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[ca 7/75?]

PANAMA CANAL TREATY NEGOTIATIONS

Q: In view of the Snyder Amendment and approaching elections, do you continue to support negotiations and do you plan to present a treaty to the Senate soon?

A: As you know, we are engaged in an effort to modernize our relationship with Panama over the Canal. There are a number of questions which remain at issue between us and the Panamanians. The talks are continuing and we believe it will be possible to reach an agreement which would accommodate the interests of both nations. I believe it is possible to do this while protecting our basic interests in defense and operation of the Canal. Naturally, any such agreement we may reach will be submitted to the full constitutional process, including Senate approval, and we will be consulting closely with the Congress as the talks continue -- that I believe is the appropriate channel for congressional consideration of the negotiations.

If pressed: ~~No decision has been taken with regard to the timing of submission of a treaty to the Senate and no such decision will be possible until we are closer to reaching an agreement.~~ As I indicated, there are a number of difficult questions remaining to be resolved.

*Revised*

July 3, 1975

Margy called and dictated the following "Guidance"

In response to questions on the Panama Canal and the status of our treaty negotiations you may say the following:

With regard to the Panama Canal treaty negotiations, there are a number of questions which remain at issue between us and the Panamanians. The talks are continuing. No decision has been taken with regard to the timing of signature of an agreement and its submission to the Senate, and no such decision is possible until we are closer to reaching an agreement.

[ The President continues to believe it will be possible to reach an agreement which would accommodate the interests of both nations, based on the Statement of Principles signed in February of 1974. ]

# # #

Designed to answer charges that will appear in the story tomorrow.

per Margy

~~In Response to Q's~~

6/22/75  
Pat/Kelly  
Handwritten notes and date.

The President has no intention of approving any agreement that would not protect our vital defense interests, with Panama or with anybody else.

The President supports the view of these negotiations stated by Secretary Kissinger, in his speech in Houston in February 1974 when he addressed the question of our interest in the Panama Canal. -- "We will expect Panama to understand our perspective -- that the efficient, fair and secure operation of the Canal is a vital economic and security interest of the United States; that a new treaty must provide for the operation and defense of the Canal by the United States for an extended period of time; and that a new treaty must protect the legitimate interests of our citizens and property in Panama."



The President is concerned by <sup>this</sup> ~~the~~ action of the House <sup>and</sup> ~~on~~ <sup>would</sup> ~~we~~ <sup>be concerned about any action</sup> ~~voting~~ to cut off ~~further~~ funds for negotiations ~~on any matter within the Constitutional authority of the President~~ ~~on the Canal~~ Under the Constitution, the President is empowered to negotiate, through his representatives, and sign treaties

with foreign governments, and to submit them to the Senate for its advice and consent.

If and when negotiations are concluded to the President's satisfaction, the conclusions <sup>would</sup> ~~will~~ be submitted to the Congress in accordance with Constitutional procedures. The President trusts that this House action will be remedied before final passage of the legislation.

HAK, Rumsfeld, Holtmann,  
Marsh approve.

RHN

GF approved



June 27, 1975

TO: RON NESSEN  
FROM: KATHLEEN TROIA  
SUBJECT: Panama Canal Guidance

The guidance on Panama Canal question as signed off on today has been scrubbed. State will issue the following answer in response to a question which they took at today's briefing:

Q: What is the reaction to the Snyder amendment cutting off funds for the Panama Canal?

A: We regret this action. The Senate will consider it after the Fourth of July recess. We are confident the Senate will carefully deliberate the far-reaching consequences of its move."

If you get asked the same question say that State had the question this morning and this is what they said (without attributing it to the White House).

~~PANAMA CANAL~~

Q. In view of his Navy League speech emphasizing the need for an effective Navy, what is the President's position on U.S. interests in the Panama Canal and its eventual control?

A. The President supports the negotiations now underway on the Canal. As you may recall, Secretary Kissinger, in his speech in Houston addressed the question of our interest in the Canal.

"We will expect Panama to understand our perspective -- that the efficient, fair and secure operation of the Canal is a vital economic and security interest of the United States; that a new treaty must provide for the operation and defense of the Canal by the United States for an extended period of time; and that a new treaty must protect the legitimate interests of our citizens and property in Panama.

A new treaty based on these principles will make the United States and Panama partners in the operation of the Canal, protect the essential national interests of both, and provide a secure arrangement for the long term."

In sum, the President has no intention of supporting an agreement that would not protect our vital defense interests.



Panama Canal

Q: Can you tell us what is the status with our negotiations to turn over the Canal to Panama?

A: We are engaged in an effort to modernize our relationship with Panama over the Canal. Although progress has been made, difficult issues remain. Both the United States and Panama have important interests in the Canal. We believe we can reach an agreement which takes into account the interests of both countries. In our view it is possible to do this while protecting our basic interests in defense and operation of the Canal. Of course, any agreement we may reach would be submitted to the full constitutional process including Senate approval.

*Non-helpful  
background sh  
that Panamanian  
times are a year  
Mary*

## U.S. and Panama Agree on Principles for Negotiation of New Panama Canal Treaty

*On February 7 at Panamá, Secretary Kissinger and Juan Antonio Tack, Minister of Foreign Affairs of Panama, initialed a joint statement of principles for negotiation of a new Panama Canal treaty. Following is an address made by Secretary Kissinger at the ceremony, together with the text of the joint statement.*

### ADDRESS BY SECRETARY KISSINGER

Press release 42 dated February 7

We meet here today to embark upon a new adventure together. Our purpose is to begin replacing an old treaty and to move toward a new relationship. What we sign today, hopefully, marks as well the advent of a new era in the history of our hemisphere and thus makes a major contribution to the structure of world peace.

Meeting as we do on this isthmus which links North with South and Atlantic with Pacific, we cannot but be conscious of history—a history which has profoundly changed the course of human affairs. Four centuries ago the conquistadors landed here bringing faith and taking booty. They were representatives of the traditional style and use of power. Seventy years ago, when the Panama Canal was begun, strength and influence remained the foundations of world order.

Today we live in a profoundly transformed environment. Among the many revolutions of our time none is more significant than the change in the nature of world order. Power has grown so monstrous that it defies calculation; the quest for justice has become universal. A stable world cannot be imposed by

force; it must derive from consensus. Mankind can achieve community only on the basis of shared aspirations.

This is why the meeting today between representatives of the most powerful nation of the Western Hemisphere and one of the smallest holds great significance. In the past our negotiation would have been determined by relative strength. Today we have come together in an act of conciliation. We recognize that no agreement can endure unless the parties to it want to maintain it. Participation in partnership is far preferable to reluctant acquiescence.

What we do here today contains a message, as well, for our colleagues in the Western Hemisphere who, in their recent meeting in Bogotá, gave impetus to this negotiation. The method of solution and the spirit of partnership between Panama and the United States as embodied in this agreement are an example of what we mean by the spirit of community in the Western Hemisphere; it can be the first step toward a new era which we believe will be given fresh hope and purpose when we meet again with the Foreign Ministers of all the hemisphere in two weeks' time.

### The United States and Panama

The relationship between Panama and the United States is rooted in extraordinary human accomplishment—the Panama Canal, a monument to man's energy and creative genius. But as is so often the case, man's technological triumph outstripped his political imagination:

—For 60 years the safe, efficient, and equitable operation of the canal has given to

Panama, to the United States, and to all nations benefits beyond calculation.

—Yet the canal still operates under the terms of a treaty signed in 1903, when the realities of international affairs were still shaped by traditional precepts of power.

—The tensions generated by these contradictions, the endless debates over the costs and benefits of the convention of 1903, have jeopardized the ability of our two countries not only to work together to meet future demands upon the canal but also to develop a constructive relationship as friends.

We must assess the document we have just signed against this background. Above all, we must judge it in the context of what it means for the peoples of the United States and Panama and what it can mean for the people of the Western Hemisphere.

The eight principles in this agreement constitute, as General Torrijos [Brig. Gen. Omar Torrijos, Head of Government of Panama] has said, a "philosophy of understanding." Sacrificing neither interest nor self-respect, Panama and the United States have made a choice for partnership. Meeting in dignity and negotiating with fairness, we have acknowledged that cooperation is imposed on us by our mutual need and by our mutual recognition of the necessity for a cooperative world order. Foreign Minister Tack and Ambassador Bunker [Ambassador at Large Ellsworth Bunker, U.S. chief negotiator for the Panama Canal treaty] have shown that Panama's sovereignty and the vital interests of the United States in the Panama Canal can be made compatible. They have engaged in an act of statesmanship impelled by the conviction that we are part of a larger community in the Americas and in the world.

In that spirit of partnership the United States and Panama have met as equals and have determined that a just solution must recognize:

—First, that Panama and the United States have a mutual stake in the isthmus: Panama in its greatest natural resource, and the United States in the use and defense of the canal.

—Second, that the arrangement which may have been suitable 70 years ago to both the United States and Panama must be adjusted to meet the realities of the contemporary world.

—Third, that a new treaty is required which will strengthen the relationship between us while protecting what is essential to each. A new agreement must restore Panama's territorial sovereignty while preserving the interests of the United States and its participation in what is for us an indispensable international waterway.

While we have taken a great stride forward, we must still travel a difficult distance to our goal. There is opposition in both our countries to a reasonable resolution of our differences. Old slogans are often more comforting than changes that reflect new realities. It is the essence of revolutions that to their contemporaries they appear as irritating interruptions in the course of a comfortable normalcy. But it is equally true that those who fail to understand new currents are inevitably engulfed by them.

We are determined to shape our own destiny. Our negotiators will require wisdom, purposefulness, tenacity. They will meet obstacles and disagreements. Yet they will succeed—for our relations and our commitments to a new community among us and in this hemisphere demand it.

In the President's name, I hereby commit the United States to complete this negotiation successfully and as quickly as possible.

#### *The Western Hemisphere Community*

We are here today not just as two sovereign nations, but as representatives of our hemisphere. We meet at the place where Simón Bolívar enunciated the concept of an inter-American system. We meet at a point of time between meetings of Foreign Ministers in Bogotá and Mexico City which can mark a historic turning point in making Bolívar's vision come true.

I know that many of my country's southern neighbors believe they have been the subject of too many surveys and too few policies.

The United States is accused of being better at finding slogans for its Latin American policy than at finding answers to the problems that face us all.

Some of these criticisms are justified. At times rhetoric has exceeded performance. But the United States has been torn by many problems; only from afar does it appear as if all choices are equally open to us. We have not been willfully neglectful. And in any case, we have recognized that the time for a new approach is overdue.

I have come here today to tell you on behalf of our President that we are fully committed to a major effort to build a vital Western Hemisphere community. We understand our own needs:

—To live in a hemisphere lifted by progress, not torn by hatreds;

—To insure that the millions of people south of us will lead lives of fulfillment not embittered by frustration and despair; and

—Above all, to recognize that in the great dialogue between the developed and the less developed nations, we cannot find answers anywhere if we do not find them here in the Western Hemisphere.

It is in this spirit that I shall meet my colleagues in Mexico City later this month to deal with the issues posed by them in their Bogotá meeting. We attach particular significance to the fact that the meeting in Mexico City—its substance and its impetus—is the product of Latin American initiative. It is a response to the necessities of the times such as the United States had hoped to achieve with partners elsewhere in the world.

The United States will not come to Mexico City with a program that presumes to have all the answers. Nor will we pretend that our lost opportunities can be remedied by yet another freshly packaged program labeled "Made in the U.S.A." But we shall come with an open mind and, perhaps more importantly, with an open heart. We are at a moment of truth, and we shall speak the truth.

We know that our neighbors are worried about the blackmail of the strong. We want them to know that we are sympathetic to this concern. At the same time, blackmail is no

more acceptable from any other source. We need each other. So let us all seek solutions free of pressure and confrontation, based on reciprocity and mutual respect. In Mexico City we can but lay the foundations for the future. But building upon what we achieve in Mexico City we can, over the months and years ahead, erect an edifice of true partnership, real trust, and fruitful collaboration.

Thus we approach the meeting in Mexico with but one prejudice: a profound belief that the Americas, too, have arrived at a moment of basic choice, a time of decision between fulfillment together and frustration apart. Our choice will be found in the answers we give to these critical questions:

—Can we make our diversity a source of strength, drawing on the richness of our material and moral heritage?

—In short, can the countries of Latin America, the Caribbean, and the United States, each conscious of its own identity, fashion a common vision of the world and of this hemisphere—not just as they are, but as they are becoming and as we feel they should be—so that we can move together toward the achievement of common goals?

We will conduct the broader dialogue we have all set for ourselves in Mexico City with the same commitment to reciprocity, the same consideration of each other's interests, that marked the negotiations between the United States and Panama.

For centuries men everywhere have seen this hemisphere as offering mankind the chance to break with their eternal tragedies and to achieve their eternal hopes. That was what was new about the New World. It was the drama of men choosing their own destinies.

An American poet has written:

We shall not cease from exploration  
And the end of all our exploring  
Will be to arrive where we started  
And know the place for the first time.

Panama and the United States have now begun this exploration. Our sister republics can make the same choice. Our creativity, our energy, and our sense of community will be on trial. But if we are equal to the oppor-

tunity, we will indeed arrive where we started—a hemisphere which again inspires the world with hope by its example. Then we shall indeed know the place for the first time, because for the first time we shall truly have fulfilled its promise.

#### TEXT OF JOINT STATEMENT

JOINT STATEMENT BY THE HONORABLE HENRY A. KISSINGER, SECRETARY OF STATE OF THE UNITED STATES OF AMERICA, AND HIS EXCELLENCY JUAN ANTONIO TACK, MINISTER OF FOREIGN AFFAIRS OF THE REPUBLIC OF PANAMA, ON FEBRUARY 7, 1974 AT PANAMA

The United States of America and the Republic of Panama have been engaged in negotiations to conclude an entirely new treaty respecting the Panama Canal, negotiations which were made possible by the Joint Declaration between the two countries of April 3, 1964, agreed to under the auspices of the Permanent Council of the Organization of American States acting provisionally as the Organ of Consultation.<sup>1</sup> The new treaty would abrogate the treaty existing since 1903 and its subsequent amendments, establishing the necessary conditions for a modern relationship between the two countries based on the most profound mutual respect.

Since the end of last November, the authorized representatives of the two governments have been holding important conversations which have permitted agreement to be reached on a set of fundamental principles which will serve to guide the negotiators in the effort to conclude a just and equitable treaty eliminating, once and for all, the causes of conflict between the two countries.

The principles to which we have agreed, on behalf of our respective governments, are as follows:

1. The treaty of 1903 and its amendments will be abrogated by the conclusion of an entirely new interoceanic canal treaty.

<sup>1</sup> For text of the joint declaration, see BULLETIN of Apr. 27, 1964, p. 658.

2. The concept of perpetuity will be eliminated. The new treaty concerning the lock canal shall have a fixed termination date.

3. Termination of United States jurisdiction over Panamanian territory shall take place promptly in accordance with terms specified in the treaty.

4. The Panamanian territory in which the canal is situated shall be returned to the jurisdiction of the Republic of Panama. The Republic of Panama, in its capacity as territorial sovereign, shall grant to the United States of America, for the duration of the new interoceanic canal treaty and in accordance with what that treaty states, the right to use the lands, waters and airspace which may be necessary for the operation, maintenance, protection and defense of the canal and the transit of ships.

5. The Republic of Panama shall have a just and equitable share of the benefits derived from the operation of the canal in its territory. It is recognized that the geographic position of its territory constitutes the principal resource of the Republic of Panama.

6. The Republic of Panama shall participate in the administration of the canal, in accordance with a procedure to be agreed upon in the treaty. The treaty shall also provide that Panama will assume total responsibility for the operation of the canal upon the termination of the treaty. The Republic of Panama shall grant to the United States of America the rights necessary to regulate the transit of ships through the canal and operate, maintain, protect and defend the canal, and to undertake any other specific activity related to those ends, as may be agreed upon in the treaty.

7. The Republic of Panama shall participate with the United States of America in the protection and defense of the canal in accordance with what is agreed upon in the new treaty.

8. The United States of America and the Republic of Panama, recognizing the important services rendered by the interoceanic Panama Canal to international maritime traffic, and bearing in mind the possibility that the present canal could become inadequate for said traffic, shall agree bilaterally

on provisions for new projects which will enlarge canal capacity. Such provisions will be incorporated in the new treaty in accord with the concepts established in principle 2.

## **Soviet Foreign Minister Gromyko Visits Washington**

*Following is the text of a communique issued on February 5 at the conclusion of a visit to Washington by Andrei A. Gromyko, Minister of Foreign Affairs of the U.S.S.R.*

*White House press release dated February 5*

At the invitation of the United States Government, Andrei A. Gromyko, member of the Politburo of the CPSU [Communist Party of the Soviet Union] Central Committee and Minister of Foreign Affairs of the USSR, visited Washington, D.C., from February 3 to February 5, 1974. During his visit he held talks with President Nixon and Secretary of State Henry Kissinger.

Also taking part in the talks were:

### *On the American side:*

Under Secretary-designate for Political Affairs Joseph Sisco; Counselor of the Department of State Helmut Sonnenfeldt; Assistant Secretary for European Affairs Arthur Hartman; Ambassador-designate to the USSR Walter Stoessel.

### *On the Soviet side:*

Ambassador to the United States, A. F. Dobrynin; Member of the Collegium of the Foreign Ministry of the USSR G. M. Korniyenko; Assistant to the Foreign Minister of the USSR V. G. Makarov; and Y. M. Vorontsov, Minister-Counsellor of the Soviet Embassy.

In accordance with the understandings

reached in May 1972 and June 1973 that the practice of consultations between the two countries should continue, an exchange of views took place on a number of subjects of mutual interest.

Both sides reaffirmed their determination to continue developing their relations along the lines established during President Nixon's visit to the Soviet Union in 1972 and General Secretary Brezhnev's visit to the United States in 1973 and reflected in the agreements concluded on those occasions.

In reviewing their bilateral relations, the two Sides discussed questions relating to the further limitation of strategic arms and prospects for the development of trade and economic relations between the two countries, as well as other pertinent matters. They expressed their agreement on the desirability of achieving progress in these and other areas.

The two Sides also held discussions on a number of current international topics.

Special attention was devoted to the Middle East. Both Sides attached particular importance to their special role at the Geneva conference, the need for a peaceful Middle East settlement and for progress toward that end within the framework of the Geneva Peace Conference.

In exchanging views on the Conference on Security and Cooperation in Europe, both Sides agreed that the Conference should reach a successful conclusion as soon as possible. The question of mutual force reduction in Central Europe was touched on.

The exchange of views was conducted in a businesslike and constructive manner and was considered useful by both Sides.

It was agreed that Secretary Kissinger will visit Moscow in the second half of March 1974 in connection with preparations for the visit to the Soviet Union of President Nixon, which will take place this year in accordance with the agreement reached in June 1973.

Q: Mr. President, the Congress has indicated concern about the Panama Canal, which was evidenced by the act of the House to cut off any funds for negotiations. Are you negotiating for new arrangements on Panama? And, if so, what is the effect of the House action on these negotiations?

A: Negotiations in reference to the Canal go back for several Administrations. In fact, they were originally instituted under President Johnson, and have been carried on since their initiation. The negotiations cover a broad range of subjects in reference to the Canal, including such questions as changes in the fee schedules.

I don't think the manner in which the House proceeded is the way to address a question of this type. I cannot say what present negotiations will produce, but I do not foresee any substantial change in our overall sovereignty rights.

In any event, the negotiations will have to come to me for consideration before submitting them to the Congress. The Senate, in its role of reviewing treaty-making powers, will have an opportunity to pass on them in addition to the other review that will require Congressional action.

JOM/dl/7-8-75



Panama Canal

September 2, 1975

MEMORANDUM FOR: JACK MARSH  
FROM: RUSS ROURKE

Jack, FYI, Bill Kendall advises that Harry Byrd will not offer his Panama Canal Amendment tomorrow. He will await the return of Ambassador Bunker to see what further light Bunker might shed on the subject.

RAR/dl





Panama Canal

THE WHITE HOUSE  
WASHINGTON

Jack -

An adequate  
letter - I only wish  
it didn't take 7  
weeks to prepare -

R.

Oh!  
gm

called  
Jankas  
9/10  
10:38  
ce

SEP 8 1975

NATIONAL SECURITY COUNCIL

September 8, 1975

TO: JACK MARSH

FROM: LES JANKA



May I have your comments and concurrence on the attached draft Presidential response. Thanks.

① Les Jans  
② Tard Thies

Dear Strom:

I wanted to respond to your letter of July 24 regarding press reports of statements by several of our Ambassadors concerning our policies with respect to the Panama Canal negotiations and OAS sanctions against Cuba.

The remarks attributed to Ambassador Mailliard in the Washington Post, and to which you referred, were in keeping with the position which the United States adopted on the question of Organization of American States sanctions against Cuba at the recent San Jose Conference. The U.S. position on the resolution which permits each Rio Treaty member freedom to determine its bilateral relations with Cuba in accordance with its own national interests was based on considerations relating to our overall interests in the Western Hemisphere, including the importance of maintaining the Rio Treaty as an effective instrument in our Hemispheric security arrangements. Passage of that resolution, however, does not terminate United States bilateral sanctions against Cuba, which remain in effect.

~~The San Jose Conference itself represented the culmination of over a year's work by the OAS Special Committee to draw up a draft Protocol of Amendment to the Rio Treaty. During that process we had joined with the overwhelming majority of Treaty members in agreeing to modifying the voting provisions relating to the lifting of sanctions in general. Experience has shown that when extraordinary measures~~

which have been imposed lose majority support among the members, they cease to be effective instruments and their maintenance against the will of the majority creates divisiveness which weakens the entire system and the integrity of the Rio Treaty itself. Our vote on the Cuba sanctions thus was consistent with the more general position we had earlier adopted with regard to voting provisions for termination of sanctions.

You also inquired about the position on Panama. As you know, negotiations with Panama regarding the Canal were initiated during the Administration of President Johnson and have continued under every Administration since then. They are proceeding with the goal of reaching an agreement which would accommodate the needs of both nations while protecting our basic interests in the defense and operation of the Canal. I certainly share your view that the vital United States interests in the Canal must be protected, and I assure you I have no intention of proposing to Congress any agreement with Panama which in my judgment would not do so. There are difficult questions remaining to be discussed. Any treaty which may be agreed upon will, of course, be submitted to the Senate where you and the other members will have full opportunity to review it under the advice and consent procedures.

I appreciate knowing of your concerns on these important matters.

Sincerely,

The Honorable Strom Thurmond  
United States Senate  
Washington, D.C. 20510

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# United States Senate

COMMITTEE ON ARMED SERVICES

WASHINGTON, D.C. 20510

T. EDWARD BRASWELL, JR., CHIEF COUNSEL AND STAFF DIRECTOR

July 24, 1975

The President  
The White House  
Washington, D.C. 20500

Dear Mr. President:

MF  
I would like to bring to your attention recent news reports concerning efforts made by United States Ambassadors to promote a conception of foreign policy in instances when such a conception does not necessarily appear to be official policy.

Specifically, I refer to a San Francisco Chronicle article of June 19, 1975, entitled "Mailliard Urges U.S. to Cede Panama Canal." Furthermore, a report of more recent date can be found in a Washington Post article of July 17, 1975, "OAS Session Opens, With U.S. Changing Stance on Cuba," and a brief paragraph in the Periscope section of the July 28, 1975, Newsweek magazine entitled "Panama Hassle."

A brief perusal of these reports reveals that our Ambassadors, whose job it is to implement our Government's policies, are in fact advocating policies which have not been stated as such.

I have two thoughts I wish to convey to you on this.

First, such advocacy, when done publicly, as it has been, creates certain expectations in the countries involved. Should these policies not be implemented, and the expectations not be fulfilled, a climate of frustration and friction between our nation and the other nations involved may occur. Clearly, it makes little sense to set in motion this probable chain of events. Therefore, these Ambassadors should cease publicly advocating policies representing a particular viewpoint unless such policies are official.

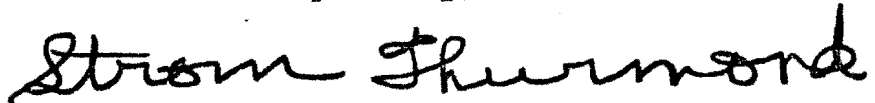
Furthermore, a number of Congressional actions regarding the Panama Canal illustrate that a national policy has by no means been arrived at. The House of Representatives has voted to deny funding to the U.S. negotiating team on the Panama Canal. Senate Resolution 97, sponsored by myself and co-sponsored by 37 other Senators would, if passed, express the Senate's refusal to accept any change in the territorial status of the Canal Zone. As you know, I feel that any such change would be profoundly adverse to the interest of our Nation.

The President  
Page 2  
July 24, 1975

Secondly, I am curious as to the Administration's position with regard to our National policy concerning both the Panama Canal Zone and the ending of the OAS embargo on Cuba. If Ambassador Mailliard and Ambassador Jordan are acting on your behalf, I would appreciate being informed of these apparent changes in Administration policy. In my opinion, these actions represent an unnecessary provocation and do little to further the cause of international peace and stability.

With kindest personal regards,

Respectfully,

A handwritten signature in cursive script that reads "Strom Thurmond". The signature is written in dark ink and is positioned above the printed name.

Strom Thurmond

ST/yt

September 13, 1975

MEMORANDUM FOR: MAX FRIEDERSDORF  
FROM: JACK MARSH

Can you have someone touch base with Jack Odgaard in Senator Curtis' Office on the status of the Panama Canal matter?

Don Shasteen called on behalf of Senator Curtis and because of Senator Curtis' leadership role, has been receiving inquiries. They think there has been some contact by Administration officials with Harry Byrd on a possible new treaty. I believe this is the result of a visit by Deputy Secretary Clements with Byrd to report on Clements' trip to Panama. Pat or Bill should do this on Monday.

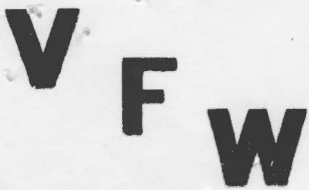
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# Reassuring a Wary Canal Zone

*Jeers Greet U.S. Aide's Explanation of Panama Talks*





VETERANS OF FOREIGN WARS OF THE UNITED STATES

NATIONAL SECURITY AND FOREIGN AFFAIRS

Office of Director

TO: NATIONAL OFFICERS, NATIONAL COUNCIL OF ADMINISTRATION,  
PAST COMMANDERS-IN-CHIEF, DEPARTMENT COMMANDERS,  
DEPARTMENT ADJUTANTS, V.F.W. PUBLICATIONS

FROM: F. P. JONES, COL., USA (RET.), DIRECTOR  
NATIONAL SECURITY AND FOREIGN AFFAIRS

DATE: 25 SEPTEMBER 1975

SUBJECT: THE UNITED STATES CANAL ON THE ISTHMUS OF PANAMA:  
THE SHOWDOWN APPROACHES

1a. The battle is now clearly joined between those who would cede our Canal to the Panamanians and those who would not.

b. The ideological "Bobbsey Twins" of the trendy left-of-center, the New York Times, and the Washington Post, have fired their howitzers in support of the giveaway: (1) a September 5th Sol Linowitz article in the Post advancing the "tinderbox" argument; ie, unless we give away a responsibly-managed American enterprise to the Panamanians, irate Panamanians will sabotage the canal; and (2) a lead editorial in the Times claiming a "breakthrough" in the negotiations in that the Pentagon now supports the Administration's negotiating position. (Recalling the last time the New York Times cited the Pentagon in a favorable context on anything is more a challenge to nostalgia freaks than a chore for modern historians.)

c. During this intra-mural U. S. debate, Panamanian strongman, General Omar Torrijos, has been depicted by the U. S. giveaway clique as a sensible man-of-the-center restraining his hot-blooded followers while being committed to rational dialogue with the United States. (Believe this and you'd view the "Happy Hooker" as a good-natured basketball player.) The facts are that Torrijos, the product of a coup d' etat: (1) deposed Panama's last freely-elected President; (2) has orchestrated a bitterly anti-American campaign to include an abortive UN Security Council meeting in Panama City, and has, in his latest gambits (3) sought to close U. S. Canal Zone schools via UNESCO pressure while re-directing Panama's export of bananas from the U. S. to China and Bulgaria.



2a. The V.F.W. position on America's Canal is embodied in a telegram our Chief furnished to all U. S. Senators on July 23rd. Text of this telegram follows:

"Call upon you as a United States Senator to join with your colleagues, led by Senator Thurmond (S.C.) and Senator Byrd (Va.), who have already gone on clear record to keep the United States Canal, located on the Isthmus of Panama, an American enterprise without caveat, quibble or equivocation.

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"-- U. S. stewardship of the Canal has, since 1914, been a task well and fairly done to the benefit of the entire world shipping community;

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"-- Panamanian threats of violence -- with attendant and sympathetic U. S. television and press coverage -- is unvarnished international blackmail."

b. Replies received from Senators have been overwhelmingly favorable to the V.F.W. position, and, in no case, has any reply given evidence of outright hostility. Illustrative excerpts from Senatorial replies follow:

(1) Senator Jesse Helms, North Carolina: "It seems incredible, doesn't it, that any American official would be seriously considering giving away such a vitally strategic possession of the United States as the Panama Canal.

"After having given away our nuclear superiority, our wheat, our technology, our production capacity and our money, Secretary Kissinger has now graduated to giving away our territory itself. The Panama Canal Zone is ours, bought and paid for as indisputably as the Louisiana Purchase, or California or Alaska.

"You may be sure I will do everything in my power to prevent this unconscionable giveaway."

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"The canal is vital to our national security and the defense of the hemisphere. It has served as a major link in our chain of defenses in two world wars, the Korean war, the Cuban crisis, and the Vietnam war, because it provides the shortest and easiest route for flexible deployment of military forces and material.

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"Given the radically left-wing trend of present Panamanian politics, and the enmity growing in Panama against the United States, renunciation of U. S. sovereignty over the Canal Zone would place our nation's security and economy in jeopardy. Please be assured that I will continue to work to preserve the sovereignty over the Canal Zone, as will several of my colleagues in both the Senate and the House of Representatives."

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"While I can certainly understand the nationalistic movement in Panama to gain control of the vital canal territory, I believe our own defense and economic interests are such that we should insist on maintaining our present status there. I appreciate the benefit of your personal thoughts and support in that regard, and look forward to hearing from you further on this important matter over the months ahead."

(14) Senator J. Glenn Beall, Jr., Maryland: "You will be pleased to know that on March 4, 1975 I joined in cosponsoring S. Res. 97 which states that 'the Government of the United States should maintain and protect its sovereign rights and jurisdiction over the canal and zone, and should in no way cede, dilute, forfeit, negotiate, or transfer any of these sovereign rights, power, authority, jurisdiction, territory or property that are indispensably necessary for the protection and security of the United States and the entire Western Hemisphere.'"

(15) Senator Ted Stevens, Alaska: "I appreciate knowing the views of the Veterans of Foreign Wars of the U. S. on this very important matter, and will keep them in mind as the Senate considers legislation that concerns the Panama Canal."

(16) Senator Lloyd Bentsen, Texas: "The treaty negotiations are still underway so it is impossible to know at this time its final terms. Whether or not I support it will depend on how good a job I believe our negotiators have done in protecting the best interests of the U. S. I am concerned that U. S. access to the Canal be assured and that the Canal continues to be available to the world's commercial vessels. I will not support any new treaty which does not contain these safeguards."

(17) Senator J. Bennett Johnston, Louisiana: "I share your concern about maintaining U. S. security and on March 4, 1975 joined several of my colleagues in co-sponsoring S. Res. 97, expressing the sense of the Senate that American interests would best be served if this country retained possession of the canal. I am hopeful that a majority of the Senators will concur with this measure in the event a new treaty is submitted to the Senate for ratification."

(18) Senator Sam Nunn, Georgia: "I have joined Senator Thurmond, Senator McClellan and others in co-sponsoring a Senate Resolution which stresses that the United States Government should maintain and protect the Panama Canal and Canal Zone. In my view, the U. S. right to maintain defense forces adequate to protect the Canal and to keep it open for transportation is the minimum essential of any agreement. Although Secretary of State Kissinger and Panamanian Officials have signed a Joint Statement of Principles that is to serve as a basis for a new treaty, any such treaty must come before the Senate for ratification. I believe we can make some adjustments in the Canal Zone without jeopardizing essential security requirements, but I will carefully examine any proposed agreement in this light."

(19) Senator William Proxmire, Wisconsin: "According to the Constitution, both the House and Senate would have to ratify such a treaty. I agree that we should not relinquish control over the Panama Canal. We should maintain ultimate managerial control, operation and defense responsibility for the Canal.

"Should a treaty with Panama be sent to the Senate for consideration, you can be sure I will do my best to see that the interests of the United States are protected."

(20) Senator John L. McClellan, Arkansas: "You will be pleased to know that I am a co-sponsor of S. Res. 97, urging the retention of undiluted U. S. sovereignty over the Panama Canal Zone."

(21) Senator Hugh Scott, Pennsylvania: "I have personally talked with Secretary Kissinger and Ambassador Ellsworth Bunker about the Canal negotiations and have been told that these officials are confident that an accommodation can be reached which will meet the reasonable aspirations of Panama while at the same time safeguarding our own vital interest on both the Canal and the Zone.

"You must rest assured that all of us in Congress will closely study any treaty sent to us for our advice and consent and will not ratify it if we find it weakens our position in that area."

(22) Senator Dale Bumpers, Arkansas: "I plan to keep an open mind on this issue if and when the treaty comes to the Senate for ratification. It will undoubtedly be controversial, and I want to be fully informed before I decide."

(23) Senator Charles Percy, Illinois: "I do not intend to make statements about the Panama Canal treaty now under negotiation until I know the terms of that treaty. I would not support a surrender of the Canal, but I can support changes in the treaty which are in some ways unfair to the Panamanians."

"I do intend to speak out on the subject when the treaty is made public and the Senate Foreign Relations Committee has had the opportunity to study it. It is simply too early to comment on terms which are not resolved."

"I did consult personally as recently as May 12, 1975 with Admiral Holloway, Chief of Naval Operations and a member of the Joint Chiefs of Staff, whose advice on the treaty I would seek before approving a treaty change."

(24) Senator Robert Taft, Jr., Ohio: "I have long felt that the defense of the Panama Canal is a priority matter of concern for the United States, and I believe that any new arrangement must take that concern into account."

"You may be assured that I will review critically any proposal which would yield rights akin to sovereignty. To do so would seem to me to put us in a weaker position both from the point of view of public opinion and international law."

(25) Senator John Glenn, Ohio: "Final negotiations must recognize these changing circumstances since the original agreement was concluded in 1903, but we must also protect our interests in continued use of the Canal without interference. I would not support any proposal that could allow any foreign government to prevent us from using the Canal for shipping and transit as we have in the past."

"I hope the negotiations proposed by Secretary of State Kissinger proceed as outlined above, and you can be assured that I will be watching this issue very closely."

(26) Senator Paul Fannin, Arizona: "Because of your interest in the treaty negotiations over the future administration of the Panama Canal and Canal Zone, I am enclosing a copy of a statement I delivered in the Senate calling for retention of United States sovereignty in the Canal Zone."

(27) Senator Thomas F. Eagleton, Missouri: "I am following the course of the U. S. - Panama negotiations very closely. I cannot, of course, comment on the specifics of any new treaty until a final version has been drafted. You may be sure that I will scrutinize any agreement submitted to the Senate on the Canal and that full hearings will be held before any action is taken."

(28) Senator Bob Packwood, Oregon: "If and when a new treaty is formulated, it will be submitted to the Senate, as well as to the government of Panama, for ratification. At this point, it is not clear that the number of votes required for approval of the new treaty exist in either body."

(29) Senator Warren G. Magnuson, Washington: "I want to assure you that I share your deep concern over the state of affairs in Panama. Should any treaty be referred to the Senate with respect to the Panama Canal, I intend to study it with great care to insure that the safety and security of the United States are fully protected. I am keeping your mailgram on file for use at that time and I want to thank you very much for sharing your views with me on this extremely critical matter."

(30) Senator John Tower, Texas: "I have joined in sponsoring a resolution that would call upon the President to retain undiluted sovereignty over the Canal Zone. It is my hope that this resolution will impress upon the President the earnest desire of the American people that the United States continue to protect her interests in Panama."

(31) Senator Robert Morgan, North Carolina: "The future of the Panama Canal, which will be controlled by the terms of this treaty, is very important to the United States. I am presently co-sponsoring a bill in the Senate to prohibit the United States government from turning over the Panama Canal Zone to the Panamanian government."

(32) Senator Edward Kennedy, Massachusetts: "Thus, the question of a revision of the current treaty affects far more than simply who controls the Panama Canal. I am sure that any revision would be undertaken with a clear recognition that our dominant consideration must be the security interests of the U. S. You can be sure that I will examine, with attention to the concerns you have expressed, any proposed treaty sent to the Senate for ratification and you can be sure my vote will be based on whether or not such a treaty is in the best interests of our country."

(33) Senator Howard Cannon, Nevada: "You will be pleased to know that I have added my name to the list of co-sponsors to Senator Thurmond's resolution maintaining United States sovereignty over the Panama Canal."

(34) Senator James B. Allen, Alabama: "Please rest assured that should the Ford Administration send a treaty to the Senate which proposes to relinquish U. S. control and sovereignty over the Panama Canal Zone, I shall fight with every power at my command to prevent Senate ratification of such a treaty."



(35) Senator Milton R. Young, North Dakota: "I thought you would be interested to know I am a co-sponsor of a 'Sense of the Senate' resolution which calls for the continued sovereignty of the United States over the Canal Zone. This resolution is currently pending in the Senate Foreign Relations Committee. I would be vehemently opposed to relinquishing control of the Canal which is so vital to our military and economic needs."

(36) Senator John Stennis, Mississippi: "Negotiation of the proposed new treaties, Mr. President, has met substantial opposition in the Congress, the Department of Defense, and many interested groups in this country. Recognizing that the approval of any new treaties will require a two-thirds vote of the Senate, I hope the State Department will go very slowly in its negotiations, and will consider carefully before reaching any final agreement. While improved relations with Panama are possible under the existing treaty I do not think, at this time that we can surrender the rights and status which presently exist."

"I shall pursue this matter further with the utmost interest. It is clear to me that we are such a vital and necessary force in the free world, our problems will not quickly disappear and could well increase during the next decade."

(37) Senator Strom Thurmond, South Carolina: "I certainly appreciate your support of Senate Resolution 97 which opposes any reduction in United States control over the Panama Canal Zone. As you may be aware, S. Res. 97 was sponsored by 38 Senators. This is a clear indication that the Senate would not be inclined to ratify any treaty which reduces United States sovereignty in the Canal Zone."

(38) Senator William D. Hathaway, Maine: "However, please be assured that I shall keep your views in mind on S. Res. 97 and on the Byrd Amendment should this proposed legislation reach the floor of the Senate for consideration. Again, thank you for taking the time to contact my office."

(39) Senator Quentin N. Burdick, North Dakota: "Please be assured that if and when a new treaty is submitted to the Senate for ratification I will study it very closely with your recommendation in mind."

"Thank you again for sharing your concerns with me."

(40) Senator Charles McC. Mathias, Jr., Maryland: "It is my firm belief that any new treaty should be based on common interests and mutual beliefs with a view toward the protection of American rights and the security of the Western Hemisphere."

(41) Senator Dewey F. Bartlett, Oklahoma: "Both in the 93rd and 94th Congress, I have co-sponsored resolutions expressing the sense of the Senate that the United States continue to exercise sovereignty over the Canal. I am optimistic that there is enough support to defeat any proposed treaty which might end U. S. control."

(42) Senator Herman E. Talmadge, Georgia: "I agree with you completely. I cosponsored last year and am cosponsoring this year a resolution expressing the sense of the Senate that undiluted United States sovereignty over the Canal Zone should continue."

(43) Senator Ernest F. Hollings, South Carolina: "Many thanks for your mailgram. I supported the Thurmond Resolution last year and am once again a co-sponsor this year. I have long been convinced that the Panama Canal is of vital strategic and commercial importance to the well-being of the United States, and I want to assure you I will be doing everything I can to avoid surrendering our control over that very vital waterway."

(44) Senator Howard H. Baker, Jr., Tennessee: "In my judgment, it is essential that any new treaty contain adequate provisions concerning America's role in operating and defending the Canal and providing for the protection of the rights and property of American citizens."

(45) Senator Richard Stone, Florida: "I am strongly opposed to any compromise of United States sovereignty and jurisdiction over the Panama Canal Zone and will vote against any proposed treaty submitted to the Senate which would bring about such a result. One of my first actions as a United States Senator was to add my name as a sponsor of a Senate Resolution expressing opposition to diluting American sovereignty over the Canal Zone.

"Let me assure you of my determination to do whatever I can as a United States Senator to assure continued American sovereignty over this strategic territory."

(46) Senator Bill Brock, Tennessee: "The United States entered negotiations with Panama to replace the 1903 Treaty and establish a more modern and mutually acceptable relationship between our two countries. If I determine that the treaty resulting from the current negotiations is unsatisfactory in light of our interests and security, I will oppose it when it comes to the Senate for ratification."

3. In sum:

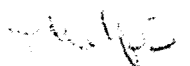
(a) Since August, 1914, the United States Canal on the Isthmus of Panama has been responsibly operated and defended to the benefit of the U. S., the international shipping community, Panama, Central America, and Latin America;

(b) The "giveaway" clique has fallen back on (1) implied blackmail ("unless we give it to the Panamanians, they may blow it up"), (2) self-fulfilling prophecy (forecasts of Vietnam-like guerrilla warfare), and, (3) self-inflicted descriptions of "colonialism."

(c) What we don't hear is that the closure of the Canal can be expected to produce the following increases in cost as estimated by the Maritime Administration of the U. S. Department of Commerce: (1) a 71% increase in the average annual consumption of fuel by carriers of U. S. foreign trade; (2) a 31-day increase in average shipping time; (3) a \$932 million increase in the yearly total delivered price of all exports; (4) a \$583 million increase in the yearly total delivered price of all imports. We also don't hear that surrendering U. S. jurisdiction of the Canal Zone would compromise U. S. naval strength by yielding the connecting link between the U. S. Pacific Fleet and the Atlantic battle force.

4. The showdown on the Canal is fast approaching. Let no one doubt where 1.8 million members of the V.F.W. stand. As Chief Thomas C. "Pete" Walker put it: "the canal will remain American without any ifs, ands, or buts."

Cordially in comradeship,

  
F. P. Jones, Col., USA (Ret.), Director  
National Security and Foreign Affairs

FPJ/mmt

THE WHITE HOUSE  
WASHINGTON

October 1, 1975

MEMORANDUM FOR: JACK MARSH

FROM:

TED MARRS *ed*

The attached paper contains written comments from key members of Congress in regard to Panama Canal issue.

You will find these interesting and probably useful.

*R*  
*1 - Send to NSC*  
*2 - Keep available*  
*3 - Send to [unclear] done*

October 8

THE WHITE HOUSE  
WASHINGTON

TO: BRENT SCOWCROFT  
FROM: JOHN O. MARSH, JR.,

\_\_\_\_\_ For Direct Reply

\_\_\_\_\_ For Draft Response

XX For Your Information

\_\_\_\_\_ Please Advise

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## NATIONAL SECURITY AND FOREIGN AFFAIRS

Office of Director

TO: NATIONAL OFFICERS, NATIONAL COUNCIL OF ADMINISTRATION,  
PAST COMMANDERS-IN-CHIEF, DEPARTMENT COMMANDERS,  
DEPARTMENT ADJUTANTS, V.F.W. PUBLICATIONS

FROM: F. P. JONES, COL., USA (RET.), DIRECTOR  
NATIONAL SECURITY AND FOREIGN AFFAIRS

DATE: 25 SEPTEMBER 1975

SUBJECT: THE UNITED STATES CANAL ON THE ISTHMUS OF PANAMA:  
THE SHOWDOWN APPROACHES

1a. The battle is now clearly joined between those who would cede our Canal to the Panamanians and those who would not.

b. The ideological "Bobbsey Twins" of the trendy left-of-center, the New York Times, and the Washington Post, have fired their howitzers in support of the giveaway: (1) a September 5th Sol Linowitz article in the Post advancing the "tinderbox" argument; ie, unless we give away a responsibly-managed American enterprise to the Panamanians, irate Panamanians will sabotage the canal; and (2) a lead editorial in the Times claiming a "breakthrough" in the negotiations in that the Pentagon now supports the Administration's negotiating position. (Recalling the last time the New York Times cited the Pentagon in a favorable context on anything is more a challenge to nostalgia freaks than a chore for modern historians.)

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"For that reason, you will be reassured to learn that I have joined 26 other Senators in cosponsoring a Resolution which declares that our country should 'in no way cede, dilute, forfeit, negotiate or transfer any of the sovereign rights, power, authority, jurisdiction, territory or property' involving the Canal Zone. Any effort to the contrary would thus presumably fall short of the margin stipulated for ratification...

"While I can certainly understand the nationalistic movement in Panama to gain control of the vital canal territory, I believe our own defense and economic interests are such that we should insist on maintaining our present status there. I appreciate the benefit of your personal thoughts and support in that regard, and look forward to hearing from you further on this important matter over the months ahead."

(14) Senator J. Glenn Beall, Jr., Maryland: "You will be pleased to know that on March 4, 1975 I joined in cosponsoring S. Res. 97 which states that 'the Government of the United States should maintain and protect its sovereign rights and jurisdiction over the canal and zone, and should in no way cede, dilute, forfeit, negotiate, or transfer any of these sovereign rights, power, authority, jurisdiction, territory or property that are indispensably necessary for the protection and security of the United States and the entire Western Hemisphere.'"

(15) Senator Ted Stevens, Alaska: "I appreciate knowing the views of the Veterans of Foreign Wars of the U. S. on this very important matter, and will keep them in mind as the Senate considers legislation that concerns the Panama Canal."

(16) Senator Lloyd Bentsen, Texas: "The treaty negotiations are still underway so it is impossible to know at this time its final terms. Whether or not I support it will depend on how good a job I believe our negotiators have done in protecting the best interests of the U. S. I am concerned that U. S. access to the Canal be assured and that the Canal continues to be available to the world's commercial vessels. I will not support any new treaty which does not contain these safeguards."

(17) Senator J. Bennett Johnston, Louisiana: "I share your concern about maintaining U. S. security and on March 4, 1975 joined several of my colleagues in co-sponsoring S. Res. 97, expressing the sense of the Senate that American interests would best be served if this country retained possession of the canal. I am hopeful that a majority of the Senators will concur with this measure in the event a new treaty is submitted to the Senate for ratification."

(18) Senator Sam Nunn, Georgia: "I have joined Senator Thurmond, Senator McClellan and others in co-sponsoring a Senate Resolution which stresses that the United States Government should maintain and protect the Panama Canal and Canal Zone. In my view, the U. S. right to maintain defense forces adequate to protect the Canal and to keep it open for transportation is the minimum essential of any agreement. Although Secretary of State Kissinger and Panamanian Officials have signed a Joint Statement of Principles that is to serve as a basis for a new treaty, any such treaty must come before the Senate for ratification. I believe we can make some adjustments in the Canal Zone without jeopardizing essential security requirements, but I will carefully examine any proposed agreement in this light."

(19) Senator William Proxmire, Wisconsin: "According to the Constitution, both the House and Senate would have to ratify such a treaty. I agree that we should not relinquish control over the Panama Canal. We should maintain ultimate managerial control, operation and defense responsibility for the Canal.

"Should a treaty with Panama be sent to the Senate for consideration, you can be sure I will do my best to see that the interests of the United States are protected."

(20) Senator John L. McClellan, Arkansas: "You will be pleased to know that I am a co-sponsor of S. Res. 97, urging the retention of undiluted U. S. sovereignty over the Panama Canal Zone."

(21) Senator Hugh Scott, Pennsylvania: "I have personally talked with Secretary Kissinger and Ambassador Ellsworth Bunker about the Canal negotiations and have been told that these officials are confident that an accommodation can be reached which will meet the reasonable aspirations of Panama while at the same time safeguarding our own vital interest on both the Canal and the Zone.

"You must rest assured that all of us in Congress will closely study any treaty sent to us for our advice and consent and will not ratify it if we find it weakens our position in that area."

(22) Senator Dale Bumpers, Arkansas: "I plan to keep an open mind on this issue if and when the treaty comes to the Senate for ratification. It will undoubtedly be controversial, and I want to be fully informed before I decide."

(23) Senator Charles Percy, Illinois: "I do not intend to make statements about the Panama Canal treaty now under negotiation until I know the terms of that treaty. I would not support a surrender of the Canal, but I can support changes in the treaty which are in some ways unfair to the Panamanians.

"I do intend to speak out on the subject when the treaty is made public and the Senate Foreign Relations Committee has had the opportunity to study it. It is simply too early to comment on terms which are not resolved.

"I did consult personally as recently as May 12, 1975 with Admiral Holloway, Chief of Naval Operations and a member of the Joint Chiefs of Staff, whose advice on the treaty I would seek before approving a treaty change."

(24) Senator Robert Taft, Jr., Ohio: "I have long felt that the defense of the Panama Canal is a priority matter of concern for the United States, and I believe that any new arrangement must take that concern into account.

"You may be assured that I will review critically any proposal which would yield rights akin to sovereignty. To do so would seem to me to put us in a weaker position both from the point of view of public opinion and international law."

(25) Senator John Glenn, Ohio: "Final negotiations must recognize these changing circumstances since the original agreement was concluded in 1903, but we must also protect our interests in continued use of the Canal without interference. I would not support any proposal that could allow any foreign government to prevent us from using the Canal for shipping and transit as we have in the past.

"I hope the negotiations proposed by Secretary of State Kissinger proceed as outlined above, and you can be assured that I will be watching this issue very closely."

(26) Senator Paul Fannin, Arizona: "Because of your interest in the treaty negotiations over the future administration of the Panama Canal and Canal Zone, I am enclosing a copy of a statement I delivered in the Senate calling for retention of United States sovereignty in the Canal Zone."

(27) Senator Thomas F. Eagleton, Missouri: "I am following the course of the U. S. - Panama negotiations very closely. I cannot, of course, comment on the specifics of any new treaty until a final version has been drafted. You may be sure that I will scrutinize any agreement submitted to the Senate on the Canal and that full hearings will be held before any action is taken."

(28) Senator Bob Packwood, Oregon: "If and when a new treaty is formulated, it will be submitted to the Senate, as well as to the government of Panama, for ratification. At this point, it is not clear that the number of votes required for approval of the new treaty exist in either body."

(29) Senator Warren G. Magnuson, Washington: "I want to assure you that I share your deep concern over the state of affairs in Panama. Should any treaty be referred to the Senate with respect to the Panama Canal, I intend to study it with great care to insure that the safety and security of the United States are fully protected. I am keeping your mailgram on file for use at that time and I want to thank you very much for sharing your views with me on this extremely critical matter."

(30) Senator John Tower, Texas: "I have joined in sponsoring a resolution that would call upon the President to retain undiluted sovereignty over the Canal Zone. It is my hope that this resolution will impress upon the President the earnest desire of the American people that the United States continue to protect her interests in Panama."

(31) Senator Robert Morgan, North Carolina: "The future of the Panama Canal, which will be controlled by the terms of this treaty, is very important to the United States. I am presently co-sponsoring a bill in the Senate to prohibit the United States government from turning over the Panama Canal Zone to the Panamanian government."

(32) Senator Edward Kennedy, Massachusetts: "Thus, the question of a revision of the current treaty affects far more than simply who controls the Panama Canal. I am sure that any revision would be undertaken with a clear recognition that our dominant consideration must be the security interests of the U. S. You can be sure that I will examine, with attention to the concerns you have expressed, any proposed treaty sent to the Senate for ratification and you can be sure my vote will be based on whether or not such a treaty is in the best interests of our country."

(33) Senator Howard Cannon, Nevada: "You will be pleased to know that I have added my name to the list of co-sponsors to Senator Thurmond's resolution maintaining United States sovereignty over the Panama Canal."

(34) Senator James B. Allen, Alabama: "Please rest assured that should the Ford Administration send a treaty to the Senate which proposes to relinquish U. S. control and sovereignty over the Panama Canal Zone, I shall fight with every power at my command to prevent Senate ratification of such a treaty."

(35) Senator Milton R. Young, North Dakota: "I thought you would be interested to know I am a co-sponsor of a 'Sense of the Senate' resolution which calls for the continued sovereignty of the United States over the Canal Zone. This resolution is currently pending in the Senate Foreign Relations Committee. I would be vehemently opposed to relinquishing control of the Canal which is so vital to our military and economic needs."

(36) Senator John Stennis, Mississippi: "Negotiation of the proposed new treaties, Mr. President, has met substantial opposition in the Congress, the Department of Defense, and many interested groups in this country. Recognizing that the approval of any new treaties will require a two-thirds vote of the Senate, I hope the State Department will go very slowly in its negotiations, and will consider carefully before reaching any final agreement. While improved relations with Panama are possible under the existing treaty I do not think, at this time that we can surrender the rights and status which presently exist."

"I shall pursue this matter further with the utmost interest. It is clear to me that we are such a vital and necessary force in the free world, our problems will not quickly disappear and could well increase during the next decade."

(37) Senator Strom Thurmond, South Carolina: "I certainly appreciate your support of Senate Resolution 97 which opposes any reduction in United States control over the Panama Canal Zone. As you may be aware, S. Res. 97 was sponsored by 38 Senators. This is a clear indication that the Senate would not be inclined to ratify any treaty which reduces United States sovereignty in the Canal Zone."

(38) Senator William D. Hathaway, Maine: "However, please be assured that I shall keep your views in mind on S. Res. 97 and on the Byrd Amendment should this proposed legislation reach the floor of the Senate for consideration. Again, thank you for taking the time to contact my office."

(39) Senator Quentin N. Burdick, North Dakota: "Please be assured that if and when a new treaty is submitted to the Senate for ratification I will study it very closely with your recommendation in mind."

"Thank you again for sharing your concerns with me."

(40) Senator Charles McC. Mathias, Jr., Maryland: "It is my firm belief that any new treaty should be based on common interests and mutual beliefs with a view toward the protection of American rights and the security of the Western Hemisphere."



(41) Senator Dewey F. Bartlett, Oklahoma: "Both in the 93rd and 94th Congress, I have co-sponsored resolutions expressing the sense of the Senate that the United States continue to exercise sovereignty over the Canal. I am optimistic that there is enough support to defeat any proposed treaty which might end U. S. control."

(42) Senator Herman E. Talmadge, Georgia: "I agree with you completely. I cosponsored last year and am cosponsoring this year a resolution expressing the sense of the Senate that undiluted United States sovereignty over the Canal Zone should continue."

(43) Senator Ernest F. Hollings, South Carolina: "Many thanks for your mailgram. I supported the Thurmond Resolution last year and am once again a co-sponsor this year. I have long been convinced that the Panama Canal is of vital strategic and commercial importance to the well-being of the United States, and I want to assure you I will be doing everything I can to avoid surrendering our control over that very vital waterway."

(44) Senator Howard H. Baker, Jr., Tennessee: "In my judgment, it is essential that any new treaty contain adequate provisions concerning America's role in operating and defending the Canal and providing for the protection of the rights and property of American citizens."

(45) Senator Richard Stone, Florida: "I am strongly opposed to any compromise of United States sovereignty and jurisdiction over the Panama Canal Zone and will vote against any proposed treaty submitted to the Senate which would bring about such a result. One of my first actions as a United States Senator was to add my name as a sponsor of a Senate Resolution expressing opposition to diluting American sovereignty over the Canal Zone."

"Let me assure you of my determination to do whatever I can as a United States Senator to assure continued American sovereignty over this strategic territory."

(46) Senator Bill Brock, Tennessee: "The United States entered negotiations with Panama to replace the 1903 Treaty and establish a more modern and mutually acceptable relationship between our two countries. If I determine that the treaty resulting from the current negotiations is unsatisfactory in light of our interests and security, I will oppose it when it comes to the Senate for ratification."

3. In sum:


(a) Since August, 1914, the United States Canal on the Isthmus of Panama has been responsibly operated and defended to the benefit of the U. S., the international shipping community, Panama, Central America, and Latin America;

(b) The "giveaway" clique has fallen back on (1) implied blackmail ("unless we give it to the Panamanians, they may blow it up"), (2) self-fulfilling prophecy (forecasts of Vietnam-like guerrilla warfare), and, (3) self-inflicted descriptions of "colonialism."

(c) What we don't hear is that the closure of the Canal can be expected to produce the following increases in cost as estimated by the Maritime Administration of the U. S. Department of Commerce: (1) a 71% increase in the average annual consumption of fuel by carriers of U. S. foreign trade; (2) a 31-day increase in average shipping time; (3) a \$932 million increase in the yearly total delivered price of all exports; (4) a \$583 million increase in the yearly total delivered price of all imports. We also don't hear that surrendering U. S. jurisdiction of the Canal Zone would compromise U. S. naval strength by yielding the connecting link between the U. S. Pacific Fleet and the Atlantic battle force.

4. The showdown on the Canal is fast approaching. Let no one doubt where 1.8 million members of the V.F.W. stand. As Chief Thomas C. "Pete" Walker put it: "the canal will remain American without any ifs, ands, or buts."

Cordially in comradeship,

  
F. P. Jones, Col., USA (Ret.), Director  
National Security and Foreign Affairs

FPJ/mmt



APR 22 1976

April 19, 1976

Dear Ron:

Thank you for your April 14 letter to the President concerning the Panama Canal and Canal Zone.

Please be assured that I will call your letter to the President's attention without delay. You will hear further as soon as possible.

With kindest regards,

Sincerely,

Charles Leppert, Jr.  
Deputy Assistant  
to the President

The Honorable Ron Paul  
House of Representatives  
Washington, D. C. 20515

bcc: w/incmg to Genl Scowcroft for DRAFT or DIRECT as appropriate. If direct, please furnish copy to this office.

bcc: w/incmg to Jack Marsh - FYI

CL:JEB:em



4  
RON PAUL  
22D DISTRICT, TEXAS

4-16

**Congress of the United States**  
**House of Representatives**  
**Washington, D.C. 20515**

April 14, 1976

The Honorable Gerald R. Ford  
President of the United States  
The White House  
Washington, D.C. 20500

Dear Mr. President:

The recent testimony of Ambassador Ellsworth Bunker before the House Panama Canal Subcommittee has renewed my concern over the future of the U.S. Canal in Panama. His remarks would lead one to believe that this administration is indeed planning to negotiate away our sovereignty and control of this vital waterway.

Clearly, the Panama Canal Zone is not Panamanian territory, it is U.S. territory, perpetually and exclusively. Relinquishing sovereignty to another country makes as much sense as giving back Alaska or the Louisiana Purchase. I am sure you are aware of the great significance of the Panama Canal to our national security, both strategically and economically. Any agreement on our part to relinquish our rightful control of this area and thus jeopardize our future access to the Canal would be a deadly mistake. I can think of few actions by the State Department that would be more irresponsible or contrary to the best interests of the people of this nation.

I am very interested in knowing what the longrange intentions of the administration are regarding the Panama Canal and Canal Zone, and what to date has been negotiated with the Panamanian government. I look forward to hearing from you shortly.

Respectfully,

*Ron Paul*

Ron Paul, M.C.

RP:rk

4/15  
THE WHITE HOUSE  
WASHINGTON

Vesey:

[Panama  
Canal]

1. Snyder -
2. Gen tells  
mission  
Panama

views of T -

24<sup>th</sup> April.

Board Directors meet.



THE WHITE HOUSE  
WASHINGTON  
May 25, 1976



Mr. Marsh:

Attached is a proposed  
letter for your signature  
from the NSC to Mr.  
Harris re Panama Canal.

*Donna*  
*to NSC & to*  
*to Miller M*  
*done 5/26*  
*de*

Panama Canal

May 25, 1976

Dear Jeff:

Thank you very much for your letter of May 5 offering to assist in developing themes to be used in connection with the Panama Canal negotiations. I appreciate the spirit in which it was made and can assure you that the President welcomes your support on this issue.

With kindest personal regards, I am

Sincerely,

John O. Marsh, Jr.  
Counsellor to the President

Mr. Godfrey Harris  
Harris/Ragan Management  
Corporation  
9200 Sunset Boulevard  
Los Angeles, California 90069

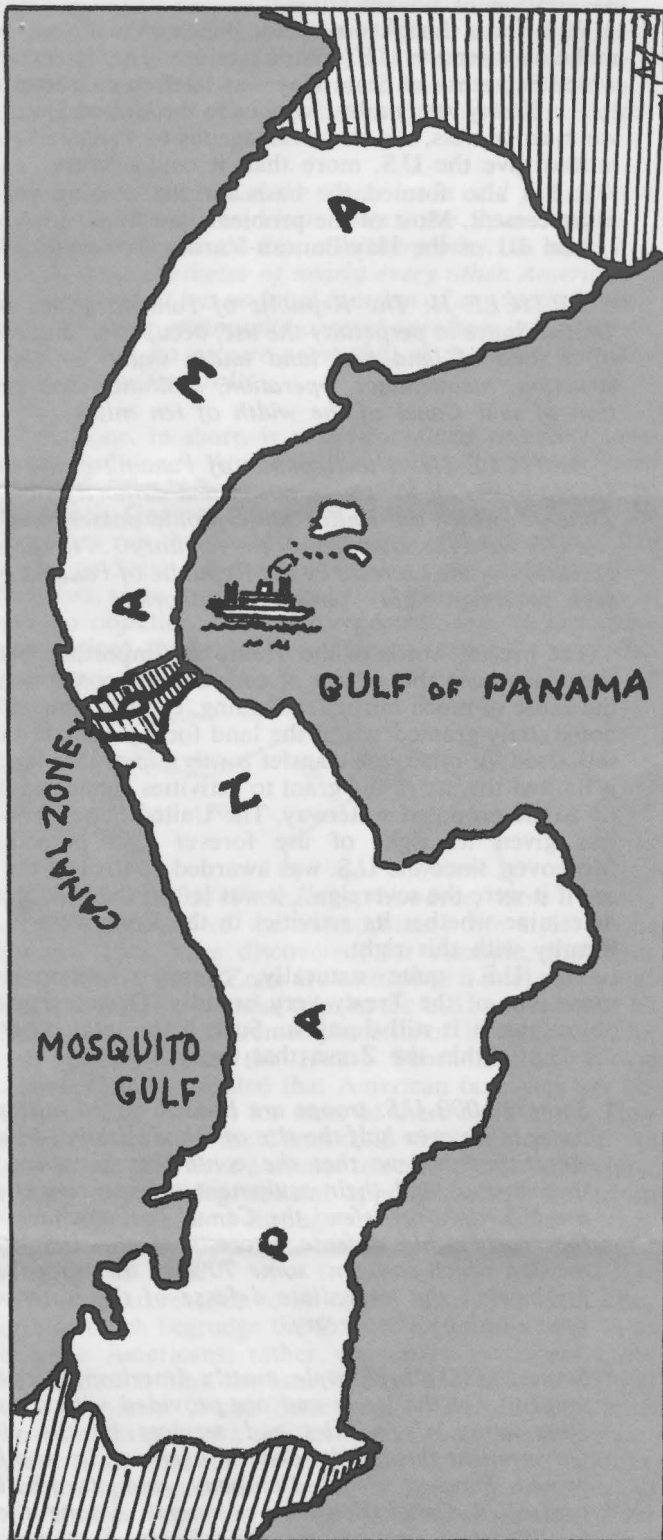
NSC/JOM/dl



# Vital Issues

(REG. U.S. PAT. OFF.)

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WASHINGTON, CONNECTICUT 06793  
Volume XXV, Number 5



Drawings by C. P. Meier

## THE PANAMA CANAL PROBLEM

What Is The Situation Concerning The Canal?  
What Are The Basic Issues?  
What Compromises Needed?

by Godfrey Harris

*(Mr. Harris is an international relations consultant and President of the firm of Harris/Ragan Management Corporation. He has been advising the Embassy of Panama in Washington since 1972 in its negotiations with the Department of State. As such, Harris is a Registered Foreign Agent with the Department of Justice. The opinions and conclusions herein expressed are the author's, and do not necessarily represent the views of the Trustees and Advisory Committee members of the Center.)*

The future of the Panama Canal has again become more a matter of domestic politics than international policy; more an item to be negotiated with members of Congress than with representatives of Panama; more mired in an era gone by than a beacon of an era yet to come. It is an issue, in short, of historical complexity and considerable danger.

About a year ago, US/Panamanian agreement on a new treaty — to govern jurisdiction of the 500 square mile Canal Zone and the operation of the interoceanic waterway which bisects it — seemed imminent. Both governments were at last well into grappling with the details of the key points of contention: How the United States would relinquish sole control of the facility and how Panama would share in its single most important economic asset. Now, however, a new treaty may not be initiated by the two governments until well after the United States has elected and inaugurated its next President.

What went wrong after three years of intensive bargaining? How could both sides apparently come so close to a new accommodation to resolve this dispute only to see the fruits of negotiation virtually collapse? Not surprisingly, the answer seems to be linked more to the long history of U.S. involvement with the Canal than to any specific disagreement.

While the desire to change the current jurisdiction of the Zone and operation of the Canal has long been clearly established in Panama, it has been virtually ignored in the United States. Put another way, what appear to nearly all

**EDITORIAL ADVISORY COMMITTEE:** Henry S. Commager, Professor of History, Amherst College; Richard W. Cortright, Division of Instruction and Professional Development, National Education Association; Sister Sarah Fasenmyer, Dean, School of Education, Catholic University of America; James W. Fesler, Professor of Government, Yale University; Eric F. Goldman, Professor of History, Princeton University; Philip Handler, President of the National Academy of Sciences; Richard I. Miller, Associate Director of Programs, Illinois Board of Higher Education; Robert Spiller, Professor Emeritus of English, University of Pennsylvania, and Past-President of the American Studies Association.

**EDITOR:** Townsend Scudder, President of the Center

Panamanians as eminently logical and important adjustments in the current relationship between the two countries remain somewhat mysterious and minor technicalities to most Americans. As a result, a fundamental prerequisite for any type of change — popular understanding and general acceptance of the necessity for change — is not yet evident in the U.S. half of the Canal negotiations. It would seem that until the people of both countries come to see the matter from the same relative perspective, no mutually acceptable resolution of the jurisdictional dispute is possible and continuing confrontation is inevitable.

It is this threat of escalating confrontation which looms before both the United States and Panama:

- \* *the chance of some precipitous act of destruction in the Canal or some hostile event in the Zone increase as Panamanian frustration over further delays continues to build.*
- \* *any act of Panamanian militancy is likely to be met again — as it has been met in the past — with equal American militancy. A renewed testing of forces can at best produce severe political tensions; at worst, another round of bloodshed.*
- \* *if a testing comes, United States leadership within the hemisphere will very likely regress to the detriment of our other goals in the region and beyond. The gulf between the official U.S. position on Canal matters and its practical actions to date have bothered even the most tolerant of the area's governments.*

To approach the possible options available to both sides to avoid a serious confrontation requires some understanding of how we have arrived at the current impasse. It is with this purpose in mind that a brief review of the history of the Canal seems in order.

As a natural link between two great land masses and two immense bodies of water, the Isthmus of Panama has played an important role in international commerce for hundreds of years before the Canal was constructed. The earliest inhabitants of the Isthmus, for example, are known to have been involved in trade and communications between the great Central and South American civilizations. Later, mule trains crossed and recrossed the narrow land to transport New World treasure to Europe and Spanish-controlled goods to the Americas. In 1855, the first transcontinental railroad provided a favorite route between America's Eastern cities and California's gold fields.

The decision to build an uninterrupted waterway through the Isthmus was not only a dream dating back to the final voyage of Columbus, but also a logical extension of this historic activity. The first to seriously attempt the task was a French private company operating in the 1880s. It failed — generally because the project was stubbornly seen by its manager, Ferdinand de Lesseps, as no more complicated than the construction of the sea level Suez Canal he had successfully accomplished.

When factions of the Colombian Government thought they could do better than accept what the U.S. was then offering for the rights to succeed to the French endeavors, a group of Panamanian leaders decided to act for their own account to insure that the Canal project would continue. These Panamanians, conscious that their country had previously been an independent state, determined to declare their nation's independence once again. With the help of the U.S. Navy and the private U.S. interests controlling the railroad, independence from Colombia was assured.

Within days of the 1903 declaration, de Lesseps' former chief engineer arrived in the U.S. capital empowered by Panama's new government to conclude a Canal treaty with

the U.S. This Frenchman, Philippe Buneau-Varilla, believed that only the U.S. Government was capable of completing the project, and in so doing, would save France from the stigma of failure and French investors from the devastation of financial loss.

With these thoughts in mind, Buneau-Varilla set out to make an offer the U.S. couldn't refuse. The agreement — which Secretary of State Hay was later to characterize as "... a Treaty vastly advantageous to the United States, and we must confess, not so advantageous to Panama" — did indeed give the U.S. more than it could refuse.

It has also formed the basis for the ensuing years of disagreement. Most of the problems are found in Articles II and III of the Hay/Buneau-Varilla Treaty of 1903:

*ARTICLE II: The Republic of Panama grants to the United States in perpetuity the use, occupation and control of a zone of land and land under water for the construction, maintenance, operation, sanitation and protection of said Canal of the width of ten miles . . .*

*ARTICLE III: The Republic of Panama grants to the United States all the rights, power and authority within the Zone . . . 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 Panama of any such sovereign rights, power or authority.*

The precise words of the Treaty are important, because they have been the subject of considerable contention and the cause of much misunderstanding. Panama, it should be noted, only granted use of the land for a Canal; it did not sell, deed, or otherwise transfer ownership of that land and it limited the use of the grant to activities connected directly to the proposed waterway. The United States, however, was given its right of use forever ("in perpetuity"). Moreover, since the U.S. was awarded control of the land as "if it were the sovereign", it was left to the U.S. alone to determine whether its activities in the Zone were in conformity with this right.

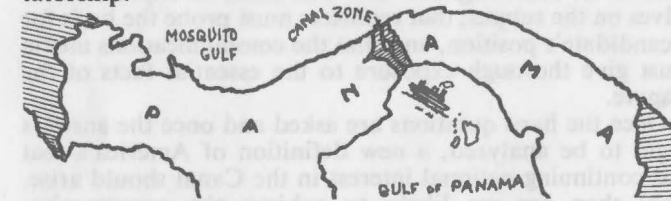
The U.S., quite naturally, chose to interpret the provisions of the Treaty very broadly. Despite Panama's objections, it is still doing so. Such is the total control of the U.S. within the Zone, that today:

- \* *Some 10,000 U.S. troops are housed on 14 military bases in an area half the size of Rhode Island. Many Americans believe that the continuing presence of these troops and their equipment are sanctioned by the U.S. right to defend the Canal. To Panamanians, the world wide defense interests of the U.S. (the mission which concerns some 70% of the troops) go far beyond the immediate defense of the waterway sanctioned by the Treaty.*
- \* *Some 30,000 other people, mostly American, live permanently in the Zone and are provided with a dazzling array of facilities and services by the U.S. Government through its Federal agencies, its wholly-owned Panama Canal Company, and its wholly-controlled Canal Zone Government. Among these facilities and services are: 26 schools, 8 swimming pools, 10 fire stations, 18 post offices, a 6 branch library system, 5 youth centers, 4 hospitals, 2 animal pounds, a crematorium, a plant nursery, a milk and ice cream plant, 6 gasoline stations, 2 bowling centers, 9 theatres, 2,500 public housing units, and 33 social clubs including 5 golf clubs, 6 yacht clubs, and 6 saddle clubs. All of this and a lot more is provided to insure that American personnel connected with the operation of the Canal and the Zone are sufficiently contented.*

\* *To insure that the Zonal community is sufficiently peaceful, the U.S. has also provided a 263-man police force and a two-tier court system, complete with U.S. marshals, U.S. attorneys, magistrates and judges. Panamanians passing through the Zone and suspected of an infraction of Zonian laws — laws enacted by the U.S. Congress on the basis of U.S. legal standards — are taken before American-style courts to be tried in English before juries on which only American citizens serve.*

\* *Despite the fact that the Zone looks and feels like many suburban American towns, the Zone itself is operated very much like a military base. As such, it lacks four attributes of nearly every other American community: it has no local taxation of any kind, it has no voting or community control over how it is governed, it has no private ownership of property, and it has no welfare rolls.*

The Zone, in short, is a self-contained company town where traditional American democracy has never been practised. (The U.S. Army Corps of Engineers has selected the Zone's Governor from its ranks since 1912 and the Corps has run the Canal's operations, subject only of late to the guidance of a presidentially appointed Board of Directors, since it opened in 1914.) Most Zonians seem to have no objection to this arrangement; few, in fact, have even noticed that they live under a classic form of dictatorship.



Some stateside Americans, however, have recently become conscious of the extraordinary life style of the Zonians. They have discovered, for example, that their fellow citizens in the Zone are entitled to a total of 9 weeks annual leave, free biennial trips to the U.S., and a bonus on annual salary and retirement benefits of 15%. One recent study submitted to the House Subcommittee on the Panama Canal suggested that American taxpayers are actually footing the bill for most of these extra costs. They are funded through the Canal tolls which are spent in the Zone before they have a chance to reach the U.S. Treasury, through direct Congressional appropriations for various capital expenses, and through military and other agency budgets which support the many special services to be found in the Zone.

Panamanian reaction to all of this luxury is mixed. They don't so much begrudge the Zonians what they have — as do some Americans; rather, Panamanians lament more their exclusion from the benefits of their own territory that the U.S. system in the Zone implies. Before the Canal, Panamanians played a crucial part in the numerous transshipment services and related activities on the Isthmus. With the opening of the Canal, the U.S. Government and their citizens began providing all of these services. Ever since, Panamanians have felt deprived of the full role that geography and nature had provided their country. While the revenue Panama receives directly from the Zone is small (about \$2.6 million per annum against total Canal income of \$280 million), Panamanians say that additional payments could not adequately compensate them for something as intangible as their loss of pride. In short, it is a full sense of dignity which Panamanians feel they lack, which Americans appear not to understand, and which American jurisdiction of the Canal Zone prevents them from fully regaining.

But the U.S. Government's task of meeting Panamanian desires to reclaim control over their territory, to share in the operation of the waterway, and to limit its non-Canal defense interests, is far from simple. Any treaty agreed to by the negotiators must be submitted to a ratification process in both countries. American negotiators are searching for an agreement which will survive Senate review — where 67 Senators must approve. Moreover, since a new treaty will involve the transfer of U.S.-owned property, under Article IV of the U.S. Constitution a majority of the House of Representatives must also assent to the terms of the agreement.

The same treaty must also, of course, be submitted for ratification in Panama. Under Panama's Constitution, a plebescite among that country's entire citizenry is involved. What might thoroughly satisfy major elements of the U.S. Congress is almost certain to dissatisfy substantial numbers of voters in Panama. On the other hand, if Panama were to get all that its various interests have suggested, the U.S. Congress would surely object.

The negotiations, then, have been targeted on reaching the best possible compromises to capture the broadest possible agreement in both countries. Unfortunately, most U.S. groups have yet to focus on the problem in the same way that Panamanian interests have. Those Americans that have involved themselves have been the ones most opposed to the official U.S. negotiating position. The bulk of Americans who might accept a number of compromises satisfactory to the majority of Panamanians haven't been involved, haven't cared, or have apparently accepted at face value the arguments of those who have been least inclined to give up anything.

The United States as a society is so far from grappling with the essence of the dispute that even the most basic issues have yet to be searchingly debated. Among these issues are:

- \* *to what extent is the overall security of the United States really dependent on the Panama Canal being totally controlled by the U.S. Government?*
- \* *to what extent is current U.S. inter-coastal domestic commerce or its international trading relationships dependent on the continuing employment of Americans currently in the Zone and on the current toll rates of the Canal?*
- \* *does U.S. maintenance of a subsidized colonial enclave in Panama vitiate our moral standing in the world on other issues or invalidate our long professed abhorrence of colonies controlled by others elsewhere?*

The fact that these basic issues have yet to be addressed by the American people in any kind of systematic way attests to the potency of the domestic political alliances which have grown up around the question of the future of the Panama Canal. These informal alliances — among leaders of generally opposite philosophical viewpoints — have seemed to limit the debate. Without it, an American consensus on the form or pace of change may never arise.

One of these unusual alliances has been formed among some philosophically liberal and conservative members of Congress. American liberals have long tended to support the aspirations of organized labor. In the Zone, the work force is heavily unionized by AFL-CIO affiliates and fearful that any alteration in U.S. control will mean substitution of Panamanian labor in jobs now held by American citizens. Most of these liberals, who otherwise have opposed colonialism as well as U.S. intervention in

other countries, have not publicly analyzed this assumption; conservatives, on the other hand, seldom find issues on which to side with organized labor. In the matter of the Panama Canal, however, conservative interests, who are generally inclined to support the status quo anyway, can also back labor without fear of countervailing pressure from local business groups (there is no private, unionized business in the Zone).

Another unusual alliance arises from the politics of national defense. The Pentagon knows and values what it has in the Canal Zone. Many officials of the Defense Department oppose any reduction in its operations there because of the strategic unknowns, possible new costs, and the loss of some favored Army, Navy, and Air Force billets.

Those members of Congress who have traditionally favored a strong defense establishment also find themselves accepting the Pentagon's traditional position toward the Canal and the Zone. They are joined, however, by many liberal members of Congress who are generally among those who question redundancy in our defense capability. The reason seems to be rooted in the power of the Army Corps of Engineers. The Corps not only runs the Zone, but it must also approve every domestic dam, flood control, and water project to be built in the U.S. There aren't any votes as yet for liberal Congressmen on the Canal issue, but there are lots of potential votes in major Federal construction projects within a local district.

The result of these unusual alliances, reinforced by the activities of a strong Congressional lobbying effort supported by Americans working in the Zone, has made the question of the Panama Canal more a matter of domestic politics than foreign policy. Even President Ford's own quest for nomination and election in 1976 has caused him to be cautious on this issue. With seemingly little to be gained by a positive and bold stance on the Panama Canal — and with potentially much to be lost among those conservative voters who consider the Canal a proud American achievement, paid for with American dollars, operated efficiently for world commerce, and vital to U.S. defense needs — President Ford has apparently slowed the

negotiations to a virtual-halt until the campaign is finished.

#### WHERE DO WE GO FROM HERE?

Given this confluence of American interests which supports the status quo and yet conscious of the pressures on Panama, where do we go? How is this problem to be resolved? It would seem to some that changes in the Zone are almost inevitable — not only because they are in a direction the world has moved for the past 30 years, but because the Canal itself is essentially defenseless and may soon be economically obsolete without major structural changes.

If the United States is to be on the forward edge of inevitability, rather than dragged into it by circumstances, it would seem that it must avoid a serious confrontation with Panama. In this regard, also, we must be conscious of the fact that disputes between little nations and the super-powers have had a tendency to escalate beyond their original dimensions while endangering potentially more vital interests in the process. Nor can we forget that in the arsenals of the present day, conventional military activities may be the last means chosen by a smaller country to engage in a debilitating, costly, and unhappy struggle with the U.S.

To move this problem once again toward a mutually acceptable resolution, it would seem, requires that the future of the Panama Canal be put high on America's national agenda. The basic issues must be openly debated and the options for solution carefully considered. This means that each of us must begin to ask candidates to express themselves on the subject, that reporters must probe the basis for a candidate's position, and that the communications media must give thorough exposure to the essential facts of the dispute.

Once the hard questions are asked and once the answers begin to be analyzed, a new definition of America's real and continuing national interest in the Canal should arise. Only then are we likely to achieve the compromises necessary to satisfy the majorities of both countries that what is to happen in the Zone will be fair and in the mutual long term interest of both nations.

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#### FOR GENERAL BACKGROUND

Howarth, David, *Panama: 400 Years Of Dreams And Cruelty*, McGraw Hill, New York, 1966.

Liss, Sheldon B., *Panamanian Relations*, University of Notre Dame Press, 1967.

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## NATIONAL SECURITY COUNCIL

~~CONFIDENTIAL~~

May 21, 1976

MEMORANDUM FOR: JACK MARSH

FROM: JEANNE W. DAVIS *WJD*

SUBJECT: *for* Reply to Godfrey Harris Concerning  
Panama Canal

Attached at Tab A is a suggested draft reply from you to Godfrey Harris, who has written you about the Panama Canal (Tab B). The reply thanks him for his support but does not accept his offer of advice on how the Panama Canal discussion could be used to the President's advantage. It would seem inappropriate for the White House to encourage profering of such advice from a registered consultant to the Panamanian Government, well-intentioned though it may be.

Attachments

~~CONFIDENTIAL~~

DECLASSIFIED

E.O. 12356, Sec. 3.4 (b)

White House Guide Lines, Feb. 24, 1983

By WJD-NAB Date 1/15/86

A



SUGGESTED REPLY

Dear Jeff:

Thanks very much for your letter of May 5 offering to assist in developing themes to be used in connection with the Panama Canal negotiations. I appreciate the spirit in which it was made and can assure you that the President welcomes your support on this issue.

Best wishes.

Sincerely,

John O. Marsh, Jr.

Mr. Godfrey Harris  
Harris/Ragan Management Corporation  
9200 Sunset Boulevard  
Los Angeles, California 90069

B



MAY 10 1976

HARRIS/RAGAN  
MANAGEMENT  
CORPORATION



May 5, 1976

*staff w/ky up -  
done*

Hon. John Marsh  
Counselor to the President  
The White House  
Washington, D.C.

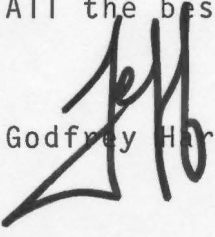
Dear Jack:

I am presuming on our previous relationship with the American Revolution Bicentennial Commission to offer my assistance to the President on the issues surrounding the Panama Canal and Panama Canal Zone. As you may know, I have been a principal consultant to the Embassy of Panama since 1972. I have also written extensively, testified before the House, and spoken often on various aspects of the subject of the Zone and the Canal.

There is no doubt in my mind that the Canal will be a major theme again before the California electorate. There is also no doubt that it can be used *positively* by the President to advance his candidacy. Explained properly, American policy toward the Canal and Canal Zone can make good sense politically, governmentally, and internationally. So much that has been said on Panama is *historically, legally, and economically inaccurate*; so much that *could* be said has not yet been even raised. In short, it is not enough to respond to Phil Harmon's prejudices as expressed by Governor Reagan; there is much about the socialist economy and self-serving Zonian bureaucracy which Mr. Reagan might find difficult to justify.

If you, or other advisors of the President, would like to explore which of these matters could be used to the President's advantage and how they might be developed into politically popular issues, please be in touch. I stand ready to help.

All the best, -

  
Godfrey Harris



P.S.

I have enclosed one of my brief articles for your review which only touches on some of the data I have available.

THE WHITE HOUSE

WASHINGTON

May 26, 1976

DUE 5/26/76

3:00 p. m.

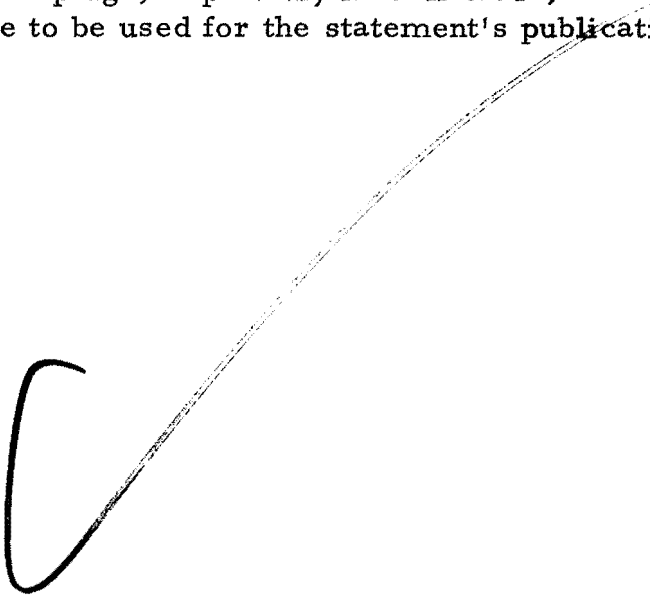
MEMORANDUM TO: JACK MARSH

FROM: RUSS ROURKE 

Jack, I approve proposed letter to Hesburgh.

Obviously, the last sentence of Hesburgh's letter is an open invitation to publicize the content of his position. . . "what you are saying makes eminent sense, while what your opponent is saying makes absolute nonsense".

First, it must be decided as to whether or not the use of this quote would benefit the campaign, especially in California, and secondly, the vehicle to be used for the statement's publication.



ACTION MEMORANDUM

WASHINGTON

LOG NO.:

*due: 5/26  
3:00*

Date: May 25, 1976

Time:

FOR ACTION:

cc (for information):

Phil Buchen      Jack Marsh  
Jim Cannon      Bill Seidman  
                         Tim Austin

FROM THE STAFF SECRETARY

DUE: Date: Wednesday, May 26

Time: 3 P.M.

SUBJECT:

Scowcroft memo 5/25/76 re Response to  
Rev. Hesburgh on the Panama Canal Question

ACTION REQUESTED:

- |   |  |
|---|--|
| <input type="checkbox"/> For Necessary Action         | <input checked="" type="checkbox"/> For Your Recommendations |
| <input type="checkbox"/> Prepare Agenda and Brief     | <input type="checkbox"/> Draft Reply                         |
| <input checked="" type="checkbox"/> For Your Comments | <input type="checkbox"/> Draft Remarks                       |

REMARKS:

*[Handwritten signature]*

*[Handwritten signature]*

*called 5/26 5:40  
ce*



PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

Jim Connor  
For the President

MEMORANDUM

THE WHITE HOUSE  
WASHINGTON

2645

ACTION

May 25, 1976

MEMORANDUM FOR: THE PRESIDENT  
FROM: BRENT SCOWCROFT *BS*  
SUBJECT: Response to Reverend Hesburgh on the  
Panama Canal Question

Reverend Theodore Hesburgh, President of the University of Notre Dame, has written to congratulate you on the position you are taking on the Panama Canal problem. He compares it with the courageous stand President Eisenhower took on the matter of flying the Panamanian flag in the Zone in 1959.

Attached at Tab A is a proposed response to Reverend Hesburgh thanking him for his support.

Doug Smith of Robert Hartmann's office has cleared the text of the proposed letter.

RECOMMENDATION:

That you sign the letter at Tab A.



Dear Ted:

I very much appreciated your letter of April 26 commenting on my position on the Panama Canal question. As you suggested, our policy on negotiations has been the consistent policy of my predecessors. Like them I am convinced that it is the correct one.

Your support and that of other responsible and patriotic men and women across the country will be important to a proper resolution of this issue and our long-term national interests.

Sincerely,

The Reverend Theodore M. Hesburgh  
President  
University of Notre Dame  
Notre Dame, Indiana 46556

University of Notre Dame

Notre Dame, Indiana

Office of the President

April 26, 1976

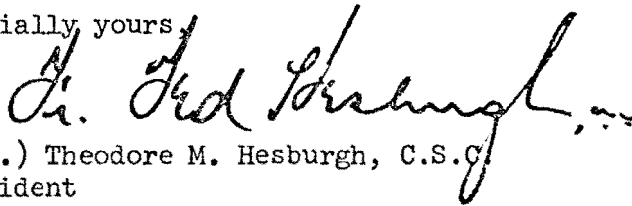
Honorable Gerald R. Ford  
The White House  
Washington, D. C.

Dear President Ford:

I have been very proud of your courage in speaking out so forthrightly on the Panama Canal problem. I realize the unpopularity of the cause in certain sections of the country, but I must say that what you are saying makes eminent sense, while what your opponent is saying makes absolute nonsense. I have had a long acquaintance with this problem, once being involved in avoiding riots some years ago when President Eisenhower was President. His symbolic act of that time of allowing the Panama flag to be flown in the Canal Zone was both courageous and forthright and avoided imminent riots which would not have only made us look foolish in all the world, but would have ruined our relationships with the rest of the Latin American republics. I know you must get a good deal of static for talking sense on a very emotional problem, but I commend you for it and what I have to say is not confidential.

All best wishes.

Cordially yours,



(Rev.) Theodore M. Hesburgh, C.S.C.  
President