

GENERAL
FC87

October 1, 1975

Dear Mr. Laurion: ^x L.E.

The President has asked me to reply to your letter of August 7, in which you expressed your concern for the Panama Canal treaty negotiations. Please accept my apologies for this late reply.

You may be assured that the question of United States interests in the Panama Canal and how we might best protect them has been subject to the most thorough review and continues to receive concerned attention throughout the Executive Branch. Our principal goal in these negotiations is to protect United States interests over the long term.

Panama has been dissatisfied with the Treaty of 1903 since its inception and has pressed for more favorable terms with increasing intensity in recent years. We believe it should prove possible to negotiate a new treaty relationship with Panama which will protect basic United States interests in the Canal (including provision for the operation and defense of the Canal by the United States for an extended period of time) while meeting some of Panama's concerns and desires. It is our belief that this is of vital importance if we are to maintain access to the Canal over the long term. The talks, however, are still continuing and a number of difficult issues remain to be discussed.



RECEIVED

OCT 1 1975

CENTRAL FILES

The President has no intention of proposing to the Congress any agreement with Panama, or with anyone else, that would not protect our vital interests. I can also assure you that any treaty agreed upon by the negotiators will be subject to the full constitutional process, including Senate approval.

With the President's appreciation for the candor with which you have shared your views and his best wishes,

Sincerely,

Roland L. Elliott
Director of Correspondence

Mr. L. E. Laurion
Post Office Box 1679
Wichita, Kansas 67201

RLE:NSC:STATE:JHH:aby

B



NATIONAL SECURITY COUNCIL

September 25, 1975

MEMORANDUM FOR: JEANNE W. DAVIS
FROM: STEPHEN LOW *SN*
SUBJECT: Letter to Mr. L. E.
Laurion

Attached for your signature is a memo to Roland Elliott forwarding a suggested response to Mr. L. E. Laurion on the Panama issue.



MEMORANDUM

NATIONAL SECURITY COUNCIL

September 25, 1975

MEMORANDUM FOR: ROLAND ELLIOTT
FROM: *fn* JEANNE W. DAVIS *WJD*
SUBJECT: Letter to Mr. L. E. Laurion

Attached for your signature at Tab A is a suggested response to Mr. L. E. Laurion who wrote the President on August 7 (Tab B) to express his concern regarding the Panama Canal treaty negotiations and his opposition to any transfer of control and sovereignty of the Canal to Panama.



TAB A



Suggested Reply

Final

Dear Mr. Laurion:

The President has asked me to reply to your letter of August 7, ~~1975~~, in which you expressed your concern ~~with regard to~~ the Panama Canal treaty negotiations.

Please accept my apologies for this late reply.

You may be assured that the question of United States interests in the Panama Canal and how we might best protect them has been subject to the most thorough review and continues to receive concerted attention throughout the Executive Branch. Our principal goal in these negotiations is to protect United States interests over the long term.

Panama has been dissatisfied with the Treaty of 1903 since its inception and has pressed for more favorable terms with increasing intensity in recent years. We believe it should prove possible to negotiate a new treaty relationship with Panama which will protect basic United States interests in the Canal (including provision for the operation and defense of the Canal by the United States for an extended period of time) while meeting some of Panama's concerns and desires. It is our belief that this is of vital importance if we are to maintain access to the Canal over the long term. The talks, however, are still continuing and a number of difficult issues remain to be discussed.

[continued]



The President has no intention of proposing to the Congress any agreement with Panama, or with anyone else, that would not protect our vital interests. I can also assure you that any treaty agreed upon by the negotiators will be subject to the full constitutional process, including Senate approval.

*With the President's appreciation for the
candor of ~~your~~ views and ~~your~~ ^{with which you have shared your} ^{Sincerely,}
his best wishes,*

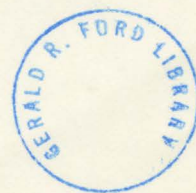
Roland Elliott

Mr. L. E. Laurion
Post Office Box 1679
Wichita, Kansas 67201

RLE/NSC/State/JH



TAB B



(CLASSIFICATION)

DEPARTMENT OF STATE
EXECUTIVE SECRETARIAT
TRANSMITTAL FORM

S/S: 7516607

Date:

For: Lt. Gen. Brent Scowcroft
National Security Council
The White House

September 4, 1975

Pursuant to referral dated August 13, 1975, NSC No. _____ (if any)
a copy of which is attached, we are enclosing the following:

Information copy
_____ of direct reply _____ Translation _____ Other

XX Draft reply for: _____ President's signature XX Other signature

_____ We believe no response is necessary for the reason cited below

The attached item, which was sent directly to the Department
of State, is being forwarded for your attention.

_____ We believe no response is necessary for the reason cited below

_____ A draft reply is attached

_____ A draft reply will be forwarded

_____ A translation is attached

_____ Other

REMARKS:

DOCUMENT DESCRIPTION:

To: The President

From: L. E. Laurion

Date: August 7, 1975

Subject: Panama Canal Treaty



Richard E. Heckler

George S. Springsteen
Executive Secretary

SUGGESTED REPLY

Dear Mr. Laurion:

President Ford has asked that I reply to your letter of August 7 in which you expressed concern about the negotiations which the United States is conducting with the Republic of Panama.

President Johnson after consulting with former Presidents Truman and Eisenhower ^{decided} ~~agreed~~ ^{enter} in 1964 to negotiate a new treaty relationship with Panama. Agreements were reached in 1967 but neither party initiated the ratification process and in 1970 the Panamanian government formally requested that negotiations be reopened. Tentative agreement was reached on a number of issues in 1971 but treaty language was not agreed upon. The current round of negotiations commenced late in 1973 shortly after Secretary Kissinger announced the appointment of Ambassador-at-Large Ellsworth Bunker as chief United States negotiator.

In February 1974, Secretary of State Kissinger and then Panamanian Foreign Minister Tack signed a Statement of Principles to guide the negotiators in their effort to conclude a satisfactory treaty. A report on the status of

Mr. L. E. Laurion,

P. O. Box 1679,

Wichita, Kansas 67201.



negotiations including the text of the Principles is enclosed for your convenience together with a copy of a recent speech by Ambassador Bunker.

As you may be aware, it was announced on August 10 that Ambassador Bunker will be travelling to Panama in early September for a new round of negotiations.

The primary United States objectives in the negotiations are to retain the right to administer, operate and defend the canal for an extended period of time; to secure an option to expand capacity either by adding a third set of locks or by building a new sea-level canal; and to assure a viable treaty arrangement which provides the basis for an enduring mutually acceptable relationship with Panama.

I trust that this letter and the enclosed material will be helpful to you in explaining our objectives in the current negotiations.

Sincerely,

Department of State



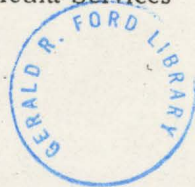
THE DEPARTMENT OF STATE



News Release

January 1975

Bureau of Public Affairs
Office of Media Services



PANAMA CANAL TREATY NEGOTIATIONS: BACKGROUND AND CURRENT STATUS

Background

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

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

Canal's Economic Value

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

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

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

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

Panamanian Treaty Concerns

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

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

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

THE DEPARTMENT OF STATE



News Release:

May 22, 1975
Seattle, Wash.

Bureau of Public Affairs
Office of Media Services

PANAMA AND THE UNITED STATES: TOWARD A NEW RELATIONSHIP

The following is the text of an address by Ellsworth Bunker, Ambassador at Large, before the Rainer Club.

I am happy to be with you this afternoon and to have this opportunity to speak on the efforts now underway to create a new relationship between Panama and the United States.

I know that the arrangements for the future operation of the Panama Canal are of great interest to a major maritime city such as Seattle. But there are broader reasons why negotiations over the future of the canal should concern Americans. For the successful conclusion of a new agreement on the canal:

- Would demonstrate the possibility, in the conduct of our foreign relations, of resolving problems when they are susceptible to accommodation and compromise, rather than waiting until they raise the danger of confrontation and possible use of military force;
- Would provide concrete evidence of our country's willingness to move toward a more mature partnership with Latin America, where we have often in the past been accused of paternalism or neglect; and
- Would serve as an example of practical cooperation between a large and a small country, a developed and a less-developed country. Such cooperation is indispensable if we are to achieve what the Secretary of State recently described as the aim of U.S. foreign policy [March 1, Houston]: "... to

help shape a new structure of international relations which promotes cooperation rather than force, negotiation rather than confrontation, and the positive aspirations of peoples rather than the accumulation of arms by nations."

In the past, when serving as a U.S. negotiator, I have made it a habit to keep my mouth shut publicly while negotiations were in progress. The fact that I have decided to discuss today some of the key issues in the current canal negotiations reflects another basic element of this Administration's conduct of foreign policy—the awareness that no foreign policy decision, and particularly no significant change in foreign policy, can take place without the advice and consent of Congress and the informed support of the American people, on the basis of candid and reasonable public discussion.

Value of the Canal

The story begins 72 years ago. In 1903 the newly independent Republic of Panama granted to the United States—in the Hay-Bunau-Barilla Treaty—a strip of its territory 10 miles wide and 50 miles long for the construction, maintenance, operation, and protection of a canal between the Atlantic and Pacific. Panama also granted to the United States—in perpetuity—all the rights, power, and authority to act within that strip of territory as "if it were the sovereign."

That the treaty favored the United States was acknowledged promptly. John Hay—then Secretary

THE WHITE HOUSE OFFICE

REFERRAL

To: **The Secretary of State**

Date: **August 13, 1975**

8/26 Written f-up
SS # 7516607

ACTION REQUESTED

- ☒ Draft reply for:
 - _____ President's signature.
 - ☒ Undersigned's signature.
- _____ Memorandum for use as enclosure to reply.
- _____ Direct reply.
- _____ Furnish information copy.
- _____ Suitable acknowledgment or other appropriate handling.
- _____ Furnish copy of reply, if any.
- _____ For your information.
- _____ For comment.

Log#

9/4 Called NSC-Tom. Will ch. status & call back. No record.

NOTE

Is still with State.

Prompt action is essential

2 weeks'

If more than ~~2 weeks~~ delay is encountered, please telephone ~~the undersigned immediately~~

~~Ext. 1450~~ **Miss Byrne 456-6688**

Shd be at NSC today

Basic correspondence should be returned when draft reply, memorandum, or comment is requested.

or Tom. from State.

9/9 Called Tom NSC to ch. status. Said to send written f-up.

9/17 2nd written f-up

9/26 JHH called Murph, said working on.

REMARKS:

Description:

☒ Letter: _____ Telegram: Other: _____

To: **The President**

From: **L. E. Laurion, P.O. Box 1679, Wichita, Kansas 67201**

Date: **August 7, 1975**

Subject: **Panama Canal Treaty**

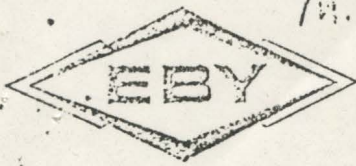
By direction of the President:

Roland L. Elliott
Director of Correspondence

RLE:AVH:PB:emp

(White House Suspense Copy)





MARTIN K. EBY CONSTRUCTION CO., INC.

GENERAL CONTRACTORS • P.O. BOX 1679 • 610 NORTH MAIN • (316) 267-1371 • WICHITA, KANSAS 67201

PLEASE ADDRESS REPLY TO THE COMPANY
ATTENTION OF THE WRITER

August 7, 1975

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

Dear Mr. President:

I have read with alarm the "agreement on principles" signed by Secretary Kissinger and Panamanian Foreign Minister Juan A. Tack, which presumably will guide the negotiation of a new Panama Canal Treaty. If this document had been prepared by Chairman Brezhnev, of the Soviet Union, it would be logical and understandable. It is difficult, however, for me to comprehend how a statesman, who I am sure has the best interests of the United States at heart, could be led so far astray as to countenance that document.

I spent two years in the Panama Canal Zone, and several of my good friends have been Governor of the Panama Canal Zone. I understand how easily a few of the Panamanian people can be induced by a demagogue to riot against the United States or against any other cause. I fail to understand, however, how the United States Government can be stampeded into acceding to the transitory wishes of this unstable, vociferous minority, even though the granting of those demands is contrary, not only to the best interests of the United States but to world peace.

As you well know, through the Panama Canal Company, the United States Government has subsidized the Panamanian people since the canal was completed. Our sovereignty over the Panama Canal Zone is vested by a legitimate treaty, with which the Panamanians were not only satisfied, but jubilant.

If our foreign policy is to be governed and dictated by foreign Marxist minorities, and if the United States Government is to submit to their blackmail, then we deserve to lose not only the respect of other friendly nations but our precious freedom as well. I trust that you will not be a party to any treaty, or other document, that transfers control and sovereignty of the Panama Canal to the Republic of Panama, or to any other entity.



MARTIN K. EBY CONSTRUCTION CO., INC.

The Honorable Gerald R. Ford
President of the United States
August 7, 1975
Page 2

By copy of this letter, I am urging Kansas Senators Dole and Pearson to vote against the ratification of any such document.

Sincerely yours,

MARTIN K. EBY CONSTRUCTION CO., INC.

L. E. Laurion
L. E. Laurion
Assistant to the President

LEL:fes

cc: Senator Bob Dole
Senator James B. Pearson
Martin K. Eby



NSC CORRESPONDENCE PROFILE

DOC		RECD		LOG NBR		INITIAL ACTION
MO	DA	MO	DA	HR		
9	4	9	4	10	7505967	low

SOURCE/CLASS/DESCRIPTION	TO: PRES	FROM: KISSINGER, H	REFERENCE: 7510607	CIRCLE AS APPROPRIATE
	KISSINGER	COLBY, W	S/S	UNCLAS LOG IN/OUT
	SCOWCROFT	SCHLESINGER, J	OTHER	LOU NO FORN NODIS
	DAVIS	ST EX SEC		C EYES ONLY EXDIS
	SUBJECT: Add ltr to Pres from Laurion re Panama Canal Treaty			S CODEWORD
				TS SENSITIVE

DISTRIBUTION/INITIAL ACTION ASGMT	INTERNAL ROUTING AND DISTRIBUTION		REC CY FOR	ACTION REQUIRED
	ACTION	INFO		
	ADVANCE CYS TO HAK/SCOWCROFT			MEMO FOR HAK
	STAFF SECRETARY			MEMO FOR PRES
	FAR EAST			REPLY FOR
	SUB-SAHARAN AFRICA			APPROPRIATE ACTION
	MID EAST / NO. AFRICA / SO. ASIA			MEMO..... TO.....
	EUROPE / CANADA			RECOMMENDATIONS
	LATIN AMERICA	X		JOINT MEMO.....
	UNITED NATIONS			REFER TO..... FOR:.....
	ECONOMIC			ANY ACTION NECESSARY?.....
	SCIENTIFIC			CONCURRENCE.....
	PROGRAM ANALYSIS			DUE DATE: 9/20
NSC PLANNING			COMMENTS: (INCLUDING SPECIAL INSTRUCTIONS)	
CONGRESSIONAL				
OCEANS POLICY				
INTELLIGENCE				

SUBSEQUENT ROUTING/ACTIONS	DATE	FROM	TO	S	SUBSEQUENT ACTION REQUIRED (OR TAKEN):	CY TO
	9/29	Low	S		C memo for Elliott	
	9/24			C	Davis syl memo to Elliott	

NSC/S DISP INSTR	DISPATCH	Done w/attach 9-29-75 TH	MICROFILM & FILE REQMS:		
	CY REQMS: SEE ABOVE PLUS:				
	NOTIFY	& DATE	BY	M/F'D	BY
	SPECIAL DISPOSITION:			CRT ID:	SA SF
	CROSS REF W/		OPEN	HB NS	
	SUSPENSE CY ATTACHED: yes	FOLDER:	CLOSE	WH EP	
				PA DY	