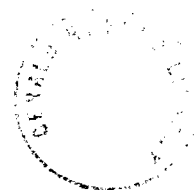


The original documents are located in Box 6, folder “Panama Canal Treaty Negotiations: April 18- May 16, 1976” of the White House Special Files Unit Files at the Gerald R. Ford Presidential Library.

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4/19/76



PANAMA CANAL NEGOTIATIONS

Q: In Dallas you said that the United States would never give up its control of the defense or operation of the Panama Canal. But Ambassador Bunker has testified that you instructed him to negotiate giving up both the Canal and the Canal Zone. Can you explain this contradiction?

A: Let me explain what the Panama negotiations are all about.

The original Panama Canal Treaty has been revised a number of times to accommodate to changing conditions. The United States interest has been, and remains, assuring safe passage of ships through the Canal. A series of developments, culminating in the deadly riots of 1964, convinced President Johnson that the present treaty was no longer adequate to preserve U.S. interests in the Canal and in Latin America. He undertook negotiations in 1964 and they have been continuing with a few interruptions ever since.

The issue involves not just Panama. All of Latin America feels strongly on this issue. They consider these negotiations a test of American willingness to deal with Latin America on a basis of equality and respect.

Our objectives are clear -- to achieve an agreement in which our interests in the defense of the Canal and in its operation are fully safe-guarded but which will avoid a situation in which all Latin America will be united against us on that narrow issue.

Such a treaty arrangement may not be possible. And we will defend our interests in the Panama Canal against all of Latin America if we must. But we owe it to ourselves and to our relations with our neighbors to the south to try to achieve our objectives in a cooperative manner. That is my policy and I intend to stick with it.

The United States will not surrender its interests in the operation and defense of the Canal. We are instead seeking the best way to preserve them -- in an atmosphere of partnership rather than confrontation. Any agreement negotiated will be submitted to the Congress for its approval and we continue to consult closely with the Congress as negotiations proceed.

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BEYDA'S
PETITES

A Man, a Plan, a Canal, Panama

THE PRESIDENT HAS SEEN...

A Commentary

By Nicholas von Hoffman

Americans are taught that their history consists of three episodes: 1776, the Civil War and NOW. This allows men like Gov. Ronald Reagan to rally their countrymen to resist the outrageous demands of the Panamanians who're demanding our canal, the one we bought and paid for fair and square. That doesn't even match up with how Theodore Roosevelt, the President who signed the treaty, described how the thing went down: "If I had followed conventional, conservative methods, I should have submitted a dignified state paper to the Congress and the debate would have been going on yet, but I took the canal zone..."

Before he got around to taking it, in 1903, the United States had been dabbling in the Isthmus for better than 40 years. For one reason or another American troops had been landed there in 1856, 1860, 1873 (twice), 1885, and 1900. When not landing the Marines Americans had built a railroad across the Isthmus. By 1903 that railroad was represented by William Cromwell of Sullivan & Cromwell, John Foster Dulles' law firm.

While Americans were constructing the railroad, the French were spending a titanic sum failing to build the canal. The French went bankrupt; their company was reorganized under the leadership of a gentleman by the name of Philippe Bunau-Varilla. At the same time a mysterious firm called the Panama Canal Company of America was incorporated in Cromwell's law offices for the purpose of taking over the assets of the quasi-defunct French firm.

Sometime around 1900 Bunau-Varilla and Cromwell formed an alliance. Their purpose was to get the United States government, which was inclined toward a canal through Nicaragua, to change its mind, opt for the Panamanian Isthmus, and in the pro-

cess buy out the worthless French claim for a very large amount of money. Bunau-Varilla went to see Sen. Mark Hanna, the most powerful Republican politician of his age, and abruptly convinced him to favor a Panamanian route. At the same time, Cromwell made a \$60,000 contribution to the GOP. Roosevelt decided Panama was a bully route also.

The ducks were in a row. The only obstacle was the Republic of Colum-

Poster

bia, because, kiddies, in 1903 Panama wasn't an independent nation. It was a province of Colombia. A treaty had to be drawn up. It gave Colombia \$10 million, and the stockholders of the French company, whoever they were by this time, \$40 million. The treaty also stipulated that the Colombian government give up all rights to sue for any portion of the \$40 million as well as all police powers in the contemplated canal zone.

President Marroquin of Colombia didn't dare submit such an unfavorable treaty to his Congress for ratification. "If we do not yield (concessions) and the North Americans determine to build the canal they will open it without stopping at trifles, and then we will lose more sovereignty than we should lose by making the concessions they seek. History will say of me," he wrote, "that I ruined the Isthmus... scandalously injuring the rights of my country." The Colombians rejected the treaty and Roosevelt reacted by calling them "Dagos," "cat-rabbits," "contemptible little creatures" and "homocidal corruptionists." But Bunau-Varilla was of a more practical turn of mind.

From Panama he summoned Dr. Manuel Amador, a physician who worked for Cromwell's railroad, to room 1162 of the old Waldorf-Astoria Hotel, sometimes referred to as the cradle of Panamanian liberty, and

there he presented the doctor with \$100,000, supplied by J. P. Morgan; a secret code; a Declaration of Independence; a draft of the new nation's Constitution, and the soon-to-be-born Republic's flag, thoughtfully designed and sewn by Madame Bunau-Varilla. Thus equipped the doctor was sent back to Panama, where the section hands from the railroad were recruited into a revolutionary army.

With the arrival of the U.S. cruiser Nashville in Panamanian waters, the flag of liberty was run up and when Colombian soldiers arrived in the province to put down the insurrection, the railroad refused to transport them. The new Republic was immediately recognized and its ambassador plenipotentiary who was, surprise, surprise, the enterprising Bunau-Varilla, had the treaty signed within 10 days.

A particularly nice touch in all of this is article III of the Panamanian constitution, which says that the nation's sovereignty is secondary to any treaty that has or will be signed with the United States.

As for the money, \$40 million was paid to J. P. Morgan, who was to transfer it to the stockholders in the French company. Their names have never been made public. August Belmont was suspected as being one of them, but nothing is known for certain because Cromwell refused to divulge them to a Senate Committee. What is on the record is that Cromwell got an \$800,000 legal fee for his work, a stupendous sum in terms of 1903 dollars.

In 1921 the United States paid Colombia a \$25-million indemnity, not out of a sense of guilt, but because Secretary of the Interior Albert Fall, later sent to jail for corruption, warned that if we didn't, the Colombians would sell their oil concession to the English. Progress has come to Panama as well. The Panamanians have replaced Madame Bunau-Varilla's flag with one of their own design. Ah, the joys of freedom.

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A Tour de Ford

Well, yes, it would have been nice and probably would have raised more money if President Gerald Ford could be present at his Alexandria house this Saturday splashing about in the pool. But that is not to be.

Betty Ford, however, is honorary chairman of the Suburban Garden and House Tour from 10 a.m. to 5 p.m. Saturday, and the Alexandria garden and pool of the presidential couple will be among the 21 gardens and four houses on the tour.

Mrs. Ford herself will not be present, but has said she finds it "a special pleasure to have my name listed" as chairman, reflecting her interest in the restoration of the Lee-Fendall House, which will benefit from this Saturday's tour sponsored by Alexandria garden clubs.

Tourists will find tea served in that handsome 18th-century house from 2 o'clock till the 5 p.m. closing. A large assortment of Lees lived in the house over several generations. The tour

will raise money for the restoration of the garden and the endowment of the property which is owned by the Virginia Trust for Historic Preservation. When restoration and endowment are completed the house and garden will be open free to the public. Tour tickets Saturday, for the 21 gardens and four houses, are \$5, and may be picked up at the Lee-Fendall House itself, 429 North Washington St. in Alexandria.

—Henry Mitchell

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1949 27
WOODWARD & LOTHROP

STORM OVER THE CANAL

The military and economic importance of the Panama Canal may be fading. But it has become a passionate political issue: 'humiliation' versus 'colonialism.'

By Richard Hudson

We paid for the land and furnished the machinery, paid the workmen and provided the know-how to construct the canal. Without us, more than likely there would be no canal or even a Panama. The only people who would benefit the most if we do not keep the canal would be the Communists. We have already given away too much. What have we gained by so doing? Only the contempt of the receivers. . . . Perhaps a larger payment than what we are giving Panama now would be advisable. But let us have no tampering with the original treaty.

—A LETTER RECEIVED BY THE STATE DEPARTMENT.

On Feb. 7, 1974, Secretary of State Henry Kissinger and the then Panamanian Foreign Minister, Juan Antonio Tack, initialed a public agreement explicitly stating that a new treaty would be concluded that would set a date for the termination of United States jurisdiction over the Panama Canal Zone and ultimately the canal itself. Since then, there has been a storm of protest. Whether or not to renegotiate the original 1903 treaty has become something of a hot issue in the Republican Presidential primary race, and, depending upon who eventually become the Presidential candidates, the Panama Canal may even emerge as the Quemoy-Matsu of the 70's.

President Ford's former campaign manager, Howard H. ("Bo") Callaway, once referred to the canal as our moon shot of the first half of this century. To many Americans, especially those over 50, the idea of parting with the Canal Zone seems totally unacceptable and touches off a highly emotional response. Perhaps Daniel J. Flood, the flamboyant Democratic Congressman from Pennsylvania, comes closest to explaining the feelings of those ordinary Americans who have so far been the most vocal on the subject when he says, "Everyone thinks the Panama Canal is as American as apple pie. This has been ingrained in them, they believe this all through their lives, and they just don't give away something that's as close to them . . . which they feel is an American thing. . . . The average American feels this so very deeply that . . . it's over my dead body, that kind of thing. . . . This is the feeling. You can't reason with it. It's ingrained and deep, deep dyed in their hearts."

Exactly how support of an American-controlled canal became inextricably linked with Americanism in the American psyche is difficult to pinpoint, but conservative politicians like George Wallace and, most noticeably, Ronald Reagan—who, after defeating Ford in the North Carolina primary, raised the issue of the canal in a nationally tele-

Richard Hudson, a writer who specializes in international affairs, is the founder of War/Peace Report, which he edited for 14 years.

vised speech—have been keeping what they call the "Panama Canal giveaway" in front of the public as a gadfly to the Ford Administration. And in the South and Southwest especially they have found a particularly receptive audience.

In a CBS-TV interview with Walter Cronkite on May 1, immediately after Reagan captured all 96 Republican delegates in the Texas primary, John Connally credited Reagan's position regarding the canal with being one of the major factors that helped the Californian defeat Ford. Referring to "the Panama Canal situation" as a very very emotional issue in his state, the former Texas Governor said: "To us, the Panama Canal is just across the Gulf of Mexico. They're our neighbors, so to speak. Houston is the third-largest port in the United States and most of our shipping goes through the Panama Canal, so there's a real sensitivity to the control of the Panama Canal in Texas."

But evidently the canal's vote-getting abilities are not confined to Texas. Claiming the canal is a sovereign United States territory "every bit the same as Alaska and all the states carved from the Louisiana Purchase," Reagan has worked his condemnation of the impending new treaty into his standard primary speech, often raising his objections after stating that Ford and Kissinger have allowed the United States to become No. 2 militarily.

Reagan's success with the issue brought out both Senator Barry Goldwater and Vice President Nelson Rockefeller in rebuttal, Goldwater declaring that he thought Reagan would support Ford's position of renegotiating the canal treaty "if he knew more about it," and Rockefeller accusing Reagan of being "totally deceptive in the way he is raising the issues. . . . He says that we had the same sovereign rights over Panama that we had over Louisiana. That is a factual misrepresentation." But Reagan, whose position of maintaining the status quo in the Canal Zone and keeping the canal a United States operation forever is strongly supported by the American Legion, the V.F.W., the D.A.R., the John Birch Society, the conservative bloc in Congress and the more than 40,000 Americans living and working in the Canal Zone, is hardly likely to stop talking about it, as Goldwater suggested he do, or change his tune.

The argument about the Panama Canal goes back to the 1903 treaty between Panama and the United States. A classic story of gunboat diplomacy in the high imperial tradition, the way this original treaty came about was that after Colombia balked at signing a treaty which would have permitted the United States to build the canal through Panama—then part of Columbia—Panama, with United States encouragement, revolted and proclaimed its independence; when the Colombians dispatched troops to put down the insurrection, they found their way blocked by Americans who had positioned two cruisers on the Caribbean side of the Isthmus. Though Teddy Roosevelt boasted that he "took"



Panama, today that takeover would be called a "covert operation."

Nonetheless, the result was a treaty whose duration was "in perpetuity" and which allowed the United States to build the canal in a 10-mile-wide, 51-mile-long zone bisecting Panama. The treaty granted the United States " . . . all the rights, power and authority within the zone mentioned . . . which the United States would possess if it were the sovereign of the territory . . . to the entire exclusion of the exercise by the Republic of Panama of any such sovereign rights, power or authority."

The treaty's language stating the United States had "all the rights" in the Canal Zone it "would possess if it were the sovereign" has been the focus of the running debate between those for and those against negotiating a new treaty with Panama.

Ellsworth Bunker, who is presently carrying out the Panama Canal negotiations, has stated the Administration's position on the sovereignty question



bluntly: "The United States does not own the Panama Canal Zone. Contrary to the belief of many Americans, the United States did not purchase the Canal Zone for \$10 million in 1903. Rather, the money we gave Panama then was in return for the rights which Panama granted us by treaty. We bought Louisiana; we bought Alaska. In Panama, we bought not territory, but rights. . . . It is clear that under law we do not have sovereignty in Panama."

Senator Strom Thurmond, a spokesman for the opposition, is equally blunt. With 37 Senate co-sponsors, more than the one-third needed to block a new treaty, the South Carolina Republican has submitted a resolution to the Senate Foreign Relations Committee "urging retention of undiluted United States sovereignty over the Canal Zone."

An interview I had with Senator Thurmond in December went like this:

Q: Do you take the position that the word *if* in the treaty—that the United States can act as if

it were sovereign—has no meaning? As you know, the Panamanians say that they have the sovereignty and we are—

A: (interrupting): They say they have the sovereignty? Well, that's untrue. . . . We own it, title in fee simple. We bought it from the Government. We bought it from individuals. We paid over \$163 million for it, and then in connection with other expenses on it with regard to security, we've spent between \$6 billion and \$7 billion on the canal. It's ours. It belongs to the United States. It can only be disposed of by an Act of Congress that is passed by both bodies and signed by the President.

Q: You don't attach any significance to the word *if* in the 1903 treaty, that the United States can act as if it were sovereign?

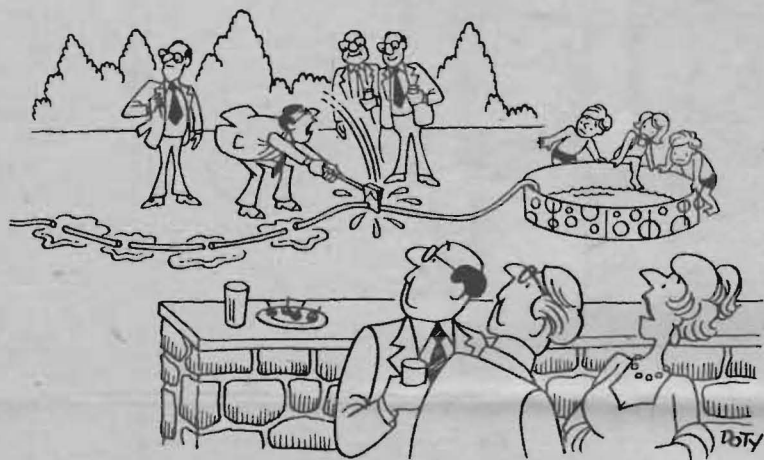
A: It's clear we bought and paid for it. I mean, there's no question about it. I think anybody with any experience at all there acknowledges we own the canal. We own it in perpetuity.

Moved by Secretary Kissinger from being mildly anti- toward being mildly pro-new-treaty, the Pentagon, which usually sees eye-to-eye with Thurmond, is not joining its traditional allies in Congress on the Panama Canal issue for two main reasons. The first, simply put by Lieut. Gen. Welborn Dolvin, who was recalled from retirement last October to serve as liaison between the State Department and the Pentagon, is this: "When the Commander in Chief says move out, you've got to salute." General Dolvin, who spends mornings in the State Department and afternoons at the Pentagon looking out for U. S. military interests in the ongoing negotiations, thinks he was chosen for the job partly because he is an Army man—the canal is operated under the aegis of the Secretary of the Army—and partly because he has never served in the Panama Canal Zone. "I think they wanted someone who might be part of the solution rather than part of the problem," he said.

The second principal reason the Pentagon is will-

Observations

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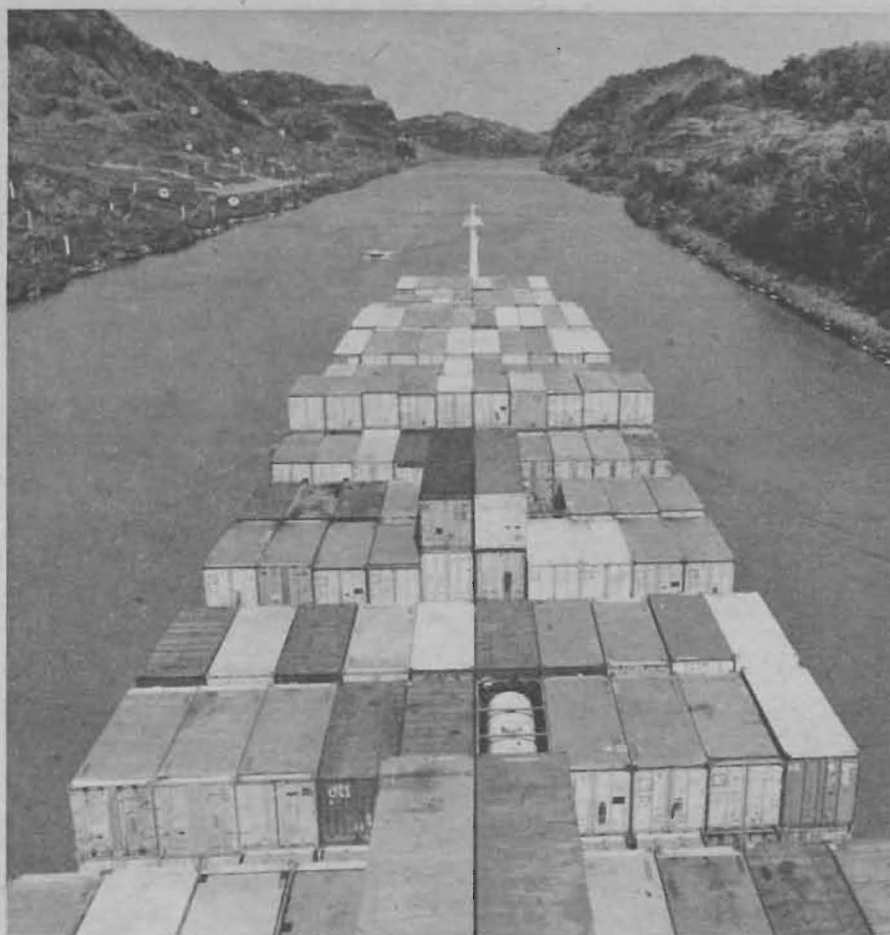


A quote we like. "Political elections are a good deal like marriages—there's no accounting for anyone's taste." Will Rogers

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Panama Canal: A monument to Yankee ingenuity—but too small for supertankers.

ing to go along with a new treaty is that the case claiming the Panama Canal is vital to the security of the United States no longer stands up under scrutiny. The canal is useful but it is not vital. Even in peacetime, big American aircraft carriers and oil-carrying tankers cannot fit through the canal, and because they have to surface in transit, nuclear submarines are forced to give away their positions. In wartime, the canal could be easily knocked out with anything from missiles to small bombs planted by guerrillas.

The nature of its construction leads to the waterway's extreme vulnerability. When a ship enters the canal, water flowing by gravity hoists it through a series of three locks to 85 feet above sea level, the height of the artificially created Gatun Lake dam in the middle of the system. If the locks or Gatun Lake were bombed, the water in Gatun Lake would flow into the sea. Even if the damage were repaired immediately, it might be two years before enough rainwater filled the lake to make the canal usable again.

The canal has a certain military usefulness during peacetime or in limited war in that it facilitates ship movements between the Atlantic and Pacific, and the zone serves as a location for the Southern Command, which—in addition to its primary mission of defending the canal—oversees United States military assistance to Latin America, engages in disaster relief and operates the School of the Americas, best known for the training it provides Latin Americans in counter-insurgency warfare. But all these subsidiary activities could be based else-

where, and, in fact, some of them are already being scaled down.

The economic value of the canal is declining as well. Opponents of a new treaty point out that about two out of every three ships using the canal are going to or coming from an American port. But treaty proponents note that in 1972 only 9 percent of total United States imports and exports were transported through the canal and that this represented less than 1 percent of the United States gross national product.

In addition, the flow of traffic, formerly about 14,000 to 15,000 transits a year, is expected to decrease to fewer than 13 thousand this year because of the increasing use of tankers and cargo vessels too large for the canal, the reopening of the Suez Canal and a worldwide economic slump. A study made last year by the Library of Congress concluded that "while the Panama Canal is indeed an important facility for world and U.S. commerce, it is not of overwhelming or critical economic importance."

But facts do not always determine feelings. And for many Americans brought up on Kiplingesque versions of American history, in the wake of the United States failure in Vietnam, the thought of withdrawal from the Panama Canal—which the United States has held for most of this century in its very own hemisphere—is humiliating.

Congressman Flood, whose passion for the Panama Canal was nurtured in his boyhood when he listened to the stories his grandfather, Daniel John McCarthy, the first general counsel of the United Mine Workers, used to tell about his close friend Teddy Roosevelt,

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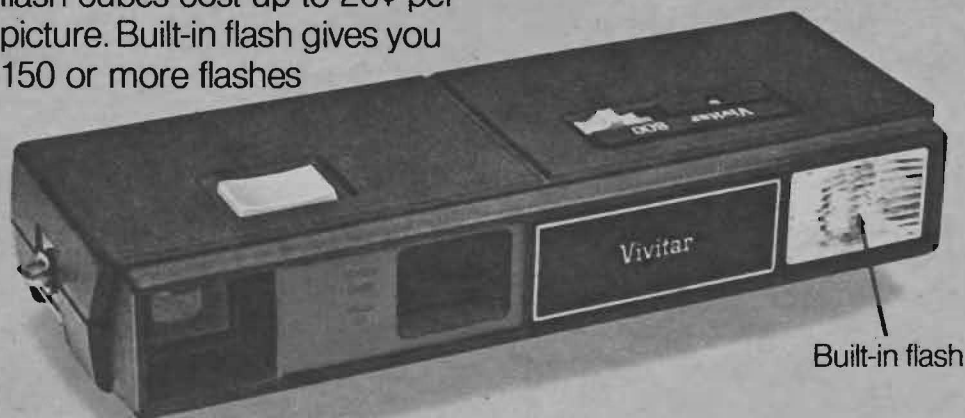
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grows intense as he explains why the canal is "the jugular vein of hemispheric defense."

"You go from Maine to Puget Sound," he told me, "and there is no stream of water anywhere, in the whole perimeter, as important to the Western Hemisphere as the Panama Canal, and certainly to the United States. . . ."

"If and when, God forbid under any circumstances, the sovereignty of the United States would be surrendered in the Panama Canal, somebody would have to run it. Now Panama certainly can't run it . . . with the type of leadership you have in Panama, with Cuba where it is—you can stand in the plaza in Havana, and if you have a good right arm you can hit the canal with a bottle of Bacardi rum—and you know the relationship between Cuba and the Soviet. I'll give you one guess who would operate it. Not Panama. It wouldn't be Uganda. It'd be the Soviet."

Mail addressed to Congress and the Administration tends to agree with Flood's thesis. Letters favoring a new treaty come mainly from academia, liberal religious organizations and the foreign-policy community. (Recently the U.S. Chamber of Commerce has joined the pronegotiation forces, feeling that a new treaty would enhance the atmosphere for doing business both in Panama, an important new banking center, and throughout Latin America, where the Panama Canal has become a symbol of Yankee colonialism.) But these letters are in the minority. The majority of those heard from want the United States to stand firm.

The amazing thing about this majority "Panama Canal lobby" against a new treaty is that it seems to function without an office in Washington or even one salaried lobbyist. Among the assortment of individuals giving their time to the effort—including a veteran diplomat, a retired Navy captain and a writer for the John Birch Society magazine—by far the most active is Phillip Harman, a 55-year-old Southern California businessman who single-handedly turns out a torrent of mail. Calling himself "the grandson-in-law of the founder of the Republic of Panama," because of his marriage to Graciela Arangó de la Guardia, whose grandfather, José Agustín Arango was a member of the junta that established the first Panamanian Government, Harman asserts that the Com-

munist Party of Panama really runs the country and, in addition to demanding the ouster of leftward-leaning, 47-year-old Brig. Gen. Omar Torrijos Herrera, (ironically, a graduate of the School of the Americas), he calls for the reinstatement of former President Arnulfo Arias, now living in Miami.

A ubiquitous figure in Panamanian politics, Arias has been thrice deposed from the presidency, the first time being in 1941 when, after a year in office, he was removed for being "pro-Fascist."

Last November, Harman arranged a meeting between Arias and Ronald Reagan in Boca Raton, Fla., and afterward a Reagan spokesman reported that the Republican Presidential aspirant "shared several common goals" with the 74-year-old Panamanian ex-President ousted by Torrijos in a 1968 coup—this time only 11 days after his election.

Actually, the current round of negotiations dates from before the coup. It stems from a fracas that erupted in January 1964 when United States high school students illegally displayed an American flag at an unapproved location in the Canal Zone and Panamanian students reacted, a confrontation which left about 20 Panamanians and four Americans dead. The following December, President Johnson announced that the United States would negotiate a new treaty recognizing Panama's sovereignty over the zone and creating a pattern of equal partnership between the two countries with regard to the canal.

A decade of ups and downs in the negotiations between the United States and Panama followed, until February 1974 when the Kissinger-Tack "Eight Principles" were initiated. Supposed to underlie the new treaty, the "Eight Principles" made it clear that a firm date will be set for Panama's taking full control, but the document does not set the date or itemize what the relationship between the two countries will be in the meantime.

Both sides expected the new treaty to be wrapped up in a matter of months, but it soon became apparent that Kissinger had miscalculated the temper of Congress. By April 1974, Thurmond had introduced his sense-of-the-Senate resolution calling for continued United States sovereignty over the Canal Zone. And in the House, Flood and his allies asserted that, since

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Phillip Harmon: The most active of the "Panama Canal lobby."

it would be disposing of United States property, under the Constitution a new canal treaty would also require House approval.

The more time that goes by, the more strain is put on those living in the Canal Zone and on Panamanian-American relations. Not surprisingly, feelings about the canal in Panama are even more deeply emotional than they are in the United States. "It's a symbol of identity more than anything else," says Ambassador Nicolas Gonzalez-Revilla, Panama's 30-year-old representative in Washington. "Panamanians feel that the biggest piece of wealth in the nation they have not been able to use for their own benefit, that they have been humiliated by the excessive presence of the United States. . . . that Panama was not considered a country."

The relationship between the United States and Panama has always been an uneasy one as far as Panamanians are concerned. Americans might understand Panamanian feelings better if they considered that—in proportion to size—it would be as if a foreign power had total authority over America's longest river, the Mississippi-Missouri system, in a strip almost 17 miles wide and 3,710 miles long, running from northern Montana to the Mississippi Delta in Louisiana. "What nation of the world can withstand the humiliation of a foreign flag piercing its own heart?" General Torrijos asks.

Growing impatient with U.S. delays, last September Panama unilaterally released a report on the status of the negotiations, noting the points of agreement and disagreement. The United States did not challenge its accuracy.

Apparently the two sides agree that, three years after approval of the new treaty, the Canal Zone will disappear and Panama will take over the government of that area, including police, courts, fire protection and postal services. The Panama Canal Company, which now manages the waterway, will be replaced by an entity comprising representatives of both countries. And defense of the canal will be carried out jointly.

Among the principal points of disagreement is the duration of the treaty. Panama does not want it extended past the end of the century, (when the treaty expires, Panama assumes control of the canal). The United States now accepts 25 years, but wants defense responsibility beyond that time. Another point of disagreement is military bases. The United States wants to keep 14 during the treaty period, while Panama proposes three. And whereas Panama suggests 10 percent of the present zone for administration and defense of the canal, the United States asks for 85 percent. The question of Panama's income from the canal is in dispute, as are the rights and privileges of the 40,000 United States Zonians, some of whom are third-generation.

Everyone on both sides is aware that the Panama Canal is caught up willy-nilly in this year's election campaign; that Ford, who when in Congress opposed any lessened American authority over the canal, as President must defend his inherited position; that Reagan, whatever becomes of his candidacy, has brought the issue to the fore of the American consciousness and



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Graffito in Panama City.

has forced the Administration to pass the word that no new treaty should be sent to Congress this year.

General Torrijos says, "We don't want our most vital issue to become a political football in the U.S. election campaign. It's too important to us. We are willing to wait, to keep our people calm, providing the U.S. shows good faith in negotiating efforts." But, he says, "If there were an uprising [of students], if there were terrorism, I, as commander of the National Guard, would have two options: to crush them or lead them. And I can't crush them."

Prolonged political frustration aggravated by bad economic conditions in Panama could cause almost any kind of unpleasantness. And in recent months, there has been trouble within Panama from all sides.

In September, when Kissinger made a statement in Florida that seemed to cast doubt on the United States intention to set a firm date for turning the canal over to Panama, several hundred students in Panama City hurled rocks at the United States Embassy. In March, in response to what they considered a betrayal of their interests by the Administration, 700 employees of the Panama Canal Company closed down the canal for six days.

But beyond the immediate problems, the Panama Canal issue raises questions about the future of American foreign policy. Despite American sentiment concerning the canal, it is virtually impossible to look at the current situation — a 10-mile-wide swath cut right through a country from coast to coast completely controlled by an-

other, bigger, more powerful country—without recognizing it as colonialism.

In an extraordinary meeting of the United Nations Security Council that took place in Panama City in March 1973, it became clear that the United States will be isolated on the Panama Canal issue until it negotiates a new treaty transferring effective sovereignty to Panama. Voting with the majority for a resolution to this effect were three good friends of America—Austria, Australia and France—with Britain abstaining.

The Organization of American States backs Panama, and many Latin American leaders have indicated that the Panama Canal is now the No. 1 issue in hemispheric affairs. In a future full-blown debate in either the United Nations Security Council or the General Assembly the United States could again find itself in a lonely position, looking like a stubborn colonialist.

As Ellsworth Bunker summarizes it: "In our negotiations we are attempting to lay the foundations for a new, more modern relationship which will enlist Panamanian cooperation and better protect our interests. Unless we succeed, I believe that Panama's consent to our presence will continue to decline, and at an ever more rapid rate. Some form of conflict in Panama would seem virtually certain."

This assessment seems realistic. As the months go by, will the Panama Canal issue become "an example for the world of a small nation and a large one working peacefully and profitably together," as Bunker puts it, or will the deep conflicting emotions of Americans and Panamanians lead to further bitterness and the spilling of blood? ■