public opinion on the issue of negotiating a new treaty for the Canal Zone.\textsuperscript{55} The Panamanians were successful; within two months of the Security Council vote, Nixon had submitted a report to Congress suggesting that it was time to start a new relationship with Panama.

The relationship between the United States and Panama, while initially one of mutual interest, grew tense after the ratification of the Hay-Bunau-Varilla Treaty of 1903. As time passed the relationship became more and more strained and gradually violence began to break

\textsuperscript{53} Conniff 127.
\textsuperscript{54} Conniff 128.
out. By the 1960s and 1970s, it had become clear to both President Johnson and President Nixon that it was necessary to establish a new relationship with Panama.
CHAPTER 2- PAST PRESIDENTS AND PRECEDENTS

This administration and President Johnson’s and his successors administration and my administration believe that negotiations are the responsible action to take.

-Gerald Ford, 1976

In this chapter, there will be a deeper probe into the three presidential administrations that had worked on the negotiation of the new Panama Canal Treaties as well as an analysis of the Panama Canal’s continued utility. In the first section of the chapter, the focus will be on the three administrations and the efforts made by President’s Johnson, Nixon and Ford to negotiate a new treaty. While all three of these Presidents helped to move negotiations forward, each of them took political considerations into account before they expressed support for the treaties. They were all extremely careful in regard to the Panama Canal and exercised extreme caution, especially when there was an upcoming election. The obvious concern for political repercussions provides a stark contrast with President Carter’s decision to prioritize the Panama Canal Treaties and is thus worth examining.

In the second section, I examine the continued economic and military utility of the canal as well as the arguments concerning how best to defend the canal and keep the Latin American region stable. If the Panama Canal was declining in significance and importance, then one can justify why Carter might have thought it was less important for the United States to control the canal. Similarly, if United States security interests were best served by transferring control of the canal then Carter would be acting in the national interest. If it were in the United States’
national interest to transfer the canal then that would go a long way to explain why President Carter prioritized the treaties.

THE JOHNSON ADMINISTRATION

On 9 January 1964, rioting started when Panamanian University students attempted to raise the Panamanian flag in front of Balboa High School. The next day on 10 January 1964, President Roberto F. Chiari broke diplomatic relations with the United States. Johnson responded by sending Thomas Mann, his chief Latin American adviser, and Cyrus Vance, the Secretary of the Army, to Panama to meet with Chiari in an attempt to repair relations. Thomas Mann took a tough love approach while Cyrus Vance acknowledged that the Panamanians were justified in displaying the Panamanian flag as per the agreement of 1963. While efforts were expended to repair relations, in January of 1964, Johnson was still not prepared to enter into any serious negotiations regarding Panama. This became clear during talks between Johnson and Chiari in mid-January when a disagreement over the proper interpretation of the word ‘negociar’ led to the failure of discussions.\(^{56}\) Chiari took Johnson to mean that he supported a renegotiation of the 1903 treaties while Johnson had intended only to enter into further discussions about Panama’s grievances. This demonstrates Johnson’s unwillingness to make any fundamental revisions to the relationship between Panama and the United States in the early months of 1964.

One of the reasons for President Johnson’s hesitance to renegotiate the treaty early in January of 1964 was due in large part to the domestic political environment. In the aftermath of the riots, many individuals in the American political system came out against acquiescing to

\(^{56}\) LaFeber 112.
Panamanian requests. Representative Daniel Flood told Johnson that the United States enjoyed total sovereignty in the Zone and that the President had to stop giving in to “‘unjustified demands from the mob-dominated Panama government.’” Other individuals such as Republican Minority Leader Everett Dirksen of Illinois maintained that renegotiating the 1903 treaty in Panama would demonstrate American weakness, which would have international repercussions. These individuals were extremely influential and came out adamantly against any new negotiations. Others in the United States such as former President Harry Truman and Senator Barry Goldwater also agreed that the United States could not allow a small, Latin American country to make demands of the U.S. and that the Zonian children were correct in raising the flag. The political pressure created by this vocal opposition would have contributed to Johnson’s hesitancy to negotiate with Chiari in January of 1964.

Besides the vocal opposition to negotiations, reelection considerations also influenced Johnson’s decision not to enter into new negotiations with Panama in the early months of 1964. Groups in the United States who had special interests in the Canal Zone had been actively opposed to any changes to the treaty as early as 1936. These groups were vocal in their support of United States continued control of the Canal Zone, especially because of its unique role as a symbol of American ingenuity and greatness. Richard Scammon, the director of the Commerce Department’s Bureau of the Census, was concerned about potential problems caused by Panama during Johnson’s reelection campaign since the public’s support of Johnson on the issue of Panama did “‘not extend to getting pushed around by a small country about an area which every grade school history book features with an American flag, a snapshot of Teddy Roosevelt, and an

57 LaFeber 111.
58 LaFeber 111.
Thus the American public also had the same idyllic vision of Panama as a symbol of American greatness and ingenuity. Due to special interests and a general public opinion that opposed “giving away” the canal, the cost of opening negotiations with Panama in an election year was too high.

Johnson had a trump card to play if pressed to renegotiate the original treaty. The United States was conducting studies of possible sea level canal sites in Central America and Mexico. Losing use of the Panama Canal would lead to economic stagnation in Panama since it was the country’s main economic resource. The United States was able to manipulate the Panamanian fear of losing the sea level canal to another nation. Similarly, the upcoming elections in Panama also affected Chiari’s ability to leverage effectively pressure against the United States. Chiari was afraid of the effect that the canal issue would have on the campaign of his preferred candidate; therefore, he also had a desire to keep the canal issue out of Panama’s upcoming elections. The United States consideration of alternative sites for a sea level canal and the upcoming elections in Panama both reduced the pressure on Johnson to negotiate a new treaty.

After winning reelection by a wide margin in November of 1964, President Johnson announced on 18 December 1964 his decision to pursue an entirely new treaty. The timing of this announcement demonstrates his consideration of political interests in his earlier unwillingness to enter into negotiations. Even after winning reelection, however, Johnson still took into account various political considerations. Before making the announcement, he conferred with other influential individuals such as former President Harry Truman in order to guarantee their support. Johnson also waited until after the Panamanian elections. According to Walter LaFeber, Johnson appreciated Robles’ political skills, which contributed to his decision to

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59 LaFeber 112.
60 LaFeber 113.
pursue a new treaty.\textsuperscript{61} While Johnson did eventually announce his proposal to abrogate the 1903 treaty and initiate negotiations of an entirely new treaty with President Robles, it was only after he won reelection and other political considerations had been accounted for.

In September of 1965 President Robles of Panama and President Johnson announced their agreement on a number of principles including the abrogation of the 1903 treaty, U.S. recognition of Panamanian sovereignty in the canal zone, termination of the U.S. role in the lock canal, fair wages and benefits for Panamanian employees, and finally a joint guarantee of the neutrality and defense of the waterway.\textsuperscript{62} A number of factors in the United States and Panama, however, would soon lead to the breakdown of negotiations. An outbreak of rioting in Colón initially stalled negotiations. Then, the treaties were prematurely leaked to the press and criticism mounted from a variety of parties. This criticism was particularly problematic for the Panamanian President Robles, who faced an upcoming election in Panama. The unpopularity of the treaties in Panama led to their rejection in the Panamanian National Assembly and soon thereafter Robles was voted out of office. Between time sensitivity, a lack of support in Panama, and general public opinion in opposition to the treaties, a new treaty between the United States and Panama seemed unlikely during Johnson’s administration.

THE NIXON ADMINISTRATION

When President Nixon first came to office in January 1969, the Vietnam War was raging in Southeast Asia, and Central America was not a priority. In fact, Nixon believed that China and Russia had to be neutralized and the war in Vietnam had to be finished before the United

\textsuperscript{61} LaFeber 113.  
\textsuperscript{62} Conniff 122.
States could focus on the developing nations of Central America. Then, in 1971, under pressure from the State Department, Nixon revived negotiations with Torrijos. Torrijos was the military dictator of Panama who had seized control of the government in 1969. As an authoritarian ruler, Torrijos was able to exert much more pressure on the United States government; the effectiveness of negotiations became clear later that year; two months after resuming negotiations with Torrijos, President Nixon submitted a report to Congress recommending the establishment of a new relationship with Panama. In the original negotiations, Nixon supported removing the “in perpetuity” clause from the 1903 treaty in regards to sovereignty and agreed to cede jurisdiction over the canal to Panama; however, he believed the United States should maintain control of the canal for at least another fifty years with an additional thirty years added if a sea level canal was constructed. These concessions were not enough for Torrijos and the people of Panama, especially since a consensus could not be reached on the date of transition and negotiations once again stalled.

Then in 1973, a number of developments forced negotiations to restart. In 1973, Panama had a seat as a temporary member on the Security Council. General Torrijos used this position to gain the support of the international community. In March of 1973, the member states of the United Nations Security Council held a meeting in Panama. In a vote by the Security Council on March 21, 1973, thirteen of the fifteen members accepted Panama’s view of the canal issue, with Great Britain abstaining, and the United States vetoing the resolution. With international opinion building against the United States in Panama, Nixon was once again under pressure to renegotiate the canal treaties. In May of 1973, Nixon announced that “it is time for both parties

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63 LaFeber 140.
64 Conniff 130.
65 LaFeber 141.
66 LaFeber 142.
to take a fresh look at this problem and to develop a new relationship between us – one that will guarantee continued effective operation of the Canal while meeting Panama’s legitimate aspirations.”

When negotiations were restarted, plans for a sea-level canal gave the United States leverage against Panama because the United States could go with a site in a different Central American country. If a new canal were to be constructed at an alternative site, Panama would lose a major source of revenue; however, when the cost of a sea-level canal became prodigious, the expansion of the Panama Canal became the only viable option. Once the United States lost the option of building a sea level canal in another country, Panama and Torrijos gained the upper hand in the negotiations. According to Walter LaFeber, the conditions were now ideal for negotiations:

According to Walter LaFeber, the negotiations were successful because Washington’s need got economic cooperation with Latin America, a growing anti-United States bloc among the southern nations, Torrijos’s success in mobilizing world opinion, his desire (indeed his need), to cooperate with North American businessmen and bankers if the Canal question could be settled, the absence of the sea level canal alternative—all of these developments finally resulted in an eight-point agreement between [Henry] Kissinger and Panamanian Foreign Minister Juan Tack in February 1974.

These agreements came to be known as the Kissinger-Tack Agreement on Principles, or the Joint Statement of Principles, and were meant to serve as general guidelines for the next round of

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68 LaFeber 144.
treaty talks. The eight points of agreement included the abrogation of the 1903 treaty, a fixed
termination date, the termination of United States jurisdiction over Panamanian territory, and a
greater share in canal profits for Panama among other things.\textsuperscript{69} These principles were used over
the next three years throughout the treaty negotiations. President Nixon, however, would not see
the negotiations through to the end. On 9 August 1974, President Nixon resigned under pressure
from public and party officials in the aftermath of the Watergate Scandal.\textsuperscript{70} The Panama Canal
issue would have to be resolved by another administration.

THE FORD ADMINISTRATION

When President Ford was sworn in as President on 9 August 1974, he was left with a
number of pressing concerns. The Watergate Scandal was still fresh in the American psyche, the
Third Cold War presented a significant foreign policy concern, and the unresolved situation in
Panama had increased tensions throughout Latin America. With so many issues and as an
unelected President, it would be difficult if not impossible to solve any of the more politically
divisive issues. By 1974, the Panama Canal treaties were just such an extremely politically
divisive issue.

Treaty negotiations with Panama based on the 1974 agreement on principles were still
ongoing when Ford came to office. Within a year, however, it was clear that any treaty based on
the 1974 principles would be difficult if not impossible to get ratified in the United States Senate.
Treaties required a two-thirds vote in order to be ratified, and in 1975, Senator Strom Thurmond

\textsuperscript{69} “U.S., Panama Agree on Principles For Canal Negotiations,” Department of State News

got thirty-eight signatures on a resolution demanding the United States keep full sovereign rights in the Canal Zone. Only thirty-four senators would be needed to defeat the treaty. President Ford responded to the unfavorable political climate by crafting a message that emphasized the importance of continued negotiations while also emphasizing his unwillingness to give up United States defensive rights in the Canal Zone.

In order to emphasize the importance of continued negotiations, Ford continuously discussed the negative hemispheric reaction that would occur if negotiations were cut off prematurely:

What would that [cutting off negotiations] lead to? First, it would lead to probably a resumption of the kind of riots, the bloodshed that took place in 1964 when 24 people were killed, except probably more. It would inevitably antagonize, it inevitably would arouse the ire of 25 South American and Latin American nations that involve 309 million people. That is an awful lot of people to antagonize, and it would undoubtedly lead to more bloodshed, it undoubtedly would require for us to protect that canal instead of having 10,000 U.S. military personnel stationed in Panama in Peace.

In this speech in Atlanta on 23 April 1976, Ford clearly demonstrated his support of continued negotiations; however, he did not comment on what would happen if the negotiations produced a treaty that failed to get ratified. Perhaps he did not foresee this outcome, but it is much more likely that he was avoiding the political repercussions that would occur if he openly supported a treaty based off the 1974 statement of principles.

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71 LaFeber 145.
Other statements made by President Ford, who consistently sought to downplay the continued economic utility and military importance of the Panama Canal, support this argument. Ford emphasized that the Panama Canal was not a major source of income for the United States, and that the United States paid Panama $2.5 million a year for the rights it exercised in Panama. By discussing the economic cost of the canal, Ford diminished its perceived value. In a speech on 29 April 1976, Ford says that the “Panama Canal is not, in the overall context, as important today as it was in the past.”\(^{73}\) Once again Ford discusses the diminishing value of the canal. In the same speech he went on to explain the motives behind his continued support of negotiations: “what I am trying to do is maintain the usability of the canal without hindrance, without bloodshed, without guerilla warfare, and without antagonizing 309 million individuals in South and Latin America.”\(^{74}\) Between his discussion of the diminishing value of the canal and his explanation of the necessity of negotiations, Ford’s language suggests his general support for a new treaty.

Another possible reason for Ford’s reluctance to express strong support for the treaty negotiations was the upcoming election. Domestic opposition to the negotiation of a new treaty was relatively high in the United States and coming out in full support of the treaties could cost him the election. This became even truer when Ronald Reagan challenged Ford for the Republican nomination. In the Republican primary, Ronald Reagan used the Panama Canal negotiations to challenge Ford on foreign policy and gain ground against him. Due to reelection concerns and increased pressure from the Republican base, Ford became even less vocal in his support of the treaties. Ford ended up undermining Kissinger’s negotiating efforts during the campaign when he said, “the United States will never give up its defense rights to the Panama

Canal and will never give up its operational rights as far as Panama is concerned.” This was the strongest language ever used by President Ford, and almost caused the breakdown of negotiations. At the end of the Republican primary, Ford and the party returned to a more centralized position and therefore, the Republican Party Platform of 1976 stipulated that the “United States negotiators should in no way cede, dilute, forfeit, negotiate or transfer any rights, power, authority, jurisdiction, territory or property that are necessary for the protection and security of the United States and the entire Western Hemisphere.” While this language is more flexible than that used by Ford when he said that the United States would never give up its defense rights, it would still make successful negotiations more difficult.

THE DIMINISHING UTILITY OF THE PANAMA CANAL

The extreme domestic opposition to transferring sovereignty of the Canal Zone presented a formidable obstacle for anyone seeking to negotiate a new treaty. It was one of the main reasons that Presidents Johnson, Nixon and Ford did not prioritize treaty negotiations. In the next section, the Panama Canal itself will be examined to see if it was still as significant to United States’ national interest and whether or not its declining utility could have influenced Carter’s decision to transfer control of the canal and Canal Zone.

Usage of the Panama Canal was important to the United States for two main reasons: commerce and military security. From an economic standpoint, the canal facilitated international trade by shortening shipping routes, which in turn reduced costs. Senator Strom Thurmond

75 LaFeber 149.
succinctly described it as, “one of a very few vital world waterways”\textsuperscript{77} that permits rapid commerce between two oceans. In 1975, fourteen thousand ships benefitted from the canal with seventy percent of those ships transporting goods to the United States. This amounted to roughly twelve percent of all United States seaborne trade in that year.\textsuperscript{78} However, by 1978, the Committee of Americans for the Canal Treaties estimated that only seven percent of all seaborne trade used the canal, which would account for only one percent of America’s gross national product.\textsuperscript{79} While the Panama Canal clearly was still significant to United States commerce, the economic utility had diminished significantly since its construction in 1914.

Besides its commercial value, the United States also relied on the canal for military purposes. The ability to travel quickly between the Atlantic and Pacific enabled the United States to have only one navy, and thus reduce costs and ensure United States security. Under United States control, American naval vessels were able to go to the front of the line to transit the canal if needed, which gave the United States a significant military advantage in times of war or conflict. One of the objections expressed by those opposed to transferring control of the Canal was losing this privilege.

While this was an understandable concern, the diminishing importance of the canal undermined its significance. During World War II, the United States grew concerned over canal defense since the lock system was susceptible to attack or sabotage. Any ship currently in transit would face the threat of aerial battery and a bomb could easily make the canal unusable for months. Similarly, terrorists could easily disable the canal for months by bombing the Gatun Locks.

\textsuperscript{77} Congressional Quarterly Almanac 386.
\textsuperscript{78} Congressional Quarterly Almanac 386.
Lake or throwing a wrench into the lock mechanism. Besides the threat of attack, the canal was also too small to accommodate aircraft carriers thus negating one of the main military advantages of the canal. A plan to expand the lock system in order to accommodate larger ships failed thus making many influential policymakers in the United States question the continued value of the canal. Others maintained that the canal was still a strategic military asset since 98% of United States naval ships could still utilize it. After World War II with the advent of the Cold War, nuclear weapons once again raised questions regarding canal defense and the military value of the canal. If a wrench could disable the canal for months, a nuclear weapon could render it unusable and potentially obsolete. The canal itself, while still providing certain advantages, had diminishing utility for military purposes.

The economic and military advantages that the Panama Canal provided the United States were enabled by its facilitation of expedited transit between the Atlantic and Pacific Oceans. Without this function, the canal would lose all economic and military value. Therefore, preserving the canal and maintaining its functionality were a primary concern of Panama, the United States, and various other countries with commercial interests in the passage. Defending the canal was one of the main objectives of both governments and a major concern expressed by those in the United States opposed to ceding sovereignty of the canal.

Many Americans believed that the Panamanians would be unable to successfully defend the canal or that internal strife would lead to the closing of the canal. While both of these are valid concerns, they fail to recognize a larger, more immediate threat. The largest threat to the canal was not conventional warfare, but instead terrorism. While the United States had a greater military capability to defend the canal against conventional forces, the ease by which a

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terrorist could derail the locks system left the United States and Panama equally at a loss for how to deal with this threat. Thus the defense of the canal by the United States added minimal extra security to the canal. The most significant problem for the United States in the 1970s, however, was not terrorism, but instead the increasing hostility of the Panamanians. While defending the canal from terrorists would be extremely difficult, preserving the locks system from an internal saboteur would be nearly impossible, and as riots continued and anger towards the United States mounted, this threat became more and more severe.

Adept foreign policy makers in the United States came to realize during this period that the preservation and security of the canal were reliant upon a reduction of tensions with Panama or a massive infusion of United States’ troops into the Canal Zone. In the Vietnam and post-Vietnam era, the prospect of deploying troops to Panama was not favorable. This harsh reality led many individuals such as President Carter’s Secretary of Defense Harold Brown to emphasize continued usage of the canal over continued sovereignty and ownership of the Canal Zone. Brown, like Carter, believed that due to the nature of the threat to the canal, the best way to guarantee its continued security was to deal with the root cause of Panamanian hostility, the issue of sovereignty. Therefore, many believed it was worth transferring control of the Canal Zone to Panama in order to keep the canal itself secure and functional. In contrast, other individuals, particularly in the developing New Right, believed that transferring control of the Panama Canal would leave it unprotected and vulnerable. They did not believe that the government of Panama was stable enough to guarantee that the canal remained open and they also believed that the United States was better able to guarantee the continued security of the passageway.
It was not just access to the canal, but sovereignty of the Canal Zone as well that made the 1903 treaties favorable to the United States. The United States had fourteen military bases in Panama; these military bases allowed the United States to quickly respond to any disturbance or conflict in the region while also exerting influence in Latin America. While fourteen bases may be excessive, the large American presence was definitely felt in the region. In fact, Joint Chief of Staff Chairman Thomas H. Moore believed that giving up sovereignty in the Canal Zone would lead to the development of a Soviet and/or Cuban presence in Panama. Moore’s fear of communism was unfounded. Panama’s Second Vice-President publicly ridiculed Cyrus Vance when he blamed communist agents for rioting. According to the Commander of the U.S. Army in defense of the Zone, the United States was overly preoccupied with the Cuban situation and failed to recognize the root of problems in the Southern Hemisphere. In fact, the influence exerted by the United States in the region was not positive and generated hostility that spread throughout the region. By dealing with Panama as an inferior nation, the United States had done little to foster positive relations with other Latin American Countries.

Besides affecting United States relations with other Latin American countries, the mounting tension and hostility towards the United States was increasingly becoming a security issue in the Canal Zone. As discussed earlier, there was fear of an internal saboteur damaging or destroying the canal. This possibility was nearly impossible to defend against and presented a real security issue for the Americans. This fear would later be justified: after the treaties were ratified, General Torrijos announced that he had been ready to blow up the canal’s locks rather than enter into new negotiations once again. Another concern raised by the Panamanian unrest

81 Congressional Quarterly Almanac 386.
82 LaFeber 110.
83 LaFeber 163.
was that an outbreak of violence in Panama would spread throughout all of Central America thus destabilizing the region. With the recent revolution in Cuba and the perceived Soviet presence in the region, the destabilization of an area so close to the United States would present an extreme threat to United States national security.\(^8^4\)

Yet another problem caused by the deteriorating relationship between Panama and the United States was the worsening of relations with other Latin American countries and third world countries in general. Cyrus Vance, the Secretary of the Army under Johnson and Carter’s Secretary of State, believed that the canal issue and the resulting tensions and negative press had a negative effect on United States relationships with the rest of the world. The Cold War was still an issue at this time and anti-American sentiment so close to home undermined American security and the efforts to combat Soviet influence. Individuals in the American government such as Sol Linowitz, Cyrus Vance, and Henry Kissinger all believed that successful negotiations with Panama would improve relations with all of Latin America.\(^8^5\) This belief was proven correct by Prime Minister Gairy of Grenada who said in a letter to the State Department that the Panama Canal Treaties “argue[d] well for [the] future of hemispheric cooperation”.\(^8^6\) If the United States improved relations with Panama, it would have a similar effect on the rest of Latin America and potentially the world since it would demonstrate an ability to deal fairly with smaller nations.

The post-Vietnam era presented a whole new host of problems for the United States in the international community. The negative feeling it created domestically and internationally was a pall on the country. Liberals believed that the way to move forward was to reinsert moral

\(^8^4\) LaFeber 158.
\(^8^5\) LaFeber 151.
\(^8^6\) Letter, Prime Minister Gairy to President Carter, April 20, 1978, ME/ID 12958, Carter Presidential Records, Jimmy Carter Presidential Library
considerations into the realm of policymaking. They believed in exercising a policy of sound judgment in foreign affairs instead of primarily using military force to resolve conflicts. The Panama Canal Treaties were a result of this belief, as policy makers thought that dealing with the Panamanians fairly and with an appropriate level of negotiation and discretion would lead to the most favorable outcome for the United States. In contrast, the Conservatives feared that the United States had developed a pattern of retreat after the Vietnam War and that this pattern of surrender was dangerous in the international community. They believed that “sound management” was a form of retreat that would only enable Soviet encroachment. Between Cuba and the Soviet Union, Latin America was faced with a communist threat that could only be checked by continued United States presence. In their view, the Panama Canal Treaties were a retreat that would undermine American security and compromise the United States’ efforts in the Cold War. Regardless, the Vietnam War caused a reassessment of American foreign policy that influenced the way in which the United States viewed international disputes.

The Cold War was yet another conflict that influenced American foreign policy. In the 1970s, the Cold War was characterized by a number of problems associated with the developing nations of the southern hemisphere. Unlike in previous conflicts, the problems of the Cold War were increasingly complex and could not necessarily be resolved through military force. Despite deploying hundreds of thousands of troops the United States was unable to successfully engage the North Vietnamese and instead faced massive casualties, criticism from the international community and eventual defeat. North Vietnam’s victory against the United States demonstrated the changing nature of conflict and the necessity of developing new ways of combating communism and ensuring American security.

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87 Zaretsky 537.
88 LaFeber 140.
In retrospect the statements by Torrijos and CIA reports show that we were on the verge of a major military confrontation with Panama had the treaties been defeated. It would have debilitated our efforts in the Middle East and Africa, SALT, and our relationships with the developing world. It’s the most significant vote in my entire administration, and I think deserved the effort that we put on it.

-Jimmy Carter, 1978

If I could have foreseen early in 1977 the terrible battle we would face in Congress, it would have been a great temptation for me to avoid the issue—at least during my first term. The struggle left deep and serious political wounds that have never healed; and I am convinced, a large number of members of Congress were later defeated for reelection because they voted for the Panama treaties.

-Jimmy Carter, 1982

In this chapter I examine the extent of the domestic opposition as well as the efforts expended by Carter to counter the opposition. The extensive domestic opposition to the treaty was the primary disincentive to pursuing the canal treaties. By prioritizing the Panama Canal treaties in his first term, Carter would be forced to encounter the substantial opposition to the treaties and face the political consequences. Therefore, the early focus of this chapter is why
Carter should not have prioritized the treaties. In the next section, I discuss the public relations campaign and lobbying efforts conducted by the White House in order to get the treaties ratified. This section helps to draw out the costs to the administration of pursuing ratification. In the final section, I examine the different reasons why President Carter may have chosen to prioritize the treaties in apparent disregard of the domestic opposition.

**DOMESTIC OPPOSITION**

During the presidential election of 1976, then Governor Jimmy Carter did not express strong support for or against the canal treaties. To an extent, this was because both he and his Republican opponent, President Ford, supported the negotiation and ratification of new treaties. While Carter did claim in a speech to the New York Foreign Policy Association in June that Panamanian sovereignty over the canal zone was inherent in the 1903 treaty while the United States had control as if it had sovereignty, he went on to say that he “‘would never give up control of the Panama Canal as long as it had any contribution to make to our own national security.’”\(^89\) This shows his general espoused stances towards Panama before taking office.

Soon after he was elected, Carter decided to make the Panama Canal Treaties a foreign policy priority thus showing a shift from his stance on the campaign trail. It is not entirely clear what led to this choice. Did an individual convince him? Did reading *The Path Between the Seas: The Creation of the Panama Canal* by David McCullough inspire him to remedy past wrongs committed by the United States?\(^90\) Did he strongly support the treaties all along, but recognize the political pitfalls of advocating such an unpopular stance on the campaign trail?

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\(^89\) LaFeber 150.

While it is impossible to determine precisely what caused the shift in Carter’s position between the campaign and when he was elected, it can be inferred that a few different factors affected his choice to make the treaties a foreign policy priority.

Domestic opposition to the Panama Canal treaties was already extremely high in 1977 when Carter became President and only grew as the debate over ratification progressed. The opposition movement to prevent changes to the 1903 treaty had started as early as 1964. Influential individuals such as Representatives Daniel Flood and John Murphy as well as Senators Jesse Helms and Strom Thurmond were all leaders of the opposition movement who had been speaking out against negotiations long before a new treaty had been crafted. It was Representative Flood who had warned Johnson not to give in to Panamanian demands almost ten years earlier and his opposition to the treaties remained as strong as ever. Similarly, Strom Thurmond had crafted a resolution years earlier opposing any treaty that would transfer control or sovereignty of the canal over to Panama. Governor Reagan had done a lot to increase public awareness of the canal treaties when he ran against President Ford for the Republic nomination in 1976. In the primaries, Reagan made the Panama Canal treaties a major issue of contention by sharply criticizing President Ford’s willingness to negotiate and discuss a transfer of control and sovereignty.

Additionally, a number of conservative organizations lobbied against the treaties including the American Conservative Union, the Conservative Caucus, the Committee for the Survival of a Free Congress, the Citizens for the Republic, the American Security Council, the Young Republicans, the National Conservative Political Action Committee, and the Council for the National Defense.91 These groups were extremely vocal in their opposition to the treaties and

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91 Congressional Quarterly Almanac 389.
mounted huge public relations campaigns in order to sway public opinion and prevent senators from voting for the treaties. The American Conservative Union sent 1.8 million pieces of mail opposing the treaties in its attempt to stop senate ratification. The public was also largely opposed to the treaties. In 1975, 66% of those polled said they did not want the United States to give up the Panama Canal. That number had risen to 78% by May of 1977.\textsuperscript{92}

The opponents to the treaties believed that they were not in the best interest of the United States and viewed them as a retreat that showed the weakened will of America in a post-Vietnam world. Representative Daniel Flood, a rhetorical leader of the opposition movement, believed that Panama’s demands for control of the canal were akin to blackmail since he maintained that the United States had total sovereignty within the Canal Zone. Flood believed that conceding to their demands would only lead to “‘greater blackmail’” and warned against the communist influence that was causing the unrest.\textsuperscript{93} In fact, Reagan warned that an American presence was necessary to prevent Soviet or Cuban Penetration.\textsuperscript{94}

The opposition movement also believed that the United States had a right to the Canal Zone as per the 1903 treaty. According to Ronald Reagan, the Canal Zone was “‘sovereign United States territory just the same as Alaska is and as the part of Texas that came out of the Gadsden Purchase and the states that were carved out of the Louisiana Purchase.’”\textsuperscript{95} The United States had built and paid for the canal and therefore should be allowed to keep it. The argument by treaty supporters that the 1903 treaty was unfair since the Panamanians accepted it only under duress was considered embarrassing by the opposition movement. According to the opposition movement, the United States acted in its best interest, which is what a great country should do.

\textsuperscript{92} LaFeber 164.
\textsuperscript{93} LaFeber 111.
\textsuperscript{94} Congressional Quarterly Almanac 383.
\textsuperscript{95} LaFeber 148-149.
Even if the treaty was signed under duress, the Panamanians still benefitted from it since the United States had helped them gain their independence and had provided the country with its major source of revenue; however, instead of responding with gratitude, the Panamanians complained. By apologizing and handing over the canal, the United States was acting in an apologetic way that was dangerous and symbolic of a declining power. The opposition movement believed that the United States should embrace American exceptionalism and keep the canal regardless of international opinion or Panamanian unrest.

While the opposition movement ignored many of the facts and figures that demonstrated the declining significance of the Panama Canal as well as its diminishing influence over United States national security, the arguments it relied on had a greater emotional appeal and therefore received a greater reaction by the American public. Since the general public reaction to the canal treaties was negative, individuals in the House of Representatives sought to derail ratification by claiming that the new treaty was unconstitutional since the Canal Zone was American territory. If the Canal Zone were national territory, it would require a two-thirds vote by both the House and the Senate in order to transfer the territory over to Panama. This plan failed, however, since the Supreme Court refused to hear the case. While members of the House of Representatives were unsuccessful in their attempt to derail ratification, the fact that they even tried is further evidence demonstrating the extent to which the public opposed the new treaties.

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96 Members of the House of Representatives are much more sensitive to public opinion since they run for reelection every two years; therefore, if the Panama Canal treaties were more popular, an attempt to circumvent the political order could have potentially had dangerous ramifications for reelection. Their willingness to pursue this avenue of attack demonstrates a certain degree of comfort regarding the feelings of their constituents on the issue.

97 Memorandum, Warren Christopher to President Carter, October 1, 1977, FO/ID12958, Carter Presidential Records, Jimmy Carter Presidential Library.
An administration frequently described as politically naïve or inept may have made a political error in making the treaties a priority issue. But once that decision was made, they showed real political skill in finding the right combination of arguments and actions to get sixty-eight senators to vote for two unpopular agreements.98

The domestic opposition to the Panama Canal treaties would end up making the debate over ratification extremely tumultuous and would expend much of President Carter’s political capital. Carter, however, seemed blissfully unaware as to the effect the domestic opposition would have on the treaty debate. In an early meeting in front of the Senate Foreign Relations Committee as President-Elect, Carter expressed his desire to deal with the “festering problem with Panama concerning the canal” and acknowledged the difficulty of gaining acceptance by the American public.99 Thus early on, he acknowledged a lack of public support for the treaties yet he failed to start a public relations campaign until the summer of 1977 despite making the Panama Canal treaty a priority when he first came to office.

Carter’s failure to start a public relations campaign immediately demonstrated his political naivety because he failed to recognize how influential public opinion was in the Senate. The number one external factor that influences a Senator’s vote is the feeling of his constituency, and if constituents are vocally opposed to a piece of legislation, it will make the representative

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less likely to support it. According to the spokesman for the Committee of Americans for the Canal Treaties, Inc., this had an impact on the Senate ratification of the Panama Canal treaties: “When a senator...gets 12,000 pieces of mail against the treaties and only 200 for, he can’t help but be concerned.” The White House was also concerned that the vocal public opposition to the treaties would affect the outcome. According to Hamilton Jordan, Carter’s White House Chief of Staff, this was because “‘those bastards [in the Senate] don’t have the spine not to vote their mail. If you change their mail, you change their mind.’” According to this view, in order to gain votes for ratification, the White House would have to change the public’s perception of the Panama Canal Treaties. A successful public outreach campaign that swayed public opinion in favor of the treaties would make the debate much smoother and help President Carter get the votes required to ratify the treaties.

Even after initiating a public relations campaign, the White House faced a major obstacle in its efforts to sway public opinion and attain the votes necessary for ratification. In a memo from Jill Schuker to Joseph Aragon discussing the Public and Press Outreach Strategy, it was acknowledged that public perception of the canal treaties was not favorable. The public viewed the cession of the canal as “giving up what is rightfully ours.” The notion of “giving up” the Canal was an extremely emotionally charged issue in the United States. As a symbol of American ingenuity and greatness, the American public was attached to the Panama Canal and disavowed arguments claiming any wrongdoing on the part of the United States in regard to Panama. To a certain extent, Carter failed to fully appreciate the emotionally charged nature of

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100 Congressional Quarterly Almanac 388.
101 LaFeber 164.
the debate: “President Carter failed either to guarantee a dramatic rhetorical vision or to undercut the Right’s dramatic vision. This apparently derived from his administration’s inability to apprehend the dramatic orientational dimensions of the debate.” When Carter finally addressed the public he went into an extensive, detailed explanation instead of using emotional appeals and concise facts. This approach was ineffective in two ways since it failed to counter the emotional appeal while also being too complex and wordy for general consumption.

While the public outreach campaign by the White House never really effectively transformed public opinion, President Carter and his Administration continued to believe that the American people would come to support the treaties if they were better informed. Carter consistently believed that even a small increase in public approval demonstrated that the American people were finally coming around to support the treaties. On 2 September 1977, Carter described the results of a Gallup poll showing 39% of Americans in favor of the treaty as “a dramatic improvement in the last few weeks.” Carter’s description of a 39% approval rating as a dramatic increase is worrisome and shows an inability to comprehend the extent to which the public opposed the treaties. A few months later on 1 December 1977, Carter once again allowed himself to believe that public support had improved when he described the calls coming into the White House as “unbelievably favorable.” These two examples from Carter’s diary demonstrate his unwillingness to accept the extent to which public opinion opposed the treaties.

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105 Carter 88.
106 Carter 143.
canal treaties. Regardless, it is clear that the public outreach campaign was ineffective at increasing public support for the treaties.

Since the public relations campaign failed to effectively transform public opinion, President Carter would have to resort to other means to accumulate the votes necessary for ratification in the face of massive domestic opposition to the treaties. One of the tactics used by the White House were briefings by upper level officials in the administration. In Warren Christopher’s evening report, he suggested offering Senator Baker and any other interested senator a full briefing on any aspect of the treaty in which they were interested as well as summaries of the negotiating sessions starting with the Tack/Kissinger principles.\(^{107}\) These efforts were not just targeted at senators, but at locally influential opinion leaders and newspaper editors throughout the United States. Carter describes these briefings: “we gave a briefing on the Panama Canal Treaty to twenty-five or thirty people from Kentucky…We’ll do this with ten or twelve key states working with doubtful senators who need some awareness of the treaty among leaders in their own states.”\(^{108}\) By briefing locally influential leaders, the White House hoped to make it easier for senators to support the treaties. Another tactic used by the White House was to send groups of senators down to Panama.\(^{109}\) In his diary, Carter discussed a conversation between himself and Senator Russell Long where they discussed sending senators down to Panama. They both thought this strategy would be effective since it would enable the senators to speak with more authority on the issue of the canal upon returning home.\(^{110}\) While this tactic was

\(^{107}\) Memorandum, Warren Christopher to President Carter, October 1, 1977
\(^{108}\) Carter 84.
\(^{110}\) Carter 98.
successful at converting some previously undecided senators, it did not enable the White House to get all the votes necessary for ratification.

In order to get the remaining votes necessary, Carter began to lobby individual senators either by having influential local leaders make personal appeals, by providing incentives or by using his political capital. This approach was effective at converting the remaining votes necessary, but ended up being extremely costly for President Carter. One of the consequences of this approach was that some senators tried to take advantage of the President thus exhausting even more of Carter’s political capital. While it did accomplish the goal of ratification, Frank Moore, the head of the White House Office of Congressional Liaison, thought that this approach was inefficient for another reason. Dealing with reluctant senators independently forced them to announce their decision individually and gain unwanted media attention on a publicly unpopular issue. The unwanted media attention could potentially be enough of a disincentive that some senators may have decided not to switch their votes. This may have caused President Carter to exhaust more political capital than was otherwise necessary, but he still managed to accrue the sixty-eight votes necessary to get the treaties ratified, which would make his efforts seem successful.

PRIORITY THE TREATIES

President Carter was a Washington outsider and did not come from a traditional political background. Hargrove described him as “an outsider, an engineer who was not good at
bargaining with politicians.” As an outsider, it is possible that Carter did not fully comprehend the necessity of marshaling his resources and preserving his political capital or that he did not realize the extent of domestic opposition. It is also possible, however, that his disregard for political consequences had less to do with his inexperience and more to do with his personality. Carter believed that his tenacity would make him successful even when faced with adversity and found it difficult to deviate from goals once they were established. Both his political inexperience and his personality would explain Carter’s willingness to take on a challenge as unpopular as the Panama Canal treaties if he believed that it was worthwhile.

Carter’s naivety was not limited to his underestimation of the opposition, but also his belief that the treaties would help him politically. Carter and his National Security Advisor Zbigniew Brzezinski both thought that “success in ratification of the Treaty [would] clear the way for SALT, Comprehensive Test Ban, and a host of other issues.” This was not the case. In fact, the ratification of the treaties was a Pyrrhic victory that exhausted so much of the President’s Political capital that he was unable to work successfully towards his other foreign policy goals. If Carter had pursued the treaties and had failed to be successful it would have been even worse: “A defeat of the Panama Canal treaties would weaken the President’s international authority at the beginning of his term…it would jeopardize our entire Western Hemisphere relationships.” Thus Carter took a tremendous risk in prioritizing the Panama Canal treaties in his first term when they were so unpopular domestically. The only seemingly


113 Congressional Quarterly Almanac 183.
plausible explanation is that he did not understand the risk as a political outsider and was just naïve or that his personality compelled him to go after even seemingly unattainable goals.

One of the original reasons Carter supported the treaties was because he believed that they were in the best interests of the United States. As discussed in Chapter 2, the canal’s importance lay in its facilitation of expedited transport, and without this function, it would serve little use to the United States. After reviewing information suggesting that the canal would be safer, and thus more likely to remain open and functional under Panamanian control, Carter, like Presidents Johnson, Nixon and Ford before him, became very open to the idea of negotiating new treaties. Similarly, since the United States needed use of the canal to quickly mobilize troops and naval ships in time of war, and since Carter believed that canal use was best preserved by transferring sovereignty, it was arguable that national security would be maximized by the ratification of the new treaties since the canal enabled expedited transit for naval vessels as well as quicker mobilization of troops. While critics maintained that the United States use of the canal would be threatened or limited after the transfer of sovereignty, this argument was proven to be weak in Chapter 2; the continued and uninterrupted use of the Panama Canal was more likely if sovereignty was transferred.

Besides from the continued operation of the canal, the treaties improved national security in other ways as well. The isthmus itself remained a valuable military site even as the waterway declined in importance. Carter believed that by ratifying the treaties and maintaining good relations with Panama, the United States would still have access and influence over the region even if the United States had to close 10 of the 14 bases in the Canal Zone under the new treaties. Similarly by treating Panama with respect and greater consideration and by reducing tensions, the United States relationship with other Latin American countries would improve and
the region would be more stable. Thus between the continuous operation of the canal and the other benefits to United States national security, ceding control of the canal by ratifying the new treaty would improve, not threaten, the overall security of the United States. Thus Carter remained true to his claim that he would not “‘give up full [sic] control of the Panama Canal as long as it had any contribution to make to our own national security.’” 114

Another reason for Carter’s support of the treaties was because he had the support of his foreign policy advisors who also believed them to be necessary. For example, Cyrus Vance, Carter’s Secretary of State, was a strong advocate for a treaty based on the Kissinger-Tack principles. Brzezinski also acknowledged that the canal had diminished strategic importance. 115 It was not just foreign policy advisors like Cyrus Vance and Brzezinski who supported the treaties, but also senior cabinet members who agreed to make the canal issue an early foreign policy priority during Carter’s Administration. The consent of individuals within his administration would unquestionably increase Carter’s support for ratifying a new set of treaties.

While some advisors agreed to prioritize the Panama Canal Treaties and believed that they were an important foreign policy issue, others cautioned him to wait until his second term so as to not waste political capital on what they considered to be an issue of secondary importance compared to other issues like SALT II. These conflicting views on the importance and weight that should be placed on the ratification of the Panama Canal Treaties suggested a problem within his administration and hints at the naivety of pursuing such an unpopular and controversial issue so early in his presidency. While individuals in the cabinet consented to pursue the ratification of the canal treaties, the expressed negativity should have been a warning to Carter of the cost of pursuing the canal treaties.

114 LaFeber 150.
115 LaFeber 158.
Carter also supported the treaties because he believed that the United States required a new method of conducting foreign policy in the post-Vietnam world. Carter believed that Americans were in need of a moral revival in the aftermath of Vietnam. He believed that a reinsertion of morality and concerns over human rights abuses in the determination of foreign policy would be the salve needed to heal America’s wounds. He thought that treating the developing nations of the world with mutual respect could do this. According to Mary Swilling, Carter chose to develop a new course in United States foreign policy towards Latin America for this reason\textsuperscript{116} and thus he also supported the Panama Canal Treaties because it demonstrated the ability of the United States to deal with a Third World Country fairly: “‘These treaties can mark the beginning of a new era in our relations with all the rest of the world. They symbolize our determination to deal with the developing nations of the world on the basis of mutual respect and partnership.’”\textsuperscript{117} Therefore, Carter not only promised mutual respect between nations, but also emphasized inter-American understanding and cooperation as a way of transforming American foreign policy after Vietnam.

When Carter became President, the situation in Panama had reached its boiling point and the timing seemed opportune to successfully negotiate a new treaty that would be palatable enough to get ratified in both countries. Tensions had been escalating for over a decade by the time Carter came to office. In fact, riots that broke out in 1964 had forced President Johnson to agree to abrogate the treaty of 1903. Therefore, the Panama issue had been festering for over a decade by the time Carter was elected in 1976. While President Johnson had initiated the abrogation of the 1903 treaty, the Nixon Administration also worked to improve relations with


\textsuperscript{117} LaFeber 182.
Panama in large part due to concerns caused by the increasingly fraught relationship between the two countries. Nixon only started negotiations because of mounting pressure from the Pentagon, but remained relatively unwilling to compromise with Torrijos. Then Torrijos and Juan Tack arranged for the United Nations to hold a Security Council in Panama. The meeting led to a dramatic increase in the international exposure of the situation in Panama. Facing mounting pressure from the international community, Nixon sent Kissinger to Panama to work with Tack in order to come up with a series of principles that would be the basis for a new treaty. These negotiations led to the Kissinger-Tack Agreements of 1974. According to Walter LaFeber, the negotiations were successful because

“the necessary conditions for fresh negotiations were in place. Washington’s need got economic cooperation with Latin America, a growing anti-United States bloc among the southern nations, Torrijos’s success in mobilizing world opinion, his desire (indeed his need), to cooperate with North American businessmen and bankers if the Canal question could be settled, the absence of the sea level canal alternative—all of these developments finally resulted in an eight-point agreement between Kissinger and Panamanian Foreign Minister Juan Tack in February 1974.”\textsuperscript{118}

Timing was key and with the successful completion of the Kissinger-Tack Agreements, negotiations for a new treaty commenced.

The leadership of Torrijos and the continuation of riots in Panama kept the pressure on the Nixon, Ford and Carter administrations to negotiate and ratify new treaties. Tensions between the two countries were so high in the 1970s that a statement by Kissinger in response to

\textsuperscript{118} LaFeber 144.
a question regarding sovereignty and control of the canal led to a new outbreak of rioting. Torrijos manipulated the elevated tension and rioting to force the treaty issue. In many ways, he was the ideal individual to negotiate with because he was highly motivated and was able to arouse domestic opposition in Panama.\textsuperscript{119} He also opposed socialist reforms in Panama as demonstrated by his efforts to overthrow Martinez in a coup after he announced radical agrarian reforms in March of 1969.\textsuperscript{120} Between Torrijos’ desire to negotiate, his control of the people, and his opposition to socialist reforms, Torrijos was the ideal leader for the United States to work with in order to successfully develop a new treaty.

The growing opposition movement was yet another reason why the treaties were becoming a pressing concern. As the grassroots movement against the treaties grew, concerns developed that waiting would prove to be more costly for the administration. In a memo from Brzezinski to Carter, he suggested that Republican votes would cost more political capital as time progressed.\textsuperscript{121} Therefore, it was necessary to get the treaties ratified as soon as possible so that they would be less costly. While this argument bears some weight, the growth of the opposition movement was connected with Carter’s support of the treaties. If he had not made them an administrative priority then the grassroots movement against the treaties might not have been as strong or well developed. Therefore, the early pursuit of the treaties might have actually cost President Carter more political capital than if he had waited and focused on other foreign policy issues during his first administration before expending political capital on the Panama

\textsuperscript{119} LaFeber 158.
\textsuperscript{120} LaFeber 126.
Canal treaties. Regardless, some individuals in Carter’s administration believed it was necessary to ratify the treaties in order to preserve political capital.

In 1976 when Jimmy Carter was elected as President, the timing for the treaties must have seemed perfect due to the situation created by the increased tensions between the United States and Panama, the leadership of Torrijos, and the development of the Kissinger-Tack Agreements. All of these factors combined to make the timing seem ideal for the United States and Panama to negotiate new treaties and have the treaties ratified by both countries. It was probably for these reasons that Carter came to support prioritizing them in his first term as president. Whether it was due to inexperience or tenacity, Carter did what he believed was in the best interests of his country regardless of the political cost. The ratification battle that ensued in the Senate after President Carter signed the treaties would exhaust much of Carter’s political capital and proved to be a Pyrrhic victory\textsuperscript{122}, as it prevented him from effectively accomplishing his other foreign policy goals.

\textsuperscript{122} In 1978, 7 protreaty senators lost reelection and in 1980 another 11 were voted out of office as well.
CONCLUSION

In 1976 after being elected as the President of the United States, Carter went before the Senate Foreign Relations Committee and announced his intention to settle the Panama Canal issue. The three administrations before him had all worked towards the resolution of this festering situation, but none had made it a priority whether because of other more pressing concerns, or due to fear of the political consequences. Carter chose to disregard the extensive domestic opposition and work towards the resolution of an issue that had been the source of tensions between the United States and Panama since the original treaty had been ratified in 1903.

After examining the historical background and the diminishing significance of the Panama Canal, it became clear that transferring control of the canal was in the United States national interest. Securing the canal against an internal saboteur would take too large an infusion of troops during a period when the United States military had been severely depleted by the Vietnam War. United States control of the canal would not be useful to anyone if the canal was no longer functional. By transferring control of the canal and maintaining the ability of the United States to defend it from an external threat, Carter was acting to maintain the continuous functionality of the canal. Similarly, the transfer of the canal would help stabilize Panama and the entire region.

If transferring control of the Panama Canal and thereby improving relations with Panama was in the best interests of the United States then the only reason for Carter not to prioritize the
treaties was the extent of the domestic opposition and the political capital that would be
exhausted in the debate over ratification. The unpopularity of the treaties among the public
meant that the treaties would have an extremely high political cost. Carter would have to
exhaust his political capital in order to accumulate the votes necessary to win. Why would a
President be willing to take that risk at the beginning of his first term in office?

In order to prioritize the treaties, Carter had to be extremely naïve, politically
inexperienced and potentially both. There is a lot of evidence suggesting that Carter was both
naïve and politically inexperienced. He was foolish enough to “give away” the Panama Canal at
the start of his first term despite massive domestic opposition. Carter, however, was not the only
one to support the treaties; sixty-eight United States senators, many of them career politicians,
also voted to ratify the treaties regardless of the political consequences and they were not being
called naïve or inexperienced. To an extent, Carter was naïve and inexperienced. He did not
realize the extent of the opposition or what it took to wage a successful public relations
campaign. He was unable to accept that the public did not support the treaties and that providing
them with more information would never be as effective as the emotional appeal used by the
New Right. This was naïve, but Carter’s decision to prioritize the Panama Canal? To stand up
for what he thought was right thing do? That was also a little brave.
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