

U.S./Pan.
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For info 3. WCM

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MEMORANDUM

July 9, 1963

To: H - FGDutton
From: H - Art Wexler
Re: Panama

1. U.S. Policy Objectives. For the past year we have been fighting a holding action. While the experts are to determine the need for another canal through 1980, an attempt would be made to give the Panamanians enough more or less meaningless concessions over the next few years to keep them from raising too much hell over the issue.

Exception

Before Chiari came to Washington in June of 1962, it was determined that several things could be offered - e.g., - jobs, exchequers, postage stamp deals, additional flags of Panama in the zone etc..

At the same time a study of the need and feasibility for a sea level canal (perhaps dug with nuclear power) was to begin.

2. Congressional Attitudes. The House has traditionally been influenced by the very active lobby of U.S. Citizen Canal Zone employees, many of whom are 2nd and 3rd generation residents of the zone and who have always fought any erosion of their perquisites. The Senate, while responsive to the shippers, whose main interest is low tolls, has traditionally not been concerned, but let the Executive deal with Panama, as it wished. This feeling could change if not cultivated.

Those in the House who have been specially sensitive include Cannon and Flood as well as other members of the Appropriations Committee (Mike Kirwin's subcommittee handles zone matters); Bonner, Mrs. Sullivan and Mailliard of Merchant Marine and Fisheries; Selden of Foreign Affairs. Mrs. Sullivan is tough but can be talked to; Mailliard is on our side generally and is in a good spot as ranking minority on both Merchant Marine and For Affrs subcommittee. The villain in Merchant Marine is probably Zinke, the Chief Clerk who has been most unreasonable.

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