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The Hon. Henry A. Kissinger

Dear Mr. Secretary:

We wanted to let you know of our deep interest in the current negotiations affecting the Panama Canal.

Like many of our colleagues in the Senate, we believe that this essential transportation link must continue to be operated on a reliable and secure basis in the future. We are disturbed, however, that Congressional support for this vital goal has become confused by the use of emotionally charged-phrases such as "surrender" and "relinquishment of U.S. rights" in reference to the negotiations with Panama. Kanamakakakanamakan

The lesson of the post-War era, and especially the events of the last decade, kaxexmankemax is clearly that a new agreement with Panama is necessary if we are to avoid the bitterness and the violence that have occurred inxibite nonementukowanahikudependenoexenongutheunatkomexofutheedikikikukdimikdu as colonialism has given way to imbafinit independence among communications the independence among communications. developing nations. Such an agreement must provide minimum recognize both the Hemispheric interest in the openx and secure operation of the Canal and the Ramanamian Panamanian interment desire for axenter some measure of control over kexmittaxing territory within its national boundaries. Minkeys KANCHEMAN IT would be self-defeating for Kinthen the United States MINCHANGEMAN AND concertication in interest and the content of the c gamenumentschausexmenogmineshodnikexingmaxingxahengaxaxanumaxingaxaanem to refuse to recognized discuss steps texperiodengementer menteriolen toward Panamanian self-government www.mah.com.al Zone, just as it would be futwile for Panama to ignore to paramount economic and military importance of the Canal to the United States.

Unfortunately, mammambammami many well-intentioned Americans, including memebers of the Senate and House of Representatives, have endorsed legislation, which by its exclusive pre-occupation with continued U.S. sovereignty in the familia Canal Zone, could thwart the over-riding U.S. objective of maintaining the canal as a safe corridor for U.S. shipping and defense. If, as is likely the case, the alternative to absolute U.S. sovereignty in the Canal Zone mere annual manufaction and the canal itself, and U.S. sovereignty in the Canal Zone mere subject to both domestic and world samusama censure, we feel certain that advocates of this approach would quickly re-assess their position.

In our judgment, Ambassador Bunker and the members of the U.S. negotiating team have displayed a full appreciation of the sensitive national and international issues involved in the discussions with Panama. We believe that they are doing a remarkable job in view of the complexisties of this wint these issues, and we believe that the progress they have made so far must not be undermined by the way uncertainty at mathical and complexistic members or confusion stemming from Changrams in an all and the complexistic members of the U.S. negotiating

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by the gotiations At this time, With crucial questions still undecided, we feel it would be premature for us or for others in the Congress to make a definitive judgment about whether annexally manish means the specific provisions of the new treaty with Panama would be acceptable to the Senate and to the American people. However, we believe that it would be detrimental to the United States and to our most fundamental interests in the Canal Zone, if xokonxakaloxonxin kine mpayambiakinens remembanaka kanan which the succeeded in forcing a breakdown inzuberzegomianionez at this crucial phase in the negotiations.

We therefore urge that your lend your continued full support to our negotiators in pressing for a new treaty that is capable of muta protecting American known economic and defense interests in the Canal Zone, and consistent with with the mand in the manufacture our nation's supposed in the manufacture of the manufact making the manufacture of the people of Panama and our non of our neighbor in the Western Hemisphere. (the United State, of

Sincerely,

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nature enough to risk losing it.

A Key Vote on the Panama Canal

THERE IS SCARCELY a more important foreignpolicy vote facing this session of Congress than that on Harry Byrd's (Ind-Va.) amendment calling upon the Senate to join the House in blocking the President from "negotiating the surrender or the relinquishment of any United States rights in the Panama Canal Zone." A vote on the Senate floor, on an amendment defeated in the appropriations committee last Thursday, is scheduled for today. If the amendment carries, then the United States will be forced to break off negotiations for a new canal treaty-negotiations which Panama has been conducting in good faith with successive Presidents for no fewer than 11 years. Such a collapse would be a catastrophe in terms of our relations with Panama. The con-'tinued security of the canal and of the 40,000 Americans "who live in the Canal Zone would also be put at risk, for the canal is virtually indefensible against sabotage, and "Zonites" could all too easily become targets of outraged Panamanian nationalists and calculating leftists. Beyond that, the amendment would produce an immediate crisis In our relations with the rest of Latin America and a disgrace for the United States in the eyes of all who have seen in the canal negotiations a test of the United States' capacity to deal fairly with small and weak countries.

amendment, offered by Rep. Gene Snyder (R-Ky.) and approved by the House 246 to 164 a month ago. Speaking for the considerable number of Americans who feel a deep emotional attachment to the Panama Canal, Mr. Snyder said that the canal and Canal Zone are American territory and that the State Department's entry into negotiations for a new treaty with Panama constituted an unforgiveable "giveaway." In fact, a new treaty would

only modernize the terms on which the United States could continue to enjoy the benefits of the canal. The old terms, imposed upon a supine Panamanian government by Teddy Roosevelt in 1903, are simply incompatible with the dignity and the legitimate national interests of Panama today. Mr. Snyder and his like-minded colleagues, seeing that a new treaty was not far from final drafting, moved to keep the clock turned back. The Pentagon, sensitive only to its perquisites and old habits in the Canal Zone, offered its support from the wings. This is the unhappy state of affairs that the Byrd amendment would sustain.

In the House debate, a number of legislators-some of them opponents of treaty change-resisted the Snyder amendment on grounds that it represented an assault on the President's constitutional powers of negotiation, "If we here choose to delete funds for every international negotiating initiative of the executive branch," said Rep. Ralph Metcalfe (D-Ill.), chairman of the Merchant Marine subcommittee on the canal, "disaster would be the result." The Congress has a right and duty to judge a new treaty with Panama and it will have every opportunity to make this judgment after a treaty has been drafted and presented for approval; because the return of property is involved, the House as well as the Senate will have to consent (by majority vote). There is no suggestion that the administration is trying to sneak something through. It is odd that such an ardent advocate of constitutional order as Harry Byrd should feel obliged to go to the floor with a legislative amendment to an appropriations bill-and one invading a President's unchallenged powers at that. His fellow senators should set him straight.

House Interferes in Panama

If ever there were an example of Congress undply meddling in US foreign policy, it is the case of the Panama Canal. The House has just created a potential straitjacket for the Ford administration that will make it almost impossible for the administration to negotiate any fundamental changes in the canal treaty with Panama. The House action should not be allowed to stand.

In a lopsided vote, the House denied funds "to negotiate the surrender or relinquishment of United States rights in the Panama Canal." The House acted even though it was well aware that delicate negotiations with Panama on this issue have been going on for more than a decade, and that several administrations have pledged changes in the treaty granting the US perpetual sovereignty over the canal and the Canal Zone. The limitation was passed despite the fact that the House knew the canal issue had

become symbolic in Latin America of the US attitude toward its southern neighbors.

Gen. Torrijos of Panama has used the canal dispute for propaganda purposes within his country and abroad, pulling Uncle Sam's whiskers in the process. This has irked many congressmen and senators. But Torrijos also has overwhelming popular support throughout Latin America for his demand that the US give up its unconditional sovereignty over what is perceived by Latins to be Panamanian soil. Changes in the 1903 treaty are needed, especially to alter what most Latin Americans view as an outdated colonial and imperialist approach to their nations.

The US has strategic interests in the canal. The House action not only jeopardized them, but threatens the administration's ability to harmonize US relations throughout Latin America.

THE MILWAUKEE JOURNAL Sunday. June 22, 1975

Playing Ostrich About Cuba

It's too bad that every so often President Ford feels bound to talk tough about Cuba, presumably to placate domestic interest groups who want to be reassured that Castro remains the devil. The president succumbed the other day when he trotted out the old Nixon line that US policy would not change until Cuba's policy toward the US changed. The most obvious fact of recent months is that Castro's policy toward the US is changing.

The latest indication has been Castro's decision to return \$2 million in skyjack ransom held since 1972. It was an open gesture that he would like better relations with the US and an end to the economic embargo against his country.

The US need not embrace Cuba or Castro. Castro is a dictator and Cuba is an acknowledged Communist nation. But keeping Cuba isolated when we profess to be trying to break down the barriers between the Communist nations and the West defies logic.

An end to the embargo no doubt would benefit Castro. He would like to get access to American food, medicine and machinery. Cuba can't offer the US much in return except for intangibles. Opening the US to Cuba would help Castro lessen his heavy dependence on the Soviet Union, a

dependency some observers think he is decidedly uncomfortable about. A more open relationship with the US also could cause Castro domestic problems as the Cuban people once more became exposed to American life and living standards.

If the president finds it politically embarrassing or tactically inopportune to act unilaterally on the Cuban issue, then let the US move in concert with the Organization of American States and its anticipated efforts to lift sanctions against Cuba. But the administration should refrain from its lough sounding, standpat rhetoric. It only muddies the waters and makes more difficult the incvitable - normalization of relations with Cuba.

Panamanian Vietnam?

The House vote to bar the use of funds for negotiation of a new Panama Canal treaty involving the "surrender or relinquishment of United States rights" is an invitation to disaster. Secretary Kissinger's letter to Panama's leader, General Torrijos Herrera, indicates that the Ford Administration properly will reject this affront to the President's constitutional power to make treaties and the Senate's exclusive mandate to approve them. But the unrest stirred in Panama by the House vote—and endorsement by more than one-third of the Senate of a resolution opposing the treaty revision negotiations—recalls a recent warning from Ellsworth Bunker, former Ambassador to Vietnam, who has been directing the Panama negotiations for almost two years.

Mr. Bunker, who has not been known for radical views in Southeast Asia or elsewhere, spoke of rapidly diminishing Panamanian tolerance for the archaic 1903 treaty that granted the United States "in perpetuity" rights equivalent to sovereignty over a ten-mile strip dividing the country in two. He said that frustration of the present negotiations, the third extended effort since the 1964 riots impelled President Johnson to concede the need for new arrangements, would likely lead to "hostilities with an otherwise friendly country—a conflict that the American people would not long accept." In view of the canal's vulnerability to sabotage and terrorist acts, he added, "we would find it difficult, if not impossible, to keep the canal running against an all-out Panamanian opposition."

The deterioration of the American position over the past eleven years—and the reduced prospects for the future, if agreement cannot be reached now—can be measured by the difference in offers made by Panama in 1967 and in 1975 on the two key issues: the areas to be left under American control and the duration of American operation and defense of the canal.

In the treaty drafts completed in 1967, but rejected by the Panamanians after a change in government, effective American control of a somewhat reduced area on both sides of the canal was to continue under Panamanian sovereignty, along with American operation and defense of the canal for as much as another 100 years if a new sea-level canal was constructed. Today, it is agreed in principle that the entire Canal Zone will be handed back to Panama with the exception of rela-



tively small enclaves directly related to operation of canal installations, plus military bases for defense of the canal. And Panama says it will not permit continued American operation and defense of the canal for more than 25 years.

Seventy-two years after Theodore Roosevelt obtained the present canal rights, the United States pays Panama a mere \$2.3 million a year for the ten-mile zone in which it operates virtually all commercial enterprises, leaves vast land areas idle and controls a full-fledged government—including police forces, jails and courts that try Panamanian citizens under American law—apart from exclusive control over the operations and defense of the canal itself.

It is an untenable situation in the modern world, and the arrangements must be revised as rapidly as possible. For this to be achieved, President Ford has to resolve major Pentagon-State Department disagreements to permit Mr. Bunker to negotiate the remaining issues. It will not be easy.

The fifty-year treaty desired by the Pentagon is unacceptable to Panama; and yet a treaty of lesser duration that Ambassador Bunker might be able to negotiate would surely run into heavy opposition from the Pentagon bloc led by Senators Thurmond, Goldwater and the right-wing Republican supporters whom Mr. Ford feels he needs for 1976. But this is the kind of decision for which Presidents are chosen; and no one but Mr. Ford can make it.

WILLIAM F. SCHMICK, JR., Positisher . PAULA, DANKER, Managing Editor . JR.L. STERNE, Editorial Page Editor

The House Goes Awry on Panama

The House of Representatives comported itself outrageously last week in seeking to cut off funds for further negotiations on a new Panama Canal treaty. Not only was this an intrusion on the President's constitutional right to make treaties, but it was an affront to House rules against legislating on appropriations bills. But never mind, After a lot of prattle incorrectly suggesting the United States has "sovereignty" over a strip of territory bisecting another country, the House voted 246 to 164 to deny funds "for the purposes of negotiating the surrender or relinquishment of any U.S. rights in the Panama Canal Zone." Regretfully, four of Maryland's seven congressmen-Bauman, Holt, Long and Spellman -gave their votes to this bit of balderdash. Mr. Bauman even came up with the notion that the Zone "is as much a part of the United States as is Taibot county," thus neatly ignoring the judgment of Ambassador-at-Large Ellsworth Bunker, head of the U.S. team in current talks, who recently said the United States in the 1903 treaty was never "granted 'sovereignty' as such."

The Senate, jealous of its exclusive jurisdiction over treaty ratification, presumably will jettison this example of House irresponsibility. But the House vote is a sobering reminder that even if Ambossador Bunker obtains a sensible treaty creating a U.S.-Panamanian "partnership" for operating and defending the Canal, it could be rejected in Congress. The Zonian cause has a passionate, flag-waving constituency in this country. Although five Presidents from Truman to Ford have judged it prudent to seek a new arrangement with Panama, legislative opposition has remained fermidable.

One reason why this is so may be reflected in a questionnaire circulated in his Kentucky district by Representative Gene Snyder, author of the resolution to cut off negotiation funds. Mr. Snyder asked his voters: "Do you favor the State Department's move to give away the Panama Canal?" Not surprisingly, 87.5 per cent said no. It would be interesting if Mr. Snyder's voters had been asked to face up

to some of the points raised by Representative Charles E. Wiggins, Mr. Nixon's respected defender during last year's House Watergate hearings. Unless there is a new treaty, Mr. Wiggins warned, there could be Panamanian riots and guarrilla activities that the United States might have to resist with treeps. "I do not support a deterioration of U.S. prestige and influence in all of Latin America," he said. "And 4 do not support the political crisis in world forums which is a forest cable consequence of an unbending posture with respect to the Canal."

Unfortunately, Mr. Wiggins's forebodings might come to pass if the Congress were to scuttle the treaty that has been under negotiation for 11 years. The Panama issue is considered the litmus test of U.S. good faith throughout Latin America. If the eperational security of the waterway is to be preserved, this will be done not by enraging the Panamanian people but by demenstrating a mature capacity to work with a small and sensitive country.

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THURSDAY MORNING, JULY 10, 1975

Panama Canal: What's at Stake

Ambassador Ellsworth Bunker has been negotiating constructively with Panama to make overdue changes in the treaty governing the Panama Canal, but hostility in Congress could wreck his work.

As matters now stand, more than one-third of the members of the Senate, which must ratify any new treaty by a two-thirds vote, are on record as opposing the kind of good and useful concessions that have been advocated by each of the last three Presidents of the United States.

And in the House of Representatives, 246 votes were marshaled the other day to amend the State Department appropriation to har the spending of any money for any negotiations that would surrender any American rights over the canal. It was an unwelcome and unwise intrusion by the House into the work of the Sensie.

This is not nice business. Great for jingoists. But bad for America.

Above all, it betrays a new isolation and an old distrust of Latin America. These congressmen appear determined to passue the paternalism of the past out of a conviction that Washington always knows best and that no one else, certainly not Latin Americans, can be trusted to defend the Panama Canal.

That kind of policy has proved possible in the past, paid for with growing mistrust and declining respect from the Good Neighbors. But this policy, pursued into the future, is perilous, inviting violence.

It is no longer an issue simply between the Marine Corps and a pliant Panama. It involves all of Latin America. Luis Febeverria, president of Mexico, made that clearer than ever last weekend when he affirmed Latin America's insistence on Panamanian sovereignty over the canal.

Congressmen who argue that America's national

security requires the maintenance of American sovereignty in perpetuity over the canal are bland to the real threat to security. That threat lies in the frustration of Latin Americans who now, with pastice, demand partnership.

The security risks inherent in clinging to the old treaty are far graver than any risk raised by neutreaty proposals. -

Imagine, for a moment, what would happen to American relations in Latin America if the Paramanians exploded, as they did a decade ago, and it tens of thousands of them, reinforced with theosands of other Latin Americans, marched on the canal. There are probably American troops except to defend the waterway. But at what point we would American guns be stilled? To what length would America justify such bloodshed, such a confrontation?

It is to convert confrontation to accommodatic and compromise that Ambassador Bunker has been working. He has proposed the outline of a reasonable treaty. It sets a time limit for American control. It proposes sharing control and operation the canal in the transition period. It looks to a 6 when Panama will take over. It anticipates cooperative planning and development of an enlarge canal even though, admittedly, the canal is of the creasing economic and security importance to the United States.

The sum of this is to end what was and is nothing less than American imperialism, not by instant dislocation but through moderated transition.

When members of Congress beat their breasts behalf of American security, they had best do it homework on the fundamentals. More than the curity of a canal is at stake in these negotiations is the secure relationship of a hemisphere to could be at stake.

Panamanian Vietnam?

The House vote to bar the use of funds for negotiation of a new Panama Canal treaty involving the "surrender or relinquishment of United States rights" is an invitation to disaster. Secretary Kissinger's letter to Panama's leader, General Torrijos Herrera, indicates that the Ford Administration properly will reject this affront to the President's constitutional power to make treaties and the Senate's exclusive mandate to approve them. But the unrest stirred in Panama by the House vote—and endorsement by more than one-third of the Senate of a resolution opposing the treaty revision negotiations—recalls a recent warning from Elisworth Bunker, former Ambassador to Victnam, who has been directing the Panama negotiations for almost two years.

Mr. Bunker, who has not been known for radical views in Southeast Asia or eisewhere, spoke of rapidly diminishing Panamanian tolerance for the archaic 1903 treaty that granted the United States "in perpetuity" rights equivalent to sovereignty over a ten-mile strip dividing the country in two. He said that frustration of the present negotiations, the third extended effort since the 1964 rious impelled President Johnson to concede the need for new arrangements, would likely lead to "hostilities with an otherwise friendly country—a conflict that the American people would not long accept." In view of the canal's vulnerability to sabotage and terrorist acts, he added, "we would find it difficult, if not impossible, to keep the canal running against an all-out Panamanian opposition."

The deterioration of the American position over the past eleven years—and the reduced prospects for the future, if agreement cannot be reached now—can be measured by the difference in offers made by Panama in 1967 and in 1975 on the two key issues: the areas to be left under American control and the duration of American operation and defense of the canal.

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American control of a somewhat reduced area on both sides of the canal was to continue under Panamanian sovereignty, along with American operation and defense of the canal for as much as another 100 years if a new sca-level canal was constructed. Today, it is acceed in principle that the entire Canal Zone will be handed back to Panama with the exception of rela-



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It is an untenable situation in the modern world, and the arrangements must be revised as rapidly as possible. For this to be achieved, President Ford has to resolve major Pentagon-State Department disagreements to permit Mr. Bunker to negotiate the remaining issues. It will not be easy.

The fifty-year treaty desired by the Pentagon is unacceptable to Panama; and yet a treaty of lesser duration that Ambassador Bunker might be able to negotiate would surely run into heavy opposition from the Pentagon bloc led by Senators Thurmond, Goldwater and the right-wing Republican supporters whom Mr. Ford feels he needs for 1976. But this is the kind of decision for which Presidents are chosen; and no one but Mr. Ford can make it.

Locked-In Minds Are Bared By Attack on Panama Talks

IT was simple misunderstanding, we thought at first, and not old-fashioned chauvinism which caused the House to cut off all funds for negotiation of a new Panama Canal treaty.

An amendment to an appropriations measure for the State, Justice and Commerce Departments proposed by Marion Gene Snyder (R., Ky.) whose district is about 2,000 miles from the isthmus of Panama, decrees that no money can be used "to negotiate the surrender or relinquishment of United States' rights in the Panama Canal."

"Surrender" is not quite what five U.S. Presidents and teams of negotiators have had in mind about the 1903 Hay-Bunau-Barilla treaty since "current" negotiations began in 1964. As a matter of fact the treaty has been renegotiated twice, in revisions made in 1936 and 1955 — not wholly to the liking of the Panamanians.

In 1964 President Johnson, in consultation with ex-Presidents Truman and Eisenhower, committed the United States, with bipartisan support, to renegotiate a new treaty. The commitment was renewed by President Nixon and then by President Ford.

NEGOTIATIONS most recently the charge of Ambassador-at-Large Ellsworth Bunker have gone on in three stages. Stage One, which ended 16 months ago, resulted in agreement on a set of eight "principles," which Amb. Bunker has described in "essence" as:

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

"The United States will return to Panama jurisdiction over its territory and arrange for the participation by Panama in the Canal's operation and defense."

Stage Two, which was the identification of the major issues, including rental paid Panama (it is now only \$2.3 million a year) has been concluded. Since last June the negotiators have been discussing the duration of the new treaty and U.S. capability to expand the canal should it wish to do so.

Far from a "surrender," the negotiations seek a partnership giving realism to the modern-day relations between a large state and a small one under the watching eyes of the whole of Latin America. They and the rest of the world know that under a 72-year-old treaty this is the only country in the world exercising perpetual extraterritoriality on the soil of another country.

TO CONSTRAIN the negotiations by tub-thumping while the extreme radicals of the Latin world listen and lick their chops is the act of the fabled astrich, head in the sand. Secretary of State Kissinger put it well in Houston last March 1 when he described the aim of foreign policy:

"... 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."

The House action has appalled, among others, Rep. Dante Fascell, chairman of the House Subcommittee on International Political and Military Affairs, who calls the House amendment an "error" and who had, with Rep. William Lehman, the courage to vote against emotionalism in foreign policy and for enlightened diplomatic relations with smaller powers.

It may be 1903 in the Fourth District of Kentucky and Claude Pepper's Fourteenth District of Florida but it is 1975 in the increasingly crucial relations of the United States with its once Good Neighbors.

JOE L. ALLBRITTON, Publisher

JAMES G. BELLOWS. Editor

SIDNEY EPSTEIN, Managing Editor

WEDNESDAY, MAY 28, 1975

Congress and Panama

The 532 members of the Senate and House who have been so intent on making unilateral foreign policy for the United States will soon face an international decision with life-or-death consequences, just as the Executive Branch has had to do since the beginnings of the American democracy. That issue affects Panama and the

Congress, in approving or disapproving the treaty that is now being negotiated between the United States and Panama, will in effect be deciding whether the blood of Panamanians and Americans will flow in a collision between U.S. troops and rioters or saboteurs, or whether there will be a peaceful solution of the Canal Zone question. It is a dilemma congressmen prefer to use for criticism of presidents and secretaries of state rather than to face themselves. But soon enough this awesome responsibility will be where it constitutionally belongs in this particular case.

We do not quarrel with the absolute right of the Senate to ratify treaties, nor of the House to sit in judgment over disposition of U.S. property acquired with taxpayers' money. We do contend that Congress should ponder long and well before it acts to reject the treaty now being negotiated between Ambassador Ellsworth Bunker and Panama's Foreign Minister Juan

Tack.

While the details of the treaty are not complete, its general outlines are known. President Ford is fully prepared to sign a treaty that will eliminate the 10-mile-wide U.S. enclave of the Canal Zone, disavow sovereign control of the zone, share operation and defense of the canal with Panama and promise to hand over the entire property to Panama in an unknown number of years.

The trouble is that 37 members of the Senate have signed a document opposing any such relinquishment of authority. Only 34 votes are needed to scrap the treaty. Such an action by the Senate, which will act first, would render-House action academic but the House stands ready to oppose the disposition of the canal even

if the Senate can be persuaded to ratify it.

The day that this treaty is killed by a U.S. Congress, it is an absolute certainty that the Panamanian people will react violently as they did in 1964. The collision nine years ago took the lives of 3 Americans and more than 20 Panamanians as American troops were called on to do battle against the rioters. The responsibility for another clash, a Mayaguez incident in the home hemisphere, would be that of Congress.

We do not favor riotous behavior anywhere but we cannot help recognizing that the Republic of Panama does not want a foreign enclave on its soil. Neither do the Panamanian people. The U.S. used gunboat diplomacy to separate Panama from Colombia, hand the small nation her independence and then extract the 1903 Panama Canal Treaty from her. Panama is not noted for the democracy practiced in Vermont or Missouri but it is a sovereign nation that has been shamefully treated by the United States.

If the administration can recognize that the colonialist days of even this superpower are over, Congress ought to have the statesmanship to see it, too. This matter is too morally and practically important to permit lobbyists and anomalous boosters of manifest destiny to prod

, our legislators into opposing the treaty.

Sure, America needs the canal; all of America, not just North America above the Rio Grande, needs it. But the U.S. does not need to own part of Panama in perpetuity as if we were sovereign there in order to keep the canal safe and operating. The most certain threat to the canal will come if the treaty is not approved by Congress, not if Panama is allowed to share in its defense and operation.

Should Congress frustrate the Panamanians on this matter, the blood of many will be on the hands of that legislative body. We can get a deal with Panama that will leave the canal in U.S. hands for an appreciable number of years, or we can get an explosion and a cry for the marines. Congress had better know exactly what it is doing when the canal treaty arrives there, perhaps this very year.

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 transisthmian 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

nterests.

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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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

of State-told the Senate when it was considering the treaty for ratification: "We shall have a Treaty very satisfactory, vastly advantageous to the United States, and we must confess, not so advantageous to Panama." Hay added, in writing to Senator John C. Spooner: "You and I know very well how many points are in the Treaty to which many patriotic Panamanians would object." The Senate ratified the treaty promptly.

The exploits of Goethals, Gorgas, and Walter Reed led to a magnificent engineering achievement which has served us well and of which we are justly proud. For 60 years world shipping has been served efficiently and at low tolls. Today the canal, despite its age, is still of value to the United States. Economically, we continue to benefit from the shortened shipping lines and lower transportation costs it permits. Recent studies have estimated—for example—that some 9 percent of the total value of our exports and imports transited the canal in 1972.

However, we must be careful in assessing the canal's long-term value. It appears now that trading patterns are evolving and that alternatives to the canal have begun to emerge. As canal users take advantage of these alternatives, it appears likely that the canal's value will generally decline relative to our economy.

Militarily, the canal has also been important to the United States. Although our largest warships cannot use the canal now, it clearly enables us to shorten our supply lines to some areas. Its large contributions during the Second World War, Korean war, and Viet-Nam war have been amply documented. But, again, we should bear in mind the canal's growing vulnerability to hostile attack, which points to the fact that we should not rely too heavily on it.

The point that I wish to make is that the canal's value—while of continuing importance—is probably not as great relatively speaking as in earlier years. Moreover, our world today is a far different one than that of 1903. No nation, including ours, would accept today a treaty which permits exercise of rights as if sovereign on a foreign land in perpetuity. Panama has grown increasingly conscious of the fact that the treaty is heavily weighted in our favor. Consequently, the level of its consent to our presence there has—over the years—persistently declined. And by Panama, I

mean the Panamanian people of all strata-not simply their governments.

Conditions and Results of 1903 Treaty

Among the aspects of the 1903 treaty which have caused this decline in consent, Panama cites the following.

- The United States occupies a strip across the heartland of its territory—cutting the nation in two and curbing the natural growth of its urban areas.
- The United States rules as sovereign over this strip of Panama's territory—the Canal Zone.
- It maintains a police force, courts, and jails to enforce the laws of the United States—not only upon Americans but upon Panamanians as well.
- It operates, on Panama's territory, a full-fledged government—a government which has no reference to the Government of Panama, its host.
- It operates virtually all commercial enterprises within the Canal Zone—and denies to Panama the jurisdictional rights which would permit private Panamanian enterprise to compete.
- It controls virtually all the deepwater port facilities which serve Panama.
- It holds idle large areas of land and water within the Canal Zone.
- The United States pays Panama but \$2.3 million annually for the immensely valuable rights it enjoys on Panamanian territory.
- Finally—and perhaps most importantly—the United States can do all these things, the treaty says, forever.

To these conditions Panama objects, saying that they deprive their country of dignity, of the ability to develop naturally, and indeed, of full independence.

The United States attempted to respond to some of the Panamanian objections in the past. Treaty revisions were made in 1936 and 1955. But the most objectionable feature from Panama's viewpoint—U.S. exercise of rights as if sovereign in the Canal Zone in perpetuity—has remained unchanged.

Panamanian frustrations over this state of affairs, and over the apparent disinclination of the United States to alter it, have intensified over the years. These frustrations culminated in demonstrations and riots in January 1964 when 21 Panamani-

ans and three Americans were killed. Diplomatic relations were broken.

Following a major reassessment of our policy toward Panama, President Johnson, after consultations with President Truman and President Eisenhower, committed us—publicly and with bipartisan support—to negotiate a wholly new treaty to replace the old one. President Nixon and President Ford subsequently renewed that commitment.

Our purpose was and continues to be this—to lay the foundations for a new, a more modern, relationship between the two countries.

Without such a changed relationship I believe it safe to say that Panama's already low level of consent to our presence will become lower still. It will approach zero.

While it is true, of course, that we could attempt to maintain our present position with regard to the Panama Canal, we would have to do so in an increasingly hostile atmosphere. In these circumstances we would likely find ourselves engaged in hostilities with an otherwise friendly country—a conflict that, in my view, the American people would not long accept. At the same time, we should bear in mind that the canal is vulnerable to sabotage and terrorist acts. We would find it difficult, if not impossible, to keep the canal running against all-out Panamanian opposition. The problem, in my opinion, simply will not go away.

Attitudes-not only in Panama but in the hemisphere at large-have changed. The Latin American nations have made our handling of the Panama negotiation a test of our intentions in the hemisphere. When the Latin American Foreign Ministers met in Bogota, Colombia, in November 1973 they voted to put the Panama question on the agenda of the "New Dialogue" proposed by Secretary Kissinger. In March of this year the Presidents of Colombia, Costa Rica, and Venezuela publicly expressed their support for Panama's cause. More recently, the General Assembly of the Organization of American States, meeting in Washington in the last 2 weeks, approved unanimously a resolution reaffirming their interest in the negotiation.

We no longer can be—nor would we want to be—the only country in the world exercising extraterritoriality on the soil of another country. The evidence, it seems to me, strongly favors some form of partnership with Panama. Partnership with Panama would help the United States preserve what it needs most respecting the canal. Partnership would provide an environment conducive to effective operation and defense of the canal by the United States. It would provide Panama with a meaningful stake in the operation and defense of the canal. It would help stimulate the cooperation and friendship both of the Panamanian people and of whatever government exists in Panama at any given time.

In short, partnership would mean that the United States would not have to divert any of its energies in Panama from the functions required for the efficient operation of the canal.

U.S. Partnership With Panama

Putting it simply, I believe our interest in keeping the canal open and operating for our own strategic and economic purposes is best served by a partnership agreement for a reasonable additional period of time. The plain fact of the matter is that geography, history, and the economic and political imperatives of our time compel the United States and Panama to a joint venture in the Panama Canal.

We must learn to comport ourselves as partners, and friends:

- Preserving what is essential to each;
- Protecting and making more efficient an important international line of communication; and, I suggest,
- Creating an example for the world of a small nation and a large one working peacefully and profitably together.

Such a new relationship involves giving up something of what we now possess. We want to keep the power but discard what is nonessential to our purpose in Panama.

Three examples should serve to explain my meaning.

- First, we will retain control over canal operations for the duration of the treaty, but Panama will participate progressively in these operations in preparation for its future role.
- Second, we will keep the lands and facilities we need to control and defend the canal but return what we can do without.

• Third, we will have defense rights but perform our defense tasks with Panamanian participation.

Simply stated, we will work together with Panama, but—for the treaty's life—we will operate the canal. We will secure the lands we need by releasing what we do not need. By having Panamanian participation in operation and defense we will have a more secure canal. In sum, we see a new treaty as the most practical means for protecting our interest.

Whereas continuance of the status quo will lead surely to prolonged problems—possible loss of what we are trying to preserve—partnership promises a greater assurance of success in achieving our essential interest—a canal that is open, efficient, and neutral.

Negotiating a New Treaty

Turning to the negotiations, they have proceeded step by step during the past 21 months through three stages.

Stage 1 ended 15 months ago when Secretary of State Kissinger journeyed to Panama to initial with the Panamanian Foreign Minister a set of eight "Principles" to serve as guidelines in working out the details of a new treaty. Perhaps Gen. Torrijos, the Chief of Government in Panama, best characterized these principles when he said they constitute "a philosophy of understanding." Their essence is that:

- Panama will grant the United States the rights, facilities, and lands necessary to continue operating and defending the canal, and
- The United States will return to Panama jurisdiction over its territory and arrange for the participation by Panama in the canal's operation and defense.

We have also agreed in the "Principles" that the treaty will provide for any expansion of canal capacity in Panama that may eventually be needed; that Panama will get a more equitable share of the benefits resulting from the use of its geographical location; and—last, but surely not least—that the new treaty shall not be in perpetuity but rather for a fixed period.

Stage 2 involved the identification of the

major issues under each of the eight principles. This in turn provided the basis for substantive discussions.

Stage 3 began last June and continues.

For almost 1 year now we have been discussing—with the helpful cooperation and support of the Department of Defense—the substantive issues associated with the Statement of Principles to which we agreed in February 1974.

We have made significant advances in important subjects, including agreements relating to jurisdiction, canal operation, and canal defense.

Resolution of Outstanding Issues

Besides these three issues several other major elements of a treaty package still require resolution. They concern:

- Increased economic benefits to Panama;
- Son.º capability to expand the canal should we wish to do :o;
- The size the location of the land/water areas we will need for control of canal operation and defense; and
- Finally, and perhaps most importantly, the extent of duration of the treaty period.

I shall comment now on only three of these questions—economic benefits, land use, and duration—and then only in a general way.

On economic benefits—Panama for many years has complained that it receives a direct annuity of only \$2.3 million. It has complained that the low tolls charged to canal users mean, in effect, that Panama has been subsidizing world shipping.

Moreover, Panama believes that it can obtain additional benefits from greater Panamanian exploitation of its geographic position and the presence of the canal by developing a wide range of commercial and service activities in the canal area and by deriving tax revenues from these activities—something Panama could do once it exercised jurisdiction over the area.

For example, Panama says it could develop certain unused land areas, improve the Atlantic and Pacific ports by installing larger, more efficient cranes for handling cargo and developing greater port facilities, and expand the Colón Free Zone. Already Panama has plans which call for construction of an oil pipeline which would reduce the cost

of transporting petroleum across the Isthmus.

The United States agreed in the eight principles that Panama would receive greater economic benefits from the operation of the canal.

As for the issue of land use—that is, the land and water areas that the United States will need to continue to operate and defend the canal—it is not easily susceptible to rapid resolution.

Panama wishes to recover sizable land and water areas—especially those adjacent to its urban centers—that are now under U.S. jurisdiction and would be the most logical areas for urban expansion.

For our part we want use—through the life of the treaty—of those lands and waters that are necessary for the operation and defense of the canal.

The problem will be to ensure that we get sufficient areas to efficiently perform these functions while at the same time reducing the physical presence which is so objectionable to Panama.

Closely linked to the question of land use is the issue of treaty duration. Panama has publicly said that "there is no colonial situation which lasts for 100 years or a Panamanian who could endure it."

For the United States, it is difficult to predict with any accuracy the duration of the canal's utility to us. And yet, we believe that the canal will have an importance for an extended period of time.

The agreements we reach on these issues will determine the final outcome of the negotiation. For better or worse, they could shape our relationship with Panama—and, indeed, with all Latin America—over the next decades. Although we have no fixed timetable, we are proceeding—as I have said—with all deliberate speed.

Overcoming Misconceptions

There is opposition in both countries. In Panama some stand ready to challenge any "surrender" by their government of aspirations to immediate control of the canal.

Here at home, I recognize that there are some who hold the view that we should not relinquish any rights acquired under the 1903 treaty. I understand this point of view. But for reasons I have mentioned I believe it is time for a new relationship. I hope that it will be understood:

- That a new relationship means good foreign policy and good defense policy;
- That a new relationship based on partnership is consistent with good business management; and
- That a new relationship signals a new era of cooperation between the United States and the rest of the hemisphere.

We need to overcome several misconceptions. I will mention four.

First, we need to overcome the belief that sovereignty is essential to our needs. In reality we have never claimed sovereignty over the Canal Zone. Under the 1903 treaty we have extensive rights.

The new treaty would grant us continued rights to operate and defend the canal, but we would relinquish some rights which we don't need to accomplish these missions. Our essential requirement is not abstract sovereignty but the specific rights—accepted by Panama—that give the control we need.

Second, we need to overcome the idea that perpetuity is essential to defense and operation of the canal. On the contrary U.S. insistence on perpetual control is likely to create the kind of hostile environment which will jeopardize our ability to operate and defend the canal for an extended period of time. What is required is a relationship based on mutual respect and dignity.

Third, we must overcome the belief that the Canal Zone is part of the United States or a U.S. territory.

In the 1903 treaty Panama granted us "rights, power and authority within the zone . . . which the United States would possess . . . if it were the sovereign of the territory." We were not granted "sovereignty" as such. The United States, for many years, has considered the Canal Zone as Panamanian territory, albeit under U.S. jurisdiction.

Fourth—and last—we must overcome the notion that a new treaty will somehow lead inevitably to the canal's closure and loss. This concern appears based upon an erroneous view of the Panamanians as well as a lack of knowledge about our negotiating objectives.

There are still people who believe that Panamanians lack the technical aptitude and the inclination to manage the operation of the canal. These people ignore the fact that Panamanians already comprise over three-fourths of the employees of the canal enterprise. While it is true that many of these employees have not held supervisory positions, no one who has been to Panama and seen its thriving economy can persuasively argue that Panamanians—given the proper training—would not be able to keep the canal operating effectively and efficiently.

Whereas Panama's participation in the canal's operation and defense would increase its stake in the canal and provide it with a greater incentive to help us keep the canal open and operating efficiently, adherence to the status quo would more likely lead to the canal's closure and loss.

I firmly believe that our most critical problem at home is not fundamental antipathy to a new relationship with Panama; it is ignorance of why the new relationship is needed to protect our interests. We need a straightforward and productive dialogue. Considerable public education is needed if a new treaty is not to be regarded as bad politics domestically. Debate on an issue of such national import is not only inevitable but desirable.

After education, dialogue, and debate I believe that we will emerge with a reasonable and mutually satisfactory treaty which will be examined and which will stand on its merits.

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