



OFFICE OF THE VICE PRESIDENT
WASHINGTON

March 18, 1974

Memorandum of Conversation

PLACE: OEOB
TIME: 3:15 p.m.
DATE: March 14, 1974

SUBJECT: Ambassador Jordan's Call on the Vice President

PARTICIPANTS: The Vice President
Mr. John O. Marsh, Jr.

Ambassador William J. Jordan
Mr. S. Morey Bell, Deputy Negotiator,
Department of State

Vice President: Inquired as to the status of the Panama Canal negotiations.

Jorden: Responded that the Panamanians may expect too much by way of U.S. concession.

Vice President: Issued a strong concern about the attitude on Capitol Hill and cautioned that State may be over-optimistic about the Hill.

Jorden: Will advise Panama of the Hill attitude.

Vice President: Told Jorden to caution Panama -- no more concessions because they will cause problems here.

Jorden: Said he felt there was a change of mind in Panama -- more realistic attitude of not demanding too much.



Vice President: Cautioned Jordan there was no U.S. constituency to help you and that this is a type issue that can be used against an incumbent member. He emphasized it was a challenger's issue.

Jorden: Indicated his concern that if we don't make some moves, violence could erupt in Panama which might require strong U.S. countermeasures. If some progress is desirable we can avoid this eruption.


Vice President: Inquired about the status of the second canal.

Jorden: Responded there was no progress--it was not a key issue in the negotiations. He did point out that the present canal, because of its size, limits traffic.

There was a short exchange on the use of nuclear explosion for construction purposes (Plow Share).

Jorden: Indicated a test ban agreement would preclude.

Earlier Jordan had indicated Bunker would be in the Panama area prior to his arrival there, about 1 April. The conversation closed on a discussion about Britt Gordan, a friend of the Vice President, for whom Jordan expressed a high regard.

Prepared by:  Mr. Marsh

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OFFICE OF THE VICE PRESIDENT
WASHINGTON

March 14, 1974

MEMORANDUM FOR

THE VICE PRESIDENT

SUBJECT: Meeting with Ambassador Designate William J. Jorden (Panama)

Mr. William J. Jorden, Ambassador Designate to Panama, and Mr. S. Morey Bell, Deputy Negotiator for Panama Canal Treaty negotiations, will visit your office at 3:10 p.m., March 14th. A background paper on Panama and biographic data on Mr. Jorden were provided by the State Department and are attached.

Panama, under the leadership of General Torrijos for the past five years, is pursuing domestic reform programs which have strengthened the political base of the government.

The Panama Canal Treaty of 1903 with amendments required update to reflect current U.S. and Panamanian policies. Ambassador Bunker assumed position of chief negotiator for treaty negotiations and during two visits (November-December and January) provided a joint statement of principles, which Secretary Kissinger and Panamanian Foreign Minister Tack initialed to set the stage for detailed negotiations.

Panama desires to assume full control of both the Canal and zone after a fixed period of U.S. operation.

The State Department feels the mood of Congress is more favorable on Panama Canal negotiations than heretofore expected. One dissenting voice was the Honorable Robert Price of Texas in his March 5, 1974 remarks to the House reflecting a sellout of American interests in the Panama Canal Zone.


Jack Marsh

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DEPARTMENT OF STATE

Washington, D.C. 20520

March 13, 1974

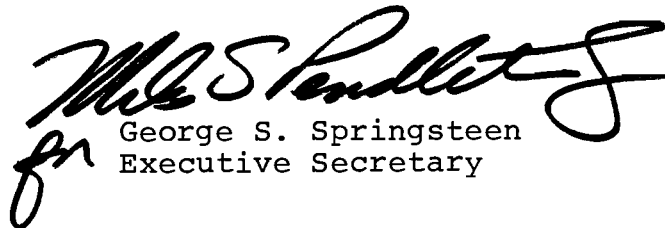
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(with CONFIDENTIAL attachment)

MEMORANDUM FOR MR. JOHN O. MARSH
OFFICE OF THE VICE PRESIDENT

Subject: The Vice President's Meeting with
William J. Jorden, Ambassador-
Designate to Panama, Thursday,
March 14, 3:00 p.m.

The Vice President has agreed to meet with
Mr. William J. Jorden, the U.S. Ambassador-
designate to Panama.

For the Vice President's information prior
to his meeting with Mr. Jorden, the Department of
State has prepared the attached briefing material
giving background on the political situation in
Panama, the status of the Panama Canal treaty
negotiations, an assessment of Congressional
reaction to the negotiations and Ambassador Jorden's
biographic data.


for George S. Springsteen
Executive Secretary

Attachments:

1. Background on the political
situation in Panama
2. Ambassador Jorden's biographic data

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BACKGROUND PAPER

PANAMA

Current Political Situation

Brigadier General Omar Torrijos has been Panama's dominant political figure since October 11, 1968 when the National Guard ousted the eleven-day old government of President Arnulfo Arias in a bloodless coup. Torrijos initially governed through a provisional junta but in August 1972 he organized elections to legitimize the new government and provide a political framework for increased public participation.

Since assuming power, Torrijos has adopted a decidedly populist style which fits his flamboyant personality. The government's strong espousal of domestic reforms has given Torrijos a following among segments of the Panamanian population which traditionally had a marginal role in the nation's political-economic life. As a result of a greater emphasis on rural development and his frequent travels to the country-side, Torrijos has gained considerable peasant support. In addition, he has adroitly used a combination of nationalism and developmental reform programs to garner popularity with students, labor and the middle class. A new labor code, construction of lower class housing, educational reforms, advances in public health, improved public administration, and a prosperous economy have all strengthened the political base of the regime.

Despite its revolutionary rhetoric, the government until recently refrained from pursuing economic policies that alienated the business sector. During the last six months, however, certain elements of the business community have begun to criticize the government publicly for approving housing legislation without prior consultation. At present, though, there appears to be an uneasy peace between the government and the business community. None of this friction has had any effect on U.S. business activities in Panama.

The Panama Canal issue is closely related to the domestic political situation in Panama and there is already evidence that opposition elements are attempting to exploit the recent U.S.-Panama Joint Declaration

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of Principles by charging the Torrijos government with a sellout. Torrijos is strong enough to withstand such attacks.

Panama Canal Treaty Negotiations

Since 1964 we have been negotiating with Panama for a new treaty arrangement to cover operation, maintenance and defense of the Canal which would replace the Treaty of 1903 and subsequent amendments. These efforts have not been successful.

Maintenance of the status quo in the Canal Zone would involve serious risks and consequences. A serious deterioration in the situation in the Canal Zone involving a confrontation with Panama could eventually result from an unresponsive U.S. policy and require the use of U.S. military force to maintain our presence. This would affect public and Congressional attitudes with unpredictable but obviously serious implications for the United States position in Panama and the hemisphere.

Since Ambassador Bunker became the chief negotiator for treaty negotiations, the prospects for reaching an agreement have improved. Ambassador Bunker in his first visit to Panama (November 26-December 3) established a rapport with the Panamanians which produced negotiating flexibility on their part and, thus, negotiating momentum for the first time in recent years.

This momentum was sustained by our partial accession to Panama's long-standing request for some unilateral U.S. actions outside the context of treaty negotiations. The December 28 White House announcement that the Executive will submit legislation seeking transfer to Panama of title and jurisdiction over two unused World War II airfields -- Old and New France Fields -- and authorization to sell Panamanian lottery tickets in the Canal Zone has been seen by the Panamanians as an earnest of our intention to modernize our treaty relationship and change the status quo in the Zone.

Capitalizing upon the propitious climate which his first visit and the unilateral actions have created,

Ambassador Bunker returned to Panama on January 5 for another round of informal treaty talks with Panamanian Foreign Minister Tack. These discussions led to agreement on eight principles which will serve as the framework for subsequent negotiation of the major substantive issues in a new treaty. On February 7, Secretary Kissinger and Foreign Minister Tack initialed a joint statement of these principles, thus setting the stage for the next phase of more detailed negotiations which have already begun at the working level.

While we may have too little evidence upon which to make final judgments, it appears that the Panamanians are serious in their efforts to come to a treaty agreement with us. In the next several rounds of discussions, when the two sides will meet to address the specific issues covered by the principles, we will gain a more accurate estimate of the Panamanian intentions.

Our primary, long-term goal in the treaty negotiations is to develop a more modern and harmonious relationship with Panama that will permit the U.S. to continue operation and defense of the Panama Canal for a further period of time and at the same time meet Panama's legitimate aspirations. This should remove the Canal issue as a source of friction in our bilateral relations and thereby make it a non-issue in multilateral forums.

Panama's principal objective is to gain effective sovereignty over its entire territory. In the long run, Panama is seeking full control and jurisdiction over both the Canal and the Zone, although it has agreed in principle that the U.S. can continue to operate and defend the Canal for a fixed period to be specified in a new treaty.

Congressional Attitudes Toward Treaty Negotiations

Since assuming his responsibilities as chief U.S. treaty negotiator, Ambassador Bunker has contacted key Congressional leaders in both houses on several occasions: prior to his visit to Panama; in connection with the proposed legislation which will be

submitted to the Speaker of the House to transfer two unused World War II airfields from the Canal Zone to Panama; and most recently to inform them about the Joint Statement of Principles.

While stepped-up opposition and maneuvering by traditional anti-treaty elements can be anticipated, Ambassador Bunker's consultations to date have revealed a more favorable climate for treaty negotiations than heretofore expected. Reaction to the airfield legislation should begin to give us some tangible feel for broader Congressional sentiment to a treaty package.

In summary, our assessment of congressional attitudes toward a new treaty is tentative but more optimistic than in the past. Despite vocal opposition to substantive changes in our canal relationship with Panama, we believe that many uncommitted and moderate members of Congress, particularly in the Senate, would give sympathetic consideration to a reasonable treaty which protects basic U.S. interests.

WILLIAM J. JORDEN
BIOGRAPHIC DATA

William J. Jordan has been confirmed as U.S. Ambassador to the Republic of Panama, succeeding Ambassador Robert M. Sayre.

Mr. Jordan was born in Bridger, Montana on May 3, 1923. He received his B.A. degree in 1947 from Yale University and an M.S. degree in 1948 from Columbia University.

Mr. Jordan served as an instructor in Japanese at Yale University from 1945-1946. He was a reporter with the Vineyard Gazette, Edgartown, Massachusetts in 1947. From 1948-1952 he was a foreign correspondent, Associated Press (Japan and Korea); 1952-1955, foreign correspondent, New York Times, Japan and Korea; 1956-1958, foreign correspondent, USSR; and 1958-1961, news correspondent, New York Times (Washington Bureau).

He became a member of the Policy Planning Council, Department of State, 1961 and was Special Assistant to the Under Secretary of State for Political Affairs from 1962-1965. He served as Deputy Assistant Secretary of State for Public Affairs from 1965-1966 and was a Senior Member of Staff of the National Security Council, the White House, from 1966-1968. During 1968-1969 he served as a member and spokesman, American Delegation to Vietnam Peace Talks in Paris. He was on detail to the National Archives from 1969 until 1972 when he returned to his current post at the National Security Council, where he is serving as Senior Staff Member for Latin American Affairs.

Mr. Jordan is the co-author of Japan Between East and West.

He is married to the former Mildred Xiarhos and they have three children.

Department of State,
January 31, 1974