

9

Don't give Panama our canal!

Give them Kissinger instead!

Elaine L. Lewis

5328 PARK LANE, SAN BERNARDINO, CALIFORNIA 92404

File

GENERAL

FC87

Sunday
July 27, 1975

9/5-2A

President Gerald Ford.
The White House
Washington, D.C.

Dear Mr. President:

Mr. Roland L. Elliott's letter of
5/5/75 indicates that you are
considering changing our Panama
Canal Treaty of 1903.

Are you aware that Panama
has had 46 or 47 different heads
of government since that Treaty
was made? Just who do you
plan to turn it over to?

Everywhere Henry Kissinger
goes - we suddenly have a loss.

Please remember, the 1903
Treaty was made in perpetuity.

I'm sure the Russians
would like to have Alaska
back - Lets not give Mr Kissinger
any ideas about that.

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AUG 6 1975

CENTRAL FILES

Elaine L. Lewis

5328 PARK LANE, SAN BERNARDINO, CALIFORNIA 92404

might lose our 49th State.

I'm for less Big Government,
more individual responsibility,
and with God's help, a better
world.

I had one of the top 3 telephone
Centers for the collection of Pres.
Nixon - Gov Reagan presented
me with a Tap Danc Seal
Award. One of our sons is in
his fourth term in the Assembly.

Every day, I tell some one
about the Communist
Conspiracy in our great
Country.

Sincerely
Elaine Lewis



GENERAL

4887
F09

May 5, 1975

Dear Mrs. Lewis: *Elaine L.*

The President has asked that I reply to your letter of April 3, concerning the Panama Canal treaty negotiations. Your expression of concern is appreciated.

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.

You may be sure that any decision which the President might make affecting the future of the Canal will protect United States interests, and any treaty agreed upon by



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the negotiators would be subject to full constitutional process, including approval by the Senate.

With the President's best wishes,

Sincerely,

Roland L. Elliott
Director of Correspondence

Mrs. Elaine L. Lewis
5328 Park Lane
San Bernardino, California 92402

RLE:NSC:JHH:RLE:aby



NATIONAL SECURITY COUNCIL

May 1, 1975

MEMO FOR: JEANNE W. DAVIS

FROM: STEPHEN LOW *SP*

SUBJECT: Letter to Mrs. Elaine L.
 Lewis re Panama Canal
 Treaty Negotiations

Attached for your signature is a memo to Roland Elliott forwarding a suggested reply to Mrs. Lewis of California re the Panama Canal Treaty negotiations.



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MEMORANDUM

NATIONAL SECURITY COUNCIL

May 1, 1975

MEMORANDUM FOR: ROLAND ELLIOTT

FROM: JEANNE W. DAVIS *JWD*

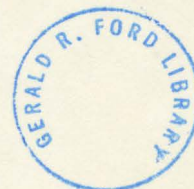
SUBJECT: Letter to Mrs. Elaine L. Lewis re
Panama Canal Treaty Negotiations

Mrs. Elaine L. Lewis of San Bernadino, California, and mother of state assemblyman Jerry Lewis, wrote the President April 3 to express her opposition to relinquishing control over the Canal to Panama. She asked for a copy of the proposed treaty. (Tab B)

Attached for your signature at Tab A is a suggested letter of response on behalf of the President. The letter notes that we believe it will be possible to negotiate a modernized treaty relationship protecting basic U.S. interests in the operation and defense of the Canal while meeting some of the Panamanian concerns and desires. The letter points out that the talks are continuing and that a number of difficult issues remain to be discussed. It is also pointed out that any treaty would be subject to full constitutional process including Senate approval.

Attachments:

Tab A: Suggested response to Mrs. Elaine L. Lewis
Tab B: Incoming



A.



Suggested Reply

Final

Dear Mrs. Lewis:

The President has asked that I reply to your letter of April 3, ~~1975~~, concerning the Panama Canal treaty negotiations. Your expression of concern is appreciated.

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)



You may be sure that

Any decision which the President might make affecting the future of the Canal will protect United States interests, and any treaty agreed upon by the negotiators would be subject to full constitutional process, including approval by the Senate.

With the Pres's best wishes,
Sincerely,

R L E

Mrs. Elaine L. Lewis
5328 Park Lane
San Bernardino, California 92404

R L E / NSC / JH



B.



UNCLASSIFIED
(CLASSIFICATION)

DEPARTMENT OF STATE
EXECUTIVE SECRETARIAT
TRANSMITTAL FORM

S/S: 7507484

Date: April 22, 1975

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

Pursuant to referral dated April 15, 1975, NSC No. 7502385 (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: President Ford

From: Elaine L. Lewis

Date: April 3, 1975

Subject: Panama Canal Treaty Negotiations

(Signature)
George S. Springsteen
Executive Secretary



SUGGESTED REPLY

Dear Ms. Lewis:

President Ford has asked that I reply to your letter of April 3 concerning the Panama Canal treaty negotiations.

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 U.S. interests.

Panama has been discontented with the Treaty of 1903 since its inception and has pressed for more favorable terms with increasing intensity in recent years. Treaty revisions were made in 1936 and 1955. But the most objectionable feature from Panama's viewpoint -- United States exercise of rights as if sovereign in the Canal Zone in perpetuity -- remained unchanged. The Canal has become the major political issue in Panama as well as a continuing source of tension in U.S.-Panamanian relations. A flag raising incident in the Canal Zone in 1964 led to riots and the death of 20 Panamanians and 4 Americans.

Mrs.
Ms. Elaine L. Lewis,

5328 Park Lane,

San Bernardino, California 92404



After considering all the factors, and recognizing that a disgruntled and resentful government and people in Panama could create a situation in which United States interests in the Canal would be seriously threatened, the resumption of treaty negotiations with Panama was undertaken. The negotiations began in June 1971 and have been renewed under a new U.S. chief negotiator, Ambassador at Large Ellsworth Bunker.

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

As in all negotiations both sides have put forth positions. Many issues remain to be resolved and negotiations are continuing. We cannot predict when an agreement on a new treaty will be reached.

Any decision which the President might make affecting the future of the Canal will, of course, protect United States interests. In fact, a major reason for initiating these negotiations is to head off a crisis which would endanger those interests. A treaty, of course, would be submitted to the Senate for approval and would be subject to full constitutional process.



Information concerning the issues involved in the Canal treaty negotiations is contained in the enclosed copy of the Background and Status of the Panama Canal Treaty Negotiations prepared by the Office of Panamanian Affairs. Also enclosed is a copy of a speech by Ambassador Bunker on the treaty issue.

I hope you will call on me if we can be of further assistance.

Sincerely,



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

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

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

Evaluation of Bilateral Negotiations for a New Treaty

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

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

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

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

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

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

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

U.S. Security Council Action

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

New U.S. Approach

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

served as a useful framework for the present negotiations.

U.S. Treaty Objective

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

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

Issues in the Negotiations

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

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

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

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

the United States require to accomplish its purpose?

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

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

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

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

Current Status of Negotiations

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

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

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

STATEMENT OF PRINCIPLES

Joint Statement by the Honorable Henry A. Kissinger, Secretary of State of the United States of America, and His Excellency Juan Antonio Tack, Minister of Foreign Affairs of the Republic of Panama, on February 7, 1974 at Panama

The United States of America and the Republic of Panama have been engaged in negotiations to conclude an entirely new treaty respecting the Panama Canal, negotiations which were made

possible by the Joint Declaration between the two countries of April 3, 1964, agreed to under the auspices of the Permanent Council of the Organization of American States acting provisionally as the Organ of Consultation. The new treaty would abrogate the treaty existing since 1903 and its subsequent amendments, establishing the necessary conditions for a modern relationship between the two countries based on the most profound mutual respect.

Since the end of last November, the authorized representatives of the two governments have been holding important conversations which have permitted agreement to be reached on a set of fundamental principles which will serve to guide the negotiators in the effort to conclude a just and equitable treaty eliminating, once and for all, the causes of conflict between the two countries.

The principles to which we have agreed, on behalf of our respective governments, are as follows:

1. The treaty of 1903 and its amendments will be abrogated by the conclusion of an entirely new interoceanic canal treaty.
2. The concept of perpetuity will be eliminated. The new treaty concerning the lock canal shall have a fixed termination date.
3. Termination of United States jurisdiction over Panamanian territory shall take place promptly in accordance with terms specified in the treaty.
4. The Panamanian territory in which the canal is situated shall be returned to the jurisdiction of the Republic of Panama. The Republic of Panama, in its capacity as territorial sovereign, shall grant to the United States of America, for the duration of the new interoceanic canal treaty and in accor-

dance with what that treaty states, the right to use the lands, waters and airspace which may be necessary for the operation, maintenance, protection and defense of the canal and the transit of ships.

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

6. The Republic of Panama shall participate in the administration of the canal, in accordance with a procedure to be agreed upon in the treaty. The treaty shall also provide that Panama will assume total responsibility for the operation of the canal upon the termination of the treaty. The Republic of Panama shall grant to the United States of America the rights necessary to regulate the transit of ships through the canal and operate, maintain, protect and defend the canal, and to undertake any other specific activity related to those ends, as may be agreed upon in the treaty.

7. The Republic of Panama shall participate with the United States of America in the protection and defense of the canal in accordance with what is agreed upon in the new treaty.

8. The United States of America and the Republic of Panama, recognizing the important services rendered by the interoceanic Panama Canal to international maritime traffic, and bearing in mind the possibility that the present canal could become inadequate for said traffic, shall agree bilaterally on provisions for new projects which will enlarge canal capacity. Such provisions will be incorporated in the new treaty in accord with the concepts established in principle 2.

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

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DEPARTMENT OF STATE
Office of Media Services

Speech Text:

AMBASSADOR BUNKER ON THE
PANAMA CANAL TREATY NEGOTIATIONS

FOR IMMEDIATE RELEASE

April 1, 1974

Address by Ambassador at Large
Ellsworth Bunker, Chief U.S. Negotiator
for the Panama Canal Treaty, before the
Center for Inter-American Relations,
March 19, 1974, New York City, N.Y.

The reason that I am particularly pleased to be with you is that I could hardly hope for a better audience before which to venture my first public thoughts on the matter of a new treaty relationship between the United States of America and the Republic of Panama.

This audience will understand that because the new relationship is a matter of transcendence for the two countries - and, in some measure, for the whole hemisphere and the world community - it is one which demands the constant application by both governments of:

- Reason rather than emotion;
- New ideas rather than old memories; and
- The will to accommodate rather than the wish to confront.

All that makes it quite a difficult matter, possibly the most difficult I have yet addressed as a negotiator.

I should like you to have the background of it, then the foreground as I can perceive it.

Background

We start from a treaty that is 70 years old. In 1903 the newly-independent Republic of Panama granted to the United States -- in perpetuity -- the use of a strip of land ten miles wide and 50 miles long for the construction, maintenance, operation, and protection of a canal between the Atlantic and the Pacific.

Panama also granted to the United States all the rights, power, and authority to act within that strip of land as "if it were the sovereign."

That the treaty favored the United States was acknowledged promptly. John Hay, then Secretary of State, told the Senate, in submitting it for ratification:

"...We shall have a treaty very satisfactory, vastly advantageous to the United States and, we must confess...not so advantageous to Panama."



To be sure, had the United States not been offered so advantageous a treaty by Panama, it might well have built the canal elsewhere.

Urmistakably, the construction of that waterway was an astounding achievement. Consider the triumph over tropical diseases; the gigantic engineering effort; the participation of people of many races and lands -- these are sources of extraordinary pride to our people.

Canal Benefits

We are no less proud of what the canal has represented since it opened. It has spurred the creation of major new international markets. It has caused the creation of entirely new sea routes. It has saved seafaring nations countless sums in terms of time, energy, and money. These -- together with the safe, efficient, and inexpensive operation of the waterway -- have provided Panama, the United States, and the entire world with benefits which obviously have been of incalculable value.

Let me illustrate some of the benefits to Panama:

-- One-fourth of that country's gross national product in recent years has been directly or indirectly attributable to the operation of the canal and the military bases within it;

-- More than one-third of Panama's total foreign exchange earnings in recent years has derived from United States payments for Panamanian goods and services used in the Zone;

-- Perhaps as much as one-fifth of Panama's employment nationwide is directly or indirectly attributable to the presence of the canal;

-- Panama has become a crossroads of the hemisphere, a center for banking, shipping, transport, and communications, and it has prospects for accelerated development in the years to come.

Today, that country's per capita income is the highest in Central America, the fourth highest in Latin America as a whole, exceeded only by that of Argentina, Uruguay, and Venezuela.

For the United States, the benefits have been military as well as economic.

It was the 7,000-mile, 66-day voyage of the US battleship "Oregon" around Cape Horn during the Spanish-American War that led us to build a trans-isthmian waterway. And its military value to the United States has not diminished, although it has changed.

Its strategic importance was demonstrated:

-- When the Japanese attack on Pearl Harbor left the United States without significant naval strength in the Pacific. Redeployment of elements of the Atlantic fleet through the canal saved more than two weeks steaming time around the Capes.

-- When during the Cuban missile crisis of 1962 mobilization orders found nearly all landing craft concentrated on the West Coast. More than 60 military vessels were redeployed to Gulf and East Coast ports in less than 10 days.

Even today, when major elements of our defense system are intercontinental bombers and missiles, the canal remains a vital line of communication. Despite limitations on the size of vessels which can pass through it, it permits the majority of US Navy ships to move expeditiously between oceans. Perhaps more important, it shortens supply lines from the United States to potential trouble spots around the world.



The Viet-Nam conflict, necessitating a rapid buildup of men and material in Southeast Asia during the mid-60's, is the most recent example of the logistical role the canal plays for the United States. Because our production capacity is located mostly east of the Mississippi River and our internal transportation was insufficient, we were forced to depend heavily on the Canal to transport equipment and supplies to our forces.

As for economic benefits to this country, they have unquestionably been great in the past. But how great they are today is relative. For example, it is true that 16 percent of the US ocean-borne trade passes through the Canal. It is also true, however, that our total foreign trade accounts for something less than ten percent of this country's gross national product.

Indeed, there are those who argue that the value of the United States to the Panama Canal far exceeds the value of the Panama Canal to the United States. The argument derives from the fact that some 70 percent of the traffic through the canal is either bound for, or coming from, this country.

Whatever the statistics, however, we know intuitively that the waterway contributes importantly to the economic well-being of our people.

US Role in Canal Zone

Where do the critical interests of our country now lie, and how may they best be served?

I suggest that they lie in the continued operation and defense of the canal by the United States for a further and reasonably extended period of time.

May I also suggest, however, that we can serve those interests adequately only if we move to change -- to modernize -- the nature of the presence of the United States in the Canal Zone.

It is a quite uncommon presence. Some 40,000 American citizens live and work in a 500-square mile area very much as they might live and work in any area of 500 square miles in the continental United States.

When all is said and done, however, that presence rests upon the consent of the Panamanian people.

That is so because, were the level of consent to decline to zero, but our presence remain, we would find ourselves in the position of engaging in hostilities with the people of an otherwise friendly American state, on its soil.

If I do not misread the temper of the American people and the times, that position would be unacceptable.

So long as the consent of Panama to our presence remains at a high level, the United States can devote all its energies there to the functions required for the efficient operation of the waterway. But in proportion as the consent-level declines, in that proportion we must divert some of our energies to functions not related directly to the waterway's operation. And in that proportion the efficiency of the operation declines - to the detriment of our critical interests.

Panama's Attitude

For many years the level of Panama's consent has persistently declined.

And by Panama, I mean the Panamanian people, of all strata, not simply their government. Governments in Panama may change.



But I am persuaded that governmental change will never again divert the Panamanian people from the course of legitimate nationalism they are now pursuing.

Unfortunately I must say that I consider the current level of consent to be unacceptably low. It began to be so ten years ago, when events in the Canal Zone led to rioting that occasioned 24 American and Panamanian fatalities.

Why has it declined? The Panamanians cite the following:

- The United States occupies a 10-mile wide strip across the heartland of Panama's territory, cutting the nation in two, curbing the natural growth of its urban areas.

- The United States rules as sovereign over this piece of Panama's territory. It maintains a police force, courts, and jails to enforce US laws, not only upon American but also upon Panamanian citizens.

- The US Government operates virtually all commercial enterprises within the Zone, denying to Panama the jurisdictional rights which would enable its private enterprise to compete.

- The United States controls virtually all of the deep-water port facilities serving Panama.

- The United States holds, unused, large areas of land within the Zone.

- The United States pays Panama but \$2 million annually for the immensely valuable rights it enjoys on Panamanian territory.

- The United States operates, on Panamanian territory, a full-fledged government that has no reference to the Government of Panama, which is its host.

- The United States can do all these things, the treaty states, forever.

To these things the Panamanians object, saying that they deprive their country of dignity, of the ability to develop naturally, and, indeed, of full independence.

One could disagree. One could ask that Panama relax in the tropics and enjoy, perpetually, the enormous direct and indirect benefits which the operation of the canal in its territory by the United States has brought to it. Yet the level of consent would not thereby be raised.

One can more usefully ask: What is the nature of these things to which Panama objects? Close scrutiny indicates, I suggest, that they resemble the appurtenances of power rather than power itself -- that it is the manner of the United States presence in Panama, not the presence itself, which is at the heart of our problem with that country -- and, I must add, with the world community.

My impression is that the United States would do well to examine what there is about our presence in the Canal Zone that is essential to our critical interests, and what is not, and then proceed to modify the latter so that we may protect the former.

The process will not be easy, for either country. On one hand, the physical, legal, and psychological architecture which the United States has erected in this 500 square miles over many years is enormous, and very solid. On the other, Panama's capacity to absorb, to rebuild, to redesign, is limited. But there really is no rational alternative.

Negotiating Efforts

For more than ten years we have been engaged with Panama, determined to arrive at a new and modernized relationship which could cause Panamanians to be fully content that the United States remain in Panama -- and Americans to be fully content to remain there. Successive American Presidents since Dwight Eisenhower have pressed that negotiation.

If our negotiations have not prospered over so many years, it is not for lack of distinguished and dedicated Panamanians and Americans negotiating. Rather it is because the times have simply not been right.

In any case, what is negotiating past is not negotiating prologue.

When Secretary of State Kissinger and I had the pleasure of meeting for the first time with the Foreign Minister of Panama in New York October 1973, the Secretary suggested that henceforth in this negotiation the United States should not attempt to impose its will on Panama, nor Panama attempt to impose its will on the United States.

And I am able to say, after four months of the new negotiation, that the negotiators on both sides have accepted that counsel. Political decisions have been taken to make accommodation a way of negotiating life. We shall not, I think, be easily distracted from it.

Statement of Principles February 7, 1974

The world has already observed that accommodation. In February the Secretary of State journeyed to Panama to initial with the Panamanian Foreign Minister a set of eight "Principles." They are to serve as guidelines for the negotiators in working out the details of a new treaty.

Perhaps the chief of government of Panama best characterized these principles when he said they constituted a "philosophy of understanding."

Their essence is that:

-- Panama will grant the United States the rights and facilities and lands necessary to continue operating and defending the Canal;

-- The United States will agree to return to Panama jurisdiction over its territory; to recompense Panama fairly for the use of its territory; and to arrange for the participation by Panama, over time, in the canal's operation and defense.

It has also been agreed in the "Principles" that the new treaty shall not be in perpetuity, but rather for a fixed period, and that the parties will provide for any expansion of canal capacity in Panama that may eventually be needed.

Beginning of Modernization Process

Still another form of accommodation will, I trust, be visible shortly. Following my first visit to Panama, I recommended to the President that the United States should not await the successful conclusion of treaty negotiations to begin modernizing its presence in the Canal Zone, to the benefit of both countries. He agreed, and is now forwarding to the Congress legislation which would return to Panama two World War II airfields now within the Canal Zone, which Panama could put to very good use for economic development. I am hopeful the Congress will agree that this is only "right" for the United States to do.



It escapes neither of the two negotiating parties that these accommodations are but a good beginning. A treaty arrangement which has evolved over 70 years, and evolved too often in acrimony rather than harmony, will not yield readily to the skills of negotiators, nor even to the political dictates of heads of government.

Nor does it escape the parties that there is opposition in both their lands. In this country there are those who hold that it is folly for the United States to alter the nature of its presence in the Canal Zone by making any concessions to Panama, and that our power must reside there, undiluted, forever. In Panama there are those who hold that it is folly to make a single concession to the United States, and that its presence must be eliminated forthwith.

We can acknowledge the profound patriotism of those views. Were the executive authorities of the two countries to share them, however, they would be squarely on a collision course.

The plain fact of the matter is that geography, history, and the economic and political imperatives of our times compel the United States and Panama to have a joint stake in the Panama Canal enterprise. It follows that with respect to that enterprise they should comport themselves as partners, and friends -- preserving what is essential to each, protecting and making ever more efficient a vital international line of communication, and, I suggest to you, creating a model for the world to admire of how a small nation and a large one can work peacefully and profitably together.

I think that is not too grand a design.



4NS.
CLASSIFICATION

NSC REFERRAL TO STATE SECRETARIAT

Date: April 15, 1975

MEMORANDUM FOR:

GEORGE SPRINGSTEEN
EXECUTIVE SECRETARY
DEPARTMENT OF STATE

NSC LOG# 7502385

DOCUMENT DESCRIPTION:

TO: President Fort

FROM: Elaine L. Lewis

DATE: April 3, 1975

SUBJECT: Concern over proposed new panama canal treaty

ACTION REQUESTED:

XXXX DRAFT REPLY FOR: PRESIDENT'S SIGNATURE
XXX WHITE HOUSE STAFF SIGNATURE
OTHER

DIRECT REPLY FURNISH INFO COPY

DISPATCH

RECOMMENDATIONS/COMMENTS

TRANSLATION

APPROPRIATE HANDLING

INFORMATION

FOR ADDITIONAL PROCESSING AS INDICATED:

DUE DATE:

URGENT

ROUTINE XXXX

due by April 22nd

COMMENTS:

J. F. Davis
for JEANNE W. DAVIS
Staff Secretary

4NS.
CLASSIFICATION



17

BTG

Elaine L. Lewis
5328 Park Lane
San Bernardino, California 92404

Stop
2385

Apr. 2, 1975

HK

Mr. Gerald Ford
The Whitehouse
Washington, D.C.



Dear Mr. President:

I wanted like a copy of the
proposed Panama Canal Treaty.

I am very influential in
California Politics.

Our son, Jerry Lewis is a
State Assemblyman, considered
to be the most powerful
Republican in the Assembly.

I am unalterably opposed
to releasing any control over
our Panama Canal to the
unstable Panama Government.
To do so would be treason.

Sincerely,
Elaine Lewis

NSC CORRESPONDENCE PROFILE

DOC		RECD		LOG NBR		INITIAL ACTION O	
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42	415	76	7502385				

SOURCE/CLASS/DESCRIPTION

TO: PRES X

FROM: KISSINGER, H

REFERENCE:

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SENSITIVE

SUBJECT:

Concern Over Proposed New Panama Canal Treaty

DISTRIBUTION/INITIAL ACTION ASGMT

INTERNAL ROUTING AND DISTRIBUTION

	ACTION	INFO	REC CY FOR
ADVANCE CYS TO HAK/SCOWCROFT			
STAFF SECRETARY			
FAR EAST			
SUB-SAHARAN AFRICA			
MID EAST / NO. AFRICA / SO. ASIA			
EUROPE / CANADA			
LATIN AMERICA		X	X
UNITED NATIONS			
ECONOMIC			
SCIENTIFIC			
PROGRAM ANALYSIS			
NSC PLANNING			
CONGRESSIONAL			
OCEANS POLICY			
INTELLIGENCE			

ACTION REQUIRED

MEMO FOR HAK ()
MEMO FOR PRES ()
REPLY FOR ()
APPROPRIATE ACTION ()
MEMO TO ()
RECOMMENDATIONS ()
JOINT MEMO ()
REFER TO FOR: ()
ANY ACTION NECESSARY? ()
CONCURRENCE ()
DUE DATE:

COMMENTS: (INCLUDING SPECIAL INSTRUCTIONS)

SUBSEQUENT ROUTING/ACTIONS

DATE	FROM	TO	S	SUBSEQUENT ACTION REQUIRED (OR TAKEN):	CY TO
4/15		State	D	Draft up for W.H. Signature 4-28	
4/22				Rec'd State draft 7507484	
4/22		Low	S	Memo Davis to Elliott (5/01)	
5/1	Low	S		E Memo to Elliott	
5/2			C	Davis and memo to Elliott	

NSC/S DISP INSTR

DISPATCH

CY RQMTS: SEE ABOVE PLUS:

NOTIFY & DATE BY

SPECIAL DISPOSITION:

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SUSPENSE CY ATTACHED: FOLDER:

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BY

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