

**The original documents are located in Box 6, folder “Panama Canal Treaty Negotiations: April 17, 1976 (3)” of the White House Special Files Unit Files at the Gerald R. Ford Presidential Library.**

### **Copyright Notice**

The copyright law of the United States (Title 17, United States Code) governs the making of photocopies or other reproductions of copyrighted material. Gerald Ford donated to the United States of America his copyrights in all of his unpublished writings in National Archives collections. Works prepared by U.S. Government employees as part of their official duties are in the public domain. The copyrights to materials written by other individuals or organizations are presumed to remain with them. If you think any of the information displayed in the PDF is subject to a valid copyright claim, please contact the Gerald R. Ford Presidential Library.



Statements by Americans in Support of the Negotiations

President Johnson made a statement on the Panama Canal in December of 1964 in which he proposed to Panama the negotiation of a new treaty regarding the Panama Canal (as well as moving forward to plan for a new sea level canal). He said, "These two steps are needed now -- for the protection and promotion of peaceful trade -- for the welfare of the hemisphere -- in the true interest of the United States -- and in fairness and justice to all." "These changes are necessary not because of failure but because of success; not because of backwardness but because of progress ... This new age requires new arrangements."

"The strength of our American system is that we have always tried to understand and meet the needs of the future. We have been at our best when we have been both bold and prudent in moving forward. The planning of a new canal, and the negotiation of a new treaty, are just such bold and prudent steps."

In November 1975, the Chamber of Commerce of the United States issued a press release announcing its support for the Administration's efforts to renegotiate the Panama Canal Treaty based on the 1974 Principles. The Chamber said "Terms of the 1903 Treaty do not reflect changes in Panamanian-U.S. relations which have occurred in the last 72 years, and no longer serve U.S. national interests as well as a modernized treaty which would be based on the concept of partnership;"

The Administrative Board of the United States Catholic Conference issued a statement on Panama-United States Relations on February, 1975 which said, "It is a moral imperative -- a matter of elemental social justice -- that a new and a more just treaty be negotiated."

"Not only the rest of the Americas, but the whole world will be watching. The fundamental rights of the people of Panama, as well as the high ideals and long-range interests of the United States require a new and just treaty. It can become a sign of and a significant contribution toward world peace based upon justice and fraternity between peoples."

The Council of the Americas in its President's Letter to the Members said, "Successful conclusion of these negotiations, where interests of all concerned are satisfactorily served, are critical to future relationships, not only for the U.S. business community in Panama, but for trade and business in all of Latin America. Indeed,

if negotiations on this emotionally-loaded issue throughout the southern part of our hemisphere are concluded on an unsatisfactory note, the negative impact could adversely affect all relations between the two Americas."

Senator Goldwater, formerly an opponent of a new treaty, in an interview in December of 1975 said he had "done a lot of thinking about this whole thing," and expressed the view that the United States must retain control over the Panama Canal for the present but there is peril in refusing to look ahead to eventual relinquishment.

A Report of a Special Study Mission to Panama in November of 1975 to the House Committee on International Relations submitted by Congressman Lee Hamilton lists among its conclusions the following:

-- "A new treaty is the most practical way of protecting American interests. The greatest danger to the national interests of the United States would be a continuation of the present treaty. If there is not a new treaty, we run grave risks, including damage to the Canal or even closure of it and harm to broad American political and economic interests."

-- A new treaty arrangement between the United States and Panama for the defense and operation of the Panama Canal is required if the United States is to have good relations in Latin America since Latin American countries see a new treaty as a test of our attitudes toward the entire hemisphere.

-- A new treaty is also required for the continued operation of an open, safe, efficient Canal.

-- While the Panama Canal is not as important strategically as it once was, it remains a valuable economic and military asset to the United States.

In a letter to Senator Strom Thurmond, General George Brown said, "We anticipate that Panama will, at some time in the future, participate in the operation of the Canal to our mutual benefit, and in the defense of the Canal against any who would threaten it. According to those who know Panama and the Panamanian people, such a cooperative and friendly relationship is unlikely as long as certain terms of the present treaty, which exclude these participants, remain in effect."

"I see our national security interests in Panama best served by continuing the negotiations toward a satisfactory treaty with the Republic of Panama."



Statements of Latin American Support  
For a New Panama Canal Treaty

President Echeverria, leader of our good neighbor to the south, Mexico, said last July 4 "Latin America eagerly awaits the solution of the Panama Canal problem and the establishment of new standards of justice and reciprocal respect. Of the Canal question, he remarked "our historical experience moves us to solidarity with Panama. The greatness of a country is not measured by its military but by its moral strength."

Secretary General Orfila of the OAS commented last year on United States TV that failure in the Canal negotiations would produce a strongly negative reaction "from Mexico to Argentina". He added during his "Meet the Press" interview, "I would hope there won't be violence, but, believe me, we would set back the relations between the countries, the US and Latin America, many, many years." Speaking more recently in Washington on April on the negotiations he remarked, "This is one of the things that would either put us closer together or would put us apart and let me say frankly that I see an Administration that is very honest and very efficient and in my opinion tackling this problem within the parameters and within the limitations that the issue of Panama has in this country."

Last year in the Declaration of Panama the Presidents of Colombia, Costa Rica, and Venezuela reaffirmed "the full support of their respective Peoples and Governments for the just Panamanian aspirations on the Panama Canal Question . . . ."

Last year also the foreign ministers of all the Latin American countries attending the fifth General Assembly of the Organization of American States unanimously expressed hope for a "prompt and successful conclusion" of the Canal negotiations.

In a meeting with visiting US newsmen on November 28, 1975, Venezuela's President Perez commented with regard to the negotiations that a fair solution to the Canal problem, "would be a great triumph for United States democracy and a tribute to the founders of the free nation in its Bicentennial year" if the Canal Zone problem were solved with justice and the danger of frustration or the betrayal of democratic principles was avoided. "The worst thing the United States could do would be to separate its words from its deeds."

During last year's United Nations General Assembly, Bolivia's President Banzar Suarez remarked "we fervently hope that in keeping with the mutual interests of both countries, the United States and Panama, the Panamanian Canal problem will be settled in favor of the rights of sovereignty and the Panamanian people."



palatable, we are told this might help us learn the fate of  
the men still listed as Missing in Action.

There is no doubt our government has an obligation to end  
the agony of parents, wives and children who have lived so long  
with uncertainty. But, this should have been one of our first  
demands of Hanoi's patron saint, the Soviet Union, if detente  
had any meaning at all. To present it now as a reason for  
friendship with those who have already violated their promise to  
provide such information is hypocrisy.

In the last few days, Mr. Ford and Dr. Kissinger have taken  
us from hinting

ridiculous

one

Governor Reagan's Television Address

Wednesday, March 31, 1976



The

trade

in cultural

primary election, Mr. Ford went to Florida, called Castro an  
outlaw and said he'd never recognize him. But he hasn't asked our  
Latin American neighbors to reimpose a single sanction, nor has  
he taken any action himself. Meanwhile, Castro continues to  
export revolution to Puerto Rico, to Angola, and who knows where  
else?

As I talk to you tonight, negotiations with another dictator  
go forward. Negotiations aimed at giving up our ownership of the



anama Canal Zone. Apparently, everyone knows about this except the rightful owners of the Canal Zone--you, the people of the United States.

General Omar Torrijos, the dictator of Panama, seized power eight years ago by ousting the duly-elected government. There have been no elections since. No civil liberties. The press is censored. Torrijos is a friend and ally of Castro and, like him, is pro-communist. He threatens sabotage and guerrilla attacks on our installations if we don't yield to his demands. His foreign minister openly claims that we have already agreed in principle to giving up the Canal Zone.

The Canal Zone is not a colonial possession. It is not a long-term lease. It is sovereign U.S. Territory every bit the same as Alaska and all the states that were carved from the Louisiana Purchase. We should end those negotiations and tell the General: We bought it, we paid for it, we built it and we intend to keep it.

Mr. Ford says detente will be replaced by "peace through strength." Well, now that slogan has a nice ring to it, but neither Mr. Ford nor his new Secretary of Defense will say that our strength is superior to all others.

In one of the dark hours of the Great Depression, F.D.R. said, "It is time to speak the truth frankly and boldly." I believe former Secretary of Defense James Schlesinger was trying to speak the truth frankly and boldly to his fellow citizens. And that's why he is no longer Secretary of Defense.

# PANAMA CANAL: FOCUS OF POWER POLITICS

DR. JAMES P. LUCIER



**THE AUTHOR:** Dr. James P. Lucier is Chief Legislative Assistant to U.S. Senator Jesse Helms of North Carolina. Dr. Lucier obtained his A.B. from the University of Detroit and his Ph.D. from the University of Michigan. In 1956 he was named Editor of the monthly, *Great Lakes-St. Lawrence Seaway*. In 1961 he joined the editorial board of the *Richmond (Va.) News Leader* as Associate Editor. In 1967 he became Research Assistant to Senator Strom Thurmond of South Carolina, specializing in national security and international security affairs. He has long been interested in the Panama Canal, scoring a national news beat during the January 1964 riots at the border of the Canal Zone. He has since continued his research into all aspects of Canal problems, combining scholarly study with on-site investigation.

## IN BRIEF

*On February 7, 1974, the Secretary of State initialed at Panama City a Statement of Principles to govern the negotiation of new treaty relationships for the U.S. Canal Zone. These principles were essentially a restatement of the guiding principles announced by President Johnson in 1965 which led to the aborted treaty drafts of 1967. They would terminate U.S. sovereignty in the Canal Zone and provide for joint U.S.-Panama operation and defense of the Canal in a period to be determined, after which the Republic of Panama would assume full control of Canal operation with continuing U.S. defense assistance. The adduced justification for this proposed new relationship is that terminating U.S. sovereignty would remove a cause of friction and allow improved U.S. relations with Panama and Latin America. But sovereignty conveys ultimate control so that other treaty provisions could be abrogated by Panama after it was vested with sovereignty and the Canal operation could be assumed by Panama or transferred to a third party. Marxist cadres which have in the past incited mobs to violence would be encouraged to intensify their efforts to evict the United States from the Canal operation. The vital interests of the United States, commercial as well as national defense, prohibit such transfer of control over this lifeline to others. U.S. interests and obligations require the continuation of U.S. sovereignty in the Canal Zone in perpetuity, as provided in the Treaty of 1903.*

**O**n February 7, 1974, U.S. Secretary of State Henry A. Kissinger arrived in Panama City with a company of newsmen, State Department officials, and Members of Congress. He was there to "initial" a Joint Statement of Principles for negotiations on a new Panama Canal Treaty.

The Secretary offered more than the usual gesture of diplomatic optimism. The prestige of his personal visit was put behind a full-scale commitment to withdraw the United States as the sovereign power in the Canal Zone. He spoke of the new canal arrangements in the context of worldwide international develop-

and of the exercise of power by the United States—on United States territory—as though it were something less than proper.

### *The Past As Prologue*

The program which Secretary Kissinger promised in Panama is not new. It is similar to the program drafted for President Lyndon Johnson when world power relationships were dramatically different and some spoke of the Panama Canal as though it were expendable. The passage of a tumultuous decade has proved the wisdom of those who insisted that the Panama Canal is essential to our nationhood and who found in the political imagination which created the Canal Zone an excellence to match the technological achievement of building the Canal.

The basic concepts of the Joint Statement of Principles were laid down almost a decade ago by President Johnson, following the Communist-inspired Panama riots of January 1964. What was then offered as a panicky response to a manipulated crisis is now presented as a permanent solution. Yet the global and strategic position of the United States has been profoundly altered by events of the past decade.

In the summer of 1973, Ambassador-at-Large Ellsworth Bunker was appointed as head of the U.S. negotiating team, supplanting Ambassador Robert B. Anderson. The Principles were negotiated by Ambassador Bunker during trips to Panama in December 1973, and January 1974. These dates are significant because Ambassador Bunker was simultaneously negotiating in Jerusalem the Middle East peace agreement and the reopening of the Suez Canal. He accomplished both missions by commuting back and forth between Panama City and Jerusalem.

Ambassador Bunker was not unfamiliar with the Panama problem. As the U.S. representative to the Organization of American States in 1964, he played a major role in formulating and articulating U.S. policy *vis-à-vis* the Republic of Panama. It was in this forum that Panama brought charges of U.S. aggression during the 1964 riots. The charges were never substantiated, and Ambassador Bunker denied them forthrightly. But he also announced at the OAS meeting that the United States stood ready for "consideration of all issues—may I repeat, all issues—between the two countries—including those arising from the Canal and from the

treaties relating to it. . . .<sup>1</sup> This was an open reference to the chief demand of Panama, the abrogation of United States sovereignty in the Zone.

By September 1964, President Johnson announced that formal negotiations were indeed to be opened, and that they were to be premised upon abrogation of the 1903 treaty. These negotiations, conducted by Ambassador Anderson, continued until September 24, 1965, when President Johnson issued a progress report which defined broad areas of agreement that had been reached.

The areas of agreement reached are the following:

*One:* The 1903 Treaty will be abrogated.

*Two:* The new treaty will effectively recognize Panama's sovereignty over the areas of the present Canal Zone.

*Three:* The new treaty will terminate after a specified number of years or on the date of the opening of the sea level canal whichever occurs first.

*Four:* A primary objective of the new treaty will be to provide for an appropriate political, economic and social integration of the area used in the canal operation with the rest of the Republic of Panama. Both countries recognize there is need for an orderly transition to avoid abrupt and possibly harmful dislocations. We also recognize that certain changes should be made over a period of time. The new canal administration will be empowered to make such changes in accordance with guidelines in the new treaty.

*Five:* Both countries recognize the important responsibility they have to be fair and helpful to the employees of all nationalities who are serving so efficiently and well in the operation of the canal. Appropriate arrangements will be made to ensure that the rights and interests of these employees will be safeguarded.

In 1967, the Johnson Administration completed the drafts of three treaties, one transferring the administration of the Canal to an "international entity" bilaterally operated by the United States and the Republic of Panama; a second concerning defense; and a third laying

down principles for construction of a new canal of so-called sea level design at an undetermined date. The drafts of these treaties were never signed. Two of them were published by the *Chicago Tribune*, and the third was read into the *Congressional Record* by U.S. Senator Strom Thurmond. The reaction in Congress, led by Thurmond and by Congressman Dan Flood of Pennsylvania, made it inexpedient to submit the drafts of the treaties to the Senate.

Meanwhile, the treaties also became involved in the Panamanian election campaigns of President Marco Robles and Arnulfo Arias. Arias won, but eleven days after his election, he was swept out of office by a military *junta* led by the present chief of state, General Omar Torrijos. This *coup* gave Panama its fifty-ninth government in seventy years.

These failures of the sixties brought no new approach for the seventies. The Joint Statement of Principles initialed by the Secretary of State at Panama City in 1974 is based on the same assumptions about the nature of the problem. State Department policy adheres to the premise that a surrender of U.S. sovereignty in the Canal Zone is necessary to the improvement of relations with the Republic of Panama and with Latin America.

#### *The Joint Statement of Principles*

The philosophy of the Joint Statement of Principles is suggested by these words of Secretary Kissinger at Panama City:

Seventy years ago, when the Panama Canal was begun, strength and influence remained the foundation 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 the world order. Power has grown so monstrous that it defies calculation; the quest for justice has become universal. A stable world order cannot be imposed by power; it must derive from consensus. Mankind can achieve community only on the basis of shared aspirations.

That 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.

The unreality of this statement speaks for itself. The notion that power is unrelated to responsibility is contrary to the simple realities of life. The implication that an unequal relationship is incompatible with justice is difficult to understand. We have been more than fair to Panama, granting concessions not required by considerations of equity.

The ceremony in Panama City involved an official visit with the "initialing" of a "Joint Statement of Principles" for negotiations on a new Panama Canal Treaty. Such initialing ceremonies are usually reserved for the actual treaty draft. Here the Secretary gave the ritual trappings of a treaty to something which was not constitutionally a treaty, and which would not have to be sent to the Senate for advice and consent.

The formality with which the Principles were handled tends to pre-empt further negotiations on essential points. Once such points are conceded, the details of surrendering U.S. jurisdiction, to be worked out in the treaty, are unimportant. The design of this act is to commit the country to new relationships without congressional approval, then to offer a treaty for routine approval. The treaty, when and if it is achieved, will be a mere appendage to the Joint Statement of Principles.

The eight Principles of the Joint Statement are worth examining one by one:

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

Although the Statement of Principles does not mention sovereignty, it is indeed U.S. sovereignty over the Canal Zone which the proposed negotiations are designed to terminate. The Hay-Bunau-Varilla Treaty of 1903 is the instrument by which 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 as if it were the sovereign of the territory within which said lands and waters are located to the entire exclusion of the exercise by the Republic of Panama of any such sovereign rights, power, or authority." The language of this treaty is

*suu' ceneris*. It establishes the United States as a lawful sovereign in every respect, to the exclusion of any exercise of sovereignty by Panama. Without this clause the Panama Canal would never have been built; and without it, the United States could not successfully maintain control of the Canal. The 1903 treaty has been amended twice by the treaties of 1936 and 1955, yet the sovereignty and perpetuity clauses have never been touched.

Panama's only interest in the Canal Zone is that of "titular sovereignty", a phrase which leaves Panama with the right of a residuary legatee, i.e., if the United States chose to withdraw from the Canal Zone, the territory would revert to Panama and not to some other country.

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

The concept of perpetuity is a necessary concomitant of sovereignty and of the nature of the project for which sovereignty was acquired. The Spooner Act of 1902, which authorized negotiations with Colombia for the Canal route, mandated the President to obtain "perpetual control" of the necessary territory. The Hay-Herran Treaty of 1903, never ratified by Colombia, specified a concession of one hundred years, renewable at the sole discretion of the United States. When the internal operations of Colombian politics threatened to deprive the residents of Panama of the prospective canal—the Spooner Act also mandated the President to negotiate with Nicaragua if the Colombian negotiations failed—the Panamanians revolted. The Hay-Bunau-Varilla treaty, with its perpetuity clause, was the inducement offered by the new Republic to prevent construction of the interoceanic canal in Nicaragua.

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

At the present time, the United States has no jurisdiction over Panamanian territory and the Republic of Panama has no jurisdiction over U.S. territory. Responsibility is clearly delineated. The metes and bounds of the Canal Zone described by the Price-LeFevre Boundary Convention of 1914 define what is indisputably territory of the United States. Mistakenly referred to sometimes as a "lease", the territorial

transfer was accomplished by "grant", a word which signifies the transfer of title in fee simple, a fact confirmed by the United States Supreme Court.<sup>3</sup> There is no more reason to give this territory to Panama than to give the Louisiana Purchase back to France, or Alaska back to the Soviet Union. The United States paid Panama \$10 million as "the price or compensation", plus \$250,000 annually, the latter representing the annual fee formerly paid to Colombia by the Panama Railroad (a privately owned venture, bought out by the United States).

In addition, private claims were extinguished by a U.S.-Panama Joint Commission which purchased the titles from the private owners at fair market value under eminent domain. In all, the United States has invested nearly \$163.7 million in acquiring the Canal Zone, excluding construction and protection, making it the most expensive territorial purchase in United States history.<sup>4</sup> Including defense, the Panama Canal represents an investment of about \$6 billion.

Since 1904, the United States has exercised all the rights of sovereignty in the territory. Congress has set up a Federal Court in the Zone and established the Canal Zone Code. The United States effectively controls the territory and the inhabitants, conducts defense and foreign relations, and performs all acts which are recognized in international law as the acts of a sovereign.

**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.**

The Canal is not situated in Panamanian territory. It is situated in United States territory. If sovereignty were transferred to the Republic of Panama, the United States would become only a leaseholder, even though it had an agreement to operate, maintain, and defend the Canal. At best, the United States would be in a position analogous to that of a status-of-forces agreement, such as we have for military

bases abroad. The number of these bases is rapidly diminishing. Such agreements are not very durable, no matter how strong our friendship with an ally seems to be.

As the recognized sovereign in the Canal Zone, the United States now has the unquestioned right to take any action it deems necessary to operate and defend the Canal. If the United States were merely the guest of a host country, the power of the sovereign to evict it from the Canal would invite international pressures to that end. The times being what they are, military defense of the U.S. rights would draw condemnation by the world community.

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

The Republic of Panama already enjoys a just and equitable share of the benefits derived from the operation of the Canal, even though it is operated in United States territory. The \$250,000 annual payment was raised to \$430,000 when the dollar went off the gold standard in the thirties. This sum is paid from tolls. In 1955, an additional \$1.5 million was added, paid from U.S. State Department contingency funds.

The United States, by contrast, does not take a penny from tolls. By law the Panama Canal Company must operate on a self-sustaining basis; the small surplus has been plowed back into capital improvements.

But the benefits to Panama from tolls do not represent its chief benefits. Panama benefits also from the \$65.5 million payroll paid to Panamanian citizens, from the skills and business organization taught the employees of the Canal Company, and from the research projects on tropical diseases and sanitation that still continue. Panama is the highest *per capita* recipient of U.S. AID programs, and is pre-eminent among Latin American economies. In recent years it has become the international banking center of Latin America, with a total of fifty-eight banks in Panama City today. This economic development would suffer without the stability and security of the U.S. presence in the Zone.

Panama benefits not alone from her geo-

graphic position but more importantly from the U.S. investment, engineering genius and management capability which made the Canal possible. The United States bought this geographic resource paying for it a handsome price which no other country was then prepared to pay. This resource is now dedicated to the service of world commerce.

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, to 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.

Divided administration is not conducive to harmony nor efficiency. It can be argued that the Canal has been run efficiently because the United States has had sole responsibility for administration. Although an increasing number of Panamanians are serving in administrative and executive positions throughout the Canal organization, they do so as individuals, and not as representatives of the Panamanian government. To subject administrative decisions to the judgments of two powers could cause confusion or paralysis in Canal operations.

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.

The extent to which Panama can participate in the protection and defense of the Canal is unclear. If this participation is to be meaningful, the defense of the Canal would be subject to differences arising between the two countries. Previous proposals to share defense range from a cumbersome and inoperable mixed commission for emergency decision-making—proposed in the draft 1967 treaties—to Panama's more recent demands that no United States troops remain on the Isthmus for any purpose. Since the future course of Panamanian leadership or the influence of external powers cannot be foreseen, the United States



conceivably be put in the position of defending the Canal against a sovereign Panama, or to withdraw.

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.

The only viable proposal for expansion of canal capacity is the Terminal Lake-Third Locks Plan developed within the canal organization during World War II, estimated to cost \$1 billion. It is still the cheapest and most effective plan. This proposal would not change the alignment of the present canal, and therefore would not require a change in the boundaries of the Canal Zone nor new treaty authority. The plan itself has been endorsed by experienced canal experts, shipping interests, engineers, navigators, and ecological groups, and is before Congress.

The only alternative to receive serious consideration is the proposal for a sea level canal conventionally excavated in an area a few miles west of the present channel. This sea level canal, proposed in 1970 by the Atlantic-Pacific Interoceanic Canal Study Commission, carried a \$3 billion price tag and has never been seriously advanced because of the cost, the ecological hazards, and the uncertainty of the treaty negotiations. Moreover, it is doubtful that Congress would authorize construction and appropriate the necessary funds for a canal project with a fixed termination date.

#### *Strategic Implications*

In the 1950s, debates raged over whether or not the Canal retained strategic importance. Naval strategy was then closely allied to giant carriers which were too large to pass through the locks. Defense planning was premised on a "two-ocean navy" which was not dependent on the canal as a vital link, but only as one of convenience. The lock canal was criticized by sea level canal advocates as vulnerable to nuclear attack; while advocates of lock canal modernization pointed out that a sea level canal

was no less vulnerable because of its deeper cut through the mountains.

In 1964, the United States was unchallenged, at the height of its power. To some it may have seemed that the United States could thus make cheaply a magnanimous gesture. But for the more farsighted, the Canal retained a fundamental role in the destiny of the United States.

Since 1964, the United States has suffered a sizeable fiscal and emotional drain in the Vietnam war, with concomitant lowering of world confidence in American leadership. Our once unshakeable ally, Australia, feels emboldened to warn the United States against establishing a vitally needed naval base at Diego Garcia in the Indian Ocean.

The Soviet Union, in a massive drive since 1965, has surpassed us in the number of strategic weapons and the throw weight of deliverable nuclear power. During this time, the Soviets have built from scratch a modern navy that challenges our own declining navy for the supremacy of the seas and control of the narrow waterways of the world.

It is estimated that the Soviets can increase the effectiveness of their modern navy in the Indian Ocean by one-third with the opening of the Suez Canal, giving their landlocked bases in the Black Sea a short route to open water. This is because the shorter steaming time and the direct route enable a smaller number of vessels in transit to sustain a given number of vessels on station.

It is not surprising, therefore, that the Soviets, in an impressive display of crisis management, equipped, trained, and supplied the Arabs in the Yom Kippur War. As a product of that conflict, it now appears probable that the first stage of the Arab-Israeli settlement will result in the reopening of the Suez Canal.

Fate has again linked the two canals. It is perhaps ironic that as U.S. diplomacy strives to open the Suez Canal to Soviet warships, in Panama it seeks to create the conditions which led to the closing at Suez. In consequence, the Soviet navy will be greatly increased in efficiency while the U.S. navy may well be faced with the barrier of an inoperative canal at Panama.

If the Panama Canal were to be closed, it would profoundly affect the economies of the Western nations, including Japan. The effects would be more severe than those of the Suez

closing because of the diversity of Panama cargoes. Suez traffic was chiefly in oil. Petroleum and petroleum products constitute the largest single category of cargoes through the Panama Canal; but they only account for 18.2 per cent of total cargo movement. Grains and soybeans account for 15.8 per cent; coal and coke for 11.1 per cent; iron and steel manufactures, 7.7 per cent; nitrates, phosphates, and potash, 6.3 per cent; lumber, 5.7 per cent, and so on. The list is incredibly diverse: fish, bananas, dairy products, motorcycles, automobiles, nails, wire, borax, salt, sulphur, cocoa, cotton, molasses, skin, hides, sugar, bricks, liquor, paper, tallow, tobacco, oats, corn and barley. The trade of the world goes through the Panama Canal.

While the percentage of Japan's trade through the Panama Canal is only 10.7 per cent, its loss could nevertheless be extremely disruptive. Japan's coal and coke shipped from Hampton Roads through the Canal is used to make steel, which in turn is used to build automobiles and ships which are then sent back through the Canal to East Coast and European ports.

Similarly, only 16.8 per cent of United States trade goes through the Canal. But a different picture emerges when statistics reveal that a constant average, down through the years, of about seventy per cent of all cargo through the Canal is bound either from or to a U.S. port. About 40 per cent originates in the U.S. and 28 per cent is destined to the U.S. When these cargoes are viewed in terms of specific markets—the coal industry in West Virginia, the grain belt in the Midwest, crude and residual oil for the Northeast—it becomes clear that dislocations in the U.S. economy could take place if the Canal were closed by accident or design.

As far as the Latin American countries are concerned, their trade dependency upon shipments through the Panama Canal is of great significance. For Chile, 34.3 per cent of her trade goes through the Canal; for Colombia, 32.5 per cent; for Costa Rica, 27.3 per cent; for Ecuador, 51.4 per cent; for El Salvador, 66.4 per cent; for Guatemala, 30.8 per cent; for Nicaragua, 76.8 per cent; for Peru, 41.3 per cent; for Venezuela, 7.4 per cent. Panama itself has 29.4 per cent of its trade go through the Canal. In some of these cases the tonnage involved is small when compared to overall

tonnage through the Canal. But for the countries involved, any interference with that trade would seriously interfere with the standard of living of the people. All have a vital interest in the continued efficient and economical operation of the Canal.

Suddenly, an era of scarcity has dramatically altered patterns of international trade. When the Soviets unexpectedly purchased vast amounts of U.S. grain, the railroads could not find enough cars to move the grain to ports. When the Organization of Petroleum Exporting Countries (OPEC) applied the oil embargo to supporters of Israeli policy, and boosted prices worldwide, the economics of oil production and shipment changed. All at once it becomes desirable, even urgent, to have a modern, larger Isthmian canal that can take 80,000 ton LNG ships and medium-sized tankers to supply the East Coast from Valdez and Irkutsk. The Alaskan North Slope will have a far greater production than can be absorbed by refineries on the West Coast for several years; and if it cannot be shipped to refineries on the East Coast and Puerto Rico, that surplus will go to Japan and other foreign customers.

Thus, a new "strategic" significance develops when the new realities of the 1970s are considered. International trade becomes critical to the survival of a nation. A huge capacity for food production—and the capacity to ship it anywhere at will—becomes a major instrument of foreign policy and a powerful lever for asserting national interests.

"Strategic" in the narrower military sense involves the rapid deployment of the fleets; and with pared-down military budgets, the effectiveness of warships is diminished when they are stretched out around Cape Horn. The modern Navy emphasizes smaller ships, greater speed, nuclear power, and independent missile capability. During the Vietnam war, use of the Canal by U.S. warships increased sharply. In 1965, 284 U.S. government vessels made the transit, a normal amount. But in 1966, it was 591; in 1967, 879; in 1968, 1,504; in 1969, 1,376; in 1970, 1,068; in 1971, back to 503. Setting aside the possibility of all-out nuclear war, in which the Canal may not be a decisive factor, the Panama Canal will continue to play a major role both tactically and strategically, as our Navy keeps the sea lanes open.

But all of this assumes that the United States



Panama Canal

Ocean Traffic Through the Panama Canal  
 (Width of shaded lines in proportion to net register tonnage.)

has the Panama Canal under its control. Despite "guarantees" that are to be written into the proposed treaty, the United States in its Joint Statement agreed in principle to an arrangement whereby our control rests not on our sovereignty, but on treaty—a treaty that could be abrogated at any time by Panama in assertion of her sovereignty. While, logically, it would appear at the present time to be counter to Panama's interests to expel the United States, the pattern of revolutionary turmoil in Panama gives scant prospect that a Panamanian government, now or in the future, would be resistant to pressures to terminate the U.S. lease on the Canal.

The role of sovereignty is well illustrated in the history of Suez. De Lesseps was granted the building concession for the Suez Canal in 1854, and began work five years later. The Canal opened in 1869, and in 1875, Ismail Pasha of Egypt sold his shares in the French Suez Canal Company, 44 per cent of the total, to the British government for four million pounds sterling. In 1888, the Convention of Constantinople declared the Canal open to vessels of all nations.

Thus began the anomaly of an ostensibly private company, with British Government participation, operating under the sovereignty of another country. When Egypt regained its independence, the Canal Company became subject to Egyptian expropriation, even though the British retained the right to protect their property. In 1956, after forcing the withdrawal of British forces, President Nasser of Egypt nationalized the Suez Canal; and by October the Canal was closed because of the Israeli invasion of Egypt. The British rights to British property, and the right of passage supposedly guaranteed by the Convention of Constantinople were of no avail. No treaty can stand against the will of the sovereign except by the intervention of superior external force.

In April 1957, Egypt reopened the Canal under the Egyptian Suez Canal Authority. For a decade the Canal operated under the Authority with assistance from the United Nations and the World Bank. But in 1967, the Canal again became a pawn in international power politics. Egypt denied that Israel was a legitimate successor to the signatories of the Constantinople Convention and asserted, in any case, that Israel's invasion up to the Canal

banks had broken the neutrality of the Canal. The Suez Canal has remained closed ever since. It provides a case record of a vital waterway in possession of a sovereign unable to provide security for the facility.

If the principles agreed to in Panama City are put into effect, the United States will be the sole owner of a canal company that exists under the sovereignty of a small nation subject to influence by outside pressures. Just as the Convention of Constantinople failed to keep the Suez Canal open, a new treaty with Panama could be a poor guarantee of unimpeded passage. The Hay-Bunau-Varilla Treaty incorporates the principles of the Convention of Constantinople by reference to the Hay-Pauncefote Treaty of 1901 with Great Britain; but those principles could lapse when they are no longer secured by U.S. sovereignty.

The Suez Canal was closed because Great Britain had no sovereign status in Suez. The Panama Canal has succeeded because the United States was made sovereign in the Canal Zone and could guarantee unimpeded passage through the Canal.

#### *Claimed Benefits*

We have noted that the Statement of Principles offered by the Secretary of State was represented as the beginning of a new relationship with our Latin neighbors. We are asked to believe that the transfer of U.S. sovereignty in the Canal Zone to the Republic of Panama would remove a cause of friction and open the door to improved relations with our sister republics.

These hopes seem ill-conceived. A surrender of U.S. sovereignty would spell a great victory for the Marxist-Leninist revolutionary *cadres* which have in the past incited mobs to violence. Far from being appeased, they would be encouraged to intensify revolutionary efforts to achieve their ultimate goal of forcing total U.S. withdrawal from the Canal operation. With the Government of Panama holding sovereign power to denounce the treaties and expel the United States, these elements would for the first time have the attainment of their goal within reach. It is not to be expected that their zeal would diminish in the face of such a prospect.

The United States has dallied too long over futile hopes of accommodating ideological hos-

tilly we can have the respect of our neighbors only when we show a proper regard for our own rights and interests and a steadfastness in providing the service to world commerce which we have undertaken in Panama.

As our Latin neighbors are governed by reasonable men, it does not impose too heavy a burden on United States diplomacy to ask that it sustain the reasonable premise that U.S. sovereignty in the Canal Zone is essential to the continuing operation of the Canal. The interests of all our neighbors, including Panama, and of more distant countries are thereby best served.

Secretary of State Charles Evans Hughes had this in mind when on December 15, 1923 the Panamanian Ambassador raised the issue of sovereignty. The Secretary informed the Ambassador that, "Our country would never recede from the position which it had taken in the note of Secretary Hay in 1904. This Government could not, and would not, enter into any discussion affecting its full right to deal with the Canal Zone and to the exclusion of any sovereign rights or authority on the part of Panama. . . . It was an absolute futility for the Panamanian Government to expect any American administration, no matter what it was, any President or any Secretary of State, ever to surrender any part of these rights which the United States had acquired under the Treaty of 1903."<sup>5</sup>

Secretary of State Hughes recognized that the acquired U.S. sovereignty was essential to operation of the Canal and must endure as long as the Canal endures. His policy is the right policy today, as it was then.

The United States came to this strategic part of the world not for gold or conquest, as the *conquistadores* had come before them. The United States came only to do a job where others had failed. The French had tried to build another Suez with little understanding that the problem was entirely different. They left behind a record of bankruptcy and failure. The United States, with the vigor of a rising young nation that had just finished spanning its twin coasts with railroad track, had the vision and the genius to put together the diplomatic, engineering, financial, and organizational resources necessary to overcome all obstacles.

In short, the United States has made the Panama Canal, with its protective frame of the Canal Zone, a symbol of its achievement. It is part of the great heritage of our nation. It is representative of the "can-do" psychology that sustains our national consciousness and underpins the national morale. It is a lifeline of trade and of national security.

If we hand over this territory in response to unreasonable demands at Panama and the clamor of our Marxist enemies, we will pass a watershed in our history. One more turning point will mark the decline of a great nation.

## NOTES

1. Department of State Bulletin, February 24, 1964, p. 302.

2. Statement by the President on the Progress of Treaty Negotiations with Panama, The White House, September 24, 1965.

3. *Wilson v. Shaw*, 204 U.S. 24, 1907, at 31, 32, 33: "This new republic [Panama] has by treaty granted to the United States rights, territorial and otherwise. . . . A treaty with it [Panama] ceding the Canal Zone, was duly ratified. . . . Congress has passed several acts based upon the title of the United States, among them one to provide a temporary government. . . . It is hypercritical to contend that the title of the United States is imperfect, and that the territory described does not belong to this nation, because of the omission of some of the technical terms used in ordinary conveyances of real estate."

4. The major territorial acquisitions of the United States are as follows:

Louisiana Purchase	\$ 15,000,000
Florida Purchase	6,674,000
Mexican Cession, including California	15,000,000
1853 Gadsden Purchase	10,000,000

1867 Alaska Purchase	7,200,000
1904 Canal Zone	163,718,571

The Canal Zone purchase breaks down as follows:

Republic of Panama:

Original Payment, 1904 (1903 Treaty)	\$ 10,000,000
Annuity, 1913-73 (1903, 1936, 1955 Treaties)	49,300,000

Property transfers:

Property in Panama City and Colon (1943)	11,759,956
Water system in Panama City and Colon	669,226
1955 Treaty transfers	22,260,500
Sub-total Panama	\$ 93,989,682

Colombia (1922)	25,000,000
Compagnie Nouvelle du Canal de Panama (1904)	40,000,000
Private titles, stocks and claims	4,728,889
Total	\$163,718,571

5. *Foreign Relations*, 1923, Vol. III, p. 684.

# AMERICANISM EDUCATIONAL LEAGUE

A PATRIOTIC PUBLIC SERVICE FOUNDATION ESTABLISHED 1927

FREEDOM CENTER  
BUENA PARK • CALIFORNIA 90622  
(714) 828-5040

P.O. BOX 5986  
CALIFORNIA 90622

For further information call

EDWARD S. RANKIN  
Executive Director

## SPECIAL FEATURE ARTICLE

From Americanism Educational League

### OUR PANAMA CANAL: A VITAL ASSET

By Phillip Harman

(Editor's note: Phillip Harman is a grandson-in-law of Jose Augustin Arango, known as the "George Washington" of the Republic of Panama. Born in Seattle, Mr. Harman spent many years in business in Panama and is an acknowledged authority on the situation there.)

Today the American people are being subjected to a barrage of information, misinformation, claims, counter-claims, half-truths, myths and plain hogwash on a seemingly complex and completely vital subject: our Panama Canal Zone, the "public" of Panama, and present relations between the two.

Let's look at the clear-cut facts in this emotion-charged situation:

(1) In 1903, the United States purchased the Canal Zone territory and rights from the new Republic of Panama, and bought from individual owners their land holdings within the 647 square-mile Zone.

(2) We built and have maintained the Canal at a cost of \$7 billion, and we have operated it since 1914 as a lifeline of trade benefitting the entire world.

(3) Panama receives an annuity, now \$2,328,000 each year, to compensate for loss of the annual franchise payment for the Panama Railroad when the Canal was built. This annuity is not a "lease" payment or rent ... we own the Zone!

(4) Total payments to Panama during 1974 in direct benefits from the Canal Zone came to \$234,584,000, a huge sum for a tiny country of 1.5 million people.

(5) Ownership and control of the Panama Canal is vital to our national security, because it is the indispensable pathway for our Navy ships between oceans.

(6) The Canal is also vital to our trade and commerce. Some 71% of Canal traffic originates or terminates in U.S. ports. If the Canal fell into unfriendly



hands, toll rates could be drastically raised, causing a new wave of inflation and increased living costs for every American.

(7) On October 11, 1968, leftist officers of the Panama National Guard deposed the popular, duly-elected President -- Arnulfo Arias -- and seized the nation at gunpoint. They continue in absolute power because they control the arms of the country and the 6,000-man National Guard.

(8) After consolidating its leftist military dictatorship, the regime began a pressure campaign to rescind the 1903 sale of the Canal Zone and to take over this vital American asset. Russia, Cuba, Libya, Red China and Yugoslavia -- all Communist countries -- are aiding the Panamanians in this campaign.

(9) On February 7, 1974, Secretary of State Henry Kissinger signed an 8-point Statement of Principles in which he "acknowledges" that the Canal Zone is Panamanian territory! But Kissinger's Statement of Principles is not binding, Constitutional lawyers point out, because only the United States Senate is empowered by our Constitution to cede American territory to foreign governments.

The above background facts are basically not subject to reasonable challenge, no matter how the proponents of "surrendering the Canal" may rationalize or twist the truth.

And it is a matter of history too that when the National Guard military junta seized control of the country, 11 articles of the Constitution were suspended, concerning such rights as freedom from arrest, freedom of speech, freedom of assembly, freedom to travel, inviolability of the domicile. The president, most of his cabinet, and many Legislators fled the country in terror, and have remained in exile. The National Assembly was dissolved and political parties declared "extinct." The Communist Party of Panama has now been recognized.

There have been charges also that the National Guard shares in profits of houses of prostitution in Panama City and Colon .... that Father Hector Gallego, an anti-Communist priest, was thrown on June 9, 1971, from an airplane into the Pacific Ocean on orders of the dictatorship .... that two high Panamanian officials smuggled narcotics from their country into the United States .... and that the present regime is actually a front for the real rulers of the nation, the 7-man Directorate of the Communist Party of Panama!

It is hardly the hallmark of diplomatic genius to consider surrendering our Canal lifeline -- vital for our national defense and economic health -- to the specious claims of an unstable, totalitarian government closely tied to history's most dangerous tyranny!

# # # # #

DISTRIBUTED BY AMERICANISM EDUCATIONAL LEAGUE, FREEDOM CENTER,  
P.O. BOX 5986, BUENA PARK, CA. 90622. AS A PUBLIC SERVICE, UP  
TO 10 COPIES ARE AVAILABLE FREE FOR PATRIOTIC DISTRIBUTION.

# AMERICANISM EDUCATIONAL LEAGUE

A PATRIOTIC PUBLIC SERVICE FOUNDATION ESTABLISHED 1927

For further information call

FREEDOM CENTER  
BUENA PARK  
(714) 828-5040

P.O. BOX 5986  
CALIFORNIA 90622

EDWARD S. RANKIN  
Executive Director

## SPECIAL FEATURE ARTICLE

### ANSWERS TO ELLSWORTH BUNKER

By Phillip Harman

(Editor's note: Ellsworth Bunker, previously American Ambassador to South Vietnam, has since 1973 been chief U. S. negotiator in treaty talks with Panama, which may end United States ownership and operation of the Panama Canal and Canal Zone. In a public address on December 2, 1975 in the Los Angeles area, Ambassador Bunker attempted to explain and justify the State Department's position on this issue. Here his 8 main points are examined by Phillip Harman, grandson-in-law of Jose Agustin Arango, founder of the Panama Republic. Mr. Harman is internationally recognized as an authority on Panama.)

Bunker: "No effort to improve our policy concerning the Canal can succeed without the full understanding and support of Congress and the American people."

Harman: This is true . . . . and it's true too that the State Department's "giveaway" policy on Panama is not the policy of the American public. In a nationwide survey by Opinion Research Corp., 2 out of every 3 Americans favor continued U. S. ownership of the Canal.

Bunker: "For many years Panama has considered the Treaty to be heavily weighted in our favor. As a result, the level of Panama's consent has steadily declined."

Harman: The key point that Ambassador Bunker chooses to ignore here is that the present government of Panama is Communist-oriented and cannot be expected to welcome an open, democratic society as a neighbor. The people of Panama have nothing to say about our presence in the area, because they are the gagged populace of a police state. But they know that if the U. S. A. ever surrenders its sovereignty over the Canal Zone, the military junta would nationalize it at once; the Canal Zone would become part of a Russian satellite, like Cuba.

Bunker: "Our Latin American neighbors see in our handling of the Panama negotiations a test of our political intentions in the hemisphere."

Harman: This particular bogey-man is largely illusory. Many realistic Latin American leaders know very well that stable operation of the Canal at fair toll rates depends on our continued control of it, and that the Canal is also their lifeline to world trade. We must recognize too that there are nearly a dozen left-wing, anti-American military dictatorships controlling various Central and South American countries. Nothing the U. S. does is going to please them. Our Ambassadors in friendly or uncommitted capitals should explain our Treaty rights and point out that since 1903 we have used our sovereignty of the Zone in trusteeship for the world.

(over, please)

Bunker: "Some form of conflict in Panama would seem virtually certain, and it would be the kind of conflict which would be costly for all concerned."

Harman: The United States has defended the Canal through four wars plus the 1964 Red-engineered mob attack and riots. The Canal Zone is a major military complex and it is defensible. Threats of sabotage to it are simply blackmail. We've never gained anything from submitting to Communist coercion -- from large or small adversaries.

Bunker: "And clearly, an international relationship of this nature negotiated more than 70 years ago cannot be expected to last forever without adjustment."

Harman: A good faith agreement made in perpetuity between honest parties should last forever! And the words "without adjustment" are farcical: what the State Department recommends is a complete abrogation of the 1903 Treaty and full surrender of our Canal to the Republic of Panama .... certainly far more than "an adjustment"!

Bunker: "The United States does not own the Panama Canal Zone ... the \$10 million we gave Panama in 1903 was in return for rights, not territory." (On page 3, lines 1 and 2, of Mr. Bunker's address, he specifically states that these rights were ceded to the United States in perpetuity.)

Harman: The U. S. not only bought the rights but the power and authority in perpetuity as well. The U. S. Supreme Court examined our title closely and on January 7, 1907, upheld our ownership and the entire 1903 Treaty. And since even the State Department acknowledges that we acquired the rights in perpetuity, why should these rights end now ... or ever?

Bunker: "From as early as 1905, U. S. officials have acknowledged repeatedly that Panama retains at least titular sovereignty over the Zone."

Harman: Titular sovereignty means that if the U. S. ever abandoned the Zone, the property would revert to Panama. Secretary of State John Hay said in 1904 that he deemed this reversionary interest "at best, a barren scepter." And the use of this argument now, by the State Department, is "at best, a weak rationalization."

Bunker: "The 1936 Treaty with Panama actually refers to the Zone as 'territory of the Republic of Panama under the jurisdiction of the U. S. !'"

Harman: This erroneous statement formed the premise for unwise decisions by Presidents Johnson, Nixon and Ford. The above reference was taken out of context from paragraph 6 of Article 3 of the 1936 Treaty. The actual paragraph says, "... to use and enjoy the dockage and other facilities of said ports for the purpose of receiving and disembarking passengers to or from the territory of Panama under the jurisdiction of the United States of America, and of loading and unloading cargoes ..."

The fact is that this phrase "territory of the Republic of Panama under the jurisdiction of the U. S. of America", refers only to parcels of Panamanian territory which were under the jurisdiction of the U. S. at the time of the 1936 revision and were returned to Panama by the 1955 Treaty. It does not in any way refer to or affect the status of the Canal Zone.

It is incredible that, from this one sentence stated out of context, with its meaning totally distorted, three Presidents have been led by internationalists in the State Department to believe that the United States has no perpetual claim to the Canal Zone and therefore should turn over our property to Panama!

# # # # #

PUBLISHED BY AMERICANISM EDUCATIONAL LEAGUE, P. O. BOX 5986, BUENA PARK, CA. 90622. 10 COPIES AVAILABLE FREE.



10



STATEMENT OF THE HONORABLE GENE SNYDER, MEMBER OF CONGRESS  
FOURTH DISTRICT OF KENTUCKY, APRIL 13, 1976 on  
THE FUTURE OF THE CANAL ZONE AND THE PANAMA CANAL

It is incumbent upon President Ford to immediately try to explain to the American people the validity of whatever reasons he has for directing the Department of State to surrender the Canal Zone and the Panama Canal to a foreign power in the relatively near future.

I make this statement on the basis of State Department testimony before the Panama Canal Subcommittee of the House Merchant Marine and Fisheries Committee last Thursday, April 8th. The bulk of that testimony was in closed session, with Mrs. Leonor K. Sullivan, the full Committee Chairman, presiding. The Subcommittee, however, agreed unanimously that my line of questions and the answers to them would be on the record unless the Department witnesses specifically wanted them off. No such request was forthcoming from those witnesses regarding what I state here or any other question of mine.

Those of us in Congress opposed to this giveaway which has absolutely no Congressional mandate, long have been critical of the State Department for its intention. We have, however, not been at all clear as to the President's ultimate thinking or decision when a treaty would be drawn.

As of last Thursday, there is no more question. Ambassador Ellsworth Bunker, Chief U.S. Negotiator with the Republic of Panama, in answer to my direct questions, flatly declared that President Ford has directed the Secretary of State and the negotiators to come up with a treaty with the Republic of Panama by which we will give up the Canal Zone entirely after a period of time, and the Canal over a longer period of time. My further questions disclosed that the directions are in writing, over President Ford's signature. Later, the Subcommittee requested that it be supplied the documents.

The following brief exchange is quoted directly from the record:

Mr. Snyder. On whose specific authorization is the State Department pursuing its stated goal of yielding the Canal and the Zone to the Republic of Panama?

Ambassador Bunker. Negotiations are being carried out on the authorization of the President.

Mr. Snyder. Madam Chairman, at this point I would like to ask unanimous consent to include all of the newspaper article from the Chicago Tribune of July 8, 1967. I will not read it all, but its story is headlined "New treaty perils canal: Ford." The item is sub-titled "Terms found shocking by GOP leader." And the headline on the carry-over story on another page: "Canal treaty terms to shock U.S. public Representative Ford warns."

Now, the article is consistent with the headlines if not more so.

In my opinion a comparison of the proposed 1967 treaty as printed in the Chicago Tribune on July 15, 1967, and the eight points Secretary Kissinger agreed to February 7, 1974, convinces me that the current proposal envisions a more complete



surrender of the Zone than did the 1967 draft.

In view of then Congressman Ford's very vehement opposition to President Johnson's treaty, what directive or directives has the Department of State received from President Ford saying he desires you to negotiate turning over to Panama the Canal, or supporting the Department seeking this end purpose, within some period of time?

Ambassador Bunker. Mr. Congressman, we are proceeding to negotiate under guidelines established by the President, both by President Nixon and President Ford.

Mr. Snyder. I do not think that is responsive to my question. I want to know what directive or directives the State Department has received from President Ford to do this?

Ambassador Bunker. We have been directed to proceed with the negotiations on the basis of the guidelines--

Mr. Snyder. To give it up? To give up the Canal Zone over a period of time?

Ambassador Bunker. To give up the Canal Zone after a period of time, that is correct.

Mr. Snyder. And the Canal over a longer period of time?

Ambassador Bunker. Longer period of time.

Mr. Snyder. Longer period of time.

And what are the directives? Are they written memorandums?

Ambassador Bunker. The directives are in written memorandum.

Mr. Snyder. Signed by the President?

Ambassador Bunker. Signed by the President.

Mr. Snyder. Under what date?

Ambassador Bunker. Varying -- various dates.

The time periods involved in this giveaway are not way off in the future. The press in this country and in Panama has already reported that we would abolish the Canal Zone government probably some six months after treaty ratification, and give up all jurisdiction over the Zone within three years. The surrender of the Canal and its operation would take place probably during a twenty five to fifty year period, a term still not agreed upon by the negotiators.

I am shocked that Mr. Ford as President, now is not only going along with, but is actually directing an even more shocking settlement than the one he opposed as House Minority Leader. In that same 1967 news story, Mr. Ford was further quoted in these words:

With Cuba under control of the Soviet Union via Castro and increased communist subversion in Latin America, a communist threat to the canal is a real danger. . . Any action on our part to meet a threat involving the national security of the United States should not be ham-strung by the need for time-consuming consultation with a government that might be reluctant to cooperate in the defense, or possibly be in opposition to our best interests.

The situation in the Caribbean is far worse today than when Mr. Ford made those remarks in 1967. The soft underbelly of the United States from Texas to Florida, the East Coast, and, in fact, the whole country east of the Mississippi, is threatened by nuclear armed Soviet U-boats that berth in Cuban submarine pens less than 100 miles from our border.

Some 12,000 to 15,000 Cuban troops have received actual combat training under fire in Angola.

Cuban schools of subversion have trained thousands of students from every Latin American country and our own, in guerrilla and sabotage techniques, as well as in all aspects of Marxist-Leninist philosophy, agitation and propaganda.

Panamanian dictator, General Omar Torrijos, who recently exiled nearly a dozen top Panamanian business leaders whose opposition he feared, has been playing footsie with Castro for several years. Castro promised Torrijos when he visited Havana in January, to give him every help to gain control of the Canal Zone. Torrijos himself has boasted repeatedly he would lead an assault on the Zone, if necessary, to gain that control, if we did not surrender it.

In my opinion, the President has the immediate responsibility to make a clean breast of his intentions regarding the Canal Zone. The Nation has the right to know the full truth.

Our citizen-taxpayers to date have invested some \$7 billion in the outright purchase of this unincorporated territory of the United States; in the excavation of the canal linking the Caribbean and the Pacific; and in the civil and military installations vital for its continued operation, maintenance and defense. And all of this has benefited, not only ourselves, but Panama and the entire world for some 62 years.

There is nothing to prevent Torrijos, should he gain control of the Canal Zone, from inviting the Soviet Union in to protect it.

There is no way in the world he could defend it -- or his own country, for that matter -- against a Cuban conquest, even without Moscow supporting Castro in such an attack.

In either event, Soviet submarines, missiles and bombers would soon be in place, capable of striking at our heartland from another outpost, which, unless the American people force Mr. Ford to reverse his position, will soon

be within our enemy's grasp instead of remaining our own.

Neither Ambassador Bunker nor his aides were able to substantiate in the slightest degree the claim they have been making around the country in public speeches that a phrase in Article III of the 1936 treaty of friendship with Panama refers to the Canal Zone as "territory of the Republic of Panama under the jurisdiction of the United States." They have cited this to support their argument that we do not have sovereignty over the Zone. Deputy Negotiator Morey Bell did so in a letter to me last December.

Under my insistent questioning seeking substantiation, the claim -- which the American Law Division of the Library of Congress had already reported to me was refuted by Article XI of the same treaty -- was merely repeated.

I feel obligated by my office to further demand that President Ford publicly substantiate this State Department claim -- which I consider to be absolutely without legal grounds, and totally false -- or order the Department publicly to immediately retract the claim and to desist from using it.

To my knowledge, President Ford has not made the claim of which I speak. He may not even realize the State Department is making it in order to promote the Canal Zone giveaway among the American people.

He is now on notice, however, and has the duty to thoroughly explore the matter. The Supreme Court has declared the Canal Zone belongs to the United States, specifically stating it had been ceded to us by Panama in a duly ratified treaty.

The President and the State Department have a right to argue their case on its merits.

To lie to the American people is nothing less than malfeasance in office. The President cannot allow this serious business of the Canal Zone's future to be decided without the support of the American people whose very security is involved.

Neither can he allow falsehoods to play a role in trying to secure that support in spite of their better judgment.

I hope Mr. Ford will publicly come to grips with this entire question in the very near future.