

Questions and Answers on Disputed Status

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PANAMA, May 6—For some years, students of United States-Latin American relations have been predicting that the Panama Canal would become an explosive hemispheric issue.

The growing nationalism throughout Latin America has made an anachronism of the canal zone—a corridor 53 miles long and 10 miles wide that splits Panama in half and is entirely under United States control.

But neither the Government of the United States nor of Panama expected the issue to burst on the American political scene quite the way it has.

Former Gov. Ronald Reagan of California, in making a political issue of the prospect of United States loss of control over the canal—even over a period stretching decades into the future—has tapped a deep well of resentment among conservative Americans, who probably identify the issue with what they see as the weakening of United States power abroad.

The following questions and answers attempt to cover some of the main points that have been raised in the debate over the Panama Canal.

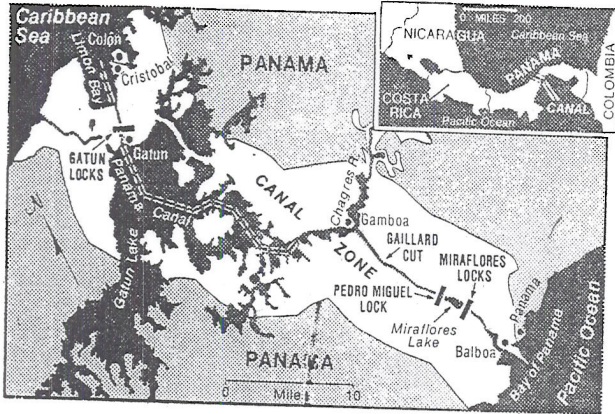
Q. What is the basis of the United States legal claim to the canal?

A. The United States initially signed a treaty with Colombia in 1903 under which the Colombians would be paid an initial \$10 million plus \$250,000 a year for the use of a canal to be built across the Isthmus of Panama, then part of Colombia. When the Colombian Senate turned the agreement down, a revolt supported by the United States broke out in Panama, which declared its independence from Colombia.

The Panamanians allowed a French agent, Philippe Bunau-Varilla, to negotiate a canal treaty on their behalf. The agreement was signed in 1903 just hours before Panamanian officials arrived in Washington to approve or disapprove it. The Panamanians were informed that the United States could not guarantee their independence from Colombia if the treaty was not accepted.

The treaty, which Panamanians maintain was imposed on them, included the same financial terms as the Colombians were offered. But while the Colombia treaty set a limit to the American presence in the Canal Zone, the agreement with the Panamanians provided that "Panama grants to the United States in perpetuity" a 10-mile-wide corridor along the 53-mile length of the canal.

The treaty also states that the United States "would possess and exercise" control over the Canal Zone as "if it were the sovereign of the territory within which said lands and waters are located to the entire exclusion of the exercise by the Republic of Panama of any such sovereign rights, power or authority."



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Q. What is the status of negotiations on a new canal treaty?

A. In 1974, Secretary of State Henry A. Kissinger and Foreign Minister Juan Antonio Tack of Panama signed a Declaration of Eight Principles governing negotiations on a new treaty. The most important of those principles was that the United States would abandon its claim of rights "in perpetuity" over the canal. But little has been agreed upon since.

According to diplomatic sources, the United States began negotiations hoping for a treaty that would extend American operational and military control over the canal for 40 or 50 years. Washington is reportedly amenable to a treaty that would first permit the Panamanians to take operational control and later military control. The Panamanians are publicly committed to a treaty that gives them full operational and military control within 25 years.

Q. Is the canal necessary to United States security?

A. With the advent of a two-navy and the nuclear age, the canal has become militarily obsolete. Even at the height of the Vietnam War, only a small percentage of United States traffic through the canal consisted of military vessels. The main preoccupation voiced by American military officials is that a United States withdrawal would create a vacuum that a hostile nation would be tempted to fill.

Q. What is the economic importance of the canal?

A. In economic terms, the importance of the canal has declined with the advent of freighters and oil tankers too large to negotiate the 110-foot-wide locks.

Only about 2 percent of the coast-to-coast trade of the United States moves through the canal. But about 70 percent of ships making the canal passage either originate or end their voyages in United States ports.

Q. What happened to the idea of building a new canal?

A. The idea of a new canal—built through Nicaragua, for example—was always raised at times when the Panamanians pressed for a new treaty. The last time the United States Government announced it was considering the option was in the late 1960's. The idea has not been discussed in the last few years, since the cost and political uncertainties in any Central American country are too great.

Q. Is revenue from the canal an important factor in negotiations?

A. The tolls were raised in 1974 for the first time after 60 years of canal operations, and revenue is somewhere in the neighborhood of \$100 million to \$120 million a year. This income is used to finance the canal's operation, the Canal Zone Government and part of the United States military installations.

The Panamanians, if they get control of the canal, would probably want to increase the tolls to provide revenue. They maintain that by keeping the tolls low, the United States has tried to subsidize shipping through the canal because the bulk of this trade either originates or ends in United States ports.

of the Panama Canal

Q. What do the Americans in the Canal Zone think would happen if the United States shared control with Panama, and what does Panama think would happen?

A. The Zonians—as the American civilians in the Canal Zone are called—fear that their way of life in the enclave will come to an end, and that their jobs will be threatened.

Both the United States and Panamanian Governments agree that once a new treaty is signed, the present administrative structure of the zone will be phased out over a period of three to five years. This would mean that American policemen, firemen and judges would be removed and that the zone would come under Panamanian law.

Both Panamanian and United States officials point out, how-

ever, that 9,000 Americans living in Panama have lived and prospered under Panamanian laws. And Brig. Gen. Omar Torrijos Herrera, the Panamanian Chief of Government, has repeatedly stated that the Zonians are needed to operate the canal and that their jobs would be guaranteed.

Q. What kind of pressure is Panama bringing on the United States to agree to a new treaty?

A. The Panamanians have the support of a majority of United Nations members on the treaty issue, and can count on the unanimous support of Latin American nations.

The Panamanians have also raised the specter of violence—not as a planned tactic, but as an uncontrolled popular outburst such as occurred in 1964 leaving 21 people dead. General Torrijos has not, however, relished this prospect. A total breakdown in treaty negotiations could conceivably lead to guerrilla activity against the canal—with General Torrijos's backing, or just as likely without it.

Q. What has been the impact of the United States Presidential primaries on canal negotiations?

A. Ronald Reagan has maintained that the Panama Canal is as much a part of the United States as Alaska and has clearly implied that the United States should be prepared to go to war to maintain its control over the Canal Zone.

President Ford, momentarily at least, appeared to abandon his Administration's negotiating position by asserting that 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."

Panamanian officials—disconcerted by both the Reagan and the Ford's statements—decided that they would try not to be drawn into the campaign even after Mr. Reagan's provocative charges that Gen. Tovijos's a "tinhorn dictator."