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EMBASSY OF THE
UNITED STATES OF AMERICA

Panama, Republic of Panama

File
POL-33-3B
SOUTHCOM

February 11, 1970

~~OFFICIAL-INFORMAL~~

Robert A. Hurwitch, Esquire
Deputy Assistant Secretary
Department of State
Washington, D. C.

Dear Bob:

I have read the Defense study on Southcom with considerable interest. Tom Pickering showed a copy to Bill Pryce with the caveat that it be held closely. Accordingly, I would appreciate it if the following comments do not get out of ARA except to Tom Pickering.

I have felt for some time that our defense responsibilities could be discharged here at a lower cost and with less visibility. The broad proposition that there should be a reduction seems sound.

There are some points made in the study which are not correct or are not politically feasible.

The drafter of the study should read the 1903 Treaty. It does not give us perpetual "sovereignty." The treaty recognizes in the Preamble that Panama is sovereign and then Panama grants to the United States "the use, occupation and control" and "all the rights, power and authority" which it "would possess and exercise if it were the sovereign." It follows that we could not renounce (top of page 3) something we do not have.

There is a misunderstanding on the so-called "presence" problem. The issue is not ^{only} numbers, but the way the presence is expressed -- fences, separate stores, etc. etc. You have seen the set-up and I believe you understand the distinction I am making.

With regard to the contingency planning functions, I think someone should ask the question whether they need to be performed. I have serious doubts of the wisdom of assigning

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contingency planning functions of an essentially political nature to an operating military command. The function should be in Washington in the IG. Once it gets out of Washington into the field there is the inevitable urge to "go." If we are really serious about controlling our urge to be policemen then we should get the contingency planning function out of the hands of the policemen.

I see no good reason why the direction of MILGPs cannot be handled by the Ambassador with guidance from State-Defense. Once the MILGPs and the grant program are trimmed down, it should be possible to manage the military cooperation activities with little headquarters staff.

With respect to intelligence functions after a reduction, I seriously question the need for a staff of 51. If the changes proposed are made, then the intelligence functions in Panama, both military and otherwise, should be placed clearly under the Ambassador's control.

The defense study assumes no change in the arrangements with respect to the Canal. The study, however, shoots down one of the primary arguments for our policy on the Canal -- that it is vital to the security of the United States. The new set-up on defense should not involve arrangements which will probably have to be undone in a political settlement with Panama.

Thus the Governor of the Canal should not be given troop command. It is only tradition that a major general is the Governor. It would be in our political interest to name a civilian as governor. The tradition of a general running a civilian government in the Canal Zone reinforces the position and attitude of the Panamanian military. We would be well advised to designate the new set-up as a specified command under a brigadier general, but leave it separate.

We may think it is logical to charge defense costs to the Panama Canal Company, but the Panamanians will not. As the study notes, the threat to the Zone comes from the populace in Panama. The Guardia Nacional of Panama handles this threat very well, except when the Panamanian Government decides to use the populace as a negotiating tactic as it did in January 1964. The Panamanian Government feels it is bearing its share of the defense burden.

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If U.S. forces were funded from Panama Canal revenues, Panama would also expect the GN to be so funded. Actually, Panama has made its position very clear.

Torrijos has told me several times that we have a greatly exaggerated view of the need for defense forces. He states Panamanians are not going to damage the Canal. He would probably assert that the GN can handle the problem. So if we were to suggest that Canal revenues pay for our forces, we could expect an immediate and vigorous rejection and a suggestion that we move our forces.

As you are also aware, Panama regards charging the cost of the Canal Zone Government to tolls as unfair. Its solution is to transfer these governmental functions to Panama.

We can expect a perverse reaction from the Panamanians if the proposed reductions are made. The reductions will cut sharply into the indirect benefits of the Canal to Panama. There will thus be increased pressure to get increased direct benefits, i.e., sharing of tolls. The Panamanians will also press for the use of the facilities that are closed. In sum, the pressure to get on with the negotiations will become well nigh irresistible. This is not an argument for throwing out the study, but rather a strong recommendation to coordinate what is done on Southcom with the treaty negotiations.

With best regards,

Sincerely,



Robert M. Sayre
Ambassador

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