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THE WHITE HOUSE

WASHINGTON

February 3, 1976

KATHIE:

Save the attached envelop. It includes the daily brief and some stuff on Panama. I'd like to keep that locked in the safe, and I'll need to refer to it in the future.

DICK CHENEY

THE WHITE HOUSE
WASHINGTON

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of recent coms
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THE DEPARTMENT OF STATE

Steve



News Release:

January 1975

Bureau of Public Affairs
Office of Media Services

PANAMA CANAL TREATY NEGOTIATIONS: BACKGROUND AND CURRENT STATUS

Background

The United States and Panama are currently negotiating a new Panama Canal treaty to replace the Treaty of 1903.

In that treaty Panama granted the United States—in perpetuity—the use of a 10-mile wide zone of Panamanian territory for the “construction, maintenance, operation and protection” of a canal, as well as all the rights, power, and authority within that zone which the United States would “possess if it were the sovereign.” The very favorable terms of the treaty were a major factor in the U.S. decision to build the canal in Panama rather than in Nicaragua as initially planned.

Canal's Economic Value

Since its opening in 1914, the canal has provided benefits to the United States, to Panama, and to the world. Of the total tonnage that transits the canal, about 44 percent originates in, and 22 percent is destined for, U.S. ports. This tonnage represents about 16 percent of the total U.S. export and import tonnages.

The canal has been economically important to Panama, too. More than 30 percent of Panama's foreign exchange earnings and nearly 13 percent of its GNP are directly or indirectly attributed to the presence of the canal. But those contributions represent a smaller portion of Panama's economy now than they did in years past.

In fact, reliance on the canal by all parties has evolved from earlier years. As trading patterns have changed and world commerce has become more sophisticated, alternatives to the canal have begun to emerge. These alternatives include the use of larger vessels which would bypass the

Canal, rearrangement of markets and sources, product exchanges, and partial or complete substitution of land or air transport for ocean transport. As canal users take advantage of these alternatives, the canal's value declines relative to the economies of the user nations. For the United States, in particular, a recent study has shown that the canal's impact on the domestic economy is quite small compared to the economy as a whole.

Panamanian Treaty Concerns

Panama has been dissatisfied with the treaty for many years. Part of this dissatisfaction has derived from Panama's interpretation of two aspects of the situation which resulted in the Treaty of 1903: (1) Panama's acceptance of unfavorable treaty terms due to its dependence upon the United States to protect its new-found independence from Colombia; and (2) Panama's principal negotiator was a Frenchman who benefited considerably when the United States purchased the private French concession to build a trans-isthmian canal.

Over the years Panama has also charged that the United States has unilaterally interpreted the treaty to Panama's disadvantage and given Panama an inadequate share of the benefits from the operation of the waterway. Even more objectionable in Panama's view, are the provisions in the Treaty of 1903 which give to a foreign power in perpetuity governmental jurisdiction within a portion of Panamanian territory. Increasingly in recent years Panama has insisted that U.S. control over the Canal Zone prevents the country from realizing its full economic potential.

The United States has responded sympathetically to some of these Panamanian concerns. In

1905 it recognized Panama's titular sovereignty over the Canal Zone. The treaty was revised in 1936, and again in 1955, to provide Panama with a greater share of the economic benefits of the canal and to remove certain outdated aspects, such as the right granted to the United States to interfere, when it believed necessary, in Panama's internal affairs. Despite these modifications, however, many of the features of the treaty most objectionable to Panama remain unchanged.

The canal has become the major political issue in Panama. In recent years the intensification of Panama's campaign for more favorable treaty terms has produced tensions in U.S.-Panamanian relations. In 1964 the death of 20 Panamanians and 4 Americans brought the Panama Canal issue to the attention of the United Nations and the Organization of American States (OAS).

Evaluation of Bilateral Negotiations for a New Treaty

Following discussion of the issue by the OAS, the United Nations, and other international agencies after the 1964 riots, the United States and Panama agreed in 1964 to begin bilateral negotiations for a new treaty. In so doing, the United States recognized that a comprehensive modernization of its relationship with Panama corresponded to its long-term national interests and to a changing international environment.

U.S. officials entered the negotiations in late 1964 with a view to insuring that:

- The canal should continue to be available to the world's commercial vessels on an equal basis at reasonable tolls;
- It should be operated and defended by the United States for a reasonably extended, but definite, period of time; and
- It should continue to serve world commerce efficiently. To this end, the United States sought the right to provide additional canal capacity if it is needed.

By 1967, the negotiators of both countries had prepared three draft treaties. They provided for operation of the present canal under a joint U.S.-Panamanian authority; for construction and operation of a sea-level canal under a similar joint authority; and for U.S. defense of the old and new canals for the duration of each treaty. Neither Panama nor the U.S. Government moved to ratify these treaties, and the new government headed by General Omar Torrijos, which assumed power in October 1968, formally rejected them.

In 1970 the Government of Panama requested the renewal of negotiations and the U.S. agreed.

President Nixon established negotiating objectives which, although modified by developments, were similar to those set by President Johnson in 1964. The objectives and positions of the United States thus reflect a bipartisan approach to treaty negotiations with Panama. They also are consistent with the broader policy stated in Secretary Kissinger's call in October 1973 for a "new dialogue" with our Latin American neighbors, a policy which President Ford has publicly endorsed.

A Panamanian negotiating team arrived in Washington in June 1971. Intensive negotiations during the rest of the year resulted in a U.S. treaty offer covering most of the issues relevant to the treaty. The Panamanian negotiators carried the offer to Panama for a review in December 1971. Except for some informal conversations in March 1972 and an exchange of correspondence in the fall, the negotiations were not resumed until December 1972, when a U.S. delegation traveled to Panama.

U.S. Security Council Action

At Panama's initiative, the U.N. Security Council met in Panama City from March 15 to March 21, 1973. In those sessions, Panama criticized the U.S. posture on the canal question and sought a resolution supporting its position. Thirteen nations voted for the resolution; the United Kingdom abstained. The United States vetoed the resolution on the grounds that it recognized Panama's needs but not those of the United States; that it was incomplete in its references to the negotiations; and that it was inappropriate because the treaty was a bilateral matter under amicable negotiations. In explaining the U.S. position, the U.S. Permanent Representative committed the United States to peaceful adjustment of its differences with Panama and invited Panama to continue serious treaty negotiations.

New U.S. Approach

In September 1973 Secretary Kissinger charged Ambassador at Large Ellsworth Bunker with the task of renewing discussions with Panamanian officials for the purpose of arriving at a common approach to future treaty negotiations. Ambassador Bunker visited Panama from November 26 to December 3, 1973, and again on January 6 and 7, 1974, to discuss with Panamanian Foreign Minister Juan Antonio Tack general principles upon which a new treaty might be based. These discussions resulted in the Statement of Principles of February 7, 1974 (See p. 3), which has

served as a useful framework for the present negotiations.

U.S. Treaty Objective

The principal objective of the United States in the current treaty negotiations is to protect our basic interests in the Panama Canal. The U.S. Government is seeking to establish a new and mutually acceptable relationship between our two countries whereby the United States will retain essential rights to continue operating and defending the canal for a reasonably extended period of time. A new treaty based on partnership with Panama would enable the United States to devote all its energies to the efficient operation of the waterway. Moreover, it would provide a friendly environment in Panama that is most conducive to protecting our vital interests in keeping the canal open and secure. Such a treaty would be consistent with good business management, represent good foreign and defense policy, and signify a new era of cooperation between the United States and the rest of the hemisphere.

In recent years Latin American nations have made the negotiation of a more equitable canal treaty with Panama a major hemispheric issue and a test of U.S. intentions regarding the "new dialogue."

Issues in the Negotiations

In the months following the February 7 signing of the Statement of Principles, Ambassador Bunker and Foreign Minister Tack met several times in Panama and Washington to define the issues involved in the new treaty arrangement. After agreement was reached, the negotiators moved into substantive talks aimed at resolving these issues.

The United States and Panama have agreed in principle that the Treaty of 1903 should be replaced by a modern treaty that rejects the concept of perpetuity and accommodates the sovereignty of Panama with the interests of the United States, on the understanding that U.S. control and defense of the Panama Canal would continue for a period of fixed duration. In the context of the Statement of Principles the issues the two negotiating parties are working to resolve are:

1. Duration: How long will the new treaty remain in force?

2. Operation and Defense: What rights and arrangements will the United States have to permit it to continue to operate, maintain, and defend the canal? What geographic areas will

the United States require to accomplish its purpose?

3. Jurisdiction: What areas will be controlled and what functions will be exercised by the United States when its jurisdiction terminates, and what is the period of transition?

4. Expansion of Capacity: How will the treaty provide for possible enlargement of canal capacity?

5. Participation: How and to what extent will Panama participate in the administration and defense of the canal?

6. Compensation: What will be the form and level of economic benefits to Panama in any new treaty?

Current Status of Negotiations

Since June 1974, the talks have been taking place in a cordial, informal atmosphere. The U.S. negotiators have been proceeding carefully and methodically. While there is no fixed timetable, the negotiators from both countries have indicated their satisfaction with the progress to date and are hopeful that both countries can reach agreement on a draft treaty.

Any decision which the President might make affecting the future of the canal will, of course, be designed to protect U.S. interests. Indeed, a major reason for negotiating a new treaty is to avert a serious crisis which would endanger our interests.

Any treaty agreed upon by the negotiators and approved by the executive branch will be submitted to the U.S. Senate for ratification and subject to full constitutional process. Panama, for its part, has said that it will submit the new treaty to a plebiscite to insure that it is acceptable to the Panamanian people.

STATEMENT OF PRINCIPLES

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. 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.
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 accor-

dance 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.

DEPARTMENT OF STATE, U.S.A.
WASHINGTON, D.C. 20520

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1. Memo <i>MR 00-10 #22; Sanitized; CIA ltr 12/22/00 dat 4/6/01</i>	Situation Room to Brent Scowcroft (3 pp.)	1/27/76	A
2. Memo <i>MR 00-10 #23 Sanitized; CIA ltr 12/22/00 dat 4/6/01</i>	Brent Scowcroft to President Ford (3 pp.)	1/27/76	A
3. Briefing	Daily Intelligence Briefing (4 pp.) <i>sanitized 02/02</i>	1/27/76	A
4.	<u>Background, 1/27/76</u>		
4a.	Background re Panama Canal negotiations (1 p.) <i>opened - KBH 4/4/00</i>	1/27/76	C(A)

FILE LOCATION

Cheney Files
 General Subject File
 Panama Canal - General

Box 9

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WHM, 5/24/85

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

~~TOP SECRET-SENSITIVE~~

January 27, 1976

MEMORANDUM FOR:

THE PRESIDENT

FROM:

BRENT SCOWCROFT

SUBJECT:

Information Items

Tanzanian President Nyerere Responds to Your Letter on Angola:
In response to your recent letter, President Nyerere discussed at some length the differences in U.S. and Tanzanian attitudes toward the Angolan crisis. Recognizing that the U.S. is concerned lest Angola become a satellite of the Soviets with military bases on Angolan soil, he said, "Tanzania's interest in Angola stems from...our desire that Angola should not become the satellite or puppet of any other country -- with a particular worry in our mind about racist and colonialist South Africa. America is concerned about Cuban troops and Russian weapons in support of the MPLA. Tanzania is much more concerned about the intervention of South African troops and weapons...." South Africa, he continued, seeks a "buffer to protect its domination over Namibia and its own inhuman apartheid practices in South Africa itself." President Nyerere expressed the concern that by being on the same side as South Africa in Angola, the U.S. will become increasingly identified with South Africa's racist policy and will force the MPLA into a degree of dependence on the Soviet Union which would endanger its present declared policy of nonalignment.

PHOTOCOPY FROM GERALD FORD LIBRARY

Silberman Meeting with Yugoslav Foreign Secretary Minic: During a long meeting with Foreign Secretary Minic on January 23, Ambassador Silberman informed him of the U.S. decision concerning TOW missiles, indicating that it reflects your commitment as expressed in Belgrade to review the military sales question personally. Minic responded that the decision was very good news and that Yugoslavia had been confident that you would follow through on your commitment to review the problem. Ambassador Silberman told Minic that we are prepared to sell the missiles because it is in our interest to do so but that there is no way to prevent newsmen from speculating as to our motives.

DECLASSIFIED • E.O. 12958 Sec. 3.6
With PORTIONS EXEMPTED
E.O. 12958 Sec. 1.5 (c)

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MR 00-10, #23, CIA Mr. 12/22/00, State Guidelines

By KBH, NARA, Date 4/6/01

[REDACTED]

Ambassador Silberman then raised the question of Soviet military overflights of Yugoslavia for Angola. Minic continued to deny that there was an airlift and that the Soviets had asked for clearance for military planes. He asserted that only a normal number of civilian planes had overflowed Yugoslavia during the period under discussion. He complained that the U.S. must have much more sophisticated equipment and said that with access to that equipment, they could inquire further. Ambassador Silberman responded that the information we had given them was accurate and that they ought to be "damned concerned" if a foreign power was capable of military overflights without detection. Minic diverted the conversation by initiating a general discussion of the Angolan question, during which each restated the position of his government. The ambassador made clear U.S. concern about the precedent of the use of Soviet power in support of a minority group in any country and the obvious implications for other countries who may at some time be vulnerable to just such an intervention. Minic ducked this thrust and observed that the problem in Angola was on its way to a solution. The ambassador responded that it depended on how efficient the Soviets and Cubans were at killing Angolans. When Minic retorted that that was a brutal way of putting the matter, Silberman responded that the Soviets were pursuing a brutal policy.

Ambassador Silberman comments that, in his view, Minic was not telling the truth about Soviet overflights and that the Yugoslavs in fact have unofficial knowledge of the nature and purpose of the overflights. He states that by his demeanor and tone Minic indicated dubiety.

[REDACTED] Giscard d'Estaing's Domestic Political Strategy.

[REDACTED] the President is preparing himself either to continue working with the present majority following the next parliamentary elections or to be able to work with a new majority to consist of the Socialists (PS), Left Radicals, centrists, Independent Republicans, and part of the Union of Democrats for the Republic.

[REDACTED] in the light of Giscard's domestic strategy, Giscard does not believe the PS leader, Francois Mitterrand, would drop the PS connection with the Communist Party to join the current presidential majority; but Giscard is intrigued with the idea that after Mitterrand, there might be an evolution towards a social democratic party

[REDACTED]

in France with a leader such as the present prime ministers of Great Britain and West Germany. Giscard's present instructions to his political lieutenants are to be sure no attacks are made against the PS which could be imputed to him or his associates. Otherwise, he permits and even encourages his associates to improve relations with elements of the PS. On the subject of the economy, [REDACTED] the Elysee is optimistic about an up-turn in economic activity, even though it will be accompanied by rising inflation rates and will not appreciably lessen unemployment. The Elysee believes it can live with the one million unemployment figure, even during the 1977 and 1978 elections.

Israeli Views of Rabin's Visit: On the eve of Rabin's arrival in Washington, our embassy in Tel Aviv has reported that Israelis anticipate his official discussions will be difficult. Regarding next steps in the Middle East, Israeli commentators believe Rabin is coming to the U.S. without new proposals. Instead, he is expected to reiterate Israel's wish for a reconvened Geneva conference without the PLO and for dealing with the Palestinian issue through the Jordanians. From the Israeli perspective, the success of the visit will be measured not by progress on how to deal with the Middle East problem -- which the Israelis do not expect -- but by Rabin's ability to present the overall Israeli case to the administration and particularly to Congress and the American public in such a way as to ensure the continuation of strong U.S. support through 1976. Rabin has reportedly concentrated his efforts over the past few days on preparing his address to the joint session of Congress and other public statements. These are expected to be upbeat in tone, conveying a positive image of Israeli policy, even if containing nothing new in substance.

[REDACTED] Rabin is expected to make a strong case that the U.S. should sustain the FY-76 level (\$1.5 billion) of FMS assistance for Israel in FY-77, despite the administration's submission of a \$1.0 billion figure to Congress, and there is one report that Rabin may also ask for an additional "special sum" for the transition quarter.

[REDACTED] the outcome of the Rabin visit will be carefully evaluated as a test of Rabin's leadership and his ability to preserve the Israeli perception of Israel's interests without damaging the U.S./Israeli relationship.

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

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January 27, 1976

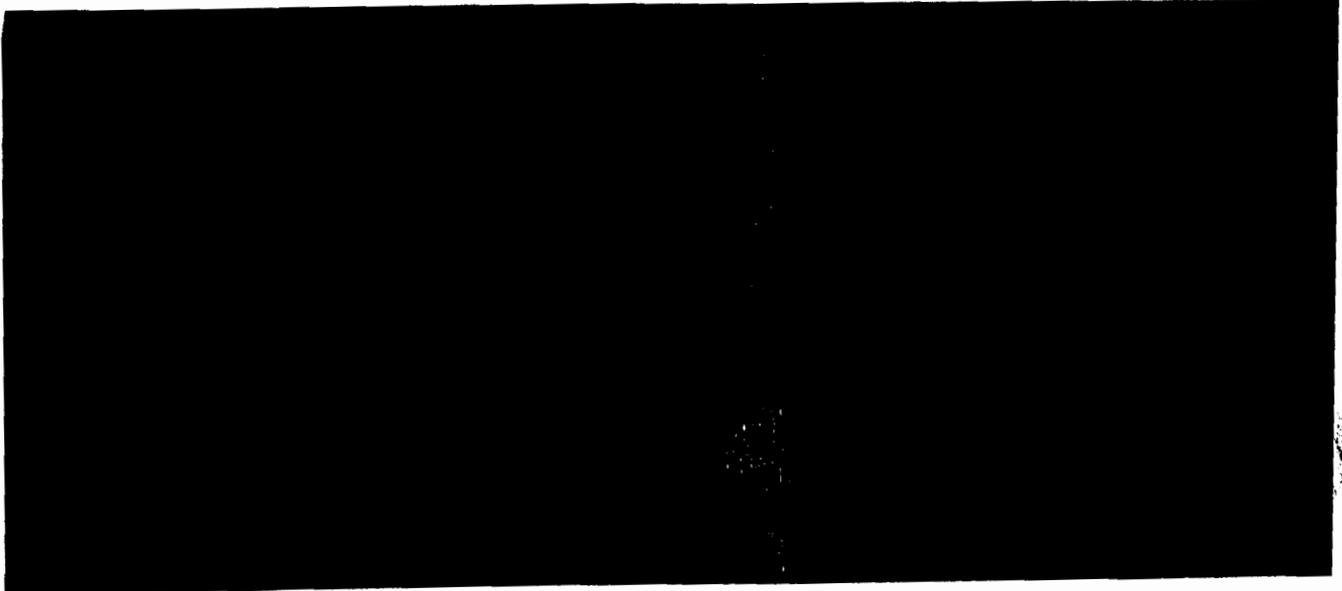
MEMORANDUM FOR GENERAL SCOWCROFT

FROM: The Situation Room

SUBJECT: Additional Information Items

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With PORTIONS EXEMPTED
E.O. 12958 Sec. 1.5 (c)

MR00-10, #22, CIA ltr 12/22/00, State Guideli
By KBH, NARA, Date 4/6/01



Laos Agrees to Talks with Thailand: Thai Prime Minister Khukrit Pramot met January 21 in Bangkok with the Lao deputy minister of information, culture, and tourism. Khukrit afterwards announced that Laos is now willing to hold talks with Thailand within the context of a ministerial-level border committee. The Thai foreign ministry then announced that the first meeting will occur in February and will cover such subjects as transportation of goods through Thailand to Laos, smuggling, and illegal border crossings. (Quinn)

Armed Resistance Gains Momentum in Laos: Lao communist authorities are having difficulty containing resistance north-east of Vientiane and in southern Laos. In the north, Meo

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[REDACTED]
dissidents have conducted small-scale ambushes against government forces. [REDACTED]

[REDACTED] Lao communist military units have abandoned several positions north of Vientiane this month and resistance groups are interdicting roads and ambushing resupply convoys. Local communist security forces report that the dissidents are active in all Meo villages. In southern Laos, several groups of exiled Lao army personnel are reportedly operating against communist forces, but their operations are limited because of serious shortages of weapons, ammunition, and other vital supplies.

While this armed resistance poses no threat to the Lao communist regime, it will almost certainly render efforts to consolidate control and implement programs more difficult. Communist authorities will not allow the situation to get out of hand, and they have already deployed troops to deal with the problem. The North Vietnamese may also provide support. There is an unconfirmed report that MIG-17s from Hanoi operated in the Long Tieng area against Meo troops. (Quinn)

Panamanian Situation Returning to Normal: Following last week's government crackdown on opponents, tensions seem to be dissipating in Panama and the situation returning to normal. Some ten persons were exiled and as many as 140 arrested, probably largely as the result of public criticism of the government's economic policies and direction. Business leaders were at the forefront of the protest and called an economic shutdown in response to the exiles. The government issued a communique over the weekend which maintained a hard line toward disruptions of public order but endorsed dialog with civic-minded businessmen and hinted that the exiles might be permitted to return if the private sector terminated its protests and strike. At the same time the leading businessmen's organization urged resumption of normal economic activity. Torrijos reportedly was prepared to use force to end the disturbances if the problem were not settled by Sunday. Business activity was expected to begin returning to normal yesterday and tensions are subsiding.

[REDACTED] opposition to the government measures and crackdown were substantially stronger and more widespread than Torrijos had expected and support from the left less enthusiastic.

[REDACTED] Panamanian ex-President Arnulfo Arias plans to return to Panama later this week. He has been

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-3-

in exile in Miami since he was deposed by the current military government in 1968. Only recently Torrijos made thinly veiled references to alleged plotting by Arias linking him to the businessmen's opposition groups. Any return to Panama would have to have Torrijos' approval. (Low)

Tuna Fleet Buying Licenses: Last year's series of tuna boat seizures and our confrontation with Ecuador may be avoided this year. The San Diego-based U.S. tuna fleet has decided to buy licenses from Ecuador to fish in Ecuadorean-claimed waters. Many of the boats are already en route to the area. The tuna, however, are moving south toward Peru and industry representatives have asked the State Department to secure information on the procedures for purchasing licenses from Peru. There is always a possibility that one boat will fail to purchase licenses, however. Its seizure would involve all the automatic legislative sanctions. (Low)

Possible Guerrilla Gains in Colombia: A recent kidnaping operation in southern Colombia has revealed the existence of a well organized guerrilla force. If eye witness reports (of some 800 involved in the exercise) are even partially accurate, the operation indicates a significant increase in the level of organization, equipment, recruitment capability, and, most important, numbers of guerrillas active in Colombia. Previous estimates have placed figures for guerrillas operating in Colombia at around 500. Security forces have been unable to locate the forces responsible for the kidnaping. (Low)

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The National Intelligence

By dal, NARA, Date 2/21/02

Daily

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TUESDAY JANUARY 27, 1976

VOLUME 3, NUMBER 22

TCS 447/76

The Daily Summary

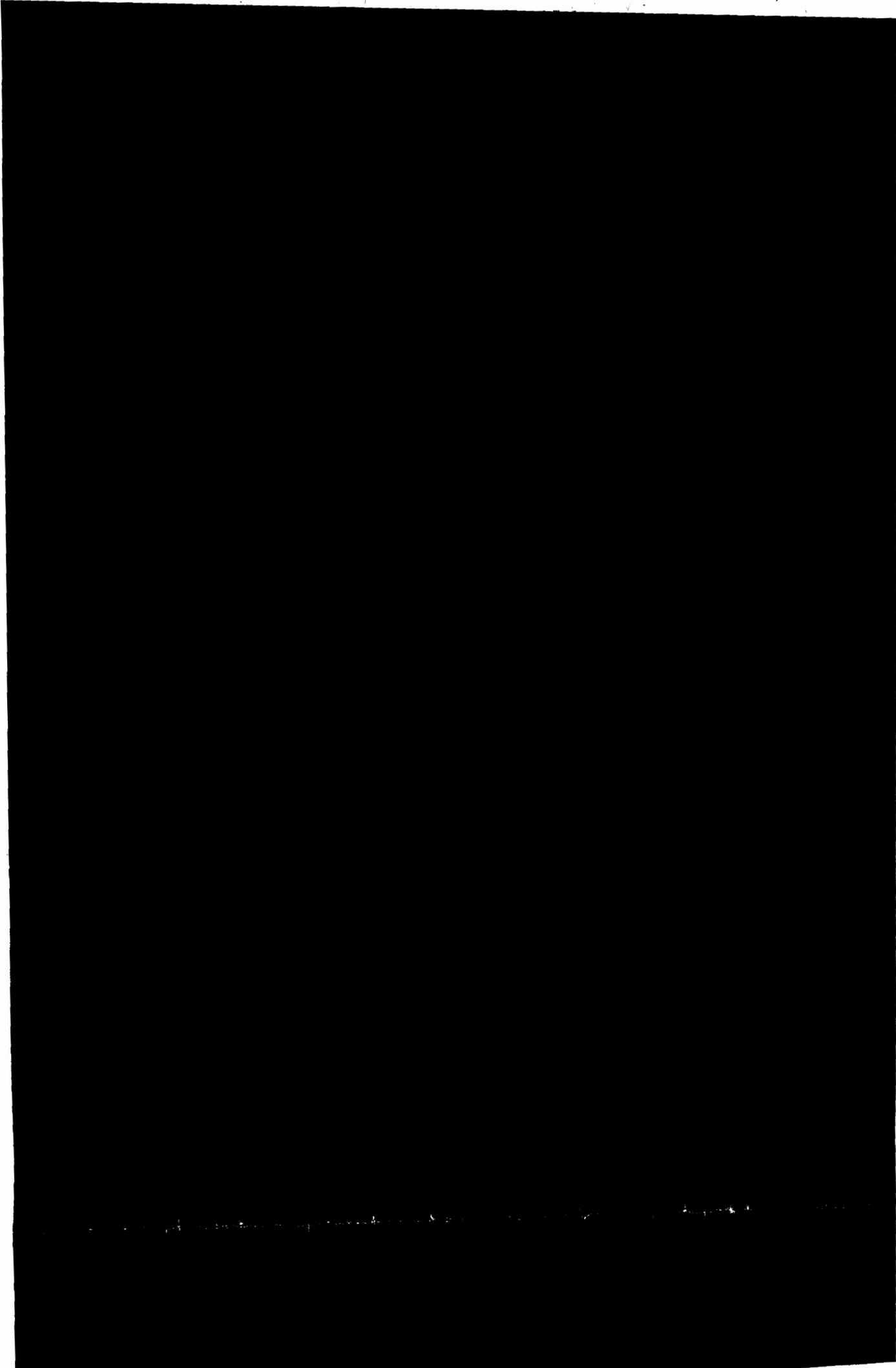
PANAMA: The government is sponsoring stories in the local press alleging a major breakthrough in the treaty negotiations. [REDACTED]
(Page 4)

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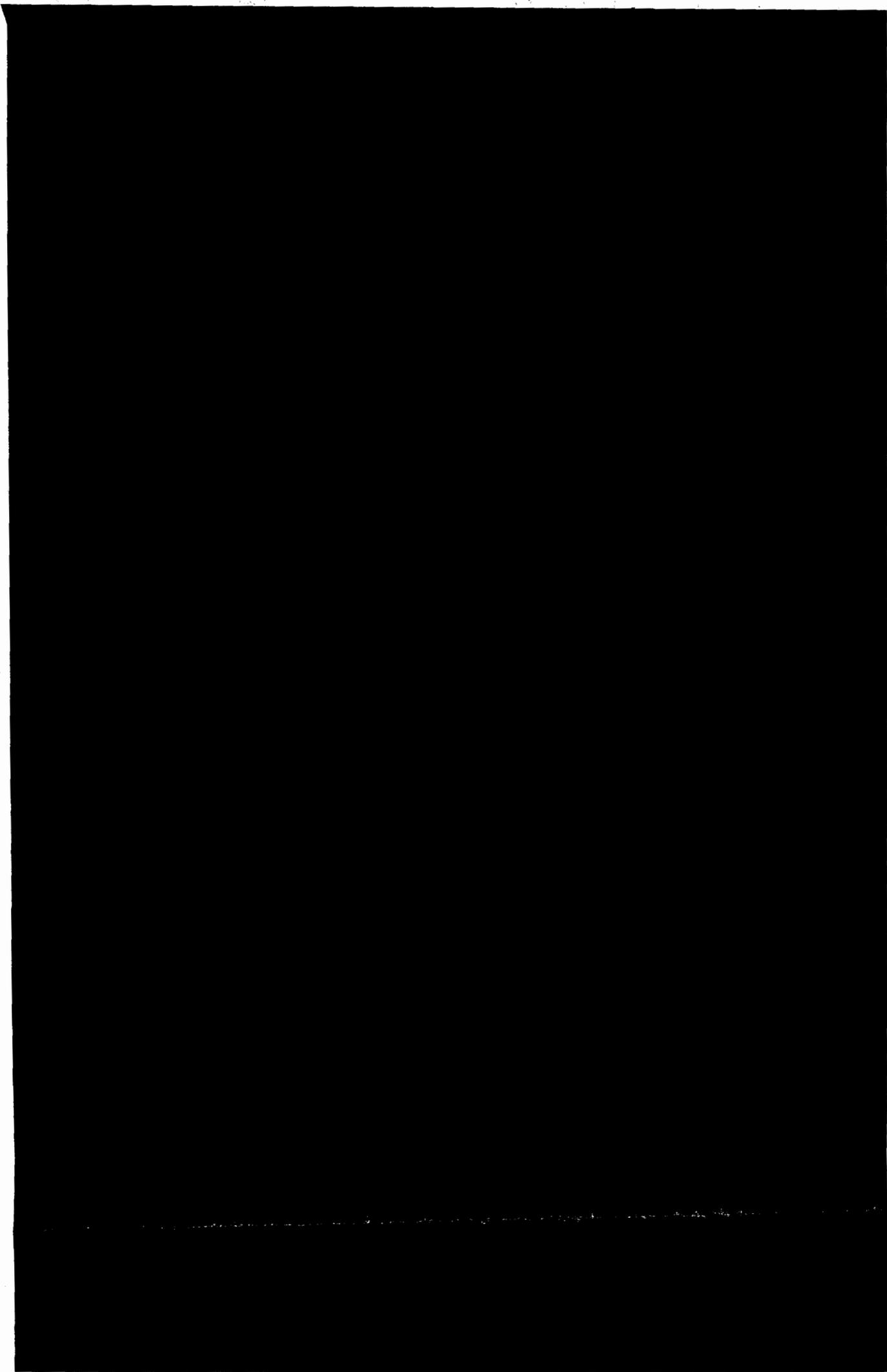
2 TUESDAY JANUARY 27, 1976

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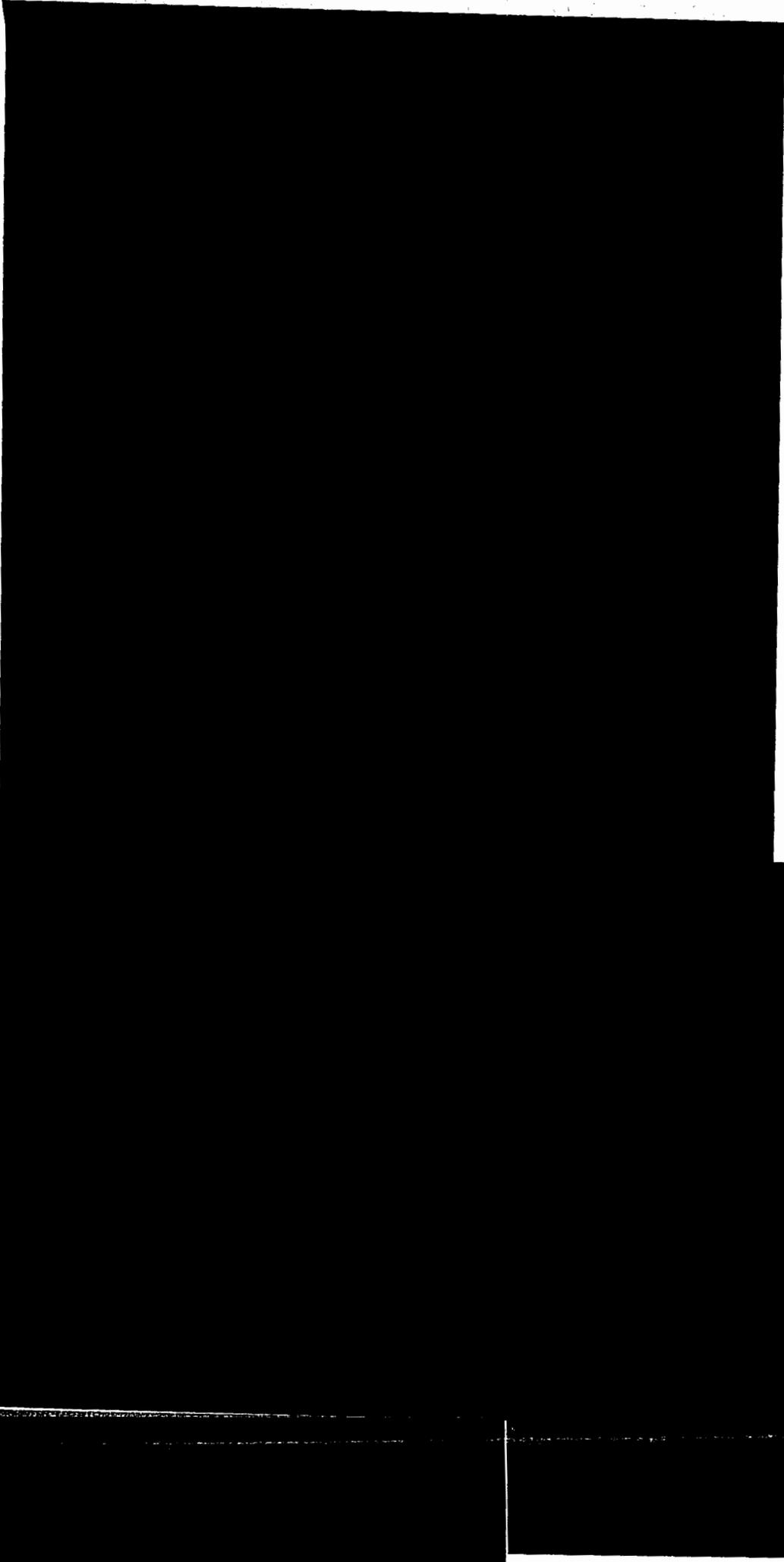


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**WESTERN
HEMISPHERE**

***Panama Floats
Canal Treaty
Press Stories***

The Panamanian government is behind the newspaper stories in Panama alleging a major breakthrough in the canal treaty negotiations; the government is trying to divert attention from anti-government protests.

The stories assert that the US has agreed to transfer the canal back to Panama in 1995, to reduce the size of the Canal Zone by up to 90 percent, and to submit future disputes to inter-American arbitration. The stories imply that final agreement is near, partly because of chief of government Torrijos' warning to US Ambassador Bunker late last year not to return to Panama without specific proposals.

The government is under fire for the recent arrest and exile of prominent administration critics. Torrijos' heavy-handed attempts to break up the resulting protests have enhanced the opposition's cause, but the government should be able to control the protests.

The press stories, however, may backfire. The Panamanians will be under greater pressure to produce results when the US negotiating team returns next month.

Last September, Panamanian leaders fostered expectations of a major negotiating breakthrough, and there was considerable disappointment when it did not materialize. Partly as a result of this, Torrijos later issued the public warning to Bunker. Now the Panamanians are under greater pressure themselves to produce major progress in February. [REDACTED]

THE WHITE HOUSE
WASHINGTON

August 18, 1975

National Security Decision Memorandum 302

TO: The Secretary of State
The Secretary of Defense

SUBJECT: Panama Canal Treaty Negotiations

After considering the views expressed by the Departments of State and Defense concerning proposals for negotiating instructions on a new United States-Panama Canal Treaty, I have decided to modify the negotiating instructions contained in NSDMS 131 and 115 and to supplement them as follows:

-- The negotiators are authorized to propose to the Panamanians that the treaty duration applicable for defense be separated from its application to operation of the Canal. With regard to duration applicable to operation of the Canal, the United States negotiators should seek to obtain the longest possible period, to terminate not earlier than December 31, 1999. With regard to duration applicable to defense of the Canal, they should seek to obtain a minimum of 50 years, but are authorized to recede to no less than 40 years. They should also make efforts to obtain a right in principle for the United States to participate in Canal defense, including a limited military presence in Panama, following the expiration of the treaty period applicable to defense, such participation to be of a nature and under terms to be agreed upon between the parties not less than one year prior to the treaty's expiration. As a fallback, if deemed necessary to achieve the objective of an extended period for Canal defense or other critical negotiating objectives, the Negotiators may offer a reduction of the duration period applicable to Canal operation to a period of not less than 20 years.

-- With regard to Canal expansion, the United States Negotiators should seek to obtain the longest possible period up to the termination of United States responsibility for operation for a

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UNCLASSIFIED
NSC 80086 12/30/80
By W H M NARS, Date 5/24/85

United States option to exercise definitive and exclusive rights to expand the Canal's capacity, whether by addition of a third lane of locks or the construction of a sea-level canal. As a fallback, they may seek to obtain -- either in lieu of or in combination with definitive rights -- commitments that: (a) Panama will not permit the construction of a sea level canal in its territory during the period of United States control of the existing Canal unless it has first offered to the United States the option to construct such a canal. That option should be under terms and conditions which would accord to the United States rights relating to operation and defense commensurate with the due protection and enjoyment of a United States investment of that magnitude; (b) no country other than the United States or Panama shall have responsibility for operation and defense of an interoceanic canal in Panama; and (c) the neutrality guarantee applicable to the existing Canal will apply to any new canal built in Panama.

-- With regard to land/water areas, the United States Negotiators should seek to obtain Panama's acceptance of the United States offer of January 18, 1975, modified by the addition of such of the following areas as the Negotiators find necessary in order to further our objectives:

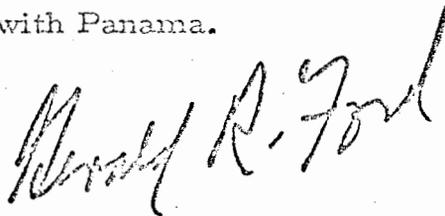
- Cristobal Piers
- Land and Water Areas in Gatun Lake
- Fort Sherman jungle training area south of the 22nd grid
- Coco Solo, Fort Randolph and access to them via Randolph Road
- Portions of the Albrook/Clayton Training Areas

If agreement is not possible on the basis of these offers, the United States Negotiators should request further instructions from the President.

-- With regard to the negotiating process, the United States Negotiators should seek to obtain Panama's agreement that the negotiations will remain confidential so that the Panama Canal issue will not be injected into the domestic political process in the United States in 1976.

-- With regard to the resumption of negotiations, the United States Negotiators should proceed promptly to continue their task.

-- With regard to the creation of a favorable national environment for treaty ratification, the Departments of State and Defense should join in regular consultations with the Congress on the course of treaty negotiations and should initiate an effort to build support for a new treaty with Panama.



cc: The Chairman, Joint Chiefs of Staff
 The Director of Central Intelligence
 The Chief Negotiator for the Panama Canal Treaty

DEPARTMENT OF STATE

DPC 16

TRANSCRIPT OF PRESS, RADIO AND TELEVISION NEWS BRIEFING
-MONDAY, JANUARY 26, 1976, 12:48 P.M.-

(ON THE RECORD UNLESS OTHERWISE NOTED)

MR. FUNSETH: Good afternoon. I have a number of announcements.

Available in the office are the following statements and press releases:

- A statement of Under Secretary Robinson before the Subcommittee on International Finance and Resource. Mr. Robinson appeared at 10 o'clock this morning. The subject of his statement is "The Problem of Global Inflation and its Implications for National Policy."

- Secondly, we have copies of the program of the official State visit of Prime Minister Rabin, which I believe was released on Saturday.

- We also have the transcript of the press conference by the Secretary in Brussels on Friday.

- We have the statements by the Secretary and the Spanish Foreign Minister upon his arrival in Madrid on Saturday.

- We have the transcript of the press conference by the Secretary and the Spanish Foreign Minister following the signing of the Treaty of Friendship and Cooperation in Madrid on Saturday also.

Later this afternoon -- I think probably right after lunch -- we will have copies of the Treaty on Friendship and Cooperation, which was initialled or signed in Madrid, as well as some accompanying documentation.

That is all I have.

Q Was the Treaty submitted up to the Hill today?

A No. I understand, Lars, that we are in the process of putting the papers together and transmitting it to the Senate through the White House, but I do not know what day it is going up.

Q Bob, do you have any information regarding the reported gift by General Barzani of the Kurds to the Secretary of a rug and a necklace?

A Yes. I have seen reports in the press currently which suggest leaks from the yet-to-be-released report of the House Select Committee on Intelligence. I must say this kind of report is indicative of some of the

problems we have confronted with this whole exercise, but when the report is released we will probably have some comment on it. Meanwhile, as far as this particular report is concerned -- first, about a necklace -- Mrs. Kissinger has never seen any necklace and never knew anything about it. And as for the rug, it -- along with the necklace -- are, as far as I know, in the White House, where they have always been.

Q They are in the White House?

A It is an absolutely false and spurious report.

Q The rug is in the White House you say?

A It and the necklace as gifts were turned over--or whatever happens to that kind of gift-- in the White House. Neither the Secretary nor Mrs. Kissinger ever had personal possession of these gifts.

Q Is that all there were in the way of gifts -- one rug and one necklace?

A That is all.

Q Do you know that or are you just assuming that from the report?

A I am assuming that, yes. That is all.

Q - You don't really know whether there are any more gifts.

A All I know about is one rug and one necklace. I do not believe there were any other gifts.

Q O.K. Can you tell us something about this meeting, or negotiations, on the oil with the Soviet Union -- how long is this likely to last and what details are to be hammered out yet?

A I really do not have much more than what was in the press release announcing it, Henry. They are starting today. How long they will last, I just do not know.

Q Several days?

A I assume so. I just do not have anything more than what was in the press release.

Q Anything on the breakfast with Dinitz today?

A The Secretary and the Israeli Ambassador had breakfast this morning and they were discussing preparations for Prime Minister Rabin's visit. That is all I have on it, Bernie.

Q There's a report on FBIS saying that agreement

WHITE HOUSE
WASHINGTON

Panama Canal
RBC HAS SEEN

NOTE FOR:

Oenes

FROM :

RON NESSEN

The Panama question
come up at the State
Dept briefing Monday.

While they don't
have any political
reporters there.

RAN

[1/26/76]

5

has been reached--a compromise agreement--on turning over the Panama Canal in full sovereignty by 1995. Can you comment on that?

A Not really. We have had other reports in the past on this and I would repeat today what I have said in the past: We are still in the process of negotiations, and our practice has been not to comment on these details until the negotiations are concluded.

I would refer you to a statement that Ambassador Bunker made several days ago on the status of the negotiations.

Q This is a statement by the Foreign Minister of Panama, as I understand it.

A What was brought to my attention, Lars, were reports in the Panamanian press.

Q This was in the course of an interview he gave on a television program in Colombia.

A I am still not going to comment on the details of our negotiations until they are completed.

Q Do you have a date for Bunker's return trip to Panama?

A No, I do not. I will check into that and see if it has been fixed.

Q Bob.

A Yes, sir.

Q Can you confirm that the Secretary of State is going to Latin America on the 16th of February?

A No, I cannot confirm the date. He hopes to go to Latin America, but I am not in a position to announce it today.

Q In February?

A Let us wait for the announcement.

Q Ready?

Q Bob -- No; sorry -- there is a report in Ha'aretz today saying that King Hussein has told the Israelis that he was prepared to negotiate in order to resupply the West Bank of the Jordan, which would be a change of policy -- I mean, Rabat. Do you have anything on that?

A I do not have anything on that.

Q You don't have anything on that?

A I do not have anything at all on that.

Q Bob, there were reports this morning too that South Africa is going to keep some of its forces on the southwest border near Namibia until they receive a guarantee the border is safe, and there are other reports

that they have already withdrawn.

A All I have been able to find out about that this morning is that there have been news reports coming out of South Africa which are emanating from South African Government sources stating they have been withdrawing their troops from forward positions, and setting up defensive positions along the border. But that is all I have on it. I do not have anything officially.

Q Bob, is the delegation of the FNLA, which is in Washington, going to be received by anybody in the State Department?

A I will have to check into that. I was not aware that there was a delegation in Washington today.

Q There is right now.

A Arriving?

Q There's also a report from London that mercenaries are being recruited to be sent to Angola and are being financed by American sources.

A I was not aware of that press report.

Q Do you know whether it's against the law for any American to finance mercenaries overseas?

A This question has come up in the past about

recruitment in the United States for combat. There are some general restrictions against it in our Code but you would really have to go to the Justice Department to find out the specific parts of that statute. I do not have them here.

Q Is the Administration planning to ask Congress for additional authority to send aid to the pro-Western forces in Angola?

A As you know, only the Senate has taken action. The House still has action to take on the Senate bill that was passed before the recess. I believe the Administration continues to support the position we have had in the past.

Q Are you hopeful?

A Pardon me?

Q Are you hopeful?

A I have not done any recent head-counting but I have been reading reports about interviews on the Hill on the subject. [Laughter]

Q Thank you.

(Whereupon, at 12:55 p.m., the press briefing was concluded.)

- - -

PANAMA NEGOTIATIONSBACKGROUND INFORMATION:

See Attached Intelligence analysis on Panamanian strategy on Canal negotiations. FBIS report also attached contains a statement by Antonio Tack:

The chief Canal negotiator and former Foreign Minister of Panama, stated that the President has proposed a compromise formula for resolution of the Canal negotiations. He further states that agreement could be reached in the negotiating round scheduled to begin next month. The Madrid news agency, EFE, uses this statement to confirm a report it had made from Washington that agreement on the Canal had already been reached and that the Canal and Zone would be returned to Panama at the end of 1995.

- I. To the report that agreement has already been reached, we can reply that the negotiations are continuing, some progress has been made, but differences remain on a number of important issues. It is our hope that by means of serious and steady negotiating we can narrow these differences and achieve an agreement which would protect the interests of both countries in this area.
- II. To the 1995 date of return of the Canal to Panama, we can say that there has been no agreement reached on the termination date of any treaty which might be agreed on between the two countries.
- III. With regard to any specific involvement of the President, you can say that he is, of course, interested and follows the progress of the negotiations, which are under the direction of Ambassador Bunker. Specific negotiating guidelines, of course, have always been set by the President.
- IV. On the matter of correspondence with the Presidents of Venezuela, Colombia and Costa Rica raised by Tack, there was an exchange of correspondence with the Presidents of these countries concerning the Canal earlier last year. President Ford's letter was of a general nature, and did not contain specific Canal negotiating positions.

PANAMANIAN FOREIGN MINISTER CONFIRMS CANAL AGREEMENT NEAR

PAGES 2245 MADRID EFE IN SPANISH 2059 GMT 25 JAN 76 PA

EMBARGOED UNTIL 0200 GMT 26 JAN 76)

(TEXT) BOGOTA, 25 JAN--THE UNITED STATES WILL RECOGNIZE PANAMA'S SOVEREIGNTY OVER THE CANAL AND THE AREA OF 1,400 SQUARE KILOMETERS THAT SURROUNDS IT BECAUSE THE TWO GOVERNMENTS HAVE ALREADY REACHED PRELIMINARY AGREEMENTS ON A NEW TREATY. PANAMANIAN FOREIGN MINISTER JUAN ANTONIO TACK MADE THE STATEMENT TODAY ON THE PROGRAM "FIVE REPORTERS AND THE PERSONALITY OF THE WEEK" WHICH IS BROADCAST BY THE CARACOL NETWORK OF COLOMBIA.

TACK SAID THAT PRESIDENT GERALD FORD IN A MESSAGE THAT HAS NOT BEEN MADE PUBLIC PROPOSED A COMPROMISE FORMULA IN WHICH PANAMA'S RIGHT TO EXERCISE SOVEREIGNTY OVER THE CANAL AND THE CANAL ZONE IS ACCEPTED. HE SAID THAT IN THE NEW ROUND OF TALKS AND NEGOTIATIONS WHICH BEGINS IN FEBRUARY IN PANAMA "AGREEMENT COULD BE ATTAINED OR REACHED IN THE SEARCH FOR A NEW TREATY 'DRAFT' WHICH, IN ANY CASE, RECOGNIZES PANAMANIAN SOVEREIGNTY OVER THE CANAL." THE PANAMANIAN FOREIGN MINISTER CONFIRMED IN THIS FASHION THE EXCLUSIVE INFORMATION SUPPLIED TO EFE IN WASHINGTON, TO THE EFFECT THAT AN AGREEMENT HAD ALREADY BEEN REACHED BETWEEN THE TWO GOVERNMENTS AND THAT THE CANAL AND THE CANAL ZONE WILL BE RETURNED TO PANAMA ON 31 DECEMBER 1995.

TACK SAID THAT AS PART OF THE PANAMANIAN CAMPAIGN TO RECOVER ITS SOVEREIGNTY, THE NEXT STEP WOULD BE THE USE OF "THE DIRECT ROUTE OF NEGOTIATION" AND AFFIRMED THAT THERE IS GOOD REASON TO BELIEVE THAT IN THE LAST FEW MONTHS THERE HAS BEEN "AN EXTRAORDINARY CHANGE, ESPECIALLY IN THE MENTALITY OF THE U.S. CONGRESS, ON THE BASIS OF THOROUGH EXPLANATIONS MADE BY HIGH-RANKING U.S. GOVERNMENT OFFICIALS." HE ADDED THAT THE CONGRESS IS WELL AWARE THAT THE PANAMANIAN ATTITUDE IS DEFINITE AND THAT "IT IS DETERMINED BY BROAD HISTORIC OBJECTIVES WHICH THE NATION WILL FULFILL."

"...THERE IS NO SENATE OR CONGRESS, EVEN THAT OF THE UNITED STATES, THAT CAN CHANGE THIS PANAMANIAN ASPIRATION," SAID TACK. HE AFFIRMED THAT PRELIMINARY AGREEMENTS EXIST ON THE BASIS OF TWO PANAMANIAN OBJECTIVES: TO RECOVER THE PANAMANIAN TERRITORY IN THE CANAL ZONE WHICH COVERS 1,400 SQUARE KILOMETERS AND TO HAVE A PANAMANIAN CANAL MANAGED BY PANAMANIANS. "THE AGREEMENTS WHICH WE HAVE ATTAINED COULD LEAD TO A NEW TREATY 'DRAFT' IN THE NEAR FUTURE, A TREATY WHICH GUARANTEES FOR PANAMA THE EXERCISE OF ITS FULL SOVEREIGNTY OVER THE CANAL ZONE," SAID THE FOREIGN MINISTER.

FOREIGN MINISTER TACK SAID THAT THE CANAL HAS ALWAYS REPRESENTED AN ELEMENT OF INTERNAL SECURITY FOR THE UNITED STATES, WHAT IT "CONSIDERS AS ITS BASIC INTERNAL SECURITY," WHICH HAS BEEN ONE OF THE OBSTACLES TO AGREEMENT. "THIS IS THE CLASH WE HAVE HAD FOR 70 YEARS," SAID THE PANAMANIAN OFFICIAL. NEVERTHELESS, THE FOREIGN MINISTER REAFFIRMED HIS OPTIMISM IN FINDING AN AGREEMENT WITH THE UNITED STATES. "WE ARE CLOSER THAN EVER TO A POSSIBLE AGREEMENT," HE ADDED. HE SAID THAT THE PANAMANIAN POSITION "IS UNCHANGEABLE," ADDING THAT THE BILATERAL NEGOTIATIONS ARE PROCEEDING ON THE BASIS OF POLITICAL COMPROMISE ON BOTH POSITION."

TACK SAID THAT FOR 6 YEARS PANAMA HAS BEEN WAGING AN INTERNATIONAL CAMPAIGN TO MAKE THE BASIS OF THE PROBLEM KNOWN, STRESSING THE SUPPORT THAT HAS BEEN RECEIVED ON THIS FROM ALL THE LATIN AMERICAN COUNTRIES AND THE NATIONS OF THE THIRD WORLD, AFRICA, ASIA AND EVEN SOME EUROPEAN COUNTRIES. HE SAID THAT EVERY COUNTRY THAT OFFERS ITS SUPPORT TO PANAMA "HAS THE INDEPENDENCE TO DETERMINE IN WHAT FORM IT CAN OFFER IT." HOWEVER, TACK MADE THE FOLLOWING EMPHATIC EXPLANATION: "THE CANAL PROBLEM MUST BE SOLVED BASICALLY AND PRINCIPALLY BY THE PANAMANIAN. IF A SITUATION SHOULD ARISE THAT WOULD REQUIRE FORCE TO FIND SOLUTIONS, IT WOULD BE UP TO THE PANAMANIAN TO DECIDE IN WHAT MANNER THEY WOULD FACE THIS SITUATION

TACK DENIED THAT THE FEARS EXPRESSED BY THE UNITED STATES--TO THE EFFECT THAT PANAMA WILL GIVE PRIORITY TO THE SOCIALIST WORLD OVER THE CAPITALIST WORLD WHEN IT RECOVERS SOVEREIGNTY--CONSTITUTE A "BASIC PROBLEM" FOR HIS COUNTRY, STRESSING THAT "OUR ONLY PROBLEM IS TO HAVE A PANAMANIAN CANAL MANAGED BY PANAMANIAN." HE RECALLED THAT PRESIDENT FORD REPLIED TO A LETTER WRITTEN TO HIM ABOUT THE CANAL MATTER BY THE PRESIDENTS OF COLOMBIA, COSTA RICA AND VENEZUELA AND THE PANAMANIAN CHIEF OF GOVERNMENT AND THAT THE REPLY IS A POSITION FOR NEGOTIATION.

THAT POSITION, SAID TACK, POINTS TOWARDS A POLITICAL COMPROMISE "WHICH WE ARE TRYING TO REACH. IN HIS REPLY PRESIDENT FORD EXPRESSES HIS POLITICAL POSITIONS ON THIS PROCESS OF NEGOTIATION." HE STRESSED THAT THERE IS A FORMULA PROPOSED BY PRESIDENT FORD, ON THE BASIS OF WHICH PROGRESS HAS BEEN MADE, BECAUSE IT IS PART OF THE OBJECTIVES OF THE PANAMANIAN NATION. THE PANAMANIAN FOREIGN MINISTER ALSO POINTED OUT THAT THE PRESIDENTS LOPEZ MICHELSEN (COLOMBIA), CARLOS ANDRES PEREZ (VENEZUELA), DANIEL ODUBER (COSTA RICA) AND GENERAL TORRIJOS HAVE ALREADY FORMED A COMMISSION TO PREPARE THE MEETING OF PRESIDENTS WHICH WILL BE HELD IN PANAMA ON 22 JUNE TO COMMEMORATE THE 150TH ANNIVERSARY OF THE AMPHICTYONIC CONGRESS.

26 JAN 005EZ JOR/HH

3/5/76

THE WHITE HOUSE
REMARKS OF THE PRESIDENT
AND
QUESTION AND ANSWER SESSION
AT THE
EVERETT MCKINLEY DIRKSEN FORUM
BRADLEY UNIVERSITY

QUESTION: Mr. President, I am pastor of a church here in Peoria. From time to time we get reports, printed sometimes, to the effect that Mr. Kissinger and the State Department have already made promises and commitments regarding the Panama Canal to a Government which is something less than friendly to us, and, furthermore, it has been suggested that the constitutional clause which forbids any United States property to be sold without approval of the Congress, that that will be circumvented by retaining title to it but nevertheless technically not selling it, but in reality giving all the controls and direction and jurisdiction to the Panama Government which only the owner of the property should have.

I would like you, Mr. President, to comment on that if you would.

THE PRESIDENT: First, let me say that whatever is done, if it reaches that point, will be fully submitted to the United States Congress, both the House as well as the Senate. If property is sold -- and I am not saying it is -- or is transferred, it would have to be approved by both the House and the Senate and, of course, if it is a treaty, it would have to be approved by the Senate alone, so you can rest assured that whatever is done, if anything is done, will be submitted in its entirety and completely open and above board.

Now the situation is that since 1964 when they had a series of riots in the Panama area, the Canal Zone and the Government of Panama, some 30 people were killed in these riots, including a significant number of Americans. Those circumstances precipitated negotiations that have been carried on by three Presidents. Those negotiations are going on today between the Government of Panama and the United States.

I can only assure you -- because the negotiations have not been completed -- that the United States, as far as I am concerned, will never give up its national defense interests, nor give up its interests in the operation of the Panama Canal. And whatever is negotiated -- and nothing has been concluded -- will be submitted in its entirety to the Congress of the United States.

MORE

PRESS CONFERENCE NO. 28

of the
PRESIDENT OF THE UNITED STATES

At 12:02 P.M. EST
March 13, 1976
Saturday

At Guilford College
Greensboro, North Carolina

QUESTION: Mr. President, my question is this.
Do you see the United States relinquishing control of the
Panama Canal in the next four years, and, if so, under what
circumstances?

THE PRESIDENT: Three Presidents have been negotiating
since 1965 with the Government of Panama to resolve the dispute
that arose following the very sad and tragic incident that
happened at that time where some 30 people were killed,
including, as I recall, approximately 10 Americans.

These negotiations have gone on for about 10-plus
years.

I can assure you of this. The United States, as long
as I am President, will do nothing to give up the control of the
operations of the Canal, and will do nothing to give up the
military protection of the Canal, and that is what the experts in
our Government are most concerned about. And whatever is
agreed to, if anything, will be submitted openly to the United
States Congress for consideration.

[April 1976]

PRESIDENTIAL STATEMENT IN DALLAS

I think it is premature to come to any conclusion as to what might be the final resolution of the longstanding differences between the United States and Panama. Three previous Presidents have had representatives negotiating on this very controversial issue. I can simply say and say it very emphatically, that the United States will never give up its defense rights to the Panama Canal and will never give up its operational rights as far as Panama is concerned. Since there is no resolution today, I don't think I should prejudge any detailed final settlement in the conflict or controversy. I can assure everybody in the United States that we will protect defense and operational responsibilities as far as the Panama Canal is concerned.

SECRET

PRESIDENT OF THE UNITED STATES

10:12 A.M. CST
APRIL 2, 1976
FRIDAY

In the Crystal Ballroom
At the Mare Plaza Hotel
Milwaukee, Wisconsin

*Yes - file in
p. 10
4*

THE PRESIDENT: Thank you very much, Mr. Thompson.
If I could take one minute.

Flying out here this morning I learned that the Department of Labor issued some more good economic news. They indicated that the unemployment figure went down again for the month of March to 7.5 percent. I ask you to compare that with 8.9, as I recall, in May of 1975.

The most encouraging news was the fact that this report indicates that 86,700,000 people are painfully employed -- the highest number of people employed in the history of the United States -- and since March of last year we have added 2,500,000 more jobs in the United States. So we are making real progress in reducing unemployment and, at the same time, increasing employment.

With that, I will be glad to answer any questions.

QUESTION: Mr. President, I really have two questions, if you will.

Milwaukee has been ordered to integrate its public schools. Do you have any thoughts on how to achieve racial integration?

THE PRESIDENT: Well, I have always believed that the Constitutional right of equality must be protected by the courts of the land and by all other public officials. On the other hand, I do not believe that court ordered forced busing to achieve racial balance is the right way to get quality education.

We have ample evidence that in those instances where it has been applied--court ordered forced busing--there has not been an increase in quality education. It is my belief that there is a better way to improve educational opportunities and, at the same time, to improve the integration of our society as guaranteed by the Constitution.

The Each Amendment, which was passed by the Congress in 1974 and signed by me, provides a series of steps whereby we can desegregate and, at the same time, improve educational opportunity with an emphasis on the neighborhood schools.

MORE

and I will, of course, under the oath of office that I took, have to enforce the law as decided by the courts, but if you want quality education, which I think we all want, court ordered forced busing is not the best remedy.

QUESTION: Every indication we have says that you will win in Wisconsin. How do you predict that you will do on April 6?

THE PRESIDENT: I always assume -- I think it is true here in Wisconsin -- that we will win, but I am not going to get in any numbers game. It is a hard battle. I think we have the affirmative programs and affirmative policies both at home and abroad, and I believe that a majority of the people voting in the Republican primary in Wisconsin will support my candidacy.

QUESTION: Mr. President, in regard to the good job news, now there is a Teamsters strike that might cloud up the job picture. How long will you wait before invoking the Taft-Hartley Act as the talks progress?

THE PRESIDENT: We are counting on the labor-management negotiations to settle the differences. I have been in constant communication with the Secretary of Labor, Mr. Bill Usery, who is working with both labor and management trying to get an agreement. As a matter of fact, I talked to him last night late and he called me this morning as we arrived here in Milwaukee, and no settlement has been agreed to, but progress is being made and I don't think it is advisable for me to comment as long as the two parties are negotiating.

I am optimistic and hopeful and, therefore, it is my belief that the proper procedure is to let the negotiations take their course and I think a settlement will be accomplished.

QUESTION: Mr. President, Governor Reagan has raised questions about the sovereignty of the Panama Canal. Will you tell us who owns the Panama Canal and who will own it in 10 years?

THE PRESIDENT: Well, the United States made an agreement a good many years ago for the utilization of a strip of land and for the construction of a canal. The United States over the years has maintained the national security of that strip of land and the operation of that canal, and we have operated the canal.

The White House, with President Johnson first, President Nixon second, and myself third, has been negotiating with the Panamanian Government to find a way to avoid the kind of incident that took place in 1983 where 30 people were killed, including, as I recall, some 10 Americans. If we can negotiate an agreement which will protect our right to defend that canal and to maintain and operate that canal, there is a possibility that an agreement will be reached but none has yet, and it is something that is in the negotiating process and no further.

QUESTION: Mr. President, Jimmy Carter says the biggest issue in this campaign is restoring integrity to Government; Morris Udall says it is jobs; Henry Jackson says it is Getente; and Ronald Reagan says it is eliminating the Federal bureaucracy. What, in your opinion, is the most specific, biggest issue in this campaign?

THE PRESIDENT: Well, the issue of integrity of Government, I think, is settled as far as my candidacy is concerned. A House and Senate Committee went into my background, my record in great, great depth more than any other person has been investigated in the history of the United States, and so far as I am concerned, I have a proven record of integrity as far as my own life is concerned, but from the point of view of the issues, I think it is the building up and the strengthening, the fortifying of our economy to restore the kind of permanent prosperity that we must have so that anybody who wants a job can have a job and, secondly, that we can get the rate of inflation down in the range of two to three percent or less.

I also think it is vitally important that we maintain the peace that we have, a peace through strength, a peace through negotiation, not confrontation, a peace that will not take us back to the cold war era like some people want. If we can keep peace and maintain or achieve prosperity, and my policies do it, I think those are the issues.

QUESTION: Mr. President, one other question. How do you justify Secretary of State Kissinger's logic that Cuba should not send their troops to Angola, in light of our own recent involvement in Vietnam?

THE PRESIDENT: There is no comparison whatsoever. In the case of Vietnam, there was an established government. We were invited in to participate in Vietnam. In the case of Angola, there were three forces that were competing, the MPLA, the FNLA and the UNITA. There was no government in Angola after the Portuguese left and so Cuba, by going in with 12,000 Communist mercenaries, were trying to establish a government to their liking. It is a totally different situation, not comparable to Vietnam at all, and that kind of adventurism the United States will vigorously condemn and take appropriate action in the future.

QUESTION: Mr. President, I am from the Marquette University Radio Station. Since you announced your \$700 million student aid cut there has been a bit of an uproar among the students. How would you explain to the students across the country the necessity of a cut this large when it might force many of them to leave school?

MORE

GOP Reception - San Antonio Civic Center April 9, 1976

QUESTION: Mr. President, please do not give away the Panama Canal.

(Laughter)

THE PRESIDENT: Sir, I don't think you have to worry about that.

(Laughter) The United States, as far as I am concerned, will never give up its defense responsibilities and capability. It will never give up the rights of navigation and so forth. You just don't have to worry.

QUESTION: Thank you very much.

PANAMA CANAL

Q: The President said in Texas that "the United States will never give up its defense rights to the Panama Canal and will never give up its operational rights as far as Panama is concerned." The principles signed by Secretary Kissinger in 1974 assure Panama that the treaty would have a fixed termination and Panama would assume total responsibility for operation of the Canal upon termination of the treaty. Is the President announcing a change in our policy toward Canal negotiations?

A: No, we assume that the President was referring to the situation which would apply while the treaty is in effect.

Q: Then what does the term "never" mean?

A: We don't know what the provisions of the treaty will be. It would be inappropriate to speculate on them while we are in the process of negotiating them.

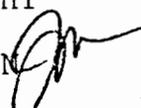
Dick,
This could be helpful.
Foster.

April 15, 1976

MEMORANDUM FOR:

FRED SLIGHT

FROM:

JOY MANSON 

SUBJECT:

Panama Canal

Mr. James E. Smith, a professor in the Department of History, Carney State College, Carney, Nebraska 68847, called in this morning with an analogy that may be useful in Texas with regard to the Panama Canal.

In reading the actual treaty with Panama, Mr. Smith notes that the U.S. specifically is entitled only to use the agreed-upon land for the construction, operation and maintenance of the Canal, and he draws a distinction between these specific "rights" and the purchasing "rights" the U.S. has in Alaska (where the land is ours to do with as we wish).

Mr. Smith said one thing Texans are very familiar with are Mineral Rights -- whereby an owner of valuable land may lease it to an oil company for drilling, digging purposes but the owner technically still maintains ownership of said land. Describing the Panama Canal Treaty as a "Mineral Rights lease" is Mr. Smith's recommendation to clarify the specificity of the rights inherent in the Panama Treaty. Smith further suggested that a follow-up analogy might include that "as the control of the Canal is by the United States, so is the control of the leased oil land by the oil company -- and I may employ your son in the operation of the Canal as an oil company may employ your son to operate the pumps."

N

May 5, 1976

TUNA BOATS DETAINED IN PANAMA

FOR YOUR BACKGROUND ONLY:

The press has picked up the story that two U. S. tuna boats are in the Canal Zone having been chased in there last week by the Panamanian government for fishing in territorial waters. The two boats have been threatened with seizure and confiscation of catch.

In actuality, there are probably about nineteen ships, most of them American ships in the Canal Zone at present. What is unclear is whether the Panamanians are aware of the total number of ships in the zone, their purpose in transit, or the actual number of ships -- American or otherwise -- involved in fishing activities.

Panamanian General Torrijos reportedly told agents for the owner of one of the U. S. - owned tuna boats now in the Canal Zone that they had until yesterday to pay the \$100,000 for an extraordinary fishing license; otherwise, the boats would be seized and the industry reportedly prefers to have boats seized and to pay a fine, for which the companies would be reimbursed by the U. S. government under the Fisherman's Protective Act, than to pay a licensing fee for which they would not be reimbursed. It is therefore increasingly possible that the shipowners will decide to have their boats leave the zone, knowing they will be seized and fined by the Panamanians.

This would activate obligatory U. S. legislative sanctions which would complicate U. S. -Panamanian relations and, no doubt, influence the conduct of treaty negotiations.

* * * *

Q. We have heard reports that the Panamanians have detained two U.S. fishing vessels. Are we making any representations to the Panamanians on this issue?

A. Yes, We are in touch with the Panamanian government on this problem, but I am not going to get into the details of our diplomatic discussions.

FYI: For specific information on the detention of the vessels, refer to the State Department. END FYI.

THE WHITE HOUSE
WASHINGTON

Dick Cheney

Great thr.
Can it be used?
H. says O.K.

THE WHITE HOUSE
WASHINGTON

1 July 2nd
G. R.

\$25.00

Grand Rapids Found Rises
2 spoke about.

ORIGINAL RETIRED TO
SPECIAL DOCUMENTS FILE

177

RE

University of Notre Dame

Notre Dame, Indiana

Office of the President

April 26, 1976

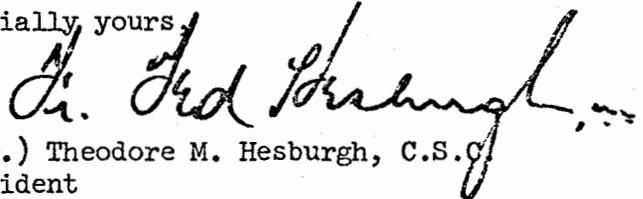
Honorable Gerald R. Ford
The White House
Washington, D. C.

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



DEY 003

TO: DICK CHENEY }
RONI NESSEN } ~~LAS VEGAS~~
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SPECIAL INSTRUCTIONS:

May 24, 1976

PANAMA CANAL EXPANSION

Q: Governor Reagan has proposed putting a billion dollars into the Panamanian economy for reconstruction of the Canal. Do you have any comment on this?

A: This latest scheme of my opponent represents a sharp turn-around from his previous position of charging give-away to one of proposing one to the tune of as much as \$2 billion dollars. He is consistent in one respect however -- in both cases he steadfastly refuses to be swayed by facts. Let's take his latest scheme to expand the Canal's capacity. Actually this idea first surfaced in 1964 when the Congress asked for a study commission to be appointed to examine the need for expansion of the Canal. In 1970, that commission reported to the President that with modernization the existing canal was adequate and recommended against its expansion. The least expensive option for expansion set forth in the report involved construction of a third set of locks and would have cost \$1.5 billion in 1970. That would be likely to be at least \$2 billion now. As people who have studied the canal know, usage of the canal has been decreasing for several years. So the proposal so far as I can see it is to spend \$2 billion on a project that ~~no one~~ ^{is very doubtful worth anything} wants.

FYI: The 88th Congress commissioned the Atlantic-Pacific Inter-Oceanic Study Commission to examine expansion of

the present Canal and alternate sea-level routes. The least expensive proposal was to build a third set of locks. This proposal has been frequently supported by Senator Thurmond and Congressman Flood. They claim it would not require Panama's approval. The Commission, which was headed by Texas banker Robert Anderson and included Milton Eisenhower among its members, estimated in 1970 that the third set of locks would cost \$1.53 billion. That figure would probably be closer to \$2 billion today. It is, furthermore, highly unlikely that Panama would agree to the expansion and very possibly would oppose it.

- Q: Mr. Reagan also said that the United States guarantees the independence of Panama. Is this correct?
- A: Under the 1903 Treaty the United States committed itself to the defense of the independence of Panama. However, Mr. Reagan may have overlooked the fact that this provision was rescinded by Article I of the 1936 amendment approved by the Senate of the United States.
- Q: Mr. Reagan has stated the military picture in Panama is overwhelmingly in the US favor with 1,500 men in the Panamanian National Guard and 20,000 US military. Is this a correct picture?
- A: Not at all. The Panamanian National Guard has approximately 7,000 men, while our own military force is about 10,000.
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The Atlantic-Pacific Inter-Oceanic Study Commission was established pursuant to Public Law 88.609, as amended. In its final report to the President, dated December 1, 1970, the Commission recommended that the existing Canal be modernized to provide its maximum potential transit capacity but that no additional locks should be constructed.
