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To: The Deputy Secretary
From: ARA - Jack B. Kubisch

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(A)

"Managing" a Short-Run Threat in Panama

Torrijos has been sending overt signals of peace and flexibility in anticipation of Ambassador Bunker's resumption of negotiations in late November. But simultaneously he has been sending ~~secretly~~ ^{covert} a message that he may not be able to continue keeping things peaceful in Panama vis-a-vis the U.S. presence in the Canal Zone ~~unless~~ if he cannot show his people some "progress" toward a new U.S.-Panama relationship before next January 9, the tenth anniversary of the student riots. ~~Bypanama's government, Torrijos has been unable to show~~ Partly that is bluffing but mostly it is not: Torrijos has been unable to show any progress during his five years in power and is in a true domestic political bind.

Given the ~~extremely~~ unattractive implications for our domestic as well as ~~our~~ foreign policy of any renewed violence in Panama, I believe and Ambassador Bunker concurs that we should not run that risk, especially since we can probably provide enough "progress" for Torrijos to show his people at an insignificant cost to the U.S. Providing it would also lessen international criticism of our "colonialist" position, and occasion congressional criticism only ^{from} ~~among~~ the hard-core opponents of any change in our relationship with Panama.

The USC review of the Panama problem contains various recommendations for unilateral actions, some of which would certainly constitute

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 enough progress for Torrijos. But it is clear Ambassador Bunker will not be able to make substantive judgments to the USC solely on the basis of his first, exploratory visit to Panama late next month. A second visit in December would likely be unfruitful because by then the ~~Panamanians~~ Panamanians are customarily immersed in the holiday spirit and unwilling to be serious. Even were a second visit to be fruitful, we could not reasonably expect to have the USC address the Ambassador's judgments, resolve the derious disputes between State and Defense, and achieve presidential decisions on the recommendations, all before the early days of January when the risk peaks. ~~January~~

~~Accordingly, we have advised the U.S. Government that in Torrijos' direction, we will~~

The U.S. "movement" in Torrijos' direction which I propose in the attached Mam paper for the Secretary has been designed so as ~~to ensure that the viability of either Option C or D in the USC~~

~~viability of either~~
 not to impair the overall viability of either Option C or D in the specific USC paper, nor the viability of any/unilateral U.S. action contemplated in those two Options.

I am forwarding the proposals for countering Torrijos' threat in this format since the Secretary has expressed a ~~willingness~~ ~~to have discussion of such topics at his daily staff meetings.~~
~~For Staffing Detail~~

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