

THE WHITE HOUSE

WASHINGTON

~~TOP SECRET / SENSITIVE (XGDS)~~

MINUTES

NATIONAL SECURITY COUNCIL MEETING

Date: PART II OF III
Thursday, May 15, 1975

Time: 4:30 to 5:30 p.m.

Place: Cabinet Room, The White House

Subject: Panama Canal Negotiations

Principals

The President
 The Vice President
 Secretary of State Henry A. Kissinger
 Secretary of Defense James Schlesinger
 Chairman, Joint Chiefs of Staff General George S. Brown
 Director of Central Intelligence William Colby

Other Attendees

State: Deputy Secretary of State Robert Ingersoll
 Ambassador Ellsworth Bunker

Defense: Deputy Secretary William Clements

WH: Donald Rumsfeld
 Robert Hartmann

NSC: Lt. Gen. Brent Scowcroft
 Stephen Low

XGDS - 3 B
 DECLAS - Date Impossible to Determine
 BY AUTH - Dr. Henry A. Kissinger

~~TOP SECRET / SENSITIVE (XGDS)~~

ORIGINAL RETIRED FOR PRESERVATION

DECLASSIFIED
E.O. 12958 Sec. 3.6

MR 98-39, #20; NSC letter 2/10/99
 By Lt NARA, Date 5/25/99

Declassified Photocopy from
 Gerald R. Ford Library
 ORIGINAL RETIRED FOR PRESERVATION



President: Bill, can you give us a briefing on the Panama Canal?

Colby: (Intelligence briefing attached at Tab D)

President: Thank you. Can you give us any indication of the land that is involved?

Colby: One of the major issues involved is the fact that you can only land in Panama at points which are subject to U.S. control. This is a matter of great concern to the Panamanians. The rest is a matter of degree. But the fact that they do not have direct access to Panama bothers them.

President: Henry, can you lay out the options as you see them?

Kissinger: Mr. President, one of my problems with this issue is that Ellsworth won't tell me what he's doing. So I think it would be better to ask him first. And then I will add my comments.

President: Mr. Ambassador, would you please discuss this?

Bunker: Mr. President, we think that a treaty is within reach. But to get it we need flexibility on two issues: duration and lands and waters. I have no doubt that failure in these negotiations would entail unacceptable risks including negative effects beyond Panama which would disrupt our relations with Latin America, lead to world condemnation, and hamper the operation of the waterway. If we get into a situation involving confrontation, we would turn what is now a basically free country radically to the Left. While we could undoubtedly maintain our control, we would deprive ourselves of what we have gained so far and undermine any future possibility of a reasonable agreement. We are trying to get a treaty which is acceptable both to Panama and to the Congress, and at the same time protect our basic security and interests. I believe we can achieve a balance of the various interests and if we do so, the treaty would be acceptable to both Panama and Congress. We look at this as involving a balance of many components: - the long-term protection of our security interests including the right to act

Declassified Photocopy from
Gerald R. Ford Library

ORIGINAL REPRODUCTION



unilaterally in defense of the Canal; the consent of the host country; maintenance of our bases; satisfactory conditions for Canal personnel; duration and post-treaty security arrangements. Panama has already agreed to give us all the defense rights we want including a good Status of Forces Agreement. We want a balance between adequate control over the operation of the Canal, sufficient military presence, long but not too long duration, and a reasonable assurance of post-treaty defense arrangements. With this balance we can obtain a treaty which is acceptable to all parties, and more real security than we have today. However, we need negotiating flexibility, relaxation on treaty duration to between 20 and 50 years.

President:

Assume a treaty of 25 to 50 years -- what happens after that expires?

Bunker:

Panama will have control of the Canal. We will jointly guarantee its neutrality and access for ships of all nations. What we would like to have is flexibility, particularly as between duration for operation and defense. Defense has agreed with us on a period of duration for operation purposes but feels we should have 50 years on defense. Torrijos has made it clear 50 years is unacceptable. We want flexibility so we can bargain as between duration for operation and duration for defense: 25 years for operation, 50 for defense, if we can get it, though I am certain we cannot. Something in-between is what is necessary. And then a lands and waters proposal which is sufficient to permit agreement. The present one is not saleable to Panama.

President:

I am not sure I understand what you mean by 'operation.'

Bunker:

The administration of the Canal.

President:

Once a treaty is signed and approved, how would operation go?

Kissinger:

For X number of years we would run it. After the treaty expires, it would go to Panama.

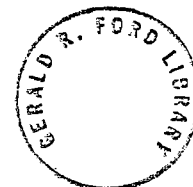
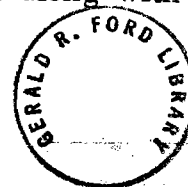
President:

And our defense rights would go along with it?

Declassified Photocopy from
Gerald R. Ford Library

ORIGINAL FILE

OPERATION



Kissinger:

The original concept was of duration for both operation and defense for a 50-year period. Now we are proposing to split the two. We would be willing to settle for a shorter period for operational control if we could get a longer one for defense. I have to add that in 1967 we offered them 33 years.

President:

For both operation and defense?

Kissinger:

Yes. Now, if we could get 25 years for operation, we would be still better off than we would have been in 1967. We would probably have no great difficulty in getting them to accept 25 years for operation duration. For defense they will not accept 50 years. We have not yet explored this with them as we have not been authorized to. So we don't know how much more than 25 but less than 50 they would accept. How much longer for defense than operation has not been explored. It would be less than 50 but more than 25. This is the area in which the negotiations would have to take place, if you decide to permit greater flexibility. The land uses matter can't be explored here. We don't have any proposal to make, but something is possible. It seems to me the basic issues are the following: first, whether you are willing to go along with the concept of separating operation from defense. The agencies all agree on this approach. Though not on the numbers--what is going to happen in 40 years is so hard to predict. Two, if you are willing to go that route, then, what is the minimum we can accept? Three, if you don't want a treaty now, you have to decide whether there are some unilateral steps we can take which ease the situation for Panama--steps which give up some of the lands but do not change the relationship. It is my strong impression from the OAS sessions which have just been taking place, in which I talked to most of the Latin ministers, that we will get no help from them, but, on the contrary, they will not hesitate to contribute to our problems. On the other hand, I have been

Declassified Photocopy from
Gerald R. Ford Library

ORIGINAL RETURN TO PRESERVATION



hammered by Thurmond and Buckley on this and am fully aware of the problems raised from that side. If you decide to go for a treaty, then you have the problem of Congress. It is possible, however, that if a treaty were negotiated and signed, you could hold up ratification until 1977. Torrijos would go along with that. Of course, the Congress will scream when a treaty is signed, even before ratification. Internationally, failure to conclude a treaty is going to get us into a cause celebre, with harassment, demonstrations, bombing of embassies. The next Administration will face the issue again with less receptivity and poorer chances to get a reasonable agreement. On the other hand, if we do it now, we will face a major domestic uproar.

President:

Going so far as bombs here?

Kissinger:

No, not literally--just political. No one here is for it. Those who are against it are extremely vocal. Frankly, I can't convince myself that the difference between 40 and 50 years is that important. If you decide not to go ahead with the negotiations, we have to decide how to do it with a minimum of damage. There will be an uproar in Panama, with riots and harassment. It will become an armed camp and will spread rapidly to the Western Hemisphere. It will become an OAS issue around which they will all unite. Then it will spread into the international organizations. It is just a question of how long you want to take. From the foreign policy point of view, I favor going ahead. However, domestically I've already encountered enough opponents to know what a barrier exists.

President:

I've been told that 37 Senators have signed some document that they would disapprove of a treaty.

Secretary:

From the foreign policy point of view, we're better off signing a treaty and not submitting it to the Senate. That would give us two years.

Declassified Photocopy from
Gerald R. Ford Library

ORIGINAL INTENT FOR PRESERVATION



President:

I have a question. I am told that, inasmuch as we would be giving up U.S. territory, both the Senate and the House would need to act on this; the Senate on the treaty and the House on the land. Of course, in the House a simple majority is sufficient but two-thirds are needed in the Senate.

Bunker:

Thirty-seven Senators signed the Thurmond resolution. Our analysis in the State Department indicates that perhaps 20 are soft opponents and might be persuadable; 17 are intransigent and not susceptible of being won over. As of now, the Canal has a constituency while the treaty has none. That is because we have done nothing yet. We have made no broad effort on the Hill or with the public. Consultation with the Congress and public education would be essential in getting a treaty passed.

President:

What do you think about this, Jim?

Schlesinger:

The details of the Defense position have been discussed in the earlier meetings. I would like to give you my personal observations. I guess I may be classified as an opponent of the treaty. It seems to me one of the biggest mistakes the United States has made since 1945 was not to acquire sovereign base rights in a number of places around the world, like the Philippines and elsewhere in the Far East. The Panama Canal Zone represents one of these sovereign base areas. Defense agreed to the Eight Principles signed last year which sacrificed sovereign land areas. It was a generous offer on the part of the U.S., giving them land and sovereignty. What Ambassador Bunker refers to as flexibility is no less than a further reduction in what we're asking for, an erosion in our position of substantial magnitude. It seems to me we're engaged in reducing our requirements to what we think Torrijos will accept. When I was DCI, the analysis was different. We recognize that there will be harassment and attacks. The question is whether the price is worth defending a set of principles on our part. Worldwide reactions are likely to be mixed. When the U.S. shows

Declassified Photocopy from
Gerald R. Ford Library

ORIGINAL REVIEWED FOR PRESERVATION



strength and determination, it receives respect. When it recedes from its position, it whets appetites. I was reluctant to see the position your predecessor, President Johnson, took in 1967. That eroded your position.

President: Were those the negotiations Bob Anderson conducted?

Schlesinger: Yes; we have had eight years since then; one solution would be to try to protect our position for another eight years. That might give us the greatest period of time advantage. Henry put the problem in terms of a conflict between domestic and international interests. I think it's more complex than that. The international effect will be varied--the Brazilians and some of the others respect us when we take a strong stand--there will be different attitudes. While the international implications are mixed, the domestic are unmixed; in my mind the question is whether or not the U.S. is capable of standing up to the harassment which Torrijos is quite capable of mounting.

President: In your judgment would the harassment be of such degree that it could render the Canal inoperable?

Schlesinger: I think not. The SNIE I produced some years ago concluded that their reaction would depend on their assessment of the American position. If they were persuaded the U.S. was flexible, then they would be tough; if they thought the American position was tough, they would be more reasonable. They will take advantage of the situation depending on how firm the U.S. is prepared to be. If we are tough in the Canal they will yield. In recent years the U.S. has not shown a great deal of this quality.

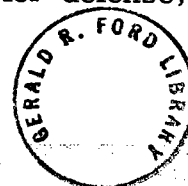
Kissinger: What do we want to stand up for the Eight Principles for? They give no time limit and no guidance in this issue.

Schlesinger: I understood it was 50 years.

Kissinger: That is in the presidential instructions, but not in the principles. The principles just speak of an adequate period of time. We have all agreed on proposing 25 years for operation; the issue is whether or not to insist on 50 for defense, with an

Declassified Photocopy from
Gerald R. Ford Library

ORIGINAL FILED IN OBSERVATION



extension into the post-treaty period. My recommendation would be to shave our demands on matters like operation if it could add to defense. I do not share the view that some of the Latins will support us. I have just finished talking to all of them and am convinced that none will support us. The question is, is this a good issue on which to try to face-down the Latins? It might be if it were only Torrijos we have to face-down, but this is the whole Hemisphere.

Colby:

I am convinced that we are facing in the next 15 years increasing tension between the North and South which will take on racial characteristics. They would be unified against us.

Clements:

I don't think there is any problem about Defense and State coming to some reasonable solution; working out the details is easy.

Kissinger:

I agree.

Clements:

This is no problem. The post-treaty conditions are a little more difficult. We could set them out further in some reasonable and understandable form. So far as harassment in the Canal Zone goes, this can be contained without severe action. In order to do that we will have to make some minor concessions. We can move forward with the lesser issues and keep the negotiations going, make some of the accommodations they want, but keep the treaty out of the political arena. Joe Doaks in Paducah is excited about the Panama Canal. He considers this part of his business and will become very emotional about it. I know I'm supposed to be a non-partisan career official, but I can tell you this will be one hell of an issue domestically in 1976. I think we can avoid it by making some accommodations, working out the details, and holding everything as it is for 18 months, and still save to a reasonable degree the international conditions.

President:

Would these adjustments fit under a subsequent treaty?

Declassified Photocopy from
Gerald R. Ford Library

ORIGINAL FILED IN PRESERVATION



Kissinger:

I agree with Bill that we could come to an agreement with Defense on all points in a treaty, and we would gain internationally. From the foreign policy point of view this is just not a good issue to face people down with. With regard to his recommendation that we protract the negotiations so as not to sign for 18 months, we'll have to take a look to see if it's possible.

Clements:

Bo Callaway and the Army assure me this can be done. We'll have to do some selling, but there are a lot of things that we can do, and we feel very positive about it.

President:

I've had some experience with the Panama Canal, going back as early as 1951 when I was a member of the House Appropriations Subcommittee that had jurisdiction over the Panama Canal. At that time I had the temerity to look at the sinecures that some of the civilian employees of the Canal had acquired, such as rents, which I think were \$15 a month, and a raft of other gratuities that few other people working for the Federal Government received. I objected and sought to decrease these benefits. I was met with an onslaught from a highly organized group which I hadn't anticipated. Previous to that, the Carrier on which I served went through the Canal. A Navy Canal pilot whom I met took me back to the other side and we stayed out late having what I remember were called "blue moons." The ship was going to San Diego the next morning. At about 2:00 a.m., I asked whether we shouldn't start back. He said, "Never mind, I'll fly you in the morning." And so we went to sleep at about 2:00 and at 5:00, took off in a single engine plane; we went through the worst rainstorm I ever saw. I got on the gangplank of the ship just as it was beginning to go up. If I had missed it I would have been AWOL. But that is the most highly organized group of American employees I know. They have a vested interest in the status quo. This is a group that gives the public the impression of what we should be doing down there. We are not going to decide this issue on those grounds. They ought to know it. The Army gets its information from them and they infect it with their views. But they're not going to decide this.

Declassified Photocopy from
Gerald R. Ford Library

ORIGINAL PRESIDENTIAL CORRESPONDENCE COLLECTION
SERVATION



Clements: Bo Callaway and the Army have been handling this very effectively. They have been attempting to bring about a reduction in these benefits.

President: Do they still get a 20 to 25 % wage differential?

Clements: I think they get some. The Army and Bo want to do things right. They want to bring the Panamanians into the operation and do some other things that should have happened long ago.

President: This group of Americans go from one generation to another. Some of them have been there for three generations.

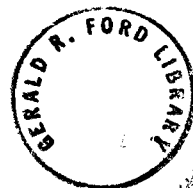
Kissinger: These concessions could take two forms--first, they could help save our lives on the treaty; second, if the Panamanians perceive them as a substitute for a treaty, we will have difficulty. We will have to look into the possibility of whether we can drag the negotiations out until after the elections. For that kind of thing we can probably get some Latin American support from people like the Brazilians.

Schlesinger: What Bo Callaway is talking about is a number of atmospherics. He is the most ardent advocate of the Eight Principles and the existing presidential guidance.

Kissinger: The Eight Principles are just platitudes, deliberately designed to be satisfactory to both sides. They give no guidance on this.

Schlesinger: The Army is prepared to accept them. Bo and the others firmly adhere to this position. It's our position that the little flexibility they're asking would reduce the period to 30 or 25 years and soon it gets down to the point which we just can't tolerate--20 years, for instance.

Kissinger: No, that's not the case; we're trying to separate operational rights from defense rights. For operational rights we're willing to accept down to 20 years; for defense rights not 50 but more than 25, something like 30 or 40--my own estimate is we should get 40 or even 45--that means defense by Americans. We haven't



Declassified Photocopy from
Gerald R. Ford Library

ORIGINAL RETURN TO THE PRESIDENT

tried shaving the other treaty rights to get more on defense rights.

Clements: And some post-treaty rights.

Kissinger: In any circumstances the defense control will extend well beyond the year 2000.

President: Are you saying that if the treaty is signed, our sovereign rights will extend through the year 2000?

Kissinger: Until 2000 we operate the Canal and until, say, 40 years, that is, until the year 2015, we have the unilateral right to defend the Canal. Then there is the problem of the post-treaty rights which we've not been prepared to discuss. My understanding is that sovereignty would lapse with the signing of the agreement and be phased out over a three-year period. The operational part is less important than defense.

President: Then there are really three points. Sovereignty is phased out in 3 years, operation would be 25, and defense rights 40 to 45.

(The Vice President enters)

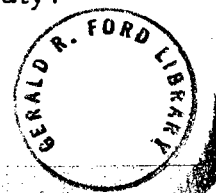
Rumsfeld: I've been doing some talking up on the Hill and I find there is a great deal of distrust and concern and leaking of documents to the Hill by the people in the Zone. I would caution against any new treaty concession being made to the Panamanians. The conservatives would join with the liberals on this.

Kissinger: This is a totally separate issue. There is a story on the Hill that we are negotiating some unilateral accommodations. This is sheer nonsense. We have told them that. We should save these unilateral concessions for the treaty where we get something in return.

Rumsfeld: There is a strong constituency in Panama and there is not at home. We don't think this is a matter of deep concern among the American people, but there is a violent concern among some Congressmen that have active supporters opposing this treaty.

Declassified Photocopy from
Gerald R. Ford Library

ORIGINAL RETURN TO DONOR



Schlesinger: Is it a matter of physical harassment?

Rumsfeld: No--political. Some of our good friends in the Congress feel very strongly about this issue. If we antagonize them on this, then the ability of the President to deal with other matters of high priority, like Turkey, will be diminished. The point is that this so angers people on the Hill that we lose their support. This will affect the attitude of these people with regard to other issues. It would be just like sending up a nomination for Abe Fortas. There is a strong feeling, not among many, but a significant group. Bunker and the others should work with these people.

Kissinger: There is no way we can persuade some of these people.

Vice President: I am a politician and I know a little about pursuing our national interests and the treatment of people. I understand these people that Don talks about--they have to understand the world in which we live. This is a big issue in Latin America like the expropriation of oil in Mexico was in 1939. It's symbolic of freedom from the United States and the restoration of dignity. This is terribly important for our relations in the Western Hemisphere. I would like to talk to some of these people. I may be able to help.

Colby: The pressure will grow from Latin America. There is a tendency to compare it with the base at Guantanamo. The situation is going to get more and more tense.

President: What is the time schedule as you see it?

Bunker: If we can get the flexibility we need, and without it we can't get a treaty, then we can move along and probably get something by August or September. There has been no treaty drafting as yet.

Ingersoll: We have done no selling on the Hill because we didn't know our position, and couldn't explain it. This problem is not going to go away. It's going to get worse.

Declassified Photocopy from
Gerald R. Ford Library

ORIGINAL RETIRED FOR PRESERVATION



President:

We ought to get further information on the proposal of the specific things which Bo Callaway is talking about. When we see those specifics we can look at how much can be done unilaterally and how soon. They should be put together soon; let me look to see what impact they would have and after that we'll take a look at what we can do.

Kissinger:

The fundamental problem is to assure that we maintain the negotiating position. If Torrijos perceives that we've abandoned it in some way, he wouldn't want to play that game and we would be in for a confrontation. If we used these unilateral steps to protect our negotiations for 18 months, we might be all right and some of the more sophisticated Latins like the Brazilians might help. But if we say there will be no new treaty, then there will be an uproar. (I've never discussed this with the Vice President so I can assure you there's been no collusion.) We would have a real uproar; volunteers, demonstrations, violence, and we would be dragged into every international forum. This is no issue to face the world on. It looks like pure colonialism.

Schlesinger:

The palliatives will help us only as far as postponement is concerned. Sooner or later we're going to run into these problems. You must face the prospect of harassment.

Clements:

Bo Callaway and the Joint Chiefs and all of us are together on this. There is no problem. We want to move forward. We're not advocating the status quo. We understand that a treaty is inevitable; the problem is timing.

Kissinger:

We'll have to draw up a list and then make our best assessment of the situation if we are to protect the negotiations.

President:

Let's find out what the alleged goodies are and the impact of this kind of thing.

Vice President:

Do you know Torrijos? He's a very interesting guy. I think at some point if you had him up here and had an hour with him, you could give him your personal attention. It would have a big impact.

Declassified Photocopy from
Gerald R. Ford Library

ORIGINAL RETURN TO CONSERVATION



Rumsfeld: Get him with . . .

Kissinger: Right now he's working on Ellsworth on this island of theirs.

President: We ought to expose him to my old friend Dan Flood.

Kissinger: We'd complete the negotiations the next day.

Vice President: You know his mother's a communist and his father's a communist and his sisters and brothers are communists, but he's a real tough guy. He's crazy about the U.S. military. He's got a real concept of dignity.

President: Let's get the materials and facts and then we can make an assessment of where we stand.

Declassified Photocopy from
Gerald R. Ford Library

ORIGINAL RETAINED FOR PRESERVATION

