

US/PAN
RELATIONSPAN
Subjects~~GROUP 3~~~~Downgraded at 12 year
intervals; not
automatically declassified~~

August 26, 1964

~~OFFICIAL - INFORMAL
CONFIDENTIAL~~

Dear Jack:

I thought I might drop you a short line which would constitute a kind of a roundup on what we are focusing on here at the moment.

Steve Ailes and Tom Mann met last Friday, August 21, to discuss in broad terms the form a draft of a sea level canal treaty should take. The upshot of this meeting was that we (this office and Ailes' office) were instructed to come up with a draft treaty by the end of this week. This task has first priority and, difficult and complicated as it is, has been occupying most of my time and that of Diego Asencio this week. This will explain the fact that I have not been in the office to receive several of the Embassy's telephone calls the early part of this week. We have been making good progress and I think we will meet the target and have a draft by the end of the week.

Following this I should think it would be incumbent upon Tom Mann and Steve Ailes to focus closely on the draft and give it their blessing with such changes as they may wish to make. Then I would assume that the process of further clearance within our own Government would begin. I do not know how long this may take but with the pressure on to get it done it may not take as long as under normal circumstances.

The second order of priority is, obviously, working out something to help out Robles with the financial problem he will inherit when he takes office. This subject will be focused on in earnest just as soon as Bill Stedman returns from Panama.

The Honorable
Jack H. Vaughn,
American Ambassador,
Panamá.

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The third priority area is to beef up the AID Program and here I think progress was made in connection with the visits of Samudio and Jim Megellas. As of the moment I think we can at least count on the rural development loan project and the feasibility loan. Yesterday I signed off on Jim Megellas' technical cooperation program. These items will give us a fair start with the future depending upon the progress the AID Mission can make in developing further projects and upon the performance of the Robles Government when it takes office.

With regard to the proposal to strengthen the National Guard, Jim Megellas will have told you that we are in agreement with the objective and want to find a way in which we can do something in this area. However, the proposal to pay salaries is a very real problem which will take some doing to overcome. Bob Adams will be in Panama early in September, as you know, and I hope you will discuss this subject with him at that time. Bob will be familiar with the proposal before his departure from here.

I am seeing the Labor Department people this morning, upon receipt of your telegram 140, to see if we cannot get the McGrath Panama Insurance Company problem off our necks at least for the time being. We will send you a cable following this meeting.

Bill Rogers reports that you are somewhat more sanguine about prospects for relative peace and quiet in Panama for the immediate future. I hope that our mutual efforts to this end will continue to be fruitful.

All the best,

Sincerely,

cc: Mr. Lipoman

Edward W. Clark

ARA:PAN:EWClark:lsb

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