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1969–1976

VOLUME XXII

PANAMA,
1973–1976



DEPARTMENT
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Washington



Foreign Relations of the United States, 1969–1976

Volume XXII

Panama, 1973–1976

Editor

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DEPARTMENT OF STATE
OFFICE OF THE HISTORIAN
BUREAU OF PUBLIC AFFAIRS

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Preface

The *Foreign Relations of the United States* series presents the official documentary historical record of major foreign policy decisions and significant diplomatic activity of the U.S. Government. The Historian of the Department of State is charged with the responsibility for the preparation of the *Foreign Relations* series. The staff of the Office of the Historian, Bureau of Public Affairs, under the direction of the General Editor of the *Foreign Relations* series, plans, researches, compiles, and edits the volumes in the series. Secretary of State Frank B. Kellogg first promulgated official regulations codifying specific standards for the selection and editing of documents for the series on March 26, 1925. These regulations, with minor modifications, guided the series through 1991.

Public Law 102-138, the Foreign Relations Authorization Act, established a new statutory charter for the preparation of the series which was signed by President George H.W. Bush on October 28, 1991. Section 198 of P.L. 102-138 added a new Title IV to the Department of State's Basic Authorities Act of 1956 (22 U.S.C. 4351, et seq.).

The statute requires that the *Foreign Relations* series be a thorough, accurate, and reliable record of major U.S. foreign policy decisions and significant U.S. diplomatic activity. The volumes of the series should include all records needed to provide comprehensive documentation of major foreign policy decisions and actions of the U.S. Government. The statute also confirms the editing principles established by Secretary Kellogg: the *Foreign Relations* series is guided by the principles of historical objectivity and accuracy; records should not be altered or deletions made without indicating in the published text that a deletion has been made; the published record should omit no facts that were of major importance in reaching a decision; and nothing should be omitted for the purposes of concealing a defect in policy. The statute also requires that the *Foreign Relations* series be published not more than 30 years after the events recorded. The editors are convinced that this volume meets all regulatory, statutory, and scholarly standards of selection and editing.

Structure and Scope of the Foreign Relations Series

This volume is part of a subseries of volumes of the Foreign Relations series that documents the most important issues in the foreign policy of the Nixon and Ford administrations. The volume documents the Panama Canal treaty negotiations from January 1973 until December of 1976, focusing on Ellsworth Bunker's efforts to create a series

of threshold agreements with the Panamanians, based loosely on the Kissinger-Tack Principles of 1974. The volume also documents Congressional challenges to the negotiations with the Panamanians, as well as discussions between the Department of State and the Department of Defense regarding the breadth of Bunker's negotiation instructions.

This volume continues the narrative regarding the Panama Canal treaty negotiations established in Foreign Relations, 1969–1976, Volume E–10, Documents on American Republics, 1969–1972, which covers U.S.-Panamanian relations from 1969–1972. Readers interested in the outcome of the negotiations during the Carter administration should consult the forthcoming Foreign Relations, Volume XXIV, Panama, 1977–1980, which covers the negotiation and signing of the Torrijos-Carter Treaties, the debate over ratification in Congress, the drafting of implementation legislation, as well as non-Canal issues between the United States and Panama. For regional context, readers should consult Foreign Relations, 1969–1976, Volume E–11, Part 1, Documents on Mexico; Central American; and the Caribbean, 1973–1976, and Volume E–11, Part 2, Documents on South America, 1973–1976.

Focus of Research and Principles of Selection for Foreign Relations, 1969–1976, Volume XXII

The four compilations included in this volume provide a record of the Nixon and Ford administrations' policy regarding the Panama Canal Treaties, which were concluded by the Carter administration in 1977 and ratified by the Senate in 1978. Each compilation examines one year of the negotiations.

The 1973 compilation looks at the Nixon administration's decision to resurrect the stalled negotiations with Panama, after a tense session at the United Nations where Panamanian officials embarrassed the United States by drawing attention to the unfinished treaties. The compilation tracks the nomination of Ellsworth Bunker as chief negotiator, notes objections to the Treaty from the Department of Defense and Congress, and examines the early stages of negotiation between the two governments.

In 1974, the United States and Panama finalized the Kissinger-Tack Principles, a series of eight statements that formed the skeleton for the eventual Carter-Torrijos Treaties. Throughout the year, negotiators concluded a series of threshold (draft) agreements based upon these principles. Documents in this compilation focus on the myriad challenges that the negotiators faced, from nationalist sentiment in Panama, to the resignation of President Nixon, to continued obstinacy from the Department of Defense, and to Strom Thurmond's Senate Resolution 301 which threatened to halt negotiations.

By 1975, Ambassador Bunker and his team had exhausted their negotiating instructions and needed President Ford to allow them

greater flexibility with the Panamanians. Officials from the Department of Defense, however, objected strenuously to reducing the duration of the treaty and feared the consequences of turning the Canal (and the responsibility to protect it) over to Panama too quickly. Thus, the 1975 compilation focuses heavily on the negotiations between State and Defense, which took up most of the year and placed negotiations between the United States and Panama in a holding pattern. In August, State and Defense were able to strike a compromise and President Ford issued National Security Decision Memorandum 302, which instructed the negotiators to seek a treaty that preserved U.S. control of the treaty until at least December 31, 1999 and “to propose to the Panamanians that the treaty *duration* applicable for defense be separated from its application to operation of the Canal,” mandating a minimum of 40 years for defense rights. While NSDM 302 failed to provide enough flexibility to finalize a treaty with Panama, it allowed talks to continue and reduced opposition within the Department of Defense.

The 1976 compilation examines treaty negotiations during an election year. With President Ford facing criticism about his policy towards the Canal from both Ronald Reagan and Jimmy Carter, the U.S. negotiating team proceeded slowly. The delays, however, created anxiety in Panama, where economic problems, combined with the slow pace of the talks, led to unrest. Several bombings in the Canal Zone, believed to be the work of Panamanian Colonel Manuel Noreiga, threatened to scuttle negotiations altogether. The defeat of President Ford in November only exacerbated anxieties within Panama. The lobbying of Henry Kissinger and Sol Linowitz, however, convinced the incoming Carter administration to embrace the treaty, and the Carter transition team reassured the Department of State and the Panamanians that the negotiations would continue, setting the stage for the ratification of the Carter-Torrijos Treaties in 1978.

Editorial Methodology

The documents are presented chronologically according to time in Washington, DC. Memoranda of conversation are placed according to the time and date of the conversation, rather than the date the memorandum was drafted.

Editorial treatment of the documents published in the *Foreign Relations* series follows Office style guidelines, supplemented by guidance from the General Editor and the Chief of the Editing and Publishing Division. The documents are reproduced as exactly as possible, including marginalia or other notations, which are described in the footnotes. Texts are transcribed and printed according to accepted conventions for the publication of historical documents within the limitations of modern typography. A heading has been supplied by the editors for each document included in the volume. Spelling, capitalization, and

punctuation are retained as found in the original text, except that obvious typographical errors are silently corrected. Other mistakes and omissions in the documents are corrected by bracketed insertions: a correction is set in italic type; an addition in roman type. Words or phrases underlined in the original document are printed in italics. Abbreviations and contractions are preserved as found in the original text, and a list of abbreviations and terms is included in the front matter of each volume. In telegrams, the telegram number (including special designators such as Secto) is printed at the start of the text of the telegram.

Bracketed insertions are also used to indicate omitted text that deals with an unrelated subject (in roman type) or that remains classified after declassification review (in italic type). The amount and, where possible, the nature of the material not declassified has been noted by indicating the number of lines or pages of text that were omitted. Entire documents that were withheld from release have been accounted for and are listed with headings, source notes, and number of pages not declassified in their chronological place. All brackets that appear in the original document are so identified in the footnotes. All ellipses are in the original documents.

The first footnote to each document indicates the sources of the document and its original classification, distribution, and drafting information. This note also provides the background of important documents and policies and indicates whether the President or his major policy advisers read the document.

Editorial notes and additional annotation summarize pertinent material not printed in the volume, indicate the location of additional documentary sources, provide references to important related documents printed in other volumes, describe key events, and provide summaries of and citations to public statements that supplement and elucidate the printed documents. Information derived from memoirs and other first-hand accounts has been used when appropriate to supplement or explicate the official record.

The numbers in the index refer to document numbers rather than to page numbers.

Advisory Committee on Historical Diplomatic Documentation

The Advisory Committee on Historical Diplomatic Documentation, established under the Foreign Relations statute, reviews records, advises, and makes recommendations concerning the Foreign Relations series. The Advisory Committee monitors the overall compilation and editorial process of the series and advises on all aspects of the preparation and declassification of the series. The Advisory Committee does not necessarily review the contents of individual volumes in the

series, but it makes recommendations on issues that come to its attention and reviews volumes, as it deems necessary to fulfill its advisory and statutory obligations.

Presidential Recordings and Materials Preservation Act Review

Under the terms of the Presidential Recordings and Materials Preservation Act (PRMPA) of 1974 (44 USC 2111 note), the National Archives and Records Administration (NARA) has custody of the Nixon Presidential historical materials. The requirements of the PRMPA and implementing regulations govern access to the Nixon Presidential historical materials. The PRMPA and implementing public access regulations require NARA to review for additional restrictions in order to ensure the protection of the privacy rights of former Nixon White House officials, since these officials were not given the opportunity to separate their personal materials from public papers. Thus, the PRMPA and implementing public access regulations require NARA formally to notify the Nixon Estate and former Nixon White House staff members that the agency is scheduling for public release Nixon White House historical materials. The Nixon Estate and former White House staff members have 30 days to contest the release of Nixon historical materials in which they were a participant or are mentioned. Further, the PRMPA and implementing regulations require NARA to segregate and return to the creator of files private and personal materials. All Foreign Relations volumes that include materials from NARA's Nixon Presidential Materials Project are processed and released in accordance with the PRMPA.

Declassification Review

The Office of Information Programs and Services, Bureau of Administration, conducted the declassification review for the Department of State of the documents published in this volume. The review was conducted in accordance with the standards set forth in Executive Order 13526 on Classified National Security Information and applicable laws.

The principle guiding declassification review is to release all information, subject only to the current requirements of national security as embodied in law and regulation. Declassification decisions entailed concurrence of the appropriate geographic and functional bureaus in the Department of State, other concerned agencies of the U.S. Government, and the appropriate foreign governments regarding specific documents of those governments. The declassification review of this volume, which began in 2012 and was completed in 2014, resulted in the decision to withhold 2 documents in full, excise a paragraph or more in no documents, and make minor excisions of less than a paragraph in 11 documents.

The Office of the Historian is confident, on the basis of the research conducted in preparing this volume and as a result of the declassification review process described above, that the documentation and editorial notes presented here provide a thorough, accurate, and reliable record of the Panama Canal Treaty negotiations from January of 1973 to January 1977.

Acknowledgements

The editors wish to acknowledge the assistance of officials at the Nixon Presidential Materials Project of the National Archives and Records Administration (Archives) in College Park, Maryland, and at the Ford Presidential Library in Ann Arbor, Michigan. In addition, they are grateful to the Richard Nixon Estate for allowing access to the Nixon Presidential recordings and the Richard Nixon Library and Birthplace for facilitating that access. Research in the Kissinger Papers, including transcripts of telephone conversations, could not have occurred without the kind permission of Henry A. Kissinger. The editors would like also to thank Sandy Meagher for her valuable assistance in expediting the use of files of the Department of Defense. The editors also wish to acknowledge the assistance of officials at the Jimmy Carter Library, as well as Thomas Percy, John Collinge, and Michael McCoyer for their work on the research for this volume.

Bradley L. Coleman and James F. Siekmeier collected documents for the volume under the supervision of Erin Mahan, then Chief of the Asia and Americas Division. Alexander O. Poster completed the research, selected documentation, and edited the volume under the supervision of Myra Burton, Chief of the Africa and the Americas Division and Adam Howard, General Editor of the *Foreign Relations* series. Dean Weatherhead coordinated the declassification review under the supervision of Carl Ashley. Erin Cozens did the copy and technical editing. Do Mi Stauber prepared the index.

Bureau of Public Affairs
October 2015

Dr. Stephen P. Randolph, Ph.D.
The Historian

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Sources

Sources for the Foreign Relations Series

The 1991 Foreign Relations statute requires that the published record in the Foreign Relations series include all records needed to provide comprehensive documentation on major U.S. foreign policy decisions and significant U.S. diplomatic activity. It also requires that government agencies, departments, and other entities of the U.S. Government engaged in foreign policy formulation, execution, or support, cooperate with the Department of State Historian by providing full and complete access to records pertinent to foreign policy decisions and actions and by providing copies of selected records.

The editors of the Foreign Relations series have complete access to all the retired records and papers of the Department of State: the central files of the Department; the special decentralized files ("lot files") of the Department at the bureau, office, and division levels; the files of the Department's Executive Secretariat, which contain the records of international conferences and high-level official visits, correspondence with foreign leaders by the President and Secretary of State, and memoranda of conversations between the President and Secretary of State and foreign officials; and the files of overseas diplomatic posts. All the Department's indexed central files through July 1973 have been permanently transferred to the National Archives and Records Administration at College Park, Maryland (Archives II). Many of the Department's decentralized office files covering the 1969–1976 period, which the National Archives deems worthy of permanent retention, have been transferred or are in the process of being transferred from the Department's custody to Archives II.

The editors of the Foreign Relations series also have full access to the papers of President Nixon and other White House foreign policy records. Presidential papers maintained and preserved at the Presidential libraries include some of the most significant foreign affairs-related documentation from the Department of State and other Federal agencies including the National Security Council, the Central Intelligence Agency, the Department of Defense, and the Joint Chiefs of Staff. Dr. Henry Kissinger has approved access to his papers at the Library of Congress. The papers are a key source for the Nixon-Ford subseries of Foreign Relations.

Research for this volume was completed through special access to restricted documents at the Nixon Presidential Materials Project, the Library of Congress, and other agencies. While all the material printed in

this volume has been declassified, some of it is extracted from still classified documents. In the time since the research for this volume was completed, the Nixon Presidential Materials have been transferred to the Nixon Presidential Library and Museum in Yorba Linda, California. The Nixon Presidential Library staff is processing and declassifying many of the documents used in this volume, but they may not be available in their entirety at the time of publication.

Sources for Foreign Relations, 1969–1976, Volume XXII

In preparing this volume, the editors made extensive use of Presidential papers and other White House records in the Nixon Presidential Materials and the Gerald Ford Presidential Library. The presidential papers of the Nixon and Ford administrations are an excellent source of high-level decision-making documentation for U.S.-Panamanian relations from 1973 to 1976. The bulk of the foreign policy records in the Nixon Presidential Materials are in the Country Files and Latin American Central Files. The bulk of the foreign policy records at the Gerald Ford Presidential Library are in the Presidential Country Files for Latin America, as well as the Vice Presidential Papers. At both archives, the Institutional Files (H-Files) contain the records of many important meetings documented in this volume. All of these records provided a glimpse into the evolution of the Treaty negotiations from the point of view of the White House.

The records of the Department of State are another important source. The Department's central files contain cable traffic concerning the progress of the negotiations regarding the Panama Canal Treaties, including summaries drafted by the negotiators. Important documents can also be found in the Department's lot files, particularly within the correspondence of Ellsworth Bunker (78D300), which provide an impeccably-organized collection of records, including memoranda of conversation, private notes, and papers outlining strategies regarding approaches to Congress, the Department of Defense, and the Panamanians. Another valuable lot file contains the transcripts of Secretary Kissinger's staff meetings (78D443), in which top-ranking Department of State officials expressed candid views about Bunker, Torrijos, and the negotiations as a whole.

Research for this volume also involved examining records from the Department of Defense. The records of the Office of the Secretary of Defense delineate DOD's changing attitude toward the negotiations. The records of the Panama Canal Company, located at Archives II in Record Group 185, contain a series of cables from the Governor of the Panama Canal Zone. Records at the Central Intelligence Agency, especially within the Executive Registry files, include a number of valuable intelligence reports about Torrijos, the negotiations, and the bombings in the Canal Zone.

Researchers should also consult the memoirs of William J. Jorden, former NSC staffer and Ambassador to Panama, for an overview of negotiations, though there are a number of inconsistencies between Jorden's account and the documentation, especially in regard to State-Defense negotiations in 1975.

Almost all of this documentation has been made available for use in the *Foreign Relations* series thanks to the consent of the agencies mentioned, the assistance of their staffs, and especially the cooperation and support of the National Archives and Records Administration.

Unpublished Sources

Department of State

Central Foreign Policy File. See National Archives and Record Administration below.

Lot Files. For other lot files already transferred to the National Archives and Records Administration at College Park, Maryland, Record Group 59, see National Archives and Records Administration below.

Lot 81F1, American Embassy, Panama, Panama Canal Treaty Negotiation Files

Lot 80F162, U.S.-Panama Relations: General, 1976

Lot 91D371, Country/Subject Files—Special Collections—Luigi Einaudi's Country Files

Lot 92D281, Inter-American Country Files

Lot 06D379, Intelligence Research Reports

National Archives and Records Administration, College Park, Maryland

Record Group 59, Files of the Department of State

Central Foreign Policy File

Lot Files

RG 59, Files of the Department of State

Lot 75D414, Panama

Lot 75D457, Panama Treaties

Lot 76D110, Deputy Assistant Secretary, Subject and Country Files, 1969–75

Lot 77D14, Treaties

Lot 77D149, S/S Principal Memos

Lot 78D300, Ambassador Bunker's Correspondence

Lot 78D443, Transcripts of Secretary of State Kissinger's Staff Meetings, 1973–1977

Lot 82D208, Transition Books Carter Administration 1976

RG 185, Records of the Panama Canal

Negotiating and Planning Records for 1977

Subject Files of the 1979 Panama Canal Treaty Planning Group

RG 218, Records of the U.S. Joint Chiefs of Staff

Papers of George Brown

XIV Sources

Nixon Presidential Materials Project, National Archives and Records Administration, College Park, Maryland (now at the Nixon Presidential Library and Museum, Yorba Linda, California)

National Security Council Files

- Country Files

- Unfiled Material

National Security Council Institutional Files (H-Files)

- Under Secretaries Committee Memorandum Files

- National Security Decision Memoranda

Gerald R. Ford Presidential Library, Ann Arbor, Michigan

John O. Marsh Files

National Security Council Institutional Files (H-Files)

- Meeting Minutes, Senior Review Group

- National Security Council Meeting Files

National Security Adviser

- Latin American Affairs Staff Files

- Memoranda of Conversation

- National Security Study Memoranda and National Security Decision Memoranda

- Presidential Country Files for Latin America

Presidential Handwriting File

Staff Secretary's Office

Vice Presidential Papers

White House Central Files

Jimmy Carter Presidential Library, Atlanta, Georgia

1976 Presidential Campaign Issues Office

Washington National Records Center, Suitland, Maryland

Record Group 330, Records of the Department of Defense

OASD/ISA Files: FRC 330-77-0043

- Official Subject—Files of Staff Assistant ISA (Files incl. eval. sheet, contract, 1728, 419's; etc)

OASD/ISA Files: FRC 330-77-0054

- 1974 General Files

OSD Files: FRC 330-78-0001

- 1973 Records of the Office of the Secretary of Defense, the Deputy Secretary of Defense, and the Special Assistants to both.

OSD Files: FRC 330-78-0011

1974 Records of the Office of the Secretary of Defense, the Deputy Secretary of Defense, and the Special Assistants to both.

OSD Files: FRC 330-78-0058

1975 Records of the Office of the Secretary of Defense, the Deputy Secretary of Defense, and the Special Assistants to both.

OSD Files: FRC 330-79-0049

1976 Records of the Office of the Secretary of Defense, the Deputy Secretary of Defense, and the Special Assistants to both.

OSD Files: FRC 330-80-0044

Assistant General Counsel-1948-(International Affairs) 1979

USD/P Files: FRC 330-87-0068

IA Region Files 1974-1979

Central Intelligence Agency, Langley, Virginia

Directorate of Intelligence, Office of Central Intelligence

Job 79R01012A

Office of the Director of Central Intelligence

Job 79M00467A

Job 79R01012S

Job 80M01048A

Job 80M01066A

Job 90M01243R

Library of Congress, Manuscript Division, Washington, D.C.

Henry Kissinger Papers

Sol M. Linowitz Papers

Published Sources

Jorden, William J. *Panama Odyssey*. Austin: University of Texas Press, 1984.

United Nations. *Yearbook of the United Nations, 1975, Volume 29*, New York: Department of Public Information, 1978.

United States Department of State. *Bulletin*, 1973-1973.

United States National Archives and Records Administration. *Public Papers of the President of the United States: Lyndon B. Johnson, 1965*. Washington: U.S. Government Printing Office, 1965.

United States National Archives and Records Administration. *Public Papers of the President of the United States: Richard Nixon, 1970*. Washington: U.S. Government Printing Office, 1970.

United States National Archives and Records Administration. *Public Papers of the President of the United States: Gerald Ford, 1976*. Washington: U.S. Government Printing Office, 1976.

Abbreviations and Terms

ARA, Bureau of Inter-American Affairs, Department of State

ARA/LA/PAN, Office of Panamanian Affairs, Bureau of Inter-American Affairs/Bureau for Latin America, Department of State/Agency for International Development

ARA/PAF, Office of Public Affairs, Bureau of Inter-American Affairs, Department of State

ARA/PAN, Office of Panamanian Affairs, Department of State

ARA/PLC, Office of Planning and Coordination, Bureau of Inter-American Affairs, Department of State

ARA/USOAS, Permanent Mission of the United States of America to the Organization of American States, Bureau of Inter-American Affairs, Department of State

CASP, Country Analysis and Strategy Paper

Controlled Dissem, Controlled Dissemination

CZ, Canal Zone

CZG, Canal Zone Group

D, Democrat; or Deputy Secretary of State

DCI, Director of Central Intelligence

DCM, Deputy Chief of Mission, Department of State

DOD, Department of Defense

DOD/ISA, Bureau of International Security Affairs, Department of Defense

DOD/JAG, Judge Advocate General, Department of Defense

DOD/JCS, Joint Chiefs of Staff, Department of Defense

DUSA, Deputy Undersecretary of the Army

ER, Executive Registry

Exdis, Exclusive Distribution

GN, Guardia Nacional, Panama

HAK, Heinz "Henry" Alfred Kissinger

H.R., House resolution

INR, Bureau of Intelligence and Research, Department of State

INR/DRR/RAA, Office of Research and Analysis for Africa and American Republics, Directorate for Regional Research, Bureau of Intelligence and Research

ISA, Office of International Security Affairs, Department of Defense

JCS, Joint Chiefs of Staff

L/ARA, Assistant Legal Adviser, Inter-American Affairs, Department of State

MAP, Military Assistance Program

MILGP, Military Group

No Dissem Abroad, No dissemination abroad

Nodis, No distribution

XVIII Abbreviations and Terms

Nofor, no foreign dissemination

NSC, National Security Council

NSDM, National Security Decision Memorandum

OAS, Organization of American States

OASD, Office of the Assistant Secretary of Defense

ODUSA, Office of the Deputy Undersecretary of the Army

OSD, Office of the Secretary of Defense

PANCANAL, Panama Canal

PCC, Panama Canal Company

PCG, Panama Canal Group

PCNWG, Panama Canal Negotiations Working Group

R, Republican

RG, Record Group

S, Office of the Secretary

S/S, Executive Secretariat, Department of State

S/AL, Office of Ambassador at Large Ellsworth Bunker

SC, Security Council (United Nations); Security Command, Department of Defense

SECSTATE, Secretary of State

Secto, Telegram from the Secretary

SNIE, Special National Intelligence Estimate

SOFA, Status of Forces Agreement

SOUTHCOM, Southern Command

SR, Senate Resolution

Stadis, State Distribution Only

UNEF, United Nations Emergency Force

USA, United States Army

USAF, United States Air Force

USCINCSO, U.S. Commander-in-Chief, Southern Command

USDEL, United States Delegation

USMC, United States Marine Corps

USN, United States Navy

USUN, United States Mission to the United Nations

Persons

- Aaron, David**, Foreign policy adviser for Vice-Presidential candidate Walter Mondale; Deputy National Security Advisor to President Carter, from 1977 until 1981; National Security Council, Deputy Assistant for National Security Affairs
- Albert, Carl**, member, U.S. House of Representatives (D-Oklahoma); Speaker of the House from 1971 until 1977
- Anderson, Robert, B.** Special Representative, Inter-Oceanic Canal Negotiations from 1969 until 1973
- Arias Madrid, Arnulfo**, Former President of Panama
- Arias Calderon, Jaime "Jimmy" Alberto**, attorney; Panamanian negotiating team
- Barkley, Richard C.**, Special Assistant to Ambassador at Large Ellsworth Bunker
- Becker, John P.**, Office of Panamanian Affairs
- Bell, Brian**, Director, Office of Public Affairs, Bureau of Inter-American Affairs, Department of State
- Bell, S. Morey**, Director, Office of Panamanian Affairs, Bureau of Inter-American Affairs/Bureau for Latin America, Department of State/Agency for International Development; deputy negotiator to Ambassador Bunker.
- Bennett, William Tapley, Jr.**, Ambassador to the Dominican Republic from 1964 until 1966; Ambassador to Portugal from 1966 until 1969
- Bergold, Harold "Harry" Earl, Jr.**, Deputy Assistant Secretary for European and NATO Affairs, Department of Defense; Principal Deputy Assistant Secretary for Legislative Affairs, Department of Defense
- Bloomfield, Richard**, Staff Director, NSC Interdepartmental Group for Inter-American Affairs, from 1973; Director of the Office of Policy Coordination, Bureau of Inter-American Affairs, Department of State, from August 1973; Ambassador to Ecuador, from May 1976
- Bowdler, William G.**, Ambassador to Guatemala, from October 19, 1971, until August 26, 1973; Deputy Assistant Secretary of State for Inter-American Affairs, from September 1973 until August 1974; Acting Assistant Secretary of State for Inter-American Affairs, September 1974; Ambassador to South Africa from May 14, 1975
- Boyd de la Guardia, Aquilino Edgardo**, Panamanian Permanent Representative to the United Nations from 1962 until 1976; Panamanian Foreign Minister from 1976 until 1977
- Bray, Charles W.** Bureau of Public Affairs, Department of State
- Brown, George Scratchley**, Chairman of the Joint Chiefs of Staff from July 1, 1974, until June 21, 1978
- Buchen, Philip W.**, Counsel to the President from 1974
- Bunker, Ellsworth**, Ambassador at Large, Department of State from October 11, 1973, until June 30, 1978
- Bush, George H.W.**, Head of U.S. Liaison Office in Peking, China, from October 21, 1974, until December 7, 1975; Director of Central Intelligence from January 30, 1976
- Byrd, Harry F.**, Senator (I-Virginia)
- Callaway, Howard H.**, Secretary of the Army from May 15, 1973, until July 3, 1975
- Carter Jr., James Earl "Jimmy,"** President of the United States from 1977 until 1981
- Cheney, Richard**, Deputy Assistant to the President from 1974 until 1975; Assistant to the President and White House Chief of Staff from November 1975

XX Persons

- Chester, Geraldene**, Office of Assistant Legal Adviser, Inter-American Affairs, Department of State
- Clements, William P.**, Deputy Secretary of Defense from January 30, 1973, until January 20, 1977
- Colladay, Martin G.**, Lieutenant General, USAF, Vice-Director, Joint Staff, Organization of the Joint Chiefs of Staff, from 1972 until 1974; Chief of Staff for Strategic Air Command Headquarters from 1974 until 1975; Deputy Chairman of the NATO Military Committee from 1975
- Collums, Haley D.**, Consular Official, Consulate in Ankara, from July 1973 until July 1975; Operations Official, Department of State, from July 1975 until June 1976; Special Assistant to the Secretary from June 1976
- Campana Demaestre, Hector Jose**, President of Argentina from May 25, 1973, until July 12, 1973
- Conley, J. Patrick**, Executive Secretary, Panama Canal Company/Canal Zone Government
- Corbett, Charles**, Organization of the Joint Chiefs of Staff
- Corrigan, Robert Foster**, Ambassador to Rwanda from 1972 until 1973; Deputy Assistant Secretary of Defense for International Security Affairs from 1973 until 1975
- Donovan, James**, Colonel, USAF, Center for Defense Information
- Dolvin, Welborn "Tom" G.**, Lieutenant General, USA, Commanding General IX Corps, Japan from 1972 until 1975; Deputy Negotiator to the Panama Canal Treaty Negotiations from the Department of Defense from 1975 until 1982
- Drummond, William R.**, resident of the Canal Zone and treaty opponent
- Eagleburger, Lawrence S.**, Acting Assistant Secretary of Defense, International Affairs, from January 31, 1973, until May 10, 1973; Executive Assistant to the Secretary of State, as of 1974; Deputy Under Secretary of State for Management from May 14, 1975
- Eizenstat, Stuart E.**, Attorney at Powell, Goldstein, Frazier, and Murphy; adviser to President-elect Carter
- Ellsworth, Robert**, Assistant Secretary of Defense, International Security Affairs, from June 5, 1974, until December 22, 1975
- Escobar Bethancourt, Romulo**, Rector, University of Panama; Panamanian negotiating team
- Fabrega Velarde, Edwin**, adviser to Omar Torrijos; Panamanian negotiating team
- Facio Segreda, Gonzalo J.**, Costa Rican Minister of Exterior Relations
- Fascell, Dante B.**, member, U.S. House of Representatives (D-Florida) from 1973
- Feldman, Mark B.**, Deputy Legal Adviser, Department of State from 1973; Acting Legal Adviser from September 1974
- Flood, Daniel "Dan" John**, member, U.S. House of Representatives (D-Pennsylvania)
- Ford, Gerald R.**, member, U.S. House of Representatives (R-Michigan) and Minority Leader of the House of Representatives until 1973; Vice President of the United States from December 6, 1973, until August 9, 1974; President of the United States from August 9, 1974, until January 20, 1977
- Fortas, Abe**, Associate Justice of the Supreme Court from 1965 until 1969
- Gammon, Samuel R., III**, Executive Assistant to the Deputy Under Secretary for Administration until July 1973; Deputy Executive Secretary, Executive Secretariat, Office of the Secretary, from July 1973; Acting Executive Secretary from August 1974
- Goldwater, Barry**, Senator (R-Arizona)
- Gonzalez Vernaza, Gerardo**, First Secretary General of the Partido Revolucionario Democrático of Panama; Vice-President of Panama from 1974

- Gonzalez, Raymond E.**, Deputy Chief of Mission, U.S. Embassy, Panama
- Gonzalez-Revilla, Nicolas**, Panamanian Ambassador to the United States
- Granger, Clinton E.**, Planning and Coordination Officer; then, Acting Director, Planning and Coordination, from August 1974 until September 1976
- Guthrie, Donald Keith**, Office of Panamanian Affairs, Bureau of Inter-American Affairs/Bureau for Latin America, Department of State/Agency for International Development
- Haig, Alexander M.**, General, USA, Vice Chief of Staff of the U.S. Army to August 1974; White House Chief of Staff from May 1973 to September 1974; Commander in Chief, U.S. European Command and Supreme Commander, North Atlantic Treaty Organization, from June 1974
- Hinson, Sherman N.**, Political Section, U.S. Embassy in Panama
- Hoffmann, Martin Richard**, General Counsel of the Department of Defense from 1974 to 1975; Secretary of the Army from 1975 to 1977
- Holbrooke, Richard**, Campaign Coordinator for National Security Affairs for President-elect Carter
- Howard, Richard B.**, Treaty Affairs Officer, Office of Panamanian Affairs, Bureau of Inter-American Affairs/Bureau for Latin America, Department of State/Agency for International Development
- Humphrey, Hubert H.**, Senator (D-Minnesota)
- Hurwitch, Robert**, Deputy Assistant Secretary of State, ARA, 1969 until August 1973; Ambassador to the Dominican Republic from September 1973 until April 1978
- Illueca Sibauste, Jorge Enrique**, Panamanian negotiating team; Panamanian Ambassador to the United Nations from 1976 until 1981
- Ingersoll, Robert Stephen**, Ambassador to Japan from February 29, 1972 until November 8, 1973; Assistant Secretary for East Asian and Pacific Affairs from January 8, 1974 until July 9, 1974; Deputy Secretary of State from July 10, 1974 until March 31, 1976
- Jackson, Henry "Scoop" M.**, Senator (D-Washington)
- Jaen, Omar**, Panamanian negotiating team
- Javits, Jacob K.**, Senator (R-New York)
- Jenkins, Kempton B.**, Deputy Assistant Director for USSR and Eastern Europe, USIA, until July 1973; Deputy Assistant Secretary for Congressional Relations, from July 1973
- Johnson, Lyndon Baines**, President of the United States from November 22, 1963 until January 20, 1969
- Jordan, Amos A.**, Acting Assistant Secretary of Defense for International Security Affairs, April 2, 1974 until June 4, 1974 and December 23, 1975 until May 5, 1976
- Jorden, William J.**, Member of the National Security Council staff from 1973 until 1974; Ambassador to Panama from April 1974
- Jorgensen, Anker**, Prime Minister of Denmark
- Kissinger, Henry A.**, Secretary of State from September 22, 1973; Assistant to the President for National Security Affairs until November 3, 1975
- Koren, Henry L.T.**, Deputy Undersecretary of the Army in Charge of Panama Affairs from 1971 until 1975
- Kozak, Michael G.**, Attorney-Advisor, Office of the Legal Advisor, from September 1973
- Kubisch, Jack B.**, Assistant Secretary of State for Inter-American Affairs and U.S. Coordinator of the Alliance for Progress from May 29, 1973, until September 4, 1974; Ambassador to Greece from September 26, 1974, until July 19, 1977

- Lakas Bahas, Demetrio "Jimmy" Basilio**, President of Panama from December 19, 1969 until October 11, 1978
- Lazar, David**, Director, Office of Central American Affairs, Department of State, from 1973 until 1975; member, National Security Council staff, from August 1976
- Leggett, Robert L.**, member, U.S. House of Representatives (D-California)
- Lievano Aguirre, Indalecio**, Foreign Minister of Colombia from 1974
- Linowitz, Sol**, Attorney at Coudert Brothers; Chairman of the Linowitz Commission on Latin American Relations
- Lippert, Ludwig E.**, Colonel, USAF, Organization of the Joint Chiefs of Staff
- Lopez-Guevara, Carlos**, former Panamanian Foreign Minister and advisor to the Panamanian negotiating team
- López Michelsen, Alfonso**, President of Colombia from August 7, 1974, until August 7, 1978
- Low, Stephen**, member, National Security Council Staff from 1974 until August 31, 1976; Ambassador to Zambia from August 31, 1976
- Luers, William H.** Political Counselor, Embassy in Venezuela, from March 1973; Deputy Director, Office of Soviet Union Affairs, from May 1973 until December 1973; Deputy Executive Secretary, Executive Secretariat, Office of the Secretary, from December 1973 until March 1975; Deputy Assistant Secretary of State for Inter-American Affairs from March 1975 until September 1976; Senior Deputy Assistant Secretary of State for Inter-American Affairs from September 1976
- MacFarlane, Robert "Bud" Carl**, Lieutenant Colonel, USMC, Military Assistant to Henry Kissinger, National Security Council Staff, from 1973 until 1976; Special Assistant for National Security Affairs from 1976
- Mahoney, Michael M.**, Consular Official, Embassy in Trinidad and Tobago, until April 1974; Consular Official, Embassy in Greece, from April 1974 until October 1975; Office of Policy Planning and Coordination, Bureau of Inter-American Affairs, from October 1975
- Maillaird, William S.**, member, U.S. House of Representatives, to March 7, 1974; Permanent Representative of the United States to the OAS, from March 7, 1974 to February 1, 1977
- Mansfield, Michael Joseph**, Senator (D-Montana)
- Marengo, Louis**, National Intelligence Officer, Latin America, Central Intelligence Agency
- Marsh, John O.**, Assistant Secretary of Defense, Legislative Affairs, from April 17, 1973, until February 15, 1974; Counsel to the President on National Security Issues from August 1974
- Maynes, George E.**, Lieutenant Colonel, USA, Military Intelligence
- McAuliffe, Eugene, V.**, Assistant Secretary of Defense for International Security Affairs from May 6, 1976
- McGee, Gale W.**, Senator (D-Wyoming)
- Meany, George**, AFL-CIO President
- Meyer, Armin**, Special Assistant to the Secretary and Coordinator for Combating Terrorism, from March 1973
- Mondale, Walter**, Senator (D-Minnesota) until December 20, 1976; Vice-President of the United States from 1977 until 1981
- Moorer, Thomas Hinman**, Chairman of the Joint Chiefs of Staff from 1970 until 1974
- Morgan, Thomas E.**, member, U.S. House of Representatives (D-Pennsylvania)
- Morris, Patrick F.**, Deputy Director of the Office of Panamanian Affairs, Bureau of Inter-American Affairs/Bureau for Latin America, Department of State/Agency for International Development
- Nessen, Ronald Howard**, White House Press Secretary

Nixon, Richard M., President of the United States, January 20, 1969, until August 9, 1974
Noriega Moreno, Manuel Antonio, Lieutenant Colonel, Panamanian military figure and Chief of Military Intelligence in Panama

Oduber Quirós, Daniel, President of Costa Rica from 1974

Parfitt, Harold Robert, Major General, USA, Division Engineer, U.S. Army Engineer Division from 1969 to 1973; Commanding General, United States Army Engineer Center and Commandant, United States Engineer School, from 1973 until 1975; Governor of the Panama Canal Zone from 1975 until 1979

Parker, David Stuart, Major General, USA, Governor of the Panama Canal Zone from 1971 to 1975

Peet, Ray, Vice Admiral, USN, Director of Defense Security Assistance Agency, Department of Defense, until July 1974; Acting Assistant Secretary of Defense, International Affairs, from January 6, 1974, until April 1, 1974

Perez, Carlos Andres, President of Venezuela from March 12, 1974

Pezzullo, Lawrence A., Deputy Director, Office of Central American Affairs, Bureau of Inter-American Affairs, Department of State, from 1973; Special Assistant to Ambassador-at-large Robert J. McCloskey until June 1974; Deputy Assistant Secretary for Congressional Relations from February 1975

Reagan, Ronald Wilson, Republican Governor of California from 1967 until 1975; Republican candidate for President in 1976

Richardson, William B., Office of Congressional Relations, Department of State

Robinson, Charles W., Under Secretary of State for Economic and Agricultural Affairs, from January 3, 1975, until April 9, 1976; Deputy Secretary of State from April 7, 1976

Robles Mendez, Marco Aurelio, Former President of Panama

Rogers, William D., Assistant Secretary of State for Inter-American Affairs from October 7, 1974, until June 18, 1976; Under Secretary of State for Economic and Agricultural Affairs from June 18, 1976, until December 31, 1976

Rogers, William P., Member, White House Council on International Economic Policy, to 1973; Secretary of State from January 22, 1969, until September 3, 1973

Ryan, Hewson A., Ambassador to Honduras until May 30, 1973; Information Career Minister, USIA, detailed to the Fletcher School for Law and Diplomacy, Tufts University, from July 1973 until March 1975; Senior Deputy Assistant Secretary, Bureau of Inter-American Affairs, from March 1975

Saunders, Harold H., Assistant Secretary of State for Near Eastern and South Asian Affairs from 1975 until 1976; Director of INR from December 1, 1975

Sayre, Robert Marion, Ambassador to Panama from October 31, 1969, until March 14, 1974; Inspector General of the Department of State and the Foreign Service from November 25, 1975, until May 1, 1978

Scali, John, Special Consultant to the President until 1973; Permanent Representative to the United Nations from 1973 until 1975

Schlesinger, James R., Director of Central Intelligence from February 2, 1973, until July 2, 1973; Secretary of Defense from July 2, 1973, until November 19, 1975

Scott, William Lloyd, member, U.S. House of Representatives (R-Virginia) until January 3, 1973; Senator (R-Virginia) from January 3, 1973 until January 1, 1979

Scowcroft, Brent, Major General, USAF, Military Assistant Deputy Assistant to the President for National Security Affairs from 1973 until November 3, 1975; Assistant to the President for National Security Affairs from November 3, 1975

Shlaudeman, Harry W., DCM and Counselor, Embassy in Chile, until 1973; Deputy Assistant Secretary of State for Inter-American Affairs from 1973 until 1975; Ambassador to Venezuela from May 9, 1975, until May 14, 1976; Assistant Secretary of State for Inter-American Affairs from May 14, 1976

- Sisco, Joseph J.**, Assistant Secretary of State for Near East and South Asian Affairs until February 18, 1974; Under Secretary of State for Political Affairs from February 19, 1974, until June 30, 1976
- Smith, Jeffrey, H.**, Captain, USA, Judge Advocate General, U.S. Army; Office of the Deputy Undersecretary of the Army in Charge of Panama Affairs
- Snyder, Marion Eugene "Gene,"** member, U.S. House of Representatives (R-Kentucky)
- Springsteen, George S.**, Acting Assistant Secretary of State until August 1973; Deputy Assistant Secretary of State for European Affairs from August 1973 until January 1974; Special Assistant to the Secretary and Executive Secretary of the Department of State, from January 31, 1974, until July 14, 1976; Director of the Foreign Service Institute, from July 14, 1976
- Storey, Robert G.M.**, Office of Ambassador at Large Ellsworth Bunker
- Sullivan, Leonor K.**, member, U.S. House of Representatives (D-Missouri)
- Swett, Trevor "Ted" Jr.**, Colonel, USA, Office of the Assistant Secretary of Defense for International Security Affairs
- Tack, Juan Antonio**, Foreign Minister of Panama from 1969 until 1976; Chief Panamanian Negotiator for the Panama Canal Treaties from 1970 until 1976
- Taylor, T. Elkin**, Political Officer, U.S. Embassy in Panama, from 1976
- Thurmond, James Strom**, Senator (R-South Carolina)
- Torrijos Herrera, Omar Efrain**, Military leader of Panama
- Train, Harry Depue**, Vice Admiral, USN, Director of the Joint Staff, Joint Chiefs of Staff, from June 1, 1974, until June 30, 1976; Commander of the Sixth Fleet from 1976
- Vallimarescu, Serban**, member, National Security Council staff
- Vance, Cyrus Roberts**, adviser to President-elect Carter on foreign affairs and Secretary of State-designate from 1976
- Velasquez, Flavio A.**, Panamanian negotiating team
- Veysey, Victor Vincent**, member, U.S. House of Representatives from California from January 3, 1971 until January 3, 1975; Assistant Secretary of the Army for Civil Works from March 1975 until January 1977
- Waldheim, Kurt**, Secretary General of the United Nations
- Wallace, George**, Office of the Assistant Secretary of Defense for International Security Affairs
- Wallace, George Corley, Jr.**, Democratic Governor of Alabama
- Walters, Vernon A.**, Acting Director of Central Intelligence from July 2, 1973, until September 4, 1973; Deputy Director of Central Intelligence from September 4, 1973, until July 31, 1976
- Walton, Ben**, Office of the Deputy Undersecretary of the Army
- Ward, David**, Chairman, Panama Canal Negotiations Working Group, Department of Defense; Special Representative of the United States for Panama Canal Treaty Negotiations
- Warren, Raymond**, Chief of the Latin America Division of the Central Intelligence Agency
- Wells, William W.**, Deputy Director for Operations, Central Intelligence Agency
- Wyrough, Richard R.**, Senior U.S. Treaty Adviser; Deputy Director, Office of Panamanian Affairs, Department of State from 1975

**FOREIGN
RELATIONS
OF THE
UNITED
STATES**

**1969–1976
VOLUME XXII**

**PANAMA,
1973–1976**



**DEPARTMENT
OF
STATE**

Washington

Panama, 1973–1976

1. Telegram From the Embassy in Venezuela to the Department of State¹

Caracas, January 15, 1973, 1645Z.

391. Subject: Threat by Panamanian Strongman Torrijos To Take Military Action Against Canal Zone.

1. Former Ambassador Jack Vaughn, who arrived here last night from Panama, informs us that yesterday morning at 11 o'clock he received a call from Torrijos saying that he would send his personal helicopter to pick up Vaughn in the next 32 minutes and take him to Torrijos' country residence. This was done.

2. Vaughn reports that Torrijos had told him "he had just about had it" so far as the Americans were concerned. The General said that negotiations had been going on between Panama and the United States for nine long years and that the Americans were far more "hawkish toward Panama than the most diehard hawks were toward Vietnam."² He characterized the American inhabitants of the Zone as being in the diehard category.

3. Torrijos went on to say that he had two elite battalions ready for military deployment against the Canal Zone.

4. Obviously Torrijos wanted this word to reach US authorities but Vaughn apparently did not have time before his departure from Panama to get in touch with our Embassy nor apparently with USCINCSO.

McClintock

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 1114, NSC Unfiled Material, 1/15/73. Secret; Immediate. Repeated Immediate for information to Panama City and USCINCSO.

² For a different perspective on the U.S.-Panamanian treaty negotiations, see *Foreign Relations*, 1969–1976, vol. E–10, Documents on American Republics, 1969–1972, Document 563. The Intelligence Memorandum suggests that the 1972 negotiations stalled in part because "General Torrijos was unwilling to commit himself on substantive issues or allow the talks to move from an exploratory to a bargaining phase."

2. **Briefing Memorandum From the Assistant Secretary of State for Inter-American Affairs (Meyer) to Secretary of State Rogers¹**

Washington, January 17, 1973.

Panama Canal Treaty Negotiations

In accordance with your request,² there is attached a talking points paper on the Panama Canal Treaty negotiations.

Tab A

Talking Points³

Undated.

After an encouraging start in mid-1971 followed by a year of relative inactivity, the Panama Canal Treaty negotiations retrogressed when the Panamanians presented to Ambassador Anderson their detailed position during their December 4–6, 1972 meeting in Panama City. The Panamanian position is less forthcoming and more inflexible than the position Panama presented in January 1971 and reveals a wide gap between us on almost all points (a comparison of positions is attached).⁴ Although Foreign Minister Tack has stated that Panama's position is negotiable, the substantive differences and the atmosphere of lack of trust that exists over the canal treaty issue make the disparity unbridgeable under present circumstances.

On December 12, Panama took the unprecedented step of publicizing both its and the U.S. negotiating positions.⁵ We can expect Panama

¹ Source: National Archives, RG 59, Central Files 1970–73, POL 33–3 CZ. Secret; Exdis. Drafted by Hurwitch on January 15.

² Not found.

³ Secret; Exdis.

⁴ For an overview of Panama's January 1971 position, see *Foreign Relations, 1969–1976*, vol. E–10, Documents on American Republics, 1969–1972, Document 543. A translated copy of Panama's 19-page outline of its December 1972 position is in the National Archives, RG 84, American Embassy, Panama, Panama Canal Treaty Negotiation Files, Lot 81F1, Box 123, Treaty Negotiations 1972.

⁵ Jorge Illueca, a Panamanian Foreign Ministry adviser, disclosed the U.S. negotiating position in a public speech, stating: "The United States has proposed as the term of the duration of the treaty on the locks canal a period of 50 years which would be extended to 85 years if a third set of locks were to be constructed and to 90 years if a sea-level canal were built." (Jeremiah O'Leary, "Bare U.S., Panama Canal Views," *The Chicago Tribune*, December 21, 1972, p. B6)

to pursue its quest for full independence by continuing to seek to elicit public and international support for the elimination of the “U.S. colonial and military enclaves in its territory,” the next occasion being at the U.N. Security Council meeting to be held in mid-March in Panama. The anachronistic terms of the 1903 Convention together with our prominent military presence in Panama render us vulnerable. A complicating factor is that relations between Canal Zone agencies and the Panamanian Government, which have been brittle for years, have deteriorated to the point where there is almost no communication between the heads of these agencies and top Panamanian officials.

Failure to achieve some substantive improvement soon in its canal treaty relations will probably force Panama to take further actions (which could end in violence) designed to dramatize its situation and to pressure us into meeting its terms. Were we to offer to make a few significant changes in our extra-territorial rights and military presence in Panama without awaiting conclusion of a new treaty, while continuing treaty negotiations on other issues, we would relieve pressure in Panama and improve our posture with the international community, without adversely affecting our ability to operate and defend the Canal or without materially impairing our bargaining position.

Three changes should be made now which would help achieve these goals.

1. *Elimination of Extraterritoriality*

The 1903 Treaty allows the U.S. to exercise criminal and civil jurisdiction over Panamanians, third-country nations and private business in the Zone—the major remaining case where one nation holds extraterritorial rights in perpetuity in another’s territory. Perhaps no other treaty right so infuriates Panama as our jurisdiction over its nationals. We should obtain authorization from the Congress to conclude and put into effect an agreement to transfer to Panama civil and criminal jurisdiction over Panamanians and third country nationals as well as civil jurisdiction over private businesses and organizations in the Canal Zone. Panama in turn should agree to prosecute Panamanians and third country nationals who commit offenses in the Canal Zone.

2. *Transfer of the Southern Command (SOUTHCOM) from Panama*

General Torrijos has repeatedly requested that SOUTHCOM be removed from Panama because he finds such an imposing U.S. military presence politically difficult to accept and almost impossible to deal with on matters relating to defense of the canal, because the rank structure is so disproportionate and the Command is such a large structure compared to the Guardia Nacional. In addition, Panama argues that military activities in the Canal Zone unrelated to canal defense are not authorized by the 1903 Convention and violate the treaty requirement that the Canal “shall be neutral in perpetuity”.

Although we have not accepted this position it would be persuasive to large segments of world opinion. Transfer of SOUTHCOM to the U.S., while retaining the successful military schools in the Canal Zone, would be welcomed by General Torrijos, would create a more propitious climate for treaty negotiations, would continue to enable us to respond to requests for assistance from Latin American nations, and would not impair our military position with respect to canal defense.

3. *Demilitarization of the Canal Zone Government and Panama Canal Company*

Traditionally, the Corps of Engineers has furnished the President of the Canal Company (who is also the Governor) and runs the canal. A Canal Zone government headed by a U.S. general officer responsive to the Department of Defense is regarded by the Panamanians as an offensive symbol of colonialism which tends to perpetuate itself. The key objective in the Panamanian position is the complete elimination of the Canal Zone Government. This should only be accomplished in a new treaty, but we can reduce the tensions and improve communications if the Governor is a civilian and the canal operates under the civilian administration of the Department of Transportation which already has the St. Lawrence Seaway. The Congress already handles the budgetary aspects of the canal in the Transportation Subcommittees of the Appropriations Committees. There is no legal impediment to the appointment of a civilian as President of the Canal Company to act also as Governor. Transfer of the Canal agencies to the Department of Transportation would, however, probably require Congressional acquiescence in a reorganization plan.

Tab B

Comparison of Positions⁶

Undated.

1. *Duration.* In response to our position to drop perpetuity and operate the lock canal for fifty years and a sea-level canal for forty additional years, Panama offers 22 years on the lock canal and a willingness to negotiate a sea-level canal.

2. *Jurisdiction.* In reply to our offer to return most criminal and civil jurisdiction in 15 years, Panama wants immediate jurisdiction over

⁶ Secret; Exdis.

Panamanians and over all Americans within five years. Panama also wants jurisdiction on military bases.

3. *Administration.* We are seeking almost 100 percent control over the Canal administration as a U.S. agency but Panama wants effective participation in canal operation including control over labor relations.

4. *Land and Water.* We are willing to return about 30 percent of the land and establish a joint system for identifying additional areas for Panamanian use under U.S. control, but Panama wants it all returned and will then designate areas in the treaty for U.S. use.

5. *Defense.* We want to retain the decisive voice on defense but Panama wants primary responsibility for protecting the lock canal in peacetime and proposes joint agreement on defense measures in time of war. Panama is willing to accept a U.S. role for protection of the lock canal but wants no U.S. forces to defend a sea-level canal.

6. *Neutrality.* Panama wants effective neutrality of the canal endorsed by the U.N. but established and controlled by Panama including the decision whether U.S. forces may be used to enforce it. It also insists that SOUTHCOM be removed since it considers its presence a violation of the 1903 Convention. We wish to continue to be able to deny use of the canal to an enemy in time of war.

7. *Flags.* Panama wants no flags in the Canal Zone or on bases except the Panamanian flag.

8. *Compensation.* We have offered a formula similar to that of 1967, which would give Panama about \$25 million annually. We understand that Panama wants substantially more based upon a 200 percent toll increase and 50 percent of gross revenues.

9. *Expansion.* The only advance in the Panamanian position over the past was an expression of willingness to grant a concession for a sea-level canal if the U.S. decided within five years to build it where the present canal is now located.

3. **Memorandum From William J. Jorden of the National Security Council Staff to the President's Assistant for National Security Affairs (Kissinger)**¹

Washington, February 23, 1973.

SUBJECT

U.S. Relations with Panama

I have returned from the visit to Panama which you approved.² I spent three full days, February 9–12, from early morning until late at night with General Torrijos. We travelled through a good part of the country, visiting farms and villages, talking with officials, farmers and many citizens. I also had several long talks with the General, including one very serious and substantive private discussion of about three hours.

I have described the trip in the attached Memo for the Record at Tab A.³ It will give you a feel for Panama today, and especially for Torrijos the man and national leader, and his style of operation. My substantive talk with Torrijos is described in the Memo at Tab B.⁴

I believe it is fair to say that my visit with Torrijos and my discussions with him have put U.S.-Panaman relations on a somewhat new footing. He described it as a “new chapter” and “a new beginning.” The fact that the White House, and specifically Dr. Kissinger, saw fit to send someone down especially to talk with him had considerable impact. He said he had great difficulty dealing with “lawyers, diplomats and Zonians.” He could not get through to them and they could not understand him. He said it was a pleasure at last to be able to talk to an American who could understand his problems and also describe U.S. attitudes clearly and candidly, but without threats or double-talk. He would warmly welcome a Kissinger visit to Panama at any time.

The central items that emerged from our talks were these:

On the Canal Treaty: He has no faith in the ability of our negotiators or his to reach an agreement in any reasonable time frame. He wishes both sides could change their personnel and their attitudes. However, he is willing to let the traditional negotiating process continue pretty much as it has been if that is what we wish. He recognizes that it

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 1335, NSC Unfiled Material, 1973 [9 of 12]. Secret; Sensitive. Sent for action.

² Jorden recommended the visit in a January 31 memorandum to Kissinger. (Ibid.)

³ Tab A, dated February 20, is attached but not printed.

⁴ Tab B, a Memorandum for the Record dated February 20, is attached but not printed.

probably will not be possible to reach agreement soon on the “big questions.” By these he meant—transfer of jurisdiction, duration of a new treaty, the sea level canal option, etc.

Meanwhile, he believes it possible to make progress on other issues that divide us. He gave me a list of 12 items—attached at Tab C—that he thinks we can settle one-by-one and thus provide the clear impression of forward movement.⁵ He needs that to keep a rein on those from whom he gets the most pressure for drastic action—the students, intellectuals and “left-wingers” in his government. He said he was not worried about them—if he can demonstrate slow but steady progress.

Incidentally, one of the items on his list—removal of the cyclone fence separating the Zone from Panama—was accomplished two days after I left Panama. Another—the right to fly the Panamanian flag on ships transiting the Canal—is being accomplished this week.

What Torrijos wants, in short, is a parallel track approach—with traditional negotiations proceeding in their desultory way, while we move ahead on specifics. He said he would feel better if he knew that I was taking a personal role in the second track. I told him I would be watching it carefully and would stay in close touch with his Ambassador here. It is apparent that he is fearful, based on past experience, that if this process gets bogged down in the bureaucratic swamp, little or nothing will happen.

On the *UN Security Council meeting* in Panama (beginning March 15)—Torrijos assured me flatly that “there will be no violence, no riots.” He also promised to tone down any anti-American themes in the Panamanian media. (We have intelligence reports that he is doing this.)⁶

He said that Panama wants the meeting to be a success and that it will not be if it turns into an anti-American outburst.

Torrijos intends to open the proceedings with a speech of welcome. In it, he said, he would “set the tone” calling for serious and thoughtful discussion of serious problems. He will point out that this is not an appropriate forum for invective and wild rhetoric. He said he thought that if he, as the host, set that opening tone, the others, or most of them, would follow his lead. He will, of course, mention the Canal and Panama’s feelings but we can live with that.

⁵ Tab C, undated, is attached but not printed. Some of the proposed unilateral actions included returning the Old France Field airport, permitting the sale of lottery tickets in the Canal Zone, allowing Panamanian police partial jurisdiction in the Canal Zone, and the establishment of equal wages for all workers within the Canal Zone.

⁶ In telegram 549 from Panama City, February 2, the Embassy reported on the potential of Panamanian grandstanding at the Security Council meeting. (National Archives, RG 59, Central Files 1970-73, POL 33-3 CZ)

Torrijos' approach is clearly more reasonable and responsible than that of his Ambassador to the UN who has been charging around depicting the coming meeting as a chance to mobilize world opinion against the U.S. We have indications that Torrijos has already told him to lower the noise level.

Torrijos also told me that Castro would not be attending the meeting and he expected Foreign Minister Roa to represent Cuba.

I told Torrijos that if the UN meeting turned into an "anti-American donnybrook" it would do three things:

- lower Panama's prestige;
- weaken the UN system;
- put out of business for some time those of us who want to deal seriously with U.S.-Panama problems.

He said he understood and agreed. Those were things he did not want to happen.

On the case of *Captain Villa*:⁷ I explained the background of the case and the reason for President Nixon's pledge to the Villa family to do "all possible" to secure his release from jail in Cuba. I knew he was concerned that Villa was a CIA operative, and assured him this was not true. Our interest was purely humanitarian.

Torrijos said he felt that he had been "double-crossed" by Castro. First, he had given assurances that the boats *and* men would be released to Panama and he then had provided only the boats. Second, he pledged that the boats were in "good condition" then they almost sank one day out of Havana and had to be towed back to port. I told Torrijos we had both been double-crossed.

Torrijos said he had no faith in Romulo Escobar Betancourt, Rector of Panama University, who had been negotiating with the Cubans. He could not be sure that Escobar stated Panama's case clearly, or that he reported accurately to Torrijos on his talks in Havana. What he wanted to do, he said, was to send his G-2, Lt. Col. Noriega, to Havana. He could be sure Noriega would convey his feelings accurately—and that he would get an accurate report back. But "some of your people" had warned Noriega not to have anything to do with the Cubans. If he did, he would be tarred as a "communist" and it would affect his relations with us.

I gave Torrijos my personal assurance this was not true and would not happen. If Noriega could get Villa out of Havana, we would be

⁷ Villa, an American citizen, had been imprisoned in Cuba since the seizure of two Panamanian-registered ships by Cuba in December 1971. See *Foreign Relations, 1969–1976*, vol. E-10, Documents on American Republics, 1969–1972, Documents 252, 262, and 264.

grateful and I would guess that it would improve, not damage, our relations with him. Torrijos said he would take my word and would send Noriega to Cuba "next week." I have just had a report that Colonel Noriega will probably go to Havana today (Feb. 23).

Other matters you may wish to consider:

Treaty Negotiators: We have been working on a new treaty for almost ten years. The net result: nothing. The President should pick a new chief negotiator, one who will work on this full time. Robert Anderson is a wise and dedicated person, but he has too many other responsibilities and interests to give this matter the attention it deserves.

U.S. Ambassador: Relations with Panama over the next few years are going to be crucially important, in themselves and in the effect they have on our overall posture in Latin America. Bob Sayre is a lame duck. The replacements I have heard rumored are for the most part inadequate, and even disastrous. We need a tough-minded able ambassador who can put our own house in Panama in order and work effectively with Torrijos. I hope you will not let an appointment go through without looking hard at it.

Helicopter: The only specific request Torrijos made of me—and he did it reluctantly—was to ask help in getting fast delivery of a helicopter they wish to *buy* for his personal use. His personal pilot had just been killed in a helicopter accident in Texas. The head of the Air Force told me privately that the pilots—who fly Torrijos all over the country 3 or 4 days every week—are worried sick that they will go down with him aboard. I have discussed this with General Scowcroft and believe it is on track. It will have a tremendously useful effect if we can provide delivery of the helicopter before the UN meeting—or if Torrijos at least knows by then that it is on the way.

Recommendation:

1. That you approve the two-track approach to negotiations and authorize me to monitor the operation, working with State and Defense.
2. That you discuss with the President the importance of picking a first-class Ambassador to Panama and that selection of an able, full-time negotiator for Canal Treaty problems be considered.
3. That you approve an all-out effort to make available for sale to Panama as quickly as possible the requested helicopter (UH-1N) for General Torrijos' use.⁸

⁸ Kissinger approved the third recommendation and took no action on the first two recommendations. On March 12, Scowcroft sent a handwritten note to Jorden, writing: "Bill—HAK is a little reluctant to launch a two track approach until he knows exactly what our long-term objectives are and what the potential pitfalls may be. Perhaps you would want to send something up which would help sort this out for him. Brent. The helo paper has gone to DOD." (National Archives, Nixon Presidential Materials, NSC Files, Box 1335, NSC Unified Material, 1973 [9 of 12])

4. Memorandum From William J. Jorden of the National Security Council Staff to the President's Assistant for National Security Affairs (Kissinger)¹

Washington, February 28, 1973.

SUBJECT

Panama Feedback

You may be interested in information we have been receiving since my return from Panama which indicates that Torrijos' reaction to my visit and to my discussions with him has been very positive. He apparently feels that a new chapter has been opened in US-Panamanian relations and his reported statements and actions over the past two weeks tend to reflect his positive mood.

Here are some of the highlights of reports [*less than 1 line not declassified*]:

—Torrijos believes that his talks with me serve as a departure point for a new line of action on the canal treaty negotiations and he now thinks the negotiations will be renewed.

—He has instructed Panamanian journalists not to publish any articles which are provocative or anti-United States before the UNSC meeting. Any articles about which there is any doubt should first be cleared with the government.

—He has directed the National Guard and the Panama police to insure that there are no attempts to manufacture adverse propaganda against canal zone residents and no contrived incidents designed to embarrass the United States.

—He has commented in private that he was very pleased by the visit of "the representative of Dr. Kissinger" which he believes "has advanced relations between Panama and the US by sixty years".

—While he thinks that all Canal Zone facilities and installations could be turned over to Panama in five years, he is now inclined to consider favorably the acceptance of a ten-year schedule, "if he and Henry Kissinger were allowed to work out the basic framework of a new canal treaty".

—He is also reported to have expressed his confidence that many of the problems between Panama and the US could be resolved if

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 791, Country Files, Latin America, Panama, Vol. 3, January 1972–August 1974. Secret; Sensitive. Sent for information. Kissinger wrote on the first page of the memorandum, "Good work Bill," and initialed.

direct communications could be maintained between himself and the White House.

—He has instructed his Foreign Minister to be extremely diplomatic in his dealings with the US and to avoid antagonizing the United States whenever possible.

—He has told associates that his speech at the opening session of the Security Council must be designed to set a “moderate tone for the entire UNSC meeting”. While he must present Panama’s position regarding the Canal issue, he wants to avoid establishing the framework for a series of attacks against the US by delegates of other countries attending the UNSC meeting.

—He is also reported to have personally told a group of journalists that it is not in the best interest of Panama to antagonize the US without reason at this time.

—Captain Villa has been released and is now in Panama following a short trip to Havana last week by Torrijos’ personal emissary, Lt. Col. Noriega.

—Indications from our Embassy in Panama and from a Latin American diplomat at the United Nations are that Panama has moderated its position on the resolution to be presented to the Security Council concerning the US-Panama “conflict”.

—The leading communist labor leader in Panama is reliably reported to have told labor leaders on February 25 that there will be no demonstrations during the UNSC meeting.

—The Panamanian Government has agreed to the Embassy suggestion that the invitation to the members of the UNSC to visit the Canal installations be issued jointly by Panama and the US.

5. Letter From the Special Representative for Interoceanic Canal Negotiations (Anderson) to President Nixon¹

New York, March 12, 1973.

Dear Mr. President:

I last wrote you on March 20, 1972 concerning the negotiations with the Republic of Panama.²

As you know, the meeting of the United Nations Security Council has been scheduled to take place in Panama this month. We will undoubtedly be charged with maintaining a “colonial enclave” within the Republic of Panama based upon our Treaty of 1903 and the subsequent amendments.

I am sure that a great many aspects of the canal treaty negotiations will be discussed at the Security Council meeting either directly or implicitly. Under these circumstances I felt we should advise you of where we stand in the negotiations and what we may look forward to.

During 1972, we repeatedly expressed to Panama our willingness to negotiate, our flexibility, and urged that they respond to our detailed proposals of 1971. Not until December did they do so, and they then delivered an uncompromising statement of position which wiped out almost all of the progress of 1971.³ For your convenience, I am attaching a copy of their December proposals to us; also our reply to Foreign Minister Tack.⁴

During the year 1972, neither General Torrijos nor Minister Tack, nor the negotiators, evidenced any disposition to compromise our differences. As you will see from their statement in December, they have taken a position far beyond the guidelines within which you have instructed us to negotiate.

At various times during 1972, Ambassador George Bush and I met with Ambassador Boyd and other Latin representatives to the United Nations, endeavoring to point out to them that a meeting of the United Nations Security Council in Panama could very well be detrimental rather than helpful to the negotiating process. This position was not

¹ Source: National Archives, RG 59, Ambassador Bunker's Correspondence, Lot 78D300, Box 1, Nixon-Anderson Correspondence. Confidential.

² Anderson's March 20, 1972, letter was forwarded to Nixon under a March 28 covering memorandum from Haig. (National Archives, Nixon Presidential Materials, NSC Files, Box 791, Country Files, Latin America, Panama, Vol. 3, January 1972–August 1974)

³ See footnote 2, Document 1.

⁴ Neither is attached. Regarding the December negotiations, see footnote 4, Document 2. Anderson's reply to the December proposals is dated February 23; see footnote 2, Document 10.

accepted by Ambassador Boyd; hence the scheduled meeting of the United Nations Security Council.

It is quite clear that our current offer is not acceptable to General Torrijos and the Panamanian Government.

The actions of Panama, including their insistence upon a meeting of the United Nations Security Council in Panama and General Torrijos' expressed desire to negotiate directly with you or your close advisors, indicate a desire for much greater concessions than we have considered it wise to offer or for concessions which do not fall within the terms of your guidelines to the negotiators.

For your information, the essential differences between the formally stated United States and Panamanian positions at this time are as follows:

Duration

Panama wants U.S. control of the lock canal to terminate in 1994, about thirty years sooner than you have specified, and it offers no additional duration for the treaty if a sea level canal were built or a third lane of locks were added to the existing canal. It is most unlikely that Panama would accept anything near our proposal of an additional thirty-five years for third locks and forty years for a sea level canal.

The Zone and Canal Operation

Under the Panamanian formula, the Zone would disappear within five years and the only land allotted to the United States would be very limited, non-contiguous, operating and defense areas. The United States could conduct, with some undefined but limited Panamanian participation, the functions strictly necessary for operation of the lock canal. Governmental functions would not be performed by the United States. There would be significantly greater and more high level Panamanian employment in the canal operation.

Flexibility on the Canal Zone and Canal Operations

Our current offer would permit Panama gradually to assume almost all significant governmental functions in the area.

We have repeatedly suggested to Panama that we would be willing to eliminate the Zone as such, change its character, and redesignate it as the Canal Area. We have indicated our willingness to allow Panama, over a period of time, to assume almost all of the significant governmental functions in the area. We have, however, reserved certain rights, which I will outline further in this letter, which we consider important to the control and the defense of the canal throughout the duration of the treaty. These rights on the part of the United States lessen the full and complete exercise of rights of Panama within the area.

We have a fundamental difference with Panama as to what we need for control and defense. Under their concept, we would have only a small amount of land around each of the operating installations. For the defense of the canal we would be required to have some consultations with Panamanian military forces.

Under our concept for defense, we need to maintain areas of land along the entire length of the canal and to have an absolute right of defense, including the right to restore civil order therein should this be required.

We doubt that any foreign power at the present moment is likely to go in and challenge our rights in the canal, although we should have the necessary rights and defense structure to deal with such a situation. We believe it is much more likely that if any disorders arise they will arise because of radical groups in Panama and not from external powers. We therefore consider it quite necessary that our forces have an unimpaired defense capability.

We also believe it is necessary for us to regulate shipping in the canal, which would preclude Panamanian interference with any transiting vessels.

They would like us to surrender all of the land in the present Canal Zone and they would in turn give us permission as they see fit to use certain portions of the land. On the other hand, we have taken the position that we should retain control of land use in the canal area but by agreement with Panama determine the nature of the uses to which the land is to be put and arrange such uses by a joint commission. Under our current proposal the total area of the canal area would be reduced by about twenty-five percent.

Financial Benefits

While we have not negotiated any specific numbers with the current Panamanian Government, it is obvious that they demand much more than the annual royalty based on tonnage that was offered in the 1967 draft treaty and which is currently offered.

At the present time, we pay to Panama an annual sum of approximately \$2 million. If the terms of the 1967 drafts were used, the annual payments to Panama would be approximately \$25 million at current traffic rates.

SOUTHCOM

Panama wishes to reduce the United States military presence in the canal area, have SOUTHCOM removed, and limit United States military activities strictly to canal defense.

As I have indicated above, Panama wants full responsibility for the protection of the canal area from civil disorders and a significant

role in the defense of the canal from outside military attack. I have already outlined to you our thoughts on this subject.

Expansion

Panama does not reject the idea of a sea level canal or a third lane of locks for the existing canal. They do insist, however, that our right to build a sea level canal or third locks would lapse after five years, which is much too early for it to be of any value to us. Nor have they given us a clear idea of their terms for a new sea level canal.

In sum, it is evident that there is a large gap between our two positions. Certain additional concessions could be made without appreciably affecting control and defense of the canal or changing our chances of Congressional approval, but I am afraid they would not do much to close the gap.

To satisfy Panama at this time it appears that we would be required to move fairly close to Panama's position.

Should we do so, this would mean the termination of the United States presence in the early part of the 21st century and would certainly deny us a sufficient period to cover the cost of expanding canal capacity, whether by third locks or by building a sea level canal.

I know, Sir, that you are aware of the problem of Congressional approval. Today it is serious even at the present level of concessions. If we were to go far enough to satisfy Panama, it might become impossible to secure Senate approval of the treaty.

General Torrijos has acknowledged to me and others that it would be most difficult to close the gap at this time. He is under the impression that if Panama continues its agitation the United States will move toward his position regarding the treaty.

He seems to be under the impression that we, as negotiators, take a much harder line than other of your advisors and has therefore, on occasions in the past, suggested meeting with others than the negotiators.

My own feeling is that he is not really prepared to discuss specific items or to negotiate with regard to specific positions, but rather with a very broad brush would propose to eliminate most of the American presence and be enabled to say to his country that he had completely abrogated the provisions of the 1903 Treaty.

It seems to me that we have the following options:

1. We can continue to hope that a general treaty will be written encompassing the changes which we believe should be made in our relationships under the Treaty of 1903 and in accordance with the guidelines which you have given us or which you elect to give us in the future.

This general treaty would also include our rights concerning a new sealevel canal or the construction of third locks for canal expansion. Such a treaty should as well define our military rights in the canal area.

It would seem to me that there is little hope for believing that this could be accomplished in the near future unless we move very substantially from our position toward the Panamanian position.

2. We could decide that there is little immediate hope of a comprehensive treaty and therefore elect to give to Panama various rights and properties in order to maintain a more harmonious relationship and blunt the thrust of criticism of our posture in Panama. We would be giving up some of our bargaining points, but we would have many left and if we are not going to have a completely comprehensive treaty this is not a disadvantage.

We could, for example, return certain lands and installations largely unused by the United States but vital to Panama's urban expansion.

It could be desirable to allow Panamanian commercial development and activity in certain parts of the canal area free of the United States Minimum Wage Law.

We could make changes in jurisdiction and significantly lessen the police and juridical presence of the United States in the area.

These changes would require hard work in Congress but are probably overdue in the sense that they are of small significance to us and could be very helpful in our posture in Latin America.

3. Negotiations should continue under any of the two choices above simply because I believe it is in our national interest to indicate that we do not want to be looked upon as trying to maintain what could be regarded as a "colonial enclave" in another country.

All of the problems of change in the area are complicated. It would be my recommendation, Mr. President, that after the Security Council meeting I should meet with the members of the Under Secretaries Committee to evaluate the situation and, if the Committee agrees that negotiations are not likely to bear fruit in the near future, we develop a program for legislative and other forms of action in regard to the canal operation.

Ambassador Ward and I continue to consult regularly with the Departments of State and Defense, and their representatives are already aware of our views as expressed in this letter. Moreover, I am sending a copy to Deputy Secretary Rush for the National Security Council Under Secretaries Committee.

Ambassador Ward and I also continue to consult regularly with members of the Congress on an informal basis in pursuance of your request.

We would be most pleased to have any further guidance that you deem appropriate at this time.

I am, with great respect,

Robert B. Anderson⁵

⁵ Anderson signed "Bob" above this typed signature.

6. Telegram From the Embassy in Panama to the Department of State¹

Panama City, March 19, 1973, 0307Z.

1457. Please pass to White House Immediate and USUN Immediate. For the President and the Secretary from Ambassador Scali. Subject: Conversation with General Torrijos. Ref: Panama 1456.²

1. In 1½ hour conversation with Gen Torrijos today, I found him extremely tense and seemingly close to limit of frustration. Torrijos never relaxed, although I believe I achieved some personal rapport and he seemed to appreciate fact that White House directly interested in successful outcome of our bilateral negotiations and prepared to make generous concessions. He professed to believe that I was sincere in wanting new agreement and said he accepted fact that US does not have colonial attitude even though his students don't believe it. He cited generous return of Okinawa to Japan and said this made Panamanians resentful US not making adjustments here to meet 70 years of Panamanian striving to remedy unjust situation.

2. He said he has held Panama in check for four years without single tear gas cartridge being expended, despite at least five dates a year which formerly caused demonstrations with property damage in

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 791, Country Files, Latin America, Panama, Vol. 3, January 1972–August 1974. Secret; Immediate; Nodis.

² In telegram 1456 from Panama City, March 19, Scali, who was in Panama for the Security Council meeting, reported his concerns about a "potentially explosive" confrontation with the Panamanians at the meeting, which began on March 15. He stated: "It now seems likely I will have to veto SC resolution if it proves impossible tomorrow to work out reasonable language with the Panamanians." (Ibid.)

both Canal Zone and Panama. US has never even noticed these four years of peace and, significantly in his opinion, there has never been shown slightest appreciation to him for his efforts. US complains about fiery rhetoric on Panamanian radio, but he considers he is protecting Canal by allowing an escape valve of words to take place of rocks and violence. His is peace with freedom, rather than peace of Papa Doc variety. He considers he is governing most nationalistic people in LA, not because they are the bravest but because Panama has borders in all four directions and in its center as well.

3. Torrijos asserted 200,000 Panamanians ready two years ago to go into Canal Zone and “sacrifice themselves” in confrontation with US. He barely prevented violence by telling people he would negotiate Panamanian rights and equalize treaty arrangements. Now two years later Panamanians treated worse than ever. They have lost faith in negots. He must have concrete action from US. Small things happen every day that show Canal Zone condescension and mistreatment of Panamanians such as arrests by Canal Zone police for minor infractions. It is the small daily incidents that “could be detonator of explosive crisis”. Lack of results makes him a liar to his people. He noted tersely that he is very much afraid of what may happen next Jan 9 which 10 year anniversary of 1964 violence against Zone.³

4. Torrijos complained bitterly of local division of US authority between Amb, CINCSOUTH and Canal Zone Governor. He characterized Amb Sayre as understanding Panama but was particularly scathing in his comments about the Governor both as individual and as regards his exercise of his powers. He described Governor as “colonialist by conviction” and went on at length. He also came down hard on US treaty negotiators, asserting that Anderson living in another century and not flexible enough to understand reality of present-day Panama. He commented US seems to have a policy of sending insensitive men as governors and negotiators in order to ensure lack of results. He said it was as though he had sent the head of Panama’s Communist Party to negotiate with US.

5. Torrijos said he believed he had convinced Jorden on latter’s recent visit that he is true nationalist rather than opportunistic fire-brand. He had no intention of playing with flames of ultra nationalism since there is no extinguishing them once started. He said first duty of a ruler is to keep calm when others are excited.

6. While Torrijos seemed somewhat responsive to my firm position that we would not accept SC res which dictated details of bilateral

³ See *Foreign Relations*, 1964–1968, vol. XXXI, South and Central America; Mexico, Documents 367–379.

negot with Panama, he gave no commitment. He suggested private negot between USDel and GOP to work out appropriate compromise res but he did so without enthusiasm. I expect rough session when I meet tomorrow morning with Fon Min Tack and Perm Rep Boyd, both hard-liners who believe that they have overwhelming support for their position.⁴

7. While most LA speakers have called for continuation bilateral talks, there no doubt Panama has solid sympathy from them in simplistic oratory about Canal Zone situation and Panamanian objectives. Fon Min of Peru, other LA member of SC and co-sponsor with Panama of res, warned me in friendly conversation this afternoon that US veto would cause wave of sympathy for Panama and strong anti-American reaction throughout hemisphere.

Both Amb Bennett who accompanied me and I came away from today's conversation with strong impression that Torrijos is in mood of smouldering frustration. His rather stiff politeness scarcely contained what appears to be genuine bitterness. If we end SC session here with a US veto, I believe Torrijos is capable of reacting by setting off violence. Amb Sayre concurs in this assessment. Other operational tels are being sent but I want you personally to know seriousness with which we here view developing situation.⁵

Sayre

⁴ Telegram 1515 from Panama City, March 20, reported on Scali's morning meeting with Tack. (National Archives, RG 59, Central Foreign Policy File, [no film number]) The draft resolution they discussed was introduced by Panama and Peru; see *Yearbook of the United Nations*, 1973, pp. 167–168. Jorden quoted portions of the resolution in a March 20 memorandum to Scowcroft. (National Archives, Nixon Presidential Materials, NSC Files, Box 791, Country Files, Latin America, Panama, Vol. 3, January 1972–August 1974)

⁵ A March 19 memorandum from Jorden to Scowcroft references telegrams 1456 and 1457 from Panama City. Jorden stated: "I am assuming we do not want to burden the President with this tangle [regarding the Security Council meeting] at the present moment," adding "we should not be too apologetic or appear to be rushing in with concessions under pressure." (Ibid.)

7. **Memorandum From William J. Jorden of the National Security Council Staff to the President's Assistant for National Security Affairs (Kissinger)**¹

Washington, March 22, 1973.

SUBJECT

Security Council Meeting in Panama

The Security Council meeting has ended with the U.S. vetoing a tendentious and unbalanced declaration on Latin America in general and Panama in particular. Vote was 13 for, one against, and one abstention (U.K.).

Until a few hours before end of the session, our delegation had worked out with Panama, with helpful intervention of others—especially France, Britain, Australia, an innocuous compromise on which there was agreement except for five words. Then, in final hours, Panama reversed course and went back to earlier unacceptable resolution.² They were undoubtedly encouraged to do so by Cuba, Peru, Chile and others, with full backing of Soviets and Chinese.

Highlights of meetings which began March 15—with two-day break March 17–18:

Panamanian leader General Torrijos opened first session with welcoming speech that was rigid and polemical. His earlier intention to open on a “moderate” note was changed at last minute—within 24 hours of opening—under pressure from extremists in the UN and in his own entourage. His main pitch was for world recognition of Panamanian sovereignty over all its territory—meaning the Canal and Canal Zone. He also attacked “isolation” of Cuba.

Mexican Foreign Secretary Rabasa, who spoke on afternoon of first day, noted his country's support for holding of meeting in Panama. He noted Mexican support for “right of peoples to determine their own destiny without intervention, coercion, or external pressure” and upheld national unity and territorial integrity of all states. Praised creation of Latin American nuclear-free zone. He spoke sympathetically

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 791, Country Files, Latin America, Panama, Vol. 3, January 1972–August 1974. Confidential. Sent for information.

² In telegram 1563 from Panama City, March 21, Ambassador Sayre stated that the U.S. and Panamanian teams were making progress on language for the resolution. (Ibid.) In telegram 1582 from Panama, however, Sayre informed the Department that there was more than a five-word discrepancy in the two sides' drafts, and that the lead Panamanian negotiator, Foreign Minister Tack, had retreated to an earlier position. (Ibid.)

of Panama's concerns and interests and urged U.S. and Panama to work out settlement by mutual agreement. He attacked perpetuity of present treaty "especially when upon one of the parties is imposed all or almost all of the burdens and the other receives all the benefits." In comparison with many others, Rabasa's was moderate statement—but still not very helpful. He will, of course, claim otherwise. He left Panama after formal opening statements of first two days. There is no evidence that Mexican delegation played any significant role behind the scenes in ensuing days to press for moderate resolution or to push Panama either way.

Speech of Cuba's Raul Roa attracted most attention on first day. It was typical Cuban invective with polemical attack on U.S. and all its actions, the kind of thing we have become accustomed to at the UN and in all other forums. There was considerable criticism in the corridors and even among Panamanian circles of the sour note sounded by the Cuban delegate.

Scali immediately responded with a short and moderate statement that chided Cubans for reverting to outmoded Cold War rhetoric that was inappropriate in view of changing world. Statement won plaudits from most delegations, including Panamanians—in private.

As meetings wore on, we made some tactical mistakes. I think we moved away too fast from our initial position of urging there be no repeat no resolution of any kind at the meeting. We went to our "fall-back" resolution too fast. And we failed to win broad enough support for that approach. We also probably underestimated the sympathy and support that would go to tiny Panama in its dispute with the Colossus of the North.

We were absolutely right to veto the final resolution—which engaged the UN in a strictly bilateral issue and would have seriously prejudiced future negotiations.³

There will be plenty of Monday-morning-quarterbacking in the days ahead.⁴ But my guess is that this particular unfortunate gathering of the UN will rather quickly be forgotten—except in Panama—and be relegated to the footnotes of history. That is where it belongs. We can only hope that the UN itself has learned a lesson and will not

³ For the texts of Scali's March 20 and 21 statements and the draft resolution that the United States vetoed, see the Department of State *Bulletin*, April 23, 1973, pp. 490–497. The Security Council discussion of the Panama Canal is summarized in the *Yearbook of the United Nations*, 1973, pp. 165–169.

⁴ In message PNA 142, March 22, Governor Parker provided a personal commentary on the Security Council debate. (National Archives, RG 185, Subject Files of 1979 Panama Canal Treaty Planning Group, Box 5, Msgs Jan–June 1973)

involve itself in future when one or another member wants to use it to win support for its purely selfish purposes.

8. Letter From the Ambassador to Panama (Sayre) to the Deputy Secretary of State (Rush)¹

Panama City, April 6, 1973.

Dear Mr. Secretary:

I have studied Ambassador Anderson's letter of March 12 to the President in which he provides a status report on the canal treaty negotiations with Panama.² I understand that it will be the subject of a meeting of the Under Secretaries Committee. My recommendations are contained in the FY 1975 CASP³ and Panama's 1894.⁴

My role, so far as canal negotiations are concerned, has been to keep the Department informed of relevant developments in Panama and provide such analysis of Panamanian attitudes and positions as might be useful to the U.S. negotiators.

In keeping with this role, I thought it might be useful to you to have my personal views as to why the negotiations have not progressed, why the Panamanian position paper of December 1972 wiped out almost all the progress of 1971, and why we now seem to have a larger gap than ever.

First, we are dealing with a new Panamanian political situation. The nationalistic Torrijos regime represents a change not only of degree but of kind. Nationalistic sloganeering about the canal and our presence here is nothing new in Panama. What is new is a regime that is determined to make good on its sloganeering both domestically and in its canal treaty relations with us. Having put its domestic political house more or less in order, it has now made the readjustment of its relationship with the U.S. its highest priority.

Our canal presence, of course, rests ultimately on Panamanian consent. That consent has diminished over time. But our presence and

¹ Source: National Archives, RG 59, Central Files 1970–73, POL PAN–US. Secret; Exdis.

² See Document 5.

³ The CASP was sent as airgram A–45 from Panama City, February 26. (National Archives, RG 59, Central Files 1970–73, POL PAN–US)

⁴ Telegram 1894 from Panama City, April 5, is *ibid.*

style here have remained almost unchanged while the world's views on the practice of extraterritoriality have changed radically and our policy elsewhere has been adjusted accordingly. Despite this erosion, a minimum of Panamanian consent has endured because successive Panamanian Governments have not pressed for fundamental changes; they have judged the economic importance of the canal to Panama to be paramount and they did not want to risk disturbing it. The fact is, however, that the continuing growth of the Panamanian economy has meant that the importance of our canal presence has steadily declined. The tremendous increase in public sector spending in the last four years has meant that since 1970 the Panamanian national budget has exceeded the budget of the Panama Canal Company. Torrijos has completely removed from power the Panamanian political leaders who had always run both the private sector and the Government. This group not only had a variety of economic and political ties to the U.S. but had also been the prime beneficiaries of our canal presence. In addition to replacing them politically, Torrijos has silenced them publicly by branding them as our instruments and allies in thwarting Panamanian independence. There is then a Panamanian Government firmly in power which, as part of its broad nationalistic course, is deliberately undermining Panamanian consent to our presence on anything like existing treaty terms.

Although there is this growing unity and purpose in Panama, the Panamanians involved in the negotiation are emotional, cautious and indecisive in dealing with us, and afraid to appear to make any concessions to us. Several have political ambitions which they do not want to jeopardize by agreeing to anything that could be criticized by their opponents. The position handed to us on Dec. 4, 1972, was a "least common denominator." It was something all Panamanian negotiators and advisers could accept because it asked for almost everything in the lifetime of those who wrote it. The Panamanians with whom the negotiations were conducted in 1971 were patriotic, but realistic Panamanians. Those who took over in early 1972 and shunted aside the designated Panamanian negotiators are strongly nationalistic with little disposition to work out what we would consider practical. Torrijos draws a parallel with the Vietnam negotiations and holds the view that if only he could sit down with a Presidential envoy fully empowered to reach agreement one could be achieved. Given the present negotiating positions and attitudes on both sides, [illegible text—I agree?] with Ambassador Anderson that it is not likely that an overall mutually acceptable treaty can be negotiated. The possibility is greater but not certain that a succession of agreements on specific points could be reached which could over time result in a new relationship. The prospects are much better for achieving a new relationship by phasing out

many of our nonessential functions and then signing a new treaty on what is essential to us than through the procedure we are now following of obtaining a treaty and then phasing out these nonessential functions.

Second, there is considerable disagreement on the U.S. side as to what we acquired under the Convention of 1903, as amended. As early as 1904, Secretary of War Taft said, “the very form in which these attributes are conferred . . . seems to preserve the titular sovereignty . . . in the Republic of Panama” and that Article III “is peculiar in not conferring sovereignty directly upon the United States.” Nevertheless, it is a commonly held view especially in Congress that we are sovereign. We emphasize that view on the ground by flying the U.S. flag in the Canal Zone in the position of the sovereign and not as administrator of the area. It is similarly a widely held view in Congress, the Executive Branch and in the Canal Zone that the Zone is territory of the United States. The view has been carried to the extreme that when the U.S. Ambassador to Panama goes into the Canal Zone he is held to have departed his post and to have entered U.S. territory and therefore no longer entitled to be accorded the status of personal representative of the President. On August 4, 1970 the Chief of Protocol confirmed this interpretation to Assistant Secretary Meyer in stating that the “Canal Zone is territory ceded to the United States by the Republic of Panama.” Accordingly, it was concluded that “it would be highly improper . . . to accord any American official precedence over the Governor.” The month before the Acting Secretary had written the Foreign Minister of Panama “that the Canal Zone is not a state, but rather . . . is a territory of the Republic of Panama subject to the legal system established by the treaties and agreements in force . . .”

On defense, as another example, we have a regional military headquarters in Panama, and are negotiating to keep it. Panama seriously contests our right under the existing Convention to have such a headquarters. Panama argues that our right under the 1903 Convention to station land and naval forces in Panama for canal protection is an exception in keeping with the exception to the neutrality of the Isthmus provided for in the 1901 Treaty between the U.S. and Great Britain. Thus, Panama regards the decision in 1963 to establish a regional strategic headquarters as a violation of the neutrality provisions of the 1903 Convention. Panama also holds that the 1903 Convention mentions only land and naval forces and the stationing of air forces in the Zone is illegal. The Executive Branch has not addressed this issue and only last week the Secretary of the Army told me that he had not been aware there was a serious question about the legality of SOUTHCOM.

Whether we are sovereign and the Zone is U.S. territory or whether the 1903 Convention granted to the United States rights in Panamanian territory is fundamental. If the 1903 Convention granted rights, and

not territory, then it is in principle simply an operational rights agreement. It is, of course, unusual in the degree to which it grants rights and also in the way it permits us to exercise those rights. The U.S. approach has been to negotiate about which of our sovereign rights and what parts of our territory we would grant to Panama in the Canal Zone. Panama considers that the Zone is its territory to which it retained sovereignty and it is negotiating about the rights and privileges which the U.S. would continue to have in Panama. Until we resolve this fundamental conceptual problem we are not likely to make much progress in resolving subsidiary issues.

Third, there is no firm understanding within the U.S. Government of the importance of the canal either to our economy or for strategic/military purposes. It is taken for granted that the canal is very important to the U.S. economy. One of the major reasons for building the canal was to have a waterway for coastwise shipping and at the beginning about 50% of the traffic was of this type. Today it is about 3%. Another economic justification is that 70% of the ships going through the canal originate in or are destined for a U.S. port. But that is a statement of how important the U.S. is to the canal—not how important the canal is to the U.S. In fact only 16% of U.S. exports and imports pass through the canal, i.e. 16% of 200%. I recommended that a study be made to determine the savings to the U.S. economy of the canal. I hold no brief for the Embassy's rough estimate that it is about \$100 million a year. [illegible text] if so, the cost to the taxpayers of our economic assistance to Panama in all forms and of the military protection of the canal is over twice this economic benefit. The figures available to me suggest that the canal is of only marginal value to our economy. I know of no study giving a solid strategic/military justification. Our carriers and their accompanying task forces cannot use the canal. I understand that naval planning is based on the assumption of non-availability in wartime. There is, of course, much more to our military/strategic interest than this but I am not aware that it has been clearly defined in any study.

Finally, we have a serious problem of attitude and confidence. Despite the President's policy that we should seek a new partnership based on respect for national identity and national dignity in which rights and responsibilities are shared, *Panama does not believe that we are prepared to treat her as an equal.* Part of the problem is, as President Nixon said, that "our power overshadows the formal relationship of equality." But it goes beyond that. In 1960 when President Eisenhower decided to fly the Panamanian flag in the Canal Zone in recognition of Panama's titular sovereignty, it was decided that the Panamanian flag should always fly in an inferior position. In the negotiations and consistent with our traditional policy, we have told the Panamanians we could

not agree to consult them on defense matters. Nor do we consult on the administration of the canal itself even though we recognize that it profoundly affects Panama. Panama's response has been to refuse to recognize officially that the Panama Canal Company even exists.

It is a fact that there is a wide gap between the respective positions of Panama and the U.S. in the canal treaty negotiations. It is also unfortunately true that there is a very wide gap between our stated policy and our practice in Panama. These two facts are intimately related and until we deal with the latter we will not be able to do much about the former.

With warmest regards,

Sincerely,

Robert M. Sayre⁵
Ambassador

⁵ Sayre signed "Bob" above this typed signature.

9. Backchannel Message From the Governor of the Panama Canal Zone (Parker) to the Deputy Under Secretary of the Army (Koren)¹

Balboa Heights, Panama Canal Zone, April 11, 1973.

PNA 176. 1. After informal discussions with other members of the Intelligence Community, our assessment of the situation here follows:

2. General TORRIJOS believes the United Nations Security Council (UNSC) meeting did not succeed in bringing the United States closer to the Panamanian position on the Canal Zone issue.² TORRIJOS wants to renew the Canal Treaty negotiations with the U.S. but on the basis of secret unpublicized sessions between personal representatives at the

¹ Source: National Archives, RG 185, Subject Files of 1979 Panama Canal Treaty Planning Group, Box 5, Msgs Jan–June 1973. Secret; Eyes Only; Priority for Transmission; Deliver During First Duty Hours. A handwritten note on the message reads: "Msg received by Mr. Koren at 11:58–4/11/73."

² In telegram 1652 from Panama City, March 23, the Embassy reported a point of view different than Parker's: "the Government of Panama obviously believes it has scored a great victory with the holding of the SC meeting in Panama." (National Archives, RG 59, Central Files 1970–73, POL PAN–UNSC)

highest level of the Governments of the U.S. and Panama. He is seeking a vote of confidence from the District Representatives during his tour of all provinces in Panama, reportedly to give him a mandate for determining Panamanian policy vis-à-vis the Canal Treaty. Some top government officials appear to be undecided as to the success of the UNSC meeting. Others, particularly those with leftist leanings, are pleased with the results. All are now waiting for TORRIJOS to announce the policy he believes Panama should adopt with respect to Canal Treaty negotiations.

3. Businessmen appear to be uncertain as to what the future holds. Some are of the opinion that the UNSC meeting might result in a hardening of relations between the U.S. and Panama and that this will affect business. Reportedly, some foreign businessmen in Panama have been advised to adopt a wait-and-see attitude regarding further investments in Panama. The lower classes in Panama were reported to be apathetic towards the UNSC meeting and it is unlikely that any feeling of accomplishment has registered on them although there has been some poisoning of attitudes towards the U.S.

4. The UNSC meeting apparently did not significantly affect Panamanian attitudes towards the U.S. on the Canal Zone issue. The Panamanians still want drastic changes made in the 1903 Treaty.

5. It is likely that U.S.-Panamanian ties/relations will become increasingly strained during the coming months unless some kind of concession is made by the U.S. to indicate a flexibility on the part of the U.S. which would be interpreted by TORRIJOS as a sign the U.S. is showing "good faith."

6. During the period of the UNSC meeting, Panama established diplomatic relations with Algeria, Libya, Bulgaria, and Guinea. It also discussed the establishment of diplomatic relations with East Germany, Cuba, the Soviet Union and China. It is likely that Panama will continue to seek diplomatic relations with socialist and non-aligned nations. The purpose of the policy is threefold: to demonstrate that Panama is independent of the U.S., to pressure the U.S. to grant a favorable new Canal Treaty, and to seek new sources of foreign loans. It is likely Panama will side increasingly with these countries in the UN and on issues which are not favored by the U.S.

7. Internally it is unlikely Panama will make a dramatic shift towards a socialist or communist orientation. TORRIJOS believes he is guiding Panama towards some sort of socialist state, but to date he has not clearly defined by word or action what he means by socialism. Nevertheless, the UNSC meeting has given encouragement to the already worrisome communist penetration of certain key domestic areas.

8. There is no evidence to suggest TORRIJOS plans harassment of U.S. citizens and businessmen in Panama. TORRIJOS has told U.S.

officials there will be no incident directed against the Canal Zone. There have been and there probably will continue to be reports that TORRIJOS is actually planning or considering an incursion into the Canal Zone. These reports may reflect psychological warfare tactics, or actions contemplated by certain segments within the National Guard.

9. It is likely that the government's propaganda effort through its controlled media and educational system is having and will continue to have an impact on Panamanian attitudes towards the U.S. and the Canal Zone. This propaganda effort undermines the past tacit acceptance by Panamanians of the U.S. position in the Canal Zone.

10. There is no reporting that TORRIJOS will compromise his publicly-stated objectives regarding the Canal Zone. It is possible that after receiving his vote of confidence from District Representatives, he might feel he has more room for maneuver through secret negotiations. A factor which may influence TORRIJOS' decision on the extent he feels he can compromise is his conception of what will be acceptable to the people and what will tarnish his image. Such considerations become more important at such times as the 11 October anniversary of the 1968 coup d'état which brought the present government to power³ and the 9 January anniversary of the 1964 Canal Zone riots.⁴ It is on these symbolic occasions that TORRIJOS feels that he must face the people and explain to them what he has done towards fulfilling his promises. For example, he has recently mentioned that 9 January 1974 will be an important anniversary in terms of showing the people accomplishments in furthering Panamanian aspirations regarding the Canal Zone. It is on these anniversaries that TORRIJOS is frustrated at not being able to demonstrate any accomplishments and is most susceptible to urgings by his more radical and nationalistic advisors that he must show the people something, that he must fulfill his promise to regain effective sovereignty over the Canal Zone. The Government for now has tacit support of the students and exercises effective control over them. It is expected this will continue so long as the Government continues its position on the Canal issue and its posture as a revolutionary government.

11. We have had some difficulty in clearing a joint intelligence committee estimate relative to the above topics. I will advise you as to the problem when I see you in Washington.

³ For documentation on the October 11, 1968, coup d'état, see *Foreign Relations*, 1964–1968, vol. XXXI, South and Central America; Mexico, Documents 448–451.

⁴ For documentation on the 1964 riots in the Canal Zone, see *ibid.*, Documents 367–379.

10. Telegram From Secretary of State Rogers to the Department of State¹

Buenos Aires, May 26, 1973, 1926Z.

3767/Secto 172. Subject: Secretary's Bilateral Meeting With Panamanian Foreign Minister Tack.

1. Foreign Minister Tack, accompanied by Panamanian Ambassador to Argentina Acheen, called on the Secretary afternoon of May 24. Kubisch and Little were also present.

2. Tack opened the meeting by saying that General Torrijos had asked him to speak to the Secretary about the negotiations respecting the Canal treaty. He said that recently in Panama there had been a climate of tranquility which the GOP expects to have a positive effect on the future of the negotiations. This tranquility was particularly notable in the past week and was reflected in the media in Panama. Tack referred to the letter of February 23 from Ambassador Anderson² which he said he had answered on May 7.³ Coming out of that exchange was agreement that there should be a vigorous effort to make progress in the treaty negotiations. For this reason, he said, GOP has taken decision that a supplementary letter should be addressed to the Secretary of State which FonMin wished to deliver personally to the Secretary inasmuch as the two of them were the "negotiators" on this question.⁴

3. Referring to his letter to the Secretary, Tack said that one of the main problems in the negotiations has been to reach agreement on a set of fundamental principles. He said that in the many discussions there seemed to be agreement on those principles but that subsequently different interpretations were given to them. As an example, he cited the general agreement of the two parties that the primary Panamanian interest was recuperation of its jurisdiction over the Canal Zone and, on the other hand, that the principal interests of the U.S. are in assuring the flow of traffic through the Canal and in certain defense and security aspects. He said that there seemed to have been agreement on these basic principles but that differences arose with respect to details. The task now, as expressed in the latest letter, is to try to get agreement on fundamental principles so that negotiations can progress more quickly.

¹ Source: National Archives, RG 59, Central Files 1970-73, ORG 7 S. Confidential; Immediate. Repeated to Panama City, USCINCSouth, and Curacao. Rogers was in Buenos Aires May 23-26 to attend the inauguration of President Campora.

² The letter dated February 23 from Anderson to Tack is in the National Archives, RG 59, Panama, Lot 75D414, Leg. Bills and Resolutions 1973.

³ See footnote 3, Document 13.

⁴ See Tab A, Document 13.

This, he said, was the purpose of the note he was presenting to the Secretary. (Letter transmitted by septel.) If we make a joint effort, he concluded, we can achieve something to spur on the negotiating process.

4. In response to the Secretary's query as to whether the Panamanians were suggesting a "new team," Tack responded in the negative. Tack restated what he called their basic objective—to try to move things along as quickly as possible.

5. In his opening courtesy comments, Tack had referred to the Secretary's preoccupation with problems in many other areas of the world. At this point in the conversation, the Secretary referred to that comment, stating that our relations with Panama are very important to us and that we will do whatever we can to reach a conclusion respecting the Canal question. He explained that any agreement that might be reached must have the concurrence of our Congress which must ratify a new agreement. The security considerations, we think, are important. With respect to the feeling in the US regarding the Canal question, the Secretary said that the sentiment is now different because of the Security Council meeting which appeared to be an attempt to force us into agreement. He continued that this makes the ratification process that much more difficult.

6. The Secretary continued that the US had gotten the impression that the Panamanian Government has decided to negotiate the Canal issue publicly. He said that the issue is complex and that we want to deal with it privately. He said that we, of course, will want to study the Foreign Minister's note carefully but we have this concern as to whether we can negotiate privately. The Secretary said that we recognize that we must take into account Panama's concerns but that we must also keep our own interests in mind. The problem is not an easy one but it should be dealt with in a friendly manner. The Secretary then asked Tack if we could negotiate in private.

7. Tack responded that following the Security Council meeting, General Torrijos had held a number of meetings with various sectors of the public in Panama. The result was a vote of confidence for the GOP in its policies respecting the Canal negotiations. The GOP, therefore, believed there was now a good climate to move forward on the negotiations in the coming months with discretion and privacy. He said that he was a man of his word.

8. The Secretary acknowledged Tack's statements and emphasized that the Canal problem is a bilateral one between our two countries. While there seemed to be sentiment in connection with the Security Council meeting supporting Panama, he did not believe that other countries care that much. The Secretary urged that there not be a situation of confrontation but that we talk the matter over among

ourselves. Stressing again the necessity for having negotiations in private, the Secretary said that while we are negotiating, there are some little things the US can do to ease the situation. He said that we can talk about these matters while we are negotiating.

9. The Secretary raised again the question of a "new team." Tack responded that each government can, of course, designate whom it wants for these negotiations but that if the Secretary thought it would be helpful the Panamanians would give favorable consideration to this possibility. The Secretary said that he certainly was not criticizing the current teams, commenting that they had been working on the matter for a long time.

10. The Secretary closed the meeting by saying again that we would study Tack's note carefully, stating that we did not want to set a precedent whereby a country takes a bilateral matter to the Security Council and then gets action. While each country has its own interests, he said, he does not believe there are fundamental differences between us, reiterating the need for quiet talks. He expressed the hope that our future negotiations would be active and not simply an exchange of diplomatic notes. End.

Rogers

11. Memorandum From the Ambassador to Panama (Sayre) to the Assistant Secretary of State for Inter-American Affairs (Kubisch)¹

Washington, June 6, 1973.

SUBJECT

U.S.-Panamanian Relations

I called separately on Congressmen Fascell and Leggett and SFRC Staffman Pat Holt on June 5 to talk about U.S.-Panamanian relations. So far as they are concerned the only important issue with respect to Panama is the Canal treaty and that is all they wanted to talk about.

All are sympathetic to the view that there has to be a change in the treaty relationship. Fascell and Holt are favorable to substantial

¹ Source: National Archives, RG 59, Panama Treaties, Lot 75D457, Congressional Correspondence (Letters). Confidential.

changes; Leggett is more cautious. None of them see much possibility for a treaty, especially Leggett. Holt thought the 1967 drafts would have been approved at the time—now he doubts that the two sides can reconcile major differences and if a new treaty comes close to giving Panama what it is asking it probably would not obtain approval in the Senate.

Fascell said the recent hearings indicated to him that the Administration is not sure what it wants to do on the treaty or whether it wants a treaty at all. He as well as the others believe that the President will have to invest significant political capital to get anything—a treaty or significant legislation to make adjustments.

Holt considers the interim action approach is probably the only viable alternative at this time because of the lack of confidence between the U.S. and Panama—Panama wants wide-sweeping changes now and does not trust the U.S. unless it is all put down in writing and in detail and on the other hand the U.S. does not trust Panama to exercise fairly and responsibly jurisdictional rights it is demanding be returned. Leggett is an interim action proponent. (I assume from all he said that he believes the canal lobby can successfully play on the “lack of confidence in Panama” theme and defeat any significant changes.) He doubts that it will be possible to obtain approval of any significant interim action without a vigorous fight.

All agree that it is poor policy to exercise jurisdiction over Panamanians, the Panamanian Government and private business in the Canal Zone. Leggett refers to the U.S. operation of a “black” penitentiary in the Canal Zone as something that troubles him very much. But Holt and more so Leggett consider that any proposal on this will be fought as a “break in the dike.” In fact Leggett feels any change at all that disturbs the privileged position of PCC/CZG employees (15% hardship differential, U.S. Federal Income tax rebates, etc.) will be opposed on the same ground, although he is disturbed by the discrimination that these privileges represent against employees of other Federal agencies in Panama and Panamanian employees. Holt believes that the procedural problems in getting any action on interim measures is more important than the substance, i.e., the Congress would be generally favorable but if it starts in the Commerce committee it would be an unfavorable atmosphere.

Leggett is still considering hearings. He plans to press on the toll issue. He also intends to focus attention on budget cuts as opposed to toll increases. The question about whose territory the Canal Zone [is] arose, and it was left that Leggett should ask the State Department Legal Office. The 1903 Convention as amended states the zone is Panamanian territory but Leggett’s staff did not accept that. Leggett’s formula is to give Panama more money (I do not have the impression that Leggett

believe this will solve the problem but he proposes it because that is all he feels he can do without too much of a fight). When I responded that Panama had specifically rejected any such approach as an insult his response was to say that we would have to persuade Panama that a confrontation would not be helpful.

In summary, Congressmen Fascell and Leggett and Mr. Holt are sympathetic, believe some action is desirable, but if it requires legislative action the Administration will have to be ready to make a concerted effort to get it.

12. Letter From the Special Representative for Interoceanic Canal Negotiations (Anderson) to President Nixon¹

New York, June 20, 1973.

Dear Mr. President:

It has been approximately nine years since I undertook to try to renegotiate our treaty relationships with the Republic of Panama. These responsibilities have included the Treaty of 1903, our rights to build a sea level canal at an appropriate time, and our military base rights and military operational rights within the Republic of Panama.

As you know, in 1967 the negotiators were able to draft agreements which the respective negotiating teams were prepared to present to their governments. For reasons well known to you, these draft agreements as approved by the negotiators on both sides were never submitted to the legislative bodies of either country.²

During this period of negotiating effort, as you know, I have served without monetary compensation but have contributed my efforts as a public service.

I do not know what the future holds for the relations between our country and Panama, but I do believe that it is highly desirable to

¹ Source: National Archives, RG 59, Ambassador Bunker's Correspondence, Lot 78D300, Box 1, Nixon-Anderson Correspondence. No classification marking.

² In 1967, the United States and Panama were able to reach agreement on three treaties regarding the existing canal, the defense and neutrality of the existing canal, and a possible sea level canal. Before the treaties could be ratified, however, Panamanian President Marco Robles was defeated by Arnulfo Arias Madrid in the 1968 elections. Eleven days into Arias' term, a coup led by General Omar Torrijos established a new government. For more information, see *Foreign Relations*, 1964-1968, vol. XXXI, South and Central America; Mexico, Documents 439, 442, and 449.

arrive at new treaty relationships on all of the topics which we have under negotiation as early as possible.

After so many years, it might now be best if new points of view were brought to bear on the subjects. All of our efforts, as you well know, have been under the guidelines of the Presidents under whom I have served.

Believing, as I do, that these efforts should be pursued with diligence, and that perhaps new efforts by new people should be undertaken, I respectfully submit my resignation as Special Representative of the United States for Interoceanic Canal Negotiations, effective immediately.³

I can assure you that it has been a pleasure to work with you and the members of your Staff and with the officials of the State Department during the years I have been associated with these negotiations.

I am, with great respect,

Sincerely,

Robert B. Anderson⁴

³ President Nixon replied to Anderson on July 2, accepting the Ambassador's resignation. (National Archives, RG 59, Ambassador Bunker's Correspondence, Lot 78D300, Box 1, Basic Policy Documents 70–73)

⁴ Anderson signed "Bob" above this typed signature.

13. Action Memorandum From the Assistant Secretary of State for Inter-American Affairs (Kubisch) to Secretary of State Rogers¹

Washington, June 28, 1973.

Panama—Reply to Foreign Minister Tack's Letter of May 21

The May 21 letter Foreign Minister Tack delivered to you in Buenos Aires (Tab A)² is conciliatory in tone and reflects Panama's continuing desire to reach new arrangements with respect to the canal. Tack regards as an essential next step agreement in principle between our two governments regarding the main substantive content of a new treaty and proposes eight such principles. In this respect Tack's letter appears to be an effort to implement General Torrijos' position that high-level agreement in principle should be reached between the two governments, after which treaty negotiators would "flesh out" the agreement (Torrijos at one time seemed to envisage personally reaching such an agreement with President Nixon).

Tack sent to Ambassador Anderson a letter dated May 7 which is generally similar, but less specific with respect to the question of principles (Tab B).³

Although the level of generalization probably required to reach agreement in principle with the Panamanians will obscure many important and difficult-to-resolve issues, we believe we should, nevertheless, seek to accommodate Panama as a means of advancing the negotiations, in light of the considerable importance Panama apparently attaches to proceeding in this manner. Accordingly, I have attached for your approval a modified version of Tack's eight principles, retaining as much as possible of the original text, which the Departments of State and Defense, as well as the U.S. negotiators would accept (Tab C). We would expect the U.S. negotiators to seek Panamanian acquiescence in the changes we have proposed.

¹ Source: National Archives, RG 59, Central Files 1970-73, POL PAN-US. Confidential. Drafted by Hurwitch and Bell; cleared by Koren, Ward, and in L/ARA. Sent through Rush. In the upper right-hand margin, Rogers wrote: "I'll speak to Mr. Kubisch about this. The letter should refer to a new negotiating team with Ellsworth Bunker in charge. WPM."

² Tabs A-D are not attached, but are attached to a copy of Kubisch's memorandum in the Washington National Records Center, RG 330, OSD Files, FRC 330-80-0044, Negotiations—Panama and Panama Canal Zone—Mar 1973-Dec 1973. For an account of Tack's meeting with Rogers, see Document 10.

³ In telegram 95779 to Panama City, May 18, the Department transmitted the Spanish text of Tack's letter. (National Archives, RG 59, Central Files 1970-73, POL PAN-US)

There is also attached for your approval a proposed reply from you to Foreign Minister Tack indicating your willingness to adopt the procedure suggested in his letter to you (Tab D).

Recommendations:

1. That you approve the eight principles proposed by Tack, as modified (Tab C).⁴
2. That you sign the letter to Foreign Minister Tack (Tab D).⁵

Tab A

Translation of Telegram 1742 From the Embassy in Jamaica to the Department of State⁶

Kingston, May 28, 1973, 1530Z.

SUBJECT

Sec Visit LA—Bilateral with Fon.Min. Tack

REFERENCE

Buenos Aires 3767

1. Following is text of letter dated May 21 handed to Secretary by Tack during bilateral discussion May 24:

Mr. Secretary:

I have the honor to address Your Excellency in relation to the process of negotiations between our two countries on the conclusion of a new treaty on the interoceanic canal that operates in Panamanian territory. Your Excellency will recall that those negotiations were renewed some time after the talk we had on July 26, 1970, during the Special Meeting of the General Assembly of the Organization of American States in Washington, D.C.

As you know, after some months of discussions by the negotiating missions, your Government's mission prepared a series of drafts in which it sought to reduce to treaty terms the subjects that had been discussed. On December 13, 1971, the United States representatives

⁴ Rogers initialed the approve option under this recommendation.

⁵ Rogers did not reply until August; see Document 16.

⁶ Source: Washington National Records Center, RG 330, OSD Files, FRC 330-80-0044, Negotiations—Panama and Panama Canal Zone—Mar 1973–Dec 1973. Confidential. The undated translation was done in the Division of Language Services in the Department of State.

also submitted a memorandum that classified those subjects under various headings and, according to their judgment of the matter, set forth the positions of each country.

Later my Government stated that the positions of the United States of America as set forth in both the drafts and the memorandum were unacceptable to my country and it gave the pertinent reasons, in writing and during the visit to Panama of Ambassador David A. Ward and other United States Government officials in the months of February and June 1972.

On October 5, 1972, His Excellency Robert B. Anderson, Special Representative of the United States for Interoceanic Canal Negotiations, sent me a note in which he referred to the state of the negotiations and expressed certain concepts concerning the matters under discussion.⁷ I replied with a note dated October 26, 1972, in which I referred to the points made by Mr. Anderson and reiterated my country's basic positions. At the same time I invited the United States delegation to hold meetings in this city with the Panamanian representatives, and announced that the latter had precise instructions on the questions they were to set forth.

Early in December 1972 Ambassadors Robert B. Anderson, David A. Ward, and John C. Mundt arrived in Panama, accompanied by Messrs. John P. Sheffey and Morey Bell, in order to meet with the Panamanian delegation. On December 4, 1972, in one of the rooms of the Ministry of Foreign Affairs, I handed to Mr. Anderson the document entitled "Panama's Basic Positions on the Principal Subjects in the Negotiations on the New Canal Treaty," dated December 4, 1972.⁸

In reply to that document I received, through the Embassy of the United States of America in Panama, a new communication from Ambassador Robert B. Anderson, dated at the Department of State, Washington, D.C., February 23, 1973.⁹ I replied to that note from Ambassador Anderson by means of my own note dated May 7, 1973, a copy of which I attach for Your Excellency.

However, a careful reading of Ambassador Anderson's note had led me to decide to address Your Excellency, as I am now doing, because I believe that it may be desirable to do so in order to accelerate the later course of the present negotiations.

⁷ In the October 5, 1972, letter to Tack, Anderson expressed concern over progress in the negotiations and wrote: "The United States maintains a flexible and forthcoming posture as to the issues under negotiation." (National Archives, RG 59, Ambassador Bunker's Correspondence, Lot 78D300, Box 1, Anderson/De La Ossa/Tack Correspondence)

⁸ See footnote 4, Document 2.

⁹ See footnote 2, Document 10.

To that end I want on this occasion, Mr. Secretary, to reiterate my country's fundamental criterion in this very vital matter. The negotiations cannot reach their conclusion and fulfill their purpose if they do not truly result in the elimination of the causes of conflict that have so seriously affected relations between our two countries through more than seven decades. Those causes of conflict can be eliminated only by making radical changes in the system that today governs the administration, maintenance, and operation of the Canal, a system that constitutes, as has been said so many times, a colonial enclave in the midst of the territory of the Republic of Panama, thereby imposing untenable jurisdictional limitations on my country's independence and on the full exercise of its sovereignty over all of the territory that belongs to it.

The elimination of those causes of conflict requires, first [of] all, an express declaration of abrogation of the Treaty of 1903 and of all the other treaties and instruments of any kind whatever related thereto. It is true that the United States has stated in official documents its agreement concerning that abrogation, but it is also true that the abrogation would not have full effect if a new treaty were to contain provisions that in any form or degree limited, confused, or obstructed the return of the portion of Panamanian territory known as the Canal Zone to the full jurisdiction of the Republic of Panama. Furthermore, we consider it just and equitable that in the new treaty, as expressed by your Government in the note signed by Ambassador Anderson on October 5, 1972, the bases should be laid for the Republic of Panama to assume in due course full responsibility for the operation of the interoceanic waterway.

Mr. Secretary, the Panamanian Government considers that the root of the problem in advancing the negotiations lies in the need to clarify in advance a point that is fundamental and decisive: Is the interoceanic canal, which is operated, maintained, and protected by the Government of the United States, functioning in territory that is an integral part of the Republic of Panama, or does the United States consider that the territory where the canal is located should be severed from the effective sovereignty and full jurisdiction of the Republic of Panama?

Unquestionably, unless there is a prior clear and precise agreement on this point, it will be very difficult for negotiations to advance. To Panama it is very clear that the canal is operating in *Panamanian territory*, and my country cannot permit the limitations that the United States has imposed on the exercise of its effective sovereignty in and full jurisdiction over the Canal Zone to continue much longer. For the sake of reaching a negotiated settlement, my Government has agreed to a transition period so that the Canal Zone may be returned completely to the effective sovereignty of the Panamanian State.

The United States negotiators appeared to accept this Panamanian position when, for example, Ambassador Anderson affirmed in his

latest note¹⁰ that the United States has already proposed wide-sweeping changes, among which he mentions “the adoption of measures which would permit the cultural, social, and economic integration of the Canal Zone with Panama *and the end of the Zone as a separate area under United States jurisdiction.*” However, that language proves ambiguous [words missing] *political* integration of the Zone to Panama. And further on in the same note, he says: “The United States is prepared to relinquish all *significant* governmental functions within a number of years which we can no doubt agree upon. Some would be relinquished immediately, others at various times that we can discuss. *Minor rights which are inseparable from operational responsibilities should be retained.*” (Underlining is mine).¹¹

It is here, Mr. Secretary, in this ambiguity, that the root of the problem lies, and therefore, my country cannot agree to the proposals formulated by the United States, much less in the form in which they were stated by the United States delegation in the 1971 drafts.

I wish to point out that Ambassador Anderson states in the above-mentioned communications certain concepts that appear to be close to the Panamanian positions. However, his statements are nearly always general, and part of the difficulty lies in the fact that in the course of the negotiations, when an effort is made to develop those general statements into contractual stipulations, the proposals made by the United States Ambassadors distort the principles that they themselves have stated, so that, instead of settling the situation that both countries are committed to eliminate, conditions for subsequent differences and conflicts are established.

I also wish to tell you once more, Mr. Secretary, that my Government reiterates its desire to reach agreement with the Government of the United States on the adoption of a just and equitable treaty that will put an end to the causes of conflict between our two countries. The problem of the Panama Canal is a matter of special concern to the nations of this Hemisphere, which, as the Secretary General of the United Nations has said, “awaits a solution that can only be based on respect for law and a search for justice.” “Any solution,” in the opinion of that distinguished official of the world organization, “will have to take into account the basic principles set forth in the Charter, such as territorial integrity, sovereign equality, and the obligation to settle all international disputes by pacific means, as well as the principle that has now become a generally accepted one, that is to say, that every

¹⁰ Of February 23.

¹¹ The underlined text is in italics. The brackets in this paragraph are in the original.

State has the right to exploit fully and on its own account all its natural possibilities.”

Like the other States of Latin America and the rest of the world, Panama wishes to have the unequivocal right to assume its responsibilities for its own ideas, initiatives, and actions. My small country also has a very clear idea of its own national identity. But those responsibilities and that national identity cannot be fully realized as long as an important part of our territory continues to be subject to jurisdictional limitations.

President Nixon set forth the five basic principles of United States policy toward Latin America in October 1969 and reaffirmed them in his foreign policy report to the United States Congress on May 3, 1973.¹² The second of those five principles establishes the following: respect for national identity and national dignity.

Also, in that same report, President Nixon expressed the following concepts with respect to the question of the Panama Canal:

“Another important unresolved problem concerns the Panama Canal and the surrounding Zone. U.S. operation of the Canal and our presence in Panama are governed by the terms of a treaty drafted in 1903. The world has changed radically during the 70 years this treaty has been in effect. Latin America has changed. Panama has changed. And the terms of our relationship should reflect those changes in a reasonable way.

“For the past nine years, efforts to work out a new treaty acceptable to both parties have failed. That failure has put considerable strain on our relations with Panama. It is time for both parties to take a fresh look at this problem and to develop a new relationship between us—one that will guarantee continued effective operation of the Canal while meeting Panama’s legitimate aspirations.”¹³

The concepts of the President of the United States certainly reflect a very clear historical awareness of the significance of the profound political, economic, and social changes which characterize the present era.

Within the framework of that philosophy we could make a vigorous effort to establish, in advance, the basic principles which should serve as the foundation for that new just and fair Canal treaty that our two countries agreed to conclude in the Joint Declaration of April 3, 1964, signed under the auspices of the Council of the Organization of Ameri-

¹² See *Public Papers, Nixon, 1970*, pp. 135–136, and *ibid.*, 1973 pp. 440–441.

¹³ See *ibid.*, p. 443

can States acting provisionally as Organ of Consultation.¹⁴ The Republic of Panama deems those basic principles to be:

1. The 1903 treaty must be abrogated. The two countries are willing to conclude an entirely new interoceanic canal treaty.

2. The concept of perpetuity is rejected. The new treaty concerning the lock canal shall have a fixed termination date.

3. The exercise of any type of jurisdiction by the United States in Panamanian territory shall quickly cease, at the end of the transition period agreed upon.

4. The so-called Canal Zone shall be returned to full Panamanian jurisdiction. The Republic of Panama, as territorial sovereign, is willing to grant the Government of the United States, for the duration of the new treaty on the interoceanic canal, the right to use the lands and waters proved to be essential for the operation and maintenance of the canal, the transit of ships, and the protection of vital installations.

5. The Republic of Panama shall have a just and equitable share in the benefits, in proportion to the total benefits that the United States and world trade derive from Panama's geographic location.

6. The activity of the United States Government shall be limited to the administration of transit through the interoceanic waterway. The activities of the United States Government shall be those which have a direct relation to the operation, maintenance, and protection of the Canal, as shall be specified in the treaty.

7. The United States of America shall exercise, in the facilities for protection, such activities as may be expressly stipulated in the treaty, for the duration of the treaty.

8. The Republic of Panama is willing to include in that same treaty provisions authorizing the Government of the United States to construct a sea-level canal along what has been designated Route 14, on the following conditions: (a) The United States will notify Panama of its decision to construct the sea-level canal along Route 14 within a reasonable period to be negotiated, following the entry into force of the new treaty, and if it should fail to do so its right in that respect would lapse; (b) Panama would retain full jurisdiction in the area that would be occupied by the sea-level canal; and (c) with respect to the sea-level canal, the life of the treaty shall have a limited duration, with a specified termination date.

¹⁴ The Joint Declaration announced the resumption of relations between the United States and Panama and their intention to designate representatives to negotiate causes of conflict between the two countries. For the text, released in English and Spanish, see the Department of State *Bulletin*, April 27, 1964, p. 655-656.

I would hope, Mr. Secretary, that the United States negotiators might come to Panama as soon as possible, with specific instructions that would make possible the clear determination of those basic principles to which I have referred above, and continue discussions with the Panamanian negotiators, in a definitive effort to agree on a solution to the questions which have so long caused differences in the relations between our two countries.¹⁵

I avail myself of the opportunity to renew to Your Excellency the assurances of my highest and most distinguished consideration.

Juan Antonio Tack
Minister of Foreign Affairs

Rogers

¹⁵ In telegram 2746 from Panama City, May 22, the Embassy offered an analysis of Tack's letter: "Foreign Minister's letter contains no surprises but this is believed be first time negotiating position present GOP has been stated so clearly." (National Archives, RG 59, Central Foreign Policy File, [no film number])

Tab C¹⁶ESSENTIAL PRINCIPLES WHICH WILL SERVE AS A BASIS
FOR A NEW CANAL TREATY(Based on Principles Contained in Tack's Letter to the Secretary
Dated May 21, 1973)*Tack's Statement of Principles*

1. The 1903 treaty must be abrogated. The two countries are willing to conclude an entirely new interoceanic canal treaty.
2. The concept of perpetuity is rejected. The new treaty concerning the lock canal shall have a fixed termination date.
3. The exercise of any type of jurisdiction by the United States in Panamanian territory shall rapidly cease, at the end of the transition period agreed upon.
4. The so-called Canal Zone shall be returned to full Panamanian jurisdiction. The Republic of Panama, as territorial sovereign, is willing to grant the Government of the United States, for the duration of the new treaty on the interoceanic canal, the right to use the lands and waters proved to be essential for the operation and maintenance of the canal, the transit of ships, and the

Proposed U.S. Statement of Principles

1. The two countries will conclude an entirely new interoceanic canal treaty, which will abrogate the 1903 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 U.S. jurisdictional functions in Panamanian territory shall begin promptly, in accordance with terms specified in the new treaty.
4. The territory in which the Canal is situated shall be returned to the jurisdiction of the Republic of Panama. The Republic of Panama, as territorial sovereign, shall grant the Government of the United States for the duration of the new treaty on the interoceanic canal, the rights, privileges and immunities necessary to regulate the passage of traffic through the canal and operate, maintain,

¹⁶ Source: Washington National Records Center, RG 330, OSD Files, FRC 330-80-0044, Negotiations—Panama and Panama Canal Zone—Mar 1973–Dec 1973. Confidential.

protection of vital installations.

5. The Republic of Panama shall have a just and equitable share in the benefits, in proportion to the total benefits that the United States and world trade derive from Panama's geographic location.
6. The activity of the United States Government shall be limited to the administration of transit through the interoceanic waterway. The activities of the United States Government shall be those which have a direct relation to the operation, maintenance, and protection of the canal, as shall be specified in the treaty.
7. The United States of America shall exercise, in the facilities for protection, such activities as may be expressly stipulated in the treaty, for duration of the treaty.
8. The Republic of Panama is willing to include in that same treaty provisions authorizing the Government of the United States to construct a sea-level canal along what has been designated Route 14, on the following conditions: (a) the United States will notify Panama of its decision to construct the sea-level canal along Route 14 within a reasonable period to be negotiated, following the entry into force of the new

and protect and defend the canal, and the use of the land, waters and airspace required for these purposes.

5. The Republic of Panama shall have a just and equitable share in the economic benefits of the canal operation.
6. The Treaty shall make provision for supporting services and facilities which may be maintained by the United States for the purpose of the operation, maintenance, protection and defense of the canal.
7. The U.S. shall exercise defense responsibilities and activities as provided in the treaty.
8. The treaty shall make provision authorizing the Government of the United States to construct additional locks and channels for the existing canal or to construct a sea-level canal on a mutually agreed route on the following conditions: (a) The United States will notify Panama of its decision to construct additional locks and channels for the existing canal or to construct the sea-level canal within a reasonable period following the entry

treaty, and if it should fail to do so its right in that respect would lapse; (b) Panama would retain full jurisdiction in the area that would be occupied by the sea-level canal; and (c) with respect to the sea-level canal, the life of the treaty shall have a limited duration, with a specified termination date.

into force of the new treaty, and if it should fail to do so its rights in these respects would lapse; (b) Panama would retain jurisdiction in the area that would be occupied by the augmented lock canal or the sea-level canal, but would grant to the United States with respect to the sea-level canal the same rights specified in Principle 4 with respect to the interoceanic canal and (c) in the event of the construction of the new locks or the sea-level canal, the life of the treaty shall be extended to a new specified termination date to be agreed upon in the new treaty.

14. Intelligence Note Prepared in the Bureau of Intelligence and Research¹

RAAN-20

Washington, July 5, 1973.

PANAMA: AN IMPROVED ATMOSPHERE FOR TREATY DISCUSSIONS?

The Security Council meeting which Panama hosted in mid-March, condemning the US on the canal issue, was originally regarded as an enormous success by Panama. However, the meeting did not bring tangible benefits to Panama, and, ironically, it has been followed by increasing criticism of the Torrijos government. The hollow victory might lead to a more productive atmosphere for canal treaty discus-

¹ Source: National Archives, RG 59, Intelligence Research Reports, Lot 06D379, Box 23, RAAN 1-24, Africa / American Republics 1973. Secret; No Foreign Dissem; Controlled Dissem; No Dissem Abroad. Drafted in INR/DRR/RAA; released by George C. Denney in INR.

sions, particularly if the US were able to provide interim concessions which Torrijos could use to counter the criticism.

Beating the odds. Perhaps the most significant point about the Security Council meeting is that Panama was able to pull it off at all, despite (1) Panama's admitted intention to air its views on the canal treaty issue, (2) the absence of any Latin issues before the Council which warranted a meeting away from UN headquarters, (3) open US opposition, and (4) lack of enthusiasm among other potential participants. Panamanian lobbying succeeded because other Latin countries were reluctant to oppose a meeting in the hemisphere. Non-Latin countries went along because the Latins wanted it.

While Latin participants were dissatisfied by Panama's continual focus of attention on the canal issue, their public reactions were almost entirely in accord with Panama's wishes. Seventeen delegates from Latin American countries spoke at the meeting, and almost all made at least a passing reference to the canal issue in terms favorable to Panama. Some foreign ministers sent messages of congratulations; congressional support was voiced in Uruguay and Venezuela; and the meeting received generally favorable press coverage in the hemisphere. Most important for Panama were the affirmative votes on the canal resolution from all members of the Council except Britain (abstention) and the US (veto).

Reaction within Panama. Immediately after the Security Council meeting, top members of the Panamanian Government were euphoric because the meeting seemed to have succeeded beyond their wildest dreams. Leftist students and the Communist Party were pleased. Organizations normally opposed to the government felt compelled to express support for the meeting. Yet, when Torrijos went out on the road to deliver speeches on Panama's great diplomatic victory and to seek votes of confidence to continue his policies, he discovered that the general public was apathetic to the "historic" event. Moreover, middle-level bureaucrats reportedly were not pleased because the cost of the meeting—estimated at between \$500,000 and \$1.5 million—had forced a crimp in government spending. Members of the business community were unenthusiastic and felt that the meeting was a failure for Panama.

Agonizing reappraisal? Torrijos hopes to be remembered as the Panamanian leader who brought his country social justice and who hammered out a new canal treaty with the United States. Both these goals still appear to be unattainable. Until now it seemed that Torrijos was under no serious internal pressure to seek an agreement with the US; ironically, in the aftermath of the Security Council meeting, such pressure may be beginning.

Criticism of the government has been increasing. Though some of the causes predate the Council meeting, business community uneasi-

ness seems to have been sharply accentuated by the meeting. The result has been fresh signs of student unrest, the appearance of defamatory underground newspapers, and more open opposition on the part of the business community. Torrijos' concern over mounting criticism and economic difficulties, particularly the loss of confidence by the private sector (which is partly attributable to anxieties over the treaty impasse), could lead him to take a more forthcoming position on the canal treaty. Indeed, he may now fear that lack of progress in obtaining a new treaty will be seen by the Panamanian people as evidence that his government is a failure.

Past experience has shown that Torrijos has always placed great store in the value of pressure tactics—that if you kick the US hard enough it will respond. He may now have to reexamine this assumption since the Security Council meeting—his supreme effort at international pressure—brought him little or nothing in the way of concessions from the US. It will be difficult indeed to think up an encore to follow that act.

Implications for the US. To achieve progress on the treaty, Torrijos may have to change his tactics. He could, of course, move in the direction of violence against the US presence in the Zone. This, however, would endanger his position under the best of circumstances, as the Guard would eventually have to reestablish order. It would be particularly perilous in times of growing disorder in that dissident elements in the society could coalesce to overthrow him. Torrijos' best hope of success appears to lie in the direction of a more conciliatory stance vis-à-vis the US. The most recent communication from Foreign Minister Tack to Secretary Rogers may reflect some change in policy.²

These indications of some give on Panama's side may be a sign that canal treaty discussions can proceed in a more productive atmosphere, particularly if the US position were to provide some immediate interim concessions which Torrijos could present as a counter to the rising chorus of complaints. Such a move would also benefit the US by relieving the pressure of international criticism. The goal of a new treaty will probably still be elusive for the immediate future, but the present situation at least holds out hope for a less stormy period in US-Panamanian relations.

² See Tab A, Document 13.

15. Telegram From the Mission to the United Nations to the Department of State¹

New York, August 1, 1973, 0031Z.

2743. Subj: US-Panama Relations.

1. Panamanian PermRep Boyd approached Ambassador Bennett July 31 to ask whether latter had any information on prospective timing of appointment of individual to succeed Robert Anderson as head of team for negotiations with Panama. When Bennett replied he not informed, Boyd said he had heard Ellsworth Bunker mentioned as possible negotiator and commented this would be excellent choice in his opinion.²

2. He went on to urge that appointment, whoever it might be, be made without delay since pressures were building in Panama. In international field, he said nonaligned pressures on Panama were very heavy and increasingly hard to resist. Panama would be attending forthcoming Algiers meeting of nonaligned as an observer and he had been under pressure to go himself, a mission he said he very much wanted to avoid. He pleaded that something be done on US-Panama relations before it is too late.

3. Comment: Boyd has climbed off high horse he was riding during spring before and during Security Council meeting. He has played matters straight with us recently, and nothing has been heard from him re threats to bring Canal issue before GA. Having been picked by nonaligneds to serve as Chairman of Ad Hoc Terrorism Committee, he has tried hard to be an impartial chairman and to move work along, not the role his backers had intended for him. In his conversation today, he appeared genuinely anxious to see work get started on negotiations looking toward agreement between U.S. and Panama on outstanding issues.

Bennett

¹ Source: National Archives, RG 59, Central Foreign Policy File, [no film number]. Confidential. Repeated to Panama City.

² In a June 28 memorandum to Kissinger, Jorden reported that Secretary Rogers wished to designate Ellsworth Bunker, former Ambassador to South Vietnam, to serve as Anderson's replacement, and that Bunker was prepared to accept the assignment. (National Archives, Nixon Presidential Materials, Box 791, Country Files, Latin America, Panama, Vol. 3, January 1972–August 1974)

16. Letter From Secretary of State Rogers to Panamanian Foreign Minister Tack¹

Washington, August 6, 1973.

Dear Mr. Minister:

In replying to your thoughtful letter of May 21, I have wanted to wait until I could advise you of the arrangements I have made with a view to implementing, on the United States' side, the results of our constructive discussions in Buenos Aires.²

I welcome the renewed commitment of your government to reach agreement on a new treaty that will be just and equitable for both our countries—a treaty that will, in the words of my President, which you have quoted to me, “guarantee the continued effective operation of the Canal while meeting Panama’s legitimate aspirations”. My government is equally committed to the successful conclusion of a negotiation process which is of great importance not only to our two countries but also to the world.

In recognition of that importance, and in furtherance of our discussions in Buenos Aires, I am pleased to inform you that Ambassador Ellsworth Bunker has been selected to head the United States’ negotiating team. I am confident that the Ambassador, a most distinguished American and a gentleman of vast experience, will exert every effort to translate my government’s commitment—as you in your capacity as head of Panama’s negotiating team will strive to translate your government’s commitment—into the conclusion of a new treaty.

The Ambassador’s appointment as an Ambassador-at-Large of the United States was announced in Washington August 2, and his nomination is being forwarded to the Senate for its advice and consent. The Congress will, however, be in adjournment until the first days of September. I would expect that shortly thereafter the approval of the Senate would be completed, so that the Ambassador might then be in a position to commence his discussions with you.³ These discussions, as you and

¹ Source: National Archives, RG 59, Central Files 1970–73, POL 33–3 PAN. No classification marking. Drafted by Shlaudeman and Bell. The letter was transmitted in telegram 156307 to Panama City, August 8. (National Archives, RG 59, Central Foreign Policy File, P840114–1802) In telegram 4206 from Panama City, August 8, the Embassy reported that Tack had received the letter. (National Archives, RG 59, Central Foreign Policy File, P840114–1805)

² See Document 10.

³ Bunker was formally appointed Ambassador at Large on September 26 and entered on duty on October 11. S. Morey Bell, Director of the Office of Panamanian Affairs, was designated Deputy U.S. Negotiator.

I have agreed, would initiate an examination of the basic principles upon which a new treaty might be based.

I should like to take this opportunity to respond to several points of particular interest that you have raised in your letter to me. First, I think it is clear that, in accordance with the provisions of the Convention of 1903, the territory within which the Canal now functions, while clearly constituting part of the Republic of Panama, is also territory under the jurisdiction of the United States. Second, I wish to assure you that the United States remains prepared, as we have stated in the past, to agree to the abrogation of that Convention and the amendments thereto, and to replace those agreements with an entirely new, and mutually satisfactory, canal treaty.

Third, in your letter to me you suggest eight principles which you regard as constituting a basis for further progress in negotiations toward a new treaty relationship. I have read these principles with great interest and find important elements in them that my government is prepared to accept. It is my hope that your discussions with Ambassador Bunker on these principles will lead to progress toward laying the foundations upon which a new treaty may be based.

With best regards,
Sincerely,

William P. Rogers

17. Telegram From the Embassy in Panama to the Department of State¹

Panama City, August 17, 1973, 1604Z.

4368. Subj: Letter From Secretary to Panamanian Foreign Minister.
Ref: State 156307, Panama 4206.²

1) Summary: I delivered to Foreign Minister on Aug. 16 original of Secretary's letter of Aug. 6 on Canal negotiations. Foreign Minister handed me his reply of Aug. 14.³ I conveyed Secretary's best wishes

¹ Source: National Archives, RG 59, Central Foreign Policy File, P840114–1808. Confidential; Priority; Nodis; Stadis.

² See footnote 1, Document 16.

³ The full text of Tack's reply was transmitted in telegram 4370 from Panama City, August 17. (National Archives, RG 59, Central Foreign Policy File, P840114–1808)

as Secretary had requested me to do. Foreign Minister was pleased with Secretary's initiative on negotiations. Foreign Minister said that Panama would not raise Canal issue in UNGA but speech would have to mention it. He said Panama would participate in non-aligned conference as observer only and had resisted pressure to become full member.

2) I called on Foreign Minister Tack at 1645 on Aug. 16 to deliver original of Secretary Rogers' letter of Aug. 6 on Canal negotiations. I told him that I had discussed US-Panamanian relations with Secretary and Secretary had asked me to convey to him his best wishes. Tack was obviously pleased with Secretary's initiative and considered that it indicated significant effort to reach agreement.

3) Foreign Minister handed me reply to Secretary's letter. He said Secretary's letter was very positive but he had to comment specifically on sentence which stated Canal Zone is Panamanian territory under U.S. jurisdiction. He said that Panama's position since 1904 has been that U.S. jurisdiction is limited to certain functions and a Panamanian Foreign Minister in 1973 would be subject to severe criticism if he did not reiterate that position for the record. I said that there is considerable misunderstanding in the U.S. about the status of the Canal Zone with the popular view being that the zone is U.S. territory. I therefore regarded the sentence in the Secretary's letter as very helpful in preparing the ground for a successful negotiation. The Foreign Minister agreed and wanted his restatement of Panama's traditional position to be understood as simply a statement for the record. He said he understood the Secretary's point to be that the existing situation regardless of differing interpretations could only be changed by a new treaty and he accepted that.

4) The Foreign Minister then said that Panama would be attending the non-aligned conference as an observer only. He said that Panama had been pressed to accept full membership but had not done so. He did not know who would head the Panamanian delegation but implied by his emphasis on "observer" that he would not be going.

5) He said that he also wanted to inform me that Panama would not ask that the Canal issue be put on the agenda of the UNGA session. The speech by Panama's representative would refer to the Canal issue, however. It had not been decided whether he would go to the UNGA and, if not, Ambassador Boyd would be speaking for Panama.

6) Comment: The Foreign Minister was obviously pleased with the indications of progress on the negotiations. He expressed satisfaction with the selection of Ambassador Bunker and indicated his awareness of the time it would take for Ambassador Bunker to study the issues, consult with Congress, and obtain instructions from the Secretary and President. Although the Panamanian decisions on the non-aligned conference and the UNGA are helpful with respect to relations generally

and the Canal issue specifically, and I told the Foreign Minister so, the one on the non-aligned conference especially is probably intended to avoid further disturbing the internal political situation. The GOP now has an internal crisis over Communists and leftist elements in government. Tack is identified with the group within the GOP that has favored bringing these elements into government and also with establishing closer relations with Cuba, etc. He is therefore being cautious and drawing back to protect his position.

Sayre

18. Memorandum From the Special Representative for Panama Canal Treaty Negotiations (Ward) to Ambassador at Large Bunker¹

Washington, August 23, 1973.

SUBJECT

Panama Canal Treaty Negotiations

The attached intelligence report is in tune with what we have been seeing in Panama for 18 months.² Paragraph 2 indicates that in the next round of negotiations Panama intends to reiterate its basic position which is the same as, or harder than, the position which was taken at the start. This reflects Foreign Minister Tack's views and a reluctance of officials in Panama to take the responsibility for recommending any concessions on the Panamanian side. Throughout the negotiations, in fact, despite several changes of position by the US, Panama has never definitively changed its position except in trivial respects.³

After giving us a drubbing at the Security Council meeting the Panamanians may have expected us to buckle under the pressure and offer them a number of concessions which we had theretofore refused

¹ Source: National Archives, RG 59, Ambassador Bunker's Correspondence, Lot 78D300, Box 3, General. Secret.

² The CIA Intelligence Report, dated August 17, is attached but not printed.

³ To cope with this situation I have sought to give the Panamanian negotiators an idea from hints and suggestions as to what over-all settlement might work with us. This would permit them to go back to their own government and, without recommending concessions, notify Torrijos of what kind of a deal is possible. Torrijos could then himself take the initiative and tell the negotiators to close. Obviously this has not worked yet. [Footnote is in the original.]

to give. Until Secretary Roger's letter of August 6, however, we did not even reply to their suggestions about further negotiations and they have recently become rather nervous about the situation. Nonetheless they will approach the new round of the negotiations with the hope that we will have changed our offer in their favor and they have made public statements that this may occur. Some reports suggest that they believe the long delay in the negotiations has resulted from deliberations concerning the alteration of our offer and some may view your appointment as a signal of a new policy more favorable to Panama.

Policy deliberations have indeed been underway but the result of them has not been a recommendation that new concessions should forthwith be offered. The Under Secretaries Committee paper which reviews our policy does not recommend Option A—the option which would enlarge our negotiating latitude and move us substantially toward Panama's position.⁴ My own view is that if any changes are to be made in the US position they should be made in response to concessions by Panama that really advance the possibilities of a full settlement.

Although the Under Secretaries Committee memorandum does not recommend any enlargement of the negotiating authority, there is some unused authority remaining, as follows:

1. Duration—essentially no additional authority.
2. Land—broad authority, but not much additional land has been cleared for release with the Pentagon or Canal Company.
3. Jurisdiction—broad authority remaining, but this is a touchy one in Congress.
4. Payment to Panama—broad authority remaining, but significant increases could raise problems in Congress.
5. Expansion—essentially no additional authority.
6. Defense—possibly some latitude—situation is vague.

⁴ The final September 5 paper, NSC-U/SM-136A, is in the National Archives, Nixon Presidential Materials, NSC Files, NSC Institutional Files (H-Files), Box H-266, Under Secretaries Committee Memorandum Files, Under Secretaries Study Memoranda U/SM 136 [2 of 2]. The paper presented four options for negotiation: A) continue to negotiate seriously, with a view to what changes in the U.S. position would result in a treaty; B) continue to negotiate seriously without changing the existing negotiating guidelines; C) continue to negotiate seriously, but make unilateral changes that did not require Congressional approval in order to improve relations with Panama, and present to Congress changes that would not disturb the status quo in the Canal Zone; and D) negotiating seriously without making changes to the existing offer, proceeding to make the unilateral changes in the Canal Zone already offered to Panama in the negotiations, and presenting to Congress unilateral changes that would change the status quo in the Canal Zone. The Department of State favored option B.

Our current assessment is that even if we made all of the additional concessions presently authorized by the President,⁵ the gap between the US and Panamanian positions would still be quite wide.

Paragraph 2 states the source's view that there will be no modification in the Panamanian position until Panama has assessed our reaction to its December statement of position. Paragraph 3 alludes to Torrijos' chronic inability to make up his mind on the treaty issue. In view of these suggestions, which are well in accord with our past experience, and our general knowledge that Panama is worried about the delay and its own conduct at the Security Council meeting, I think the following thoughts should be conveyed:

1. We cannot accept Panama's demands that the US give up the canal by the year 2000.

2. We will have to retain certain limited jurisdictional and land use control rights for the duration of the treaty.

3. We will need the unilateral right to defend the canal and US personnel and facilities—without asking prior consent of Panama.

4. Negotiations are more likely to succeed if Panama does not simply repeat its original position. We need compromise proposals and a willingness to express definitive agreement on detailed treaty provisions.

Perhaps there will be some movement in the Panamanian position after it is recognized that the Security Council events have not caused a change in our perception of how this matter can best be settled.

⁵ The Presidential guidelines for negotiating with Panama were NSDM 64, June 5, 1970; NSDM 115, June 24, 1971; and NSDM 131, September 13, 1971, published in *Foreign Relations, 1969–1976*, vol. E-10, Documents on American Republics, 1969–1973, Documents 536, 549, and 555. Peet provided an overview of the guidelines in a September 12 memorandum to Schlesinger. (Washington National Records Center, RG 330, OSD Files, FRC 330-78-0001, Panama 821 1973)

19. **Briefing Memorandum From the Assistant Secretary of State for Inter-American Affairs (Kubisch) to the Chairman of the National Security Council Under Secretaries Committee (Rush)**¹

Washington, October 2, 1973.

USC Meeting on the Panama Canal Treaty Negotiations,
October 4, 3:00 p.m.

Agenda Item 1—Canal Treaty Negotiations (NSC-U/SM-136A)

All Committee members have now concurred in, or commented on, the IG/ARA review:

—CIA, Treasury, USIA, Commerce and the NSC concurred.

—OMB concurred, but had some objection to the proposed unilateral action which would increase substantially the annuity we pay to Panama.

—Of the three Defense Department components, the JCS and Army concurred. OSD/ISA was unwilling to commit itself to recommended Option D,² believing that to do so would be to offer Panama a major bargaining chip in the negotiations.

Unexpectedly, Secretary of the Army Callaway requested a meeting of the Under Secretaries Committee. Defense Department officials have given us—reluctantly—only the sketchiest idea of the issues they will raise, partly because they are still negotiating internally.

Apparently the original purpose for requesting a meeting was to emphasize the importance the Army attaches to Ambassador Bunker receiving the concurrence of the Washington agencies concerned prior to implementing any of the unilateral actions which the IG/ARA paper³ suggests that the President be asked to approve. (We do not know the reason for this but surmise that the Army is concerned at the possibility of an adverse psychological impact on Canal Zone residents were the unilateral actions to be implemented in a piece-meal fashion.)

Once you had agreed to the USC meeting, OSD/ISA perceived an opportunity to press its case against recommended Option D. We

¹ Source: National Archives, RG 59, Deputy Assistant Secretary, Subject and Country Files, 1969-75, Lot 76D110, Panama, POL, Treaty Negotiations, 1973. Secret. Drafted by Bell and ARA/PAN Deputy Director Patrick F. Morris.

² Option D involved negotiating seriously with the Panamanians without making changes to the existing offer, proceeding to make the unilateral changes in the Canal Zone already offered to Panama in the negotiations, and presenting to Congress unilateral changes that would change the status quo in the Canal Zone.

³ Not found.

understand that the Office of the Secretary of the Army has been persuaded by OSD/ISA to reverse its concurrence for Option D, given at the Inter-Agency Group meeting on August 28. The JCS is apparently also being pressured to change its approval so that three Defense Department entities can present a united front at the Under Secretaries meeting.

We understand indirectly that the opposition of Ambassador Hill and Army Secretary Callaway (and perhaps Deputy Secretary Clements) to Option D is based on their concern at the erosion of U.S. power positions around the world. Evidently they hold that the Canal Zone is one position which the U.S. has the force, and the legality, to retain, and that the unilateral actions proposed in Option D would diminish the U.S. capacity to exercise sovereign rights in the Zone, with a consequent distinct erosion of our position there.

Thus it is possible that the Defense representatives will try to persuade the Committee to back away from Option D and instead recommend Option C to the President, or to recommend a watered-down version of Option D.

ARA believes we must firmly resist efforts to move away from Option D. The treaty negotiation will be protracted and difficult, and significant changes in the nature of our presence in Panama as proposed in Option D are needed in the interim to (a) improve the negotiating climate by encouraging Panama to be forthcoming and (b) lessen our "colonialist" image and thereby reduce international criticism.

Recommendations:

1. If a Defense representative tries to use the meeting to obtain a more explicit understanding that Ambassador Bunker must obtain prior concurrence before offering to Panama the unilateral actions contemplated in Option D, we recommend that you

(a) Observe that the paper as written already calls for prior concurrence, and also acknowledges the need for implementing the actions so as to minimize their impact on Zone residents; and

(b) Suggest that the Committee agree to make "particular record" of this concern.

2. If the Defense components urge the Committee to change the recommendation for the President from Option D to Option C, or to a watered-down version of Option D, we recommend that you

(a) Ask the State representative to restate briefly the case for Option D;

(b) Invite Ambassador Bunker to comment;

(c) Inquire whether any agency apart from Defense has changed its view with respect to Option D and, if that is not the case,

(d) Note that the consensus remains in favor of Option D and that we are encouraged to submit disagreements to the highest level of this government, and invite Defense to submit a formal dissenting statement to accompany the Memorandum to the President.

3. If Defense representatives, in support of their desire to back away from Option D, speak of the need to prevent erosion of our few remaining power positions abroad and cite the Canal Zone as a prime example, we recommend that you comment as follows:

(a) The modern world does not accept that one nation should exercise perpetual extraterritoriality—backed by military force—in another's territory. The President was surely recognizing that fact when he ordered resumption of negotiations with Panama.

(b) The situation in Panama is such that we should give up some rights and properties—that is, some attributes of sovereignty—for which we no longer have any need, and which cost us something to preserve, in order to be able to retain the sovereign rights we still need since they are critical to operation and defense of the Canal for a further extended period.

*Agenda Item 2—Civilianization of Canal Zone Governorship (NSC–U/SM–136B)*⁴

State favored the selection of a civilian as the next Governor of the Canal Zone, while Defense recommended that the President continue to look to the Army Corps of Engineers as the primary source for qualified candidates for Governor. State's position was supported by CIA, Treasury, USIA, OMB, Commerce, and the NSC. Accordingly, the proposed Memorandum to the President from the Under Secretaries Committee recommended that

“ . . . when a successor to the present Governor is considered, attention be given to the possibility of appointing a qualified civilian as his successor.”

When queried last week the Department of Commerce, while concurring with State's position, suggested orally that this recommendation be strengthened to state categorically that the next Governor should be a civilian. We do not know whether Commerce will press its point of view at this meeting. There are no indications that Defense will raise the matter at this meeting. We would prefer that the issue not be reopened for discussion and that the proposed recommendation be adopted as is.

⁴ An undated paper entitled “Civilianization of the Canal Zone Governorship” is in the Washington National Records Center, RG 330, OSD Files, FRC–78–0001, Panama 821 1973.

Recommendation:

1. If Commerce presses its point, we recommend that you state that the present language seems broad enough to embrace Commerce's position and provides for more flexible consideration of the question at the appropriate time.

Agenda Item 3 (ARA Suggestion)—Additional Points: SOUTHCOM and the Bunker Negotiation

During the meeting we believe it would be useful for you to make two additional points.

SOUTHCOM

Since the issue of SOUTHCOM's locale as contemplated under Option D is a major one which is now being addressed by the USC/IG-ARA, it would be useful for you to give a status report and at the same time underscore its importance. This would serve to remind those who would prefer to see this issue fade away that it is very much alive and must be addressed.

The deadline for presentation of the study to the Under Secretaries Committee is October 30. ARA has completed a good first draft. We are awaiting the Defense input.

The Bunker Negotiations

This meeting affords an opportunity to emphasize the importance of the negotiating mission entrusted to Ambassador Bunker by the President. You might ask him to describe his plans for consultation with the Congress and initiation of talks with Foreign Minister Tack.

In this context it would be helpful if you would also note that the purpose of the Memorandum to the President on negotiating strategy is not to limit or restrict the flexibility or freedom of action of our negotiator, but rather to facilitate his efforts by providing a set of actions which he can draw upon at his discretion. It is not the Committee's function to insert itself into the negotiations themselves, nor to provide tactical suggestions on how and when these actions may best be employed in the negotiations. *Within the constraints of presidential guidance, Ambassador Bunker must be free to find the basis for agreement with Panama.*⁵

⁵ The Under Secretaries Committee meeting did not occur. In an October 4 memorandum to Scowcroft, Vallimarescu stated: "There is considerable discussion of and disagreement about Options B and C in the Negotiations paper" and "Secretary Rush feels that it is best to hold the meeting approximately two months from now, after Ambassador Bunker has had a chance to look at the situation." No Under Secretaries Committee meeting about the four negotiating options was held in December 1973. (National Archives, Nixon Presidential Materials, NSC Files, NSC Institutional File (H-Files), Box H-266, Under Secretaries Committee Memorandum Files, Under Secretaries Study Memoranda U/SM 136 [2 of 2])

20. Memorandum of Conversation¹

Washington, October 4, 1973, 10:20 a.m.

PARTICIPANTS

Ambassador Robert Sayre
Ambassador Ellsworth Bunker
S. Morey Bell, ARA-LA/PAN
R.G.M. Storey, S/AL

Ambassador Sayre made the following key points during the meeting:

1. Panama, though on the surface complaining about the presence of US bases, really accepts the fact that they must remain. The principal problem is location, i.e., the fact that the bases are located on prime real estate in downtown areas.

2. Ambassador Sayre believes, and Governor Parker agrees, that the US can relax on the jurisdictional issue by returning to Panama rights over Panamanian citizens and business activities within the Canal Zone. This subject was broached with Army Secretary Callaway who also agrees that we could relax, to some extent, US controls. Sayre does not know, however, if he and Callaway are on the same "frequency" regarding which controls and to what degree they should be relaxed. A major issue under jurisdiction which Sayre considers a particular thorn in the Panamanians' side is that they cannot tolerate Panamanian citizens being tried in US courts on what is legally Panamanian territory.

3. Legally the United States is in a sticky position—the presence of US military forces other than those required for the defense of the Canal proper.

4. While publicly critical of US bases in general, General Torrijos takes pride in the US military schools and wants them to remain.

5. Sayre believes that Panama's actions in the United Nations were not and are not critical. But, he feels the US is running higher risks in Panama than necessary over matters that are not essential to the US. We have an obligation to manage the treaty issue so this does not happen. It would do damage to the President domestically.

6. Sayre agrees with Ambassador Anderson's position, outlined by Ambassador Bunker, that the Senate probably would not take favorable

¹ Source: National Archives, RG 59, Ambassador Bunker's Correspondence, Lot 78D300, Box 3, General. Confidential. Drafted by Bell and Storey. Copies were sent to Bell and Sheffey. The meeting was held in Ambassador Bunker's office at the Department of State.

action on a full and complete treaty especially in this year and most probably not until 1975.

7. Sayre believes the best way to approach the negotiations is for Ambassador Bunker to obtain *maximum* authority to negotiate achievement of a new and more firm relationship with Panama, whether that is by an overall treaty, a series of agreements, or some other manner. He assumes Ambassador Bunker would begin by negotiating principles. Once obtained, he should attempt to establish with Panama the position at which both countries should be at the end of the tunnel (i.e., the concept of the new relationship) and then, finally, to work out the details as to how to get to that position. This may well require several treaties. It will also require a number of unilateral executive actions and most certainly a packet of legislation.

21. Memorandum of Conversation¹

New York, October 5, 1973, 4:30 p.m.

PARTICIPANTS

Panama

Fon. Min. Juan A. Tack
Amb. to the White House Nicolas
Gonzalez Revilla
Amb. to the OAS Nander Pitty
Amb. to the UN Aquilino Boyd
Mr. Juan Antonio Stagg, Adviser,
Foreign Ministry

U.S.

The Secretary
Ambassador-at-Large Ellsworth
Bunker
Asst. Secy. Jack B. Kubisch
Mr. William Jorden, NSC
Mr. S. Morey Bell, Panama
Country Director

SUBJECT

The Secretary's Bilateral Conversation with the Panamanian Foreign Minister

The Secretary: I want to present a gentleman who is our very best diplomat, Ambassador Bunker.

Minister Tack: I know that, sir.
(photographers intervene)

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 791, Country Files, Latin America, Panama, Vol. 3, January 1972–August 1974. Secret; Exdis. Drafted by Bell; cleared by Kubisch; approved in S. The meeting was held in the Waldorf Towers. Kissinger, who became Secretary of State on September 22, was attending the U.N. General Assembly session.

The Secretary: Now if you will just sign here (the treaty) we can wrap this up so I can put Ellsworth on some other problem. (prolonged laughter)

Minister Tack: I very much appreciate this opportunity, given the limited time you have, and it is logical to raise with you only the important matter of the Panama treaty negotiations. Ambassador Bunker began this years ago (1965, when he negotiated text of the joint presidential declaration)² and has not finished it yet (laughter).

The Secretary: He does tend to drag things out, as he did in Vietnam. He has a great desire for job security (laughter).

Minister Tack: These negotiations have taken a very long time, but that is not altogether bad, for we have come to know each other well over the years.

From time to time the positions of the two parties have seemed very close. But then differences in interpretations of words pulled us apart. To illustrate, the U.S. has said it seeks a "new agreement". Panama of course agrees with that. But occasionally the U.S. uses the word "revision", and we do not know what to think. We hold that the 1903 treaty is anachronistic and must be abrogated, and to Latin Americans who are highly sensitive to language usages, your use of the word "revision" seems to us you are trying for something which only *appears* new.

Panama, you know, is the only country in the world that looks in five rather than four geographic directions. We look north, south, east and west, as others. But we also have to look at the center—where the United States sits among us.

Panama's objective in the negotiations is clear and simple: we wish to perfect our independence by reintegrating the Canal Zone into the life of the Republic of Panama. Without that reintegration our independence will not be complete.

We are, I assure you, aware of the great importance which the United States attaches to the Canal Zone. We are not irresponsible. We are willing that the U.S. should continue to administer the Canal Zone for a time. But we must insist that your administration be civilian only in nature, and that it be designed to serve the whole world.

We are interested in the most rapid negotiations possible. As you noted, Mr. Secretary, former Secretary Rogers and I spoke of (eight) "principles".³ Do you know, if we could agree on those principles,

² Bunker was serving as the U.S. Representative on the Council of the Organization for American States when he assisted with the negotiations. For text of the joint statement of September 24, 1965, see *Public Papers: Johnson, 1965*, Book II, pp. 1020–1021.

³ See Tab A, Document 13.

I could dictate to my secretary the text of a treaty in less than a week's time.

The Secretary: You will understand that I have just begun reading in on the treaty problem, but I am already aware of the "principles" and they seem to be an appropriate way to start.

I should like to make several points. First, I have assigned Ambassador Bunker to this task. He is our most respected diplomat, a good personal friend in whom I have total confidence, and he has direct access to me. I will personally watch the course of negotiations, especially of course if there should be a deadlock. I am not saying this out of politeness, but rather conviction.

If there is a settlement possible that is consistent with the needs of both parties, we shall reach for it. We shall not delay difficult choices. Both sides, perhaps, will have to make adjustments.

As for your comment on "revision", let us settle everything first and then decide what to call it.

I know you want a treaty for a fixed term, and we have no real problem with that.

We are approaching this negotiation with the desire to bring it to a prompt conclusion.

I would say, however, that we do not react very well to public pressure. We must approach the talks honestly and quietly and seriously, and get them done quickly.

I believe we can come out of this with a strengthened relationship—and, for that, you cannot extort from us and we cannot impose our will on you.

Minister Tack: We very much appreciate the significance of Ambassador Bunker's appointment, and we feel it important that he come to Panama as soon as possible. President Lakas, General Torrijos and I will have open arms for him, and welcome him with all the respect he merits.

The Secretary: I have to swear him in first (laughter).

Minister Tack: We hope we may begin our conversations soon.

The Secretary: When do you go down, Ellsworth?

Ambassador Bunker: In the last days of October or early days of November.

The Secretary: Where will the negotiations take place? Will the two of you negotiate together?

Minister Tack: We shall negotiate together, at least in the beginning. With respect to the locale, formerly they were held almost exclusively in Washington, but it is important that they now be held in Panama, for that instills much-needed confidence in our people.

The Secretary: Well, my only concern is that Ambassador Bunker was separated from his wife for—what was it, Ellsworth, six years? And now I have promised him he can have some family life. I would be grateful if you would keep the human element in mind, so that I can keep my promise to the Ambassador.

Minister Tack: We have no problem with having some of the negotiations held in Washington, although we would hope that most of them could take place in Panama. We would want the negotiations in Panama to be effective, of course, not simply symbolic.

The Secretary: Frankly I would appreciate your doing this for me. We abused him badly in Vietnam. From the point of view of national policy we have no problem with holding part of the negotiations in Panama.

Minister Tack: We intend to make a maximum effort to resolve this problem. It is, of course, not a juridicial one, nor an economic one, but entirely a political one. We also want to achieve the least complicated treaty possible. Our people will have to understand the treaty.

The Secretary: I understand some of Panama's domestic political problems, but if we do a good job then the outcome will be acceptable to the people of both sides. Again, Mr. Foreign Minister, we approach this with good will and a willingness to compromise.

(non-substantive interchange with Ambassador Boyd).

The Secretary: Our spirit is constructive, Mr. Foreign Minister. I shall keep a personal eye on the negotiations. And I shall be delighted to meet with you further at any time you think it necessary, especially were there to be a stalemate.

(parting courtesies).

22. Memorandum of Conversation¹

Washington, October 11, 1973.

SUBJECT

Panama Treaty Negotiations

PARTICIPANTS

The Honorable Dante Fascell of Florida, Chairman, Subcommittee on Latin America, House Committee on Foreign Affairs
The Honorable Ellsworth Bunker, Ambassador at Large
S. Morey Bell, Country Director for Panamanian Affairs

(See Memorandum of Conversation of October 9 with Speaker Albert for substance of Ambassador Bunker's presentation.)²

The Congressman said that while the temper of the House could not be tested until an issue were laid before it, there are perhaps 100 members who would be opposed to concessions to Panama, some influenced by Dan Flood, others by the Defense Department, still others because of pure patriotism.³ Still, he explained, some of those 100 are far from as hard-line as we have regarded them—Mrs. Sullivan and Congressman Leggett, for example.⁴

As for himself, the Congressman thinks the Canal is not vital to American security but significant for international commerce; that Panamanian nationalism has its legitimate side; and that concessions are in order. Information reaching him indicates, he said, that Torrijos has become disenchanted with confrontational tactics and may be ready to negotiate "rationally". If the Ambassador finds that to be the case, he should try very hard to conclude the negotiations in a matter of weeks, not years—and "before something happens to make positions

¹ Source: National Archives, RG 59, Ambassador Bunker's Correspondence, Lot 78D300, Box 3, Congress. Limited Official Use. Drafted by Bell. The meeting took place in Fascell's office.

² In his meeting with Speaker of the House Albert (D-Oklahoma), Bunker presented his "'first-blush' thoughts" regarding retaining certain operational and defense rights, while eliminating rights in the existing treaties no longer needed. (Ibid.)

³ On October 29, Bunker met with Congressman Flood (D-Pennsylvania) who gave a "55-minute lecture" that "confirmed his [Flood's] well-known opposition to a new Panama treaty and his threat to lead 200–300 members of the House to the Senate Foreign Relations Committee hearings to oppose ratification if a new treaty is submitted by the President." (Ibid.)

⁴ In Bunker's October 15 meeting with Sullivan (D-Missouri), she said that the Government of Panama was not trustworthy and that "the US must retain sovereignty." She was, however, open to certain unilateral actions to improve U.S.-Panamanian relations such as the return of Old France Field to Panama. (Ibid.) For Leggett's position on the Canal, see Document 11.

harden further still". "What most of us who follow Panama want is a *solution*, not dragged-out negotiations", he concluded, and offered his assistance and that of his SubCommittee to the Ambassador.

23. Memorandum of Conversation¹

Washington, November 6, 1973.

SUBJECT

Panama Treaty Negotiations

PARTICIPANTS

The Honorable Hubert H. Humphrey of Minnesota
The Honorable Ellsworth Bunker, Ambassador at Large
S. Morey Bell, Deputy for Panama Negotiations to the Ambassador at Large

(See Memorandum of Conversation of October 9 with Speaker Albert for substance of Ambassador Bunker's presentation.)²

The Senator said that, except for a hardcore of perhaps no more than ten members, the Senate would be almost certain to view sympathetically a new treaty relationship with Panama, provided (a) it had ample Administration support and (b) it provided for what the Senator described as the rock-bottom U.S. needs: the ability to control, technically, the Canal plant itself, and to defend it. He added that virtually all of the Zone except for the waterway itself, including most of the Armed Forces contingent, could and should disappear. "Perpetuity and sovereignty and the exercise of jurisdiction over foreign nationals—these are out of step with the mood of the world and, especially, the mood of the American people". Even "hardline national security-conscious" senators like Jackson,³ Humphrey concluded, would "go along," for they know that the Canal has diminished greatly in military and economic importance, and that the U.S. posture there is no longer appropriate.

¹ Source: National Archives, RG 59, Ambassador Bunker's Correspondence, Lot 78D300, Box 3, Congress. Limited Official Use. Drafted by Bell. The meeting took place in Humphrey's office.

² See footnote 2, Document 22.

³ Senator Henry M. "Scoop" Jackson (D-Washington).

24. Telegram From the Embassy in Panama to the Department of State¹

Panama City, November 13, 1973, 2135Z.

6128. Subj: Canal Treaty Negotiations: Conversation Between Sec. of Army and General Torrijos. Ref: Panama's 6083 and 6112.²

For ARA/PAN: Clear with Sec Army before distribution as Conf/Exdis.

1) Summary: Secretary of Army Callaway met with General Torrijos at Farallon (Rio Hato) for hour Nov. 13. Torrijos described himself as optimistic on possibilities of settlement of Canal issue, but emphasized repeatedly and forcefully during interview that USG must make significant gesture before Jan. 9³ toward resolving Canal issue if political tranquility is to be maintained.

2) General Torrijos began interview at his residence at Farallon by stating he was optimistic over possibility of reaching agreement with USG on new Canal treaty. Secretary said he was optimistic also. He mentioned his conversations with other GOP officials and said he was pleased with unanimous agreement on both GOP and USG sides that Ambassador Bunker was excellent choice as negotiator. Torrijos said that he had used Bunker appointment as indication to his people USG serious about resolving Canal problem and had raised Panama to priority USG had previously given to resolving problem with Viet Cong. Later in conversation Callaway returned to this, noted Torrijos had spoken in humorous vein, but wanted Torrijos to know U.S. regarded highly its friendly relations with Panama, held the Panamanian people and its leaders in high regard, and that there was really no basis for comparison between Panama and Viet Cong.

3) Callaway reviewed briefly his inspection of Canal installations, noted how well Americans and Panamanians worked together, and also observed both were pressing him for higher pay and more benefits.

¹ Source: National Archives, RG 59, Central Foreign Policy File, P840114–1819. Confidential; Nodis.

² In telegram 6083 from Panama City, November 12, the Embassy provided an account of Callaway's meeting with Lopez Guevara who argued that "the continuation of SOUTHCOM was intolerable and clearly illegal." (National Archives, Nixon Presidential Materials, NSC Files, Box 791, Country Files, Latin America, Panama, Vol. 3, January 1972–August 1974) In telegram 6112 from Panama, November 13, the Embassy provided an account of Callaway's meeting with Tack. (Ibid.)

³ The anniversary of the beginning of the 1964 riots. See *Foreign Relations*, 1964–1968, vol. XXXI, South and Central America; Mexico, Documents 367–379.

Costs were rising and he was considering a toll increase. (Torrijos made no comment on this.) He expressed satisfaction with GN-US armed forces cooperation noting specifically group of US soldiers receiving paratroop training at a GN base. He commended Panama's positive approach on treaty negotiations and said he believed he understood issues which are important to Panama—national dignity, jurisdiction and increased ability to benefit from Canal. He hoped Torrijos understood great pride of US in Canal which was "moonshot" of early part of this century. He was also certain Torrijos understood prime importance USG attaches to maintenance, operation and defense of Canal.

4) Torrijos thanked the Secretary for his comments. There was one major problem in negotiations which had to be dealt with urgently. For the next twenty minutes Torrijos pressed forcefully his obviously strongly held view that Panama had been patient for ten years and he (as head of GOP) for five years without any results. The people, students especially, had no faith in negotiations. Patience was running out. He could not hold out much longer. He had to show results. USG had to do something significant to show its good faith. After several repetitions I asked him specifically what he had in mind. He said Gonzalez-Revilla had explained that in Washington.⁴ I said that I was aware of these suggestions; they had to be approved by Congress; and it was not likely Congress could act before January 9. I asked if the joint patrols would do it. He replied negatively saying joint patrols were risky so long as Canal Zone authorities persisted in their view of jurisdiction. Both Secretary and I tried to make clear that Zone authorities were carrying out orders from Washington and they could only change their actions when GOP and USG reached new understanding on jurisdictional concept.

5) Secretary noted there were extremists on both sides. U.S. President had same problem as Torrijos. It was easy to inflame either side but he agreed with Torrijos that this would return us to point zero. Situation was opportune to move forward constructively and positive attitude taken by Panama made Congress more receptive than it had been for some time.

6) Torrijos returned to his point that he needed something significant and posed possibility of Presidential declaration of principles indicating acceptance of Panama's aspirations. In response Secretary asked if Presidential announcement of intention to seek legislation for significant concessions would do it. Torrijos thought it might if it were for something really significant. Then Torrijos asked why USG did not

⁴ See Document 21.

ask this “ghost” it continually parades to approve something and see what happened. Why don’t you ask Congress to approve use of Panamanian license plates on all Zone automobiles? He pressed this hard and then retreated somewhat with the observation that he did not want us to think that that would solve the problem. “It would help show your good will and give me something to use with the people but it would have to be done in such a way that I would not be accused of negotiating for five years and only getting the USG to use Panamanian plates,” he said.

7) Callaway said that he understood the point on demonstration of good will but he was certain USG negotiators would not want to be accused of giving away significant bargaining points. Torrijos retorted that he had maintained calm in Panama for five years and that he was entitled to some return for all of his effort and good will.

8) Secretary Callaway emphasized that Panama should not expect immediate results from Bunker’s visit in November.⁵ He understood first visit was for purpose of learning about issues first hand with object of developing his own views on how to proceed. Torrijos said he understood Bunker’s capabilities and Panama did not expect miracles. But then he recalled biblical account of “fishes and loaves”, after Jesus had been talking to followers even they grew impatient and wanted to be fed. Panama had now been listening for ten years and he for five and he had to have some fuel (a significant concession) to recharge his tank.

9) Torrijos appeared to have exhausted points he wanted to make and I told him I had been trying to arrange meeting with him to thank him for his action on Villa case.⁶ I noted that there was joke among us U.S. and Panamanians about him being best lawyer Villa had. I said that I wanted to present him with agreed honorarium. Torrijos relaxed somewhat during this exchange and was pleased.

10) Torrijos said he was entirely satisfied with USG support in preparing Panamanian unit for UNEF in Middle East. He also expressed satisfaction with work of MILGP and noted that most of MAP goes for education and training.

11) Comment: Torrijos feels under strong political pressure to deliver something significant on treaty negotiations. As he pressed his “five and ten” argument there was a strong hint that he considered his ability to remain in power depended on his performance on this issue. He mentioned again his satisfaction that GN had not thrown single tear gas grenade since he assumed office but expressed consider-

⁵ See Document 26.

⁶ See footnote 7, Document 3.

able pessimism about maintaining this calm atmosphere. He was cordial throughout but only occasionally broke a tense, forceful and earnest presentation with a smile or laugh.

Sayre

25. Memorandum From the Deputy U.S. Negotiator (Bell) to Ambassador at Large Bunker¹

Washington, November 20, 1973.

SUBJECT

Your Call on the Secretary of Defense November 21, 1973—11:30 a.m.

A good friend who is Deputy Assistant Secretary of Defense for ISA (Europe/NATO),² who sympathizes with our concern over the Defense position on the Canal issue, and who travels abroad with Secretary Schlesinger, agreed some weeks ago to gather impressions of (a) his personal views on the issue and (b) the role he might play in decision-making within Defense on the issue. The following are his findings.

Instinctively, and as a generalized matter, the Secretary is worried at the apparently relentless erosion of American power positions abroad. Specifically he thinks of the Canal and the Zone as comprising one which should and need not be allowed to erode.

That sentiment was intensified by his difficulties in mounting the re-supply airlift to Israel. When country after country denied permission for refueling stops, and even Portugal hesitated before permitting use of the Azores, the Secretary was dismayed at how tenuous our worldwide LOC (lines of communication) are, and became more interested in preserving those such as the Canal which we have.³

He is also aware—though vaguely—that the Joint Chiefs are about to approve a “comprehensive” study of the strategic value of the Canal which asserts that while it has little value for Atlantic operations it is

¹ Source: National Archives, RG 59, Ambassador Bunker's Correspondence, Lot 78D300, Box 3, DOA-DOD, Liaison With. Confidential; Stadis; Nodis.

² Harry E. Bergold, Jr.

³ A reference to Operation Nickel Grass, which resupplied Israel during the October 1973 war.

critical for Pacific ones.⁴ (Comment: Other friends in Defense have said things from which I infer that there is a rush on to have the Chiefs “red stripe” this study, so that it will be there to confront you and the President when and if you were to recommend major concessions. But this is my inference only).

Yet the Secretary’s intellect is such that “once he has let off steam” he will recognize that the Administration would not wish to run the domestic as well as international risks of another blow-up in Panama; that our “colonialism” is markedly out of step with the times; that there is legitimacy to Panama’s nationalist movement; and that there is a certain American-style “rightness” in returning to Panama rights and properties we no longer require but Panama needs.

It takes a special effort to switch on that intellectual approach—not just educational diplomacy, but also some effort to “reach” his particular personality.

The effort is worthwhile because no one can as a practical matter reverse ISA’s position on the Canal except the Secretary, not even Deputy Secretary Clements. Ambassador Hill is a hand-picked product of the Secretary, with the President’s specific blessing.

Also, since the Middle East crisis the Defense Secretary and Secretary Kissinger have become very close. Were Secretary Schlesinger to remain unalterably opposed to a forthcoming attitude vis-à-vis Panama, that would count a good deal with Dr. Kissinger.

Soundings I have taken elsewhere in Defense tend to confirm the foregoing analysis: the Secretary is tough on Panama but not irreversibly.

Recommendations:

1. Begin with the line you have developed—1964–65 association⁵ . . . Henry Kissinger has asked you to take this on . . . not certain you should have acquiesced . . . intractable problem . . . *but: imperative (domestically and internationally) to resolve it.*

2. Then mention your awareness that when he was CIA Director, and decided to change the NIE’s (National Intelligence Estimates) from simple intelligence analysis to an analysis-plus-“options” format, *the first NIE that came to his attention, and which he personally rewrote in the new format, was the Panama one. It follows he has a deeper appreciation of the problem for the U.S. than most.*

3. Finally: The homework you have done before your first visit suggests that

⁴ See Document 33.

⁵ See footnote 2, Document 21.

- (a) The problem for the U.S. *is* serious.
- (b) We *need* this waterway—and your intent is to preserve it for us for a protracted period.
- (c) But we *do not need many of the trappings* that now go with it.
- (d) And, basically, *it is the trappings that drive the Panamanians up the wall*—and into international fora, possibly into direct action against our presence in the Zone.⁶

S. Morey Bell⁷

⁶ In his memoir, Jorden described the meeting between Schlesinger and Bunker: “He [Bunker] called on Defense Secretary James Schlesinger and found the top civilian in the Pentagon only vaguely aware of the Panama issue, and inclined to think any change would be a bad one.” (*Panama Odyssey*, p. 208)

⁷ Bell initialed “SMB” above his typed signature.

26. Briefing Memorandum From the Assistant Secretary of State for Inter-American Affairs (Kubisch) to the Deputy Secretary of State (Rush)¹

Washington, December 4, 1973.

Ambassador Bunker’s Treaty Talks with the Panamanians

Ambassador Bunker’s initial visit to Panama (November 26–December 2) to hold informal, exploratory treaty talks with high-level Panamanian officials, including Foreign Minister Tack and Chief of State General Omar Torrijos, was very cordial and productive (Tab A).²

Ambassador Bunker used for discussion purposes the U.S. version of the eight principles which Foreign Minister Tack had originally proposed to Secretary Rogers. The Panamanians reportedly adopted a moderate stance which permitted a large measure of agreement on principles one through seven with only “inconsequential variations” from the approved U.S. text (See Tab B for Panamanian and U.S. ver-

¹ Source: National Archives, RG 59, Central Files 1970–73, POL PAN–US. Secret. Drafted by Howard.

² Tab A, telegram 6482 from Panama City, December 2, is attached but not printed.

sions of these principles).³ While there was some Panamanian resistance to principle eight involving an option for the U.S. to expand the canal, Ambassador Bunker believes that language acceptable to both sides can be drafted.

Ambassador Bunker's Acting Deputy S. Morey Bell remained in Panama to receive Panama's written counter-proposal to the U.S. version of the eight principles. In a cable today (Tab C)⁴ Mr. Bell characterizes the Panamanian version as tending to confirm the GOP's flexibility and desire for accommodation, adding that Panama seems to have made an important concession on U.S. jurisdictional rights to operate and defend the canal. Mr. Bell will return to Washington this evening with the Panamanians' version of the eight principles.

While in Panama Ambassador Bunker suggested, and the Panamanians eagerly accepted, the possibility of turning an agreement on principles into a Joint Declaration of Presidents.

During the latter part of the visit, General Torrijos participated personally in the talks. For domestic political reasons, he expressed a desire to give his people some tangible indication of negotiating progress which would go beyond a declaration of principles. To assist General Torrijos in managing his domestic problem, Ambassador Bunker has recommended that the Secretary, with Defense's concurrence, ask the President to announce before January 9, the 10th anniversary of Canal Zone riots, the U.S. Government's intention to seek legislation transferring to Panama title and jurisdiction over two pieces of abandoned Canal Zone land.⁵ These consist of two airstrips called Old and New France Fields, neither of which are required for operation and defense of the Canal. Their transfer would benefit Panama significantly in economic terms, contribute to consolidating the improved atmosphere for negotiations which has developed during the Bunker visit and help counteract international criticism of our "colonialist" posture in Panama. With support from the Defense Department, Ambassador Bunker believes that a majority of Congressional moderates would approve such a transfer despite some resistance by hard-line opponents. Ambassador Bunker has also endorsed the Canal Zone Governor's earlier recommendations that legislation be sought to permit the Panamanian lottery to operate in the Zone.⁶

³ Tab B, "U.S. and Panama's Versions of Principles," is attached but not printed. See Tab B of Document 13.

⁴ Tab C, telegram 6519 from Panama City, December 4, is attached but not printed.

⁵ Nixon approved the submission of the legislation. See Document 28.

⁶ Parker's account of Bunker's meetings in Panama is in the National Archives, RG 185, Subject Files of 1979 Panama Canal Treaty Planning Group, Box 10, Action Plan Part 3 (Rush memo).

If agreement can be reached, Ambassador Bunker believes that prompt announcement of our intention to seek this legislative package together with a joint declaration of principles before the end of the year could catalyze speedier conclusion of a new treaty than heretofore envisaged and at a minimum would sustain the negotiating momentum generated during the visit. ARA has been in contact with Defense Department officials, and we understand that a Defense working group will meet on December 6 to consider Ambassador Bunker's recommendations.

In sum, Ambassador Bunker's visit to Panama appears to represent a very positive step toward creating an atmosphere of mutual confidence and understanding indispensable to the negotiating process.⁷ Panamanian reaction to the visit has been uniformly positive. Depending on the USG's ability to follow through on Ambassador Bunker's recommendations and the degree to which Panama continues to demonstrate new flexibility toward the negotiating issues affecting major U.S. interests, the Bunker visit will represent a tentative but significant step toward breaking the long-standing impasse in Canal treaty negotiations.

⁷ In a December 27 memorandum to Kissinger, Colby stated: "General Torrijos requests that the canal treaty negotiations not be conducted below the level of Ambassador Ellsworth Bunker. Ambassador Bunker has inspired confidence." (Central Intelligence Agency, Office of the Director of Central Intelligence, Job 80M01048A: Subject Files (1961-1977), Box 7, Folder 22: P-17: Panama)

27. Telegram From the Embassy in Panama to the Mission in Geneva and the Department of State¹

Panama City, December 19, 1973.

6811. Subject: Resumption of U.S.-Panama Treaty Negotiations. Ref: A) Panama 6482; B) Panama 6519.² For Ambassador Bunker from Bell.

I. Summary—Introduction

1. As working-level representatives Ambassador Gonzalez Revilla and I agreed to and signed December 19 a set of eight principles, ad referendum to the chief negotiators. On Panama's part the principles are as a practical matter ad referendum to no one since the Foreign Minister and the Chief of Government have both approved them personally.

2. From the following description you will note that during this negotiation Panama receded from its position on all points of major concern to the United States. That would seem to stand as additional evidence that Panama is seeking a new treaty arrangement on terms markedly more acceptable to the United States than any it has heretofore proposed.

3. Understandably the Panamanians are fearful they have accommodated the United States in the principles to an extent such that they will be charged publicly and privately with what in this country amounts to treason. Their fears are the greater for the fact that the opposition of economic interest groups to the regime is growing and so, in proportion, is the skittishness of the National Guard. They tell me that as a result it is now imperative for you to appear in Panama before January 9. Torrijos sent word that any unilateral action the United States might be contemplating would not suffice for his purposes in these circumstances.

II. Description of Agreed Principles

4. *Principle One.* Panama accepted verbatim the text of the United States' second proposal.

Comment. Panama thereby receded from the "two-treaty" position under which one treaty abrogating the 1903 convention and thus restoring Panama's sovereignty over the Canal Zone would have been con-

¹ Source: National Archives, RG 84, American Embassy, Panama, Panama Canal Treaty Negotiation Files, Lot 81F1, Box 124, Treaty Negotiations, 1973. Secret; Immediate. Drafted and approved by Bell. Repeated to Governor Parker, USCINCSO, and USUN. Kissinger was en route to Geneva to attend the Middle East Peace Conference.

² See footnotes 2 and 4, Document 26.

cluded in advance of another treaty granting new rights to the United States in the Canal Zone.

5. *Principle Two.* Panama had already accepted verbatim the text of the United States' second proposal.

Comment. None.

6. *Principle Three.* Panama accepted verbatim the text of the United States' second proposal.

Comment. Panama thereby appears to have receded from a position of general opposition to retention by the United States of certain jurisdictional functions in the Canal Zone, and from insistence that any jurisdictional functions Panama might permit the United States to retain should cease within a time period so brief as to be unacceptable to the United States.

7. *Principle Four.* Panama accepted the text of the United States' second proposal with the following amendments:

A. Panama asked and I accepted that following the words "shall grant to the United States of America" there be inserted the phraseology "for the duration of the new interoceanic canal treaty and in accordance with what that treaty states."

B. Panama receded from its insistence on placing the word "strictly" before the word "necessary" and I accepted, in substitution therefor, the phraseology "which may be."

Comment. Panama acceded thereby to the United States' position requiring reference to "defense" as well as to "protection" of the Canal; acceded to the United States' position that control of airspace is requisite to adequate defense; and indicated by its willingness to eliminate the restrictive qualifier "strictly" that it is no longer intent on possessing ultimate authority over land usage in the Zone.

8. *Principle Five.* Panama accepted an offer on my part which altered the text of the second United States proposal to read as follows:

Quote 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. End Quote.

Comment. Panama receded from its insistence on characterizing as a "natural resource" the geographic position of its territory, which would have had the effect of subjecting the United States to the confines of a United Nations Resolution asserting that a "natural resource" can be exploited under the ultimate control of the territorial sovereign. Panama also receded in effect from its position that the United States should make annual payments to Panama based not only on canal revenues but also on the value attributable to usage by the United States of its territory.

9. *Principle Six.* On no other point was Panama so adamant as on its opposition to inclusion of any language whatever which would accord the United States rights “to conduct related activities.” Therein, as Panama explained, it perceived “the perpetuation of the Southern Command, the commercial enterprises, and all the other things that have nothing to do with operating and defending a waterway and are utterly abhorrent to the Panamanian people.” Panama was not much less adamant, however, in opposing inclusion of language which would accord the United States not only the basic jurisdictional rights but also “privileges and immunities.” It perceived those words as indicative of a desire on the part of the United States to retain colonialist perquisites and trappings.

I accepted exclusion of “privileges and immunities”, since specification of them is hardly essential in a statement of principles and since the United States remains free to seek them in the negotiating process. Panama thereupon accepted my proposed language which grants to the United States the right 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.”

Panama also objected vigorously to inclusion of rights for the United States to regulate “the passage of traffic” through the canal, but ultimately accepted phraseology permitting regulation of “the transit of ships.”

Panama asked that the statements referring to its participation in the administration of the canal be placed at the first rather than at the last of the principle, and I accepted that restructuring, as well as inclusion of phraseology asserting that Panama’s participation will be “in accordance with a procedure to be agreed upon in the treaty.”

Comment. Panama’s acceptance of the substance of the second United States proposal, taken in conjunction with its verbatim acceptance of Principle Two, would seem to remove any doubt that Panama is at last prepared to permit the United States to possess the basic rights it has been seeking for continued canal operation and defense.

Panama’s position that its participation in canal administration should be a “growing” one did not prevail.

10. *Principle Seven.* Panama accepted the verbatim text of the second United States proposal.

Comment. Panama thereby receded from the position that its armed forces should not only “participate” in canal protection and defense but also join in the “exercise of responsibilities” relating thereto. Thus the full rights and responsibilities for canal defense are preserved for the United States.

11. *Principle Eight.* In order to obtain Panamanian acceptance of the United States’ second proposals in Principles One, Three and Seven

and of the “related activities” concept in Principle Six, and to foreclose Panama from language which would have diluted the United States’ right to expand the canal by making reference to an equal right for Panama, I offered and Panama accepted a rephrasing of Principle Eight which permits Panama some voice in the decision on expanding canal capacity, yet does not endow Panama with a veto power. The new text is as follows:

Quote The Republic of Panama and the United States of America agree to incorporate in the new treaty relating to the interoceanic canal provisions for new projects by the United States of America to expand capacity for international maritime traffic should they consider that necessary. End Quote.

Daniels

28. Memorandum From Secretary of State Kissinger to President Nixon¹

Washington, December 24, 1973.

SUBJECT

Panama Canal Treaty Negotiations

Background:

Ambassador Bunker’s recent talks in Panama were highly positive. An entirely new and favorable climate has been created for continuing negotiations. The talks also disclosed a new flexibility on the part of the Panamanians regarding the Canal negotiations. The prospects seem good for resolving this long-standing issue within the next year.

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, NSC Institutional Files (H-Files), Box H-266, Under Secretaries Committee Memorandum Files, Under Secretaries Study Committee U/SM 136 [1 of 3]. Secret. Sent for action. A stamped notation on the first page reads: “The President has seen.”

Proposed Actions:

We need to sustain the momentum generated in the renewed talks. We can, at the same time, minimize the risks of any spontaneous Panamanian actions against the Zone similar to those that occurred in 1964. The 10th anniversary of those riots will be on January 9.

Ambassador Bunker has recommended—with the concurrence of State and Defense Departments (see memo at Tab A)²—that we make a few unilateral gestures to Panama. In addition to improving the negotiating climate, these gestures would reduce international criticism of our position in the Zone and serve as additional evidence that our “new look” at Latin America has been initiated and is producing results.

The gestures would involve announcing your intention to seek legislation next year authorizing Executive Agreements that would: (1) transfer title and jurisdiction to Panama over two small airstrips the US no longer requires, and (2) authorize Panama’s national lottery to operate in the Zone. The Defense Department agrees that transfer of the airstrips would not diminish in any way our ability to operate and defend the Canal.

A small number of members of Congress oppose making any concessions to Panama, now or ever. They might be tempted to attach riders to the proposed legislation aimed at limiting the US negotiating position regarding any new treaty. However, based on Ambassador Bunker’s consultations to date with key congressional leaders,³ we are confident such efforts would not succeed. Ambassador Bunker will be meeting again with congressional leaders to prepare the way for your announcement before he returns to Panama after Christmas.

We hope the US-Panama talks can be resumed on December 26 or 27. A White House announcement of the measures described above will be most important to the success of this second round and will enhance our negotiating position. For maximum impact, the announcement should be made December 27 or 28.⁴

OMB has been advised of the proposed legislation and does not object to the suggested White House announcement of your intent to seek these measures.

Bill Timmons concurs in this proposal.

² Tab A, a December 14 memorandum from Rush to Nixon, is attached but not printed.

³ See Documents 22 and 23.

⁴ Telegram 250667 to Panama City, December 27, transmitted the text of the announcement, scheduled for 11 a.m. on December 28. (National Archives, RG 59, Central Foreign Policy File, [no film number])

Recommendation:

I recommend that you:

1. Approve submission of the legislation mentioned above.
2. Authorize issuance of a White House press statement announcing in the period December 26–29 your intention to seek such legislation.⁵

⁵ The President initialed his approval of both recommendations.

29. Telegram From the Embassy in Panama to the Department of State¹

Panama City, January 8, 1974, 1700Z.

112. For Secretary from Bunker. Subj: US-Panama Treaty Negotiations: January 6–7 Talks in Panama.

I. Introduction—Summary

This second engagement with the Panamanians on Contadora Island was brief but beneficial.

It relieved apprehension that the Panama negotiation was slipping on the scale of American foreign-policy priorities.

It accented the new “forthcoming” posture of the United States toward Panama, revealed to the Panamanians in the announcement from San Clemente December 28 of unilateral actions intended to modernize our operations in the Canal Zone.² It permitted putting final touches to the eight “principles” which the Foreign Minister and I initialed as chief negotiators. They now await the approval of Ministers.

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 791, Country Files, Latin America, Panama, Vol. 3, January 1972–August 1974. Secret; Immediate; Exdis. Repeated Priority to Governor Parker, USCINCSO, USUN, and the Mission in Geneva.

² On December 28, 1973, the White House announced that it would proceed with several unilateral actions to improve U.S.-Panamanian relations. See footnote 4, Document 28.

I believe it also provided evidence available for your use in Mexico in that the “new dialogue” has been promptly initiated and promptly productive.³

It also provided agreement on a reasonable scenario for the conduct of future negotiations.

Lastly it led to confirmation that there is a negotiating momentum here which we ought not to allow to falter. I believe these developments in the shorter run will relieve some of the foreign pressures upon you, but they may create some domestic pressures. For the longer run they will make it easier to move into true treaty negotiation, but they should not obscure the difficulties of reconciling disparities between what I characterize as Panamanian and American nationalism on the issue of the Panama Canal.

II. Added Middle-East Responsibilities

My visit confirmed your message to the Foreign Minister from Cairo emphasizing that my additional responsibilities implied no diminution of your personal interest in the Panama negotiation, and on this count the Panamanians now seem content.⁴ They have accepted as entirely natural that once we complete the “joint statement of principles” exercise, the deputy negotiators should take over for a protracted period.

III. Unilateral U.S. Actions

The Panamanians were impressed at the December 28 announcement from San Clemente that the President will seek legislation delivering into Panamanian hands two airstrips in the Canal Zone and the authority to operate the lottery there.

I believe that announcement provides you with the first part of the two-part evidence you would have available for use in Mexico in February that the “new dialogue” with Latin America has been promptly initiated and as promptly productive.

You would be able to characterize these legislative requests as having derived from the frank, informal talks you asked me to under-

³ Kissinger attended the Conference of Tlatelolco in Mexico City February 20–24 where he met with the Latin American Foreign Ministers. The conference was held to discuss the “New Dialogue” with Latin America that Kissinger had proposed at the United Nations in October 1973. The Declaration of Tlatelolco issued on February 24 “welcomed” the signing of the Kissinger-Tack Declaration of Principles. (Department of State *Bulletin*, March 18, 1974, pp. 262–264) See Document 32.

⁴ Kissinger’s message has not been found. Bunker was named U.S. Representative to the Geneva Middle East Peace Conference. This added responsibility required him to postpone talks with Panama from December 27, 1973, to January 6, 1974. (Telegram 250666 to Panama City, December 27, 1973; National Archives, RG 59, Central Foreign Policy File, [no film number])

take with the Panamanians, fulfilling your October 5 commitment that no treaty arrangement in the Americas would be beyond examination.⁵

There was of course justification for proceeding with the unilateral actions in order to help General Torrijos keep his domestic political house tranquil while we negotiate. Yet it was the revelation of a new Panamanian flexibility of negotiation during my first visit here—confirmed during a subsequent visit of my deputy for Panama matters—which more than any other factor occasioned my recommendation to you that we proceed with the legislative requests.

IV. Agreement on Principles

The second part of the evidence would consist of the “Joint Statement” you plan to initial with Panama’s Foreign Minister. As you recall the deputy negotiators had worked out and initialed in mid-December a set of eight principles, ad referendum to the chief negotiators and, thereafter, to ministers.⁶ They reflect a position on Panama’s part not heretofore reserved; a willingness that the United States should continue to possess the attributes, some jurisdictional, central to operation and defense of the basic waterway.

What appears to be concessionary on the United States’ part is in fact a complex of movements we have been prepared to make for some time. These movements, such as enabling Panama’s “participation” in the administration and defense of the Canal, lie entirely within the existing Presidential guidelines and commit the United States to nothing except to work out the fashion of Panamanian participation in a new treaty.

It is interesting that Panama made still another concessionary gesture respecting the principles during this visit. In the deputies’ version of principle 8, dealing with the right of the United States ultimately to expand Canal capacity should it so desire, there had been incorporated phraseology which legal counsel in Washington feared could be interpreted as giving Panama too decisive a voice in a decision on Canal expansion and, hence, as contravening existing Presidential instructions. While I myself regarded the phraseology as suitably ambiguous, and in any case should certainly not have agreed to any dilution of this U.S. right when the moment of drafting of treaty articles arrived, mindful of counsels’ concerns, I suggested to the Foreign Minister alternative phraseology—previously cleared fully in Washington and preferred by the Department of Defense—to eliminate the ambiguity in our favor. That was not at all easy for him to accept, as Panama has always hoped for a strong measure of mutuality in the decision-making

⁵ See Document 21.

⁶ See Document 27.

regarding Canal expansion. Moreover, it was politically most difficult for the Foreign Minister that I “reopened” the principles agreement at all. Torrijos and many other key private and public Panamanians had approved the deputies’ version, and the government was but two days away from the tenth anniversary on January 9 of the student riots a decade ago.

But he did accept it, though he added a few frills for Panamanian public consumption purposes to which I had no objection. He did so, it is worth noting, without seeking compensating U.S. concessions in the “package deal” of principles which I had reopened. The text of the new principle 8 is set out at the end of this message.

From the Minister’s acceptance and from conversations held on the subject I take it that Panama has no longer, if indeed it truly ever had, an intent seriously to circumscribe this U.S. right. Panama only does not wish to be left out in the cold respecting massive foreign construction activity on its territory and I must say I cannot fault it for that.

With that textual amendment we initialed the principles document in our capacities as chief negotiators and it now awaits ministerial-level approval.⁷

On the question of Congressional reaction, you will recall that I tested the mood of key members of both houses before my first visit to Panama, and again before the San Clemente announcement of the unilateral legislative requests. My impression thus far is that moderate opinion will prevail on Panama issues, provided of course that there is an adequacy of administration support.

Referring back to the “evidence” available for your possible use in Mexico, the fact that the two countries had been able in under two months to reach agreement through quiet bilateral conversation on principles critical to a new treaty; the fact that the agreement would surely be recognized to have resulted not from Panamanian extortion nor United States imposition but from compromising; and the fact that the principles could be read to indicate a shedding by the United States of the allegedly “colonialist” trappings in the Canal Zone—those facts might go far toward deflating the Latin American and other statesmen who have criticized the manner of our presence in the Zone and sought to multilateralize the Panama issue.

⁷ The final text of the joint statement of principles is in the National Archives, RG 84, American Embassy, Panama, Panama Canal Treaty Negotiation Files, Lot 81F1, Box 124, Treaty Negotiations, Jan–March 1974.

V. Text of the "Joint Statement"

As for the "preamble" to the enumeration of the principles, I had thought we might keep it brief so as not excessively to raise Panamanian expectations nor American fears. I had also thought highly of Jack Kubisch's suggestion that you and Foreign Minister Tack could then read individual statements at the moment of signature which would reflect the particular sentiments and policies of the two governments. Tack, for example, could speak of the principles as a milestone in the long march toward the perfection of Panama's independence, and you could speak of them as not solely an operative act in the negotiation process but also as a guidepost to the way in which the United States wishes to move in this hemisphere.

I handed the Minister a draft text of a preamble (which had been cleared in Washington in a more extensive version), saying it represented "personal thoughts" only and requesting his comments. The Minister seemed to be attracted to this procedure, is studying the "thoughts", and presumably will have editorial revisions to suggest.

Once he and I have some agreement on this statement, I shall forward it formally to you together with the "final" version of the principles and a suggested draft of the individual statement you might make.

VI. Scenario for the Future

I believe it fair to say from this last visit that there is now a negotiating momentum—substantive and, as importantly, psychological—which has not existed for a time and which should be sustained if this problem is to be settled amicably and in the not undiscernible future. That is especially so because, as is often the case in such expeditions, the momentum itself helps measurably to surmount quite difficult obstacles ahead.

And it is primarily for the United States to do the sustaining. Despite the rapport and trust which I take to have been created recently, the Panamanians remain a little doubting⁸ . . . A little in the "show me" frame of mind which years of fruitless negotiation and of general United States inattentiveness have induced; also, they will be subject to occasional fits of fear that in the negotiations the United States is, somehow or another, doing them in, and it will be necessary to tranquilize them. On occasion that may require somewhat more than constant reassurance that the United States does not have motives or goals in

⁸ In telegram 220 to Panama City, January 11, Sayre wrote: "Beneath the surface, a basic skepticism concerning U.S. intentions remains in some quarters, and the opposition is spreading charges of a sell-out by Torrijos." (National Archives, RG 84, American Embassy, Panama, Panama Canal Treaty Negotiation Files, Lot 81F1, Box 124, Treaty Negotiations, Jan–March 1974)

the negotiations which are not apparent from the American negotiators' words. Accordingly I suggested to the Foreign Minister that following the announcement of the joint statement our deputies should begin meeting, in Panama City and Washington, to put some flesh on the bones of the eight principles. Once they had done so, identifying areas of agreement and disagreement, the Minister and I could meet again to negotiate our differences and approve the papers. Those would then stand as firm instructions for the drafting of actual treaty articles. The Minister agreed. He added that he would wish to return compliments by journeying to Washington for the next engagement.

VII. Principle 8

The initialed version reads as follows:

Begin Quote The Republic of Panama and the United States of America, recognizing the important services rendered by the inter-oceanic canal of Panama to international maritime traffic, and bearing in mind the possibility that the present Canal could become inadequate for said traffic, will 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. End Quote.

Sayre

30. Action Memorandum From the Assistant Secretary of State for Inter-American Affairs (Kubisch) to Secretary of State Kissinger¹

Washington, January 23, 1974.

Approval of the "Joint Statement of Principles"
on the Panama Canal

As Ambassador Bunker has informed you, he and Panamanian Foreign Minister Tack on January 7 initialed, *ad referendum* their respective governments, a set of eight principles (Tab A)² which are to serve

¹ Source: National Archives, RG 59, Central Foreign Policy File, P820043–1526. Secret; Nodis. Drafted by Bell and Bowdler; concurred in by L and H. Kissinger wrote in the right margin: "Redo Pres. memo to give him summary of principles." Another note in an unknown hand indicates the memorandum was redone on January 26.

² Attached but not printed. See Document 29.

as guidelines in negotiating a new, modern treaty arrangement governing the Canal. Subsequently you agreed to travel to Panama on February 6–7 to participate in the signing ceremony with Foreign Minister Tack. In preparation for this event we need your formal approval of the principles on behalf of this Government.

The principles negotiated by Ambassador Bunker are consistent with existing presidential guidelines for the treaty negotiations (Tab C).³ I have asked the Department of Defense for formal concurrence in the principles. The clearance, which covers DOD, JCS and the Department of the Army, is at Tab D.⁴ With reference to the last paragraph of the Defense statement, Ambassador Bunker has well in mind that in the formal treaty negotiations it will be necessary under existing presidential guidelines to incorporate provisions guaranteeing that upon the treaty's termination the Canal will remain open to all world shipping without discrimination at reasonable tolls, and that Panama will not hamper the Canal's efficient operation. In the Ambassador's judgment that provision, and many other provisions of interest to the United States, constituted details which were not suitable for inclusion in a statement of broad principles.

We anticipate certain criticism by the hardcore Congressional opponents of any change in the *status quo* in the Canal Zone when the principles are made public. However, these opponents appear to be more vocal than numerous and otherwise influential. What counts is the attitude of the moderates. Ambassador Bunker's three sets of consultations with Congressional leaders thus far—the last by means of a message from Jerusalem which H sent out in his name⁵—should reinforce the inclination of the moderates to take a positive approach to the negotiations.

Because the principles represent a major foreign policy move, you may want to inform the President of the text of the Joint Statement and your plans to travel to Panama. I attach a draft memorandum for your consideration (Tab B).⁶

³ Tab C, undated, entitled "Negotiating Objectives Approved by the President," is attached but not printed. See footnote 5, Document 18.

⁴ Tab D, a memorandum to the President dated January 17, is attached but not printed.

⁵ Telegram 48/Secto 14 from Jerusalem, January 12. (National Archives, RG 59, Central Foreign Policy File, [no film number])

⁶ Tab B is not attached, but a copy of the revised memorandum to the President signed by Kissinger is in the National Archives, RG 59, Central Foreign Policy File, P820043–1518.

Recommendations:

1. That you approve the Joint Statement of Principles (Tab A).⁷
2. That you sign the memorandum at Tab B to the President to inform him of the action you are planning to take.⁸

⁷ Kissinger initialed his approval of the first recommendation on January 25.

⁸ Kissinger did not indicate his approval of the second recommendation, but traveled to Panama City on February 7 and signed the Joint Statement of Principles with Tack. See Document 32.

31. Action Memorandum From Ambassador at Large Bunker to Secretary of State Kissinger¹

Washington, February 5, 1974

Proposed Letter to Canal Zone Governor

Problem:

There are approximately 5,500 American and 16,000 Panamanian U.S. Government employees working in the Canal Zone. Each time there is any indication of movement in treaty negotiations, Canal Zone employees become uneasy about their status. In order to forestall possible employee protest over the signing of the Statement of Principles, I propose to give a letter to the Governor of the Canal Zone, which he can use to reassure Canal Zone employees.

Background:

Canal Zone employees have been uneasy about their status since 1964 when the U.S. undertook to revise its treaty relationship with Panama. The Joint Declaration of Principles made by President Johnson and President Robles in 1964 contained a reference to the status of Canal Zone employees.² Negotiators of the draft 1967 treaties were attentive to their concerns also by periodically explaining the progress of the negotiations and assuring the employees that their interests had

¹ Source: National Archives, RG 59, Ambassador Bunker's Correspondence, Lot 78D300, Box 4, Employees. Confidential. Drafted by Morris; Bell and Bowdler concurred.

² See *Foreign Relations*, 1964–1968, vol. XXXI, South and Central America; Mexico, Document 421.

not been forgotten.³ In November when I visited Panama I also spoke to representatives of Canal Zone labor unions and civic councils to explain to them the purpose of my visit.⁴ I believe that it is important to acknowledge their concerns by informing them through Governor Parker of the meaning of the signing of the Joint Statement of Principles. Attached is a copy of a letter I propose to send to the Governor of the Canal Zone on your behalf to that end.

Recommendation:

That you approve the attached letter for my signature.⁵

Attachment

Draft Letter From Ambassador at Large Bunker to the Governor of the Panama Canal Zone (Parker)⁶

Undated.

Dear Governor Parker:

The signing of a Joint Statement of Principles by the Governments of the United States and Panama today is an important step for both countries in laying the basis for a new and modern treaty arrangement.

On behalf of the Secretary of State, I would like to take this opportunity to assure you that this action in no way changes the status of U.S. Government employees in the Canal Zone. The Principles are intended to provide a framework for future negotiation of a treaty which will be subject to congressional consultation and eventual ratification processes.

The Secretary and I fully recognize the vital contribution that employees of the Zone and Company are making to the continued efficient operation of the Canal, and are attentive to the need to treat these employees fairly and judiciously. Appropriate arrangements will be made to ensure that their rights and interests are safeguarded. Whatever the changes agreed upon in the final treaty that will affect

³ See *Foreign Relations*, 1964–1968, vol. XXXI, South and Central America; Mexico, Document 439.

⁴ An account of Bunker's visit to Canal Zone labor unions is in Parker's backchannel message PNA 708 to Koren, December 2, 1973. (National Archives, RG 185, Subject Files of 1979 Panama Canal Treaty Planning Group, Box 10, Action Plan Part 3 [Rush memo])

⁵ The Secretary initialed his approval on February 8. Beneath the recommendation is a note in an unknown hand that reads: "(Bunker signed on plane)."

⁶ No classification marking.

employees, they will take place over a period long enough to obviate or minimize personal hardship.⁷

Sincerely,

Ellsworth Bunker

⁷ In backchannel message PNA 104 to Koren, February 12, Parker stated that "Ambassador Bunker's meetings with our employees and his letters to me have been very helpful in maintaining employee morale. At the same time, however, I think we must start indoctrinating our employees with the idea that changes of some sort are coming in our relationships with Panama. The present arrangements cannot continue indefinitely, and I do not want our employees to have any forlorn hopes on this score." (National Archives, RG 185, Subject Files of 1979 Panama Canal Treaty Planning Group, Box 5, Messages—Jan. to Jun. 1974)

32. Editorial Note

Secretary of State Henry Kissinger traveled to Panama City on February 7, 1974. At 12:40 p.m., he, Ambassador Bunker, Senator Gale McGee (D-Wyoming), Congressman Dante Fascell (D-Florida), Congressman Robert L. Leggett (D-California), Congressman Edwin Forsthe (R-New Jersey), Assistant Secretary of State for Inter-American Affairs Jack B. Kubisch, and Deputy U.S. Negotiator S. Morey Bell met with General Omar Torrijos, Panamanian Foreign Minister Juan Antonio Tack, Panamanian President Demetrio "Jimmy" Basilio Lakas, and Panamanian Vice President Arturo Sucre at the Presidential Palace in Panama City. Kissinger observed that Bunker was "one of his best diplomats," who had "become somewhat of a specialist on waterways." Torrijos stated that the United States and Panama had important differences regarding the Panama Canal but "these were on the way to solution." Kissinger then emphasized "the importance that the United States attached to friendship with Panama and to the treaty negotiations." The two then discussed Latin American politics and exchanged pleasantries. The meeting ended at 1:50 p.m. and the American party departed for the Panamanian Legislative Palace for the signing of the Declaration of Principles. (Telegram 837 from Panama City, February 8; National Archives, Nixon Presidential Materials, NSC Files, Box 791, Country Files, Latin America, Panama, Vol. 3, January 1972–August 1974)

Upon the signing of the Declaration of Principles, the two governments released a brief joint statement, which included the eight princi-

ples. The joint statement was transmitted to all American Republic diplomatic posts in telegram 27142, February 11. (National Archives, RG 84, American Embassy, Panama, Panama Canal Treaty Negotiation Files, Lot 81F1, Box 124, Secretary Kissinger's Visit) Telegram 807 from Panama City, February 8, provided as summary of Kissinger's visit and reported that Tack gave a "brief statement concerning the background and significance of the visit and occasion." (National Archives, RG 59, Central Foreign Policy File, [no film number])

For the texts of Kissinger's address in Panama City and the joint statement, see the Department of State *Bulletin*, February 25, 1974, pages 181–185. A report distributed by the Central Intelligence Agency on February 9 indicated that both Torrijos and Tack were "favorably impressed" with Kissinger and were "confident that with Dr. Kissinger as Secretary of State, a new canal treaty can be concluded." (National Archives, RG 84, American Embassy, Panama, Panama Canal Treaty Negotiation Files, Lot 81F1, Box 124, Secretary Kissinger's Visit)

33. Memorandum From the Vice Director of the Joint Staff (Colladay) to Secretary of Defense Schlesinger¹

JCSM-46-74

Washington, February 13, 1974.

SUBJECT

Strategic Importance of the Panama Canal (U)

1. (U) Reference is made to a memorandum by the Assistant Secretary of Defense (International Security Affairs), I-154/74, dated 8 January 1974, subject as above.²

2. (S) As requested by the reference, a classified study on the military strategic importance of the Panama Canal, which includes treatment of specific topics, is contained in the Appendix hereto.³ The study concludes:

a. That the Panama Canal is a major defense asset, the use of which is necessary to enhance US capability for timely reinforcement in Asia

¹ Source: Washington National Records Center, RG 330, OSD Files, FRC 330-78-0011, Panama 821 1974. Secret.

² In the January 8 memorandum to Moorer, Peet requested that the JCS produce a study on the military strategic importance of the Canal. (Ibid.)

³ The study, undated, is attached but not printed.

and in Europe during periods of conflict. Its strategic advantage lies in the economy and flexibility it provides to accelerate the shift of military forces and logistic support by sea between the Atlantic and Pacific Oceans and to overseas areas.

b. That a lock canal or a new sea-level canal will continue to be of importance to national security.

c. Panama has the capability to threaten the Panama Canal itself, but the probability of such action is low at present.

d. A potential threat will continue to exist to the longer alternate ocean lines of communication around Africa and South America. At the present time, the Soviet Union is considered the only nation with such a capability.

3. (C) It is understood that the study is intended for use as the basis for a DOD input to the pending Interdepartmental Group (American Regional Affairs) study on this subject.⁴

4. (U) An unclassified version for possible public use will be forwarded at a later date.

For the Joint Chiefs of Staff:

Martin G. Colladay⁵

Major General, USAF

Vice Director, Joint Staff

⁴ Not found.

⁵ Colladay signed "MG Colladay" above this typed signature.

34. Memorandum of Conversation¹

Washington, March 14, 1974, 3:15 p.m.

SUBJECT

Ambassador Jorden's Call on the Vice President

PARTICIPANTS

The Vice President
Mr. John O. Marsh, Jr.
Ambassador William J. Jorden
Mr. S. Morey Bell, Deputy Negotiator, Department of State

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

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

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

Jorden: Will advise Panama of the Hill attitude.

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

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

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

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

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

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

There was a short exchange on the use of nuclear explosion for construction purposes (Plow Share).²

¹ Source: Ford Library, Staff Secretary's Office, Presidential Handwriting File, Box 23, Documents Annotated by the President, 1974-77, Foreign Affairs—Panama (1). No classification marking. Drafted by Marsh. The meeting took place in the Old Executive Office Building

² Operation Plowshare was a U.S. Government program to develop techniques to use nuclear explosions for construction purposes.

Jorden: Indicated a test ban agreement would preclude.

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

35. Memorandum of Conversation¹

Washington, March 21, 1974, 2 p.m.

SUBJECT

Ambassador Bunker Visit

PARTICIPANTS

The Vice President
John O. Marsh, Jr.

U.S. Ambassador at Large Ellsworth Bunker
Mr. S. Morey Bell, Director, Office of Panamanian Affairs

Ambassador at Large Bunker met with the Vice President to discuss the Panama situation. He said the atmosphere in Panama was better, but could recognize lines were being drawn on Capitol Hill with strong opposition from Dan Flood and his followers.

The Vice President urged that there be no further announcements about Panama this year, and can shoot for 1975 as the year of decision and implementation.

Bunker said that DOD had been very helpful, but agreed there were problems ahead.

Reference to the negotiations he said we were asking for 50 years on the Canal but Panama wanted a termination end of 1999. By termination, this means they will get the Canal and the Zone. In the meantime, there will be a phasing-in of Panama jurisdiction. As a part of the arrangements, we are seeking to build a new sea level canal or to expand the old canal, but with an extension of time for operations.

¹ Source: Ford Library, Vice Presidential Papers, Files 1973–1974, Box 65, Vice Presidential Meetings with Foreign and Diplomatic Officials. No classification marking. Drafted by Marsh. The meeting took place in the Old Executive Office Building.

Sea level canal through Nicaragua or Colombia is not practical, but it is necessary to have a new facility or a modernized old facility since the present canal will not accommodate some of the larger vessels.

A sticking point in the negotiations is the Colombian right under the 1914 agreement to transit the canal with their warships.²

Any agreement with Panama will require that the canal be open for international shipping.

Approval for implementation is necessary in both houses of the U.S. Congress and Bunker has talked to Albert, Morgan, Scott and Mansfield.³

In response to a question, Bunker said that the present canal is breaking even financially.

² The Thomson-Urrutia Treaty, signed in April 1914, awarded Colombia \$25 million as compensation for its loss of Panama in 1903. It also provided Colombia with free access to the Canal.

³ Speaker of the House Carl Albert (D-Oklahoma), Congressman Thomas E. Morgan (D-Indiana), Senator William L. Scott (R-Virginia), Senator Michael Mansfield (D-Montana).

36. Letter From Ambassador at Large Bunker to Panamanian Foreign Minister Tack¹

Washington, March 22, 1974.

Dear Tony:

I should be less than honest—and that I shall not be, with you—if I did not say that I was disappointed on reading the paper dated March 19 which Nico delivered to Morey.²

¹ Source: National Archives, RG 59, Treaties, Lot 77D14, Box 1, Public Relations—Public Opinions and Inquiries—General Letters—1974. Confidential.

² A reference to Nicolas Gonzalez-Revilla. In a March 22 phone conversation, Bell and Blacken discussed the Panamanian paper. Bell described it as “highly nationalistic, accusatory, vilifying, and a few other unattractive things.” (National Archives, RG 84, American Embassy, Panama, Panama Canal Treaty Negotiation Files, Lot 81F1, Box 124, Treaty Negotiations, Jan–March 1974) In a March 29 letter to Bunker, which included the paper as an attachment, Morris concluded that “the fundamental problem with the paper is that most of the statements of issues are worded as foregone conclusions in favor of Panama’s positions.” (Washington National Records Center, RG 330, OSD Files, FRC 330–80–0044, Negotiations—Panama and Panama Canal Zone—June 1974–April 1974)

You will understand that it is difficult for us not to regard it as essentially a restatement, in interrogatory form, of the political posture of Panama made known to us in December of 1972 and, therefore, as not reflective of the accommodating spirit which has prevailed in our discussions.³

To deal with a paper of this nature, I fear it would be necessary to form teams of lawyers and historians, rather than to pursue the type of political negotiation on which I believed we had agreed.

It may well be that we are not correct in our interpretation of this document, and for that reason I have decided that Morey should proceed to Panama to discuss with Nico—and, I would hope, with you—the manner in which we can proceed, on a basis of mutual trust. I should add that I am looking forward very much to the opportunity to discuss this problem with you, but wish to emphasize that Morey has my complete confidence for the purpose of preliminary talks.⁴

With warm wishes.

Cordially,

Ellsworth

³ See *Foreign Relations*, 1969–1976, vol. E–10, Documents on American Republics, 1969–1972, Document 563.

⁴ In telegram 1808 from Panama City, March 28, the Embassy reported the receipt of a “back channel” message” from Torrijos through Noreiga which stated that the paper “was intended only to show different opinions which were held by various individuals regarding the negotiations,” adding “it was not intended as a Panamanian position paper,” and that “the paper will not be withdrawn.” In telegram 1852 from Panama City, March 31, the Embassy reported that Tack refused to “clarify” the paper. The Embassy also stated that “doubt remains that General Torrijos was informed of the document prior to its transmission.” (National Archives, Nixon Presidential Materials, NSC Files, Box 791, Country Files, Latin America, Panama, Vol. 3, January 1972–August 1974)

37. Memorandum of Conversation¹

Washington, April 15, 1974, 10:45–11:15 a.m.

PARTICIPANTS*Panama*

H.E. Juan Antonio Tack, Minister of Foreign Affairs and Chief Treaty Negotiator

H.E. Nicolas Gonzalez-Revilla, Ambassador of Panama to the United States and
Deputy Negotiator

United States

The Vice President

Ambassador at Large Ellsworth Bunker, Chief Negotiator

S. Morey Bell, Deputy Negotiator and Country Director for Panama

Mr. Jack Marsh, the Vice President's staff

Interpreter Neil Seidenman

SUBJECT

Panama-U.S. Treaty Negotiations

(The following is an *uncleared* version of the conversation taken from the Deputy U.S. Negotiator's notes).

The Vice President: Mr. Minister, it is nice to see you. I am extremely grateful for your taking time to come and see me.

The Minister: Mr. Vice President, I am delighted to have this opportunity to see you, especially since I know of the numerous commitments you have.

May I convey to you the greetings of the President of Panama, Mr. Lakas, and of the Chief of Government, General Torrijos.

We in Panama have followed closely the Vice President's brilliant career in the Congress and we are fully aware of his dedication to his nation and his service to it.

The Vice President: Thank you very much Mr. Minister. I must say in the last five months my life style has changed quite a lot.

I want you to know that I have always kept abreast of these negotiations. Indeed, I have followed them all throughout Ambassador Anderson's tenure. I know that both parties have worked extremely hard at this.

The Minister: Yes, we have been working very hard indeed—in fact, we have been working ten years now, but with no success. The

¹ Source: National Archives, RG 84, American Embassy, Panama, Panama Canal Treaty Negotiation Files, Lot 81F1, Box 124, Treaty Negotiations, April–June 1974. Confidential; Exdis. Drafted on April 29 by Bell. The meeting took place in the Vice President's office in the Executive Office Building

success began with Ambassador Bunker's appointment and since that event we have advanced in a very substantive manner toward a treaty.

I want you to know that the people in the Government of Panama have confidence in the present leadership of the United States—in President Nixon, yourself, the Secretary of State, and Ambassador Bunker. They have all demonstrated a deep knowledge and, in fact, understanding of our problem.

The Vice President: The fact that the President has given this assignment to Ambassador Bunker indicates how important this negotiation is to him. After all, Ambassador Bunker is the foremost American diplomat and he never gets the easy tasks. In fact, I don't think he's ever had an easy task. (Laughter).

The Minister: Yes, and now they have put him in charge of two canals.

The Vice President: I remember that in the mid-50's there was a revision of the treaty. I believe it had something to do with an increase in payment.

The Minister: Yes. That was the 1955 Treaty which revised the 1903 Treaty. We have agreed now that we shall abrogate the 1903 Treaty and arrive at an entirely new one.

The Vice President: I fully support the President's efforts to find new answers to this problem. A new treaty is desirable from the viewpoint of both parties. But, of course, there are difficulties, as you know, with a treaty in the Congress. A two-thirds vote is required in the Senate by the Constitution. In the House, the interest is indirect, but I can tell you that the interest is very vocal indeed. (laughter).

The Minister: Yes, Secretary Kissinger told me recently that the letters which he received opposing his policy with respect to the treaty are so many that he thought there were probably several million people living in the Canal Zone itself. I told him that there were only some 40,000, and he said, Well they still make lots of noise. (laughter).

The Vice President: To be candid, I have watched very carefully the reaction in the House over the years. There is a group led by my good friend Dan Flood, but there are others too. More recently, I was surprised at the resolution in the Senate in opposition to the treaty which received support from 34 Senators.² This is, of course, more than one-third. And if there is not the right kind of agreement, then we are in for trouble. Another point is that I was surprised at the bi-partisan nature of that resolution.

² Senate Resolution 301, sponsored by Senator Strom Thurmond (R-South Carolina), was introduced on March 29. See Document 38.

The Minister: Well, the position of the negotiators is very difficult. Each has to defend his country's interests, but both are committed to a new treaty so that as a matter of practice we have to take all elements in both countries into account.

The Vice President: Yes, I am sure you have no unanimity of view in your country, either, just as we do not in the United States.

The fact of the matter is, if we want a treaty, then we have to find an answer that satisfies two-thirds of the Senate.

The Minister: I understand that. This Government is willing to take the political decisions necessary to reach an agreement which we hope will be acceptable to the Congress. We have made a great deal of progress since we have stopped consulting the lawyers in our country.

The Vice President: Well, I am surprised we have gotten as close as we have on some very difficult issues.

The Minister: Yes, and we have done that despite the fact that there are 1.5 million negotiators in Panama—that is, the entire Panamanian population.

The Vice President: I suppose you have some very loud ones too. (laughter).

The Minister: We are convinced that we are now on the road toward achieving a just and equitable treaty. Of course, it is fundamental that the treaty include nothing that will cause conflicts between the two countries in the future.

The Vice President: I certainly agree with that. It is not in the interest of either side to have elements in the new treaty which would undermine our future relations.

The Minister: I believe that for the United States the best security for the Canal is to have friends on both sides of it.

The Vice President: There is no question about that. It would be a very, very unstable situation from our point of view if things were otherwise.

Let me be clear, Mr. Minister. I believe that the majority of our people basically want a solution to this problem. However, they of course do not know all of the details and many of those details are extremely difficult so the task ahead is going to be arduous.

The Minister: Mr. Vice President, my entire visit here has been very positive and useful and I intend to tell that to the President of Panama and General Torrijos. May I hope that you, Mr. Vice President, will on some occasion have an opportunity to visit our country. It would be a great honor for us.

The Vice President: I have been in your country once, for about 24 hours, on a Navy carrier passing through the Canal, and I would

like to go back some time. As you know, a very dear friend of mine, Congressman Bow, had been appointed Ambassador, but unfortunately died before he could arrive in Panama, and I had intended to visit him.

I wish you would convey my respects and my gratitude for that kind invitation to visit your country to your President and the Chief of Government. I would hope to be able to travel to Latin America once a few of the problems with respect to the Congress are solved.

The Minister: It has been a great pleasure for me to see you and I hope to have an opportunity to see you again whenever you are in my country.

38. Memorandum From Secretary of State Kissinger to President Nixon¹

Washington, April 22, 1974.

SUBJECT

Reply to Senator Thurmond's Letter on the Panama Canal

Senator Thurmond has written to express to you his strong opposition to any abandonment of U.S. sovereignty or jurisdiction over the Panama Canal (Tab B).² Specifically, he asks that we recede from the joint Statement of Principles signed with Panama on February 7; that we refrain from any transfer of property (such as Old France Airfield); and that we endorse his concept of adding a third set of locks to expand the present canal without negotiation of a new treaty. He notes that his Resolution in the Senate calling for continued U.S. sovereignty and jurisdiction in the Canal Zone was supported by 34 senators,

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 791, Country Files, Latin America, Panama, Vol. 3, January 1972–August 1974. Secret; Eyes Only; Completely Outside the System. Sent for action.

² Tab B is attached but not printed. The letter, dated April 3, reads: "The principles endorsed in the resolution [SR 301] are directly opposed to the Joint Statement of Principles which was signed by Secretary of State Henry Kissinger and Panamanian Foreign Minister Juan Tack recently in Panama City. Indeed, the resolution goes beyond the treaty situation, and opposes any erosion of sovereignty through administrative action, or legislation which evades the treaty process. Thus Senate Resolution 301 amounts to a massive vote of no-confidence in the present U.S. negotiating posture with Panama, and indicates that a treaty based upon the Joint Statement of Principles would lack the two-thirds majority necessary for ratification."

including the chairmen and ranking minority members of many Senate committees.³

Since signature of the Principles in February, Ambassador Bunker has continued negotiations with the Panamanians. These negotiations are still in their initial stages, however, and though the Panamanians appear to be serious in their desire to make progress, a treaty will take many months to complete. It is unlikely that it would be ready for Congressional action before December.

In addition to his objections to a new treaty, the Senator expresses concern over any erosion of sovereignty by legislative action—a reference to our expressed intention to seek Congressional authority to transfer to Panama two airfields in the Canal Zone which are no longer required by U.S. military forces. Draft legislation providing for the transfer of Old France and New France Airfields to Panama, which you approved in principle in December, is now being prepared by OMB.

Senator Thurmond's proposal to expand the Canal by constructing a third, parallel but larger, set of locks is strongly opposed by the Panamanians on its merits. Nor, based on our analysis, does it appear necessary in order to handle anticipated traffic over the next couple of decades. The Panamanians also insist that any expansion of the Canal must be subject to their final agreement.

Attached at Tab A is a suggested response to Senator Thurmond which stresses the similarity between your objectives and his, reassures him regarding Congressional participation on Canal matters, and offers to have me discuss the matter with him. If you agree, I will meet with the Senator and other concerned members in the interest of diffusing this opposition. As the talks progress, both here and in Panama, we will review our position and keep you advised concerning the substance and timing of further actions.

Recommendation

That you sign the letter to Senator Thurmond at Tab A. [Dave Gergen has cleared the text of the letter.]⁴

³ In telegram 65542 to Panama City, April 2, the Department reported that Thurmond's resolution was "essentially identical with the some 77 resolutions introduced in the House in opposition to relinquishment of US sovereignty in the Canal Zone." (National Archives, RG 84, American Embassy, Panama, Panama Canal Treaty Negotiation Files, Lot 81F1, Box 124, Treaty Negotiations, April-June 1974)

⁴ Brackets are in the original. Tab A is attached but not printed. President Nixon signed the letter; see Document 39. Also attached Tab C is a copy of Kissinger's December 24, 1973, memorandum to Nixon, Document 28.

39. Letter From President Nixon to Senator Strom Thurmond¹

Washington, April 22, 1974.

Dear Strom:

Thank you for writing to express your concern with regard to the Panama Canal negotiations.² I understand and share many of your views and believe that our fundamental objectives are the same—that the United States preserve its ability to maintain, operate and defend the Canal. The problem we face is how best to achieve this objective. Our recent efforts have been directed at reducing the hostile environment in which the Canal has been operating, without at the same time impairing our ability to control and to maintain the security of the Canal.

I believe that the unfortunate events of 1964 and rising nationalist sentiment in Panama make it obvious that without a basic minimum of consent and cooperation, we cannot operate the Canal effectively over the long term. We must also consider the Canal question in the context of our relations with the other nations of the Caribbean and Latin America, who tend to view this issue as indicating our basic attitudes towards dealing with them.

I fully recognize the importance of proceeding only with the cooperation and support of the Congress in this matter. There is no intention of evading the treaty process and I have given firm instructions that interested members of the Senate be consulted regularly as negotiations proceed.

The matter of limited transfers of property, including Old and New France Fields, remains under study within the Government. Any action proposed will be submitted as legislation, subject to full Congressional consideration and approval.

Your proposal for expansion of the Canal by construction of a third set of locks provides a serious alternative among those available to us for insuring adequate capacity in the future. There is some doubt, however, that growth of Canal traffic is likely to require expansion of present facilities for many years, and a great deal of study would be required before any decision could be made among the several proposals.

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 791, Country Files, Latin America, Panama, Vol. 3, January 1972–August 1974. Confidential; Eyes Only.

² See footnote 2, Document 38. Thurmond also wrote a letter to Bunker, dated January 15. (National Archives, RG 59, Central Foreign Policy File, P800111–1016)

Because of your concern on this important issue I have asked Secretary Kissinger to discuss it with you fully and to keep you advised as negotiations proceed.

With best wishes.

Sincerely,

Dick

40. Memorandum of Conversation¹

Washington, April 23, 1974, 6–6:30 p.m.

SUBJECT

U.S.-Panama Treaty Negotiations

PARTICIPANTS

Panama

H.E. Juan Antonio Tack, Minister of Foreign Affairs and Chief Treaty Negotiator for Panama

H.E. Nicolas Gonzalez-Revilla, Ambassador to the United States and Deputy Negotiator

United States

The Secretary

Ambassador at Large Ellsworth Bunker, Chief U.S. Treaty Negotiator

S. Morey Bell, Deputy U.S. Negotiator and Country Director for Panama

Interpreter Neil Seidenman

I. BACKGROUND

Latin American Foreign Ministers, disturbed at Senate Resolution 301 opposing concessions to Panama, unexpectedly raised the Panama issue at the Washington MFM.² In effect they asked: Is the Administration's negotiation with Panama not a sham, given a quantity of senatorial sentiment apparently sufficient to defeat any treaty?

¹ Source: National Archives, RG 59, Central Foreign Policy File, P860117–0646. Secret; Nodis. Drafted by Bell. The meeting was held in the Secretary's office. Brackets are in the original.

² The Meeting of Latin American Foreign Ministers took place from April 17 to 18 in Washington. Telegram 85239 to all American Republic diplomatic posts, April 26, provided an evaluation of the meeting. (National Archives, RG 59, Central Foreign Policy File, D740117–0803)

The Secretary deflected the ministerial aim during the meeting, then deflected it further by a surprise, midnight appearance at a Panamanian Embassy reception. At that reception the Secretary invited Minister Tack for a private talk in his office upon the Minister's return from the OASGA in Atlanta.³ His purpose was to acknowledge Tack's first visit to Washington in his capacity as Panama's Chief Treaty Negotiator.

II.

The Secretary: "Well, it must be a quiet day in Atlanta without the Panamanian Foreign Minister there! (Laughter)

"No, seriously—very good to see you. You were extremely good on Friday,⁴ and I appreciate it.

"Will you have a drink?"

Foreign Minister Tack: "To celebrate my being away from Atlanta? Not a bad idea." (Laughter)

The Secretary: "You know, I hope Bunker does not become confused with his Middle East and Panama missions. With his Soviet colleague in Geneva he has instructions to do absolutely nothing, and with you he has instructions to do absolutely everything. And he travels so much that confusion could result. (Laughter)

"And what are you drinking?"

Foreign Minister Tack: "Ellsworth, shall we have our Contadora drink?"

Ambassador Bunker: "I believe that would be fitting." (Laughter)

The Secretary: "Without the aphrodisiac, I hope. (Laughter)

"Tell me, what are those characters really doing in Atlanta? No, before that: I was wondering if the Ambassador [Gonzalez-Revilla] would like to rent his house. I need one, and it was lovely."

Ambassador Gonzalez: "Perhaps you could get it through the treaty negotiation." (Laughter)

The Secretary: "That would be too expensive and I couldn't afford it. Of course, I might sell some documents.

"Tell me, Mr. Minister, would you like to buy some documents? (Laughter) Just enough to pay for my house, naturally." (Laughter)

Foreign Minister Tack: "I wish to reiterate my invitation to you to visit Contadora. There is a house there for you. But only, of course,

³ The OAS General Assembly met in Atlanta from April 19 to May 1.

⁴ April 19. Kissinger headed the U.S. delegation in Atlanta. For his statements before the General Assembly on April 19 and 20, see the Department of State *Bulletin*, May 13, 1974, pp. 510–515.

when you demolish the people opposing you and come down to sign a new treaty." (Laughter)

The Secretary: "That's going to happen."

Foreign Minister Tack: "You asked about what is going on in Atlanta. First may I say that I thought your speech was very good. I especially liked your reference to the need for precise definitions for reorganizing the OAS."

"I want to add that Panama is going to act positively regarding that entity. But we have to face reality: the people in Latin America do not believe very much in the OAS, as it is. We think it is in your interests and Panama's to change it so that the Latins—and yourselves—truly believe in it."

The Secretary: "Frankly, I think it would be better if we were to keep these meetings of Foreign Ministers going. The only important work will be done in them, not in the OAS."

Foreign Minister Tack: "I agree absolutely. The informality of such meetings is what permits important work to be done."

The Secretary: "You know, those OAS procedures are so complicated! There are always people sitting behind me, pushing pieces of paper at me and telling me when to do what. Finally, I simply ignored them and broke protocolary rules, doing what I wished to do to accomplish things."

Foreign Minister Tack: "It was an excellent idea to break through the protocolary wall. Perhaps you noticed that I decided not to speak. I believe I was almost the only Minister who did not."

Ambassador Bunker: "You know, when I was in the OAS I had a system. I had an officer sitting behind me, who had instructions to the effect that when my head began to droop, he was to push against my chair and wake me up. It worked."

The Secretary: "I may try that."

Foreign Minister Tack: "Actually, we all spend a great deal of time criticizing the long speeches made in the OAS, then it turns out that those who are most critical are those who make the longest speeches." (Laughter)

The Secretary: "Take Chile. Over an hour!"

The Minister: "To be exact, an hour and a half." (Laughter)

The Secretary: "You know, it is very difficult to come to the end of a speech on history, and I swear that man was bent on giving us every detail of the whole history of Chile, including all the glorious details of the present government."

Foreign Minister Tack: "I myself had a lot to overcome on that count—I was a history professor, and I could give the longest speeches you can imagine!" (Laughter)

The Secretary: "You know, this sort of thing can be very discouraging. For audiences, anyway. (Laughter)

"I remember that at one point I was working for a President and we were visiting Ireland. And an American-citizen Irishman who had delusions of grandeur had us for what he called 'dinner'. Well, there were three hours of that dinner. But it did not end there: a musicale followed. Nor did it end there: we were exposed to an historical pageant. When the pageant got up to about the 17th century, I sneaked away and went to bed, about 3:30 in the morning. But the President had, of course, to stay on—until 4:45 AM. You know, he was so mad when he got away that he came and awakened me and yelled at me for 15 solid minutes!" (Laughter)

Foreign Minister Tack: "Speaking of hours, Mr. Secretary, Ambassador Bunker and I and our Deputies have just had a very valuable one and one-half hour discussion of both the substance and the procedures for the negotiation. I believe we have this undertaking going well."⁵

The Secretary: "Let me say this. I ask my colleagues in the Department to undertake something, and they tell me it will consume one month's time. Now, I do not believe that. In my experience, an undertaking is really completed in about one day—there comes a time in every negotiation when you find yourselves devoting just one day doing all the important work that is needed. So, all you have to do is to schedule that one day when you are going to complete this undertaking. (Laughter) No, seriously.

"Let me say this also. I think we may have arrived at a time when a breakthrough is needed. The longer this negotiating lasts, the greater the possibilities for the opposition in the Congress and elsewhere to mobilize.

"Now, frankly, my own personal position would be better if I did not have to be confronted with pressing this treaty through the mass of opposition. But, if we can do it, let's do it now . . . we all know what's needed . . . let us move forward.

"Besides, I can't get anything done in the Middle East if I can't get Bunker out of this Panama thing!" (Laughter)

Foreign Minister Tack: "Mr. Secretary, ten years have passed, and a mountain of paper has accumulated. But those years and that paper

⁵ In an April 23 meeting, Bunker and Tack discussed Congressional opposition to the Canal treaty, the content of upcoming negotiations, and educational efforts designed to teach Americans more about the new treaty. (National Archives, RG 84, American Embassy, Panama, Panama Canal Treaty Negotiation Files, Lot 81F1, Box 124, POL 33.3–2 Treaty Negotiations—1974, April–June)

have not contributed, on either side, to a clear perception of, as you say, 'What is needed.' We are at last getting that perception. I suppose you might characterize it as a philosophical one, but with a practical aspect to it. It is as simple as this: how do we integrate the two sets of interests: Panama's urge for sovereignty on one hand, and the United States' urge for protection of its vital interests on the other."

The Secretary: "That's it precisely.

"You realize, of course, that we have trouble in yielding 'sovereignty', because of the opposition. But if I can establish that we are getting in return the practical things we need, then I think we might get over the hurdle.

"One large piece of that hurdle is, of course, those people who live in the Zone. I have little sympathy on that score. Still, they are there. I sense that if we could get through a certain transitional period—if we could prove over a period that the 'Zonians' could live well enough under your sovereignty, then we would have the problem licked. Right, Ellsworth?"

Ambassador Bunker: "About the people in the Zone, I have talked with all their representatives, and what they are worried about, of course, is their personal security. I have tried to give them assurances that they will be protected, and shall keep doing so."⁶

The Secretary: "I believe we can meld our practical necessities, and that we can become partners in the Canal through this 'integration' process you speak of. Perhaps, then I might be permitted onto Contadora Island to sign the treaty." (Laughter)

Foreign Minister Tack: "May I suggest that one way of approaching this 'integration' problem is for the negotiators to proceed, through a process of elimination, to pinpoint what the U.S. needs and what it does not need to protect its interests in the Canal. You, and many others, know that there are a number of United States activities in the Zone which have no real bearing on the United States' true interests."

The Secretary: "For example?"

Foreign Minister Tack: "For example, uniformed American police giving private Panamanians traffic tickets."

The Secretary: "I agree absolutely. This sort of thing we can find practical solutions for. That is ridiculous.

"What about the terminal date of the treaty? Is that a problem for the breakthrough?"

Ambassador Bunker: "Yes it is, and for that reason the Minister and I have agreed to tackle that issue last."

⁶ See footnote 6, Document 31.

Foreign Minister Tack: "We must address it at the last, for otherwise the negotiations would not move forward at all. We would come to a dead stop on that."

The Secretary: "What schedule do the two of you have in mind?"

Ambassador Bunker: "The Deputies are now consolidating the major issues and . . ."

The Secretary: "I suppose the Deputies work on that island, too. (Laughter) Would that I could get my negotiations located on an island resort." (Laughter)

Ambassador Bunker: "And, we have an understanding that we would not wish to present a treaty to the Congress during this session."

The Secretary: "Absolutely, definitely not."

Ambassador Bunker: "In fact, we have seen the Vice President recently, and he has told us to go slowly for now, but to expedite the treaty matter in 1975."⁷

The Secretary: "Is the Vice President supporting this?"

Ambassador Bunker: "Yes."

The Secretary: "That is good. That will help. Then all you have to do is convince the Secretary of State, and you have the thing made. (Laughter) Perhaps it would be well to present the treaty in the first part of next year's sessions."

Foreign Minister Tack: "I must say, Mr. Secretary, that I am convinced that we can have something, a first draft, by the end of the year."

"You know, some people think we are going very slowly, but they do not understand how we are working, and I am certain we are doing it the right way. I think we shall be going very strongly after May."

The Secretary: "The way I see it, we do not wish to provoke a tremendous debate in the Congress and in the country for nothing. There are elections coming up, and I rather think more liberals than conservatives will be elected. So these elections will place your treaty in a much better position."

Foreign Minister Tack: "I understand what you mean, and I certainly hope so."

The Secretary: "That is the kind that requires a two-thirds vote, right?"

Ambassador Bunker: "Yes."

Foreign Minister Tack: "Ambassador Bunker and I will be meeting again in late May and . . ."

The Secretary: "On the island, I presume." (Laughter)

⁷ See Document 35.

Foreign Minister Tack: "Yes."

The Secretary: (To Ambassador Bunker) "A national disgrace! You know, I had so many applicants for the Middle East job, and I picked Bunker. But he didn't really want it, and . . . Ellsworth, how many times have you been in the Middle East and Panama?" (Laughter)

Foreign Minister Tack: "The work of the Deputies is extremely important. Many people do not understand this, or the way we are working generally, and perhaps it is best that they not understand it."

The Secretary: "I agree. You have to take the necessary time, and you have to maintain the good will you have both obviously developed. Ellsworth, are you confident this is the way to do it . . . are you content?"

Ambassador Bunker: "Decidedly."

The Secretary: "OK!"

"Pay no attention to this device attached to me. You know, they're making a television special on me, and wiring me for sound. I assure you I am not taping this conversation. (Laughter)

"Seriously, I want you to know I am totally behind this reaching for agreement. I want to reaffirm to you privately what I said the other day to the Ministers. Moreover, do not be too concerned with the votes in the Congress. What some members will do today, they would not do with a treaty in front of them."

Foreign Minister Tack: "After what you have said, and what we learned at breakfast the other day with the two Senators, we believe the Senate is not the problem we had thought it to be.

"Now, Mr. Secretary, I know your time is limited, and I believe you should pass from one canal to another (laughter), so we shall take our leave."

The Secretary: "Mr. Minister, anytime you are in Washington I would like to see you. Ellsworth, will you see to that?"

41. Memorandum of Conversation¹

Washington, May 10, 1974, 10:45–11:30 a.m.

SUBJECT

Present Attitude in Congress toward Treaty with Panama

PARTICIPANTS

Congressional Side

Chief Legislative Assistant to Senator Helms (North Carolina)—
Dr. James P. Lucier

Department of Defense Side

Deputy Secretary of Defense—William P. Clements, Jr.
Assistant Secretary of Defense (ISA)—Amos A. Jordan (Acting)
Deputy Under Secretary of the Army—Henry L.T. Koren
Deputy Assistant Secretary of Defense (Inter-American, Foreign Trade Disclosure
and Military Rights Affairs)—Robert F. Corrigan
Director, Inter-American Region, ISA—Major General George M. Wallace
Director, Foreign Military Rights Affairs, ISA—Philip E. Barringer
Assistant for Panama Canal Treaty Affairs, ISA—Colonel Trevor W. Swett, Jr.
Chief, Western Hemisphere Division, OJCS—Colonel Charles D. Corbett
Assistant to the Deputy Under Secretary of the Army for Canal Zone Affairs—
Colonel Ben L. Walton
Military Assistant to the Deputy Secretary of Defense—Lt Col Peter M. Dawkins

1. *History of US-Panama treaties in Congress*

Dr. Lucier cited the poor track record in Congress with respect to treaties with Panama, emphasizing that Congressional reaction to the 1967 draft treaties made it inexpedient for them to be submitted to the Senate, and pointing out that the wording of the recently initialed principles portends a treaty even more favorable to Panama than the 1967 versions.²

2. *Degree of Control over Canal Retained by US*

Dr. Lucier stated that the real problem for Congress is the degree of control over the operations and defense of the Canal to be retained by the US. He indicated that he understood the constraint under which the Department of Defense operates, in view of the State Department blue-print for the new treaty, comparing the Defense role to fighting a rear guard action.

¹ Source: Washington National Records Center, RG 330, OSD Files, FRC 330–78–0011, Panama 821 1974. For Official Use Only. Drafted by Swett on June 19; approved by Corrigan. The meeting took place in Clements' conference room.

² See *Foreign Relations*, vol. XXXI, 1964–1968, South and Central America; Mexico, Document 439.

3. *Statement of Principles*

Dr. Lucier focused upon the Statement of Principles which the Secretary of State initialed in Panama City on 7 February, evincing a strongly conservative point of view in attacking each of the eight principles on grounds that they were wrong and based on false assumptions.³ The following summarizes his views on each:

—*Principles 1 and 2*: Same as first two principles against which 1971 draft treaty was developed.⁴

—*Principle 3*: The rate at which Panama takes over the Canal is the only thing we are now negotiating.

—*Principle 4*: The use of the term “Panamanian territory” is an implied assumption. Senator Thurmond strongly believes that the Canal Zone is not Panamanian territory; that the US has sovereign authority there; and that Panama has residual authority, except that Colombia should have first claim to the territory if we get out. This entire matter should be a negotiating chip.

—*Principle 5*: Who decides what constitutes a “just and equitable share”?

—*Principle 6*: Panamanian citizens are now to be in administrative positions. Under no circumstances should we have two governments involved, and thus a split administration, which is unworkable.

—*Principle 7*: With Panamanian participation in the defense of the Canal, again there is split responsibility which is worse in the context of defense than in administration of the Canal.

—*Principle 8*: A sea level canal is absolutely impractical. It would be too expensive, and a new treaty would not provide sufficient U.S. control. The Sea Level Canal Study provided inadequate treatment of the ecological hazards. We should modernize the current canal.⁵ In this instance, however, we are negotiating for something we already have.

General Comments

Dr. Lucier feels that all eight principles are wrong and are based upon false assumptions. Specifically:

—The State Department is misreading the strong opposition in Senate against a treaty based upon these principles.

³ See Document 32.

⁴ See footnote 4, Document 2.

⁵ See *Foreign Relations*, 1969–1976, vol. E–10, Documents on American Republics, 1969–1972, Document 541.

—More than the present 35 Senate signatories are expected to endorse the recent Thurmond resolution in support of continued, undiluted U.S. sovereignty and jurisdiction over the U.S. owned Canal.

—Unless the State Department alters its present course and accepts the realities of the climate in Congress, it will collide, head-on, with the Senate. If this happens, the situation could become serious in Panama, because of the present euphoric negotiating climate and subsequent frustration if negotiations falter.

—The only viable alternative to a collision with the Senate is for the Administration to support the expansion of the Canal capacity by the TERMINAL LAKE—3RD LOCK PLAN which Senator Thurmond introduced in the Senate (Congressman Flood introduced a similar bill in the House).⁶ This proposal is still the cheapest, most effective way to modernize the Canal without requiring a change in the boundaries of the Canal Zone or a new treaty.

4. *Dr. Lucier's Comments on Ambassador Bunker's 19 March Speech and Related General Observations*

—There is considerable disagreement in Congress with this speech.⁷

—The real U.S. interest is in continued operation and defense of the Canal by the U.S.

—It is the manner of our presence in the Canal Zone which causes friction rather than U.S. presence per se.

—Our ability to remain in the Canal Zone rests upon the consent of the Panamanian people. We cannot negotiate our required presence unless the U.S. has true sovereignty.

—If a new treaty is negotiated along the lines indicated by the principles, the Canal operation will suffer from the instability of the Panamanian Government. Rivalries for power will result in attempts to undermine the Canal operation by anti-American agitation. There will be efforts, through internal Panamanian Government discussions, to speed up the economic benefits to Panama. The Canal will be prone to external attack by enemies of the U.S. attempting to control the Canal; by subversive attempts within the Government of Panama (GOP) to destroy the Canal operation; and by the resultant U.S. reaction by force, which would demonstrate brutality on the part of the U.S. as well as

⁶ In 1973, Thurmond introduced the "Panama Canal Modernization Act" (S.2330), which discussed a Third Locks Project and was distinct from the later Senate Resolution 301. The bill was referred to the Senate Committee on Armed Services on August 2, 1973.

⁷ Bunker addressed the Center for Inter-American Relations in New York. For the text of his speech, see the Department of State *Bulletin*, April 29, 1974, pp. 453–457.

ineptness on the part of the GOP. Additionally, the U.S. Government will be under pressure to control the GOP, causing further unrest.

—In sum, the solution advocated by Ambassador Bunker will cause significant instability.

5. Response by DOD Personnel

—In reply to Mr. Clements' question whether he agreed with Dr. Lucier's views, Ambassador Corrigan admitted that, as a citizen, he shared some of the misgivings over the principles enumerated by Dr. Lucier. He emphasized, however, that we worked for the President, were responsive to his directives, and within those parameters, should see what kind of a mutually satisfactory treaty could be worked out.

—Mr. Koren, DUSA, described Dr. Lucier's opinion as being at point "A" on an "A" to "Z" spectrum. He stated that the other end would describe the 1903 treaty and the current Canal Zone arrangements as anachronistic. This viewpoint, Mr. Koren observed, holds that some change in the U.S.-Panamanian relationship is necessary, for circumstances could develop whereby the Panamanians could make it impossible for us to run the Canal.

—Colonel Corbett, JCS, pointed out that the current Kissinger approach to the new treaty is part of a grand design for the world and the Western Hemisphere.

6. Further Comments by Dr. Lucier

—The current Kissinger approach will exacerbate our currently less-than-satisfactory relations with Latin America.

—An alternative which would gain the concurrence of the Panamanians and simultaneously receive Latin American approval would be a Third Locks modernization plan.

—This modernization plan would enhance the economic development of all Panamanian sectors.

—We should keep sovereignty over the Canal Zone but revise Canal Zone governmental arrangements based upon a Home Rule proposal with self-determination by Canal Zone residents.

7. Response by Deputy Secretary of Defense Clements

—Directing his comments to Dr. Lucier, Mr. Clements pointed out that the Department of Defense was the wrong audience; that he should do his missionary work with State Department officials; and that the Pentagon has no desire to give up anything in the Canal Zone, but we in the Department of Defense are not sure that we have a choice.

—Mr. Clements volunteered to call Deputy Secretary of State Rush and arrange for a briefing at State similar to that which Dr. Lucier provided DOD officials.

8. Closing Comments by Dr. Lucier

—Senator Thurmond’s position is not one of intransigence; he does not consider Panama or any of our Latin American neighbors to be “banana republics” and he does not advocate “gunboat diplomacy.”

—Dr. Lucier would appreciate a call to Deputy Secretary Rush by Mr. Clements suggesting a similar briefing for selected State Department personnel as the State Department should also be aware of Congressional positions.⁸

⁸ No record of a call has been found.

42. Backchannel Message From the Governor of the Panama Canal Zone (Parker) to the Deputy Under Secretary of the Army (Koren)¹

Balboa Heights, Panama Canal Zone, May 22, 1974.

PNA 384. Subj: GOP Closure of Canal Zone Customs and Immigration at Tocumen Airport.

1. This is a preliminary report of action by the Government of Panama the evening of May 21 to deny Canal Zone Customs and Immigration Officers access to Tocumen International Airport in violation of Article XVII of the 1949 Aviation Agreement which provides for U.S. exercise of control, inspection and processing of passengers, cargo and mail destined for the Canal Zone.

2. About 2300 hours May 21 the Canal Zone Customs and Immigration Officer on duty at Tocumen was asked to come to the VIP lounge at the airport because Panamanian Foreign Minister Tack wanted to talk with him. (Tack had just arrived from New York aboard Pan Am Flight 223.) Speaking rapidly in Spanish, Tack was understood to have said that the inspector was to leave the airport right away. When the inspector expressed surprise and asked the reason Tack was under-

¹ Source: National Archives, RG 185, Subject Files of 1979 Panama Canal Treaty Planning Group, Box 5, Messages—Jan to Jun 1974. Confidential; Exdis; Eyes Only; Priority for Transmission—Deliver Upon Receipt. Repeated to the Ambassador to Panama, USCINCSO, and the Secretary of the Panama Canal Company.

stood to have said something about courtesy and that he should check with the US Embassy.

3. The Canal Zone inspector returned to his office in the Tocumen terminal and reported the situation to his chiefs in the Customs Division. He was instructed to speak with Foreign Minister Tack again.

4. The inspector then went to the VIP lounge, knocked on the door, and entered. Excusing himself, the inspector asked Tack if what he had said previously applied only to him or to all other Canal Zone inspectors. Tack immediately answered, "All the inspectors." During the last ten minutes or so before departing the terminal, the inspector noted several members of the National Guard observing whether he was leaving.

5. The Guardia Nacional security office at Tocumen Airport has confirmed that they have been ordered not to permit Canal Zone Customs and Immigration Officials to function at Tocumen. A GN security official explained the order had been issued because Ambassador Tack had been treated discourteously by United States "customs officials." Since midnight May 21 there has been no Canal Zone inspector at Tocumen.

6. Ambassador Jorden has been informed and will take the matter up with Foreign Minister Tack immediately. Embassy has informed Panama Desk and has asked State to track down basis for Tack's charge that he was treated discourteously by U.S. officials at any time during his trip to the United States. It is believed that if any incident occurred it probably involved airport security check at New York.² Neither the Embassy nor State had previous knowledge of Tack's complaint of mistreatment.

7. During period December 13-23, 1971, GOP usurped baggage inspection function over passengers destined for Canal Zone in reaction to Congressman Murphy's charges of GOP laxity in narcotics control. At that time problem was resolved through influence of local heads of Pan Am and Braniff after I discussed possible necessity of requiring airlines to use Howard Airfield for discharge of Canal Zone destined passengers. (See my CZG 1523 of 23 December 1971.)³

8. Follow-up report will be made when results of Ambassador Jorden's meeting with Tack are known. Warm regards.

² In telegram 3017 from Panama City, May 25, the Embassy reported that Tack was upset that customs authorities in New York forced him "to pass through metal detector three times." Tack then added he was "happy to forget the whole thing." (National Archives, RG 59, Central Foreign Policy File, D740132-0414)

³ Message CZG 1523, December 23, 1971, discussed Torrijos' interference in customs procedures at Tocumen Airport. (National Archives, RG 185, Subject Files of 1979 Panama Canal Treaty Planning Group, Box 5, Msgs Oct. to December 1971)

43. Transcript of a Briefing by the Deputy U.S. Negotiator (Bell)¹

Washington, May 28, 1974, 5 p.m.

I. INTRODUCTION

In faithful reflection of the Contadora Island style of negotiation which the distinguished chief negotiators have chosen, this briefing will be warm, candid, informal, and rambling.

I have a lot of notes here for two reasons.

First, because I want to address myself specifically to a number of questions that have been raised—and a number of fears that have been voiced.

Second, because we have now completed the first stage of the negotiation, and are entering the second. Some refer to it as the “feature attraction.” Perhaps it is rather more accurate to refer to it as the main bout. I would like to set the stage for it carefully.

My remarks break down generally into three categories:

1. Comments on the last round of talks in Panama.
2. The philosophy and tactics underlying the future of the negotiations.
3. How this government should prepare itself for that negotiating future.

II.

The last round of talks in Panama.²

A. *The telegraphic traffic presented the picture.*

—we completed the “preliminaries” with the agreement on the major issues that flow from the Principles.

—these are a neutral statement of the issues.

—more importantly, they were arrived at jointly. The fact that they are a joint product is encouraging because this has been helpful for

¹ Source: National Archives, RG 84, American Embassy, Panama, Panama Canal Treaty Negotiation Files, Lot 81F1, Box 124, Treaty Negotiations, April-June 1974. Confidential. The briefing was held in the Panama Room at the Department of State. A list of participants was not attached.

² Deputy Negotiators Bell and Gonzalez-Revilla began meeting on Contadora Island on April 29. Status reports on the talks are in telegram 2564, May 6; telegram 2621, May 8; telegram 2708, May 11; and telegram 2756, May 15, all from Panama City. (National Archives, RG 59, Central Foreign Policy File, D740108–1100, D740112–0579, D740116–0297, and D740119–0905) The last report noted that the two sides had agreed on a “major-issues” paper prepared by the Deputy Negotiators dated May 10.

Gonzalez-Revilla. That leads me to comment on Gonzalez-Revilla. He is a reflection of General Torrijos, not Tack. That is, he is Torrijos' man. That Tack would accept a product to which Gonzalez-Revilla made a heavy contribution is significant.

B. I would like to make two comments on this last round of talks.

First, Panama has continued to demonstrate a particular sort of approach to the negotiations. I want to define this approach with some precision, lest there be any erroneous impressions:

a. It is a *flexible* approach—but not necessarily concessional:

—they are willing to *debate*, even change their positions. For example, Panama has withdrawn its demand for inclusion of civil and criminal jurisdiction as a major issue. We have not observed that willingness to debate, to change, in quite a number of years.

b. It is an approach which reflects an increasing sense of practicality—a sense of what will, and what will not, work in the real world.

—that is not to say that the Panamanians are off their sovereignty trip—they will be on that forever.

—but, they are beginning to perceive that sovereignty will not be diluted in unacceptable ways by agreeing to practical working arrangements with the United States, on a transitional basis.

—An example of this practicality: the Panamanians have agreed to accord “use” rights to the United States. This is an almost unprecedented action by the Panamanians—one which the negotiators consider to be a major breakthrough. It represents a practicality that we have not observed before.

c. It is an approach that hinges—I repeat, hinges—on the continuation of the style of negotiation Ambassador Bunker has established: the *informality*, the *plain talk*, the *friendliness* which he has offered the Panamanians.

—These things diminish the intensity of what I call the “*fright factor*”—the fear the Panamanians have of our power . . . of our expertise . . . and of our motivations. This fear has done great harm to past negotiations.

—Any reversion to the more formal style of negotiation, whatever its merits, could cause an intensification of the “*fright factor*” that could be a cause for failure of the negotiations.

d. It is an approach which reflects, in my judgment, a firm decision on the part of Panama to conclude a treaty as promptly as possible.

—We have not observed this determination to conclude a treaty on the part of the Panamanians in the recent past.

—I sense it is because Torrijos wants a treaty—and that it doesn't have to be a 100% Panamanian treaty.

e. In sum, it is an approach with which the United States can work. It is an approach which we can exploit, and are doing so.

But it takes an effort on our part to respond as the Panamanians come along; we must persistently tailor our own approach to their approach.

Let me illustrate how the Panamanians are coming along. I raised with Gonzalez-Revilla the question of a Panamanian concession to show Panama's good faith in the negotiations. Until now, I said, all Panama had done to show its good faith was maintain a good climate for the talks. I thought that now would be a good time for Panama to go beyond this. I suggested some ideas on what I thought would be reasonable concessions. A short time later I received a message from Gonzalez that Panama would recede from its demand for control over schools and hospitals in the Zone while U.S. citizens were still there. Panama regards this as a major concession.

My second comment on the last round of negotiations concerns the problems and awkwardness for the United States of negotiating in Panama, on an isolated island, many miles away from Washington.

—I am afraid that is an awkwardness that we must bear:

—Washington must bear the negotiators' seemingly unreasonable and intemperate demands for prompt comments on positions.

—The negotiators must bear Washington's seeming sluggishness in responding.

—But the U.S. can bear this inconvenience. Panama, limited in its negotiating skills, still frightened, gun-shy, cannot.

One point here, at the risk of seeming to indulge in the traditional whine of negotiators:

—there has to be a recognition that

a. the negotiators are in fact *negotiating*. As the Secretary said during his October 5 meeting with the Foreign Minister in New York, "We cannot impose our will, and neither can you extort from us."³ The negotiators will not impose the U.S. will on Panama. We are bargaining, and we will try to obtain the maximum, but we will not get *everything* we want.

b. There will be times when we cannot accept suggestions we receive from Washington. On these occasions, please remember that we are not *always* wrong. For example, in the last round, there was one suggestion regarding one issue, which, if we had accepted it, would have had serious implications for our position in another issue.

³ See Document 21.

c. We will make errors, or I should say, I'll make errors. (The Chief Negotiator does not make errors.) But we will count on Washington's *help* when we do so.

III.

I would now like to turn to my second major topic, the philosophy and strategy underlying the negotiating future. There are a number of points to be made:

A. First, with respect to guidance.

The negotiators are operating solely on the basis of two pieces of outstanding guidance:

1. The presidential instructions contained in the NSDM's,⁴ and
2. The agreement on "Principles."

—There is no furtive guidance from the Secretary or the President.

—There are no furtive covenants with the Panamanians.

If anything is new, it is that the Secretary has made clear that he and the President want an *equitable treaty*—and *promptly*.

If Ambassador Bunker ever considers that a change in guidance is necessary, he will recommend it in the established channels. Then the interested agencies will fight it out—openly—and the President will decide.

B. Second, Ambassador Bunker intends to adopt a particular approach to the negotiations:

1. It will be "careful, methodical, but with all deliberate speed."

2. We will proceed from the general to the particular, carving out areas of conceptual agreement. We will move layer by layer, carefully. This is necessary because:

- a. it educates the negotiators on both sides,
- b. it reduces Panama's fright factor, and
- c. it draws Panama into a net of agreements.

C. Third, with respect to congressional opposition:

In Ambassador Bunker's view, we:

—cannot negotiate with the fear of a defeat in mind, but

—We have to be persistently attentive to the opposition.

⁴ See footnote 5, Document 18. Additionally, on June 10, 1974, President Nixon issued NSDM 257, which mandated "giving close attention to negotiations with Panama, continuing them in the spirit characterized by the negotiation of the Statement of Principles signed on February 7." (National Archives, Nixon Presidential Materials, NSC Files, NSC Institutional Files (H-Files), Box H-248, National Security Decision Memoranda, NDSM 257)

—As far as possible, we want to build up support for our position on both the public and private level.

—We want to do this in a low key now. We want to avoid premature battle now and save our campaign for selective use when we have a treaty in sight.

—In this regard, we have done some analysis concerning the Thurmond resolution.⁵ Of the 34 sponsors, some will be retiring, some can be otherwise persuaded, and some are up for reelection. We believe that there is a hard-core of about 16 or 17.

D. My fourth point has to do with timing.

The response: who knows when we'll have a treaty?! The GOP would not be unhappy with a first draft by the end of the year. Neither would the U.S. negotiators. A lot depends upon the reactions of the Panamanians. It also depends on progress we make in the talks and also on getting Ambassador Bunker out of the grasp of the Secretary. Certainly it is in the realm of possibility. We are also mindful of the Vice President's advice that a treaty should be presented for ratification in the first half of 1975.

IV.

I would now like to turn to my last topic: how the U.S. should prepare for the negotiating future.

A. We think that the idea of a staff support group, made up primarily by members from State and Defense, would be useful. Our idea is that the group would be a "think tank" for the negotiators. It would bring together individuals who are closely involved with the negotiations to analyze identified problems, present creative alternatives, and prepare working documents as needed. The members would be independent of their agencies, but would refer the results back to their agencies.

The basic group will consist of 4 representatives each from State and Defense, and I will serve as chairman. In my absence there will be an administrative chairman representing the negotiators. Individuals with expertise on particular issues would be invited to work with the group from time to time. While the group will not make policy decisions, it will be expected to speed the eventual coordination process by indicating to the negotiators the possible reaction of the bureaus and agencies from which its members are drawn. The first meeting will be tomorrow, May 29, at 3 p.m. in our new conference room.⁶

⁵ See Document 38.

⁶ The account of what might be the May 29 Staff Support Group meeting is in the National Archives, RG 59, Ambassador Bunker's Correspondence, Lot 78D300, Box 1, Negotiating Round (Deputies) May 1974. Meeting participants included Koren, Corrigan, Wallace, Low, Bowdler, and Bell.

B. One of the first orders of business for the group will be to analyze the range of U.S. positions on each issue in order to assist the negotiators in deciding on the first issue for substantive negotiations.

We need to arrange the issues in a sequence which affords the highest probability of initial agreement.

Panama has already suggested jurisdiction.

We might want to start with a consideration of U.S. rights.

Defense has suggested that we begin with an examination of Panamanian participation in administration.

We should keep in mind, though, that we might want to start with another issue.

The staff support group should consider that question promptly. I would hope that there would be a decision before mid-June for use during a possible trip by Ambassador Bunker at the end of the month.⁷ I should add that I expect that the group will meet daily.

V. CONCLUSION

Someone has asked me what sensations I have respecting the chances that we can conclude a mutually satisfactory treaty with Panama. I have some hesitancy in speaking of those sensations because in such cases one's words almost inevitably tend to turn out to be famous last ones.

But, having said that, let me say that, looking at the past, one has to be pessimistic. Looking at the present, one has to be optimistic. The present negotiators are trying to strike a fine balance—and I hope that they have. We realize that it requires hard work, but we can't be negative. Thus, I believe that a satisfactory treaty is definitely possible—and possibly sooner rather than later.

I attribute this sensation to the application of Bunkerian skills and charms to what is, for the Ambassador-at-Large, only the most recent in a long string of bouts gauged as being impossible to win.

The Ambassador recently celebrated his 80th birthday. I ask you to join me in a birthday salutation, in absentia, for health and a long life.

I'll take questions now.

Brian Bell (ARA/PAF): Why do you think Panama now wants to reach agreement with us on a treaty? What's in it for Panama now?

Answer: Torrijos has apparently made up his mind that now is a propitious time for Panama to accept a treaty with the United States. We must remember that his is a simplistic mind—I believe he feels

⁷ Bunker was in Panama for negotiations from June 26 to 29. See Document 47.

that at the present time Panama will be able to get as much as it ever will from a new treaty.

Steve Low (NSC): Considering your comments on Panama's willingness to maintain a good negotiating climate, how do you interpret Panama's initiatives in the International Telecommunications Union (ITU) and the Universal Postal Union (UPU)? (Note: Panama has raised in international meetings of these organizations the question of Panamanian sovereignty in the Canal Zone.)

Answer: The United States and Panama have a sort of gentlemen's agreement for the duration of the negotiations. We recognize that Panama needs to maintain the international support it has on the Canal issue and that it will seize any chance it has to publicize its position. We have told the Panamanians that we understand their need to do this. But we have warned them not to press these issues, except in those cases where it doesn't hurt the United States from a substantive point of view. I have told Gonzalez-Revilla not to press these types of things to a vote. Panama must not be overly provocative.

Question: Then Panama won't push the ITU and UPU issues to a vote?

Answer: We don't know yet for sure.

Col. T. Swett (DOD/ISA): Do the issues that have been discussed recently in the PRC also fall within this "gentlemen's agreement?"

Answer: Yes. In this regard, I think that the mini-PRC is a good sign. At least I sense this in the squatter area. However, it is the kind of thing we will have to learn to live with. Tack realizes that some of this can be counter-productive with the Congress. His last trip here opened his eyes to this.

Dick Bloomfield (ARA/PLC): We know that the United States Government doesn't always act in a rational, coordinated manner, and yet we assume that other Governments do. Couldn't this be the case with Panama?

Answer: Well, we must admit that Torrijos' own left hand doesn't know what his right hand is doing. The Panamanian Government certainly doesn't display close coordination.

Question: I think we should take this factor into account when faced with these apparent harassing actions.

Answer: I hope we can.

Brian Bell (ARA/PAF): I still have questions about why Torrijos feels at this time that it pays to settle with us.

Answer: To really know the answer requires getting into Torrijos' mind. Perhaps it is because he feels so secure in his domestic position. I also have the feeling that he is bored with government and will want to turn over the reins. However, he wants a treaty during his tenure,

so he is willing to get what he can now. I also sense that he's bored with the negotiation. It is too massive, too complex for him to grasp.

Dick Howard (ARA/PAN): Don't you also think that the appointment of Ambassador Bunker also raised Torrijos' expectations that the two countries could reach agreement now?

Answer: I think that that may have been a factor. Perhaps because Ambassador Bunker's appointment reduced what I earlier called the "fright factor", the Panamanians are less reluctant to reach an agreement. I must say that Torrijos was terribly impressed by Ambassador Bunker's nomination.

Question: What assurances do we have that the hard-liners won't be successful in torpedoing the efforts of the moderates?

Answer: Torrijos and Tack have made a decision to negotiate politically. All other advisors have been isolated. The hardliners are without a power base; they do not have sufficient popular appeal.

Barney Koren (ODUSA): Could you be more precise about the next phase of the negotiations? What do you expect will come out of the next round?

Answer: One thing we will want to do is see how our positions fit into the framework of the 8 principles. As I view it we must arrive at "threshold agreements". By this I mean general statements of how the negotiators will want resolution of the issues to go. These will be used by the treaty drafters in writing the actual treaty language. The threshold agreements won't be the actual language itself.

Jeff Smith (DOD/JAG): Given the complexity of the issues, can we have a simple treaty by the year's end and would we want to table before the Congress a simple treaty without annexes?

Answer: In previous negotiating phases, the United States has always expressed its desire for a simple treaty and the Panamanians have wanted all the details written in. Now when the Panamanians say that they want a simple treaty, the doubts about the wisdom of this come from elements of this government. I believe that there will have to be some annexes. The Foreign Minister has said that there should be some, but he also said that they too should be simple. I think that the Panamanians have moved to the idea of a simple treaty because for the first time in the negotiating history they believe that they will have participation in Canal activities.

George Wallace (DOD/ISA): In this regard I just want to warn that we proceed with caution. If we have a simple treaty, then we should have as many of the differences between us as possible written down on paper.

Answer: As I indicated to you at lunch, George, our approach will have to be geopolitical. If we confront the evils now, it means we will

not get a treaty. It may be hard for us if we postpone meeting the evils until later, but it gives us a chance to get a treaty.

Ben Walton (ODUSA): Will Ambassador Bunker go to the Under Secretaries Committee if he feels we need to rewrite the U.S. position?

Answer: As I stated earlier Amb. Bunker is operating on the basis of the existing guidance in the NSDM's and the 8 principles. He will carefully consult with all agencies of the U.S. Government as he proceeds in the negotiations.

Charles Corbett (DOD/JCS): To what extent will the United States be able to influence whether it will be a simple or a complex treaty?

Answer: We have to be careful how we approach this, since we could scare the Panamanians off. I think we can get a simple treaty with a number of annexes. If we make a contribution in the matter of providing Panamanian participation in administration, the Panamanians will be more accommodating, mainly in permitting us what we need for operations. I don't think that defense rights will be a major hurdle, provided we find the right trappings.

Barney Koren: I would just add that that depends upon the art and skill of the negotiators.

Answer: I fear it does. Wish us luck.

44. Memorandum From the Panama Negotiations Staff Support Group to the Deputy U.S. Negotiator (Bell)¹

Washington, June 6, 1974.

Panama Negotiations: Subject Matter of First Substantive Discussions

In accordance with your request, we have considered the relative merits of beginning substantive talks with (a) the issue of jurisdiction, (b) questions concerning jurisdiction and United States "use" rights combined, or (c) the matter of Panamanian participation in the administration of the Canal by the United States.

¹ Source: National Archives, RG 185, Negotiating and Planning Records for 1977, Box 2, Neg. Talks aka Dep. Deg. Talks 3-74 to 3-75. Confidential. In the upper right-hand margin, an unknown hand wrote: "EPS— [illegible]—. Given to me by Mike Kozak. P."

We have concluded that participation should be the first topic for substantive discussion. The following factors are fundamental of this conclusion:

1. The primary objective in selecting a topic for the first substantive talks on major treaty issues is to discuss a subject area which will be mutually productive and conducive to enhancement of negotiations.

2. The first round of substantive talks will be exploratory in nature, and will therefore concern basic concepts rather than specific formulae.

3. The possible U.S. positions concerning Panamanian participation reflected in the attached paper will be approved by the U.S. negotiators after consultation with the interested agencies and bureaus within the U.S. Government.²

4. The established style of negotiation does not require that all major issues identified under a particular principle be addressed together, but rather will permit issues to be addressed in the order most convenient to the negotiators. In this regard, it is assumed that the negotiators will not necessarily exhaust a particular issue (i.e., reach a "threshold agreement") before moving to another, but may discuss a number of issues at the conceptual level before entering into more detailed discussion of any one of them.

The advantages and disadvantages of the options presented, as we view them, are as follows:

Option 1: The question of all aspects relative to jurisdiction.

Advantages

1. Might be possible to separate out for independent discussion any one of the five basic categories of jurisdiction involved (i.e., criminal, civil, police, private enterprise and legal rights of US agencies), thus narrowing the scope of discussion to a manageable level.

2. Might permit the U.S. to demonstrate an accommodating attitude at the outset of substantive talks on an issue of overriding importance to Panama and might encourage Panama to reciprocate on other issues of importance to the U.S.

3. Would constitute a positive response to Panama's initial statement of preference for this as the first substantive issue to be addressed.

Disadvantages

1. Would require the expenditure of significant U.S. concessions, without providing us the opportunity to seek substantive Panamanian concessions in return.

² In the lower right-hand margin, an unknown hand wrote: "No Group."

2. Would risk the possibility of reaching an impasse at the outset. Might be faced with previous Panamanian hardline, inflexible positions and therefore the choice of leaving the issue unresolved in principle (and hanging heavily over discussions of other issues) or of making unacceptable concessions.

3. Is a very complex issue and has not been recently reviewed. These issues could be discussed in only the most general and vague way.

4. Even if we attempt to separate out basic categories, Panama may force us into a discussion of other issues such as lands and facilities.

Option 2: Same as Option 1, but expand scope of discussion to include the question of the “use” rights which Panama will confer upon the United States to enable it to carry out the functions provided for in Principle 6.

Advantages

1. Would permit a balanced discussion of possible trade-offs between matters of importance to each party.

2. Fairly positive response to Panama’s proposal.

Disadvantages

1. Probably impossible to prepare for in short time frame available (i.e., with respect to some complex categories of U.S. rights, notably defense, the process of identifying our objectives within the U.S. Government may not be completed for some time. Thus, we would have to limit the discussion of U.S. rights with the attendant problem of reducing the range of Panamanian concessions which we could seek in return for U.S. concessions). In any event, would be a much more complex subject for discussion than either Option 1 or 3.

2. Possibility of reaching impasse on jurisdiction (see Disadvantages 2–4 under Option 1) with additional disadvantage of drawing U.S. rights into such a situation.

Option 3: The questions of what form the administration of the Canal by the United States will take and of Panama’s participation in it. (Issues 1–4 under Principle 6.)

Advantages

1. Would exploit recent Panamanian expressions of willingness to discuss this option.

2. Would permit the U.S. to retain the negotiating initiative.

3. Would probably not require such extensive U.S. accommodations as would the issue of jurisdiction.

4. Absence of previous fixed Panamanian positions on issue might prompt a flexible approach by Panama.

5. Could pave the way for a more accommodating Panamanian approach to the issue of U.S. rights based upon understandings reached concerning the form and degree of Panamanian participation in the administration of the Canal.

6. Would serve to draw out Panamanian views on major Canal administration and participation issues which are essential to developing a comprehensive U.S. position.

Disadvantages

1. Could risk an impasse due to the lack of information about Panama's views on this issue.

2. Might pose difficulty for Panama in discussing this issue in depth.

Attachment³

United States Administration of the Canal and
Panamanian Participation

I. Issues 1 through 4 Under Principle VI

Issue 1

The question of what form the administration of the Canal by the United States will take.

Issue 2

The question of how Panama shall begin to participate in the administration of the Canal.

Issue 3

The question of whether there should be established regular procedures for consultation between the two parties, with the objective of implementing the provisions of the treaty relating to Panama's participation in the administration of the Canal.

Issue 4

The question of applying the concept of growth over time to Panama's participation in the administration of the Canal with the objective of its assuming total responsibility for the operation of the Canal upon the termination of the treaty.

³ Confidential.

Current Presidential Guidance

The U.S. negotiators are to seek “an arrangement whereby the U.S. retains control of canal operations with Panamanian participation in the canal organization.”

*Previous U.S. Positions**A. 1971 Treaty Draft*

The 1971 treaty draft permitted the United States to establish a U.S. Government instrumentality (probably in corporate form) to operate and maintain the canal and auxiliary works. There was to be a Panamanian liaison officer to the U.S. instrumentality and there were general consultation provisions.

B. 1967 Treaty Draft

The 1967 treaty drafts established an “international judicial entity”, the “joint administration”, which was to operate the canal and administer the Canal Area. It was to be managed by a board composed of five members from the United States and four from Panama. It had general corporate powers and the extraordinary power to adopt a code governing civil and criminal matters pertaining to the canal.

II. Nature of the Problem

A. The problem is to guarantee effective U.S. control over canal operations while incorporating Panamanians into the administration of the canal.

B. There are two levels of the problem we must consider. First is the degree of control which the United States must maintain in the overall policy of canal operations. Second is the extent of Panamanian participation in the day to day management and operation of the canal. In pursuing current guidance to retain US control, we are not certain what Panama desires when it says that it wishes to participate in canal administration. However it is reasonable that Panama will wish to participate at both levels. In the past Panama has been primarily concerned with having the maximum number of Panamanians employed at all levels of the canal administration. From discussions between the Deputy Negotiators it is no longer clear that such a quantitative goal remains paramount. Rather, Panama now appears primarily interested in “meaningful” participation involving selected functions and progressively more responsible positions without disturbing effective US control agreed to in the Statement of Principles.

III. Form of the Canal Administration

The form of the canal administration is largely a technical matter and is perhaps better considered after we know Panama’s concerns.

Nevertheless if Panama desires to discuss this matter, we are prepared to begin discussions noting that there are several possible forms which could accomplish United States' purposes. Each of these forms is sufficiently flexible to permit Panamanian participation yet preserving essential control in the United States. They are:

- (a) continuation of present Panama Canal Company
- (b) creation of new United States Government corporation
- (c) transfer of canal to a civil works function of the United States Army Corps of Engineers
- (d) creation of joint United States-Panamanian government corporation, with control resting in United States.

The primary purpose of this entity would be to operate and maintain the canal. However in creating the entity we should be careful to provide in some way for administering those activities beyond mere operation and maintenance of the canal (e.g. fire protection, housing, legal systems, etc.), whether by the canal entity or a separate United States agency. In this regard, prior Panamanian agreement is needed to confer such activities on the United States.

IV. Panamanian Participation

At the policy level, the GOP might seek representation in the entity which will operate and maintain the canal. The U.S. might agree to have Panamanians appointed to the Board of Directors, while maintaining a US majority which ensures US control of the canal's operation. The U.S. might also consider other means to allow Panamanian participation in the canal entity—such as allowing Panama to become a minority shareholder.

Secondly, we presume Panama will seek to have more of its citizens employed in all functions and at all levels of canal administration. Agreement on this form of participation requires considerable Panamanian understanding of the complexities and restraints which are inherent in this matter and which involve U.S. citizen employees, their civil service status and labor unions. For our part, it may be necessary to give preference to Panamanians for certain jobs. It will probably be necessary to modify previous practices regarding security positions. In this regard one feasible and attractive response might be to use the GOP state employment agency as the primary labor source. This difficult issue may need to be referred to a joint US-Panamanian committee.

V. Consultations and Concept of Growing Panamanian Participation over Time

These two issues are very closely related. The mutual goal of the new concept of growing Panamanian participation is to insure that Panama is capable of assuming complete canal operation upon termina-

tion of the new treaty. In keeping with a concept of responsible partnership both parties should be able to reach agreement that the need for growing Panamanian participation is a matter of good management.

Although we do not believe it is practical or desirable to reach agreement at this point on fixed quotas and timetables, we are prepared to accept the concept of gradually increasing participation. Perhaps the best approach is to schedule periodic consultations to insure that progress is being made toward the goal of full and meaningful participation by Panamanian nationals. Guided by a clear statement of intent, these consultations could also consider questions of training programs, employment practices, promotion and general personnel policies. There are many forms which the consultations could take. They could be the responsibility of the legal entity which operates the canal or carried out separately through any number of possible formats. Through consultation at the policy level, it might be useful and desirable to create some type of personnel system at the administrative level which could contribute to the smooth and gradual integration of qualified Panamanian nationals into the process of operating the canal.

45. Memorandum of Conversation¹

Washington, June 20, 1974, 2:10 p.m.

Ambassador Bunker called upon Senator Thurmond on Thursday, June 20 at 2:10 p.m. in order to report on developments in Panama Canal treaty negotiations. Present in addition to the principals were Deputy Assistant Secretary for Congressional Relations Kempton Jenkins, Richard Wyrrough, Special Adviser, Office of Panamanian Affairs, Dr. James Lucier of Senator Helms' office and an administrative assistant from Senator Thurmond's office.

Ambassador Bunker referred to his earlier promise to keep Senator Thurmond informed of developments affecting Panama Canal treaty negotiations. He remarked that we have not yet begun substantive discussions but that we have reached agreement on the major issues embodied in the Joint Statement of Principles.

¹ Source: National Archives, RG 59, Ambassador Bunker's Correspondence, Lot 78D300, Box 3, Congress. Limited Official Use. Drafted by Wyrrough. The meeting took place in Thurmond's office. Sent to Kissinger under a June 21 covering memorandum from Bunker.

Senator Thurmond referred to his Resolution of March 29 and suggested that while many changes might be possible United States sovereignty must be retained. With regard to the Resolution he emphasized the ease with which he obtained the co-sponsors, that other senators told him subsequently that the Resolution reflects their view point, and that a treaty based upon the Principles would be defeated if presented to the Senate for its ratification.

Senator Thurmond referred to Panama's unstable political record and minimized the importance of Panamanian nationalist pressures in favor of Panamanian sovereignty. He observed that General Torrijos was attempting to create political interest in a problem which lacked wide support in Panama. On the other hand he observed that he receives frequent expressions of concern from the Canal Zone over the direction which negotiations appear to be taking.

Senator Thurmond suggested the desirability of finding an alternative to the sovereignty solution embodied in current negotiations. He said that he would discuss several such proposals during the June 23 NBC T.V. program which will look at the canal question, and identified "home-rule" as one of these alternatives. He promised to list them for Ambassador Bunker by letter.²

In concluding the meeting Senator Thurmond referred to his role in helping to gain the election of the Administration. He commented that although he wishes to see it remain in office "it will lose if it submits a draft treaty as envisioned by the Joint Statement of Principles."

In departing, Ambassador Bunker reaffirmed his intent to keep Senator Thurmond informed. The meeting adjourned at 2:20 p.m.

² Not found.

46. Memorandum From the Director of the Joint Staff (Train) to Secretary of Defense Schlesinger¹

JCSM–272–74

Washington, June 28, 1974.

SUBJECT

Panama Canal Negotiations (U)

1. (C) Reference is made to:

a. (U) JCSM–46–74, dated 13 February 1974, subject: “Strategic Importance of the Panama Canal,” which advised you of the continuing military importance to the United States of the Panama Canal.²

b. (C) National Security Decision Memorandum (NSDM) 257, dated 14 June 1974, subject: “Latin American Initiatives,” which outlined certain policies toward Latin America, including Panama.³

2. (S) The Joint Chiefs of Staff have noted recent Presidential guidance contained in reference 1b related to Latin America, the signing of the Eight Negotiating Principles, and the continuing progress of US–Panama treaty negotiations. The Joint Chiefs of Staff consider it timely to review and provide an updated position on treaty negotiation issues that impact on US national security.

3. (C) The strategic importance of the canal to the United States has been a consistent position of the Joint Chiefs of Staff. The ultimate security objectives of the United States in Panama center on an efficiently operated interoceanic waterway freely accessible to US vessels and one which would be denied to US enemies in time of war. The current treaty has served those purposes for 70 years. However, Latin American nationalism and worldwide trends of the post-World War II period have fundamentally altered the means by which the United States can continue to achieve those objectives at reasonable cost. Collective security offers a viable long-term regional path for insuring concerted hemispheric resistance to military incursions by US enemies, to include overt military threats to Panama. Successful negotiations with Panama may be a key element in insuring the continued participation in collective security by the other Latin American states. A new and mutually acceptable treaty will better serve the immediate US security situation in Panama, as well as US security interests throughout the hemisphere.

¹ Source: Washington National Records Center, RG 330, OSD Files, FRC 330–78–0011, Panama 821 1974. Secret.

² See Document 33.

³ See footnote 4, Document 43.

4. (S) It is imperative to identify clearly for the US negotiators that national security interests indefinitely require the right of US vessels to use the canal. This end requires effective US control of canal defense for the longest possible term and explicit guarantees of use thereafter. Presidential guidance as expressed in NSDM 131 calls for a treaty duration of 50 years as a negotiating objective, during which full essential US rights will be retained.⁴ The concept of expansion of canal capacity, recognized in the Eighth Negotiating Principle, offers additional opportunities for negotiating extended US rights dating from the election of an expansion option by the United States.

5. (S) The negotiating principles acknowledge the transfer of Panama Canal Zone jurisdiction and sovereignty to the Government of Panama. Such a transfer would not jeopardize US security interests as long as the new treaty confers on the United States those rights necessary for the continued operation, maintenance, protection, and defense of the Panama Canal and the transit of ships.

6. (S) In view of the broad security and politico-military implications of the Panama Canal treaty negotiations, the Joint Chiefs of Staff support the current negotiating objective of reaching agreement on a new and mutually acceptable treaty. Further, the Joint Chiefs of Staff affirm the position that the US negotiators should:

- a. Seek the longest possible lock canal treaty duration.
- b. Seek the longest possible term for the exercise by the United States of canal expansion options.
- c. Seek the longest and broadest extension of US control over operations and defense following any expansion.
- d. Require a joint US-Panamanian guarantee that upon termination of the new treaty provisions will exist to insure that the canal will be open to all world shipping without discrimination, at reasonable tolls, and that Panama would take no action that would hamper the efficient operation of the waterway.

⁴ See footnote 5, Document 18.

47. Telegram From the Embassy in Panama to the Department of State¹

Panama City, June 30, 1974, 1420Z.

3750. S/S–O pass to the Secretary's party for the Secretary from Bunker. Subj: U.S.–Panama Treaty Negotiations: Chief Negotiator Talks, Contadora Island, June 26–30, 1974.

I. Summary

I have reached agreement with Foreign Minister Tack on the first of the substantive issues to be taken up: Panama's participation in the administration of the Canal. We are to form an operating partnership in which the United States retains control over the lifetime of the new treaty.

We plan two meetings during July between the chief negotiators and virtually continuous sessions of our deputies, and that should move us fairly far along the substantive negotiating road.

II.

For some months we have been preoccupied with creating the correct climate for this negotiation. A posture of confrontation had to be converted into one of accommodation; the general principles agreed upon; the specific points at issue between the parties identified. Now we are proceeding into substance.

The Panamanians had wished to take up first the issue of arrangements for Panama's acquisition of jurisdiction over the Canal Zone (read "sovereignty"). But I preferred not to treat at the outset a matter which is of overriding importance to Panama and on which I have wide negotiating flexibility under the Presidential guidance. Hence I suggested the issue of Panama's participation in the administration of the waterway (no. 6. of the eight "principles"), and they agree.

We proposed a set of concepts—the product of a joint State/Defense/Canal Company effort—under which the United States would retain effective control of Canal administration over the new treaty's lifetime, yet which would permit Panama to begin participating in the administration immediately the treaty enters into force. That participation would increase during the treaty period so that Panama would be able to assume total control at its expiration.

¹ Source: National Archives, Nixon Presidential Materials, Box 791, Country Files, Latin America, Panama, Vol. 3, January 1972–August 1974. Confidential; Immediate; Exdis. Repeated Priority to Governor Parker and USCINCSO.

Panamanians would be brought into and rise through the Panama Canal enterprise at all levels and in all functions, although in a staged fashion to allow for (a) psychological accommodations on both sides to what will be a markedly new way of life, (b) the necessary training of Panamanians, and (c) continual reassessment by the United States of whether its effective control is in any significant measure being vitiated by Panama's increasing participation.

The Foreign Minister's initial response was gratifying. He said he recognized that the United States had made a generous offer and that it was an extremely pragmatic one.

He emphasized two points. First, Panamanian participation in Canal administration "must begin in a modest way, and grow gradually." "That is the only sensible course."

Second, "General Torrijos and the Panamanian people fully accept that as a function of the United States's super-power status, it must control the Canal's operation effectively."

Tack added that our offer of an operating partnership in the Panama Canal enterprise constituted proof for him that the United States was intent—as you had promised him it would be—on negotiating with Panama as an equal, and on negotiating a truly equitable treaty. Perhaps the most meaningful response he could make, he continued, was to declare that the United States no longer had to fear encountering "non-negotiable" Panamanian positions.

After explaining the set of United States concepts to Tack in some detail, and drawing on his reactions to them, we reduced them to a two-page "threshold agreement." That is a document, to be employed throughout the negotiation, which sets forth conceptual formulae for resolving treaty issues and which, when approved by the chief negotiators, stands as firm guidance for the drafting of actual treaty language.

The Foreign Minister approved the text, following consultation on it with General Torrijos. Thus we have disposed of the first of the major issues between us.

III.

We plan to meet again in mid-July, and then at the month's end, to address Panama's participation in the protection and defense of the Panama Canal. That will be followed by the issue of Panama's acquisition of jurisdiction plus the operating rights the United States will retain. The deputies will be in virtually constant session. Thereafter we plan a recess for the month of August, and on resuming we would have only the issues of compensation to Panama and of land areas to take up before we reach the final, critical issues of the new treaty's

duration and of an option for the United States to expand Canal capacity.²

Jorden

² In telegram 3777 from Panama City, July 2, Bunker stated that part of telegram 3750 from Panama was inadvertently not transmitted. He reported that U.S. and Panamanian officials had also reached a threshold agreement on the abrogation of the 1903 treaty, and that the deputy negotiators had been requested to remain in Panama for “two more days while he [Tack] obtains the formal consent of the President and Vice President of the Republic to the threshold agreement.” (Ibid.) In a July 24 memorandum to Ellsworth, Corrigan noted that the Panamanians had provided a counteroffer for Principle VI on July 15. The memorandum quoted Bell as saying the counterproposal was “generally acceptable” and “in the ball park,” but described Bunker as “very upset at the Panamanian document, primarily because it rejects the ‘gentleman’s agreement’ which had been made.” (Washington National Records Center, RG 330, OASD Files, FRC 330–77–0054, Panama 000.1–350.05 1974)

**48. Letter From the Governor of the Panama Canal Zone
(Parker) to the Deputy Under Secretary of the Army (Koren)¹**

Balboa Heights, Panama Canal Zone, July 3, 1974.

Dear Barney:

For some time I have felt that our treaty negotiations are generally proceeding on the wrong course, and that we should be on a path which is about 90 degrees from the one we are now following.

From the days of President Johnson it has been the stated policy of the Administration that we are going to turn the Canal over to Panama at some point of time, and that we are going to go through a transition period of returning various elements of jurisdiction and sovereignty to them. Our negotiators have visualized a rather long, drawn-out period during which our rights will gradually be whittled away, and yet during which we will be responsible for operation of the waterway. I think this is really the worst of all possible arrangements.

The longer we stretch out our responsibility for running the Canal with diminishing rights, the more problems we are going to cause

¹ Source: National Archives, RG 84, American Embassy, Panama, Panama Canal Treaty Negotiation Files, Lot 81F1, Box 124, Treaty Negotiations, July–Oct 1974. Confidential. Published from an unsigned copy.

for management and for everyone connected with the Canal in both governments. Further, we lose the opportunity to create goodwill in Panama, jeopardize our relations following the long, drawn-out period, and gain nothing in public relations with the rest of the world. It is generally my view that if we are going to give the Canal back to Panama anyway, the faster we do it the better, provided we retain for the United States during that period of transition essentially the same rights we have today.

Paul Runnestrand has put these ideas together in a paper called "New Treaty Concept."² I am forwarding a copy of the paper for your information. I support it and think this is the way we should go.

² Attached but not printed.

49. Memorandum of Conversation¹

Washington, July 9, 1974, 2:35–3:20 p.m.

SUBJECT

Briefing by Ambassador Bunker—Panama Canal Treaty Negotiations (U)

(U) PARTICIPANTS

Department of State

Chief U.S. Negotiator, Panama Canal Treaty Negotiations—Ambassador-at-Large
Ellsworth Bunker

Deputy U.S. Negotiator, Panama Canal Treaty Negotiations—Mr. S. Morey Bell
Prospective Deputy Chief of Mission, U.S. Embassy Panama—Mr. Ray Gonzalez
Advisor for Panama Canal Treaty Affairs—Mr. Richard Wyrrough
Executive Assistant to the Chief U.S. Negotiator—Mr. Charles Hill
Country Director for Panama—Mr. Richard B. Howard
Legal Advisor for Panama Canal Treaty Affairs—Mr. Michael G. Kozak

Office of the Secretary of Defense

Secretary of Defense—Honorable James R. Schlesinger
Assistant Secretary of Defense (ISA)—Mr. Robert Ellsworth
Principal Deputy Assistant Secretary of Defense (ISA)—Mr. Amos A. Jordan
Deputy Assistant Secretary of Defense (ISA–IA)—Ambassador R.F. Corrigan

¹ Source: Washington National Records Center, RG 330, OSD Files, FRC 330–78–0011, Panama 821 1974. Confidential. Drafted by Swett; approved by Ellsworth on July 16. The meeting was held in Schlesinger's dining room.

Military Assistant to the Secretary of Defense—Major General John A. Wickham, Jr., USA

Director, Inter-American Region (ISA)—Major General G.M. Wallace, USA

Military Assistant to the Deputy Secretary of Defense—Brigadier General John G. Jones, USA

Assistant for Panama Canal Treaty Negotiations—Colonel T.W. Swett, Jr., USA

Army Secretariat

Secretary of the Army—Honorable Howard H. Callaway

Deputy Under Secretary of the Army (DUSA) and Chairman of the Panama Canal Negotiations Working Group (PCNWG)—Mr. Henry L.T. Koren

Assistant to DUSA for Canal Zone Affairs—Colonel B.L. Walton, USA

Joint Chiefs of Staff

Chairman, Joint Chiefs of Staff—General G.S. Brown, USAF

Director, Joint Staff, J-5 (Plans & Policy)—Lieutenant General J.H. Elder, Jr., USA

Deputy Director, Joint Staff—Major General R.N. Ginsburgh, USAF

JCS Representative, Panama Canal Negotiations Working Group—Colonel C.D. Corbett, USA

OJCS (J-5) Coordination Representative, Panama Canal Negotiations Working Group—Colonel E.L. Parker, USMC

Department of the Army

Acting Vice Chief of Staff of the Army—Lieutenant General D.H. Cowles, USA

Service Principal, Panama Canal Negotiations Working Group—Major General J.P. Cleland, USA

Department of the Navy

Deputy Chief of Naval Operations for Plans & Policy—Vice Admiral G.C. Talley, Jr., USN

Service Principal, Panama Canal Negotiations Working Group—Rear Admiral C.D. Grojean, USN

Department of the Air Force

Air Force Chief of Staff—General David C. Jones, USAF

Service Principal, Panama Canal Negotiations Working Group—Brigadier General R.B. Collins, USAF

United States Marine Corps

Service Principal, Panama Canal Negotiations Working Group—Major General N.H. Gourley, USMC

1. (U) *Introductory Comment*

Ambassador Bunker expressed pleasure at the opportunity to brief senior DOD officials on Panama Canal Treaty Negotiation developments to date; on the next steps to be taken in the negotiations; and on the philosophy governing the negotiations. He expressed appreciation for the cooperation of the several DOD officials with whom he had been working, including the Secretary of the Army. He was complimentary about the Joint State-Defense Support Group for the U.S. Negotiators.²

² See Document 43.

2. (U) *Technique for Conducting Negotiations*

Ambassador Bunker explained that the negotiating technique is to proceed from agreement on principles to agreement on major issues under each principle and then to a threshold agreement for each principle encompassing the several issues associated with that principle. He said he was proceeding with all deliberate speed in a relaxed, informal atmosphere. The only negotiators who meet are himself and his Deputy Negotiator, and Foreign Minister Tack and his Deputy.

3. (C) *Philosophy of Negotiations*

Ambassador Bunker emphasized that, in his view, it is time for the United States to make good on its commitment to develop a more modern treaty relationship with Panama. This commitment was initially made by President Johnson after consultation with ex-Presidents Truman and Eisenhower. He stated the United States should not wish to be the only country in the world exercising extra-territoriality and asserted that Panama's consent to United States presence would continue to decline without a more modern treaty. Declining Panamanian consent would probably bring on conflict; in addition, the United States would suffer in Latin American and world opinion. On the other hand, Panamanian acquiescence in our presence would permit the United States to exercise continued control of the Canal enterprise during the life of the new treaty. In essence, the objective of the United States Negotiators is to give Panama the sovereignty it "requires" and retain for the United States what it needs to control and protect the Canal for an extended period. The Panamanians are demonstrating a sense of responsibility during negotiations. They recognize the importance of the Canal to the United States. They also recognize that phased training will be necessary before Panamanians can be considered capable of significant participation in its operation.

4. (U) *Stages of Current Negotiations*

a. The eight principles were negotiated in November and December 1973 and agreed to by Panama and the United States (Tack-Kissinger) in February 1974.

b. The Deputy Negotiators developed statements of the major issues for each of the eight principles in February and March 1974. The Chief Negotiators agreed on these statements in early April.³

³ Bunker's report on the April 2-5 talks on Contadora Island is in telegram 1989 from Panama City, April 5. (National Archives, RG 59, Central Foreign Policy File, D740077-0586) Additional information is in a memorandum from Bell to Bunker, April 8. (National Archives, RG 84, American Embassy, Panama, Panama Canal Treaty Negotiation Files, Lot 81F1, Box 124, Treaty Negotiations, April-June 1974)

c. Substantive discussions on Principle VI concerning Panamanian participation in the operation and administration of the Canal were held in Panama in late June 1974.⁴ A threshold agreement providing general solutions to the issues associated with Principle VI resulted, constituting a conceptual approach for Panamanian participation in the Canal operation. This occurred earlier than we expected and will permit us to proceed promptly to other issues.

d. We will develop similar threshold agreements for the remaining principles, leaving details and the treaty language to be negotiated later.

(1) The next matter to be discussed will be Principle VII, Panamanian participation in defense of the Canal.

(2) Discussions on rights, land use, compensation to Panama, and finally the toughest issues, duration of the new treaty and expansion rights, will follow.

5. (C) *Unified Command Structure*

Ambassador Bunker stated he understood that DOD was reviewing the United States Unified Command structure world-wide and said he would appreciate an opportunity to be able to inform the Panamanians of developments in this regard which might affect them.

6. (U) *Outlook for the Future*

a. Ambassador Bunker's goal is to develop a draft treaty sometime in early 1975. He hopes to be able to adhere to that goal.

b. Possible constraining factors are:

(1) There are Panamanian "hard liners," but, in general, the Panamanians have demonstrated flexibility. They expect to begin their involvement in the Canal in a modest way and agree that the United States must retain control. They see sovereignty, but not continued control, as essential to Panama.

(2) Congressional attitudes reflect some United States "hard line" positions. Ambassador Bunker will continue to listen to their opinions and explain the Panamanian need for sovereignty with the concomitant agreement for United States control. He recognizes that he will need supportive representations from DOD before the Congress.

c. Ambassador Bunker expressed the hope that a satisfactory, reasonable document which protects the United States interests would result from the negotiations.

7. (S) *Questions and Comments by DOD Officials*

a. The SecDef asked Ambassador Bunker's reaction to attitudes in the Congress, making specific reference to the 35 senators who signed the *Thurmond Resolution*. Ambassador Bunker responded that Depart-

⁴ See Document 47.

ment of State analysts estimate that only 16 or 17 of the signatories are "hard liners." Among the remainder, some are not returning to the Senate and others might be persuaded. He added that the Vice President had told him to go slow in 1974 but to expedite his efforts in 1975. In addressing Congressional attitudes, Ambassador Bunker indicated his concern that Panamanian consent to our presence in the Canal Zone will decline if there continues to be no new treaty.

b. The SecDef indicated that the Joint Chiefs of Staff had recently updated the JCS position on Panama Canal Treaty Negotiations and had supported the objective of attaining a new treaty with the following caveats:⁵

- (1) Seek the longest possible lock canal treaty duration.
- (2) Seek the longest possible term for the exercise by the United States of Canal expansion options.
- (3) Seek the longest and broadest extension of United States control over operations and defense following any expansion.
- (4) Require a joint United States-Panamanian guarantee that upon termination of the new treaty, provisions will exist to ensure that the Canal will be open to all world shipping without discrimination, at reasonable tolls, and that Panama would take no action that would hamper the efficient operation of the waterway.

c. General Brown indicated that the Chief of Naval Operations (CNO) had not agreed with the JCS position, taking a harder line. Admiral Talley interjected that CNO had finally agreed with the adopted positions.

d. The SecDef asked Ambassador Bunker to clarify who currently possesses sovereignty over the territory in the Canal Zone. Ambassador Bunker responded that under the current treaty the United States may act "as if sovereign" but that "residual sovereignty" rests with Panama.

e. The SecDef indicated that after discussions with Senators McClelland and Thurmond, he wished that the negotiations were taking place somewhere else and at some other time. He pointed out, with some humor, that Ambassador Bunker could probably understand this statement, realizing that Senator McClelland heads up the Senate Defense Appropriations Committee.

f. The SecDef asked Army Secretary Callaway if he was happy with the negotiations. Secretary Callaway responded that if a new treaty can be moved through the Senate, only Ambassador Bunker with his deftness can accomplish it. Secretary Callaway asked Ambassador Bunker if he believed that legislation would be necessary in addition to treaty ratification. Ambassador Bunker responded affirmatively. Sec-

⁵ See Document 46.

retary Callaway then commented that the House of Representatives would play a part. He added that the Army supports the negotiations, but is concerned about keeping United States control as long as possible. The Army must also take care of its employees, many of whom see negotiating away the Canal Zone to be a highly emotional matter.

g. The SecDef asked Ambassador Bunker whether Panamanian participation in defense of the Canal was merely “hopefully” a cosmetic formula or something that might permit saboteurs to get closer to the Canal. Ambassador Bunker responded that there has been some participation to date, and since the concept of a new treaty includes a termination date, at some point Panamanians must participate.

Comment. There has been no combined defense participation to date; rather, small scale training projects have been accomplished sporadically.

h. The SecDef asked whether Panama would ever be able to defend the Canal. General Brown responded that he sees two aspects to defense; one, defense against sabotage, and the other traditional (conventional) defense. He thought that combined participation with an effective working relationship would probably enhance security. Ambassador Bunker stated that since the Canal is the best asset that Panama has, Panama would not wish to damage it.

i. The Assistant SecDef (ISA) stated his concern with respect to the problem created by the apparent attitude in the Senate and stated that he was leery about accelerated treaty efforts in 1975. He feared that current optimism and expectations in Panama could lead to an extremely bad situation if no treaty was forthcoming. Ambassador Bunker agreed this was a potentially serious problem but stated that the Administration did not desire to present a draft treaty to the Senate in an election year which rules out doing so in 1974 or 1976, leaving only 1975 in the short term.

j. Mr. Ellsworth then asked Ambassador Bunker about the duration of the new treaty. Ambassador Bunker replied that Presidential guidelines were to shoot for a treaty of 50 years duration, with an extension of the treaty to accommodate Canal expansion. He pointed out that Panama desires a much shorter duration. He thought agreement on this issue would depend largely on what we can accomplish in meeting Panamanian desires with respect to participation and jurisdiction.

k. The SecDef asked Ambassador Bunker what was, in his judgment, the minimum duration probable. Ambassador Bunker replied that he could only go on the Presidential guidelines and did not know what else would be acceptable. He pointed out, however, that the United States is depreciating the Canal over 40 years and that it might be feasible to let it go after it has depreciated. Mr. Ellsworth observed

that it was probable that the longer the duration of the new treaty, the more Senate votes for ratification would result.⁶

Robert Ellsworth

*Assistant Secretary of Defense
International Security Affairs*

⁶ A July 12 memorandum of conversation prepared by Wyrough described the conversation between Bunker and Schlesinger as more confrontational. Schlesinger questioned Bunker's analysis of Senate opposition and asked, "Doesn't that chill you a bit?" (National Archives, RG 59, Treaties, Lot 77D14, Talking Points and Briefings for Meetings—1974) In his memoir, Jorden asserted that the meeting was hostile. He wrote: "When Bunker finished, Schlesinger did not thank him or even use his name. He brusquely read off the first of several prepared questions: 'Why should we jeopardize our national security by giving up our vital sovereignty?' The tone was that of a jaded professor addressing a freshman at exam time. Bunker, who was Schlesinger's senior by thirty-five years, found rudeness unacceptable and aggressive egotism offensive. He sat looking straight ahead as if nothing had been said. An aide worried that the Ambassador had drawn a blank or had not heard. Then he realized that the elderly Vermonter was simply not going to respond to impertinent quizzing. The silence deepened. General Brown finally jumped in to ease the moment." Jorden added: "He [Schlesinger] had proved to all present that the consensus in official Washington and in the press was firmly based: that the secretary of defense was probably the most arrogant, self-centered, opinionated individual in the capital city." (*Panama Odyssey*, pp. 251–252)

50. Memorandum of Conversation¹

Washington, July 25, 1974, 10:30–10:45 a.m.

SUBJECT

Courtesy Call by Ambassador Bunker (U)

(U) PARTICIPANTS

Department of State

Chief U.S. Negotiator, Panama Canal Treaty Negotiations—Ambassador-at-Large

Ellsworth Bunker

Advisor for Panama Canal Treaty Affairs—Mr. Richard Wyrough

¹ Source: National Archives, RG 59, Central Foreign Policy File, P740100–1428. Secret. Drafted by Swett; approved by Corrigan. The meeting took place in Ellsworth's office.

Office of the Assistant Secretary of Defense

Assistant Secretary of Defense (ISA)—Mr. Robert Ellsworth

Deputy Assistant Secretary of Defense (ISA–IA)—Ambassador R.F. Corrigan

Director, Inter-American Region (ISA–IA)—Maj Gen G.M. Wallace, USA

Assistant for Panama Canal Treaty Negotiations—Col T.W. Swett, Jr., USA

1. (C) *Status of Panama Canal Treaty Negotiations.*

Ambassador Bunker stated that he had requested an opportunity to talk further with Mr. Ellsworth in order to emphasize several points which he had made during his 9 July briefing of SecDef.² He wanted to do this because he and Mr. Ellsworth had not had much opportunity to talk during that meeting. Ambassador Bunker proceeded to reiterate the major points covered during the 9 July meeting. A summary of these points follows:

a. There is no particular Panamanian time pressure on the United States, probably because of the eight principles already agreed upon. Principle VII, involving Panamanian participation in Canal defense, will be addressed during Ambassador Bunker's next visit to Panama, tentatively scheduled for 8 August.

b. We do not know how long the negotiations will take to complete.

(1) They will not be completed in 1974.

(2) We may or may not get the treaty through the Senate (Senators Scott, Mansfield, and Fulbright, and Congressman Morgan believe that there is a good chance of Senate ratification if the draft treaty is reasonable).

(3) Negotiations will probably be complete during 1975; if not, 1976 will be a bad year for the treaty to be presented in the Senate.

(4) It is conceivable that the treaty could await Senate action for as long as a year or two. Even if this were the case, the fact that a draft treaty had been prepared could relieve tension between the United States and Panama.

c. The Panamanians are not the most efficient negotiators, as shown by their recent counter-proposal to the formerly agreed-upon threshold agreement concerning Principle VI (Panamanian participation in Canal operation and administration).³ Ambassador Bunker has informed Panama's Ambassador Gonzalez-Revilla that the Panamanian paper is not acceptable as a negotiating paper, but the United States could consider it a philosophical paper to be noted and set aside. He has refrained from pursuing this issue pending receipt of formal Department of Defense comments on the Panamanian proposal.

d. Ambassador Bunker received a message from Brigadier General Torrijos to the effect that 10 years was a long time for the negotia-

² See Document 49.

³ See footnote 2, Document 47.

tions to have been in progress. Ambassador Bunker told Ambassador Gonzalez-Revilla that if the Panamanians persist in "consulting everybody, including businessmen, labor leaders, and students," on every treaty issue, negotiations will likely last for 10 more years.⁴

2. (C) *Attitude in Congress.*

Ambassador Bunker explained that except for preliminary, low-key efforts, he had refrained from substantive contacts in Congress. He mentioned that in keeping with instructions from President Nixon, he had discussed treaty negotiations several times with Senator Thurmond, who thinks there are "a good many things we could do with Panama short of giving up sovereignty and terminating the 1903 Treaty."⁵ Senator Mansfield has told Ambassador Bunker that there is no point in talking about the treaty in the Senate this year.

3. (S) *Unified Command.*

Ambassador Bunker stated that if SOUTHCOM is to be disestablished, he would appreciate being able to use this fact during negotiations. Mr. Ellsworth responded that SecDef had told him Ambassador Bunker's idea on making use of such a decision, if and when it is made, makes sense; and that he would see SecDef shortly and clarify for Ambassador Bunker the SecDef's desires in this regard. (Later, Mr. Ellsworth informed Ambassador Bunker by telephone that SecDef had agreed that if SOUTHCOM were to be disestablished, Ambassador Bunker should first be informed to permit him to convey this information to the Panamanians when he thinks it is appropriate.)

4. (C) *Concluding Remarks.*

Mr. Ellsworth said that he was glad that Ambassador Bunker was keeping in touch with Senator Thurmond, as maintaining this contact is important for all. He expressed appreciation for Ambassador Bunker's complimentary remarks concerning Department of Defense cooperation with the United States negotiators and remarked that he had been especially interested in Ambassador Bunker's views on the Panamanian counter-proposal previously discussed. Ambassador Bunker replied that he felt the Panamanian paper to be harmless; that Ambassador Gonzalez-Revilla had expressed the Panamanian problem as frustration from a long series of disappointments which raised emotions and thus dictated that the Panamanian Government coordinate its negotiating positions with all interested sectors, including the hardliners. Ambassador Bunker had subsequently pointed out to Ambassador Gonzalez-Revilla that such an approach could further delay negotiations, particu-

⁴ No record of the meeting, presumably during which Gonzalez-Revilla gave Bunker Torrijó's message, was found.

⁵ See Document 45.

larly since his responsibilities in the Middle East negotiations might require him to shift the dates of his next visit to Panama.

5. (U) *Meeting Subsequent to Courtesy Call.*

Following the Courtesy Call on Mr. Ellsworth, Ambassador Bunker and Mr. Wyrough joined Ambassador Corrigan, Major General Wallace, and Colonel Swett for coffee in General Wallace's office. During this period, Ambassador Bunker was shown a blown-up aerial photo of the tactically important Ancon Hill complex in the Canal Zone. Ambassador Bunker asked several questions concerning the specific locations in the photo and was especially interested in the proximity of the Albrook Air Force Base Runway to Ancon Hill and Panama City. Ambassador Corrigan, in view of the earlier conversation about SOUTHCOM, used this opportunity to emphasize that a decision has not yet been made concerning SOUTHCOM's possible disestablishment.

51. Telegram From the Department of State to the Embassy in Panama¹

Washington, August 9, 1974, 1727Z.

174065. Subject: Secretarial Message. For Ambassadors Bunker and Jorden from the Secretary.

1. Please deliver following message from the Secretary to Foreign Minister Tack as soon as possible:

2. Begin text: Dear Tony: By the time you receive this letter you will already have learned of the change which is taking place in our Presidency.² In the light of these events I wanted to assure you forthwith that this will not affect in any way the negotiation which we have begun to draft a new, modern treaty governing the Panama Canal.

3. President Ford has asked me to continue as Secretary of State and I have told him that I would be honored to do so. One of my highest priorities as I continue in my responsibilities will be to press ahead with the negotiations in order to conclude a new treaty promptly.

¹ Source: National Archives, RG 59, Central Foreign Policy File, D740218–0840. Secret; Flash; Exdis. Drafted by Bowdler and Kubisch; cleared by Sisco and in S/S; approved by Kissinger.

² President Nixon resigned on August 8.

4. I would appreciate your conveying the substance of this message also to President Lakas and General Torrijos so that they also will have no doubts whatsoever about our continued adherence to our commitment.³ Warmest regards. Henry. End text.

Kissinger

³ In telegram 4628 from Panama City, August 9, the Embassy reported that Bunker delivered the message to Tack. (National Archives, RG 59, Central Foreign Policy File, D740219-0112)

52. Briefing Memorandum From Ambassador at Large Bunker and the Deputy Assistant Secretary of State for Inter-American Affairs (Bowdler) to Secretary Kissinger¹

Washington, August 23, 1974.

Panama: Relations with Cuba and Canal Negotiations

In accordance with the decision that we reflect our concern over Panama's unilateral action on Cuba by slowing down the Canal negotiations, we have already taken one step and plan another.²

Yesterday afternoon Jack Kubisch called in the Panamanian Ambassador and in a low-key but firm way conveyed officially how seriously we regard Panama's decision to reestablish relations with Cuba. Silence on our part after the act would have been interpreted as a lack of conviction in the representation you made to Tack last week. Jack's

¹ Source: National Archives, RG 59, Central Foreign Policy File, P860119-0832. Secret; Nodis. Drafted by Bowdler.

² In telegram 176392 to Panama City, August 13, the Department instructed the Ambassador to tell Tack that Kissinger had received and was "dismayed by Tack's message on Panama's intention to resume diplomatic relations with Cuba. I am especially concerned that Panama is considering taking unilateral action now on such a highly important matter which calls for collective action." (Ford Library, National Security Adviser, Presidential Country Files for Latin America, 1974-77, Box 6, Panama—State Department Telegrams from SECSTATE NODIS) In an August 20 memorandum to Kissinger, Kubisch revealed that Torrijos had considered delaying recognition because of pressure from the United States, Colombia, and Venezuela. The Cubans, incensed by Torrijos' waffling, threatened to pull all Cuban personnel out of Panama, so the Panamanian leader changed course yet again and made recognition official on August 20. (National Archives, RG 59, Central Foreign Policy File, P840153-0939)

presentation (talking points used are attached)³ was designed to underscore our continuing concern without provoking the Panamanians to further ill considered action.

We plan to extend the signal to the negotiations by delaying the renewal of talks scheduled for next month. At present no negotiations are going on. Early in September the Panamanians have promised to present a paper on Canal defense arrangements. Instead of the Deputy Negotiators meeting quickly to exchange views on the paper as has been the past pattern at the Deputy Negotiator level, we will take our time in responding. This will push back the timetable for the Principal Negotiator talks scheduled for mid-September.⁴

In executing these steps we will have to monitor Panamanian attitudes closely and perhaps adjust them to changes of mood and circumstance. They are emotional, volatile and immature. Their dispute with United Brands over the banana tax question which has been smoldering for weeks is now about to reach a showdown, with the possibility of the government intervening or nationalizing United's holdings.⁵ It is important to make the point about their Cuba action but in a way which minimizes the risk of a breakdown in the negotiations with all the complications that would bring in our bilateral and hemispheric relations.

³ Attached but not printed. A summary of Kubisch's presentation, including the talking points, is in telegram 185224 to Panama City, August 23. (National Archives, RG 59, Central Foreign Policy File, D740232-0952)

⁴ See Document 57.

⁵ In telegram 186637 to Bogota, August 26, the Department transmitted Gonzalez-Revilla's account of the dispute between the Government of Panama and United Brands. (National Archives, RG 59, Central Foreign Policy File, [no film number]) In telegram 5217 from Panama City, September 5, the Embassy reported that Torrijos and United Brands had reached a settlement. (National Archives, RG 59, Central Foreign Policy File, D740246-1132)

53. Letter From Senator Strom Thurmond to President Ford¹

Washington, September 11, 1974.

Dear Mr. President:

The purpose of this letter is to express my deep concern over recent developments in Panama and the Canal Zone. These developments may have serious implications for the Panama Canal and vital U.S. interests there, and, in addition, may well result in equally serious situations throughout Latin America.

In recent weeks, the situation has deteriorated rapidly. The government of Panama has been rapidly drifting to the left. My Panamanian contacts advise me that many Cubans are presently in influential positions in the Torrijos regime, and that the General himself is isolated from all but radicals and Communists. Indeed the Communists there are increasingly aggressive and bold.

The two developments of greatest concern are Panama's unilateral resumption of diplomatic relations with Cuba, and the so-called "banana war" against United Brands. The latter has been settled, but not without bitterly anti-American agitation inspired by the government, including the stoning of the United States Embassy by the pro-Communist student federation. The banana war has been held up by government propagandists as a prototype for action against the United States. Moreover, the Panamanian ambassadors to the United States and the United Nations have openly threatened violence against the United States.

These activities have been of great concern to many freedom-loving Panamanians who see their nation quickly falling into Communist domination because of recent developments in Cuban activity in Panama and the current Panamanian regime.²

I share the concern about current Cuban-Panamanian political activity. Obviously, all of Latin America is watching this situation

¹ Source: Ford Library, Staff Secretary's Office, Presidential Handwriting File, Documents Annotated by the President, 1974-1977, Box 7, Countries—Panama. No classification marking. Sent to Ford under an October 18 covering memorandum from Timmons. In an October 23 covering memorandum to Scowcroft, Jones wrote: "The attached memorandum was returned in the President's outbox with the following comment to you:—'He talked with me about this. In answer indicate appreciation of his concern and interest, etc.'"

² The Embassy in Panama reported a different reaction to the Panamanian recognition of Cuba: "The GOP's public treatment of the resumption of relations with Cuba has been decidedly cautious and clearly carefully controlled" to assuage the fears of Panamanian conservative opinion. (Telegram 5291 from Panama City, September 10. (National Archives, RG 59, Central Foreign Policy File, D740253-0604)

closely. Needless to say, any action on the part of the United States that indicates the slightest position of weakness or a willingness to accommodate anti-American sentiment in Panama, would result in many other Latin American countries moving in the same leftward direction.

Our negotiations for a new canal treaty are fundamentally in error. More than one-third of the Senate—thirty-five Senators—have sponsored Senate Resolution 301 against the surrender of U.S. sovereignty in the Canal Zone. Any loss of control of the Canal would be extremely detrimental to our vital interests, especially in Latin America. We should make it clear that U.S. vital interests there are not negotiable.

With kindest regards,

Respectfully,

Strom Thurmond

**54. Letter From the Ambassador to Panama (Jorden) to
Ambassador at Large Bunker¹**

Panama City, September 26, 1974.

Dear Ellsworth:

I thought it might be useful if I were to pass along to you an estimate of the mood at this end of the negotiating track, as well as some thoughts on possible next steps. I should say at the outset that what follows is more than speculation and intuition. It is based on talks with numerous Panamanians, but most important on a lengthy discussion I had recently with General Torrijos.

The latter was rather unusual in several respects. First, I believe the General had never before visited the Residence for more than a quick entrance and exit—and not even that over the past few years. In this case, he called on Sunday afternoon² and asked if I had guests. When I said that Mili and I were alone, he said he would be over. He came and stayed for several hours—including a family supper. He said he had nothing particular in mind, simply that he wanted to visit a friend and relax.

At several junctures he stressed that he hoped our meeting and talk could be kept strictly confidential and so I have respected his

¹ Source: National Archives, RG 59, Ambassador Bunker's Correspondence, Lot 78D300, Box 3, General. Official–Informal; Confidential. A copy was sent to Bell.

² September 22.

wishes. For this reason, the fact of his visit should be held between us. But I think it is important that you have the “feel” of his mood.

First, you should know that he has the highest respect for and trust in you and Kissinger. He believes we are all doing our best to push a treaty to a successful conclusion. He is bothered that things seem to be moving so slowly. By this, I think he means the pace of negotiations themselves. But he does not assign the blame to us any more than to his own people. For this reason, he has decided to take a more direct role—in the sense of overseeing—than he has in the past. He has said he is tired of being told by his people that this or that proposal is “unacceptable.” He has said he wants to know *why* something cannot be accepted and what *can* be accepted.

But a basic source of frustration for him is the lack of anything he can point out to his people as marking progress. He believes we are sincere and have the best intentions. But he notes a striking lack of positive actions. We promised to do something about the lottery sales in the Zone—and nothing happened. We said we would transfer Old and New France Fields—and nothing happened.³ He understands the difficulties we face on the Hill. But from his point of view, the net result has been little or nothing in terms of forward movement on specifics.

This brings me to the main point I wished to share with you. It is clear to me that the one thing at this particular moment that would have the greatest impact here is something we have been considering for some time. That is the appointment of a Panamanian as Vice President of the Canal Company. Torrijos would regard this as a major step forward and a considerable concession to his views. He could use it inside his government and with the critics as proof positive of US goodwill. He also sees it as a highly useful way in which to establish closer liaison with the Canal Company and the Zone. His representative could come to understand Zone problems and methods of operation so they could be explained to others. And if the General had a problem either with the Zone or on some matter that he thought the Zone could help with, he would have his own representative there as the point of contact.

The man he would appoint to this position—and this fact must be tightly held and discussed with no one—is Edwin Fabrega. This choice clearly underlines the importance Torrijos places on this matter, because Fabrega is one of the most capable and intelligent men in this Government. He is also a very decent human being. He was Dean of the University when it was an intellectual institution and not a political hothouse. He is currently head of the Institute of Water and Power Resources. I know Edwin and have the highest regard for him. I know

³ For more information about the above unilateral actions, see Document 28.

Torrijos has considered him for posts of the highest responsibility. The fact that he would put him in the Canal position is proof of the priority the General puts on this.

I am certain that it would give the process of negotiations a major impetus if the Secretary—at his meeting with Foreign Minister Tack in New York—could tell him that we have given the whole question of forward movement deep consideration and have decided that the naming of a Panamanian to the Vice Presidency of the Canal Zone would mark a major step ahead.⁴ I know the General would react highly favorably. It would also give him the assurance he seems to need that our government can *act* as well as talk.

You will wish to consider whether this can be done promptly and what technical obstacles may exist. Could the Governor simply do this on his own? Would approval of the Canal Company's Board of Directors be required? I understand that Bo Calloway has accepted the idea in principle.⁵ I believe Governor Parker would accept this approach. And I think it is the kind of positive action that would appeal to the Secretary of State.

You will know best how to handle this. If it cannot be arranged in time for the Secretary's meeting with Tack, then perhaps you would wish to convey it in the course of your talks with him. All I can say is that the proposal would have the most salutary effect on our relations and on the atmosphere surrounding the negotiations.

I hope this finds you in the best of health and good spirits. We look forward with great anticipation to your next visit. Do let me know anytime you feel I can be helpful to you from this end.

Warmest personal regards.

Sincerely,

William J. Jorden⁶
Ambassador

⁴ No record has been found of a meeting between Kissinger and Tack in New York during the U.N. General Assembly.

⁵ In backchannel message PNA 804 to Koren, September 27, Parker quoted a letter from Callaway that discussed the possibility of appointing a Panamanian as Vice President of the Panama Canal Company. Callaway commented that the Board of Directors had been polled and they "felt that the title of President for Panama-U.S. Relations is not desirable because, for one thing, it seems inconsistent with the role of the US Ambassador to Panama and other officials with responsibilities in this important area of Panama-U.S. relations. The title quote Vice President for Panama Liaison unquote is preferred and this is the title that was used in polling the members of our Board of Directors." (National Archives, RG 185, Subject Files of 1979 Panama Canal Treaty Planning Group, Box 5, Messages Jul to Dec 1974)

⁶ Jorden signed "Bill" above this typed signature.

55. Memorandum From the Deputy U.S. Negotiator (Bell) to the Chairman of the Department of Defense Panama Canal Negotiations Working Group (Koren)¹

Washington, October 11, 1974.

**U.S.-PANAMA TREATY NEGOTIATIONS:
Land, Water and Air Space Use**

We appreciate your opportune message to Governor Parker of October 1, requesting recommendations on the possible disposition of land and water areas in the Canal Zone under a new treaty.²

We understand that Headquarters, United States Southern Command, is participating in the response, so that it will cover both military and Canal Company/Zone Government areas and facilities.

Since we must now begin to address the “land use” negotiating issue in its broadest aspect, you may wish to consider the following points.

Panama has agreed that the United States shall retain control over areas and facilities necessary for operation and defense of the Canal.

To implement the “partnership” spirit implicit in the Principles, however—and, indeed, to be certain of obtaining Panama’s agreement that the areas and facilities we specify are truly “necessary”—it is appropriate that the United States provide a rigorous justification for each of its needs. In the United States Negotiators’ judgment, Panama will not accept nor would it be fitting for the United States to table justifications based on convenience for Canal operation and defense rather than essentiality.

In the course of specifying areas and installations essential to the United States’s effective control over operation and defense, moreover, it is appropriate to begin with the premise that the United States treaty offer on “land use” must be more forthcoming than the 1971–72 offer with respect to relinquishment to Panama of areas and facilities. By agreeing to the Principles the United States has moved to a negotiating posture with which the latter would be incompatible.

¹ Source: National Archives, RG 84, American Embassy, Panama, Panama Canal Treaty Negotiation Files, Lot 81F1, Box 124, Treaty Negotiations, July–Oct 1974. Confidential. A copy was sent to Jorden. A handwritten note indicates that Jorden received it on October 15.

² The message from Koren to Parker is in the National Archives, RG 185, Subject Files of 1979 Panama Canal Treaty Planning Group, Box 9, Land, Water, and Airspace Use I, 10/11/74–7/26/75.

Finally, in the course of specifying areas and installations it is appropriate to consider that the United States will not require a single, contiguous, monolithic “Canal Area” to exercise its operational and defensive control effectively. All areas and facilities which will appertain to the United States will be specified in the treaty or a suitable companion instrument, and all operational and defensive rights will be exercised with respect to them.

It would seem to follow from the foregoing that the Negotiators will have need of a categorization of areas and facilities along the following lines:

- (1) Immediately and unconditionally releasable to Panama.
- (2) Immediately and unconditionally releasable with appropriate arrangements to the effect that Panama will not use them in ways prejudicial to the performance of essential activities of Canal operation and defense.
- (3) Immediately releasable provided the United States retains access rights.
- (4) Immediately releasable provided Panama agrees to share their use with the United States (for example, joint training areas).
- (5) Releasable at some point during the first five-year period of the treaty, under any of the circumstances described in (1) through (4) above.
- (6) Not releasable for the treaty’s lifetime insofar as the United States can now determine.

For the categorization to be most useful to the Negotiators, areas and installations within each category should be identified in order of priority for Canal operation and defense.

It would also seem essential for negotiation and treaty-drafting purposes to identify each by approximate size and location, by facilities located thereon, and by the purpose for which it is now used. In the case of those not falling within category (1), a statement justifying their inclusion in another category would be needed. In the case of those included in categories (2)–(5), we would need a description of the particular limitations on their releasability. In the case of those included in category (6) we would need an unassailable statement of justification.³

³ In a December 20 letter to Bunker, Koren outlined the Department of Defense’s land and water requirements in Panama. (National Archives, Ambassador Bunker’s Correspondence, RG 59, Lot 78D300, Lands + Waters (Use Rights))

The matter of air space is inextricably linked to the “land use” issue. Thus the Negotiators would need a specification and justification of United States requirements in that regard.

The matter of “related activities” poses a special problem.

In response to the Negotiators’ informal assertion to Panama that they would be unable to entertain a proposal to discontinue these activities, Panama has said privately that as a general matter the activities may be continued but that the proper “cover” must be found, for Panama’s domestic purposes.

Clearly we cannot cover these by relating them to any significant measure of essentiality for Canal defense. Clearly Panama cannot accept a cover relating to “hemispheric defense” or “strategic Panama”—concepts which it has rejected flatly. Clearly, also, it would not seem to be in the United States’ interests that a treaty with Panama hinge on this issue.

The Negotiators will welcome recommendations in this regard.⁴

We recognize that categorization of land/water areas and facilities as well as air space requirements is an onerous task. Yet it is an essential one, and urgent in that we shall have difficulty avoiding some general discussion of these matters as we discuss the administration-defense-jurisdiction package at the October 28–November 6 session of the Chief Negotiators in Panama. It would be helpful if the Negotiators’ Support Group might be furnished with any proposals from Canal Zone agencies as they are received, so that the Group might in turn present recommendations for negotiating positions as promptly as possible. As circumstances develop it may become necessary to agree upon a more certain deadline.

From a negotiating standpoint, the United States’ positions on the land use issue are unusually sensitive in that they are likely to constitute important elements for important negotiating trade-offs. Thus we would be grateful if you would arrange that the proposals for those positions be closely held.

S. Morey Bell⁵
Deputy U.S. Negotiator

⁴ An October 23 telegram from USCINCSO to the JCS (2136Z) provided a list of Department of Defense requirements for airspace and for retaining certain non-Defense (ancillary) related activities in the Canal Zone. (National Archives, RG 84, American Embassy, Panama, Panama Canal Treaty Negotiation Files, Lot 81F1, Box 124, Treaty Negotiations, July–Oct 1974)

⁵ Bell initialed “SMB” above this typed signature.

56. Presidential Determination No. 75–4¹

Washington, October 29, 1974.

MEMORANDUM FOR THE SECRETARY OF STATE

SUBJECT

Waiver of Section 3(b) of the Foreign Military Sales Act, as Amended—Panama

Pursuant to the authority vested in me by Section 3(b) of the Foreign Military Sales Act, as amended, I hereby waive the provisions of Section 3(b) of the Foreign Military Sales Act, as amended, with respect to sales, credits or guaranties to the Government of Panama. Reasonable assurances have been received from the Government of Panama that future violations of Section 3(b) of the Act will not occur.²

You are requested on my behalf to report this waiver to the Speaker of the House of Representatives and to the Chairman of the Senate Foreign Relations Committee, as required by law.

I have concluded, pursuant to Section 654(c) of the Foreign Assistance Act of 1961, as amended, that this determination and waiver shall be classified “Confidential” and shall not be published in *The Federal Register*. Such publication would be harmful to the national security of the United States in view of the serious and delicate negotiations now going on between the United States and the Government of Panama concerning a new Panama Canal treaty.

Gerald R. Ford

Justification for Presidential Waiver of Section 3(b) of
the Foreign Military Sales Act, as Amended

On April 17, 1974, Panama seized an American fishing vessel for having engaged in fishing more than twelve miles from the Panamanian

¹ Source: National Archives, Ford Library, National Security Adviser, NSC Latin American Affairs Staff Files, 1974–77, Box 6, Panama—Political, Military (1). Confidential.

² In an October 23 memorandum to Ford, Kissinger recommended granting Panama a waiver of Section 3(b) stating that “General Omar Torrijos, the Chief of Government, informed our Ambassador that the April 17 seizure was carried out by the patrol boat commander on his own initiative.” Kissinger noted that failure to grant the waiver would “precipitate a serious deterioration between the [Panamanian National] Guard and U.S. forces in Panama as well as between our two Governments,” adding, “Congressional reaction to Panama’s recent recognition of Cuba has been light and I do not anticipate any significant degree of criticism if this waiver is granted.” (Ibid.)

coast but within Panama's claimed 200-mile territorial sea. Section 3(b) of the Foreign Military Sales Act, as amended, requires the suspension of all sales, credits and guaranties under the Act to any country which has so seized an American fishing vessel. Such suspension is to remain in effect for a period of one year from the date of the seizure in question. The President is authorized to waive this suspension either (a) if reasonable assurances are received from the country concerned that future violations of Section 3(b) will not occur or (b) if the President determines that such a waiver is important to the security of the United States.

The United States Ambassador in Panama has discussed the matter of the seizure with a senior official of the Government of Panama, who has informed the Ambassador that the commander of the patrol boat which effected the April 17 seizure had acted on his own initiative, and that as a matter of policy Panama would not rely upon seizures of foreign fishing boats to implement its territorial sea claims. These representations constitute reasonable assurances that future violations of U.S. fishing rights will not occur.

57. Telegram From the Embassy in Panama to the Department of State¹

Panama City, November 7, 1974, 1758Z.

6409. Subject: U.S.-PANAMA TREATY NEGOTIATIONS: Report of Chief Negotiators' Session October 27–November 7, 1974, Contadora Island, Panama. From Bunker.

I.

Panama has accepted the package proposal I offered on the critical issues of Canal operation, Canal defense, and the exercise of jurisdiction. Accordingly it is reasonable to say that a new treaty is in sight. The

¹ Source: National Archives, RG 84, American Embassy, Panama, Panama Canal Treaty Negotiation Files, Lot 81F1, Box 124, Treaty Negotiations, Nov–Dec 1974. Secret; Immediate; Exdis. Drafted by Bell; approved by Bunker. Repeated Immediate to USCINCSO, Governor Parker, and Quito.

parties have agreed to a schedule of negotiation designed to conclude it by next March.²

Whether it will be possible to do so depends on negotiating quickly the next two issues—compensation to Panama and the return of Zone lands to Panama, and then on arriving at a satisfactory formula for handling the final, difficult issues of the treaty's duration and of an option for expansion of the Canal.

The Panamanians were gratified at the United States proposals which would restore their "sovereignty." As a result they agreed to language which, in my judgment, would guarantee effective United States control of Canal operation and defense through the treaty's lifetime.

That is not to say that they did not bargain vigorously, and in some instances I chose to accept their concepts and language in order to secure their commitment to matters of particular concern to the United States. That was also the case with respect to the issue of jurisdictional control. The bargaining process, in fact, benefits the United States. The Panamanians now cannot say that the United States imposed its will upon them.

These proposals are incorporated in three separate "Threshold Agreements"—agreements on concepts to guide the treaty drafting—which the Chief Negotiators have initialed. The texts follow.³ It is of course understood between the parties that "Threshold Agreements" are not immutable. All or parts of them are susceptible to the trade-off process which will inevitably occur toward the end of the negotiation. These agreements constitute the most that the United States can obtain thus far in this give-and-take exercise.

General Torrijos' comment to me that the Agreements have "broken the back of the treaty problem" may be an overstatement, but I am hopeful it is not.

II.

With respect to a Status of Forces Agreement (SOFA), the Foreign Minister emphasized that Panama has "no serious objection to the substance" of the draft I presented as part of the United States offer (on the understanding it was a preliminary rather than final draft), but

² In telegram 1963 from Jerusalem, November 8, Kissinger wrote: "I have no problems with trying to complete the treaty by March." (National Archives, RG 59, Ambassador Bunker's Correspondence, Lot 78D300, Box 4, Key Documents)

³ Not printed; see footnote 6 below.

does have some difficulty with the “format” and some of the phrasing.⁴ As a result of the Minister’s desire to move quickly, he asked that my Deputy remain on Contadora to work with his counterpart on the document, with instructions to produce a final product ad referendum to the Chief Negotiators within a week. Bell will of course be consulting with me and interested Washington agencies during the process. Attorney-Adviser Kozak will also remain here.

III.

General Torrijos called on me several evenings ago, as a gesture of satisfaction at the United States offer. At that time I advised him of our willingness to consider appointing a distinguished Panamanian citizen as “Counsellor to the President” of the Panama Canal Company,⁵ and to create now a “Working Group” to begin planning for the first stage of Panama’s participation in Canal operation. He expressed considerable satisfaction at these earnestness of the United States desire to move quickly toward a new relationship, and I learned subsequently that these unilateral actions occasioned more Panamanian flexibility in negotiating the issue of Canal defense than would otherwise have appeared. I believe that we should now implement the two actions.

IV.

Summarizing what the United States has achieved from the negotiation of the tripartite offer:

1. Panama has agreed that the United States shall have the “primary responsibility,” during the treaty’s lifetime, for both Canal operations and defense.
2. Panama has agreed to grant the basic operating rights the United States requires, including the use of areas, free and unimpeded movement, and rights to guard installations, to control the setting of tolls

⁴ In a November 2 message to Parker, Koren expressed displeasure with the proposed Status of Forces Agreement (SOFA) and the threshold agreements, stating: “It was our understanding that, in return for making concessions to Panama in connection with jurisdictional matters, the United States would retain in the new treaty the essential provisions to permit it to defend and operate the canal efficiently and effectively while the treaty is in force.” He added, “particularly disturbing is the omission from the ‘threshold agreement on jurisdiction and rights of use’ of the Status of Forces Agreement (SOFA) as a basic element of United States jurisdiction,” and expressed serious concern that U.S. civilian employees were not included. (National Archives, RG 185, Negotiating and Planning Records for 1977, Box 2, Negotiation Talks aka Deputy Negotiator Talks 3–74 to 3–75) Wallace, Swett, and Walton met with Bunker on November 22 to discuss Koren’s concerns. (Washington National Records Center, RG 330, OASD Files, FRC 330–77–0054, Panama 381, July 1975)

⁵ In a November 4 Memorandum for the Record, Walton summarized Bunker’s October 25 meeting with the Panama Canal Company Board of Directors. (Ford Library, John O. Marsh Files, Box 27, Panama Canal Treaty Negotiations [1])

and the navigation of ships, and to regulate labor relations. They have also agreed to grant the United States rights in separate agreements to provide services such as schools, hospitals and public utilities.

3. Panama has agreed to language which enables the United States to act unilaterally to defend the Canal.

4. Panama has agreed that the United States may retain military activities not related to operation and defense of the Canal.

5. Panama has agreed to a joint commitment to ensure the permanent neutrality of the Canal.

6. Panama has agreed that civilian employees of the Canal Company may be afforded special privileges and immunities for a period to be specified in the treaty. The Minister indicated that these could be substantially similar to those offered to other United States employees under a SOFA.

7. Panama has receded from (a) its position that it should have sole responsibility for “local defense” of the Canal; (b) its insistence that the United States commit itself to progressive dismantling of the physical United States military presence; and (c) its insistence that the United States commit itself explicitly to removing that presence entirely upon the termination of the treaty.

V.

For its part, the United States has agreed to divest itself of the appurtenances of sovereignty which are not required for the discharge of its responsibilities for Canal operation and defense and which Panama has considered to be offensive.

There is to be no “Canal Zone,” nor “Canal Zone Government.” Panama will acquire criminal jurisdiction over its nationals and jurisdiction over private civil matters immediately the treaty enters into force. Within three years thereafter, civilian United States courts will disappear and Panama will acquire general police authority.

In addition the United States has offered Panama meaningful participation—in effect a “partnership”—in Canal operation and defense. Finally the United States has offered to renegotiate the treaty five years before its expiration date, to assure that implementation of the treaty’s provisions is being carried out in ways such that Panama will be capable of assuming responsibility for Canal operation and defense at the end of the treaty period. Both parties also understand that renegotiation would permit discussion of arrangements whereby the United States could assist Panama with some aspects of Canal defense in the post-treaty period.

Following are the texts of the three “Threshold Agreements.”⁶

⁶ Not found.

58. **Memorandum From the Deputy U.S. Negotiator (Bell) to Ambassador at Large Bunker¹**

Washington, November 21, 1974.

PANAMA-U.S. TREATY NEGOTIATIONS

The Question of the Approach to the Congress

I regret having missed your meeting November 21 on this subject,² because I had hoped to present for consideration the arguments in favor of an exceedingly cautious approach to the Congress at this juncture. There are seven of them. The Negotiating Staff joins me unanimously in forwarding them to you and the other interested officers.

I. *The Arguments*

A. *A treaty is "in sight"—but far from certain.* It would seem unwise to start selling a commodity we do not yet have excellent prospects of putting our hands on.

B. *The Defense Department is almost certainly not willing to be helpful at this time in any approaches to the Congress—and might well be unhelpful.* That is so for these reasons:

1. DOD has not yet seen, in the draft Threshold Agreements, the full protection of its interests. You intend over the course of the negotiation to obtain that full measure of protection, of course—but it is not there at this time.

2. There are those in DOD, in positions of some importance, who do not wish a new treaty and will resist, vigorously, any effort to involve DOD in preparing the way for a treaty in the Congress.

3. There are those in DOD, in positions of particular importance, who although favoring a new treaty will be extremely skittish about involving DOD in congressional approaches, for fear of their impact on members of the Armed Services Committees, many of whom oppose a treaty. They will be most reluctant to go to bat until they are compelled to do so.

4. Rumors are rife in DOD that Secretary Schlesinger has ordered a review of all existing DOD positions on major worldwide issues, from "détente" to Panama, with a view to ascertaining whether the

¹ Source: National Archives, RG 84, American Embassy, Panama, Panama Canal Treaty Negotiation Files, Lot 81F1, Box 124, Treaty Negotiations, Nov–Dec 1974. Secret; Nodis; Stadis. Copies were sent to Rogers, Bowdler, Feldman, Low, Jenkins, Richardson, Bell, and Gonzalez-Revilla.

² No record of this meeting has been found.

DOD positions should not be “hardened”. The idea seems to be that vital “lines of communication” are being jeopardized.

C. *Any full-blown initiative with the Congress would almost certainly provoke the congressional opposition into retaliation, and we are not yet ready to counter it.* When the Negotiators are convinced that a treaty is within easy reach, then we can bear up under the opposition’s attack and counter it. Perhaps we might be in such a position by early January.

D. *Extensive consultations with Congress significantly increase the possibility of leaks.* Panama, at least, could not stand leaks now, and the course of negotiation would be very much prejudiced by them. Later, Panama will be in a better position on this score.

E. *Premature congressional contacts could prejudice our tactical position vis-à-vis Panama in the negotiation.* The Panamanians would learn of it promptly, and would interpret it as an effort by the Administration to make certain it can move a treaty through the Congress. We need to continue to use congressional approval as leverage in our bargaining with the Panamanians.

F. *Given the Administration’s domestic difficulties at this time, it is doubtful that the White House (the “domestic side”) would want any more problems with the Congress than it already has.* An organized approach now to the Congress on the Panama matter would provoke the congressional opposition and, thus, a “problem”. One can conceive of a treaty with Panama being viewed as a foreign-policy coup, but a domestic political disaster. At the least we should be moving slowly and cautiously enough in the congressional approaches to give the White House time to provide us with critical, not off-hand, guidance.

G. *There is in fact very little which you can say to members of the Congress, at this time, which (a) you have not already said, or (b) is so general in nature that your approaches could not be truly productive.* We should bear in mind the futility of the approaches made in the Anderson-Ward negotiation—several hundred individual calls, in all. They were made too early: the general reaction was “I’ll make up my mind when you show me a draft treaty.”

II. Suggestion for a “Cautious” Approach

A two-track system might be in order.

One track would consist of efforts aimed, not directly at the Congress, but rather at private groups which are influential with the Congress. We plan to forward a separate memorandum to you on this subject but, briefly, we have in mind, as mechanisms, (a) a few major speeches, (b) articles in leading periodicals, (c) formation of a Citizens Committee, (d) briefings of Editorial Boards of major non-Eastern newspapers, (3) *démarches* to Meany,³ the League of Women Voters, and the like.

³ George Meany, President of the AFL–CIO.

The second track might go somewhat like this.

You would brief the Secretary on what we perceive, at this juncture, as the shape of a new treaty, and suggest that the following steps might now be appropriate.

1. The Legislative Liaison Staff of the White House—and perhaps Ambassador Rumsfeld as well—would be informed as to the possible shape of the treaty, and its advice sought on the timing and nature of any approaches to the Congress.

2. The majority and minority leadership of the Congress would also be briefed on the possible shape of the new treaty, and their advice sought on congressional approaches.

3. The Vice President-designate would be similarly briefed, and his advice sought.

4. We would proceed thereafter in accordance with the advice and guidance received.

5. Depending on the nature of the advice and guidance, members of the Congressional Relations and Treaty staffs of the Department would move into a low-key educational effort aimed at selected congressional staff members.

S. Morey Bell⁴
Deputy U.S. Negotiator

⁴ Bell initialed “SMB” above this typed signature.

59. Memorandum From Ambassador at Large Bunker to Secretary of State Kissinger¹

Washington, December 3, 1974.

SUBJECT

Panama Treaty Negotiations

While the Panamanians always are unpredictable, we made significant progress during my last visit to Panama and for the first time I feel I can say that a treaty is in sight.

Panama accepted (in the form of initialed conceptual agreements) a package proposal which I made to them combining defense, administration and jurisdiction (summary attached).² In essence, we gave them the jurisdictional rights so important to their sense of national sovereignty in exchange for their agreement that we have the primary right to operate and defend the Canal during the life of the treaty. They also agreed to commit themselves to join us in guaranteeing the permanent neutrality of the Canal.

Acceptance of this package was essential to a new treaty. If we have success in dealing with the remaining four issues, I believe we may be able to arrive at a treaty by next spring. This should give us a good chance of getting Congressional approval in time to avoid the possibility of the treaty becoming an issue in the Presidential campaign.

Revised Presidential Guidance

Between now and March, our schedule calls for taking up four remaining issues. I do not anticipate much trouble on two of them: how much we pay Panama for using the Canal, and how much non-essential land we return to Panama. The other two will be difficult, and I will have to ask for some relaxation of existing Presidential guidance in order to handle them.

The guidance calls for a 50-year treaty with an additional 30 to 50 years if the Canal is expanded. It is clear to me that this is unrealistic. Panama could not accept it politically. I shall have to ask for greater flexibility so that I could be able to propose, for example, a significantly shorter period of US control of Canal operations, say to the year 2000 or perhaps less, in exchange for a clear US defense responsibility of longer duration.

¹ Source: National Archives, RG 59, Ambassador Bunker's Correspondence, Lot 78D300, Box 4, Key Documents. Confidential; Stadis; Nodis.

² Attached but not printed. For more information on the threshold agreements, see Document 57.

The other difficult area is the question of Canal expansion. As the Panamanians tend to suspect that our interests in long-term options to expand are a disguised attempt to get US perpetuity, the question of extending the duration of the treaty in the event we expand the Canal may have to be left for future negotiation.

It is clear that the Canal is an aging utility. Its commercial—and its military value—may be diminishing. Therefore, we will probably want the treaty to include options for us to expand. However, studies which have examined the value of an expanded Canal in comparison with alternative modes of transportation indicate that the cost-effectiveness of an expanded Canal, whether sea-level or lock, is debatable. The issue should be considered as part of a national transportation policy.

An Educational Effort

Although these are complicated questions, I hope we can resolve them with the Panamanians by the spring. However, to get the treaty through Congress will require strong support by the Administration and a fairly intensive, but low-key, effort with both Congress and the public. To date, our opponents on the Hill have had the field virtually to themselves, for we have not wanted to inflame passions before we were relatively certain that a treaty was possible. Now that it does appear possible, I believe we should begin a low-key educational effort now.

As we see it, our effort would be built around a series of meetings between senior State officials and key undecided Senators. We also are thinking of establishing a citizens' committee—perhaps drawing from the Linowitz group.³ And we are working on a program to reach the media across the country in the hope of influencing skeptical Congressmen. On the Panamanian side, Tack told Bob Ingersoll in Quito⁴ that he already has begun the job of educating the Panamanian people to accept a reasonable treaty.

The Defense Department's Role

Throughout the negotiations I have coordinated closely with the Defense Department. They have been very cooperative even though we have made some pretty heavy demands on them. When the time comes we want Defense to join us in a coordinated approach to influence Congressional opinion in favor of the treaty.

³Sol M. Linowitz was Chairman of the Commission on U.S.-Latin American Relations.

⁴In telegram 7723 from Quito, November 13, Ingersoll summarized his conversation with Tack. (National Archives, RG 59, Central Foreign Policy File, D740326-0763)

However, it is possible that Defense may become increasingly reluctant to support our efforts to get a treaty. In my conversation with Secretary Schlesinger last August, and from other indications we have had from the Pentagon since then, I sense a growing concern over the problems of inflation and Congressional support as they relate to the Defense budget. In view of this, Defense might well decide that they do not want to promote anything on the Hill which might antagonize Congress. Clearly, Defense now believes that some key people in Congress who have a voice in shaping Defense appropriations are irritated or uneasy with the idea of a new treaty. The Pentagon therefore might hesitate to expend their credit with the Hill on this issue—which they see as primarily beneficial to State rather than Defense.

On the other hand, I expect this new, more liberal Congress to look with greater favor on a new treaty. We may be able to persuade Defense that they might strengthen their hand in Congress by joining us in advocating the treaty.

While there has been and will be a lot of opposition to this new treaty, I believe that eventually it will be a positive political factor, both domestically and in our foreign relations, and will serve as one more piece of evidence of our determination to construct a new, more mature relationship with the rest of the world. It will be especially helpful to the course of your “new dialogue” with Latin America.

The President's Views

Thinking that you might wish to brief the President on the negotiating progress, and make certain he has no problem with trying for a treaty by the spring . . . no problem with a low-key effort in the Congress . . . and no problem in principle with relaxing the guidance, we have prepared an “issues paper” to serve as talking points for you.⁵ My conversations with Secretary Schlesinger and Secretary of the Army Callaway lead me to expect that Defense will be reluctant to help us on the Hill until it is clear to them that the President is fully informed and clearly committed to the new treaty.

⁵ See Document 63.

60. **Memorandum of Conversations by the Ambassador to Panama (Jorden)¹**

Washington, December 6, 1974.

Over the past few days (December 2–5), I have met with several members of Congress for informal discussions of the Panama problem. The MOC involved were:

Senator Roman Hruska

Senator John Tower

Senator Glen Beall

Senator Sam Nunn

Rep. Wayne Hays

Senator Robert Taft

Senator Paul Fannin

I took the same general approach with each one, as follows:

I was in town on consultation with the Department of State and other agencies. I had heard that the MOC concerned had an interest in the Panama situation and I wanted to share with them some of the perceptions that had come to me through living and working in Panama for the past eight months. I said I could not get into the nuts and bolts of negotiations because they were in midstream and were, in any case, Ambassador Bunker's responsibility. But I thought it might be useful to them—as they viewed the situation now and in the future—to have an idea of the way the problem looked from the other end.

I usually gave a quick, thumbnail sketch of Panama today—a “revolutionary” government, moving ahead economically, but with plenty of problems (inflation, unemployment, etc.), and with political forces ranging from extreme left to extreme right. The one issue—indeed the *only* issue—on which I found unanimity was on the need for a change in status of the Canal Zone. While individual Panamanians might differ with one another concerning the specific shape of changes that should take place, they were solidly united in insisting that major changes were long overdue. I said it was my judgment that the present Government and most thinking Panamanians wished to have those changes occur in an atmosphere of friendship and cooperation with the United

¹ Source: National Archives, RG 59, Ambassador Bunker's Correspondence, Lot 78D300, Box 3, Congress. Confidential. Sent to Bunker, Jenkins, Bell, and Morris. Sent to Bunker under a December 6 covering memorandum from Bell who wrote: “You and Bill Rogers and Kempton Jenkins had asked Ambassador Jorden to brief various members of the Congress on the situation in Panama, and thereby lay the groundwork for a future dialogue with them on treaty matters.”

States. They had no illusions, for example, about being able to take over and run the Canal immediately or even in a few years. But they wanted to move in the direction of increasing participation and responsibility. Similarly, they had no capability to take over defense of the Canal in the short term. Here again, they wanted to work with us—steadily increasing their own capability for military defense through training, joint exercises, etc.

But our view was that for the duration of a new treaty, the U.S. would and should retain primary responsibility for the operation and defense of the Canal. I believed most Panamanians understood this and accepted it.

In the long-run, I said, it seemed to me that the only real guarantee of continued successful and smooth operation of the Canal was through Panama's wholehearted cooperation. Similarly, there was no way in the world to guarantee the successful protection of the Canal in a physical and psychological climate of hostility and confrontation.

For Panama, the principal immediate goal was our recognition of her sovereignty over the territory through which the Canal passes. They could not accept rules adopted 70 years ago under which a Panamanian could be arrested for speeding or some other offense and find himself being tried under U.S. laws, by U.S. judges and sentenced to a U.S. jail. The rules of the game as they have been applied for the past 70 years were simply not good enough for 1975.

In this context, I could see no reason why we could not shape a new relationship that took Panamanian aspirations into consideration while preserving what were for us the major interests—continued effective operation and protection of the Canal. Moreover, I felt this could be done in a way that would put U.S.-Panama relations on a new and modern footing—setting an example to all for the way in which a large world power could deal fairly and honorably with a small but proud country.

If we failed to reach a new agreement—or if we got one and then had it turned down by the Congress—it was clear to me that we would quickly move into an atmosphere of tension, of demonstrations, with riots and violence probable. I did not believe any American could think without concern of the prospect of U.S. troops having to use force to impose its will on Panamanian citizens—to say nothing of having to kill many of them. I doubted that the Congress or the American people would welcome a new “mini Algeria”² and perhaps having to send a division of armed troops to a small country to show how tough we

² Presumably a reference to the war between Algerian nationalists and the French from 1954 to 1962.

could be. In such a situation, opinion in Latin America, and indeed throughout the world, would clearly be on Panama's side and against us. We would be attacked by the entire world, in the press, at the UN, etc. And then, if we tried to work out a new arrangement, it would be done in a spirit of bitterness and hatred—and would doubtless produce far less for us than we now can reasonably expect.

It seemed foolhardy to me to follow this latter course, when the road to an amicable and cooperative agreement was open.

All of the Senators expressed their appreciation that I had taken the trouble to call on them. Most said that the discussion had given them a quite different insight into the problem than they had before. The biggest problem cited by almost all of them was the absence of any clear support among their constituents for change in Panama. Most people looked at the problem in simplistic terms—"we dug the ditch and paid for it; why should we give it away?" Many of them said that the only mail they received on the problem was along this line. They underlined the need for broader public education and information.

Some of the individual reactions follow:

Sen. Hruska: He was worried about what some future Panamanian government might do under a revised treaty—demanding more and more concessions. He was concerned that any change might open the door to increased unfriendly foreign influence. He also recalled the "flag incident" of 1964 which produced rioting and some bloodshed. He thought the U.S. commander who "protected our flag" was a hero.³ Nonetheless, he was reasonable during our talk and willing to admit elements of the problem that he had not fully considered before. (COMMENT: a likely negative vote but perhaps could be swayed by sufficient mail from his home state or through the arguments of respected colleagues.)

Sen. Tower: Stressed the lack of support for any change on the part of his Texas constituency. But he did say that he was prepared to support a treaty that adequately protected our basic interests. (COMMENT: an intelligent man; more receptive than I had expected. But he will want to put any treaty under a Senatorial microscope.)

Sen. Beall: After hearing me out, said he recognized how easy it was for some of his colleagues to get swept up by emotion without looking hard at all the facts. Said he was happy to get a reasoned and balanced viewpoint. Argued that "people need to know more."

³ The "flag incident" touched off the January 1964 riots in the Canal Zone. See *Foreign Relations, 1964–1968*, vol. XXXI, South and Central America; Mexico, Documents 367 and 368.

(COMMENT: thoughtful and receptive; can be persuaded by facts and logic.)

Sen. Nunn: Also quite reasonable. Appreciated getting facts and viewpoints he had not considered. But noted there was little or no support for change. Noted that members of the DAR and other groups were opposed, and were highly vocal. He stressed the need for considerable broadened education—well in advance of presentation of a final treaty to the Congress. (COMMENT: another intelligent and responsible man who listens to facts and appreciates insights that he had not heard or considered.)

Rep. Hays: Listened very little. Talked at length about the “untrustworthiness” of all Latins. Said we could not trust them to live up to any agreement. If he were President, he would simply tell the Panamanians that we were going to live by the agreement of 1903 and if they didn’t like it, that was too bad. (COMMENT: a negative vote on anything to do with a new treaty or any concessions to Panama. Not susceptible to facts or argument.)

Sen. Taft: Listened carefully. But expressed concern that the Panamanians would continue to press for more and more concessions once an agreement was reached. Thought that our ability to protect the Canal and resist physical pressures would be greater under the present treaty’s concession of sovereign rights than if we abandoned them in a new arrangement. Was impressed by the argument that the use of force to impose our will could mean killing perhaps hundreds of people. That was an unpleasant thought. (COMMENT: intelligent, reasonable. Can be approached with sound arguments. Will probably view any treaty through legalistic eyes.)

Sen. Fannin: Listened carefully. Very much appreciated getting a new point of view. Noted that technological changes (in pipelines, bulk cargo conveyors, etc.) might well diminish the importance of the Canal in a shorter time than most people realized. Was interested to hear that Panama is, in fact, considering putting in a new oil pipeline and studying a bulk-cargo conveyor system. (COMMENT: reasonable, rational, intelligent. Can be influenced by thoughtful argument.)

61. Backchannel Message From the Governor of the Panama Canal Zone (Parker) to the Deputy Under Secretary of the Army (Koren)¹

Balboa Heights, Panama Canal Zone, December 13, 1974.

PNA 1035. Sub: Visit of Negotiators "Support Group".

1. Negotiators "Support Group," which is visiting here to discuss compensation and land use issues,² has requested a great amount of detailed information on our employees. In order to further the spirit of cooperation between the Company and the Support Group, I have authorized that the Support Group be provided with the requested data. I am, however, dismayed by the inference of distrust in their requests, by the considerable workload required by their requests and, above all, by the implication of further inquiry and debate on our judgments on personnel policies.

2. Data which the Support Group has requested, and which we should have available for them by early next week, include computer print outs of alphabetical list of over 15000 employees, sequence listing by citizenship, sequence listing showing whether each employee receives tropical differential and complete copy of role and gang by citizenship. This comprises a print out package about one foot high containing the company/government's complete personnel data. Request was made by AID technician accompanying support group. But initiative for information apparently comes from Group Chairman Wyrough who wants to obtain a better "feel" as to Canal Administration's continuing need for U.S. employees and future requirement to pay U.S. employees in post treaty period additional retention incentives. Alternatively, we were requested to supply Support Group with master copy of our computer tape on employees (I am not prepared to authorize this request).

3. Essential issue is how much money might be saved by changing U.S.-non-U.S. employment mix and how these savings might affect compensation package we have developed here with Support Group. It is doubtful that data we are providing will allow Support Group to make meaningful judgments on these critical issues. Nor do I believe that it is proper for negotiators to involve themselves in judgments on the number of U.S. employees (and their pay) which the future Canal Administration will need in order to effectively run the Canal. Our

¹ Source: National Archives, RG 185, Subject Files of 1979 Panama Canal Treaty Planning Group, Box 5, Messages Jul to Dec 19 74. Confidential; Priority; Eyes Only.

² See Document 55.

present judgments on savings and costs, while we believe they are prudent and supportable, are not immutable. We will be refining our data during the coming weeks. But this data should not be questioned and debated in independent terms of financing the compensation package to Panama. As long as the U.S. has the responsibility for operating the Canal, these are managerial judgments which should be left to those with the experience and responsibility. Warm regards.

**62. Letter From the Chairman of the Department of Defense
Panama Canal Negotiations Working Group (Koren) to
Ambassador at Large Bunker¹**

Washington, December 17, 1974.

Dear Mr. Ambassador:

In response to your 22 November note and accompanying memorandum, the Panama Canal Negotiations Working Group has given the most careful consideration to U.S. citizen employees of the Canal Administration under a new treaty.² The views of Governor Parker and General Rosson were considered in the process.

We examined the primary objectives of the American work force under a new treaty, and then the minimum requirements to achieve those goals. Throughout we kept in mind the difficulties which you cited concerning obtaining Panamanian agreement to an acceptable level of privileges and immunities for Canal Administration U.S. citizen employees.

The Department of Defense considers there to be no feasible alternative to uniform coverage of Canal Administration U.S. personnel, to include their dependents, wholly under a Status of Forces Agreement. Options, such as securing a right to pay a cost of living allowance in lieu of seeking commissary and PX privileges, are not considered viable

¹ Source: National Archives, RG 59, Ambassador Bunker's Correspondence, Lot 78D300, Box 4, Employees. Confidential.

² In the November 22 memorandum, the Ambassador disagreed with Koren's assessment that the Status of Forces Agreement (SOFA) should include civilian employees. Bunker wrote: "Panama's Chief Negotiator said that not only could Panama not agree to inclusion of the employees under the SOFA, but that Panama had difficulty in agreeing to special treatment in a form for these employees. Such treatment, he explained, would lead Panamanians to believe the United States was giving up the form, but preserving the substance of the 'colonial enclave.'" (National Archives, RG 59, Ambassador Bunker's Correspondence, Lot 78D300, Box 8, Chron 1974)

because much more is involved than the cost of living aspect. For example, a cost of living allowance instead of SOFA purchase privileges would violate the fundamental principle of uniformity of treatment of U.S. and non-U.S. citizen employees. Moreover, it would increase Canal operating costs as well as further increase and highlight the disparity between the compensation of U.S. and Panamanian workers.

To operate the waterway efficiently and effectively and concurrently to increase progressively Panamanian participation in Canal Administration, it is essential that there be no disparity between the privileges and rights enjoyed by the U.S. citizen employees of the Forces and those of the Canal Administration. Therefore, the Defense Department considers it necessary that the SOFA must embrace the total U.S. citizen work force because to do otherwise would be patently unfair and inequitable. More significantly, it would place in serious jeopardy the Canal Administration's ability to accomplish its operation and training missions while the treaty is in force.

The detailed position paper attached explains the position of the Defense Department.³

It is recommended that:

1. benefits, privileges, and immunities for U.S. Government personnel who are U.S. nationals engaged in the operation and defense of the Canal apply equally and uniformly to all U.S. citizen personnel, to include their dependents, whether DoD or Canal Administration, without any reservations or exceptions.

2. uniform treatment be achieved by application of the contemplated SOFA to all Canal Administration U.S. civilian employees as well as DoD personnel.

3. the SOFA or other treaty provisions not restrict the right of the United States to provide to U.S. citizen personnel whatever pay or other incentive, differentials, or allowances it deems necessary to recruit and retain the number of U.S. citizen personnel with required skills to assure the U.S. unimpaired capability to exercise its rights and meet its responsibilities under the treaty, including the training of Panamanians to assume full responsibility in the post-treaty period.

4. the prospective treaty not restrict the organizational form or internal structuring of the Canal Administration within the U.S. Government.

The Defense Department very much appreciates your efforts to secure a SOFA with Panama and to have Canal Administration U.S. citizen employees included in the agreement. We believe the United

³ Not attached and not found.

States is being most concessionary to Panama in the area of jurisdiction and for this reason, the Defense Department position, as set forth in this communication, deserves the utmost consideration. In this connection, we will do all possible to assist you in attaining this fundamental aim.

With highest regards,
Sincerely,

Henry L.T. Koren
*Chairman, Panama Canal
Negotiations Working Group*

63. Paper Prepared for Secretary of State Kissinger¹

Washington, undated.

LATIN AMERICA THE PANAMA NEGOTIATION

I. Summary—Background

You briefed the President on this shortly after he took office. Bunker briefed him twice while he was Vice President.²

Now there has been a negotiating breakthrough: a new treaty is in sight.

Presidential decisions are needed, however, to implement the breakthrough. The critical background for making them is this:

1. Continuation of the existing regime in the Panama Canal Zone increases the risk of direct confrontation with Panama . . . and consequent hemispheric repercussions. We have already delayed for 10 years in fulfilling a bipartisan U.S. commitment to conclude a new treaty.

¹ Source: Library of Congress, Manuscript Division, Kissinger Papers, Box CL 2 04, Panama Chronological File, Sept 1973–June 1973. Secret; Nodis; Stadis. Drafted by Bell on December 13; Bunker, Bowdler, Feldman, and Richardson concurred. Sent to Kissinger under a January 10 covering memorandum from Bunker who wrote: “Attached is the ‘Issues Paper’ referred to in my memorandum to you of December 3. I thought you might wish to discuss this with the President prior to my return from Panama January 20.” Bunker’s December 3 memorandum is Document 59.

² See Document 35.

2. *A new treaty could constitute a striking foreign-policy achievement for the Administration.*

3. *It will not be easy, of course, to move a treaty through the Senate. But the real problem derives more from ignorance than antipathy. And with strong Administration support we believe ratification will be possible.*

4. *We should also consider that, from the viewpoint of "managing" the Panama problem, it is probably better to have a treaty which the Congress might hold for a lengthy period than have no treaty at all.*

II. Status of Negotiations

Panama has accepted a package of "conceptual agreements" which Bunker offered on three important negotiating issues: how the Canal is to be operated . . . how it is to be defended . . . and under what jurisdictional arrangements.³

In essence Panama will obtain jurisdictional rights giving it the sense of sovereignty it requires . . . and, in addition, some participation in Canal operation and defense. The United States will retain primary rights to operate and defend the Canal for the treaty's lifetime.

Moreover, Panama has agreed that the United States may join with it in "guaranteeing" that the Canal will remain open, on a non-discriminatory basis, permanently. That gives the United States the political basis—after the treaty ends—to assure that our interests in the Canal are protected.

And until the treaty ends, the United States will have the right to act unilaterally to defend the Canal.

All this represents significant progress toward a treaty.

Four issues remain to be negotiated. Two of them—how much we pay Panama for our Canal rights, and how much non-essential land we return to Panama—should not pose insurmountable problems. Bunker will be addressing them with the Panamanians in early January.⁴

The remaining two will be very difficult: how long the new treaty will last . . . and whether the United States will have exclusive rights for expanding the Canal's capacity.

III. Existing Presidential Guidance

The outstanding instructions on the two difficult issues are now almost 4 years old . . . permit us to offer Panama even less favorable treatment than we offered in the 1967 treaty drafts . . . and are not consonant with the times: they would compel us to sustain a significant and protracted degree of control over Panamanian territory.

³ See Document 57.

⁴ See Document 66.

The instructions require a 50-year timeframe for the new treaty . . . a long-term U.S. option to construct a sea-level canal or additional locks unilaterally . . . and an additional treaty duration of 30–50 years if we decide to expand it. *It was proven impossible in 1972 to negotiate a treaty based on that guidance.*

BUNKER IS NOW DEVISING FORMULAE WHICH PANAMA MIGHT ACCEPT AND THE UNITED STATES MIGHT LIVE WITH. WE WILL BE SENDING THE PRESIDENT SPECIFIC RECOMMENDATIONS SOON. We hope Secretary Schlesinger will join in them, but he may not, at least fully.

IV. Timing

If we can cope with the two difficult issues, it may be possible to have a complete package of conceptual agreements—that is, the configuration of a new treaty—by, say, April. If the President and Torrijos then indicated that the Negotiators should proceed, a final document could possibly be prepared in a month. That should allow time to seek ratification before the treaty could become an issue in the presidential campaign. *DOES THE PRESIDENT HAVE ANY PROBLEM WITH THIS APPROXIMATE TIMETABLE?*

V. Educating the Congress and the Public

Strong Administration support will be required to secure ratification . . . although the new Congress may be more sympathetic than its predecessor to a new relationship with Panama.

Congressional treaty opponents, while more vocal than vote-powerful, have thus far remained virtually unchallenged because we have wished to avoid causing a premature public debate. Now that a treaty seems possible, however *WE HOPE THE PRESIDENT WILL AGREE THAT WE BEGIN A LOW-KEY EFFORT TO GENERATE SUPPORT FOR IT.*

The effort would include:

- meetings between senior Administration officials and groups of key congressmen, following consultation with the leadership on both sides;

- the establishment of a Citizen's Committee; and

- a carefully orchestrated program to reach the media and private-interest groups throughout the nation, and thereby influence the Congress.

VI. Defense Department Assistance

Throughout the negotiations Bunker has coordinated closely with Defense and the Joint Chiefs.⁵ We believe that the main United States

⁵ See Document 49.

interest in the waterway is the security one, not the economic. And it is clear that the support of Defense and the Chiefs will be indispensable to securing treaty ratification.

Thus far they have been helpful in the negotiation . . . despite fears of ire among congressional treaty opponents who have something to say about Defense budgets and programs . . . and despite a natural inclination to alter our presence in the Canal Zone as little as possible.

We have emphasized to Defense that *United States security interests are best served by creating a modern environment based on the type of security arrangements we have elsewhere in the world, to supplant a confrontational environment which could lead us to a repetition of the bloodshed of 1964.*

IT WOULD BE HELPFUL IF THE PRESIDENT COULD INDICATE TO SECRETARY SCHLESINGER AND THE CHIEFS THAT HE SUPPORTS BUNKER'S EFFORT . . . and, once they are satisfied with the degree of protection which a new treaty affords to our security interests, THAT THEY SHOULD ASSIST THE STATE DEPARTMENT IN A CAMPAIGN TO GENERATE SUPPORT IN THE CONGRESS AND THE PRIVATE SECTOR FOR A TREATY.

VII. Our Options From a Foreign-Policy Viewpoint

Unless we are prepared to run the ultimate risk of direct action against Panama, with effects on our hemispheric and other relations akin to—and probably much worse than—those which followed from our action in the Dominican Republic—we have no choice but to strive for a new treaty, on terms the world will recognize as equitable.

There is advantage from this course:

—we can put into place a major component of the Administration's policy toward Latin America, at a time when we do not have much to offer the Latin Americans; and

—we can legitimately point to a Panama treaty as part and parcel of our effort to build a structure of peace, worldwide.

Concluding with the "worst case" situation—from a foreign-policy viewpoint:

It is better to have a treaty on which the Congress might delay ratification (out-and-out "rejection" seems unlikely) than to have no treaty at all. Thereby we would have shown we had done what we could. And a negotiated treaty pending in the Congress would help us "manage" the Panama problem for a while longer.

ISSUES PAPER FOR THE PRESIDENT: PANAMA NEGOTIATION "ROADMAP"

With a treaty in sight, it is opportune to assure that the President —knows the status and direction of the negotiation

—will reiterate to Defense and the Chiefs his support of Bunker's effort

—will be willing to consider changing the outdated presidential instructions in order to obtain a treaty

—has no problem with the timing suggested

—approves of an “educational” effort in the Congress and private sector.⁶

⁶ In a January 20 memorandum to Rogers, Gammon indicated that President Ford had read the issues paper “with great interest” and requested more information. (National Archives, RG 59, S/S Principal Memos, Lot 77D149, Box 16, 1975 S/S Memos, Jan–May)

64. Memorandum From the Executive Secretary of the Panama Canal Zone (Conley) to the Governor of the Panama Canal Zone (Parker)¹

Balboa Heights, Panama Canal Zone, January 31, 1975.

PCC representation in Washington meetings with State and the Panamanians on lands and waters use.²

1. Jerry Welch and I would like to talk with you before you acquiesce in sending a PCC representative to Washington for the meeting referred to in the last paragraph of attached paper.³

2. The U.S. negotiators want to erode our position. We feel that participation in the Washington meeting would be a no-win, high risk venture of having to make item-by-item justifications with State and the Panamanians ganging up on our man, who would be standing alone without any real support from DOD.

¹ Source: National Archives, RG 185, Subject Files of the 1979 Panama Canal Treaty Planning Group, Box 9, Land, Water, Air Space Use I, 10/11/74–7/26/75. Confidential. Sent through the Lieutenant Governor.

² The negotiating teams agreed to continue technical negotiations on the SOFA and land use in Washington beginning on January 28. (Telegram 465 from Panama City, January 24; National Archives, RG 59, Central Foreign Policy File, D750027–0962)

³ Memorandum for the Record, dated January 28, is attached but not printed. The paper describes a meeting between Koren and Bunker which discussed strategy and potential concessions regarding the Panama Canal. A February 3 date had been set for the Washington meeting. No record of this meeting has been found.

3. We need first to somehow get our negotiators to support our position. We thought we had already educated the chief architect of the Panamanian lands position, Edwin Fabrega. If more education of Panamanians is required, it best should be given by us here on our home ground with us controlling the process and setting the pace.

J. Patrick Conley⁴

⁴ Printed from a copy with this typed signature.

65. Memorandum From Secretary of State Kissinger to President Ford¹

Washington, undated.

SUBJECT

Panama Canal Negotiations

The negotiations have progressed to a critical point at which certain trade offs are necessary to reach agreement on a treaty which safeguards our basic interests. If Ambassador Bunker is to make such tradeoffs, certain flexibility in the Presidential instructions is required. Without those trade offs Panama will not agree to a treaty. Serious confrontation, possibly involving violence against the Canal Zone, would ensue, plus a consequent deterioration of our relations with Latin America and mounting world censure. Granting this flexibility to Bunker could produce a treaty by the late Spring.

Status of the Negotiations

Areas of Agreement:

Bunker has reached agreement in principle with the Panamanians on three major issues.² Those agreements are well within existing negotiating instructions:

¹ Source: Library of Congress, Manuscript Division, Kissinger Papers, Box CL 204, Geopolitical, Panama Chronological, Sept 1973–1975. Secret; Exdis. In a February 6 covering memorandum to Kissinger, Bunker and Rogers urged him to forward the memorandum, as well as a public relations strategy, to the President. Kissinger wrote: "This should be discussed interdepartmentally including Defense. Let Brent start urgently." Regarding the coordination with the Defense Department, see footnote 1, Document 66.

² See Document 57.

—*Jurisdiction*: The Zone as an entity will disappear, and the Zone Government will be disestablished upon entry into force of the treaty. Jurisdiction over the Zone area will pass to Panama over a period of 3 years. The U.S. will be afforded the use of those areas necessary for the operation, maintenance and defense of the Canal, and unimpeded movement between them. U.S. Government employees will be granted immunity from Panamanian jurisdiction while performing official duty. U.S. Government agencies and entities will have immunity from Panamanian jurisdiction.

—*Canal Operation*: During the treaty's lifetime the U.S. will have the primary responsibility for the operation of the Canal. The Panama Canal Company will be disestablished and replaced by a new entity which operates the Canal. There will be a growing participation of Panamanian nationals at all levels in day-to-day operations, including policy formulation. This is in preparation for Panama's assumption of total responsibility for Canal operation upon the termination of the treaty.

—*Canal Defense*: The U.S. will have primary responsibility for the defense of the Canal during the life of the treaty. Panama will confer upon the U.S. "use rights" for defending the waterway including (1) rights to maintain land, air and sea forces on locales in Panama and (2) a Status of Forces Agreement for effective operation of these forces. A Combined Board of Panamanian and U.S. military representatives will coordinate U.S.-Panamanian plans and actions in defending the Canal. Panama will participate in Canal defense in accordance with its capabilities. The question of residual U.S. Defense rights upon expiration of the treaty is not fully settled, but we do have agreement that the two countries will jointly guarantee—perpetually—the Canal's neutrality as well as free access to it by world shipping. More importantly, Bunker has secured for the U.S. the right to defend the Canal unilaterally for the treaty's lifetime—against Panamanian incursion, if need be.

Issues Pending:

During the course of this month the negotiators will be seeking agreement on our compensation to Panama and on our use of lands and waters in the Zone:

—On *compensation* the Panamanians, as an opening gambit, have indicated they expect far more than we are prepared to give. We shall offer an annual payment of about \$35 million (we now pay \$2.3 million), based on tonnage passing through the Canal, to be funded from tolls collected.

—On *lands and waters* to be returned to Panama, their initial request is also too large. How far we can accommodate Panamanian desires is now being reviewed by State and Defense.

In March, Bunker and Tack will address the remaining—and toughest—issues: duration of the treaty, and whether we retain an exclusive right to

expand Canal capacity through a sea level canal or another set of locks. On these points, the Panamanians have indicated that they will not accept:

—a treaty covering the present Canal that goes beyond the year 2000;

—any formula that would commit them now to extend the treaty's duration to cover an expanded Canal;

—exclusive rights for the U.S. to expand the Canal without Panama's agreement and without its participation in operation and defense, and

—a 25-year option to decide whether to expand the Canal (Panama has suggested 5 years).

Adequacy of Present Instructions

Existing Presidential instructions—now almost four years old—permit us to offer Panama less favorable terms on treaty duration and Canal expansion than we did in 1967. Bunker is certain the Panamanians would reject what we can agree to under present guidance on those two key issues—as they did flatly in the 1971–72 negotiations.

Present guidance covering these areas is satisfactory:

—*Jurisdiction: U.S. jurisdiction is to be phased out over a minimum of 20 years, but the U.S. negotiator is authorized to negotiate a shorter time period if he deems such action necessary to achieve our non-negotiable objectives on operation and defense.*

—*Operation: first preference is to maintain exclusive U.S. control of Canal operations, but with a fall back position of Panamanian participation in the Canal management.*

—*Defense: our non-negotiable position is to gain specific treaty rights to defend the Canal unilaterally for the duration of the treaty. The negotiators are also to seek rights to conduct important military and research activities in canal areas.*

—*Land and Water Areas: we should be as forthcoming as possible in terms of what is essential for the defense and operation of the Canal, its supporting facilities, and the agreed upon U.S. Government activities. U.S. defense bases should be located in the Canal area with conventional SOFA arrangements.*

—*Compensation: There should be substantially increased income for Panama from Canal operations, even though this may involve a significant increase in tolls, and from the opening up of commercial opportunities to Panama in the Canal area.*

Existing Presidential guidance on which Bunker needs flexibility relate to:

—*Duration: a fixed period of at least 50 years—with provision for an additional 30–50 years if Canal capacity is expanded.*

—*Canal Expansion*: we should retain definitive rights, without obligation, to add a third lane of locks to the existing Canal, or to construct, operate and defend a sea-level canal.

Required Changes in Instructions

With flexibility on duration and expansion, Bunker believes he can get the Panamanians to come to an accommodation on the length of the treaty; land and water areas essential for defense and operation of the Canal; some rights covering expansion; and a reasonable level of payment to be made to Panama.

Bunker asks that the guidance be changed as follows:

—*Duration (Existing Canal)*

1. Seek to obtain the longest possible period between 25 and 50 years, applicable to both operation and defense of the Canal.

2. Alternatively, propose separate duration periods for operation and for defense, neither to fall below 25 years nor to exceed 50 years, and seek to obtain the longest possible periods in each case.

3. Seek also to obtain, in the course of negotiating the duration or any other issue, a right in principle for the United States to have a limited military presence in Panama following the expiration of the treaty period applicable to defense, of a nature and under terms to be agreed upon between the parties not less than 1 year prior to the treaty's expiration, for the purpose of providing Panama assistance in the defense of the Canal or for such other purposes as Panama may desire.

4. As a fallback, if deemed necessary to achieve the objective of a more extended period for Canal defense than 25 years and/or the objective of a right in principle to have a limited military presence in Panama following the treaty's expiration, offer a reduction of the duration period applicable to Canal operation to a period less than 25 years but no less than 20 years.

—*Canal Expansion*

1. Seek to obtain the longest possible period up to 25 years for a United States option to exercise definitive rights to expand the Canal's capacity, whether by addition of a third lane of locks or the construction of a sea-level canal.

2. As a fallback, 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.*

Congressional Outlook

For the past year *Bunker has systematically consulted with key leaders in both Houses*. The consultations have been along general lines, awaiting agreement on the package as a whole before talking specifics. *He believes that with a treaty which clearly safeguards our rights to operate and defend the Canal, is demonstrably fair to both Panama and the U.S., and is backed by a carefully orchestrated public and Congressional educational campaign, the necessary support can be obtained in the Senate and House. It is not going to be an easy fight, and it will require mobilization of strong advocacy by State, Defense and the White House.*

A major difficulty now confronting us on the Hill are initiatives by Senator Thurmond and Congresswoman Sullivan to sign up colleagues on Resolutions opposing the negotiation of a new treaty. Senator Thurmond did this last summer and collected some 34 signatures. We are now contacting key members of both Houses asking them to help us counter the Thurmond-Sullivan campaign by counseling their colleagues to take no stand until they have a chance to examine the full scope of the agreements reached.

Once we have these agreements in hand, we will:

—In consultation with the majority and minority leadership, mount a campaign to gain support for the treaty in both Houses, particularly among the “non-committed” membership.

—Launch a campaign with the media (particularly those which have influence on Congressional attitudes) in an effort to educate the general public on the new treaty as a reasonable solution to the Panama problem.

—Establish a Citizens Committee to organize public support.

—Step up the schedule of public speeches on Panama by Ambassador Bunker, Assistant Secretary Rogers and other Department officials.

—Pay particular attention to the labor movement and to church organizations—two potentially strong supporters of our efforts.

In the event it becomes clear that there is insufficient support in the Senate for the treaty, the Panamanians still want us to conclude and present it. They reason that it is better to have a treaty which lies in the Senate whether or not it is acted on. The Executive would then have demonstrated it had done all it could for Panama.

Recommendation:

That you issue the attached new negotiating instructions as a National Security Decision Memorandum.³

³ Attached but not printed. Ford did not approve or disapprove the recommendation. In a February 7 meeting with Ford, Kissinger stated that briefing material had been prepared and added: "We have asked for 50 years [duration]. We can't get it if you want a treaty. We have asked for a perpetual option for a second canal. We will have to compromise that." Ford then asked to see the paper, and Kissinger replied he would send it to Camp David. (Ford Library, National Security Adviser, Memoranda of Conversations, Box 9, February 7, 1975—Ford, Kissinger) No new NSDM was issued until August 18; see Document 95.

66. Memorandum of Conversation¹

Washington, February 12, 1975 3:30–4 p.m.

SUBJECT

Status Report by Ambassador Bunker—Panama Canal Treaty Negotiations (U)

PARTICIPANTS*Department of State*

Chief Negotiator, Panama Canal Treaty Negotiations—Ambassador-at-Large

Ellsworth Bunker

Special Advisor for Panama Canal Treaty Affairs—Mr. Richard Wyrough

Executive Assistant to the Chief, US Negotiator—Mr. Richard Barclay

Department of Defense

Assistant Secretary of Defense (ISA)—Mr. Robert Ellsworth

Principal Deputy Assistant Secretary of Defense (ISA)—Mr. Amos A. Jordan

¹ Source: Washington National Records Center, RG 330, OSD Files, FRC 330–78–0058, Panama 821C, Jan–July 1975. Secret. Drafted by Swett; approved by Jordan on February 21. The meeting took place in Ellsworth's office. In an undated briefing paper to Ellsworth, Wallace wrote: "Severe pressure from U.S. Negotiators to persuade Department of Defense to 'give' on U.S. position is a certainty," adding, "Ambassador Bunker has prepared a memorandum for the Secretary of State to send to the President requesting modification of Presidential guidance with respect to the duration of the new treaty [Document 65]. State Department authorities report that this memorandum, which was not coordinated with the Department of Defense, has not yet been sent to the President. There is no indication that this document will be coordinated with DoD which portends a most difficult situation for the Administration during Congressional hearings which will be held on the subject." (Washington National Records Center, RG 330, OASD/ISA Files, FRC 330–77–0043, BDM Panama Canal—FY 75)

Director, Inter-American Region—Major General George M. Wallace, USA
Assistant for Panama Canal Treaty Negotiations—Colonel Trevor W. Swett

1. (U) *Introductory Comment*

Ambassador Bunker expressed appreciation for the continued DoD cooperation during all aspects of the negotiations, especially noting the forbearance and patience of Mr. Barringer, FMRA (ISA) and Captain Smith, ODUSA, in the Status of Forces Agreement (SOFA) discussions. He was complimentary about the ISA January presentation to the Panamanians of the US position on lands and waters.

2. (C) *SOFA*

Ambassador Bunker stated that the SOFA is nailed down now, although language polishing remains.² This was no mean feat, in view of the rapidity with which it was accomplished. In conjunction with the three threshold agreements consummated (Canal Administration, Canal Defense, and Jurisdiction), the SOFA completes the first political transaction of the negotiations.

Comment

While there is substantive agreement on all twenty-three SOFA articles, there are differences in several articles which will require further discussion between both sides. Target date for completion is 24 February.³

3. (C) *January Meetings in Panama*

The Panamanian presentations on Compensation and Lands/Waters Use were unrelated to the US presentations, with the opposing positions far apart. The Panamanian position on Compensation, for example, would result in payment to Panama by the US of several hundred millions of dollars. The US position, based upon tonnage transiting the Canal, envisions payment of \$35.7 million annually. Ambassador Bunker emphasized that the US will stick with this figure.

4. (C) *Land Use Technical Talks*

Ambassador Bunker feels that these have gone well, affording a better mutual understanding of the opposing positions and the requirements of each side. Panama had omitted activities requiring use of

² In a February 13 report, Bunker summarized the January and February negotiations and noted: "The United States Negotiators now consider that the basic elements of a satisfactory SOFA have been achieved." (National Archives, RG 59, Ambassador Bunker's Correspondence, Lot 78D300, Box 1, Negotiation Round, Jan 12–25, 1975)

³ In telegram 1110 from Panama City, February 26, Bell outlined the agreement on the SOFA that had been reached on February 22. (National Archives, RG 59, Central Foreign Policy File, D750068–0067)

lands to which they had previously agreed. There was no negotiating during these talks. Negotiations in this regard will resume in late February after Ambassador Bunker's return from Geneva, leaving only the issues of Duration and Expansion to be subsequently negotiated.

Mr. Ellsworth emphasized his particular interest in land use, expressing pleasure at the constructive nature of the technical talks and at the fact that we had enlarged Panamanian understanding of US land requirements. He noted that the Joint Chiefs of Staff are especially concerned about US land requirements, as is the entire Department of Defense.

5. (S) *Modification of Presidential Guidance*

Ambassador Bunker stated that it will be necessary to have more negotiating flexibility than current Presidential Guidance provides with respect to Duration and Expansion. During 1967 negotiations the US offered thirty years for treaty duration. The fifty years now prescribed in Presidential Guidance thus will not be at all acceptable to Panama. For Canal Expansion the US needs a definitive option of twenty-five years to construct a third set of locks or a sea level canal; or, alternatively, a specified period of time with first refusal rights. An example of the flexibility which the US Negotiators seek is authority to bargain for a shorter duration for Canal operation with a longer duration for Canal defense. In return we would expect Panama to enter into a separate agreement providing the Canal's US civilian employees the same rights and privileges as military personnel will have under the SOFA. Ambassador Bunker has made it clear to Panama that he will not present a treaty to the President without such provisions.

Mr. Ellsworth described the strong concern of Deputy Secretary of Defense Clements and Secretary of the Army Callaway that the duration guideline of 50 years not be scaled back. Ambassador Bunker responded that, in his judgment, if we insist on 50 years there will be no treaty, but that, in any case he would stick with the guidance that the President ultimately provides. He indicated that Panama would probably propose the end of this century as a termination date, and that we might be able to get a longer period for defense. He pointed out that there is agreement with Panama that the US will participate in post-treaty protection of the Canal.

Comment

Current Presidential Guidance provides for a duration for as long as possible but with a *minimum* of 50 years.

6. (C) *Arthur D. Little Study*

Ambassador Bunker cited interest in accomplishing a study defining the value of the Panama Canal, with special emphasis on economic

considerations. He mentioned an August 1973 memorandum from DepSecDef and a later memorandum from Mr. Koren, and stated that he had written to LTG James Gavin (USA, Ret'd), Chairman of the Board of A. D. Little, Inc., about such a study.⁴ After investigating the proposal, LTG Gavin quoted a cost figure of a minimum of \$150,000 for the study. Since the State Department has only \$30,000 available, Ambassador Bunker inquired as to Department of Defense interest in the project. He pointed out risks involved; i.e., the study could be helpful or otherwise, but, in any case, A. D. Little, Inc. could be relied upon for objectivity.

Mr. Ellsworth responded that he was not persuaded of the utility of the proposed study, citing the following reasons:

—There is broadly based political interest and technical knowledge with respect to the Canal in the Senate and among other politicians in Washington.

—The players in the ratification process understand the issues to such a degree that they would not be attracted to a study.

—DoD has a modest amount of funds for contract studies, most of which is already committed; thus DoD is financially strapped.

Ambassador Bunker commented that he was fairly neutral about the study, but that he thought that an authoritative, objective study would be useful for the Congress. Mr. Jordan noted that its results could be used either for or against the treaty. Ambassador Bunker replied that he understood the risks. Mr. Ellsworth observed that, if each side could use the study, the degree to which it was "authoritative" was questionable. Ambassador Bunker agreed and stated that he would not pursue the project further.

7. (C) *Sensing of Congress*

Mr. Ellsworth queried Ambassador Bunker concerning his sensing of Congressional attitudes concerning a new treaty. Ambassador Bunker responded that Congressman Leggett and Mrs. Sullivan were circulating a House resolution opposing it.⁵ They hoped to get 100 signatures and so far had 60. He understands that Senator Thurmond may be recirculating that resolution in the Senate. He stated that at this point he is purposely staying away from Congress. Major General Wallace observed that 32 of 35 Senators who supported Senator Thur-

⁴ In a December 18, 1974, letter to Gavin, Bunker asked if he "would be willing and available to undertake a research project." Bunker and Gavin met on January 6, 1975. (National Archives, RG 59, Ambassador Bunker's Correspondence, Lot 78D300, Box 3, Panama General)

⁵ Congresswoman Sullivan sponsored House Resolution 75, which was introduced on January 17 and referred to the House Foreign Affairs Committee.

mond's resolution a year ago are still in the Senate. Ambassador Bunker stated that, of the 32, 18 were "hardliners" with the remainder susceptible to persuasion. He acknowledged that ratification of any Canal treaty would involve an uphill fight, and that, without a major Ford Administration effort, ratification was unlikely. He observed that BG Torrijos would rather have a draft treaty without ratification than no treaty at all, pointing out that Torrijos in a recent interview had expressed the hope that there would be a treaty in 1975, but had emphasized that getting a modernized treaty was important whether this occurred in 1975, or in three years or ten years.

67. Memorandum of Conversation¹

Washington, February 21, 1975.

SUBJECT

Panama Canal Negotiations

PARTICIPANTS

Defense

General Brown, Chairman, Joint Chiefs of Staff
General Weyand, Chief of Staff, Army
Admiral Bagley, Vice Chief of Naval Operations
General Jones, Chief of Staff, Air Force
General Anderson, Assistant Commandant, Marine Corps
Vice Admiral Train, Director, Joint Staff
Ambassador Koren, Chairman, Panama Canal Working Group
Mr. Jordan, Deputy Assistant Secretary of Defense (ISA)

State

Ambassador Bunker
Minister Bell
Mr. Wyrrough
Mr. Barkley
Mr. Vest, Bureau of Politico-Military Affairs
Mr. Churchill, Bureau of Politico-Military Affairs
Captain Pasztalaniec, Bureau of Politico-Military Affairs

¹ Source: National Archives, RG 59, Ambassador Bunker's Correspondence, Lot 78D300, Box 3, DOA–DOD, Liaison With. Confidential. Drafted by Wyrrough. The meeting was held at the Pentagon.

Ambassador Bunker's opening remarks were substantially as contained in the enclosure.² He remarked that he has presented no position to the Panamanian negotiators that had not been cleared in advance with the Department of Defense.

At the conclusion of Ambassador Bunker's opening remarks, General Brown asked what the United States would get in exchange for agreement to a treaty of shorter duration. Ambassador Bunker responded that the guidance change is critical and that there would be no treaty without a lesser term than now authorized by the President.

With regard to the land use question, Amb. Bunker said that further work was required but that he was hopeful that some mutually acceptable formula that will give the total substance of control while disguising the outline of the United States presence could be reached. He observed that recent discussions showed that the Panamanian land use position presented in January had omitted lands associated with the so-called "other activities."

On the question of expansion, Amb. Bunker anticipated agreement on the basis of a definitive option of short duration in combination with a right of first refusal for a longer period.

General Brown said that the Joint Chiefs of Staff had recently recommended the inactivation of SOUTHCOM with establishment of a small residual element for security assistance and related matters. He mentioned that he disagreed slightly with the Service Chiefs over the details of establishing this element. He stressed a concern of his, which he said is shared by Vice President Rockefeller, to avoid action which would create the impression in Latin America of a lessening U.S. interest in the area. In this sense, he stressed the value of continuing the existing military schools which are now located in the Canal Zone. General Brown also commented about the significant manpower savings, reduction in numbers of general officer spaces, and lowered profile associated with the disestablishment and the various alternative plans being considered for discharge of the residual functions.

Ambassador Bunker responded to General Jones' question concerning the congressional mood by acknowledging that we face a tough fight. He said the new Congress is an unknown and that there is no constituency favoring a treaty. However, with the backing of the President and the State and Defense Departments he was optimistic that we could move the treaty forward. In any event, he observed that Panama has said that it would rather have a treaty that sits than no

² An undated paper entitled "Suggested Remarks for Ambassador Bunker's Meeting with Joint Chiefs of Staff" is attached but not printed.

treaty—that such a situation would show the Administration’s good will.

Ambassador Bunker stressed, in response to General Brown’s query about company employees in the SOFA, that he would insist upon equal rights.

General Weyand observed that Governor Parker in recent conversation with him shared Amb. Bunker’s view that it is now or never for a treaty. He quoted General Parker as saying that Amb. Bunker needs flexibility, that Panama has a real interest in seeing the Canal operated effectively, and that the duration of our right to operate the canal is less important than that for the canal’s defense. Ambassador Bunker agreed.

General Weyand asked Amb. Koren for Secretary Callaway’s views. He said that the Secretary would stand by any decision of the President but that he would favor a treaty duration for as long as possible. General Brown observed that a shorter duration works against the likelihood of Senate ratification.

Admiral Bagley asked why Panama would want a 30 rather than 50 year treaty. Amb. Bunker responded that we offered them a 30 year treaty in 1967 and that we would like a residual presence after treaty expiration. General Brown concluded by observing that the Joint Chiefs of Staff are concerned with the security of the United States, not Panama, and that they would be weighing Amb. Bunker’s views carefully in considering the issues involved in the proposed guidance change. He remarked that since they would be expected to help support a treaty before the Congress they would want to see a treaty supportive of our security.

68. Memorandum From the Deputy Secretary of Defense (Clements) to the President's Assistant for National Security Affairs (Kissinger)¹

Washington, February 27, 1975.

SUBJECT

Panama Canal Negotiations (U)

(U) This memorandum provides Department of Defense comments on the Memorandum for the President from the Secretary of State on the above subject.²

(S) The Defense Department concurs in the recommendation in the Memorandum for the President, provided the proposed National Security Decision Memorandum (NSDM) stipulates a minimum duration period of 50 years for Canal defense.

(S) The security interests of the United States require a military presence on the Isthmus of Panama for the longest possible time because:

—The need for the Canal to assure inter-ocean passage for US Navy and other US Government vessels to support strategic war plans has not diminished nor can a diminution of this requirement be forecast.

—Panama's long history of political instability suggests a long-term duration formula for Canal defense to safeguard our national interest in that area.

—Soviet and Cuban interests in the Hemisphere pose potential security problems for Panama and the Canal.

(S) The Department of Defense recognizes the need of the US Negotiator for flexibility on duration to reach agreement on other major issues, and ultimately to obtain a treaty; appreciates the Panamanian sensitivity to this topic; and understands the risk of a confrontation with Panama, should negotiations fail or falter at this time. There is serious concern within the Department that a reduction below 50 years of the duration for defense of the Canal would encounter strong Congressional opposition. Therefore, this Department considers that the period of treaty duration for Canal defense should not be less than 50

¹ Source: Washington National Records Center, RG 330, OSD Files, FRC 330-78-0058, Panama 821 (Jan-July 1975). Secret.

² See Document 65.

years, and that existing Presidential guidance on this point should remain as cited in NSDM 131 (13 September 1971).³

(S) It is urged that any concession on duration of Canal operation, as distinguished from Canal defense, be accompanied by major concessions by Panama on compensation, lands and waters, and Status of Forces Agreement coverage for Canal Administration US citizen employees.

(S) The Department endorses the objective set forth in the draft NSDM to seek from Panama a post-treaty US military presence.

(S) The Department considers that the NSDM proposals presented on Canal expansion provide the necessary flexibility to accommodate national interests.

W.P. Clements, Jr.

³ For NSDM 131, see *Foreign Relations*, 1969–1976, vol. E–10, Documents on American Republics, 1969–1972, Document 555. In a February 27 letter to Schlesinger, Callaway expressed similar concerns about changing the Presidential guidance in regard to treaty duration. (Washington National Records Center, RG 330, OSD Files, FRC 330–78–0058, Panama 821 Jan–July 1975)

69. Memorandum From Stephen Low of the National Security Council Staff to the President's Deputy Assistant for National Security Affairs (Scowcroft)¹

Washington, March 21, 1975.

SUBJECT

Panama Canal Negotiations: Status and Comments

I. Status

—Bunker and Bell have just returned from what they consider the penultimate negotiating session in Panama.

¹ Source: Ford Library, National Security Adviser, NSC Latin American Affairs Staff Files, 1974–77, Box 7, Panama Canal—Treaty Negotiations (2). Confidential. Sent for information.

—A SOFA was initialed which they claim Defense considers to be the best agreement anywhere in the world (with the worst format).²

—They expect that one more negotiating session will wrap up an agreement in principle. That should last through the month of April.

—The four issues which will have to be dealt with more or less simultaneously at that session are: lands and waters to be retained for U.S. use; compensation; treaty duration; and U.S. rights in any Canal expansion.

—It will then take about a month to draft actual treaty language.

—They are aiming at having an agreed treaty ready for submission to the Senate June 1st.

—The transfer of Old France Field promised by President Nixon in December 1973³ was accomplished by Governor Parker acting in his own authority under a 1936 amendment to the Canal Treaty, instead of seeking special legislation. This was Parker's idea, supported by the Army and cleared by all those interested in the Canal on the Hill (Sullivan, Thurmond, Flood, McClellan, Stennis). Thurmond was enthusiastic about the idea as a substitute to "transferring sovereignty" in the future. The Panamanians are delighted and everyone is happy for the moment.

—State is preparing a memorandum to the President which can be used as the basis for an SRG meeting on the slight differences between State and Defense on the matter of treaty duration.⁴

II. Comments

I believe we ought to urge a meeting on the Canal question at an early date with the President, including HAK, Bunker, Secretary Schlesinger and Secretary Callaway, and possibly General Brown. This could well be an NSC meeting on the subject of negotiating instructions, either following or replacing the SRG.⁵ Until Defense gets an impression of the President's views, I believe it will continue to be lukewarm on this. It has some valid reasons for being so.

As we consider what foreign policy accomplishments may be available for the Administration a year hence, we should keep in mind that

² See footnote 3, Document 66. Final agreement was reached on the SOFA by March 3 and Bunker initialed it on March 11. (Telegrams 1191 and 1430 from Panama City, March 3 and March 12; National Archives, RG 59, Central Foreign Policy File, D750074-0110 and D750087-0058)

³ See Document 28.

⁴ It is possible that the State Department used the paper originally submitted by Kissinger to Ford, Document 65, as background for the SRG meeting. (Memorandum from Low to Marengo, April 16; Ford Library, NSC Institutional Files, Box 14, Senior Review Group Meeting, 4/22/75—Panama Canal (1)) See also footnote 3, Document 72.

⁵ See Document 77.

a signed and ratified agreement with Panama, enlisting its cooperation in a joint enterprise with OAS and UN blessing, would not be an insignificant achievement.

70. Letter From Colombian President Lopez Michelsen, Costa Rican President Oduber, and Venezuelan President Andres Perez to President Ford¹

Panama City, March 24, 1975.

Dear Mr. President:

In our position as Presidents of Colombia, Costa Rica and Venezuela, meeting with the Head of the Government of Panamá, in the Capital of this Republic, we have the pleasure of forwarding to you a copy of the Joint Declaration that we have signed in this historic site, where 149 years ago the Congress convened by the Liberator Simon Bolivar took place.²

As the representatives of countries traditionally friendly towards the United States, engaged in the same struggles for freedom, international justice, and true democracy for our peoples, we have considered it our duty to relay to you, confidentially, some reflexions connected with one of the problems that causes the greatest concern to the Latin-american community. We are referring to the negotiations initiated eleven years ago, on the question of the Panama Canal, which is unanimously considered by the peoples and governments of this Hemisphere as a matter of common interest for all of Latin America.

We believe, Mr. President, that the most appropriate means of solving the dispute over the jurisdictional attributions of a foreign power on Panamanian territory, are the direct negotiations promoted by the Council of the Organization of American States through the signature of the Joint Declaration by the two countries in Washington

¹ Source: National Archives, RG 59, Ambassador Bunker's Correspondence, Lot 78D300, Box 6, Third Country Matters. No classification marking. A public joint declaration reiterating the statements made in the letter is attached. The public declaration, issued in Panama City on March 25, was in the form of a letter to Ford and the other chiefs of state in the Western Hemisphere signed by the three Presidents and General Torrijos. ("Latin Leaders Urge U.S. To Yield Canal," *The New York Times*, March 26, 1975, p. 24)

² A reference to the Congress of Panama, held in 1826 with the goal of promoting unity among the new Latin American republics.

on the third of April of 1964,³ seeking the prompt removal of the causes of conflict between the United States and the Republic of Panama.

We are extremely pleased by the progress made in the negotiations since the Secretary of State of the United States, Dr. Henry Kissinger, and the Minister of Foreign Affairs of Panama, Mr. Juan Antonio Tack, signed the Eight Point Declaration on the seventh of February of 1974,⁴ in the City of Panama. However, in our conversations we have noticed the deep concern felt by the Head of the Government and the other representatives of the sister Republic, over the obstacles, not insurmountable in our judgement, which they have encountered in trying to reach an agreement over two vital problems for the future of the Panamanian nation: the duration of the new treaty and the overwhelming military presence of the United States in Panamanian territory.

The Government of Panama hopes to agree on a fixed term for the duration of the new treaty which will put an end, in unequivocal terms, to the unlimited concession over the Canal established by the Treaty of 1903 between the United States and Panama. This term should not extend beyond December 31 of 1994. The Government of the United States, on the other hand, has demanded a longer term, originally fixed at a minimum of fifty years, a time lapse not in agreement with the trends of the times.

As regards the jurisdiction over the Canal Zone, we are extremely pleased by the fact that the two countries have reached an agreement whereby Panama will recover, as territorial sovereign, jurisdiction over all her geografcial extension between the Republic of Colombia and the Republic of Costa Rica, within a period of three years from the day the new treaty comes into effect.

This agreement reflects Point 3 of the Tack-Kissinger Declaration which states, "The termination of the jurisdiction of the United States over Panamanian territory is to be realized promptly".

Evidently difficulties arise in connection with the duration of the right which Panama, in her condition as territorial sovereign, would grant to the United States, to use the land, waters and air space which are necessary for the working, maintenance, protection and defense of the Canal, as well as the right of way of vessels, as indicated in Point 4 of the Eight Point Declaration.

There is no question that a long period of negotiations and an unduly long lease, that could be considered excessive, would mean a frustration for the well grounded expectations of justice of our peoples.

³ See footnote 13, Document 13.

⁴ See Document 32.

Such an outcome would in no way benefit the friendly relations among the nations that share the geography of this Continent.

It should be borne in mind that the successful operation of the waterway depends on a large majority of Panamanian employees who work, day and night, to keep the Canal open to world traffic; and that there is no record of a hostile act, from any of the Panamanians who for generations have worked there.

It is, therefore, an undisputed fact that Panama, as sovereign of the territory where the waterway is located, not only is the country which is most interested in the security, maintenance and effectiveness of the Canal that joins the Atlantic and Pacific Oceans, but also the one that is in the best position to undertake such responsibilities.

Under these circumstances, we address ourselves to you as Head of the Government of the United States, invested with the power to make international treaties, to request your good will, in order that the United States could work towards an arrangement whereby the duration of the new treaty will not extend beyond the end of this century. We therefore hope that as far as the administration, the upkeep and the protection of the waterway is concerned, there will be increased Panamanian participation until the final expiration of the said treaty.

We dare to assure you, Mr. President, that a formula which fills these requirements would open the way for the intensification of mutual cooperation between your country and Latin America.

The military presence of American forces in Panamanian territory, although considered necessary by the American Government, is one of the main causes of friction between the two countries.

While the American Government believes that the Canal should continue to be defended by the United States for a long period, there is no doubt that in this nuclear age the defense of the Canal from Panamanian soil is, by all standards, inadequate. This fact has lead the government of Panama to the conclusion that the American Government keeps military installations inside the Canal Zone that bear no relation whatsoever with the security and protection of the Canal, giving Panama the character of a colonial outpost in which the whole country is subordinated to the exclusive military interests of the United States.

We are convinced that the people of Panama have well founded hopes that the new treaty will represent a radical change in the existing situation. This will not be appreciated as long as the United States maintains an overwhelming military presence in the crowded urban centers of Panama and Colon, endpoints of the inter-oceanic waterway.

It is obvious that if the government of the United States insists in maintaining the existing situation, this position would create a serious problem of unpredictable political consequences for the Government of Panama, and may even lead to threats of public unrest and threats against the security of the Canal itself.

We address ourselves to the fairness and the spirit of justice of the people and the government of the United States, so that they give their agreement to remove the fourteen military bases which are kept at present in the areas surrounding the cities of Panama and Colon, within the so-called Canal Zone. This would not imply in any way that the two countries could not consider the establishment of military bases for the defense and protection of the Canal, in areas under Panamanian jurisdiction, distant from the urban centers of Panama and Colon. These would be subject to a special regime of limited duration, and would entail cooperation with the armed forces of the Republic of Panama.

In the coming year of 1976, two historic events which are closely tied with the ideals of justice and freedom of our peoples will be celebrated. They are the bicentennial of the Declaration of Independence of the United States of America which will be celebrated on the fourth of July, and the 150 years of the celebration of the Congress of Panama summoned by Bolivar, which will take place on the 22nd of June. This would be the proper occasion for reviving the philosophy of the men who laid the foundations for the Union of North America and those who gave birth to the Republics of Latin America.

We relay to you our concerns, Mr. President, moved by the sincere spirit of friendship towards the people and the government of the United States, and by the brotherly feeling which links us to the Panamanian Nation.

The solution which we suggest, as stated by the Secretary General of the United Nations, Mr. Kurt Waldheim,⁵ can only rest on the rule of law and the search of justice; and should take into account the territorial integrity of the Panamanian state, the sovereign equality of the states, as well as the principle defended by developing countries that every state has the right to exploit, on its own, its natural resources.

⁵ In telegram 1533 from Panama City, March 21, 1973, the Embassy reported on Waldheim's March 20 statement before the United Nations Security Council meeting in Panama. (National Archives, RG 59, Central Foreign Policy File, [no film number])

Please accept, Mr. President, the assurances of our highest and most distinguished consideration,⁶

Alfonso López Michelsen
President of Colombia

Daniel Odúber
President of Costa Rica

Carlos Andrés Pérez⁷
President of Venezuela

⁶ In June 17 letters to each of the three Presidents, Ford thanked them for sharing their views and wrote: "Since the negotiations for a new treaty with Panama on the Canal are now underway, I will refrain from commenting on them in any detail. However, I can assure you that my Administration is committed to a sincere effort to modernize the relationship with Panama with respect to the Canal." (Ford Library, National Security Adviser, NSC Latin American Affairs Staff Files, 1974–77, Box 5, Panama—Correspondence Relating to [1])

⁷ Printed from a copy with these typed signatures.

71. Action Memorandum From Ambassador at Large Bunker to Secretary Kissinger¹

Washington, April 3, 1975.

Panama Negotiation

Problem:

In order to make it possible to secure a treaty in a time frame acceptable from foreign- and domestic-policy viewpoints a rapid decision on relaxation of the Presidential negotiating instructions is required.

If the decision is to be delayed—or be unfavorable, which would mean no treaty—I should start now to slow the negotiating pace and otherwise try to minimize the unpleasant consequences.

The NSC staff has my recommendations to you. Copy attached.²

¹ Source: National Archives, RG 59, Records of Secretary of State Henry Kissinger, Entry 5403, Box 1, Nodis Msc Documents, Tels, Etc, 1974–1977 (3). Secret; Nodis. Drafted by Bunker.

² The March 28 memorandum to Kissinger, which provides justification for relaxing the negotiating instructions, is not attached; a copy is in the Washington National Records Center, RG 330, OSD Files, FRC 330–78–0058, Panama 821, Jan–Jun 1975.

Discussion:

Concluding a treaty hinges on the President relaxing the instructions on two issues:

—its duration

—how much land/water area we keep.

I believe that Defense is not immovable on that relaxation. Without it I will have inadequate bargaining counters to reach an agreement which protects US interests yet is acceptable to Panama.

If in your NSC role you recommend the relaxation to the President—and he agrees—*before your Latin American trip*,³ I can return to Panama with viable new positions by the end of this month.

*Tactically, I should be negotiating there just after your trip . . . and just before the OASGA here.*⁴

My objective would be to have a treaty ready for you to sign in late June or early July.

Delay beyond that in delivering it to the President for submission to the Congress would seem inadvisable. Growing election-campaign concerns will make for increasing disinclination to address an issue such as this. The treaty might have to be put over until 1977. That could lead to a situation of confrontation with Panama, injurious also to our efforts in Latin America.

On the other hand, if a more accommodating posture toward Panama is not in the cards, then we should begin moving now to minimize our certain losses.

Recommendation:

That this matter be given priority consideration.

³ Kissinger did not travel to Latin America until February 1976.

⁴ The OAS General Assembly met from May 8 to 19 in Washington.

72. Minutes of Secretary of State Kissinger's Principals and Regionals Staff Meeting¹

Washington, April 14, 1975, 8:15 a.m.

[Omitted here are a list of attendees and discussion of unrelated matters.]

Secretary Kissinger: How are we moving the Panama negotiations? I can not get out of our negotiator what the hell he wants. I know he writes me these cryptic memoranda² which are what—what exactly is the decision he wants out of the President?

Mr. Rogers: He wants more flexibility—that is to say, the authority to go down to really 25 years on the treaty—

Secretary Kissinger: Yes. And how long on defense?

Mr. Rogers: And 40 on defense.

Secretary Kissinger: Would the Panamanians accept that?

Mr. Rogers: He thinks so. They'll take 25 years.

Secretary Kissinger: And would they take 40 on defense?

Mr. Rogers: I don't know, but he thinks so; and that's the card he wants to play.

The other thing is with respect to the second Canal option. The initial instructions required them to leave that option open for—I've forgotten the precise number of years. He wants to be able to negotiate an option which only goes for a couple of years.

Secretary Kissinger: Two years?

Mr. Rogers: Yes. A short period of time. We would have to make up our mind whether we were going to build a second Canal within a few years.

Secretary Kissinger: And if we build a second Canal, what does that give us?

Mr. Rogers: A second Canal.

Secretary Kissinger: Under the same terms—under the same terms as the preceding one?

Mr. Rogers: I don't know the answer.

Secretary Kissinger: Or for a longer period?

Mr. Rogers: I don't know the answer for you.

¹ Source: National Archives, RG 59, Transcripts of Secretary of State Kissinger's Staff Meetings, 1973–1977, Lot 78D443, Box 6, Secretary's Staff Meetings, April 14, 1975. Secret.

² See Document 71.

Secretary Kissinger: I'm glad you gave me this answer to the first question because I was confused there for a minute. (Laughter.)

Now, you're going to find out for me about this interesting question?

Mr. Rogers: Of the terms upon which it's proposed to have a second Canal? I'm sure.

Secretary Kissinger: O.K. How can we move this to a Presidential decision? There has to be a meeting. The President cannot decide this without a meeting, without getting knifed in the back by the Defense Department. We've got to have an SRG meeting first to know what arguments are going to come up and then an NSC meeting.

Mr. Rogers: I thought it was all arranged. The papers have been on for both meetings.³ The papers have been before you—both your Ambassador over here and your Ambassador over there. Is that right, Jerry?

Mr. Bremer: I saw the papers over the weekend. I'll check on where we are.

Secretary Kissinger: In the papers you'll look in vain for a precise definition as to what he wants, except more flexibility and that the terms that we are now offering are not adequate. But you will look in vain in these papers for a precise definition of what decision he wants from the President, except more flexibility. Secondly, the question of land use, on which he also wants more flexibility and on which he wants approval—he neither defines what land we are supposed to give up at the edges of town. Now, what exactly is it that he wants? I mean, you can't tell—to give up land at the edges of town that is disputed by the Defense Department without knowing why the Defense Department is disputing it and what the hell the issue is.

The "edges of town" in Panama is not the most illustrative example, from what I've seen of Panama. (Laughter.) That probably means in the Canal Zone. Can it mean anything else? We don't have any land anywhere else.

Mr. Rogers: Yes, sir.

Secretary Kissinger: So does he mean at the edge of Panama City?

Mr. Rogers: Yes. We can show you with great precision on a map.

Secretary Kissinger: I don't want to see it on a map. I want to have a decision that the President can make. You can't expect the President, who is going to be killed in the Congress with this, to give blanket authority to give up land at the edges of town without knowing why it is that the Defense Department opposes it.

³ See footnote 1, Document 73.

Jerry, will you please line up an SRG meeting as soon as possible and then an NSC meeting? He will never get authority the way he's proceeding. I won't give him authority. What he wants is to be sent down there with a carte blanche to come back with a treaty. Even that he can get if he puts it in a manner that the President can understand.

[Omitted here is discussion of unrelated matters.]

73. Minutes of a Senior Review Group Meeting¹

Washington, April 22, 1975, 11:55 a.m.–12:21 p.m.

SUBJECT

Panama Canal Negotiations

PARTICIPANTS

Chairman

Henry A. Kissinger

State

Robert Ingersoll

Amb. Ellsworth Bunker

William Rogers

Morey S. Bell

DOD

William Clements

Howard H. Callaway

Maj. Gen. George Wallace

Gen. Henry Koren

JCS

Gen. George S. Brown

Lt. Gen. John Pauly

CIA

William Colby

Lou Marengo

NSC Staff

LTG Brent Scowcroft

Stephen Low

Lt. Col. Donald MacDonald

James Barnum

Secretary Kissinger: Do we need a briefing, Bill?

Mr. Colby: I'm prepared to brief if you wish.

¹ Source: Ford Library, NSC Institutional Files, Box 24, Meeting Minutes—Senior Review Group, April–May 1975. Top Secret; Sensitive. The meeting took place in the White House Situation Room. The minutes were sent to Kissinger under a covering memorandum from Davis dated April 25. The briefing papers for this meeting, including a covering memorandum from Low and Granger to Kissinger, April 19; undated talking points; a memorandum from Clements to Kissinger, February 27; a memorandum from Bunker to Kissinger, March 28 (see footnote 2, Document 71); a memorandum from Koren to Low, April 18; an undated summary and analysis of State and Defense Department arguments; a list of past NSDMs regarding Panama; and an undated proposed NSDM that would alter the negotiating instructions for the negotiating team are in the Ford Library, NSC Institutional Files, Box 14, Senior Review Group Meeting, 4/22/75—Panama Canal (1). A memorandum from the Department of State to Ford may refer to Document 65.

Secretary Kissinger: Go ahead.

Mr. Colby began to brief from the attached text.²

Secretary Kissinger: What is an extended period? (Referring to the second scenario in the SNIE (Special Intelligence Estimate) in which consideration was given to the prospects if a treaty is signed but the U.S. Senate fails to act for an extended period or rejects it.)³

Mr. Colby: Over a year or so. (Continued to brief.)

Secretary Kissinger: Does General Torrijos have the capability to carry out sustained terrorist attacks on U.S. installations and personnel (if the Senate refuses to ratify the treaty)?

Mr. Colby: Yes, he has the capability. What would happen is that he would benefit from the nationalistic feelings that would be unleashed.

Secretary Kissinger: Terrorist attacks inside the Canal Zone? Do you agree, George (Gen. Brown)?

Gen. Brown: Yes.

Mr. Colby: The problem is that there are a lot of vulnerable things there, machinery and stuff.

Secretary Kissinger: Yes. In addition, you'd have the Latin American problem, which would be a mess. Okay. Ellsworth (Amb. Bunker), could you give us a rundown on where the negotiations are at this point and what you are trying to do?

Amb. Bunker: What we are trying to do is to obtain a treaty which would preserve our national security interests and at the same time be salable to both Panama and to our own Congress. In spite of Congressional criticism, I think that the package we have put together so far would protect our security interests. The problem is that we can't get a treaty if we have to stick to our earlier instructions. Torrijos has made it quite clear that he will not accept a 50-year treaty duration. They want something less than that. If you will recall, in 1967-1968 we offered a 30-year duration. They turned that down. We tried again in 1971 and 1972 with a 50-year duration. They turned that down. What we want to do is put together a treaty that will give us optimum security but is also salable to Congress.

Secretary Kissinger: What would make it salable to Congress? I saw where (Senator) Thurmond has already lined up 37 Senators in opposition to it.

Amb. Bunker: I think that perhaps half of those 37 are persuadable.

² Attached but not printed.

³ SNIE 84-1-75, "Panama Canal Treaty: The Likely Consequences of Certain Contingent Developments," April 18, is in the Central Intelligence Agency, National Intelligence Council, Job 79R01012A: Intelligence Publications Files (1950-1975), Box 499, Folder 2: (SNIE 84-1-75) Panama Canal Treaty: The Likely Consequences of Certain Contingent Developments.

Mr. Clements: You know, Henry, the issue also involves the question of other priorities. Do you want to have a flap over this issue, or save your guns for a more important issue?

Secretary Kissinger: Well, that's what the President will have to decide. He'll have to weigh that against the international consequences—where we would be years from now without a treaty. What happens after twenty-five years as far as defense of the canal is concerned?

Amb. Bunker: Well, we're asking for a twenty-five to fifty year defense duration in the treaty. We also hope to be able to negotiate some type of military presence there after the expiration of the treaty.

Secretary Kissinger: What's the problem then?

Amb. Bunker: Well, the question is, can Defense accept 20 years' duration on canal operations and 25 years on defense? What we are asking for is some flexibility. What we would like to get is somewhere between twenty-five and fifty years' duration on defense.

Secretary Kissinger: What do you think would be realistically acceptable to Congress?

Amb. Bunker: I would hope that Congress would accept somewhere between thirty-five and fifty years' duration on defense. Say forty years, for example.

Secretary Kissinger: Would the Defense Department fall on its sword over ten-years on duration? What happens after forty years, for example? Who defends the Canal after forty years?

Gen. Brown: I think the (Armed) Services would have to consider a ten-year difference very carefully, but I don't think they would fall on their swords over only a five-to-seven year difference. Ten years would give us some problems.

Mr. Clements: If we drop more than ten years, we would have real problems.

Secretary Kissinger: I have real difficulty understanding why the Services could accept forty-three years and not forty. What do you have, inside information that something is going to happen then?

(General Scowcroft entered the meeting at this point reporting that President Thieu had not left Saigon.)

I understand the lower cut-off point, but not the higher.

Gen. Brown: We can talk in increments of five years, but ten years would be difficult to accept.

Secretary Kissinger: After X number of years, what happens? Who takes over operation and defense of the Canal?

Amb. Bunker: Panama would take over operation of the Canal. After say forty years' duration on defense, Panama would also take

over responsibility for the defense of the Canal, but we would hope to be able to negotiate some sort of residual presence.

Gen. Brown: Is this spelled out explicitly?

Amb. Bunker: Yes.

Secretary Kissinger: In the treaty?

Amb. Bunker: In an agreement.⁴

Secretary Kissinger: Okay. What we face here are two issues. The first one is substantive. Defense is arguing that the treaty's duration for defensive purposes must be fifty years and not less than forty years. Even forty years gives them a lot of pain. (Senator) Thurmond opposes any kind of new treaty. By the way, he called me the other day and claimed that we were planning to turn over a number of things like the police, the fire department and postal service unilaterally to the Panamanians.⁵

Mr. Rogers: There are no unilateral turnovers planned. Provisions in the treaty relate to turning over installations to the Panamanians.

Secretary Kissinger: Then I can assure Thurmond that there will be no unilateral transfer of jurisdiction outside the treaty.⁶

Mr. Rogers: Absolutely.

Mr. Clements: There is no transfer of jurisdiction or services outside the treaty.

Secretary Kissinger: Well, my sympathy for the citizens of the Canal Zone is zero. The Canal Zone is nothing more than a vestige of colonialism in my view.

Gen. Brown: There are a number of things that are irritants to them, but they are minor and I'm sure we can work them out.

Mr. Clements: That's right, Henry. You know, if in the President's judgement the timing is not right to have a treaty, we can make some small accommodations with the Panamanians. There's a lot of little things we could do. They are not much in terms of value, but they would be symbolic.

Secretary Kissinger: What do you think, Bill?

Mr. Rogers: I think they are interested in a treaty.

Secretary Kissinger: Suppose Torrijos does want a treaty? If he does, how flexible is he? If there is no treaty, will he accept unilateral accommodations to ease the pain? Do you think this is manageable?

⁴ See Document 57.

⁵ Record of conversation not found.

⁶ Kissinger spoke to Thurmond on the telephone on April 23 to assure him. (Department of State, FOIA Virtual Reading Room, Henry Kissinger Telephone Transcripts)

Amb. Bunker: I think it would be very difficult for him to accept.

Secretary Kissinger: Okay, how about a three-minute lecture on the land and waters issue.

Amb. Bunker: In our negotiations, the Panamanians have made it clear that they cannot accept an overwhelming U.S. military presence in the Canal Zone. We propose to turn over some facilities and areas to them. We should not hold on to those areas that are not critical to the defense of the Canal. Some of these areas that we do not plan to turn over are near the major cities, however, and they say that constitutes an overwhelming presence. We would like to reach some accommodation with them on that issue. Training fields, for example, could be shared.

Secretary Kissinger: Could this be done unilaterally if necessary?

Amb. Bunker: Yes.

Secretary Kissinger: Bill, do you think this will satisfy them?

Mr. Rogers: No I don't.

Secretary Kissinger: I think that the State Department and the Defense Department should get together and work out what we are willing to give up and what optical changes we could make to satisfy the Panamanians.

Gen. Brown: Yes, isolate our differences.

Secretary Kissinger: You two (Defense and State) get together and get an agreed position. I think this is a matter for the NSC once we see what the differences are.

Mr. Colby: I think the Panamanians will want a treaty.

Secretary Kissinger: I think we're clear about that. As I understand it, this is really a domestic political decision that the President will have to make. Many in Congress are opposed to a treaty. It's the judgement of the Intelligence Community that if the treaty negotiations break down, there are going to be one hell of a lot of problems. If the President decides to proceed with a treaty, he is going to get one hell of a lot of flak in this country. We have to get agreement on the land and waters issue. When we have that, we can present it to him for decision. I think we'll have an NSC meeting on this in two or three weeks. We'll let the President make the decision.

Mr. Clements: Good.

74. Central Intelligence Agency Intelligence Information Cable¹

TDFIR DB-315/05042-75

Washington, April 25, 1975.

COUNTRY

Panama

DOI

Late April 1975

SUBJECT

Concern and Disillusionment of Panamanian Leaders Over Prospects of
Obtaining a New Treaty

ACQ

[2 lines not declassified]

SOURCE

See below.

To State: No distribution except to Mr. Hyland. To DIA: Exclusive for Lt. General Graham. To NSA: Exclusive for Lt. General Allen.

1. The source of paragraph two is *[4 lines not declassified]*.

2. In late April 1975 Juan A. Tack, Panamanian Foreign Minister, told Carlos Lopez Guevara, a Foreign Ministry advisor, that both he and General Omar Torrijos, Chief of Government, are concerned and disillusioned about the prospects of obtaining a new Canal treaty. Indalecia Lievano, Foreign Minister of Colombia, informed Torrijos that he obtained the impression that during his meeting with Dr. Henry Kissinger, the United States Secretary of State,² Lievano had the impression that the situation in the Senate and the House of Representatives was not conducive for ratification of a new Canal treaty. Aside from their reluctance to give up rights in the Canal Zone, some members of Congress are opposed to even negotiating a treaty because they question the legitimacy of the present Government of Panama. Lievano

¹ Source: Central Intelligence Agency, DCI Files, National Intelligence Council, Job 79R01012A, Box 499, Folder 1: (SNIE 8-1-75) Panama Canal Treaty: The Likely Consequences of Certain Contingent Developments (Drafts). Secret; Priority; No Foreign Dissem; Controlled Dissem; No Dissem Abroad.

² During the April 8 meeting, Kissinger remarked: "This is a massive domestic problem. It is impossible for the United States to maintain the position it has had since 1903. We need prerogatives in defense or we won't get the treaty through the Congress." He added: "But our Congress is out of control. The condition is described here as 'Latin American'—no executive authority," and "given the present state of affairs with the Congress, they wouldn't approve the Declaration of Independence." (Memorandum of conversation, April 8; National Archives, RG 59, Central Foreign Policy File, P820125-0196)

reported that despite the sentiment of the Congress of the United States, the executive branch of the Government of the United States is doing what it can to arrive at a reasonable and just new Canal treaty.

3. The source of paragraph four is [3 lines not declassified].

4. While in Panama following his meeting with Dr. Kissinger, Lievano told a member of the Colombian Embassy he personally was pessimistic regarding United States ratification of a new Canal treaty. He said that the Department of State is worried about congressional concerns over the legality of the present Government of Panama.

5. The source of paragraph six is [4 lines not declassified].

6. Lieutenant Colonel Manuel Noriega, the G-2 of the National Guard (GN) and other GN officers are very upset over recent statements by United States Congressmen concerning the treaty negotiations. Noriega interprets these statements as being part of a well conceived plan, orchestrated by "Washington" to deny Panama a new treaty. Noriega now holds the opinion there will be no new treaty. He bases this opinion on the defeats the United States has suffered around the world which have hardened the attitude of Congress. Noriega has been gauging the mood of Congress through personal telephone calls from Nicolas Gonzalez-Revilla, Panamanian Ambassador to the United States.

7. The source of paragraphs eight and nine is [4½ lines not declassified].

8. After his meeting with Torrijos and prior to his departure from Panama Lievano told a Panamanian journalist that Panama is now preparing for and expects a postponement and possible discontinuation of the treaty negotiations. He said that the United States may stall and attempt to postpone signing a new treaty since it is doubtful that a new treaty would be approved by the Senate at this time. Torrijos told Lievano that Panama's reaction to such a tactic would be to engage in world-wide denunciation of the United States. This anti-U.S. campaign would be launched among Latin American countries and would be followed by a request for support from the Third World nations, especially the Arab bloc. The Communist nations would be asked to participate.

9. There are government employees who are currently discussing with students the possibility the Canal treaty negotiations may fail for the purpose of preparing students to react in a hostile manner towards the United States.

10. (Field comment: [1 line not declassified] reported that as the result of Lievano's meeting with Dr. Kissinger, Tack and Torrijos were optimistic regarding the Canal treaty negotiations. The source of this report subsequently clarified that he meant Tack and Torrijos were optimistic a new treaty would be "signed" during 1975. He did not mean "signed and ratified.")

11. Field dissem: [2½ lines not declassified].

75. Memorandum From the Chairman of the Department of Defense Panama Canal Negotiations Working Group (Koren) and Ambassador at Large Bunker to the President's Assistant for National Security Affairs (Kissinger)¹

Washington, May 2, 1975.

SUBJECT

Request for Joint State-Defense Proposals for NSC Meeting

Pursuant to your recent request² the Departments of State and Defense have developed the enclosed series of steps which the United States might consider taking in the event that agreement on a new treaty with Panama is not possible. Listed actions are not limited entirely to jurisdiction and lands and waters. Most would require Panamanian agreement and cooperation for implementation. The few and relatively insignificant measures which could be taken by Executive Branch action alone are at Attachment 1. Even so, Congress should be informed of these steps before they are taken. Measures requiring Congressional action are at Attachment 2.

The views of the Department of State on the effectiveness of these unilateral steps are being submitted separately.³

Henry L.T. Koren

*Chairman, Panama Canal
Negotiations Working Group*

Ellsworth Bunker

Attachment 1⁴

Undated.

**UNILATERAL ACTIONS WHICH REQUIRE NO
CONGRESSIONAL ACTION**

1. Expand current Canal Zone practice of flying jointly Panamanian and US flags to include US military installations and transiting vessels.

¹ Source: National Archives, RG 59, Central Foreign Policy File, P770102-0101. Secret; Sensitive.

² See Document 73.

³ Not found.

⁴ Confidential.

2. Offer to use Panamanian license plates on Canal Zone privately-owned vehicles.
3. Propose establishment of combined military board for planning and coordinating defense of the Canal.
4. Redesignate, consolidate and reduce USSOUTHCOM structure.

Attachment 2⁵

Undated.

UNILATERAL ACTIONS REQUIRING CONGRESSIONAL
APPROVAL

1. Increase substantially the existing monetary annuity to Panama.
2. Offer Panama civil and criminal jurisdiction over matters arising in the Canal Zone solely between Panamanian nationals.
3. Offer Panama limited police authority in the Canal Zone in matters affecting Panamanian nationals.
4. Permit Panama to establish courts in the Canal Zone.
5. Offer to establish in consultation with the GOP employment preferences and other programs designed to bring about increased employment for Panamanian nationals.
6. Offer to take actions designed to increase Panamanian involvement in policy direction of Canal operations.
7. Offer to transfer all or some parcels identified in the existing US negotiating offer of January 18, 1975 concerning land use, subject to conditions included in the offer.⁶
8. Disestablish certain USG commercial activities and offer to permit the establishment of Panamanian enterprises in the Canal Zone, exempting such enterprises from aspects of US jurisdiction (e.g., minimum wage coverage and safety and health requirements).

⁵ Confidential.

⁶ In telegram 343 from Panama City, January 19, Bell summarized some of the lands and waters proposals given to the Panamanians. (National Archives, RG 59, Central Foreign Policy File, D750020–0707) In addition, a January 9 paper entitled “Lands and Waters. Views of the United States Negotiators” is in the National Archives, RG 185, Subject Files of 1979 Panama Canal Treaty Planning Group, Box 9, Land Water, Airspace Use 1 10/11/74–7/26/75. The Panamanian response to the paper, which Bunker gave to them on January 18, is summarized in telegram 414 from Panama City, January 22. (National Archives, RG 59, Central Foreign Policy File, D750024–0910)

9. Redesignate the Panama Canal Company and the Canal Zone Government.

10. Disestablish Canal Zone postal system, permit Panama to establish post offices in the Canal Zone, and expand scope of APO operations.

11. Establish preference for CZ procurement of Panamanian goods.

12. Offer Panama traffic responsibility for certain Canal Zone thoroughfares.

13. Offer to authorize sale of Panamanian lottery tickets in the Canal Zone.

76. Memorandum From the Deputy U.S. Negotiator (Bell) to Ambassador at Large Bunker¹

Washington, May 12, 1975.

PANAMA-U.S. TREATY NEGOTIATIONS:
"Management" of a New Treaty in the Congress

There follows a reconstruction of a discontinuous conversation, over a half-hour period during the OASGA session May 10, between the Secretary, Assistant Secretary Rogers, Ambassador Mailliard and myself on the above subject.

HAK: These people [the Secretary's ministerial colleagues] sound serious. I guess we really have to get a treaty now. Besides, I just said we would.² So?

WDR and WSM: Yes, have to.

HAK: But what of Congress? Bad time for it. Could we get a treaty, then hold it?

WSM: I think we could even move it through the Congress now, with a big effort.

SMB: But we have to *get* the treaty first.

¹ Source: National Archives, RG 84, Lot 81F1, American Embassy, Panama, Panama Canal Treaty Negotiations Files, Box 125, POL 33.3-2/Jurisdiction, 1975. Secret; Sensitive; Nodis. Drafted by Bell. Brackets are in the original.

² On May 10, Kissinger read a joint U.S.-Panamanian statement to an informal session of heads of state at the OAS General Assembly. The statement affirmed the eight principles and the need for a "new, just, and equitable" treaty. For the text of the statement, see the Department of State *Bulletin*, June 23, pp. 881-882.

HAK: I know. You negotiators can do that. But thereafter?

WSM: Torrijos told me he could stand a delay in ratification.

HAK: Could he really? How long?

WSM: He told me he could hold off for a year or so on ratification. He even said he could stand not signing the treaty until late this year.

SMB: I doubt the latter. The former is pretty definite—all signs we get say he could stand a ratification delay.

HAK: That's my inclination: get it, then hold off. I think a new President *could* get it through the Congress, am I wrong? Also, the next Congress has *got* to be better. This one's a disaster.³

WSM: Agree. The chances would be a lot better. But it could probably be done now if you wanted to fight.

HAK: That's the problem—do we want to? These people here are aggressive. Maybe we have to try. But maybe they'd understand, too.

SMB: They'd understand if Torrijos wanted them to understand. And those are the signs we're getting, strongly.

HAK: Think we can get a treaty?

SMB: Depends on you and the President. New instructions.

HAK: I see. You're sure it could be held?

SMB: Yes. "Pending" treaty is the only technique.

HAK: Well. There are papers on this?

SMB: Stacks.

HAK: No doubt.

SMB: One thing, please stop talking about the year 2000—you're giving away our negotiating position.

HAK: Really? Tell me more! So, I'll stop.

HAK: So, sign in the late summer, early fall. Then maybe hold it, maybe not. Probably the longer we hold off signing, the better. But these people won't let us get away with that easily. Lots of pressure. What's that man saying about me?

³ Kissinger expressed a similar point of view in a May 12 meeting with Ford. During the meeting, Kissinger said: "On Panama there are two issues—the duration of the treaty and the duration of the Canal defense arrangement. Defense will buy a 25-year treaty with a 50-year defense arrangement. The JCS may buy 40 years. If these negotiations fail, we will be beaten to death in every international forum and there will be riots all over Latin America. We maybe could work out the signing the end of this year, submit it to the Senate with the understanding there will be no action until '77, or not submit it. Panama could then ratify it first. If it collapses we will have massive problems. If you sign it you will also have massive problems." (Memorandum of conversation, May 12; Ford Library, National Security Adviser, Memoranda of Conversations, Box 11, May 12, 1975—Ford, Kissinger)

SMB: Wasn't listening. Has to be flattering, though.

HAK: That's enough. I'll smile.

S. Morey Bell⁴
Minister
Deputy U.S. Negotiator

⁴ Bell signed "SM Bell" above his typed signature.

77. Minutes of a National Security Council Meeting¹

Washington, May 15, 1975, 4:30–5:30 p.m.

SUBJECT

Panama Canal Negotiations

PRINCIPALS

The President
The Vice President
Secretary of State Henry A. Kissinger
Secretary of Defense James Schlesinger
Chairman, Joint Chiefs of Staff General George S. Brown
Director of Central Intelligence William Colby

OTHER ATTENDEES

State
Deputy Secretary of State Robert Ingersoll
Ambassador Ellsworth Bunker

Defense
Deputy Secretary William Clements

WH
Donald Rumsfeld
Robert Hartmann

¹ Source: Ford Library, NSC Institutional Files, Meetings, Box 10, NSC Meeting, 5/15/75—Panama Canal. Top Secret; Sensitive. Part II of III. Part I of the minutes concerns the seizure of the *Mayaguez* by Cambodia; Part III concerns the Middle East. The meeting was held in the White House Cabinet Room

NSC

Lt. Gen. Brent Scowcroft

Stephen Low

President: Bill, can you give us a briefing on the Panama Canal?

Colby: (Intelligence briefing attached at Tab D)²

President: Thank you. Can you give us any indication of the land that is involved?

Colby: One of the major issues involved is the fact that you can only land in Panama at points which are subject to U.S. control. This is a matter of great concern to the Panamanians. The rest is a matter of degree. But the fact that they do not have direct access to Panama bothers them.

President: Henry, can you lay out the options as you see them?

Kissinger: Mr. President, one of my problems with this issue is that Ellsworth won't tell me what he's doing. So I think it would be better to ask him first. And then I will add my comments.

President: Mr. Ambassador, would you please discuss this?

Bunker: Mr. President, we think that a treaty is within reach. But to get it we need flexibility on two issues: duration and lands and waters. I have no doubt that failure in these negotiations would entail unacceptable risks including negative effects beyond Panama which would disrupt our relations with Latin America, lead to world condemnation, and hamper the operation of the waterway. If we get into a situation involving confrontation, we would turn what is now a basically free country radically to the Left. While we could undoubtedly maintain our control, we would deprive ourselves of what we have gained so far and undermine any future possibility of a reasonable agreement. We are trying to get a treaty which is acceptable both to Panama and to the Congress, and at the same time protect our basic security and interests. I believe we can achieve a balance of the various interests and if we do so, the treaty would be acceptable to both Panama and Congress. We look at this as involving a balance of many components: the long-term protection of our security interests including the right to act unilaterally in defense of the Canal; the consent of the host country; maintenance of our bases; satisfactory conditions for Canal personnel; duration and post-treaty security arrangements. Panama has already agreed to give us all the defense rights we want including a good Status of Forces Agreement. We want a balance between adequate control over the operation of the Canal, sufficient military presence, long but not too long duration, and a reasonable assurance of post-

² Tab D, dated May 12, is *ibid.*

treaty defense arrangements. With this balance we can obtain a treaty which is acceptable to all parties, and more real security than we have today. However, we need negotiating flexibility, relaxation on treaty duration to between 20 and 50 years.

President: Assume a treaty of 25 to 50 years—what happens after that expires?

Bunker: Panama will have control of the Canal. We will jointly guarantee its neutrality and access for ships of all nations. What we would like to have is flexibility, particularly as between duration for operation and defense. Defense has agreed with us on a period of duration for operation purposes but feels we should have 50 years on defense. Torrijos has made it clear 50 years is unacceptable. We want flexibility so we can bargain as between duration for operation and duration for defense: 25 years for operation, 50 for defense, if we can get it, though I am certain we cannot. Something in-between is what is necessary. And then a lands and waters proposal which is sufficient to permit agreement. The present one is not saleable to Panama.

President: I am not sure I understand what you mean by 'operation.'

Bunker: The administration of the Canal.

President: Once a treaty is signed and approved, how would operation go?

Kissinger: For X number of years we would run it. After the treaty expires, it would go to Panama.

President: And our defense rights would go along with it?

Kissinger: The original concept was of duration for both operation and defense for a 50-year period. Now we are proposing to split the two. We would be willing to settle for a shorter period for operational control if we could get a longer one for defense. I have to add that in 1967 we offered them 33 years.

President: For both operation and defense?

Kissinger: Yes. Now, if we could get 25 years for operation, we would be still better off than we would have been in 1967. We would probably have no great difficulty in getting them to accept 25 years for operation duration. For defense they will not accept 50 years. We have not yet explored this with them as we have not been authorized to. So we don't know how much more than 25 but less than 50 they would accept. How much longer for defense than operation has not been explored. It would be less than 50 but more than 25. This is the area in which the negotiations would have to take place, if you decide to permit greater flexibility. The land uses matter can't be explored here. We don't have any proposal to make, but something is possible. It seems to me the basic issues are the following: first, whether you

are willing to go along with the concept of separating operation from defense. The agencies all agree on this approach. Though not on the numbers—what is going to happen in 40 years is so hard to predict. Two, if you are willing to go that route, then, what is the minimum we can accept? Three, if you don't want a treaty now, you have to decide whether there are some unilateral steps we can take which ease the situation for Panama—steps which give up some of the lands but do not change the relationship. It is my strong impression from the OAS sessions which have just been taking place, in which I talked to most of the Latin ministers,³ that we will get no help from them, but, on the contrary, they will not hesitate to contribute to our problems. On the other hand, I have been hammered by Thurmond and Buckley on this and am fully aware of the problems raised from that side. If you decide to go for a treaty, then you have the problem of Congress. It is possible, however, that if a treaty were negotiated and signed, you could hold up ratification until 1977. Torrijos would go along with that. Of course, the Congress will scream when a treaty is signed, even before ratification. Internationally, failure to conclude a treaty is going to get us into a *cause celebre*, with harassment, demonstrations, bombing of embassies. The next administration will face the issue again with less receptivity and poorer chances to get a reasonable agreement. On the other hand, if we do it now, we will face a major domestic uproar.

President: Going so far as bombs here?

Kissinger: No, not literally—just political. No one here is for it. Those who are against it are extremely vocal. Frankly, I can't convince myself that the difference between 40 and 50 years is that important. If you decide not to go ahead with the negotiations, we have to decide how to do it with a minimum of damage. There will be an uproar in Panama, with riots and harassment. It will become an armed camp and will spread rapidly to the Western Hemisphere. It will become an OAS issue around which they will all unite. Then it will spread into the international organizations. It is just a question of how long you want to take. From the foreign policy point of view, I favor going ahead. However, domestically I've already encountered enough opponents to know what a barrier exists.

President: I've been told that 37 Senators have signed some document that they would disapprove of a treaty.

Secretary: From the foreign policy point of view, we're better off signing a treaty and not submitting it to the Senate. That would give us two years.

³ See Document 76.

President: I have a question. I am told that, inasmuch as we would be giving up U.S. territory, both the Senate and the House would need to act on this; the Senate on the treaty and the House on the land. Of course, in the House a simple majority is sufficient but two-thirds are needed in the Senate.

Bunker: Thirty-seven Senators signed the Thurmond resolution. Our analysis in the State Department indicates that perhaps 20 are soft opponents and might be persuadable; 17 are intransigent and not susceptible of being won over. As of now, the Canal has a constituency while the treaty has none. That is because we have done nothing yet. We have made no broad effort on the Hill or with the public. Consultation with the Congress and public education would be essential in getting a treaty passed.

President: What do you think about this, Jim?

Schlesinger: The details of the Defense position have been discussed in the earlier meetings. I would like to give you my personal observations. I guess I may be classified as an opponent of the treaty. It seems to me one of the biggest mistakes the United States has made since 1945 was not to acquire sovereign base rights in a number of places around the world, like the Philippines and elsewhere in the Far East. The Panama Canal Zone represents one of these sovereign base areas. Defense agreed to the Eight Principles signed last year which sacrificed sovereign land areas. It was a generous offer on the part of the U.S., giving them land and sovereignty. What Ambassador Bunker refers to as flexibility is no less than a further reduction in what we're asking for, an erosion in our position of substantial magnitude. It seems to me we're engaged in reducing our requirements to what we think Torrijos will accept. When I was DCI, the analysis was different. We recognize that there will be harassment and attacks. The question is whether the price is worth defending a set of principles on our part. Worldwide reactions are likely to be mixed. When the U.S. shows strength and determination, it receives respect. When it recedes from its position, it whets appetites. I was reluctant to see the position your predecessor, President Johnson, took in 1967. That eroded your position.

President: Were those the negotiations Bob Anderson conducted?

Schlesinger: Yes; we have had eight years since then; one solution would be to try to protect our position for another eight years. That might give us the greatest period of time advantage. Henry put the problem in terms of a conflict between domestic and international interests. I think it's more complex than that. The international effect will be varied—the Brazilians and some of the others respect us when we take a strong stand—there will be different attitudes. While the international implications are mixed, the domestic are unmixed; in my

mind the question is whether or not the U.S. is capable of standing up to the harassment which Torrijos is quite capable of mounting.

President: In your judgment would the harassment be of such degree that it could render the Canal inoperable?

Schlesinger: I think not. The SNIE I produced some years ago⁴ concluded that their reaction would depend on their assessment of the American position. If they were persuaded the U.S. was flexible, then they would be tough; if they thought the American position was tough, they would be more reasonable. They will take advantage of the situation depending on how firm the U.S. is prepared to be. If we are tough in the Canal they will yield. In recent years the U.S. has not shown a great deal of this quality.

Kissinger: What do we want to stand up for the Eight Principles for? They give no time limit and no guidance in this issue.

Schlesinger: I understood it was 50 years.

Kissinger: That is in the presidential instructions, but not in the principles. The principles just speak of an adequate period of time. We have all agreed on proposing 25 years for operation; the issue is whether or not to insist on 50 for defense, with an extension into the post-treaty period. My recommendation would be to shave our demands on matters like operation if it could add to defense. I do not share the view that some of the Latins will support us. I have just finished talking to all of them and am convinced that none will support us. The question is, is this a good issue on which to try to face-down the Latins? It might be if it were only Torrijos we have to face-down, but this is the whole Hemisphere.

Colby: I am convinced that we are facing in the next 15 years increasing tension between the North and South which will take on racial characteristics. They would be unified against us.

Clements: I don't think there is any problem about Defense and State coming to some reasonable solution; working out the details is easy.

Kissinger: I agree.

Clements: This is no problem. The post-treaty conditions are a little more difficult. We could set them out further in some reasonable and understandable form. So far as harassment in the Canal Zone goes, this can be contained without severe action. In order to do that we will have to make some minor concessions. We can move forward with the lesser issues and keep the negotiations going, make some of the

⁴ SNIE 84-73, "Torrijos, the United States, and the Panama Canal," March 30, 1973 (National Archives, RG 84, American Embassy, Panama, Panama Canal Treaty Negotiations Files, Lot 81F1, Box 124, Folder: Pol 33.3-2, Treaty Negotiations 1973)

accommodations they want, but keep the treaty out of the political arena. Joe Doaks in Paducah is excited about the Panama Canal. He considers this part of his business and will become very emotional about it. I know I'm supposed to be a non-partisan career official, but I can tell you this will be one hell of an issue domestically in 1976. I think we can avoid it by making some accommodations, working out the details, and holding everything as it is for 18 months, and still save to a reasonable degree the international conditions.

President: Would these adjustments fit under a subsequent treaty?

Kissinger: I agree with Bill that we could come to an agreement with Defense on all points in a treaty, and we would gain internationally. From the foreign policy point of view this is just not a good issue to face people down with. With regard to his recommendation that we protract the negotiations so as not to sign for 18 months, we'll have to take a look to see if it's possible.

Clements: Bo Callaway and the Army assure me this can be done. We'll have to do some selling, but there are a lot of things that we can do, and we feel very positive about it.

President: I've had some experience with the Panama Canal, going back as early as 1951 when I was a member of the House Appropriations Subcommittee that had jurisdiction over the Panama Canal. At that time I had the temerity to look at the sinecures that some of the civilian employees of the Canal had acquired, such as rents, which I think were \$15 a month, and a raft of other gratuities that few other people working for the Federal Government received. I objected and sought to decrease these benefits. I was met with an onslaught from a highly organized group which I hadn't anticipated. Previous to that, the Carrier on which I served went through the Canal. A Navy Canal pilot whom I met took me back to the other side and we stayed out late having what I remember were called "blue moons." The ship was going to San Diego the next morning. At about 2:00 a.m., I asked whether we shouldn't start back. He said, "Never mind, I'll fly you in the morning." And so we went to sleep at about 2:00 and at 5:00, took off in a single engine plane; we went through the worst rainstorm I ever saw. I got on the gangplank of the ship just as it was beginning to go up. If I had missed it I would have been AWOL. But that is the most highly organized group of American employees I know. They have a vested interest in the status quo. This is a group that gives the public the impression of what we should be doing down there. We are not going to decide this issue on those grounds. They ought to know it. The Army gets its information from them and they infect it with their views. But they're not going to decide this.

Clements: Bo Callaway and the Army have been handling this very effectively. They have been attempting to bring about a reduction in these benefits.

President: Do they still get a 20 to 25% wage differential?

Clements: I think they get some. The Army and Bo want to do things right. They want to bring the Panamanians into the operation and do some other things that should have happened long ago.

President: This group of Americans go from one generation to another. Some of them have been there for three generations.

Kissinger: These concessions could take two forms—first, they could help save our lives on the treaty; second, if the Panamanians perceive them as a substitute for a treaty, we will have difficulty. We will have to look into the possibility of whether we can drag the negotiations out until after the elections. For that kind of thing we can probably get some Latin American support from people like the Brazilians.

Schlesinger: What Bo Callaway is talking about is a number of atmospherics. He is the most ardent advocate of the Eight Principles and the existing presidential guidance.

Kissinger: The Eight Principles are just platitudes, deliberately designed to be satisfactory to both sides. They give no guidance on this.

Schlesinger: The Army is prepared to accept them. Bo and the others firmly adhere to this position. It's our position that the little flexibility they're asking would reduce the period to 30 or 25 years and soon it gets down to the point which we just can't tolerate—20 years, for instance.

Kissinger: No, that's not the case; we're trying to separate operational rights from defense rights. For operational rights we're willing to accept down to 20 years; for defense rights not 50 but more than 25, something like 30 or 40—my own estimate is we should get 40 or even 45—that means defense by Americans. We haven't tried shaving the other treaty rights to get more on defense rights.

Clements: And some post-treaty rights.

Kissinger: In any circumstances the defense control will extend well beyond the year 2000.

President: Are you saying that if the treaty is signed, our sovereign rights will extend through the year 2000?

Kissinger: Until 2000 we operate the Canal and until, say, 40 years, that is until the year 2015, we have the unilateral right to defend the Canal. Then there is the problem of the post-treaty rights which we've not been prepared to discuss. My understanding is that sovereignty would lapse with the signing of the agreement and be phased out over a three-year period. The operational part is less important than defense.

President: Then there are really three points. Sovereignty is phased out in 3 years, operation would be 25, and defense rights 40 to 45.

(The Vice President enters)

Rumsfeld: I've been doing some talking up on the Hill and I find there is a great deal of distrust and concern and leaking of documents to the Hill by the people in the Zone. I would caution against any new treaty concession being made to the Panamanians. The conservatives would join with the liberals on this.

Kissinger: This is a totally separate issue. There is a story on the Hill that we are negotiating some unilateral accommodations.⁵ This is sheer nonsense. We have told them that. We should save these unilateral concessions for the treaty where we get something in return.

Rumsfeld: There is a strong constituency in Panama and there is not at home. We don't think this is a matter of deep concern among the American people, but there is a violent concern among some Congressmen that have active supporters opposing this treaty.

Schlesinger: Is it a matter of physical harassment?

Rumsfeld: No—political. Some of our good friends in the Congress feel very strongly about this issue. If we antagonize them on this, then the ability of the President to deal with other matters of high priority, like Turkey, will be diminished. The point is that this so angers people on the Hill that we lose their support. This will affect the attitude of these people with regard to other issues. It would be just like sending up a nomination for Abe Fortas.⁶ There is a strong feeling, not among many, but a significant group. Bunker and the others should work with these people.

Kissinger: There is no way we can persuade some of these people.

Vice President: I am a politician and I know a little about pursuing our national interests and the treatment of people. I understand these people that Don talks about—they have to understand the world in which we live. This is a big issue in Latin America like the expropriation of oil in Mexico was in 1939. It's symbolic of freedom from the United States and the restoration of dignity. This is terribly important for our relations in the Western Hemisphere. I would like to talk to some of these people. I may be able to help.

Colby: The pressure will grow from Latin America. There is a tendency to compare it with the base at Guantanamo. The situation is going to get more and more tense.

President: What is the time schedule as you see it?

⁵ See Document 73.

⁶ Presumably a reference to President Johnson's nomination of Fortas for Chief Justice of the Supreme Court, which resulted in widespread discontent among conservative members of the Senate.

Bunker: If we can get the flexibility we need, and without it we can't get a treaty, then we can move along and probably get something by August or September. There has been no treaty drafting as yet.

Ingersoll: We have done no selling on the Hill because we didn't know our position, and couldn't explain it. This problem is not going to go away. It's going to get worse.

President: We ought to get further information on the proposal of the specific things which Bo Callaway is talking about. When we see those specifics we can look at how much can be done unilaterally and how soon. They should be put together soon; let me look to see what impact they would have and after that we'll take a look at what we can do.

Kissinger: The fundamental problem is to assure that we maintain the negotiating position. If Torrijos perceives that we've abandoned it in some way, he wouldn't want to play that game and we would be in for a confrontation. If we used these unilateral steps to protect our negotiations for 18 months, we might be all right and some of the more sophisticated Latins like the Brazilians might help. But if we say there will be no new treaty, then there will be an uproar. (I've never discussed this with the Vice President so I can assure you there's been no collusion.) We would have a real uproar; volunteers, demonstrations, violence, and we would be dragged into every international forum. This is no issue to face the world on. It looks like pure colonialism.

Schlesinger: The palliatives will help us only as far as postponement is concerned. Sooner or later we're going to run into these problems. You must face the prospect of harassment.

Clements: Bo Callaway and the Joint Chiefs and all of us are together on this. There is no problem. We want to move forward. We're not advocating the status quo. We understand that a treaty is inevitable; the problem is timing.

Kissinger: We'll have to draw up a list and then make our best assessment of the situation if we are to protect the negotiations.

President: Let's find out what the alleged goodies are and the impact of this kind of thing.

Vice President: Do you know Torrijos? He's a very interesting guy. I think at some point if you had him up here and had an hour with him, you could give him your personal attention. It would have a big impact.

Rumsfeld: Get him with . . .

Kissinger: Right now he's working on Ellsworth on this island of theirs.

President: We ought to expose him to my old friend Dan Flood.

Kissinger: We'd complete the negotiations the next day.

Vice President: You know his mother's a communist and his father's a communist and his sisters and brothers are communists, but he's a real tough guy. He's crazy about the U.S. military. He's got a real concept of dignity.

President: Let's get the materials and facts and then we can make an assessment of where we stand.

78. Memorandum From the Deputy U.S. Negotiator (Bell) to the Assistant Secretary of State for Inter-American Affairs (Rogers)¹

Washington, May 20, 1975.

Panama: State of Play

The NSC staff has decided not to issue any guidance to Defense or State as a result of the meeting with the President.

Rather, Defense is to take the initiative in putting forward a proposal whereby (a) unilateral actions would be employed to relieve pressures while (b) negotiations are stretched out as a prelude to (c) a delay in submitting the treaty for ratification until early 1977.²

This exercise is apparently underway, but no due-date has been fixed. There are reports that Action Officers in the Defense Department have been told to "take their time" about it.

The Negotiators will wait to see what, if anything, emerges from Defense in the coming days. Ingersoll and Bunker, who have talked several times, have agreed to talk again upon Bunker's return to the Department Wednesday morning from a Seattle-Vermont trip. (I return to Washington this Friday evening from the Seattle trip).³

But we are already prepared to counter the Defense proposal. Our position would run generally along the lines of the attached draft—which it would be useful for you to read as background, although I

¹ Source: National Archives, RG 84, American Embassy, Panama, Panama Canal Treaty Negotiation Files, Lot 81F1, Box 125, POL 33.3-2/Jurisdiction, 1975. Secret; Sensitive; Stadis; Nodis.

² See Document 79.

³ While Bunker was in Seattle, he addressed the Rainier Club on the treaty negotiations. For the text of his May 22 address, see the Department of State *Bulletin*, June 23, 1975, pp. 859-864.

am revising it to “stretch out” the negotiation somewhat further and to identify an outer-limit to the stretch-out.⁴

One probable problem with the Defense proposal is that it will come down for unilateral actions and stretched-out negotiations, yet will not offer what will make *any* negotiations—stretched-out or not—possible: a relaxation of the guidance. We believe it is more and more clear that Defense will have to be ordered by the President to “give” on lands and on duration, despite what Clements said at the NSC meeting.

This panorama has been complicated by what the Secretary mentioned to Lievano on Saturday⁵—which has surely got back to the Panamanians by now. I believe they will read the Secretary’s query, correctly or not, as a strong indication that he wishes he could escape from the negotiation. (I have briefed Bill Jorden, by secure means, of what I know of the Lievano conversation, so that he can be alert to reactions.)

A further complication is that Clements reportedly spread the word to senior Defense officers Monday⁶ that State and Defense had reached an agreement:

—42 years for duration (defense)

—no *signed* treaty until April 1977

The Negotiators have no background on any such agreement.

Concluding:

—our friends in Defense, who are reliable, will keep us posted on developments.

—if there is inordinate delay, we may want to put forward our own paper.

—our position vis-à-vis the Panamanians is becoming more tenuous as the Negotiators’ absence from Panama grows increasingly protracted and reports of the Secretary’s intentions reach them.

—you should note Bunker’s memorandum based on a talk with Ingersoll, also attached.⁷

⁴ A draft paper, undated, entitled “U.S.-Panama Treaty Negotiations,” is attached but not printed. In the draft, Bell wrote: “They [unilateral actions] would prevent neither confrontation nor censure. And if they could be moved through the Congress, which is doubtful, they would rob future negotiators of the best bargaining chips. Conclusion of a treaty seems possible if the President relaxes sufficiently the negotiation instructions.”

⁵ In telegram 117309 to Bogota, May 20, the Department transmitted a summary of Kissinger’s meeting with Lievano on Saturday, May 17. (National Archives, RG 59, Central Foreign Policy File, D750177–0365)

⁶ May 19.

⁷ The May 19 memorandum of a telephone conversation between Bunker and Ingersoll is attached but not printed. Regarding Kissinger’s meeting with Lievano: “Secretary Kissinger asked Foreign Minister Lievano whether latter thought we could come to agreement with Panama without formal treaty signing. Lievano replied that ‘you must find a way to give Panama some security.’”

Mindful of your asking to be advised when and how to help, I can think of no profitable action during your one-day stopover in Washington—except perhaps to talk to Ingersoll to see if he has any thoughts. We will report any significant developments to you in Tokyo.

S. Morey Bell⁸
Minister

⁸ Bell initialed “SMB” above his typed signature.

**79. Memorandum From the Deputy Secretary of Defense
(Clements) to the President’s Assistant for National Security
Affairs (Kissinger)¹**

Washington, May 23, 1975.

SUBJECT

Panama Canal Treaty Negotiations

This memorandum is a follow-up to the recent NSC discussion of measures which may permit the United States to meet its commitment concerning a new Panama Canal Treaty without incurring unacceptable domestic political costs.

While I am convinced that it is in the interest of the United States to continue to negotiate for a new Panama Canal Treaty in accordance with the Tack-Kissinger agreement of February 1974, I am equally convinced that to attempt to achieve a new treaty before the 1976 Presidential election would be both impractical and politically damaging. In order both to spin out the negotiations and to avoid a serious confrontation, I believe that we should embark on a series of steps designed to create a sense of momentum toward a mutually satisfactory treaty relationship; to this end, I suggest the following actions:

1. President Ford should invite the Panamanian Chief of Government, Brigadier General Torrijos, to visit Washington and the United States. During this visit, President Ford would

¹ Source: Washington National Records Center, RG 330, OSD Files, FRC 330-78-0058, Panama 821 (Jan-Jul) 1975. Secret. A copy was sent to Ingersoll.

—Explain in complete candor the political problem which would result if the Administration were to confront the Congress in a treaty ratification fight before the election.

—Convince Brigadier General Torrijos of the good faith of the United States Government in continuing steadfastly to pursue the objective of a new treaty despite significant Congressional opposition.

—Establish a target date of early 1977 for initialling the new treaty and initiating ratification procedures in both countries.

—Convince Brigadier General Torrijos of the futility of violent Panamanian reaction to this delay in achieving a treaty, since such a reaction would clearly preclude treaty ratification for many years.

—Propose to Brigadier General Torrijos the actions enumerated in the following paragraphs.

2. Propose a differential duration concept, with a treaty duration of no less than 25 years for Canal operation, and between 40 and 50 years for Canal defense.

—Panama has stated that it cannot accept a 50 year treaty duration while the United States is currently committed to a minimum of 50 years' duration.

—The United States and Panama should both compromise on this issue, as described above.

3. Propose that, consistent with the current U.S. concept for the defense of the Canal against external aggression, Panama participate in that defense and share designated training areas.

—To facilitate implementation of this shared responsibility, a U.S.-Panama Combined Canal Defense Board should be established.

—The Combined Defense Board would make appropriate recommendations to the senior United States and Panamanian military commanders having responsibility for local Canal defense.

4. Propose that Panama and the United States agree conceptually upon a bilateral mutual assistance arrangement for post-treaty Canal defense.

5. Propose that, between now and early 1977, the U.S. should unilaterally take a series of steps which meet some of Panama's aspirations for gaining control of Canal-associated activities, while reducing somewhat the U.S. involvement in them.

—Unilateral actions envisioned include only those which the Executive Branch could take without Congressional action.

—List of actions is at Tab A.²

² Tab A, entitled "Unilateral Actions (Require No Congressional Action)," undated, is attached but not printed. Among the proposed unilateral actions were: using Panamanian license plates on Canal Zone privately-owned vehicles; consolidating and reducing the SOUTHCOM structure; leasing lands to Panama; and increasing the utilization of Panamanian employees in the Canal Zone work force.

6. Attempt to increase Panama's revenues from the Canal, either by authorizing for Panama funds derived from increasing tolls, or by appropriating funds for this purpose. (NOTE: Legislative action would be necessary.)

W.P. Clements, Jr.

80. Minutes of Secretary of State Kissinger's Principals and Regionals Staff Meeting¹

Washington, June 9, 1975.

[Omitted here are a list of attendees and discussion of unrelated matters.]

[Mr. Rogers:] Also, on Panama, you're aware that Ellsworth feels that he would like to get back before the end of the month. He's under significant pressure from Torrijos, who was saying that his time is running out.

Secretary Kissinger: Well, we better decide what we're going to do.

Mr. Rogers: That's the basic issue—whether or not aid to a country initially soon or so can be done at first, and then an amendment on instructions.

Those papers I think are pretty well completed in the White House. There's one more paper going in this afternoon.

Secretary Kissinger: What do you mean "White House"?

Mr. Rogers: At the NSC. These are what Clements made May 23rd,² which are things he was supposed to produce.

Secretary Kissinger: No, but I don't want Clements against everybody. I want opposition and Clements position. That's two alternatives.

Mr. Rogers: Yes.

Secretary Kissinger: What's your view?

Mr. Rogers: (a), that we should amend Ellsworth's instruction; (b), that he should be encouraged to go back and work out an initial conceptual agreement as soon as possible.

¹ Source: National Archives, RG 59, Transcripts of Secretary of State Kissinger's Staff Meetings, 1973–1977, Lot 78D443, Box 7, Secretary's Staff Meeting, June 9, 1975. Secret. The minutes are mistakenly dated May 9.

² See Document 79.

Whether that needs to go public or not is another question, although my opinion is there's no reason not to.

Secretary Kissinger: It can't be kept secret. In fact, if it is supposed to do Torrijos any good, it has to be public.

Mr. Rogers: Mr. Secretary, it puts the President in an absolutely impossible position.

Secretary Kissinger: Why?

Mr. Rogers: That he should offer Torrijos the possibility of postponing the treaty until January of 1977 invites the charge of duplicity, both in terms of domestic politics and in terms of international relations.

Secretary Kissinger: Besides, it would get public, so we pay exactly the same price.

Mr. Rogers: It invites initial repercussions.

Secretary Kissinger: But it is a major problem because these Panama people are getting a tremendous head of steam up.

Mr. Rogers: Well, I think there are two things to be said about that. In the first place, there are plenty of Republicans and Democrats who say, "If you get that treaty up there this year, with a good strong Presidential support we'll get it through for you."

Secondly, with respect to the resolution that Thurmond wrote and got 34 signatures on, there's less to that than meets the eye. That was a very carefully written resolution designed for people to get the broadest possible support and command the signatures of those who—

Secretary Kissinger: You know, the political problem for the President is that all the opponents are right wing Republicans—or most of them.

Mr. Rogers: It's a political problem in both directions. You know, we're that far out on a limb that if he fails to move the matter for now within the next 18 months and we have an international blow-up, it's going to have a major effect on his international reputation.

Mr. Ingersoll: Clements failed to put in the land/water distribution also. He didn't come up with anything on that.³

Secretary Kissinger: Well, that I think is stupid anyway, because if we give away the land and water just to get 18 months, we won't have any bargaining material.

Mr. Ingersoll: No. I mean for the long-range issue.

[Omitted here is discussion of unrelated matters.]

³ A June 11 memorandum from Ingersoll to Kissinger, conveyed a point-by-point rebuttal of Clements' May 23 memorandum. (Ford Library, National Security Adviser, NSC Latin American Affairs Staff Files, 1974–77, Box 7, Panama Canal Treaty Negotiations [3])

81. Letter From the Governor of the Panama Canal Zone (Parfitt) to the Secretary of the Army (Callaway)¹

Balboa Heights, Panama Canal Zone, June 13, 1975.

Dear Mr. Secretary:

There is increasing local concern over statements by United States authorities publicly predicting violence unless a new treaty is reached with Panama and suggesting that such violence would gain for Panama as much or more of its objectives than the treaty would provide. Among those expressing concern locally are employee union and civic council members. It is their feeling that such statements may feed violence-prone elements within Panama and breed support for their tactics that would not otherwise be forthcoming. This feeling is shared by many other knowledgeable local observers, both U.S. and Panamanian.

The validity of this concern is probably shown by the treatment the Panamanian news media have given to statements of Assistant Secretary of State Rogers and to Ambassador Bunker's address to the Rainier Club in Seattle.² Emphasis, often with sensational treatment as you can see from the attached clippings,³ has been placed on the portions of the addresses in which the predictions of violence are made.

Public predictions by U.S. spokesmen are being construed by some here as U.S. acceptance of violence as a politically legitimate means for Panama ultimately to gain its treaty objectives. The foremost concern here is that Canal Zone employees and their families may be the victims in a situation of Panamanian violence protesting Congressional intransigence, inspired in part by their interpretations of statements of U.S. officials.

I share Secretary Rogers and Ambassador Bunker's concern over the potential for violence here under certain conditions. I understand their desire that the Congress and U.S. public should be fully informed of the possible consequence of an intransigent position vis-à-vis a new treaty. It is conceivable, however, that violence might be avoided if the Panamanian Government is convinced such acts would be counter-productive to gaining ultimate treaty objectives, as I feel certain they would be. Public statements by U.S. officials indicating the contrary

¹ Source: National Archives, RG 84, American Embassy, Panama, Panama Canal Treaty Negotiation Files, Lot 81F1, Box 125, POL 33.3-2/Jurisdiction, 1975. Official Use Only. Harold R. Parfitt assumed his duties as Canal Zone Governor on April 1.

² See footnote 3, Document 78. Rogers' statement has not been found.

³ Not attached.

diminish the likelihood of Panama adopting the latter course and tend to lower the local threshold for violence.

I realize that the U.S. authorities concerned are faced with a dilemma. There is a need for the Congress and the people to be fully informed on alternatives. On the other hand, U.S. authorities have a responsibility for the welfare of U.S. personnel in the Canal Zone and this responsibility is best served by persuading Panama that violence would be counterproductive to the fulfillment of its objectives.

If you share this concern with me, I hope there will be an opportunity for you to discuss with U.S. spokesmen on treaty matters the need to balance carefully the probable effect of their statements on the very dissimilar United States and Panamanian audiences.

Sincerely yours,

H.R. Parfitt⁴
Governor

⁴ Printed from a copy with this typed signature.

**82. Memorandum From the Deputy Secretary of Defense
(Clements) to President Ford¹**

Washington, June 20, 1975.

SUBJECT

Panama Canal Treaty Negotiations

Reference is made to the recent memoranda on this subject forwarded to the Assistant to the President for National Security Affairs by the Deputy Secretary of State and Ambassador Bunker.²

¹ Source: Washington National Records Center, RG 330, OSD Files, FRC 330–80–0044, Box 13, NEG—Panama and Panama Canal Zone April 1975–Oct 1975. Secret. The memorandum was forwarded to Clements for his signature on June 19 under a covering memorandum from Ellsworth which requested permission to distribute copies of the memorandum to Kissinger, Bunker, Callaway, and Brown. Clements approved the distribution on June 20.

² See footnote 4, Document 78, and Document 79.

The Secretary of State has indicated on several occasions in conversation and in meetings that the treaty duration for United States' responsibility for Canal defense should be from 40–45 years; and he is aware that, if the treaty provides for more than 40 years for defense, it would be acceptable to the Department of Defense, including the Joint Chiefs of Staff. The Department of Defense continues to support this position on duration. Anything less than a period of over 40 years' duration would be unacceptable to the Department of Defense, which would prefer to see the duration greater than 45 years.

With respect to the Lands and Waters issue, the present Defense Department position provides the bare minimum in terms of protection of vital installations of the Canal and United States citizens associated with the Canal operations. Anything less would not be acceptable, in that it would not permit the discharge of Department of Defense responsibilities.

In amplification of the above, the fundamental disagreement between Defense and State Departments is that the Department of Defense does not trust the reliability or stability of Torrijos' Government. Our mistrust of the Panamanians engenders realistic concerns that under Panamanian control:

- Use of the Panama Canal could be denied the United States at any time under any conditions; i.e., Canal transit by United States Naval ships carrying nuclear warheads;

- United States citizens associated with the Canal operation would be subject to whims of an illegally spawned dictatorial regime which has repeatedly demonstrated abusive power, disregard of civil liberties, harassment of private citizens, capricious treatment by police and judges and repressed freedom of press, as well as increasing association with communist nations.

- Land areas adjacent to population centers would provide unlimited routes of approach for Panamanian mobs and rioters to vital U.S. installations, placing them in danger.

Adherence to a negotiating position which assures a United States military presence for more than 40 years, as well as retention of sufficient lands and waters (in return for relinquishing to Panama operational control of the Canal after a shorter period), would provide a deterrent against Panamanian irresponsibility.

W.P. Clements, Jr.

83. **Memorandum From the Deputy U.S. Negotiator (Bell) to the Assistant Secretary of State for Inter-American Affairs (Rogers)**¹

Washington, June 20, 1975.

PANAMA

Meeting with Congressional Aides

We got some interesting commentary and advice from the congressional aides:

1. They were all impressed with what the negotiation has yielded thus far as regards protecting U.S. interests. If we get much of what we want on the outstanding issues, we will have a “saleable” treaty.

2. Most of them believe we can get a treaty ratified this year—if submitted right after the summer recess—with an all-out administration effort.

3. The President must provide positive leadership in the Executive and take a strong public stand soon. Republicans on the Hill will respond *positively* to that leadership.

4. If the treaty is not submitted now, *'76 is out*, although it would be more of a Republican party issue in presidential primaries than a national election issue. *After the primaries* we could sign a treaty with less danger than before.

5. An initialed treaty would be much more difficult to deal with on the Hill than a signed treaty because it presumably would not be made public. This would cause problems.

6. Most senators recognize that opposing congressional mail on Panama is not representative. It has become a cause of the far right and is generally recognized as such. Still, mail on only one side of the issue is troublesome.

7. A number of aides were distressed by what they termed State being outmaneuvered by DOD on the Hill. They claim that DOD is actively collaborating with treaty opponents while State is hyper-cautious in dealing with treaty friends.

S. Morey Bell²
Minister

¹ Source: National Archives, RG 84, American Embassy, Panama, Panama Canal Treaty Negotiation Files, Lot 81F1, Box 125, POL 33.3–2/Jurisdiction, 1975. No classification marking. Drafted by Morris.

² Bell initialed “SMB” above his typed signature.

84. Briefing Memorandum From Ambassador at Large Bunker to Secretary of State Kissinger¹

Washington, June 25, 1975.

Panama Negotiation

Although the Department of Defense has repeatedly affirmed its support for negotiations leading to a new treaty, Clements' latest paper (attached) in effect rules out any possibility of attaining one.²

In his paper—which is addressed directly to the President—Clements asserts, moreover, that anything less than his position on duration (defense) and lands/waters will not be “acceptable” to Defense. That has some of the quality of ultimatum to it.

Whatever may be said of the Defense Department's inter-governmental approach, its substantive position is irrational. Rather than protect military interests over the long term, it would jeopardize them.

Attentive to Defense concerns, I compromised on the duration (defense) issue, abandoning my desire for flexibility between 25 and 50 years, agreeing instead to a minimum of 35 years. In return I expected an improvement in the land/water position.

The plain fact is that Panama probably would not even buy 25 years without some such improvement. Thus land/water is pivotal.

The new Defense position rejects my compromise on duration, and sticks to a 40-plus position which is in itself probably unacceptable to Panama and certainly unacceptable without a better offer on land/water, which Defense refuses to give.

Justifying the Defense position, Clements claims that 40-plus years, together with the unimproved land/water offer, would provide a deterrent against what he postulates as the irresponsibility of the Panamanian Governments in the next century.

He does not make clear how a few-years prolongation of the U.S. military presence or the retention of a few hundred acres of territory would have this effect. Nor does he indicate how the Defense position would provide security for the U.S. citizen employees from alleged Panamanian “whims”.

¹ Source: National Archives, RG 59, Ambassador Bunker's Correspondence, Lot 78D300, Box 4, Key Documents. Secret; Sensitive; Exdis; Stadis. Drafted by Bell; Rogers and Feldman concurred. Sent through Ingersoll.

² Only the cover sheet is attached; the paper is printed as Document 82.

While it is difficult, if not impossible, to predict international irresponsibility, we are determined to safeguard our rights and interest in the Canal in the treaty we are negotiating.

The Defense position would jeopardize long-term military interests in that, by foreclosing a treaty, it would engender protracted confrontation with Panama . . . interfere with our ability to operate the waterway efficiently . . . and endanger our very presence.

We believe you will want to caution the President along the foregoing lines.

Furthermore, we believe it is time to halt this skirmishing. It is now 4½ months since I have been in truly substantive negotiation with Panama—and 1½ months since you renewed the commitment to negotiate at the OASGA.³ The supply of credibility—the President's, yours, the Negotiators'—is running out.

And the President certainly has all the choices before him, now that Defense has in effect recommended a no-treaty choice.

³ See footnote 2, Document 76.

85. Letter From Secretary of State Kissinger to Senator John L. McClellan¹

Washington, June 26, 1975.

Dear Mr. Chairman:

As you know the House of Representatives on Thursday, June 26, passed an amendment to the State, Justice and Commerce Appropriations Bill which would have the effect of terminating the negotiations with the Government of Panama regarding a Canal treaty from proceeding.² I believe that this was a most unfortunate action and in itself may stimulate a reaction in Panama and throughout the Western Hemisphere detrimental to the interest of the United States.

¹ Source: National Archives, RG 59, Ambassador Bunker's Correspondence, Lot 78D300, Congress Snyder Byrd Amendment. No classification marking. Drafted by Pezzullo and Richardson. McClellan was Chairman of the Senate Appropriations Committee.

² The amendment to H.R. 8121 was introduced by Representative Gene Snyder (R-Kentucky), but was not included in the final version of the appropriations bill. A similar amendment was proposed in the Senate by Senator Harry Byrd (Ind.-Virginia).

The action by the House is disturbing because it brings into question the commitment the United States made in 1964 to enter into good faith negotiations with the Government of Panama on the Canal. Also it interposes by questionable Constitutional means a blocking action by the House of Representatives which would have the effect of preventing the Senate of the United States from exercising its advice and consent once a treaty was submitted.

I appeal to you and to the members of your Committee to take the necessary action to reverse this unwise initiative by the House of Representatives. I am appealing in like manner to the Speaker of the House, the Majority and Minority Leaders of the Senate, and the Chairman of the Senate Appropriations Committee.

Sincerely,

Henry A. Kissinger³

³ Printed from a copy that bears this typed signature.

86. Minutes of Secretary of State Kissinger's Principals and Regionals Staff Meeting¹

Washington, June 27, 1975.

[Omitted here are a list of attendees and discussion of unrelated matters.]

Mr. Rogers: Torrijos' response to the press yesterday was tempered.²

¹ Source: National Archives, RG 59, Transcripts of Secretary of State Kissinger's Staff Meetings, 1973–1977, Lot 78D443, ES177, Secretary's Staff Meeting, June 27, 1975. Secret. The minutes list both an 8 a.m. and a 9:10 a.m. start time for the meeting.

² On June 27, Panamanian newspapers reported that Torrijos remained confident that the "United States would live up to its commitment to negotiate" despite the passage of the State Department's appropriations bill containing the Snyder Amendment. (Telegram 3817 from Panama City, June 27; National Archives, RG 59, Central Foreign Policy File, D750223–0835) In a June 27 memorandum to Kissinger, Rogers stated that Torrijos "reacted in a sober and understanding fashion," and also commented that "senior Defense officials" encouraged Snyder to add his amendment. (National Archives, RG 59, Ambassador Bunker's Correspondence, 78D300, Box 3, Congress)

Secretary Kissinger: I noticed we volunteered it.

What did Jorden do—wait a while until it was on the ticker and run right in?

Mr. Rogers: Yes.³

Secretary Kissinger: Why?

Mr. Rogers: Because he wouldn't be too surprised. Hopefully, a structured response. It was a good response. He said he couldn't understand how the Congress of the United States could be impatient with appropriations of money for negotiations that dragged on for 11 years. (Laughter.) But privately he's made very clear that he does not think he can told it together unless he gets these negotiations back on the track. And it's pretty clear that the House vote brings the issue right out on the table.

It's going to come up on the Senate floor for a very clear vote. And the question of a floor vote is whether or not those negotiations ought to be resumed.

Mr. Ingersoll: Well, you've got the Defense Department out campaigning against us very strongly. There's an article by Marilyn Berger this morning pointing out that Callaway is against it and DOD.⁴ I talked to Clements yesterday and he said, "We have a disagreement." I said, "Yes, but you should at least give the options to the President—decide what he wants to do." He said, "That's up to the State Department. They're actively campaigning against us."

Mr. Rogers: There's a strong belief up on the Hill, according to Dante, that the decision has already been made—not by the President but, at least, his chief advisers—to finesse the issue to 1977. And this was one of the reasons why there was a considerable vote on that amendment yesterday. Dante told me this the night before last.

Secretary Kissinger: Fascell?

Mr. Rogers: Yes. And he also said that both Callaway and Clements are vigorous up on the Hill—expect to postpone it.

Secretary Kissinger: This is crazy.

Mr. Rogers: It is.

Now, the issue comes up. It's going to come up in the Senate—there's no question about it. They sustain the amendment or amend

³ In telegram 3808 from Panama City, June 27, Jorden summarized the Embassy's actions after learning the Snyder Amendment had passed, including his discussion with Torrijos. (National Archives, RG 59, Central Foreign Policy File, D750222–0984)

⁴ A reference to a June 27 article by Marilyn Berger, "House Rejects Funds for Canal Zone Talks." Callaway was quoted as saying: "There's the feeling that the Canal is enormously valuable, that we paid for it and it's ours." (*Washington Post*, June 27, 1975, p. A3)

it. There's no way to avoid the issue unless you don't want an appropriation.

Secretary Kissinger: I'm in favor of vetoing it—just on the principle that this way the Congress is going to run everybody's negotiation.

Mr. Rogers: Well, if you could beat it off on the Senate floor, obviously you're better off. Otherwise it's news to Panama. If the Senate sustains the House, the ballgame's over, because that puts Panama—notice that we can't get the treaty through. So what the hell is the sense of going forward with the negotiations?

Secretary Kissinger: I've got to talk to the President.

Mr. Rogers: I think if we can reverse the House and the Senate, we can put this to advantage. We can demonstrate to the Panamanians what a serious political problem we have. And we're prepared to go down the line on the situation. If we lose in the Senate, I think the ballgame is over.

Mr. Ingersoll: You can turn off DOD without a great deal. You've got Callaway being his campaign manager. He's the one that's campaigning.⁵

Mr. Rogers: Well, you saw what he said in the Berger story, which can not be compared with what the President has publicly said this morning.⁶

Secretary Kissinger: What did he say?

Mr. Rogers: He made an eloquent plea about the—it's in the note also—about what Marilyn had to say about the Goldwater statement⁷—

Mr. Ingersoll: Over at the left side on the bottom, where Goldwater commented on your comment. (Pointing to document Secretary Kissinger is reading.)

Secretary Kissinger: O.K.

Mr. Rogers: One footnote with respect to Panama. We have that question of the waiver for that small loan, which is on your desk—which I'd like to get signed before you leave.

Secretary Kissinger: For what?

⁵ Callaway resigned as Secretary of the Army on July 3 to become President Ford's campaign manager.

⁶ Not found.

⁷ In her article Berger quoted Goldwater's criticism of Kissinger for giving Panamanian leaders false hope: "I think he is making a big mistake encouraging a relatively small country that partly looks upon this Canal as a salvation. Getting their hopes up and then getting it killed in the Senate is bound to cause trouble with Panama."

Mr. Rogers: Waiving the provisions of the AID act, which bars assistance—

Secretary Kissinger: It's between you and Callaway's office. It's not on my desk until I see it.

Mr. Rogers: I'll get your signature this morning. I'll talk to him.
[Omitted here is discussion of unrelated matters.]

87. Minutes of Secretary of State Kissinger's Principals and Regionals Staff Meeting¹

Washington, July 7, 1975.

[Omitted here are a list of attendees and discussion of unrelated matters.]

Secretary Kissinger: No problem. Bill?

Mr. Rogers: On Panama, it's desirable to stop things coming out lately. Things are fairly quiet in Panama. I talked to Jorden yesterday evening. Things are fairly underground.

Secretary Kissinger: Did you send that message?²

Mr. Rogers: Yes, sir. But I asked him what kind of message he could propose. Torrijos has called Gonzalez back for a full-scale policy review. Gonzalez will be coming into the Department this morning with the usual question on his tongue—when Bunker is returning.

That's one decision.

The other decision: Obviously, we face under any circumstances—

Secretary Kissinger: Well, you can tell him that Bunker will return. On any hypothesis we're going to send him down.

Mr. Rogers: Well, I think if we can strike a bargain on [*with*] Defense with respect to the two open issues—

Secretary Kissinger: It won't work.

Mr. Rogers: Don't be so pessimistic.

¹ Source: National Archives, RG 59, Transcripts of Secretary of State Kissinger's Staff Meetings, 1973–1977, Lot 78D443, ES177, Secretary's Staff Meeting, July 7, 1975. Secret. The minutes list both an 8 a.m. and a 9:10 a.m. start time for the meeting.

² Telegram 4007 from Panama City, July 7, reported that Ambassador Jorden had conveyed a message from Kissinger to Torrijos by telephone, which emphasized the continuing U.S. commitment to obtaining a treaty. (National Archives, RG 59, Central Foreign Policy File, [no film number])

Secretary Kissinger: They're now opposed to an agreement altogether.

Mr. Rogers: Right.

Secretary Kissinger: It doesn't make any difference what your terms are.

Mr. Rogers: We looked at the question you asked me on Saturday—whether or not we can postpone the initialing of the treaty until after the elections, and my answer is yes.

Secretary Kissinger: Then we have a chance.

Mr. Ingersoll: I was surprised to have Callaway say that he was for a treaty at one time. But now he's turned against it completely.

Secretary Kissinger: He made a mistake, and he's letting it go up for discussion. As long as they thought a treaty was inevitable, we would cooperate. Even that may not do it because if they feed a public debate on whether there'll be a treaty, which [*we?*] may not be able to initial it even after.

Mr. Rogers: Well, I think let's take it piece by piece and not go to the man on the big issue. (a), if we can hold off that—

Secretary Kissinger: That we have to do on constitutional grounds. It's absolutely independent—that's totally independent of the merits of the Snyder amendment. But if we permit Congress to determine what we can negotiate about by withholding funds, we're going to shift the balance in the foreign policy field totally. If the Congress precludes itself from passing on the merits of the negotiation by withholding funds, I think we have to be very, very tough on them.

Mr. Rogers: Right. The second thing which I think is crucial: Bunker—to get back there. We're now facing up to the fundamental issue of a treaty, when it will be signed. I'll get an analytical paper up to you.³ But this is going to have a very serious effect on our capacity to hold things together back here.

[Omitted here is discussion of unrelated matters.]

³ The July 7 paper outlined a compromise position to "stretch out" negotiations. (National Archives, RG 59, Records of Secretary of State Henry Kissinger, Entry 5403, Box 14, Briefing Memoranda, 1975, [1])

88. Letter From Senator Hubert H. Humphrey and Senator Gale W. McGee to President Ford¹

Washington, July 8, 1975.

Dear Mr. President:

We write with deep personal concern over the progress of negotiations with the Government of the Republic of Panama for a new Panama Canal Treaty.

Quite frankly, we are troubled by the failure of the Executive Branch to resolve differences between the Department of State and Department of Defense over fundamental negotiating positions, particularly in regards to the duration of the new treaty and the land and water issues. It is well known that the Department of Defense has yet to develop realistic positions on these issues.

We realize the differences within the Executive Branch are properly questions for you to resolve. However, in this case, the very obvious conflict between two key Executive departments has caused serious difficulties in efforts within the Congress to support the general position of your Administration for the negotiation of not only an equitable treaty between our two governments, but one which will also protect U.S. short- and long-term interests as they relate to the operation of the Canal. In essence, unless such a treaty is negotiated and ratified in the coming months, we believe these interests will be placed in serious jeopardy.

We understand that in the coming days you will be making a decision as to what the ultimate U.S. position will be on the two matters mentioned above as well as on the strategy for Senate ratification. We cannot impress upon you enough the importance of both making a decision soon on these critical issues and ending the divisive and harmful bureaucratic maneuvering which has already had a detrimental effect on Congressional attitudes toward the treaty, as evidenced by the recent vote in the House on the Snyder amendment.

We do not believe that the prospects for ratification are lost. It would, however, be unfortunate if any department within the Executive Branch undercut our treaty efforts with Panama. As Members of the Foreign Relations Committee, we stand ready to do whatever we can, in cooperation with you, to insure that ratification proceeds in a timely fashion. However, in the absence of a final decision by you, particularly

¹ Source: Ford Library, White House Central Files, Subject Files, Box 13, 3–1/Panama Canal 8/1/75–8/31/75. No classification marking. Both Senators were on the Senate Foreign Relations Committee.

in establishing a unified position on the treaty within the Executive Branch, we believe our efforts will be fruitless.

Again, we stand ready to assist you in this vital matter and would appreciate meeting with you or your representatives if you should so desire.²

Sincerely,

Hubert H. Humphrey

Gale W. McGee

² In August 23 letters to both Humphrey and McGee, Ford promised to “give our careful attention to the continuing effort to negotiate a satisfactory agreement.”(Ibid.)

89. Telegram From the Embassy in Panama to the Department of State¹

Panama City, July 17, 1975, 2256Z.

4306. Subj: Canal Treaty Negotiations: GOP Discussion of Options.

Summary: Embassy has been told in confidence that GOP officials are discussing three options concerning Canal issue. First would be to try to reach agreement with U.S. this year with understanding U.S. would not actively push ratification until 1977. Second would be to continue negotiations without significant Panamanian compromise while stepping up international pressures and in two years obtain better terms than are possible now. Third alternative would be confrontation. All of these alternatives entail problems and risks. It may be that political realities in Washington and Panama have pushed diplomacy and compromise aside. End summary.

1. Although GOP's public stance has been that USG has a commitment with Panama to continue treaty negotiations until causes of conflict are resolved, events of last two weeks have cast layer after layer of pessimism on private attitudes of GOP treaty advisers and other

¹ Source: Washington National Records Center, RG 330, OSD Files, FRC 330-80-0044, Box 13, NEG—Panama and Panama Canal Zone April 1975–Oct 1975. Confidential; Immediate. Sent for information to USCINCSO and PANCANAL.

Panamanians closely associated with issue. While some persons reportedly have concluded that current round of negotiations has run its course, others are still counseling that GOP should not yet act on that conclusion. Each passing day, however, gives the latter less basis for their arguments. Embassy has heard that alternative courses of action are being discussed while Torrijos, through meetings with students (July 9) and National Assembly of Community Representatives (July 18) and private discussions, is trying to gauge the mood of his constituents. Decisions will be based upon Torrijos' conclusions concerning U.S. intentions and Panamanian political realities.

2. Archbishop McGrath (protect source) during visit to Embassy July 14 told EmbOffs that he was aware of three alternatives under discussion.

3. First alternative would be to negotiate and sign a treaty this year, although it would not be actively considered by the Senate until 1977. Advantages of this approach would be that Panama's credit-worthiness would be enhanced. Loans would be more readily available and investors, foreseeing an amicable solution to Canal issue, would increase their stakes in Panama, thus alleviating economic problem. Negative aspects would be that Panama would have to compromise on some issues, and that Torrijos would have difficulty keeping lid on situation in interim.

4. Second alternative would be for Panama to draw out the negotiations until 1977 without reaching agreement. Concurrently, Panama's international campaign to exert pressure on U.S. would be accelerated. Advocates of this approach argue that U.S. position is becoming increasingly vulnerable, and Panama could obtain more favorable terms in 1977 or later than it can now. Disadvantage of this approach is that tension will inhibit investment and economic growth.

5. Third option would be to admit negotiations have stalled and enter into symbolic and physical confrontation. Students would be allowed to make incursions into the Canal Zone and create disturbances, thus provoking a violent response from U.S. forces. The Canal issue would be forced into the United Nations, and worldwide condemnation of the U.S. would be generated. This would be an acceleration of the process described under option two except that the risks for Panama would be greater. Disorders would aggravate Panama's economic difficulties, and Torrijos would risk losing control of situation.

6. Foreign Ministry source told EmbOff July 16 that Torrijos was trying to stave off the students, but that the ball was now in U.S. hands. Torrijos' interpretation of U.S. actions in near future would influence decisions in Panama about what must be done in U.S.-Panamanian relations.

7. Comment: In Panama, as well as in Washington, the time of analysis and decision may be passing and the force of domestic political realities may become dominant. Torrijos' decision to discuss negotiations with students and NACR representatives is indicative of the political pressures on him. He is much more responsible to popular pressures and has less independence of action than is generally believed in some U.S. circles. In our view, a key factor which Torrijos must be weighing concerning alternative one (para 3 above) is whether he could keep the students and ultranationalists waiting until 1977 when U.S. would begin ratification of a treaty. Option two represents "pure" nationalist thinking on how to handle the Canal issue and has been consistently pushed by hardliners who oppose any significant compromise in the negotiation. It is based upon the belief that time and the thrust of history works to Panama's favor (see Panama 3766).²

Gonzalez

² In telegram 3766 from Panama City, June 24, the Embassy provided a background paper on the "pure nationalist" position held by certain Panamanian officials, asserting that advocates of such a position believed that reason, time, and intransigence intelligently applied would benefit the Panamanians on the Canal issue. (National Archives, RG 84, American Embassy, Panama, Panama Canal Treaty Negotiation Files, Lot 81F1, Box 125, POL 33.3-2 Negotiations—1975—Local Politics and Reaction)

90. Minutes of a National Security Council Meeting¹

Washington, July 23, 1975, 4:50–5:45 p.m.

SUBJECT

Panama Canal Negotiations

PRINCIPALS

The President
Secretary of State Henry A. Kissinger
Secretary of Defense James Schlesinger
Chairman, Joint Chiefs of Staff General George S. Brown
Director of Central Intelligence William Colby

¹ Source: Ford Library, National Security Adviser, NSC Meetings File, Box 2, NSC Meeting, July 23, 1975. Top Secret; Sensitive. The meeting took place in the Cabinet Room.

OTHER ATTENDEES

State

Deputy Secretary of State Robert Ingersoll
Ambassador Ellsworth Bunker

Defense

Deputy Secretary William Clements

WH

Donald Rumsfeld

NSC

Lt. Gen. Brent Scowcroft
Stephen Low

President: Henry, would you outline the options as you see them?

Kissinger: As things now stand, negotiations are stalled and everyone is getting itchy. We have not been able to let Bunker go back to Panama since March because he has exhausted his negotiating instructions. Unless we give him new instructions, the stalemate continues. Torrijos is under increasing pressure to take more vigorous action against us. The other Latins are getting into the act. As I pointed out to you this morning, you have a personal letter from the President of Costa Rica, who said he and the Presidents of Colombia and Venezuela together with Torrijos would march arm-in-arm into the Canal Zone as a symbol of Latin American solidarity if it is necessary.² It is not difficult to foresee that unless we begin the negotiations again there will be increasing unrest and eventually all Latin Americans will join in and we will have a *cause celebre* on our hands.

As I see it, you have three strategic options to choose from: first, to pronounce that we have reached an impasse and see no point to continuing the negotiations; second, tell Bunker to resume negotiations within the limits of his existing instructions; this would lead simply to stalemate. We can sweeten each of these two options by giving a little more flexibility on lands and waters and duration—that would have the advantage of making the situation more tolerable, but it would have the disadvantage of giving away things which we will need to bargain with later on. The third option would be to return Bunker to the negotiations with new negotiating instructions. We would have to consider the political situation here in the United States; in the first place, there is a strong feeling in the Congress against a treaty, and second, there is probably a feeling in the country in opposition to a treaty. Wherever I go I get unfriendly questions on the Panama Canal.

² See Document 70. The memorandum of conversation of Kissinger's morning meeting with the President is in the Ford Library, National Security Adviser, Memoranda of Conversations, Box 14, July 23, 1975—Ford, Kissinger.

We can handle the negotiations in such a way that the political considerations are mitigated.

(Discussion was interrupted for a few minutes while the President went out of the room.)

The question is, if you want a treaty, can we conduct negotiations in such a way that they do not come to a conclusion before the end of 1976? I think we can do so. We have to make some progress but not necessarily conclude an agreement. We can get an understanding with Panama that we reach certain conceptual agreements on various items, but no final agreement. Our negotiations would continue and progress during 1976 but they would not be concluded. It will not be easy to do but we think we can. If you want to go that route, it would be a mistake to give away anything just to keep the lid on things. The instructions have to be changed. As they now stand Bunker is required to negotiate 50 years for both operation and defense. We recommend a substantial reduction for operations to 25 years and defense to 45; then, as a fallback, to go not lower than 40 years for defense and 20 years for operation. We're not insisting on exact details. The questions are, first, do you want a treaty? and do you want the negotiations to go forward? Second, will you agree to change the instructions? Then, third, what is the minimum beyond which we should not go?

President: It is my feeling that yes, we want a treaty, if it is something we have bargained for which will protect our rights. We don't want a blow-up here in the United States or down there, either. We want the situation under control here and certainly not a renewal of the fighting from 1964 there where people were killed and we had a hell of a mess.

I've looked over the papers you sent me, including suggestions from the Defense Department. Jim, do you have anything to add to this?

Schlesinger: The important question you have to answer is, do you want a treaty? In my judgment we would give away 85 percent of what is most important to us in giving away sovereignty. We will be out of the Canal in 15 years whether we get 40 or 35 years' duration. Our experience in the Philippines is an example. In 1947 we got base rights for 99 years. That was reduced to 55 years in 1966 and now they may let us remain as their guests. That is the reality. I sympathize with Ellsworth. If we want a treaty, we have to be willing to give up a little more. The question is, do you want a treaty?

President: You say we don't want a treaty?

Schlesinger: I've tried to stay out of this but I'm reluctant to give up sovereignty.

Kissinger: Then none of these things we're talking about makes any difference.

Schlesinger: I tried to indicate that. The flexibility you're seeking here is a moot point, because the length you stay in the Canal will be determined by what the Panama Government decides to do ten years from now. It will not be something we can protect.

President: Bill, what's your view?

Clements: I don't feel as strongly as Jim. He is consistent in his desire not to give up sovereignty. The world we live in today is not the world of Teddy Roosevelt; those circumstances just don't exist today. If we want to maintain our relationships with South America, and they are important, we need to have a more enlightened view than that of trying to maintain our sovereignty over the Panama Canal. If we work at it, and the Army will do so, if we give them the right framework to work in, we can maintain the right relationship. If we go down there and apply ourselves and make it worth their while, give them a stake in keeping the Canal going, then I think we can look forward to long tenure and the betterment of our position in Latin America.

President: Then you feel we can achieve the two objectives—of keeping an explosion from occurring in Panama, and the situation under control here in the United States? If we can agree on terms to protect our interests, we can proceed to an understanding.

Clements: Yes, sir. It won't be easy and it's complex, and will require your help. You'll have to inject yourself in a moderating sense; you'll have to say, "These things are happening under my direction."

President: If we show good faith, and they act in a sophisticated way, we can achieve our purposes. We have a problem with the Americans in that area. I have been involved for a long time in this question from back in 1953 and 1954. They have a sinecure down there which they don't want to give up. I'm not going to let them dictate American policy. There is a long history of Americans who have a good life down there. But they are not going to decide this. Bill has indicated a reasonable approach, and it coincides with Henry's view. Can it be handled, Ellsworth?

Bunker: Yes, we will need to reach some conceptual agreements by . . .

President: The spring of '76?

Bunker: I think by January of 1976, when they have the anniversary of the riots. But there won't be any treaty writing. We can complete the agreement in late 1976, early 1977, sign it in December of 1976 or January of 1977. Torrijos would go along. He understands our problems.

President: George, what are your views?

Brown: The Chiefs are agreed with the Clements paper which was sent to you.³ We need 40 years-plus on defense. Personally, I agree with Jim. We are committed, and you can't be half-pregnant. We are committed through proposals that have been made earlier. Everyone who has communicated with us about this is dead-set against it, but we're already started down the road and we can't back out now.

President: Do you think 45 and 25 years is defensible?

Brown: Yes, and the Chiefs do too. We've looked at lands and waters this morning with Bill Clements and I looked at it again this afternoon; this is key and we need to be forthcoming. The management of defense at the turn of the century required lands that we don't need now. But we don't want to give any more than the Ambassador has already been authorized.

Bunker: But the Panamanians have turned that down.

Kissinger: Have you offered them everything that the Chiefs have authorized you to?

Bunker: I have offered everything and have been turned down.

Kissinger: I have a suggestion: would it be possible, after you have made a decision that you want to go ahead with this, to see whether State and Defense can sit down to write up where they agree and where they disagree and come to you for the decision with pro's and con's. I have never studied this thing really. On duration I agree with Jim—once you decide you want a treaty of a determinate length, a few years one way or another don't make much difference. On lands and waters, I have not studied this myself and I couldn't give you an opinion on whom I support; I don't know the State or the Defense position. State and Defense and the Joint Chiefs and the CIA could get together in a week and have ready for you on your return the issues in the negotiations. If there is agreement, we can submit it to you by paper. If we disagree, then we can have another meeting.

Clements: I'd like to make one comment. Our attitude is as important as anything else. There's a lot of cosmetics in a thing like this. We run the place down there like a U.S. colony. The people in India under the British Empire weren't treated any worse.

President: You said it the way I feel and better.

Clements: There are a lot of things we can do down there to assist Ellsworth.

Brown: It's not the way the U.S. citizens are treated but the Panamanian employees. Their schooling is different, their treatment, their pay, the facilities available to them.

³ See Document 82.

President: Exactly—the same job but different pay. I know from my experience on the committees that they can be very vocal and have a disproportionate influence from their numbers. Somewhat like the Greeks.

Kissinger: Much greater.

Schlesinger: There are only 17,000 Zonians.

President: It's the Zonians who go on from one generation to another.

Kissinger: My mail is 100 percent against a treaty.

President: I think it's similar in the White House. This is a delicate problem. It has to be handled with skill. Going back to 1954, when I think payment for the Canal was about \$456,000,⁴ and President Eisenhower increased it to several million, there was a hullabaloo. That was first modification of the treaty.

Bunker: I believe there were amendments in 1936 and 1954.⁵

President: There was a real hullabaloo raised then. Most of the objections came from the Zonians.

Schlesinger: No one else really cares about the financial transactions.

President: We all agree this is a very sensitive subject. Jim has a different view, but I am sure we agree that this is very sensitive. It is incumbent on us, with the sensitivity that this problem has, that we keep our differences, if any, to an absolute minimum, and certainly avoid public differences. Any discussion of what we talk about here could be misinterpreted. Since we all understand, it is mandatory we keep it to the eight or nine who are here and we work with Ellsworth.

Schlesinger: There is a former Secretary of the Army who has some very strong views—I'd like to make three points: first, you may want to talk to Bo Callaway, your campaign manager, about this; he has some very strong views, and he is supposed to be supporting you. Second, a point of intelligence. I don't agree with the general tendency of the intelligence analyses of the Latins' attitudes on this. [*3 lines not declassified*] Third, on the matter of duration: whether it's 40 or 35 years, we are creating a phantasm in that once they control operations, then they can stop the Canal. Defense would be moot. I'd like to ask the Committee to see if 30 years for each would not make more sense. Under those circumstances, we might have rights but couldn't keep the Canal open.

⁴ The actual sum was \$430,000.

⁵ In 1936 and 1954, the United States renegotiated aspects of the 1903 Panama Canal Treaty, including raising the annual payment to Panama.

Colby: On the intelligence point, I agree with you, Jim, when you are talking about Ecuador, Peru and Chile, which are directly affected by this. But there are many other Latin Americans—in the Caribbean and elsewhere—who are chiefly concerned about the political issues and are not so directly involved.

Kissinger: Peru won't do us any good, whatever Velasco said to Walters. They will be in the vocal forefront of those attacking us on this issue.

Schlesinger: I agree that on the surface there is no support for the U.S., but under the surface there is much more.

Colby: Whatever deal we work out, 40 or 30 years, someone will come around in ten years to raise the issue again. The relationship between us is the important thing.

Kissinger: I agree that when you give up sovereignty you move into a new era. The question is whether you can hold on to it at an acceptable cost. I think we probably could maintain our sovereignty if we wanted to, but not at an acceptable cost. It would become a major propaganda point; it would engulf even the moderates and our friends. People like the Brazilians at these conferences support the Panamanians totally. In six years another President will face the same problem again. I agree with the dangers which Jim has outlined, but it would be a little more manageable if we could get ahead of the curve.

Schlesinger: You are in a difficult position, once President Johnson decided to modernize our relationship. To go back on that is difficult. The position of President Nixon was tougher than the one in 1967.

Kissinger: Even the position of Nixon didn't go to the heart of Jim's point. It was tougher than LBJ's but 40 or 60 years are not ultimately the question, as long as there is a limit.

President: As I remember Bob Anderson talking to me in 1966 and 1967, what we talked about was more forthcoming than what we are talking about now.

Schlesinger: The present position is quite a bit tougher.

Kissinger: It's one of the liabilities we're working under, if you add the ten years which have elapsed—our position automatically becomes more difficult.

Schlesinger: Mr. President, I think you're facing three choices: you can acquiesce, you can recant, or you can procrastinate.

Clements: Opportunity is another choice.

President: We want to be sure that the method we select is the right one.

Kissinger: They should get together. We won't do anything until they get together—we won't tell Torrijos anything.

91. Memorandum of Meeting¹

Washington, July 24, 1975.

SUBJECT

Panama Canal Negotiations at State Department

PARTICIPANTS

Deputy Secretary of Defense Mr. William P. Clements, Jr.
Deputy Secretary of State Mr. Robert S. Ingersoll
General George S. Brown, JCS
Ambassador at Large Ellsworth Bunker
Assistant Secretary of State Mr. William D. Rogers
Mr. Steve Low of NSC
Mr. Maury [Morey] Bell, Ambassador Bunker's Staff
Mr. Robert Duemling, Administrative Assistant to Secretary Ingersoll
Lt. General Vernon A. Walters, CIA

Secretary Ingersoll opened the meeting by saying that we should have an agreed paper for the President by his return on August 4th.² It should define Land and Water Use. He suggested that the present group hold a meeting on the 1st to consider the paper.

Mr. Bell of Ambassador Bunker's Staff then said that to get duration of presence, we must give moderately on Land and Water Use and to ensure a U.S. presence after the end of the period covered in the treaty (20/45 years). To do this, that is, achieve duration, we must have some give on the Land and Water situation. We cannot get everything, that is, 45 years and free use of Land and Water. We can get an acceptable treaty if we work out a balance between Land and Water Use and duration.

The Panamanians needed:

1. Something that would have initial impact, that is, near urban areas where U.S. profile was too high.
2. Some jointness on Canal operation and military installations.
3. Some progress over lifetime of treaty in reducing our military profile and military structure.
4. Economic development (including highway corridor for Panamanians) perhaps Albbrook Field.

¹ Source: Central Intelligence Agency, Office of the Director of Central Intelligence, Job 80M01066A: ER Subject Files (1961–1976), Box 10, Folder 17: Executive Registry Subject Files—1975 P-17 Panama. Secret. Prepared by Walters. A copy was sent to Marengo.

² Ford was in Europe from July 26 to August 4 to meet with heads of state and attend the Conference on Security and Cooperation in Europe. The paper is printed as Document 94.

Bell said it would be very helpful if we could promise to turn over one military installation right after the treaty—perhaps Fort Gulick.

The foregoing was an educated guess of what the Panamanians wanted.

General Brown asked what we were defending the Canal against. Was it against some other power or against disorders in Panama. He asked me my opinion and I said fundamentally it was the latter case. General Brown philosophized aloud about whether it might not be more desirable to pull out completely and give the Canal and Zone to the Panamanians. In reply to a question from General Brown, Ambassador Bunker indicated the Panamanians would not seek removal of the School of the Americas.

I asked what percentage of Panama's GNP was dependent on their share of Canal tolls, and expenditures of U.S. Forces. Secretary Rogers said 13% and both Secretary Clements and General Brown found this figure very low. Secretary Rogers said it was a good figure and reliable. It seems low to me, too.

There was some discussion of how much tolls could be raised without reducing traffic and it was reported that the Governor had had a study made by a California firm³ and the conclusion had been that the tolls could be raised as much as 50% without cutting traffic. Secretary Rogers voiced some doubts about this.

I asked if any input was expected from CIA for this paper which was to be drafted by Defense (JCS) and the reply was "nothing." General Brown, however, asked that we make an input as to the possible threat from Panamanian instability or subversives. I agreed.

It was agreed that the paper should go beyond mere Water and Land Use and give:

1. Issues
2. Points of agreement between State and Defense
3. Points of disagreement between State and Defense
4. Scenarios
5. Discuss operation of Canal.

Vernon A. Walters

Lieutenant General, USA

Deputy Director of Central Intelligence

³ Not found.

92. Memorandum From the Deputy Secretary of State (Ingersoll) to Secretary of State Kissinger¹

Washington, August 5, 1975.

SUBJECT

Panama Canal Negotiating Package

I am happy to report that our firm pressure on Defense, coupled with the sensible attitude adopted by Bill Clements and George Brown, resulted in the resolution this morning of State-Defense differences on land and water use in the Panama Canal negotiating package. Brown overcame the intransigence of our authorities (military and civil) in the Canal Zone by devising a degree-of-risk concept making it possible to add seven areas and facilities (of defense or operational significance) to Bunker's negotiating kit. Our memorandum to the President will point out that we have more work to do on such problems as selecting bases for designation as joint facilities, reducing our military presence and consolidating our base structure over time. However, that program need not delay Bunker's return to Panama to negotiate land-water use. Since this morning's meeting was attended by Clements, Brown and Colby (as well as Bunker and Rogers), I believe we can make this compromise stick. Bob Ellsworth was also present: like Schlesinger he strongly opposes any give but he has been overruled by Clements.

¹ Source: National Archives, RG 59, Central Foreign Policy File, P760137–1359. Confidential. Sent through S/S.

93. **Minutes of Secretary of State Kissinger's Principals and Regionals Staff Meeting¹**

Washington, August 7, 1975, 8 a.m.

[Omitted here is a list of attendees.]

PROCEEDINGS

Secretary Kissinger: Bob.

Mr. Ingersoll: Bill Rogers and I would like to see you on this.

Secretary Kissinger: No—I am not going to be rushed.

Mr. Ingersoll: On this trip by DOD—

Secretary Kissinger: There will be no DOD trip to Panama.² Having held us up for three months, we are not going to act like a bunch of schoolboys who have been given a special deal. First we are going to get in touch with Torrijos. Then after a decent interval, we are going to send someone down there. We are not going to vacillate between stalling and drooling.

Mr. Ingersoll: They were talking about doing this this week. And I said not until—

Secretary Kissinger: They are not going to do it this week. They can't hold us up for three months, and then suddenly send a whole huge delegation down there.

Mr. Ingersoll: Well, I think we ought to talk about it.

Secretary Kissinger: It will not happen. We will not talk about it, because it will not happen.

Mr. Ingersoll: No. I mean the process.

Secretary Kissinger: The process will be the one I told Bill. We first inform Torrijos. And then after about two weeks or so, we start. We are not going to go like a bunch of maniacs.

I am the one that got this thing through. But we are not going to vacillate between stalling and over-eagerness.

What's the hurry? Can anyone explain to me why, having held things up for three months, we now must send a team down this week?

Mr. Rogers: Clements just wants to go down and see the real estate.

¹ Source: National Archives, RG 59, Transcripts of Secretary of State Kissinger's Staff Meetings, 1973–1977, Lot 78D443, ES177, Secretary's Staff Meeting, August 7, 1975. Secret.

² Telegram 4809 from Panama City, August 7, summarized the PRC meeting during which Lieutenant General McAuliffe reported that Clements might visit the Canal Zone in early September. (National Archives, RG 59, Central Foreign Policy File, D750273–0676) See Document 97.

Secretary Kissinger: Clements can go down and look at the real estate after we have taken—I am against a trip down there. I want an exchange with Torrijos. And then Clements can go down there.

Mr. Rogers: Bob said that to Clements yesterday—that was an essential first condition, before they could even consider a trip; that the message has to get back to Torrijos directly.

Secretary Kissinger: We have to have a little exchange with him first. Then he can go down. It doesn't make any difference whether he goes down at the end of August or the end of next week.

Mr. Ingersoll: I don't know why they chose next week, except they can get three fellows together—Brown and Weyand and Clements.

Secretary Kissinger: Come on—you can't sit on a thing for three months, leak us all to death, and then suddenly go. You know what impression that is going to make in Latin America. It is just not possible.

Mr. Ingersoll: Clements did a good job, because he really had to beat those people over there.

Secretary Kissinger: I'm delighted. Now, nothing is going to happen until we get the memo to the President.³

Mr. Rogers: Last night we worked out a joint Defense-State position, really something of a minor miracle.

Secretary Kissinger: Is that going to come through me, or will I find it on the President's desk?

Mr. Rogers: I will tell you exactly the procedure. It is going to you, from Ingersoll and Clements.

Secretary Kissinger: Okay.

Mr. Rogers: It will be there tomorrow, no later than noon, because Clements is going to sign tomorrow morning, assuming Bob signs it this evening.

Secretary Kissinger: After that we will send the message.

Mr. Rogers: That should clear the way for the message.

Secretary Kissinger: And then we will get an answer.⁴ And then we will decide about a trip. If we are going to follow that strategy, we are not going to start picking up the pace now.

[Omitted here is discussion of unrelated matters.]

³ See Document 94.

⁴ Telegram 189243 to Panama City, August 10, transmitted a message for the Ambassador to deliver to Torrijos "on behalf of the Secretary" that the Canal negotiations would resume. In telegram 4844 from Panama City, August 11, Jorden reported that he had delivered the message and that Torrijos "expressed great pleasure" that Bunker would be returning soon. (National Archives, RG 59, Central Foreign Policy File, D750276-0309 and D750276-1087)

94. Memorandum From the Deputy Secretary of State (Ingersoll) and the Deputy Secretary of Defense (Clements) to President Ford¹

Washington, August 7, 1975.

SUBJECT

U.S.-Panama Treaty Negotiations

I. Background

The United States Negotiators requested new instructions from you on three major issues in the negotiation:

- the duration of the new treaty;
- the distribution of land/water areas in the existing Canal Zone between Panama and the United States; and
- the rights of the United States respecting any expansion of the Canal.

The Departments of State and Defense agreed earlier in recommendations to you for new instructions on the Canal-expansion issue. They have now agreed in recommendations to you on the duration and land/water issues.

They have also designed, for your approval, a process of negotiation with Panama which should minimize the intrusion of “the Panama problem” into our domestic political process next year. Thereby the nation should be able to examine more objectively and deliberately the question of how that problem is to be resolved.

An agreed draft NSDM incorporating all the recommendations for altered instructions is attached for your consideration.²

The Departments join in seeking an early decision from you so that the United States Negotiators may promptly resume negotiations with Panama. It is important that we break the negotiating “impasse” which Panama has alleged.

II. Recommendations

A. On the New Negotiating Instructions

The Negotiators would seek a minimum of 40 years duration of the treaty for Canal defense and 20 years for Canal operation. Their “opening” position would be, respectively, 50 and 25 years.

¹ Source: Washington National Records Center, RG 330, OSD Files, FRC 330-78-0058, Panama 821 (Aug-Dec) 1975. Secret.

² Attached but not printed. The signed version of NSDM 302 is printed as Document 95.

The Negotiators would carry into the next negotiating round an offer to Panama on the land/water issue which is improved over the original offer by the addition of options for the Negotiators contained in the second attachment to this memorandum.³

These options have been provided by the Defense Department following a review of its previous position on lands and waters. The review substantiated, in the Defense Department's judgment, the soundness of its previous position and noted that the options would subject the operation and defense of the Canal to some risks. However, recognizing that other imperatives may require modification of the Defense Department position in order to pursue negotiations, the list of options developed, though involving some risks, might be acceptable to you.

These additions would impact to some degree on either Canal operation or defense for the treaty's lifetime. The additions are intended to help the Negotiators secure from Panama a commitment to negotiate prior to the termination of the treaty a mutually satisfactory agreement concerning United States involvement in Canal defense, including a limited post-treaty presence.

Furthermore, the Departments of State and Defense have agreed to study the feasibility of certain other measures which might be taken to make our land and water position more acceptable to Panama. These are: redesignation of and/or joint arrangements for certain United States bases; designation of a United States base as a combined United States-Panamanian headquarters; and a long-range commitment to reduce United States military installations.

Respecting the issue of Canal expansion, the Negotiators would seek a definitive and exclusive option for the treaty period (operation), but recede if necessary to a "first-refusal right" for that period, and agree to negotiate terms with Panama should we ever decide to expand the waterway's capacity.

B. On the Negotiating Process

The Negotiators would resume negotiations in early September. Thereafter, they would try to arrange that the two parties reach substantial agreement on the broad outlines of most if not all of the major issues before next January 9, the 12th anniversary of the 1964 student riots. It is important for Torrijos to be convinced before that date that solid, steady negotiating progress is being made.

³ The attachment, undated, entitled "Options for United States Negotiators," is attached but not printed.

Any agreements on negotiating issues would, of course, be confidential and *ad referendum*. They would serve as guidelines for the subsequent resolving of the many minor negotiating issues and drafting of the actual treaty text.

Proceeding with all deliberate speed, the treaty text would not be ready before September-October of next year. At that juncture the United States and Panamanian Negotiators would submit it to their governments for approval. It would be arranged that approval would not be forthcoming until after our elections are completed. The treaty would be signed publicly following the elections and submitted to the Senate for ratification in January 1977.

Provided there is satisfactory and uninterrupted negotiating progress in the period culminating with the draft treaty text, Torrijos is likely to acquiesce in the process described above. He might, however, insist at some point in the latter stages of the process on having a private commitment from you that the treaty would in fact be signed following the elections and sent to the Senate in January. Alternatively, he might desire that the treaty text at least be initialed confidentially by the Negotiators, *ad referendum* to governments, as soon as it is ready. Our Negotiators believe they would be in a position to resist such a confidential initialing should you desire that they do so.

Throughout the foregoing process, the two Departments would join in consulting steadily and confidentially with the Congress, to keep it informed of negotiating progress and to begin building adequate support for eventual treaty ratification. Presumably Panama would be undertaking a similar effort—a national plebiscite will be required there for treaty ratification, and Torrijos will have to convince his people that he has not “sold out” to the United States in the new treaty.

95. National Security Decision Memorandum 302¹

Washington, August 18, 1975.

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 115² 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 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

¹ Source: Ford Library, National Security Adviser, National Security Study Memoranda and National Security Decision Memoranda, 1974–77, Box 1, NSDM 302 Panama Canal Treaty Negotiations. Secret. Copies were sent to Brown, Colby, and Bunker.

² See *Foreign Relations*, 1969–1976, vol. E–10, Documents on American Republics, 1969–1972, Documents 549 and 555.

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, 1975,³ 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.

Gerald R. Ford

³ See footnote 5, Document 75.

96. **Memorandum From Stephen Low of the National Security Council Staff to the President's Deputy Assistant for National Security Affairs (Scowcroft)**¹

Washington, August 29, 1975.

SUBJECT

Panama Canal Negotiators

I'd like to call your attention to a personnel problem which I believe to be of some importance.

The Deputy Canal Negotiator is a Foreign Service Officer with the personnel rank of Minister by name of Morey Bell. His relations with the Pentagon have steadily deteriorated over the last two years and reached the place where DOD simply has no confidence in him and is deeply concerned over his influence with Bunker. There are many in Defense genuinely interested in obtaining a treaty who believe that the Negotiators (i.e., Bell) are not getting the point across to the Panamanians that there is no more slack in the lands and waters proposal and that if there is to be Defense support for a treaty, Panama will have to accept it more or less as it stands.

Things reached such a point that Clements raised the issue with Ingersoll, requesting either that Bell be replaced, or that a second Deputy be named from the Defense Department.

It is my understanding that the matter has never been presented to Bunker but instead was referred to the Secretary, who may have some hesitation about appointing DOD people to positions of this kind based on considerations beyond the Panama issue.

From my own experience, Defense has very strong grounds for its complaints in this case. I believe that without a better basis for trust as the negotiations proceed, we will not get Defense's support for the treaty which ultimately emerges, and, as a result, seriously damage our chances of obtaining its approval in the Senate.

Recommendation

If the appropriate occasion arises, you may want to reinforce with the Secretary the importance of acceding to one or the other of Defense's

¹ Source: Ford Library: National Security Adviser, NSC Latin American Affairs Staff Files, 1974–77, Box 7, Panama Canal Treaty Negotiations (6). Confidential; Sensitive. A note in the upper right margin reads: "[illegible] did come back—[illegible] 9/9."

suggestions, i.e., replace the Deputy or add a second from Defense.² (Bunker would be strongly opposed to the first of these.)

² Kissinger did not immediately remove Bell, who remained on the Ambassador's staff until August 1977. (*Panama Odyssey*, p. 427) In an October 30 letter to Clements, Ingersoll concurred with Clements' memorandum of understanding proposing the appointment of General Welborn G. Dolvin as a Deputy Negotiator from the Department of Defense. He noted that General Dolvin's appointment "will become effective upon signature of the memorandum by you and Secretary Hoffman." (National Archives, RG 218, Brown Papers, Panama Jul 1974–Dec 1975)

97. Memorandum From Stephen Low of the National Security Council Staff to Secretary of State Kissinger¹

Washington, September 5, 1975.

SUBJECT

Clements-Brown Trip to Panama

As Bill Rogers has undoubtedly told you, the Clements-Brown trip to Panama, which I accompanied was quite successful in itself.² Unfortunately, I do not believe that it will set to rest for any length of time the differences between the two Departments on the subject.

Clements and Brown said exactly the right things to the Panamanians and to the Americans in the Zone:

A) To the Panamanians they said that we would not be prepared to sign a treaty for a year or two, but that

—the President was serious in his desire to negotiate a new treaty;

—the Defense Department and the Joint Chiefs of Staff, though unenthusiastic at first, were now fully committed to a new agreement;

—any violence would make this more difficult for us and therefore we needed Panamanian cooperation in keeping the situation quiet.

Torrijos responded that he needed:

¹ Source: Ford Library, National Security Adviser, Presidential Country Files for Latin America, Box 6, Panama (3). Secret; Outside the System. Sent for information.

² Jorden reported on the reactions to the September 3 visit of Brown, Clements, and Rogers in telegram 5407 from Panama City, September 4. (National Archives, RG 59, Central Foreign Policy File, D750306–0284)

- help from the Zone militarily to keep the situation quiet;
- some successes (“conquistas”) to demonstrate to his people that the U.S. was serious in its purpose.

B) To the American military commanders, both the Governor and the CINC, Clements and Brown stated

- their unequivocal support for the negotiations;
- the expectation that we could arrive at a new agreement in the next year or two;
- their insistence that we begin now preparing Panamanians to take over from us at the end of the treaty period.

They directed the U.S. military commanders in Panama to adopt a new attitude from the top-down, looking towards a more cooperative relationship with the Panamanians.

There are already indications that in spite of this forthright attitude and the initial impression of unity, problems between State and Defense are likely to reappear. The party included Assistant Secretary of the Army Veysey, who has responsibility for the Canal. However, Clements made very clear that he himself would continue handling the Panama matter personally, and he left Veysey out of it. He told us frankly (and privately) that ISA was not “with us” on this matter. I believe the new Army Secretary (Marty Hoffman) will not be long in wanting to assert his voice in this (he ‘owns’ the Canal Company, as you know), and that he will be supported by Bob Ellsworth in ISA. As long as Clements is around to express himself, Gen. Brown will go along with him, and they can keep things running in the right direction. However, Clements blows hot and cold on this, as you know. Further, his unwillingness to designate middle and lower level support for his position will open him to a lot of negative pressure from others. Further pressure will inevitably be generated by some of the military and the Zonians.

Appointment of a Deputy Negotiator from Defense will help a little. However, I don’t think it will be long before we get a new series of complaints from DOD and some foot dragging, unless Clements is willing to appoint some middle-level people who look at things his way and are willing to spend full-time working with State on this problem.

98. Memorandum by Ambassador at Large Bunker¹

Washington, September 18, 1975.

Clements' Talks with Senators Byrd and Thurmond

Steve Low reported that during the past week Deputy Secretary Clements had seen both Senator Byrd and Senator Thurmond.² He told them that the negotiations would probably take an extended period of time and did not foresee a treaty being presented to the Senate until after the elections in '76.

Both Senator Byrd and Senator Thurmond had responded by saying that in view of the fact that the negotiations would be protracted there was no need for them to press ahead urgently with their views at this time. Clements believed, therefore, that we might see a let-up in the pressure from these sources for the present.

EB³

¹ Source: National Archives, RG 59, Ambassador Bunker's Correspondence, Lot 78D300, Box 3, Congress. No classification marking.

² A typed note at the bottom of the page reads: "Note: Confirmed to me by Mr. Clements, Sept. 18."

³ Printed from a copy with these typed initials.

99. Briefing Memorandum From Ambassador at Large Bunker to Secretary of State Kissinger¹

Washington, September 23, 1975.

Panama—September Negotiating Round

During my most recent visit to Panama (September 7–18) I presented a comprehensive US position paper on the remaining major

¹ Source: National Archives, RG 59, Ambassador Bunker's Correspondence, Lot 78D300, Box 8, Chron July–Dec 1975. Secret.

issues in the negotiations (duration, rights of Canal Company employees, canal expansion, neutrality and lands and waters).²

As I anticipated, the Panamanians reacted rather negatively.³ It was evident that the Clements, Brown, Rogers visit had built up exaggerated expectations on the part of the Panamanians. It also became apparent that they did not fully understand our proposals.

After considering my proposal for several days they commented broadly on our position in a “Views Paper” but made no counter proposals.⁴

At Minister Tack’s request we held two personal meetings on September 13 and September 16 to discuss the current status of negotiations and to consider how to proceed.⁵

Tack suggested that he name a Panamanian negotiating team, headed by Deputy Panamanian Negotiator Nicholas Gonzalez-Revilla, which would bring to Washington specific counter proposals to our latest position and be empowered to begin working out the terms of an overall agreement *ad referendum* to the Chief Negotiators.

I agreed with Tack’s suggestion but emphasized that we should have to agree on the pace of negotiations—that we could not have extant a draft treaty which would become an issue in next year’s Presidential campaign.

We further agreed that my Deputy would return to Panama September 27 to explain our position in greater detail so as to prepare for subsequent arrival of the Panamanian team.

We will continue to concentrate on obtaining Threshold Agreements on the major issues before entering the next stage of treaty drafting.⁶

² A draft U.S. proposal dated September 5 is in the Washington National Records Center, RG 330, OSD Files, FRC 330–80–0044, Box 13, NEG–Panama and Panama Canal Zone—April 1975–Oct 1975.

³ Telegram [*number not declassified*], September 13, reported that Panamanian “Vice-President Gerardo Gonzalez was particularly vehement in his displeasure with these proposals and suggested that they be turned down by the Panamanians as unacceptable.” (Washington National Records Center, RG 330, OSD Files, FRC 330–78–0058, Panama 821 (Aug–Dec) 1975)

⁴ The Panamanian negotiators outlined their position in a September 17 paper entitled “Position of the Government of the Republic of Panama.” (National Archives, RG 59, Ambassador Bunker’s Correspondence, Lot 78D300, Box 2, Documents Since September 7, 1975)

⁵ A memorandum of conversation of the September 13 meeting is in the National Archives, RG 84, American Embassy Panama, Panama Canal Treaty Negotiation Files, Lot 81F1, Box 125, POL 33.3–2/Canal Treaty/Negotiations/July–Dec 1975. No record of the September 16 meeting has been found.

⁶ A September 9 draft threshold agreement is in the National Archives, RG 185, Subject Files of 1979 Panama Canal Treaty Planning Group, Box 9, Treaty Negotiations, Threshold Agreements.

As you know, the Panamanians released a statement on September 20 outlining the substance of the conceptual agreements reached thus far as well as most of the remaining major issues.⁷

I have communicated to Tack my disappointment at this breach of confidentiality.⁸ However, I do not feel that we should overreact in a manner which might interfere with the negotiating scenario to which Tack and I have agreed. Despite the publicity attached to the negotiations in recent weeks I believe that we can proceed in a constructive manner when the Panamanian negotiating team comes to Washington.

⁷ In a question-and-answer session following a September 16 speech before the Southern Governors Conference in Orlando, Florida, Kissinger responded to a question from Governor George Wallace by stating "the United States must maintain the right, unilaterally to defend the Panama Canal for an indefinite future." (Department of State *Bulletin*, October 6, 1975, p. 524) Subsequently, on September 20, the Panamanian negotiators released a report, "ordered by General Torrijos," that the talks had "bogged down" over U.S. insistence on the right to defend the Canal indefinitely. It also contained details of the U.S. position. ("Panama Says Talks on Canal Bog Down," *The New York Times*, September 21, 1975, p. 5) In a September 20 meeting with Jorden, Torrijos explained that divulging the negotiating details was "necessary to quiet rising domestic pressures." (Telegram 5786 from Panama City, September 21; National Archives, RG 84, American Embassy Panama, Panama Canal Treaty Negotiation Files, Lot 81F1, Box 125, POL 33.3-2/Canal Treaty/Negotiations/July-Dec 1975)

⁸ In telegram 226507 to Panama City, September 23, Bunker requested that Jorden convey a message to Tack expressing his disappointment over the leak. (National Archives, RG 59, Central Foreign Policy File, D750329-0850)

100. Memorandum of Conversation¹

Washington, September 25, 1975, 11:17 a.m.-12:17 p.m.

PARTICIPANTS

President Gerald Ford
President Alfonso Lopez Michelsen of Colombia
Dr. Henry A. Kissinger, Secretary of State and Assistant to the President for National Security Affairs
Lt. General Brent Scowcroft, Deputy Assistant to the President for National Security Affairs
Felipe Lopez, Private Secretary and Son of the President

¹ Source: Ford Library, National Security Adviser, NSC Latin American Affairs Staff Files, 1974-77, Box 14, Visit—September 25-26 1975—President Lopez (1). Secret; Nodis. The meeting was held in the Oval Office. All brackets except those that indicate omitted text are in the original.

[Omitted here is discussion of developmental assistance and drugs.]

Lopez: Now let's discuss Panama—[to Kissinger] your favorite subject. [Laughter]

Torrijos came to see me a few days ago. [To Kissinger] Do you know him?

Kissinger: I have met him, a year ago.

Lopez: I am sorry to see your Embassy was attacked.²

Kissinger: They are making a mistake. We are trying to get it done, but we have to say certain things. And it is terribly emotional in this country and we can't do it until the elections are over. Then we can sign in 1977.

Lopez: Let me be frank. Torrijos says the same thing, that he has to have something to show.

The President: We sent Bunker down there with a new position.

Kissinger: Yes, it was much more forthcoming. We did start with 50 years, though.

Lopez: They don't think so. Let me tell you, it is easier for a small country to negotiate with a big one than with one of equal size. I would rather negotiate with the Soviet Union than Panama.

I asked how they would defend the canal. They said they had thought of that and offered to let the U.S. in in case of aggression.

In the Canal Zone, they want to have full jurisdiction.

Kissinger: That they can get after the transition period. That is not the problem. The problem is about guerrilla action and the border line between civil disturbance and guerrilla action.

Lopez: It is between action against third parties and action between Panamanians.

Kissinger: Yes. We do have the right to defend the Canal against third parties. We have asked for 50 years, but we can slip that.

Lopez: Do you need fourteen bases?

Kissinger: Look, we can maneuver so we can give up more, but if we have to do it all now and with publicity, the Congress will stop it. We must have time. We sent a different team down there and we found we can give up a lot. We can give up a little at a time so that over the

² In telegram 5831 from Panama City, September 23, the Embassy reported it was attacked by students "protesting against the presence of U.S. bases in the Canal Zone, the Secretary's comments at the Southern Governors' Conference last week, and the complicity of Gen. Torrijos and the GOP with American 'imperialism.'" (National Archives, RG 59, Central Foreign Policy File, D750329–1124)

period they will get what they need. But we need to maneuver. The House just voted again to take away our ability to negotiate.³

The President: That is right, and 32 senators sent me a letter against a treaty. They should know that a newly elected President can do a lot that I can't now.

Lopez: If you could do something without negotiating.

Kissinger: Outside the discussions?

Lopez: Yes. Something you are not going to use.

Kissinger: You think that would help?

Lopez: Very much.

Kissinger: That I think we can do. Defense would go along with some of that. We had been holding it back for the negotiation, but we can do it now.

Lopez: The small things. Torrijos has his own enemies who say he is getting nowhere after a year. If he had something concrete, even small, it would help him.

Kissinger: We will look at it. We had decided against it in the NSC.

The President: Let's look into it.

Kissinger: I haven't looked at the Defense team report, but we can do something.

Lopez: I want to make clear I am not threatening. I am not the bearer of any threats.

The President: You will be very well received on the Hill. No threats, giving up aid, help on drugs.

Lopez: I don't want to say that without a treaty Panama could be another Vietnam.

Kissinger: If you could tell them, however, the attitude of all of Latin America, so then they understand just what the attitudes are.

[Omitted here is discussion of developmental assistance and drugs.]

³ On September 24, the House rejected a conference committee compromise on the language of the Snyder Amendment to the State Department appropriations bill. ("House Votes Firm Stand on Panama," *Washington Post*, September 25, 1975, p. A4)

**101. Memorandum for the Record Prepared in the Headquarters,
470th Military Intelligence Group, Department of the Army¹**

New York, October 5, 1975.

SUBJECT

Liaison Contact with Brigadier General Omar TORRIJOS Herrera, Chief of Government of Panama (GOP) and Commandant of the National Guard (GN), 5 October 1975

[Omitted here is discussion unrelated to the treaty negotiations.]

8. (C/NFD) TORRIJOS, as mentioned above, remained listening attentively, but then came his turn to speak, very much aware that whatever he said would be reported by me to higher authorities. TORRIJOS began and I quote because I feel his remarks were sincere and he does mean to carry out the actions planned. These were his words:

“Look [*name not declassified*], I don’t think we will get a quick treaty (meaning the treaty negotiations taking place). In fact, I don’t think we will get anywhere the way things are moving. Mr. BUNKER’S visits to Panama are useless and nonproductive. We are not getting what we want and just recently it was mentioned that the signing of a treaty is two years from now. This is too long a period to wait. We will have to start something—do something about it. We cannot wait; our patience is running out. I don’t know how long I can hold back the people, the students, even the young GN officers back from taking action. I believe I can hold them off about one year, at least until next summer but no longer than that. I am planning to get hold of these radicals and train them in the use of weapons and at least keep them at bay for a while. I plan to start recruiting 2000 more GN troops and I plan to purchase long-range weapons, something we can use against PQ sites from as far as La Chorrera. I know the US will not sell me these types of weapons, nor will any country over which the US has influence, but I will get them anyway. Little by little and piece by piece I will get some high caliber weapons for my GN. I will not ask help from Russia or Cuba because I was once advised by Josif “Tito” BROZ of Yugoslavia never to ask Russia for help because I would end up with Russians on my hands. This would never solve my problem of kicking the “gringos” out while allowing the Russians to come in. I

¹ Source: National Archives, RG 84, American Embassy, Panama, Panama Canal Treaty Negotiation Files, Lot 81F1, Box 125, POL 33.3–2/Canal Treaty Negotiations/General, July–Dec 1975. Confidential; No Foreign Dissem. Forwarded on October 7 to SOUTHCOM, Fort Amador, and the Chargé d’Affaires in Panama City under a covering memorandum from Maynes. Drafted by [*name not declassified*], the Liaison Officer.

don't trust the Cubans for the same reasons. I could easily turn into a Communist, but I am not a Communist. I am a Panamanian whose desire is to have Panama, from border to border, for the Panamanians. When the time comes and I can no longer hold back my people, we will have to resort to drastic action, maybe harassment, maybe guerrilla action. My people can cause plenty of damage to PQ based elements and installations. They are good in jungle-type actions. I know you people have good leaders and troops for this type of warfare but I think we can do enough to start something and get the treaty moving faster. I don't think that my GN will confront your troops in sustained combat because I know you can whip us, but we will give you plenty of trouble in guerrilla-type warfare. Don't think I will be at the head of them as I mentioned in one of my speeches as leading and being in front of my troops against the PQ. I am not that stupid to get shot first. *[name not declassified]*, I am backed against the wall and I can do nothing but go ahead with what I think I must do. I am tired of the whole mess and I sure as hell wish that I had never gotten into this situation. I wish I had the money to take off and leave all this to hell but I have given my word and I have no choice but to go through with it. I will let you know when the time runs out so you can get the hell out of the way. Please believe me, you are my friend and I would never wish harm to befall you."

[Omitted here is discussion unrelated to the treaty negotiations.]

[name not declassified]

102. Briefing Memorandum From the Assistant Secretary of State for Inter-American Affairs (Rogers) to Secretary of State Kissinger¹

Washington, October 20, 1975.

Panama—Where We Stand

Status of Negotiations

The Deputy Negotiator level talks conducted in Panama (September 27–October 12), were useful in clarifying many Panamanian misconceptions concerning the United States offer which Ambassador Bunker presented in early September.² In general, the Panamanians—with the benefit of further explanations—reacted more favorably to a number of points and characterized the United States approach as “more positive” than they had at first imagined. Clearly, however, Panama still has significant substantive problems regarding our position on issues such as duration, neutrality, a residual defense presence, and lands/waters.

At the urging of the United States team, Panama seems prepared to make some kind of counteroffer.³ The Panamanian treaty team, however, remains divided on how to assess and respond to our offer. Thus, it is not possible to predict at this point the nature of Panama’s response or when it will be forthcoming. While we have assured the Panamanian team that we are prepared to resume discussion whenever they are ready, we have also made it clear that the next move is up to them. Until we receive a concrete Panamanian counterproposal, we are not able to do much toward narrowing the remaining differences between our respective negotiating positions.

Unilateral US Actions

In early September Deputy Secretary Clements and General Brown made a brief visit to Panama and met personally with Panamanian Chief of State Omar Torrijos.⁴ During their meeting Torrijos emphasized Panama’s interest in having the United States move forward

¹ Source: National Archives, RG 84, American Embassy, Panama, Panama Canal Treaty Negotiation Files, Lot 81F1, Box 125, POL 33.3–2/Canal Treaty Negotiations/General, July–Dec 1975. Confidential. Drafted by Howard; cleared by Bunker.

² See Document 99. Telegram 6269 from Panama City, October 12, transmitted a summary of the Deputy Negotiator talks. (National Archives, RG 59, Central Foreign Policy File, D750355–0162)

³ In telegram 259835 to Panama City, November 3, the Department transmitted an English translation of the counteroffer, which Gonzalez-Revilla had delivered on October 29. (National Archives, RG 59, Central Foreign Policy File, D750381–0454)

⁴ See Document 97.

with a series of actions outside the context of treaty negotiations. He remarked that these actions would help demonstrate our good faith in moving toward a new relationship and assist the Panamanian government in coping with its domestic political problems associated with a prolonged negotiation/ratification period. As you will recall, Colombian President Lopez conveyed a similar message to you during your meeting on September 26.⁵

During the just-concluded talks in Panama, General Torrijos met privately with Deputy Negotiator Bell on two occasions (October 4 and 12),⁶ and stressed again Panama's interest in moving ahead with a series of US actions. Torrijos indicated that such actions should begin now, be staged over the negotiating period and be a mix of symbol and substance in both military and non-military areas. Torrijos and certain of his key advisors made several specific suggestions to our Deputy Negotiator regarding possible unilateral actions which will be examined jointly by State and Defense.

Meanwhile the Department of Defense is actively considering a variety of earlier proposals. The first, which involves the National Guard's use of some seaplane ramps in the Zone, has already been approved and was offered to Panama last week. We expect to have Defense's more detailed views on other possible steps next week. As these measures are identified and approved, we can decide how and when to proceed in order to contribute most effectively to a favorable political environment. We will take into account your view that these measures should be arranged in a manner which avoids the inference that they are in exchange for concessions in the negotiations.

State-Defense Coordination

The visit which Deputy Secretary of Defense Clements, General Brown and I made to Panama in early September is having a tangible impact on State-Defense relations. Following various meetings involving Mr. Ingersoll, Ambassador Bunker, Mr. Clements, and General Brown, Defense offered to name a retired Army Lieutenant General as its senior representative to the US negotiating team. No final decisions have yet been made concerning General Dolvin's exact responsibilities and title. But, we anticipate that under a "two-hatted" arrangement he will serve both as a member of Ambassador Bunker's team concerned primarily with Defense matters and in addition, he will operate within Defense as Mr. Clements' personal representative coor-

⁵ Kissinger and Ford met with Lopez on September 25; see Document 100.

⁶ In telegrams 6113, October 6, and 6271, October 13, both from Panama City, the Embassy transmitted summaries of Bell's October 4 and 12 meetings with Torrijos. (National Archives, RG 59, Central Foreign Policy File, D750346-0500 and D750355-0298)

minating Defense positions concerning the negotiations. Dolvin's appointment to the US negotiating team is a significant development and should facilitate high level Defense decisions with regard to the negotiations. For example, we expect that Dolvin will play an important role in facilitating the development of unilateral actions now under consideration in Defense. While we have not yet notified the Panamanians of Dolvin's appointment, we expect to do so in the next few days.

In recent weeks Mr. Clements, General Brown and Army Secretary Hoffman have individually expressed a willingness to be supportive of the negotiations. Efforts are proceeding to define Defense's role in the educational effort which the President has requested in support of the negotiations.

Congress

On October 7 the House by a narrow margin (212–201) approved the following Senate-House Conference language as a substitute for the Snyder amendment:

"It is the sense of the Congress that any new Panama Canal Treaty or agreement must protect the vital interests of the United States in the Canal Zone and in the operation, maintenance, property and defense of the Panama Canal."

The Senate subsequently approved the language by voice vote on October 9.

Our preliminary analysis of the vote indicates that despite some gains since June, we still face strong House opposition to a new treaty. Ambassador Bunker is scheduled to appear before a closed hearing of the Fascell Subcommittee on October 21 and will separately brief Mrs. Sullivan, Congressman Metcalfe and other members of the Panama Canal Subcommittee the following day.⁷ We anticipate that treaty opponents will probe for a definition of our "vital" interests in the Canal and the Canal Zone and will seek clarification regarding the disclosures in Panama of our negotiating agreements to date.

While it appears that the congressional situation has eased for the moment and that efforts by opponents to pass an anti-treaty resolution are unlikely in the immediate future, initiatives by those opposed to

⁷ Fascell chaired the House Foreign Affairs Subcommittee on Inter-American Affairs. According to Bunker's record of schedule, he met informally with Metcalfe and other Congressmen at 9:30 a.m. on October 22. (National Archives, RG 59, Ambassador Bunker's Correspondence, Lot 78D300, Box 9, Ambassador Bunker's Appointments Schedule October 1975) Talking points, dated October 22, included an update on the status of the negotiations, the Panamanian release of tentative agreements, and Dolvin's appointment to the negotiating team. (National Archives, RG 59, Ambassador Bunker's Correspondence, 78D300, Box 5, Talking Points + Misc. Remarks 1975)

a new treaty remain a distinct possibility in the coming months. To blunt such efforts we will pursue our Congressional consultations.

103. Telegram From the Department of State to the Embassy in Panama¹

Washington, November 10, 1975, 1945Z.

265742. Subject: U.S.-Panama Treaty Negotiations: Preparing for the Next Negotiating Round. For the Ambassador from Bell.

1. Conversations with Gonzalez-Revilla and with media representatives who recently visited Panama indicate that the Panamanians are expecting too much from the United States in the next round, or at least regard it as a most important one. As usual their reasoning is unclear.

2. We are doing what we can here to alter that line of thinking, but believe that you and your key officers can do much more there by way of preparing the proper mentality, and would appreciate your help.

3. These are the points to be made:

(a) The next round can be regarded as a "routine" one. That is, it is the first of many in a new negotiating stage, during which the parties settle down to "steady progress"—neither rapid nor slow but "careful", and uninterrupted.

(b) The objective of this stage is a set of tentative agreements "in concept" on the remaining issues.

(c) That objective can only be reached by the negotiators of both parties proceeding into "hard, methodical bargaining".

(d) The basis for such bargaining has now been established by the presentation of Panama's counter-offer of October 29 to the United States' offer of September 5.²

Parenthetically, those documents may be too comprehensive and thus too complex to handle as a "package". Accordingly the United

¹ Source: National Archives, RG 84, American Embassy, Panama, Panama Canal Treaty Negotiation Files, Lot 81F1, Box 125, POL 33.3-2/Canal Treaty Negotiations/General, July-Dec 1975. Confidential; Priority. Also sent Priority to CINCSO and the Panama Canal Zone Governor.

² See footnote 3, Document 102.

States would be quite willing to break out components of them to deal with, one after the other.

(e) In any case, no “breakthrough” or dramatic negotiating progress should be expected from the next round.

(f) Finally and most importantly, the United States’ offer represented a significant movement toward Panama’s positions on many issues.³ Unfortunately we cannot perceive any true movement toward the United States’ positions in Panama’s counter-offer. In the next round the United States will need to perceive some movement by Panama. In its absence, the United States would have little choice but to doubt that Panama is in a mood to bargain and, it follows, is not serious about negotiating at this point in history.

4. We would also appreciate hearing of reactions in key Panamanian circles to the foregoing “message”.⁴

Kissinger

³ A chart dated November 1 comparing the U.S. and Panamanian negotiating positions is in the National Archives, RG 59, Ambassador Bunker’s Correspondence, Lot 78D300, Box 3, General.

⁴ In telegram 6993 from Panama City, November 13, the Embassy reported that Panamanian officials had described the U.S. position as representing “little or no progress.” (National Archives, RG 59, Central Foreign Policy File, D750396–0274)

104. Memorandum of Conversation¹

New York, November 10, 1975.

SUBJECT

U.S. Position in Canal Treaty Negotiations, Panama's Position on Korea, and
Zionism Issues in United Nations, Panamanian Domestic Politics

PARTICIPANTS

Ambassador Aquilino Boyd, Panama's Permanent Representative in the United
Nations

John D. Blacken, Counselor for Political Affairs, American Embassy, Panama

Canal Treaty Negotiations

Ambassador Boyd opened our luncheon conversation with a discussion of United States presidential politics. After commenting that the media in the United States had not been treating President Ford well, Boyd opined the President would be reelected. He then took up the position paper presented by Ambassador Bunker in September.² The current United States position, in Boyd's view, was directly linked to the coming elections. The paper was one which President Ford could point to and say that he is not giving up anything and that there would be a United States presence in Panama for an indefinite period, i.e., perpetuity. This paper had had a terrible negative impact in Panama, reversing the favorable climate that had existed immediately prior to Ambassador Bunker's visit. The statements by General Brown and Deputy Secretary Clements and the news reports in the United States of a breakthrough in the United States' position had caused high hopes in Panama.³ The new U.S. position made it clear to Panamanians that there had been virtually no progress in the U.S. position and even some retrogression.

Boyd said the United States should withdraw its recent position paper in the negotiations because to insist upon maintaining it would cause the negotiations to stall. He feared, however, that President Ford would be very happy to stick with that negotiating position until late in 1976. This, however, would be a tactical mistake. Absence of progress

¹ Source: Washington National Records Center, RG 330, USD/P Files, FRC 330-87-0068, 1975-1977 Memcons Re: Treaty Negotiation. Confidential. Drafted by Blacken. The meeting was held in the restaurant in the International Hotel. Sent to Dolvin under a November 17 covering memorandum from Howard which reads: "General Dolvin, I think that you would find the attached Memcon interesting reading. Richard Howard." Dolvin initialed the covering memorandum.

² See footnote 2, Document 99.

³ See Document 97.

on substantive issues would lead to student violence that Torrijos would be politically unable to control. Torrijos was already having difficulty with the economy. This was affecting the political climate. If Torrijos cannot show progress in the negotiations, he will not have sufficient political justification for taking strong measures against the students. United States' leaders should understand that any suggestion of an indefinite period for defense means perpetuity as far as the Panamanians are concerned. Such a concept is totally unacceptable.

I stressed that Ambassador Bunker had said that the United States' position was negotiable. Moreover, I had the impression that Panamanians had not fully understood the United States' position until it had been clarified in subsequent sessions.

Boyd said he had recently talked with Ambassador Nicolas Gonzalez-Revilla (on October 24 immediately before the Ambassador had departed for the United States). Nico, he said, was gloomy over the prospects for the negotiations. Minister-Negotiator Tack with whom he had since talked was depressed and saw little hope on the basis of positions which the United States had presented.

Immediately after Boyd's arrival here on Thursday (October 28) he had a long talk with General Torrijos. According to Boyd, when the subject of the negotiations arose, Torrijos had in a matter of fact way thrown up his hands and said, "Well, what can we do? The present position of the United States is extremely difficult for us." Boyd then said Torrijos accepted the necessity of waiting until after the United States' elections, but he could do so only if real progress was made soon on basic issues.

Boyd argued that the United States should not seek in its own interest to get defense rights at this time extending beyond the end of the century. To do so would only poison the relationship between the United States and Panama. On the other hand, if the United States would agree to a defense treaty which, along with the treaty for canal operation, would end by the year 2000 a new relationship would be created. During this time the United States could develop the kind of atmosphere in which it could subsequently negotiate an extension of its defense rights in Panama. But to get such a commitment now would be impossible.

[Omitted here is discussion unrelated to the treaty negotiations.]

Torrijos, the Students and Domestic Politics

Boyd commented that he didn't know whether Torrijos could keep control of the students during the next year. He commented that he was certain that Torrijos could not control them if the United States' position remained firm that it wanted an indefinite period for the military bases. This brought us around to a discussion of the domestic

political situation in Panama. Boyd acknowledged that the economic situation in the country was bad and getting worse. He said, however, that if it became known that a new treaty were in sight, within six months the economy would be booming again. Bankers would immediately loosen up on their lending. Apart from the National Guard and the National Assembly of Community Representatives (NACR), Boyd said there were five major political groups in Panama today: the old politicians, the private sector, the Catholic church hierarchy, labor unions and the students.

The old politicians no longer represented a serious threat. They had shown some opposition immediately after the 1968 overthrow of the Arias regime that was past. They were now sitting and waiting but seemed to lack the courage to take decisive action.

The private sector, despite its discomfort with Torrijos at times had done very well under his government. He had provided stability, despite his increased taxation and despite the rhetoric of his government toward drastic reform had done nothing more drastic than the United States' New Deal in the 1930's. The private sector did not feel seriously threatened and therefore would in general support a new treaty.

The Catholic church hierarchy had improved its relations with the government since 1961 when church-state relations had reached their nadir. Archbishop McGrath⁴ was very capable and would be of help to the General if a new treaty were to be placed before the people.

The labor groups also would not pose a serious threat to the government. They were all reasonably docile, had benefitted greatly from GOP policies and were not inclined to challenge Torrijos.

The students, Boyd said, were the major problem facing the government during the next year. The radical groups were increasingly bold in their opposition to both a new treaty and to the government. As long as Torrijos did not have to use force to stop the students from a seemingly *justified* incursion into the Canal Zone, Torrijos would probably be able to move against them and control them, but the negotiations had to be going on and had to appear to be succeeding. Any prolonged stagnation or stalemate in the negotiations would lead to a very dangerous situation for Torrijos and for the treaty negotiations. It was up to the United States, Boyd said, to try to avoid this problem by understanding the imperatives of the Panamanian position and the fact that Torrijos had compromised greatly in agreeing that there would be military bases here.

⁴ Marcos Gregorio McGrath, Archbishop of Panama.

COMMENT: Boyd appears to understand our representations and agreements better than do many other GOP officials, but for him—as for others—Panama’s overall strategy on the canal issue overrides other considerations. Only if they become convinced that their position on UN issues will adversely affect the canal treaty negotiations will they alter positions which they perceive will place pressure on or embarrass the U.S.

Two hours before my luncheon conversation with Boyd, the Director of the Foreign Ministry’s Department of International Organizations and Treaty Affairs, Pedro Brin Martinez, had told me Panama would vote for the friendly resolution on Korea and against the hostile resolution,⁵ but, despite subsequent representations by Ambassador Jorden to Torrijos, Panama’s delegation acted as Boyd recommended to Torrijos—it absented itself from the vote.

In discussing the canal treaty negotiations, Boyd appeared to place more importance on the duration issue as a problem in the negotiations than on lands and waters. While all Panamanian officials from Torrijos down insist that 25 years is a maximum duration for any treaty, Boyd is the first person who has suggested to me that the U.S. position paper calling for a 50-year treaty for defense be withdrawn.

Boyd’s assessment of the relative support and threat that various domestic groups imply for Torrijos appears fairly accurate.

⁵ U.N. General Assembly Resolutions 3390A and 3390B were two competing resolutions on the reunification of Korea. The United States supported Resolution 3390A. (*Yearbook of the United Nations*, 1975, pp. 203–204)

105. Memorandum of Conversation¹

Panama City, November 18, 1975.

SUBJECT

Meeting of Panama's Treaty Policy Group

PARTICIPANTS

Mr. Fabian Velarde, Information Coordinator for Chief of Government General Omar Torrijos

Mr. John D. Blacken, Counselor for Political Affairs, U.S. Embassy, Panama

During the evening of November 17 Panama's highest treaty policy group headed by Vice President Gerardo Gonzalez met to discuss the negotiations. Fabian Velarde, who participated in the session, has told me the following:

1. Ambassador Gonzalez-Revilla reported his view that the U.S. negotiators were coming without a substantially altered position from that which had previously been presented.²

2. After much discussion the group agreed to give Minister-Negotiator Tack and Ambassador Gonzalez-Revilla broader flexibility than they had had up to the present time. This decision was made in order to obtain movement in the negotiations which would lead to concessions by the U.S.

3. The mood of the meeting, however, was "heavy". The participants were pessimistic about the willingness of the U.S. to negotiate seriously at this time. Members of the group believe that Ambassador Bunker has considerably more flexibility than he has used. One person commented "the old man (Bunker) is just playing us along". The group feared that the U.S. is not prepared to make concessions in the negotiations now because it might cause political problems for President Ford. There was some sentiment in favor of suspending the talks.

4. Velarde said that many members of the group believe that American officials are coldly calculating—like computers. They think the US has planned out exactly what it wants to achieve and will control the pace of the negotiations to fit the needs of U.S. domestic policies while at the same time seeking to offer Panama just enough to keep quiet. Velarde said he did not share this view, but many of the others held it.

¹ Source: National Archives, RG 84, American Embassy, Panama, Panama Canal Treaty Negotiation Files, Lot 81F1, Box 125, POL 33.3-2/Canal Treaty Negotiations/General, July-Dec 1975. Confidential. Drafted by Blacken.

² See Document 99.

5. It is clear, said Velarde, that not much will be accomplished in this negotiating round. He is worried about what to say to the public after it is over. He reminded me that Torrijos was severely criticized by nationalists after his October 11 speech.³ The General had not said anything about the negotiations for a long time. He must say something soon. He needs to show some progress. Velarde added, "Do not forget we have December 12 anniversary (of the defeat of the Filos Hines Base Agreement)⁴ and the January 9 anniversary of the 1964 riots to face". I repeated to Velarde what I had said in a previous conversation: The U.S. was prepared to move ahead with the negotiations, seeking agreement in concept on the major issues within the near future. It was my personal opinion that even by working expeditiously, it would be difficult for the two sides to complete a draft treaty before the end of 1976. The U.S. negotiators needed to obtain some movement from Panama if they in turn were expected to offer concessions.

COMMENT: Velarde said he had contributed little to the discussion during the previous evening because of his lack of familiarity with the issues. He prefaced his comments concerning the policy meeting with the words that he did not think he was doing anything unpatriotic by telling me something of the meeting. He felt that communication about mutual problems was extremely important if we were going to succeed in solving the canal issue.

I doubt that the policy group understands the distinctions in categories present in the United States position on lands and waters. In my conversations with persons close to the negotiations, they appear to count as gains only those parcels of land that are to be turned over to Panama without restrictions.

³ In telegram 6268 from Panama City, October 11, the Embassy reported that Torrijos' speech contained an "appeal for patience and calm with regard to Canal treaty negotiations." (National Archives, RG 59, Central Foreign Policy File, D750355-0015)

⁴ On December 12, 1948, the Panamanian Assembly, under pressure from the public, rejected the Filos Hines Base Agreement which would have allowed the United States to maintain 135 military bases in Panama.

106. Memorandum of Conversation¹

Washington, December 9, 1975.

SUBJECT

Panama Canal

PARTICIPANTS

Senator Barry Goldwater (R-Ariz.)

William H. Itoh, Office of Congressional Relations

While waiting for the Secretary this afternoon, I discussed several subjects with Senator Goldwater, including the Panama Canal issue. He remarked that he had spent more time thinking about this single issue than any other foreign policy question in recent years, and that his views on the subject had changed markedly over the past 18 months.² The reappraisal of his position was initially brought about as a result of conversations he had with Americans who lived in Latin America and with a few Latin American nationals. These discussions sensitized him to the importance attached to the Canal issue in Latin America. He slowly became convinced of the necessity for the U.S. to make some concessions to defuse the increasingly hostile attitude in the area.

Senator Goldwater said his own assessment of the strategic importance of the Canal also influenced his position. He then noted that the Canal cannot accommodate the larger ships of our navy and is painfully vulnerable. The scuttling of one ship could close the Canal (this could be accomplished by an act of sabotage and not necessarily by an attack on the Canal). Finally, Goldwater also pointed to the unwillingness of the Congress and the people to support the commitment of our armed forces to military operations in support of the Canal.

Goldwater thought his constituency was far behind his thinking on the subject and noted that the public would have to be made aware of the complexities of the issue to alleviate public hostility. I mentioned Ambassador Bunker's Los Angeles speech.³ He had not read it but had heard that it was good and considered that sort of thing useful.

¹ Source: National Archives, RG 59, Ambassador Bunker's Correspondence, Lot 78D300, Box 3, Congress. Limited Official Use.

² In an October 9 letter to Kissinger, Goldwater wrote: "I am beginning to change my mind from rigid opposition to recognition that something has to be done" and asked if the Kissinger-Tack principles were still the basis of the negotiations. (National Archives, RG 59, Central Foreign Policy File, P750159-1770) Kissinger affirmed that the negotiations were still operating on the basic blueprint of the 1974 Kissinger-Tack principles in his November 4 reply. (Ibid.)

³ For the text of Bunker's December 2 address to the World Affairs Council, see the Department of State *Bulletin*, December 22, 1975, pp. 881-885.

I asked if the Senator noticed any changes in perception of the Canal issue on the Hill. He responded that Byrd's decision to withdraw his amendment to the State Appropriations Bill reflected some change.⁴ He again commented on the problem of information on the issue, stating that "no more than 15% of the Congress" really understands the Canal problem.

Goldwater said he favored a gradual turnover of our economic rights over a 35-year period, and a full withdrawal of our military presence over a 45-year period.

Finally, Goldwater said he hoped that "nothing would happen" in '76 to make the Canal an issue. He emphasized that it would be absolutely impossible to get any positive action on a new treaty in the Congress before the '76 elections.

⁴ Byrd announced his decision on September 3. ("U.S. Feuding on Panama Treaty Eases," *Washington Post*, September 3, 1975, p. A3)

107. Telegram From the Embassy in Panama to the Department of State¹

Panama City, December 12, 1975, 1905Z

7660. Subject: Talk with Torrijos: Negotiations. Eyes only for Ambassador Bunker and Deputies Bell and Dolvin. Refs: Jorden-Bell Telecon.

1. After talk with Torrijos on proposed GN visit to Washington, reported septel (see Panama 7658),² I told him there was an additional item I wanted to raise. I said that as a result of my recent visit to Washington and after consultations with Ambassador Bunker and other colleagues, it was my impression that we were at a propitious moment to move forward on treaty talks with renewed vigor. I said it was my impression that he and perhaps others around him had misinterpreted the oversimplified formula of Quote no treaty before

¹ Source: National Archives, RG 84, American Embassy Panama, Panama Canal Treaty Negotiations, Department of State, Lot 81F1, Box 125, POL 33.3–2/Canal Treaty Negotiations/General, July–Dec 1975. Confidential; Priority; Exdis; Stadis. Drafted and approved by Jorden.

² Dated December 12. (Ibid.)

the U.S. elections Unquote. Perhaps he thought that meant no movement until next November. He said that this was his general impression. I said that was not the way we viewed things at all. I told him I thought the time was ripe for real progress.

2. Several things persuaded us in this direction. First, there was always a lot of tension in the air in the period leading up to the January 9 anniversary. It put some people in a much more conciliatory mood than at other times. Second, there was no doubt that his coming visit to Cuba³ would tend to harden attitudes among some people as I had told him earlier. Third, as we moved into February there would be increasing attention paid to the primary campaigns and the demands of domestic politics. Additionally, I noted that the present cast of characters involved in the treaty problem (including the President, Secretary Kissinger, Ambassador Bunker and others of us) would not remain in our present positions indefinitely. We might have a new President in January 1977. Without a finalized treaty, Panama would face the prospect of starting from scratch with entirely new personalities and new priorities.

3. I said it was my impression that Ambassador Bunker wanted to move toward a Quote political transaction Unquote on the remaining outstanding issues in the same way we had moved on earlier issues of jurisdiction, the SOFA, etc. But to achieve that, he needed to know much more specifically what Panama requires and what it desires. That meant specific proposals discussed back and forth in hard bargaining sessions. It meant the two sides facing each other across the table and talking turkey day in and day out. I said the Ambassador had been forthcoming in the September and November sessions. But all we got from Panama was complaints and mushy words. We needed straight talk and solid justifications for positions from both sides.

4. Ambassador Bunker had been waiting patiently for some response from Tack on our latest proposals. Now we had received a message from Tack that did not say a damn thing new.⁴ It did not move us one inch forward. I said it was possible that the Ambassador's reaction would be to reply to Tack with a request for harder answers. If he did so, I sincerely hoped that Panama's reply would be serious and positive. If the existing proposals will not produce a satisfactory treaty, we need to know why not and what will. Only by this approach

³ Torrijos visited Cuba January 10–15, 1976. See Document 110.

⁴ In telegram 293630 to Panama City, December 12, the Department transmitted the text of Tack's December 10 message and Bunker's response. (National Archives, RG 84, Lot 81F1, American Embassy Panama, Panama Canal Treaty Negotiations, Box 125, POL 33.3–2/Canal Treaty Negotiations/General, July–Dec 1975)

can we begin to cut through the fog that has developed around the Panamanian position on outstanding issues.

5. Torrijos said he thought he understood more clearly than ever before. He had really thought we were in a holding pattern over the next months. He said he had a report on the Bell-Gonzalez Revilla talk of the previous day.⁵ He said he had authorized Nico to begin developing a Panamanian position which would then be approved here. Then, he thought, Bell and Gonzalez Revilla could sit down together and compare the two positions, U.S. and Panamanian, and begin to seek accommodations. It seemed, he said, that I was talking of something more serious. I assured him I was. My own personal opinion was that there had been too much working separately and then getting together for brief sessions at the top. Would it not be better to think in terms of Tack and Ambassador Bunker getting together for some intensive and detailed discussions—of what Panama wants, what it considers important, and what it truly has to have for a final agreement?

6. Torrijos asked if I was saying that our negotiators were prepared to really work during the Christmas and New Years holidays. I said that, of course, I could not commit Ambassador Bunker. But that it was my impression from Washington that our negotiators were indeed ready to work intensively from now into and through January to get general agreement on outstanding issues. Then we could turn to the lawyers and treaty technicians to begin work on specific treaty language.

7. Torrijos said I had given him an outlook he had not had before. He took it seriously. He was going to call in today (Friday) Tack, Gerardo Gonzalez and Romulo Escobar for a serious discussion on next steps. If they received a message from Bunker they would prepare a serious and forthcoming reply.

8. Torrijos repeated what he had told me before: that he thought these talks should be held in strict privacy and in Washington. I assured him we would accommodate to those wishes.

9. COMMENT: It is clear this discussion had considerable impact on Torrijos.⁶ He seemed to be seeing and understanding things that had not really been clear before. If a message from the Ambassador to

⁵ Bell's account of this meeting is *ibid.*

⁶ In a December 13 memorandum to Dolvin and Bell, Blacken wrote: "Torrijos appears to have accepted our assurances that we are indeed ready to seek a 'political transaction' and is giving us the opportunity to prove it." (*Ibid.*)

Tack is not on its way, I urge one be sent as quickly as possible.⁷ It could trigger a very positive response here. END COMMENT.

Jorden

⁷ Telegram 5337 to Panama City, January 9, 1976, transmitted a message from Bunker to Tack concerning the next round of negotiations. (National Archives, RG 59, Central Foreign Policy File, D760007-0663)

108. Memorandum From the Department of Defense Deputy Negotiator (Dolvin) to Multiple Recipients¹

Washington, December 29, 1975.

SUBJECT

December 1975 Negotiating Round, Panama Canal Negotiations (U)

1. On Tuesday, 16 December 1975, a high-level group of Panamanians met with the US Negotiators with the objective of reaching—or making substantial progress toward—conceptual agreement on the remaining unresolved major issues in the negotiations. The members of the Panamanian Negotiating Team were:

- a. Juan Antonio Tack (Foreign Minister and Chief Negotiator).
- b. Nico Gonzalez-Revilla (Ambassador to the United States and Deputy Negotiator).
- c. Rory Gonzalez (Business partner and personal confidant of General Torrijos—clearly the most powerful member of the team).
- d. Adolpho Ahumada (Minister of Labor and an attorney).
- e. Edwin Fabrega (Director of IRHE, Panama's power and light enterprise—a member of the "secret" treaty advisory group).
- f. Carlos Lopez-Guevara (Prominent Panamanian attorney and legal adviser to the team).

¹ Source: Washington National Records Center, RG 330, OSD Files, FRC 330-80-0044, Negotiations—Panama and Panama Canal Zone, Nov 1975–Feb 1976. Secret; Sensitive. Brackets are in the original.

2. *General*

a. The Panamanian Team was very high-powered and had full authority to negotiate for agreement in concept on the remaining issues. This new attitude, or willingness to bargain on all issues, constituted in itself a major change in Panama's approach toward the negotiations, and provided the US Negotiators an opportunity to probe their position on all issues, individually and collectively, during the course of this round of negotiations. The remaining unresolved major issues in the negotiations at the outset of this round were:

- (1) Duration (operation)
- (2) Duration (defense)
- (3) Related activities
- (4) Neutrality
- (5) Expansion
- (6) Jurisdiction over US civilian employees of the new Canal Administrative Entity
- (7) Arbitration
- (8) Compensation
- (9) Lands and Waters

b. The US negotiating position on each of these issues at the beginning of the December 1975 round (as modified by the November 1975 round results), together with the remaining approved fallbacks as of that time, is shown in summary form at TAB A. The results of this round are discussed below, relative to each issue.

3. *Land and Water Areas.* This is an area in which the Panamanian negotiating position evidenced marked movement during the December 1975 round. At the first meeting of the negotiating teams, Panama tabled a new proposal on the issue of land and water areas, which was explained by Edwin Fabrega. This proposal is depicted graphically by the map (and legend) attached at TAB B.² Basically, the proposal involves several different categories of proposed land-use rights, and a timetable for the use rights of certain lands to change during the lifetime of the Treaty. Upon clarification by the Panamanians to the Defense Department members of the Canal Negotiations Support Group, it became clear that although the proposal in its present form was unacceptable to the US, it represented major movement by Panama on this issue, and that the two positions were closer than at any time in the past. Moreover, the time-phased approach held out interesting

² Attached but not printed.

possibilities for the United States, in addition to filling the Panamanians' expressed need for a "living" Treaty, i.e., one involving a process of events over time, visible to the Panamanian people rather than a static Treaty. Also, it became clear during their clarification of the proposal that there was a definite measure of flexibility in their position concerning most land areas of major interest to the US. After the conclusion of the clarification sessions on their land and water proposal, the Panamanian Team proposed a conceptual agreement on the lands and waters issue, which is attached at TAB C.³ While the language of their proposed conceptual accord on lands and waters is unacceptable to the US as it stands, its basic approach warrants serious consideration and offers the possibility of accommodating the present US position in an only slightly modified way. Additionally, the Panamanian Negotiators proposed that the United States make available one representative each from the Panama Canal Company and USSOUTHCOM to participate as active members of the Panamanian Department of Urban Planning. The US team agreed with this proposal.

4. *Duration (operation)*. During the November 1975 round, the US had met the Panamanian position on the duration of effective US control of the new Canal Administrative Entity. In this most recent round, Panama tabled a proposed Threshold Agreement (TAB D)⁴ that, while maintaining 31 December 1999 as the termination date for US operation, proposed a transfer of *control* of the entity to Panama in 1995. This proposal was, however, withdrawn by Panama during the subsequent course of the negotiations. The US Team offered 20 years for operation duration *if* Panama would accept 40 years for defense duration. Panama rejected this proposal. *Note:* For an issue-by-issue comparison of the US position at the beginning of this round with the Panamanian position tabled in their proposed Threshold Agreement, see TAB E.⁵

5. *Duration (defense)*. The proposed Threshold Agreement tabled by Panama during this round (TAB D) proposed a duration for US defense rights of until 31 December 1999, with a provision that no state, other than Panama, would have the right to station troops in Panama after the Treaty's termination. Subsequently, during the course of the negotiations, Panama agreed to add to that provision the phrase, "except as otherwise mutually agreed by the parties prior to the Treaty's termination." Concerning the 40-year duration period proposed by the

³ Tab C, dated December 22, is attached but not printed.

⁴ Tab D, dated December 19, is attached but not printed.

⁵ Tab E is attached but not printed.

United States, however, Panama still would not agree to a defense duration that extended beyond the turn of the century. In this regard, the Panamanian Team indicated only that Panama would *consider* a primary defense responsibility of the US that extended beyond the century *if* the US would:

a. Accept the Panamanian lands and waters proposal made earlier during the round.

b. Agree to a shorter period for US operation of the Canal.

c. Agree to maintain no *physical* military presence in Panama after the year 2000.

d. Accept Panama's position on neutrality (*i.e.* no *primary* guarantor status for the US beyond the Canal Treaty's life).

6. *Related activities.* The Threshold Agreement tabled by Panama proposed that the duration of each of these activities be considered and negotiated individually (see TABS D and E). The US Team accepted this approach. Panama indicated that it was interested in having the US agree to be *obligated* to continue certain of these activities (unspecified); the US Team did not, however, respond to this indication. Generally, it was apparent that these activities were not a major concern to Panama.

7. *Neutrality*

a. Here, as in the issue of defense duration, Panama did not show much flexibility. Their position on this issue, as expressed in their proposed Threshold Agreement (TAB D), is set out in summary form in the spread sheet at TAB E. During the subsequent course of the negotiations, however, Panama did:

(1) Agree to add a provision expressly insuring the unimpeded transit of troops, materials of war, and vessels of war, *however powered or armed*, of all nations, *provided that* nuclear powered or armed vessels may be required to post bond with the Entity or otherwise insure against damage to persons or property in Panama.

(2) Caveat their proposed language on the stationing of troops in Panama with language excepting arrangements "otherwise mutually agreed to by the Parties prior to the termination of the [bilateral] Treaty [between the U.S. and Panama]."

(3) Agree that no third country other than Panama will operate the Canal after the Treaty's termination.

(4) Clarify their insistence that military vessels of all nations, including the US, be required to pay tolls.

b. The US Team responded by proposing that this issue be referred to technical groups of both negotiating teams. This was agreed to by the Panamanians, and, while the ensuing talks at the technical team

level were helpful in probing the Panamanian position on neutrality, they nonetheless stalled on the questions of:

(1) The *primary* right of the US to guarantee the permanent neutrality of the Canal.

(2) Whether US military vessels should be allowed toll-free transit.

(3) Whether there would be a bonding, or insurance, arrangement for transiting nuclear powered or armed vessels.

8. *Expansion*. The Panamanian position on expansion embodied in their proposed threshold agreement is set forth in full in TAB D and in summary form in TAB E. Significantly, their new position on expansion represented considerable movement. It grants to the US the *exclusive* right to expand interoceanic canal capacity in Panama. Concerning the *definitive* right requested by the US, the Panamanian team wanted to know generally what terms the US wanted definitively set out in the treaty. In response, the US Negotiators offered *conditionally* (see para. 14, *infra*) the provision at TAB F⁶ concerning expansion. In response to this indication, the Panamanian Team “took note that the US offer on expansion seems to be workable.”

9. *Jurisdiction over US civilian employees of the New Canal Administrative Entity*. Panama’s position on this issue is set out in TAB D. However, the Panamanian Team indicated subsequently that here again, “the U.S. offer seems to be workable.”

10. *Arbitration*. In the proposed Threshold Agreement tabled by Panama (TAB D), Panama held firm on their position that there be in the new treaty an obligatory obligation to submit all disputes under the treaty to binding arbitration. During the subsequent course of the negotiations, however, Panama fell back to a position that only disputes involving those aspects of the treaty concerning operation of the Canal be subject to obligatory submission to binding arbitration; those aspects of the treaty concerning US defense rights (including the SOFA) would not be the subject of obligatory arbitration. Moreover, the Panamanian Team indicated “that the U.S. offer seems to be workable.”

11. *Compensation*. Panama proposed a fixed annuity in its proposed Threshold Agreement (TAB D), but both teams agreed that this issue should be put aside until all others are resolved.

12. *The New Canal Administrative Entity*

a. The Panamanian Team proposed that the new Canal Administrative Entity be “created jointly by means of the treaty.” Upon clarification

⁶ Tab F, undated, entitled “New Works/Expansion,” is attached but not printed. The provision reads, in part, “During the treaty period the United States shall have the right to (a) add additional locks to the existing canal, or (b) construct a sea-level canal in Panama.”

of this proposal, and express reaffirmation by Panama in this connection that effective control of the entity be with the United States, the US Negotiators *conditionally* (see para. 14, *infra*) agreed to this proposal with the express understanding that effective control would be with the US.

b. Also in connection with the entity, the Panamanians asked two questions: First, whether the United States would be agreeable to a clause *obligating* the US to maintain the Canal during the Treaty's life; and secondly, whether Panama would receive control at the end of the Treaty without assuming any liabilities of the entity.

c. The US Team also indicated with regard to the Canal Entity that we were prepared to offer Panama an organizational structure that embodies the principle of a definite minority partnership for Panama in the decision-making and decision-implementing aspects of the Treaty, and offered *conditionally* (see para. 14, *infra*) there would be no "security positions" in the new entity.

d. It was agreed that this issue would be an appropriate one to be addressed by technical teams of both countries, sometime in the near future.

13. *Protection and Defense*

a. While this subject had not been a major issue in the negotiations, the Panamanian proposed threshold agreement (TAB D) addressed itself to this issue by proposing:

(1) That the new treaty shall ensure the increasing participation by Panama in the protection and defense of the Canal.

(2) That there be a pre-established level of US Forces on Panamanian territory.

(3) That the level shall decrease, in accordance with a process spelled out in the treaty, until eliminated.

b. The Panamanian negotiators subsequently changed their proposal in this area to:

(1) That the new treaty shall establish the *mechanism* which shall permit the increasing participation by Panama in the protection and defense of the Canal (*i.e.* the "combined Defense Board" already agreed to in the SOFA).

(2) That the level of US Forces shall not exceed the number of Guardia Nacional, *except* in cases of conflicts with third countries (with *no* process of reducing the level of US Forces spelled out in the treaty.

(3) That the Guardia Nacional shall be supplied by the United States, without charge, the same equipment as the US provides to its own troops in Panama.

c. I expressed to them that it was unacceptable from the US point of view to have the primary responsibility for protection and defense

of the Canal and at the same time be subject to arbitrary limits on our troop level in Panama. The Panamanian Team suggested that the formula could be modified with, for example, a minimum level to the maximum limit and a broader exception than “conflicts with third countries.” Nonetheless, I expressed that this approach was unacceptable to the United States. I indicated in the alternative, however, that there could be an *event-oriented* process for the reduction of the US military presence in Panama, and that the US Team would *conditionally* (see para. 14, *infra*) commit itself to formulate a proposal incorporating such a process.

14. *Conditional Proposals*

a. The following US responses to the Panamanian Team were made *expressly* conditional on *their* acceptance of our position on *either* SOFA jurisdiction and rights for US civilian employees of the new entity *or* the US position on no obligatory arbitration:

(1) Our acceptance of the principle that Panama and the US create the Canal Entity *jointly* by means of the Treaty (with the express understanding of Panama that the entity will be under US control).

(2) Our acceptance that there will be no “security positions” in the new Canal Entity.

(3) Our commitment to formulate an event-oriented process for the reduction of the US military presence in Panama over the life of the Treaty.

(4) Our new position on expansion (TAB F).

b. In response, the Panamanian Team said it “took note of the conditional US offer, and that the offer seems “workable.”

15. *Summary.* In summary, this negotiating session succeeded in clarifying the remaining issues. The Panamanian conceptual proposal for handling the lands and waters issue seems to be workable with some modifications. It is clear that further negotiations will be necessary before agreement in concept can be reached on the remaining major issues.⁷ The next negotiating session is tentatively scheduled for the latter part of January.

Welborn G. Dolvin

Lieutenant General, USA (Ret)

*Deputy Negotiator from the Department of Defense
for the Panama Canal Negotiations*

⁷ In a December 22 memorandum to Jorden, May described the talks as “rocky” and added: “The Panamanians are close to a state of ‘panic,’ that is to say they are very much concerned that these talks will not result in sufficient movement to justify their trip or satisfy General Torrijos.” (National Archives, RG 84, American Embassy, Panama, Panama Canal Treaty Negotiation Files, Lot 81F1, Box 125, POL 33.3-2/Canal Treaty Negotiations/General, July-Dec 1975)

Tab A^s

ISSUE	US NEGOTIATING POSITION AS OF 5 SEPTEMBER 1975	APPROVED FALLBACKS AS OF 5 SEPTEMBER 1975	US NEGOTIATING POSITION AS OF 25 NOVEMBER 1975	Undated.
COMPENSATION	<p>US will provide annual payment for life of treaty computed on basis of 27¢/Panama Canal ton.</p> <p>US will provide minimum payment if Canal closed outside control of Panama.</p> <p>US and Panama to share costs of reopening after any such closure.</p>	<p><i>Amount:</i></p> <p>First 3 years, 27¢/ton</p> <p>Next 2 years, 28¢/ton</p> <p>Next 3 years, 29¢/ton</p> <p>Remainder, 30¢/ton</p> <p><i>Minimum Guaranteed Payments:</i></p> <p><i>First Fallback.</i> Extended payment period, to maximum of 10 quarters.</p> <p><i>Second Fallback.</i> Increase minimum payment to \$2.5 million per quarter.</p> <p><i>Third Fallback.</i> Recede from seeking Panama's agreement to share in costs of reopening.</p>	[Same as position in 5 September 1975 proposal.]	
LANDS AND WATERS	<p>January 18, 1975 offer with addition of:</p> <p>—Coco Solo Ramps, Fort Randolph and access to them via Randolph Road</p> <p>—Portions of the Albrook/Clayton Training areas</p>	<p>—Cristobal piers</p> <p>—Land and water areas in Gatun Lake</p> <p>—Ft Sherman jungle training area south of the 22d grid</p>	[Same as position in 5 September 1975 proposal.]	

NEUTRALITY

Joint US-Panama Guarantee, with Colombia and Costa Rica invited to join as subordinate co-guarantors.

No nation other than Panama or US to operate, protect or defend any canal in Panama, except as otherwise mutually agreed.

US right to pass troops, vessels of war, and materials of war freely and without charge through any canal in Panama.

US accepts language of Threshold Agreement (on Protection and Defense) relating to neutrality as it stands with following clarifications:

- US willing for Panama to declare Canal's neutrality while two contracting parties would jointly guarantee it.
- US willing for UN to serve as a depository for declarations by other countries that they recognize and respect the regime of neutrality.

CIVILIAN EMPLOYEES

US civilian employees have same privileges as members of civilian component under SOFA.

Limited number of high-ranking US officials enjoy diplomatic immunity.

First Fallback. For ___years, same SOFA status.

Thereafter, same as SOFA except US primary jurisdiction only in official duty cases.

Limited number of high-ranking US officials enjoy diplomatic immunity.

Second Fallback. Same as SOFA status, except US primary jurisdiction only in official duty cases.

Limited number of high-ranking officials enjoy diplomatic immunity.

[Second fallback.]

(cont'd)

⁸ Secret

ISSUE	US NEGOTIATING POSITION AS OF 5 SEPTEMBER 1975	APPROVED FALLBACKS AS OF 5 SEPTEMBER 1975	US NEGOTIATING POSITION AS OF 25 NOVEMBER 1975
EXPANSION	<p>US to have definitive and exclusive right to expand interoceanic Canal capacity in Panama, whether by construction of a sea-level canal or by addition of a third lane of locks for existing Canal.</p> <p>Panama's agreement, in event of US exercise of right to expand, to make available without cost to the US such additional areas—determined through negotiations—as would be necessary for expansion works. US to use nuclear construction techniques only with consent of Panama.</p> <p>No automaticity of extension of duration if Canal capacity expanded; however, possibility of negotiating extended duration that is commensurate with magnitude of US investment.</p>	<p><i>First Fallback.</i> Reduce the duration of the definitive right, while retaining the <i>exclusive</i> right to expand for the remainder of the Treaty's duration.</p> <p>If the exclusive right were exercised, parties would negotiate mutually satisfactory agreement not only with respect to duration but also with respect to terms under which the expanded Canal capacity would be constructed, operated, maintained, protected, and defended.</p> <p>Such negotiations would be guided by principle that US role in operation, protection and defense of expanded Canal would be commensurate with magnitude of US investment.</p> <p><i>Second Fallback.</i> While retaining a definitive right of some length, recede from seeking the exclusive right, and incorporate in lieu thereof a <i>first refusal right</i> for period from termination of definitive right to Treaty's termination.</p>	<p>[Same as position in 5 September 1975 proposal, with non-substantive changes in language.]</p>
DURATION (OPERATION)	25 years	Adjust termination date downward toward, and then to, the minimum period authorized by Presidential guidance, <i>i.e.</i> , 20 years	December 31, 1999

DURATION (DEFENSE)

50 years, with an *agreement to agree* on residual defense role for US as follows: Parties “commit themselves to agree mutually, not less than 3 years prior to [termination of period for defense duration], upon the military arrangements to facilitate United States participation in helping Panama to ensure the Canal’s neutrality, the non-discriminatory character of its operation, and its security against threat following the convention’s termination, including arrangements with respect to locales and rights of use appertaining to the United States.”

Adjust termination date downward toward, and then to, the minimum period authorized by Presidential guidance, *i.e.*, 40 years.

40 years, with an agreement to negotiate on residual defense role for US as follows: Parties “agree to meet prior to [termination of period for defense duration] to negotiate in good faith concerning the best means of ensuring the Canal’s security, neutrality, and non-discriminatory character following the treaty’s termination.”

RELATED ACTIVITIES

Duration linked to *defense* duration, on understanding that:

- (a) Panamanian participation in designated activities, civilian and military, in a manner mutually agreed upon by 2 parties.
- (b) Authorization renewable, from time to time, in whole or in part, beyond defense duration period by mutual agreement between the two parties through negotiations to be held not less than 3 years prior to termination of defense duration period.

First Fallback. Incorporate a provision whereby the two parties “shall periodically, as agreed in the separate agreements, reexamine the requirement for continuation of such activities.”

Duration linked to *operation* duration, on understanding that

- (a) Panamanian participation in designated activities, civilian and military, in a manner mutually agreed upon by two parties.
- (b) Parties shall periodically during the treaty’s lifetime reexamine the requirement for continuation of such activities.

Second Fallback. Adjust the duration of the US authority to conduct related activities downward toward, and then to, the term of the operation treaty.

109. Memorandum for the Record¹

Washington, January 15, 1976.

SUBJECT

Panama Canal Negotiations

1. On 14 January 1976 Mr. Clements hosted a lunch for Ambassador Bunker, General Brown and General Dolvin. Three matters affecting the Panama Canal Negotiations were discussed. These were: (1) the pace of the negotiations; (2) the continuing defense considerations; and (3) relations with Congress.

2. Mr. Clements referred to a message from Ambassador Jorden in which Ambassador Jorden described his conversation with General Torrijos on the pace of the Panama Canal Negotiations. Mr. Clements stated that he read into this message a possible speed-up of the negotiations greater than planned or desirable.² Ambassador Bunker stated that in retrospect perhaps Ambassador Jorden had come on a little too strong. What was desired, however, was to cause the Panamanians to come forth with some concrete proposals. Ambassador Bunker stated that the Panamanians had considered the US positions in both the September and November sessions as exceedingly hard. This had caused them to feel that the US was not serious in trying to move forward in the negotiations. We wanted to make clear this was not so, that we were prepared to move ahead, but that we wanted some response by Panama to our proposals. However, in the December negotiating sessions, some progress was made.³ Ambassador Bunker emphasized that much work needed to be done before even a conceptual agreement could be reached. He stated that, as a practical matter, it would take at least a year before we could possibly settle on treaty language. Mr. Clements indicated that he was satisfied with the pace of the negotiations.

3. Mr. Clements next raised the question of residual defense. Ambassador Bunker commented that the difficulty in this area was the Panamanian fear of disguised perpetuity. However, he felt that the matter might be adequately handled through some type of neutrality agreement. He suggested that we could possibly work out an arrangement where Panama would guarantee the neutrality of the Canal to

¹ Source: National Archives, RG 59, Inter-American Country Files, Lot 92D281, Box 2, Panama Canal Neg. Lands and Areas (Waters). Confidential. Drafted by Dolvin. Copies were sent to Bunker and Bell.

² Possibly a reference to Document 107.

³ See Document 108.

the U.S. If this guarantee was not fulfilled, the U.S. would have the right, by treaty, to intervene. This type of neutrality guarantee, coupled with a flexible defense arrangement, could possibly satisfy our requirements.

4. General Brown suggested the possibility that we might not want a defense commitment beyond the time that we were responsible for operating the Canal. He stated that when we turned over the Canal, perhaps we should lower our flag and return home. Mr. Clements indicated that this was an interesting possibility which we should consider. General Brown stated that we could, under these conditions, have some type of flexible defense arrangement not necessarily involving any troops on the ground. Mr. Clements indicated interest in this suggestion. Additionally, General Brown said that he was having a study made on the relative value of the Canal which he would pass around.⁴ Initial indications are that this study will show that the overall value of the Canal is not too great from a military standpoint.

5. Mr. Clements raised the question of the desirability of Congressional visits to Panama. In ensuing discussion, Ambassador Bunker stated that visits to Panama to date have been worthwhile. However, in answer to Mr. Clements' question as to whether or not we should actively encourage both proponents and opponents of the treaty negotiations to go to Panama, Ambassador Bunker stated that he thought we should not do so at this time. Instead, we should low-key Congressional visits for the time being. However, if members of Congress wish to visit Panama we should not dissuade them.

6. In summarizing, Mr. Clements stated that he thought there were two essential objectives to be achieved by the negotiations: (1) we should insure that the Canal can continue to be operated efficiently without any breakdown when we turned it over to the Panamanians. This should be achieved whatever the time required to prepare the Panamanians to run the Canal. (2) We should have some guarantee of continued neutrality of the Canal. He felt that if these two objectives were achieved, the rest would be relatively unimportant. Without attainment of these two objectives he was sure Congressional approval could not be obtained.

7. Mr. Clements referred again to General Brown's suggestion concerning a simultaneous termination of operations and defense commitment and asked Ambassador Bunker whether he had in mind asking for a revision of the Presidential guidelines if we were to follow this course. Ambassador Bunker said he would have in mind doing so.

⁴ Not found.

110. Telegram From the Department of State to Secretary of State Kissinger and the Embassy in Panama¹

Washington, January 20, 1976, 2125Z.

14080/Tosec 10021. Subject: Briefing Memorandum: Torrijos' Adventure in Cuba January 10–15. To the Secretary from Rogers, Bunker concurring.

1. We have come out of this well.
2. Castro counseled Torrijos to be patient and peaceful in dealing with US on the negotiations. Torrijos publicly accepted that counsel.
3. Torrijos refrained from endorsing Cuban socialism. He said the two countries were taking different roads to achieve the goal of socio-economic justice. (David Binder, who went along, says that the Panamanians were "shocked" at some of the rigidities they saw). The headlines in Panama the day Torrijos returned were: "Torrijos does not want socialism for Panama."
4. By virtue of this visit Torrijos undercut domestic-opposition moves from his left. By disassociating himself from socialism he reassured his opponents on the right. By both, he has relieved pressures that could have disturbed the negotiations. (Which, by the way, are going well. Bunker feels that good progress was made here in December. Another round will be held in Panama in February. Brown, Clements and Bunker are in touch and, I gather, pretty much in tune.)
5. The Cuba visit received minimal press coverage in this country.
6. The Congress was not, of course, in session. Presumably treaty opponents, and possibly Governor Reagan, will exploit Torrijos' "Cuba connection".
7. Javits talked with Torrijos in Panama the day before he left for Cuba and warned against speaking rashly while there.² Bunker, Jordan and Bell had given the same message earlier to the General and his confidants.
8. Another interesting development: Torrijos has just settled a serious squabble with United Brands on equitable terms instead of moving toward expropriation. Also he has just signed with Texas Gulf for

¹ Source: National Archives, RG 59, Country/Subject Files—Special Collections—Luigi Einaudi's Country Files, Lot 91D371, Box 6, Panama: Background to Treaty. Secret; Immediate; Exdis. Secretary Kissinger was in Copenhagen to meet with Danish Prime Minister Jorgensen.

² In telegram 200 from Panama City, January 12, the Embassy reported that Javits warned Torrijos that "extravagant statements or giving the impression that Panama was becoming a Cuban ally would have the most adverse reactions in the U.S." (National Archives, RG 59, Central Foreign Policy File, D760011-0245)

a huge copper exploitation.³ These show he is more of a pragmatist than a “revolutionary” . . . that he is deeply development-oriented . . . and that he is binding the economy tighter to the United States while trying to undo the “sovereignty” binds.

Sisco

³ Telegram 247 from Panama City, January 16, reported that the Government of Panama and United Brands had reached an agreement on January 8. Telegram 101 from Panama City, January 7, reported the joint announcement by Texas Gulf and the Cerro Colorado Mining Development Corporation of an agreement for exploitation of the Cerro Colorado copper deposit. (National Archives, RG 59, Central Foreign Policy File, D760014-0815 and D760005-1129)

111. Letter From Ambassador at Large Bunker to the Director of Scientific Intelligence, Central Intelligence Agency (Weber)

Washington, February 4, 1976.

[Source: National Archives, RG 59, Ambassador Bunker's Correspondence, Lot 78D300, Box 3, Bios. Secret; Sensitive. Drafted by Barkley. Three pages not declassified.]

112. Memorandum From the President's Assistant for National Security Affairs (Scowcroft) to the White House Chief of Staff (Cheney)¹

Washington, February 16, 1976.

SUBJECT

Panama Canal Negotiations

Status and Timetable

Despite recent Panamanian declarations that we are nearing conclusion of a Canal treaty, we are actually a long way from completion of an agreement.² Of the eight major points requiring resolution, we have reached preliminary agreement on only three.³ The five remaining include some of the most intractable issues.

Ellsworth Bunker has just gone back to Panama to attempt to narrow the differences. He will probably exhaust his present negotiating instructions during the course of these talks and have to return to seek new instructions from the President. Even on an optimistic timetable, Bunker does not expect to be able to resolve the outstanding problems before autumn of 1976. At that point the understandings would have to be transformed into treaty language. Therefore, we expect the negotiations to continue in a steady, careful, and undramatic manner during the rest of this year.

Issues

To be acceptable any agreement must permit us to retain control of operation and defense of the Canal during the treaty's lifetime. We are willing to return jurisdiction over the Zone and its population to the Panamanians. Congressional concern will probably center on this return of jurisdiction and the disappearance of the American Government in the Zone and over reversion of the Canal's operation to the Panamanians at the end of the treaty, towards the end of the century.

¹ Source: Ford Library, National Security Adviser, NSC Latin American Affairs Staff Files, 1974–77, Box 7, Pan Canal Treaty Negotiations (7). Confidential. Prepared in response to a February 3 request by Cheney for more information about the Panama Canal negotiations. (Ibid.)

² In telegram 551 from Panama City, January 24, the Embassy summarized the reports in the Panamanian media announcing that agreement had been reached to return the Canal to Panama in 1995. (National Archives, RG 59, Central Foreign Policy File, D760028–0595)

³ Presumably a reference to the threshold agreements on jurisdiction, administration, and defense which correspond to principles three, six, and seven of the Kissinger-Tack principles. See Document 57.

The Defense Department is fully engaged in this effort and concurs in the above approach. This affords some protection against charges that an agreement would lessen our military security.

Attitudes

Over one-third of the Senate has signed the Thurmond resolution opposing an agreement eventually returning the Canal to Panama, but some of this support appears to be soft. A number of the groups most strongly opposed to a new treaty have indicated they are willing to take another serious look at it. This includes Senator Goldwater and the leader of the Veterans of Foreign Wars.⁴ The U.S. Chamber of Commerce, church groups and big city press all support the negotiations. Nevertheless, we do not under any circumstances want the Canal negotiations to become an issue in the present campaign. It will obviously take time to develop firm support of two-thirds of the Senate even though support appears to be increasing.

Guidance

The following is the guidance we have been using in response to stories put out by the Panamanians that a treaty which would turn the Canal over to the Panamanians in 1995 was near completion:

—The negotiations are continuing. Some progress has been made but differences remain on a number of important issues. We hope that through careful and steady negotiation we can narrow these differences and ultimately achieve an agreement which protects the interests of both countries in this area.

—To questions relating to a possible termination date for the treaty, we have been responding that no agreement has been reached on the termination date of any treaty which might emerge from the negotiations.

—With regard to the specific involvement of the President, our position is that the President is of course interested and follows the progress of the negotiations. Specific guidance for negotiations of this kind are established by the President.

⁴ See Document 106.

113. Memorandum of Conversation¹

San Jose, Costa Rica, February 24, 1976, 11:40 a.m.–12:10 p.m.

SUBJECT

The Secretary's Conversation with Juan Antonio Tack

PARTICIPANTS

Juan Antonio Tack, Chief Canal Negotiator for Panama
Henry A. Kissinger, Secretary of State
William D. Rogers, Assistant Secretary of State for Inter-American Affairs
William J. Jordan, American Ambassador to Panama
Stephen Low, NSC Staff (Notetaker)
Neil A. Seidenman, Interpreter

Secretary: The question is, how much of southern Florida do we have to give you, as well as the Panama Canal? (Laughter)

Tack: All of it.

Secretary: Alright, I'll give you Florida if we can keep the Canal. (Laughter)

Tack: First, I would like to thank the Secretary for the interview. I know this is a very important trip. I also understand you must be very tired.

Secretary: No, I have been meeting with people I like, which I can't say for my trips to other parts of the world.

Tack: I'm sure Ambassador Bunker has told you about our last negotiations. We finished a new stage of the Canal negotiations.²

Secretary: When we leave, I'll take off my shirt and hand it to you. It will confirm what Thurmond is saying about me. Are you satisfied with the progress?

Tack: Yes, we are.

Secretary: I told President Perez in Caracas that we want to conclude an agreement by the end of the year.³ I appreciate your cooperation in this. In the present climate, a crisis could cause us to lose everything. Of course, I could be popular if I said we don't want a treaty. For some reason the Panama Canal issue has people worked

¹ Source: National Archives, RG 59, Central Foreign Policy File, P820117–1124. Secret; Nodis. Drafted by Low; approved by Covey. The meeting was held in the Cariari Hotel. Kissinger was in Costa Rica to meet with President Oduber, Foreign Minister Facio, and other Central American Foreign Ministers.

² See Document 114.

³ Kissinger was in Caracas February 16–18. The memorandum of conversation is scheduled for publication in *Foreign Relations, 1969–1976*, vol. E–11, Part 2, Documents on South America, 1973–1976.

up. I talked to Senator Hart. He supports our position. But he says that in the middle of Colorado people are yelling about the Panama Canal. After the election the President will be in a good position. In the meantime, we should conclude the negotiations. Rogers and I are convinced. I use every opportunity to support the treaty, sometimes in language you don't like—as the time I answered Wallace's questions.⁴ So it is not easy.

Tack: The Panama Canal is a simple problem, but a complex issue. We have to proceed in a statesmanlike way. I fully understand the problem and have no intention of provoking a crisis. We can manage the waiting period. This is fundamental to both countries. What we have to do is proceed on the basis of wisdom toward a solution which is comprehensive. For Panama the problem is not international, but one of national dignity. From our standpoint it is a question of recognizing that the Canal is essential to the US. On the other hand, we hope the US recognizes what Panama needs. It can no longer have territory mortgaged to the Canal Zone. Bunker is clear on this. The choice of Ambassador Bunker is most apt.

Secretary: He is a most distinguished diplomat; a man of towering integrity.

Tack: Our problem is historical, based on the manner in which the Canal was built and arrangements made for its operation. Under present arrangements, Panama would concede to the US three things for the life of the treaty: primary responsibility for the administration of the Canal, primary responsibility for the defense of the Canal, and a guarantee that the Canal would remain open on a nondiscriminatory basis to all countries. In agreeing to these, we have met the objectives of the United States. At the same time, Panama's terms have to do with sovereignty which should be incorporated into the treaty.

Secretary: These principles are not at issue. The issue is a concrete one. It is the question of defense. It has come to be involved in our domestic policy. We can agree on operation and sovereignty. These are manageable problems. Defense is the one we will have the biggest problem with. We are all decent men, but this is the area where the greatest ingenuity will be needed. If I make public statements on defense, you will have to keep in mind our strategy. If we separate privileges of Canal Zone residents from defense, we can take care of the lobby. No American cares about defending special privileges.

Tack: I have no comment because I like the way you say it. The privileges are very significant because they give a colonial character

⁴ See footnote 6, Document 99.

to the Zone. The military problem can be handled. You have done this with others in a SOFA.

Ambassador Jorden: Mr. Secretary, you want to make a distinction between golf courses, theatres, and stores, on the one hand, and workers' rights and benefits on the other.

Tack: Yes, these are details. There is a conceptual problem we should be aware of. There will be an agreement which we will sign. The Canal will be returned to us at the end of the treaty. Panama agrees to the right of use for operation and defense of the Canal. We have a problem which came up at the recent stage in the matter of defense rather than operation. There is a contradiction between the sovereign rights of Panama and the rights of use to be granted to the United States. We believe that user rights pertaining to land and waters should at no time contradict the disappearance of the Canal Zone. This is the basic problem we addressed.

Secretary: What is the concrete issue question?

Assistant Secretary Rogers: We have not talked with Bunker, so we have no report on the latest round.

Tack: It is a bit intricate. I only wanted to convey to you my concern.

Secretary: If you state it as a principle, the essence of which is the disappearance of the Canal Zone, we have no interest in evading that principle. If we can agree on the defense question, we can work out a practical arrangement.

Tack: The Ambassador has the details, but I wanted you to think about this. It is something we cannot keep in isolation. It will spread. We still have to solve duration, expansion, new facilities, and terms of civilian employees.

Secretary: (To Ambassador Jorden) Is that what you were talking about?

Ambassador Jorden: Yes.

Secretary: But you think we are making progress.

Tack: In a sense the differences have been delineated and in some cases narrowed. We are aware we cannot expect to conclude an agreement prior to the election in November, but we would ask you if we can keep up our progress and your interest in the talks.

Secretary: As long as there is no publicity, we can work. We can complete an agreement conceptually by the end of the year. There will be some drafting, but we can begin the campaign for ratification even while the drafting is going on. By January or February next year, it will become an American domestic problem and not yours. This is the schedule we are working on.

Tack: We understand perfectly. In international diplomatic meetings, of course, we will have to bring the matter up. There will be a

meeting of Latin American presidents here in June, and then in September the Non-Aligned meeting will take place in Sri Lanka. We will participate and mention the problem.

Secretary: It will help if in June the heads of state can say that they think it is urgent that a new treaty be worked out, and that they are satisfied that the negotiations are going on, without congratulating us or even saying that the negotiations are going well because we would be asked why. If Latin Americans say it is urgent, that might be helpful, but if the Non-Aligned say it, it would be negative. Most Americans are sick and tired of the Non-Aligned. Moynihan represents American public opinion. Be careful of what happens in Sri Lanka. I will spend months stressing the importance of Latin American relations. My trip has been positive (despite the press). If in June the presidents of the Americas say it is important that a treaty be completed and that the negotiations are going on, we can use it. In Sri Lanka be careful if the Arabs get involved. That might put the whole thing in the middle of another argument. If Reagan runs against Jackson, I make no promises on a deadline. Eventually, of course, both would be forced to do it.

Tack: I always dislike wasting your time. This is a good conversation, but you should be aware of two problems. First, we must try to have a duration which is acceptable to us both. It is very important that the treaty terminate in a way that is acceptable to both countries, and we must work hard and as rapidly as we can.

Secretary: This is the most difficult problem.

Tack: Second, I remember when we met in Washington the Secretary said to me that in negotiating a treaty, where there is a political will, treaties can be concluded in a week.⁵

Secretary: My view is that every bureaucratic problem can be resolved in a certain two-hour period (I modified that to six hours) and every treaty can be negotiated in a week—after the election.

Tack: After November?

Secretary: The end of November or the middle of December. I am disposed to conclude rapidly after the election. In the meantime, you and Bunker continue to work hard.

Tack: This is significant. Ambassador Bunker agreed that after he returned to Washington we would maintain contact. I am at your disposal for any time that you would like a meeting to take place.

Secretary: I am going to try to keep myself out of this but will follow it closely. If I get involved, everyone will think that a treaty is near to being concluded. What are we going to say to the press? Shall we

⁵ See Document 40.

say that we reviewed the status of the negotiations; that you concluded recent negotiations with Bunker; that you will continue the talks with Bunker?

Tack: Yes.

(End of Meeting)

114. Memorandum From Ambassador at Large Bunker to the Assistant Secretary of State for Inter-American Affairs (Rogers)¹

Washington, February 27, 1976.

U.S.-PANAMA CANAL TREATY NEGOTIATIONS:
February 1976 Negotiating Round

We returned to Washington Sunday night from 14 days of talks on Contadora. Our negotiating purposes this time were to consolidate the progress from the December round, and to probe Panama's position on various issues so as to narrow the gaps between us.

The round was fruitful. But we are still some time away from being able to report to the President that, with certain specific changes in guidance, the conceptual basis for a treaty is at hand.

During the round I met with Tack five times—twice formally with our full teams in attendance and three times privately. At his request, however, all but two of the ten formal meetings were without the Chief Negotiators in attendance. (Tack, we were told privately, would be too impatient to address the remaining issues except in broad conceptual terms. With him in attendance the Panamanian team would be too inhibited to address the issues in detail.) I agreed to the procedure but stressed that I did not wish to establish a precedent. Minister Bell presided for our side, Gonzalez-Revilla for Panama's.

The discussions were freer ranging than ever before. Both sides conveyed to each other their concerns, needs and realities. Early in the talks we explained that we were past the stage where we could make major breakthroughs using present guidelines and positions. We explored, without commitment, possible solutions on a "what if" and

¹ Source: National Archives, RG 59, Inter-American Country Files, Lot 92D281, Box 2, Panama Canal Neg Corres, Jan–July 1976. Secret. Drafted on February 26 by Wyrough; cleared by Bell, Dolvin, and Kozak.

ad referendum basis. We stressed that we were not making proposals, but merely attempting to find formulae which could be considered after we returned to Washington.

Principal topics of discussion concerned the issues of lands and waters, duration, the Canal entity and civilian employees.

On the *lands and waters* issue, we made satisfactory progress both at the Negotiator and working group levels. Both sides have agreed to approach the lands and waters issue as a process of reduction, over time, of the area comprising the Canal Zone, but have not agreed yet on a paper describing this process. The Panamanians substantially changed their position by accepting the idea of using a "Spanish bases" type formula to place military family housing and the Empire and Sherman training areas under the SOFA. After Panama put its revised position on a large scale map, Tom Dolvin committed us to responding at the next session with a revised map of the US position. Hopefully, this will narrow the gap further.

We probed hardest on the *duration* issue. Panama "definitively rejected" our "20-40" formula, and proposed, instead, that:

- in 1990 it would assume control of the operation of the Canal;
- in 1999 the presence of US military forces in Panama would end; and
- in 2005, the US responsibility for the protection and defense of the Canal would end.

We countered with a series of "what if" questions concerning a modified "20-40" formula that would provide for:

- the elimination of combat forces when we transfer responsibility for the Canal to Panama; and
- the retention of US defense rights plus a manned US logistics base for an additional 20 years.

At our final meeting the Panamanians pressed us to convert our duration formula into precise dates, but we declined. They indicated that their previous offer exceeded their guidance and that they could not agree to any formula which involved any type of US presence after the year 2000. However, when our team further pursued the matter of a logistics base, the Panamanians declined to rule out future discussion along the lines of the US suggestion.

Our talks on the nature of the new *Canal Entity* were useful, if inconclusive. While avoiding examination of the functions that the Entity should have, we explored the possibility of jointly creating it by treaty in a manner that would allow direct Congressional control. While a solution has eluded us so far, several of the Panamanians, including two of their most influential members, made efforts to find a formula that would satisfy us and ease their political problem.

Throughout the discussions we impressed upon the Panamanians the high importance that the US Congress will place upon the nature of the Canal Entity, and the unlikelihood that the Congress would accept any diminution of its powers concerning the Entity.

A fourth issue which drew attention concerned *civilian employees*. Early in the round the Panamanians proposed that they accept our position on arbitration if we, in turn, would accept their position on Canal employees—that is, respect for employee labor gains, but without SOFA benefits (e.g., immunity for official duty acts, commissary privileges, etc.) Our team rejected this proposal. We tried, however, to explore the issue in detail, and presented orally a list of benefits drawn from those provided in the SOFA. But Panama refused to enter into a detailed discussion.

Turning to unilateral actions, President Lakas raised with me and Morey—and subsequently Tack raised—the desirability of the US releasing to Panama, by executive agreement and before the treaty enters into effect, selected Canal Zone sites for Panamanian commercial development. They want:

- the Navy pipeline;
- Las Bocas drydock;
- a part of Balboa port for loading/unloading vessels
- portions of Albrook “recently vacated and . . . at present unused;” and
- the Coco Solo port/wharf area.

Since I had prior Defense clearance on the pipeline I indicated that we were prepared to discuss its use by Panama, and proposed that the action be referred to the recently authorized Joint Committee on Commercial Activities. We are moving carefully, however, on the other items in the Panamanian proposal. Both sides have felt constraints which in the past have prevented agreement on similar proposals.

As for next steps, we will be focussing with Defense on the key issues of duration, neutrality, the functions of the Entity and lands and waters. We ended our talks with the Panamanians on Sunday without agreeing on a definite date for a new round but with the understanding that both sides needed to assess the results of this round and prepare carefully for the next. That will take some weeks of effort.

I will be sending a shorter summary to the Secretary and shall provide you a copy.²

² In a March 1 briefing memorandum to Kissinger, Bunker provided a summary of the negotiations. (Ibid.)

The minutes of the negotiating sessions are attached. You may want to scan some of them to obtain a sensation of how they went.³

Ellsworth Bunker⁴

³ Not attached, but copies are in the National Archives, RG 84, Lot 81F1, American Embassy, Panama, Panama Canal Treaty Negotiation Files, Box 126, Binders February 1976.

⁴ Printed from a copy that indicates Bunker signed the original.

115. Memorandum From the Deputy U.S. Negotiator (Bell) to Multiple Recipients¹

Washington, March 19, 1976.

U.S.-PANAMA TREATY NEGOTIATIONS
Future Scenario

The White House requested, on an informal basis, the Negotiators' thoughts on how the negotiating process may go in coming months. Ambassador Bunker concurred in forwarding the attached.

S. Morey Bell²
*Minister
Deputy U.S. Negotiator*

¹ Source: National Archives, RG 59, Ambassador Bunker's Correspondence, Lot 78D300, Box 3, General. Secret; Exdis.

² Bell initialed "SMB" above this typed signature.

Enclosure³**SCENARIO FOR THE UNITED STATES-PANAMA TREATY
NEGOTIATIONS IN THE COMING MONTHS**

Undated.

Since the resolution of the State/Defense differences and the resulting change in presidential negotiating instructions last August,⁴ Ambassador Bunker has followed a course of negotiation which can be characterized as steady but measured, and unobtrusive.

That course has been dictated by the fact that the two teams have now reached the most delicate and complex issues in the negotiations, and by the need to keep the negotiations as removed as possible from the domestic political scene in both countries.

Ambassador Bunker believes that by following this course it will not be possible to finish the negotiation until late this year—if, indeed, it proves possible to conclude a new treaty with Panama at this point in history which adequately protects United States interests yet is adequately attentive to Panama's.

Both negotiating teams are cautiously optimistic on that score, at this writing.

Panama, while it would welcome speedier negotiations, seems to acquiesce in that timetable. (Intelligence reports reflect a desire on Torrijos' part that the President go to Panama at some point following our elections to observe the signing of a treaty, which might then be presented to the Congress at the first session in 1977.)⁵

Though acquiescing, Panama will not relax its pressures on the United States to maintain that timetable for—and to make substantive progress in—the negotiations. Those pressures will be applied chiefly through international gatherings (the OAS General Assembly in early June in Santiago; the scheduled meeting of Chiefs of Latin Governments later that month in Panama City; the Non-Aligned Group's meetings in Colombo in August; the UN meetings beginning in September—with Panama sitting again on the Security Council).

Consonant with the steady but measured negotiating course, there were negotiating rounds in Panama in September, October and November; in Washington (a secret one) in December; and a lengthy one,

³ Secret. Drafted by Bell on March 19; cleared by Bunker.

⁴ See Document 95.

⁵ Not found.

again in Panama, in February. The Ambassador anticipates that the next round will take place in Panama in early May. Technical-level talks may precede it. Possibly there would be another round in late May or during June, locale uncertain.

This hiatus between the February round and the prospective round in early May results from the fact that State and Defense are reexamining the specifics of the United States' positions on major issues. Part of that reexamination process has been Ambassador Bunker's direct consultations with the Joint Chiefs of Staff.⁶

Both Departments believe that it may be in order for them to return to the President for revised instructions—as he invited—before negotiating rounds subsequent to those held in May-June. Timing is difficult to predict, but the Ambassador does not now anticipate returning to the President before, say, the late summer. He hopes to be able to present, again, unified State/Defense recommendations.

In the period before the May-June round, and intermittently thereafter, the Ambassador wishes to undertake the consultations in the Congress which the President instructed and which, if not undertaken at this stage of the negotiation, will result in great problems for the Executive Branch later, when a treaty is at hand.

These would consist of one-on-one private interviews with approximately 10–12 members of the Senate and 10–12 of the House.

A few of these in each body would be the leaders. The Ambassador has seen them before on the treaty matter, and seeing them again would be designed to bring them up to date.

The remainder in the two bodies would encompass members whom the Ambassador has not before consulted, but who seem to be both interested in the Canal matter and in a position to be helpful.

Mere "consultation" is not the only objective. The Ambassador will be seeking also the Members' counsel on (a) the "shape" of a possible treaty package, and (b) the strategy and tactics involved in moving any Panama treaty through the complete congressional processes, including the timing.

Because these visits to Members must be fitted around both the negotiating rounds and the congressional recesses scheduled from now through the National Conventions and thereafter, it is prudent to begin them now.

⁶ Bunker met with the Joint Chiefs of Staff on March 5 to discuss the upcoming negotiations, focusing on duration of U.S. rights, lands and waters, civilian employees, and nuclear safeguards for ships transiting the canal. (National Archives, RG 59, Ambassador Bunker's Correspondence, Lot 78D300, Box 3, DOA-DOD, Liaison With)

One visit is essential. Senator Goldwater, having announced a change of heart on the merit of negotiating a new treaty, wishes a briefing from the Ambassador.⁷ Another is not essential but useful: a freshman Member of the House has asked the Ambassador to brief a group of his colleagues.

Over the months ahead we can anticipate a number of requests for the Ambassador's appearance before congressional committees and subcommittees. The Ambassador intends to ask that any such hearings be in Executive session, to protect the confidentiality of the negotiation.⁸

⁷ No record of a meeting has been found.

⁸ In a March 24 memorandum to Scowcroft, Low conveyed many of Bell's suggestions, including that the Congressional consultations should remain private and that the number of consultations should remain limited, unless demand for them increased. (Ford Library, National Security Adviser, Presidential Country Files for Latin America, 1974–77, Box 6, Panama [3])

116. Memorandum of Conversation¹

Washington, April 1, 1976, 8 a.m.

SUBJECT

The Secretary's Breakfast Meeting with Domenici and His Colleagues

PARTICIPANTS

Senators

Pete Domenici (R-N.M.)—Committees: Aeronautical and Space Sciences; Budget; Public Works.

Robert B. Morgan (D-N.C.)—Committees: Banking, Housing and Urban Affairs; Public Works; Select Committee on Intelligence Activities.

Richard Stone (D-Fla.)—Committees: Agriculture; Interior and Insular Affairs; Veterans' Affairs.

J. Bennett Johnston (D-La.)—Committees: Appropriation; Interior and Insular Affairs; Small Business.

Bill Brock (R-Tenn.)—Committees: Finance; Government Operations; Small Business.

Alan Cranston (D-Calif.)—Committees: Banking; Housing and Urban Affairs; Labor and Public Affairs; Veterans' Affairs.

Department of State

The Secretary

Assistant Secretary William D. Rogers

Assistant Secretary Robert J. McCloskey

Michael M. Mahoney (Notetaker)

¹ Source: National Archives, RG 59, Ambassador Bunker's Correspondence, Lot 78D300, Box 4, Key Documents. Secret; Nodis. Drafted by Mahoney on April 2.

[Omitted here is discussion of unrelated matters.]

Senator Johnston: What are your views on the Panama Canal?

The Secretary: Let me explain. This is not just a matter between us and Torrijos—as often presented. It concerns all of Latin America. A refusal to discuss the issue could undermine our relations with the other Latin American nations. I know of no one who knows Latin America who does not foresee some sort of guerilla action. Riots, upheaval. Every country would be against us—well, maybe not Paraguay or Bolivia. This is the only issue that could turn them all against us. There is nothing we would be able to do. Last year Torrijos made an effort to have six Latin American Presidents enter the Zone with him. We headed it off at the last minute. All our friends have told us. There is no country where this wouldn't happen. Mexico? Senator Goldwater went to Mexico. The President told him they'd send the army to Panama. Barry changed his mind.²

Senator Brock: So have I.

The Secretary: We will give up some things—like water rights, but we will retain defense rights. We seek some formula to get us through the useful life of the Canal—40 years. In fifteen years, of course, all hell could break loose but then it would be us and the Panamanians and it would be a new treaty not the old treaty. Other countries like Britain and Suez had the same thing. And I note that Panama is the same distance from here as Suez from England. Let's wait for the treaty. We'll keep the defense operations and give up the irritating features. It will be a year and then we'll have a consent agreement for a treaty—then we'll have to paragraph it and work it out and that's another long stretch.

Senator Domenici: Let me make a few remarks. Senator Cranston and I may have to leave. Thank you for meeting with us. A number of us not on the Foreign Relations or Armed Services committees feel—and we've told you—we want to share ideas and exchange views. We only see you occasionally. I invited these gentlemen as a chance to get your views. Would you conclude that if we don't endeavor to keep the negotiating spirit alive that the effort to get closer to Latin America will be in vain.

The Secretary: That is my judgment and that of all the other leaders that I've met.

Senator Morgan: I was approached by the Ashford Morning Seminar. They were adamant. I told them to send a committee down. Some

² See Document 106.

Legionnaires went. If some civic leaders were sent there it would be good.

The Secretary: An excellent idea. Maybe we could do it when the treaty is further advanced.

Senator Brock: If we could get some Legionnaires. The commander in Tennessee and one or two other states. Three commanders, a small trip, not big. I'm goldarned sure it would help. I'm okay if I keep the VFW off my back. As a politician I know that no issue is more important to the Latin Americans than the Panama Canal. You talk to an Argentinian—this is essential to them.

The Secretary: This is the test of US commitment.

Senator Morgan: The average American just doesn't know how much we have there.

The Secretary: And what is our alternative? To keep the 82nd Airborne there? And 15,000 Panamanians work in the Zone.

Senator Stone: Have you considered presenting us with two segments of the treaty? First the financial; second the social issues; third the general economic issues. Leaving sovereignty, the ultimate transfer to last. Instead of putting it all in one package. If you gave us just the rent first we could get a rhythm of approval established; we could avoid Reagan.

The Secretary: Would the Senate do that.

Senator Brock: It would sail through.

Senator Stone: It gets us into a rhythm.

The Secretary: I don't know if we've finished anything yet.

Senator Cranston: Would Allen and Helms filibuster?

Senator Stone: I talked to Allen. It's not the rent or the work opportunity provisions. It's these other things. Give us one or two revisions and we'd pass through. Why not get it out of the campaign. Bipartisan ratification.

The Secretary: It never occurred to me that it could be done.

Senator Stone: I told Bunker. And the other man, the former Ambassador to the OAS what's his name?

Assistant Secretary Rogers: Linowitz

The Secretary: We'll look into it. I just don't know what the President's ideas would be—about a debate.

Senator Stone: There'd be no debate.

[Omitted here is discussion of unrelated matters.]

117. Telegram from the Embassy in Panama to the Department of State¹

Panama City, April 9, 1976, 2140Z.

2521. Subject: Minister Boyd Comments on US-Panama Relationship.

SUMMARY: Foreign Minister Boyd has told us he will place high priority on maintaining friendly relations between Panama and the United States. He professed to be "pro-American" but also said Panama should maintain pressure on United States until satisfactory new treaty is concluded.² Successful negotiations will, he told us, be his primary goal, realization of which will require close and cordial working relations with United States officials. From Boyd's words and from everything others have told us concerning his attitude and approach to his new responsibilities we believe he understands the need for Panama and the United States to work together. END SUMMARY.

1. Ambassador and Embassy Political Counselor had long conversations with Foreign Minister Aquilino Boyd during small informal dinner April 7. Boyd stressed his desire to maintain close and friendly relations between Panama and the United States and hoped that he and Ambassador would stay in close communication and thereby avoid or minimize problems. His record over the years, he said, showed that he was pro-American. His public criticism of 1903 treaty relationship had been and would be necessary to assure that sufficient "heat" be generated to prevent weakening of current US efforts to negotiate a new treaty. He would do his utmost to bring treaty negotiations to a satisfactory conclusion.

2. During discussion of US political scene, Boyd expressed full understanding of US need for low profile on progress of treaty negotiations during coming months, but hoped that US officials would con-

¹ Source: National Archives, RG 84, American Embassy, Panama, U.S.-Panama Relations: General, 1976, Lot 80F162. Drafted by Blacken; cleared by Gonzalez and Jorden.

² Aquilino Boyd was appointed Foreign Minister on April 1. In telegram 2120 from Panama City, March 25, the Embassy reported that Tack had resigned as Foreign Minister and indicated he wished for Dr. Carlos Lopez-Guevara, former Foreign Minister and adviser to the Panamanian negotiating team, to replace him. The Embassy noted that Tack's prestige and influence in the Panamanian Government had waned and that Torrijos considered him a liability. (National Archives, RG 84, American Embassy, Panama, Panama Canal Treaty Negotiation Files, Lot 81F1, Box 126, POL 33.3-2/Canal Treaty Negotiations/General, Jan-June 1976) In a March 26 staff meeting, Kissinger asked: "I don't think Tack is such a great loss is he?," to which Rogers replied: "It wouldn't seem that way." (National Archives, RG 59, Transcripts of Secretary of State Kissinger's Staff Meetings, 1973-1977, Lot 78D443, Box 9, Secretary's Staff Meeting, March 26, 1976)

tinue efforts to inform US public of need for a new treaty. He said he and his Ministry would continue close cooperation with Embassy in briefing US visitors and journalists. On April 6, he had spent an hour with group of 20 persons representing US National Council of Churches.

3. Boyd showed concern about Cuban activities in Africa and implications for Latin America. He asserted that GOP and US Embassy should closely monitor Cuban activities in Panama.

4. *COMMENT*: Boyd was very cordial in conversations. He made clear he wanted amicable relationships with US officials and with US treaty negotiators. We gained impression that he is sincere in his intention to work with United States officials toward new treaty relationship in open and cordial manner.

Jorden

118. Memorandum of Conversation¹

Panama City, April 11, 1976.

SUBJECT

Canal Treaty Negotiations—Political Background

PARTICIPANTS

Dr. Flavio Velasquez, Advisor on Treaty Negotiations, Ministry of Foreign Relations

Mr. John D. Blacken, Political Counselor, American Embassy, Panama

Following a discussion in which the Panamanians went over with me their notes of the last two sub-group's sessions on lands and waters during the previous week, Velasquez asked if I could meet him later for a drink at his apartment. After my arrival at his home he said he was concerned about political developments and the negotiations. He was not going to talk, he said, about Panama's nationalistic feelings concerning the Canal nor the need for United States to enter into a

¹ Source: National Archives, RG 84, American Embassy, Panama, Panama Canal Treaty Negotiation Files, Lot 81F1, Box 126, POL 33.3-2/Canal Treaty Negotiations/General, Jan–June 1976. Confidential. Drafted by Blacken. The meeting was held in Velasquez' apartment.

treaty. These things he knew I understood. He wanted to talk, however, about a much, much broader political panorama and of the future.

Velasquez said that he and many other educated Panamanians recognized that the United States has a fundamental interest in defending the Western Hemisphere. It has worldwide commercial responsibilities and special responsibilities concerning the efficiency and availability of the Panama Canal to the world. Two key elements in this are good management and protection of the Canal. The United States is the main user and has the responsibility for carrying out these guarantees. Other nations expect the United States to exercise these responsibilities.

The negotiations with Panama have been an instrument for the United States to develop and improve the political and moral basis for exercising these responsibilities. The negotiations have been therefore a necessity for the United States, but for Panama, treaty negotiation is a much more profound matter. Negotiation is not only aimed at perfecting Panama's national independence and restoring Panama's national dignity. More importantly, the treaty will be a way for Panama to assume many of the responsibilities that the United States carries out. Thus the treaty is the means of modernizing Panama.

Velasquez continued, saying that Panamanians have a much broader concept of developing and using the Canal than does the U.S. True, we will probably not run it as well in a very specific fashion, however, Panamanians love the Canal and would use many Americans in its operation at least initially. The initial plans discussed at the technical level would mean to build double channels to the locks, provide more tugs, and thus increase traffic capacity considerably.

But the negotiations are failing as a means of achieving a treaty designed to modernize Panama because of the way in which they are being conducted by the GOP. It is not planning for modernization of the country. It is thinking in much shorter-term political objectives. Torrijos is afraid of modernization. The National Guard General Staff is already afraid things have gone too far. They will find ways to obstruct this process. The reason for their fear is that modernization would mean a shift of power in Panama from Torrijos and the present National Guard General Staff to "technicians" (i.e., executives, engineers, economists, young GN officers, etc.) who would assume responsibilities in cooperation with the United States for operating the Canal and developing a complex economy associated with Panama's role as a transit and service center.

The balance of political power in Panama is very fluid. The GN's top level, including Torrijos and the National Guard General Staff, is nervous. The United States' negotiators will need a good deal of understanding and public relations skill to deal with such "ignorant people".

Torrijos believes the United States is weak. He believes there are many centers of power in the United States which affect the negotiations. In his view, one power group is in the ascendancy one weekend, and the next week it is replaced by another. He also does not believe that the United States will support Panama's nationalistic goals which meted [*looked?*] towards greater independence from the United States. The United States must try to somehow educate him into a better perception of its goals, its power, and its way of doing things. He simply does not understand how the U.S. Government and society functions.

The idea of unilateral concessions is a disaster. Torrijos is seeking them as a way of avoiding taking decisions on the major issues in the negotiations. His technicians have advised him not to waste time on them, but he has ignored their advice.

Velasquez then mentioned the relationship between Lopez-Guevara and Torrijos. While Torrijos respects Lopez-Guevara they have a reserved relationship. Lopez-Guevara is a "technician" who is extremely intelligent and sophisticated. Torrijos does not understand complex ideas and is uneasy in the company of intelligent men.

Velasquez argued that the United States in the negotiations should try to stimulate the interests of the GN General Staff in "things," that is houses, military technology and other rather specific concepts. They will then feel they are participating in the negotiations and will see benefits for themselves. Panama is far from having reached the stage that Iran and Egypt have reached, that is, the stage in which they recognize that their natural ties and interests lie with the United States. Velasquez is avowedly pro-American. The challenge for the United States therefore, said Velasquez, is not only to modernize the treaty relationship but also to negotiate a treaty that will modernize Panama. Panama must be careful to negotiate a treaty that is not limited to the rectification of the problems and resentments of the past but would also lead to the modernization of attitudes and the maturing of Panama. Such a treaty would shift responsibilities to Panamanians in an orderly fashion. Velasquez said the U.S. negotiators would have to do this because, through design or inadvertency, Torrijos and the National Guard will not negotiate such a treaty.

Velasquez stressed that when General Dolvin meets General Torrijos during his next visit to Panama, he should stress that there is one man, Ambassador Bunker, in charge of the negotiations and that we are operating with unity. Dolvin has the prestige to impress upon Torrijos the necessity of working in a systematic manner toward a new relationship. Panamanians regard him as a very skillful and positive factor in the negotiations.

President Lakas must be taken into account and used in helping to develop the new relationship with Panama. The banks trust him,

and the economic structure of Panama is depending upon the banking sector, upon commerce and upon the Panama Canal. If Torrijos does not affect these three things Panama will survive. Lakas is a defender of this system. Vice President Gonzalez must be regarded as an impediment to the new relationship.

Torrijos destroyed Tack's influence over the period of a year and a half by gradually cutting back his authority and humiliating him. The Panamanian negotiators are now working without instructions. They have no coherent instructions on which to go to the next level in the negotiations; therefore, the U.S. initiative must be intelligent and forceful. Tack was a representative of the technicians. He was of humble ("popular") origin and had been building a nationalistic political base. The Security Council meeting here in March of 1973 was the peak of his political influence. He had presidential ambitions. Torrijos recognized this, and therefore he placed his brother Marden Torrijos in the Foreign Ministry to watch Tack and to obstruct him. After Marden left the Ministry, Darien Ayala was placed in the Ministry for the same purpose. Ayala was generally stupid, but he followed instructions. Essentially his role was to obstruct the professionals. Tack has learned that it was dangerous to be intelligent. There is persecution against intellectuals.

The National Guard is not informed concerning the state of the negotiations. Lopez-Guevara and others are concerned over this. Prior to the last set of discussions at the subgroup level on lands and waters, Lopez-Guevara sent a message to Torrijos through Lt. Col. Roberto Diaz Herrera, the GN Executive Secretary, suggesting that a National Guard officer be designated to participate in the talks. Although there was plenty of time for a response, none came. Finally, through Noriega, Lopez-Guevara secured the presence of Major Guillermo Ferrufino of the G-2 staff who attended the final day of the meetings.

COMMENT: Velasquez' view of the Torrijos Government is shared by a number of young well-educated men in the middle levels of government who look with disdain on the political game that is carried on by Torrijos and the General Staff. They regard the "politicians" as ignorant and capable of actions damaging to Panama. Velasquez and Omar Jaen believe that the U.S. is ready to negotiate a satisfactory treaty with Panama. They want both sides to ensure that the treaty does not merely eliminate the political problems and grievances of the past and present, but that it structure a future living relationship in which the Canal and the U.S. presence are used to modernize Panama. They fear Torrijos would sacrifice this for short-term political gains.

119. Memorandum of Conversation¹

Washington, April 14, 1976, 4:30–5:10 p.m.

PARTICIPANTS

President Ford
Senator Jacob Javits
Brent Scowcroft, Assistant to the President for National Security Affairs
Max Friedersdorf, Assistant to the President

Javits: I am ready to help your campaign whenever you push the button.

President: We had two good days in Texas. We had a little flap over Panama. Dan Flood and Snyder—Reagan picked that up.² It's sheer demagogery.

Javits: May I make a suggestion? I met with Torrijos at the State Department's suggestion.³ I think you should be very presidential about this. This is an important issue for the U.S., Panama, and Latin America.

President: I thought I would lay the whole thing out. It is based on a purchase we made in 1903. In no circumstances will we go beyond the seven principles [of February 1974].⁴ The reason we started negotiations in 1964 was we had riots in which both Americans and Panamanians were killed. Wave a paper on the riots and say we are negotiating to avoid a repetition of that. We also want to avoid losing all of Latin America, including Mexico with whom we have 6,000 miles of border.

Javits: I only have one suggestion. Instead of saying first that we will lose our friends, say first the importance is placed on this treaty—then say we will lose all our friends.

President: I think we should take the offensive on this.

Javits: I agree. Be the President.

[Omitted here is discussion of the Middle East.]

¹ Source: Ford Library, National Security Adviser, Memoranda of Conversations, Box 19, April 14, 1976—Ford, Scowcroft, Senator Jacob Javits. Confidential. The meeting was held in the White House Oval Office.

² President Ford was campaigning in Texas ahead of that state's May primary, and he faced a barrage of criticism from Reagan supporters on a variety of issues, including Panama. ("Reagan's Issues Pursue Ford in Texas," *The New York Times*, April 11, 1976, p. 40)

³ See footnote 2, Document 110.

⁴ Brackets in the original.

120. Minutes of Secretary of State Kissinger's Principals and Regionals Staff Meeting¹

Washington, April 15, 1976.

[Omitted here are a list of attendees and discussion of unrelated matters.]

Secretary Kissinger: —and maybe have another briefing on the Panama Canal.

That was a great thing that Bunker did. What got into him, Bill?²

Mr. Rogers: He thought it was all off the record.

Secretary Kissinger: Well, there is no such thing as off the record.

Mr. Rogers: You know that; I know that. But he was nice to the Committee. They swore to him that it would be absolutely protected and not released.

Secretary Kissinger: First, we can't protect Top Secret papers. Why should we be able to protect Congressional hearings? And, secondly, why couldn't he stick to the formulations we've been using formerly?

Mr. Rogers: To "Are we going to give it away?" he said, "Yes."

Secretary Kissinger: Then why couldn't he put it on the basis of "We don't know what it's going to be until we have the negotiation completed"?

Mr. Rogers: Of course. And then we're not giving away anything; we're protecting our interests. There are a lot of ways he could have answered it better than he did. The answer is he was lulled into it, like a witness is lulled into a cross-examination.

Secretary Kissinger: Everybody is thinking he can protect himself with his constituency. He's created a massive problem for the President for no reason whatsoever and for us, because in order to pick ourselves out now we have to say so many things that are going to come back to bite us in Latin America that it's a massive problem.

¹ Source: National Archives, RG 59, Transcripts of Secretary of State Kissinger's Staff Meetings, 1973–1977, Lot 78D443, Box 9, Secretary's Staff Meeting, April 15, 1976. Secret.

² On April 14, Congressman Snyder leaked portions of Bunker's closed-door testimony before the Panama Canal subcommittee of the House Merchant Marine and Fisheries Committee, including Bunker's statement that acknowledged Presidential guidelines to "give up the Canal Zone over a period of time." ("Ford Clarifies Stand on Canal After Conservatives' Criticism," *The New York Times*, April 15, 1976, p. 19) In a meeting with Rogers, Bunker maintained that his remarks were intended to be off-the-record and that Snyder broke his confidence. (Memorandum of conversation, April 15; National Archives, RG 59, Ambassador Bunker's Correspondence, Lot 78D300, Box 8, Chron Jan–June 1976)

Mr. Rogers: You bet it's a massive problem, but we ought to be honest about it. Half of the problem is the President's—what he said in Dallas³—

Secretary Kissinger: Sure.

Mr. Rogers: —and it was the conjunction of what Ellsworth said and what the President had said the week before.

Secretary Kissinger: But Ellsworth should have kept his mouth shut.

Mr. Rogers: Of course he should have.

Secretary Kissinger: (A), we're protecting our interests. Anytime anybody asks the question, I give a long explanation of what the problem is. Then they have to fight the problem rather than the specific negotiating position. All he has to do is explain the problem and say, "We're not sure how it's going to come out. We're protecting our rights in defense. What that is we don't know until we complete the negotiation."

Mr. Rogers: That's the line I've been following. I was dumbfounded.

Secretary Kissinger: But how can people just go up there without telling anybody?

Mr. Rogers: No. The hearing we heard about for a long time. The hearing they called about a month and a half ago, but it was stalled. They had Vessey up, they had Marty Hoffman up; there were three days of hearings. Ellsworth came at the end of the whole thing. And we prepared a statement for him that, you know, was down the line, with no problems in it. But it was cross-examination. Snyder lulled him like a good cross-examiner does into good confidence and security. That was the trick.

Secretary Kissinger: Yes, but it's not that Bunker is a Junior Officer.

Mr. Rogers: No. He made a mistake; there's no question about that. The reasons I'm giving you—(1), he was—

Secretary Kissinger: Because if you think what the President said in Dallas was bad, you wait and see what he says the next time he goes down there.

³ In an April 10 news conference in Dallas, President Ford hedged on whether his administration would cede control of the Canal, stating instead: "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." He concluded: "I can assure everybody in the United States that we will protect defense and operational responsibilities as far as the Panama Canal is concerned." (*Public Papers: Ford, 1976–77, Book II, p. 1066*)

Mr. Rogers: I hope if he follows along the lines of what Ron Nessen said yesterday⁴ we'll be in better shape, because he talks about interests.

Secretary Kissinger: He was going to talk about defense, that we were going to maintain the defense. I made him change it to interests in defense. But if you think you can get that settled in a day of campaign speeches, you're crazy.

Mr. Rogers: No; it's a messy problem.

If there's anything else we can do about it we will do it, but I can't think of anything.

Secretary Kissinger: We can keep quiet.

Mr. Rogers: It's the first preaching we've had on him.

Secretary Kissinger: But it was absolutely predictable.

Mr. Rogers: It wasn't predictable.

Secretary Kissinger: It was predictable in that it would happen once he said what he said.

Mr. Rogers: Of course, but the prepared statement that we had arranged—and I followed the whole line that we've been following right down through here—

Secretary Kissinger: In fact [giving] the Canal to Panama is already the wrong way of stating it, because we haven't got it to give.

Mr. Rogers: That's what I say. Bunker made the first mistake.

Secretary Kissinger: So he shouldn't have accepted the question.

Mr. Rogers: Correct—never accept the questioner's formulation. Never say yes or no. Never get trapped into that formula—that's the first principle. (Laughter.)

[Omitted here is discussion of unrelated matters.]

⁴ Nessen stated on April 14 that "there could of [sic] been a great deal more precision and detail given" in President Ford's April 10 statement. ("Nessen Tries to Clarify Ford Stand on Panama Control," *Chicago Tribune*, April 15, p. 2)

121. Memorandum From Stuart Eizenstat to Governor Carter¹

May 11, 1976.

RE: Panama Canal

Attached is Colonel Donovan's memorandum on the Panama Canal,² which includes the Statement of Principles agreed upon by Secretary Kissinger and the Minister of Foreign Affairs of the Republic of Panama. Colonel Donovan believes that we should stress that our negotiations with Panama should insure *security* of the Canal, its *availability* for civil and military purposes to the United States, and the *efficient* operation of the Canal.

You have already stressed that the "in perpetuity" language should be removed, and this is covered by the Statement of Principles.

Also, the \$2.3 million dollars per year we pay Panama should be adjusted upward.

One tack to take is to stress that while the Panama Canal is vital to our national interest and while its security is critical, one of the best ways to assure its security and availability is to have peaceful relations with the country in which the Canal is located. Nothing could be more counterproductive than to have guerilla warfare or a continuing irritant in our relations with the country in which the Canal is located.

¹ Source: Carter Library, Campaign Issues Office, Box 26, Folder 5. No classification marking. Eizenstat was the Policy Director for Governor Carter's Presidential campaign.

² The memorandum, dated May 11, entitled "The Panama Canal Issue," is attached but not printed.

122. Memorandum From Stephen Low of the National Security Council Staff to the President's Assistant for National Security Affairs (Scowcroft)¹

Washington, May 13, 1976.

SUBJECT

Canal Negotiations

During the past week a number of people have asked me for guidance on continuing the Canal negotiations, indicating some difference between them.

On the one hand, both Ellsworth Bunker and Tom Dolvin have explained that they were operating on a "business as usual" basis but were getting no cooperation from the Army (Veysey and Hoffman). To both of them I said I understood the guidance as continuing careful and deliberate negotiations, recognizing that agreement was not possible before 1977.

On the other hand, *Vic Veysey, former Congressman and presently Assistant Secretary of the Army for Civil Works, has called me in alarm at what he considers the "flurry" of activity by the negotiators.* He quite clearly wishes we had never gotten into the negotiations and does not want to provide the negotiators with the materials they have requested on specific negotiating issues.

Veysey understands and agrees that the negotiations should continue. He is worried that progress might be made which could be used against the President. I pointed out to him that no progress had been made in the negotiations since last September and that it was unlikely that any significant progress could be made until the negotiators came back to the President for further instructions since the duration issue was at the heart of the remaining issues and there is no room for agreement under present instructions.

There does not seem to be much substantive disagreement between the two sides, but working relations are at present bad, and there is a possibility that further misunderstanding could arise.

Bud² has asked that I let you know what events are presently scheduled by the negotiators. *As of this morning, they had planned to go down to Panama about July 10 for a week to ten days.* During the meeting all of the issues would be discussed on an exploratory basis. The attempt

¹ Source: Ford Library, White House Central Files, Subject Files, Box 13, 3-1 Panama Canal, 4/1/76-5/21/76. Confidential. Sent for action.

² Robert "Bud" McFarlane of the National Security Council Staff.

would be to clarify the issues, narrow the differences, and define positions. There was *no thought of any agreement coming out of the meeting. Then the negotiators had in mind skipping a month and going back in September. In this country there is no testimony planned in Congress or any speeches scheduled.* The negotiators are responding on a background basis in answer to questions. The testimony given recently before the Panama Canal Subcommittee has been corrected and is being returned to the Congress. It is understood that *Representative Snyder will probably reintroduce his amendment to terminate expenditure of funds for the purpose of carrying on the negotiations.*³

I continue to believe that to suspend negotiations now would be defensive and in effect would admit the correctness of the Reagan position. When I said that I understood our guidelines to be “*deliberate and careful negotiations*”, I meant that *we should continue discussions with the Panamanians issue by issue, attempting to move the negotiations along so that by the time we get to 1977 we will have a feel for the shape of a possible treaty.* By “deliberate and careful”, I meant that I saw no reason for our making any new concessions at this point but that we should continue discussing the issues with the Panamanians. The phrase also describes the pace which would be unhurried, but continue. We would neither aim at early agreement nor would we suspend all progress.

Veysey had said that he would not want to suspend the negotiations. I gather that he and Hoffman really do want to do so and have now convinced Clements of this.

In the meantime, I think Bunker will probably go to Buchen⁴ and others, including perhaps yourself, to express his concern at the new Clements position. The question, therefore, has now become whether or not to continue the negotiations. My own recommendation remains what it was in my May 13 memo.⁵ However, I do not know whether it would now be adequate to talk to Admiral Holcolmb.⁶ I would suggest you talk either to Clements or Secretary Rumsfeld. Alternatively, we could put it up to the President.

I suggest two things: that you confirm my understanding of our guidance as stated in the recommendation below and that you ask Admiral Holcolmb to clarify the matter with the Army in terms of the talking points below.

³ See footnote 2, Document 85.

⁴ White House Counsel Philip W. Buchen.

⁵ Not found.

⁶ Admiral M. Staser Holcomb was Secretary of Defense Donald Rumsfeld’s military assistant.

Dolvin also told me that while in Panama he met alone with Torrijos (with the full understanding and backing of Bunker).⁷ I think this is useful since it provides a helpful alternative channel to the General. Torrijos brought up with him the President's statements on our retaining the Canal during its "usable life", saying that this gave him great problems with his student opposition.

Recommendation:

That you confirm that our guidance is to continue the negotiations in a deliberate and careful fashion, recognizing that agreement is not possible this year but aiming at reaching an accord in 1977.⁸

And that you make the following points to Admiral Holcolmb for clarification with Army (Hoffman and Veysey):

—We do not want to appear to look defensive or as though we are reacting to irresponsible charges by appearing to have slowed down or stopped the negotiations.

—Therefore, we want to make it clear that as far as we are concerned negotiations should continue in a deliberate and careful fashion; and

—I wanted to be sure that all parties, including particularly the Army, understood this.

⁷ See footnote 2, Document 123.

⁸ Scowcroft did not indicate his approval or disapproval, but his interest in the issue persisted. On a May 17 memorandum from Low, Scowcroft added a note asking Low if the issue had been "taken care of." (Ford Library, White House Central Files, Subject Files, Box 13, 3-1 Panama Canal, 4/1/76-5/21/76) In a May 25 memorandum to Scowcroft, Low wrote that Bunker's "compromise idea that the negotiations would continue at a lower key" had won over Clements. (Ford Library, National Security Adviser, NSC Latin American Affairs Staff Files, 1974-77, Box 7, Pan Canal Treaty Negotiations [8])

123. Memorandum From the Deputy Department of Defense Negotiator (Dolvin) to the Deputy Secretary of Defense (Clements), the Secretary of the Army (Hoffmann), the Chairman of the Joint Chiefs of Staff (Brown), and the Assistant Secretary of Defense for International Security Affairs (McAuliffe)¹

Washington, May 14, 1976.

SUBJECT

Panama Canal Negotiations

1. *General.* During the period 29 April–7 May 1976 I visited Panama and the Canal Zone. The purpose of the trip was: (1) to participate in the Panama Canal Treaty Negotiations; and (2) to discuss the status of the negotiations with USCINCSO and the Governor, Canal Zone. I also had the opportunity to hold a lengthy private discussion with General Torrijos. The results of the visit are addressed in the Enclosure.²

2. *Negotiating Sessions.*

a. The United States Panama Canal Negotiations Team was in Panama from Saturday, 1 May, to Friday, 7 May. The primary purpose of this negotiating round was to get acquainted with the new Panamanian Foreign Minister and Chief Negotiator, Aquilino Boyd, and to review with him the progress in the negotiations to date. There were, in all, three meetings of the two full teams and one technical-level meeting on the issue of lands and waters.

b. At the first meeting the United States Team presented their view of the progress in the negotiations to date, emphasizing the movement over time (since 1967) in the United States' positions. At the second team meeting the Panamanian Team presented their view of the progress in the negotiations, including a statement of their formal negotiating positions on the issues.

c. The third team meeting was devoted to a discussion of the differences in the Teams' respective views of progress, particularly in the issues of duration, expansion, the level of US Forces, and the nature of the new administrative entity. The results of the discussion on the issues are summarized below:

¹ Source: Washington National Records Center, RG 330, OSD Files, FRC 330–79–0049, Panama 821 (May–Dec) 1976. Secret.

² The memorandum of Dolvin's May 5 meeting with Torrijos is attached but not printed.

(1) *Duration.* The Panamanian position on this issue now is a termination date for both defense and operation of the year 2000 but a transfer in majority voting control to Panama in 1995. The Panamanian team stressed the impossibility of their going beyond the year 2000 and suggested that the US begin to formulate its positions on other issues with this shorter duration in mind. They wanted, in essence, a list of what Panamanian concessions would be required in order for the United States to accept 2000 as the Treaty's termination date. The United States team responded by pointing to its movement over time on this issue, to the February discussions on possible avenues of accommodation, and to Panama's backward movement, and by suggesting that it was for Panama to propose a solution on this issue.

(2) *Force Level.* The Panamanian position on this issue now is that at the inception of the Treaty, the level of US Forces shall not exceed the level of Guardia Nacional Forces and that there shall be a process of reducing this level over time—a process linked to dates. The Panamanians stated that the level would not apply in times of “conflagration”—that the US Forces could be reinforced unilaterally in these cases. When pressed on what they meant by that term, they suggested that the US would have the unilateral right to reinforce not only in cases of conflict with third countries but also in cases of threats to the Canal from non-governmental sources within Panama. The US negotiators noted the Panamanian comments.

(3) *Nature of the New Canal Administrative Entity.* On this issue the US team stressed its position that the new entity must be a US Government agency, arguing that it is not only a political necessity but also consistent with the Statement of Principles. The Panamanians are continuing to ask that the Canal be administered by an international juridical entity created by the Treaty, with the US exercising effective control through a majority of votes on the Board of Directors.

3. *Chief Negotiators Session.* A separate meeting of the Chief Negotiators, Minister Boyd and Ambassador Bunker, was held during the evening of 6 May. Also in attendance were LTG Dolvin, Minister S. Morey Bell, Ambassador Nicolas Gonzalez-Revilla and Romulo Escobar Bethancourt.

At this meeting *Foreign Minister Boyd* said that the Panamanian Team has a “message” to deliver to the United States negotiators. It was to the effect that Panama is “firm” on a duration period for both Canal operation and Canal defense which terminates in the year 2000. Ambassador Bunker stated that he understood the “message” but reiterated that it was nearly impossible to conceive of a set of concessions which Panama could, as a practical matter, make that could lead the United States toward agreement on the year 2000.

4. *Technical Meeting—Land and Waters.* On 6 May, General Dolvin and Edwin Fabrega, together with other US and Panamanian represent-

atives, met to review the land and waters issue at the technical level. No maps or documents were exchanged or utilized in the discussions. General Dolvin emphasized that the US representatives were working hard to develop a position which would address the Panamanian areas of “high impact”. He indicated that this approach in turn would require the Panamanians to agree to US retention of certain areas we deem important. General Dolvin also indicated that our approach which substituted specific treaty land and water “use rights” for large areas under Entity control was controversial. Edwin Fabrega stated that there was also great controversy within the Panamanian Government regarding the issue of land and waters. Various other aspects of the issue were discussed in general terms.

5. *Discussion with General Torrijos.* The attached memorandum describes the substantive issues discussed during the meeting between General Dolvin and General Torrijos held 5 May 1976.

6. *Conversation with General McAuliffe and Governor Parfitt—Land and Water Areas.*

a. General Dolvin directed the DoD Support Group to draft an unofficial US land and waters position in March 1976. This revision was developed in response to the new Panamanian land and waters proposal presented during the negotiations of December 1975 and February 1976.³ The unofficial US position was revised in April 1976 based on comments and discussions with USCINCSO, PCC/PCG representatives, Panamanian officials and the PCNWG.⁴ The latest revision was reviewed by USSOUTHCOM and PCC/PCG representatives during the period 28 April–3 May 1976. The land and waters position will be incorporated into the US presentation at the next negotiating round. The position still has no official status; consequently, it will be presented on an unofficial basis. Since the proposal has been subjected to numerous discussions with both US and Panamanian representatives, it is believed that the areas of disagreement have been narrowed to the point where the interests of both sides may be accommodated.

b. General Dolvin and General McAuliffe met for 2½ hours on 30 April to discuss the land and waters issue. As a result of their discussions, it appears that most of the defense related aspects of the land and water issue have been accommodated, provided the “unilateral US defense requirement” is resolved.

³ See Documents 108 and 114.

⁴ The Lands and Waters technical sub-group began meeting on April 2 to explore revising the U.S. and Panamanian positions. (National Archives, RG 84, American Embassy, Panama, Panama Canal Treaty Negotiation Files, Lot 81F1, Box 125, POL 33.3–2/Lands & Water, 1976)

c. General Dolvin and Governor Parfitt met for 2 hours 30 April to discuss the land and water issue as it applies to the Entity. The Governor did not modify his position regarding the issue. He did, however, agree to review and comment on General Dolvin's land and waters position. Detailed comments were developed during the period 30 April–3 May 1976. These comments will be provided to the Assistant Secretary of the Army for Civil Works. Upon receipt they will be incorporated into the land and waters proposal.

7. Summary.

a. The next negotiating session will take place in early July after the conclusion of the primaries. At that time the United States negotiators plan to present a comprehensive position on all the major issues, i.e., duration, nature of the entity, neutrality, land and waters, employee rights and benefits, and expansion. The position will be unofficial and be presented on a "what if" basis. It is anticipated that the Panamanians will respond in kind.

b. In order to prepare the US position, Ambassador Bunker has directed the Deputy Negotiators to provide him with a coordinated position not later than 15 June 1976. The PCNWG will meet shortly to coordinate this effort.

Welborn G. Dolvin

Lieutenant General, USA (Ret)

*Deputy Negotiator from the
Department of Defense for the
Panama Canal Negotiations*

**124. Memorandum From the Deputy Director for Operations,
Central Intelligence Agency (Wells) to Multiple Recipients¹**

FIRDB-312/01711-76

Washington, undated.

SUBJECT

Panamanian Efforts to Resolve Duration Issue in Canal Treaty Negotiations

1. The following information was obtained from [2½ lines not declassified].

2. Aquilino Boyd Guardia, Foreign Minister and chief canal treaty negotiator, said on 22 May 1976 that General Omar Torrijos Herrera, Chief of Government, recently had instructed the negotiators to be prepared to offer new concessions on defense, lands and waters, and other less important issues in order to obtain the agreement of the United States that the duration of the new canal treaty not extend beyond this century. According to Boyd, Torrijos recently came to the conclusion that the widespread international support which Panama has received on the treaty negotiations will insure that Panama's goal of taking over the canal in this century will be achieved. This will be a great triumph for Torrijos and for Panama. Boyd said that duration is clearly the most important issue to Panama, and that if it can be resolved successfully, the other issues can be resolved in a brief period of time.

3. Boyd said he believes one manner of possibly satisfying the desire of the United States to retain residual defense rights beyond the year 2000 would be for the United States and Panama to agree to a cooperation and mutual assistance pact similar to that which existed between the Soviet Union and Egypt from May 1971 until March 1976. Such a pact would be totally separate from the new canal treaty, but would stipulate that the United States could come to the assistance of Panama to defend the canal at any time of emergency or danger which affected the security of the canal. This pact could be written to extend beyond the life of the new canal treaty, thus satisfying United States aspirations on canal defense, while at the same time avoiding the problems which Panama would face if the new canal treaty included provision for a United States presence in Panama which extended into

¹ Source: National Archives, RG 59, Inter-American Country Files, Lot 92D281, Box 2, Panama Canal Negotiations Correspondence, Jan–July 1976. Secret; Not Releasable to Foreign Nationals; Not Releasable to Contractors or Contractor/Consultants; Dissemination and Extraction of Information Controlled by Originator. The memorandum was sent to Saunders, Bunker, Dolvin, Bell, and Low.

the next century. In addition, the pact would guarantee that all United States ships would have unrestricted transit through the canal.

4. Boyd said he had presented his idea of a separate mutual assistance pact to Torrijos, who agreed that it appeared to be a good idea. Torrijos told Boyd to prepare a draft proposal of such a pact for Torrijos' consideration. Boyd said that if his proposal was approved by Torrijos it would be presented to the United States during the next round of treaty talks.

5. Boyd commented that during a seminar for government employees which was held recently, he was asked how much longer Panama would continue to negotiate a new canal treaty before it decided to resort to violence to obtain the canal. Boyd said that he responded that Panama intended to keep negotiating in a rational manner until a new treaty was agreed upon and that violence would be avoided at all costs. He said Panama's cause would be lost if violence were employed. Boyd said he told the questioner he had learned that the people of the United States were very emotional and they rallied together strongly when they were attacked. He recalled the forceful appeal which the phrases "Remember the Alamo" and "Remember Pearl Harbor" had had in past years, and he said that he did not want to allow a situation to develop where the new rallying cry would be "Remember Panama".

8. The above information is being made available to the Chargé d'Affaires of the United States Embassy in Panama. No further distribution is being made.

William W. Wells²

² Printed from a copy with this typed signature.

125. Telegram From the Embassy in Colombia to the Department of State¹

Bogota, June 11, 1976, 1404Z.

5731. Subject: Allegation of Involvement of General Omar Torrijos in Cocaine Traffic.

1. Bogota DEA Office (BDO) has just informed me that they have unconfirmed information from one of their confidential informants (CI's) of a cocaine deal with Panama which involves General Omar Torrijos himself, and that CI has been invited to "invest" in the proposed deal and visit Panama later this month to take part in negotiations possibly to include (allegedly) contacts with General Torrijos. BDO's question is whether to instruct CI to enter scheme and go to Panama or not. Because of obvious extreme sensitivity and possible ramifications I am submitting matter for Department's information, guidance and instructions.

2. BDO's information is as follows: CI SZE-6-0012 states that a Colombian group, principals of which are a Hernan Garcia Mora, a not well-known flour mill owner and businessman, Alejandro Lozano Aparicio, Colombian national (otherwise unidentified) and a Colombian Air Force Captain Russi, invited him to travel to Panama with them between June 15 and June 20 to meet with General Omar Torrijos and his brother. Allegedly, Garcia Mora will be discussing a legitimate coffee and sugar transaction, but under cover of this, group will also discuss a future cocaine delivery. Lozano, who is a long time friend of CI, offered this "business opportunity" to CI. According to CI, he was told group will be met at Panama airport by General Torrijos. Garcia Mora will be carrying a letter from President Lopez introducing this group and their coffee and sugar trade proposals. This letter and the trade "mission" are legitimate and will be used by the group as the cover. CI further stated that an unknown man involved in Panama's casinos will be the contact man when the cocaine is delivered. This person is said to be an "extremely close friend" of Torrijos. Bogota CI is in a position to either accept the offer and travel with the group to Panama or to decline.

3. BDO informs me that CI has been used by them for about a month; he is an emerald dealer, allegedly never involved himself in narcotics, but who "knows" the criminal network. He was recruited to provide intelligence information. Information provided so far looks good, but its reliability has not really been tested. BDO states CI "fell into" above

¹ Source: Ford Library, National Security Adviser, Presidential Country Files for Latin America, Box 3, Colombia—State Department Telegrams to SECSTATE NODIS. Secret; Immediate; Nodis.

information; it was not part of intelligence BDO has been seeking develop with CI. BDO further tells me that as far as can be ascertained Garcia Mora and company have never been in narcotics before. BDO speculates that what happened is that someone in Panama, aware of a legitimate business venture and trip, contacted Lozano and suggested use of it as cover for cocaine deal, and Lozano contacted CI because they probably need him for connections with cocaine traffickers. BDO has confirmed that two Colombian Air Force flights are scheduled between June 15 and 20, one of which will be carrying Commander of Colombian Air Force on a legitimate visit to Panama and who might very likely be met at airport by General Torrijos. Whether there is any connection between this and CI version, whether businessmen and Air Force Captain involved would be on that plane or not, is all speculation at this point.

4. BDO states it does not know how good CI's information is as to General Torrijos' involvement, and that conceivably General Torrijos' name is simply being invoked by others (possibly family) trying to set up deal. I personally am very skeptical that General Torrijos himself is involved or would himself "negotiate". Nor do I discount possibility story brought to us as provocation. Nevertheless since we have received that information and CI is in effect asking whether he should go (on our behalf), there is an issue. There are obviously three options: a) simply drop matter; b) send the CI; or c) do not send CI, but have him simply keep contact and see if he gets any other information. (In this case if group hoped to use CI to get cocaine, CI would have to "introduce" them to other potential connections and step aside).

5. Basic issue of course is whether USG through DEA agents should set up an operation designed to confirm, probe, expose or entrap (depending on how one looks at it) a foreign Chief of State, and the information this would put into the hands of a Colombian informant regarding DEA agents' interest in, and presumably efforts to probe, General Torrijos' possible involvement.²

6. BDO would appreciate guidance and instructions. To restrict dissemination, above information has not been passed in normal channel to HQS DEA, Caracas Regional Office or Panama DEA. Department will wish to make appropriate distribution (BDO suggests Mr. J. Jensen Deputy Administrator). Since I cannot make lateral distribution in this channel, Dept. may also wish inform Ambassador Jorden and get his appraisal.

Vaky

² No evidence of an operation to investigate Torrijos' possible involvement has been found.

126. Memorandum of Conversation¹

Santiago, June 11, 1976, 9:30–10:30 a.m.

SUBJECT

United States-Panama Treaty Negotiations

PARTICIPANTS

Panamanian Foreign Minister Aquilino Boyd
Ambassador Nander Pitty
Dr. Carlos Lopez Guevara
Secretary Kissinger
Assistant Secretary William D. Rogers
Stephen Low (notetaker)

Boyd: You must feel good about the outcome of the sessions.

Secretary: So far they have been very good. The atmosphere with our sister republics has really changed. At Tlatelolco, the whole thing was an attack on the United States. The atmosphere has improved greatly.² You have behaved with great wisdom. You could have been inflammatory. I told the Foreign Minister of Venezuela that I thought Torrijos has behaved with restraint and wisdom after much provocation.

Boyd: We understand your electoral process.

Secretary: If we get through the year, we can move rapidly.

Boyd: In one week of shuttle diplomacy, you could get a treaty.

Secretary: There is no sense of facing the issue until after the election. An elected president can do the treaty and sell it to the Congress. You have cooperated very well. We should move carefully. We are getting most of the issues resolved. How about lands and waters?

Boyd: We cannot make systematic progress until we get a clear idea of duration.

Secretary: Is it true that the useful life of the Canal is only forty or fifty years?

Boyd: Thirty to fifty is what the experts say.

Secretary: And after that, what happens?

¹ Source: National Archives, RG 59, Central Foreign Policy File, P820118–1374. Secret; Nodis. Drafted by Low on June 17; approved in S/S. The meeting was held in the Secretary's suite at the Carrera Hotel. Kissinger was in Santiago to attend the OAS General Assembly.

² A reference to the February 1974 Tlatelolco Conference; see footnote 3, Document 29. At Santiago, in contrast, the United States and Panama on June 9 presented a joint report to the OAS General Assembly on the status of the Canal negotiations. For the text, see the Department of State *Bulletin*, July 5, 1976, pp. 12–13.

Lopez: We will have to have new works; make some substantial modifications.

Boyd: I must tell you frankly; General Torrijos was very disappointed with the press reports of the President's statement about giving us the Canal at the end of its useful life.³ He was really very upset. He said, "What do they want to give us, a piece of junk?"

Secretary: In terms of this campaign, I don't know what is being said. I made my own mistake about defense. But considering it was Florida,⁴ even saying that we were engaged in negotiations was going a long way.

Boyd: Also in Phoenix, where you said you would defend the Canal against all of Latin America.⁵

I do think that at the next meeting we have to make some progress in terms of the duration issue. We have talked about the end of the century. Bunker says thirty years; one term for control and one for defense.

Secretary: On operation, there is no problem.

Boyd: We are willing to look for all kinds of safeguards regarding neutrality and the openness of the Canal. Who is going to be more happy than the present generation of Panamanians in 1995? They will be in a very good position.

Secretary: If we had a clause in which you guaranteed free access in perpetuity, that might do it. Then it would take a lot of courage if you were to violate it. You couldn't get away with it. I believe it is a problem that we can find a solution for by handling practical problems through practical provisions. You have to remember that for us to continue the formal consideration process during a campaign is some thing. We have no discipline now. People don't care if they're fired.

³ During a question-and-answer session May 2 in Fort Wayne, Indiana, Ford stated: "All the experts that I have talked to tell me that the economic usability of the canal is no longer than 50 years. In fact, it is getting less and less valuable as a means of transportation today than it was 5 or 10 years ago. So, what we are trying to do is to make sure that during the economic lifetime of the canal, we have an absolute control over it." (*Public Papers: Ford, 1976-77*, Book II, p. 1412)

⁴ See footnote 6, Document 99.

⁵ In a question-and-answer session after an April 16 speech to the Downtown Rotary Club in Phoenix, Arizona, Kissinger stated: "Now, if necessary, we will defend our interests in the Panama Canal against all of Latin America, if we must. But, in the meantime, we want to explore whether it is possible to achieve arrangements in which our interests in the defense of the canal and in the operation of the canal are fully safeguarded but in which, at the same time, we are avoiding the possibilities that are inherent in that situation, where all of the Latin American countries could unite against the United States on that narrow issue. I repeat: the United States will not surrender its interests in the defense of the canal or its interests in the operation of the canal." (Department of State *Bulletin*, May 10, 1976, p. 605)

If the Democrats win, they will pursue our policy. If Ford wins, you know what we would do. The thing is to get through the next few months without it becoming an issue. Can't they work on practical issues like access and a few things that safeguard our rights other than duration?

Boyd: Since this is a package of eight points, you have to tell your team and we will work it out. Tell them to present a term of duration relating it to the other points. They can say, we are willing to do this and that and the other things.

Secretary: It's okay if we don't do it in July. You understand we can't do anything without it becoming public. We want to put it up to Congress with an elected president. If we did it now, even a Democratic candidate might be forced to say things he didn't want to say. I want to keep Panama out of the campaign. Our joint declaration was very helpful.

Boyd: I have another idea. Have General Dolvin come up with a proposal on duration from the military side.

Secretary: No, it wouldn't work. I know the Pentagon. We have made great progress. Clements has come around to our point of view. Now he is on our side and we have Goldwater. Even in Phoenix I really supported negotiations. All I said was that if we failed we would defend the Canal, but I don't expect that we will fail. I will talk to the General but don't expect major progress in July.

Boyd: You have to think about our internal situation. General Torrijos is not having an easy time.

Secretary: It is amazing. He has done a superhuman job. You and he have shown great wisdom under trying conditions.

Boyd: We are afraid we might be thrown to the lions if we don't do something by August. The economic situation is not very good.

Secretary: The Republican Convention is on August 16. Until then Reagan will attack the President on anything.

Boyd: Then can't you do something through an executive order in Panama to alleviate the situation? We want to build a container port. Our Minister of Finance wants to see Bill Rogers about this.

Rogers: I would be delighted to see him if he wants to come.

Secretary: We will extend ourselves for that. Is there anything the military can do in Panama?

Rogers: The problem of a container port is that it is not just an Executive Branch decision, and Congress feels very strongly about disposing of property.

Boyd: I will report this discussion to General Torrijos.

Secretary: I have high regard for him and appreciate his restraint. The Vice President knows him personally and has a very high regard.

The President has stuck by the negotiations. We all know what the issues are. We can try to work them out with some kind of guaranteed access in perpetuity, do something on lands and waters now. That is one area where we ought to be able to be more flexible.

Lopez: We have talked and talked and talked about this.

Secretary: If we can't do anything on duration, we can move on lands and waters.

Boyd: After drawing up the draft of an agreement, we will have to do something which will give a forceful optical impression like the disappearance of the Canal Zone.

Secretary: It will be a historical event and I think we ought to make something out of it.

Boyd: I am convinced that President Ford will continue to help. Torrijos and Rockefeller are two persons who have tried to show good will.

Secretary: I have been very impressed by your conduct here. It has been calm and constructive.

End of the conversation.

127. Memorandum From the Deputy U.S. Negotiator (Bell) to the Senior U.S. Treaty Adviser (Wyrrough)¹

Washington, June 25, 1976.

**U.S.-PANAMA TREATY NEGOTIATIONS:
Handling our Latest Crisis**

The Negotiators met with Ambassador Gonzalez-Revilla and Torrijos' confidant Rodrigo Gonzalez June 24. The Panamanians reiterated that the Boyd-Kissinger conversation at Santiago² had a "heavy" adverse impact on their Government.

Panama interpreted the Secretary's remarks as (a) indicating that the President is not prepared to fulfill his negotiating commitments

¹ Source: National Archives, RG 84, American Embassy, Panama, Panama Canal Treaty Negotiations Lot 81F1, Box 126, POL 33.3-2/Canal Treaty Negotiations/General, Jan-June 1976. Secret; Nodis. Copies were sent to Bunker, Shlaudeman, Low, Dolvin, Chargé Gonzalez, and Feldman.

² See Document 126.

before November—or, indeed, perhaps before the year's end, and (b) ruling out any “substantial progress” at all during this period (progress, that is, on the duration-neutrality complex).

More important, Panama has concluded that the United States deceived Panama at Santiago. It lured Panama into the Joint Report and the Resolution,³ which told of significant progress, then after those documents were on the record the Secretary told Boyd: “no more progress this year”. They confided that Torrijos came close to instructing OAS Ambassador Pitty to “lash out” at the United States publicly following the Boyd-Kissinger meeting.

Responding, the Negotiators pointed out that the Clements-Brown arrangement with Torrijos included an understanding that there could not be much progress before the year's end.⁴ Rodrigo Gonzalez confirmed that Torrijos had, indeed, so understood. But, he explained, domestic problems for Torrijos had increased in the period since that arrangement.

The Panamanians asked what the two negotiating teams should do “between now and then”, and the wisdom of holding a round in July was addressed.

The Negotiators pointed out that if a round were to be held before the Republican Convention, the U.S. positions could not be very attractive to Panama, and that a July round could conceivably add to the President's troubles in the election campaign. But they wished to know if Panama had any desire for a July round, on the understanding that not much substantive negotiating would probably be possible. The Panamanians said they would consult on this question.

Late in the evening of June 24, Gonzalez-Revilla telephoned me to say that the United States could be “99% certain” that Panama agreed to putting the next round over until after the August Convention. I told him that we wanted to be sure that such a course would be 100% agreeable to Panama—that we did not want Panama to feel that the United States was imposing a postponement, and that the United States would be willing to hold a July round without much substantive progress should Panama so desire.

³ Regarding the joint report, see footnote 2, Document 126. Resolution AG/RES, 219 (VI-0/76) on the status of the negotiations, adopted on June 17, recognized the “significant differences” between the parties but expressed the hope that the negotiations would be completed in 1976.

⁴ See Document 97. During the September 3 meeting, Clements told Torrijos that political problems in the United States precluded completing the treaty before the end of 1976. “Torrijos replied that one or two years would not be ‘a problem.’” (Telegram 215649 to Panama City, September 10, 1975; National Archives, RG 59, Central Foreign Policy File, D750314–0185)

Gonzalez-Revilla said he understood our position fully, and would let us know once he returned to Panama if there were any change in the Panamanian position.

Several remarks he made in the course of the conversation led me to infer that we should not expect all sweetness and light from Panama during this waiting period.⁵ Their irritation with developments and Santiago plus, now, a postponement of the next round, are likely to put Torrijos in a bad mood.

I suggest that the options paper you are preparing, requested in my memorandum of June 23, should now deal principally with how the Panama problem is to be “managed” between now and early September, when the next round will likely occur.

S. Morey Bell⁶
Minister

⁵ In a June 23 memorandum to Wyrrough, Bell remarked that Panama was ready to “(a) declare publicly that an impasse in the negotiations exists and (b) substitute an openly aggressive policy toward the United States for the policy of ‘appeasement’ Boyd has been pursuing.” (National Archives, RG 84, American Embassy, Panama, Panama Canal Treaty Negotiations, Lot 81F1, Box 126, POL 33.3-2/Canal Treaty Negotiations/General, Jan–June 1976)

⁶ Bell initialed “SMB” above his typed signature.

128. Letter From Ambassador at Large Bunker to the Deputy Secretary of Defense (Clements)¹

Washington, July 14, 1976.

Dear Bill:

I have received the Department of Defense proposal of June 18 for a new United States position on neutrality which also concerns the issue of a post-treaty defense role for the United States.² I agree that

¹ Source: National Archives, RG 84, American Embassy, Panama, Panama Canal Treaty Negotiation Files, Lot 81F1, Box 126, POL 33.3-2/Treaty Negotiations, July–Dec 1976. Secret.

² The proposal, transmitted by Dolvin and Veysey, interpreted NSDM 302 “to require the negotiators to obtain, through clear and unambiguous treaty language, a right for the United States to take unilateral action in the event that any threat to the neutrality or security of the Panama Canal develops after the termination of any new treaty.” (National Archives, RG 59, Ambassador Bunker’s Correspondence, Lot 78D300, Box 3, Defense [Protection]) NSDM 302 is Document 95.

the continuing interest of the United States in the defense of the canal is a central issue in the negotiations. Any treaty must take account of this interest. But based upon my experience to date I believe that Panama would have considerable difficulty with your proposal as formulated. In any event I shall study it most carefully and will consider how it might be presented. I do not intend to proceed except in full consultation with you.

Another matter of considerable concern not only here but in Panama as well is the pace and timing of negotiations. I share your view that we must be sensitive to our domestic environment and move forward with due caution. At the same time our own interests would not be served if the negotiations were allowed to idle for too long a time. We must take account of the Panamanian dimension, particularly their internal pressures and the expectations which derive in part from your conversation with General Torrijos last fall. As I recall, Torrijos accepted your judgment that it would not be possible to complete the treaty before the end of this year. Clearly, however, Panama has its political needs. In this context, Torrijos has indicated—both privately and publicly—that tangible negotiating progress is necessary by early next year or he will find it difficult to cope with internal pressures.

As you know, important differences remain on many of the major issues in the negotiation. Much work will be required if we are to develop negotiable positions, in compliance with the Joint Statement of Principles, that may permit us to reach an overall conceptual agreement by early next year. In this regard I believe that we should aim for an initialled conceptual accord by January 9, 1977, which will be the 13th anniversary of the 1964 riots. Even after the conceptual accord has been initialled we must still engage in the laborious and time-consuming task of drafting treaty language.

Based on my discussions with Tom Dolvin and other members of the negotiating team, I propose the following scenario:

During September we would hold a low-key or private round to discuss major outstanding issues on an informal, and wholly tentative basis. Our team would discuss the range of alternatives regarding some or all of the issues but no formal positions would be tabled. The following month we would expect Panama to respond to the ideas covered in the preceding month and we would then want to study the Panamanian positions with you. Then, after the election, both negotiating teams would meet in Panama and/or Washington to try and reach formal but *ad referendum* agreement on the major issues. If necessary, we would return in coordination with Defense to the President for additional guidance so that we might reach overall conceptual agreement on the major treaty issues by no later than January 9, 1977.

This schedule, of course, would be tentative and subject to revision in the light of developments later in the year. Nevertheless, in my

judgment it represents an honest effort to achieve the minimum to be accomplished and still sustain credible negotiating momentum.

Assuming you agree with this general scenario, I would appreciate your cooperation in conveying this decision to the appropriate officials in Defense. Meanwhile, I would welcome your views.

With warm regards,
Sincerely,

Ellsworth Bunker³

³ Bunker signed "Ellsworth" above this typed signature.

129. Memorandum of Conversation¹

Panama City, July 15, 1976, 2:30 p.m.

SUBJECT

Internal Atmosphere of Panamanian Treaty Negotiating Group

PARTICIPANTS

Dr. Flavio Velasquez, member of the Panamanian negotiating group and
Economic Advisor to the Foreign Ministry

Dr. Omar Jaen, member of the Panamanian negotiating group, Foreign Ministry
Mr. Sherman N. Hinson, American Embassy, Panama

Velasquez and Jaen, Panamanian members of the Canal treaty negotiations technical sub-group on lands and waters, requested a private meeting with the reporting officer to discuss their current fact-finding exercise in the Canal Zone and future activities of the sub-group. Their subsequent request, to be held in strictest confidence, that

¹ Source: National Archives, RG 84, American Embassy, Panama, Lot 81F1, Panama Canal Treaty Negotiation Files, Box 126, POL 33.3-2/Lands & Water, 1976. Secret; Limdis. Drafted by Hinson. The meeting took place in the Panamanian Treaty Advisory Group offices.

the United States Negotiators invite them to Washington, is reported separately by telegram.²

After outlining this proposal, however, Velasquez said he wished also to describe some additional background on its genesis and some commanding reasons why certain Panamanian officials, of whom he was one, considered it most urgent, in the interests of both sides, that the United States follow this course.

He then spoke of the prevailing general atmosphere in Panama, and of his view of the current government, in terms similar to those which he had used shortly before in conversation with Mr. May (Memcon of July 15)³ but even less qualified and more pessimistic in tone. This government was confronting a host of internal problems which could threaten its very existence but with which it was totally unable to cope. Torrijos had virtually ceased making decisions essential to the country, and no one else seemed capable of doing so. Substantial sectors were aware of the government's growing incapacity and were increasingly alienated from it; the government itself was aware of this but seemed powerless to arrest or reverse this decline in confidence in its capability to command the support of the population, or to govern effectively.

There was, Velasquez said, a similar public perception of drift regarding the treaty negotiations which had Torrijos, and the "political group" which advised him, in a box. All concerned on the Panamanian side appreciated that it was unrealistic to expect substantial progress at the political level on the remaining issues before the U.S. election. However, there was also a general appreciation that the growing uncertainty in this country about the negotiations, and about the government in general, might therefore result in the government's running out of time. In this atmosphere, actions by Torrijos and the "political group" could become unpredictable.

² In telegram 5113 from Panama City, July 22, the Embassy reported that Velasquez and Jaen had requested another round of technical negotiations in Washington "on or about September 10." (National Archives, RG 59, Central Foreign Policy File, D760282–0777) In an August 16 memorandum to Scowcroft, Lazar recommended a new round of talks in Panama on September 17. Scowcroft disapproved the recommendation and wrote: "Based on what I know now and Torrijos's behavior at Colombo [at the Non-Aligned Summit] I see no reason to push off to a new round of talks." (Ford Library, National Security Adviser, NSC Latin American Affairs Staff Files, 1974–77, Box 7, Panama Canal Treaty Negotiations [8]) Telegram 3069 from Colombo, August 18, transmitted the text of Torrijos' August 17 speech, which was sharply critical of the "colonial enclave" in the "heart of our homeland." The summit's final declaration on Panama and the Canal is in telegram 3135 from Colombo, August 21. (National Archives, RG 59, Central Foreign Policy Files, D760317–0206 and D760320–1045)

³ Not found.

We must understand, Velasquez stressed, that there were forces within Panama essentially hostile to the sort of treaty which the U.S. negotiators and at least some of their Panamanian counterparts were seeking to reach, and that at this time these forces were preponderant within the government and in their advice to Torrijos.

COMMENT: Velasquez has frequently stated to Embassy officers his personal belief that Torrijos and some of those around him do not really want a new treaty because the treaty would initiate fundamental changes in the society which Torrijos could no longer control. The reporting officer does not accept this view; but in the context of this conversation, this appears to be a distinction without essential significance. Velasquez' real point was that the group for whom he represented himself as speaking, identified below, was outclassed by a group with divergent and, in his view, less responsible ideas. END COMMENT.

The Panamanian members of the lands and waters technical sub-group, and other officials involved in the technical aspects of the treaty negotiations, had consistently advised their American counterparts of their sincere desire that technical discussions and progress at this level continue regardless of what might transpire at the political level of the negotiations. Velasquez stated that, after various recent conversations with other officials of similar persuasion, he wished to reiterate their conviction that it was absolutely necessary that discussion of the lands and waters issue at the technical level continue uninterrupted regardless of whatever pauses, coolings or other developments (at one point, he used the word "rupture") took place at the political level, or even in overall political relations between the two countries.

It was for this reason that he and those of similar persuasion felt so strongly that the United States should respond positively to their suggestion that further technical discussions continue in Washington. At such time as this group had exhausted its ground on the lands and waters issue, he suggested that it might continue to be active by transforming itself into a renewed sub-group (analogous to the one which was briefly active in April 1975) on administration and on transitional steps for Panamanian participation in the operation of the Canal.⁴ Another possibility for technical-level discussions was the vexed question of employees, and still another was the future status of agencies other than PanCanal or the military whose continuation in essentially

⁴ In telegram 2113 from Panama City, April 14, 1975, the Embassy reported that a joint working group session, lasting from April 7 to April 11 had taken place, involving Fabrega, Velasquez, Jaime Arias, Blacken, Conley, and Smith. The sessions discussed, among other topics, the creation of the post-treaty Canal entity and the administration of the Canal. (National Archives, RG 59, Central Foreign Policy File, D750129-0268)

their present form was not substantially contentious but for whom some arrangements must be worked out. Technical progress on issues such as these was necessary and desirable in itself, Velasquez said, but what was even more important was that the process of technical discussion itself between the two sides continue without interruption.

Toward the end of the conversation, and without prompting by the reporting officer, Velasquez named as among those sharing the general perceptions which he had voiced, his colleague Jaen; lands and waters group leader Edwin Fabrega; treaty adviser Carlos Lopez-Guevara; Panamanian Chief Negotiator Boyd; and President Lakas.

COMMENT: This is the first time recently that Velasquez has been so bluntly pessimistic about the current state of the Panamanian government and its policy toward the negotiations in the presence of another Panamanian official. After completing his exposition, Velasquez referred to the fact that Jaen had said very little during the conversation and characterized him with a slight smile as “un hombre muy prudente”—“maybe more prudent than I am”. Nevertheless, Velasquez said, Jaen shared the opinions he had voiced, and he had spoken on Jaen’s behalf as well. Jaen indicated assent.

It is not at all clear to the reporting officer whether Velasquez was trying to indicate that he knew that something adverse to the negotiations *would* take place, or that he was simply apprehensive that something, in the current atmosphere, *might* take place. In either event, the reporting officer interprets him as indicating by this conversation that he and those others whom he named—a group which includes most of the ‘moderates’ with access to Torrijos on the treaty issue—could do little to influence any such developments at this time. Velasquez’ insistence on this group’s perception of need for “technical” discussions during a period in which there may be “political” developments which they may not like would provide at least an appearance of continued movement toward the treaty they want. In addition, however, it smacks of trying to create for themselves a psychological bomb shelter against an adverse contingency which they apparently perceive as possible but also see themselves as unable otherwise to prevent.

END COMMENT.

130. Memorandum of Conversation¹

Washington, August 4, 1976, 3:30 p.m.

SUBJECT

Meeting with Mr. Eugene V. McAuliffe on the Panama Canal Negotiations

PARTICIPANTS

Ambassador Ellsworth Bunker
Eugene V. McAuliffe, Assistant Secretary of Defense for International Security
Affairs
General Welborn G. Dolvin
Richard C. Barkley

Ambassador Bunker explained that the Panama Canal negotiations were now somewhat in the doldrums and would probably remain so at least until after the Republican Convention and perhaps until after the November elections. He explained that Panama has been very understanding to date particularly in view of the fact that negotiations have been underway for over 12 years now. He said Foreign Minister Boyd as Chief Negotiator has brought a high level of professionalism to the Panamanian side in the talks and has been most understanding of our domestic problems. He noted that Boyd tended to be somewhat less moody than his predecessor, Juan Antonio Tack, which made him somewhat easier to deal with. He noted that the Secretary had contacted Boyd counselling Panamanian moderation both at the Non-Aligned Conference in Colombo and in the United Nations. Although Boyd responded well to the Secretary's remarks, the Ambassador said that it was sometimes difficult to restrain Torrijos.² Under the circumstances he thought that it was possible that some difficulty may arise during the Non-Aligned Conference.

Mr. McAuliffe noted that the so-called non-aligned nations were not always so non-aligned, intimating that their positions may well be

¹ Source: National Archives, RG 59, Ambassador Bunker's Correspondence, Lot 78D300, Box 3, DOA-DOD, Liaison With. Confidential. Drafted by Barkley. The meeting took place in Bunker's office.

² Telegram 190452 to Panama City, August 1, contained a message from Kissinger to Boyd, informing the Panamanian negotiator that "we want to avoid the kind of international discussion of this issue during the coming months which could rekindle domestic controversy here and obstruct U.S.-Panamanian efforts to arrive at a suitable agreement." (National Archives, RG 59, Ambassador Bunker's Correspondence, Lot 78D300, Box 4, Key Documents) For Torrijos' actions at the Non-Aligned Summit, see footnote 2, Document 129. In telegram 4837 from USUN, October 28, the Mission reported that Panamanian representatives had rehearsed their "standard litany" on Canal issues at the United Nations General Assembly. (National Archives, RG 59, Central Foreign Policy File, D760403-1040)

strongly biased against the West. General Dolvin noted that the Non-Aligned Conference would take place concurrently with the Republican Convention which may cause some difficulty. Mr. McAuliffe said that if trouble did arise it could very well further complicate the negotiations which already were complicated enough. He said in his view the Panama Canal treaty was one of the stickiest negotiations he had ever encountered.

Ambassador Bunker agreed saying that he personally had never been involved in a negotiation that had lasted this long or had been this complex. He noted that many of the toughest issues are still in front of us, such as those on duration and neutrality. He referred to Deputy Secretary Clements' position on neutrality saying that although it may be difficult to sell the negotiators were willing to give it a try.³ He said that at least it had the advantage of eliminating US bases and military forces in Panama and to that extent may be attractive to the Panamanians. He noted that the issue would not be raised until after the elections although the negotiators did intend to return to Panama in September to discuss other issues. He remarked that it was our objective to attempt to get conceptual agreement by next January, which would be the 13th anniversary of the 1964 riots in Panama, although he noted that the drafting of treaty language would take a considerable period of time even after conceptual agreement had been reached.

McAuliffe said that he was struck upon taking over his new job in ISA by the dramatic political changes which have taken place in the Caribbean area over the past decade. He said he was amazed by the dynamics of the area and by economic as well as political developments. He noted that the presence of Cuba had complicated the picture considerably. In that regard he said that the political situation in Jamaica was very bad and that there were now indications that the Cubans were also becoming involved in the tiny island of Dominica. He said from the standpoint of ISA it was most difficult to foresee developments there and to plan to commit sufficient military resources to be able to cope with any contingencies which might arise. He said that it was a fact that previous administrations had pretty well neglected the area and that it was obvious that the United States does not have very clear ideas as to how to proceed there. He said that with regard to the Panama Canal negotiations he would be glad to be of help in any way possible.

Ambassador Bunker said that he was looking forward to working with ISA as the negotiations moved forward. He noted that he did not

³ See footnote 2, Document 128.

want to unduly bother Mr. McAuliffe with unnecessary details on the talks but did want to make sure that he was kept fully informed.

Mr. McAuliffe concluded by saying that in his view the negotiations were in excellent hands and that he had no complaints as to how things were proceeding. He only noted that the talks should be pursued at a "proper pace."

131. Minutes of Secretary of State Kissinger's Principals and Regionals Staff Meeting¹

Washington, August 25, 1976, 8 a.m.

[Omitted here are a list of attendees and discussion of unrelated matters.]

Mr. Schlaudeman: Mr. Secretary, we will need a decision on whether Ellsworth should come back to Panama next month.

Secretary Kissinger: Well, his schedule is insane. It is impossible. There is no possible way that we can lock this thing up between November and January, without looking like having perpetrated a fraud on the American people. You can't have an election and then before the inauguration come in with a Panama Treaty.

Mr. Schlaudeman: But I think the question here is whether his going wouldn't be a good step in keeping Torrijos more or less quiet.

Secretary Kissinger: I have no problem with the going, as long as he doesn't do anything.

Mr. Schlaudeman: O.K.

Secretary Kissinger: But he had better disabuse them of that schedule idea that he has—it is absolutely impossible.

We will start negotiating in good faith after the election. But there has to be a plausible process.

Mr. Schlaudeman: Yes.

Secretary Kissinger: We haven't made our internal decisions yet. And there is no possible way—

I mean, supposing if the President loses—I don't think he can then do it. If the President wins, then he can proceed in November and

¹ Source: National Archives, RG 59, Transcripts of Secretary of State Kissinger's Staff Meetings, 1973–1977, Lot 78D443, Box 11, Secretary's Staff Meeting, August 25, 1976. Secret. All brackets except those that indicate omitted text are in the original.

December to take the internal decisions. But then it will still take a few months to negotiate it.

But if he loses, he has to leave it for the next Administration. I don't see how he, as President, can take a decision of this magnitude. It wouldn't be proper.

Mr. Schlaudeman: The Panamanians wouldn't strike any deal under those circumstances anyway.

Secretary Kissinger: It would raise a serious Constitutional question.

Mr. Hartman: If you are seeing George Bush at 1:00, as they thought you might be, there is a note from George [Aldrich] that you should read.

[The Secretary left for another appointment.]

132. Telegram From the Embassy in Panama to the Department of State¹

Panama City, September 20, 1976, 2245Z.

6535. Subject: Text of Proposed Embassy Diplomatic Note.

1. Text follows of our proposed diplomatic note responding to and protesting the Foreign Minister's note to Ambassador of September 17. (Text of Panamanian note sent by Panama 6492).² We propose to deliver

¹ Source: National Archives, RG 84, American Embassy, Panama, Classified and Unclassified Political and Economic Files 1976–78, Lot 80F162, POL 23.7, Subversion, Sabotage, Espionage 1976. Limited Official Use; Immediate. Repeated to PANCANAL and USCINCSO.

² Telegram 6492 from Panama City, September 17, contains the Spanish text of the note given to Jorden by Foreign Minister Boyd. (National Archives, RG 59, Central Foreign Policy File, D760352–0363) In telegram 230831 to Panama City, September 17, the Department transmitted the English text of the message as sent from Gonzalez-Revilla to Bell: "I am authorized to say that the Government of Panama has uncovered a serious plot involving American citizens and members of the armed forces of the United States aimed at the overthrow of the Government of Panama. This unwarranted involvement in the internal affairs of Panama, at this time, could only lead us to believe that the United States does not have good intentions toward our country and that the recent events in Panama are closely related to the sudden refusal by the United States to negotiate seriously on the Panama Canal issue." (National Archives, RG 84, American Embassy, Panama, Classified and Unclassified Political and Economic Files 1976–78, Lot 80F162, POL 23.7, Subversion, Sabotage, Espionage 1976)

this text at 10:00 a.m. tomorrow, September 21, unless Department has objections.³

BEGIN TEXT.

2. Excellency:

I have the honor to refer to Your Excellency's Note of September 17, 1976. My Government rejects the assertion made therein that the United States Government or its Armed Forces or any other agency of the United States Government was involved in any way in the disturbances which took place in Panama City September 10, 13, 14 and 15 or in any "destabilization plan".⁴

As Your Excellency is well aware, the United States Government, far from being "interested in provoking a general crisis" in Panama, has cooperated and continues to cooperate with Your Excellency's Government for the economic and social development of the people of Panama and continues to seek an equitable solution to the principal problem between our countries through the negotiation of a new Panama Canal Treaty.

I am sure that Your Excellency's Government by now will have learned the true details of the employment, nationality and activities of the three persons who were mentioned by name in Your Excellency's Note of September 17. Nevertheless, in view of the seriousness of the allegations in that Note, I take this opportunity officially to give Your Excellency certain information on those persons:

1. Hector L. Downs, 20 years of age, is a Panamanian national. He once lived in the Canal Zone as the dependent step-son of a civilian employee of the United States Government, but insofar as my Government has been able to determine, he has for some months lived in Panama City. He has never been employed by the United States Armed Forces in any capacity whatsoever.

2. Pvt. [*name not declassified*], whose military identification number is [*number not declassified*] is a private in the United States Army. He is 18 years old, joined the United States Army on February 13, 1976 and arrived at his duty station on June 24, 1976 where he is employed as a finance clerk in Company C, Headquarters Command of the 193rd

³ In telegram 233804 to Panama City, September 21, the Department expressed no objection to the note, but requested that the text "not be made public." (Ibid.)

⁴ Violent student protests took place from September 10 to 15 in Panama City. In message PNA 717 from the Canal Zone, September 18, Parfitt wrote: "As anticipated, the Government of Panama has adopted its usual diversionary tactics of attempting to blame the United States for internal problems and attendant unrest." (National Archives, RG 185, Subject Files of 1979 Panama Canal Treaty Planning Group, Box 1, RC2399 [withdrawal folder]) Telegram 6516 from Panama City, September 20, contains the Embassy's analysis of the student unrest. (National Archives, RG 59, Central Foreign Policy Files, D760356-0040)

Infantry Brigade. He was not on duty at the time of his arrest and was in Panama City against the advice of the U.S. military authorities.

3. Rogelio Antolin Garcia Garcia, 29 years of age, is employed at the Howard Air Force Base Post Exchange as a check-out clerk, and has been in that employ since June 1, 1973. Mr. Garcia was born in San Jose, Costa Rica, and is a naturalized Panamanian citizen. Cedula Number PE-1-242. He is not and never has been a member of the Canal Zone police, as stated in Your Excellency's Note.

As Your Excellency may ascertain from the above, only one of the persons named in Your Excellency's Note was a member of the Armed Forces of the United States and a United States citizen. One other was a Panamanian citizen employee of the United States Government. None was in any way associated with any intelligence agency of the United States Government. None was authorized by the United States Government to participate in any disturbances.

I trust that Your Excellency will recognize that this does not constitute an intrusion into the affairs of Your Excellency's country by the Armed Forces of the United States. I am happy to note that Vice President Gonzalez stated in a message carried on Panamanian radio Saturday, September 18, that the Government of Panama was not saying that any agency or any government was involved in the recent disturbances, because it has no proof.

I have already discussed orally with Your Excellency the incidents concerning the Southern Command News (SCN) radio mentioned in the note under reference and explained them.⁵ I will therefore, limit my remarks on this subject to noting that Your Excellency's Government, from its careful monitoring of the SCN radio, should be aware of the lengths to which military authorities in the Canal Zone went in order to discourage persons under their authority from going to troubled areas where they might become caught up in the disturbances.

I take this opportunity to protest in the name of my Government, those portions of the official report issued by the Office of Information of the Chief of Government the evening of September 16,⁶ and quoted at length in the Note under reference, which allege or imply the participation of the United States Government or of any of its agencies in any conspiracy directed towards Your Excellency's Government or in

⁵ An "official report" released by Torrijos' information adviser alleged that Southern Command News "gave out false information during the street violence." (Telegram 6465 from Panama City, September 17; National Archives, RG 59, Central Foreign Policy File, D760351-1078)

⁶ The Embassy transmitted a FBIS translation of the full text of the "official report" in telegram 6485 from Panama City, September 17. (National Archives, RG 59, Central Foreign Policy File, D760352-0352)

any of the disturbances already referred to. My Government, through this Embassy, has publicly denied all such allegations and hereby reiterates that denial officially.

The appropriate authorities in the Canal Zone have been investigating the charges made in the official report and the Note under reference that meetings of a conspiratorial nature took place in the homes of Panamanian citizens living in the Canal Zone. In view of the charges in the official report and in the Note under reference, however, I would like to inform Your Excellency that despite extensive investigation by Canal Zone authorities no evidence has been uncovered which would indicate either that a conspiracy was planned or that aid and comfort was given to provocateurs in the residences in the Canal Zone with the addresses 9-17, La Boca (home of Sr. Luis Archuleta) and 934 Amador Street, Balboa (home of Sr. Virgilio Ramirez). The Canal Zone authorities on September 17 issued a statement making precisely this point.⁷

I take this opportunity to express to Your Excellency the assurances of my highest consideration.⁸

END TEXT.

Embassy does not plan to release text of note to press. We will refer any queries to the Foreign Ministry.

Jorden

⁷ In telegram 6474 from Panama City, September 17, the Embassy reported that Canal Zone officials released an announcement that stated: "Furthermore, there is no factual information that would support the allegation that individuals in the Canal Zone are conspiring against the Government of Panama or that Canal Zone residences have been used as bases of operation for such a conspiracy." (National Archives, RG 84, American Embassy, Panama, Classified and Unclassified Political and Economic Files 1976-78, Lot 80F162, POL 23.7, Subversion, Sabotage, Espionage 1976)

⁸ In telegram 6559 from Panama City, September 21, Jorden reported on his meeting with Boyd to deliver the note. Jorden reiterated that there was not "one iota" of evidence that Zone employees were engaged in a conspiracy or "any overt anti-government moves." Boyd admitted he was wrong "to focus on things like radio broadcasts" and said "the most important thing was to get the negotiations revived." He hoped he would have an opportunity in his forthcoming trip to the United States to talk with U.S. officials "who could be helpful in this situation," including Vice President Rockefeller, General Brown, and George Bush. (National Archives, RG 59, Central Foreign Policy Files, D760356-1025) In a September 21 note to Jorden, Boyd rejected the assertion that the United States Government was behind the September disturbances, but reiterated that several individuals under the employ of the United States were involved. Boyd also expressed a wish to speak with Director of Central Intelligence Bush. (National Archives, RG 84, American Embassy, Panama, Classified and Unclassified Political and Economic Files 1976-78, Lot 80F162, POL 23.7, Subversion, Sabotage, Espionage 1976)

133. Memorandum of Conversation

New York, October 6, 1976, 3:30–4:30 p.m.

[Source: Central Intelligence Agency, Executive Registry, Job 90M01243R: Box 15, Folder 15: Noriega/Panama Search: DCI (Bush) Files on Noreiga. Secret. Three pages not declassified.]

134. Memorandum of Conversation¹

New York, October 7, 1976, 9:45 a.m.

SUBJECT

Secretary's Meeting with Panama Foreign Minister Boyd

PARTICIPANTS

PANAMA

Foreign Minister Aquilino Boyd
Ambassador to the United States Nicolas Gonzalez-Revilla
Ambassador to the UN Jorge Enrique Illueca
Ambassador to the OAS Nander Pitty

US

The Secretary
Ambassador to the UN Governor Scranton
Under Secretary Habib
Assistant Secretary Harry W. Shlaudeman
John P. Becker (Notetaker)

The Secretary: Good Morning, Mr. Minister. Stand here right next to me. I might as well lose a few more votes. (Photographers taking pictures.) We are all for confrontation.

Foreign Minister Boyd: I will never eat peanuts again until Panama achieves complete sovereignty over its territory (photographers depart).

Foreign Minister Boyd: I remember the first time I met you four years ago.

¹ Source: National Archives, RG 59, Central Foreign Policy File, P860084–2311. Secret. Drafted on October 8 by Becker; approved on October 22 by Collums. The meeting was held in the Secretary's suite at the Waldorf-Astoria. Kissinger was in New York for the United Nations General Assembly.

The Secretary: Three years ago.²

Foreign Minister Boyd: We were eyeball to eyeball. Tack was Minister at the time. I made the statement that you had been giving us a hard time.

The Secretary: I can still say that. (laughter)

Foreign Minister Boyd: After signature of the eight points, we wanted to see progress toward an agreement.

The Secretary: I explained to you in Santiago what is possible and what is not.³ Last night you saw the President in the debate.⁴ His opponents throughout this election have been creating a situation which is difficult for him. If an agreement were concluded in this atmosphere it would be impossible to ratify. I have explained to you why it was not possible to proceed now when every opponent is using the Panama issue against him. You saw it last night and you saw it in the Reagan campaign . . . (coffee arrives) . . . every time I sit down somebody descends upon me with something to eat or drink. I have paid a heavy political price for my commitment to these negotiations. To bring pressure this month is senseless. We cannot achieve anything. We discussed this in Santiago in a constructive spirit . . . You have behaved . . . To say Panama has been destabilized by the United States is senseless. In Chile we did not try to destabilize and indeed no one at the time said that we did. That has become part of the political rhetoric after the fact. Allende was overthrown by elements with which we had no contact. What we did try to do was to support parties which would have run against him in 1976. So we are a bit sensitive about these charges.

Foreign Minister Boyd: On the other hand since May we have not sat at the negotiating table. It would be constructive to go back to the table before the election.

The Secretary: I agree, if you will allow me to talk for thirty seconds. The more pressure you bring the less happily we return to the negotiating table. The President has told me to tell you that we can begin negotiations again. We cannot discuss duration before the election.

Foreign Minister Boyd: When will Bunker be ready to go?

The Secretary: Next week sometime.

Mr. Shlaudeman: Ambassador Bunker will be ready to go back next week.

² See Document 21.

³ See Document 126.

⁴ For the exchange on Panama in the October 6 debate, see *Public Papers: Ford, 1976-77*, Book III, pp. 2430-2431.

The Secretary: That is right. We will send Bunker back next week.

Foreign Minister Boyd: I talked to Torrijos last night. He issued a statement which he asked me to read to you. Everyone at home is upset by the debate.

The Secretary: Everyone here is upset too. I am in complete agreement with you.

Foreign Minister Boyd: (Reading a quotation from Torrijos statement) We are concerned about the light manner in which the candidates discussed Latin American relations. President Ford said that no American boys are losing their lives in war. But 20,000 American troops are sleeping lightly in the Panama Canal Zone while Latin America awaits an opportunity to exercise sovereignty there. Let me also remind Mr. Carter that *never* was erased from the political lexicon after the liberation struggles. (End of citation.)⁵

The Secretary: I believe that what Mr. Carter said was totally irresponsible. It is mitigated only by the fact that he has no intention of carrying it out. He went around the world last night in what can only be described as a disgraceful performance. It was political demagoguery in the worst sense. But fortunately we do not conduct foreign policy by television debates.

Foreign Minister Boyd: The negotiations have been underway since Johnson.

The Secretary: I would remind you that what Carter has done is a rerun of what Kennedy did in 1960—charging weakness. The 25% at the UN—that's his fault (pointing to Governor Scranton).⁶ We will issue a statement on that today (laughter). I think one way not to agree with Panama would be through confrontation. We have said repeatedly that we want to settle this matter as an outstanding issue in our relations with Panama and with Latin America.

Foreign Minister Boyd: Let me speak in all frankness. You signed the Statement of Principles and you have now watched the debate. It comes to our mind that Ford might lose. You will pack your bags and not tell anyone what you have had in mind for these negotiations. The crucial issue will remain. When is the United States ready to relinquish control of the Panama Canal Zone? As a man interested in history and world peace and responsible for U.S. foreign relations you have done a great job in completing the eight points. But when will you let us

⁵ During his debate with President Ford on October 6, Carter vowed to “never” give up complete or practical control of the Canal.

⁶ During the debate, Carter stressed that the influence of the United States was waning, citing the fact that the United States often failed to get 20 percent of nations to vote with it at the United Nations. (*Public Papers: Ford, 1976–77*, Book III, pp. 2421–2422)

know what you have in mind for duration? You will be returning to Harvard or writing for the *New York Times*. But we will still be here.

The Secretary: I will not be at Harvard. After running foreign relations of the U.S. for eight years one is disqualified for teaching international relations at Harvard (laughter). And I will not be writing for the *New York Times*.

Foreign Minister Boyd: We will be glad to have you in Panama.

The Secretary: More seriously, I think Ford will win. It is unfortunate that he had first an irresponsible Republican challenger and now has an irresponsible Democratic challenger. Whether we like it or not Panama is an issue which can get Americans steamed up. This is a disadvantage for you.

Foreign Minister Boyd: If we sit down now how long will the point of view of Secretary Kissinger prevail particularly with respect to point two which calls for a treaty of fixed duration? The Panamanian proposal for the year 2000 is reasonable.

The Secretary: I will raise this with the President to see whether we can give some indication of how he feels about this. But it would be a mistake to throw duration into the campaign. Panama would gain nothing.

Foreign Minister Boyd: I of course do not want to mix in U.S. internal affairs. Carter is saying that here is a man who can be trusted. By the same token, Ford is known to the Panamanian people.

The Secretary: We will be glad to send Bunker down at the end of next week. I have confidence in the ability of the two of you to avoid controversial issues even in an election campaign when Carter is making this an issue. When do you want an answer?

Foreign Minister Boyd: Today would do a lot of good. We have scheduled a demonstration October 11 right up against the Canal Zone.

Ambassador Gonzalez-Revilla: There are two issues: resumption of the negotiations and instructions on duration. Which one are you talking about?

Mr. Shlaudeman: What should the announcement say about the talks?

The Secretary: It should talk about the negotiations—about resuming the negotiations, not what the negotiations are about. Each side is free to raise what it wishes. We don't have to say what the issues are now.

Foreign Minister Boyd: Fair enough.

Ambassador Gonzalez-Revilla: But . . .

The Secretary: We should not say anything about this. We want you to know that Bunker will be able to go back to Panama. All we want to say is that Bunker will be going back to resume the negotiations.

Foreign Minister Boyd: There will be an open agenda. Each can present his point of view.

The Secretary: The President has authorized the trip. But we do not want to be hit with an announcement which is negative. Let me call the White House. (on the phone) Get me Scowcroft. After I leave, I will only be fit to be a keeper of dangerous patients (laughter). I have tried to bring about a new framework for our relations with Panama. It is important for the White House. Panama has been a symbol for the rest of the world. We do not want to make Panama a focal point for our relations with everybody else.

Foreign Minister Boyd: But how about your commitments?

The Secretary: We generally carry out our international obligations. We have always done what we said we would do.

Governor Scranton: The major problem is not the next three weeks and not in signing an agreement. Rather it is with the ratification process. And frankly Minister Boyd you could help by getting across to the leadership of Panama—I know that your President understands but I mean the press—that our problem does not revolve around the issues, even duration. What it really revolves around is ratification.

The Secretary: (on the phone, presumably with Hyland) We have told Bunker to get back to Panama.⁷ It will be announced. We do not want our friends on the plane to have heart attacks. (Secretary returns to conversation) The real key is to say that we are resuming negotiations which go back to 1964. We should not tie the resumption to any specific event. There was a recess for the summer. We have always said that we would resume in October. I think especially since the debate . . . Or do you think I should go out? It might be very challenging for the press if I go out.

Governor Scranton: They (the Panamanians) know what to say.

The Secretary: Should I go out?

Governor Scranton: No but they should use the correct words. You know that a year ago if I had made a list of 50 foreign policy issues I would have put the Panama Canal as number 49. Today I have put it first or second. We have handled it well but the situation has not been easy.

The Secretary: When was the last session?

Foreign Minister Boyd: May 4.

The Secretary: How long did it last?

⁷ In telegram 251246 to Panama City, October 8, the Department informed the Embassy that the U.S. negotiating team would be returning to Panama on October 15. (National Archives, RG 59, Central Foreign Policy File, D760381–0512)

Foreign Minister Boyd: Four days. It was not a real round. Ambassador Bunker called it an evaluation, a review of the issues.⁸

Ambassador Gonzalez-Revilla: As far as the negotiation goes from what we saw last night, Governor Carter could not reject everything.

The Secretary: He could not fail to negotiate. He addressed the sovereignty issue. I trust they would not seek confrontation with Panama when in office. They will probably raise some hell now and get people upset. I want to keep the negotiations on the track. But on reflection, rather than having you announce this immediately after a meeting with me today, perhaps it would be better to make the announcement tomorrow.

Foreign Minister Boyd: It would be difficult for us to keep quiet. It would be practically impossible.

The Secretary: Okay, let us not make difficulties. Let us make it less of a challenge for the press, less dramatic. We have been discussing resumption for weeks. I will inform the press that we have decided today to resume the negotiations after a summer recess and to send Ambassador Bunker back to Panama within the next two weeks. There has been no new event which has occurred.

Governor Scranton: I know Minister Boyd well and trust and respect him. But let us be practical. This is an important and an emotional issue for Panama. If you don't go, Henry, there will be questions which he can only answer in his own interest.

The Secretary: Okay, each can say what he wants. I will say that there have been exchanges in the last weeks. I told the Foreign Minister that the President has decided to send Bunker down to resume negotiations within the next two weeks. We have agreed on this mutually.

Foreign Minister Boyd: But you said at the end of next week.

The Secretary: Within the next two weeks. It is better for us. And that includes the end of next week. We can announce a precise date later after it has been discussed and arranged in usual diplomatic channels.

Governor Scranton: This gives the announcement a vagueness which is better in the United States. The second announcement of the precise date will have impact in Panama but will hardly be noticed here.

The Secretary: This is the normal thing. It will be a bit imprecise. There was a summer recess and we have now decided to renew the negotiations. If it is dramatic it will be an invitation to the Democratic side and there will be hell to pay. Each side will be free to raise issues it wants. On duration, we cannot settle it now. We need to keep it in the right framework. (At this point the meeting broke and the two

⁸ See Document 123.

principals went out to meet the press. Since no press representatives were on hand, the Secretary told Boyd that he (Boyd) could make the announcement alone, keeping in mind the framework discussed during the meeting. The Secretary requested that Ambassador Scranton remain behind for a brief discussion following the meeting with the Minister.)

135. Minutes of Secretary of State Kissinger's Principals and Regionals Staff Meeting¹

Washington, October 12, 1976, 8:15 a.m.

[Omitted here are a list of attendees and discussion of unrelated matters.]

Mr. Shlaudeman: Ellsworth will be going down on Friday.²

Secretary Kissinger: Ellsworth will be going down to where? Oh, Ellsworth Bunker—yes.

Mr. Shlaudeman: He's spent five days so far. The fact that we're resuming negotiations has been somewhat obscured—at least, to the press. (Laughter.) Nobody's paid much attention to it.

Secretary Kissinger: Ellsworth is to keep his mouth shut.

Mr. Shlaudeman: He's only going to listen. That's all he will do. But I think you can anticipate the Panamanians talk a good deal. They'll have quite a bit to say.

Secretary Kissinger: Why is he going Friday rather than Monday?

Mr. Shlaudeman: Well, this was the commitment we made to them.

Secretary Kissinger: Oh, no, it wasn't. I said within two weeks.³

Mr. Shlaudeman: Which you said that we would say publicly within two weeks but which you would get before the end of it.

Secretary Kissinger: I'll tell you, I've got to cut down the number of people coming to my meetings. Come down before when?

Mr. Shlaudeman: Before the end of the following week.

Secretary Kissinger: I don't remember that. That wasn't clear to me. That sure as hell wasn't clear to me. He said before the end of the

¹ Source: National Archives, RG 59, Transcripts of Secretary of State Kissinger's Staff Meetings, 1973–1977, Lot 78D443, Box 11, Secretary's Staff Meeting, October 12, 1976. Secret.

² October 15.

³ Kissinger is referring to his October 7 meeting with Boyd; see Document 134.

following week, and I said: "Let's say within two weeks, and he could come down earlier."

I don't see what we gain. The earlier he's down, the earlier they'll be blown up.

Mr. Shlaudeman: I agree.

Secretary Kissinger: Therefore, we get him down early. I mean I'm trying to understand the reasoning. I saw him—when?—Thursday.

Mr. Shlaudeman: You saw him Thursday.

Secretary Kissinger: If he had come down on Monday or Tuesday the following week, it would still have been well within the two weeks we talked about.

Mr. Shlaudeman: If he comes down on Friday, it can blow up on Monday. They'll want to negotiate Saturday.

Secretary Kissinger: No. They'll stay four or five days.

Mr. Shlaudeman: If you'd like him to put it off until Monday, we can see.

Secretary Kissinger: I would much prefer. The later the better. What do we gain by having this thing blow up?

Mr. Shlaudeman: We don't.

Mr. Habib: Is it going to blow up, Harry?

Secretary Kissinger: Of course.

Mr. Habib: The latest thing Torrijos said—he made a public statement that he didn't expect much to be done before public elections. So he seems to be already preparing the public mood for not much progress at this round.

Mr. Shlaudeman: And they know we will not talk about durations but they will talk to us about durations.

Secretary Kissinger: Are we going to talk about anything constructive?

Mr. Shlaudeman: Yes. We can talk about land and water.

Secretary Kissinger: O.K.—if they've been promised for Friday. But it wasn't my impression that that's what would be done. O.K.⁴

[Omitted here is discussion of unrelated matters.]

⁴ Bunker arrived in Panama City on Wednesday, October 20.

136. Memorandum by Sol Linowitz¹

New York, October 15, 1976

Memorandum of Conversation with Foreign Minister of Panama,
Aquilino Boyd—October 15, 1976

On Thursday, October 7th—the morning after the second Carter-Ford debate—I attended Secretary Kissinger’s luncheon for the Foreign Ministers of Latin America held at the Center for Inter-American Relations in New York. Among those present at the luncheon was the Foreign Minister of Panama, Aquilino Boyd, who has been a friend of mine for some years and who previously served as his country’s representative to the United Nations. When he greeted me at the luncheon, Boyd asked whether I would speak with him privately, and I did so after the luncheon. He expressed his “great concern” about the comments made by Governor Carter and President Ford with respect to Panama in the course of the second debate, and he told me that Secretary Kissinger had earlier assured him that the negotiations would be resumed within a couple of weeks along the lines of the principles already agreed upon.² He indicated particular anxiety with reference to Governor Carter’s statements on Panama and asked whether I knew Governor Carter well enough to be able to give him some reassurances on that score.

I did undertake to assure him as to the commitment of Governor Carter to the improvement of US-Latin American relations and said that it was my firm conviction that he would be approaching all hemispheric issues—including Panama—in a spirit of cooperation and understanding. Boyd told me that he appreciated this, but that his President (with whom he had just talked) was anxious and “deeply disturbed” and he hoped something might be done to avoid exacerbation of the problem in Panama. He described the problem as “explosive” and “dangerous”.

Later on I telephoned Cyrus Vance and passed on to him the substance of the concern which had been expressed to me.

During the next several days I talked with a number of Latin American Ambassadors and other leaders who indicated their own anxiety about the nature of the negotiations with respect to the Panama

¹ Source: Library of Congress, Papers of Sol M. Linowitz, Government Service, Box 117, Pan. Canal Treaties, General Correspondence, 1975–1976. No classification marking. Copies were sent to Richard Holbrooke, Jack Watson, Anthony Lake, and Cyrus Vance, all on Governor Carter’s staff. Linowitz, Chairman of the Commission on U.S.-Latin American Relations, became President Carter’s chief negotiator for the Canal treaty.

² See Document 134.

Canal in the light of the observations made in the course of the Foreign Policy debate.

On October 14th I telephoned to Richard Holbrooke at Governor Carter's headquarters in Atlanta and talked to him about the situation. Dick Holbrooke suggested that he thought it would be helpful for me to telephone Foreign Minister Boyd in Panama—entirely on my own—to reaffirm my conviction that Governor Carter would be approaching US-Latin American relations out of a real interest in Latin America and with a desire to establish a harmonious basis for hemispheric relationships. He also suggested that I stress that Governor Carter would want to give careful attention to various aspects of US-Latin American relations at an early date after the election and that he felt strongly that Latin America and its problems deserved our serious concern.

On the morning of October 15th, 1976, I telephoned to Foreign Minister Boyd in Panama. Set forth below is the substance of our conversation:

I told the Foreign Minister that I had been thinking about our conversation in New York and especially the concerns which he had expressed. I said that I had not talked to either Governor Carter or members of his staff about our conversation but that I did know Governor Carter and did know Boyd and wanted to pass on some things of which the Foreign Minister should be aware.

I told him that I believed Governor Carter to be a man deeply committed to the improvement of US-Latin American relations; that I knew him from personal experience to be very interested in Latin America, a man who has travelled quite extensively in the hemisphere, and one who speaks Spanish. I also said that I thought that of all parts of the world Governor Carter would probably feel most at home in Latin America.

I also told the Foreign Minister that I know from my personal conversations with Governor Carter that he is concerned about the inadequate way we have been dealing with the concerns of Latin America and with the fact that Latin American issues have had such a low priority on our international agenda. I told Boyd that he could be certain that Governor Carter is friendly toward the aspirations of Latin America, that he is eager to develop a relationship of mutual trust and respect, and that he recognizes the importance of assuring that the countries of Latin America are treated with the dignity to which they are entitled.

I then said that I knew the Foreign Minister recognized that we are in the last 18 days of a presidential campaign and that he knew the United States well enough to know that a nation's policy cannot be formulated specifically during an election battle. I pointed out that

I was sure he also knew that this is the worst time to discuss an issue of such consequence as Panama.

I concluded by saying that I merely wanted to assure the Foreign Minister—as a friend and a colleague—that I was confident that Governor Carter would want to give Latin American concerns—including Panama—his early attention if he is elected and that he would approach these difficult and often complex issues in a spirit of cooperation and good will.³

Foreign Minister Boyd then responded:

“We have been, as you know, deeply concerned about the comments made by Governor Carter in the course of the debate. We are especially concerned that it might mean that he would be abandoning a policy of negotiation under certain principles agreed upon.

“You know of our great respect for you and how much trust I and my colleagues have in you and, therefore, it is very good that you have telephoned to talk to me about this. What you say about Governor Carter is most important for us to know. Although you have indicated that this conversation is between you and me, I would like to report it to our President.

“We understand, of course, what has to be said in a campaign in the United States during a Presidential election, but it is very important that we know what comes after the campaign. We are realists and I believe that Governor Carter will be elected.⁴ I hope that after his election he will want to send a representative to talk with us about the whole problem. I hope you will communicate to Governor Carter that the backbone of this whole problem, in our judgment, is the duration of the Treaty, and this we will have to talk about and reach an understanding about.

³ On December 27, in an interview with reporters on St. Simons Island, Georgia, Carter stated that the negotiations for a Panama Canal treaty “ought to be resolved quite rapidly.” (“Carter Says He Will Probably Meet Brezhnev in 1977, Possibly in U.S.,” *The New York Times*, December 28, 1976, p. 1)

⁴ On November 20, Kissinger met with President-elect Carter, Vice President-elect Walter Mondale, and Mondale’s foreign policy adviser David Aaron to discuss the Panama Canal negotiations, along with other issues related to foreign affairs. The Secretary “described our commitment to consultations with appropriate members and committees of the Congress once the USG has worked out the contents of the treaty with the Panamanians. He [Kissinger] emphasized that nothing has as ‘yet been put on paper’ and that our commitment to consult presumes that this will take place before the specific language of the treaty is committed to paper.” (Memorandum for the record, November 20; Library of Congress, Manuscript Division, Papers of Henry Kissinger, CL 329, Department of State, Carter, Jimmy Transition Papers, Meeting 20 Nov. 1976, Chronological File, November 1976) The memorandum for the record is printed in full in *Foreign Relations, 1969–1976*, vol. XXXVIII, Part 2, Organization and Management of Foreign Policy; Public Diplomacy, 1973–1976, Document 219.

"Meanwhile, it has been very helpful for you to have given us your comments about Governor Carter's position—especially because it comes from someone who is such a good friend of Latin America and our country. Governor Carter should know that we will now await the election results in a friendly spirit."

I then took the liberty of saying to the Foreign Minister that [1 line of missing text] light of our conversation—if there were comments during the next couple of weeks which were adverse to Governor Carter, and he said he understood.

The Foreign Minister again thanked me for telephoning, and repeated his statement that he thought that the conversation had been very helpful and he appreciated it.

Although the conversation was obviously extremely friendly and most understanding, it is important to recognize that Boyd is the Foreign Minister of this country and very likely not in a position to have a decisive influence on what is said by President Torrijos or perhaps others in the Cabinet about the issue. My strong impression is, however, that he will try to be helpful in every way he can. Much will depend, of course, on whether there are internal developments within Panama in the next two or three weeks which could precipitate unfriendly actions or statements on the part of high officials or others.⁵

Sol M. Linowitz⁶

⁵ On December 1, Linowitz met Boyd for lunch. Linowitz assured Boyd "of the President-elect's commitment to the furtherance of hemispheric relationships. Boyd reiterated his anxieties regarding the status of the Canal treaty, stating he wished to "ascertain the attitude of President-elect Carter and to be assured that the President-elect would want the negotiations to move forward along the lines of the principles agreed upon between the United States and Panama in the Kissinger-Tack memorandum of understanding." Boyd then asked if it would be possible for him to "see a representative of Governor Carter." Linowitz stated he would pass on Boyd's request. (Memorandum, December 1; Library of Congress, Manuscript Division, Papers of Sol M. Linowitz, Government Service, Box CL 1, Pan. Can. Treaties, General Correspondence, December 1, 1976)

⁶ Printed from a copy with this typed signature.

137. Memorandum of Conversation¹

Contadora Island, Panama, October 22–24, 1976.

SUBJECT

US-Panama Relations

PARTICIPANTS

United States

Mike Kozak

Gerri Chester*

Dick Barkley*

Dick Wyrough*

John Becker*

Panama

Romulo Escobar Bethancourt

*October 24 meeting

On three different occasions during the dates indicated, Escobar raised with me the status of future US-Panama relations. On the first occasion he was entirely sober and on the latter two extremely inebriated. However, at all times he was entirely coherent and consistent. He became much more specific during the last conversation which occurred in the early morning hours of October 24 and appeared to be saying more than he had initially intended to reveal. His basic points were the following:

1. This round of negotiations is terminated. The statement made by the Panamanian team on October 21 was a long way of saying "goodbye."²

2. Panama has already taken the decision to pursue other means than the negotiations to achieve its ends. They are well advanced in the process of developing a capability to create massive problems for the United States. Their actions at this point are designed to prepare

¹ Source: National Archives, RG 84, American Embassy, Panama, Panama Canal Treaty Negotiations, Lot 81F1, Box 126, POL 33.3-2/Treaty Negotiations, July–Dec 1976. Confidential. Presumably prepared by Kozak. A typed note on the memorandum specifies it was for the use of the negotiating team only. A series of meetings were held from October 21 to 25. Memoranda of conversation of those meetings are in the National Archives, RG 84, American Embassy, Panama, Panama Canal Treaty Negotiations, Lot 81F1, Box 126, Binder: October 1976. See also Document 138.

² The statement of October 21 provided an overview of the Panamanian positions on each of the eight Tack-Kissinger principles, stressed that the Canal issue was a global one, and argued that the United States should act responsibly and conclude a settlement. (National Archives, RG 84, American Embassy, Panama, Panama Canal Treaty Negotiations, Lot 81F1, Box 126, Binder: October 1976)

the country for the upcoming action which will occur within the next year. He stated he was not speaking of another set of 1964-like riots. Their capabilities were far beyond that. They were prepared to do things the U.S. could not imagine. They recognize that many Panamanians will be killed and that other serious actions will be taken against them. But they are counting on U.S. public opinion refusing to accept the consequences of an organized struggle. He stated that after both countries had suffered massively, the U.S. will ultimately send negotiators (and they will not be the present ones) who will be fully empowered to negotiate the final withdrawal of the U.S. from Panama. "These negotiations will be completed within 15 days."

3. He stated he was telling me this as a friend not as a negotiator. He personally had made great efforts to find a creative, diplomatic way to "arrange" the problem and recognized the efforts of the U.S. team in this regard. But we have both failed and the result is now inevitable. He advised that the members of the U.S. team take the personal steps necessary to avoid to the extent possible becoming the scapegoats in the U.S. for the disaster that will occur in the next year.

I responded by noting that such a course of action would be extremely risky for the Panamanian Government, both in terms of the U.S. response it would provoke and, perhaps more importantly for them, the probability that they would unleash forces within Panama which they could not control and which would ultimately bring about their own downfall. Escobar stated that the highest levels of the Panamanian Government recognize these risks but had determined to take them. They simply have no other viable options at this point. The situation is like a Greek tragedy where tragic flaws in both countries were leading to mutual disaster. He is an old man and may well end up in jail next year if the risks they are taking come to pass. He has no choice but to accept this fate. But many members of the U.S. team are young and have a future to protect. We therefore should look to covering ourselves as best we can.

I asked whether he could see anything that either or both negotiating teams could do at this point to avoid the situation he was postulating. He replied that there was absolutely nothing either side could do at this point. Nothing we could do in the negotiations would affect the situation. Forces are moving in Panama, decisions have been made and there is no turning back. After January, events could begin to manifest themselves.

The conversation ended with reiterated warnings from the U.S. side that Panama not underestimate the capabilities of the United States and the risks inherent in Panama's own domestic situation. Escobar repeated the fatalistic theme that whatever the risks, the forces had now been unleashed that make the result inevitable.

COMMENT: During the first conversations and the earlier part of the last one, Escobar limited himself to a warning that the failure to make progress in the negotiations was leading to a confrontation. The implication of this approach seemed to be that the U.S. should be more flexible and that the U.S. team had a personal stake in avoiding a failure. But as the last conversation developed, he seemed to lose sight of his original objective (if indeed his objective was to press us for more flexibility) and adopted the approach that we should not bother with the negotiations, but should take whatever steps we could as individuals to avoid taking the blame for the U.S. foreign policy disaster that is now inevitable.

The overall impression was that although Panama is advancing threats designed to convince the U.S. to meet their demands in the negotiations, Escobar at least has made the assessment that the U.S. will not be able to do so within the requisite time-frame. Accordingly, he sees little point in arguing with us further and has resigned himself to the consequences of an impasse.

138. Memorandum From the Deputy Negotiator from the Department of Defense (Dolvin) to the Deputy Secretary of Defense (Clements), the Secretary of the Army (Hoffmann), the Chairman of the Joint Chiefs of Staff (Brown) and the Assistant Secretary of Defense for International Security Affairs (McAuliffe)¹

Washington, October 27, 1976.

SUBJECT

October 1976 Negotiating Round, Panama Canal Treaty Negotiations

1. *General.* During the period 19–26 October 1976, I traveled to Panama with the United States negotiating team for the purpose of resuming discussions with the Panamanians on the unresolved issues in the negotiations. There were, in all, three meetings of the two full

¹ Source: National Archives, RG 218, Papers of George Brown, Box 48, 820 (Panama) Bulky Jan 1976–31 May 1977. Confidential. The memorandum was forwarded to the addressees on October 27 by Lippert who briefly summarized it. A note in an unknown hand next to Brown's on Lippert's memorandum name reads: "has been briefed." (Ibid.)

teams, along with several technical-level meetings on the issue of lands and waters.²

2. Negotiating Sessions

a. At the first negotiating session the Panamanian team presented a lengthy statement of their positions on the major issues. In this statement the Panamanian team reiterated their insistence on the year 2000 as the termination date “for all purposes” of the new treaty.³ They acknowledged that the United States team was not in a position to address the issue of duration and expressed their willingness to proceed with discussions on other issues but only with the understanding that anything Panama might propose or accept in principle would be subject to ultimate agreement by the United States that the treaty will have a term of no longer than the year 2000. The United States team merely accepted the statement without substantive comment.

b. At the second negotiating session the United States team did not comment on the details of the Panamanian statement. Rather, the United States team offered only a general response. In addition, the issues of canal employees and non-military activities were discussed.

(1) Response to Panama’s Statement. The United States team emphasized that the platforms of both political parties in the United States supported the negotiations, that the next move in the process of seeking a formula for accommodation rests with the United States, that at the next round the United States team hopes to present their views on how the interests of both nations can be accommodated, and that it should not be inferred from the response of the United States team that the United States accepts the critical component of Panama’s statement—which was termination of the new treaty for all purposes at the year 2000. The United States team then turned the meeting to a discussion of two issues—the status and rights of United States national employees of the new entity and certain non-military activities that are presently conducted in the Canal Zone.

(2) Canal Employees. On the issue of canal employees, the United States team urged early resolution of this issue in the negotiations in order that certain meaningful assurances could be made to present employees of the Panama Canal Company/Canal Zone Government concerning their future situation under a new treaty with Panama. In this connection, the United States team presented its position on this issue, which is that United States national employees of the entity should enjoy the same rights and privileges as the civilian component under the initialed Status of Forces Agreement—to include the area of

² See footnote 1, Document 137.

³ See footnote 2, Document 137.

primary rights to exercise criminal jurisdiction. This represented a hardening of the position the negotiators had presented since November 1975⁴ and a return to the position presented by the United States team on this issue in September 1975.⁵ The Panamanian team agreed to address this issue on a priority basis, and, in this connection, the United States team presented two sets of draft threshold agreement language that embodied its position for Panama's consideration. In addition, the United States team presented to the Panamanian negotiators a list of assurances designed for canal employees, for Panama's consideration, and asked that Panama agree to these assurances in order that they could be made public as soon as possible. Panama accepted all three papers and agreed to consider them carefully and respond at the next round.

(3) Non-Military Activities. On the issue of non-military activities, which are those activities of the United States Government presently performed in the Canal Zone and other than Panama Canal Company/Canal Zone Government and military activities, the United States team proposed that the question of these activities be addressed by a technical group composed of one member from the United States Embassy in Panama and one or more Government of Panama representatives. This technical group would begin meeting as soon as possible to review the special circumstances and problems posed for each individual agency by a new Canal treaty that eliminates the Canal Zone and thus those agencies' legal basis for operating. The Panamanians agreed that such a step would be desirable and the United States team presented a draft of the terms of reference for such a technical group for Panama's consideration.

c. The unofficial negotiators lands and waters position was presented to the Panamanian team on 25 October at the final negotiating session. The package provided the Panamanians consisted of: (1) a map; (2) a description of each land and waters parcel; (3) terms for administration of the military areas of coordination; and (4) United States land and water use rights for the operation, maintenance, and sanitation of the Canal.

d. The United States team presented a detailed briefing on the land and waters position to the full Panamanian team. General Dolvin's briefing emphasized the following fundamental aspects of the United States position:

⁴ See Documents 104 and 105.

⁵ See Document 99.

(1) The position is “what if”, does not represent any approved United States position, and goes beyond our Government’s guidance and the negotiators’ authority.

(2) This position represents a major concession for the United States.

(3) Ambassador Bunker will expect corresponding accommodations by Panama on issues the United States negotiators feel are important.

(4) Without such concessions, it will not be approved in Washington.

(5) This position assumes that the defense of the Canal will be carried out jointly by Panamanian and United States Forces from whatever areas are required in the Republic of Panama.

After a two-hour description of the package, General Dolvin concluded by suggesting a careful review of the position followed by technical level meetings in Panama. Minister Boyd’s response was noncommittal. He did ask a number of specific questions, some of which appeared to be politically motivated.

3. *Summary.* The attitude of the Panamanians was cool and completely official in contrast to a more relaxed, informal attitude during previous negotiating sessions. In part, this reflects the serious economic situation in Panama. The Panamanians consider progress on a new treaty as an essential ingredient for investor confidence needed to improve the economy.⁶

Welborn G. Dolvin

Lieutenant General, USA (Ret)

Deputy Negotiator from the

Department of Defense for the

Panama Canal Negotiations

⁶ Bell and Jorden sent their appraisal of the Panamanian perspective on the October round of negotiations in telegram 7438 from Panama City, October 40. (National Archives, RG 59, Central Foreign Policy File, D760405–0813)

139. Memorandum of Conversation¹

Panama City, November 2, 1976.

SUBJECT

Bombings, Economics and Negotiations

PARTICIPANTSH.E. Doctor Carlos Lopez-Guevara, Foreign Ministry Treaty Adviser
Mr. T. Elkin Taylor, Political Counselor, American Embassy, Panama

Our conversation naturally began with the mandatory speculations on the American elections. Soon thereafter it turned to the second most popular political subject in town—the recent bombings in the Canal Zone.² I said that the bombings were unfortunate for two reasons; 1) they were deplorable in themselves—whoever did them, and 2) exacerbated the existing state of mistrust and even hatred between American residents of the Canal Zone and Panamanians. Lopez-Guevara readily agreed, adding that he expected further violence, probably as a form of revenge. He said that he was not alone among Panamanians in expecting an outbreak of bombings in Panama City.

I said that the timing of the bombings was unfortunate in a number of respects. I asked if he were familiar with the remarks which “a certain member of the Panamanian negotiating team” had made with respect to the future of U.S.-Panamanian relations.³ He responded that he was aware that Romulo ESCOBAR Bethancourt had spoken about this subject to members of the American negotiating team, but that Escobar’s remarks had been misinterpreted, he thought. “As I told Bill Jorden last night,” Escobar only informed Morey Bell of his view that the chief negotiators should follow the example of General Dolvin in making proposals, trying them out in Washington and then coming back with new proposals.

I responded that Escobar may indeed have said such things to Minister Bell, but he also indicated that the Panamanian presentation

¹ Source: National Archives, RG 84, American Embassy, Panama, Panama Canal Treaty Negotiations, Lot 81F1, Box 126, POL 33.-2/Treaty Negotiations, July–Dec 1976. Confidential. Drafted by Taylor on November 5. The meeting took place at the El Panama Hotel.

² The bombings in the Canal Zone took place on October 31 and November 1. There were no injuries. The first bomb damaged the car of William Drummond, a Panama Canal Zone employee who had filed suit against President Ford and Secretary Kissinger to halt the treaty negotiations. (“Bomb Wrecks Car in Canal Zone; Owner Sued to Bar Canal Deal,” *The New York Times*, November 1, 1976, p. 4) See also Document 140.

³ See Document 137.

in the most recent round was a lengthy farewell and that the U.S. could now expect trouble. I added that there was a danger that some Americans would add the '2' of Escobar's statement with the '2' of the bombings in the Zone and come up with a '4' which, however unjustified, could damage the interests of both Panama and the U.S. I noted that several members of the American team had heard Escobar's remarks on four different occasions, and they all agreed what he had said.

Lopez-Guevara then went into a defense of Escobar. "I used to have personal reasons for disliking Romulo", but that is now over. It is important for the Panamanian team to continue to have "people like Romulo and Ahumada". "They have Torrijos' ear," he said, and can "make decisions"—something which other negotiators presumably could not.

He asked if I had had any reports on the recent cabinet meetings at which President Lakas raised this general issue of the negotiations. I said I had not. He said that Lakas "supported Aquilino's position," i.e., continuation of the negotiations on the same basis they have been taking place. Lopez said that he (Lopez) was of the same mind.

In answer to a question, Lopez said that he is very pessimistic about the progress of the negotiations. He said that both sides need to take a much bolder and imaginative position, reflecting a determination to complete a treaty by the summer of 1977. He expressed contempt for a number of the U.S. proposals in the recent round. He said the "employees' bill of rights" put forward by the U.S. had already been rejected and furthermore did not respond to the real problems of PanCanal's employees. I said that I thought that Minister Bell had gotten a good feel for the views of PanCanal employees during his recent visit. Lopez-Guevara also threw cold water on the idea of a new conceptual agreement. "Conceptual agreements never lead anywhere," he said. "If we get a new conceptual agreement, we are still at kilometer zero." For example, he said, a conceptual agreement is likely to say something like: "The entity which will run the canal shall be a U.S. Government agency or otherwise." It is now time to start writing a treaty," he said. I objected that much of the spadework for difficult and intricate problems such as the functions of the entity and employee rights had not yet been done. He acknowledged this with a shrug.

The conversation turned to the economic situation in Panama. I observed that the situation was not good. Lopez-Guevara added, "And getting worse." He criticized Minister of Planning and Economic Policy Barletta for "squandering" Panama's money on long-range high-cost projects of dubious value. He also criticized, though by implication, statist thinking by many leaders of the Panamanian Government.

In summary, Lopez-Guevara is very pessimistic about the future public order situation, the negotiations and the economy.

**140. Memorandum From the Chief of the Latin America Division,
Directorate of Operations, Central Intelligence Agency
(Raymond A. Warren) to Director of Central Intelligence
Bush¹**

Washington, November 4, 1976.

SUBJECT

Panamanian National Guard G-2 Responsibility for Panama Canal Zone
Bombings²

1. This memorandum is to advise you that Lt. Col. Manuel A. Noriega, the Chief of the Panamanian National Guard G-2 (GN/G-2), ordered the three recent bomb explosions in the Panama Canal Zone. [*3½ lines not declassified*]³

2. *Background.* Between 31 October and 1 November, three explosions took place in the Panama Canal Zone. Although no personal injuries resulted, at least nine cars and some property were damaged. The explosions have, of course, drawn great attention from all elements of the U.S. Government concerned with the security of the Canal Zone. At last report, the Governor of the Canal Zone had requested that the United States Southern Command provide sufficient troops to defend the canal area.

3. The Panamanian press is currently accusing the Zonians themselves of plotting to create a situation wherein they appear martyrs. At the same time, leaflets are circulating in Panama claiming that an ultra-nationalist anti-U.S. group is taking credit for the bombings. However, two disseminations, one from a highly sensitive Agency source, the second from an equally sensitive source of the U.S. Army's 470th Military Intelligence Group, report that the Chief of the GN/G-2, Lt. Col. Noriega, himself ordered the bombing attacks and occasioned the distribution of the diversionary leaflets as part of a harassment campaign against the Canal Zone. According to the Agency

¹ Source: Central Intelligence Agency, Office of the Director of Central Intelligence, Job 79M00467A: Subject Files and Correspondence, Box 23, Folder 17: P-17: Panama. Secret. Sent through Wells who concurred on November 6. A copy was sent to the Deputy DCI.

² Underneath the subject line, an unknown hand wrote: "(Additional details/possibilities of which you should be aware)."

³ In telegram 7529 from Panama City, November 3, the Embassy also reported evidence that "the recent bombings in the Canal Zone were the work of the Panamanian National Guard—presumably with Torrijos's approval." The Embassy offered options: A) ignore the evidence and maintain the status quo; B) end negotiations because of the bombings; or C) warn Torrijos personally about any future violence. (National Archives, RG 84, American Embassy, Panama, Classified and Unclassified Political and Economic Files 1976–78, Lot 80F162, Box 3, POL 23.8 Demonstrations, Riots, Terrorism, 1977)

report, Lt. Col. Noriega almost certainly had the approval of the Chief of Government, Brigadier Omar Torrijos for such an action. Although the Agency and Army reports vary somewhat on the actual individuals involved in the technical aspects of the bombings, it is clear that most if not all of these technicians have at one time or another received ordnance training from the U.S. Army or U.S. AID. Additionally, one of the individuals mentioned was among the twelve trainees who attended an Agency sponsored course on terrorist devices, threats, and response, held in the United States from 5 to 30 July 1976.

4. *[11 lines not declassified]* Lt. Col. Noriega *[less than 1 line not declassified]* maintains a liaison relationship with representatives of the Cuban and Israeli intelligence services. Clearly, this second-most powerful man in Panama is no one's agent. He is a ruthless opportunist whose only loyalties lie with himself and Panama.

5. One of the cars bombed belonged to Canal Zone policeman William Drummond. Drummond recently came to public attention in late October when, as legislative chairman of the Canal Zone AFL-CIO, he filed suit in the Zone's U.S. District Court for the purpose of halting canal treaty negotiations. Sometime earlier, Mr. Drummond had testified before a U.S. Congressional Committee in opposition to the negotiation of a new canal treaty with Panama. He had also authored correspondence on Panama based on information he claimed to have received from someone with access to the files of the 470th Military Intelligence Group; and Congresswoman Leonor Sullivan subsequently drew from this correspondence when presenting questions on Panama to the National Security Council. *[4½ lines not declassified]*

[name not declassified]

**141. Memorandum From the Senior U.S. Treaty Adviser
(Wyrough) to Ambassador at Large Bunker¹**

Washington, November 4, 1976.

SUBJECT

Congressional Views of a Treaty

Dick McCall of Senator McGee's staff made the following points when Keith Guthrie² and I met with him this morning:

—Two key issues are critical to winning Senate acceptance of a new canal treaty: (1) convincing Senators of the need for a revised relationship, and (2) adequate Canal defense arrangements that are endorsed by the Defense Department. A treaty that would terminate by the year 2000 would probably be saleable so long as the post-2000 defense provisions had Defense's full support. All other issues (form of the entity, compensation—including need for appropriations) are subsidiary and would probably be supported by the Senate if the two basic requirements are met.

—President-elect Carter might well find it easier to proceed on the canal question if he were presented upon taking office with a comprehensive treaty package (or at least a conceptual agreement accepted by both the U.S. and Panama).

—We should go forward with plans to organize steering groups among key staffers in both the Senate and the House in the pre-inaugural period. (We intend to do this and will start within the next week to ten days.)

Richard Wyrough³

¹ Source: National Archives, RG 59, Ambassador Bunker's Correspondence, Lot 78D300, Box 3, Congress. Confidential.

² Guthrie was serving in the Office of Panamanian Affairs.

³ Wyrough initialed "RW" above this typed signature.

142. Telegram From the Department of State to the Embassy in Panama¹

Washington, November 9, 1976, 0056Z.

275270. From the Secretary. Subject: Panama Canal Negotiations: Bombings. Ref: Panama 7529.²

1. I share your concern about the potentially tragic and far-reaching consequences of the harassment program which Torrijos appears to have adopted on the mistaken assumption that bombs will somehow speed the course of the negotiations. I am particularly concerned by the potential for loss of life which, if it should occur, could cause a rupture in our relations and seriously delay the negotiating process.

2. I believe that the option set forth in the first portion of para 3C refTel comes closest to my thinking in presenting the matter to Torrijos. A variation of it has the greatest potential for eliminating the threat to lives and property while at the same time preserving our flexibility for the future.

3. Suggest therefore that you proceed in the following manner:

(A) Arrange for a meeting with Torrijos. We believe that there is considerable value in working through Lakas who may be a moderating influence. You may wish therefore to ask Lakas to arrange the meeting and join with you. Assuming that you agree, you should ask that the meeting be private with only the three of you present. Make certain that both Torrijos and Lakas understand you are seeking this appointment on my personal instruction and that I consider it a matter of highest priority.

(B) Inform Torrijos that we have the gravest suspicions—difficult as it is for us to believe—that recent bombings in the Canal Zone have been the work of members of the National Guard. While we assume these developments have occurred without Torrijos' knowledge, we thought he should be aware of our very grave concern about the implications of Guard involvement. Surely Torrijos perceives the serious ramifications that would result throughout the entire range of our bilateral relationship should any evidence of Guard involvement in

¹ Source: Ford Library, National Security Adviser, Presidential Country Files for Latin America, Box 6, Panama—State Department Telegrams from SECSTATE—NODIS. Secret; Immediate; Nodis. Drafted by Becker, Wyrrough, and Chester; cleared by Bunker, Luers, Bell, and in S/S; approved by Kissinger.

² See footnote 3, Document 140.

this matter be confirmed. If such an action occurs again, we would have no choice but to end all negotiations.³

(C) If Torrijos should react as you have predicted by attempting to blame Canal residents or U.S. intelligence agencies, you should hear him out and then reply firmly that we were aware of this possibility, have examined it thoroughly and have reluctantly concluded that it does not allay our suspicions of involvement by members of the Guard.⁴ In a low key manner, you should also point out that while the perpetrators of these incidents apparently were careful not to cause personal injuries, this was no guarantee that injuries or deaths could not have occurred.

(D) Prior to the meeting you may wish to consult with [*less than 1 line not declassified*] to discuss best method of protecting sensitive sources.

Kissinger

³ In a November 5 memorandum to Kissinger, Bunker and Luers added a fourth option, endorsed by Jorden: "Follow option 3 but tell Torrijos that we are suspending the negotiations pending receipt of his assurance that no further acts of terrorism will occur." (National Archives, RG 59, Central Foreign Policy File, P84015-1473)

⁴ In telegram 7680 from Panama City, November 10, Jorden reported on his November 9 meeting with Torrijos. The Panamanian leader stated he had been expecting a démarche on this issue, but demanded proof that the National Guard was behind the bombings, emphasizing that the démarche "could be interpreted as threatening and domineering." (Ford Library, National Security Adviser, Presidential Country Files for Latin America, Box 6, Panama—State Department Telegrams from SECSTATE—NODIS) On November 29, Torrijos sent a letter to Kissinger formally denying National Guard involvement in the bombings. (National Archives, RG 84, American Embassy, Panama, Classified and Unclassified Political and Economic Files 1976–78, Lot 80F162, Box 3, POL 23.8, Demonstrations, Riots, Terrorism, 1977)

143. Memorandum of Conversation¹

Washington, December 7, 1976.

PARTICIPANTS

Ambassador Carlos López Guevara, Panamanian Treaty Negotiator
Minister S. Morey Bell, Deputy U.S. Negotiator

SUBJECT

Issues and Procedures in the Negotiations

Lopez said he had instructions from the "treaty commission" to ask several questions and make several points.

The first issue was "defense rights and neutrality". Only recently, he explained, had Panama fully realized that the conclusion of a treaty almost certainly hinged on a Panamanian concession of major proportions respecting this issue. He explained further that the Jorden-Bell conversation with President Lakas had been critical.²

Could the United States consider a formula whereby defense rights/neutrality could be "covered" for a five-year period beyond the treaty's expiration, with a provision that the "coverage" would be "reviewed" at the end of five years and perhaps extended for another five, it being understood that the review process could continue thereafter. I asked, first, whether he was talking about a joint United States-Panama "guarantee" or "arrangement". He said, "Yes, only the United States and Panama". I then asked whether he was talking about a troop presence. He said, "No troops, but maybe a base". I replied that even if there were just a base, there would have to be people to maintain it. He answered by saying Panama and the United States could contract with those people.

I said that we always warmly welcome any ideas or initiatives from Panama, and that what he had just proposed was an interesting idea. He then interjected to say that the treaty commission is actively studying various formulae for resolving this problem quickly. I said that that was good to hear.

He said "they" had another idea. What about some arrangement for extending United States participation in Canal operation beyond the treaty period, but with Panama having the majority? He explained

¹ Source: Washington National Records Center, RG 330, USD/P Files, FRC 330-87-0068, 1975-1977 Memcons Re: Treaty Negotiation. Confidential; Limdis. Drafted by Bell on December 8. Copies were sent to Bunker, Shlaudeman, Bray, Dolvin, Jorden, and L. The meeting was held at the 1925 "F" Street Club.

² Not further identified.

that this might somehow be helpful in resolving the defense rights/ neutrality problem. I said that that was another interesting idea.

His third idea, he said, would probably surprise the United States. What about a formula whereby the United States would issue a unilateral declaration—as part of the overall treaty package—which would state that the United States would regard any threat to the continuous, safe, efficient, and neutral operation of the Canal as a threat to the United States, and would act to counter it by means of its constitutional processes? There could also be an initialed “negotiating minute” which would reflect that the United States had queried Panama on whether it objected to such a unilateral declaration, and reflect that Panama had stated that it had no objection.

I said that that was indeed somewhat of a surprising formula, and that it seemed to me that what he was suggesting constituted in effect an extension or adumbration of the Monroe Doctrine. He said that that was so. I asked how in the world Panama could possibly swallow that sort of thing politically. He replied smilingly that the Panamanian mentality works in mysterious ways, and that such a formula could conceivably be salable.

I said that it might be useful to probe these ideas further, but that Panama should understand two things. First, the United States negotiators have no authority whatever to pursue the defense rights/ neutrality/ duration problems at this time, and that they are in the position of needing signals from the President-elect. Second, the United States negotiators were exceedingly reluctant to enter into any “what if” conversations with Panama any more, because they could never have any assurance that their conversations would not reach the public domain quickly. Lopez said he and other members of his team fully understand both points.

Lopez then turned to an intense, serious commentary on the negotiating procedures. He said that the format of formal meetings of the two teams across a table had done much to preclude any informal chats and probing sessions between individual members of the two teams—sessions of the sort which produced new ideas, new formulae, that cannot be laid on the table officially. He said it seemed to Panama that the United States had chosen deliberately to eschew such informal encounters. The United States, he said, just seems not to want to get down to real talks. Could anything be done to change this situation?

I said that the United States negotiators in fact very much want to have the sort of encounters he was suggesting, but had felt that Panama did not want them because Panama wanted its entire team to hear everything, and engage in everything. I said also that we were a little reluctant to go into such talks because we had been so persistently and badly singed by revelations. He said he understood, and would see if “something can be done”.

I asked him whether Panama had any idea of broaching the foregoing subjects during the next round. He replied by saying "Would you object if we took the initiative?" I said only that this round was supposed to be "symbolic", and one designed to "clear away the underbrush".

144. Telegram from the Department of State to the Embassy in Panama¹

Washington, December 10, 1976, 1629Z.

300581. Subject: The Secretary's Bilateral With Foreign Minister Boyd, 12/3/76, 4:00 pm—Summary.

1. Boyd delivered a private letter from Torrijos on the bombings which again rejected the allegations of National Guard involvement and "advised" the United States against making "threats" to Panama.² The Secretary affirmed that the United States is not threatening Panama, but added that our information is highly credible and we will not reveal it. Both agreed that this affair should now be closed without public disclosure. The Secretary reminded the Minister, however, that we take this matter seriously.

2. On the negotiations the Secretary volunteered that he would send Bunker to Panama again, probably before Christmas—to "clean up remaining underbrush" and to "symbolize in a positive way the continuity of the United States commitment to the negotiation." Boyd was gratified.

3. The Secretary emphasized, however, that it would be for the new administration to make the final, critical decisions, and he could in no way speak for it. "I cannot saddle them with major moves."

4. He added that the United States basic, remaining concern is with Canal "defense." Agreement on Canal operation seemed within reach. He declined to explain this administration's present thinking on the duration issue to Boyd, saying no useful purpose would be served thereby.

¹ Source: National Archives, RG 59, Central Foreign Policy File, P840099-0440. Secret; Immediate; Nodis. Drafted by Bell; cleared in ARA, S, S/S, and L; approved by Bunker.

² See footnote 4, Document 142.

5. Responding to Boyd's persistent queries respecting the new administration's posture vis-à-vis the negotiations, the Secretary said he had spoken to the President-elect on Panama; he would be suggesting that Secretary-designate Vance give resolution of this problem a high priority;³ and he would do all he could to keep the matter from becoming a partisan one in the United States.

6. Over the past year Panama has shown great patience and wisdom, he explained, and it seemed to him that 1977 was the opportune time for concluding a new treaty. He felt that optimism is in order. So did Boyd. The Secretary warned that confrontational circumstances would certainly not help, however. Boyd said his government is not looking for them.

Comment: The exchange was pleasant enough but restrained. First names were not used. Though the bombing episode seemed to have been put to rest, it lingered in the air. For once Boyd did not talk right past the Secretary, but listened.

Obviously the Minister was pleased at the prospect of Bunker's return, which his government had been seeking vigorously. He expressed no disappointment with the Secretary's comment that this would be a symbolic, clearing-the-underbrush round of talks.

Robinson

³ See footnote 4, Document 136. In telegram 8444 from Panama City, December 14, the Embassy reported that Boyd had claimed that "the Panamanian positions on the treaty were passed on to Governor Carter through Sol Linowitz and members of the Ford administration and that Cyrus Vance has given high priority to the Canal question." (National Archives, RG 59, Central Foreign Policy File, D760461-0063) Ambassador Jorden's memoirs state that the Commission on United States-Latin American Relations, headed by Linowitz, provided Vance with a copy of its report on the Western Hemisphere, which made "early completion of a treaty with Panama a primary recommendation." According to Jorden, President-elect Carter also received a copy of the report, which he read "over the Christmas holidays." (*Panama Odyssey*, p. 341)

145. Briefing Memorandum From Ambassador at Large Bunker and the Assistant Secretary of State for Inter-American Affairs (Shlaudeman) to Secretary Kissinger¹

Washington, December 21, 1976.

Panama—The Latest Negotiating Round

Bunker returned on December 18 from his most recent negotiating round in Panama. The round met your limited purposes—it produced no surprises and yielded some progress in “clearing away the underbrush”.

The Panamanians were clearly pleased by the team’s presence. Indeed, in their eyes the process of meeting was perhaps the most important accomplishment of the round.

During the talks Panama displayed a flexibility, not apparent for some time, that is perhaps bred of its current economic and fiscal problems and consequent desire for a prompt treaty.

Bunker and other members of the team received strong signals that we would get what we wanted concerning a neutrality guarantee, long term protection of our security interests in the Canal and other US requirements if we could accept a treaty termination by the year 2000. Panama indicated a flexibility and willingness to accommodate our desires in other areas:

—They accepted our post-round draft communiqué (attachment)² in place of theirs with no real change.

—They accepted our October lands and waters position³ as the basis for further work on that issue. (The next step will be a technical team visit to Washington beginning January 10.)

—They appeared receptive to our informal ideas concerning the process for treaty drafting which would start at some still undetermined date.

—They agreed to begin technical discussions on two new subjects—functions which the canal operating entity will perform, and the treatment of selected non-military activities such as the Federal Aviation Agency and the Smithsonian Institute.

¹ Source: National Archives, RG 84, American Embassy, Panama, Panama Canal Treaty Negotiation Files, Lot 81F1, Box 126, POL 33.3-2/Treaty Negotiations, July-Dec 1976. Confidential. Drafted by Wyrrough.

² Dated December 19; not printed.

³ See Document 138.

—They accepted most of our position concerning rights and privileges for Canal employees, but declined to join in a joint statement of reassurance for current employees.

Bunker judges that once we have gotten an affirmative signal from the President-elect we should rather quickly seize the opportunity presented by this apparent flexibility and present a package offer that covers all remaining issues.

**146. Memorandum From the Deputy Director for Operations,
Central Intelligence Agency (Wells) to Multiple Recipients¹**

FIRDB-312/03856-76

Washington, December 24, 1976.

SUBJECT

Preliminary Panamanian Drafts Regarding a Canal Treaty Clause Dealing with the Treaty Issues of Canal Neutrality, Free Passage and Defense

1. The following information was obtained from [2 lines not declassified].

2. As of mid-December 1976 Foreign Minister Aquilino Boyd Guardia and other members of the Panamanian canal treaty negotiating team had prepared working papers containing three alternative treaty clauses dealing with the issues of canal neutrality, free passage and canal defense after the year 2000. The working papers were prepared by Boyd; Carlos Lopez Guevara, treaty negotiator; and Jorge Illueca Sibauste, Ambassador to the United Nations. Boyd requested the proposed treaty clauses on the presumption that the United States might be willing to accept the year 2000 as the duration period of the new canal treaty if Panama gave sufficiently broad guarantees to the United States regarding the right of free passage after the year 2000.

3. The Panamanian negotiators probably will not discuss the proposed alternative treaty clauses among themselves until late January 1977. Once a final draft has been agreed upon, it will be forwarded to General Omar Torrijos Herrera, Chief of Government, for approval.

¹ Source: National Archives, RG 59, Ambassador Bunker's Correspondence, Lot 78D300, Box 4, Neutrality. [name not declassified] signed for Wells. Secret; [handling restriction not declassified]. The memorandum was sent to Saunders, Bunker, Dolvin, Bell, and Lazar.

4. Boyd's paper was entitled "Draft Article for a Friendship and Cooperation Pact between the United States of America and the Republic of Panama" and read as follows:

"Article 7: The two contracting parties manifest their profound interest in the maintenance of the neutrality and security of the Panama Canal; as well as their concern for the peace and security of the nations. Therefore, they attribute a great importance to the coordination of the actions of their governments in the fight for international peace. To this end, the two parties agree to consult with each other regularly at various levels in relation to all important matters of reciprocal concern. In the case that situations arise which in the judgment of both parties constitute a threat to peace or a violation of the peace, the two contracting parties will enter immediately into communication for the purpose of coordinating their positions to the end of eliminating the threat which has arisen or to restore the peace. (Article 7 of the Accord of Friendship and Cooperation between the United Arab Republic and the USSR, 27 May 1971, and Article 7 of the Accord of Friendship and Cooperation between the USSR and Angola, 11 October 1976.)"

"Article 11: This treaty shall take effect beginning with the year 2000 and shall have a five-year term of duration, renewable by means of an exchange of notes, for successive periods of one year each. (Article 11 of the Treaty of Friendship and Cooperation between the United Arab Republic and the USSR, and Article 14 of the Treaty of Friendship and Cooperation between the USSR and Angola, and Article 19 of NATO of 19 June 1951.)"

5. The paper submitted by Carlos Lopez² for consideration read as follows:

"It would be agreed that an 'act' (*acta*) of the treaty negotiations, signed by both negotiating missions, would be included as follows:

A) The United States would ask Panama: The United States delegation wishes to ask the Panamanian delegation if it has some objection to a declaration to be formulated by the United States in the following terms: 'The United States declares that any attack on the Panama Canal or any threat of attack on the same will be considered by the United States as an attack or threat of attack against the United States; in consequence, the United States will respond in accord with its constitutional process in the form which it judges most fitting.'

B) The Panamanian delegation would respond: 'The Panamanian delegation has no objection to the declaration which the United States may make in the terms indicated in the question transcribed above, with the understanding that any action of the United States within Panamanian territory shall depend on the previous express consent of the republic of Panama.'"

² Presumably Carlos Lopez-Guevara.

6. The third alternative draft, prepared by Jorge Illueca, read as follows:

“Without prejudice to the respect due the territorial integrity of Panama, and to the end that any interruption of free transit of the canal be avoided, the contracting parties shall agree to act with the objective that the waterway forever remain open, efficient and neutral. In case of disagreement, the contracting parties agree to refer immediately their discrepancies to the Consultative Organ of the Organization of American States (OAS) for its urgent consideration, and they agree also to comply with the decision effected by the said Consultative Organ.”

7. The above information is being made available to the United States Ambassador to Panama. No further distribution is being made.

William W. Wells³

³ Printed from a copy that indicates [*name not declassified*] signed for Wells.

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